



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ
March 15, 2017**

MINUTES

PRESENT: John Celigoy, Chairman
Bob Hobbi, Vice Chair
Brad Berry
John Berry
Cory Little
Kevin Maxwell (Telephonic)
Steve Ziomek

STAFF: Sarah Ferrara, Aviation Planning & Outreach Coordinator
Gary Mascaro, Aviation Director
Carmen Williams, Management Analyst

GUEST: Emily Garner, Emily's Events LLC

CALL TO ORDER

Chair Celigoy called the meeting to order at 5:59 p.m.

ROLL CALL

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

PLEDGE OF ALLEGIANCE

Chair Celigoy led the meeting in the pledge of allegiance.

AVIATION DIRECTOR'S REPORT

Gary Mascaro, Aviation Director, provided a status of the terminal area redevelopment project. Progress has been swift. The contractor and engineering team have reached approximately 75 percent plan completion. Final plans and final bid proposal for the contractor for GMP1 (Gross Maximum Price 1), which includes underground utilities, site work, the two hangar facilities and their support spaces will be ready by the end of the month.

Mr. Mascaro has a meeting on Friday with the contractor, J.E. Dunn, to review the second estimate. They have reached 60 percent plans. J.E. Dunn will provide a secondary estimate to ensure the project remains on budget at the \$27 million cap. The goal is to have costs for GMP1 presented to the Commission no later than the June meeting. There is also a goal to have the second package, the business center, prepared by June as well, however he acknowledged that the chances of this are highly unlikely. An impediment is the City Council hiatus, as the packages will be done likely on July 5th and will be presented to City Council after the hiatus at the end of August. Construction completion for the hangars is anticipated for June of 2018 and the Business Center, July or August of 2018.

APPROVAL OF MINUTES

1. Regular Meeting: February 15, 2017

Commissioner Ziomek made a motion to approve the regular meeting minutes of February 15, 2017 as presented. Commissioner Little seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

PUBLIC COMMENT

There were no public comments

REGULAR AGENDA ITEMS 1 - 10

1. Overview of annual Run the Runway event benefitting Playworks organization

Chuck Warshaver, Executive Director, Playworks was not present and Mr. Mascaro spoke on his behalf. Mr. Mascaro said that all proceeds go to the foundation, Playworks, a nonprofit organization, which provides coaches for low income urban schools. The fifth annual event takes place on April 8th with the airfield shut down from 7 a.m. to 10 a.m. A video of the program and event was played. The event is the model for similar runway runs throughout the country.

2. Discussion and Possible Action Regarding Application for Airport Aeronautical Business Permit for Emily's Events LLC to conduct Off-Airport Catering Services

Carmen Williams, Management Analyst, introduced Emily Garner, chef and owner of Emily's Events, LLC. Emily's Events, LLC is a full service catering and event planning firm based out of Scottsdale. Emily's Events, LLC has met all the requirements of the aeronautical business permit and has submitted all the required documentation.

In response to a question from Chair Celigoy, Ms. Garner said that her cooking facility is located approximately one block from the end of the runway. They have a 4,000 square foot kitchen. Emily's Events, LLC will be celebrating its tenth year of business on July 6th.

Commissioner Ziomek asked for an explanation of off Airport catering. Mr. Mascaro explained that this is a technical term used by the Airport, not the business itself. During the processes of defining the rules and rights of place, the restaurant was termed on-Airport and all others were defined as off-Airport. Ms. Garner said that Emily's Events, LLC does private catering for weddings and corporate business. Another division, which they call fly cuisine, provides service for private jets for Scottsdale, Deer Valley, Chandler and Sky Harbor.

Vice Chair Hobbi asked how long the business has been operating its aviation division. Ms. Garner said this will be the sixth year. For the first two years, service was provided to private families out of Chandler and Deer Valley. Their typical clients are aircrafts with flight attendants onboard, who will continue the food services during flight.

Commissioner Ziomek made a motion to approve the Airport aeronautical business permit for Emily's Events LLC to conduct off-Airport catering services. Commissioner Brad Berry seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

3. Discussion and Possible Action to Accept the Proposed Aviation Enterprise Fund Five-Year Financial Plan

Ms. Williams stated that the five-year financial plan is a forecast tool and is updated annually, following the Capital Improvement Plan planning period, which begins in the fall. The purpose of the Plan is to look ahead five years to ensure the rates and fees structure is enough to cover operating and capital needs over the period. The process to develop the plan begins with the forecasting and budgeting of revenues and expenses. It includes planning for capital projects and any of the large equipment fleet purchases. A conservative approach is taken during forecasting the budget for revenues and expenses. This preliminary five-year financial plan will require the Commission's approval or recommendation and will ultimately go to City Council for approval. If there are significant changes between tonight and the formal approval, staff will provide updates to the Commission.

The most significant project coming this year is the Terminal Redevelopment Project, which is funded through MPC bonds. This project will affect next year's operating budget in a few areas, including the start of the debt service on the project. For the coming year, the proposed budget for operating expenses is approximately \$2.2 million. The 30 percent decrease over FY 16/17 is mostly attributed to the Aircraft Rescue and Firefighting truck, which was budgeted this year at \$900,000. The amount is being carried forward at a reduced number of \$500,000. If the truck were not a consideration, the budget actually represents a total of \$22,000 under budget versus the previous year. Part of this saving is a result of demolished buildings and the subsequent utility and janitorial service savings.

In terms of revenues, there is a modest 1.3 percent increase at a total of \$3.97 million. There are forecasted increases in fuel sales, customs, aeronautical business permits, transient parking and landing fees. Revenues totaled \$4.52 million. The highest categories were tenant rents (18 percent), Airport and Airpark fuel (18 percent) aeronautical business permit fees and U.S. Customs fees. There is forecasted upward trend in revenues for the Airport. The larger jump in

FY 2018/2019 is that after construction of the new terminal, aviation business center and hangars, three new leases will begin. There are modest forecasted 1 percent increases in most revenue areas.

Expenses include debt services beginning next year, fleet purchases, CIP, direct and indirect City costs. There is a dip in FY 2017/2018 (\$1.41 million), which reflects the start of debt service for the terminal project. Afterwards, positive revenues are projected for the remainder of the five-year planning period.

Chair Celigoy asked about staff growth over the five year period. Ms. Williams said that there is a request for one full-time position for the coming year, however a final determination has not been made. Chair Celigoy asked whether the expenses flow down to the Airport or are held at the City level. Ms. Williams stated that the cost is factored into the Airport budget.

Commissioner John Berry asked whether the bonds have been sold. Mr. Mascaro said they have not. Staff is coordinating the Bond Commission meetings and all the steps at this time. The Bond Commission meeting will be potentially be held at the Airport at the end of this month, where there will be discussions on supporting the bond project. It is anticipated that the bond sale will commence in the June time frame.

Ms. Williams stated that during development of the five-year financial plan, staff looks at rates and fees to determine if adjustments are needed. Based on the proposed budget, there are no changes to the rates and fees for next year. Projected revenues are sufficient to cover the anticipated expenses and to maintain the cash reserves that are required. The Plan does meet the City's financial policy to have a 90 day operating reserve. There are also built-in reserves for covering fleet repairs and replacements throughout the year. The contingency reserve funds cannot be accessed without formal approval from City Council.

The final review of the proposed budget is expected to occur at the end of March. The budget release date is April 4th. City Council approval for the final budget is expected in June.

Commissioner Ziomek made a motion to accept the proposed Aviation Enterprise Fund Five-Year Financial Plan. Commissioner Brad Berry seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

4. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations and Revocations

Ms. Williams said that the only change for the month is the approval of the Airport Aeronautical Business Permit for Emily's Events, LLC.

5. Discussion and Input Regarding the Monthly Construction Report

Mr. Mascaro stated that several construction projects are ongoing. The power vault & rotating beacon project is expected to be complete by the end of the month.

Commissioner Ziomek asked about the location of the beacon. Mr. Mascaro said it will be on top of the ops center by the elevator shaft. This should be complete by the end of March.

Mr. Mascaro stated that the Erosion Project/Wildlife Mitigation Project is now complete.

The terminal apron reconstruction project is still being designed. Bid opening will begin April 1 to May 1. If federal funding becomes available, which is anticipated for this project, it will be presented to the Commission for approval in May. It will then go to City Council for approval, with construction commencement anticipated in September.

The taxiway a reconstruction project has been on hold for a couple years, due to FAA issues. However, It is hoped that funding will be obtained this year. If so, the anticipated start date would be November, 2017.

6. Discussion and Input Regarding Monthly Operations Reports for February

Mr. Mascaro said that based aircraft numbers are up over last year. Total operations are actually down for the month of February compared to last year, however, IFR operations are up. Year-to-date, IFR totals are up seven percent. Total operations are down one-half percent from last year.

There was an alert 3 on the February 21st involving a Cirrus SR20 nose gear collapse upon landing, resulting in an hour-long closure. There were three fuel spills at Ross Aviation. Staff has worked diligently with Ross Aviation to identify what the challenges are. Ross is instituting a tracking sheet to more closely identify the issues. In most occurrences, they indicate it is not their error, but fuel venting due to thermal expansion. Staff is asking other FBO operators why they do not have similar thermal expansion issues. Spills into the pavement in front of these facilities is Airport property. Ross is losing money on product and remediation measures. There may be a call for education for pilots with regards to switching tanks. Efforts to research a final solution are ongoing.

In response to a question from Commissioner Ziomek, Mr. Mascaro stated that Signature is not experiencing the same problems.

Another incident involved a mentally unstable person driving around a vehicle at the Ross Aviation gate between the gate and the arm bar, and onto the airfield. The individual was caught quickly. The police came to the scene and issued a trespass citation. There was no damage and no threat of terrorism or other incident.

In terms of enforcement actions, there was an incident of a person using an access device for a vehicle that was not under their authority.

There were challenges with the vehicle control plan with a primary tenant. The issue arose from the requirement that if someone is buzzed in, they must be escorted in and/or monitored. This has been closely tracked.

For U.S. Customs, the standard process revenue to date is \$388,900 with 96 uses for the month and 670 uses FYTD. Last year's total was 550.

There have been nine requests for far this year for aircraft operations between 75,000 and 100,000 pounds.

Chair Celigoy referred to the five-year plan and asked whether flat operational growth and flat fuel flowage were assumed and what assumptions were made regarding fuel prices. Ms. Williams said that there is a 1 percent pricing increase assumed over the five-year planning period for fuel sales. No assumptions were made with regard to fuel pricing.

Commissioner Brad Berry asked how it can be discovered that a person used an access device for a vehicle that was not assigned to them. Mr. Mascaro said that this is monitored via security camera as well as checking vehicles as they come in. There is a comprehensive access control system all the way around the airfield. It was discovered that someone was going through the aircraft gate in an automobile. This is not allowed. The unauthorized use was confirmed through the camera system as well as the access control system.

Commissioner Ziomek asked for confirmation that only a verbal warning was issued. Mr. Mascaro confirmed this, noting that there is an enforcement matrix with a step-down approach. This includes education and enforcement and if necessary, issuance of civil citation tickets.

7. Discussion and Input Regarding Financial Reports for January

Ms. Williams stated that through the end of January, year-to-date revenues are at \$2.2 million, exceeding the budget forecast by approximately 9 percent. Expenses are at \$1.1 million. They are two percent shy of last year's revenues. This variance is the result of an extra \$25,000 fuel flowage payment that was processed in January, 2016 rather than in December, 2015. Other areas of higher revenue include U.S. Customs operations, business permit fees and transient aircraft landing fees. Expenses were lower this month, compared to 2016. Net revenues are approximately 5 percent higher overall compared to last year. The target for expenses was \$273,000 and the total amount came in much lower at \$159,000. The aviation fund cash balance is broken down into operating and capital funds. As of January, the total is \$8.8 million.

The fuel flowage report is broken down to Airport jet, Airport avgas and Airpark. In January, Airport jet fuel accounted for 68.5 percent of all fuel flowage. Avgas was 2.8 percent. Airpark fuel flowage was at 28.7 percent. Compared to January of last year, fuel flowage is lower for jet and AVGAS because of the \$25,000 extra payment noted earlier. If the payment is factored out, the totals are slightly ahead of last January.

Commissioner Brad Berry asked about the large variance of nearly 300,000 gallons of Airport jet fuel compared to last January. Ms. Williams stated that this is primarily because the FBOs had reported two payments in January.

Ms. Williams stated there is a year-to-date increase of 16 percent overall in fuel flowage.

Ms. Williams addressed U.S. Customs expenses and revenues through December 31, 2016. Revenues total \$249,250 and expenses total \$149,797, for a net total of \$99,453.

8. Discussion and Input Regarding Public Outreach Programs and Planning Projects

Sarah Ferrara, Aviation Planning & Outreach Coordinator, addressed the NextGen/Phoenix Metroplex. Oral arguments have been scheduled in the City of Phoenix lawsuit against the FAA

for March 17th. Staff is monitoring the situation, as some residents have expressed concerns on this issue.

As far as the marketing program, staff continues to work media and social media outlets, sharing photos and news with followers. There was a recent article about the closure of the Zulu Caffé and Hertz rental car business due to the terminal redevelopment project. There were a couple of listserv notices in regards to the Final Four reservations. Another listserv was just issued to encourage participation in the Run the Runway event. There were also staff updates, including a new operations technician. Staff has already completed registration for the next National Business Aviation Association (NBAA) conference in Las Vegas.

In terms of noise outreach, staff particularly tracks email and correspondence that is outside of the noise complaint database. There were four emails in the past month from residents on noise issues.

The Airport will host the Fifth Annual Run the Runway event on April 8th. Aviation staff will volunteer to host a play date at one of the Playworks schools.

Staff also monitors property developments in the Airport Influence Area. There were three projects listed in the Planning and Zoning reports within the Airport Influence area. In addition, in the City of Phoenix, there is a proposed multiuse development on Acoma and Scottsdale Road. There was a community meeting with approximately 250 residents attending and voicing their disfavor with the potential project, however this was not an official City of Phoenix meeting; no official meetings have yet been held.

Vice Chair Hobbi asked whether the three projects would be coming before the Commission. Ms. Williams said that they would not necessarily come to the Commission. Instances of Commission review involve requests for change in zoning, noise sensitive uses or changes in density. If the project meets zoning requirements and it entitled to proceed, it will not come to the Commission.

Ms. Williams addressed the pilot briefing schedule. On March 22nd at the air traffic control tower, a briefing will be hosted for flight instructors. This will include an overview of noise abatement procedures and information about the Airport. Approximately six weeks later, a pilot briefing will be scheduled as well. Chair Celigoy asked who was invited to the event and what response has been received. Ms. Williams stated she does not have an rsvp list. The air traffic control tower hosts the event and she joins in with them. It is hoped that approximately 40 people will attend.

Ms. Williams said that 19 voluntary curfew letters were sent out in February. Vice Chair Hobbi asked about the average rate. Ms. Williams said that the current normal is on trend with the normal amount over the past few months. When compared with last year, it is significantly higher. When a complaint is received, staff reaches out to the operators to notify them. Operators are encouraged to do what they can to fly outside the curfew hours. However, there is no official restriction that the Airport can impose. Operators are generally receptive to input.

Vice Chair Hobbi stated that at a recent Commission meeting a website developer spoke to the Commission. He discussed a recently developed website, the purpose of which is to collect information and record observations by residents. Vice Chair Hobbi would like to know how many groups are currently focused on this. Commissioner Ziomek commented that the group is

not focused on the Airport. It is a neighborhood blog called the Cactus North Neighborhood. There is a sharing of ideas, however it is not a formalized group specifically to discuss the Airport. Mr. Mascaro stated that there is no formal established group around the Scottsdale Phoenix area that is focused on the Airport or Airport noise. The blog mirrors the Quiet Skies blog that Sky Harbor uses.

Commissioner John Berry asked whether from an FAA perspective, the curfew could become involuntary, rather than voluntary. Mr. Mascaro stated that this could potentially happen. In order to implement any restriction at any airport that takes federal dollars, airports must go through a Part 150 noise study. Scottsdale Airport has gone through four of these studies. The most recent one was completed a few years ago and evaluated Commissioner John Berry's specific question. In order to implement a involuntary curfew, as mandated by federal law, a Part 161 study must be completed. It is a cost benefit analysis. During the Part 150 study, the Airport conducted an evaluation to determine whether there was sufficient benefit and cost impact to implement any type of restriction, particularly a curfew. The results were absolutely not. It would never get approved by the federal government, because the impacts are very focused on the 65 DNL.

Commissioner John Berry asked whether a major municipal airport such as Scottsdale has ever been required to be closed eight hours at night. Mr. Mascaro said this has not happened. In fact nationally, not one airport in the entire country has succeeded in a 161 study. Chair Celigoy stated that it is helpful to be take any opportunity to explain to the public that there is nothing the City of Scottsdale can do to close the Airport at night.

9. Administrative Report from the Aviation Director or Designee Regarding the Status of Pending Aviation-Related Items

Mr. Mascaro stated that there was a modification to the title of this agenda item. The legal department has indicated that this is more of an administrative report as opposed to discussion and input. There no new issues to report in regards to Airport Commission items to go to City Council. Aviation related items to go to the Planning Commission, Design Review Board or City Council include District at the Quarter, Wolf Springs and Acoma Court PUD City of Phoenix. The Airport must go to the Development Review Board regarding the terminal redevelopment, as there are impacts to the public area. The packet has been resubmitted and all questions have been answered. Mr. Mascaro will inform the Commission when a final date is scheduled, so that members may attend if desired. Once the project clears the Board, permits to begin construction will be requested.

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

There were no comments.

PUBLIC COMMENT

There were no public comments.

FUTURE AGENDA ITEMS

Commissioner Ziomek made a motion to that the local representative for National Business Aviation Association (NBAA), Stacy Howard, be invited to a future Airport Advisory Commission meeting to address the issue of privatizing air traffic control. Commissioner Little seconded the motion, which carried by a unanimous vote of seven (7) to zero (0). Chair Celigoy requested that Vice Chair Hobbi contact the Stacey Howard and coordinate to attend.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at approximately 6:56 p.m.

SUBMITTED BY:

eScribers, LLC