



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

**BOARD MEETING**

**November 15, 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  
Mayor Gail Barney, Queen Creek

*\* Neither present nor represented*

**GUESTS PRESENT**

Nadine Becker, Barton Malow  
Nikki Bernstein, Himovitz Properties  
Matt Busby, City of Apache Junction  
Scott Butler, City of Mesa  
Jeffrey Carr, Air Force Research Lab  
Michelle Gramley, Town of Gilbert  
Ken Halverson, Jetstrip  
Keith Hjelmstad, ASU Polytechnic  
Larry Kieser, Mesa Police Department  
John Kross, Town of Queen Creek  
Bill Langer, Langer Group  
Kathy MacDonald, City of Mesa  
Dr. Lee McPheters, ASU

Floyd Moore, Valle del Oro  
LaVonne Morris, City of Phoenix  
Carl Newman, City of Phoenix  
Richard Reese, Hensel Phelps Construction Co.  
Ray Richmond, Crownair Aviation  
David Ryan, Crownair Aviation  
Christopher Schmaltz, Gust Rosenfeld  
John Schroeder, Chandler-Gilbert Community College  
Councilmember John Sentz, Gilbert  
Jim Stabilito, Willis  
Art Thomason, Arizona Republic  
Kristy Vargas, Hyatt Place Gilbert  
Ulises Velasco, City of Apache Junction

**AIRPORT STAFF PRESENT**

Casey Denny, Deputy Director  
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors  
Lynn Kusy, Executive Director  
Janice LaVallee, HR Analyst  
Bill Mitchell, Director – Operations & Maintenance  
Lotus Williams, HR Manager

## **CALL TO ORDER**

The meeting was called to order by Chairwoman Thelda Williams at 9:03 a.m.

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

- Councilwoman Williams congratulated staff on a successful terminal grand opening event. Airport Executive Director Lynn Kusy thanked Public Information Officer Brian Sexton for orchestrating the event and thanked the sponsors, Sundt, DWL Architects, and Paradise Bakery.
- Mr. Kusy gave a brochure from Airports Council International – North America to each Board member. He said the brochure includes a calendar of events and noted that the annual conference for board members/commissioners is in Tucson this year.
- Councilwoman Williams recognized Gilbert Councilmember John Sentz.

## **COMMENTS FROM THE PUBLIC**

There were no comments from the public.

## **PROGRESS REPORTS**

**ASU Polytechnic** – Dr. Keith Hjelmstad, Vice President & Dean, College of Technology & Innovation reported that the Polytechnic campus was recently approved for a Ph.D. program in Simulation, Modeling, and Applied Cognitive Science. He said this is the only Ph.D. program administered on the Polytechnic campus. This program is unique - - possibly the only one in the United States - - that combines engineering, computing, and applied psychology. The program will be launched in the fall and funded by external grants.

**Chandler-Gilbert Community College** – Provost John Schroeder reported that the College is closing the Avery entrance for a few days in November to install new water lines.

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

Mr. Kusy provided highlights from the October staff reports:

- Mesa celebrated the opening of Ray and Hawes Road extension.
- Noise report: 21 noise calls (five from Mesa, three from Gilbert, two from Queen Creek, two from Santan Valley, one from Queen Valley).
- Gateway's Airport Capital Improvements Program has been submitted to FAA. Projects for FY2012 include expansion of the fuel farm, expansion of the passenger terminal Phase II, and reconstruction of Taxiway P.
- Financial: September's gross margin was up 24 percent over last year. Operating expenses showed year-to-date operating loss of \$168,000. October's preliminary financial report shows a positive on the operating budget.
- Operations: Passenger count for September was 55,784 compared to 34,505 in September last year. An increase of 58 percent.
- Commercial operations: 441 in September

## PRESENTATIONS:

### **Economic Impact Study Results** - *Dr. Lee McPheters, Arizona State University*

Dr. Lee McPheters provided an update on an economic impact study being done by ASU. He said a draft report has been completed, and he wanted to share the results. Dr. McPheters said the study was done last in 2008. Following FAA guidelines, the study compares the dollar value of economic activity on the Airport, the dollar value of visitor spending, jobs associated with this economic activity, and job earnings and revenues.

His preliminary numbers show:

- Over 40 employers and over 880 jobs are on the Airport; a 40 percent increase of on-airport employment.
- Seventy-five percent of on-Airport jobs are private sector jobs.
- Visitors continue to increase, enplanements are over 340,000. Two thirds of enplanements are visitors. Visitor spending exceeded \$60 million.
- There are over 1,000 jobs in the service area supported by air visitor spending.
- On any given day 4,600 air visitors are in the area.
- 2,000 jobs related to the presence of the Airport. These numbers are up substantially from two years ago in spite of a struggling economy.

Dr. McPheters hopes to have the final report done within the next six weeks and will provide copies to the Board.

### **Employee Benefits Package for 2011** – *Lotus Williams, HR Manager*

Human Resources Manager Lotus Williams provided an overview of the calendar year 2011 employee benefits package including medical, dental, vision, employee assistance plan, life, short term disability, and flexible spending account administration. The cost of the benefits package for 2011 is estimated to be \$859,259. The employer's portion of this cost is \$737,036 and employee's estimated portion is \$122,223. Ms. Williams reported that the current medical plan market trend is 11 to 14 percent. The renewal premium rates for our current United Healthcare plans were quoted at a 9.5 percent increase, and Willis of Arizona, the Airport's insurance broker, negotiated the percentage increase down to 5 percent.

## CONSENT AGENDA - Consideration and Possible Approval of:

**Tab A – Minutes** of Board Meeting held on October 18, 2010.

**Tab B – Resolution No. 10-66** – Authorizing a Memorandum of Agreement with **Mesa Convention and Visitors Bureau** to Host a Hotel Information Board Inside the Passenger Terminal Baggage Claim Area.

**Tab C - Resolution No. 10-67** – Authorizing an Amendment to a Car Rental Concession Agreement with **The Hertz Corporation** Increasing Their Floor Space at a Revised Monthly Rate of \$704.85, to Increase the Number of Rental Spaces to 26 at \$780 Per Month, and to Add the Use of the Airport's Car Care Facility at \$1,420 Per Month, For a Total Monthly Cost of \$2,904.85 Effective December 1, 2010.

**Tab D - Resolution No. 10-68** – Authorizing an Amendment to the Car Rental Concession Agreement with **Enterprise Leasing Company of Phoenix** to Increase their Monthly Floor Space at a Revised Monthly Rate of \$683.95, and to Increase the Number of Rental Car Spaces to 26 at a Monthly Cost of \$780, for a New Total Cost of \$1,463.95 per Month Effective December 1, 2010.

**Tab E - Resolution No. 10-69** – Authorizing an Amendment to the Car Rental Concession Agreement with **Enterprise Leasing Company of Phoenix, LLC (dba Alamo/National)** to Increase Floor Space at a New Monthly Rate of \$683.95 Effective December 1, 2010.

**Tab F - Resolution No. 10-70** - Authorizing **Willis of Arizona, Inc.** to Purchase Employee Benefits Insurance from Various Vendors for Plan Year January 1 Through December 31, 2011.

**Tab G - Resolution No. 10-71 - Cancelling Policy #4502 - Designated Cargo Area.**

**Tab H - Resolution No. 10-73** - Authorizing AOS No. 10-03 Amendment 2 with **Kimley-Horn and Associates, Inc.** to Provide Additional Inspection and Construction Administration for the Alpha Apron Expansion Phase II Project at a Cost Not to Exceed \$50,847.

Mayor Lewis noted that the October 18 minutes should reflect the next Board meeting date as November 15.

**Mayor Lewis moved to approve the Consent Agenda, with a correction to the October 18 minutes. Mayor Barney seconded the motion. The motion carried unanimously.**

**EXECUTIVE SESSION:** *The Board may hold an executive session pursuant to Arizona Revised Statutes Sections 38-431.03.(A)(3), (4), and (7), for discussion or consultation for legal advice from the attorneys of the Board; for discussion or consultation with the Board attorneys in order to consider its position and instruct its attorneys regarding the Board's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation; and for discussions or consultations with designated representatives of the Board in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property.*

Chairwoman Williams asked that the Executive Session be postponed pending a staff report on Resolution No.10-72 – Crownair.

Mr. Kusy provided an overview of IWA Holdings/Crownair lease status. He said Crownair entered into a lease agreement with the Airport Authority, and earlier this year the lease was modified to downsize the project. Staff recently received another request to downsize the project. The applicant has not met the time guidelines in the lease and staff recommends finding the applicant in default and terminating the lease.

Deputy Director Casey Denny said the original project lease dates back to March 2008 for a large maintenance repair station, with additional expansion for storage hangars. There was no progress on the initial lease for two years. Staff renegotiated with Crownair due to the economy, restructured the project, and added additional time. Mr. Denny said there had been a default in lease payments and Crownair didn't meet specific milestones.

Staff does not feel that the project represents what the Board originally approved/intended. Discussions have taken place as to whether the applicant would consider another site on the Airport. He said the current site consists of two parcels approximately 6.5 acres each, which was originally planned to be a service center, but the project has been downsized and the focus has changed to primarily a maintenance and storage facility.

Councilwoman Williams introduced Mr. David Ryan representing Crownair Aviation. Mr. Ryan stated that Gateway staff was "the most professional staff" that he had dealt with. He said that Crownair has spent more than \$350,000 in design and marketing. Crownair has two tenants who have signed letters of intent and are ready to build pending architect's schedule.

Mr. Ryan stated that Crownair wishes to continue the project, but they did not want to build on 12 acres based on speculation in the current economy. He said he respects staffs' opinion to terminate the lease, but wanted to be on record that they would like to continue the project in some manner.

Mayor Smith asked about the possibility of a revised project on a different site at the Airport. Mr. Ryan responded that it would offer some challenges for their potential tenants. He said the tenants would be spread out over the acreage and he prefers to build on the current lot.

Councilwoman Williams asked about Crownair's lease payment status. Mr. Denny responded that they were in arrears, they sent a check, but the Airport Authority did not accept it. Mr. Denny also noted that new drawings for a different concept would take another 30 to 60 days.

Mayor Smith reiterated that there are better uses for the specific property. He concurred on terminating the formal relationship with Crownair and moving forward with another site for them, if possible.

Councilwoman Williams cancelled the Executive Session with concurrence from all Board members. Mayor Smith and Councilwoman Williams said she hoped that staff continues to work with Crownair to find a suitable solution.

### **CONSIDERATION AND POSSIBLE APPROVAL OF:**

**Resolution No. 10-72** - Authorizing Termination of a Property Lease Agreement with IWA Holdings, LLC (Dba CrownAir Aviation).

**Mayor Lewis moved to approve Resolution No. 10-72. Mayor Smith seconded the motion. The motion carried unanimously.**

### **BOARD MEMBER COMMENTS**

Follow up items for the December Board meeting:

1. Mayor Smith requested a follow up on Crownair's status.
2. Councilwoman Williams requested a staff presentation on what staff is doing to recruit new business and another commercial carrier.
3. Mr. Kusy will provide a report on Transportation Security Administration security screening, in response to a letter from Congressman Oberstar.

### **NEXT MEETING**

Monday, December 20, 2010 – 9:00 am.

### **ADJOURN**

The meeting adjourned at 9:56 am.