

**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, January 16, 2025 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/re18be63ea1dec653523f08ff86b7b338>

Call in to listen to the meeting, dial 602-666-0783, and Enter Meeting ID 2868 623 7650 #. 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, January 16, 2025. 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) and (A)(4) for discussion of potential settlements, 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) through A(9) are as follows: Items 4, 5, & 6.

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 November 21, 2024

DISCUSSION AND POSSIBLE ACTION (ITEM 4)

4. **Request to Issue Revenue Contract Solicitations for Terminal 3 North 2 Concourse Concessions**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to authorize the Aviation Department to issue a Revenue Contract Solicitation for food and beverage concessions, retail concessions, and an airport lounge concession in the new North 2 Concourse in Terminal 3 at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEMS 5-6)

5. **Childcare Program Update**

This report provides the Phoenix Aviation Advisory Board an update on Phoenix Sky Harbor International Airport's American Rescue Plan Act funded airport childcare program.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

6. **Capitol Hill Update**

This report provides the Phoenix Aviation Advisory Board an update on the transition of the federal government with new elected officials and agency appointees as it concerns the aviation industry.

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, February 20, 2025.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
November 21, 2024**

Meeting held in person and via WebEx

Board Members Present

Ruben Alonzo – Chairperson
Dan Brownlee – Ex-Officio
Stephanie Cherny
Andrew Cohn
Sandra Ferniza
Chad Makovsky – Ex-Officio
Annette Musa

Board Members Absent

Valencia Fisker
David Shilliday
Verma Pastor
Ron Price– Vice-Chairperson

Staff Present

Alexandria Van Haren	Jay DeWitt	Richard Graham
Brad Hagen	John Mure	Robert Hawes
Carolina Potts	Kimberly Whetstone	Roxann Favors
Chris Baranowski	Maria Wagar	Ryan Hartnett
Cindy Lizarraga	Marshall Kain	Sarah Asta
Daver Malik	Michael Hughes	Sarah Demory
Gina Huerta	Moe Yacut	Timothy Spahr
Heather Shelbrack	Pearl Meza	William Robinson
Janet Lee	Prasan DeSilva	

Members of the Public Present

Lillian Osborne

CALL TO ORDER

Chairperson Alonzo called the meeting to order at **3:00 p.m.**

SUMMARY OF CURRENT EVENTS

1. Summary of Current Events from the Aviation Director

Mr. Chad Makovsky welcomed the members of the board and provided a summary of September passenger activity. He covered the total passenger numbers, which were up 8.1% year over year. He noted that international passengers were up 17.3% year over year as well.

Mr. Makovsky next provided a brief air service update. Southwest added Birmingham and Des Moines four and six times per week respectively, JetBlue added Fort Lauderdale 11 times per week, Breeze added Norfolk twice per week, American is now serving Provo seven times per week, Contour added Show Low 12 times per week, and Porter introduced Toronto seven times per week.

Next, Mr. Makovsky thanked JetBlue for 20 years of service at Sky Harbor and recognized the addition of the A321 with their new Mint product, which is an upgraded service for their members.

He then noted that Air France is pleased with the performance of the Phoenix-Paris market and is looking to increase capacity with an equipment upgrade to the larger Boeing 777-200 that has 49 more seats than their 787.

Mr. Makovsky discussed Spirit Airlines entry into Title 13 bankruptcy and that staff is monitoring the situation. There is no change to current operations for Spirit at Sky Harbor.

Next, Mr. Makovsky shared that Sky Harbor won the Greater Phoenix Economic Council Regional Contribution Award. The award was presented to Sky Harbor for its outstanding impact on greater Phoenix.

He then shared the recent media event Aviation staff held with Mayor Kate Gallego and Kiewit executives showcasing the ongoing construction of the new Taxiway Uniform. The new taxiway will reduce taxi times and waits for customers.

Next, Mr. Makovsky shared highlights of the Chase Sapphire Lounge opening. The lounge is located in the new S1 concourse across from the Crystals Food Hall.

Mr. Makovsky briefly touched on the District 7 Halloween Boo Bash, where members of the department volunteered to hand out candy. The event also included live entertainment, costume contests, inflatables, kid's train rides, face painting, and giveaways.

He then acknowledged four employees who won the Aviation Department's first 2024 Hero Awards. Patrick Irving, April Wentworth, and Dante Walker were

recognized for helping a coworker in an emergency. Kyle Griffith was recognized for helping a passenger in an emergency.

Mr. Makovsky then recapped the items that previously went to City Council for approval.

Finally, Mr. Makovsky thanked Jay DeWitt, who was retiring.

Mr. DeWitt thanked the board and shared some memories from his time with the City of Phoenix.

Mr. Makovsky turned the floor over to Ms. Roxann Favors to present a memento from the Air France Paris route launch.

Ms. Favors introduced the memento that was distributed to the board members and thanked them for their support and assistance with the matter.

2. Summary of Current Events by the Airline Station Manager

Mr. Dan Brownlee provided a brief summary of the airline's customer activity, recent safety fairs, and thanked the city and business partners for their involvement in the upcoming busy holiday season.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on October 17, 2024

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

No public comments.

The motion carried.

CONSENT ACTION (ITEM 4)

4. Correction to the Oct. 17, 2024 Phoenix Aviation Advisory Board Agenda – Request to Issue a Revenue Contract Solicitation for a Fixed Base Operator at Phoenix Deer Valley Airport

A motion was made by Ms. Cherny, seconded by Mr. Cohn that this item be approved.

No public comments.
The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEM 5)

5. New Lease Agreement with Arizona State Lottery at Phoenix Sky Harbor International Airport

Mr. Richard Graham introduced the item, he began with the current lease agreement.

He explained the current terminal operations of the Arizona State Lottery, and the expanded footprint and additional locations proposed in the new lease. The agency plans to close its on-site redemption center as it is not practical inside the airport.

Mr. Graham continued to explain the history and benefits of the agreement with the Arizona State Lottery, including the programs that the agency donates to which include health and human service organizations, higher education, environmental conservation, and economic and business development.

Next, Mr. Graham shared the other airport locations throughout the U.S. that also offer lottery units and instant games, as well as an example of the kiosk used.

Mr. Graham then stated the contract terms, which include a three-year initial term with four one-year renewal options, and rent of 8% of gross sales with an estimated annual revenue of \$144,000.

Ms. Cherny asked if they were paying additional rent on the reimbursement center.

Mr. Graham stated they were not paying rent under the current contract. Under the new contract, there will not be a physical redemption center on site.

Mr. Cohn asked if the airport was entitled to a bonus for large ticket winnings when purchased at Sky Harbor.

Mr. Graham stated that it is part of the standards of the Arizona Lottery that the location selling the ticket gets a percentage of the winnings.

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

No public comments.
The motion carried.

INFORMATION AND DISCUSSION (ITEM 6)

6. Update on Terminal 4 Concessions Leases at Phoenix Sky Harbor International Airport

Ms. Roxann Favors presented this item. She began with an overview of the current Terminal Concessions Program, showing that 90% of stores will have expiring leases between 2026 and 2030.

She then summarized the Terminal 4 Modernization Program consisting of over \$400 million worth of improvements, in addition to the new west terminal, requiring a rebalance of the contracts with all vendors.

Next, Ms. Favors explained the negotiation framework set by the City Council that included a proposed 8-year lease extension with no renewal options, a capital reinvestment plan, small business partner opportunities, and brand re-concept and store refresh plans. The new lease provisions would support airport workplace initiatives, airport customer experience programs, financial and operational performance reviews, sustainability, and the Green Business Partner program, and contribute to a new airport marketing program.

Finally, Ms. Favors covered the next steps for entering into new leases which include completing negotiations in mid-January of 2025 and fully executing lease amendments by mid- to late February.

Mr. Alonzo asked if the Board format is the proper method to assist in feedback for negotiations.

Ms. Favors replied that it is the proper format, and that feedback is welcomed.

Mr. Cohn stated that eliminating the MAG requirement is a good approach to take as we move forward, and that having different percentages of rent for different locations is also a positive change.

Ms. Cherny stated that she is hopeful of attracting the best tenants and agrees the feedback process with the Board is ideal moving forward.

Ms. Ferniza stated the focus on microbusinesses has been a great learning experience and that she was also curious about the initiatives for childcare and job fairs during negotiations.

Ms. Favors stated the businesses will be held to their plan in support of the new initiatives.

Ms. Musa inquired about what will happen if the new vendors are not willing to extend to the new 8-year lease.

Ms. Favors stated if they are not willing, they can propose a new ACDBE partner or small business partner in place of the extension.

Mr. Cohn agreed and added that he is a proponent of leaving the decision making for business partners with the Aviation Director.

Mr. Alonzo asked if this is also an opportunity to revisit alternative diet dining options.

Ms. Favors stated it is and they have discussed the alternative menu items with businesses.

No public comments.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

None

CALL TO THE PUBLIC

None

EXECUTIVE SESSION (ITEM 7)

A motion to enter executive session was made by Ms. Cherny, seconded by Mr. Cohn.

No public comments.
The motion carried.

ADJOURNMENT

The meeting ended at **4:31 p.m.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Request to Issue Revenue Contract Solicitations for Terminal 3 North 2 Concourse Concessions

Description

This report requests that the Phoenix Aviation Advisory Board recommend the Phoenix City Council authorize the Aviation Department to issue a Revenue Contract Solicitation (RCS) for food and beverage concessions, retail concessions, and an airport lounge concession in the new North 2 Concourse in Terminal 3 at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The new Terminal 3 North 2 Concourse (T3N2) will be operational in 2027. With the addition of the N2 concourse, the Aviation Department has developed a concession leasing strategy to guide the procurement of contracts for food and beverage, retail, and airport lounge concessions. This strategy is designed to ensure the airport offers diverse, high-quality options that meet the needs of our passengers.

The strategic concession planning process included reviewing enplanement forecasts and concourse construction schedules, determining the optimal concessions square footage, programming the concession spaces, identifying contracting opportunities, and developing a timeline for solicitation. This timeline also incorporates industry discussions and outreach to small businesses to ensure broad participation.

The goals of this RCS are to foster healthy competition while increasing local and small business participation, introduce a mix of national, regional, and local brands, reflect current airport retail market trends, and optimize sales and revenue. Additionally, this solicitation aims to elevate the quality and uniqueness of souvenir, gifts and retail merchandise offerings and showcase food and beverage offerings that authentically reflect the local community’s culinary heritage. This solicitation opportunity will also include requirements for participation in the Aviation Department’s sustainability and airport concession marketing programs, and requirements to support Aviation Department workplace initiatives and customer experience programs.

Procurement Information

The Aviation Department intends to issue three separate solicitation packages that will result in a total of six contract awards as follows:

- Food and beverage concession package:
 - One full-service restaurant with bar;
 - Two quick-serve restaurants and café bar; and

- One coffee café designated for a small business operator
- Retail concession package:
 - One retail convenience, news, and gift store; and
 - One specialty retail boutique-style store
- Airport lounge concession package

Packages will allow contracting opportunities for companies of all sizes, including the opportunity for subleasing, joint ventures, licensing agreements, and the inclusion of small businesses. These packages will provide the opportunity for small business operators to compete and contract directly with the Aviation Department.

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

- Proposed Concept(s) and Menu / Merchandise Plan
- Design and Quality of Tenant Improvements
- Management, Marketing, Operations, and Technology Plans
- Experience and Qualifications of Respondent and Partners (if any)
- Proposed Business Plan
- Financial Return to the City (Airport Lounge Concession Package only)

The highest ranked respondent for each opportunity will be recommended for the concessions lease awards. Aviation intends to issue this solicitation on or about July 2025, with an estimated contract award on or about July 2026. The City's Transparency Policy will be in effect with the release of the RCS and throughout the process.

Contract Term

The proposed aggregate primary contract term for the airport lounge and food and beverage concepts will be between 12 – 15 years and for the retail concepts will be between 10 – 12 years.

Financial Impact

Rent for the food and beverage and retail concessions will be a percentage of gross sales. The percentage will be finalized upon RCS publication and will range between 8% to 18% dependent on the concession category. Rent for the airport lounge concession will be a Minimum Annual Guarantee (MAG). The MAG will be finalized upon RCS publication.

Public Outreach

This process will include all standard and required outreach efforts. The Aviation Department will conduct targeted outreach efforts to attract interest.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

Requests the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to authorize the Aviation Department to issue a Revenue Contract Solicitation (RCS) for

opportunities in food and beverage concessions, retail concessions, and an airport lounge concession in the new North 2 Concourse in Terminal 3 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:	Childcare Program Update

Description

This report provides the Phoenix Aviation Advisory Board an update on Phoenix Sky Harbor International Airport’s American Rescue Plan Act (ARPA) funded airport childcare program.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

In 2021, the City of Phoenix adopted a strategic plan for its allocation of ARPA funds from the federal government. As part of the plan, the City Council provided \$5 million to support essential workers at Phoenix Sky Harbor International Airport, with the provision of childcare services.

This report provides an update on usage of the childcare scholarship program, and the current status of the childcare facility construction project.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Capitol Hill Update

Description

This report provides the Phoenix Aviation Advisory Board an update on the transition of the federal government with new elected officials and agency appointees as it concerns the aviation industry.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

With the start of the new year, and the transition to a new administration at the federal government, airports across the United States are preparing to work with newly elected members of Congress, and to begin advocating for airport priorities with the newly inaugurated Trump Administration.

This report provides a brief overview of the in-progress transition of the federal government and how the Aviation Department will be preparing to advocate for the Phoenix Airport System in the near future.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.