

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
5835 S. Sossaman Road ● Mesa, Arizona 85212
BOARD of DIRECTORS' MEETING
AGENDA

Tuesday, February 21, 2012 ● 8:30 a.m.

1. **Call to Order: Phoenix-Mesa Gateway Airport Authority - Mayor John Lewis, Chair**
2. **Awards, Guest Introductions, and Announcements**
3. **Comments From the Public:** *(Members of the public may comment on any item of interest. Arizona Open Meeting law does not permit the Board to discuss items not specifically on the agenda.)*
4. **Progress Reports:**
 - a) **ASU Polytechnic** – *Dr. Chell Roberts, Executive Dean, College of Technology & Innovation*
 - b) **Chandler-Gilbert Community College** - *John Schroeder, Provost*
 - c) **Allegiant Quarterly Update** – *Thayne Klingler, Director of Airports*
 - d) **Mesa Convention & Visitors Bureau** – *Milt Fort, Director of Sales and Marketing*
5. **Review of Monthly Staff Reports and Updates on:** ♦ **Construction** ♦ **Commercial Service** ♦ **Finance** ♦ - *Lynn Kusy, Executive Director*
6. **Presentations:**
 - a) **FY2013 Budget Presentation** – *Lynn Kusy, Executive Director*
 - b) **Capital Improvement Program** - *Deputy Director Casey Denny*
7. **Consent Agenda:**
 - a) **Minutes** of Board Meeting held on January 23, 2012.
 - b) **Resolution No. 12-10** - Authorizing an Agreement with **Cawley Architects, Inc.** for Architectural Services Associated with an Aircraft Maintenance, Repair, and Overhaul Facility at a Cost Not to Exceed \$105,165.
 - c) **Resolution No. 12-11** - Authorizing a Contract with **G&S Airport Conveyor** to Modify the Outbound Baggage Handling System at a Cost Not to Exceed \$87,060.39.
 - d) **Resolution No. 12-12** – Authorizing a facility lease with **Jetstrip, Inc.** for Building 1541 Located at 7744 E. Velocity Way. The Lease Term is Three Years, Commencing January 1, 2012, Payable at \$3,177.44 Per Month.

Consideration and Possible Approval of:

8. **Resolution No. 12-13** – Approving Authorization of Services No. 12-04 with **DWL Architects** for Design of the West Terminal Expansion Phase III at a Cost Not to Exceed \$465,863.03.
9. **Resolution No. 12-14** – Adopting **Policy 12-14 Airport Budget**, Superseding and Replacing Policy #5000 – Guidelines re Budget Changes.
10. **Board Member Comments/Announcements**
11. **Next Meeting:** Monday, March 19, 2012 – 9:00 am.
12. **Adjourn**

Please note start time of 8:30 am

Pursuant to ARS 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and the general public that the Airport Authority will hold a meeting open to the public on Tuesday, February 21, 2012 at 8:30 am.

One or more members of the Board may attend meeting by electronic means. ♦ Agenda is posted at www.phxmesagateway.org

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PhxMesa **Gateway** Airport

Phoenix-Mesa Gateway Airport
5835 South Sossaman Road
Mesa, Arizona 85212-6014
Telephone: 480-988-7600
FAX: 480-988-2315
www.phxmesagateway.org

Memorandum

To: Lynn F. Kusy
Casey Denny
Bill Mitchell
From: Fred Kaplan
Teresa McGaughey
Re: Budget for Fiscal Year Ending June 30, 2013
Date: January 31, 2012

The Fiscal Year 2013 budget is driven by three main variables: 1) Allegiant's 2012 actual activity as a basis for the 2013 budget, 2) Projected increased Allegiant activity for FY2013, and 3) Projected new activity for Spirit Airlines as it begins and ramps-up FY2013 operations. The aggregated variable of scheduled airline passenger throughputs and operations is the single most important factor driving airport projected revenues and projected expenses.

Projected FY2013 departures are forecast at 5,955, an increase of 36%. Total passengers are expected to increase from 1,187,478 during Projected FY2012 to 1,565,689, an increase of 32%. Additionally, the increased number of operations between FY2012 and FY2013 is expected to result in fuel volume of 18,298,060 gallons. This is a projected year-over-year increase of 15%.

Subsequently, the occupancy rate of our space for rent will increase approximately ten percentage points between Projected FY2012 and the budget for FY2013. This is expected to increase lease income approximately \$200,000.

Although still projecting an operating deficit, we are quickly moving toward meeting our goal of becoming a breakeven operation, moving toward attaining profitability. As we progress in that direction, we continue to reduce our dependence on member governments to meet operating cash requirements, with the focus of member contributions rapidly shifting toward investment in capital requirements.

KEY ASSUMPTIONS

- Total passengers will increase from 882,627 in the fiscal year ended June 30, 2011 (FY2011) and 1,187,478 Projected FY2012, to 1,565,689 forecast for FY2013. This is a 32% projected increase over Projected FY2012 budget.
- Fuel volume is projected to increase 15% from Projected FY2012 to 18.3 million gallons. This is based on projected increases in passenger and general aviation flights, netted against a small decrease in government flights. While passengers are expected to increase 32%, projected fuel volume is expected to increase only 15%, as smaller average fuel uplifts are expected due to shorter runs (i.e. Phoenix-Mesa Gateway to Las Vegas, as opposed to Phoenix-Mesa Gateway to Rockford, IL for Allegiant) and more fuel efficient aircraft utilized by Spirit.
- Salaries have not been adjusted for three years. Pay-for-performance adjustments are budgeted for FY2013 at 5%. Also included are funds for one additional staff position.

- The FAA is expected to award \$8,000,000 and ADOT \$2,000,000 in new capital grants.
- Operating Revenues (net of cost of sales): \$14.2 million, an increase of \$1.8 million (14%) over Projected FY2012. The majority of this increase is attributable to increased passenger-driven non-aeronautical revenues such as parking, rental cars, and concessions.
- Operating Expenses before depreciation: \$14.7 million, an increase of \$1.6 million (12%).
- Earned Capital Grants are budgeted to increase by 31% to \$13 million, but actual grant amounts will vary (in either direction) at the discretion of Congress and the granting agencies such as the Federal Aviation Administration.

REVENUE HIGHLIGHTS

- Auto parking, rental car, concessions, fuel storage fees, and landing fees are all projected to increase with the expansion of Allegiant's flight schedule and the addition of Spirit Airlines service.

	Significant Changes from Projected FY2012 to FY2013 Budgets	
Auto Parking Fees	\$ 661,508	32%
Rental Car Fees	\$ 350,485	33%
Aero Services Sold	\$ 199,951	5%
Non-Aero Lease Income	\$ 218,248	24%
Landing Fees	\$ 143,420	17%
Concessions	\$ 81,604	31%

Auto Parking revenues are projected to increase 32% due to a similar increase in passenger activity. This does not include any potential changes to parking rates.

Rental Car fees are projected to increase 33% due to the similar increase in passenger activity. Rental car companies currently pay the airport 7% of gross rental car revenues.

Aeronautical Services Sold are projected to increase 5%, due mostly to increased upload revenues and fuel storage revenues related to increased passenger flights. Increased upload revenues related to passenger service are offset slightly by decreases in military upload revenues.

Non-Aeronautical Leases are projected to increase approximately \$200,000 over Projected FY2012 due to increased occupancy rates.

Landing Fees for commercial passenger flights reflect the projected increase in passenger flights for Allegiant Air. Landing fees for Spirit Airlines are waived to reflect their incentive during the first two years of service. There is no change projected for landing fees during FY2013, which are currently \$1.10/1,000 lbs. of landed weight.

Concessions are projected to increase 31% for FY2013, reflecting the projected increase in passengers.

Non-operating Passenger Facility Charge and Customer Facility Charge revenues are expected to track directly with increased passenger enplanements. These revenues are allocated to the capital budget.

EXPENSE HIGHLIGHTS

- Operating expenses before depreciation are projected to increase by \$1.6 million (12%) for FY2013 compared to Projected FY2012 operating expenses.
- The largest projected increase is for busing passengers between the Ray Road parking lot and the terminal; this expense is forecast to increase from approximately \$500,000 to slightly more than \$986,000. This is due to the projected increase in FY2013 passenger activity, based on projected increased Allegiant and new Spirit activity and the need to transition from seasonal to full-time busing.
- Advertising has been increased 21% to accommodate our agreement with Spirit Airlines and the desire to increase the Valley’s awareness of commercial service at Gateway.

	<u>Significant Changes from Projected FY2012 to FY2013 Budgets</u>	
Contractual Services	\$ 751,655	25%
Personnel Costs	\$ 611,099	9%
Other	\$ 78,795	14%
Communications & Utilities	\$ 65,867	9%
Insurance	\$ 54,761	20%

Contractual Services – Busing costs are expected to increase \$486,000. Increases are also projected in the following areas: advertising, consultants, fire, and police.

Personnel Costs – The budget has been increased to accommodate pay-for-performance adjustments of 5% for existing staff, and to include funds for one additional staff position.

Other expenses are projected to increase in the areas of training and travel.

Communications & Utilities - Beyond normal rate increases, the projected increases relate primarily to the expansion of the west terminal.

Insurance expenses are projected to increase based on impending 5% rate increases for current coverage, and the potential need to increase limits of liability for insurance categories such as property, Directors and Officers, and airport liability.

CAPITAL BUDGET

- Total capital budget: \$23.2 million
- Grant awards anticipated: \$11.1 million
- Airport capital investments: \$12.1 million

Grant funding in the capital budget and Earned Capital Grants (Capital Contributions) in the operating budget will not agree due to timing differences. The capital budget reflects new funding of projects. Earned Capital Grants reflects the spending of those funds. In many cases, the spending will occur over multiple fiscal years. In addition, the capital budget includes a reauthorization of projects and amounts previously approved.

MEMBER GOVERNMENT CONTRIBUTIONS

Proposed member government contributions for FY2013 are \$3,920,000, unchanged from FY2012.

Mesa	\$ 1,700,000	43.4 %
Phoenix	1,300,000	33.2 %
Gila River	450,000	11.5 %
Gilbert	350,000	8.9 %
Queen Creek	120,000	3.1 %
Total Member Contributions	\$ 3,920,000	100%

Attachments: Proposed FY13 Budget

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Phoenix-Mesa Gateway Airport Authority
Proposed Budget
Fiscal Year Ending June 30, 2013

Member Contributions

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>
City of Mesa	\$ 1,700,000	\$ 1,700,000
City of Phoenix	1,300,000	1,300,000
Gila River Indian Community	450,000	450,000
Town of Gilbert	350,000	350,000
Town of Queen Creek	<u>120,000</u>	<u>120,000</u>
Total Local Contributions	<u><u>\$ 3,920,000</u></u>	<u><u>\$ 3,920,000</u></u>

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Phoenix-Mesa Gateway Airport Authority
Proposed Operating Budget
Fiscal Year Ending June 30, 2013

Airport Operating Activities
Summary of Key Categories

	FY12 Budget	Projected FY12	FY13 Budget	% change from Projected FY12
Total Passengers	880,060	1,187,478	1,565,689	32%
OPERATING REVENUES				
Aeronautical	\$ 8,298,018	\$ 7,884,430	\$ 8,337,367	6%
Non-Aeronautical	4,120,466	4,547,764	5,857,209	29%
Total Revenues (net of Cost of Goods Sold)	<u>\$ 12,418,484</u>	<u>\$ 12,432,194</u>	<u>\$ 14,194,576</u>	14%
OPERATING EXPENSES	<u>\$ 13,163,023</u>	<u>\$ 13,119,850</u>	<u>\$ 14,677,649</u>	12%
Operating Income (Loss) before Depr	\$ (744,539)	\$ (687,655)	\$ (483,073)	-30%
Depreciation	10,327,083	10,327,083	10,534,716	2%
Operating Income (Loss)	<u>\$ (11,071,622)</u>	<u>\$ (11,014,739)</u>	<u>\$ (11,017,789)</u>	0%
NONOPERATING REVENUES (EXPENSES)	<u>\$ (409,534)</u>	<u>\$ 311,578</u>	<u>\$ 1,258,694</u>	304%
Net Income before contributions	\$ (11,481,156)	\$ (10,703,161)	\$ (9,759,095)	9%
Earned Capital Grants (Capital Contributions)	24,490,679	9,980,592	13,060,276	31%
Change in Net Assets	\$ 13,009,523	\$ (722,569)	\$ 3,301,181	557%

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Phoenix-Mesa Gateway Airport Authority
Proposed Operating Budget
Fiscal Year Ending June 30, 2013

Airport Operating Activities

	FY12 Budget	Projected FY12	FY13 Budget	% change from Projected FY12
Total Passengers	880,060	1,187,478	1,565,689	32%
OPERATING REVENUES				
Aeronautical				
Aircraft Parking	\$ 229,847	\$ 251,793	\$ 261,658	4%
Fuel Flowage Fees	627,600	679,800	687,240	1%
Landing Fees	741,977	822,443	965,863	17%
Lease Income	2,060,868	1,697,395	1,737,456	2%
Products Sold (net of Cost of Goods Sold)	938,080	787,080	839,280	7%
Services Sold	3,699,646	3,645,920	3,845,871	5%
Sub-total Aeronautical Revenues	8,298,018	7,884,430	8,337,367	6%
Non-Aeronautical				
Concessions Fees	318,555	259,975	341,579	31%
Lease Income	969,891	898,478	1,116,726	24%
Parking & Ground Transportation	1,909,497	2,198,500	2,860,008	30%
Rental Car Fees	797,951	1,059,855	1,410,341	33%
Services Sold	124,572	130,955	128,555	-2%
Sub-total Non-Aeronautical Revenues	4,120,466	4,547,764	5,857,209	29%
Total Operating Revenues (net of Cost of Goods Sold)	\$ 12,418,484	\$ 12,432,194	\$ 14,194,576	14%
OPERATING EXPENSES				
Communications & Utilities	\$ 709,115	\$ 700,175	\$ 766,042	9%
Contractual Services	2,955,753	3,035,119	3,786,654	25%
Insurance	309,000	280,239	335,000	20%
Personnel Compensation & Benefits	7,015,707	6,942,493	7,553,592	9%
Repair & Maintenance	857,815	897,291	902,921	1%
Supplies & Materials	718,039	719,199	709,311	-1%
Other	597,594	545,334	624,129	14%
Total Operating Expenses before Depr	\$ 13,163,023	\$ 13,119,850	\$ 14,677,649	12%
Operating Income (Loss) before Depr	\$ (744,539)	\$ (687,655)	\$ (483,073)	-30%
Depreciation	10,327,083	10,327,083	10,534,716	2%
Operating Income (Loss)	\$ (11,071,622)	\$ (11,014,739)	\$ (11,017,789)	0%
NONOPERATING REVENUES (EXPENSES)				
Operating Grant Income	\$ 125,000	\$ 125,000	\$ 115,000	-8%
Customer Facility Charges	449,688	519,519	684,988	32%
Passenger Facility Charges	2,256,134	2,606,514	3,436,686	32%
Interest Income	135,000	93,500	90,000	-4%
Other Income	7,250	7,400	10,450	41%
Interest Expense - re member gov't loans	(2,746,351)	(2,748,928)	(2,948,996)	7%
Interest Expense - other	(323,705)	(291,427)	(129,434)	-56%
Other Expense	(312,550)	0	0	
Total nonoperating revenues (expenses)	\$ (409,534)	\$ 311,578	\$ 1,258,694	304%
Net Income before contributions	\$ (11,481,156)	\$ (10,703,161)	\$ (9,759,095)	9%
Earned Capital Grants (Capital Contributions)	24,490,679	9,980,592	13,060,276	31%
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Phoenix-Mesa Gateway Airport Authority
Proposed Budget
Fiscal Year Ending June 30, 2013

Aeronautical Revenues

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Phoenix-Mesa Gateway Airport Authority
Proposed Budget
Fiscal Year Ending June 30, 2013

Non-Aeronautical Revenues

	FY12 Budget	Projected FY12	FY13 Budget	% change from Projected FY12
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Phoenix-Mesa Gateway Airport Authority
Proposed Budget
Fiscal Year Ending June 30, 2013

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Operating Expenses

	FY12 Budget	Projected FY12	FY13 Budget	% change from Projected FY12
Communications & Utilities	\$ 709,115	\$ 700,175	\$ 766,042	9%
Contractual Services	2,955,753	3,035,119	3,786,654	25%
Insurance	309,000	280,239	335,000	20%
Personnel Compensation & Benefits	7,015,707	6,942,493	7,553,592	9%
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Supplies & Materials	718,039	719,199	709,311	-1%
Other	597,594	545,334	624,129	14%
Total Operating Expenses	<u>\$ 13,163,023</u>	<u>\$ 13,119,850</u>	<u>\$ 14,677,649</u>	12%

Phoenix-Mesa Gateway Airport Authority
Proposed Capital Budget
Fiscal Year Ending June 30, 2013

Proj.#	New Allocations of Capital Funds	State of		PMGAA	PFCs	CFCs	Debt	Totals
		FAA	Arizona					
729/733	Rwy 30L Threshold Construct	\$ 4,752,000	\$ 264,000	\$	\$ 264,000			\$ 5,280,000
350	Twy V Design & Construct	2,700,000	\$ 150,000	\$ 150,000				3,000,000
489	Eastside EA	1,350,000	\$ 75,000	75,000				1,500,000
748	ASR Relocation Site Study	297,000	\$ 16,500	16,500				330,000
4	Airfield Drainage		1,089,000	121,000				1,210,000
401	North Apron Design		450,000	50,000				500,000
Misc	Other PFC Application #3 Projects				2,248,105			2,248,105
	Capital Renewal (Non-recurring improvements or replacements)			950,000				950,000
681	Light Bag Tug Unit 285 Replacement			40,000				40,000
831	Emergency Generator Bldg 1080			50,000				50,000
829	Replace Pickup Trucks for O&M			60,000				60,000
749	Security Improvements			35,000				35,000
780/781	Terminal Phase III Design & Construction			175,000				175,000
835	Airport Signage			500,000				500,000
778	Ray Road Parking Lot Phase III Design			400,000				400,000
474	Connect Bldg to Telcom Infrastructure			15,000				15,000
836	Design Baggage Make-Up in Hangar 24			300,000				300,000
804	Ray Road Parking Lot Phase III Equipment Purchase			100,000				100,000
16	Software System Needs Assessment			100,000				100,000
827	Walk Behind Paint Striper and Line Driver			15,000				15,000
	Contingency for Non-Grant Projects			592,081				592,081
	Rental Car Area Improvements					684,988		684,988
671	Terminal Phase II Construction Additional funding			600,000				600,000
807	Design/Construct MRO Facility (\$20.5M less \$16M approved FY12)						4,500,000	4,500,000
	Total New Capital Allocations	\$ 9,099,000	\$ 2,044,500	\$ 4,344,581	\$ 2,512,105	\$ 684,988	\$ 4,500,000	\$ 23,185,174

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Sources of PMGAA Capital Funds:

	FAA	State of Arizona	PMGAA Capital Funds	PFCs & PFC Reimb's	CFCs	Debt	Totals
New funds							
AAA*	\$ 9,099,000						\$ 9,099,000
ADOT*		\$ 2,044,500					2,044,500
Member government loans			\$ 3,420,000				3,420,000
Passenger Facility Charges (PFCs)				\$ 3,436,686			3,436,686
Customer Facility Charges (CFC's)					\$ 684,988		684,988
Transfer of PFC reimbursements			924,581	(924,581)			-
Debt						4,500,000	4,500,000
Total Sources of Funds	<u>\$ 9,099,000</u>	<u>\$ 2,044,500</u>	<u>\$ 4,344,581</u>	<u>\$ 2,512,105</u>	<u>\$ 684,988</u>	<u>4,500,000</u>	<u>\$ 23,185,174</u>

* We make many requests for grants, but actual funding is not assured. Grant funding is budgeted to the extent that we reasonably expect grants will be awarded.

Reauthorization of Previously Approved Grant and Non-Grant Capital Projects:

	Project Totals	Spent through 1/2012	Remaining Spending
494 Feasibility Study for New ATC Tower Cab	\$ 100,000	\$ -	\$ 100,000
628 Construct Compass Rose	844,180	-	844,180
671 Construct West Terminal Expansion - Ph II	12,650,000	2,502,083	10,147,917
673 Design and Construct Fuel Farm Expansion	2,087,609	755,460	1,332,149
775 e-ALP/GIS Improvement	657,895	3,616	654,279
780 West Terminal Ph III - Design & Construction	6,602,545	1,005	6,601,540
786 Hangar 32 Renovation	300,000	3,153	296,847
789 Wildlife Hazard Assessment	100,000	11,500	88,500
802 Taxiway Victor Full Slab Renovation	200,000	1,591	198,410
629 Install Entry Way Canopies - Bldg 45	50,000	-	50,000
713 East Terminal Planning & Design	350,000	-	350,000
746 Purchase Budget Software	60,000	-	60,000
790 Family Friendly Improvement	30,000	-	30,000
797 Construct Airport Monument - South Sossaman	100,000	-	100,000
806 Car Care Center Parking Lot Improvements	350,285	-	350,285
Project Management	151,664	-	151,664
Capital Renewal	498,693	-	498,693
Non Grant Contingency	350,206	-	350,206
various Other spending previously approved and funded, but not yet completed (4)	31,459	7,916	23,543
	<u>\$ 25,514,536</u>	<u>\$ 3,286,323</u>	<u>\$ 22,228,213</u>

The above projects were previously funded with a variety of grants and non-grant funds or were previously budgeted and we are still expecting grant funds. Projects previously approved but not certain to be complete by June 2012 are included for reauthorization.



PHOENIX-MESA GATEWAY AIRPORT
5835 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212-6014

PHONE (480) 988 7600
FAX (480) 988 2315

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

Monday, January 23, 2012 ● 9:00 a.m.

AIRPORT AUTHORITY BOARD MEMBERS

Mayor John Lewis, Gilbert
Lt. Governor Stephen Lewis, Gila River Indian Community *
Mayor Scott Smith, Mesa
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix

**neither present nor represented*

GUESTS PRESENT

Patrick Banger, Town of Gilbert
Jill Bennett, HDR
Lee Benson, Able Engineering
Russ Brandt, Blue Chip
Kurt Carlson, Mesa Police Department
Ken Cole, Aecom
Rich Cutshall, Mesa Leadership
Jenny DiGiro, Embraer
Milt Fort, Mesa Convention and Visitors Bureau
Terrie Gardner, Mesa Convention and Visitors Bureau
Larry Given, Wedbush
Ken Halverson, Jetstrip
Jim Harris, Coffman Associates
Fred Himovitz, Himovitz Properties, Inc.
Mike Hutchinson, East Valley Aviation and Aerospace Alliance
John Kross, Town of Queen Creek
John McNamara, Aecom
Floyd Moore, Valle del Oro
LaVonne Morris, Phoenix Aviation
Carl Newman, Phoenix Aviation

Keith Otterstrom, Embry-Riddle
Rich Prieve, ASU
B.J. Ransbury, Aviation Performance Solutions
Steve Reeder, Kimley-Horn
Scot Rigby, City of Mesa
Dr. Chell Roberts, ASU Polytechnic
Wes Roberts
Scott Ruby, Gust Rosenfeld, P.L.C.
Christopher Schmaltz, Gust Rosenfeld, P.L.C.
John Schroeder, Chandler-Gilbert Community College
Kimberly Schulz, HDR
Councilmember John Sentz, Town of Gilbert
Kevin Shirer, Woolpert, Inc.
Jerry Shown, Laforce, Inc.
Tom Stark, Wells Fargo
Bruce Tinsley, Laforce, Inc.
Kristy Vargas, Hyatt Place Gilbert
Brad Walker, D. L. Withers Construction
Steven Wallace, USFS PIFC
Rick Watts, Able
Dan Withers, D.L. Withers Construction
Paul Womack, Phoenix Interagency Fire Center

AIRPORT STAFF PRESENT

Casey Denny, Deputy Director
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Fred Kaplan, Chief Financial Officer
Lynn Kusy, Executive Director
Bill Mitchell, Director of Operations & Maintenance

CALL TO ORDER

The meeting was called to order by Chair John Lewis at 9:00 am.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Executive Director Lynn Kusy welcomed Gilbert Councilmember John Sentz and introduced the Airport's new Chief Financial Officer, Fred Kaplan. Mr. Kusy mentioned the next Gateway Aviation Day which will be held on Saturday, March 10. He said 10,000 people attended last year's Aviation Day event.

Mayor Lewis reported that he attended a City of Mesa swearing in ceremony and a Gila River Indian Community inauguration for newly elected Governor Greg Mendoza and Lt. Governor Stephen Lewis.

COMMENTS FROM THE PUBLIC

Mr. BJ Ransbury, APS, announced a new contract with Bombardier Aerospace to deliver upset prevention recovery training to aircraft owners and pilots. He said APS uses on-line, generic, and simulators to train jet pilots.

PROGRESS REPORTS

- a) **ASU Polytechnic** – *Dr. Chell Roberts, Executive Dean of the College of Technology & Innovation* – Dr. Roberts said construction of new dorms, a recreation facility, and road improvements are all on schedule. He noted enrollment is up 15 to 20 percent in admissions for next year. Evening and weekend programs in engineering and computer science will be announced next week.

Dr. Roberts also highlighted February's Make Your Pitch Week coming up in February centered around entrepreneurship. February 16 is Make Your Pitch (for students to start their own companies), Robotics Duel in the Desert on February 16, and Making Your Future on February 23.

Mayor Barney requested that the Board be kept informed if the separation of the east and west campuses surfaces again.

- b) **Chandler-Gilbert Community College (CGCC)** - *John Schroeder, Provost*

Mr. Schroeder reported progress on the Loop Road project. He said he is pleased to see the Able Engineering project is on the agenda and looks forward to their arrival. Spring enrollment is up about 12 percent and is almost entirely on-line and offsite.

February 17 – Second Annual Champaign, Chocolate, and All That Jazz fundraising event. Last year's event raised \$15,000 for scholarships.

CGCC governing board has decided to have all Maricopa Community College properties go tobaccoless.

The College is excited to partner with Gateway on March's Aviation Day event. Just prior to this event, the College will hold its annual Aviation Symposium.

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

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

- 36 noise complaint calls were received in December (multiple calls from several individuals).
- Staff met with ADOT regarding a potential temporary transfer of \$2.8 million in Federal Entitlement Funds to Gateway Airport. These funds would be used to accelerate the design and reconstruction of Taxiway Victor. In return, Gateway will reimburse the State from future federal funds destined for Gateway. A Memorandum of Understanding is being drafted and will be brought to the Board for consideration in the future.
- John Barry and staff met with Mead & Hunt to review a market assessment and the strategic plan for air service development for 2012. Mead & Hunt sponsored a national conference at the Arizona Golf Resort last week with 50 people attending. Presentations were made by American Eagle, Frontier, Allegiant, and SkyWest Airlines.
- Occupancy rate remained at 70 percent.
- 1,700 square feet of land in the northeast corner of the Airport is needed for a right-of-way for SR 24. The FAA has approved the project and is expected to approve a final land release in January.
- ADOT approved our Airport Pavement Management System Agreement. Ninety percent of certain pavement repair work is funded by ADOT.
- Finances are under budget on revenues and expenses. Revenues are outpacing the expenses and we are ahead of budget.
- Staff met with Spirit Airlines' representatives to review their facility, technology, and security requirements.
- Staff met with Assistant Federal Security Director regarding TSA plans for Spirit service. He has requested additional manpower and equipment for the new service.
- Ray Road parking lot accommodated over 1,400 vehicles over the Christmas Holiday, and parking demand peaked on December 25 with 2,400 cars.
- December total passenger count was 99,966 and total for calendar year 2011 was 956,665.

Mayor Lewis attended the celebration of Allegiant's inaugural flight to Oakland where Bert Campaneris signed autographs and a drawing was held for a free flight and hotel accommodations.

Mayor Lewis requested that the consent agenda be considered prior to the Able resolutions.

CONSENT AGENDA

- a) **Minutes** of Board Meeting held on December 19, 2011.
- b) **Resolution No. 12-08** - Authorizing a **Declaration of Environmental Use Restriction** on 22.7 Acres of Airport Property.
- c) **Resolution No. 12-09** - Authorizing Termination of **DMKIL1, LLC's** Lease on Lot 49 Effective January 24, 2012.

Mayor Smith moved to approve the Consent Agenda. Councilmember Williams seconded the motion. The motion carried unanimously.

MEMORANDUM – Overview of Action Items Associated with the Mesa/Able MRO Facility

Mr. Kusy said Gateway and Mesa staff have been working on the Able project for over a year. He said the Board acted on a related Memorandum of Understanding last March.

Deputy Director Casey Denny recognized those who had worked on the project. He recognized the architects, Mesa staff, Airport staff, and attorney Chris Schmaltz.

He gave a PowerPoint presentation on the history and current status of the project.

Mr. Lee Benson said Able will probably have about 400 employees at the facility by the time they move in. He said their new company, Evaluate to Win, already has 19 employees, will also relocate to Gateway, and will have more employees than the aerospace company within five years. Average salary at Able is about \$100,000, the low range is around \$12 to \$40 per hour. Last year's sales totaled over \$41 million; they expect over \$51 million this year.

Councilmember Williams asked for clarification on Resolution No. 12-02 – Memorandum of Understanding (MOU) with City of Mesa Regarding the Joint Powers Airport Authority Agreement. Attorney Chris Schmaltz said the Joint Powers document identifies and provides for weighted voting. Member Government votes are associated with their contribution to the Airport. The MOU acknowledges that all of Mesa's contributions associated with the Able deal will be treated as "contributions" to the Airport. These contributions exceed the amount Mesa currently pays. In the event that no rent would be paid, this project would be moved to the top of the Airport's capital budget. Other member governments are not obligated to this debt. Mesa's project contributions will not impact the annual operating budget. Funding for other projects may be postponed.

Mayor Smith noted that the City of Mesa will cover the bond payments only if the facility is vacant and no tenant is paying the sub-lease payments.

Mayor Smith said Mesa is taking a certain risk, but the City believes there is a market for this type of facility, should it become vacant.

CONSIDERATION AND POSSIBLE APPROVAL OF:

Resolution No. 12-01 – Authorization to Issue Special Facility Bonds in an Amount Not to Exceed \$22,000,000 for Able Engineering & Components Services, Inc. Aircraft Maintenance, Repair, and Overhaul Facility and Approve all Related Documents, Including Trust Agreement, Lease with Mesa, and Sublease with Able.

Mr. Denny explained this is authorization to issue bonds in an estimated amount of \$20.5 million, with a maximum cap of \$22 million.

Mayor Barney moved to approve Resolution No. 12-01. Councilmember Williams seconded the motion. The motion carried unanimously.

Resolution No. 12-02 – Authorizing a Memorandum of Understanding with the City of Mesa Regarding the Joint Powers Airport Authority Agreement.

This outlines the conditions under which Mesa's payments are characterized as contributions to the Authority.

Mayor Barney moved to approve Resolution No. 12-02. Councilmember Williams seconded the motion. The motion carried unanimously.

Resolution No. 12-03 – Authorizing a Contract with **D.L. Withers** for Construction of an Aircraft Maintenance, Repair, and Overhaul Facility at a Cost Not to Exceed \$16,069,000.

Mr. Denney reported that 11 bids were received on this item and D.L. Withers was lowest bid.

Mayor Barney moved to approve Resolution No. 12-03. Councilmember Williams seconded the motion. The motion carried unanimously.

Resolution No. 12-04 - Authorizing a **Memorandum of Understanding with the City of Mesa** for Construction Administration Services Associated with Construction of an Aircraft Maintenance, Repair, and Overhaul Facility at a Cost of Approximately \$250,000.

Mr. Denny said this is a reimbursable agreement and that the dollar value may fluctuate.

Councilmember Williams moved to approve Resolution No. 12-04. Mayor Barney seconded the motion. The motion carried unanimously.

Resolution No. 12-05 – Authorizing a Contract with **Salt River Project** for Electrical Utility Services for an Aircraft Maintenance, Repair, and Overhaul Facility at an Estimated Cost of \$320,055.77.

Mr. Denny noted that SRP is the local utility provider, and this is a direct select of SRP.

Mayor Barney moved to approve Resolution No. 12-05 Councilmember Williams seconded the motion. The motion carried unanimously.

Resolution No. 12-06 – Authorizing **Payment of Permit and Impact Fees** of Approximately \$299,729.26 to the City of Mesa Associated with Construction of an Aircraft Maintenance, Repair, and Overhaul Facility.

Mayor Barney moved to approve Resolution No. 12-06. Councilmember Williams seconded the motion. The motion carried unanimously.

Mayor Smith commented on his recent trip to Washington, D.C. for the U.S. Conference of Mayors. He noted that Able is hiring mostly skilled or semi-skilled employees. He stressed the need to take education seriously. He commented, “We are falling short in our educational offerings and training for these jobs.”

Resolution No. 12-07 - Authorizing a Contract with **Coffman Associates** for an Electronic Geographical Information System Based Airport Layout Plan at a Cost Not to Exceed \$586,092.

Mr. Kusy said Gateway Airport has been selected by FAA to participate in a pilot program to create an electronic GIS based Airport Layout Plan. FAA will fund 95 percent of the project costs. Two other airports in the program are San Francisco and Deer Valley. He said Coffman was selected to be the contractor for our project.

Mayor Smith moved to approve Resolution No. 12-07. Mayor Barney seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS / ANNOUNCEMENTS

Mayor Smith added that he and Phoenix Mayor Greg Stanton and others met with the FAA. He noted that FAA staff is very well aware of Gateway's success. Mayor Smith also discussed the AZ Labs with the FAA.

Mayor Smith said he spoke to a group of approximately 80 women in Scottsdale about the economy and job growth. He found that about 95 percent of the attendees had been to Gateway and 80 percent had flown on Allegiant. He said he received an enthusiastic response from this group of ladies.

Mr. Kusy drew attention to copies of a 2011 Calendar Year Report at their places.

NEXT MEETING

The next meeting will be held on Tuesday, February 21, 2012 at 9:00 am.

ADJOURN

The meeting adjourned at 9:59 am.



Phoenix-Mesa Gateway Airport
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Action Item

RESOLUTION NO. 12-10

To: Board of Directors
From: Carmen Williams, C.M., Manager – Design and Construction
Through: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Professional Services Agreement - Cawley Architects, Inc.
Date: February 21, 2012

Proposed Motion:

Approve Resolution No. 12-10 authorizing a professional services agreement with Cawley Architects, Inc. for construction phase architectural services associated with the construction of an aircraft maintenance, repair, and overhaul facility at a cost not to exceed \$105,165.

Narrative:

On March 21, 2011, the Authority entered into a Memorandum of Understanding (MOU) with the City of Mesa and Able Engineering and Overhaul Services, Inc. (Able) for the development and lease of an aircraft maintenance and overhaul facility. In general, the MOU calls for the Authority to issue special facility revenue bonds, construct the facility, and lease it to the City of Mesa. Mesa will, in turn, sublease it to Able. The Authority is responsible for procuring construction services for the facility, and for managing and supervising the construction. This board action item covers normal architectural services that are required during the construction phase of the facility.

Cawley Architects, Inc., is the architect of record for the facility and developed the plans and specifications for the building. This agreement will allow them to provide architectural services to the Authority to ensure the work is performed in accordance with the project plans and specifications. These services include conducting periodic site visits, reviewing shop drawings, completing requests for information, and reporting any violations or substantial deviations from the construction documents.

Fiscal Impact:

This project is authorized in the FY12 capital budget as Project No. 807, funded through the pending issuance of special facility revenue bonds and limited non-grant funds for administrative expenses.

Attachment



RESOLUTION NO. 12-10

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into an agreement with Cawley Architects, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a professional services agreement with Cawley Architects, Inc. for construction phase architectural services associated with the construction of an aircraft maintenance, repair, and overhaul facility at a cost not to exceed \$105,165. This Resolution also authorizes the Chair or Executive Director to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February 2012.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 12-11

To: Board of Directors
From: Randy D. Newton, C.M., Project Coordinator – Business Services
Through: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Outbound Baggage Handling System Modifications – G&S Airport Conveyor
Date: February 21, 2012

Proposed Motion:

Approve Resolution No. 12-11 authorizing a contract with G&S Airport Conveyor to modify the outbound baggage handling system at a cost not to exceed \$87,060.39.

Narrative:

Our commercial passenger growth creates a need to accelerate modifications to our outbound baggage handling system. Changes were originally anticipated to occur in a later phase of the terminal expansion project, but modifications to our existing system are required at this time.

At the baggage make-up area, the conveyor is currently located inside the terminal while airline baggage handlers work outside and utilize two roll-up doors to remove baggage and place them on baggage carts. That setup restricts the movement of baggage handlers and the number of baggage carts that may be aligned near the outbound baggage belt. The proposed modification would move the conveyor belt outside of the passenger terminal under an existing canopy creating a more efficient work area with greater capacity.

G&S manufactured our existing baggage conveyor. As such, they are recommended as a sole source provider for the modifications. Our procurement policy permits sole source selection when program continuity or compatibility with existing equipment is required.

Fiscal Impact:

This contract was not specifically included in the FY12 capital budget, but is funded with \$80,000 from non-grant funds as Project No. 671- Terminal Expansion Phase II.

Attachment



RESOLUTION NO. 12-11

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into a contract with G&S Airport Conveyor;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a contract with G&S Airport Conveyor to modify the outbound baggage handling system at a cost not to exceed \$87,060.39. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February 2012.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 12-12

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Facility Lease – Jetstrip, Inc.
Date: February 21, 2012

Proposed Motion:

Approve Resolution No. 12-12 authorizing a facility lease with Jetstrip, Inc. for Building 1541 located at 7744 E. Velocity Way. The lease initial term is three years, commencing January 1, 2012, payable at a monthly rate of \$3,177.44.

Narrative:

Jetstrip has been an Airport tenant since 1998. They perform aircraft bead blast, paint, and primer removal. This new lease replaces one that concluded on December 31, 2011.

Agreement Term and Rate:

This agreement has an initial term of three years and provides for two 1-year renewal options thereafter.

The “net” lease rate is \$3,177.44 per month, or approximately \$.53 per square foot per month for a total of 6,032 square feet. The lease also provides a building purchase option which, if exercised, would result in lease termination and require Jetstrip to remove the building from the Airport within sixty days. The lease will be subject to standard CPI rate increase/adjustment in year three if the lease is extended.

Attachment





RESOLUTION NO. 12-12

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into a lease with Jetstrip, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby approves a facility lease with Jetstrip, Inc. for Building 1541 located at 7744 E. Velocity Way. The lease term is three years, commencing January 1, 2012, payable at a monthly rate of \$3,177.44, and provides for two 1-year renewal options. This Resolution also authorizes the Chair or Executive Director to execute such lease, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February 2012.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 12-13

To: Board of Directors
From: Carmen Williams, C.M., Manager – Design and Construction
Through: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: West Terminal Expansion Phase III Design – DWL Architects
Date: February 21, 2012

Proposed Motion:

Approve Resolution No. 12-13 for Authorization of Services No. 12-04 with DWL Architects for the design of the west terminal expansion Phase III at a cost not to exceed \$465,863.03.

Narrative:

The existing 24,000-square-foot terminal building was originally built in 1968 and remodeled into a passenger terminal in 2001. A 10,000-square-foot terminal annex was completed in November 2008, followed by a 25,000-square-foot expansion (Phase I) in November 2010. A 30,000-square-foot expansion (Phase II) is under construction and will open in October 2012.

Based upon anticipated increases in airline service and future international air carrier operations, an additional 11,000-square-foot expansion was identified for Phase III. The Phase III expansion will increase our gate capacity from eight to ten, include a Federal Inspection Station component for international passenger operations, and add more passenger courtyard and concession space.

In 2007, a request for qualifications for Architectural and Planning Services was issued. DWL Architects was selected as the most qualified firm. DWL has since completed a terminal planning study and Phase I and Phase II designs. In accordance with the terms of our agreement, DWL worked with Airport staff to refine a scope of work for the west terminal Phase III design. The cost for these design services was negotiated based upon the contract fee schedule at a cost not to exceed \$465,863.03, which was verified via an independent fee estimate by another firm.

Fiscal Impact:

This project is authorized in the FY12 capital budget and is funded with \$442,569.88 in FAA grant funds (95 percent), ADOT grant match \$11,646.57 (2.5 percent), and Airport Authority grant match \$11,646.58 (2.5 percent) as Project No. 780.

Attachment



RESOLUTION NO. 12-13

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into an agreement with DWL Architects;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby approves Authorization of Services No. 12-04 with DWL Architects for the design of the west terminal expansion Phase III at a cost not to exceed \$465,863.03. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February 2012.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 12-14

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Revision of Budget Policy
Date: February 21, 2012

Proposed Motion:

Approve Resolution No. 12-14 adopting Policy 12-14 - Airport Budget, superseding and replacing Policy #5000 – Guidelines re Budget Changes.

Narrative:

In 1998, the Board approved a policy outlining the timing, responsibilities, limitations, exceptions, and process concerning the Airport's budget process. Before that time, a policy did not exist and the primary issue was related to staff's ability to move budgeted funds between operating line items. While the Board agreed that budget approval was intended to be a limitation on overall expenditures (not individual line items), they wanted the Executive Director to approve any modifications to specific department line items.

In 2007, certain elements of this policy were included or further clarified under the Board adopted Procurement Policy (Resolution No.07-33). In addition, various interactions with Senior Staff and the development of other internal procedures over the years have led to certain elements of the policy becoming obsolete. As a result, an update to the published policy is desired. A summary of the significant changes includes:

1. The new policy addresses only Board level policy guidance to the Executive Director, and directs the Executive Director to implement additional guidance via standard operating procedures for staff use, as is current practice.
2. The budget was not intended to be a limitation on staffing levels (full-time equivalents or FTE's) but rather total spending. Therefore, while FTE's or similar staffing plans may be included in budget materials, there is a desire to clarify that the limitation is on spending, not full-time equivalents.
3. The focus of the policy changes from budget reallocations and use of contingency funds (which are no longer included in the operating budget) to describe the overall budget limitations and restrictions.
4. Under current practice, contingency funds are no longer included in the operating budget, and therefore, references to use of those funds are obsolete. Use of contingency funds for capital projects has been superseded by policy guidance outlined in the Capital Improvement Program.
5. The requirement to notify the Board of Directors if salaries exceed 5 percent of budget has been superseded by monthly reports that now include budget to actual comparisons for all line items. The requirement to produce such a report is being included in our standard operating procedures.
6. Elements related to purchasing controls have been moved to the Procurement Policy.
7. Timeframes for record retention have been superseded by organizational records retention standards that have been approved by the State.



RESOLUTION NO. 12-14

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to replace Policy #5000 – Guidelines re Budget Changes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby adopts Policy 12-14 - Airport Budget, superseding and replacing Policy #5000 – Guidelines re Budget Changes.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February 2012.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY