



**SCOTTSDALE AIRPORT ADVISORY COMMISSION  
PUBLIC MEETING**

**Scottsdale Airport Aviation Business Center  
Stearman/Thunderbird Meeting Room  
Second floor 15000 N. Airport Drive  
MEETING HELD ELECTRONICALLY  
Scottsdale, Arizona  
Wednesday, November 17, 2021**

**MINUTES**

**PRESENT:** John Berry, Chair  
Charles McDermott, Vice Chair  
Larry Bernosky  
Peter Mier  
Rick Milburn

**ABSENT:** Ken Casey  
Cory Little

**STAFF:** Gary Mascaro, Aviation Director  
Carmen Williams, Aviation Finance & Administration Manager  
Sarah Ferrara, Aviation Planning & Outreach Coordinator  
Chris Read, Assistant Aviation Director-Operations  
Tiffany Domingo, Staff Coordinator  
George Woods, Risk Management Director

**GUESTS:** Nelson Rood, Director of Operations, H5 Productions  
Mitch Kelldorf, Owner, H5 Productions

**CALL TO ORDER**

Chair Berry called the meeting to order at 5:00 p.m.

**ROLL CALL**

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

## **AVIATION DIRECTOR'S REPORT**

Aviation Director, Gary Mascaro, announced the merger between Ross Aviation and Atlantic Aviation effective the second quarter of 2022. Ross Aviation at Scottsdale Airport will be rebranded as an Atlantic Aviation site.

1. Regular Meeting: October 20, 2021

COMMISSIONER MIER MADE A MOTION TO APPROVE THE REGULAR MEETING MINUTES OF OCTOBER 20, 2021 AS PRESENTED. COMMISSIONER MILBURN SECONDED THE MOTION, WHICH CARRIED 5/0 WITH CHAIR BERRY, VICE CHAIR MCDERMOTT, COMMISSIONERS BERNOSKY, MIER AND MILBURN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

There were no public comments.

## **REGULAR AGENDA            ITEMS 1-9**

1. Discussion and Possible Action Regarding Application for Airpark Aeronautical Business Permits for H5 Productions, Inc. dba H5 Helicopters to Conduct Helicopter Specialized Commercial Flying Services at the Scottsdale Airpark

Carmen Williams, Aviation Finance & Administration Manager, noted that this item was continued from the last meeting. H5 is requesting an Airpark Aeronautical business permit to conduct helicopter specialized commercial flying services. They are a long-term tenant of the Airpark, conducting aerial and commercial filming as well as specialized and unique tours using an Airbus AS350 Helicopter. They have begun to conduct special charter flights in partnership with the Volanti Restaurant. They have met the requirements of the aeronautical business permit.

Company representative, Nelson Rood, Director of Operations, and owner Mitch Kelldorf were present to answer questions.

In response to a question regarding the dinner flights, Mr. Rood stated that the flights originate and terminate at the Volanti Restaurant ramp. One of the pilots, Jeff Senior, is also a lead singer with a band that is contracted to sing at the restaurant once a month. This was the impetus that started the flights, which will resume next month. Flights are 15 minutes at a cost of \$125, booked through Volanti. Mr. Kelldorf discussed the annual safety training requirements. Typically, dinner flights are on a once per month basis.

COMMISSIONER MILBURN MADE A MOTION TO APPROVE THE APPLICATION FOR AN AIRPARK AERONAUTICAL BUSINESS PERMIT FOR H5 PRODUCTIONS, INC. DBA H5 HELICOPTERS TO CONDUCT HELICOPTER SPECIALIZED COMMERCIAL FLYING SERVICES AT THE SCOTTSDALE AIRPARK. COMMISSIONER BERNOSKY SECONDED THE MOTION, WHICH CARRIED 5/0 WITH CHAIR BERRY, VICE CHAIR MCDERMOTT, COMMISSIONERS BERNOSKY, MIER AND MILBURN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

## 2. Insurance Update from Risk Management.

George Woods, Risk Management Director, stated that coverage is through Zurich. The market is hardening in property insurance and a slight increase in premiums is expected, even as the Airport has a low to negligible loss history. The coverage limits are \$500 million. A retention amount is required before insurance kicks in and a \$400,000 retention is in place for property coverage. There is worker's compensation deductible of \$1 million. The City is self-insured for the initial \$1 million of any worker's compensation claim. Anything above that for the life of the claim is submitted to Safety National. For Airport operations liability, there is \$200 million coverage per occurrence as a first dollar coverage with no deductible.

In response to a question from Commissioner Bernosky, Mr. Woods stated that the most recent onsite claim was from Ross Aviation, however, this was not related to the Airport, but a flood incident.

In response to a question from Commissioner Mier, Mr. Wood confirmed that coverage has not changed from the prior year. The limits are standard in the industry.

Commissioner Mier inquired about the requirements for those that lease space from the Airport. Mr. Woods stated his belief that the Airport has lowered its limits from \$5 million to \$2 million. He is not certain whether this was done for economic reasons, for financial ease of tenant and/or contractual uses of the Airport. In looking at the loss history, one could surmise that the lowering of limits was justified. In terms of reconsideration for raising the limit, a financial study would be advisable. Mr. Mascaro stated that at one point during his career at the Airport, they looked at raising levels, which would have an economic impact to some operators. The Airport has minimum standards, generally at \$1 million and \$2 million. Approximately 80 to 90 percent of businesses have higher amounts. Particularly, large operators and FBOs carry hundreds of millions in terms of minimums. The Airport has made adjustments to leases depending on the type of operation. Commissioner Mier sought confirmation that this fits within the market. Mr. Mascaro confirmed that they are on a level playing field with competitors. Mr. Woods added that there is a clause within the contracts that states in addition to the minimum insurance requirements, lessors are also affirming an indemnification provision.

In response to a Commissioner question, Mr. Woods stated that the most significant exposure at the Airport and Citywide is general liability. These include slip, trips and falls, bodily injury and property damage. While the Airport has a frequency level of 25, the severity averages only \$26,000. The location total for claims is under \$250,000, which is the magic number in terms of exposure and it is a very safe location.

In response to a Commissioner question, Mr. Woods stated that the City pays approximately \$3.1 million in total premiums for the entire City. Each department pays an allocation based on payroll size and loss history.

Mr. Woods reviewed the coverage process for major construction projects. Contracts include a builder's risk component to cover materials as well as liability coverage to cover any catastrophic events. There are contractual risk transfers for Airport use under permits.

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

Ms. Carmen noted the one addition of H5 Helicopters from this agenda. There were no other changes to report.

4. Discussion and Input Regarding the Monthly Construction Report

Chris Read, Assistant Aviation Director-Operations, provided an update on construction. A contract has been issued for the Airport fence replacement project, at an estimate cost of \$475,000. Construction will commence in mid-December with completion in late January, 2022.

The Taxiway A North Rehabilitation project is estimated to commence in August, 2022. The location and overview of work to be performed was identified. Commissioner Mier asked whether the project is 100 percent funded at the federal level. Mr. Read stated that this is not yet confirmed, however the last two projects were 100 percent federally funded. If not, the typical alternative rate of funding is 91.06 percent from the federal government and 4.47 percent from the State of Arizona.

5. Discussion and Input Regarding the Monthly Operations Report

Mr. Read noted that total operations are not as high as last year, down 17.2 percent, mostly as a result of local traffic and closure of the runway. IFR is up 18.8 percent for the period and 19.5 percent year over year. There was only one Alert 2, due to faulty gear. U.S. Customs revenue for the month was \$104,925 with 187 total uses and 49 U.S. visit uses. Revenue fiscal year to date is \$193,175 compared with \$135,600 last year. Total uses per month has increased from 126 to 187. PPRs totaled 56 for calendar year 2021.

6. Discussion and Input Regarding Financial Report for September

Ms. Williams stated that the approved budget for revenues was \$1 million, however this was surpassed at \$1.4 million. The expense budget was \$739,000 and the actuals were lower at \$651,000 through September. Compared to last year, revenues were lower, mostly due to the runway closure. Expenses were higher, due to being billed for two quarters of the U.S. Customs labor payments. The Aviation Fund cash balance is negative \$343,000, due to ongoing capital projects. The runway closure also significantly impacted fuel sales. For September, FBO fuel sales accounted for 57 percent of the total fuel. AVGAS is 2.8 percent and Airpark operators were at 40 percent. September is down 35 percent over last September. Totals are down 20.8 percent year-to-date.

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

Ms. Ferrara stated that the City has filed a legal brief regarding the Metroplex deal and the FAA has responded. FAA is initiating a Metroplex technical working group beginning in early 2022. They will review all departing and arriving flight paths into and out of Phoenix Sky Harbor. Eight voluntary curfew letters were issued for October. In terms of monitoring, six pending projects are

identified as being located in the Airport Influence Area for October. Airport staff continues to share and post on social media. Recent posts covered the AZAA Fall Conference and Director Mascaro's presentation, where he discussed the Runway Rehabilitation Project. Other posts covered the Box Hangar Project completion and availability of a box hangar for lease. In terms of outreach, ADOT has finished and released its 2021 Aviation Economic Impact Study. The report is available on the Airport website. Highlights include that on-Airport activities equate to \$215.3 million, supporting 3,926 jobs. Visitor spending equates to \$90.8 million. The total combined economic impact of the Airport and Airpark are \$1 billion. Ms. Ferrara gave an overview of the NBAA convention and reviewed photographs. City entity partners share in the show and convention costs. The Airport team will man the booth, but also walk the floor and meet industry representatives. Leads are gathered by direct contact or by sign-up raffle. This year resulted in 366 leads.

Commissioner Mier asked about methods for tracking costs per lead. Ms. Ferrara stated that justifications are illustrated via looking at just one aircraft coming into the Airport for a short time. One such aircraft visit will finance approximately one-half the cost of attending the conference. Commissioner Mier suggested developing a method to track lead cost data. Mr. Mascaro stated that due to the significant sponsorships the Airport receives, the cost to attend the Las Vegas conference for Airport staff is minimal. There is a higher cost to attend the Florida conference and attendance for the that event has ceased. However, next year is the year of sell for the Super Bowl. They key metric in terms of the Las Vegas show is to get in one to two planes that haven't been to the Airport over the past 18 months.

8. Administrative report from the Aviation Director or Designee Regarding the Status of Aviation-Related Items

Mr. Mascaro stated that there are no new items to report. The lease amendment and Airport security fencing improvement project were approved in October.

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

COMMISSIONER MIER MADE A MOTION TO CANCEL THE DECEMBER MEETING. COMMISSIONER BERNOSKY SECONDED THE MOTION, WHICH CARRIED 5/0 WITH CHAIR BERRY, VICE CHAIR MCDERMOTT, COMMISSIONERS BERNOSKY, MIER AND MILBURN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

### **PUBLIC COMMENT**

There were no public comments.

### **FUTURE AGENDA ITEMS**

There were no items added.

### **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:03 p.m.

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AYES: Chair Berry, Vice Chair McDermott, Commissioners Bernosky, Mier and Milburn  
NAYS: None

SUBMITTED BY:

eScribers, LLC