

**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 20, 2022 at 3:00 p.m. via WebEx.**

**OPTIONS TO ACCESS THIS MEETING**

- **Call-in to listen to the meeting.** Dial 602-666-0783 and Enter Meeting ID 2472 637 6419 #. Press # again when prompted for attendee ID.

- **View the meeting as an attendee.** Click on this link at the time of the meeting and join the WebEx to listen and view presentations:

<https://cityofphoenix.webex.com/cityofphoenix/onstage/g.php?MTID=e922409d50e54e14dfea01497b32062e9>

- **Speak during a meeting.** If you wish to provide a written comment or speak at the meeting, please submit a request to [pearl.meza@phoenix.gov](mailto:pearl.meza@phoenix.gov) with as much advance notice as possible to ensure there is sufficient time to distribute the written comments and provide information on how to participate. Requests to speak during the meetings may be taken as late as 10 a.m. on Thursday, January 20, 2022. The email should include your first and last name, email address, the item number(s) and whether you wish to speak.

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, and 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 Director of Aviation Services**
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 December 16, 2021**

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

4. **Terminal 4 South 1 Concourse Food and Beverage Concessions Phase I Package 1 Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with The Grove, Inc. for the development, operation and management of food and beverage concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport, for a contract term of ten years, with no option to extend.

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

5. **Terminal 4 South 1 Concourse Food and Beverage Concessions Phase I Package 2 Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with Emerging Domestic Market Ventures, LLC for the development, operation and management of food and beverage concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport, for a contract term of ten years, with no option to extend.

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

6. **Terminal 4 South 1 Concourse Retail Concessions Phase I Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with The Marshall Retail Group, LLC (MRG PHX, LLC dba Uptown PHX / MRG PHX II, LLC dba InMotion) for the development,

operation and management of retail concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport, for a contract term of ten years, with no option to extend.

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

**7. Terminal 4 South 1 Common-Use Airport Lounge Award Recommendation**

This report requests that Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with AD Partnership LLC dba Sapphire Lounge by The Club for the development, operation and management of a Common-Use Airport Lounge concession in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport, for a contract term of ten years, with no option to extend.

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

**8. Deer Valley Airport Restaurant Revenue Contract Solicitation Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a food and beverage concessions lease with Kind Hospitality, Inc. at Phoenix Deer Valley Airport for seven years with one three-year option to extend.

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

**INFORMATION AND DISCUSSION (ITEM 9)**

**9. Aviation Job Fair Update**

This report provides the Phoenix Aviation Advisory Board an update on recent job fairs conducted to promote opportunities at 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 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 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 Thursday, February 17, 2022.



**PHOENIX AVIATION ADVISORY BOARD  
SUMMARY MINUTES  
December 16, 2021  
*Meeting held via WebEx***

Board Members Present

Stephanie Cherny – Chairperson  
Verma Pastor – Vice-Chairperson  
Bret Aldieri  
Andrew Cohn  
Karlene Keogh Parks  
Brian Foster  
Valencia Fisker  
Seth Scott

Board Members Absent

Susan Ehrlich  
  
Camilo Henao – Ex-Officio

Staff Present

Chad Makovsky  
Sarah Demory  
Carolina Potts  
Pearl Meza  
Brad Holm  
Jay DeWitt  
Terrance Ward  
Heather Shelbrack  
Paul Berumen  
Shane Henning  
Kimberly Brown  
Kimberly Whetstone

Karina Fitzgerald  
Richard Graham  
Matt Heil  
Prasan De Silva  
Seyed Naghibzad  
Brandy Ryan  
Corrine Ulmer  
Becca McCarthy  
Julie Rodriguez  
Alice Bimrose  
Sarah Moratto  
Shawna Larson

Moe Yacut  
Mike O'Shaughnessy  
Matt Becker  
William Robinson  
Daver Malik  
Lawrence Hein  
Gary Lovgren  
Michael Hughes  
Tom Sawyer  
Jamie Ritchie  
Cynthia Parker

Members of the Public Present

Celeste Karlsrud  
Scott Sikel  
Claude Mattox  
Karen Ratliff

**CALL TO ORDER**

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

## **SUMMARY OF CURRENT EVENTS**

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

Mr. Chad Makovsky, Director of Aviation Services, updated the board on current events at the airport. Mr. Makovsky shared that October's passenger numbers came in at 3.8 million passengers, which is 100% higher than 2020 but 2.6% lower than 2019. He added that the airport has consistently observed traffic levels that are at least 90% of 2019 or higher.

Mr. Makovsky stated that Sky Harbor experienced its busiest Thanksgiving week in the history of its operations. Roadway traffic was compounded by the increased passenger levels, despite extensive efforts made by staff to avoid congestion. Mr. Makovsky shared that the master plans has accommodations to improve roadway traffic surrounding the airport.

Mr. Henao joined at 3:03 p.m.

Mr. Makovsky reviewed the visit of Secretary Buttigieg and Senators Kelly and Sinema at Sky Harbor to discuss the new infrastructure bill and the airport's master plan and infrastructure roadmap. The Mayor, Vice Mayor and Councilwoman Guardado were also in attendance.

Mr. Makovsky discussed the new air service at Sky Harbor from Sun Country, Allegiant, Spirit, and United Airlines. He added that, Denver Air Connection had its inaugural flight arrive at Terminal 3 today. Mr. Makovsky displayed a year-in-review map of new service added to the airport in 2021

Navigator buddies will be available for photo opportunities for customers and will be dressed festively to wish folks a happy paw-lidays. The navigator buddies will be available from 9:00 a.m. until 7:00 p.m. through the holidays to take photos with passengers.

Mr. Makovsky reviewed the upcoming Fiesta Bowl Parade on December 18 and the airport's presence in the parade.

Mr. Makovsky shared photos from the recent Employee Holiday Drive-Thru Parade, where staff had the opportunity to compete for best-decorated vehicle. He emphasized his appreciation for staff working through the hectic holiday season.

Mr. Makovsky gave an overview of ASU's program to sponsor Afghan students from the Asian University for Women who were evacuated from Kabul in August. Staff assisted ASU in meeting the students when their chartered flight arrived.

He shared that Aviation participated once again in the Herrera School Reindeer Run to donate food and gift certificates that students could compete for in a raffle. Over 100 turkeys and hams were donated to the event, 50 of which came from Kind Hospitality. He thanked Jason Gitkin for his efforts in community outreach.

Mr. Makovsky recognized Mr. Brad Holm for all his years of service and wished him well in his retirement.

Mr. Makovsky also thanked three departing board members whose terms come to an end on December 17, 2021, Ms. Keogh Parks, Ms. Ehrlich, and Mr. Aldieri.

Ms. Cherny thanked her fellow board members for their service and congratulated Mr. Holm on his retirement.

Mr. Cohn thanked Mr. Holm for his advocacy on behalf of the airport and acknowledged how privileged he feels to be a part of the board and thanked the departing board members for their service and for stepping up to help the community.

Ms. Pastor stated her gratitude for the board and for all their hard work.

Mr. Scott gave thanks to the departing board members and to Mr. Holm.

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

Mr. Camilo Henao, Airline Station Manager, gave an update on current events in the airline industry. Mr. Henao stated that Delta Airlines is also adding flights in January and March.

Mr. Henao also shared his gratitude to City of Phoenix and the other business partners that participated in the recent job fairs, which have been successful and helpful to airline operations.

## **MINUTES OF MEETING**

### **3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on November 18, 2021**

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

The motion carried by the following vote:

**Yes:** 7 – Mr. Aldieri, Mr. Cohn, Ms. Fisker, Mr. Foster,  
Ms. Keogh Parks, Chairperson Cherny

**No:** 0

**Abstain:** 2 – Mr. Scott, Vice-Chairperson. Pastor

#### **INFORMATION ONLY (ITEM 4)**

##### **4. Scottsdale Flight Path Litigation**

Chairperson Cherny directed the board to their packets for additional information.

#### **CONSENT ACTION (ITEM 5)**

##### **5. Eclat Countertops, LLC New Ground Lease**

There were no requests to pull the item for amendment or questions.

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

The motion carried by the following vote:

**Yes:** 8 – Mr. Aldieri, Mr. Cohn, Ms. Fisker, Mr. Foster,  
Ms. Keogh Parks, Mr. Scott, Vice-Chairperson Pastor,  
Chairperson Cherny

**No:** 0

No Public Comment Cards.

#### **INFORMATION AND DISCUSSION (ITEMS 6-8)**

##### **6. Broker Service at Deer Valley and Goodyear Airports**

Mr. Richard Graham, Aviation Superintendent, presented details on current efforts to develop unoccupied land at the general aviation airports. He discussed



current and planned developments near Goodyear Airport, with hopes to get new developments on airport property. He then reviewed the Goodyear master plan.

Mr. Graham stated that Deer Valley is not experiencing the same level of development nearby, primarily as the neighboring properties are already largely developed, but outlined possible development options on existing airport property. Mr. Graham reviewed the Deer Valley master plan as well.

Mr. Graham shared that a broker would be a valuable asset for identifying possible leads and assisting in efforts to find developers for unoccupied land at the Goodyear and Deer Valley Airports. He added that as a result of a solicitation previously conducted by the City of Phoenix Real Estate department, originated an Approved Vendor List (AVL). Aviation staff have selected Jones Lang LaSalle (JLL) from that AVL to provide the broker service at the two general aviation airports.

Mr. Cohn commented that he is very satisfied with the results and thanked staff for all their work on this item.

Ms. Cherny asked whether a new master plan will be created for Goodyear. Mr. Graham answered that staff do not have a projection for a new master plan in the nearby future, but that considerations would be made to update it in the future.

## **7. Public Parking Update**

Mr. Craig Doyle, Aviation Superintendent, presented an update on public parking at Sky Harbor. He stated that a request was made at the last PAAB meeting for an update on short-term parking, and that an update was provided at the recent BDSC meeting.

Mr. Doyle reviewed a map of availability of short-term parking at the Terminal 4, Level 4 garage. He stated that Terminal 4 Short-Term Parking was impacted by construction and demand for Premium Parking. Construction in Terminal 4 temporarily restricted Short-Term spaces from September 20th through October 25th, 2021. Short-Term Parking reached a low of 140 spaces during that period and is now back up to 196 spaces. Terminal 3 offers 38 Short-term Spaces. He also stated that customers can park short-term in any space they wish.

Mr. Doyle gave an overview of the planned parking rate increases, based on a benchmark study of the top 20 airports in the U.S., and added that rates have not been increased for over four years. The rate increases will be implemented after a 60-day notice period.

Mr. Doyle stated that with the return of business travel in 2022, staff anticipate increased demand and occupancy for public parking. He added that other factors have also contributed to increased occupancy of parking, such as longer lengths

of stay for leisure travel, and general increases in enplanements exceeding 2019 passenger levels, such as Thanksgiving week.

Mr. Doyle returned to the study used to evaluate the rate increase and reviewed some of the major assumptions and rate setting factors that resulted from the corresponding data analysis.

Mr. Doyle reviewed the rate increases for drive-up parking and added that marketing and communications programs will continue to encourage customers to take advantage of discount parking reservations. Mr. Doyle emphasized that while Sky Harbor's rates are increasing, these rate increases are routine at other airports as well and that parking rates will remain competitive for customers. There are no adjustments to the Employee rates.

Mr. Doyle next discussed changes to the hourly short-term parking. Sky Harbor is keeping the hourly rate at \$4 and making change to the pricing structure. The new structure will charge \$4 for the first hour and then \$2 for every 30 minutes.

Mr. Cohn commented that at BDSC he shared concerns for employee discounted parking and that his concerns had been satisfied, as rates for employees will not be increasing.

Mr. Aldieri asked about parking availability at the 24<sup>th</sup> Street Station and what the timeline for those additional spaces is. Mr. Doyle answered that the additional 1,645 parking spaces at the 24<sup>th</sup> Street Station Economy Parking will be opening with the Sky Train expansion in Summer of 2022.

Mr. Foster asked how long the current grace period is at short-term parking and what the parking rate structure currently is. Mr. Doyle answered that currently short-term parking runs at \$1 per 15 minutes and added that the changes are consistent with some other similarly sized airports.

## **8. Quarterly Revenue, Enplanements, and Business Activity Update**

Mr. Jay DeWitt, Acting Assistant Aviation Director, and Mr. Terrance Ward, Special Projects Administrator for the Business & Properties Division, presented.

Mr. DeWitt reviewed the last update he provided to the board last August, in which staff reported positive improvements in operations despite COVID-19 impacts across the industry. He also noted that Phoenix continues to lead in comparison to other U.S. airports in passenger levels and is recovering stronger than other domestic airports.

Mr. DeWitt noted recent enplanements in comparison to 2019 passenger levels, stating that Phoenix is continuously performing above average and has even met or surpassed 2019 passenger levels.

He acknowledged the continued health concerns for COVID-19, including the previous peaks in positive cases as well as hospitalizations, and stated that the current peak in cases is not showing the same level of corresponding hospitalizations as previous outbreaks. He stated that staff continue to be hopeful that impact will remain minimized and that cases will decline as more people are vaccinated.

Mr. DeWitt reviewed the monthly enplanement forecast through April of 2024, including multiple scenarios for performance that staff created, and demonstrated that actual enplanements have improved and bordered closer to the medium-impact scenario outlined by staff.

Mr. DeWitt discussed non-aeronautical sources of revenue and their financial impact for the airport, as they are still crucial revenue centers for Sky Harbor. He stated that parking has also recovered since the beginning of the pandemic and are now exceeding 2019 performance levels. He added that while rental car activity has unfortunately not experienced the same recovery, staff are hopeful that activity will continue to increase next year.

Mr. DeWitt turned the presentation over to Mr. Ward, who began with a comparative map of concessions recovery and current performance of concessions in the airport across the two terminals and concessions categories. Mr. Ward stated that approximately 60% of food and beverage, 76% of retail, and 40% of services in Terminal 3 are currently open, whereas in Terminal 4 approximately 80% of food and beverage, 75% of retail, and 25% of services are open.

Mr. Ward shared a visual timeline for concessions recovery beginning in April of 2020, showing the number of outlets currently open and operating in the airport. The timelines for both terminals show a gradual improvement in concessions recovery and that overall 75% of concessions have returned to operations.

Mr. Ward discussed the various efforts from the airport to facilitate concessions recovery, including contract amendments for rent relief and job fairs to assist hiring. He also added that airport partners are working to incentivize hiring and have partnered with nearby colleges as well to continue hiring efforts. Mr. Ward concluded his update on concessions recovery and returned the presentation to Mr. DeWitt.

Mr. Cohn left the meeting at 3:58 p.m.

Mr. DeWitt gave an overview on the current federal efforts to assist the aviation industry and federal programs that are providing funding opportunities to airports. This includes allocations to Sky Harbor of \$148 million from CARES, \$39 million from CRRSA, and \$158 million from ARPA. Mr. DeWitt then provided a detailed

map of plans for use of the federal funds provided to the airport. He also stated that staff are still awaiting further information on grant amounts that are pending from the recent federal infrastructure bill.

Mr. DeWitt concluded that staff are still hopeful that circumstances will continue to improve.

Mr. Scott asked for more clarification on what is delaying concessions from re-opening if passenger levels have returned to pre-pandemic levels. Mr. DeWitt answered that the key factor includes a scarce labor market, and that airport concessionaires are only 60-70% staffed compared to 2019 staffing levels.

Mr. Scott asked for more details on what incentives concessionaires are providing to hire new employees. Mr. Makovsky commented that that concessionaires have expressed positive feedback at the job fairs hosted by the Aviation Department. He also stated that all aspects of airport business, including airport operations, ground services and rental car providers, are experiencing a particularly challenging time for hiring labor, regardless of hiring incentives.

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

Ms. Cherny requested a follow-up on the Aviation job fairs.

### **CALL TO THE PUBLIC**

None.

### **ADJOURNMENT**

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

The motion carried by the following vote:

**Yes:**           7 – Mr. Aldieri, Ms. Fisker, Mr. Foster,  
                          Ms. Keogh Parks, Mr. Scott, Vice-Chairperson Pastor,  
                          Chairperson Cherny

**No:**             0

No Public Comment Cards.

Meeting end at **4:06 p.m.**

<b>PHOENIX AVIATION ADVISORY BOARD</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Terminal 4 South 1 Food and Beverage Phase I Package I Award Recommendation

**Description**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with The Grove, Inc. for the development, operation and management of food and beverage concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport (PHX), for a contract term of ten years, with no options to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

**Report Summary**

On March 17, 2021, Phoenix City Council authorized the issuance of a Revenue Contract Solicitation (RCS) for food and beverage concessions in the new T4 S1 concourse. The new concourse will be home to Southwest Airlines and is scheduled to be operational in the Summer of 2022.

The goals of the RCS were to optimize sales and revenue over the term of the lease, provide quality food and beverage offerings to passengers, emphasize local culture in the design of the facility, and select respondents with experience operating successful food and beverage concessions in the US and/or abroad.

An evaluation panel evaluated the responses based on the following criteria established in the RCS:

- Proposed concepts and menu plans for each concession Space (0-250 points available)
- Design and quality of tenant improvements (0-225 points available)
- Management, marketing, operations, and technology plans (0-175 points available)
- Experience and qualifications of respondent (0-150 points available)
- Proposed business plan (0-100 points available)
- Financial return to the City (0-100 points available).

**Procurement Information**

Aviation issued the RCS on May 27, 2021, with responses due on September 17, 2021. Two responses were received for Package 1 and all responses were deemed responsive and responsible. The evaluation panel met for the initial consensus meeting on November 2, 2021 and respondent interviews were held on November 9, 2021. The panel's award recommendation was posted to the City's public award website on December 2, 2021.

The consensus score and ranking for each Respondent is shown below:

Respondents (Package 1)	Points
The Grove, Inc.	885 Points
Kind Hospitality, Inc.	800 Points

The panel recommendation was reached by consensus in consideration of the above criteria.

**Contract Term**

The term will be ten years with no options to extend.

**Financial Impact**

The estimated annual revenue to the City will be the established Minimum Annual Guarantee (MAG) or percentage of gross sales, whichever is greater. MAG for the first year will be set at \$850,000. The MAG will be adjusted annually thereafter at 85 percent of the prior year's annual rent owed by Lessee or 100 percent of MAG for the first Lease Year, whichever is greater.

**Concurrence/Previous Board Action**

This item was recommended for approval by the Business and Development Subcommittee on Jan. 4, 2022 by a vote of 3-0.

**Public Outreach**

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

**Location**

Phoenix Sky Harbor International Airport, 3400 E. Sky Harbor Blvd.

**Recommendation**

Request that the PAAB recommend to the TIP to enter into a lease with The Grove, Inc. for the development, operation and management of food and beverage concessions (Phase I) in the new T4 S1 Concourse at PHX, for ten years.

<b>PHOENIX AVIATION ADVISORY BOARD</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Terminal 4 South 1 Food and Beverage Phase I Package 2 Award Recommendation

### **Description**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with Emerging Domestic Market Ventures, LLC for the development, operation and management of food and beverage concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport (PHX), for a contract term of ten years, with no options to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

### **Report Summary**

On March 17, 2021, Phoenix City Council authorized the issuance of a Revenue Contract Solicitation (RCS) for food and beverage concessions in the new T4 S1 concourse. The new concourse will be home to Southwest Airlines and is scheduled to be operational in the Summer of 2022.

The goals of the RCS were to provide a small business opportunity for respondents to optimize sales and revenue over the term of the lease; provide quality food and beverage offerings to passengers, emphasize local culture in the design of the facility, and select respondents with experience operating successful food and beverage concessions in the U.S. and/or abroad.

An evaluation panel evaluated the responses based on the following criteria established in the RCS:

- Proposed concepts and menu plans for each concession Space (0-250 points available)
- Design and quality of tenant improvements (0-225 points available)
- Management, marketing, operations, and technology plans (0-175 points available)
- Experience and qualifications of respondent (0-150 points available)
- Proposed business plan (0-100 points available)
- Financial return to the City (0-100 points available).

### **Procurement Information**

Aviation issued the RCS on May 27, 2021, with responses due on September 17, 2021. Three responses were received for Package 2 and all responses were deemed responsive and responsible. The evaluation panel met for the initial consensus meeting on November 2, 2021 and respondent interviews were held on November 9, 2021. The panel's award recommendation was posted to the City's public award website on December 2, 2021.

The consensus score and ranking for each Respondent is shown below:

Respondents (Package 2)	Points
Emerging Domestic Market Ventures LLC	945 Points
Mosby & Company Inc.	875 Points
TMG Services LLC	845 Points

The panel recommendation was reached by consensus in consideration of the above criteria.

**Contract Term**

The term will be ten years with no options to extend.

**Financial Impact**

The estimated annual revenue to the City will be the established Minimum Annual Guarantee (MAG) or percentage of gross sales, whichever is greater. MAG for the first year will be set at \$115,000. The MAG will be adjusted annually thereafter at 85 percent of the prior year's annual rent owed by Lessee or 100 percent of MAG for the first Lease Year, whichever is greater.

**Concurrence/Previous Board Action**

This item was recommended for approval by the Business and Development Subcommittee on Jan. 4, 2022 by a vote of 3-0.

**Public Outreach**

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

**Location**

Phoenix Sky Harbor International Airport, 3400 E. Sky Harbor Blvd.

**Recommendation**

Request that the PAAB recommend to the TIP to enter into a lease with Emerging Domestic Market Ventures, LLC for the development, operation and management of food and beverage concessions (Phase I) in the new T4 S1 Concourse at PHX, for ten years.



<b>PHOENIX AVIATION ADVISORY BOARD</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Terminal 4 South 1 Retail Concession Phase I Award Recommendation

### **Description**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with The Marshall Retail Group, LLC (MRG PHX, LLC dba Uptown PHX / MRG PHX II, LLC dba InMotion) for the development, operation and management of retail concessions in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport (PHX), for a contract term of ten years, with no options to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

### **Report Summary**

On March 17, 2021, Phoenix City Council authorized the issuance of a Revenue Contract Solicitation (RCS) for retail concessions in the new T4 S1 concourse. The new concourse will be home to Southwest Airlines and is scheduled to be operational in the Summer of 2022.

The goals of the RCS were to optimize sales and revenue over the term of the lease, provide quality and unique retail merchandise to passengers, emphasize local culture in the design of the facility, and select a respondent with experience operating successful retail concessions in the U.S. and/or abroad.

An evaluation panel evaluated the responses based on the following criteria established in the RCS:

- Proposed concepts and merchandise plans for each concession space (0-250 points available)
- Design and quality of tenant improvements for each concession space (0-200 points available)
- Management, marketing, operations, and technology plans (0-200 points available)
- Experience and qualifications of respondent (0-150 points available)
- Proposed business plan (0-100 points available)
- Financial return to the City (0-100 points available)

### **Procurement Information**

Aviation issued the RCS on May 27, 2021, with responses due on September 17, 2021. Five responses were received and deemed responsive and responsible. The evaluation panel met for the initial consensus meeting on October 27, 2021 and respondent interviews were held on November 16, 2021. The panel's award recommendation was posted to the City's public award website on December 2, 2021.

The consensus score and ranking for each Respondent is shown below:

Respondent	Points
MRG PHX, LLC dba Uptown Phoenix, MRG PHX II, LLC dba InMotion	880 Points
Stellar LAM PHX III LLC dba Valley of the Sun   iPorte	825 Points
Paradies Lagardere at PHX, LLC dba Paradies Lagardere	810 Points
HG CYS PHX Retailers JV dba Hudson	790 Points
Gideon Total Management Services LLC	650 Points

The panel recommendation was reached by consensus in consideration of the above criteria.

### **Contract Term**

The term will be ten years with no options to extend.

### **Financial Impact**

The estimated annual revenue to the City will be the established Minimum Annual Guarantee (MAG) or percentage of gross sales, whichever is greater. MAG for the first year will be set at \$1,010,000. The MAG will be adjusted annually thereafter at 85 percent of the prior year's annual rent owed by the Lessee or 100 percent of MAG for the first Lease year, whichever is greater.

### **Concurrence/Previous Board Action**

This item was recommended for approval by the Business and Development Subcommittee on Jan. 4, 2022 by a vote of 3-0.

### **Public Outreach**

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

### **Location**

Phoenix Sky Harbor International Airport, 3400 E. Sky Harbor Blvd.

### **Recommendation**

Request that the PAAB recommend to the TIP to enter into a lease with The Marshall Retail Group, LLC (MRG PHX, LLC dba Uptown PHX / MRG PHX II, LLC dba InMotion) for the development, operation and management of retail concessions (Phase I) in the new T4 S1 Concourse at PHX, for ten years.

<b>PHOENIX AVIATION ADVISORY BOARD</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Terminal 4 South 1 Common-Use Airport Lounge Award Recommendation

### **Description**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a lease with AD Partnership LLC dba Sapphire Lounge by The Club for the development, operation and management of a Common-Use Airport Lounge (Lounge) Concession in the new Terminal 4 South 1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport (PHX), for 10 years with no option to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

### **Report Summary**

On March 17, 2021, Phoenix City Council authorized the issuance of a Revenue Contract Solicitation (RCS) for a common-use lounge in the new T4 S1 concourse. The new concourse will be home to Southwest Airlines and is scheduled to be operational in the Summer of 2022.

The goals of the RCS were to optimize sales and revenue over the term of the lease, develop the quality and uniqueness of the lounge facility, emphasize local culture in the design of the facility and in food and beverage offerings, and select a respondent with experience operating successful airport lounges in the U.S. and/or abroad. In addition, the lounge must offer access to passengers of its partnering airlines and other clients or customers wishing to pay for lounge access at PHX.

An evaluation panel evaluated the responses based on the following criteria established in the RCS:

- Business operations (0-300 points available)
- Concept design (0-250 points available)
- Qualifications/Experience (0-200 points available)
- Proposed business plan (0-150 points available)
- Financial return to the City (0-100 points available).

### **Procurement Information**

Aviation issued the RCS May 27, 2021, with responses due September 17, 2021. Four responses were received. Three responses were deemed responsive and responsible. One response was deemed non-responsive as they did not meet the minimum qualification for experience operating a lounge in a large-hub airport. The evaluation panel met for the initial consensus meeting on October 20, 2021 and respondent interviews were held on October 28, 2021. The panel's award recommendation was posted to the City's public award website on December 2, 2021.

The consensus score and ranking for each Respondent is shown below:

AD Partnership LLC dba Sapphire Lounge by The Club:	925
Joint Billion USA Holdings LLC dba Capital One   Plaza Premium Lounge LLC:	818
MAG US Lounge Management LLC dba Escape Lounges:	764

The panel recommendation was reached by consensus in consideration of the above criteria.

**Contract Term**

The term will be ten years with no options to extend.

**Financial Impact**

The estimated annual revenue to the City will be the greater of a Minimum Annual Guarantee (MAG) or 13 percent of gross sales, whichever is greater. MAG for the first year will be \$1,800,000. The MAG will be adjusted annually thereafter at 85 percent of the prior year's annual rent revenues or 10 percent of MAG for the prior year, whichever is greater.

**Concurrence/Previous Board Action**

This item was recommended for approval by the Business and Development Subcommittee on Jan. 4, 2022 by a vote of 3-0.

**Public Outreach**

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

**Location**

Phoenix Sky Harbor International Airport, 3400 E. Sky Harbor Blvd.

**Recommendation**

Request that the PAAB recommend to the TIP to enter into a lease with AD Partnership LLC dba Sapphire Lounge by The Club for the development, operation and management of a lounge concession in the new T4 S1 Concourse at PHX, for ten years.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Deer Valley Airport Restaurant Revenue Contract Solicitation Award Recommendation

### **Description**

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend approval to the Transportation, Infrastructure, and Planning Subcommittee (TIP) to enter into a Food and Beverage Concessions Lease with Kind Hospitality, Inc. at Phoenix Deer Valley Airport (DVT) for seven years with one three-year option to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

### **Report Summary**

On September 16, 2020, the Phoenix City Council authorized the Aviation Department (Aviation), to issue a Revenue Contract Solicitation (RCS) for a new Food and Beverage operator for the restaurant at Phoenix Deer Valley Airport.

### **Procurement Information**

The original RCS (21-002) was released on October 20, 2020, which produced no responses by the due date of December 15, 2020. RCS 22-001 was released on July 20, 2021 with responses due on November 19, 2021. One response was received on the due date from Kind Hospitality, Inc., which was deemed responsive and responsible. On December 16, 2021, the evaluation panel met and evaluated the responsive Respondent based on the published evaluation criteria:

- Suitability of the proposed restaurant concept and design (350 points)
- Quality and suitability of menu items (250 points)
- Qualifications and experience (200 points)
- Amount of remodel investment (100 points)
- Proposed first year Minimum Annual Guarantee (MAG) (100 points)

The Panel recommendation was reached by consensus in consideration of these criteria.

After a local and national outreach effort and a competitive RCS, Kind Hospitality, Inc. is recommended for award of the Deer Valley Airport Restaurant Concessions Lease, with 955 out of 1000 points for the submission.

The City Transparency Policy is in effect until the contract resulting from this RCS is awarded by City Council.

**Contract Term**

The term will be seven years, with one three-year option to extend, which shall be exercised at the sole discretion of the Director of Aviation Services.

**Financial Impact**

First year annual revenue will be \$92,001 (MAG) or percentage of gross sales, whichever is greater:

<b>CATEGORY</b>	<b>PERCENT OF GROSS SALES</b>
Food & Non-alcoholic Beverages	Seven Percent
Alcoholic Beverages	Twelve Percent
Branded Merchandise	Five Percent

**Concurrence/Previous Board Action**

This item was recommended for approval by the Business and Development Subcommittee on Jan. 4, 2022 by a vote of 3-0.

**Public Outreach**

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

**Location**

Phoenix Deer Valley Airport, 702 West Deer Valley Road

**Recommendation**

Request the PAAB recommend approval to the TIP to enter a concessions lease with Kind Hospitality, Inc. for seven years with one three-year option to extend.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Aviation Job Fair Update

### **Description**

This report provides the Phoenix Aviation Advisory Board an update on recent job fairs conducted to promote opportunities at Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

### **Report Summary**

Throughout the COVID-19 pandemic, the Aviation Department has worked with business partners to find ways to support their operations. One way the department is assisting businesses is through joint job fairs to attract eligible applicants for vacant positions.

Partnering on job fairs provides additional promotional support for recruitment, streamlines the application process and, in some cases, allows for on-site interviews at the same time.

The department's most recent job fair was held on Dec 15, 2021, at the 44<sup>th</sup> Street PHX Sky Train™ station. The event included 24 companies from a variety of airport-related industries. In total, the companies were able to select 54 individuals to move forward in the recruitment process or get hired that day.

### **Public Outreach**

Aviation Public Relations staff promotes the job fairs to news outlets and online on all the department's social media channels and posts an event page on skyharbor.com.

### **Location**

Multiple