

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, April 15, 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 187 901 8367#. 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=e04dc0e9ead84527e1a10073797b28dee>

- 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, April 15, 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, 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 March 18, 2021**

DISCUSSION AND POSSIBLE ACTION (ITEM 4 - 5)

4. **Billboard Outdoor Advertising Revenue Contract Solicitation Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend approval to the Transportation, Infrastructure and Innovation Subcommittee to enter into a concessions lease with Becker Boards Small, LLC at Phoenix Sky Harbor International Airport for 10 years with one 10-year option.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

5. **Parking Management Services Contract Solicitation Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Innovation Subcommittee to enter into an agreement with Ace Parking III, LLC at Phoenix Sky Harbor International Airport for seven years with one, three-year extension option.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEM 6 - 8)

6. **Enplanements and Revenue Update**

This report provides an update of the Aviation Department's recent enplanements and revenue.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

7. General Aviation Update – DVT

This report provides the Phoenix Aviation Advisory Board an update on General Aviation at Phoenix Deer Valley Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

8. General Aviation Update – GYR

This report provides the Phoenix Aviation Advisory Board an update on General Aviation at Phoenix Goodyear 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 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, May 20, 2021.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
March 18, 2021
*Meeting held via WebEx***

Board Members Present

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

Camilo Henao – Ex-Officio

Board Members Absent

Staff Present

Charlene Reynolds
Sarah Demory
Carolina Potts
Sarah Moratto
Destry Jacobs
Terrance Ward
Ram Chirumamilla

Karina Fitzgerald
Moe Yacut
Biz Gomez
Gabriel Nevarez
Heather Shelbrack
Shawna Larson
Julie Rodriguez

Kathleen Badillo
Mike O'Shaughnessy
Paul Berumen
Prasan De Silva
Richard Graham
Tony Motola
Valerie Churchwell

Members of the Public Present

Angel Ramos	Karen Ratcliff
Adam Bagby	Ken Cole
Jen Bixby	Melissa Yeager
Jeff Hamilton	

CALL TO ORDER

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

Ms. Cherny joined at 3:02 p.m.

SUMMARY OF CURRENT EVENTS

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

Ms. Charlene Reynolds, Interim Director of Aviation Services, updated the board on airport matters. Passenger numbers for January were at 1.68M which is a decrease of 56% as compared to January 2020. Flight arrivals in 2020 during the month were around 550. Thus far in 2021, the airport is averaging high 300s for arrivals. The airport is looking forward to the projected increase in travel in the coming months.

Ms. Reynolds welcomed Ms. Valencia Fisker to the board. Ms. Fisker is a retired attorney and resident of district 6 in Phoenix. She fills the vacant spot left by Mr. Art Hamilton. Ms. Reynolds thanked Mr. Hamilton for his committed service to the board. Ms. Fisker stated that she is looking forward to serving and working with the Aviation Department.

Ms. Reynolds notified that the airport has received the Global Biorisk Advisory Council (GBAC) STAR accreditation for all three airports. Very few airports have received this accreditation and Mayor Gallego made a statement that this distinction is a testament to PHX's commitment to making sure our travelers airlines and business partners have the safest environment possible.

Ms. Reynolds shared that all security checkpoints have been reopened, some are open 24/7 while others have limited hours. American Airlines has added flights to California, Idaho Falls, and Bozeman, Montana. PHX launched a brand-new interactive map which includes a search option for information like vending machines, restaurants, restrooms, and more.

Ms. Reynolds stated the Transportation Infrastructure and Innovation Subcommittee and the City Council has recently approved several items recommended by the board: The Bus Contingency and Maintenance Plan RFI, Terminal 4 S1 contract solicitations, and the TSA lease.

Chairperson Keough Parks asked if the airport is back up to 56% from where we were or is it a decrease. Ms. Reynolds answered that it is a 56% decrease as compared to last year.

2. Summary of Current Events by the Airline Station Manager

Camilo Henao, Airline Station Manager, had no updates for the board.

MINUTES OF MEETING

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

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

The motion carried by the following vote:

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

Abstain: 1 – Ms. Fisker

No: 0

CONSENT ACTION (ITEMS 4)

4. Modern Industries Executive Hangar Lease at Phoenix Sky Harbor International Airport

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

The motion carried by the following vote:

Yes: 9 – Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Foster, Ms. Fisker, Ms. Pastor, Mr. Scott, Mr. Aldieri, and Chairperson Keogh Parks.

No: 0

No Public Comment Cards.

DISCUSSION AND POSSIBLE ACTION (ITEM 5)

5. Parking Access and Revenue Control System Maintenance and Support Contract

Daver Malik, Assistant Chief Information Officer, presented to the board. The parking service and operation at PHX is a large customer facing service and is a large part of the airport's non-aeronautical revenue. The system that is currently used manages 26,000 parking spaces across nine parking facilities. There are over 3.1M transactions done per year which result in \$94M in revenue. There are 600 active tenants and approximately 15,000 accounts for employees are managed. IT at PHX supports the operation with support from the manufacturer.

Mr. Malik stated the system supports Terminal 4, Terminal 3, East Economy, and West Economy parking, and five other lots. There are variety of ways which customers interface with the system, like traditional entry/exit, touchless parking, kiosks, employee parking, license plate recognition, and online reservations, which rolled out in 2019. On the other end of the system there is an interface with credit card company, Pay Ware, Corporate Business Office internal data, and others. In a nutshell is a tightly integrated environment that may have many impacts across the board if things are changed.

Mr. Malik stated the contract supports the maintenance of the system which includes: 24/7 tech support, access to local support team, direct engineering and product support, software updates, and ability to address any vulnerabilities with security patches. The current contract will end on May 31st of 2021. The airport is looking at three main options. The first is to keep the system and get a new provider. The second is to replace the current system and find a new a provider. The third is to keep the current system and maximize asset life.

Mr. Malik continued to address the options. The first option is not available as it is quite uncommon for other companies to work on software they did not develop. The second option which is very capital heavy will take two to three years to implement. This change will also impact 12+ interfaces. The third option is much cheaper at \$7.8M and would require no time to implement causing no impact to this system. The only cost is maintenance and support over the next five years. The team recommended to extend the contract with current provider.

Mr. Malik outlined the current contract. There will be a new aggregate contract term from June 1, 2021 to May 31, 2026. It will be a two-year initial term with three, one-year renewal options. The contract will not exceed \$7.8M with an annual of \$1.5M.

Mr. Cohn commented that he liked the airport's mindset of 'if it isn't broke don't fix it'. If it works over the next 5 years, the replacement options may be much better and more cost effective. His only concern is if the current providers, like credit card companies, the airport interfaces with will change. Mr. Malik stated that the airport has an enterprise integration platform. The IT team will develop a roadmap and work on how to work with those in the future. This will be around a year or two, but it will allow a middle ground so if one changes it wouldn't leave the airport without coverage.

Mr. Cohn stated in two years he would like to see an update to see if there are any changes. He stated that there has been a lot of thought into this.

Ms. Ehrlich asked if the firm can keep up to date with this? Mr. Malik replied that the airport has been very collaborative with the vendor and has met with them to share the roadmap and business plan for the future. We feel comfortable that they will be able to support this.

Ms. Fisker asked how old the current system is, what the expected life cycle is, and if there have been any issues. Mr. Malik answered that the original system was installed in 1999. Since then, there have been some upgrades with several components. There have been physical and backend updates, most of the updates have been the physical upgrades. Other than that, there have been no major performance issues with the system.

Mr. Aldieri asked what the price for the next contract is compared to the current and if there is an increase or if it has stayed the same. Mr. Malik replied that it is the current price with 3% increase.

Mr. Aldieri asked the option extensions we have are capped. Mr. Malik replied that yes, they are capped.

Mr. Aldieri asked if the Terminal 2 parking garage is in scope. Mr. Malik replied that yes, it is and will not impact operations as when it does go away the 24th Street station will replace it.

Mr. Cohn stated that it is great that there are three, one-year options which allows the airport flexibility to negotiate as things change in the future.

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

The motion carried by the following vote:

Yes: 9 – Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Foster, Ms. Fisker, Ms. Pastor, Mr. Scott, Mr. Aldieri, and Chairperson Keogh Parks.

No: 0

No Public Comment Cards.

INFORMATION AND DISCUSSION (ITEM 6)

6. Aviation Business Summit 2021

Michael Hughes, Deputy Director of Contracts and Services presented to the board on the Aviation Business Summit. The 2021 Business Summit was held virtually on February 24th. The aviation department is committed to engaging with local and small business through the summit and many other programs. The

first summit was held in 2017 and the second in 2018. Because of the success of these summits the airport holds this summit approximately every 18 months. In response to COVID-19 Pandemic the April 2020 Summit was pushed to a virtual event to be held in February of 2021.

Mr. Hughes stated that this event was advertised on social media, professional websites, and many other platforms. Mayor Gallego opened and welcomed participants to the event. There were five workshops which included: small business certification, insurance requirements, Title VI and ADA, the airport's procurement process, and how to be a successful contractor. The event had 184 attendees of the 300 that registered. The survey that was sent after the event captured important data. 74% of those who submitted the survey rated the summit as exceptional or very good. 63% of participants stated that they are more likely to attend a future summit virtually. Over 85% were likely to attend future summits. The survey also indicated the airport was very successful at providing the information needed by the attendees.

Mr. Hughes stated that he would like to thank the Aviation Contracts and Services team that helped to make this event a success.

Ms. Ehrlich offered congratulations for a job well done.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

None

CALL TO THE PUBLIC

None

EXECUTIVE SESSION (ITEM 7)

7. **Discussion and consultation re: Negotiations relating to the acquisition of the Union Pacific railroad corridor in connection with the first phase of the Comprehensive Asset Management Plan (CAMP) (Charlene V. Reynolds, Brad Holm, In-house Counsel Carolina Potts)**

A motion was made by Ms. Ehrlich, seconded by Ms. Pastor , to enter into Executive Session.

The motion carried by the following vote:

Yes: 9 – Ms. Cherny, Mr. Cohn, Ms. Ehrlich, Mr. Foster, Ms. Fisker, Ms. Pastor, Mr. Scott, Mr. Aldieri, and Chairperson Keogh Parks.

No: 0

PAAB entered into Executive Session at 3:38 p.m.

Mr. Cohn left the meeting at 4:00 p.m.

PAAB concluded Executive Session at 4:18 p.m.

Ms. Reynolds thanked the board for their time and stated that she was grateful for all their hard work and help during her time as Interim Director.

ADJOURNMENT

A motion was made by Mr. Foster, seconded by Mr. Aldieri, to adjourn the meeting.

The motion carried by the following vote:

Yes: 8 – Ms. Cherny, Ms. Ehrlich, Mr. Foster, Ms. Fisker, Ms. Pastor, Mr. Scott, Mr. Aldieri, and Chairperson Keogh Parks.

Absent: 1 – Mr. Cohn

No: 0

The meeting adjourned at 4:21 p.m.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Billboard Outdoor Advertising Revenue Contract Solicitation Award Recommendation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend approval to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to enter into a concessions lease with Becker Boards Small, LLC at Phoenix Sky Harbor International Airport (PHX) for 10 years with one 10-year option.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

On Sept. 16, 2020, the Phoenix City Council authorized the Aviation Department (Aviation), to issue a Revenue Contract Solicitation (RCS) for the upgrading of two existing static billboards along I-10 to digital billboards (Package 1) and the installation of three new digital billboards along SR-143 (Package 2) at PHX.

The goals of the RCS were to select a Respondent with extensive experience operating outdoor billboards and advertising.

Procurement Information

Aviation issued the RCS on Sept. 28, 2020 and responses were due Dec. 4, 2020 by 10:00 a.m. (local AZ time). Three responses were received on Dec. 4, 2020. Two Respondents were issued a Determination of Non-Responsiveness due to the firms' failure to comply with the Solicitation requirements. One Respondent was deemed responsive. On Feb. 8, 2021, the evaluation panel met and evaluated the responsive Respondent based on the published evaluation criteria:

- Proposed Minimum Annual Guarantee (MAG) (400 points)
- Business and marketing plan (350 points)
- Qualifications and experience (250 points)

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

After a local and national outreach effort and a competitive RCS, Becker Boards Small LLC is recommended for award of the Billboard Concessions Lease for both Packages 1 & 2, with 810 out of 1000 points for both packages.

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

Financial Impact

First year annual revenue will be approximately \$685,000 (MAG) or 60% of gross sales, whichever is greater. For every year thereafter, MAG shall be adjusted to 75% of the prior years' annual rent payment or 100% of the previous year's MAG, whichever is greater.

Contract Term

The term will be 10 years, with one 10-year renewal option, which shall be exercised at the sole discretion of the Director of Aviation Services.

Public Outreach

A Business Information Meeting was held Sept. 1, 2020. A Pre-Proposal Meeting was held on Oct. 7, 2020.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

Request the PAAB recommend approval to the TI&I to enter a concessions lease with Becker Boards Small, LLC for 10 years with one 10-year option.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Parking Management Services Contract Solicitation Award Recommendation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Innovation Subcommittee (TI&I) to enter into an agreement with Ace Parking III, LLC at Phoenix Sky Harbor International Airport (PHX) for seven years with one, three-year extension option.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The Phoenix City Council authorized the Aviation Department (Aviation) on June 17, 2020, to conduct a Request for Proposal (RFP) for Parking Management Services to select a vendor to manage, administer, and operate public and employee parking facilities at Phoenix Sky Harbor International Airport (PHX). The current vendor's agreement expires Dec. 31, 2021. PHX Parking is comprised of 26,000 spaces, operates 24 hours per day, 365 days per year, and generated an annual gross revenue of \$92.7 million in FY19 and \$71.9 million in FY20.

Procurement Information

The goals of the RFP were to select a Proposer with extensive experience operating a large airport-owned parking portfolio that will deliver innovative strategies to improve customer service, increase market penetration, and grow parking revenue. The Parking Management Contract requires the Successful Proposer to:

- Manage, administer, staff, and operate parking facilities;
- Operate the Airport's Parking Access and Revenue Control System;
- Operate circulator vehicles;
- Provide and operate an online booking system;
- Coordinate the revenue management program; and
- Coordinate the marketing program.

Aviation issued the RFP on Oct. 26, 2021, and the evaluation panel completed the evaluation process and respondent interviews on March 8, 2021. Proposers that met the Minimum Qualifications were evaluated by the evaluation panel based on the published evaluation criteria: Qualifications and Experience (0-150 points available), Operations – Customer Service and Staffing Plan (0-150 points available), Marketing Plan (0-150 points available), Revenue Management (0-150 points available), Customer Experience (0-150 points available), and Financial Impact (0-250 points available). The Panel recommendation was reached by consensus of the panel in consideration of these criteria.

After a local and national outreach effort and a competitive RFP, Ace Parking III, LLC. is recommended for award of the Parking Management Services Contract:

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

Contract Term

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

The Parking Management Services Contract structure will be on a reimbursable expense plus management fee and will include revenue growth incentives. The Revenue Performance Incentive Program's objective is to create shared long-term economic interest in building the Parking Business.

Financial Impact

The not to exceed amount for the aggregate 10-year term is \$118,000,000.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

Request that the PAAB recommend to the TI&I to enter into an agreement with Ace Parking III, LLC at PHX for seven years with one, three-year extension option.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Enplanements and Revenue Update

Description

This report provides an update of the Aviation Department's recent enplanements and revenue.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

The City of Phoenix has owned and operated the city's airport system as a self-supporting enterprise since 1967. Through the Aviation Department, the city manages several lines of airport business, associated revenues and expenses, and maintains credit to support financing the capital investments of a large-hub commercial airport.

Impacts of the COVID-19 pandemic on Sky Harbor Airport and the larger aviation industry have been significant. The reduction of more than half of the airport's passengers over the past year presents a significant challenge to the enterprise model as the airport must continue to maintain net revenues sufficient to support its operations, make debt service payments, and preserve cash reserves for what may be a protracted recession.

Staff will present an overview of Sky Harbor's recent enplanement results and an update on the Aviation Department's financial position.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	General Aviation Update - DVT

Description

This report provides the Phoenix Aviation Advisory Board an update on General Aviation at Phoenix Deer Valley Airport (DVT).

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

This update is to provide a review of General Aviation for DVT. The airport features two runways, four parallel taxiways, more than 1,100 based aircraft, and typically experiences more than 400,000 aircraft operations annually. There are two key business operations at DVT; flight training, and business aircraft operations. Going forward, the airport will continue to focus on implementing the recommendations contained within the 2015 Airport Master Plan Update, as well as the strategic objectives identified in the Aviation Department business plan.

Location

702 W. Deer Valley Rd. Phoenix, AZ 85027

Recommendation

This item is for information and discussion.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	General Aviation Update – GYR

Description

This report provides the Phoenix Aviation Advisory Board an update on General Aviation at Phoenix Goodyear Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

This update is to provide a review of General Aviation (GA) for Phoenix Goodyear Airport. The airport has one runway, one full length parallel taxiway, 240 based aircraft, +/- 90,000 aircraft operations a year, and the airport is owned and operated by City of Phoenix but is located within the City limits of City of Goodyear. There are three key business operations at GYR; Maintenance, Repair and Overhaul (MRO), flight training, and business aircraft operations. Going forward the airport will focus on the aviation business plan strategic objectives for GYR and will implement master plan recommendations and key initiatives.

Location

1658 S. Litchfield Road, Goodyear Arizona 85338.

Recommendation

This item is for information and discussion.