

MINUTES OF THE SPECIAL MEETING/MICRO RETREAT OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Conference Room, 88 E. Chicago Street, on Thursday, November 19, 2015.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY AT 6:00 P.M.

The following members answered roll call:

Jay Tibshraeny	Mayor
Kevin Hartke	Vice-Mayor
Nora Ellen	Councilmember
Rick Heumann	Councilmember
René Lopez	Councilmember
Terry Roe	Councilmember
Jack Sellers	Councilmember

Also in attendance: Marsha Reed, Acting City Manager; Nachie Marquez, Assistant City Manager; Marla Paddock, City Clerk; Marian Norris, Asst. to the City Manager; Chris Andres, Airport Manager; Matt Burdick, CAPA Director; Micah Miranda, Economic Development Director; David Bigos, Mayor & Council Asst., Pamela Keidel-Adams, Kimley Horn; and Dr. Lee McPheters, ASU W.P. Carey School of Business.

#### Airport Economic Impact Analysis

ACTING CITY MANAGER MARSHA REED reminded the Council that at the August 2014 Council Micro Retreat, one of the points discussed was the role of the Airport in the National Airspace System, and the value and economic impact of our airport at a local level.

Ms. Reed introduced Chris Andres, Airport Administrator who began employment with the City in March.

Mr. Andres gave a brief background of the ADOT Study (2012) that identified the economic impact. He reported in that study, they attributed about \$24 million of impact to the Chandler Airport. In November 2014, the City issued a Request for Proposal for an Economic Impact Study. He then introduced Pamela Keidel-Adams of Kimley Horn and Dr. Lee McPheters of Arizona State University.

Mr. Andres explained the Study started in March 2015. The Analysis and Economic Benefit will be presented tonight and the self-sustaining evaluation is being completed. Phase 2, currently unfunded, is Strategic Recommendations and Potential Outcomes.

He explained the Study process consisted of a survey conducted with airport employers, which includes 17 private and 3 agencies, and an estimate of the impact of visitors arriving at the Chandler Airport using state and hospitality industry data. The data was evaluated through an IMPLAN economic input/output model. Mr. Andres said that is important as that is an FAA recognized methodology and the advantage is it allows an “apples to apples” comparison with other airports. It measures revenue, payroll and employment, in addition to on-airport businesses, capital improvement, and visitor spending.

Councilmember Heumann asked if the “visitor impact” was determined by amount of days stayed, etc. Mr. Andres stated that was correct.

Mr. Andres reviewed the economic activities of the Chandler Airport: aircraft maintenance, fuel sales, flight training, new construction or repair, lodging, food/drink, retail, entertainment, car rental, and businesses supplying the airport or benefitting from airport-initiated activity. He added the model also takes into the impact on the supply chain – fuel company, parts company. It also includes the impact of employee salaries throughout the community. He explained the model takes the “Direct Airport Employer Impacts” and “Direct Air Visitor Impacts” (the tourism impact) and measures the “Secondary Indirect and Induced Impacts” (goods, services) and adding that together will produce the “Total Economic Impacts”

Mr. Andres said based upon what is “inside the fence”, the 20 employers and related activity, this together generates approximately \$32.5 million in annual revenues. Payroll is \$6.89 million and 163 direct jobs. The “Direct Air Visitor Impact” (outside of the fence) is \$34 million in additional business revenue. About \$9.4 million in payroll and an additional 312 jobs. This activity combined, when it gets into the supply chain and the impact ripples through the economy, creates an additional \$42.5 million in revenues, \$15 million in payroll, and 320 jobs to support that activity. The Total Economic Impacts result is close to \$110 million annually, almost \$32 million in payroll, and almost 800 jobs.

Mr. Andres detailed the “On-Airport Impacts” Powerpoint slide and noted the Sources of Aviation Impacts: Government Agencies: includes the Airport Administration, the portion of the Chandler Police that are supporting the Airport, and the Air Traffic Control Tower. He explained the Capital Improvement Project is a three year average. The total “On-Airport Impacts” are approximately \$54 million in revenues and 331 jobs.

Mr. Andres showed where Chandler ranks compared to Deer Valley and Goodyear using a FAA methodology. Chandler is at \$32,522,000 million in revenue compared to Deer Valley at \$42,632,000 and Goodyear at \$59,601,000. He noted Deer Valley is the busiest general aviation airport in the country. They have many FAA staff and Phoenix Police has a helicopter base at that location. Goodyear has pilot training for Lufthansa.

He reported the direct off-airport impact of visitors at Chandler Airport is \$34 million. Key variables include the type of plane arriving and the number of passengers. Length of stay is also important. Councilmember Heumann asked if this model assumes that everyone who lands here stays at a hotel. Dr. Lee McPheters said the visitor spending numbers used are not directly from surveys of arriving passengers. Work is done with the Arizona Office of Tourism and there was also available an unpublished air travel expenditure data for 2014. He said the important assumption is general aviation visitors spend comparable like the air travelers to Phoenix Sky Harbor. He noted that not all of them use a hotel, but the same assumptions are used for all air travelers. Mr. Andres reviewed other assumptions made with travelers and discussed the breakdown of “direct air visitor” expenditures. Mr. McPheters noted that on jet travel, there is often a two person crew in addition to the passengers that factors into the spending estimates.

Mr. Andres showed a slide depicting the origins and destination of air traffic into Chandler Municipal. That it is heavily oriented to Southern California and exposure to the southern Nevada and Las Vegas market.

The average daily activity was reviewed:

All Aircraft Operations: 610 Aircraft Operations Daily

Itinerant Aircraft Arrivals: 110 Itinerant Arrivals Daily

Airport Firms & Agencies: 163 On-airport jobs & 20 employers

On-Airport Direct Revenues: \$89,000 Revenues Daily

Air Visitors: 324 visitors in the region daily

Air Visitor Spending: \$93,000 Visitor Spending Daily

Total Employment in the Region: 795 Regional Jobs supported

Total Economic Impact: \$299,000 Economic Impact Daily

Mr. Andres said there is quite a bit of quality of life support activity that is not necessarily economic activity, but very important as social support. There is much medical patient and medical doctor transport from Chandler to other areas of the state.

Mr. Andres highlighted the \$300,000 in total economic impact each day. Eight hundred jobs are created by the activities. Southern California and southern Arizona are the two primary destinations/origins for Chandler Airport.

The next steps are to complete Phase 1 consisting of the self-sustaining evaluation. With Council approval, Phase 2 would begin that includes the strategic recommendations to support economic development goals and potential outcomes.

Councilmember Roe asked how much of the daily operations contain training operations. Mr. Andres said there is a significant number of training activities. Mr. McPherson confirmed those activities were separated out. He added "itinerant" refers to the arrivals or departures of the non-based aircraft that were coming or going.

Councilmember Lopez asked if the based aircraft was figured in. Mr. McPherson said they are in there as they create revenue from the FBO, fuel sales, and included in the "on airport" revenue.

Councilmember Lopez asked if there is a budget for Phase 2. Ms. Reed said approximately \$30,000 was included for Phase 2 if authorized by Council.

In response to a question from Mayor Tibshraeny, Mr. Andres said the Airport does require a subsidy from the General Fund to cover our operating expenses to cover expenses assuming a level of service. If there were additional service or maintenance required, that would be an increase that would need to be covered. Ms. Reed said on average over the last several years, it has required about \$250,000 from the General Fund.

The Mayor noted there were some good trends identified and asked if that equates to self-sustaining in the future. Ms. Reed said the initiation of the next phase and further direction from the Council will help lead towards that.

Councilmember Heumann asked for clarification on the assumptions for overnight stays. Mr. McPherson said not all the overnights are Chandler.

Councilmember Sellers asked if the study would look at what things would pay for operation and support from an economic development standpoint. Mr. Andres said the study would further how the Chandler Airport can optimize its economic development value.

