

**NOTICE OF PUBLIC MEETING
PHOENIX AVIATION ADVISORY BOARD
BUSINESS AND DEVELOPMENT SUBCOMMITTEE**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **PHOENIX AVIATION ADVISORY BOARD, BUSINESS AND DEVELOPMENT SUBCOMMITTEE** and to the general public, that the **BUSINESS AND DEVELOPMENT SUBCOMMITTEE** will hold a meeting open to the public on **Thursday, January 2, 2025** at 2:30 p.m. located at the **City of Phoenix Aviation Department, 3 North Conference Room, 2485 E. Buckeye Road, Phoenix, Arizona 85034**, or via WebEx teleconference.

Meeting Attendance Options:

- **Watch the meeting virtually using the WebEx link provided below.**
<https://cityofphoenix.webex.com/weblink/register/r8bf9f2afdeabf0b3aa01864feed36b02>
- **Call-in to listen to the meeting**, dial 602-666-0783 and Enter Meeting ID 2633 736 1603# Press # again when prompted for attendee ID.
- **Attend the meeting in person at the Aviation Headquarters.**

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 2, 2025. The email should include your first and last name, email address, the item number(s), and whether you would like your comment read 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.

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

MINUTES OF MEETING

1. **For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on September 5, 2024**

DISCUSSION AND POSSIBLE ACTION (ITEM 2)

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

This report requests that the Business Development Subcommittee recommend to the Phoenix Aviation Advisory Board to authorize the Aviation Department to issue a Revenue Contract Solicitation 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.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEMS 3 - 4)

3. Parking Activity Update

This report provides the Business and Development Subcommittee with an update on parking activity at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

4. Childcare Program Update

This report provides the Business and Development Subcommittee an update on Phoenix Sky Harbor International Airport's American Rescue Plan Act funded airport childcare program.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

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(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 related to 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 Business and Development Subcommittee meeting is scheduled to take place Thursday, February 6, 2025.



**PHOENIX AVIATION ADVISORY BOARD
BUSINESS & DEVELOPMENT SUBCOMMITTEE
SUMMARY MINUTES
September 5, 2024**

Meeting held in person and via WebEx

Subcommittee Members Present

Stephanie Cherny
Andrew Cohn
Valencia Fisker
Annette Musa- Chairperson

Staff Present

Andrew Durket	Latasha Crawford McLaughlin	Robert Hawes
Chad Makovsky	Marshall Kain	Roxann Favors
Brad Hagen	Mike Pluff	Ryan Hartnett
Heather Shelbrack	Moe Yacut	Sarah Demory
Jay DeWitt	Richard Graham	William Robinson

CALL TO ORDER

Ms. Cherny called the meeting to order at **2:31 p.m.**

MINUTES OF MEETING

- 1. For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on August 1, 2024.**

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

Ms. Stephanie Cherny joined the meeting.

No public comments.
The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEMS 2 - 3)

2. New Facility Lease with Aerial Engagement LLC at DVT

Mr. Robert Hawes presented this item. He began by providing a description of the services provided by Aerial Engagement, and their current occupancy of the lobby space at Deer Valley Airport.

He then covered the lease terms for the new facility lease, including the 2 year term with 3 one-year options to extend. The lease will commence on August 6, 2024, expire on August 4, 2029, and allow for minor tenant improvements to the space.

Next, Mr. Hawes explained the financial impact of the lease. The rent will be \$750 per month, or \$9,000 for the first year. Rent will be adjusted annually per the Phoenix-Mesa-Scottsdale Consumer Price Index, and total revenue of approximately \$45,000 will be generated.

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

No public comments.

The motion carried.

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

Mr. Robert Hawes presented this item. He began by describing the services provided by Galaxy International, Inc. at Goodyear Airport.

Mr. Hawes explained that Galaxy has requested to extend the lease for approximately two years, with two five-year options to extend. The extension will be effective on July 1, 2024, and will conclude on July 27, 2036, if both lease extensions are exercised.

He then provided the rent for the first year of the extension which will be at a rate of \$5.31 per square foot, or approximately \$73,809 per year. Rent will be adjusted annually per the Phoenix-Mesa-Scottsdale Consumer Price Index, and a total revenue of approximately \$885,708 will be generated.

Mr. Cohn asked if the CPI increase has a floor so there is always an increase or does it remain flat.

Mr. Hawes replied that it is the greater of CPI or 3%.

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

No public comments.

The motion carried.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

None.

CALL TO THE PUBLIC

None.

ADJOURNMENT

The meeting adjourned at **2:41 p.m.**

BUSINESS DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Request to Issue Revenue Contract Solicitation for Terminal 3 North 2 Concourse Concessions

Description

This report requests that the Business Development Subcommittee recommend to the Phoenix Aviation Advisory Board to 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

Request the Business Development Subcommittee recommend to the Phoenix Aviation Advisory Board 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.

BUSINESS DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Parking Activity Update

Description

This report provides the Business and Development Subcommittee with an update on parking activity at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

Phoenix Sky Harbor International Airport has experienced continued growth in public parking demand throughout 2024 and continuing through the winter holiday season. A review of the airport parking program’s performance indicated the following trends in key revenue and demand:

- Sep. – Nov. 2024 Actuals compared to Sep. – Nov. 2023 Actuals:
 - Revenue increased by 10%
 - Transactions increased by 10%
 - Occupancy increased by 2%
 - Reservation bookings increased by 14%

During October 2024, staff implemented a Seasonal Parking Capacity Management Plan to address the immediate parking demands of the 2024 fall school break periods and 2024 holiday seasons. Staff secured the temporary use of the former JP Morgan Chase parking garage in Sky Harbor Center to be utilized for advanced parking reservation bookings. As part of this plan, a courtesy shuttle bus route was established to connect customers from this garage to the Rental Car Center Sky Train station, providing efficient access to the terminals. This plan resulted in an additional 3,113 reservations and related transactions and generated \$153,842 in new revenue.

To further manage airport parking capacity and provide enhanced customer service, the installation of an automated Parking Guidance System in select facilities will begin in spring 2025. Additional parking infrastructure improvements, including new signage and parking availability systems, will be implemented in East Economy parking garages and surface lots.

The Aviation Department has engaged a parking planning consultant to revise the airport’s parking master plan. The updated plan will outline opportunities for parking developments to accommodate the anticipated demand and to replace facilities affected by the West Terminal development.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Childcare Program Update

Description

This report provides the Business and Development Subcommittee 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.