



**MINUTES OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**

BOARD MEETING

February 16 2010

AIRPORT AUTHORITY BOARD MEMBERS

Mayor Art Sanders, Queen Creek
Councilwoman Thelda Williams, Phoenix *
Mayor John Lewis, Gilbert
Lt. Governor Joseph Manuel, Gila River Indian Community *
Mayor Scott Smith, Mesa

** not present*

GUESTS PRESENT

Brian Amarel, Hensel Phelps Construction	Kathy MacDonald, City of Mesa
Roc Arnett, East Valley Partnership	Floyd Moore, Valle del Oro
Nadine Becker, Barton Malow	Jim Peterson, City of Phoenix
Russ Brandt, Blue Chip Land Corp.	Richard Reese, Hensel Phelps Construction Co.
Jeffrey Carr, Air Force Research Lab	Scot Rigby, City of Mesa
Samantha Dewarf, Arizona State University	Christopher Schmaltz, Gust Rosenfeld
Kevin Eckels, Barton Malow	John Schroeder, Chandler-Gilbert Community College
Dr. Keith Hjelmstad, ASU Polytechnic	Peter Sterling, East Valley Partnership
Helen Hollands, ASU Polytechnic	Jim Walsh, Arizona Republic
Larry Kieser, Mesa Police Department	Paul Womac, Phoenix Fire Department
Johannes Kurz, Gateway Ambassador	
Larissa Leitner, Arizona State University	

AIRPORT STAFF PRESENT

John Barry, Manager – Business Development
Casey Denny, Deputy Director
Doug Drown, Manager – Budget & Financial Planning
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director
Bill Mitchell, Director, Operations & Maintenance

CALL TO ORDER

The meeting was called to order by Chair Sanders at 9:02 a.m.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Airport Executive Director Lynn Kusy presented a five-year service award to John Barry, Manager – Business Development.

COMMENTS FROM THE PUBLIC

Mr. Roc Arnett, President of East Valley Partnership, announced the upcoming publication of a new magazine, Gateway to the East Valley, which features healthcare, tourism, education, and aviation in the East Valley. Mr. Arnett also announced the formation of a consortium to support aviation and aerospace in the area. He noted a \$3 billion aerospace industry exists in the East Valley.

PROGRESS REPORTS

- **ASU Polytechnic** – Dr. Keith Hjelmstad reported on several ongoing projects at ASU Polytechnic including work on Vermont Mall, residents' halls, and recreation facilities. ASU President Michael Crow spoke at a recent East Valley Partnership event. Dr. Hjelmstad said their new faculty searches have been very successful, and that ASU is “not a regional draw, but a regional asset.” Dr. Hjelmstad introduced Helen Hollands, Director of Advancement.
- **Chandler-Gilbert Community College (CGCC)** – Provost John Schroeder reported on construction at CGCC including utility work, an entrance street, and the upcoming ground breaking for Bridget Hall. Mr. Schroeder also mentioned the 14th Annual Southwest Aviation Maintenance Symposium will take place next month. He said an interim parking solution is in place for the Symposium.

EXECUTIVE DIRECTOR'S REPORT - Review of Monthly Staff Reports and Updates on: Construction ♦ Commercial Service ♦ Finance ♦ - *Lynn Kusy, Executive Director*

Mr. Kusy provided highlights from the December-January staff report as follows:

- A one-million passenger celebration was held the first week in January. Board members and representatives from Allegiant Air, FAA, TSA attended.
- Hall of Fame pitcher Ferguson Jenkins visited the Airport to promote the Fergie & Friends celebrity baseball game March 17 at HoHoKam Stadium.
- Dick Dykas and Jaime Duran of FAA's Western-Pacific Region toured the Airport. They are our primary contacts for the Airport Improvement Program and Military Airports Program – our major sources of capital funding.
- The Arizona Airports Association sponsored the annual Aviation Day at the Capital. Several Legislators and Governor Brewer attended the event.
- We expect FY2010 revenues to be about \$1 million under budget, so expenses are being reduced accordingly. The most significant cuts are being made in supplies and materials, contractual services, training and travel. As of the end of December, our operating loss is about 5 percentage points worse than budget (about \$87,000). The January report shows us at about \$62,000 ahead for the year.

- January fuel deliveries topped 1 million gallons. Allegiant received 646,669 gallons, a 47 percent increase from January 2009. Allegiant operated 229 commercial departures for the month.
- Government fuel deliveries were 267,243 gallons, a 42 percent increase over January 2009.
- Real estate occupancy remains at 55 percent. Staff continues to focus on leasing our vacant facilities, with special emphasis on our largest buildings. Boeing continues to occupy buildings 1090 and 1095 on a month-to-month basis.
- The economy has also affected four tenants with land leases where construction has not yet started. Staff is in discussion with each regarding default and termination or renegotiation to delay development until the economy improves.
- The 25,000-square-foot passenger terminal expansion is underway.
- Taxiway Bravo is complete.
- Infrequently, Allegiant experiences “frost delays” due to frost on the wings of aircraft parked overnight. These delays set the entire schedule back, costing Allegiant thousands of dollars. Therefore, Allegiant will be implementing a modest de-icing plan, which is being reviewed to assure compliance with environmental and safety requirements.
- Director Bill Mitchell represented the Airport at the U.S. Contract Tower Policy Board meeting. FAA is renewing Serco’s contract to operate our tower and they are reviewing our request to expand hours of operation. We hope to expand our hours from 16 to 20 hours per day.
- Auto parking peaked January 2 at 94 percent occupancy.
- December enplaned passenger count was 32,563 and total passenger count was 65,520, up 53 percent from December 2008.

DISCUSSION: Executive Director’s Annual Review

Mayor Sanders said the Board met to discuss the Executive Director’s annual review at a previous Board meeting. He asked Mr. Kusy to provide a summary of the past year.

Mr. Kusy said he felt the three major highlights of fiscal year 2009 were: 1.) the growth of passenger service, 2.) the adoption of the new Airport Master Plan, and 3.) the completion of seven new buildings (all but one were financed with private capital).

Other noteworthy highlights for the year were:

- Allegiant Air passenger service increased to include 15 destinations.
- 462,000 passengers were handled (a 95 percent increase over FY08) without adding staff.
- Allegiant loaned the Airport \$3 million to construct the passenger terminal annex.
- Expanded parking and installed an automated toll system, generating almost \$600,000.
- Concession and rental car revenues were \$354,000.
- Airport Master Plan was completed and adopted in March.
- The private sector completed six new buildings.
- Chandler-Gilbert Community College completed their hangar/classroom.
- Seven buildings represented over 300,000 square feet of new space, over \$37 million in new investment, and created several hundred new jobs.
- The Airport began collecting a \$4.50 Passenger Facility Charge. This is used to reimburse the Airport Authority for capital expenditures made in previous years.
- Gateway celebrated its 15th anniversary.
- Operating revenues were up about 4.5 percent over FY 2008 while operating expenses were less than 1 percent over FY 2008.

- I participated as past president of Arizona Airports Association, I serve on the executive committee of the Southwest Chapter of the American Association of Airport Executives (AAAE), I am an appointed member of the AAAE Policy Review Committee, and I serve on several committees: the Airport Legislative Alliance, Regulatory Affairs, and Airline Economics and Air Service, and I serve on the Board of Directors of the East Valley Partnership.

Mayor Smith said that this has been an exciting year. He said the Airport is “coming to fruition in a big way” and he complimented Mr. Kusy and staff. He said it was most satisfying is to “...silence all the naysayers of the Airport.” This year was the “tipping point that pushes us to advance further, in spite of the economy.”

Mayor Lewis added that he recently toured Sky Harbor Airport facilities. He said that Sky Harbor’s staff was very complimentary of Gateway’s team. Mr. Kusy noted that Gateway relies on Sky Harbor staff and it continues to be a positive relationship.

Mayor Sanders reported that the FY 2007 passenger count was just under 20,000, compared to FY 2009 at 462,060 passengers.

DISCUSSION: FY2011 Preliminary Budget Discussion

Mr. Kusy said staff has worked hard to keep things in balance. He gave credit to Doug Drown and acknowledged the Airport’s Leadership Team for their work on the FY11 budget preparation. Mr. Kusy said the final budget will be brought back to the Board at the March meeting.

Mr. Drown gave a PowerPoint presentation of the proposed FY11 budget which included major assumptions, revenues and contributions, aeronautical and non-aeronautical revenues, member contributions, spending allocations, planned grant and non-grant capital projects, planned customer facility charge projects, and authorized staffing levels.

CONSIDERATION AND POSSIBLE APPROVAL OF:

Mr. Schmaltz, Gust Rosenfeld LLC, suggested that the Board consider the resolutions individually.

Minutes of Board Meeting held on December 14, 2009.

Resolution No. 10-01 – Approving Authorization of Services No. 10-06 with **Dibble Engineering** to Complete a Study of the East Area Drainage Master Plan for a Total Cost of \$280,703.14.

Mayor Smith moved to approve the December 14, 2009 Minutes and Resolution No. 10-01. Mayor Lewis seconded the motion. The motion carried unanimously.

Resolution No. 10-02 - Authorizing an Agreement for Engineering Services (Agreement #C-2010002) with **Dibble Engineering**.

Mayor Lewis moved to approve Resolution No. 10-02. Mayor Smith seconded the motion. The motion carried unanimously.

Resolution No. 10-03 – Approving Authorization of Services No. 10-1001 (under Agreement #C-2010002) with **Dibble Engineering** for Design of the West Terminal Remote Parking Lot for a Total Cost Not to Exceed \$288,701.50.

Mayor Smith moved to approve Resolution No. 10-03. Mayor Lewis seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS

Mayor Sanders expressed his appreciation for the Airport and staff for the partnership with our member governments and for having Phoenix on board.

NEXT MEETING

Monday, March 15, 2010 – 9:00 am

ADJOURN

The meeting adjourned at 9:45 am.