

**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, February 5, 2026 at 2:30 p.m. located at the City of Phoenix Aviation Department, PAAB Conference Room, 2485 E. Buckeye Road, Phoenix, Arizona 85034, or via WebEx teleconference.**

Meeting Attendance Options:

- **Watch the meeting virtually using the WebEx link provided below.**
<https://cityofphoenix.webex.com/weblink/register/r895dd89f3e1079a56d3a7c618096ef9a>
- **Call-in to listen to the meeting, dial 602-666-0783 and Enter Meeting ID 2346 284 5423 # 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, February 5, 2026. The email should include your first and last name, email address, the item number(s), and whether you would like your comment read into the record or if you wish to speak. Those who wish to attend in person may submit a request to speak by completing a speaker card at the registration desk at the beginning of the meeting.

One or more board members may participate via teleconference. Agenda items may be taken out of order.

The agenda for the meeting is as follows:

CALL TO ORDER

MINUTES OF MEETING

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

CONSENT ACTION (ITEM 2)

2. New Ground Lease with The Galloway Group, Inc. 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 a ground lease with The Galloway Group, Inc. for three years with two one-year options to extend.

THIS ITEM IS FOR CONSENT ACTION.

INFORMATION AND DISCUSSION (ITEMS 3-4)

3. North Cargo Development Update – Broker Selection

This report provides the Business and Development Subcommittee with an update regarding North Cargo development broker selection, and related project updates at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

4. Airport Employee Parking Program Update

This report provides the Business and Development Subcommittee with an update on planned changes to the daily discount for employee parkers who opt to park in public parking facilities at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

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

ADJOURNMENT

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

Persons with a disability may request reasonable accommodations by contacting Pearl Meza, Management Assistant II, Aviation Department at 602-273-3382, or 7-1-1 friendly.

The next Business and Development Subcommittee meeting is scheduled to take place Thursday, March 5, 2026.



**PHOENIX AVIATION ADVISORY BOARD
BUSINESS & DEVELOPMENT SUBCOMMITTEE
SUMMARY MINUTES**

December 4, 2025

Meeting held in person and via WebEx

Subcommittee Members Present

Stephanie Cherny - Chairperson
Sharon Hwang
Ruben Alonzo

Subcommittee Members Absent

Staff Present

Cadle Collins
Carolina Potts
Chad Makovsky
Chris Baranowski
Cindy Lizarraga
Daver Malik
Jamie Ritchie
Janet Lee
John Ojeda

Kevin Eyster
Kyle Brack
Matthew Becker
Matthew Heil
Michael Pluff
Moe Yacut
Michael Hughes
Pawan Khera
Pearl Meza

Robert Hawes
Roxann Favors
Ryan Hartnett
Sarah Demory
Sarah Moratto
Sean Larkin
Shawna Larson
Tim Spahr
William Robinson

Members of the Public Present

Mark Carlisle

CALL TO ORDER

Ms. Cherny called the meeting to order at **2:31 p.m.**

MINUTES OF MEETING

- 1. For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on November 6, 2025.**

A motion was made by Ms. Hwang, seconded by Mr. Alonzo, that this item be approved.

No public comments.
The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEMS 2 - 3)

2. Information Technology Project Management Services Award

Mr. Jamie Ritchie explained that this agreement is essential to supporting the airport system's increasingly complex technology environment and ensuring the successful delivery of critical IT initiatives.

He emphasized that Phoenix Sky Harbor, Phoenix Deer Valley, and Phoenix Goodyear airports operate a sophisticated and evolving technology infrastructure, requiring highly skilled, dedicated project management resources capable of coordinating major initiatives from planning through implementation without disrupting daily operations.

Mr. Ritchie distinguished this contract from the IT staff augmentation contract approved earlier in the year, clarifying that staff augmentation provides technical talent such as network engineers and cybersecurity professionals, whereas this contract is focused solely on professional project management leadership to plan, manage, and execute IT projects.

He described the department's extensive IT portfolio, noting more than 120 business systems, two data centers, 5,000 end-user devices, over 25,000 miles of fiber, 800 terabytes of data storage, and millions of daily digital interactions.

He highlighted several significant projects successfully delivered under the existing contract and explained that Aviation's IT needs have significantly evolved in recent years, requiring specialized technology capabilities in artificial intelligence, cybersecurity, geospatial systems, and other technical disciplines.

The current contract expires May 4, 2026. A Request for Proposals was issued in July 2025. The Aviation Department received nine submissions, of which four were found to be responsive. Responsive proposals were evaluated on qualifications, firm capability, and pricing. The evaluation panel recommended award to Barich Inc. The contract term will be for five years and will not exceed \$9.75 million.

Committee members asked questions regarding project completion performance, contractual safeguards for delays, and Barich's experience nationally.

Mr. Ritchie confirmed most projects are delivered on time, with delays typically driven by external factors, and that contractual liquidated damages exist if delays are caused by the contractor.

He further confirmed Barich has an extensive aviation footprint, supporting multiple major and midsize airports nationwide.

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

The motion carried.

3. Amended & Restated FBO Lease 94042 with Jackson Jet Center Phoenix, LLC at Phoenix Sky Harbor International Airport

Mr. Robert Hawes stated that Jackson Jet Center currently operates a full-service FBO on approximately 20.5 acres at Phoenix Sky Harbor International Airport, offering aircraft storage, fueling, maintenance, parts, and ground handling under a lease scheduled to expire October 31, 2028.

The proposal extends the lease for up to 25 years, through October 31, 2053, contingent upon Jackson Jet Center investing at least \$12 million in site improvements within 36 months of the amended lease becoming effective.

Mr. Hawes explained improvements include the construction of two new hangars. Failure to build both would reduce the extension term to 15 years. Jackson Jet Center will also provide a \$600,000 performance guarantee to ensure timely delivery of their capital requirement. Other enhancements include expanded hangar facilities, solar energy improvements, office expansion, parking upgrades, and other energy-efficiency improvements.

He stated that the amended lease converts the financial model from a Minimum Annual Guarantee structure to a ground rent model beginning at approximately \$312,000 annually, with defined escalation steps and periodic market rent appraisals.

Jackson Jet Center will continue to pay fuel flow fees and associated airport charges in accordance with approved FAA minimum standards. First-year revenues under the extended lease are projected to be \$1.01 million, with total revenues over the 25-year term exceeding \$33 million.

Committee members expressed strong support, citing business investment confidence and long-term stability for general aviation services.

A motion was made by Mr. Alonzo, seconded by Ms. Hwang, that this item be approved.

No public comments.
The motion carried.

INFORMATION AND DISCUSSION (ITEM 4)

4. Update on Terminal 4 Concessions Reconcepting Plans at Phoenix Sky Harbor International Airport

Ms. Roxann Favors provided a comprehensive update on the Terminal 4 concessions re-concepting initiative, describing it as one of the most significant customer experience reinvestment efforts in the airport's recent history.

She outlined the City Council-approved strategy that provided eight-year lease extensions to eligible concessionaires in exchange for substantial capital reinvestment, store upgrades, enhanced operational standards, strengthened small-business participation, and modernization of business and financial terms.

She reviewed the framework under which 15 concession contracts were eligible, noting that nearly all food and beverage agreements and the vast majority of retail contracts have executed their amendments. Each concessionaire is required to reinvest 10–15 percent of audited 2024 gross revenues into their concession program, including store refreshes and brand re-concepting. To ensure operational balance and avoid wholesale turnover, concessions are allowed to re-concept no more than 30 percent of their locations.

She highlighted the strategic removal of minimum annual guarantees in favor of percentage-rent structures based on store type and location, as well as new provisions incentivizing 24-hour operations and supporting small-business partnerships.

Ms. Favors announced several new locally focused restaurant brands entering Terminal 4, including Common Ground Culinary's The Macintosh and The Collins Small Batch Kitchen, Chef Joey Maggiore's The Mexicano, Chef Mark Tarbell's Cactus & Cow Burger Bar, The Farm at South Mountain, Greenwood Brewery, and neighborhood favorite TC Eggington's, reflecting strong local representation and chef-driven innovation.

On the retail side, refreshed and re-themed store environments will include modernized All Marketplace Mercantile, Camelback Provisions Express, and new culturally reflective retail branding.

She emphasized a carefully phased construction and implementation strategy coordinated with airport capital projects to minimize disruption, supported by digital construction scheduling tools.

She also highlighted strengthened compliance enforcement tools, including more rigorous operating hour requirements, escalated liquidated damages, and ultimate city authority to reclaim non-performing concession spaces if necessary.

Additional commitments include meaningful participation in airport sustainability initiatives, financial participation in airport marketing initiatives, workforce support planning, value-meal offerings for airport employees, and annual operational performance reviews.

Committee members praised the program and asked questions regarding timing, execution requirements, and communications associated with brand transitions.

Ms. Favors confirmed that reconcept proposals must be submitted within 120 days of signing and construction must be completed within the defined schedules once approved.

The subcommittee expressed appreciation for the strategic planning, protection of customer experience, and emphasis on local brand integration.

No public comments.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

None.

CALL TO THE PUBLIC

None.

ADJOURNMENT

The meeting adjourned at **3:16 p.m.**

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	New Ground Lease with The Galloway Group, Inc. 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 a new ground lease with The Galloway Group, Inc. (Galloway) for three years with two one-year options to extend the term.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

Galloway is seeking to enter into a ground lease for four contiguous Aviation owned properties located at 3218 E. Madison Street and 117 South 32nd Street. The combined premises total approximately 25,743 square feet of vacant land. The properties are located across the street from Galloway's existing business.

Galloway's business location is insufficient to accommodate the storage of the company's equipment and materials. The company intends to use the leased Aviation properties for outdoor storage of fiber rolls, trailers, and related items.

Contract Term

The proposed lease term will be three years, with two one-year options to extend at the sole discretion of the Aviation Director. The lease term is anticipated to commence on May 14, 2026.

Financial Impact

The annual rent for the first year is anticipated to be approximately \$36,040.20, based on a rental rate of \$1.40 per square foot. Rent will be adjusted annually based on the Phoenix-Mesa-Scottsdale Consumer Price Index or three percent, whichever is greater. Total anticipated revenue over the duration of the lease agreement, if all renewal options are exercised, will be approximately \$180,201.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

Request the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a new ground lease with The Galloway Group, Inc. for three years, with two one-year options to extend at Phoenix Sky Harbor International Airport.

BUSINESS DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	North Cargo Development Broker Selection Update

Description

This report provides the Business and Development Subcommittee with an update on the selection of the commercial real estate broker for the North Cargo Development opportunity as well as a status update on the site and enabling projects at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

The Aviation Department is planning for a major cargo development opportunity on approximately 28 acres on the north side of Phoenix Sky Harbor International Airport (PHX), known as the North Cargo Development. This development is expected to occur in up to two phases.

PHX currently processes approximately 340,000–345,000 metric tons of cargo annually, with strong indicators of continued growth in air carrier demand. The North Cargo Development project addresses the increasing need for additional cargo facilities, strengthens PHX's role as an air cargo and logistics hub, and transforms an underutilized airfield property into the highest and best use to generate revenue.

To advance this development opportunity, an experienced and qualified commercial real estate brokerage firm will facilitate the market-driven procurement process to secure a capable developer.

Strategic Importance

The North Cargo Development project will deliver a modern, sustainable, and operationally efficient cargo complex that enhances PHX's competitiveness and supports long-term economic growth. Key objectives include selecting a qualified developer with experience in the design-build-finance-operate-maintain (DBFOM) model, ensuring high-quality design and site revitalization, and generating long-term revenue for PHX.

Broker Selection Process

Aviation Staff conducted a comprehensive evaluation of real estate brokers from the City's Qualified Vendor List. Three firms were selected based on their qualifications to successfully market the cargo opportunity. Each firm was interviewed by a panel of subject matter experts and was evaluated on:

- Aviation and logistics development experience
- Public-private partnership experience and capabilities
- Understanding of PHX's long-term cargo strategy
- Interview performance.

The panel selected CBRE, Inc. as the brokerage partner.

Developer Selection and Leasing Strategy

CBRE will market the opportunity, conduct outreach engagement with the developer community, identify qualified developers, and recommend candidates for consideration. The Aviation Department will negotiate the ground lease terms with the recommended developer, who will be responsible for designing, building, financing, and subleasing the facilities to cargo operators.

The ground lease terms, including the primary term and extension options, will be negotiated in accordance with City Bond Ordinance requirements and FAA guidance for cargo developments of this nature, ensuring flexibility for long-term capital reinvestment with lease rates established by appraisal, adjusted annually, and reset to market every 10 years.

Site Status

Upon completion of final environmental reviews, the Aviation Department will demolish the existing structures on the site, primarily unoccupied hangars. Demolition will also include the removal of deteriorated asphalt and old utilities to prepare the site for development and construction.

Concurrent with the North Cargo Development project is a grant-funded project to rehabilitate and strengthen nearby portions of Taxiway Alpha to withstand the load of commercial cargo jets accessing the new cargo facilities.

Financial Impact

In addition to ground lease rental revenue, this development opportunity will generate additional revenue for the Aviation Department through Aircraft Landing fees, Aircraft Remain Overnight (RON) parking fees, and Specialized Aviation Service Operator (SASO) fees.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Airport Employee Parking Program Update

Description

This report provides the Business and Development Subcommittee with an update on the Airport Employee Parking Program at Phoenix Sky Harbor International Airport and planned program modifications.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

The Aviation Department intends to revise the Airport Employee Parking Program effective March 1, 2026. The changes are necessary to address employee use of public parking facilities.

These changes will:

- Preserve public parking facility capacity for intended uses – the traveling public.
- Encourage employees to utilize the dedicated employee parking facilities.
- Balance employee parking needs with public demand during peak periods.

Current Program Overview

Phoenix Sky Harbor International Airport (PHX) offers an Airport Employee Parking Program for employees who are based at and work at PHX. This program distinguishes between two employee categories:

- PHX-based employees: Those employees whose primary work location is at PHX, consisting of Phoenix-based airline employees and all tenant employees. These employees are eligible to participate in the monthly parking program at dedicated employee parking facilities. Fees for this parking category are paid by each employee's company.
- Non-PHX-based airline employees: Company employees with primary work locations in cities other than Phoenix. Employees in this category are not eligible for the monthly employee parking program, given they are primarily using the airport to commute to another work location.

The program provides:

- Monthly parking access to assigned dedicated employee-only facilities at the 44th Street lot, Level 2 of the West Economy Garage, or cargo warehouse parking areas for PHX-based employees.
- At the sole discretion of the Aviation Director, an optional daily discounted parking rate is also available for both categories of employees (excluding City of Phoenix employees and City contractors) to park in public parking facilities.

Current Program Growth and Capacity Challenges

PHX has experienced significant growth in public parking demand. Alongside this growth, Aviation staff have observed greater employee use of the daily discount option in public parking facilities. This trend has significantly constrained public parking availability during regular travel periods and has required temporary closures of public parking facilities during peak travel periods to accommodate employees.

To manage facility closures during peak demand, PHX leased an off-airport parking facility to provide overflow capacity and, when necessary, redirected public parkers to underutilized employee-only facilities.

Factors Driving Program Adjustments

The daily discount rate of approximately 50% creates a financial incentive for employees to park in public facilities rather than assigned employee lots. This pricing dynamic has led to:

- PHX-based employees choosing more convenient terminal and economy garages over assigned employee facilities.
- Non-PHX-based airline employees using the program, which is significantly constraining parking availability for public customers during regular travel periods, and requiring public parking facility closures during peak travel periods.

Planned Program Modifications

The PHX employee parking discount was established in February 2015 as an optional employee amenity; however, the program has never been adjusted since its inception. The Aviation Department intends to adjust the discount rate to approximately 10% off published parking rates for employees enrolled in the employee parking program. Non-PHX-based airline employees will be eligible to join a separate corporate parking program to receive discounts and other benefits. Employees will not be eligible for the daily discount rate on certain published blackout dates corresponding with periods of peak passenger travel.

All proposed changes align with PCC Sec. 4-58 and Airport Rules and Regulations 07-01, which provide the Aviation Director with sole authority to manage employee parking locations, conditions, and rates, including supplemental programs and discount rates.

Public Outreach

The Aviation Department posted signage at all exit plazas and employee parking facilities on December 10, 2025. Multiple stakeholder meetings have been held and continue to be scheduled with Parking Representatives from airlines, concessions, retail, and tenant operations, as well as with labor leaders. Flyers are being distributed to employees, and information is available on the employee resources page of the Sky Harbor website about the upcoming changes.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road