

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, February 18, 2021 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 187 959 8879#. 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://phxskyharbor.webex.com/phxskyharbor/onstage/g.php?MTID=e995e9c62878dbbb498d4d8c40b7ed74e>

- **Speak during a meeting.** If you wish to provide a written comment or speak at the meeting, please submit a request to **sarah.moratto@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, February 18, 2021.** 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, 8, 9, 10.

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 January 21, 2021**

CONSENT ACTION (ITEM 4-6)

4. **Bus Contingency and Maintenance Planning – Request for Information**

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee approval to issue a Request For Information, and gather industry data and strategies to establish a bus contingency plan when the PHX Sky Train® is fully operational in June, 2022.

THIS ITEM IS FOR CONSENT ACTION.

5. **Aviation Financial Advisor Recommendation**

This report requests the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee approval to enter into contract with Frasca and Associates for financial advisory services.

THIS ITEM IS FOR CONSENT ACTION.

6. **Transportation Security Administration Lease Agreement**

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee to approve a new Transportation Security Administration Lease Agreement for occupied space at Phoenix Sky Harbor International Airport for a period of five years with no renewal options.

THIS ITEM IS FOR CONSENT ACTION.

DISCUSSION AND POSSIBLE ACTION (ITEM 7-9)

7. Request to Issue Terminal 4 S1 Food and Beverage Revenue Contract Solicitation

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee to issue a Food and Beverage Concessions Revenue Contract Solicitation for three contracting opportunities in the new Terminal 4 S1 Concourse at Phoenix Sky Harbor International Airport, including specific contract packages, evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

8. Request to Issue Terminal 4 S1 Common-Use Airport Lounge Revenue Contract Solicitation

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee to issue a Revenue Contract Solicitation for the development, operation and management of a Common-Use Airport Lounge Concession in the new Terminal 4 S1 Concourse at Phoenix Sky Harbor International Airport, including evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

9. Request to Issue Terminal 4 S1 Retail Revenue Contract Solicitation

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee to issue a Revenue Contract Solicitation for two contracting opportunities for Retail Concessions in the new Terminal 4 S1 Concourse at Phoenix Sky Harbor International Airport, including specific contract packages, evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEMS 10)

10. Aviation COVID-19 Update – Part 2

This report provides the Phoenix Aviation Advisory Board an update on the impact of COVID-19 and the response taken by Aviation Department. In addition

to the planned divisions presentation, updates on the Navigator Program and facial coverings will be given.

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 Sarah Moratto, Administrative Assistant II, Aviation Department at 602-273-3382. For further documentation on this meeting, please visit skyharbor.com.

Persons with a disability may request a reasonable accommodation by contacting Sarah Moratto at 602-273-3382 or TTY: 7-1-1.

The next Phoenix Aviation Advisory Board meeting is scheduled to take place Thursday, March 18, 2021.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
January 21, 2021
*Meeting held via WebEx***

Board Members Present

Karlene Keogh Parks – Chairperson
Bret Aldieri – Vice Chair
Seth Scott
Art Hamilton
Andrew Cohn
Stephanie Cherny
Verma Pastor
Susan Ehrlich

Board Members Absent

Brian Foster

Camilo Henao – Ex-Officio

Staff Present

Charlene Reynolds
Sarah Demory
Carolina Potts
Sarah Moratto
Destry Jacobs
Heather Shelbrack
Jason Gitkin
Tom Sawyer
Ken Boudreau
Jordan Feld

Brad Holm
Karina Fitzgerald
Brandy Ryan
Jay DeWitt
Moe Yacut
Alexandria Pierce
Michael Hughes
Alice Bimrose
Joel Waggener
Abbe Slade

Mike O'Shaughnessy
Gabriel Nevarez
Daver Malik
Julie Rodriguez
Gina Huerta
Christy Gomez
Cindy Lizarraga
Valerie Churchwell
Tony Motola

Members of the Public Present

Adam Bagby
Claude Mattox
Jeff Hamilton
Ken Cole
Michael Voorheis
Karen Ratcliff
Melissa Yeager

CALL TO ORDER

Chairperson Keogh Parks called the meeting to order at 3:01 p.m.

SUMMARY OF CURRENT EVENTS

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

Ms. Charlene Reynolds, Interim Aviation Director, updated the board on several issues at the airport. The passenger numbers continued to see decreases at the end of 2020. Passenger numbers for October were 1.9 million which was a 51.4% decrease from 2019. November saw 1.8 million which is a 51% decrease from 2019. January also saw some preliminary decreases.

Ms. Reynolds also notified the board that the airport is slated to receive additional stimulus funds (CRRSA) from the federal government to help with operations, debt service, and coverage ratios. The airport is awaiting guidelines in terms of concessions relief. Phoenix Sky Harbor and Seattle Tacoma Airport have worked together to create a phone application for passengers to access information about COVID-19 protocols and updates at 300 airports worldwide. This provides a single source of information for many travelers to stay updated on travel requirements.

Ms. Reynolds highlighted the airport's Public Relations team as they received an honorable mention in the special events category for Airport Council International – North America's 2020 Excellence in Airport Marketing, Communications, and Customer Service Awards Excellence Award. The event was for the Terminal 2 Farewell, which involved an open house for the community, speeches by city leaders, and a historical museum exhibition.

Ms. Reynolds shared that the Airport will be hosting a third business summit. This summit, held virtually, will educate those who are interested in doing business at the airport. The event will be held on February 24, 2021.

Ms. Reynolds updated the board that the City Council passed airport concessionaire relief for concessionaries in Terminal 3 and Terminal 4. Airport luggage cart service for a contract solicitation was also approved. International arrivals will receive still receive luggage cart services for free.

Chairperson Keogh Park asked for more information about the business summit. Ms. Reynolds stated the event would explain the process for doing business at the airport going into topics such as submitting applications. The event is on February 24 and Deputy Director Michael Hughes will run the event.

Chairperson Keogh Parks asked if there is a three-year extension on leases for concessionaires. Ms. Reynolds responded yes.

Mr. Cohn stated that he has been monitoring the concessionaire items at the formal City Council meetings and wanted to applaud staff for doing such a great job with the last-minute requests by the City Council.

2. Summary of Current Events by the Airline Station Manager

Mr. Camilo Henao, Ex-Officio Member, updated the board on the airlines at Sky Harbor. There are only a few airline employees reported having COVID-19. That number has dropped to only a few cases per carrier. Delta Airlines continues to block middle seats. Frontier continues to check temperatures. Frontier recently announced a new route from Phoenix to Orlando. On Jan. 26, 2021 the government will require those passengers coming to the US to have negative test results within the last three days or proof of recovery from the virus in the last 90 days.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on November 19, 2020

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

The motion carried by the following vote:

Yes: 7 – Chairperson Keogh Parks, Ms. Pastor, Mr. Hamilton, Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Aldieri, Mr. Scott

No: 0

CONSENT ACTION (ITEM 4)

4. Sibran Properties, LLC Lease Extension at Phoenix Deer Valley Airport

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

The motion carried by the following vote:

Yes: 8 – Chairperson Keogh Parks, Ms. Pastor, Mr. Hamilton, Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Aldieri, Mr. Scott

No: 0

No Public Comment Cards.

DISCUSSION AND POSSIBLE ACTION (ITEM 5)

5. Voluntary Property Acquisition – 4108 E. Air Lane (Adonai Properties, LLC)

Mr. Jordan Feld, Deputy Aviation Director for Planning and Environmental, presented on a voluntary property acquisition. The property is north of the airfield. At

the north-east part of the airport there are parcels the airport does not currently own. These parcels are crucial to the execution of CAMP. This area will be used for future aeronautical business.

Mr. Feld spoke about the property details. The property is 17,930 square feet of office and 6,088 square feet of storage canopy. Currently the owner occupies the building. The Environmental Site Assessment concluded that there is no contamination that needs remediation. The appraised value of the property is at \$775,000 and acquisition cost is just under \$1 Million. The property owner was involved with CAMP planning and was interested in working with the airport to acquire the property before CAMP was approved.

Mr. Cohn stated that the cost sounds reasonable and helps the airport stay away from legal proceedings.

Mr. Aldieri asked if there is budget to support this. Mr. Feld answered that yes, this was budgeted for over a year ago.

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

The motion carried by the following vote:

Yes: 8 – Chairperson Keogh Parks, Ms. Pastor, Mr. Hamilton, Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Scott, Mr. Aldieri

No: 0

No Public Comment Cards.

INFORMATION AND DISCUSSION (ITEMS 6-8)

6. FAA Drone Rules Update

Mr. Jordan Feld, Deputy Aviation Director for Planning and Environmental, updated the board on the Federal Aviation Administration (FAA) drone rules. The FAA announced on Dec. 28, 2020 final rules for drone operation. The airport participated in the recommendation period through industry representative American Association of Airport Executives. Previously the FAA required drones must be registered and marked as well as their pilots were required to pass a safety and aeronautics test. Those who are non-recreational pilots were subject to Part 107 which requires special waiver for operations as night or over people.

Mr. Feld gave more information about the rules FAA has implemented. Rule one requires the drone to have remote identification. Remote ID will allow the drone, in flight, to provide identification, location of the drone and location of the pilot to the FAA and law enforcement agencies if needed. This requirement will be implemented

by summer 2023. Rule two removes the Part 107 waiver process which allows drones to operate over people or at night. There will be a category process and permission levels by drone weight and required safety systems like anti-collision lights and internalized rotators, as well as the requirement for the operator to be licensed. These new rules still enforce the inability of drones to operate in class B airspace, like Sky Harbor. Agency coordination and drone countermeasures remain unaddressed.

Ms. Pastor asked for a definition of “over people”. Mr. Feld answered any area used as public assembly for example a college, a mall, and anything in-between.

Mr. Aldieri stated that the FAA just approved the first company to operate a drone without human operators on site.

Ms. Pastor asked where the drones are registered. Mr. Feld stated with the FAA through an online portal.

7. Revenue/Enplanement and Industry Forecast

Mr. Jay DeWitt, Deputy Aviation Director of Financial Management, updated the board on the airport’s passenger and revenue forecast as impacted by COVID-19. Moody’s put together recovery scenarios in December 2020. They currently have estimated that the airlines have experienced a 65%-75% decline in air traffic during 2020 and that this will take three to four years to recover. The dip in the industry has resulted in some pessimism to the ratings. The faster recovery case assumes the vaccine will be distributed quickly during the summer, leading to more people willing to travel. The slower case assumes the vaccine will be more slowly distributed and travel will pick up in 2022.

Mr. DeWitt stated PHX has had a 10% faster recovery than the national average because the airport is primarily a domestic leisure destination. International gateways, like La Guardia and JFK, have been impacted more than most, with a 99% initial loss of traffic. Both airports have risen slowly and now are 80% below 2019 levels. PHX bottomed out at 92% and is currently at 55% of 2019 numbers. The breakeven point financially for PHX would be when approximately 80% of enplanements is reached.

Mr. DeWitt spoke more on the possible forecasts. The medium impact gets the airport back to 2019 levels in the summer and the high impact level recovers in July of 2022. The airport was hugging the medium recovery quite closely but then experienced a drop back down to the high impact scenario as COVID cases increased in the Fall. The airport gets around half of its revenue from non-aeronautical sources like ground transportation, rental car, and parking. As enplanements grow these non-aeronautical revenues typically grow proportionally. The airport has been impacted, but the financial recovery plan has not changed. The first goal is to maintain the airport’s operating certificate, safety, and security. The

second goal is to adjust spending and adapt appropriately by cutting capital projects, eliminate non-essential spending, and maintain flexibility within the operating budget. The third objective is to keep airline costs affordable. The CRRSA act, approved in December, will help make up the difference between now and the breakeven point as well as help with operating expenses and debt. The airport has reduced \$15 Million from its operating budget last year, and plans to reduce \$30M this year, and then \$20M in fiscal year 2022. The airport has cut \$800M of the \$1B planned for projects. Current projects had already commenced before the pandemic and have already been funded. These reductions will also allow the airport to maintain a healthy cash reserve.

Chairperson Keogh Parks stated that according to one of the charts the airport will hit the 80% breakeven point in 2022. Mr. DeWitt confirmed.

Chairperson Keogh Parks asked if that recovery will be around Jan/Feb of 2022. Mr. DeWitt answered yes, if looking at the high impact scenario.

Mr. Aldieri asked if the \$150M loss is net of the CARES Act or prior to it. Mr. DeWitt answered that this was net of the CARES Act.

Ms. Aldieri asked if the deficit would be worse if we didn't get the CARES Act money. Mr. DeWitt answered that yes, it would be.

Mr. Aldieri stated that the breakeven point was very helpful in understanding where the airport is at.

Mr. Cohn stated that the airport has taken the appropriate steps to keep a good bond rating.

8. Aviation COVID-19 Update

Ms. Charlene Reynolds, Interim Director of Aviation Services, introduced the COVID-19 update presentation.

Ms. Julie Rodriguez, Deputy Aviation Director for Public Relations, stated that the airport has hosted many events with safety protocols in place. The airport celebrated the 20-year Navigator anniversary with a drive thru event. Right now, the program is on hold. Staff has presented 47 virtual speaking engagements. Museum staff have been curating nine new exhibits for the airport museum. The PR team has produced a video to walk customer who may not have traveled in a while through the airport. Staff has been busy updating and communicating information regarding COVID-19 updates and travel. A monthly newsletter has been curated called the PHX Check-In for monthly updates. The PR team has also made employee engagement a priority. A drive thru appreciation event was held in December and those employees who cannot telework have been recognized by receiving PHX branded bottles. Customer service staff have been busy helping to distribute masks and answering questions.

Mr. Scott asked about utilization of XpresCheck testing at the airport. Ms. Reynolds stated XpresCheck has reported that several hundred people are using the service per month, 17% of those are Phoenix residents. Currently between 7-8% are testing positive. XpresCheck works with the CDC and TSA to notify and ensure safety.

Mr. Scott asked for information on what is being done to advertise XpresCheck. He also asked if someone tests positive can they still travel. Ms. Reynolds stated the company tries to keep the passenger at the location until their results return. This location is pre-security so they can encourage that person to leave the airport.

Mr. Scott asked about the mask requirements in the airport and compliance. Ms. Reynolds stated the Operations Assistants monitor compliance. The airport typically has a 99% compliance rate. Enforcement escalates depending on the response from the guest. Enforcement starts with education then goes up as needed.

Mr. Scott asked what the in-between steps are from education to police. Mr. Reynolds replied those steps are education, encouragement, staff provided additional encouragement, then it escalates from there.

Mr. Scott asked if staff are going up to people to enforce the mask policy. Chairperson Keogh Parks stated that the airlines may be able to provide some additional information on how they help the airport enforce the mask mandate.

Ms. Lexie Peirce, Air Service Marketing Manager, updated the board on airline activity. The airport has been working with airlines partners to maintain safe travel through the airport. The current map of destinations is current as of Jan. 20, 2021. International destinations from London and Frankfurt are still on hold. American and Southwest Airlines have added over a dozen domestic destinations and have increased flights to current destinations. Frontier has added Orlando, Florida and many major California cities. American Airlines and Hawaiian have continued their non-stop flights to Honolulu. American and Southwest have also added Mexico routes. American has also added Canadian destinations.

Mr. Prasan DeSilva, Deputy Director of Business and Properties, updated the board. All terminal concessions partners have been granted financial relief through Dec. 31, 2021. He stated about 55% of concessions in Terminal 3 are closed and 51% in Terminal 4 are closed. The airport has been working closely with concessionaires and airlines to make sure stores are open when they need to be. Rental cars are doing well. There has been a 26% drop compared to last year which is very good compared to other airports. Some of the counters have been adjusted to ensure social distancing. Cargo operations have been booming. There has been 3.3% increase in cargo compared to 2019.

Ms. Reynolds stated that in an effort to allow the board to ask questions the rest of the update will be provided at the next meeting.

Ms. Ehrlich stated that President Biden has issued an executive order that it is now mandatory for all peoples to wear facial coverings in federal areas. This may ease the burden on staff.

Mr. Cohn stated that he thinks it can be dangerous to force staff to enforce facial coverings consistently and may put them in a precarious position. It is delicate process and needs to be thought about.

Chairperson Keogh Parks stated that she agrees with Mr. Cohn.

Mr. Henao stated that he will work with the airlines to gather data on their enforcement measures for the upcoming meeting.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

Updates on rapid testing at the airport and addressing enforcement of facial coverings at the airport.

Mr. Scott stated he would like to see an update on the Navigator Program and if the vaccine will help them return, and once deemed safe to return how the program would be reimplemented.

CALL TO THE PUBLIC

ADJOURNMENT

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

The motion carried by the following vote:

Yes:	7 – Chairperson Keogh Parks, Mr. Scott, Mr. Hamilton, Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Aldieri, Ms. Pastor
Absent:	0
No:	0

No Public Comment Cards.

The meeting was adjourned at 4:23 pm.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Bus Contingency and Maintenance Planning – Request for Information

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) approval to issue a Request For Information (RFI), and gather industry data and strategies to establish a bus contingency plan when the PHX Sky Train® is fully operational in June, 2022.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

Phase 2 of the PHX Sky Train® is expected to be completed and fully operational in June of 2022. The full operation of the Sky Train system negates the scheduled use of the airport's Rental Car Center buses. The train system then becomes the primary mode of transportation for customers to access airport parking locations, rental car center, terminals, and connection to the City's light rail system.

For planned and unplanned events affecting train system operations, the airport must activate a contingency plan to move a large volume of passengers between all train system stations. Furthermore, the contingency plan must be able to be activated quickly when an unforeseen event occurs.

Information from transportation industry organizations is valuable when establishing a contingency bus plan and optimizing the airport's busing needs. Advanced planning using airport and industry information will be essential to draft a bus contingency Operations & Maintenance (O&M) contract prior to the Sky Train phase 2 completion.

Financial Impact

There is no airport financial impact to issue an RFI. This RFI does not include a Request for Proposal (RFP) or a promise to issue an RFP to respondents.

Location

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

Recommendation

This report requests that the PAAB recommend to the TI&I to issue a Bus Contingency and Maintenance Plan RFI solicitation.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Aviation Financial Advisor Recommendation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) approval to enter into contract with Frasca and Associates for financial advisory services.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

The Airport Financial Advisor provides financial and business consulting services for the Aviation Department, including long-term financial planning, bond issuance, bond rating agency advice, and other financial advisory services. These consulting services are crucial to the Aviation Department's ability to issue bonds, provide for the capital improvement program, maintain the airport's credit, and pursue its business objectives

Procurement Information

Three firms from the current city of Phoenix Financial Advisory Qualified Vendors List (QVL) were selected for further evaluation. Each firm offers infrastructure finance experience, with various specialties including airports. The Qualified Vendors were evaluated by a selection panel for their qualifications to perform financial advisory services for the Aviation Department. The three firms were:

- Frasca & Associates, LLC;
- FirstSouthwest, a Division of Hilltop Securities Inc.; and
- Montegue DeRose and Associates, LLC

Frasca and Associates was selected as a result of the firm's extensive experience with large hub airports, Passenger Facility Charges, and Customer Facility Charges.

Contract Term

If approved, the five-year contract term will begin on or about April 1, 2021 with no option to extend.

Financial Impact

The total aggregate contract value will not exceed \$1.8 million for the five-year contract term. Funds for these services are available in the Aviation Department budget.

Location

Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport, and Phoenix Goodyear Airport

Recommendation

This report requests that the PAAB recommend to the TI&I approval to enter into contract with Frasca and Associates for financial advisory services.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Transportation Security Administration Lease Agreement

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to approve a new Transportation Security Administration (TSA) Lease Agreement for occupied space at Phoenix Sky Harbor International Airport (PHX) for a period of five years with no renewal options.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

The TSA is an agency of the United States (U.S.) Department of Homeland Security, which was created through the Aviation and Transportation Security Act in November 2001. The agency has authority over the security of the traveling public in the U.S. and provides essential security screening at PHX for passenger safety. They have requested to execute a new lease agreement combining space they currently occupy at PHX in Terminal 3 (T3), Terminal 4 (T4), and West Air Cargo (WAC) for approximately 19,340 square feet. Throughout the term of the Agreement they will make space improvement, on an as needed basis, for operational growth or office reconfiguration at their expense.

Contract Term

The term will be five years with no renewal options, beginning February 1, 2021 and expiring on January 31, 2026.

Financial Impact

Rent for the first year of this lease will be approximately \$2.1 Million. Rent will be adjusted annually thereafter to approximately \$2.4 Million in year five. Total anticipated revenue over the term will be approximately \$11.4 Million.

Location

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

Recommendation

This report requests that the PAAB recommend to the TI&I to approve a new TSA Lease Agreement for occupied space at PHX.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Request to Issue Terminal 4 S1 Food and Beverage Revenue Contract Solicitation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to issue a Food and Beverage (F&B) Concessions Revenue Contract Solicitation (RCS) for three contracting opportunities in the new Terminal 4 S1 (T4 S1) Concourse at Phoenix Sky Harbor International Airport (PHX), including specific contract packages, evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The new T4 S1 Concourse at PHX is scheduled to be operational Summer 2022 and will be home to Southwest Airlines (WN). With the addition of the S1 concourse at T4, the Aviation Department (AVN) staff has developed a Concessions Leasing Strategy in preparation for the release of the RCS to procure Food and Beverage concessions contracts. This strategy will help ensure AVN provides optimal opportunities that will bring in a variety of options for our passengers. To prepare staff has: reviewed enplanement forecast and construction schedules, determined optimal concessions square footage, programmed concession space, identified contracting opportunities and limitations, and created a timeline for the Solicitation. This timeline includes business information discussions with the industry. All existing services in the terminal will continue during this time.

The PHX concession program goals include: encouraging competition; include national, regional, and local brands and concepts as well as current trends; optimize sales and revenues; increase opportunity for local and small business participation; raise the quality and uniqueness of food selections to create options for passengers that reflect our local community. In addition, the solicitation will incorporate sustainability requirements to enhance the airport experience for our customers as we demonstrate our environmental responsibility to our community.

Procurement Information

There are three contracting opportunities that will be issued in two separate phases. AVN will conduct an RCS to select a vendor for each opportunity.

AVN intends to issue the solicitations in Spring of 2021:

- Phase 1 estimated contract start date Dec. 2021
- Phase 2 estimated contract start date Summer 2022

- Phase 1 will have two contracting opportunities with one location each that includes:
 - Food Hall
 - Small Business (Coffee Focused)
- Phase 2 will have one contracting opportunity with two locations that include:
 - Full Service/Fast Casual
 - Second location (To Be Determined based on updated enplanement numbers and specific concessions provided in Phase 1.)

Packages will allow contracting opportunities for companies of all sizes, including the opportunity for subleasing, joint ventures, licensing agreements and the potential inclusion of small businesses. These Packages will provide one opportunity for a small business to contract directly with AVN.

The evaluation criteria will include:

- Proposed Concept(s) and Merchandise and Menu Plan
- Design and Quality of Tenant Improvements
- Innovation and Technology Enhancements
- Management, Marketing and Operations Plans
- Experience and Qualifications
- Proposed Business Plan
- Financial Return to the City

The highest ranked Respondent for each opportunity will be recommended for the concessions lease awards.

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 seven years with one, three-year renewal option to be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Minimum Annual Guarantee (MAG) or Percentage Rent derived from gross sales, whichever is greater. Each respondent must propose a MAG, and minimum MAG will be determined using PHX historical and market data. Percentage of gross sales will be dependent on the concession category and range from 10% to 16%. There will be a minimum capital investment of \$450 per square foot for Food and Beverage Packages.

Public Outreach

This process will include all standard and required outreach efforts and conduct targeted outreach efforts to attract interest for each of these unique contracting opportunities.

Location

Phoenix Sky Harbor International Airport Terminal 4, 3800 E Sky Harbor Blvd

Recommendation

This report requests that the PAAB recommend to the TI&I to issue a F&B RCS for Concessions in T4 S1 at PHX.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Request to Issue Terminal 4 S1 Common-Use Airport Lounge Revenue Contract Solicitation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to issue a Revenue Contract Solicitation (RCS) for the development, operation and management of a Common-Use Airport Lounge (Lounge) Concession in the new Terminal 4 S1 Concourse (T4 S1) at Phoenix Sky Harbor International Airport (PHX), including evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The new T4 S1 Concourse at PHX is scheduled to be operational Summer 2022 and will be home to Southwest Airlines (WN). With the addition of the S1 concourse at T4, the Aviation Department (AVN) is seeking a vendor to develop, operate, and manage a Lounge in T4 S1. Staff has developed a strategy to bring in a world-class Lounge for our passengers, by evaluating enplanement forecast, optimal square footage, location, opportunities, and limitations. A timeline has been created for the Solicitation that includes business information discussions with the industry. The RCS will be issued to ensure a fair and competitive process, the goals of which are to:

- Optimize sales and revenue over the term of the lease;
- Develop the quality and uniqueness of the lounge facility, emphasizing local culture and Arizona destinations in the design of the facility and in food and beverage offerings; and
- Select a Respondent with experience operating successful airport lounges in the US and/or abroad.

The primary area available is 3,500 square feet, with the opportunity for a phased opening, allowing the Successful Respondent to build out 50% in the first Phase and the additional space once enplanements reach a specified amount.

The Successful Respondent will be required to develop, operate, and manage a lounge that:

- Offers access to customers flying on any airline, regardless of class of ticket, for a fee;
- Offers access to customers belonging to partner organizations (airlines, credit card companies, etc.) with complimentary lounge membership benefits;
- Has a variety of seating options, including desk workspaces, tables, at least one bar, and lounge chairs;

- Offers a variety of food options, including hot and cold items; and
- Offers a variety of beverage options, including hot and cold tea, soft drinks, wine, beer, and liquor.

Procurement Information

AVN will conduct an RCS to select a vendor for the contract. There will be one contracting opportunity issued in Spring 2021, with estimated contract award in late 2021.

The evaluation criteria will include:

- Proposed Business Plan
- Financial Return to the City
- Qualifications and Experience
- Business Operations
- Concept Design

The highest ranked Respondent will be recommended for the concessions lease awards.

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 seven years with one, three-year renewal option to be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Minimum Annual Guarantee (MAG) or Percentage Rent derived from gross sales, whichever is greater. Each respondent must propose a MAG, and minimum MAG will be determined using PHX historical and market data. There will be a minimum capital investment of \$250 per square foot.

Public Outreach

This process will include all standard and required outreach efforts and conduct targeted outreach efforts to attract interest for each of these unique contracting opportunities.

Location

Phoenix Sky Harbor International Airport Terminal 4, 3800 E Sky Harbor Blvd

Recommendation

This report requests that the PAAB recommend to the TI&I to issue an RCS for a Common-Use Airport Lounge Concession in T4 S1 at PHX.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Request to Issue Terminal 4 S1 Retail Revenue Contract Solicitation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to issue a Revenue Contract Solicitation (RCS) for two contracting opportunities for Retail Concessions in the new Terminal 4 S1 (T4 S1) Concourse at Phoenix Sky Harbor International Airport (PHX), including specific contract packages, evaluation criteria, related business requirements, and the airport contracting policy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The new T4 S1 Concourse at PHX is scheduled to be operational Summer 2022 and will be home to Southwest Airlines (WN). With the addition of the S1 concourse at T4, the Aviation Department (AVN) staff has developed a Concessions Leasing Strategy in preparation for the release of an RCS to procure Retail concession contracts. This strategy is the foundation for T4 S1's concession procurement. In order to ensure we provide optimal opportunities that will bring in a variety of options for our passengers, staff has: reviewed enplanement forecast and construction schedules, determined optimal concessions square footage, programmed concession space, identified contracting opportunities and limitations, and created a timeline for the Solicitation. This timeline includes business information discussions with the industry. All existing services in the terminal will continue during this time.

The PHX concession program goals include: encouraging competition; include national, regional, and local brands and concepts as well as current trends; optimize sales and revenues; increase opportunity for local and small business participation; raise the quality and uniqueness of retail selections to create options for passengers that reflect our local community. In addition, the solicitation will incorporate sustainability requirements to enhance the airport experience for our customers as we demonstrate our environmental responsibility to our community.

Procurement Information

There are two contracting opportunities. AVN will conduct a separate RCS process for Phase 1 and Phase 2 of the retail concessions, with one vendor selected for each phase.

AVN intends to issue the solicitations in Spring of 2021:

- Phase 1 estimated contract start date Dec. 2021
- Phase 2 estimated contract start date Summer 2022

- Phase 1 will have one contracting opportunity with two locations that include:
 - News / Convenience and will include a Store-within-a-Store
 - High Tech Shop
- Phase 2 will have one contracting opportunity with two locations that include:
 - Specialty Retail (To Be Determined based on updated enplanement numbers and specific concessions provided in Phase 1)
 - News / Convenience

Packages will allow contracting opportunities for companies of all sizes, including the opportunity for subleasing, joint ventures, and licensing agreements. These opportunities provide for the potential inclusion of small businesses.

The evaluation criteria will include:

- Proposed Concept(s) and Merchandise Plan
- Design and Quality of Tenant Improvements
- Innovation and Technology Enhancements
- Management, Marketing and Operations Plans
- Experience and Qualifications
- Proposed Business Plan
- Financial Return to the City

The highest ranked Respondent for each opportunity will be recommended for the concessions lease awards.

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 seven years with one, three-year renewal option to be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Minimum Annual Guarantee (MAG) or Percentage Rent derived from gross sales, whichever is greater. Each respondent must propose a MAG, and minimum MAG will be determined using PHX historical and market data. Percentage of gross sales will be dependent on the concession category and range from 10% to 16%. There will be a minimum capital investment of \$350 per square foot for Retail Packages.

Public Outreach

This process will include all standard and required outreach efforts and conduct targeted outreach efforts to attract interest for each of these unique contracting opportunities.

Location

Phoenix Sky Harbor International Airport Terminal 4, 3800 E Sky Harbor Blvd

Recommendation

This report requests that the PAAB recommend to the TI&I to issue a Retail RCS for Concessions in T4 S1 at PHX.

Request to Issue Terminal 4 S1 Food and Beverage, Retail, and Lounge Revenue Contract Solicitations

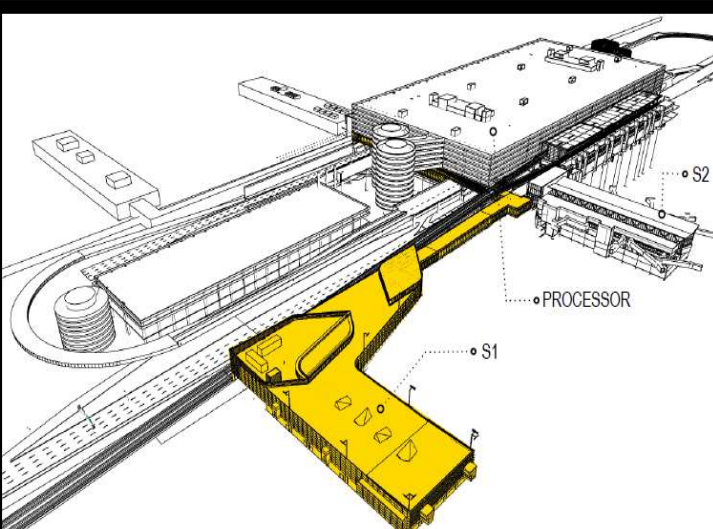
Phoenix Aviation Advisory Board
February 18, 2021

PHX DVT BYR



1

Terminal 4 S1 Concourse



Terminal 4 S1 Concourse:

- Opens Summer of 2022
- Southwest Airlines

The Design Vision:

- Modern and sustainable
- “World Class Facility”

Will offer:

- Common-Use Lounge
- Food & Beverage Concessions
- Retail Concessions

2

Program Goals – Terminal 4 RCS

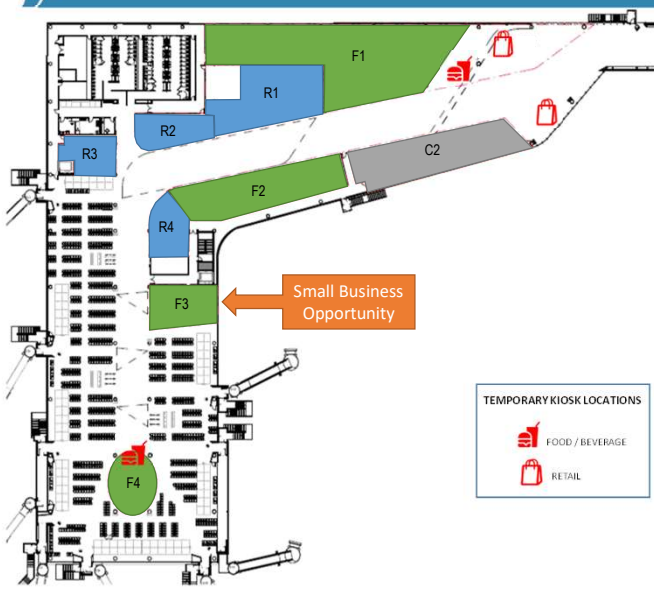
- Raise quality and uniqueness of food & beverage and souvenirs & gifts
- Increase opportunities for local & small business participation
- Provide options that reflect our local community
- Include local, regional & national concepts
- Incorporate sustainability requirements
- Optimize sales & revenue
- Reflect current trends



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Terminal 4 S1 Concourse



Space	Description	Sq. Ft.
C2	Common-use Airport Lounge	3,500
F1	Food Hall	7,662
F2	Full-Service/Fast Casual	3,251
F3	Coffee/Wine/Food (Small Business)	1,548
F4	Bar/Café	1,300
R1	News/Convenience (Store-within-a-Store)	2,795
R2	High-Tech Shop	1,259
R3	Specialty Retail	1,080
R4	News/Convenience	1,139

TEMPORARY KIOSK LOCATIONS

FOOD / BEVERAGE

RETAIL

Small Business Opportunity

Phase 1 Phase 2

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4

Evaluation Criteria

Food & Beverage/ Retail	Lounge
<ul style="list-style-type: none"> Proposed Concept(s) Merchandise/ Menu Design and Quality Innovation and Technology Management/ Marketing/ Operations Experience and Qualifications Proposed Business Plan Financial Return to the City 	<ul style="list-style-type: none"> Concept Design Qualifications and Experience Business Operations Proposed Business Plan Financial Return to the City

PHX DVT BYR 5

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RCS Schedule and Phasing



Estimated Contract Start Dates:

- Dec. 2021
 - Common-Use Lounge
 - Phase 1 F&B and Retail
- Summer 2022
 - Phase 2 F&B and Retail*



*Based on Enplanements

PHX DVT BYR 6

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Contract Terms - F&B, Retail and Lounge

Term:

- 7 years
- One, 3-year Option

Financial:

- Proposed MAG or % Rent, whichever is greater

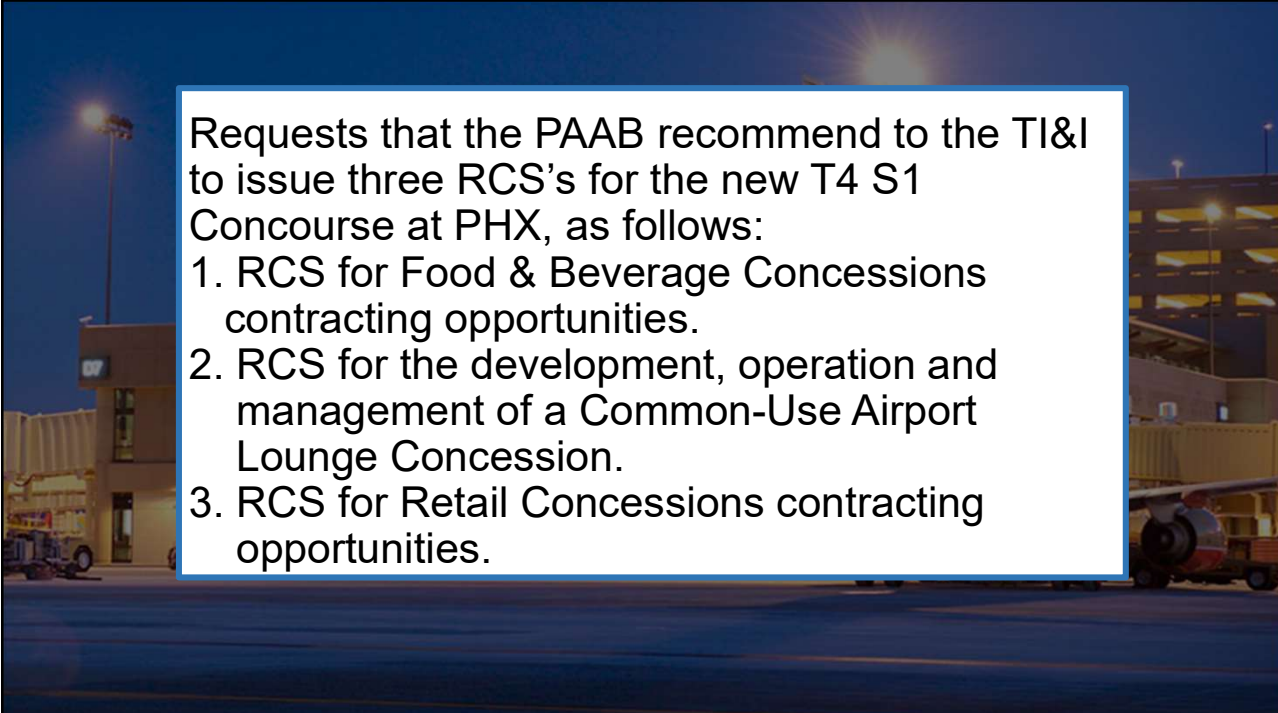


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Requests that the PAAB recommend to the TI&I to issue three RCS's for the new T4 S1 Concourse at PHX, as follows:

1. RCS for Food & Beverage Concessions contracting opportunities.
2. RCS for the development, operation and management of a Common-Use Airport Lounge Concession.
3. RCS for Retail Concessions contracting opportunities.



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PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Charlene V. Reynolds Interim Director of Aviation Services
Subject:	Aviation COVID-19 Update – Part 2

Description

This report provides the Phoenix Aviation Advisory Board an update on the impact of COVID-19 and the response taken by Aviation Department. In addition to the planned divisions presentation, updates on the Navigator Program and facial coverings will be given.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

This report provides an overview of the COVID-19 impact and response taken by the Aviation Department.

Location

City of Phoenix Aviation Department, 2485 E. Sky Harbor Blvd.

Recommendation

This item is for information and discussion.

Aviation Department COVID-19 Update – Part 2

Phoenix Aviation Advisory Board
February 18, 2021

 **PHX DVT GYR**




1


Navigator Program Update



2





Customer Service in the Terminals




Current Situation

- Information counters staffed 5 a.m. – 10 p.m.
- Navigator coordinators stationed in high-traffic areas
 - Sky Train platforms
 - Near escalators
 - Distributing masks





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3



Customer Service in the Terminals



Navigators Who Provided Feedback

Nearly ½ Comfortable Returning:

- When they have **both** vaccinations
- Less than 20% have received both

Nearly 1/3 Comfortable Returning:

- When positive cases in AZ are **dramatically reduced**
- In the summer or fall

Smaller number would like to wait and see

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4



Customer Service in the Terminals



Considerations

- Navigator service lends itself to close contact
 - Looking at boarding passes, phones
 - Standing close enough to have a conversation

- Other City of Phoenix volunteer programs remain closed

- Teleworking for City employees who can work remotely was extended through March 22

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5



Customer Service in the Terminals



Moving Forward


Late March: Request additional feedback from Navigators

Plan for Health and
Safety Protocol Changes




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6




Customer Service in the Terminals




Moving Forward

When appropriate – a gradual return


- Eliminate gatherings in the Navigator office
- Shift check-in outside the office
- Prescheduled, staggered breaks
- Distance markers in office
- No snacks provided for the group (no bowls of candy, tins of cookies)

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Customer Service in the Terminals



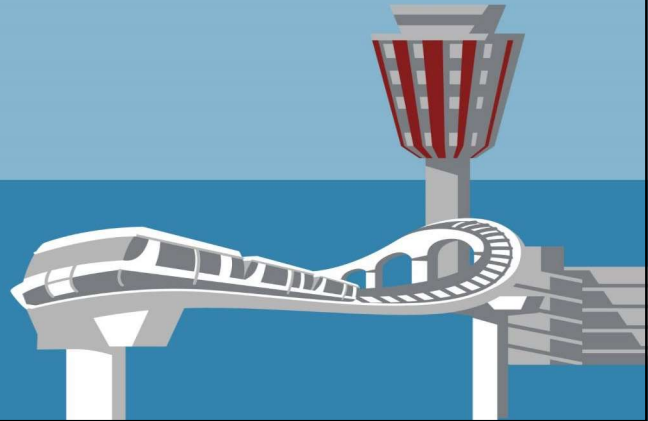
Looking Forward to a Safe Return!



 PHX DVT BYH

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Questions?



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**General Aviation
Public Safety & Security
Facilities & Services
Airport Operations**



10



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Public Safety & Security

- Emergency Preparedness / Vaccine Planning
- Safety and Security

Potential COVID-19 Vaccine Prioritization Overview*

Phase 1 DECEMBER 2020 - SPRING 2021			Phase 2 SPRING 2021 - SUMMER 2021	Phase 3 SUMMER 2021 - BEYOND
1A	1B	1C		
Healthcare Workers	Education and Childcare Providers <i>Priority Within 1B</i>	Adults of Any Age with High-Risk Medical Conditions	Any Remaining Phase 1 Populations	Any Remaining Phase 1 or 2 Populations
Emergency Medical Services Workers	Law Enforcement/Protective Services <i>Priority Within 1B</i>		Additional High-Risk/Critical Populations	General Population
Long-term care Facility Staff & Residents	Adults Age 75 and Older <i>Priority Within 1B</i>		General Population	
	Adults Living in Congregate Settings			
	Adults 65 and Older			
	Other Essential Workers**			

*Distribution groups and timelines of phases shown are tentative. This information is subject to change due to future vaccine distribution guidance recommendations, FDA approval of vaccines, and vaccine allocation/availability.
**Power and utility workers; food and agriculture-related occupations; transportation and moving material occupations; state and local government workers providing critical services; other essential workers

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MARICOPA COUNTY

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Facilities & Services



- Supplies and PPE
- Enhanced cleaning/sanitizing
- Continued innovation
- Certification – GBAC and ACI



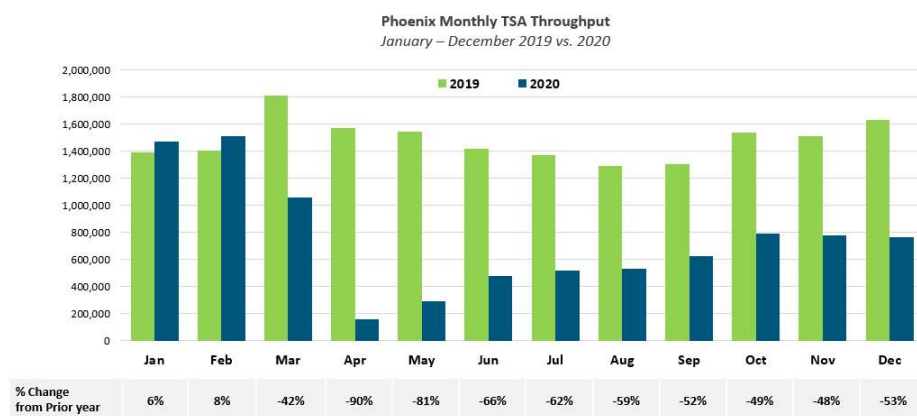
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TSA Throughput



Phoenix Monthly TSA Throughput Passengers



Source: TSA Daily Reports.

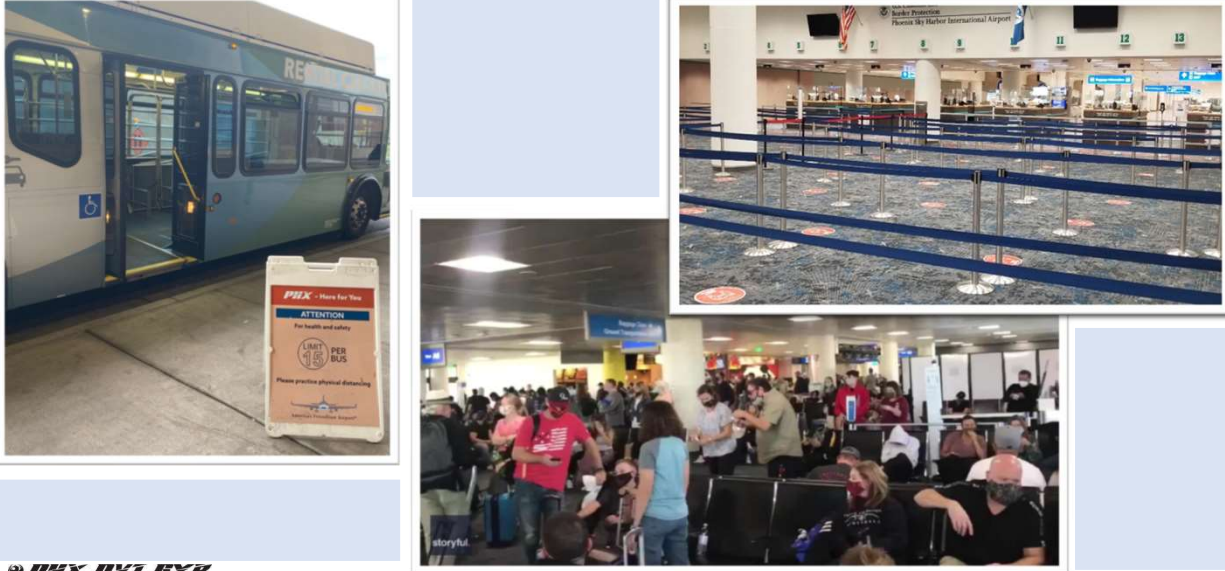
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InterVISTAS
a company of RoyalIndustries

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Airport Operations




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Federal Face Covering Mandate

- **NEW - Federal Mask Order Effective February 1, 2021.** The federal government has issued an order that requires masks which cover both the mouth and nose for passengers, visitors, and employees in the airport terminals, on commercial flights, on airport buses, on board the PHX Sky Train, and in the Rental Car Center. **Failure to comply may result in removal and denial of re-entry. Individuals may also be subject to criminal or civil penalties, or both.**
- Masks must completely cover the nose and the mouth.
- Masks should be secured to the head with ties, ear loops or elastic bands that go behind the head.
- Masks should fit snugly
- The following do NOT meet the requirements of this order:
 - Masks with slits exhalation valves or punctures
 - Face shields. (Can be worn as a supplement to a mask but not on their own)
 - Scarves, ski masks, balaclavas or bandannas
 - Shirt or sweater collars pulled up over nose and mouth
 - Masks made from loosely woven fabric or that is knitted (example: fabrics that let light pass through)
- Exceptions:
 - Children under 2
 - If a person has a disability and can't wear a mask
 - While eating, drinking or taking medications for brief periods
 - While communicating with a person who is hearing impaired when the ability to see the mouth is essential
 - When it is necessary to temporarily remove the mask to verify one's identity



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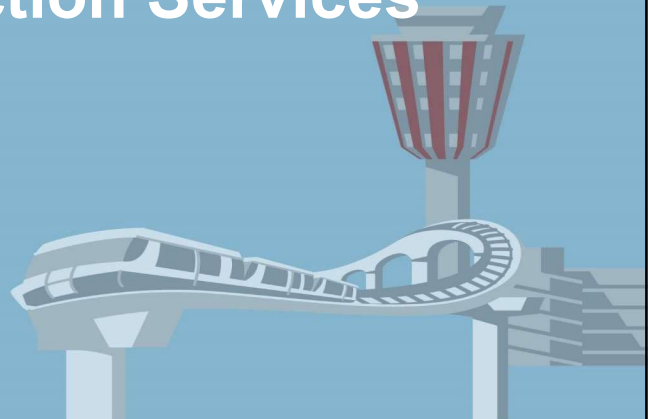
16

Questions?



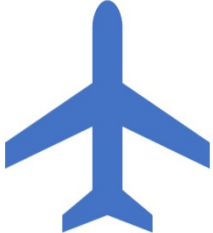
17

Planning & Environmental Technology Design & Construction Services




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Planning & Environmental (P&E)



Airspace and Noise



Environmental Services



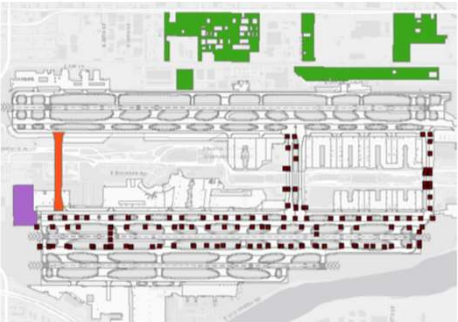
Planning and Grants

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Planning and Grants

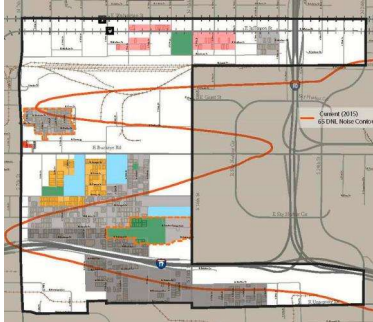
Federal/State Funding



CAMP Implementation



Land Reuse Strategy



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Technology - Touchless Bag Tag Printing

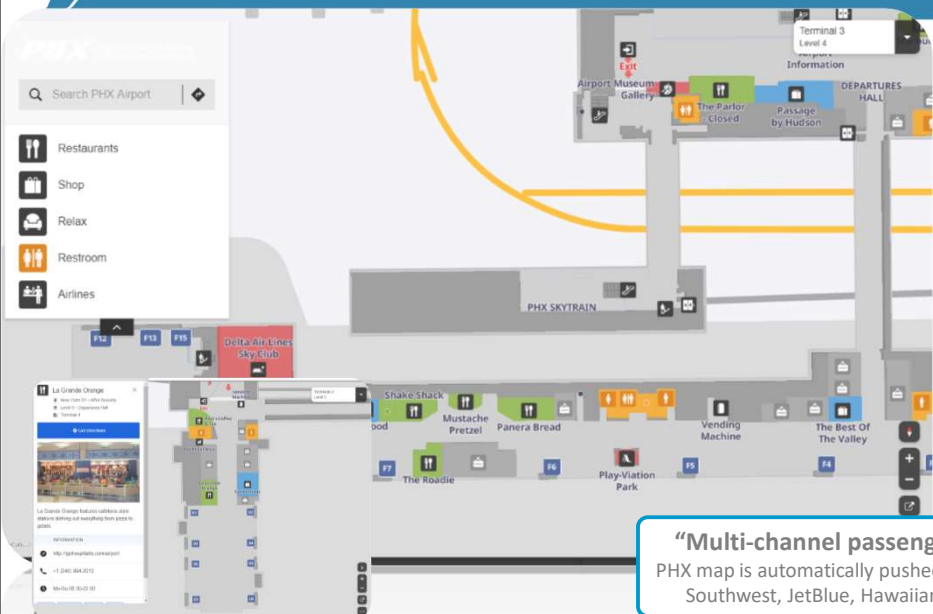


- 1 Passenger scans their boarding pass
- 2 Kiosk prints the bag tag(s)
- 3 Attach bag tag to luggage and check bag

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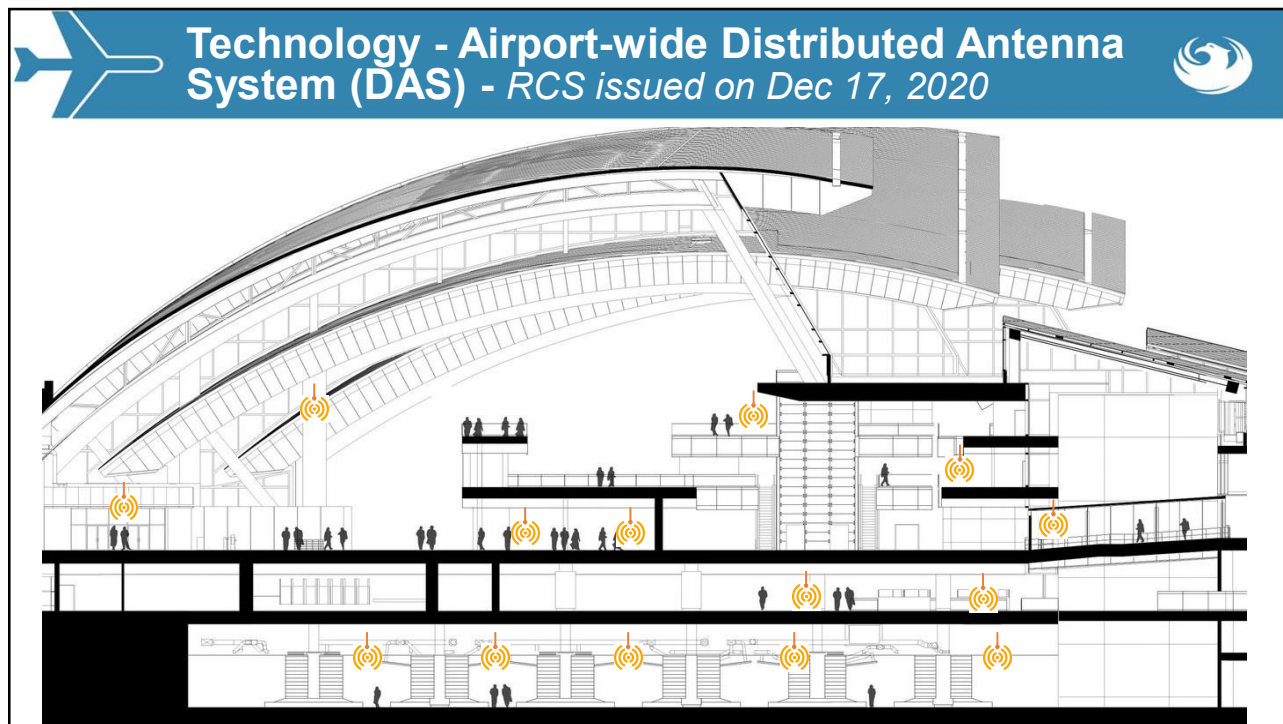
Technology - Interactive Mapping Platform



- Replace legacy PDF maps of the airport with a **single** Dynamic Interactive map
- High resolution map with **“Search”** and **“Navigation”** for **every** device
- Drive retail and dining discovery with rich point-of-interest detail
- Provide pertinent dynamic info re: Parking, Security, Concessions to pax

“Multi-channel passenger-facing PHX map data”
PHX map is automatically pushed to airline apps (Delta, American, Southwest, JetBlue, Hawaiian) and other 3rd party products

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Design & Construction Services

Ongoing Major Projects



Terminal 4 S1 Concourse



PHX Sky Train Stage 2



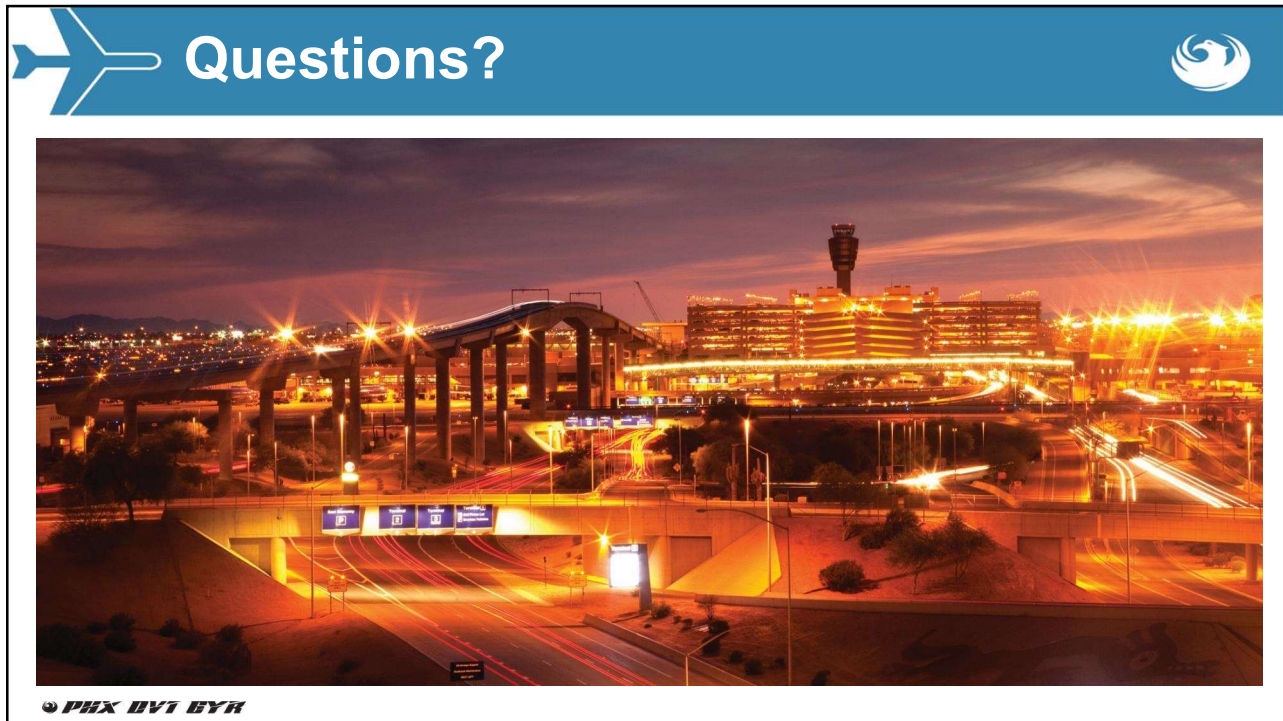
Terminal 2 Demolition

DCS Projects	Value of 70 Pre-COVID-19 Projects	Value of 29 Projects Put On Hold	Value of 42 Ongoing DCS Projects
CIP/JOC Projects	\$2,664,313,136	\$780,691,473*	\$1,877,349,383

* Deferred CIP/JOC projects for a savings of \$780M

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