



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Operations Center
15255 N. Airport Drive, Scottsdale, Arizona
Wednesday, October 18, 2017**

MINUTES

PRESENT: John Celigoy, Chair
Bob Hobbi, Vice Chair
Brad Berry
John Berry
Cory Little
Kevin Maxwell
Larry Bernosky

STAFF: Gary Mascaro, Aviation Director
Sarah Ferrara, Aviation Planning & Outreach Coordinator
Carmen Williams, Management Analyst
Katie Callaway, Risk Management Director
Rachel Pearson, Vice President of Community & Government Affairs

CALL TO ORDER

Chair Celigoy called the meeting to order at 6:00 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, noted that there was no report today.

APPROVAL OF MINUTES

1. Regular Meeting: September 20, 2017

Vice Chair Hobbi made a motion to approve the regular meeting minutes of September 20, 2017 as presented. Commissioner Maxwell seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

PUBLIC COMMENTS

There were no public comments.

REGULAR AGENDA ITEMS 1 - 11

1. Annual Update from Experience Scottsdale

Rachel Pearson, Vice President of Community & Government Affairs, Experience Scottsdale, reviewed that last year, there was launch of a new destination brand, website and ad campaign. The City's marketing department is responsible for branding destinations, including marketing, advertising, social media, email and out-of-home advertising. She played a brief video which included examples of out-of-home advertising campaigns. Over the last year, with the new website, visitor's guide and other materials, brand engagement increased to over one million. The communications team works with media around the world. Over the last year, the team generated over 1,000 articles on Scottsdale, reaching nearly 5 billion people. Efforts include bringing 250 to 350 journalists to the destination to showcase what the City has to offer.

The convention sales team is responsible for booking meetings into destinations. Last year the team brought over 500 meetings into Scottsdale area hotels and resorts. In 2016, the team was named by HelmsBriscoe as their 2016 destination partner of the year. The tourism team is responsible for connecting with travel agents and tour operators around the world. Last year, they connected with over 4,000 travel professionals. As part of the tourism effort, the department partners with the Airport through promoting the Customs program and helping to sponsor the National Business Aviation Association (NBAA) show. Every dollar invested in marketing and sales directly generates \$67 in visitor spending and \$3 in local tax revenue.

Commissioner John Berry asked about the total budget. Ms. Pearson said the current budget is approximately \$14 million, not all of which is specific to marketing and sales. In response to a question from Commissioner John Berry regarding the specific amount to marketing, the only study for evaluation was a specific marketing campaign in 2015/16. It accounted for part of a \$3.4 million investment as well as all sales efforts for the year.

Chair Celigoy asked if there are plans to build a convention center. Ms. Pearson said she is unaware of any such plans. The Scottsdale destination has always focused on business appropriate for Scottsdale's resorts, as opposed to convention center business.

Vice Chair Hobbi inquired as to marketing within the City to address residents' concerns such as traffic and noise issues from the Airport. Ms. Pearson stated that the team often meets and presents to local groups. They have chosen not to spend significant dollars on this type of communication, as their budget is meant to go out of market and bring visitors into the City. Vice Chair Hobbi said it is important to keep in mind that locals do not always see the benefits in the same way.

2. Insurance Requirement Update from Risk Management

Katie Callaway, Risk Management Director stated that the Airport's insurance program is a combination of self-funding (first \$2 million in claims provided by the Lost Trust Fund) and purchase of excess insurance. Insurance covers property, liability, public entity risk and the Board members while working in their capacity for the City. She reviewed coverage amounts:

- City at large: \$50 million
- Property limits for buildings and equipment: \$500 million
- Worker's Compensation: Up to state statutes, which is an unlimited benefit. The City pays out the first \$1 million with an excess insured
- Airport owner's liability: \$200 million

There is very little claims activity. There was a minor claim in 2008 and another in 2010. There has been a busy period of construction and demolition for a year and a half at the Airport with no incidents.

Chair Celigoy asked how the City was liable in the case involving damage during tenant aircraft movement. Mr. Mascaro opined that this was due to a rock damaging a horizontal stabilizer. He confirmed that in a case where an operator or tenant is moving an aircraft for maintenance or repositioning, the liability is completely on the tenant.

Ms. Callaway addressed transfer of risk loss at the Airport. All of the leases with FBOs require that the tenant insures and indemnifies the Airport. As such, the Airport only assumes the risk based on actions or decisions of employees. The contractual risk transfer for the construction has the contractors carrying the first \$5 million in liability for each occurrence with the City's insurance excess over this amount. In terms of regular Airport use permits, users are required to provide insurance, make the Airport an additional insured, indemnify and hold the Airport harmless.

Chair Celigoy asked whether liability coverage covers the Airpark. Mr. Mascaro said it only applies to Airport property and does not include the Airpark or private property. Any aeronautical operation that utilizes Airport gates is required to have insurance.

Vice Chair Hobbi noted that after construction is complete, there will be new tenants and new aircraft movement and asked whether this would require additional insurance. Ms. Callaway said no additional limits would be recommended at this time and any adjustments would be based on observation of operations.

3. Discussion and Possible Action to Adopt Resolution No. 10915 to authorize the City Manager or Designee to Accept Federal and State Airport Development Grants for the Airport's Capital Improvement Projects

Carmen Williams, Management Analyst, said that the Airport relies heavily on federal and state grants for many capital construction projects in the Five Year Plan. Federal and state grants are typically awarded at the end of their fiscal year, approaching summer months. As the Airport's sponsor, the City is required to execute the grant award documentation. The Resolution would authorize the City Manager or designee to complete the documentation and execute the necessary agreements. A resolution is already in place, having been approved in 2008, however the City Attorney wanted to update it with minor language revisions. The grant acceptance does not authorize expenditure of the grant funds. Each of the design/construction contracts must still go to the Commission and the City Council for approval. The authority to accept the grants is limited to projects in the five-year capital budget.

Commissioner Bernosky asked whether the airport has been burned in the past because it did not act fast enough to secure a particular grant. Mr. Mascaro acknowledged that this has happened. In 2005, the federal government had available funds from the Flagstaff Airport that Flagstaff could not spend. Scottsdale was contacted to receive the grant as an alternate, however they were not able to act fast enough to get through the public process.

Commissioner Brad Berry made a motion to adopt Resolution No. 10915 to authorize the City Manager or designee to accept federal and state airport development grants for the Airport's capital improvement projects. Commissioner Bernosky seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

4. Discussion and Possible Action Regarding Proposed Addition to the Airpark Minimum Standards Section 6-7, Aircraft Engine Overhaul Services

Ms. Williams said that this item was brought to the Commission last month, however some questions were raised requiring follow up. As a review, long-term tenant Copper State Turbine Engine Company operated at the Airpark and the Airport. They were operating on the Airport for 15 years. It sold off the avionics portion of its business and now is solely operating out of the Airpark, doing aircraft engine overhauls in a 22,000 square foot facility. Their operation did not fall under the City's I-1 zoning categories, except for aeronautical business, however there was not a minimum standard that meets the work being performed. Under the new proposed standard, the operator would work on aircraft engines that arrive disassembled from the aircraft. No aircraft are taxiing to the facility. As an authorized Honeywell repair facility, they do sell new parts as needed as part of engine overhaul, but they do not sell complete engines.

In terms of the questions raised last month about mobile engine testing operations, Ms. Williams spoke with the tenant and found out they do conduct testing on single turbo prop engines only. They do not work on turbo fans and are not a licensed repair station to do so. They conduct four or five engine runs monthly, typically towards the end of the month. These occur at the north apron near the jet blast fence, lasting from 30 minutes to one hour. Generally they take place Monday through Friday, between 8 a.m. and 3 p.m. The company does not test engines in the Airpark.

In response to a question from Commissioner Bernosky, Ms. Williams said their service is not limited to local aircraft, but from wherever the engines are trucked in.

Chair Celigoy asked for clarification that Airpark Minimum Standards Section 6-7 did not include aircraft engine overhaul services in its current form. Ms. Williams stated the minimum standards did not include a standard for aircraft engine overhauls, so a specific standard was created (6-7 is an addition to the minimum standards).

In response to a question from Chair Celigoy, Mr. Mascaro confirmed that the mobile testing operations falls under an operations section, meaning this function would be more operational related. It is likely that the Airpark access permit process will be implemented, since they are crossing onto the Airport from the Airpark to utilize the blast fence.

Vice Chair Hobbi made a motion to approve the addition to the Airpark Minimum Standards Section 6-7, Aircraft Engine Overhaul Services. Commissioner Maxwell seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

5. Discussion and Input Regarding Quarterly Noise Complaint Summary Report

Sarah Ferrara, Aviation Planning & Outreach Coordinator addressed the third quarter term from July through September. Generally complaints taper during the summer months. Monthly noise complaints totaled: July: 310, August: 316, September: 290, including both local and regional. In terms of specific complainants, 12 were new and 34 were repeat complainants. For the same period last year, the total was 1,386.

6. Discussion and Input Regarding Monthly Construction Report

Gary Mascaro, Aviation Director, reported on behalf of Chris Read, Airport Operations Manager since he was absent, that in terms of the terminal area redevelopment project, work continues on underground utilities and building foundations. Foundations have been poured for the support space in the north hangar as well as the north hangar itself. They are pouring the foundation for the south hangar at the end of the week. The project is approximately 3 to 4 percent complete. Safety is of utmost concern. There is additional safety fencing in the area at Butherus, where a partnership with Southwest Gas is relocating the trench drain. It is anticipated that this area of the road will be completed at the end of November.

For the transient apron reconstruction project, funding is in place with receipt of the grant. Preconstruction begins next week. A fuel farm with underground fuel storage will be in an apron area. Construction is slated to begin at the end of October.

The Taxiway A reconstruction project was just approved by City Council last night with a budget of approximately \$4 million. The project is entering the contract award phase. Construction is slated to begin in November for this five phase project, including overnight closures. There are no foreseen impacts during the busy season, as the taxiway has many access points.

7. Discussion and Input Regarding Monthly Operations Reports for September

Mr. Mascaro stated that for the current month, there approximately 440 based aircraft. The number of jet aircraft based at Scottsdale is up significantly. Operational numbers were about even on total operations for the year. IFR operations are up approximately 10 percent.

There were a few alerts for the month of September, but nothing of concern. Commissioner Bernosky asked for clarification on the engine failure alert. Mr. Mascaro stated that the alert occurred in the air. One engine went out, however the aircraft was able to land safely.

Total U.S. Customs uses are 111 operations. Total for the month is 45. Total U.S. visits was 13. In terms of revenues, it appears that after three and a half years, revenues have flatlined, which is a positive thing. U.S. Customs and Border Protection is very interested in the Airport in terms of its operations. Many airports in the country are studying how Scottsdale operates its facility as a user fee. Other airports, including Florida, Atlanta and Texas have contacted Mr. Mascaro directly to discuss challenges with port directors. Scottsdale has a wonderful relationship with its port director and have worked closely with them. In addition, U.S. Customs is asking the Airport about its general cost to build the U.S. Customs new facility. The cost had been calculated at approximately \$600,000 for new construction.

Mr. Mascaro added that he has been asked to be on a national panel working with U.S. Customs to help revise their regulations for user fees. Chair Celigoy asked who sets the user fees. Mr. Mascaro stated that the United States government charges the Airport a fee to have an agent at the Airport. The Airport in turn charges fees. Some airports do not. Scottsdale established its fee schedule based on calculations of what amount would be needed. The fees were adjusted during the first couple of years.

Commissioner John Berry asked whether the Custom user fee is based on per plane or per passenger. Mr. Mascaro stated that it is a per plane fee based on aircraft weight. Chair Celigoy asked how often fees are reviewed. Mr. Mascaro said they are reviewed annually with the financial plan presented to the Commission, including all rates and fees. The goal is for self-sufficiency, which has been attained. In response to a question from Commissioner Bernosky Mr. Mascaro said that the fees to the federal government have not changed over time. It is a flatline fee. The Airport is charged with overtime funding for personnel. If the custom agent chooses to clear an aircraft after hours, the Airport charges the normal fee plus an overtime fee.

The federal government can also on occasion provide notice that an upgrade on the service system is required and may in turn require the Airport to provide funding dollars.

8. Discussion and Input Regarding Financial Reports for August

Ms. Williams prefaced her remarks by stating that August reflects year-end closing activities and reversing revenues accrued in this fiscal year but charged to last fiscal year. This means there is not a seamless matchup compared to last year. Year-to-date revenues are \$361,000, slightly short of budget but normal for this time of year. Expenses are at \$736,000, including the invoice for the new Arc truck. Overall expenses are under budget year-to-date. For the August monthly comparison to last year, there is a large variance, due to the accrual accounting. Similar to last year, things will begin to even out over the first quarter. The operating cash balance as of August is \$10.5 million.

For fuel flowage in August, jet fuel was approximately 54.5 percent of total fuel flowage, avgas 5.1 percent and Airpark 40 percent. Compared to August of last year, fuel flowage is up three percent. For year-to-date, the totals are slightly lower than last year, due to a May payment that was applied in the next fiscal year. When this is factored out, the totals are up 3.6 percent over last year in total fuel.

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

Ms. Ferrara reported that the FAA has filed a motion to extend the deadline to seek a rehearing regarding the NextGen/Phoenix Metroplex deal. Staff is staying in the loop at this time.

For the marketing program, staff had an exhibit space last week at the NBAA convention. She will compile statistics and photographs for the next Commission meeting.

Construction updates are provided via listserv as well as on the website.

For community outreach, staff continues with meet and greets throughout the airport and aviation businesses, including handing out anniversary pins.

There was one project listed within the Airport Influence Area for the September Planning & Zoning report. Seven voluntary curfew letters were sent out in September.

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

Mr. Mascaro referred to the Airport Advisory Commission items to City Council, including a resolution adopting a contract with Coffman Associates planning services as well as the Banicki Construction Taxiway A reconstruction. Both items were approved on consent yesterday.

The next item, Resolution 10915 will be brought to the November 18th meeting to authorize the City Manager or designee to accept federal and state airport development grants for the Airport's capital improvement projects.

He reported no major updates to aviation-related items to the Planning Commission, Design Review Board or City Council.

Commissioner Bernosky asked for clarification on sound attenuation. Mr. Mascaro said that depending on location, the City Code requires sound attenuation to meet the 55 decibel level.

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

There were no requested modifications.

PUBLIC COMMENT

There were no public comments.

FUTURE AGENDA ITEMS

Chair Celigoy noted that the next meeting is November 15th. There was consensus to have further discussion on affirming or cancelling the December 20th meeting at the next meeting in November.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at approximately 7:01 p.m.

SUBMITTED BY:

eScribers, LLC