



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

**BOARD MEETING**

**September 20, 2010**

**AIRPORT AUTHORITY BOARD MEMBERS**

Councilwoman Thelda Williams, Phoenix  
Mayor John Lewis, Gilbert  
Lt. Governor Joseph Manuel, Gila River Indian Community  
Mayor Scott Smith, Mesa  
Vice Mayor Craig Barnes, Queen Creek

**GUESTS PRESENT**

Roc Arnett, East Valley Partnership	LaVonne Morris, City of Phoenix
Nikki Bernstein, Himovitz Properties	Philip Ralston, DWL Architects
Glenn Bower, Delstar	Steve Rao, DWL Architects
Matt Busby, City of Apache Junction	Scot Rigby, City of Mesa
Scott Butler, City of Mesa	Christopher Schmaltz, Gust Rosenfeld
Donna Cluckey, Mesa Convention and Visitors Bureau	John Schroeder, Chandler-Gilbert Community College
Michael Dean, US Customs & Border Protection	Councilmember John Sentz, Gilbert
Pam Del Duca, Delstar	Nava Singan, PAFS
Milt Fort, Mesa Convention and Visitors Bureau	Candace Snodgrass, PAFS
Michelle Gramley, Town of Gilbert	Ken Snyder, Dibble Engineering
Ken Halverson, Jetstrip	Peter Sterling, East Valley Partnership
Larry Kieser, Mesa Police Department	Art Thomason, Arizona Republic
John Kross, Town of Queen Creek	David Ulch, Delstar
Sandra Kukla, DWL Architects	Paul Womack, Phoenix Fire Center
Kathy MacDonald, City of Mesa	
Floyd Moore, Valle del Oro	

**AIRPORT STAFF PRESENT**

Katherine Bell, Customer Service Representative  
Casey Denny, Deputy Director  
Steve Halvorsen, General Maintenance Helper  
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors  
Lynn Kusy, Executive Director  
Bill Mitchell, Director – Operations and Maintenance  
Art Montoya, Network Engineer

## **CALL TO ORDER**

The meeting was called to order by Chairwoman Williams at 9:02 a.m.

## **AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS**

Ms. Williams welcomed Vice Mayor Craig Barnes who was representing Queen Creek's Mayor Barney and introduced Gilbert Councilmember John Sentz and Rex Hervias, new Airport intern. Ms. Williams made the following announcements:

- Two new Allegiant Air routes will begin service on November 18, 2010 to the Quad Cities (Moline) and Northwest Arkansas (Fayetteville).
- A team of Airport employees worked on remodeling the boardroom – Greg Pursley, Project Manager; Paul Burk; Steve Halvorsen; and Art Montoya.

Airport Executive Director Lynn Kusy presented a five-year service pin to “Kat” Bell. Ms. Bell is also the Airport's 2010 Employee of the Year.

## **COMMENTS FROM THE PUBLIC**

There were no comments from the public.

## **PROGRESS REPORTS**

- ASU Polytechnic – No report.
- Chandler-Gilbert Community College – Provost John Schroeder reported that the College will be offering more courses this spring semester. He said the sixth class for the Law Enforcement Training Academy will begin in one month. Bridget Hall will be opening in January, and two other projects (chilled water lines and new domestic water lines) are expected to be complete in January.

Mayor Smith commented favorably on the College's new buildings, parking lots, and signage. Mr. Schroeder announced that a grand opening celebration for Bridget Hall is scheduled for February 23, 2011 at 9:00 am.

## **EXECUTIVE DIRECTOR'S REPORT - Review of Monthly Staff Reports and Updates on: Construction ♦ Commercial Service ♦ Finance ♦**

Mr. Kusy provided highlights from the July/August staff reports as follows:

- The two new Allegiant destinations brings the total to 25 nonstop destinations out of Gateway. All destinations are working well and load factors continue to be better than industry average.
- Staff met with FAA officials in Los Angeles to review the Airport's capital program, cost analysis, and financial business plan.
- Staff also met with FAA headquarters staff in Washington DC to go over the same documents. Staff wants to keep FAA regional office and headquarters apprised of our plans.
- Thirteen noise calls were received in July - - nine of these calls were from one person.
- 983,000 gallons of fuel were delivered in August; an increase of 25 percent over last year. Allegiant continues to be the Airport's biggest fuel customer.

- Terminal expansion continues and should be complete on November 9 with a ribbon cutting ceremony that morning. Allegiant is adding 13 additional flights during the week of Christmas-New Years.
- July gross margin was up 33 percent over last year at \$950,000.
- Operating expenses were \$962,000 - - an eight percent increase over last year.
- Staff met with TSA and Raytheon to plan Advanced Imaging Technology full body scanning at Gateway.
- Allegiant will announce service to another new destination tomorrow morning. This will be the 26<sup>th</sup> destination.
- Passenger count for July was 78,434 which was 59 percent over last year. Load factor was 87.6 percent.

Mayor Lewis requested that staff add the previous 12 months of operations count and noise statistics to the monthly noise summary report.

**PRESENTATION:** West Terminal Design – *Sandra Kukla, DWL Architects, Inc.*

Ms. Kukla provided a summary of Phase II of the west terminal expansion. She described Phase I (25,000 square feet) and Phase II (30,000 square feet) of the project, including gates, baggage claim, and rental car locations.

The following discussion took place after her presentation:

- Responding to a question from Mayor Smith, Mr. Kusy expects today's construction to be completed by November 9, 2010. He said we would break ground one year from now on Phase II, noting that paving work needs to be done first, followed by building construction. Mr. Kusy noted that we have the capability to add additional holdrooms, gates, and baggage claim areas to the existing design. The building is designed in 5,000- square-foot increments and we can reuse the building for individual tenants in the future. The baggage pavilion can be disassembled and moved. He said that staff is being extremely conservative and meeting space requirements at about 50 percent of industry standard and the cost of space is at about 60 percent of industry standard.
- Mr. Kusy responded to a question from Mayor Lewis about west side construction. He said we can expand Phase II, if needed, prior to moving to the east side.
- Mr. Kusy said that staff is planning so that traffic interruptions on Sossaman Road will be minimal during construction. Short-term parking, rental car parking, and rental returns will all be adjacent to the terminal.
- Deputy Director Casey Denny reported that the U.S. Marshals' lease expires next summer. The Marshals current contract is with Immigration and Customs Enforcement (ICE), and ICE will be handling flight operations on their own. He said we will bring back short-term parking in front of the terminal by the end of the year.
- Mayor Smith commented on a recent flight he took on Allegiant and what he experienced on his return to the Airport. He noted that the terminal was "functional, but not enjoyable." He stressed how important the customer experience is. He hopes that Allegiant recognizes with their rapid expansion that it is important that they continue to keep customer experience positive. Mayor Smith noted that our terminal is "clean, orderly, and a good experience now, but he expressed concern about signage, shuttles, and parking. Mr. Kusy agreed and said that staff has engaged a sign specialist to help with guiding passengers though the terminal and outside. The new signs are going up this week. Mr. Denny added that he is working on an intergovernmental agreement with Mesa dealing with signage along Sossaman Road.

- Mayor Smith would like to see long-term signage to be unique airport signage. Mr. Denny responded that new signage will be installed immediately at Ray and Sossaman Roads.
- Mr. Kusy said to ensure a good customer experience, staff watches load factors. If the load factors decline, it reflects a decline in customer experience. He noted that so far, the numbers are identical to last summer.
- Mayor Smith stressed the importance of signage. He noticed on his return flight that there wasn't an explanation for the terminal expansion. He said he had to "step over three curbs," and had to wait in a hot location for a shuttle. He said our customers aren't prepared for the inconvenience. He suggested staff could let our customers know it is a temporary situation. He said, "We want value . . . not cheap."
- Kusy said he recognized this as a huge issue. He reiterated that the signs have been changed and a sign company was hired about three weeks ago. Mayor Smith suggested providing a model or renderings of what the terminal will look like when completed.
- Chair Williams noted that signage is one of biggest problems for Sky Harbor. She suggested when signage is final, have lay people walk through to see if they understand it. She suggested publishing the completion date, a grand opening date, etc.
- Chair Williams asked about the energy efficiency of the new buildings. Ms. Kukla responded that the shape of the building keeps the main utility runs shorter, as well as the use of a water source heat pump, recovery units on the roof, and skylights throughout the building.
- Vice Mayor Barnes asked about signs directing passengers to neighboring cities and towns. Mr. Kusy said as passengers leave the parking lot on Velocity Way, there will be a directional sign with road and freeway names.

**CONSENT AGENDA - Consideration and Possible Approval of:**

**Tab A – Minutes** of Telephonic Board Meeting held on August 9, 2010.

**Tab B – Resolution No. 10-40** – Authorizing a Two-Year Extension of a Letter Agreement with **Gust Rosenfeld PLC** for Legal Advice and Representation in Litigation on an As-Required Basis Commencing November 1, 2010, Through October 31, 2012. Fees Will Continue to Be Based Upon Terms of Original Agreement (10 Percent off Standard Rates), the Current Fee Schedule, and the Terms of Engagement for Legal Services.

**Tab C – Resolution No. 10-41** – Authorizing a Contract with **C & W Sons Enterprises, Inc.** to Demolish the Existing Fire Station No. 215 at a Cost Not to Exceed \$69,320.

**Tab D – Resolution No. 10-46** – Authorizing a First Amendment with **L-3 Communications Corporation** to Extend Lease Term Nine Months Effective September 21, 2010 at a New Monthly Rate of \$5,372.74.

**Tab E – Resolution No. 10-47** – Authorizing Technical Revisions to the **FY11 Budget**.

**Mayor Lewis moved to approve the Consent Agenda. Mayor Smith seconded the motion. The motion carried unanimously.**

**CONSIDERATION AND POSSIBLE APPROVAL OF:**

**Resolution No. 10-42** –Authorizing Authorization of Services No. 11-03 with **DWL Architects** for the Design of the West Terminal Expansion Phase II in the Amount of \$898,011.84.

Mr. Kusy said DWL Architects will complete design of Phase II of the terminal expansion project. Ninety-five percent of the project cost is expected to be reimbursed by an FAA grant to be approved in FY11.

**Mayor Smith moved to approve Resolution No. 10-42. Vice Mayor Barnes seconded the motion. The motion carried unanimously.**

**Resolution No. 10-43** – Authorizing Authorization for Services No. 10-02 with **Sundt Construction, Inc.** for Construction Manager At Risk Preconstruction Services Associated with the Design of the West Terminal Expansion Phase II in the Amount of \$57,623.

Mr. Kusy said this is for construction services during the design phase. Staff will use local funds and reimburse with FAA grant funding once received.

**Mayor Smith moved to approve Resolution No. 10-43. Mayor Lewis seconded the motion. The motion carried unanimously.**

**Resolution No. 10-44** – Authorizing a Contract with **Nesbitt Contracting** for Construction of the North Parking Lot, Phase I, at a Cost Not to Exceed \$3,886,767.74.

Mr. Kusy said this is for part of a 5,500-space parking lot at the north end of Airport. This is the first phase of construction for 1,700 spaces. The remote lot will have shuttle service and can be utilized by the east terminal in the future. The project will begin in November and will be completed in May 2011.

**Mayor Lewis moved to approve Resolution No. 10-44. Vice Mayor Barnes seconded the motion. The motion carried unanimously.**

**Resolution No. 10-45** –Authorizing Authorization of Services No. 10-1003 with **Dibble Engineering** to Provide Inspection and Construction Administration for the North Parking Lot Construction at a Cost Not to Exceed \$252,057.65.

Mr. Kusy noted that this is for construction administration of the north parking lot project.

**Mayor Smith moved to approve Resolution No. 10-45. Mayor Lewis seconded the motion. The motion carried unanimously.**

**Resolution No. 10-50** – Authorizing a Lease Agreement with **StarGateway, LLC**, for Operation of The Phoenix Retail Concession in Suite 118 of the Airport Passenger Terminal. The Lease Commences October 1, 2010 and is Six Years with One Three-Year Renewal Option. Rent is Payable Upon Occupancy or February 1,

2011, at an Initial Monthly Rate Equal to the Greater of \$2,750 or 12 Percent of Gross Revenue.

Mr. Kusy said proposals were received and evaluated for a retail merchandise concession in the passenger terminal. StarGateway was selected and they will invest approximately \$188,000 to construct the space.

**Vice Mayor Barnes moved to approve Resolution No. 10-50. Lt. Governor Manuel seconded the motion. The motion carried unanimously.**

**Resolution No. 10-51** –Authorizing a Lease Agreement with **Phoenix Airport Food Services, Inc.**, for Operation of the Copper Plate Concessions in Suites 119 and 147 of the Airport Passenger Terminal. The Lease Commences October 1, 2010 and is Six Years with One Three-Year Renewal Option. Rent is Payable Upon Occupancy or February 1, 2011, at an Initial Monthly Rate Equal to the Greater of \$6,492 or up to 15 Percent of Gross Revenue.

Mr. Kusy described this proposal for food services in the terminal. Phoenix Airport Food will invest \$439,000 in the space.

**Mayor Smith moved to approve the Resolution No. 10-51. Mayor Lewis seconded the motion. The motion carried unanimously.**

#### **BOARD MEMBER COMMENTS**

Mayor Lewis asked about parking spaces. He said the most common issue he hears about is parking. Mr. Denny said about 1,000 parking spaces are within walking distance of the terminal, and another 1,500 in the remote lot.

#### **EXECUTIVE SESSION:**

**Mayor Smith moved to go into Executive Session. Lt. Governor Manuel seconded the motion. The motion carried unanimously.**

**RECONVENE** from Executive Session to Regular Session at 10.19 am.

**Lt. Governor Manuel moved to reconvene from Executive Session. Vice Mayor Barnes seconded the motion. The motion carried unanimously.**

**Resolution No. 10-48** Authorizing Executive Director's Employment Contract

**Vice Mayor Barnes moved to approve Resolution No. 10-48. Lt. Governor Manuel seconded the motion. The motion carried unanimously.**

Chairwoman Williams congratulated Mr. Kusy and thanked him for a good job, the tremendous growth at the Airport, and said he was “. . . a rising star in U.S. aviation.”

**NEXT MEETING**

Next scheduled meeting is Monday, October 18, 2010 – 9:00 am

**ADJOURN**

The meeting adjourned at 10:20 am.