



**SCOTTSDALE AIRPORT ADVISORY COMMISSION  
PUBLIC MEETING  
Scottsdale Airport Terminal Lobby  
15000 N. Airport Drive, Scottsdale, AZ  
March 8, 2016**

**MINUTES**

**PRESENT:** Brad Berry, Chairman  
John Celigoy, Vice Chair  
Ken Casey  
Michael Goode  
Bob Hobbi (Telephonic)  
Steve Ziomek

**ABSENT:** William Schuckert

**STAFF:** Sarah Ferrara, Aviation Planning & Outreach Coordinator  
Shannon Johnson, Management Analyst  
Gary Mascaro, Aviation Director  
Chris Read, Airport Operations Manager

**GUESTS:** Steve Schneider  
Steve Gage, Jet Fleet, LLC  
Rick Wieblebski, Landmark Aviation  
Greg Gibson, Signature Flight Support  
Dee Dee Maza, Zulu Caffé  
Arthur Rosen, AOPA  
Tim Carpay, Gemini Air Group

**CALL TO ORDER**

Chairman Berry called the meeting to order at 6:01 p.m.

## **ROLL CALL**

A formal roll call confirmed the presence of Commissioners as noted above.

## **PLEDGE OF ALLEGIANCE**

Chairman Berry led the meeting in the pledge of allegiance.

## **AVIATION DIRECTOR'S REPORT**

Commissioner Casey stated that Sky Kids held its second annual event in November, 2015 at Landmark Aviation with Zulu Caffé donating food. He thanked the companies for their participation and donations. He thanked Steve Schneider, who oversees Sky Kids operations. Mr. Schneider presented a commemorative plaque to the City of Scottsdale.

## **APPROVAL OF MINUTES**

### 1. Approval of Minutes

Regular Meeting: February 10, 2016

Commissioner Ziomek made a correction to reflect that he does not support temporary residences or apartments above 60 feet on page 6 of the minutes.

Vice Chairman Celigoy made a motion to approve the minutes of the January 13, 2016 regular meeting as corrected. Commissioner Goode seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

## **PUBLIC COMMENT**

Arthur Rosen, representing AOPA, described his history flying and his 36 year residence in Scottsdale. He stated that in 2000, the City Council determined that the Airport would be self-sufficient and no City tax dollars would be used on the Airport. He cited tremendous growth and foresight, with Michael Goode and Ken Casey working on extending Customs service, which has been a boon to the Airport. Agenda Item 4 is another example of great foresight for the Airport. Unfortunately, through the events of 9/11 and since then, the Airport has become a fortress. It has been excellent for aviation, but has lost its connection with the community. He suggested that the Commission consider actions that will encourage community involvement.

## **REGULAR AGENDA            ITEMS 1 - 12**

1. Discussion and Possible Action Regarding Application for Airport Aeronautical Business Permit for Jet Fleet, LLC to conduct Aircraft Sales Services

Management Analyst Ms. Shannon Johnson stated that Jet Fleet, LLC is requesting ratification of its permit to perform aircraft sales services. Jet Fleet has met all of its requirements. Managing member of Jet Fleet, Steve Gage, was present to answer questions. Mr. Gage

introduced himself as a 20-year resident of Scottsdale and former law enforcement officer for the City of Dallas, where he was a helicopter pilot. He has been involved in aircraft sales for the past 30 years. He would like to open an office at the Airport, which involves brokerage and sales with no management services.

Vice Chairman Celigoy made a motion to ratify the Airpark aeronautical business permit for Jet Fleet, LLC to conduct aircraft sales services. Commissioner Ziomek seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

2. Discussion and Possible Action Regarding Application for Appearance Group, LLC to Conduct Mobile Aircraft Washing Services

Ms. Johnson stated that Appearance Group, LLC is seeking ratification of an aeronautical business permit to perform mobile aircraft washing services. They previously provided services at the Airport, however in 2013 or 2014, they cancelled their permit. They purchased the Allen Groupe and thus the need to reapply for a permit, as they will be transitioning the name to Allen Groupe. There was no representative present from Appearance Group, LLC and the agenda item was tabled.

3. Discussion and Input Regarding the New Opening of the Self-Service Fuel Island at Landmark Aviation

Rick Wieblebski, Landmark Aviation General Manager stated that a \$40,000 self-service system was installed. The dispenser unit pumps 50 gallons per minute. The system uses a 75-foot hose. There is a card reader point-of-sale system accepting credit cards. Prices will be competitive with other self-service fuel islands in the Valley. The service will open for business on Monday, March 14.

Commissioner Ziomek asked for clarification on competitive pricing. Mr. Wieblebski replied that prices would be held at approximately 75 cents to \$1 within the price range of Sibran self-services fuel at Deer Valley Airport. The profits go to Landmark with the City collecting fuel flowage fees.

Commissioner Ziomek asked how the other FBO feels about Landmark being the only company benefitting from a self-serve island. Mr. Gary Mascaro, Aviation Director, stated that Greg Gibson, General Manager of Signature Flight Support, was present to provide his comments and had filed a public comment card. Mr. Gibson commented that Signature was not thrilled to have another fuel farm competitor on the field, however he acknowledged that little could be done about it.

In response to a question from Mr. Gibson. Mr. Mascaro confirmed that the Landmark Fuel Island was a re-commissioned former fuel farm. During the master planning process, there were significant requests from the avgas community for access to cheaper fuel. In response, Landmark reactivated its existing fuel farm.

In response to a question from Commissioner Goode, Ms. Johnson stated that the total amount of avgas pumped Airport-wide was approximately 25,000 gallons in the past month or 2.4 percent of the overall flowage. Commissioner Goode asked about the possibility of a fuel farm

on the east side of the Airport. Mr. Mascaro stated that if an FBO chooses to install a self-service fuel island on their leasehold, this use is permitted. The master plan indicated that if a company did not step up to open a fuel farm, the City would issue an RFP for a company to install a fuel island.

Mr. Rosen was invited to provide his public comment. He stated that this was being worked on since before the master plan, when he served on the Commission eight years ago and has been worked on diligently for the past five years. He described the fuel prices charged out of trucks by the FBOs as an embarrassment to general aviation. Currently, fuel costs \$1.50 to \$1.80 per gallon wholesale to the FBOs. Scottsdale Airport has some of the highest prices in the nation, alienating GA airplanes from coming into the Airport. This, along with the lack of a restaurant for breakfast further alienates travelers. He stated that Scottsdale has one of the worst reputations in the United States for general aviation, due to fuel prices. Landmark states they will charge \$4.75 to \$5 out of the tank. Landmark's operation in Santa Fe charges \$3.88 for self-fuel and \$4.59 out of a truck. Scottsdale charges \$7.85 out of a truck. To set a price of \$4.80 per gallon, versus \$3.88 in Santa Fe with the same mixture of jets and piston airplanes is too high. The reason that fuel represents only two percent of sales is because everyone ports fuels from other airports. Cottonwood charges \$3.30, Payson \$3.80, Deer Valley \$3.98 with \$1,000 in advanced payment and \$4.18 not in advance with a credit card.

Commissioner Ziomek agreed, stating that he knew many people flying out of the airport would go to Deer Valley to top off before coming back to Scottsdale.

Commissioner Goode said the average cost is \$4.36 in the Phoenix area, going from \$3.69 to \$7.83. Landmark charges \$7.83. By comparison, Falcon Field charges between \$4.08 and \$4.33. Deer Valley ranges from \$3.98 to \$4.18.

Mr. Rosen acknowledged that while prices cannot be controlled by the Commission, he wanted to highlight the issue for public information.

4. Discussion and Possible Action to Recommend Adoption of Resolution No. 10368 Authorizing Multiple Lease Agreement Located at the Future Redevelopment of the Terminal Area at Scottsdale Airport
  1. 2016-028-COS with Gemini Air Group, LLC., a hangar facility lease agreement
  2. 2016-030-COS with Maza Concepts, LLC., dba The Brick, a restaurant lease agreement
  3. 2016-031-COS with Maza Concepts, LLC., dba The Brick, an office lease agreement
  4. 2016-032-COS with The Hertz Corporation, an office lease agreement
  5. 2016-033-COS with Enterprise Leasing company of Phoenix, an office lease Agency

Mr. Mascaro discussed this agenda item. Highlights included:

- The City Council adopted a Master Plan in 2015, which included forecasts for aircraft operations at the Airport, identifying short-term and long-term needs for aircraft operations and hangar space.
- Terminal area facilities have been examined for functionality, including terminal building, passenger boarding lounge, road access and circulation, and vehicle parking with a goal of enhancing the area to be more marketable.

- The project goals include:
  - Consolidate the facilities
  - Determine ability to fund facilities in order to cover the costs of the debt service
  - Create an attractive facility
  - Build larger hangars
  - Maintain access
  - Have parking to meet the needs of existing tenant base and new tenants
  - Maximize view of the McDowell mountains
- The existing terminal area and aviation business center consists of approximately 30,000 square feet of space, including both City use space and tenant space.
- Staff worked with Mead & Hunt and DWL Architects to meet with all existing tenants.
  - A major consideration was lack of available hangar space with no vacancy at the Airport and 5 to 6 percent vacancy rate within the Airpark as of two months ago.
  - There is a specific need for hangar space for larger aircraft.
  - The primary goal was to have a new aviation business center office complex placed between the hangars, getting as close as possible to the apron area to allow for viewing of the McDowell Mountains. To the north, a campus feel would be created with a goal to maximize the hangars.
  - The RFP process was completed with two responses. The committee evaluated the proposals, unanimously recommending award of the lease agreements to Gemini Air Group, who has requested both 30,000 square feet of hangars, 5,000 square feet of ancillary office space (3,000 in one hangar and 2,000 in another) and one fuel farm. There will be direct access to the apron and runway, use of the apron area directly in front of the facility, private gate access for each hangar side with parking on each side.
    - The term of the agreement is 20 years with a ten-year option.
    - The executive hangars are 28-foot door heights, which accommodate larger aircraft and are approximately 30,000 square feet each.
- The initial program summary with regards to the office complex consisted of a three story building, 28,000 square feet and 250 parking spots. The structure and design for the facility changed over the past 30 days.
- Council adopted a resolution that states that all City facilities should try to acquire LEED Gold or better, if possible. The building will be situated between the two hangar facilities. The design will be a clean, modern look with common circulation areas and lobbies on par with any new development in the Airpark area, such as the Scottsdale Quarter. The exterior will be well landscaped, the entryways lush and colorful.
- Commissioner Ziomek approached the City approximately a year and a half ago about the possibility of a public art World War II monument at Thunderbird and Scottsdale Road. After conversations with the City, there was a decision to incorporate the monument design in the facility. This was subsequently added to the conceptual designs. The funding will be entirely through a nonprofit, however some funding may be available through the Art Program. A requirement by the City of Scottsdale is that one percent of the dollar amount that goes towards construction must be donated back to the Public Art Program, which then creates an art project at the facility.
- A parking garage is proposed, which must meet zoning code requirements and comply with the needs of the current tenant base, rental cars and restaurant operations. The initial proposal was approximately 250 parking spots with a possible additional 100 spots depending on whether a college will come to the Airport.
- The initial program cost is approximately \$28 million.

- Over the past 30 days, after further discussion with the tenants, five tenants committed to the plan. Two tenants, Go Rentals and Southwest Flight Center, backed out. This triggered a change in design. As a result, the total space was reduced by 2,500 square feet with parking spaces reduced by 40 square feet and hangars remaining unchanged. This resulted in a new site plan. The aviation business center was reduced from three levels to two, resulting in a cost savings of approximately \$1 million.

In response to a question from Commissioner Ziomek, Mr. Mascaro stated that hangar doors are 28 feet tall, which is nearly three stories.

- The floor concepts were adjusted. For viewing, the meeting area, banquet space and restaurant were kept on the second floor. Airport administration office space was moved to the first floor along with Customs and Border Protection, rental cars and Civil Air Patrol.
  - Airport administration offices will remain approximately the same square footage.
  - A request from U.S. Customs and Border Protection to increase from 350 square feet to 1,100 square feet will be accommodated.
  - Civil Air Patrol will have 300 square feet of free space, per federal guidelines.
  - Hertz and Enterprise rental car service will have 500 square feet for office and kiosk.
  - Restaurants will have approximately 2,600 square feet, including patio.
  - Meeting facilities will include 21,000 square feet.
- The revised project cost is \$26 million, including contingency, design, construction, administration and soft costs.
- There will be CPI increases for hangars every three years, upon certificate of occupancy, and annually for office spaces.
- Agreements are made every ten years for rental car businesses and 20 years for hangar facilities.
- Requirements for hangars include:
  - Aeronautical business permit.
  - Payment of 2.5 percent gross to the City, including fuel flowage, charter and management fees.
- Restaurants will pay a percentage of gross revenues based on the proforma.
- Banquet rentals are considered separately from restaurant percentage of gross sales.
- U.S. Customs revenue focuses on the additional staff position requested.
- The debt service is addressed at a 20-year life term.
- Annual operating costs use an existing rate of slightly more than \$6 per square foot.
- The timeline includes issuance of scope of work on April 6th, 2016 with final presentation to the Council on April 5th, 2016 with projected opening of the new facilities in April, 2018.

In response to a question from Chair Berry, Mr. Mascaro stated that negotiations are ongoing with Dodge City Community College to build their own facility, which would be completed in conjunction with the proposed project.

In response to a question from Commissioner Goode, Mr. Mascaro confirmed that Gemini will be occupying both hangars and that there will be no terminal. The banquet room will double as a meeting room and will be the location for Commission meetings.

Commissioner Goode asked for clarification on the expense and revenue projections for Customs and Border Protection. Ms. Johnson stated that as a result of the second officer and

expanded hours, the revenue would increase by approximately \$185,000. Customs had grown approximately 21 percent the year before a second officer was brought on. The revenue amount was adjusted based on the 21 percent figure.

Commissioner Goode asked for the reasoning for not including total revenue, rather than just reflecting incremental increases. Mr. Mascaro stated that the estimates are conservative. All revenue streams will cover the cost of the debt service.

Commissioner Ziomek referred to the two floor construction model and asked about outside patios. Mr. Mascaro identified the second floor patio location overlooking the tarmac.

Commissioner Ziomek asked about existing tenants, such as the flight schools and business center tenants. Mr. Mascaro replied that all are on 30-day month to month agreements and will be relocating.

Commissioner Ziomek asked whether the restaurant will close in order to accommodate banquets. Mr. Mascaro said that both venues will run concurrently.

In response to a question from Commissioner Casey, Mr. Mascaro stated that Customs and Border Protection will locate temporarily in a trailer, per their preference.

Commissioner Hobbi asked about studies performed on square footage and lease rates. Mr. Mascaro confirmed that for the hangar facility, during the RFP process, a feasibility study was performed. The minimum bid was determined to be \$1.05. Gemini bid \$1.16 per square foot for Hangar A and \$1.06 per square foot for Hangar B.

In response to a question from Commissioner Hobbi, Mr. Mascaro confirmed that Customs and Border Protection will not be charged a fee for the space, per the letter of agreement signed by the City.

Commissioner Ziomek asked for size and rent comparisons for the restaurant. He questioned the reasoning for a ten-year lease on the restaurant and a five-year lease on the restaurant offices. Mr. Mascaro stated that the existing space is 2,800 square feet and the new space is 2,600 square feet, excluding the banquet room. Current base rent is significantly higher in the new deal. The restaurant office is a catering office and an agreed term of five years was reached.

In response to a question from Commissioner Ziomek regarding the restaurant's operating hours, noting that the existing proposed operating hours are significantly lower than those proposed in the new lease. He stated his concern that the restaurant will stay open and secure sufficient business in order to operate under the agreement. Mr. Mascaro acknowledged that this was a concern. The City required a solid commitment in writing. This was the genesis for the creation of the questionnaire attached as Exhibit F of the lease agreement. The agreement included a number of requirements embedded in the lease.

Commissioner Ziomek asked for comments from Dee Dee Maza, Zulu Caffé. Ms. Maza replied that this is also a huge investment for the restaurant by way of furniture and equipment. The restaurant will compete with the Quarter and Kierland with its views, food, prices, parking, banquet facilities and marketing. Mr. Mascaro referenced Exhibit F of the agreement, which lists price comparisons.

Commissioner Casey referred to the hangar lease and asked whether tenants must be approved by the City. Mr. Mascaro confirmed that subtenant leases must be approved via permit. Airport fuel farms can charge whatever they wish above the wholesale cost.

In response to a question from Commissioner Hobbi, Tim Carpay, Gemini Air Group stated that he has been in charter management at Scottsdale Airport since 1995 and has been chartering for approximately 11 years.

Mr. Rosen was given the opportunity to provide comments. He stated that when self-fuel was offered at the Airport, it was not put out for an RFP, because there was a commitment from Landmark to be competitive in the marketplace. He served on the master planning committee and stated that this was an excellent plan for the Airport. He suggested consideration of a fuel farm in both hangars. In response to a question from Commissioner Casey, Mr. Mascaro replied that there is one lease hold for both hangars in a fuel farm. The cost for a second fuel farm is approximately \$500,000.

Vice Chairman Ziomek made a motion to adopt Resolution No. 10368 authorizing multiple lease agreement located at the future redevelopment of the terminal area at Scottsdale Airport. Commissioner Casey seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

5. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or revocations

Ms. Johnson reviewed changes in the tenant list. There are several cancellations on the Airport side, including Aviation West Charters, Critical Air Response and Falcon Executive Aviation. Jet Fleet has been added under aircraft sales. Appearance Group is added under aircraft washing. For the Airpark, Knight Dame cancelled its hangar shade leasing permit.

6. Discussion and Input Regarding the Monthly Construction report

Chris Read, Airport Operations Manager reviewed the report:

- Substantial completion of the Taxiway B rehab project, which has been underway since July.
- The Airport Ops Center building is approximately 98 percent complete.
- The Runway Erosion Control/Wildlife Mitigation Project is set for completion next month.
- A fourth project requires a final signature before a pre-construction meeting and with work beginning on April 15th.

Commissioner Ziomek asked about the status of key cards for entrance gates. Mr. Read stated that the control access system was redone a couple of years ago.

In response to a question from Commissioner Goode, Mr. Read confirmed that there will be an opening ceremony for the new building.

7. Discussion and Input Regarding Monthly Operations Reports for February



Mr. Read provided the monthly operational report. IFR numbers were down for February compared with last year. There were three Alert IIs. Total uses for U.S. Customs was 111 and total uses fiscal year-to-date are 550. U.S. visit uses were 9. PPRs for aircraft over 75,000 are 10.

#### 8. Discussion and Input Regarding Financial Reports for January

Ms. Johnson provided the report. Fiscal year-to-date through January revenues are on par with the forecast, with expenses below budget. Comparing to 2015, revenue is up significantly with expenses down. The aviation cash balance as of January 31st was approximately \$7.7 million, inclusive of operating and CIP funds. Collections are going well in accounts receivable. For fuel flowage, in January, jet fuel represented approximately 72 percent of the overall flowage; avgas slightly more than 2 percent and Airpark approximately 25 percent. Revenues are up 3 percent over January of last year and up approximately 2.2 percent fiscal year-to-date.

#### 9. Discussion and Input Regarding Public Outreach Programs and Planning Projects

Sarah Ferrara, Aviation Planning & Outreach Coordinator, reviewed the current list of programs and projects:

- Senators Flake and McCain co-sponsored a bill to establish an advisory committee to provide review and suggestions on any change to air space.
- A recent article in the winter addition of ADOT's AZ Flyer News showcased the Airport and the Airpark.
- A new listserv will include Sky Kids awards, Taxiway B wrap-up and other announcements.
- Registration is complete for the next National Business Aviation conventions.
- Noise outreach meetings were held with residents from Grayhawk, DC Ranch and the Phoenix area. Based on the Grayhawk meeting, two letters were sent to flight trainers seeking cooperation in mitigating noise complaints.
- Twenty seniors were welcomed for a tour from the Via Linda Senior Center.
- The Marine Corps held a recruitment event at the Airport in February.
- The next Run the Runway event is scheduled for April 2nd.
- The FAA safety team and the air traffic control tower will hold a safety meeting, which will be announced via the listserv notice.
- One voluntary curfew letter was sent last month

In response to a question from Commissioner Goode, Ms. Ferrara stated that noise complaints have not spiked, but have remained level.

Commissioner Hobbi referenced the FAA reauthorization bill and the proposal to privatize the ATC. At a recent meeting there was discussion with citizens who expressed intent to write to their respective senators and congressmen urging a vote against the bill.

10. Discussion and Input Regarding Status of Aviation Items to City Council

Mr. Mascaro provided the update. Two items to be addressed at the April 5th meeting include:

- Cherokee Holdings Lease Agreement, which was approved by the Commission in January.
- Resolution No. 10368 authorizing multiple lease agreement located at the future redevelopment of the terminal area of the Airport.

11. Discussion and Possible Action Regarding Airport Advisory Commission By-Laws Pursuant to the By-Laws of the Scottsdale Airport Advisory Commission, Section IV, Rules and Amendments, Paragraph 401. Amended Procedures.

Ms. Mascaro stated that this agenda item was in reference to adjusting the time frame for meetings to the third Wednesday of the month. Staff requests approval to adjust the By-Laws accordingly.

Vice Chair Celigoy made a motion to amend the By-Laws to reflect moving the monthly Airport Advisory Commission meetings to the third Wednesday of each month effective April, 2016. Commissioner Casey seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

12. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

There was no discussion.

**PUBLIC COMMENT**

No members of the public wished to address the Commission

**FUTURE AGENDA ITEMS**

No agenda items were added.

**ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:44 p.m.

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