**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, August 6, 2026 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/r405ffcd7a989b1cba763846a0cfe2e8d

- **Call-in to listen to the meeting,** dial 602-666-0783 and Enter Meeting ID 2335 906 1815 # 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, August 6, 2026. 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 February 5, 2026**

**DISCUSSION AND POSSIBLE ACTION (ITEMS 2-3)**

**2. New Land Lease with the Federal Aviation Administration for the Air Traffic Control Tower site at Phoenix Deer Valley Airport**

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a new land lease with the Federal Aviation Administration for the three-acre Air Traffic Control Tower site at Phoenix Deer Valley Airport.

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

**3. Modify Lease Term for Airport Advertising Services Revenue Contract Solicitation**

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board that the original lease term for the Airport Advertising Services Revenue Contract Solicitation (RCS) be modified from a 7-year initial term with one 3-year option to a 12-year initial term with one (3) three-year option to extend. All other business terms and conditions outlined in the original Request to Issue remain unchanged.

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

**INFORMATION AND DISCUSSION (ITEM 4)**

**4. PHX Public Parking Customer Service Initiative: "Voice of the Parker" Forum**

This report provides the Business and Development Subcommittee with an overview of a new customer service initiative, the "Voice of the Parker" Forum, for the public parking program at Phoenix Sky Harbor International Airport.

**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 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 reasonable accommodations by contacting 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, September 3, 2026.

**PHOENIX AVIATION ADVISORY BOARD**
**BUSINESS & DEVELOPMENT SUBCOMMITTEE**
**SUMMARY MINUTES**
**February 5, 2026**
***Meeting held in person and via WebEx***

Subcommittee Members Present
Stephanie Cherny - Chairperson
Sharon Hwang
Ruben Alonzo

Subcommittee Members Absent

Staff Present

| | | |
|---|---|---|
| Cadle Collins | Kevin Eyster | Robert Hawes |
| Carolina Potts | Kyle Brack | Roxann Favors |
| Chad Makovsky | Lea Cons | Ryan Hartnett |
| Chris Baranowski | Matthew Becker | Sarah Demory |
| Cindy Lizarraga | Matthew Heil | Sarah Moratto |
| Daver Malik | Michael Pluff | Sean Larkin |
| Jamie Ritchie | Moe Yacut | Shawna Larson |
| Janet Lee | Michael Hughes | Tim Spahr |
| Jeff Stapleton | Pawan Khera | William Robinson |
| John Ojeda | Pearl Meza | |

Members of the Public Present
Mark Carlisle

## CALL TO ORDER

Ms. Cherny called the meeting to order at **2:30 p.m.**

## MINUTES OF MEETING

**1. For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on December 4, 2025.**

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

No public comments.
The motion carried.

**<u>CONSENT ACTION (ITEM 2)</u>**

**2. New Ground Lease with the Galloway Group, Inc. at Phoenix Sky Harbor International Airport**

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

**<u>INFORMATION AND DISCUSSION (ITEMS 3 - 4)</u>**

**3. North Cargo Development Update**

Mr. Robert Hawes and Ms. Roxann Favors presented this item. Mr. Hawes began by describing the need for additional modern cargo facilities at Sky Harbor Airport.

He stated that current facilities—South Air Cargo and West Air Cargo—are nearing capacity and lack cold storage capabilities. The Northwest portion of Sky Harbor, approximately 28 acres, has been identified for redevelopment under the Comprehensive Asset Management Plan.

Mr. Hawes explained that South Air Cargo currently offers 212,515 square feet of enclosed space, housing UPS, FedEx, and Customs and Border Protection offices, while West Air Cargo provides 165,329 square feet but will lose 40,320 square feet due to other airport projects.

Mr. Hawes stated that to mitigate this, Building D was added by converting a former baggage handling facility from the demolished Terminal Two. Existing facilities process 340,000 to 345,000 tons of cargo annually.

Ms. Favors stated that to market the property effectively, the Aviation Department collaborated with the Finance Department to select qualified real estate brokers. After evaluating aviation and logistics experience, public-private partnership capabilities, and global reach, CBRE was chosen as the broker.

CBRE will develop marketing materials, identify developers, and recommend top prospects. The aviation department will prepare the site by demolishing existing structures, addressing environmental and archaeological concerns, and upgrading Taxiway Alpha to support large cargo aircraft.

She stated that the selected developer will design, build, finance, operate, and maintain the new facilities, subleasing space to air cargo operators. Lease agreements will include term sufficient for the facility capital investment as well as market rent resets and flexibility for reinvestment.

Ms. Favors explained that additional revenue streams are anticipated through landing fees, overnight aircraft fees, and specialized aeronautical uses. This development is strategically significant to replace lost capacity and support Sky Harbor’s vision as a future-ready airport.

No public comments.

**4. Airport Employee Parking Program Update**

Ms. Lea Cons presented this item. The presentation focused on the employee parking program and upcoming changes to the optional daily discount.

Ms. Cons stated that the program currently serves nearly 19,000 employees, reflecting a 21% growth since January 2022. Employees are assigned to three dedicated facilities: 44th Street (40% of parkers), West Economy Garage (22%), and the Air Cargo facility (7%). Monthly parking rates, ranging from $30 to $125, based on location, remain unchanged.

She then explained the optional daily discount program, which currently offers employees 55–65% off public parking rates, has created challenges by incentivizing employees to use public parking instead of their designated lots. In 2025, 490,000 daily discounts were processed, representing 16% of all parking transactions and causing congestion and delays due to manual processing.

Ms. Cons stated that the Aviation Department intends to implement changes targeted for March 1.  The discount is scheduled to be reduced to 10% and transactions will be fully automated through employee parking cards. Blackout dates will be implemented during peak travel periods, during which employees who choose public parking will pay the full posted rate. Non-Phoenix-based airline employees will continue to have access to the discount through a customized reservation system offering convenience and loyalty rewards. Communication about these changes began in December through emails, signage, and meetings, and will continue until implementation.

Ms. Cons explained that the Aviation Department has also addressed employee concerns about safety and security at remote lots, particularly 44th Street. Measures include increased patrols, converting the security booth into a supervisor’s office, providing overnight safety escorts, and adding supplemental buses during Sky Train maintenance. These improvements aim to ensure employee safety and operational efficiency.

Subcommittee members commended the thoroughness of the planning and communication efforts. Questions focused on automation, flexibility in blackout dates, and employee concerns related to safety, operational impacts, and economic implications.

The Aviation Department emphasized that the changes are not intended to generate additional revenue but to preserve public parking for travelers and optimize employee facility use.

Members encouraged integrating these changes into a broader review of employee benefits and exploring opportunities to enhance customer parking options.

No public comments.

## SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

None.

## CALL TO THE PUBLIC

None.

## ADJOURNMENT

The meeting adjourned at **3:03 p.m.**

| BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT | |
|---|---|
| To: | Business and Development Subcommittee |
| From: | Chad R. Makovsky, A.A.E.<br>Aviation Director |
| Subject: | New Land Lease with the Federal Aviation Administration for the Air Traffic Control Tower Site at Phoenix Deer Valley Airport |

**Description**
This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a new land lease with the Federal Aviation Administration (FAA) for the three-acre Air Traffic Control Tower site at Phoenix Deer Valley Airport (DVT).

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**
The FAA currently leases a three-acre site at DVT for the operation of the Air Traffic Control Tower under Lease No. 116177. The lease term was originally 20 years, commencing October 1, 2005, and was amended to extend the term by one year, with the lease now expiring on September 30, 2026. The FAA and the City wish to enter into a new land lease for the current location for a term of 20 years.

**Contract Term**
The proposed new lease term is 20 years, commencing on October 1, 2026, and expiring on September 30, 2046.

**Financial Impact**
This is a nominal-value, non-revenue lease executed in compliance with FAA policy regarding federal air traffic control facilities. The FAA is solely responsible for all operational costs associated with occupying the DVT Air Traffic Control Tower, including all utilities and maintenance.

**Location**
Phoenix Deer Valley Airport, 702 W. Deer Valley Road

**Recommendation**
This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a new land lease with the Federal Aviation Administration for a term of twenty years for the three-acre Air Traffic Control Tower site at Phoenix Deer Valley Airport.

| BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT | |
|---|---|
| To: | Business and Development Subcommittee |
| From: | Chad R. Makovsky, A.A.E.<br>Aviation Director |
| Subject: | Modify Lease Term for Airport Advertising Services Revenue Contract Solicitation |

**Description**
This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board that the original lease term for the Airport Advertising Services Revenue Contract Solicitation (RCS) be modified from a 7-year initial term with one 3-year option to a 12-year initial term with one (3) three-year option to extend. All other business terms and conditions outlined in the original Request to Issue remain unchanged.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**
On December 17, 2025, the Phoenix City Council approved the Aviation Department's Request to Issue (RTI) for an RCS for Airport Advertising Services for an airport advertising company to install, maintain, and manage advertising at Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport, Goodyear Airport, the Rental Car Center, and other designated areas.

The RTI proposed an initial lease term of seven years with one 3-year extension option. However, after receiving feedback from interested industry companies during Business Information Meetings in Q1 2026, the current industry standard lease term has increased to 12–15 years. This lease term adjustment reflects the longer life cycle of modern digital advertising technology and the extended period of time needed for advertising operators to amortize significant capital investments.

Additionally, the original 7-year initial term with one 3-year extension option was developed based on the then-anticipated timeline for the West Terminal to become operational around 2036. With the new timeline for the West Terminal expected to become operational in 2033, modifying the RCS lease term to a 12-year initial term with one (3) three-year option to extend allows the advertising program to be seamlessly incorporated into the West Terminal planning and construction and to maintain consistent technology standards across all facilities.

Extending the initial lease term with an option term to an aggregate 15-year duration will provide continuity in advertising operations and support a cohesive airport-wide advertising strategy. This modified lease term duration will also ensure that the selected operator can amortize significant initial capital investments and the required mid-term reinvestments to develop and maintain a premium airport-wide digital advertising media infrastructure and maximize revenue generation for the Aviation Department.

**Procurement Information**
The Aviation Department will issue an RCS to select a qualified airport advertising concessionaire to develop and manage the Airport Advertising program. The selected concessionaire will be responsible for the installation, maintenance, and operation of all advertising equipment and associated infrastructure.

Respondents deemed responsive will be evaluated based on the following proposed evaluation criteria:

- Qualifications and Experience of Proposer
- Advertising Display Program
- Business, Marketing, and Operations Plans
- Transition and Mobilization Plan
- Sponsorship Program Methodology
- Financial Return to the City

The highest ranked respondent will be recommended for the Airport Advertising Concession Lease award.

The Aviation Department intends to issue this solicitation in October 2026. The City's Transparency Policy will be in effect upon release of the RCS and throughout the procurement process.

**Contract Term**
Twelve-year initial term, with one 3-year option to extend the contract.

**Financial Impact**
Rent will be based on the Minimum Annual Guarantee (MAG) or a percentage of gross sales from the advertising concession program, whichever is greater. MAG and the percentage of gross sales will be finalized when the RCS is published.

**Concurrence/Previous Board Action**
The Phoenix Aviation Advisory Board Business and Development Subcommittee approved this item on October 3, 2025, by a vote of 3-0.

The Phoenix Aviation Advisory Board approved this item on October 16, 2025, by a vote of 6-0.

The Transportation, Infrastructure, and Planning Subcommittee approved this item on November 19, 2025, by a vote of 4-0.

The Phoenix City Council approved this item on December 17, 2025.

**Public Outreach**

This process will include all standard and required outreach efforts, as well as targeted outreach to generate interest.

**Location**
Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

**Recommendation**
This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board that the lease term for the Airport Advertising Services RCS be modified to a 12-year initial term, with one 3-year option to extend.

| BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT | |
|---|---|
| To: | Business and Development Subcommittee |
| From: | Chad R. Makovsky, A.A.E.<br>Aviation Director |
| Subject: | PHX Public Parking Customer Service Initiative: “Voice of the Parker” Forum |

**Description**
This report provides the Business and Development Subcommittee with an overview of a new customer service initiative, the “Voice of the Parker” Forum, for the public parking program at Phoenix Sky Harbor International Airport (PHX).

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

**Report Summary**
In Fall 2026, Aviation Business and Properties Parking Services section is seeking to implement a new customer service initiative, the “Voice of the Parker” Forum. This initiative will gather experience-based insights from existing customers to discover the motivations behind public parking customers’ behavior, identify challenges, and elevate the overall airport parking experience through a series of bi-annual virtual focus groups.

Customers will be identified and selected to participate based on parking frequency and product usage, ensuring representation across key public parking customer segments: business, leisure, economy, terminal, and valet.

Data collected through the “Voice of Parker” Forum will provide actionable items to improve customer service, enhance parking products, and build long-term PHX Public Parking loyalty.

**Financial Impact**
Total annual costs of this initiative are estimated not to exceed $50,000 consisting of expenses for a focus group facilitator and the value of parking loyalty point awards to focus group participants. Funds are available in the Business & Properties FY26-27 operating budget.

**Location**
Phoenix Sky Harbor International Airport, 2485 East Buckeye Road

**Recommendation**
This item is for information and discussion.