

**NOTICE OF PUBLIC MEETING
PHOENIX AVIATION ADVISORY BOARD**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **PHOENIX AVIATION ADVISORY BOARD**, and to the general public, that the **PHOENIX AVIATION ADVISORY BOARD** will hold a meeting open to the public on **Thursday, May 15, 2008, at 3:00 p.m. located at Terminal 3, Phoenix Aviation Advisory Board Conference Room, Third Floor, West Mezzanine, 3400 E. Sky Harbor Blvd., Phoenix, Arizona.**

Pursuant to Arizona Revised Statutes, Section 38-431.02B, notice is given that the Phoenix Aviation Advisory Board may vote to go into Executive Session, or Sessions, for discussion or consultation, for legal advice with the attorney or attorneys of the public body for any agenda items listed below, as authorized by Arizona Revised Statutes, Section 38-431.03 (A)(3) or for discussion of records and/or information that is exempted by law from public disclosure, as authorized by Arizona Revised Statutes, Section 38-431.03(A)(2). If authorized by a majority vote of the Phoenix Aviation Advisory Board, the Executive Session will be held immediately after the vote and will not be open to the public. If a decision is requested, the Phoenix Aviation Advisory Board may decide the matter in the public meeting or defer the decision to a later date. The agenda items that may be subject to an Executive Session pursuant to Arizona Revised Statutes, Section 38-431.03 (A) (3) are as follows: 5.a., 5.b., 5.c., 5.d., and 6.a.

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

1.	Call to Order	Mr. Art Hamilton, Chairman
2.	Announcements/Reports by the Aviation Director	Mr. Danny Murphy
3.	Announcements/Reports by the Airline Station Manager	Mr. Anthony Arms
4.	Approval of the April 17, 2008 Meeting Minutes	Mr. Art Hamilton, Chairman
5.	Discussion and Possible Action Items:	
	a. Airline Rates and Charges for Fiscal Year 2009	Mr. Fred Simon
	b. Noise and Flight Tracking Monitoring System Contract Award	Ms. Nancy Raabe
	c. Lease Agreement for WM Recycle America, LLC	Ms. Tamie Fisher
	d. City of Phoenix Marketing Program to Support British Airways	Mr. Tamie Fisher
6.	Work Study (information only):	

	a.	Economic Impact Study Update for the Phoenix Airport System	Dr. Lee McPheters
7.		Advisory Board Information and Follow-Up Requests (not for discussion or recommendation)	Mr. Art Hamilton, Chairman
8.		Call to the Public: This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. Section 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later time.	Mr. Art Hamilton, Chairman
9.		Adjournment	Mr. Art Hamilton, Chairman

For further information, please call Kate O'Malley, Management Assistant I, Aviation Department at 602-273-2075.

For reasonable accommodations, please contact Kate O'Malley/Aviation Administration at Voice/602-273-4510 or TTY relay 1-800-781-1010 as early as possible to coordinate needed arrangements.

The next Phoenix Aviation Advisory Board meeting is scheduled to take place Thursday, June 19, 2008.

**City of Phoenix Aviation Department
Phoenix Aviation Advisory Board Minutes
April 17, 2008**

Board Members Present

Bruce Mosby
Andrew Cohn
Paulina Vazquez Morris

Patty Johnson
Benito Almanza
Jeff Moorad

Staff Present

Danny Murphy
Carl Newman
Paul Blue
Jane Morris
Carolina Potts
Kate O'Malley
Tamie Fisher
Art Fairbanks
Ed Faron
Lorraine Rodriguez
Gary Mascaro
Robyn Sullivan
Sandra Torres

Jo Ellen McBride
Steve Grubbs
Karen Apple
Becky Gawin
Jim Peterson
Dave Hensley
Barney Helmick
Vince Rodriguez
Jeff Harnack
Sam Downs
Tom Brewer
Frank Bradley

Public

None

Item 1 – Call to Order

Bruce Mosby called the meeting to order at 3:10 PM.

Item 2 – Announcements by the Aviation Director

Mr. Murphy welcomed the Board to Phoenix Deer Valley Airport and gave an update on operations and the airport system.

Item 3 – Announcements by the Airline Station Manager

None

Item 4 – Approval of the March 20, 2008 Meeting Minutes

Ms. Vazquez Morris motioned for approval. Mr. Moorad seconded the motion.

Motion approved 6:0.

Item 5 – Approval of the April 4, 2008 Meeting Minutes

Ms. Vazquez Morris motioned for approval. Mr. Moorad seconded the motion.

Motion approved 6:0.

Item 6 – Discussion and Possible Action Items

None

Item 7a – Work Study (information only)

7a. – Phoenix Deer Valley Airport Overview and Master Plan Update.

Mr. Gary Mascaro presented this item providing a brief history and overview of Phoenix Deer Valley Airport (DVT) and an update on the recently conducted Master Plan.

Mr. Cohn asked if 24-hour tower service is provided at less busy airports. Mr. Mascaro responded that Van Nuys has round the clock service, and this decision on which airports have this type of tower service is a Federal Aviation Administration (FAA) decision. Mr. Newman added that the Department has a great working relationship with the FAA, and staff is working towards requesting 24-hour service at DVT.

Ms. Johnson asked why staff was planning for projects that did not have complete funding. Mr. Mascaro responded that the FAA makes decisions about what projects should be funded, and having plans prepared weighs in on the FAA's decision about moving forward with projects.

Mr. Murphy thanked the DVT staff for all their hard work and dedication.

This item was for information only. No action was required.

7b. – Phoenix Deer Valley Airport Business Update.

Ms. Tamie Fisher provided an overview of the business plan and current goals and objectives at DVT.

Mr. Almanza asked if there are coordinated efforts between airports to maximize efficiency or is there competition. Ms. Fisher responded that the airports work as a system and try to align strategies and priorities. She added that there are business partners who work in collaboration with the airports as much as possible. Mr. Almanza noted that he would like a presentation on the Phoenix Airport System strategy at an upcoming meeting.

This item was for information only. No action was required.

7c. – Phoenix Deer Valley Airport Overlay Update.

Mr. Chris Andres introduced Mr. Steve Grubbs, who provided an update on the Airport Overlay Ordinance.

Mr. Cohn asked when someone would receive an avigation document. Mr. Grubbs responded that receipt of the document needs to be recorded on the title prior to being issued a building permit.

Mr. Cohn asked what happened prior to the Ordinance being adopted. Mr. Grubbs responded that avigation documents were not available prior to the Ordinance, but staff has had an airport disclosure map for quite some time. Ms. Morris added that there used to be a loop hole in building in A1 zoned areas. Builders used to be able to place multi-family homes on this zoned land, but when the Ordinance was passed, this loop hole was also closed.

Mr. Cohn asked if the State of Arizona participated in the overlay. Mr. Grubbs responded that the state did not directly participate; however staff keeps them involved and informed.

This item was for information only. No action was required.

Item 8 – Advisory Board Information and Follow-up Requests

Mr. Mosby acknowledged Mr. Almanza's earlier request for a staff presentation.

Ms. Johnson thanked staff for allowing her to participate in the Speakers Bureau training. She recommended Board members take the training when available.

There were no new requests.

Item 9 – Call to the Public

None

Item 10 – Update on the Airport Security Program

None

Item 11 – Adjournment

Ms. Johnson motioned for adjournment. Mr. Almanza seconded the motion.
Motion approved 6:0.

Meeting adjourned at 4:21 PM.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Airline Rates and Charges for Fiscal Year 2008-09

The purpose of this report is to recommend the Phoenix Aviation Advisory Board to approve an adjustment to the Phoenix Sky Harbor International Airport (PSHIA) Airline Rates and Charges Program for fiscal year 2008-09, effective July 1, 2008. This revision will adjust the airline rates and fees to the budgeted cost projections as reflected on Attachment 1.

BACKGROUND

The Airlines Rates and Charges Program at PSHIA, requires the airlines to pay for their proportionate share of the cost of providing, operating and maintaining the facilities they use. The Airlines Rates and Charges budget is based on the Aviation Department's projected annual costs and the airlines projected usage of the facilities throughout the 2008-09 fiscal year. At the end of the fiscal year, the projected costs and the projected usage are compared to actual costs and usage with differences either billed or credited to the airlines. If the need arises, the Aviation Department in conjunction with the airlines may recommend a mid-year adjustment to the rates if the actual costs or usage are materially different than the projected budget.

DISCUSSION

Aviation Department, staff develops the airline rates for each fiscal year based on projected operating and capital related costs of PSHIA. It is important to note that capital and operating costs associated with parking facilities, concession operations, and commercial development are not included in the airline rates calculation. Also, capital projects funded through Federal grants or through Passengers Facility Charges do not factor into the annual Airlines Rates and Charges budget.

The Federal Aviation administration requires the Airport to notify the airlines of its Rates and Charges; Aviation staff normally notify and discuss airlines rates at the Spring Airport Airlines Affairs Committee meeting (this year on April 30, 2008).

The 2008-09 budget for PSHIA is \$277 million, an increase of \$17 million over the \$260 million budget for 2007-08. Airline share of the new budget grew by \$3 million from \$94 million to \$97 million. New capital projects expected to be in service for a full year include the new paging system, air cargo improvements, the ground surface equipment facility, automated vehicle identification system, the office space renovations, and the 42nd St. parking lot expansion. New projects expected for part of the year include Terminal 3 joy fan replacement,

cooling tower upgrade and pavement work. Operating costs increases affecting all rate areas include access control and alarm monitoring system (ACAMS) maintenance, normal merit and cost of living adjustments for City staff, the market adjustment to salary pay ranges of Police and Fire staff to make the City of Phoenix a competitive employer in the current workforce recruitment market and to retain officers in the City of Phoenix, and the paging system maintenance services in the terminals.

RECOMMENDATION

Staff recommends the Airline Rates and Charges Program for Phoenix Sky Harbor International Airport to be revised effective July 1, 2008 as indicated on Attachment 1. The proposed rates and fees were approved by the Phoenix Aviation Advisory Board Business and Development Subcommittee on May 1, 2008.

Phoenix Aviation Advisory Board Report	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Noise and Flight Tracking Monitoring System Contract Award

This report requests the Phoenix Aviation Advisory Board's recommendation to negotiate and execute a contract with ERA Systems Corporation for a Noise and Flight Tracking Monitoring System to support Phoenix Sky Harbor International Airport (PHX) to Era Systems Corporation.

Background

The Aviation Department released a Request for Proposals (RFP) for the scope of a Noise and Flight Tracking Monitoring System on February 1, 2008. The requested scope of services included new noise monitoring devices, collection of noise data and hosting capability, desktop applications, servers with backup and redundancy, laptops for field use, installations, and training. Two proposals were received in response to the RFP. Staff confirmed both proposers' compliance with the City Code Chapter 18, Article V on Affirmative Action, and determined both proposers' experience met the minimum qualifications established in the RFP.

Discussion

An evaluation panel appointed by the Aviation Director interviewed both proposers on April 14, 2008. The evaluation panel consisted of a Phoenix Citizen, Phoenix Aviation Advisory Board member, Tempe Aviation Committee member, and Aviation Department staff. After the interviews and the review of the written submittals, the evaluation panel evaluated the proposals based on the following criteria, as established in the RFP: approach to scope and product/system design; qualifications, experience and capabilities of proposer and proposed support staff; and fees. The evaluation panel unanimously recommended ERA Systems Corporation based on the criteria listed above.

The contract term will be three years, and the contract value shall not exceed \$1.1 million, including cost of the maintenance of the current system being replaced. This item is included in the FY2009 Capital Improvement Program budget.

Recommendation

The Aviation Department requests the Phoenix Aviation Advisory Board's recommendation to enter into a contract with Era Systems Corporation for a Noise and Flight Tracking Monitoring System. The Planning and Development Subcommittee approved this item at its May 6, 2008 meeting.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Lease Agreement for WM Recycle America, LLC

This report requests the Phoenix Aviation Advisory Board's recommendation to enter into a five (5) year lease agreement with WM Recycle America, LLC for 7.22 acres of property located at 3119 East Madison Street.

Background

The Aviation Department is in the process of acquiring land located at 3119 East Madison Street as part of its Voluntary Land Acquisition Program. The seller is Waste Management of Arizona, Inc. This purchase consists of five parcels totaling approximately 12 acres and includes six buildings.

WM Recycle America, LLC, a subsidiary of Waste Management of Arizona, Inc. currently leases three open air warehouses on the property for recycling paper, plastic and cardboard materials. WM Recycle America, LLC, wishes to lease back its site while it works towards developing a new business location and facility.

Discussion

Subject to City Council approval, WM Recycle America, LLC has agreed to a lease with the City subject to the following terms and conditions.

1. Five (5) year term, commencing upon acquisition of the property.
2. Rental rate of \$216,000 annually or \$18,000 per month subject to annual Consumer Price Index (CPI) adjustment.
3. Facility use will be restricted to recycling use.
4. Should the Aviation Department need the property for another use, the lease may be terminated by the City with two years notice in the first rental year and with 12 months notice for the following four (4) years
5. Lease may be terminated by the lessee with 90 days notice.

Recommendation

This item was approved by the Business & Development Subcommittee on May 1, 2008. The Aviation Department recommends entering into a lease with WM Recycle America, LLC subject to the terms and conditions outlined above.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	City of Phoenix Marketing Program to Support British Airways

BACKGROUND

British Airways has operated direct service between Phoenix and London since 1996 and is the only carrier to offer direct service between Phoenix and Europe.

DISCUSSION

The Phoenix Aviation Department and the Arizona Office of Tourism (AOT) have developed a cooperative marketing program to support British Airways (BA) service at Phoenix Sky Harbor International Airport (Sky Harbor). Program funding will consist of \$500,000 from the Aviation Department and \$150,000 from the Arizona Office of Tourism for a combined cooperative marketing budget of \$650,000.

The British Airways Phoenix/London route is estimated to contribute \$340 million annually to the local economy. Sustaining international air service to strategic markets like London and Europe is imperative to our region's ability to compete globally and to continue to support the Phoenix and Arizona market as a world-class destination.

Although British Airways has operated the Phoenix flight for over ten years, cooperative marketing support is necessary to help ensure Phoenix continues to have direct access to London and Europe. Changing business conditions and a shift in the competitive market structure have negatively affected the route's performance at Sky Harbor.

Record fuel prices, combined with a softening market weigh on the Phoenix route's profitability. In 2005 US Airways discontinued its cooperative code-share agreement with British Airways which resulted in a significant reduction in passenger traffic connecting through Sky Harbor. In addition, the route's performance is continually monitored by British Airways against other opportunities in both the United States and around the world.

Promoting the Phoenix and Arizona market in the United Kingdom (UK) as a premier destination is expected to improve the route performance by raising awareness levels and stimulating demand in UK-based sales.

RECOMMENDATION

Staff requests the support of the Phoenix Aviation Advisory Board in recommending this item go before the City Council for discussion and action. The Business and Development Subcommittee approved this item at its meeting on May 1, 2008.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Phoenix Airport System Economic Impact Study Update

This report provides information on the Phoenix Airport System economic impact study recently conducted by the Aviation Department and Arizona State University.

BACKGROUND

Aviation staff has been working with the W.P Carey School of Business through an agreement with Arizona State University to update an economic impact study that was last conducted in 2004. The study measures the total economic impact the Phoenix Airport System has on the Valley's economy, including jobs, income, and revenues both on and off the airport. The Airport System includes Phoenix Sky Harbor International, Phoenix Deer Valley, and Phoenix Goodyear Airports.

The Phoenix Airport System provides the people and products of the dynamic metropolitan Phoenix economy access to the markets of the nation and the world. The airport system is also a major component of the Greater Phoenix economy, creating jobs, income, and revenues both on and off the airport. Below is a table with the changes of three measures (total economic impact, regional jobs, and impact from air travelers and tourism) from 2003 to the analysis year of 2007).

Phoenix Airport System Impact Measures: 2003 – 2007		
Measure	2003	2007
Total Economic Impact	\$26.3 billion	\$33.0 billion
Regional Jobs Supported	290,546 jobs	305,136 jobs
Air Travelers and Tourism	\$5.2 billion	\$6.4 billion

The Phoenix Airport System not only is a source of employment and payroll for airline employees and other airport workers such as food service, security, and air traffic control personnel, but efficient air connections that make the Valley of the Sun a prime destination for vacation and business travelers. The Phoenix Airport System supports a tourism industry with air visitor (passengers that originate in another state, spend time in Arizona, and return to their origination) expenditures calculated at \$6.4 billion in 2007, up from \$5.2 billion in 2003.

Phoenix Sky Harbor International Airport remains one of the busiest airports in the United States. The direct impact of Phoenix Sky Harbor International Airport was \$8.2 billion, up 26 percent over the 2003 impact of \$6.5 billion. On-airport jobs totaled 33,639 in 2007, up from 31,437 in 2003. Below is a table with the changes of three measures (direct economic impact, on-airport jobs and on-airport wages) from 2003 to the analysis year of 2007 for Phoenix Sky Harbor International Airport.

Phoenix Sky Harbor International Airport Impact Measures: 2003 – 2007		
Measure	2003	2007
Direct Economic Impact	\$6.5 billion	\$8.2 billion
On-Airport Jobs	31,437 jobs	33,639 jobs
On-airport Wages Paid	\$1.5 billion	\$1.7 billion

RECOMMENDATION

This item is for information only.