



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

**Monday, December 20, 2010 • 9:00 a.m.**

**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**

Roc Arnett, East Valley Partnership	Gary Nelson, Arizona Republic
Nikki Bernstein, Himovitz Properties	Carl Newman, City of Phoenix
Jeffrey Carr, Air Force Research Lab	Dennis Osuch, LarsonAllen LLP
Mark Castleland, New Break	Aaron Roberts, Crownair
Michelle Gramley, Town of Gilbert	Wayne Rockwood, Rockwood Architecture
Ken Halverson, Jetstrip	Christopher Schmaltz, Gust Rosenfeld
Natalie Harris, Mesa Convention & Visitors Bureau	John Schroeder, Chandler-Gilbert Community College
Wendy Kasserman, Town of Queen Creek	Councilmember John Sentz, Gilbert
Larry Kieser, Mesa Police Department	Phil Statt, Himovitz Properties
Shirley Kurz, Gilbert Resident	Peter Sterling, Mesa Chamber
Kathy MacDonald, City of Mesa	Darrell Toupkin
Floyd Moore, Valle del Oro	Paul Womack, Phoenix Fire Center
LaVonne Morris, City of Phoenix	Pam Williams, Mesa CVB

**AIRPORT STAFF PRESENT**

John Barry, Manager – Business Development  
Casey Denny, Deputy Director  
Margi Evanson, Project Coordinator - Operations  
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors  
Lynn Kusy, Executive Director  
Kevin Mentzer, Manager-Operational Planning & Control  
Bill Mitchell, Director – Operations & Maintenance

## **CALL TO ORDER**

The meeting was called to order by Vice Chair John Lewis at 9:01am. He noted that Councilwoman Thelda Williams had a family emergency and was excused.

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

Airport Executive Director Lynn Kusy reported that the Airport had lost two friends recently - - Hall of Fame pitcher Bob Feller and Gateway Ambassador Johannes Kurz. Mr. Kusy said Mr. Feller was an outstanding pitcher and it was an honor to have met him at the dedication of the Fergie and Feller Field at the terminal. Mr. Kurz was a Gateway Ambassador for three years and was also on the Airport's Master Plan Advisory Committee. Mr. Kurz passed away on November 20 and he will be missed.

Peter Sterling has been working with the East Valley Partnership and was just selected as the new president and CEO of the Mesa Chamber of Commerce.

Darrell Toupin recognized the Airport as a partner in the second annual *12Ks of Christmas*, a family oriented event in Gilbert. He added that Terry Wood was awarded the *Spirit of Giving* award for rescuing over 1,200 pugs. The event had over 24 states represented, some attendees arrived on Allegiant Air flights. There were 2,000 runners, 46 adoptions, and 400 singers. Mr. Toupin presented a poster to Mr. Kusy in appreciation for the Airport's continued partnership in the community.

## **COMMENTS FROM THE PUBLIC**

Mr. Roc Arnett, President and CEO of the East Valley Partnership, reported on the status of the East Valley Aviation and Aerospace Alliance. He said an executive committee has been formed and is made up of eight members of the community. He said a kick-off meeting is set tentatively for January 19 at 7:30 am (location to be determined). CEO Lynn Tilton of MD Helicopters will be the keynote speaker.

## **PROGRESS REPORT**

**Chandler-Gilbert Community College** – College Provost John Schroeder reported that Chandler-Gilbert students donated over 67,500 hours in service learning projects in the community this year. He noted that final exams are over, the Bridget Hall project is in its final phase and should be open for spring semester. Enrollment is up 10 percent for this spring semester.

## **REVIEW OF MONTHLY STAFF REPORTS AND UPDATES ON: ♦ Construction ♦ Commercial Service ♦ Finance**

Mr. Kusy provided the following highlights from the November staff reports:

- 16 calls were received on the Airport's noise hotline in November (seven calls were regarding engine runs).
- Delivered 1.1 million gallons of fuel this month – an increase of 29 percent over last year. Allegiant fuel delivered was 702,000 gallons (32 percent increase over last November). Government fuel increased by 6 percent, and Contract fuel was up 65 percent. Retail was up 9 percent, and Avgas up 8 percent.

- New terminal opened in November. The next phase is 30 percent designed. Staff opened a new rental car lot which freed up 135 spaces in front of the terminal for short-term parking.
- Finished the aircraft parking apron along Taxiway A.
- Gross margin for October was \$1.02 million. Expenses were \$996,000. Fiscal year to date we are ahead of projection by \$316,000. Capital spending in October was \$1.2 million.
- Total passenger count for October was 57,138 - - a 53 percent increase over the previous year.
- Aircraft operations were down 5.5 percent, Allegiant commercial operations were up 53 percent.
- Numbers for November: 66,930 passengers. Staff expects approximately 80,000 passengers in December, and close to 800,000 passengers for the calendar year.

## **PRESENTATIONS/REPORTS**

### **Gateway Marketing Efforts**

A presentation given by John Barry, Manager – Business Development, focused on Gateway’s current service, air service development program, marketing efforts, and outlook for the future. Highlights of his presentation included the following points:

- Currently: 27 destinations, 795,000 annual passengers
- Challenges to air service development: economy, competitive airfares, nonstop service availability, and low cost per enplanement at Phoenix.
- Advantages: Gateway’s cost per enplanement, lower aircraft taxi time, large market, ease of use
- Marketing efforts include: increase general awareness, maintain direct contact, air service conferences, one-on-one meetings, and use of a consultant
- A typical proposal includes: airport overview, market information, specific route analysis, and cost proposal/incentives

Mayor Lewis offered Board member assistance for the Airport marketing efforts.

Mr. Barry noted that the Mesa Convention and Visitors Bureau assists in marketing to all Allegiant cities.

Mayor Smith expressed concern that Gateway has only one carrier. He suggested we become “as aggressive as possible” to attract other carriers. He believes another carrier would be a complement to Allegiant, and that we do not compete with Sky Harbor.

### **Crownair Aviation Update**

Deputy Director Casey Denny provided an update on discussions with Crownair. He said staff is considering another site for Crownair’s development. Discussions will continue over 30 to 60 days and staff may bring a proposal back to the Board in about two months.

### **TSA Security Screening**

In response to a previous Board request, Director-Operations and Maintenance Bill Mitchell presented information on our current federal TSA screening program and the option of converting to an “opt out” program in which airports contract with a private screening company. He said a pilot program was in place from 2002 to 2004. Results of the pilot program show no significant change in security effectiveness, no cost savings, but customer service results were mixed.

Mr. Mitchell compared the current role of the TSA compared to the requirements of a private screening company.

Staff recommends staying with the current TSA program. He said we have minimal complaints pertaining to TSA, there is no cost benefit, we have limited need for part time/seasonal employees, and we have an excellent working relationship between the Airport, airline, and the TSA.

Mr. Mitchell stated that we could utilize Airport staff before hiring a private screening company. If a change was anticipated, further discussion with the Board members would be initiated.

#### **Progress on Purchase of Used Equipment**

Bill Mitchell provided a follow up to previous authorization from the Board to allow staff to purchase equipment from online providers. Mr. Mitchell said staff was able to obtain a used dump truck for \$35,000 and that staff is looking for a used motor grader now.

#### **FY10 Financial Report**

CPA Dennis Osuch, LarsonAllen LLP, performed an audit of the Airport's financial statements for fiscal year ending June 30, 2010, and statements from 2009. He said the purpose of the audit is to make sure the financial statements are in accordance with generally accepted accounting principles. Mr. Osuch said his firm issued an unqualified opinion on the financial statements and for compliance. His firm reviews our internal controls and they made one recommendation on recording one invoice. Mr. Osuch thanked staff for compiling the information needed during the audit.

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

**Tab A – Minutes** of Board Meeting held on November 15, 2010.

**Tab B – Resolution No. 10-74** –Authorizing a Two-Year Renewal of an Existing Contract With **Willis of Arizona, Inc.** for Insurance Broker Services for Property, Automobile, Workers' Compensation, Public Officials/Directors/Officers' Liability, and Aviation Liability Insurances Commencing July 1, 2011 at a Cost of \$60,000 (\$30,000 Per Year).

**Tab C – Resolution No. 10-75**–Authorizing a Two-Year Renewal of an Existing Contract With **Willis of Arizona, Inc.** for Employee Benefits Insurance Broker Services Commencing July 1, 2011 at a Cost of \$51,000 (\$25,500 Per Year).

**Tab D– Resolution No. 10- 76**–Authorizing **Willis of Arizona, Inc.** to Purchase Workers' Compensation Insurance from USAIG/Wausau Business Insurance for Year Ending December 31, 2011 at a Cost of \$86,578.

**Tab E – Resolution No. 10- 77**–Authorizing a Contract with **Frequentis USA, Inc.** for the Purchase of a Voice Switch Software Upgrade for the Air Traffic Control Tower at a Cost of \$102,380.

**Tab F - Resolution No. 10-78** Authorizing an Amendment to **Jetstrip, Inc.** Lease to Extend Lease Term One Additional Year Commencing January 1, 2011, Payable at \$3,471.21 Per Month.

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

#### **BOARD MEMBER COMMENTS / ANNOUNCEMENTS**

There were no Board member comments or announcements.

#### **NEXT MEETING**

The next meeting will be held on Tuesday, January 18, 2011 at 9:00 am.

#### **ADJOURN**

The meeting adjourned at 9:49 am.