

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

*****REVISED OCTOBER 16, 2024*****

ITEM ADDED:

ITEM #8: FAA Part 139 Inspection

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, October 17, 2024 at 3:00 p.m. located at the City of Phoenix Aviation Department, PAAB Conference Room, 2485 E. Buckeye Road, Phoenix, Arizona 85034, or via WebEx teleconference.**

OPTIONS TO ACCESS THIS MEETING:

Watch the meeting virtually using the WebEx link provided below.

<https://cityofphoenix.webex.com/weblink/register/rd722d7bf64aa649d51c8a8ab6863e0ca>

Call in to listen to the meeting, dial 602-666-0783, and Enter Meeting ID 2868 828 9425#. Press # again when prompted for attendee ID.

Public Comment: If you wish to provide a written comment or speak at the meeting virtually or by phone, please submit a request to pearl.meza@phoenix.gov no later than 10 a.m. on Thursday, October 17, 2024. The email should include your first and last name, email address, the item number(s), and whether you would like your comment entered into the record or if you wish to speak. Those who wish to attend in person may submit a request to speak by completing a speaker card at the registration desk at the beginning of the meeting.

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, Sections 38-431.03 (A) (2) and 38-431.03 (A) (3) are as follows: Items 4, 5, 6, 7 & 8.

One or more board members may participate via teleconference. Agenda items may be taken out of order.

The agenda for the meeting is as follows:

CALL TO ORDER

SUMMARY OF CURRENT EVENTS

1. **Summary of Current Events by the Aviation Director**
2. **Summary of Current Events by the Airline Station Manager**

MINUTES OF MEETING

3. **For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on September 19, 2024**

DISCUSSION AND POSSIBLE ACTION (ITEMS 4 - 7)

4. **Contract Award for Photography Services**

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to award a contract to Mark Skalny Photography for photography services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

5. **Request to Issue a Revenue Contract Solicitation for a Fixed Base Operator at Phoenix Deer Valley Airport**

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to issue a Revenue Contract Solicitation for a Fixed Base Operator development at Phoenix Deer Valley Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

6. **Amendment to Bimbo Bakeries, Inc. Ground Lease 151988**

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend ground lease 151988 with Bimbo Bakeries, USA, at 3115 E. Madison Street, Phoenix, Arizona.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

7. New Ground Lease agreement with Swissport Fueling, Inc.

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into three new ground leases with Swissport Fueling, Inc. for approximately 43,433 square feet of vacant property at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEM 8)

8. FAA Part 139 Inspection

This report provides the Phoenix Aviation Advisory Board an update on the recent Federal Aviation Administration Part 139 Inspection at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

This is the time for the public to comment. Members of the Board may only discuss items that are specifically identified on the agenda. Therefore, pursuant to A.R.S. Section 38-431.01(H), 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.

ADJOURNMENT

For further information, please call Pearl Meza, Management Assistant II, Aviation Department at 602-273-3382. For further documentation on this meeting, please visit skyharbor.com.

Persons with a disability may request a reasonable accommodation; please contact Pearl Meza, Management Assistant II, Aviation Department, at 602-273-3382. Or 7-1-1 friendly. The next Phoenix Aviation Advisory Board meeting is scheduled to take place on Thursday, November 24, 2024.

1. Summary of Current Events from the Aviation Director

Mr. Makovsky welcomed the board members and congratulated Mr. Alonzo and Mr. Price on their appointment as Chair and Vice Chair and thanked Ms. Ferniza for her service as Chair of the Board.

Mr. Makovsky then discussed the passenger statistics for July. Sky Harbor experienced a 9.3% increase in total passengers, and a 20.3% increase in international passengers year-over-year.

He then explained that even though the airport is now experiencing a slight softening in passenger demand, there has still been an increase in the number of seats being added to the market, and the airport's largest two airlines, Southwest and American Airlines, have invested seat capacity in the market going into the winter season.

Mr. Makovsky noted that six airlines have launched service to seven markets in October. This includes Southwest flying to Birmingham and Des Moines, JetBlue flying to Fort Lauderdale, Breeze flying to Norfolk, American flying to Provo, Contour flying to Show Low, and Porter flying to Toronto.

Next, Mr. Makovsky shared that JetBlue is launching their premium Mint service to the Phoenix market. Mint offers fully lie-flat seats, enclosed seating, restaurant quality dining, free onboard Wi-Fi, and premium entertainment options.

He next shared that Phoenix Sky Harbor ranked third in customer satisfaction among top U.S. airports in the latest airport satisfaction survey from J.D. Power and Associates, a significant improvement from last year when Sky Harbor ranked 13th.

Mr. Makovsky then shared highlights related to a Citywide Contract Workers Heat Safety Ordinance Advisory Working Group meeting that he and Assistant Aviation Director Sarah Demory attended. The Aviation Department has worked extraordinarily hard to ensure that contract workers who work on City property are aware of the ordinance and related resources to ensure a safe and healthy work environment during extreme heat conditions.

Ms. Sarah Demory briefly explained the outreach conducted by the safety team on heat safety and awareness and their efforts to inform employees and the public of the tools and resources available for heat mitigation.

Next, Mr. Makovsky presented information on the fall Aviation Academy, an 8-week program that provides business and community leaders insight into what it takes to operate one of America's largest airports. Attendees are able to participate in weekly field trips for behind-the-scenes tours and meet with many of the Sky Harbor business partners including airlines, Customs and Border Protection, Police, Fire, and many more.

He then provided an update on the activity of Waymo, which announced their introduction of 24/7 curbside service at the terminals, and their surpassing of 100,000 rides at Sky Harbor.

Finally, Mr. Makovsky shared information about the USA Today's 10 Best Reader's Choice Awards, for which Sky Harbor was nominated in several categories including best airport for shopping, best airport sit-down restaurant, best large airport, best airport bar, and best airport for dining.

2. Summary of Current Events by the Airline Station Manager

Mr. Dan Brownlee provided a brief summary of the airline's fall schedule and preparations for new markets, as well as efforts to continue sustainable practices as part of the Green Business Partner program.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on August 15, 2024

A motion was made by Ms. Ferniza seconded by Ms. Pastor that this item be approved.

No public comments.
The motion carried.

CONSENT ACTION (ITEMS 4 - 5)

4. New Facility Lease with Aerial Engagement LLC at DVT

Ms. Musa stated the item was reviewed by the Business and Development Subcommittee and was supported.

A motion was made by Mr. Price, seconded by Ms. Ferniza that this item be approved.

No public comments.
The motion carried.

5. Facility Lease Extension with Galaxy International, Inc. at GYR

Ms. Musa stated the item was reviewed by the Business and Development Subcommittee and was supported.

A motion was made by Ms. Ferniza, seconded by Ms. Fisker that this item be approved.

No public comments.

The motion carried.

INFORMATION AND DISCUSSION (ITEM 6)

6. Passage of the Federal Aviation Reauthorization Act of 2024

Mr. Matthew Heil presented this item. He began with a brief background on the Federal Aviation Administration and its role.

Mr. Heil then explained why reauthorization was needed for the FAA, including how it provides stability for airports when it comes to funding and policies.

He then explained the legislative process that reauthorization required, including many months of negotiation in the House and Senate. He noted that the legislation was successful in-part due to strong bipartisan interest. Key components of the negotiations included federal funding, streamlined processes, and addressing PFAS at airports.

Next, Mr. Heil shared the efforts made by the Aviation Department to work closely with the City's Office of Government Relations to conduct Congressional visits and respond to Congressional information requests.

He also discussed how industry partners, including the American Association of Airport Executives and Airports Council International – North America worked to ensure airport industry concerns were well represented.

Mr. Heil continued by highlighting the specific interests of the Aviation Department and prioritizing funding for infrastructure to support Sky Harbor's significant future needs. Additional priorities also included addressing the pilot shortage, liability protection for the PFAS phase-out, and grants to support renewable energy and noise mitigation.

He then provided an overview of what was in the final signed bill, including the AIP funding, AIP formula changes, PFAS replacement program funding,

streamlined environmental reviews, land use updates, and support for the Contract Tower Program.

Mr. Heil also noted several proposed amendments that were not in the final bill, including items on security escort requirements for elected officials, a prohibition of facial recognition, and waiving general aviation airport access fees.

Mr. Heil concluded by explaining the next steps in the legislative process and how Congress would work toward appropriating funds, given the election in November.

Ms. Ferniza asked if the legislation required the airport to take over any roles traditionally handled by the Transportation Security Administration.

Mr. Makovsky stated that the airport is currently implementing an Airport Worker Screening Program, which is an unfunded mandate by the TSA, and is currently operating the program in a period of informed compliance.

Ms. Ferniza asked if facial recognition is a part of the reauthorization bill.

Mr. Makovsky stated CBP has been utilizing facial recognition software as part of a biometric exit program for years. He shared it is something that customers have adapted to and have found to improve customer experience.

Mr. Alonzo asked if the airlines are using facial recognition and if it is separate from what the TSA is using.

Mr. Makovsky stated it depends on the airport however airlines have in many cases integrated the biometric technology into their boarding procedures which allows customers to board without presenting a boarding pass. This technology is currently separate from what TSA is using at the security checkpoints, however the industry is exploring options to integrate the systems to provide for a seamless passenger experience.

Mr. Alonzo asked if individuals could opt out of the program with TSA similar to the airlines.

Mr. Makovsky stated US Citizens can opt out of both programs.

Mr. Makovsky concluded by commending the team for the aggressively pursuing grants and related funding streams for the airport system over the last year.

No public comments.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

None

CALL TO THE PUBLIC

None

ADJOURNMENT

The meeting ended at **3:38 p.m.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Contract Award for Photography Services

Description

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to award a contract to Mark Skalny Photography for photography services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The purpose of this contract is to secure professional photography services for Phoenix Sky Harbor, Phoenix Deer Valley, and Phoenix Goodyear airports

The Aviation Department (Aviation) regularly receives requests from local, national, and international publications for quality photographs of the three airports to support airport stories. Aviation also requires high-quality photos for press releases, public relations campaigns, websites, and other public relations initiatives.

The vendor will photographically document airport events including project grand openings, speakers, artwork installations and more. The vendor will photograph the interior and exterior of airport buildings, capture aircraft in operation and conduct photo shoots for public relations campaigns.

Procurement Information

An RFP for photography services was issued on June 17, 2024. A selection panel evaluated the proposals based on Work Samples (450 points), Qualifications and Experience (350 points), and Proposed Fees (200 points).

Mark Skalny Photography was the highest-ranked proposer and is recommended for this contract award.

Contract Term

The term of the agreement will be for three years with two 1-year options to extend.

Financial Impact

The aggregate value of the contract will not exceed \$250,000 over the life of the contract. Funding for the contract is in the Aviation Department’s budget.

Recommendation

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to award a contract to Mark Skalny Photography for photography services for the City of Phoenix Aviation Department.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Request to Issue a Revenue Contract Solicitation for a Fixed Base Operator at Phoenix Deer Valley Airport

Description

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to issue a Revenue Contract Solicitation for a Fixed Base Operator (FBO) development at Phoenix Deer Valley Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Phoenix Deer Valley Airport is currently home to over 1,100 general aviation tenants, including a growing number of corporate jet users. Since 1999, Fixed Base Operator (FBO) aircraft support services for the airport community have been provided by Cutter Aviation and, until 2015, Atlantic Aviation.

Deer Valley Airport is experiencing increased flight activity from corporate jets and a growing demand for additional general aviation services. Staff have also received increased inquiries from FBO operators and developers about the potential for another FBO facility at the airport.

In response to these inquiries, the Aviation Department commissioned an update to the Deer Valley Land Use Plan, which included a recommendation for a second FBO facility. A 20-acre parcel on the southeast corner of the airport was selected by Aviation Department staff to locate the FBO due to the relative size of the parcel compared to other available parcels, visibility from Deer Valley Road, and proximity to the longer of the two runways.

This new FBO development will be governed by Deer Valley Airport’s Minimum Standards to ensure the delivery of high-quality general aviation products, services, and facilities to DVT users; the design and development of quality general aviation improvements and facilities; safety and security of the airport; the economic health of general aviation businesses; and the orderly development of the airport.

Procurement Information

The Aviation Department proposed to conduct a procurement process to select a qualified operator to develop, build, operate, and manage a FBO facility.

The Revenue Contract Solicitation will require the responsive and responsible respondents to provide the following services as required by Deer Valley’s FBO Minimum Standards:

- Products and services offerings consisting of:
 - Aircraft fueling
 - Passenger, crew, aircraft ground services, support and amenities
 - Aircraft maintenance
 - Aircraft storage
 - Aircraft flight training

- The required site premises will be no less than nine contiguous acres with improvements consisting of:
 - Aircraft apron / ramp
 - Terminal building
 - Aircraft maintenance space
 - Aircraft storage hangar
 - Flight training space
 - Fuel farm storage

Respondents will be encouraged to submit plans to lease and develop the entire 20-acre parcel which, in addition to the FBO facility, may include additional corporate hangars and other aeronautical uses to be approved by the Aviation Director.

Responsive and responsible respondents will be evaluated according to the following criteria:

- Qualifications and Experience of respondent and partners (if any)
- Method of Approach to design, build, and operate an FBO and other aeronautical facilities
- Proposed design concept of the FBO and additional aeronautical facilities
- Operations and management plan
- Proposed capital investment plan

The highest ranked respondent will be recommended for award to develop and operate a full-service FBO facility at the airport. Aviation intends to issue this solicitation on or about January 2025, with an estimated contract award in November 2025. The City's Transparency Policy will be in effect with the release of the RFP and throughout the process.

Contract Term

Minimum lease term of 30 years. The lease term may be negotiated up to 40 years depending on proposed capital investment. The lease will include a development period up to 36 months to develop the site.

Financial Impact

Financial return to the City will be based on current ground rent market value which is the current aviation industry business model for FBO developments, and the additional revenue generated from fuel flowage fees and applicable specialized aviation service operators (SASO) fees from other aeronautical activity.

For the designated FBO portion of the parcel, the ground rental rate is \$0.65 per square foot. For the non-FBO portion of the parcel, the ground rental rate is \$0.55 per square foot. Ground rent will be adjusted annually by the greater of the Phoenix-Mesa-Scottsdale Consumer Price Index, or 3%, whichever is greater. Revenue from fuel flowage fees and SASO fees are subject to adjustments based on Phoenix City Code.

Public Outreach

This process will include all standard and required outreach efforts, and staff will conduct targeted outreach to maximize participation.

Recommendation

Request the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to issue a Revenue Contract Solicitation for a Fixed Based Operator development at Phoenix Deer Valley Airport.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Amendment to Bimbo Bakeries, Inc. Ground Lease 151988

Description

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend ground lease 151988 with Bimbo Bakeries, USA, at 3115 E. Madison Street, Phoenix, Arizona.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Bimbo Bakeries currently leases 165,603 square feet of Aviation property at the northeast corner of 3115 E. Madison Street, for company vehicle parking. The company is requesting to lease an additional 25,000 square feet of land for parking, for a total of 190,603 square feet.

Contract Term

This amendment does not change the lease term.

Financial Impact

Rent for the additional 25,000 square feet will be approximately \$35,000 annually (\$1.40 per square foot). Consistent with the ground lease adjusted rent provision, the additional square feet rent will be adjusted annually based on the Phoenix-Mesa-Scottsdale Consumer Price Index or three percent, whichever is greater. The additional square feet will generate \$140,000 of revenue over the remaining four-year term of the lease, provided all renewal options are exercised.

Recommendation

Request the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend the ground lease with Bimbo Bakeries, USA at Phoenix Sky Harbor International Airport.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	New Ground Lease Agreement with Swissport Fueling, Inc.

Description

This report requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into three new ground leases with Swissport Fueling, Inc. (Swissport) for approximately 43,433 square feet of vacant property at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Swissport maintains three ground leases consisting of approximately 43,433 square feet at Sky Harbor to operate an aircraft fueling storage facility, an aircraft lavatory service facility, and a company operations center facility.

Fuel Storage Facility

Under Ground Lease No. 132684, Swissport leases approximately 3,983 square feet to support their fuel storage facility, including two fuel tanks used by Swissport to fuel ground support equipment. Upcoming airfield projects, including the West Hold Bay Expansion and TRACON Demolition will displace Swissport from its current airfield location. The new lease will include provisions for Swissport to relocate to a similar-sized airfield location that will not be impacted by upcoming airport construction projects. Swissport will conduct the relocation through the airport tenant improvement process.

Ground Lease No. 132684 is set to expire on December 31, 2024. The new ground lease will be for five years, commencing on January 1, 2025, and expiring on December 31, 2029. Staff intends to issue early termination notices for Swissport’s other two Ground Leases (132521 and 135697) and issue new leases so all three leases will commence on January 1, 2025 and terminate on December 31, 2029.

Operations Center Facility

Under Ground Lease 132521, Swissport leases approximately 33,000 square feet to support its operations center facility. The facility is used to coordinate aircraft fueling operations and house the company’s fuel trucks. Swissport’s operations center facility will need to be displaced to accommodate the construction of Taxiway Uniform as well as future airside development related to the new West Terminal. The new ground lease will include provisions for Swissport to relocate the facility to a similarly sized airfield location that will not be impacted by upcoming airport construction projects. Swissport will conduct the relocation through the airport tenant improvement process.

Ground Lease 132521 will expire on February 23, 2025, however staff intends to terminate the lease on December 31, 2024 and issue a new lease in order to align the three new ground leases with the same commencement and termination date.

Triturator Facility

Under Ground Lease 135697, Swissport leases approximately 6,450 square feet to operate an aircraft lavatory service facility, also known as a triturator facility. Swissport is requesting to enter into a new ground lease to continue operating the triturator facility.

Ground Lease 135697 is set to expire on January 23, 2025, however staff intends to terminate the lease on December 31, 2024 and issue a new lease in order to align the three new ground leases with the same commencement and termination date.

Contract Term

The initial term of all three new ground leases is five years, commencing on January 1, 2025, and expiring on December 31, 2029. Each lease will include five, one-year options to extend at the sole discretion of the Aviation Director.

Financial Impact

The rental rate per square foot for all three new leases will be \$1.40 per square foot which is the current market rate for airport ground leases. Rent for each new leases will be adjusted annually based on the Phoenix-Mesa-Scottsdale Consumer Price Index (CPI) or three percent, whichever is greater. Total revenue anticipated from all three new leases would be \$608,062 if all options are exercised on all three leases.

- For the fuel storage facility, the rent for the first year will be \$5,576 per year. Total anticipated revenue over the term if this lease would be approximately \$55,762, if all options are exercised.
- For the operations center facility, the rent for the first year of the lease will be \$46,200. Total revenue anticipated over the term of this lease would be approximately \$462,000 if all options are exercised.
- For the triturator facility, the rent for the first year of the lease will be \$9,030. Total revenue anticipated over the term of this lease would be approximately \$90,300 if all options are exercised.

Recommendation

Request the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into three new ground leases with Swissport Fueling, Inc.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	FAA Part 139 Certification Inspection

Description

This report provides the Phoenix Aviation Advisory Board an update on the recent Federal Aviation Administration (FAA) Part 139 Inspection at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

One of the Aviation Department’s responsibilities is to ensure our airports are safe and adhere to FAA regulations. Large U.S. commercial service airports are required to be certificated by the FAA under 14 CFR Part 139, Certification of Airports, commonly known as Part 139.

To be certified, airports must demonstrate that they comply with specific safety and emergency response requirements covering a wide range of issues, including proper airfield signage, lighting and markings; runway safety procedures; aircraft rescue and firefighting; aviation fueling safety; snow and ice control; and wildlife hazard management.

Last month, Sky Harbor hosted two FAA certification inspectors who spent many hours examining the airfield during the day and night, tested staff on their knowledge of Aviation Department and FAA requirements, performed an Aircraft Rescue and Firefighting timed response drill and thoroughly reviewed the department’s recordkeeping.

This report provides a brief overview of the inspection process.

Location

Phoenix Sky Harbor International Airport - 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.