



**MINUTES OF THE
WILLIAMS GATEWAY AIRPORT AUTHORITY
BOARD MEETING**

November 20, 2006

AIRPORT AUTHORITY BOARD MEMBERS

Mayor Steve Berman, Gilbert – Chairman
Lt. Governor Jennifer Allison-Ray, Gila River Indian Community – Vice Chairman
Mayor Keno Hawker, Mesa – Secretary
Mayor Art Sanders, Queen Creek - Treasurer
Councilmember Greg Stanton, City of Phoenix

GUESTS PRESENT

Don Anderson, Homeland Security	Nikki Himovitz, Himovitz Properties, Inc.
Roc Arnett, East Valley Partnership	Terry Isaacson, ASU Polytechnic
Wayne Balmer, Community Planning Services	Teri Kilgore, City of Mesa
Lena Bennett Thomas, Gary, Indiana	Mark Konrad, Snell & Wilmer
Paul Blue, City of Phoenix Aviation	Johannes Kurz, Gilbert Resident
Scott Butler, City of Mesa	David Lamb, Fastsigns
Jeff Carr, Air Force Research Laboratory	Dr. Al McHenry, ASU Polytechnic
Chelo Cole, Gilbert Resident	Floyd Moore, Valle del Oro
Chris Curry, Gary Indiana Airport	Amy Morales, City of Mesa
John Dennett, Mesa Leadership	Mary O'Hanlon, Barclay Communications
Tamie Fisher, City of Phoenix Aviation	John Schroeder, Chandler-Gilbert Community College
Heather Froese, Customs & Border Protection	Scott Somers, Mesa Council
Mike Gardner, Triadvocates	Elise Thorpe, Willis of Arizona
Heidi Gast, City of Mesa	Dave Vangsnes, University of North Dakota Aerospace
Rex Griswold, Mesa Council	Marv Wellik, ISTS
Len Gutman, Barclay Communications	Vanessa White, Independent Newspapers
Ken Halverson, KMH Holdings	

AIRPORT STAFF PRESENT

John Barry, Marketing Manager
Casey Denny, Deputy Director
Doug Drown, Director of Finance
Walt Fix, Director of Operations & Maintenance
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director
Randy Newton, Interim Manager, Gateway Aviation Services
Lotus Steers, HR Manager

CALL TO ORDER

The meeting was called to order by Chairman Berman at 9:00 am.

AWARDS, GUESTS INTRODUCTIONS, ANNOUNCEMENTS

Airport Executive Director Lynn Kusy welcomed Phoenix Councilmember Greg Stanton; Chris Curry and Lena Bennett Thomas, Gary Indiana Airport; Mike Gardner, Triadvocates; John Dennett, Mesa Leadership; Mesa Councilmember Scott Somers; and Port Director Don Anderson, Department of Homeland Security.

Mr. Kusy recognized ASU Polytechnic's Vice Provost Terry Isaacson who will retire in December. He thanked Mr. Isaacson for his support over the past 13 years.

Mr. Kusy presented Randy Newton, Gateway Aviation Services, a pin for five years of service to the Airport.

PUBLIC COMMENTS

Ms. Mary O'Hanlon, President and owner of Barclay Communications - the Airport's public relations firm - addressed the Board. She said she was proud to see the growth at Williams Gateway Airport (WGA) and excited about the . . . "growth, jobs, and passenger service" at the Airport. She noted that the Valley needs Gateway to be successful as a job center and commercial airport.

As a member of the Greater Phoenix Chamber of Commerce board, Ms. O'Hanlon announced that the Chamber recently voted the following statement into public policy: "Advocate for expansion of Sky Harbor International Airport and other regional airports including Williams Gateway Airport to enhance regional air service capabilities."

PROGRESS REPORTS

- **ASU Polytechnic** – Dr. Al McHenry reported that ASU has had an exciting semester and a wonderful beginning to the year. He said they are making progress on their new buildings and hangar and ASU hopes to occupy the buildings by August 2008. Dr. McHenry added that he is excited about the Airport's successes and he looks forward to the future.
- **Chandler-Gilbert Community College (CGCC)** – Provost John Schroeder thanked Airport leadership, staff, and member governments for taking part in CGCC's recent accreditation Community Forum. He said the accreditation team was very impressed by the people and comments shared. Chandler-Gilbert was successful in achieving reaccreditation for 10 years. He said CGCC is moving forward with plans for their new hangar and classrooms.

EXECUTIVE DIRECTOR'S REPORT

- Received \$2.9 million in grant awards from FAA for Taxiway construction and Master Plan update.
- ACIP was presented to FAA and ADOT Aeronautics.

- North Apron storm drainage bids exceeded budget and were rejected. Re-advertised this month.
- Bids for Taxilane Golf and the Compass Calibration Pad exceeded the project budget. We have asked ADOT to allow us to transfer the Compass Pad funding to the Taxilane project, which will be considered by the State Transportation Board this month.
- Even though we received the FAA grant award for Taxiway Bravo, we are still \$3.0 million short. Will request the \$3.0 million from FAA in mid-2007.
- Fuel sales and revenues were substantially under budget in September. In total, however, we were 3 percent better than budget at the end of the quarter. (October fuel sales and revenues were back on track, ahead of budget.)
- Annual audit has been completed – will be on December agenda.
- Received an award of merit from the Phoenix Chapter of the Public Relations Society of America for our outstanding media relations campaign.
- Ten noise complaints received in September, 8 caused by an AWACS aircraft.
- Staff and TSA handled the first two Allegiant flights in the newly reconfigured Passenger Terminal.
 - Baggage screening was moved “behind the wall.”
 - Passenger screening moved to the former Gate 4 area
 - Passenger screening set up for two x-ray lanes feeding one magnetometer
 - Food and beverage concessions are in place
 - Enterprise and Hertz have signed new license agreements and will be in the Terminal during flight departure and arrival times.
 - The new parking lot has been completed – we now have about 500 parking spaces at the terminal.
- Newsletter went out last week and copies were distributed to Board members.
- Excellent meeting with GPEC, ADOC, AAI, ADOT, ASU, GRIC, Mesa, Phoenix and landowners to discuss the structure, funding, and timetable for the Aerospace & Logistics Center marketing.
- Have requested a new 3-letter identifier AZA from IATA. The FAA identifier will be used by pilots (IWA) and AZA will be used for internet search engines.

PRESENTATION: LEGISLATIVE UPDATE

Mr. Mike Gardner, lobbyist from Triadvocates, provided a recap of anticipated legislative changes subsequent to November elections. The highlights of Mr. Gardner’s presentation include the following details:

State House of Representatives:

Republicans (33 seats) lost 6 seats

Democrats (27 seats) gained 6 seats

Arizona Senate:

Republicans (17 seats) lost 1 seat

Democrats (13 seats) gained 1 seat

Leadership:

West Valley’s Jim Weiers will be House Speaker

Tucson’s Tim Bee will be President of the Senate

Budget:

Revenues projected to increase 7.7 percent over 2006
2007 revenues slightly above forecast (\$150-\$290 million)

Policy Priorities:

Transportation/Infrastructure, Education, Immigration, and Healthcare Reform

CONSENT AGENDA: Consideration and Possible Approval of:

- a. **Minutes of Board Meeting** held on October 16, 2006.
- b. **Resolution No. 06-65** –Authorizing an Authorization of Services with **Parsons Brinckerhoff Construction Services, Inc.** for Miscellaneous Project Development Assistance in an Amount Not to Exceed \$50,000.
- c. **Resolution No. 06-66** – Authorizing an Authorization of Services for Engineering Design Services with **Dibble & Associates, Inc.** for Taxiway Bravo and Airfield Drainage Improvements in the Amount of \$140,463.89.

Mr. Kusy drew attention to the minutes of the October 16 Board meeting on page 7a-2 of the agenda. He said there was a typographical error in the ASU Polytechnic report - - the contractor referred to should have been VPR versus DPR. He said this will be corrected in the final minutes.

Mayor Sanders moved to approve the Consent Agenda, with a correction to the October 16, 2006 minutes. Lt. Governor Allison-Ray seconded the motion, and the motion carried unanimously.

Consideration and Possible Approval of Resolution No. 06-63 – Authorizing a Contract with **Mohave Educational Services Cooperative** (Work to be done by Centennial Contractors) for Runway 12C/30C Concrete Repair and Maintenance at a Cost of \$37,317.02.

Mayor Hawker declared a possible conflict of interest and abstained from voting.

Councilmember Stanton moved to approve Resolution No. 06-63. Lt. Governor Allison-Ray seconded the motion, and the motion carried unanimously with one abstention.

Consideration and Possible Approval of Resolution No. 06-64 – Authorizing The Airport's Insurance Broker, **Willis Of Arizona, Inc.**, to Purchase Insurance from Various Vendors (Medical, Dental, Vision, Employee Assistance Plan, Short Term Disability, Basic Life Insurance, and Flexible Spending Account) for Plan Year January 1 Through December 31, 2007, at an Estimated Annual Cost Of \$662,288.

Mr. Kusy said this year's health insurance package is three percent higher than the current year due to negotiating efforts of Willis of Arizona, the Airport's insurance broker. He pointed out that last year, the Board had asked staff to consider increasing the employee contribution for health insurance to help reduce the Airport Authority's costs. He said the 2007 health insurance package includes an employee-paid increase of \$10 for non-generic prescriptions. This increase in copay reduced the net insurance increase from five percent to three percent.

Mayor Hawker moved to approve Resolution No. 06-64. Mayor Sanders seconded the motion, and the motion carried unanimously.

DISCUSSION ITEMS

- a. **Passenger Service** – Mr. Kusy provided an update on passenger service. SkyValue USA's service from Gary/Chicago begins December 15 with a Boeing 737-800. Flights are scheduled for Mondays and Fridays, arriving at WGA at 9:24 am, departing at 10:30 am. SkyValue will also serve other destinations around the country. The Mesa service is reportedly generating tremendous advanced ticket sales.

Mr. Kusy said the Mesa Convention and Visitors Bureau (CVB) is contributing \$70,000 toward SkyValue's marketing campaign. Williams Gateway will provide additional marketing support for press conferences, Web link, inaugural flight ceremony, etc. Mr. Kusy said this service to Gary is scheduled to end in April, with the possibility of extending through the summer if demand warrants.

Mayor Hawker said he may want to fly on the inaugural flight.

Mr. Kusy said a second passenger airline, Western, will provide service from Bellingham, Washington beginning January 19 using a Boeing 737-400. Flights will be four times a week – Sunday, Monday, Thursday, and Friday. Western hopes to attract passengers from the Seattle area, as well as Vancouver, British Columbia. According to the Airport's **We Need You** survey, Seattle and Chicago markets are both in the top ten. The Mesa CVB has offered \$30,000 and the Airport will offer \$40,000 in marketing support. The Bellingham service does not have a scheduled end date.

Williams Gateway offered some incentives to Western in the form of waived landing fees (for four months), waived terminal use fees (two months), as well as marketing support, community mixers, and custom mailings, etc.

Mr. Kusy said that by mid-January, Williams Gateway Airport will have 10 flights per week to various parts of the country. John Barry said SkyValue ticket prices will start at \$79 and increase to \$129 for the highest fare.

- b. **Air Force Research Laboratory** - Mr. Kusy reported that the Airport Authority may have an opportunity to reverse the Base Realignment and Closure Commission (BRAC) decision to close the Air Force Research Laboratory. The Lab is scheduled to be moved to Wright-Patterson Air Force Base in Ohio by September 2011. He said there is no facility in Ohio for the Lab - - a facility would have to be built at an estimated cost of \$30 million. He said the military construction budget does not include funds for a new facility.

The Veteran's Administration (VA) has made a request for the facility once it is vacated. The VA has requested ownership of many closed facilities around the country. Mr. Kusy suggested staff reopen the issue and he asked for the Board's direction.

- Mayor Hawker suggested discussing the Lab with Congressman Flake.
- Responding to Councilmember Stanton, Mr. Kusy said that several BRAC decisions from 1988, 1991, and 1993 were overturned.

- Councilmember Stanton cautioned against spending a lot of money on lobbyists on a “closed process.” He said this was not a political process.
- Mr. Kusy said our strongest argument would be to make it an economic issue for the Air Force.
- Mayor Hawker said many Lab employees won’t relocate.
- The Board recommended to start with an initial letter to the Air Force and to contact Congressman Flake for support.
- It was suggested that we should engage the new congressional representative, Harry Mitchell also.

Terry Isaacson said that ASU has long expressed interest in the Lab, especially because of the research affiliations and internships. He said recently, President Crow wrote to Wright-Patterson expressing interest in reversing the BRAC decision. The response from the Air Force was that the Lab will close and go to Wright Patterson; the decision can be changed only by the Department of Defense or Congress. Mr. Isaacson emphasized that if the issue is revisited, it should be a community based effort to show a unified force. Other interested entities would include the East Valley Partnership, the Governor’s office, and others.

Mr. Kusy said the Airport will initiate an effort to keep the Air Force Research Laboratory in Mesa. He suggested we include the private sector as we bring interested parties together.

OTHER BUSINESS

There was no other business.

NEXT MEETING

The next Airport Authority Board meeting is Monday, December 18, 2006 at 9:00 am

SPECIAL EXECUTIVE SESSION: ***Legal Counsel Update*** - WGAA legal counsel will report on and discuss the status of legal issues relating to the project on the Phillips Aviation & Realty LLC's leasehold interest including potential contract negotiations, the status of the lease, and other legal issues pursuant to A.R.S. Section 38-431.03 (A) (3) and (4).

Mayor Hawker moved to adjourn to Executive Session. Councilmember Stanton seconded the motion, and the motion carried unanimously.

The Board adjourned to Executive Session at 10:00 am.

ADJOURN

The Board returned from Executive Session at 11:01 am and the meeting was adjourned.

The Airport Authority Board of Directors attended a welcome reception for SkyValue USA in the Passenger Terminal at 11:00 am.