

TRANSPORTATION COMMITTEE MINUTES

May 23, 1997

The Transportation Committee of the City of Mesa met in the lower level meeting room of the City Council Chambers, 57 East 1st Street, on May 23, 1997 at 7:30 a.m.

COMMITTEE PRESENT

Pat Gilbert, Chairman
John Giles
Dennis Kavanaugh

COMMITTEE ABSENT

None

COUNCIL PRESENT

Jim Stapley

STAFF PRESENT

C.K. Luster
Don Ayers
Robin Baker
Wayne Balmer
Marge Brabrandt
Linda Crocker
Ami Hellmann
Mike Hutchinson
Sharon Joyce
Harry Kent
Ron Krosting
Mark Meyers
Keith Nath
Ruth Ann Norris
Ellen Pence
Bryan Raines
Tom Remes
Denise Samuel
Others

OTHERS PRESENT

Joanie Flatt
Chris Moeser
Dan Nowicki
Nat Puffer
Ron Rich
Bill Rummer
Burl Teague
James Timm
Others

1. Consider a proposal from the Champlin Fighter Aircraft Museum concerning adjustments to their lease and joint marketing activities with the City of Mesa.

Community Development Manager Wayne Balmer referred to a proposal presented to the Council on this agenda item and reported that the Champlin Fighter Aircraft Museum has been located at Falcon Field Airport since 1981. Mr. Balmer expressed the opinion that the Museum positively impacts the Airport and briefly discussed the fact that last year a cooperative advertising campaign was initiated. Mr. Balmer advised that the proposal before the Council relates to dedicating a portion of the Museum's rent to the advertising program.

Joanie Flatt and Bill Rummer, representing the Champlin Fighter Aircraft Museum, addressed the Council relative to the creation of a Museum Enhancement Fund dedicated to increasing marketing efforts on behalf of the Champlin Fighter Aircraft Museum, the City of Mesa, and Falcon Field Airport.

Ms. Flatt noted that in January of this year she began providing pro-bono marketing services for the Champlin Museum in an effort to increase attendance and enhancing the viability of remaining at the Museum's current Mesa location. Ms. Flatt discussed research which was conducted relative to past and existing marketing efforts at the Museum and commented on meetings with staff relative to cooperative efforts and proposed marketing changes.

Discussion ensued relative to the development of a marketing budget through 1998, proposed events through 1998, the fact that overall attendance and visibility has significantly increased as a result of publicity and advertising efforts for the first quarter of 1997, an increase in the number of families attending the Museum and the types of events that are being scheduled.

Ms. Flatt expressed the opinion that the proposed budget will allow the Museum to continue their efforts and emphasized that the City of Mesa and Falcon Field Airport will be included and directly benefit from the joint marketing efforts.

Ms. Flatt discussed the Museum's request that the City of Mesa dedicate the first \$30,000 of the percentage rent each year in a Museum Enhancement Fund to be used by the Museum, under City audit, to create and implement a systematic on-going program to advertise and promote the Museum's presence to Valley residents and tourists. Ms. Flatt emphasized that the funds would be spent on marketing on a dollar-for-dollar basis and added that the Museum would report on the status of the program on a quarterly basis.

Mr. Rummer presented the Council with data and noted that in 1995, approximately 5200 children visited the Museum following a pro-active program to attract that specific market. Mr. Rummer added that this figure increased 38% to 7200 in 1996.

In response to a question from Councilmember Kavanaugh, Ms. Flatt stated the opinion that the Museum should be viewed as a cultural entity which will serve the community as a whole.

Discussion ensued relative to rental amounts, maintenance costs, proposed benefits, and the enterprise fund.

Mr. Balmer discussed staff's recommendation that should the Committee approve the proposal, the Museum continue to pay rent and forward marketing/advertising invoices to the City which will reimburse the Museum for 50% of the total advertising costs.

Councilmember Kavanaugh indicated his support for the proposal and recommended that the program be audited on an annual basis.

In response to a question from Chairman Gilbert, Mr. Rummer discussed the Museum's on going contact with the Mesa Public Schools System and other school districts throughout the Valley.

Chairman Gilbert emphasized the importance of continuing to focus on attracting youths to the Museum and added that the Mesa Convention and Visitors Bureau should be contacted relative to entering into a partnership regarding this proposal. Assistant City Manager Mike Hutchinson indicated that Mr. Robert Brinton, the Executive Director of the Mesa Convention and Visitors Bureau, will be contacted relative to a possible contribution.

Ms. Flatt requested that the Committee's recommendation to the Council be for approval through the fiscal year, June 1998, at a total cost of approximately \$30,000.

It was moved by Committeemember Giles, seconded by Committeemember Kavanaugh, to recommend to the Council that the Museum Enhancement Fund Plan be approved for a one-year period of time and that the program be reviewed on an annual basis.

Chairman Gilbert stated the opinion that the renewed activity and partnership between the Museum, the City of Mesa, and Falcon Field Airport should be continued and encouraged Airport Director Mark Meyers and Community Development Manager Wayne Balmer to continue efforts in this area.

Carried unanimously.

2. Consider proposed land acquisition of approximately 33.6 acres at the southwest corner of Greenfield and McKellips Road.

Airport Director Mark Meyers and Community Development Manager Wayne Balmer addressed the Committee relative to this agenda item.

Mr. Balmer referred to maps displayed in the Council Chambers and highlighted a parcel of land which staff is requesting that the City purchase. Mr. Balmer explained that the 33.6 acres of land is located on the southwest corner of Greenfield and McKellips Road and discussed staff's intention to purchase the land with the assistance of an Aviation Grant from the State of Arizona.

Mr. Balmer informed the Committee that the land is appropriate for future recreational, industrial or commercial uses. Mr. Balmer added that ownership of this property would assist the City in protecting Falcon Field's flight path from potential encroachment, help ensure pilot safety, and secure future land use compatibility with the Airport.

Discussion ensued relative to the fact that the Arizona Department of Transportation Aeronautics Division has agreed to assist in funding the purchase of this property at a 90/10 split, the fact that the north parcel will be funded at 90% with an Aviation State Grant and 10% from Airport revenues and all remaining land within this parcel will be funded 50% with an Aviation State Grant and 50% airport revenues, the fact that the property has been proposed for acquisition as part of the Falcon Field Airport Master Plan, costs per acre and anticipated positive impacts as a result of the proposed acquisition.

In response to a question from Committeemember Giles, Mr. Balmer advised that the City of Mesa will hold the title to the land.

James Timm, President of the Arizona Pilots' Association, Phoenix, advised that a number of Association members are tenants at Falcon Field Airport. Mr. Tim noted that the Association strongly supports the proposed land acquisition and stated the opinion that the purchase represents a long-term benefit to the Airport and to the City of Mesa.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Giles, to recommend to the Council that the proposed land acquisition of approximately 33.6 acres at the southwest corner of Greenfield and McKellips Road be approved.

Carried unanimously.

3. Consider a report and make recommendations concerning a proposal to adjust T-hangar rates and other fees at Falcon Field Airport.

Chairman Gilbert addressed the citizens present at the meeting and advised that anyone wishing to address the Committee will be allotted a three-minute time period. Chairman Gilbert explained that the Committee will forward their recommendation relative to this issue to the Council for their consideration and action.

Community Development Manager Wayne Balmer informed the Committee that the last rate adjustment at Falcon Field Airport occurred in January 1988 and discussed staff's recommendation that the rates and fees be increased by 20%. Mr. Balmer added that staff is also suggesting that the Committee recommend to the Council that a deposit in the amount of one month's rent be required in order for prospective airport users to place their names on a waiting list.

Discussion ensued relative to current and proposed rents and fees, T-hangar units and storage areas, the fact that rates at Falcon Field Airport are lower than those of all the other airports with the exception of Deer Valley and Goodyear, and the fact that the proposed 20% increase in the rents and fees will allow Falcon Field Airport to avoid a deficit situation.

Mr. Balmer briefly reviewed increased rent and fee alternatives and expressed the opinion that the proposed increase is both fair and appropriate at this time.

Mr. James Timm, President of the Arizona Pilots' Association, Phoenix, stated the opinion that the tenants of Falcon Field Airport have not had sufficient time to adequately review the proposed rate increases. Mr. Timm recommended that the Committee consider implementing a 5% increase at this time and review the rate schedule in one year to determine if additional increases are warranted. Mr. Timm indicated that he supports staff's recommendation to charge a one-month deposit in order to have a name placed on a waiting list for the Airport.

Nat Puffer, 63rd Place, one mile north of Falcon Field Airport, spoke in opposition to the proposed 20% increase in rent for the T-hangars. Mr. Puffer pointed out that the Airport's

operating revenue has always been greater than the operations' expenditures. Mr. Puffer stated the opinion that capital improvements have contributed to the Airport's deficit status and discussed the 'book value' of Falcon Field Airport. Mr. Puffer stated the opinion that the proposed increase will finance the acquisition of land for the City and added that the acquired land will not benefit the Airport in any way but will generate revenue in the future for the City of Mesa.

Burl Teague, an Airport user for approximately thirty years, stated the opinion that each issue should be addressed individually. Mr. Teague recommended that the waiting list proposal be validated first and that the Committee postpone action on any other issue for approximately 30 to 60 days. Mr. Teague added that rate increases should be more in line with the Consumer Price Index (CPI) and suggested that the rates be increased 5% this year and 5% for the next four years in order to reach an acceptable revenue level. Mr. Teague added that following that time period, increases should be in line with the CPI. Mr. Teague also suggested that the Committee consider charging increased rates to new Airport tenants and allowing the current tenants to remain at the same level.

Ron Rich, 2757 East Lawndale Circle, informed the Committee that the aviation industry in general has been experiencing difficulties over the past several years and added that the proposed 20% increase would negatively impact Falcon Field tenants and the industry in general. Mr. Rich concurred with Mr. Teague's recommendation relative to validating the Airport's waiting list and obtaining funds up front in order to have a name placed on the waiting list.

Committeemember Kavanaugh commented that Airport rates should be reviewed more frequently than every ten years and encouraged staff to initiate a regular review process. Committeemember Kavanaugh added that he concurs with Mr. Teague's recommendation that in the future the rate increases be phased-in over a specific period of time and that he supports the deposit/waiting list proposal.

Mr. Balmer referred to materials distributed to the Committee relative to this issue and discussed capital improvements and operational expenses. Mr. Balmer informed the Committee that future Airport rent and fee increases will be reviewed on an annual basis and discussed proposed rate increase alternatives which were discussed at a previous meeting between staff and Airport tenant/users. Mr. Balmer also advised that input from the attendees at the previous meeting included the fact that tie-down rates should be lowered while storage room rates should be increased.

Committeemember Giles questioned whether this issue should be tabled for one week to allow rate increase alternatives and recommended revisions to be reviewed and modified.

In response to a question from Assistant City Manager Mike Hutchinson, Mr. Balmer advised that a financial analysis of staff's alternative recommendations has not been prepared.

Chairman Gilbert advised that he supports implementing the waiting list/deposit proposal but added that the proposed rate increase should be delayed to allow sufficient time for additional consideration. Chairman Gilbert indicated that he supports reviewing phased-in

rent and fee proposals and readdressing this issue at a future Committee meeting. Chairman Gilbert added that recommendations relative to tie-downs and storage room rates should also be reviewed. Chairman Gilbert suggested that staff analyze a 7%-7%-7% increase phase-in proposal.

Mr. Hutchinson commented that staff will prepare a list of increase alternatives and proposed revenues to be generated for the Committee to review.

Committeemember Kavanaugh indicated that supports reviewing a 10%-5%-5% increase schedule and requested that staff prepare an analysis on this and other proposals for further consideration.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Giles to recommend to the Council that staff's proposal relative to charging a deposit in the amount of one-months rent, in order to be placed on Falcon Field Airport's waiting list be approved.

Carried unanimously.

Additional discussion ensued relative to the Consumer Price Index (CPI) and the importance of charging fair yet competitive rates at the Airport.

Chairman Gilbert commented that although he supports the economic justification for the proposed 20% increase, he would not support charging the total 20% at one time and spoke in favor of a phased-in increase proposal to limit the financial impact on the tenants.

Chairman Gilbert thanked those in attendance for their participation in the meeting and advised that this issue will be readdressed at a Transportation Committee meeting to be held on Friday, May 30, 1997 at 8:30 a.m.

Mr. Balmer indicated that staff will focus on three specific rate increase alternatives for the Committee to review: 10%-5%-5%, 7%-7%-7%, and 10%-5%-Consumer Price Index (CPI).

Chairman Gilbert emphasized the importance of ensuring that Falcon Field Airport is a net contributor to the City of Mesa's General Fund as an enterprise.

4. Adjournment.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Giles, that the Transportation Committee meeting adjourn at 9:07 a.m.

Carried unanimously.

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I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Transportation Committee meeting of the City of Mesa, Arizona, held on the 23rd day of May 1997. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 3rd day of June 1997

BARBARA JONES, CITY CLERK