



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

Monday, December 19, 2011 • 9:00 a.m.

AIRPORT AUTHORITY BOARD MEMBERS

Mayor John Lewis, Gilbert
Lt. Governor Joseph Manuel, Gila River Indian Community *
Mayor Scott Smith, Mesa
Mayor Gail Barney, Queen Creek
Vice Mayor Thelda Williams, Phoenix *(via telephone)*

**neither present nor represented*

GUESTS PRESENT

Jim Bennett, HDR
Donna Cluckey, Mesa Convention and
Visitors Bureau
Kent Dibble, Dibble Engineering
Milt Fort, Mesa Convention and Visitors
Bureau
Jim Hallman, Fugro Consultants
Ken Halverson, Jetstrip
Fred Himovitz, Himovitz Properties, Inc.
Mike Hutchinson, East Valley Aviation and
Aerospace Alliance
Larry Kieser, Mesa Police Department
John Kross, Town of Queen Creek
Floyd Moore, Valle del Oro
LaVonne Morris, Phoenix Aviation

Terry Nash, HDR
Carl Newman, Phoenix Aviation
Keith Otterstrom, Embry-Riddle
Scot Rigby, City of Mesa
Christopher Schmaltz, Gust Rosenfeld, P.L.C.
Kimberly Schulz, HDR
Councilmember John Sentz, Town of Gilbert
Peter Sterling, Mesa Chamber of Commerce
Michelle Streeter, Mesa Convention and
Visitors Bureau
Art Thomason, Arizona Republic
Bruce Tinsley, Laforce, Inc.
Steven Wallace, USFS PIFC
Paul Womack, Phoenix Interagency Fire
Center

AIRPORT STAFF PRESENT

Casey Denny, Deputy Director
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director

CALL TO ORDER

The meeting was called to order by Chair John Lewis at 8:59 am.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Executive Director Lynn Kusy welcomed Gilbert Councilmember John Sentz to the meeting.

COMMENTS FROM THE PUBLIC

Mr. Mike Hutchinson provided an update on the East Valley Aviation and Aerospace Alliance. He said the Alliance was in full gear and has been active for almost one year. The Alliance is made up of 50 to 60 members. They have completed their foundation and organizational work, adopted a strategic plan, and developed an Aviation Academy to recruit interested citizens and community leaders to learn about the importance of aviation and aerospace in the East Valley.

Mr. Hutchinson said the Academy had 27 participants attending the first two of six planned classes. The participants will receive tours of Sky Harbor, Falcon Field, Scottsdale Airpark, and the Boeing facility. Mr. Hutchinson said the Academy has experienced great participation and attendance and the Alliance plans to hold a second Academy next summer.

PROGRESS REPORTS

There were no progress reports from ASU and Chandler-Gilbert Community College.

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

Mr. Kusy reported that Mike Hutchinson was recently named Mesa's *Man of the Year*.

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

- The National League of Cities visited the area last month. Their visit included presentations and site visits to ASU Polytechnic and the Airport.
- Staff celebrated Allegiant's inaugural flight to Las Vegas.
- Mesa Chamber of Commerce sponsored *Aviation Fascination* with several hundred people in attendance.
- 33 noise calls were received in November. 13 calls were made by one person, and two people made seven calls each. The caller that called 13 times lives north of the power lines in Mesa and the calls were about MD-83 overflights.
- Total fuel deliveries finished at 1,173,000 gallons - a 2 percent increase over FY11.
- Airport staff took delivery of a used 10,000-gallon jet-A tanker truck.

- Our real estate occupancy is now over 70 percent with several buildings to be occupied in the next few weeks.
- Allegiant expanded into the Himovitz hangar to support their increased flight activity.
- The Ray Road parking lot was open over the Thanksgiving holiday with 800 vehicles using the facility during that time.
- Bids on the 180,000-square-foot Able Engineering facility are due on January 4.
- Gross margin for October was \$1,033,000, and expenses were under budget, for an operating gain of \$4,000.
- The Allegiant loan was paid in full on October 31.
- Staff completed interior renovations to Hangar 31.
- Passenger count for October was 67,700. Fiscal year to date we are 37 percent ahead of the previous fiscal year. 100,000 passengers are expected for the month of December.
- Allegiant's load factor was 91 percent for October.

CONSENT AGENDA: Consideration and Possible Approval of:

- a) Minutes of Board Meeting held on November 21, 2011.
- b) Resolution No. 11-59 – Approving Authorization of Services No. 12-02 with **DIBBLE ENGINEERING** for Design Update of Compass Rose Calibration Pad.
- c) Resolution No. 11-60 - Authorizing **WILLIS OF ARIZONA, INC.** to Purchase Workers' Compensation Insurance from USAIG/Wausau Business Insurance for Year Ending December 31, 2012.

Vice Mayor Williams moved to approve the Consent Agenda. Mayor Barney seconded the motion. The motion carried unanimously.

RESOLUTION NO. 11-61 – Authorizing a Use Agreement with **SPRIT AIRLINES.**

Mr. Kusy provided an overview of the Spirit Airlines business arrangement. Mr. Kusy said staff made contact several years ago and had kept in touch with them over the years. Last spring, staff received a call from Spirit asking for more detailed information, and staff met with them in Las Vegas this summer and again last month. Spirit will provide twice daily service beginning in February to Las Vegas, then add service once daily to Dallas/Ft. Worth, and on to Ft. Lauderdale. This service will connect Gateway with seven one-stop cities, and 21 two-stop cities and international destinations.

Mr. Kusy said this service is expected to generate over 250,000 passengers per year. Spirit will be using Airbus A319 and A320 aircraft. The term of the agreement is five years; Spirit will provide 12 scheduled departures per week. Mr. Kusy said over the five year agreement, he expects to see an increase in revenues of \$2.67 million, \$7.2 million in other revenues, and another \$7.1 million in new capital funds from passenger and customer facility charges. This fiscal year's financial impact is expected to increase approximately one percent, and a 4 percent increase is expected next fiscal year.

Vice Mayor Williams asked if marketing dollars promised to Spirit were included in the Airport's budget. Mr. Kusy responded that the expected additional income will cover the additional marketing costs that the Airport has committed to, and a total of \$50,000 per major destination is currently not in our budget. He said the marketing budget line item may need to be increased.

Responding to a question from Mayor Smith, Mr. Kusy said Spirit plans to market and advertise in the Phoenix Metropolitan area, as well as to their other destination markets.

Mayor Lewis asked if the 90-day cancellation policy in the Spirit terms summary was typical. Mr. Kusy responded that it was typical for Gateway, and Sky Harbor's Assistant Aviation Director Carl Newman agreed it is typical, but that Sky Harbor's agreements are no more than 30 days.

Vice Mayor Williams moved to approve Resolution No. 11-61. Mayor Smith seconded the motion. The motion carried unanimously.

RESOLUTION NO. 11-62 – Authorizing an Amendment to the Executive Director's Employment Contract.

Mayor Barney moved to approve Resolution No. 11-62. Vice Mayor Williams seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS / ANNOUNCEMENTS

There were no Board member comments.

NEXT MEETING

Date Change: The next meeting will be held on Monday, January 23, 2012 at 9:00 am.

ADJOURN

The meeting adjourned at 9:20 am.