

**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, August 15, 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/r2b7b5f24e10b8015420381b2985896c1>

**Call in to listen to the meeting, dial 602-666-0783, and Enter Meeting ID 2634 555 8903#. 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](mailto:pearl.meza@phoenix.gov) no later than 10 a.m. on Thursday, August 15, 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 May 16, 2024

### **DISCUSSION AND POSSIBLE ACTION (ITEMS 4 - 8)**

4. **Election of a New Chairperson of the Board of the Phoenix Aviation Advisory Board**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ruben Alonzo to the position of Chairperson of the Board.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**

5. **Election of a New Vice-Chairperson of the Board of the Phoenix Aviation Advisory Board**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ron Price to the position of Vice-Chairperson of the Board.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**

6. **Facility Lease Agreement with American Airlines Federal Credit Union**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to execute a new Airport Facility Lease with American Airlines Federal Credit Union at Phoenix Sky Harbor International Airport to operate an employee credit union.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**

7. **Award Recommendation for Cash to Card Kiosk Services at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a lease agreement with Ready Credit Corporation for cash to card kiosk services at Phoenix Sky Harbor International Airport for a three-year contract term with two one-year renewal options.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**

8. **Request to Issue a Revenue Contract Solicitation for Terminal 3 Food & Beverage Micro-Restaurant and Kiosk Small Business Concession Opportunities**

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 Terminal 3 food and beverage micro-restaurant and kiosk small business concession opportunities at Phoenix Sky Harbor International Airport.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**

**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](http://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, September 19, 2024.



**PHOENIX AVIATION ADVISORY BOARD  
SUMMARY MINUTES  
May 16, 2024**

***Meeting held via WebEx***

**Board Members Present**

Sandra Ferniza – Chairperson  
Ruben Alonzo – Vice-Chairperson  
Stephanie Cherny  
Valencia Fisker  
Ron Price  
Verma Pastor  
David Shilliday  
Chad Makovsky – Ex-Officio

**Board Members Absent**

Tyler Gonzalez – Ex-Officio  
Andrew Cohn  
Annette Musa

**Staff Present**

Abbe Slade  
Adam Peterson  
Carolina Potts  
Carl Cephas  
Chris Baranowski  
Cindy Lizarraga  
Daver Malik  
Elizabeth Terrazas  
Gina Huerta  
Heather Shelbrack  
Jason Gitkin  
Jay DeWitt

Janet Lee  
Jennifer Maples  
John Mure  
John Trierweiler  
Lea Cons  
Maria Wagar  
Marshall Kain  
MaryHelen Martinez  
Matthew Heil  
Michael Hughes  
Michael O’Shaughnessy  
Moe Yacut

Natalia Dotts  
Pearl Meza  
Prasan DeSilva  
Richard Graham  
Roxann Favors  
Ryan Hartnett  
Sara Asta  
Sara Demory  
Tim Spahr  
Theodore Fourlis  
Timothy Spahr  
William Robinson

**Members of the Public Present**

Bhavesh Patel  
Chris Phillips  
Carolyn Scott

Dan Brownlee  
Dr. Lee McPheters  
Joya Kizer

Michael Salerno  
Scott Sikel  
Tom Wettig

**CALL TO ORDER**

Chairperson Ferniza called the meeting to order at **3:02 p.m.**

## **SUMMARY OF CURRENT EVENTS**

### **1. Summary of Current Events from the Director of Aviation Services**

Mr. Chad Makovsky welcomed the board members and started by discussing recent passenger growth, stating that March activity reflected a 9.6% growth over March 2023 while international traffic grew by 12% over March 2023.

He then provided an air service development update, discussing new routes by Condor, Air France, Frontier, and JetBlue.

Next, Mr. Makovsky discussed the upcoming WNBA All-Star game in Phoenix, describing the preparations the city and airport will be making to welcome attendees and athletes during the event.

Mr. Makovsky then highlighted recent Aviation Department activities for volunteer appreciation week, including recognition of Sky Harbor's volunteer Navigators.

Next, Mr. Makovsky recognized staff contributions to a successful Women in Leadership employee resource group clothing drive that collected professional business attire to benefit clients of Dress for Success Phoenix. Aviation's contributions to the drive resulted in almost 2,000 lbs. of clothing donations.

He then provided an update on the AAAE Annual Conference in Nashville. Mr. Makovsky served on a panel with airport directors, discussing the state of the aviation industry. He also recognized Sarah Demory's participation as the chair of AAAE's largest national committee, the Operations, Safety, Planning, and Emergency Management Committee.

Mr. Makovsky then shared the agenda items recently approved by the City Council. He also recapped Aviation's presentation on airport growth and capacity needs, including the new west terminal, at the May 5<sup>th</sup> City Council Policy Session.

Finally, Mr. Makovsky ended with a reminder that there will be no board meetings for the months of June and July. He also introduced a guest speaker for the meeting, Dr. Lee McPheters with Arizona State University, and recognized Mr. Shilliday for joining the Phoenix Aero Club Luncheon and giving an engaging presentation on the future of advanced aerial mobility.

### **2. Summary of Current Events by the Airline Station Manager**

Mr. Tyler Gonzales was not present.

## **MINUTES OF MEETING**

3. **For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on April 18, 2024**

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

No public comments.

The motion carried.

**DISCUSSION AND POSSIBLE ACTION (ITEMS 4 & 5)**

4. **New Ground Lease with Cornerstone Aviation LLC at Deer Valley Airport**

Mr. Robert Hawes presented this item. He began by sharing a map of Deer Valley Airport, where Cornerstone proposes to develop approximately 69 acres of Parcel 2 in the northeast region of the airport.

Mr. Hawes next provided an overview of the three phases of Cornerstone's plan to develop the parcel, where Phase 1 consists of constructing hangars of various sizes, Phase 2 consists of constructing fuel farms and aircraft maintenance facilities, and Phase 3 will include an apron, additional corporate hangars, maintenance facilities, and access to 7<sup>th</sup> Street. He stated that the total estimated investment for the project will exceed \$100 million.

Mr. Hawes then provided an overview of the four types of hangar sizes and the typical aircraft each size can accommodate. He noted that Cornerstone selected the sizes and number of hangars based on demand for each type of hangar for Deer Valley and the Phoenix market.

He then discussed the proposed lease term, which is 45 years, including a 24-month development term to complete Phase I at no rent. Phase II and III would be secured for up to four years by paying 15% of the rate per square foot for Phase I and another 24-month development term to complete Phases II and III at no rent.

Mr. Hawes next provided the financial impact of the agreement, including the \$0.55 per square foot rent, estimated to be \$766,656 for the first year, with a rent of 15% of the Phase I rate for the Phase II and III rents. Cornerstone will be required to obtain a Specialized Aviation Service Operator permit for leasing hangar storage, which is 2% of gross sales. He stated that all ground rents are subject to annual CPI adjustments and that rent credits may be applied for the construction of facilities that are beneficial to the airport or its users. The total anticipated revenue for the agreement is \$82,655,100.

Ms. Cherny stated this item was heard in the Business and Development Subcommittee, and she applauded the aviation staff for effectively developing the vacant space. The plan was unanimously recommended by the subcommittee.

No public comments.

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

The motion carried.

**5. Terminal 4 Lobby Food and Beverage Spaces – New Concession Lease**

Ms. Corrine Harbaugh presented this item. She stated that Aviation is seeking the Board's approval to enter into a new lease agreement with Casa Unlimited Enterprises and Swire Coca-Cola to operate new concessions in the Terminal 4 lobby spaces.

Ms. Harbaugh then provided a background on the food and beverage space, including the history of the lessee, its impact on travelers, and square footage.

Ms. Harbaugh then proceeded to present the criteria for selecting the lessee under internal solicitation. Four airport concessionaires expressed interest in the vacant spaces, of which two withdrew interest due to build-out costs and available lease term.

She then described the concepts of Travel Treats and the Coca-Cola Lounge. The concepts include pre-packaged meals to go and Coca-Cola Go coolers, as well as a lounge area providing more seating and rest options for customers.

Finally, Ms. Harbaugh described the layouts, designs, and some of the materials to be used for the concession space. She also provided the expected timeline for the construction and activation of the space.

Chairperson Ferniza stated that the concept is an excellent utilization of space after the closure of the prior establishments.

Ms. Cherny stated this item was heard in the Business and Development Subcommittee and that having the space empty was not serving customers properly, and the subcommittee recommended the proposal.

No public comments.

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

The motion carried.

## **INFORMATION AND DISCUSSION (ITEMS 6 & 7)**

### **6. Economic Impact Study Update**

Mr. Jay DeWitt introduced the presenter, Dr. Lee McPheters as the research professor of economics in the W.P. Carrey School of Business at Arizona State University and the Director of the school's J.P. Morgan Chase Economic Outlook Center.

Dr. McPheters gave a history of the economic impact study and ASU's role in developing and conducting the studies over the years.

Dr. McPheters then reviewed the total economic impact of the Phoenix Airport System, including jobs supported, labor income, and total output.

Next, Dr. McPheters explained the individual components of the economic impact described, which include direct, indirect, and induced secondary multiplier impacts.

He then described the airport system's direct impact, which, when combined with the multiplier impact, provides for a total economic impact of \$44.3 billion.

He detailed the impact sources by employment, labor income, and output back to the state, including the income spent by employees.

He then described an average day at Sky Harbor, which consists of a \$77.9 million daily impact and a total airport system impact of \$121.5 million daily.

Dr. McPheters described the economic impact of Deer Valley Airport, which generates a total economic impact of \$369,000.

Next, Dr. McPheters shared airline visitor spending categories - both domestic and international - which include hotels, food and beverage, entertainment, and transportation.

Additionally, he described the taxes generated by the Phoenix airport system, including the \$2 billion generated by Sky Harbor alone, totaling up to \$6.4 billion for the entire system.

Finally, Dr. McPheters shared metro Phoenix growth projections from 2022 to 2032, emphasizing the significant growth in population and enplanements at Sky Harbor. Looking back to 2016, he described how Sky Harbor's economic impact is up 30%.

Ms. Pastor commented that due to the economic impact of Sky Harbor, the unused land should not be sold and instead be utilized for airport uses.



Mr. Makovsky added the land disposal to the west end of the airport will be thoroughly reviewed to ensure the highest and best use.

Chairperson Ferniza stated there are restrictions to the way the land can be used and added the airport is clearly recovering from the pandemic, and she looks forward to the growth as well as the final report.

No public comments.

## **7. Proposed Sky Harbor Public Parking Rate Increase**

Mr. William Robinson presented this item. He detailed the unprecedented parking demand at Sky Harbor, including peak occupancy in each garage where facilities are near or at capacity, resulting in challenges for customers and staff.

Mr. Robinson then provided the recent rate changes at other airports nationwide. He indicated that 80% of the 20 peer airports the Parking team reviewed had increased their rates since Phoenix last increased rates in 2022.

He noted that the Aviation Director is authorized to set and adjust parking rates periodically.

He then explained that the Aviation Department is proposing an increase in daily and hourly rates due to peak occupancy levels. The increases range from \$1-4 per day and \$2 per hour. The rate increase is projected to reduce parking demand by 2%, making several hundred parking spaces available.

He then described the numerous ways the increased revenue from parking will be used to improve the customer experience, including upgrades to access and revenue systems, an increase in electric vehicle charging stations and the addition of solar-covered parking, and valet and vehicle detailing.

Mr. Robinson concluded with an overview of the ways that Sky Harbor will communicate parking changes to the community, which includes signage at parking facilities, public notices on city and airport websites, social media posts, emails to frequent parkers, and the PHX Check-in Newsletter.

Chairperson Ferniza requested a summary of the community outreach and the impact this will have on the regular users of Sky Harbor parking facilities.

Mr. Makovsky stated in addition to the typical public postings required by law, there were additional public meetings held for feedback, the item was heard at the subcommittee level, and there will be extensive notification to future users. In addition, the rate increase is planned to be implemented after the busy summer travel season.

Chairperson Ferniza asked what the average length of stay is for parking customers and its impact on pricing decisions.

Mr. Robinson stated the length of stay is a statistic reviewed and considered in the formula evaluated to determine pricing.

Chairperson Ferniza highlighted the support for reservation parking and the other modes of transportation to connect Sky Harbor parking with the rest of the valley.

Mr. Makovsky replied that reservation parking has been successful and has increased the predictability and seamlessness of customer travel. In addition, there is high support for the other modes of transportation from the airport.

Ms. Cherny stated this was heard at the subcommittee level, and the pricing should be reviewed periodically. She is happy with the improvements that are made alongside these increases, which helps to justify the pricing.

No public comments.

### **ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS**

Chairperson Ferniza requested an update on the FAA Reauthorization Act and its impact on the Phoenix airport system.

Chairperson Ferniza requested an update on the growth of Goodyear Airport regarding the economic impact study.

### **CALL TO THE PUBLIC**

None

### **ADJOURNMENT**

The meeting ended at **4:20 p.m.**

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Election of a New Chairperson of the Board for the Phoenix Aviation Advisory Board

**Description**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ruben Alonzo to the position of Chairperson of the Board.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

The Phoenix Aviation Advisory Board is required to annually elect one of its members to the position of Chairperson for a term of one year. The term of the current Chairperson held by Ms. Sandra Ferniza will expire on August 31, 2024. The next Chairperson would serve a one-year term beginning September 1, 2024, and ending August 31, 2025.

The Nominating Committee is the designated body that nominates and recommends a candidate for Chairperson from the current members. On June 20, 2024, the Nominating Committee recommended the Board elect Mr. Ruben Alonzo to serve as Chairperson from September 1, 2024, until August 31, 2025.

**Location**

City of Phoenix Aviation Department, 2485 E. Buckeye Rd.

**Recommendation**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ruben Alonzo to the position of Chairperson of the Board.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Election of a New Vice-Chairperson of the Board for the Phoenix Aviation Advisory Board

**Description**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ron Price to the position of Vice-Chairperson of the Board.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

The Phoenix Aviation Advisory Board is required to annually elect one of its members to the position of Vice-Chairperson for a term of one year. The term of the current Vice-Chairperson held by Mr. Ruben Alonzo will expire on August 31, 2024. The next Vice-Chairperson would serve a one-year term beginning September 1, 2024, and ending August 31, 2025.

The Nominating Committee is the designated body that nominates and recommends a candidate for Vice-Chairperson from the current members. On June 20, 2024, the Nominating Committee recommended the Board elect Mr. Ron Price to serve as Vice-Chairperson from September 1, 2024 until August 31, 2025.

**Location**

City of Phoenix Aviation Department, 2485 E. Buckeye Rd.

**Recommendation**

The Aviation Department forwards the recommendation made by the Phoenix Aviation Advisory Board Nominating Committee to elect Mr. Ron Price to the position of Vice-Chairperson of the Board.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Facility Lease Agreement with American Airlines Federal Credit Union

**Description**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to execute a new Airport Facility Lease with American Airlines Federal Credit Union at Phoenix Sky Harbor International Airport to operate an employee credit union.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

American Airlines Federal Credit Union currently leases approximately 900 square feet in Terminal 4, on the baggage claim level, to operate an employee credit union. The current lease (FLA No. 141788) was executed in June 2015 and is set to expire on October 25, 2024. The tenant wishes to enter into a new Facility Lease Agreement effective October 26, 2024.

**Contract Term**

The term will be five years, with two one-year renewal options, to be exercised at the sole discretion of the Aviation Director.

**Financial Impact**

The rent shall be based on the Airport’s Rates & Charges program, as provided in § 4-1738 of the Phoenix City Code. Rent for the first year will be approximately \$168,372. The total anticipated rent over the lease term, if all options are exercised, will be approximately \$1,178,604.

**Concurrence/Previous Board Action**

This Business and Development Subcommittee recommended approval of this item on August 1, 2024, by a vote of 4-0.

**Location**

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Rd.

**Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to execute a new Airport Facility Lease with American Airlines Federal Credit Union at Phoenix Sky Harbor International Airport for a five-year initial term, with two one-year options to extend.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Award Recommendation for Cash-to-Card Kiosk Services at Phoenix Sky Harbor International Airport

**Description**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a lease agreement with Ready Credit Corporation for cash-to-card kiosk services at Phoenix Sky Harbor International Airport for a three-year contract term with two one-year renewal options.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

To support airport businesses that do not accept cash payment, the Aviation Department sought a qualified cash-to-card kiosk operator with experience providing equipment and services to convert cash to a debit-style card. The card can then be used anywhere major credit cards are accepted.

**Procurement Information**

The Aviation Department issued Revenue Contract Solicitation (RCS) 24-007 on Monday, May 6, 2024, with responses due on Thursday, May 30, 2024. One response was received from Ready Credit Corporation, and the respondent was deemed responsive and responsible.

The response opening was held on Thursday, May 30, 2024, and it was determined that Ready Credit Corporation submitted the response with the highest proposed Minimum Annual Guarantee (MAG), providing the most financial benefit to the city. The response was evaluated based on the highest proposed MAG, which meets or exceeds the minimum required MAG of \$10,000. As such, there was no evaluation panel convened for this RCS.

**Contract Term**

The contract term is three years with two one-year options to extend the term at the sole discretion of the Aviation Director.

**Financial Impact**

The estimated annual revenue to the city will be the established MAG or percentage of gross sales, whichever is greater. For the first year, MAG will be \$10,000, or 10% of gross sales, whichever is greater. MAG will be adjusted annually thereafter at 85% of the prior year’s annual rent or 100% of MAG for the first lease year, whichever is greater. The estimated revenue is \$50,000 over the five-year aggregate contract term.

**Concurrence/Previous Board Action**

This Business and Development Subcommittee recommended approval of this item on August 1, 2024, by a vote of 4-0.

**Public Outreach**

This solicitation process included all standard and required outreach efforts, including advertising in Aviation industry publications.

**Location**

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Rd.

**Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a lease agreement with Ready Credit Corporation for a three-year contract term with two one-year extension options.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Request to Issue a Revenue Contract Solicitation for Terminal 3 Food and Beverage Micro-Restaurant and Kiosk Small Business Concession Opportunity

**Description**

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 (RCS) for Terminal 3 food and beverage micro-restaurant and kiosk small business concession opportunities at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

The goal of the RCS is to select a small business operator who can gain experience operating in an airport environment, optimize sales and revenue over the term of the lease, and provide quality food and beverage offerings to passengers and other customers. Aviation will be providing the micro-restaurant, the kiosk, and associated equipment for use by the operator, which significantly reduces capital costs, startup time, and other traditional barriers to entry for the successful respondent.

The new micro-restaurant will serve employees, passengers, and the general public, including customers of the Airport Security Badging Office, which will soon be relocated to Terminal 3. The kiosk will be situated in Terminal 3's baggage claim area, offering passengers the convenience of purchasing food and beverages while waiting for their luggage.

**Procurement Information**

The Aviation Department will conduct a Revenue Contract Solicitation to select a small business operator for this contract.

Responsive and Responsible Respondents will be evaluated according to the following evaluation criteria:

- Proposed Concepts and Menu Plans
- Experience & Qualifications of Respondent and Partners (if any)
- Management, Marketing, and Operations Plans
- Proposed Business Plan

The highest ranked respondent will be recommended for concession lease award. Aviation intends to issue this solicitation on or about November 2024, with an estimated contract award in Q1 or Q2 of 2025. The city's Transparency Policy will be in effect with the release of the RCS and throughout the process.



**Contract Term**

The term will be three years with two one-year renewal options.

**Financial Impact**

Rent for the first year will be the percentage of annual gross sales. The percentage of rent will be determined during the solicitation development process.

**Concurrence/Previous Board Action**

This Business and Development Subcommittee recommended approval of this item on August 1, 2024, by a vote of 4-0.

**Public Outreach**

This process will include all standard and required outreach efforts to attract small business interest.

**Location**

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Rd.

**Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to authorize the Aviation Department to issue an RCS for Terminal 3 food and beverage micro-restaurant and kiosk small business concession opportunities at Phoenix Sky Harbor International Airport.