SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Aviation Business Center
Stearman/Thunderbird Meeting Room
Second floor 15000 N. Airport Drive
Scottsdale, AZ
Wednesday, April 17, 2019

MINUTES

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

STAFF: Carmen Williams, Aviation Finance & Administration Manager
Sarah Ferrara, Aviation Planning & Outreach Coordinator
Chris Read, Assistant Aviation Director - Operations

GUESTS: Marc Davies, Saguaro Air, LLC

CALL TO ORDER
Chair Little 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 Little led the meeting in the pledge of allegiance.
AVIATION DIRECTOR’S REPORT

There was no report.

APPROVAL OF MINUTES

1. Regular Meeting: March 20, 2019

Chair Little called for approval of the minutes.

VICE CHAIR MAXWELL MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE AIRPORT ADVISORY COMMISSION OF MARCH 20, 2019 AS PRESENTED. COMMISSIONER JOHN BERRY SECONDED THE MOTION, WHICH CARRIED 7-0 WITH CHAIR LITTLE, VICE CHAIR MAXWELL, COMMISSIONERS BRAD BERRY, JOHN BERRY, BERNOSKY, CELIGOY AND KAPLAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

PUBLIC COMMENTS

There were no public comments.

REGULAR AGENDA ITEMS 1 - 10

1. Ratification of Airport Aeronautical Business Permit for Saguaro Air, LLC, to conduct flight training services

Carmen Williams, Aviation Finance & Administration Manager, stated that the applicant leases office space at Ross Aviation and has met the requirements of the application and submitted the necessary documentation. Marc Davies, President of Saguaro Air, LLC, was present to answer questions.

Chair Little asked about the types of aircraft the company offers for training. Mr. Davies stated that they offer Cessna 172 and 182.

In response to a question from Commissioner Bernosky, Ms. Williams confirmed that there are 13 flight training schools in Scottsdale with a variety of craft types.

VICE CHAIR MAXWELL MOVED TO APPROVE THE AIRPORT AERONAUTICAL BUSINESS PERMIT FOR SAGUARO AIR, LLC. COMMISSIONER CELIGOY SECONDED THE MOTION, WHICH CARRIED 7-0 WITH CHAIR LITTLE, VICE CHAIR MAXWELL, COMMISSIONERS BRAD BERRY, JOHN BERRY, BERNOSKY, CELIGOY AND KAPLAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2. Discussion and input regarding the Quarterly Noise Complaint Summary Report

Sarah Ferrara, Aviation Planning & Outreach Coordinator, noted that the report covers the period from January 1st through March 31st of 2019. There were 96 complainants and 611 complaints, decreasing significantly from the same period last year, where there were 1,888, complaints.
response to a question from Chair Little, Ms. Ferrara acknowledged that she would only be speculating as to the reason for the decline. Discussion ensued regarding areas of activity on the Aircraft Noise Complaint Map.

Vice Chair Maxwell noted that the FAA is doing a series of outreach next week and asked whether this is related to NextGen. Ms. Ferrara confirmed that this is related to step two of the Sky Harbor NextGen deal. There will be three meetings from the 22nd through 24th. Aviation staff is not planning on attending. It is being coordinated by the City of Phoenix and the FAA, a representative from the Scottsdale Mayor’s Office will likely be in attendance. Airport staff will request an update from any City staff that may be attending.

3. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, cancellations and Revocations

Ms. Williams noted that the new aeronautical business permit ratified at this meeting is shown in green. Ion Air Group is a cancellation for this month. Ion has moved their office from the Air Park to Ross Aviation. They do not fall under the minimum standards criteria for charter brokerage services any longer, as they have changed their business structure.

4. Discussion and possible action to accept the proposed Aviation Enterprise Fund Five-Year Financial Plan

Ms. Williams stated that the Financial Plan is updated annually by the Aviation Department following the capital improvement planning process. The look ahead is designed to ensure that existing and proposed rates and fees are sufficient to cover the Airport's operating and capital improvement needs. Several sources are reviewed when developing the budget, including current fiscal year financials and historic data. For expenses, the general goal is to budget at the same level (if not lower) than the previous year. Last year, budgets for categories such as landscaping and custodial services were increased as the Aviation Business Center was coming online. A conservative approach (approximately one percent in most categories) is utilized for the revenue projections. The Plan must be approved by the Commission and then goes on for City Council approval. Next year, the proposed operating budget for expenses is $2.4 million. The 3 percent increase over the current fiscal year is primarily due to increases in personnel, new consultant contracts and software upgrades. There are no increases to the 15-member staff count. In terms of revenue, there is a 3.86 percent increase with a budget of $5.3 million. The increase comes from various sources, such as the new leases, CPI increases for existing leases, aeronautical business permits, U.S. Customs transactions, rental cars and transient landing fees. Some income decreases include in the area of tiedowns, meeting room rentals and restaurant revenues.

Commissioner Celigoy asked about a City policy that freezes the full-time employee count at 15. Ms. Williams stated that she is unaware of any such policy. A part-time intern position is budgeted. With the approval of the Aviation Director, the department is free to request additional staff.

In response to a Commissioner question, Ms. Williams stated that the restaurant is getting much busier. The reason for the decrease in the budget is to an overestimation of revenues related to the late opening. The scenario for meeting rooms is similar in terms of activity and budget.
For Fiscal Year 17/18, actual operating revenues totaled $4.28 million. The highest categories include the Airport and Airpark fuel, combined fixed tenant rents, U.S. Customs fees and transient landing fees. In terms of the forecasted revenues, there is an increase in revenues for the Airport overall, which includes Airport fees, interest earnings, property rental and joint fuel taxes. Expenses include operating costs, City indirect costs and fire costs. Overall, there are positive revenues through the Five-Year planning period.

Chair Cory Little asked if the ending fund balance of $1.4 to $1.6 million is typical for the Airport, noting that at the end of 17/18, there was $8.3 to $8.4 million. Ms. Williams stated that the fund balance is running low. This year, there are a couple of large projects, which necessitated dipping into the reserves. These include the Box Hangar project.

Commissioner Bernosky asked whether jet fuel taxes go to the City. Ms. Williams stated her belief that the portion reflected is the City's portion, however she will double-check this.

Chair Little asked about a typical or normal fund balance. Ms. Williams estimated it to be the $3.5 million to $4 million range.

Ms. Williams addressed rates and fees. Each year, during development of the five-year plan, they are also looking at rates and fees to determine necessary changes. Last year at this time, staff proposed rate changes in meeting room rentals and rental of space on the air side. No changes are proposed this year. The Plan meets the City's financial policy to have a minimum 60-day operating reserve. There are also emergency reserves to cover repairs and replacements.

Chair Little asked about the 60-day reserve total. Ms. Williams stated that the operating reserve is approximately $520,000.

Ms. Williams stated that the debt service on the Terminal Redevelopment Project started last fiscal year and will continue for a 20-year term at an average of about $1.72 million.

Commissioner Celigoy noted the very conservative growth projections and asked how they will restore the fund balance to a healthier total. Ms. Williams said that the hangar project will cost approximately $5.3 million and additional revenues are projected when the leases start next year.

In response to a question from Chair Little, Ms. Williams stated that the ROI has been calculated, and is approximately 20 years. Chair Little commented that the one percent growth rate may not even keep up with inflation. Ms. Williams said it is not one percent for every area. The goal is for the budget to reflect actual conditions as much as possible. Some areas will be significantly higher than one percent, such as leases and building rents. The Airport is an enterprise fund within the City. She is not aware of City policy in terms of forecasting requirements. Chris Read, Assistant Aviation Director - Operations, commented that there are FAA policies indicating that the Agency does not wish airports to be cash cows. Airports should be self-sufficient without having millions in surplus. He is unaware of a specific guideline amount indicated by the FAA.

VICE CHAIR MAXWELL MOVED TO ACCEPT THE PROPOSED AVIATION ENTERPRISE FUND FIVE-YEAR FINANCIAL PLAN. COMMISSIONER BRAD BERRY SECONDED THE MOTION, WHICH CARRIED 7-0 WITH CHAIR LITTLE, VICE CHAIR MAXWELL, COMMISSIONERS BRAD BERRY, JOHN BERRY, BERNOSKY, CELIGOY AND KAPLAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.
5. Discussion and Input Regarding the Monthly Construction Report

Mr. Read reported on Delta Ramp Reconstruction Project progress, including paving for Phase 1. He reviewed site progress photographs of Phases 1 and 2. The Runway Lighting and Signage upcoming project has moved from design phase to out to bid. Bids will close at the end of the month.

6. Discussion and Input Regarding the Monthly Operations for March

Mr. Read stated that based aircraft totals by type are comparable to last year. Operations are up 6.1 percent on totals, up 11 percent on IFRs. For year to date, operations are up 7.6 percent and IFRs are up 2.1 percent.

There was one Alert 3 involving a Cessna 172 with a student pilot botching a touch and go, knocking off the left main gear. There were no injuries. There were no significant incidents for the period. Enforcement actions were light, however there was an incident on March 31st where a driver broke several rules.

U.S. Customs showed revenue of $470,430 fiscal year-to-date. Total uses were 132 for the month and 857 for fiscal year-to-date. There were ten U.S. visits. Revenue is down just slightly compared to the same period last year. The status of the hangar shade transition was noted. PPRs for the calendar year are at 16 for over 75,000 pound operations.

Chair Little asked if the FAA has released a report on the small aircraft that took off, departed and crashed at the golf course. Mr. Read stated that staff have just looked at the preliminary report today. The final report is not available.

Commissioner Bernosky asked whether any customs revenues go to the Airport. Mr. Read confirmed that all such funds go to the Airport. The Airport uses the revenue to pay the bills for the agents and their equipment.

7. Discussion and Input Regarding Financial Report for February

Ms. Williams stated that year-to-date revenues are at $3.3 million, higher than the budget by $192,000. Expenses are at $1.36 million, which is under budget. Overall, there is a positive variance of $1.9 million. Compared to 2018, February 2019 revenues were higher by approximately $81,000. Last year’s expenses were $638,000, which included a $500,000 invoice from Customs for back pay. As of February, 2019, the Aviation Fund cash balance is $10.4 million.

In terms of fuel flowage, Airport jet fuel accounted for 81 percent, AVGAS 3 percent and Airpark 16 percent. Compared to February of last year, fuel flowage is down 7.6 percent, but up for the year by 2.7 percent.

8. Discussion and Input Regarding Public Outreach and Planning Projects

Ms. Ferrara, Aviation Planning and Outreach Coordinator, noted that the FAA Step Two public workshops are scheduled for April. A pilot briefing was held in March with over 40 participants.
attending. Ten voluntary curfew letters were issued in March. In terms of planning and zoning, there are were two projects in March that take place within the Airport Influence Area.

Staff is currently working on a scope and fee to update the current economic benefit analysis completed in 2015. Completion is projected for the fall.

A listserv was issued for the Run the Runway event. The event was a success, with attendance increased by over 100 participants for a total of 1,200. Approximately $25,000 was raised for PlayWorks.

Staff has completed the video on the Terminal Redevelopment Project. Its purpose is to tell the story from the design and construction team. It will be shared through City Cable 11 and social media. Next staff is working to update the driver training video.

Staff continues with presentations and tours of the Aviation Business Center. A recent tour hosted 40 City employees.

Staff participated in the annual AZBAAn golf tournament as a hole sponsor.

In response to a question from Commissioner Bernosky, the street name change for Butherus is not going forward.

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

Mr. Read discussed the Interconnection Agreement with APS related to a solar powered photovoltaic system at the Aviation Business Center to APS’ power distribution system. The Airport has received APS sign-offs on the roof system. The next step is to go to City Council to request approval on May 14th. The Airport is projected to realize approximately $4,000 per year in savings on the electric bill.

Ms. Ferrara addressed Aviation-related items to the Planning Commission, Design Review Board or City Council. There is one new project, Raintree mixed use development. The Airport has put forth its stipulations. The development includes a proposal to change the density and zoning from commercial and adding mixed use residential. There is no time frame available to report at this time. It is located outside of any of the noise contours.

The Manor Scottsdale project just entered its third submittal phase. The Airport recently issued them a second letter to let them know the Airport is still following the process and strongly discourages this type of development. It falls within the 55 and 60 DNL contours. LCG Kierland is still listed as an active case, however no updates are available at this time.

In response to a question from Commissioner Bernosky, Ms. Ferrara confirmed that there is a Hyatt Crossroad going up in the Nationwide area. They begin development review tomorrow. The Deer Valley Townhomes Development is finally going to the Planning Commission and City Council for review.
10. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting schedule and Commission Item Calendar

There were no requests to modify the calendar.

PUBLIC COMMENT

There were no public comments.

FUTURE AGENDA ITEMS

No action taken.

ADJOURNMENT

Chair Little called for a motion to adjourn.

With no further business to discuss, being duly moved by Vice Chair Maxwell and seconded by Commissioner Celigoy, the meeting adjourned at 5:54 p.m.

AYES: Chair Little, Vice Chair Maxwell, Commissioners Brad Berry, Bernosky, Celigoy and Kaplan

NAYS: None

SUBMITTED BY:

eScribers, LLC