



MINUTES OF THE PHOENIX-MESA GATEWAY AIRPORT AUTHORITY BOARD MEETING

Monday, June 20, 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
Councilmember Scott Somers, Mesa
Mayor Gail Barney, Queen Creek

GUESTS PRESENT

Magnus Ahlstromer, M&I Bank
Roc Arnett, East Valley Partnership
Nikki Bernstein, Himovitz Properties
Bill Brandt, ASU
Matt Busby, City of Apache Junction
Brian Davis, Allegiant Air
Troy Goins, Red Mountain Promotions
Jennifer Graves, City of Mesa
Ken Halverson, Jetstrip
Mike Hutchinson, EVAAA
Larry Kieser, Mesa Police Department
Thayne Klingler, Allegiant Air
John Kross, Town of Queen Creek
Jack Lansdale, Willis of Arizona
Floyd Moore, Valle del Oro
Dr. Mitzi Montoya, ASU Polytechnic

LaVonne Morris, Phoenix Aviation
Carl Newman, Phoenix Aviation
Steve Reeder, Kimley-Horn & Associates
Richard Reese, Hensel Phelps Construction
Marcelo Reyna, Arrington Watkins Architects
Scot Rigby, City of Mesa
Christopher Schmaltz, Gust Rosenfeld
Peter Sterling, Mesa Chamber of Commerce
Art Thomason, Arizona Republic
Matt Tsovk, Strand
Steve Urie, Arizona State Legislature
Diana Warner, M&I Bank
Pam Williams, Mesa Convention & Visitors Bureau
Debbie Willmer, Willis of Arizona
Paul Womack, Phoenix Fire Center
Rick Wooten, Gateway Ambassador

AIRPORT STAFF PRESENT

Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director
Bill Mitchell, Director-Operations, Maintenance & Technology

CALL TO ORDER

The meeting was called to order by Chair Thelda Williams at 9:00 am.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Airport Executive Director Lynn Kusy recognized State Representative Steve Urie in the audience.

COMMENTS FROM THE PUBLIC

There were no public comments.

PROGRESS REPORTS

Allegiant Air – Brian Davis, Director of Airports

Mr. Brian Davis, Allegiant Air, provided a quarterly report to the Board. He said he appreciates the partnership between Allegiant and Airport staff over the past four years. He said it was four years ago that he was looking for the right location for Allegiant's next destination. He saw a need from their Midwest markets to bring passengers to the Phoenix-Mesa area. He noted that Allegiant's focus was on bringing customers inbound and that their top priority was convenience and affordability. Mr. Davis reported that service at Gateway has exceeded all his expectations. Mr. Davis' remarks included the following:

- Allegiant's schedule is now selling through mid to late January.
- He expects a seven aircraft operation at Gateway this fall and winter.
- This fall will be the busiest schedule to date.
- Allegiant is pursuing some additional markets in the future.
- Allegiant is committed to invest \$1 million in each of their airplanes to increase seating from 150 to 166. These seats will be created by removing galleys – adding 11 percent more seats. All aircraft will be reconfigured by the end of 2012.
- Allegiant has purchased several 757s for servicing Hawaii in the future. No plans to link Phoenix-Mesa to the Hawaii operation, but will allow for future opportunities.
- Last week, Allegiant filed a lawsuit against the Department of Transportation based on new Consumer Rule #2 – which changes how airlines state their pricing structures.

Chair Williams asked for more details on Consumer Rule #2. Mr. Davis responded that one aspect of the Rule requires airlines to bring all taxes and fees into the advertised price.

Responding to a question from Mayor Lewis, Mr. Davis said Allegiant is very pleased with the relationship at Gateway. He said "... we manage costs together," and "...it is easy and comfortable for the customer." We have worked together to build smart facilities that allow growth.

Vice Mayor Somers asked about the acquisition of aircraft to open the eastern seaboard. Mr. Davis responded that it is not the aircraft, but it is the range limitations for their pilots. Their pilots are now limited to one-day trips. He said extending their pilots' range is not in Allegiant's plan.

Arizona State University Polytechnic–

Dr. Mitzi Montoya, Vice Provost & Dean, College of Technology & Innovation, reported that the campus is moving quickly toward 30 percent enrollment growth. The intent is to double the size of the campus from 10,000 students and 3,500 majors, to 7,000 majors and 20,000 students on campus by 2015. ASU Poly is hiring and exploring additional programs. They are looking at an unmanned aerial vehicle pilot

operator program, a helicopter pilot program, a human centered design program, and a full degree program in alternative energy. With regard to aerospace, Dr. Montoya stated that ASU continues to advance the Aerospace and Defense Research Collaboratory. Dr. Montoya said she participated in a successful East Valley Partnership panel last week, and there will be a ground breaking ceremony on the new residence and dining hall tomorrow.

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

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

- Noise complaints for May – 8
- Building occupancy is at 78 percent - - 34 percent higher than May 2010
- Terminal Phase II expansion is going through the bid evaluation process
- Ray Road parking lot is nearing completion – should be complete the end of July
- Operating revenues were \$319,000 better than budget; operating expenses were \$394,000 below budget. Total is \$524,000 better than this time last year
- Capital spending year to date is \$12.8 million
- Parking lot peeked at 1,070 vehicles over the Memorial Day weekend
- April passenger count was 75,857; year to date is 730,000 passengers - - a 32 percent increase over last year
- Year to date cargo was over 100,000 pounds- - an 86 percent increase over last year
- A ground breaking reenactment for Williams Field and Falcon Field is scheduled for July 15

PRESENTATIONS

East Valley Aerospace and Aviation Alliance – Mike Hutchinson, Manager – EVAAA

Mike Hutchinson distributed a packet to members of the Board on the East Valley Aerospace and Aviation Alliance. He noted that the Alliance was formed out of noise related issues at Falcon Field. The Mesa Chamber and the East Valley Partnership combined efforts to protect current aviation assets and to promote aviation in the region. A strategic plan was developed last fall, members were recruited, a board was formed, and the Alliance now has 30 members.

Mr. Hutchinson said during the first six months, the Alliance participated in the East Valley Partnership/SRP event last week, finalized their strategic plan, set a budget, and is in the process of developing a Web site. Plans include developing an aviation/aerospace academy. The Alliance will continue to recruit new members, plan networking events, build support with other cities (Chandler, Scottsdale, etc.), fine tune a marketing strategy, and stay on top of encroachment issues.

Mayor Lewis suggested the Alliance put together a list of all companies involved in aviation in the area. Chair Williams also encouraged the group to develop a similar list. She noted a situation in which a group of Dutch business people attended a Sky Harbor reception, but there was no other local representation.

Hummingbird Energy - Lynn Kusy, Executive Director

Mr. Kusy provided background information on a project coming to the Board for consideration next month. He said the project was originally planned for ASU's Tempe campus, but didn't work out at that location for a variety of reasons. He explained that it is an alternative energy project that turns waste materials into electrical/heating energy which can be used for ASUs algae-biofuel research program. The proposed site is

on the Airport's last piece of property at the south end of the Airport. Mr. Kusy said a full presentation will be given at next month's meeting and a land lease will be brought forward for Board consideration. Airport staff has been working with Mesa and has submitted an application for rezoning from M1 to M2. This zoning application will be rescinded if the Board chooses not to act on the lease. Staff has letters of support from the University.

Responding to a question from Chair Williams, Mr. Kusy said the Hummingbird project came to staff after the last Board meeting, and that there has been no action taken that the Board cannot stop. Mr. Kusy noted that Hummingbird will need to secure a contract with a supplier for green waste, cardboard, construction waste, etc. Board members asked that two concerns be incorporated into the lease: 1.) all truck traffic will enter and exit from the south of the Airport, and 2.) Hummingbird will help with maintenance of Sossaman Road. Vice Mayor Somers noted that Sossaman Road is a City street.

CONSENT AGENDA: Consideration and Possible Approval of:

Chair Williams asked that Resolution No. 11-19 (Tab B) be removed from the consent agenda for further discussion.

Tab A – **Minutes** of Board Meeting held on May 23, 2011.

Tab B – Resolution No. 11-19– Authorizing a One-Year Contract Extension with **Care-Takers Building Maintenance** at a Cost of \$113,539.72 Commencing July 1, 2011.

Tab C - Resolution No. 11-20 – Authorizing an Amendment to the **Fiscal Year 2012 Budget** by Increasing the Number of Staff Positions from 105.74 Full Time Equivalents to 109 Full Time Equivalents, With no Change to the Budget.

Tab D - Resolution No. 11-21 – Authorizing a Contract with **John Deere Company** for the Purchase of a John Deere 6100D Cab Tractor at a Cost of \$40,743.72.

Tab E - Resolution No. 11-22 - Authorizing an Amendment to the Intergovernmental Agreement With the **City of Mesa** for Fire Vehicles and Equipment Maintenance Services. Term of the IGA is Five Years Commencing July 1, 2011 and Ending on June 30, 2016. Cost for Fiscal Year 2012 is \$35,000.

Mayor Lewis moved to approve the Consent Agenda, Items A,C, D, and E. Mayor Barney seconded the motion. The motion carried unanimously.

Regarding Resolution No. 11-19, Chair Williams questioned the escalator clause in the maintenance contract. Mr. Kusy said staff had a difficult time finding a contractor to do adequate building maintenance. Staff negotiated this contract with four one-year extensions. He said staff can rebid next year if the Board wishes. Operations and Maintenance Director Bill Mitchell said we had issues with the original custodial contactor. He said six bids came back and all included escalators. Chair Williams encouraged staff to do a comparison in six months. She said we may be able to get good service at a lower cost.

Mayor Barney moved to approve Item B – Resolution No. 11-19. The motion was seconded and carried unanimously.

CONSIDERATION AND POSSIBLE APPROVAL OF:

Resolution No. 11-23– Authorizing Purchase of a 28.0v Ground Power Unit from **Aero Specialties, Inc.**, at a Cost of \$40,529.63.

Mr. Kusy explained that this is a ground power unit for Gateway Aviation Services and is a revenue generator for the Airport.

Vice Mayor Somers moved to approve Resolution No. 11-23. Mayor Lewis seconded the motion. The motion carried unanimously.

Resolution No. 11-24 – Authorizing a Two-Year License Agreement for Terminal Courtyard Advertising Services with **Red Mountain Promotions, LLC** at Monthly Payments Equal to the Greater of 25 Percent of Gross Advertising Income or a Minimum Annual Guarantee of \$8,500 for the First Year, and \$10,500 for the Second Year.

Mr. Kusy said this is a two-year agreement with Red Mountain Promotions for courtyard advertising. We expect to handle close to 1 million passengers next year and we will have control of the advertising content.

Mayor Lewis moved to approve Resolution No. 11-24. Vice Mayor Somers seconded the motion. The motion carried unanimously.

Resolution No. 11-25 – Authorizing Insurance Broker, **Willis of Arizona, Inc.**, to Purchase Property and Casualty Insurance for Period July 1, 2011 to July 1, 2012, at a Total Cost of \$228,239.

Mr. Kusy explained that Willis of Arizona will purchase property and casualty insurance for the coming year. He noted our budgeted fee was \$309,000 and this contract comes in significantly under budget.

Lt. Governor Manual moved to approve Resolution No. 11-25. Mayor Lewis seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS / ANNOUNCEMENTS

- Vice Mayor Somers announced that the Air Force Research Laboratory will sign an interim two-year lease with Mesa this week.
- Mayor Lewis asked for an update at a future meeting on how the 4 -10 work schedule is going.
- Vice Mayor Williams asked for a future presentation on encroachment, zoning, and residential development.

NEXT MEETING

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

ADJOURN

The meeting adjourned at 9:54 am.