



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
REGULAR MEETING
Scottsdale Airport Aviation Business Center
Stearman/Thunderbird Meeting Room
15000 N. Airport Drive
Scottsdale, Arizona
Wednesday, April 17, 2024**

MINUTES

PRESENT: Peter Mier, Chair
Michael Goode, Vice Chair
April Beauboeuf
Peter Lenton
Charles McDermott
David Reid
John Spalj (Telephonic)

STAFF: Gary Mascaro, Aviation Director
Kelli Kuester, Aviation Planning and Outreach Coordinator
Tiffany Domingo, Administrative Assistant
Matthew Johnson, Operations Supervisor
Josh Golabi, Aviation Intern

GUESTS: George Woods, Safety and Risk Management Director

CALL TO ORDER

The meeting was called to order at 5:00 p.m.

ROLL CALL

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

Chair Mier led the commission in the Pledge of Allegiance.

AVIATION DIRECTOR'S REPORT

Gary Mascaro, Aviation Director, welcomed Commissioner Lenton to the Airport Advisory Commission. Details related to the movie night being held at the Airport on April 20, 2024, were discussed. Volanti Restaurant is the main sponsor of the event. Chair Mier read an email from Art Rosen thanking the Commission for the movie night.

MINUTES

Regular Meeting: March 20, 2024

COMMISSIONER MCDERMOTT MADE A MOTION TO APPROVE THE REGULAR MEETING MINUTES OF MARCH 20, 2024, AS PRESENTED. VICE-CHAIR GOODE SECONDED THE MOTION, WHICH CARRIED 7/0 WITH CHAIR MIER, VICE CHAIR GOODE AND COMMISSIONERS BEAUBOEUF, LENTON, MCDERMOTT, REID, AND SPALJ VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

PUBLIC COMMENT

There were no public comments.

REGULAR AGENDA ITEMS 1-10

1. Insurance Update from Risk Management

George Woods, Safety and Risk Management Director, provided fiscal year insurance update and a brief plan overview for the upcoming year. A review of the insurance policies associated with the Airport were discussed including the premiums and deductibles which have remained consistent for the most part. The Master Physical Damage Policy deductible increased from \$75,000 to \$100,000, which covers vehicles utilized by city employees at the Airport. The Airport received kudos for good operations that resulted in minimal claims being processed over the past seven years, which helps to keep the premiums down. There is also a requirement for any entities providing services to the airport, at the airport, or leasing space to provide proof of insurance that transfers the risk from the Airport to their entity.

In response to questions, Mr. Woods explained the market drives the insurance premiums and it does appear they are relaxing some. In addition, Travelers provides at \$20 million cut in the first layer. The premium increases are generally driven by exposure, such as a new division at the airport and that could be the reason for the increase to \$300 million in 2015 which then dropped back down \$200 million.

2. Adopt Resolution No. 13102 Authorizing Lease Agreement No. 2024-065-COS with Desert Aerostar, LLC for Lease of General Aviation Box Hanger Space at Scottsdale Airport

Gary Mascaro, Aviation Director, presented information related to Resolution No. 13102 and Lease Agreement No. 2024-065-CoS for box hangar number A105. The existing tenant sought to terminate his lease early because he purchased a larger aircraft that would not fit in this hangar. The existing tenant was able to find a new tenant, Desert Aerostar, LLC, to take over

the lease. As a result of terminating the lease early, the existing tenant was required to forfeit their security deposit and pay a proportional share of the real estate contractor commission. There are no concerns with Desert Aerostar, LLC, as they are current a tenant on a License Agreement and want to transfer to a more permanent lease.

In response to questions, Mr. Mascaro stated they do not conduct credit checks on potential tenants. It is not typical for leases to be terminated as most of the hangars are leased by one entity and sublet. A lease agreement, unlike a license agreement, is for a longer period.

COMMISSIONER MCDERMOTT MADE A MOTION TO ADOPT RESOLUTION NO. 13102 AUTHORIZING LEASE AGREEMENT NO. 2024-065-COS WITH DESERT AEROSTAR, LLC FOR LEASE OF GENERAL AVIATION BOX HANGAR SPACE AT SCOTTSDALE AIRPORT. COMMISSIONER BEAUBOEUF SECONDED THE MOTION WHICH CARRIED 7/0 WITH CHAIR MIER, VICE-CHAIR GOODE, COMMISSIONERS BEAUBOEUF, LENTON, MCDERMOTT, REID AND SPALJ VOTING IN THE AFFIRMATIVE.

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

Kelli Kuester, Aviation Planning and Outreach Coordinator, provided an update noting the only change is the cancellation of the Aircraft Rental and Flight Training Aeronautical Business Permit for Aviation Resource Group d/b/a Aerodyne.

4. Discussion and Input Regarding Monthly Operations Report

Matthew Johnson, Operations Supervisor, discussed aircraft numbers were up slightly for the month of March. Year-to-date is up 1.9%, and IFR is up 3.23%. There were two alerts for the month of March, an alternator failure, and a brake failure light. There were several incidents that included two citations for tire-related matters. There were nine enforcement actions, two related to an aircraft left for more than 14 days. U.S. Customs fees and total uses are trending upward. PPRs (Prior Permission Required) for the calendar year are at 31. The operations review from October 2022 to present date in 2024 shows the continuous increase throughout the year with March being a heavy operations month. We are holding the 10th position on the Business Jet Report.

In response to Commissioner Lenton's questions, Mr. Johnson explained the fuel spills happen when they vent or transfer fuel which is part of a mechanical function.

5. Discussion and Input Regarding Proposed Aviation Enterprise Fund Five-Year Financial Plan for FY 24/25

Gary Mascaro, Aviation Director, reviewed the five-year financial plan which is a combination of the Aviation Enterprise Fund, CIPs, and operating budget covering FY 24/25 through FY 28/29. This financial plan has been finalized and submitted in March to the City Council for adoption.

The five-year plan is used as a forecast tool to assess the adequacy of existing rates and fees to ensure they support the operation; this information is reviewed and updated annually during the budget process. The Airport has been self-sufficient for over twenty years because all rates and fees collected pay the operating cost.

The operating budget is at \$4 million, which is a 2.5% increase of FY 23/24, primarily due to increased U.S. Customs and border protection user service fees. At present there are no changes to FTEs; however, there is a citywide reorganization, classification, and compensation study being conducted and will be finalized next month. There is a \$1.7 million debt service for the terminal reconstruction project and a \$2.8 million CIP Aviation only funds to match the grant funding that was received.

The total revenues such as airport fees, interest earnings, and jet fuel taxes for 24/25 is \$9.8 million which is a minimal increase over last year due to a decrease in transient parking. Rental car revenue has decreased a bit as well, and fees are flat lined. It was noted that this flattening of fees is a nationwide trend.

Overall, the five-year forecast shows some fluctuating revenue related to conservative financial planning and not anticipating any major revenue sources. Operating expenses increased slightly this year related to Customs, but it balances back out. The ending fund balances or how much cash is in the bank is expected to increase over the next five years.

It is anticipated the City Council will adopt the budget which will go into effect on July 1, 2024. Then the process will begin for review of the next five-year forecast. Currently no rate or fee increases are predicted, and the Airport is doing very well financially. Although funds are available, the debt service cannot be paid off early because of the tax breaks received. A 25% operating reserve is maintained per City Financial policy and the Airport maintains their own fleet. The Airport is unique with no general fund subsidy and does not use taxpayer dollars to operate.

In response to questions, Mr. Mascaro explained the difference between a Port of Entry designation and the user fee for U.S. Customs. At this point there is no plan to add a 3rd Customs agent. They currently work daily from 9:00 a.m. to 7:00 p.m. and after hours as needed. Expenses decreased in FY 27/28 and 28/29 because there was a proposal for additional staff that may not come to fruition and was reduced out of the later budgets. A study related to handling of larger aircraft is not part of the financial plan but will be discussed during the development of the master plan which will be developed over 18 months along with a consultant. The plan will include forecasting, evaluating aircraft, alternatives, creating a layout plan to be used for Federal Funding. A discussion ensued regarding construction of parking structures. The suggestion of using data related to self-sufficiency for marketing will be taken into consideration.

6. Discussion and Input Regarding Monthly Financial Report for February 2024

Kelli Kuester, Aviation Planning and Outreach Coordinator, reviewed the February 2024 Financial report stating the approved budget for revenues was \$6.14 million with actuals totaling \$6.27 million. For expenses, the approved budget was \$2.08 million with actuals totaling \$2.14 million. Compared to last year, February revenues are slightly higher by approximately \$6,000. Expenses are slightly lower by approximately \$36,000. The Aviation Fund Cash Balance is approximately \$14 million as of February 29, 2024. For fuel flowage, FBO fuel sales accounted for 78.8 percent of total fuel, AVGAS was at 2.3 percent and Airpark Operators were at 18.9 percent. Total gallons pumped were over 1.5 million, which is up approximately 1.3 percent. The fiscal year comparison is up 0.7 percent for this year.

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

Kelli Kuester, Aviation Planning and Outreach Coordinator, provided an update on the public programs and planning projects noting nine voluntary curfew letters were mailed in March. In terms of monitoring property development through the City's Planning Department, there were five projects for the month of March within the Airport Influence Area. For social media and list serve notices, there were notices and posts welcoming users and operators into Scottsdale for the Men's Final Four Tournament as well as a press release, list serve notices and social posts inviting the community to movie night on April 20, 2024, with gates opening at 6:00 p.m. and Top Gun starting at 7:15 p.m. A pilots' briefing meeting will be held on May 30, 2024, with more information to follow.

8. Discussion and Input Regarding Quarterly Noise Complaint Summary Report

Kelli Kuester, Aviation Planning and Outreach Coordinator, provided an overview of the data related to noise complaints received in the first quarter, the period of January through March 2024.

- 63 complaints received with 29 repeats and 34 new
- 45 staff responses, 43 callbacks and 2 emails
- 64 less complaints received this year compared to 2023
- Top complaint areas are F6, H4, and G2
- Major Concerns are flight training, pattern work, late night/early morning flights, and low flying aircraft. One complainant in B7 made 4,579 complaints in the first quarter.

Josh Golabi, Aviation Intern, presented additional data related to the one complainant who has filed over 7,120 complaints since November 1, 2023, which averages to approximately 43 complaints per day. The complainant is located approximately 4 miles from the airport with no noise sensors currently near the complainant's home. The results of the research indicate that complaints are being made even when there are no flights. Taking out this complainant from the totals, there were only 7 complaints from 3 complainants in the same district during the January to March time frame.

In response to questions, Mr. Golabi stated no sensors are not being used due to previous issues that made it difficult to gauge flights. Ms. Kuester advised the complaints are being made through the ScottsdaleAZ.gov website and complaints have been about departures off of Runway 21. Additional data was shared related to how long the individual has resided at this home and previous occupation.

Commissioners discussed concerns and options for addressing this situation. Mr. Mascaro explained they are unable to stop individuals from making complaints; however, they can control the data to make sure the reports are not skewed. Ms. Kuester shared that she has reached out to the individual multiple times with no firm understanding of what is wanted from the Airport.

In response to questions, Ms. Kuester explained she did not have information related to an individual from the northeast section who made 179 complaints but would look into it more and report back. Mr. Mascaro noted that there is an airplane practice area located within the northeast quadrant and that many of the planes do not come from the Scottsdale Airport.

Mr. Mascaro noted there is an article related to the fastest growing private aviation airports that

was an interesting read and he will provide to the commissioners. It was also noted that, compared to the airports in the article, Scottsdale has less traffic but larger aircraft using the Airport.

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

Gary Mascaro, Aviation Director, noted he had followed up on Commissioner Lenton's earlier questions about the fluctuating revenue in the five-year financial plan presentation. The largest decrease is related to the Capital Improvement Plan (CIP) projects that get shifted to the next year for budgetary authority when grant funding has not been received.

Moving to aviation items scheduled to go before City Council, Mr. Mascaro reported the Lease Agreement for Box Hanger will go before the City Council for approval on May 14, 2024.

There are no major updates for aviation-related items before the Planning Commission Design Review Board and City Council that may be on Airport, such as items impacting taxi lane access, height implications or noise-sensitive uses. One Scottsdale is still in process and their proposal is being resubmitted.

The 2024 City Council meeting calendar was updated and has been attached for review.

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

The next meeting is scheduled for May 15, 2024. A brief discussion ensued regarding the tradition of recessing for July, August, and December. This topic will be kept on the calendar pending the May meeting.

FUTURE AGENDA ITEMS

COMMISSIONER LENTON MADE A MOTION TO ADD DISCUSSION REGARDING THE STATUS OF THE SELF-SERVICE FUEL PUMP AT ATLANTIC AVIATION TO A FUTURE AGENDA. VICE-CHAIR GOODE SECONDED THE MOTION WHICH CARRIED 7/0 WITH CHAIR MIER, VICE-CHAIR GOODE AND COMMISSIONERS BEAUBOEUF, LENTON MCDERMOTT, REID AND SPALJ VOTING IN THE AFFIRMATIVE.

ADJOURNMENT

With no further business to discuss, Chair Mier called for a motion to adjourn at 6:10 p.m.

VICE-CHAIR GOODE MADE A MOTION TO ADJOURN COMMISSIONER MCDERMOTT SECONDED THE MOTION, WHICH CARRIED 7/0 WITH CHAIR MIER, VICE CHAIR GOODE AND COMMISSIONERS BEAUBOEUF, LENTON, MCDERMOTT, REID, AND SPAJL VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

SUBMITTED BY:

eScribers, LLC