



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

**Tuesday, February 22, 2011 • 9:00 a.m.**

**AIRPORT AUTHORITY BOARD MEMBERS**

Vice Mayor 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**

Tony Abalos, Mesa Police Department	Floyd Moore, Valle de Oro
Roc Arnett, East Valley Partnership	LaVonne Morris, City of Phoenix
Keith Belden, Morrison-Maierle	Bob Nullmeyer, Air Force Research Laboratory
Nikki Bernstein, Himovitz Properties	Victor Peterson, Gilbert Resident
Russ Brandt, Blue Chip Land Corporation	Rich Prieve, Air Force Research Laboratory
Matt Busby, City of Apache Junction	Paul Reader, Himovitz Properties
Shannon Cluff, Mesa Fire Department	Richard Reese, Hensel Phelps Construction Co.
Rhonda Curtis, Wells Fargo	Scot Rigby, City of Mesa
Milt Fort, Mesa Convention & Visitors Bureau	Scott Sauve, Gilbert
Michelle Gramley, Town of Gilbert	Christopher Schmaltz, Gust Rosenfeld
Jennifer Graves, City of Mesa	John Schroeder, Chandler-Gilbert Community College
Ken Halverson, Jetstrip	Cou. John Sentz, Town of Gilbert
Natalie Harris, Mesa Convention & Visitors Bureau	Peter Sterling, Mesa Chamber of Commerce
Fred Himovitz, Himovitz Properties	Art Thomason, Arizona Republic
Dr. Keith Hjelmstad, ASU Polytechnic	Bruce Tinsley, Access & Egress
Larry Kieser, Mesa Police Department	Matt Tsark, Strand Assoc. Inc.
John Kross, Town of Queen Creek	Rick Wooten, Gateway Ambassador

**AIRPORT STAFF PRESENT**

Casey Denny, Deputy Director  
Doug Drown, Manager – Budget & Financial Planning  
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors  
Lynn Kusy, Executive Director  
Carmen Williams, Airport Planner

## CALL TO ORDER

The meeting was called to order by Chair Thelda Williams at 9:01am.

## AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Airport Executive Director Lynn Kusy invited everyone to attend the Gateway Aviation Day event scheduled for March 12 from 9:00 am to 2:00 pm.

## COMMENTS FROM THE PUBLIC

There were no public comments.

## PROGRESS REPORT

**Arizona State University Polytechnic**– Dr. Keith Hjelmstad, Vice President & Dean, College of Technology & Innovation, reported a successful launch of the Aerospace Research and Defense Collaboratory (ADRC). He said it was one of the most successful events at ASU Polytechnic - - the Cooley Ballroom was packed with 300 guests and dignitaries. Dr. Hjelmstad noted this is a new level of collaboration with ASU, the University of Arizona, and Embry Riddle. He said the aerospace and defense industry can possibly jumpstart the Arizona economy.

Dr. Hjelmstad said admissions are up about 30 percent in the College of Technology and Innovation and all campus building projects are on track and on schedule.

Responding to a question from Mayor Smith, Dr. Hjelmstad said the Collaboratory is a state-wide initiative. Dr. Mitzi Montoya is co-leader of the ADRC and meetings will be moved around to different locations each month. ASU Polytechnic will serve as the Collaboratory's "center of gravity."

**Chandler-Gilbert Community College** – College Provost John Schroeder reported that last week's scholarship fundraiser was very successful. He thanked Airport staff for their assistance and said that future fundraisers will be planned.

- Bridget Hall grand opening will be on February 23 at 9:00 am. Several members of the Bridget family will be in attendance.
- 15<sup>th</sup> Annual Aviation Maintenance Symposium will be held March 10 and 11, 2011. Mr. Schroeder said he expects 1,500 attendees.
- College staff is working with Airport staff on the Gateway Aviation Day event.

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

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

- January's *Aviation Day at the Capitol* was a very good event.
- Valley Metro dedicated new Power Road bus service which stops at the Gateway terminal.
- March 12 *Gateway Aviation Day* event will be held at the General Aviation Center from 9am to 2pm.
- Six noise calls were received in January
- Outstanding Performance awards went to employees Ron King and Jim Duke for an electrical conduit repair, saving the Airport over \$8,000.

- Casey Denny, president of the Arizona Airports Association, has been busy representing state airports. One specific bill being proposed is Senate Bill 1097 which changes the committee to which the Airport Authority makes its annual report. Staff traditionally submits an annual report, but now there is a specific committee to report to.
- A Northeast Area Development Plan stakeholder meeting was held in January. The consultant is now finalizing their draft plan and will present it to the Board in March.
- Davis-Monthan Air Force Base will close its runway in March and five C-130 aircraft will be at Gateway for 30 to 60 days during their construction period.
- Our FBO participated in NBAA Schedulers and Dispatchers Conference and staff will be attending an Air Service Development Conference in March. Seven airlines have agreed to meet with our staff so far.
- FAA approved our PFC application at \$4.50 per passenger through 2017. The PFC funds will be used to repay the Airport Authority for projects already completed using Airport money, expand the passenger terminal, and reconstruct some airfield pavements.
- Staff is coordinating with Mesa for water line improvements on Sossaman Road.
- Sixty percent plans for Phase II of the terminal expansion are under stakeholder review.
- Revenues are within 1 percent of projections; expenses are 2 percent below budget. Concession sales are higher than budget, but rental car fees are low.
- Air Traffic Control Tower handled 187,000 operations for calendar year 2010 making Gateway the busiest of the 246 contract towers in the nation.
- Staff extended data/telephone infrastructure to the Lockheed Martin facility and implemented an electronic fingerprinting system reducing turn-around time from two weeks to two days.
- Calendar year 2010 total passengers - 804,000 (a 38 percent increase over last year). December's total passenger count was 83,000.
- March will be the busiest month ever - - staff expects 356 flights. Allegiant will increase schedules for spring break and spring training.

## **PRESENTATIONS/REPORTS**

### **FY2012 Budget**

Doug Drown, Manager – Budget & Financial Planning, gave a presentation to the Board on the proposed FY2012 budget. He said the final budget will be brought back to the Board for consideration in March.

Mr. Drown's presentation included the following major assumptions:

- Total passengers for FY12 are estimated at 1,028,000 (up 19 percent from FY11)
- Fuel volume is estimated at 15.5 million gallons (up 8 percent from FY11)
- Rate increases to landing fees, fuel flowage fees, Customs and Border Protection user fees, and special equipment and service fees.
- Salary freeze continues, 0.5 increase in total FTEs, largest hangar will be leased, and \$500,000 cost to bus passengers between parking lots.
- FAA and ADOT provide \$11.7 million and \$850,000 respectively.
- No increase in member government contributions - \$3,920,000.

Mayor Smith asked about the use of the current passenger facilities charges and payment of our capital debt. Mr. Kusy responded that the funds would flow into the general fund and could then be used to pay the Allegiant Air loan. Mr. Kusy added that we are paying on bonds issued for the Embraer building and the ADOT loan for the ASU hangar facility.

Vice Mayor Williams asked about our landing fee calculations. Mr. Drown noted that, if fully allocated, the landing fee would be over \$3 per 1,000 lbs. landing weight (more than triple what we are currently charging). Mr. Denny said the goal is to be at full cost recovery, but we need additional passengers. Mr. Kusy added that our expenses today are low, but our landed weight is low also. If we double our landed weight, our fully allocated landing fee would be in line with our peers.

### **Capital Improvement Program**

Airport Planner Carmen Williams provided information on the Airport's proposed FY12 Capital Improvement Program (CIP) which will be on the March Board agenda for consideration.

Ms. Williams provided an overview of the draft document, its development and purpose, requested projects for FY12, capital renewal, and funding sources.

She explained capital renewal as "improvements to existing assets of at least \$50,000 that increase the useful life or value by two or more years." Total for hangar renovation, building renovations, Taxiway Victor replacement, and water line improvements is \$950,000.

Proposed funding sources for FY12 CIP include:

Local funds	\$ 5,985,385
FAA	\$11,698,446
Special Revenue Bonds	\$16,000,000
ADOT	<u>\$ 847,854</u>
Total Program	\$34,531,686

Responding to Mayor Smith, Mr. Denny stated that ADOT has been able to provide federal grants match, but if the 5 percent match goes away, we could use our contingency funds or reallocate the capital budget, deferring the lowest priority projects.

Chair Williams inquired about the procedure if grant money is less than expected. Ms. Williams said any grant awarded projects will be brought back to the Board. Mr. Denny added that the terminal expansion is the largest project, and if the FAA doesn't fund it, we will need to find other funding or use PFC funds.

### **Construction and Financing of an Airport Authority Maintenance and Repair Facility for Lease to the City of Mesa and Sublease to Able Engineering**

Casey Denny introduced a proposed \$16 million bond project that will come back for formal Board consideration in March.

He presented details on a proposed partnership with Mesa for a large scale maintenance, repair, and overhaul facility on 13 acres of Airport land. The project includes a 180,000-square-foot warehouse and manufacturing facility including a 27,000-square-foot hangar.

Financial structure includes:

- Airport to build facility by issuing \$16 million in revenue bonds.
- Mesa to serve as guarantor by leasing facility for 40 years.
- Mesa will sublease to a tenant
- The tenant, Able Engineering and Components, Inc., will design the facility and the Airport will go out for public bid.
- Target opening date is summer/fall 2012.

Chair Williams asked about the City of Mesa's guarantee and what would happen if there are problems with the payments. Will Mesa use their annual contribution to the Airport to cover the payments? And, will the other member governments' share increase? Mr. Denny responded that in the event of a building vacancy, the cost would be inserted into and paid from the Airport's capital program. He noted that the other member governments' share would not increase.

Mayor Smith commented that Mesa is guaranteeing the bonds and Able cannot walk away and would be responsible for any unpaid balance. He said this is a "perfect fit for the Airport" and "Able has outgrown their facility and we aren't stealing them from Phoenix."

Mayor Smith said he believes Able is on the cutting edge with technologies that fit with the Airport, ASU, and Chandler-Gilbert Community College. He said Mesa is very excited about this project and it is a great accomplishment for the region.

Chair Williams agreed that this is an excellent project and an appropriate place to have it. She thanked the City of Mesa for their part and said it is important for the entire community.

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

**Minutes** of Board Meeting held on January 18, 2011.

**Resolution No. 11-05**– Authorizing a Contract with **Continental Flooring Company** for Purchase and Installation of Carpet for the Ticketing Terminal at a Cost of \$88,591.89.

**Resolution No. 11-06** – Authorizing a Contract with **Ace Asphalt** for Parking Lot Improvements at a Cost of \$27,734.16.

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

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

There were no Board member comments.

#### **NEXT MEETING**

The next meeting will be held on Monday, March 21, 2011 at 9:00 am.

#### **ADJOURN**

The meeting adjourned at 10:18 am.