

**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, May 19, 2022 at 3:00 p.m. via WebEx.**

OPTIONS TO ACCESS THIS MEETING

- **Call-in to listen to the meeting.** Dial 602-666-0783 and Enter Meeting ID 2467 182 6229#. Press # again when prompted for attendee ID.

- **View the meeting as an attendee.** Click on this link at the time of the meeting and join the WebEx to listen and view presentations:
<https://cityofphoenix.webex.com/cityofphoenix/onstage/g.php?MTID=ed36181b044d6aa5a90a006be7f0a601a>

- **Speak during a meeting.** If you wish to provide a written comment or speak at the meeting, please submit a request to pearl.meza@phoenix.gov 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, May 19, 2022. The email should include your first and last name, email address, the item number(s) and whether you wish to speak.

Pursuant to Arizona Revised Statutes, Section 38-431.02B, notice is given that the Phoenix Aviation Advisory Board may vote to go into Executive Session, or Sessions, for discussion or consultation, for legal advice with the attorney or attorneys of the public body for any agenda items listed below, as authorized by Arizona Revised Statutes, Section 38-431.03 (A)(3) or for discussion of records and/or information that is exempted by law from public disclosure, as authorized by Arizona Revised Statutes, Section 38-431.03(A)(2). If authorized by a majority vote of the Phoenix Aviation Advisory Board, the Executive Session will be held immediately after the vote and will not be open to the public. If a decision is requested, the Phoenix Aviation Advisory Board may decide the matter in the public meeting or defer the decision to a later date. The agenda items that may be subject to an Executive Session pursuant to Arizona Revised Statutes, Sections 38-431.03 (A) (2) and 38-431.03 (A) (3) are as follows: Items 4, 5, 6, 7, and 8.

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

The agenda for the meeting is as follows:

CALL TO ORDER

SUMMARY OF CURRENT EVENTS

1. **Summary of Current Events by the Director of Aviation Services**
2. **Summary of Current Events by the Airline Station Manager**

MINUTES OF MEETING

3. **For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on April 21, 2022**

DISCUSSION AND POSSIBLE ACTION (ITEMS 4-6)

4. **New Airport Lease Agreement with Idemia Identity & Security USA LLC at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Transportation, Infrastructure and Planning Subcommittee to enter into a lease with Idemia Identity & Security USA LLC for Terminal 4 office space and space near the North 4 Concourse to perform services for the Transportation Security Administration Traveler Pre-Check Enrollment Center which allows for expedited clearance of pre-approved, low-risk travelers at Phoenix Sky Harbor International Airport. The lease agreement will be for a period of four years with four one-year options to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

5. **Rental Car Center Food, Beverage and Retail Concession Award Recommendation**

This report requests that the Phoenix Aviation Advisory Board recommend to the City Council to enter into a lease with TMG Services, LLC dba Phoenix MAG Café & Market for the design, renovation, maintenance and operation of food, beverage and retail concession in the Rental Car Center lobby at Phoenix Sky Harbor International Airport, for a contract term of seven years, with one three-year option to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEMS 6-9)

6. Terminal 4 South 1 Concession Kiosks Update

This report provides the Phoenix Aviation Advisory Board an update on the progress of Terminal 4 South Concourse 1 (T4S1) concession kiosks.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

7. Concessions Contract Hours Update at Phoenix Sky Harbor International Airport

This report provides the Phoenix Aviation Advisory Board an update on concession contract hours, enforcement and compliance.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

8. Tempe Entertainment District

This report provides the Phoenix Aviation Advisory Board an update on the Tempe Entertainment District, a proposed mixed-use redevelopment site within 10,000 feet of Sky Harbor's center runway.

Two presentations will be provided to the Board. Aviation Staff will provide an update that is responsive to the questions and follow up requests from the Board at the April 21 meeting. The developer of the Tempe Entertainment District will then present an update on the proposed development.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

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

ADJOURNMENT

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

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

The next Phoenix Aviation Advisory Board meeting is scheduled to take place Thursday, August 18, 2022.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
April 21, 2022
*Meeting held via WebEx***

Board Members Present

Stephanie Cherny – Chairperson
Verma Pastor – Vice-Chairperson
Ruben Alonzo
Andrew Cohn
Sandra Ferniza
Valencia Fisker
Brian Foster
Ron Price
Seth Scott

Board Members Absent

Camilo Henao – Ex-Officio

Staff Present

Chad Makovsky
Jay DeWitt
Carolina Potts
Matt Heil
Moe Yacut
Pearl Meza
Ryan Clarke
Karina Fitzgerald

Sarah Demory
Prasan De Silva
Alexandria Pierce
Anne Kurtenbach
Ken Boudreau
Gabriel Nevarez
Abbe Slade
Cadle Collins

Shawna Larson
Mike O'Shaughnessy
Jordan Feld
Heather Shelbrack
Tom Sawyer

Members of the Public Present

Russ Sanders
Scott Sikel
Joel Ericson
Matthew Casey

Karen Ratliff
Dalín Webb
Jean-Luc Tremblay

CALL TO ORDER

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

SUMMARY OF CURRENT EVENTS

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

Mr. Chad Makovsky, Director of Aviation Services, updated the board on current events at the airport. February passenger traffic included 3.3 million passengers, and staff anticipate a dramatic increase for March of 2022. ACI named PHX as the 8th busiest airport in the world for takeoffs and landings.

Face masks will no longer be required on airport property as the TSA is no longer enforcing requirements, however Mr. Makovsky added that this policy change is tentative and may be reversed.

Mr. Makovsky stated that Condor is returning its direct service to Frankfurt, Germany in May. Additionally, American Airlines held an event celebrating the return of its flight to London, with Phoenix Mayor Gallego and media in attendance.

Treat held its grand opening and ribbon cutting ceremony in Terminal 4. This new facility will provide premium health and wellness services to customers in the airport, and Sky Harbor is the second airport globally to open this facility.

Mr. Makovsky announced that the City Council has authorized the Aviation Department to enter into an intergovernmental agreement with First Things First as staff work to support activation of a scholarship program for childcare at the airport. \$4 million has been allocated over a period of 2 years.

Mr. Cohn asked how many children are anticipated to participate. Mr. Makovsky stated that the data is still preliminary, however First Things First has provided a formula and other requirements for eligibility into the scholarship program.

Mr. Makovsky provided an update on the most recent job fair, which took place on April 5. Future job fairs are scheduled through August.

PHX is now the first in the nation to enable a mobile ID for passengers. Travelers can now show their ID's via Apple Wallet, and the feature will soon be coming for android technology as well.

Mr. Makovsky reviewed the new exhibition by the Airport Museum, *Persistent Plants and Desert Dwellers*, featuring an artistic look at desert life.

Phoenix Elementary School District celebrated 150 years, and the Aviation Department participated in the celebration and engaged with the public.

To close, Mr. Makovsky let the board know that the Deer Valley Airport restaurant contract award was approved by City Council on April 6, and the

Comprehensive Asset Management Plan update was approved at the Transportation, Infrastructure and Planning Subcommittee meeting and will now proceed to City Council for final approval. Additionally, Mr. Makovsky announced that the City Council has approved the pre-construction services contract for the large taxiway uniform project and emphasized that Aviation is the first in the City of Phoenix to use funds from the infrastructure bill.

Mr. Cohn requested follow-up information in future meetings on the performance of the childcare program with First Things First.

2. Summary of Current Events by the Airline Station Manager

Mr. Camilo Henao, Airline Station Manager, was absent.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on March 17, 2022

A motion was made by Ms. Pastor, seconded by Ms. Ferniza that this item be approved.

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

CONSENT ACTION (ITEM 4)

4. Ground Lease Amendment with Arizona Air National Guard at Phoenix Sky Harbor International Airport

This item was not pulled for discussion.

A motion was made by Ms. Fisker, seconded by Mr. Alonzo that item 4 be approved.

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

DISCUSSION AND POSSIBLE ACTION (ITEMS 5-6)

5. Phoenix Aviation Advisory Board Bylaws and Rules of Procedure

Mr. Matt Heil, Special Projects Administrator, presented. He reviewed changes to the bylaws and directed the members of the board to a copy of the new draft in their packets.

Mr. Cohn asked when the bylaws were last amended, which Mr. Heil answered 2017.

Mr. Foster asked whether the updates were predominantly procedural. Mr. Heil answered yes, and they encompass meeting participation changes that have been made to accommodate COVID-19.

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

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

No Public Comment.

6. Request to Award Contract for Air Service Consulting Services

Ms. Lexie Pierce, Air Service Development Manager, presented. Ms. Pierce shared a map of the air service network prior to the start of the pandemic and stated that much of the air service that was halted during COVID-19 has returned to Sky Harbor.

Ms. Pierce stated that air service provides an economic benefit, increases access and lowers fares, and increases business activity. An air service consultant would provide detailed data and analysis, industry insights, and would assist in facilitating meetings with airlines.

A request for proposals (RFP) was issued in December for a new air service consultant, and the evaluation panel recommended Arthur D. Little for award of the contract. This contract would start August 10, 2022 for 3 years with two 1-year options to extend.

Chairperson Cherny asked for clarification on the number of responses received. Ms. Pierce clarified that three responses were received; however, one was deemed nonresponsive.

Mr. Foster asked whether the incumbent consultant responded to the RFP. Ms. Pierce answered that they did respond but did not meet the minimum qualifications.

Mr. Foster asked how the services are charged. Ms. Pierce answered the contract has assigned rates to key personnel working on the contract, and dependent upon projects the contract is paid out as an hourly fee.

Mr. Cohn asked for clarification on the qualifications for this RFP. Mr. Makovsky stated that given key staff with the incumbent changed firms, the incumbent no longer met the minimum qualifications for this proposal. Mr. Cohn asked whether any stipulations have been added to the contract to terminate in the event that a vendor is no longer considered qualified. Mr. Makovsky stated that an option has been added to terminate the contract if staff determine the vendor no longer meets the qualifications.

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

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

No Public Comment.

INFORMATION AND DISCUSSION (ITEMS 7-9)

7. Federal Transportation Funding Update

Jay DeWitt, Acting Assistant Aviation Director, presented. Mr. DeWitt shared an updated passenger enplanement chart from the onset of the pandemic in 2019 through February of 2022. While COVID-19 had a dramatic impact on the aviation industry, PHX has recovered stronger than average amongst similar U.S. large hub airports. Still, as a result, PHX lost approximately \$350 million in revenue.

Mr. Cohn asked if any covenants were broken on bonds. Mr. DeWitt answered that the airport was far from breaking any of those agreements.

Mr. DeWitt stated that without federal relief from CARES, CRRSA, and ARPA, the airport would not have recovered financially from the pandemic until approximately 2030.

Mr. Cohn asked whether the \$5 million allocated for terminal concessionaire rent relief came before or after City Council's decision to provide concessionaires relief. Mr. DeWitt clarified that the federal funds came after rent relief had already been approved by the City Council.

Mr. DeWitt displayed on a table the total amount of funds received across the three funding programs, totaling at approximately \$344.6 million and most of which went to debt service. Mr. Cohn asked approximately what percentage the grant funds made up the total budget for the airport. Mr. DeWitt stated it equates to approximately 10% of the total airport budget.

Mr. DeWitt discussed details of the new Bipartisan infrastructure Law (BIL), including the formula-driven allocations for airport infrastructure as well as the competitive grant funds for terminal development. Mr. DeWitt stated that the department must still apply for grant funds on an annual basis and did not receive the total allocation as a lump sum. Mr. DeWitt continued that the primary projects to compete for terminal development funds include a new concourse at Terminal 3, a new Terminal 3-Terminal 4 connector, and Terminal 4 infrastructure.

Mr. Cohn asked whether the Moody's rating is independent of the City as a whole, and Mr. DeWitt confirmed that it is. Mr. Cohn commented that recognition from a rating agency is very important. Mr. Jay stated the positive recognition from Moody's comes from a collaborative effort of all associated with the airport.

Mr. Foster asked how the amount of grant funds allocated was determined for PHX and whether staff were happy with the outcome. Mr. DeWitt stated that the allocations were formula- and data-driven and staff were very pleased with the funds received.

Mr. Scott asked who provided the analysis on budget recovery. Mr. DeWitt stated he made his own analysis based on data available.

No Public Comment.

8. Airport Construction Update and Operational Readiness Overview

Ms. Anne Kurtenbach, Special Projects Administrator, and Mr. Ken Boudreau, Special Projects Administrator, presented. Ms. Kurtenbach began with an overview of the Terminal 4, S1 Concourse project (T4S1), which began in 2016 and will be ready to open to the public June 2022. Major components of the project include the S1 concourse, the S1-S2 connector, and the North-South

connector bridge. Additionally, the project includes expansion of ticket counters, baggage handling and baggage claim. Ms. Kurtenbach also reviewed new amenities of the project, including new technology features and unique artwork designs.

Ms. Kurtenbach continued with a review of the PHX Sky Train® Stage 2 expansion project, adding over two miles of guideway and two new stations at 24th Street and the Rental Car Center (RCC). The expansion is set to open to the public in late summer of 2022. The expansion is currently in the testing phase, which requires one year to complete and involves many complex requirements.

Ms. Kurtenbach then provided an overview of Operational Readiness, Activation and Transition (ORAT), the process through which a new facility becomes ready for use by the public. The ORAT timeline encompasses a planning phase of 9-12 months and an activation phase of 45-60 days. Ms. Kurtenbach turned the presentation over to Mr. Boudreau.

Mr. Boudreau began by explaining the purpose of the activation phase of ORAT, which is to manage and mitigate opening-day risks and evaluate facility and end-user readiness. He stated the activation phase for T4S1 includes a focus on completing activity tasks, familiarization, and opening day activity coordination. New features will be load tested to ensure they are ready for use, including baggage handling, new technology, CCTV, and more. Mr. Boudreau added that airlines will coordinate to conduct aircraft gate-fit testing to ensure readiness of the new passenger boarding bridges. Mr. Boudreau stated that on opening day, Unified Command and the Airport Emergency Operations Center will be activated, in addition to increased volunteer presence, to ensure a seamless transition.

Mr. Boudreau reviewed the activation phase for PHX Sky Train Stage 2, which similarly mirror activation tasks for T4S1 and include load testing new facilities at the new train stations. ---. Mr. Boudreau added that staff will monitor activity at the new parking lot available at the 24th Street Station. Mr. Boudreau emphasized that the RCC will be under jurisdiction of the Airport Police Bureau once it is connected to the PHX Sky Train system. Volunteers will also be at the new stations to assist passengers on opening day.

Mr. Cherny asked whether new technology for smart transition glass will be utilized in other parts of the airport. Mr. Makovsky answered that the new technology will be assessed in T4S1 to see if adding more smart glass would benefit the airport and Aviation's sustainability efforts.

No Public Comment.

9. Tempe Entertainment District

Jordan Feld, Deputy Aviation Director, presented. Mr. Feld provided an overview of events since the proposal of the Tempe Entertainment District (TED) was publicly announced in summer of 2021, including formal written communication, meetings with the developer, and stakeholder meetings. Key issues to be addressed include building heights, compatibility of residential development, potential glare interference for aircraft, and more.

Mr. Cohn asked if staff could provide maps depicting west side takeoffs and landings. Mr. Feld agreed to prepare the maps.

Mr. Cohn asked if staff could provide safety surface and construction impacts for projects east of TED, such as the State Farm office park. Mr. Feld agreed to prepare the analysis.

Mr. Feld stated that American Airlines released a letter stating that TED construction will have a negative impact on their operations.

Mr. Feld continued to review the contours of the Part 150, 65 DNL zone as established in 1999, which identify high-impact noise areas surrounding the airport, as well as the current 65 DNL zone. Mr. Feld added that the FAA has conducted more recent research that suggests the high-impact noise area is much lower than the Federal standard of 65 DNL.

Mr. Feld stated the FAA provided a letter which includes concerns related to the proposed residential development in TED, as new construction of residential properties within the Part 150, 65 DNL zone is not compatible.

Mr. Feld emphasized that staff try to be flexible with potential developments. He noted that other recent projects fell outside of the current DNL contour and thus did not pose the same concerns as TED.

Assessments and studies necessary to consider the impact of TED on airport operations include the expected aggregate economic impacts during construction, analysis of noise exposure, safety analysis, and airspace management changes. Preliminary information shows an approximate economic impact loss of up to \$264 million regionally. Mr. Feld noted this analysis, completed by airspace consultants and economists, was based in part on feedback provided by several airlines.

Mr. Cohn asked whether the FAA or airlines will change their perspective based on counterevidence provided by the developers of TED. Mr. Feld answered that airlines are more concerned with the safety/operational impacts than estimated economic impacts.

Mr. Cohn asked if staff could provide an analysis of TED residential density in comparison to other development in the area. Mr. Feld agreed to prepare the analysis.

Mr. Cohn asked whether the City of Tempe ever reached out to the airport to notify of the solicitation and proposed development. Mr. Feld stated that staff were not notified prior to public announcement of the proposed development.

Mr. Foster asked whether there are other residential or commercial buildings existing in the immediate area of the proposed TED development with a similar critical building height difference. Mr. Feld stated there is a greater distance between the OEI surface for developments further out, and the main concern of TED is its close proximity to the runway.

Mr. Makovsky commented that developers may provide other information that mitigates the loss of operational revenue, however not enough information is currently known about the construction project. Until this detail is known, calculations in this presentation make a conservative assumption that construction will interfere with operations for at minimum the entirety of a calendar year.

Mr. Feld referred to resources on SkyHarbor.com about the project for additional information.

Ms. Pastor asked who the developer is for TED. Mr. Feld answered the developer is Bluebird, represented by Snell & Wilmer.

Mr. Price asked whether a presentation from the developer is scheduled. Mr. Makovsky confirmed that the developer was invited to speak today but were unable to attend and have been subsequently invited to speak next month.

No Public Comment.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

Mr. Cohn requested follow-up on information regarding comparable analysis of building heights and safety surfaces, noise exposure, and flight tracks for areas East and West of the airport and longer distances from the airport relative to TED site.

CALL TO THE PUBLIC

None.

EXECUTIVE SESSION (ITEM 10)

10. Executive Session

A motion was made by Mr. Scott, seconded by Mr. Alonzo, that the board move into Executive Session.

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

The board went into Executive Session at 4:34 p.m. and concluded at 5:24 p.m.

ADJOURNMENT

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

The motion carried by the following vote:

Yes: 9 – Mr. Alonzo, Mr. Cohn, Ms. Ferniza, Ms. Fisker, Mr. Foster, Mr. Price, Mr. Scott, Vice-Chairperson Pastor, Chairperson Cherny

No: 0

No Public Comment.

Meeting end at **5:24 p.m.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	New Airport Lease Agreement with Idemia Identity & Security USA LLC at Phoenix Sky Harbor International Airport

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Transportation, Infrastructure and Planning Subcommittee (TIP) to enter into a lease with Idemia Identity & Security USA LLC (Idemia) for Terminal 4 (T4) office space on Level 2 and space near the North 4 (N4) Concourse to perform services for the Transportation Security Administration (TSA) Traveler Pre-Check Enrollment Center which allows for expedited clearance of pre-approved, low-risk travelers at Phoenix Sky Harbor International Airport (PHX). The lease agreement will be for a period of four years with four one-year options to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Idemia is requesting to lease office space not to exceed 500 square feet at T4 Level 2 and 208 square feet near the T4 N4 Concourse, for a total of 708 square feet. Idemia will be responsible for all maintenance, tenant improvements, and operational costs. The lease may contain other terms and conditions as deemed necessary or appropriate by the Director of Aviation Services.

Contract Term

The term will be four years with four one-year options to extend which may be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Annual estimated rent will be \$87,804.00 for the eight-year term. The total anticipated revenue over the term if all options are exercised will be \$696,672.00.

Location: Phoenix Sky Harbor International Airport - 3400 E. Sky Harbor Blvd.

Recommendation

Request that PAAB recommend to TIP to enter into a lease with Idemia for T4 office space and space near the T4 N4 Concourse, to perform services for the TSA Traveler Pre-Check Enrollment Center.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Rental Car Center Food, Beverage and Retail Concession Award Recommendation

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to City Council to enter into a lease with TMG Services, LLC dba Phoenix MAG Café & Market for the design, renovation, maintenance and operation of food, beverage and retail concession in the Rental Car Center lobby at Phoenix Sky Harbor International Airport (PHX), for a contract term of seven years, with one three-year option to extend.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Staff issued a Request for Contract Solicitation (RCS) on Friday, November 19, 2021, with responses due on Tuesday, February 8, 2022. Three responses were received, and all responses were deemed responsive. The panel's award recommendation was posted to the City's public award website on Thursday, April 21, 2022.

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

<u>Respondents</u>	<u>Points</u>
JMJ-LLC dba Café on the Way	800 Points
CASA Unlimited Enterprises, Inc. dba Twisted Market PHX LLC	845 Points
TMG Services, LLC dba Phoenix Mag Café and Market	915 Points

Contract Term

The term of the lease will be seven years with one three-year option to extend.

Financial Impact

- The estimated annual revenue to the city will be the established Minimum Annual Guarantee (MAG) or percentage rent derived from gross sales, whichever is greater.
- For the primary term of the lease, the first year MAG will be set at \$40,000 or 10 percent of gross sales, whichever is greater. In subsequent years of the contract, MAG shall be established at 85 percent of the annual rent revenues paid during the preceding year or 10 percent gross sales, whichever is greater.

Public Outreach

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

Location

Phoenix Sky Harbor International Airport – Rental Car Center
1805 E. Sky Harbor Circle South

Recommendation

Request that PAAB recommend to the City Council to enter into a lease with TMG Services, LLC dba Phoenix MAG Café & Market for the design, renovation, maintenance and operation of a food, beverage and retail concession in the lobby of the Rental Car Center at PHX.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Terminal 4 South 1 Concession Kiosks Update

Description

This report provides the Phoenix Aviation Advisory Board an update on the progress of Terminal 4 South Concourse 1 (T4S1) concession kiosks.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

On March 2, 2022, the Aviation Department received City Council approval for concessions in the new Terminal 4 South Concourse 1 (T4S1). Due to the COVID-19 pandemic, the procurement of these concessions was delayed, necessitating temporary kiosks for the first several months of the new concourse’s operation. During the Phase I construction, these kiosks will be placed throughout the new concourse to provide Southwest Airlines passengers with quality food, beverage, and retail offerings.

- The Grove, Inc. kiosk will offer a variety of sandwiches, snacks, water, non-alcoholic and alcoholic beverages in a space measuring approximately 1,350 square feet.
- Emerging Domestic Market Ventures, LLC kiosk will offer coffee, non-alcoholic beverages, various burritos, and empanadas for breakfast and lunch in a space measuring approximately 900 square feet.
- The Marshall Retail Group, LLC will operate two retail kiosks in spaces measuring approximately 160 square feet and 42 square feet.

Staff will present an overview of these planned offerings.

Location

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

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Concessions Contract Hours Update at Phoenix Sky Harbor International Airport

Description

This report provides the Phoenix Aviation Advisory Board an update on concession contract hours, enforcement and compliance.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

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

As of April 2022, terminal food, beverage and retail concessions are 83 percent open, but normal operational hours are still impacted. Hours are especially limited during late hour flights and early morning flights, and customers have been inconvenienced by the lack of open outlets.

Although passenger traffic has rapidly returned to 2019 enplanement levels, concession outlet hours have not returned to pre-pandemic levels. In an effort to meet passenger expectations, the requirement to return to contractual hours by June 1, 2022 has been communicated to all terminal concessionaires.

Staff will present an overview of this plan.

Location

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

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Tempe Entertainment District

Description

This report provides the Phoenix Aviation Advisory Board an update on the Tempe Entertainment District, a proposed mixed-use redevelopment site within 10,000 feet of Sky Harbor's center runway.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

Last fall, City of Tempe issued a request for proposals for an approximately 60-acre site at the northeast corner of Priest Drive and Rio Salado Parkway. A development partnership with Arizona Coyotes has proposed a mixed-use entertainment district that would include high-rise residential, offices, hotels, retail, outdoor assembly and a multi-purpose enclosed sports arena. Due to the proximity of the site to the airfield and the proposed type and intensity of use, staff has identified several concerns and is carefully participating in and monitoring this process.

Two presentations will be provided to the Board. Aviation Staff will present an update that is responsive to the questions and follow up requests from the Board at the April 21 meeting. The developer of the Tempe Entertainment District will then provide an update on the proposed development.

Public Outreach

Staff has met with and requested key information from the developer and engaged various technical stakeholders from the FAA, airlines and industry. Staff has also developed the following webpage to keep the public and other interested stakeholders apprised of developments: www.skyharbor.com/tempeentertainmentdistrict

Location

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