



**SCOTTSDALE AIRPORT ADVISORY COMMISSION  
PUBLIC MEETING  
Scottsdale Airport Operations Center  
15255 N. Airport Drive, Scottsdale, AZ  
Wednesday, April 18, 2018**

**MINUTES**

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

**ABSENT:** Liz Kaplan

**STAFF:** Carmen Williams, Management Analyst  
Chris Read, Airport Operations Manager  
Gary Mascaro, Aviation Director  
Sarah Ferrara, Aviation Planning and Outreach Coordinator

**STAFF:** Nicole Schabel, Airpark Land, LLC

**CALL TO ORDER**

Chair Celigoy called the meeting to order at 5:00 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, provided an update on the terminal area redevelopment project. The overall project is on schedule and it is anticipated that the first phase consisting of the hangars and ancillary support space will be complete by May 16, 2018.

## **APPROVAL OF MINUTES**

1. Regular Meeting: March 21, 2018

Commissioner Maxwell made a motion to approve the regular meeting minutes of March 21, 2018 as presented. Commissioner Bernosky seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Kaplan was absent.

## **PUBLIC COMMENTS**

There were no public comments.

## **REGULAR AGENDA            ITEMS 1 - 10**

1. Discussion and Possible Action Regarding Application for Airpark Aeronautical Business Permit for Airpark Land, LLC to conduct hangar/shared leasing services.

Carmen Williams, Management Analyst stated that Airpark Land, LLC recently acquired the parcel at 15555 North 79th Place in the northern portion of the Airpark. They will be subleasing aircraft parking space to two existing tenants for the next several months. They have met the requirements of the aeronautical business permit and have submitted all the required documentation. Nicole Schabel (phonetic), was present representing Airpark Land. In response to a Commissioner question, Ms. Schabel confirmed that this is a first-time request.

Commissioner Maxwell made a motion to approve the Airpark Aeronautical Business Permit for Airpark Land, LLC to conduct hangar/shared leasing services. Commissioner Bernosky seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Kaplan was absent.

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

Carmen Williams, Management Analyst, reported on two recent permit cancellations, including Timmy Shines (specialized aircraft maintenance and repair) and PLO Properties (hangar/shared leasing)

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

Ms. Williams stated that the Financial Plan is a forecast tool, which is updated annually. The capital improvement planning process takes place in fall, which is followed up with the operating

budget planning. The five-year look-ahead will ensure that existing and proposed rates and fees are sufficient to support the Airport's operating and capital improvement needs. For expenses, the strategy is to try to stay at the same level year over year. Also within consideration is the current environment of the Airport and intent to forecast changes. A conservative approach is also taken on the revenue side with approximately 1 percent increase in many budget lines. Comparisons to current year actuals will result in some adjustments as necessary. This preliminary plan will require a vote by the Commission and will ultimately go to City Council for adoption and approval on May 20th.

Next year, the proposed operating budget for expenses is \$2.4 million. The 16 percent decrease from the current fiscal year is due to the fire truck purchase of \$500,000. With the new aviation buildings coming online, there are budgeted increases to maintenance costs, such as custodial services, landscaping and utilities. Next year's budget will include replacement of an operations vehicle at a cost of \$31,000. No changes are proposed to the full-time staff count, however there is a budget for a position/title change. In terms of operations, there is a 26.9 percent increase, due to new leases coming online with the terminal building, which account for approximately \$980,000 in additional revenues. There are also increases in association with the new meeting rental space in the new building. There are modest 1 percent increases forecasted in aeronautical business permits, transient land fees and U.S. Customs fees. Transient parking fees have been increased slightly at a total of \$35,000. Fuel flowage will see a modest increase. The one area decrease is rental concession revenues (decrease of \$165,000). The business moved off-site when the building was demolished.

Chair Celigoy asked for clarification that the five-year plan includes operating revenues and expenses and does not include improvement projects which require capital. Mr. Mascaro stated that the five-year plan is the whole package, with Ms. Williams specifically addressing just the operating budget. Chair Celigoy noted that typically when revenue increases, staffing usually also increases. He asked whether the City has a policy or moratorium on staffing increases and whether staffing levels are appropriate. Mr. Mascaro said he believes the level is appropriate, as there has always been a lean staffing level. The request for a position title change is for a new position, Senior Management Analyst, however they are eliminating the Management Analyst Position.

Commissioner John Berry asked about the origins of the interest earnings. He noted that the projection is 3 percent on \$7 million and would be very difficult to achieve. Ms. Williams said the number is generated from the accounting budget office, who estimates these amounts. She stated that she would look into this to determine how the number is generated.

Chair Celigoy inquired as to upcoming projects. Mr. Mascaro noted there are two projects. One includes evaluation of the runway. The process will begin upon selection of a new engineer. The other project is the box hangar project, which is moving forward, as there are already 11 out of 16 interested parties. The funds are appropriated in the Five-Year Plan and include worst-case scenario funds.

Commissioner Bernosky referred to the operating reserves for 18/19 and noted that the operating reserves drop by nearly half. Ms. Williams explained that after the calculations on the fleet reserves/operating reserves are complete, the remaining funds fall into this category. Mr. Mascaro said there are several smaller bank accounts for use of funds. This amount represents the "Whatever we have left over fund."

Ms. Williams reviewed revenues, with actuals for 16/17 being \$4.28 million. The highest categories are from tenant rents, Airport and Airpark fuel combined, U.S. Customs fees and transient landing fees. The amounts are not expected to vary significantly, except for tenant rents, with the addition of the new Aviation Business Center leases. The new meeting rental space revenue stream will be reported next year. Forecasted Airport revenues for the current year and five-year look ahead do show the increase in revenues for the Airport, reflecting the start of the new leases, the restaurant and Gemini Air Group occupying the two hangars. The dip in expense in 17/18 reflects the start of the Terminal Development debt service of \$1.7 million. Overall, there are positive revenues over the five-year planning period.

Chair Celigoy asked what variable was relied on for planning in terms of top line revenue. Ms. Williams stated that staff looks in detail at forecasted operations. There are goals established each year in terms of IFR operations. There are increases forecasted here as well as more in transient landing fees and fuel revenues. Also considered are historical factors as well as the new development taking place at the Airport. Chair Celigoy inquired as to whether expenses are grown at a ratio to revenue. Ms. Williams said this is not necessarily so. Staff looks at historical and actual expenses. The goal is to keep these amounts as flat as possible.

Chair Celigoy asked for the reasoning behind seeing only modest growth to operations (2 to 3 percent). Ms. Williams said that when looking at the aircraft operations (one of the measuring tools utilized), over the past five years, they have seen 3 to 6 percent growth. She keeps the forecast conservative with this figure. Mr. Mascaro added that they do not necessarily track expenses with revenue. They do a modified zero-base budget, looking at every item from small tools and equipment to travel. The City of Scottsdale prefers to do targets for all funds, so they provide the Airport a generalized target based on the last year's numbers.

Chair Celigoy asked whether the Airport has seen upticks in activity during Super Bowl years. Mr. Mascaro said that such events absolutely have an impact, with staff planning from both an expense as well as a revenue side.

Commissioner Bernosky asked whether rental car service will still be available. Ms. Williams confirmed that there are onsite rental companies. The three companies, Hertz, Enterprise and National, were located at the old terminal site and have since moved offsite. Mr. Mascaro clarified that they still come to the Airport to deliver cars. Ms. Williams added that the companies maintain aeronautical business permits for rental car concessions, although their offices are now offsite.

Ms. Williams stated that included in the development of the five year financial plan is an evaluation of rates and fees. At the February Commission meeting, three new rates and fees were proposed for next fiscal year. These are for meeting room rental rates, temporary activity permit fee and Airport property special event fee. These fees, along with current rates and fees are sufficient to cover anticipated expenses and also to maintain the cash reserves. The Plan does meet the City's financial policy to include a 90 day operating reserve. They also have the reserves to cover fleet repairs and replacements.

Ms. Williams noted that the debt service for the terminal development project began in this fiscal year and will continue for the 20-year term (averaging \$1.7 million per year).

Commissioner Bernosky asked about the merit program. Ms. Williams explained that it covers the performance reviews for staff. They are City direct and indirect costs. The indirect costs

cover staff in areas that are not Airport (i.e., human resources, IT services, legal services). Direct costs include fire service.

Commissioner Maxwell made a motion to accept the proposed Aviation Enterprise Fund Five-Year Financial Plan. Commissioner Bernosky seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Kaplan was absent.

#### 4. Discussion and Input Regarding the Quarterly Noise Complaint Summary Report

Sarah Ferrara, Aviation Planning & Outreach Coordinator, provided the report, noting that it covers the first quarter of 2018 from January through March. Staff responses included five callbacks and five emails. There were 39 repeat complainants and 34 new complainants for a total of 73. There were a total of 1,885 complaints, compared to last year's total of 3,008. It is notable that a single complainant has logged 626 complaints.

In response to a question from Commissioner Bernosky, Ms. Ferrara confirmed that staff has spoken to the individual several times.

Commissioner Maxwell asked about the ratio of calls to online submissions. Ms. Ferrara stated that the majority occur online. Commissioner John Berry inquired as to whether the name of the caller is public record. Ms. Ferrara said she is uncertain and that the Airport generally hesitates to provide personal information. Mr. Mascaro said he would consult with the City Attorney's Office to get an answer on this. Chair Celigoy noted that there has been a downtick in the number of complaints with a corresponding uptick in operations. Ms. Ferrara said she could not point to a particular reason for the decrease. Chris Read, Airport Operations Manager, commented that there could be a correlation to the number of nighttime closures during the rehabilitation activity. Ms. Ferrara added that curfew letters are also down substantially.

Commissioner Maxwell noted that the beginning in 2013, when the complaint submissions became available online is when the reported number of complaints increased substantially. Mr. Mascaro agreed, noting that the focus also honed in more on the number of complainants, rather than the number of complaints in order to provide a complete picture.

#### 5. Discussion and Input Regarding the Monthly Construction Report

Mr. Read stated that the terminal area redevelopment project is moving swiftly. He reviewed photographs of the progress.

#### 6. Discussion and Input Regarding Monthly Operations Report for March

Mr. Read reviewed based aircraft counts. For operation comparisons, a couple of categories are down, however overall, the IFR counts and overall totals are up. There was an Alert 3 for a Cirrus SR22 which left the runway and ended up on the Charlie Taxiway. The three people on board were all okay. One taxiway light was taken out. There was one incident regarding a Pitts Special flat tire upon landing. There were no serious enforcement actions. U.S. Customs fiscal year-to-date revenue is \$474,700 with total uses for the month at 136 (830 fiscal year-to-date). U.S. visits totaled 25. Compared to this period last year, revenue continues to increase. There were 16 users at 75,000 pounds + PPR.

In response to a question from Chair Celigoy, Mr. Read stated that per the emergency response plan, when the mishap aircraft is outside the Airport boundary, there is no Airport involvement unless requested. The Airport allows the emergency services agencies to handle the incident. If they need support, they may call the Airport for assistance regarding FAA or NTSB.

#### 7. Discussion and Input Regarding Financial Report for February

Ms. Williams reviewed year-to-date revenues, which are just over \$2.5 million and slightly above budget. Expenses are \$2.2 million, which is over budget by \$179,000. Overall, there is a positive balance of \$255,000 through the end of February. The expenses for February totaled \$638,000. This large expense total is due to a U.S. Customs bill received in December. When the Airport and Customs decided to add a second full-time officer in 2014, the Airport budgeted properly for the second officer, however, the invoices received on a quarterly basis did not reflect having a second officer. This was despite several attempts by the Airport to confirm that Customs was properly billing and confirmation that the bills were correct. In November, Customs finally realized there was a billing error and backed the charges to 2014. The bill was \$499,000. The Airport requested to spread the payment over a couple of years and were denied.

The Aviation Fund Cash Balance stands at \$4.5 million. The reason for the \$4 million difference over last year is because the Airport is paying the monthly construction costs for the terminal projects. The Airport incurs expenses out of the CIP fund and is reimbursed out of a separate bond funding pot. In February of 2018, Airport jet fuel was approximately 77 of total fuel flowage. AVGAS was at 3 percent. Airpark fuel flowage was at just under 20 percent. Compared to last year, the flowage is slightly down at 9.3 percent, however, year-to-date, it is ahead at 1.5 percent over last year.

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

Ms. Ferrara reported that there were quite a few listserv notices sent recently for construction updates, for the terminal redevelopment, including a new video, and the recent Run the Runway event on April 7th. Approximately 2,000 people participated in the event. Staff continues to update brochures to match the new map and operations building. There are three projects listed in the planning and zoning reports for March. Only one voluntary curfew letter was sent out in March.

Commissioner Maxwell inquired as to the parking for the Run the Runway event. Ms. Ferrara said some parking was provided in Park and Ride. Businesses across the street allowed some parking at their locations as well.

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

Mr. Mascaro reviewed the list of Airport Advisory Commission items to City Council, which he noted have been approved. New rates and fees go to City Council on the 22nd. In terms of aviation-related items to the Planning Commission, Design Review Board or City Council, there is a great deal of action in terms of Crossroads East. This project will go to the Planning

Commission on May 9th. Staff has confirmed that they are in receipt of the Commission's letter. It is anticipated that an update regarding the CrackerJax site will be before the Commission soon.

In response to a question from Chair Celigoy, Mr. Mascaro said he does not plan to attend the Planning Commission meeting.

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

No action was taken.

### **PUBLIC COMMENT**

There were no public comments

### **FUTURE AGENDA ITEMS**

No action taken.

### **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at approximately 5:55 p.m.

SUBMITTED BY:

eScribers, LLC