

**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, December 7, 2023 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/cityofphoenix/j.php?MTID=mc3807d105d50757deb101a68ac4bdce>
- **Call-in to listen to the meeting**, dial 602-666-0783 and Enter Meeting ID 2630 963 0365 # 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, December 7, 2023. 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 November 2, 2023**

DISCUSSION AND POSSIBLE ACTION (ITEMS 2 - 4)

2. Award Recommendation for Concessions Consulting Services at Phoenix Sky Harbor International Airport

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into two separate concession consultant agreements.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

3. Award Recommendation for Automated Teller Machine Services at Phoenix Sky Harbor International Airport

This report requests that the Business Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a lease agreement with Bank of America, National Association for Automated Teller Machine Services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

4. Award Recommendation for Airport Towing Service and Minor Auto Assistance at Phoenix Sky Harbor International Airport

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to award a services contract for airport towing and minor auto assistance.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. Section 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later time.

ADJOURNMENT

For further information, please call Pearl Meza, Management Assistant II, Aviation Department at 602-273-3382. For further documentation related to this meeting, please visit skyharbor.com.

Persons with a disability may request a reasonable accommodation, please contact Pearl Meza, Management Assistant II, Aviation Department at 602-273-3382. Or 7-1-1 friendly.

The next Business and Development Subcommittee meeting is scheduled to take place Thursday, January 4, 2024.



**PHOENIX AVIATION ADVISORY BOARD
BUSINESS & DEVELOPMENT SUBCOMMITTEE
SUMMARY MINUTES
November 2, 2023
*Meeting held via WebEx***

Subcommittee Members Present

Stephanie Cherny - Chairperson
Andrew Cohn
Valencia Fisker

Staff Present

Abbe Slade
Ann Fusco
Andrew Durket
Carolina Potts
Chad Makovsky
Cynthia Smith
Heather Shelbrack

Jay DeWitt
Jennifer Maples
John Trierweiler
Marshall Kain
MaryHelen Martinez
Matthew Heil
Moe Yacut

Pawan Khera
Pearl Meza
Richard Graham
Robert Hawes
Roxann Favors
Sarah Demory
Tom Sawyer

Members of the Public Present

Karen Ratliff

CALL TO ORDER

Chairperson Ferniza called the meeting to order at **2:34 p.m.**

MINUTES OF MEETING

- 1. For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on August 3, 2023.**

Ms. Fisker abstained from voting on this item.

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

No public comments.
The motion carried

DISCUSSION AND POSSIBLE ACTION (ITEMS 2-4)

2. Advertising and Graphic Design Services

Ms. Heather Shelbrack presented this item. She began by providing an overview of the methods used by the airport to communicate with the public. She also provided details on the current contract and stated that the provider is no longer conducting business and discussed how current advertising needs are being met.

Ms. Shelbrack then discussed the components of the Request for Proposal including the requirements, number of respondents, the evaluation panel, and the criteria the evaluation panel used in determining the successful proposer.

Mr. Cohn asked how many respondents there were, and if any were based in Phoenix.

Ms. Shelbrack replied that there were eight respondents, with one being deemed non-responsive due to incomplete paperwork. Of the responsive proposers, the Phoenix-based company provided work samples that were not adequate.

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

No public comments.
The motion carried.

3. Passenger Experience Benchmarking Survey

Mr. Pawan Khera presented this item. He began by providing a background on survey practices at Sky Harbor Airport, including the number of surveys conducted and the information gathered. He noted that these past surveys did not allow for passenger experiencing benchmarking.

Mr. Khera then detailed how benchmarking surveys can be conducted through a third-party contractor, and the various locations throughout the terminals where they would be conducted.

He then provided an overview of the procurement process, the terms of the contract, the procurement timeline, the evaluation criteria and process, and the recommended contractor.

Ms. Cherny asked if this survey would also cover transfer and connecting flights.

Mr. Khera said that the survey methodology would also cover these passengers.

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

No public comments.
The motion carried.

4. Airport Custodial & Floor Care Services Contract Award Recommendation

Ms. Cynthia Smith presented this item. She reviewed the Aviation Department's custodial needs at its three airports and other facilities.

Ms. Smith noted that as the airport has modernized its facilities in recent years, with an increase in stainless steel, glass and terrazzo flooring, cleaning processes have become more complex. Due to these elements the contracts have been structured so the contractor supplies personnel, material, equipment, and management.

She then discussed the procurement process and the categories available to two large companies: one for general custodial services, and the other for floor care services. She noted there is also a small company category for the custodial needs of smaller facilities.

Ms. Smith then provided the proposal evaluation criteria, the terms of each contract, and the recommended awardees for each category.

Mr. Cohn asked how many total employees each contract will have.

Ms. Smith replied that the combined employee count of all three companies is about 350-400 employees.

Mr. Cohn then asked the total sq ft of the floor space cleaned by these contracts.

Ms. Smith said that the total hard floor surface is about 1.7 million square feet.

Ms. Fisker noted that nearly half of the small company respondents were deemed non-responsive. She asked if there is a process to help non-responsive companies do better in the future.

Ms. Favors responded that the Contracts & Services team does follow-up with non-responsive companies to go over deficiencies and how to correct their future submittals. There are also business information sessions where companies can learn how to respond to contract requests that will be deemed responsive.

Mr. Cohn stated that the business information meetings are conducted in a way to educate companies on how to submit proper proposals.

Ms. Cherny noted her appreciation for Aviation staff identifying the ongoing challenges with custodial services and dividing up contractual scope and duties to better serve passengers.

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

No public comments.
The motion carried.

5. Quarterly Revenue, Enplanements, and Business Activity Update

Mr. Andrew Durket presented this item. Mr. Durket began with a summary of the recovery of Sky Harbor Airport from the pandemic; he noted how the airport recovered faster than the majority of large hub airports and returned quickly to 2019, levels and how the early months of 2023 have actually outperformed 2019.

Mr. Durket then shared both enplanement forecasts for Sky Harbor and the actual enplanements for fiscal year 2023.

He then discussed other metrics used to gauge airport activity, including origination and destination (O&D) traffic. Mr. Durket shared that O&D passengers have increased from 60% in 2016 to over 73% in 2023.

He also discussed the airports publicly posted financial targets, and the airport's sources of revenue, including debt service coverage targets, PFC leveraging, days cash on hand, and cost per enplanement.

Mr. Durket continued by discussing one of the biggest non-aeronautical revenue sources, parking. At the beginning of 2020 parking revenue dropped significantly due to the pandemic, but has gradually risen to record highs for the airport.

Next, Mr. Durket highlighted rental car operations. Similar to the drop in parking revenue in 2020, rental cars also saw transaction day declines in 2020. Although transaction days have steadily increased since 2020, they are still lagging behind 2019 levels. He noted that the growth of transportation network companies (TNC) or rideshare companies may be keeping rental car transaction days lower.

Lastly, Mr. Durket focused on concessions. He showed a graph depicting concessions sales along with enplanement numbers. He noted that the airport is seeing a rise in 2023 of overall passenger spending on concessions.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

None.

CALL TO THE PUBLIC

None.

ADJOURNMENT

The meeting adjourned at **3:06 p.m.**

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Award Recommendation for Concessions Consulting Services at Phoenix Sky Harbor International Airport

Description

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into two separate concession consultant agreements, one with SI Partners, Inc. for Concessions Consulting Services Group A – Concession Analytics and Financial Studies, and one with Unison Consulting, Inc. for Concessions Consulting Services Group B – Business Programming and Concession Trends at Phoenix Sky Harbor International Airport (PHX), for a three-year contract term with two one-year extension options.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

To maintain a first-class retail, food and beverage, and passenger services concessions program at Sky Harbor International Airport, the Aviation Department seeks experienced airport concessions consulting firms to provide their expertise in industry trends and financial analytics to enhance the overall program at the airport. Experienced airport consultants understand the industry challenges and will use various methods to elevate service and optimize sales as PHX continues to grow with new terminal developments.

It is in the best interest of the City to award multiple firms for these consulting services; therefore, separate groups, Group A - Concession Analytics and Financial Studies, and Group B – Business Programming and Concession Trends, were established and are being recommended to two separate firms. On March 1, 2023, Phoenix City Council authorized the issuance of a Request for Proposal (RFP) for Aviation Concessions Consulting Services for PHX.

Procurement Information

The Aviation Department issued RFP 23-0123 on Monday, Aug. 7, 2023, with proposals due on Monday, Sept. 11, 2023. Five proposals were received for each group and they were deemed responsive and responsible.

The evaluation panel compromised of representatives from Aviation Business and Properties division, Aviation Financial Management division, Denver International Airport Concessions and Edmonton International Airport Concession Development.

The evaluation panel met for the consensus meeting on Tuesday, October 24, 2023. The evaluation panel evaluated the proposals based on the following criteria established in the RFP:

- Qualifications and Experience of the Primary Consultant 0-350 Points
- Method of Approach 0-325 Points
- Qualifications and Experience of Proposer 0-200 Points
- Fee Schedule 0-125 Points

The consensus score and ranking for each respondent and each group is shown below:

Group A - Concession Analytics and Financial Studies

Respondents	Points
1. Unison Consulting	940 points
2. SI Partners, Inc.	875 points
3. ICF Incorporated	869 points
4. Paslay Management Group	845 points
5. Ricondo & Associates	780 points

Group B – Business Programming and Concession Trends

Respondents	Points
1. Unison Consulting	930 points
2. ICF Incorporated	879 points
3. Paslay Management Group	850 points
4. SI Partners, Inc.	845 points
5. Ricondo & Associates	760 points

The panel recommendation was reached by consensus in consideration of the above criteria and that the RFP specified that the same respondent could not be awarded both groups. The panel's recommendation to award to SI Partners, Inc. for Group A and Unison Consulting, Inc. for Group B was posted to the City's public award website on Tuesday, November 14, 2023.

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 total combined contract value will not exceed \$750,000 over the five-year aggregate contract term, with an estimated annual expenditure of \$150,000.

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

Request that the BDSC recommend to the PAAB to enter into two separate agreements, one with SI Partners, Inc. for Concessions Consulting Services Group A – Concession Analytics and Financial Studies, and one with Unison Consulting, Inc. for Concessions Consulting Services Group B – Business Programming and Concession Trends at PHX, for a three-year contract term with two one-year extension options.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Award Recommendation for Automated Teller Machine (ATM) Services at Phoenix Sky Harbor International Airport

Description

This report requests that the Business Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a lease agreement with Bank of America, National Association for automated teller machine services at Phoenix Sky Harbor International Airport (PHX), for a five-year contract term with three one-year renewal options.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

To maintain first-class passenger services at Sky Harbor International Airport, the Aviation Department seeks a qualified financial institution with airport experience to provide ATM services at PHX. ATM services are a key amenity for travelers, and placing ATMs at key locations within the airport terminals and Rental Car Center will allow customers to withdraw money, deposit cash or checks, and view their account balance. The Aviation Department is also seeking an experienced financial institution to provide foreign exchange currency services at PHX. Currently there are no currency exchange services offered.

Procurement Information

The Aviation Department issued Revenue Contract Solicitation (RCS) 24-006 on Tuesday, Sept. 12, 2023, with responses due on Wednesday, Nov. 15, 2023, for both ATM services and foreign currency exchange services.

One response was received for ATM services, and the respondent was deemed responsive and responsible. No responses were received for foreign currency exchange services. The response opening was held on Wednesday, Nov. 15, 2023, and it was determined that Bank of America, National Association submitted the response for ATM services with the highest proposed Minimum Annual Guarantee (MAG) providing the most financial benefit to the City.

The response was evaluated solely based on the highest proposed MAG, which meets or exceeds the minimum required MAG of \$100,000. Bank of America, National Association proposed a MAG of \$150,000. As such, there was no evaluation panel convened for this RCS.

Contract Term

The contract term is five years with three 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 \$150,000, 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 \$1,2000,000 over the eight-year aggregate contract term, with an estimated annual revenue of \$150,000.

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

Request that the BDSC recommend to the PAAB to enter into a lease agreement with Bank of America, National Association for ATM services at PHX, for a five-year contract term with three one-year extension options.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Award Recommendation for Airport Towing Service and Minor Auto Assistance at Phoenix Sky Harbor International Airport

Description

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to award a services contract for airport towing and minor auto assistance.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The airport towing service and minor auto assistance contract sets requirements for towing service and minor auto assistance at Phoenix Sky Harbor International Airport. The service provider of this contract will perform all towing services at Phoenix Sky Harbor, Deer Valley and Goodyear Airports and will also provide customer service amenities such as battery boost, flat tire assistance, fuel delivery and lockout service for Phoenix Sky Harbor Customers. The current contract expired Nov. 30, 2023. The Aviation Department conducted a procurement for a new contract in advance of that date.

On May 2, 2023, the City of Phoenix Aviation Department issued an Invitation for Bids (IFB) to award a new contract.

On August 1, 2023, the Planning and Development Subcommittee recommended this service contract award to the Phoenix Aviation Advisory Board.

After being notified of the award, Priority Towing informed the procurement officer that they would not enter into the contract they were awarded.

City of Phoenix procurement rules allow the Aviation Department to grant the award to the second lowest bid.

Procurement Information

The Aviation Department received four responsive bids for this contract. The responsive bids were evaluated, and an award recommendation was made based on the lowest bid offered.

With the withdrawal of the lowest bidder, staff recommends awarding the airport towing and minor auto assistance contract to the next lowest responsive and responsible bidder, Professional Towing, LLC.

Contract Term

The contract term is five years, with no option to extend.

Financial Impact

The annual cost for services is estimated to be \$834,920. The aggregate cost of this contract is estimated at \$4,592,060, which includes a 10% contingency to address operational needs and inflation. This contract will be paid from Aviation Department funds.

Location

Phoenix Sky Harbor International Airport - 2485 E. Buckeye Road

Recommendation

Request that the BDSC recommend to the PAAB to award a services contract for airport towing and minor auto assistance to Professional Towing, LLC.