

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, March 20, 2025 at 3:00 p.m. located at the City of Phoenix Aviation Department, PAAB Conference Room, 2485 E. Buckeye Road, Phoenix, Arizona 85034, or via WebEx teleconference.**

OPTIONS TO ACCESS THIS MEETING:

Watch the meeting virtually using the WebEx link provided below.

<https://cityofphoenix.webex.com/weblink/register/raf62d13c7ab4678bc871de91cea7615e>

Call in to listen to the meeting, dial 602-666-0783, and Enter Meeting ID 2867 980 2101 #. Press # again when prompted for attendee ID.

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, March 20, 2025. The email should include your first and last name, email address, the item number(s), and whether you would like your comment entered 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.

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) and (A)(4) for discussion of potential settlements, 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) through A(9) are as follows: Items 4, 5, & 6.

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 Aviation Director
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 February 20, 2025

INFORMATION AND DISCUSSION (ITEMS 4-5)

4. 2025 Aviation Business Summit

This report provides the Phoenix Aviation Advisory Board with an update on the 2025 Aviation Business Summit.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

5. Phoenix Sky Harbor International Airport Land Reuse Update

This report provides the Phoenix Aviation Advisory Board with an update on recent and planned activity with airport-owned land in the noise-impacted areas to the west of Phoenix Sky Harbor International 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 only discuss items that are 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 on Thursday, April 17, 2025.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
February 20, 2025**

Meeting held in person and via WebEx

Board Members Present

Ruben Alonzo – Chairperson
Dan Brownlee – Ex-Officio
Stephanie Cherny
Sandra Ferniza
Sharon Hwang
Chad Makovsky – Ex-Officio
Verma Pastor
Ron Price – Vice-Chairperson
David Shilliday

Board Members Absent

Andrew Cohn
Annette Musa

Staff Present

Alexandria Van Haren
Andrew Durkett
Candace Huff
Carolina Potts
Christy Gomez
Chris Baranowski
Daver Malik
Gabriel Nevarez
Gina Almaraz
Janet Lee
Jason Gitkin

Kimberly Whetstone
Maria Wagar
Marshall Kain
Matthew Becker
Matthew Heil
Michael Hughes
Michael O'Shaughnessy
Mike Happ
Moe Yacut
Pearl Meza
Prasan DeSilva

Richard Graham
Roxann Favors
Ryan Hartnett
Sarah Asta
Sarah Demory
Sean Larkin
Shawna Larson
Tim Spahr
Trey Nicholas
William Robinson

Members of the Public Present

Michael Salerno Peter Hokanson

CALL TO ORDER

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

SUMMARY OF CURRENT EVENTS

1. Summary of Current Events from the Aviation Director

Mr. Makovsky provided an update on passenger statistics. In December, Phoenix Sky Harbor International Airport reported nearly 4.7 million passengers, reflecting a 9.8% increase compared to December 2022. A total of 52.3 million passengers traveled through Sky Harbor in 2024, reflecting a 7.5% increase over 2023. Sky Harbor also recorded 2.9 million international passengers, 15.4% higher than 2023.

Deer Valley Airport experienced a 25% increase in takeoffs and landings year over 2023, reestablishing itself as the busiest general aviation airport in the U.S.

Goodyear Airport, though slightly down in takeoffs and landings, ranked as the fifth busiest contract tower in the country.

Sky Harbor celebrated the milestone of welcoming its 50 millionth passenger in December and that increasing passenger demand has resulted in plans for \$3.7 billion in capital improvements over the next five years.

Southwest Airlines recently launched red-eye services from Phoenix in February, with plans to expand to 33 system-wide flights by June. Additionally, American Airlines has introduced new routes to Carlsbad, California, and Appleton, Wisconsin, while Allegiant Airlines announced service to Pittsburgh. The airport also hosted its fourth Dementia-Friendly Workshop, demonstrating a commitment to providing an accessible airport experience to all.

Mr. Makovsky then discussed two Cultural Corner events organized by Aviation Public Relations, highlighting the heritage of the Phoenix Sister City Taipei, and a Black History Month celebration on February 10. He continued to explain that plans are underway to continue these monthly events in honor of the airport's 90th anniversary. Upcoming events will showcase the Arizona Historical Society in March and the Heard Museum in April.

A Formula One car was recently displayed at the Rental Car Center, marking a first for any airport outside of Las Vegas.

Aviation staff partnered with Visit Phoenix to promote a new cocktail named "The Phoenix" at Terminal 4. Mr. Makovsky expressed appreciation for Mr. Price and the Visit Phoenix team's participation.

Mr. Makovsky highlighted the 7th Aviation Business Summit, scheduled for February 25.

Mr. Makovsky then discussed the Aviation Department's commitment to safety, and its close coordination with the FAA and TSA. He shared that Sky Harbor has implemented an FAA-approved Safety Management System under Assistant Director Sarah Demory's leadership. He shared that Aviation staff will also host a workshop to enhance awareness of safety protocols, including the use of personal protective equipment.

Additionally, he explained that a tabletop exercise had just been completed, part of the ongoing commitment to safety, which exceeds federal requirements. He stated that monthly tabletop drills and annual multi-agency live-scale exercises are performed.

He then provided a summary of recent items approved by the Phoenix City Council.

Ms. Hwang asked if there are any KPI's for the safety SMS system.

Ms. Sarah Demory stated that staff follow the phased approach for implementing the system that is set by the FAA.

Ms. Hwang asked for a specific example.

Ms. Demory stated the airport's Safety Management System (SMS) program comprises several phases, with a key aspect being safety promotion. One method of promoting safety is through seminars, such as the upcoming safety seminar mentioned by Mr. Makovsky.

Mr. Makovsky shared the critical pillars of an effective safety program, highlighting the importance of policy, promotion, safety risk management, and assurance.

Mr. Cohn inquired about the \$3.9 billion CAMP plan, seeking clarification on the funding sources for the additional components, including the role of grants and bonds.

Mr. Makovsky stated that Aviation staff will provide a financial update at an upcoming Board meeting.

Mr. Shilliday asked whether there are historically underfunded projects that could benefit from current efforts to enhance modernization and efficiency by implementing them sooner.

Mr. Makovsky replied that the Aviation Department's primary focus is on surface-related projects that are interconnected; for instance, a project that reduces runway occupancy time can enhance the efficiency of aircraft takeoffs and landings. He stated there are several projects lined up for Airport Improvement Program (AIP) funding.

2. Summary of Current Events by the Airline Station Manager

Mr. Dan Brownlee provided a brief summary on behalf of the airlines, noting that as March approaches, the airline community prepares for its busiest season, which lasts approximately six weeks.

He stated the success of this period hinges on meticulous behind-the-scenes preparations, including collaborations with the TSA and ensuring that airport vendor partners are aligned.

Additionally, Mr. Brownlee stated that safety remains a top priority for all airlines, with Southwest Airlines conducting monthly safety meetings that involve various workgroups to identify and address potential hazards. These efforts are complemented by daily briefings to ensure clear communication of critical information.

Mr. Brownlee expressed gratitude to the board and the airport for their support in preparation for increased travel.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on January 16, 2025

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

No public comments.

The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEMS 4 - 6)

4. Termination of RT Sky Harbor LLC Lease No. 102545

Mr. Robert Hawes presented this item. He stated that staff is requesting to terminate Ground Lease No. 102545 with RT Sky Harbor LLC for a 15-acre property at Phoenix Sky Harbor International Airport.

Mr. Hawes noted the property was originally leased to Bank One, then occupied by JP Morgan Chase as a customer service center, until it consolidated operations during the pandemic.

Mr. Hawes stated the property, which includes a large office building and parking facilities, faces diminished demand in the local market. If the lease is not terminated, RT Sky Harbor could extend its control of the property until 2047 with an additional investment in the property.

Mr. Hawes shared that In October 2024, aviation entered into a license agreement with RT Sky Harbor to lease parking spaces on the parcel to accommodate high-demand events, particularly during the fall school break, the winter holidays, and the upcoming spring break in March 2025.

Mr. Hawes stated that to meet ongoing demand, the Aviation Department desires to allocate \$10 million to buy out the lease with RT Sky Harbor and have the company demolish an office building at a significantly lower cost than previous demolition projects conducted by Aviation. Mr. Hawes stated RT will be reimbursed approximately \$1.1 million for this demolition, aligning the lease termination with the project's completion anticipated in Q3 2025.

He stated the advantages of this agreement include enhanced return on investment through new parking facilities, and the acquisition of necessary parking space to alleviate current capacity constraints. Mr. Hawes explained that this is critical given that two existing parking lots will be unavailable during the construction of the new West terminal.

Ms. Cherny stated this item was heard at the Business and Development Subcommittee and passed.

Ms. Hwang asked if there was a spreadsheet for cost-benefit analysis and land use.

Mr. Graham stated this is not something that was created.

Ms. Hwang asked what the timeline was for the termination after the board meeting.

Mr. Graham stated the process of obtaining City Council approval is underway, which is essential for executing the draft termination agreement between RT Sky Harbor and the Aviation Department. Once the City Council grants approval, the agreement will trigger the commencement of the demolition of the office building on the premises. Finalization of the termination will occur upon the completion of this demolition.

Ms. Favors added the objective is to secure access to the parking garage, which has been used for reservations, and to utilize the surface lot after its demolition planned for the upcoming fall parking season.

Mr. Alonzo asked if a shuttle would be run from the parking lot to the terminals or to the Rental Car Center station.

Mr. Graham stated the shuttle runs from the parking lot to the Rental Car Center station where passengers can then board the Sky Train to the terminals.

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

No public comments.
The motion carried.

5. Terminal 4 Lobby Retail Award Recommendation

Ms. Corrine Harbaugh presented this item, to request authorization to enter into a retail lease for a new store in the Terminal 4 lobby.

She explained the current store, Arizona Highways, has been operating month to month since its lease expired in July 2024. The intended new store will focus on convenience, news, gifts, and travel essentials.

Ms. Harbaugh then detailed the procurement process for the revenue contract solicitation. She noted two responsive proposals were received from Paradies Lagardere and Marshall Retail Group LLC. The highest-scoring proposal recommended for award is Camelback Provisions by Paradies Lagardere.

She then discussed the proposed lease terms, including a 10-year lease with options, and a minimum annual guarantee or percentage rent, along with a significant capital investment.

Finally, Ms. Harbaugh explained the construction of the space is expected to take 16 weeks once all permits are issued. The build-out is estimated to start sometime in September with completion slated for the later of December 2025.

Ms. Cherny stated that this item was heard at the Business and Development Subcommittee and passed.

Mr. Shilliday asked if the \$989,000 capital is paid by Paradies Lagardere.

Ms. Harbaugh stated it is.

Mr. Alonzo asked how long the site will be under construction.

Ms. Harbaugh stated it would depend on how long it takes the operator to clear out current merchandise and demolition required.

Ms. Ferniza asked if Paradies is the operator of Arizona Highways.

Ms. Harbaugh stated they are.

Ms. Hwang asked why the design is relevant to the retail award.

Ms. Harbaugh stated there are minimum design standards to ensure the best experience to the passengers.

Ms. Favors added during the solicitation process, a minimum capital cost per square foot is established based on design criteria. Proposers will outline their build-out plans and expected total investment, which should be amortized over a ten-year term. As part of the evaluation process, it is assessed how soon they can achieve profitability based on this investment.

Ms. Favors noted that while the expected costs appear high, recent trends in airports indicate build-out expenses approaching one thousand dollars per square foot.

Ms. Hwang asked if the investment amount was too little or too high if that would be a concern.

Ms. Harbaugh stated that would be a fair assessment and would be part of the evaluation committee's review to determine if it meets and matches requirements.

Mr. Cohn stated that the staff is well-informed regarding the retail dynamics, particularly concerning the varying margins of different businesses and the importance of tenant improvement allowances.

Mr. Cohn expressed his trust in the staff's expertise to manage the nuances of each business's margins and the corresponding tenant improvements.

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

No public comments.

The motion carried.

6. Information Technology (IT) Staffing Services Award Recommendation

Mr. Daver Malik presented this item. He began by explaining his team's role and that they manage various systems, including network engineering, cybersecurity, and client computing. He noted that staff supports passenger interactions, such as check-in kiosks and flight information displays, as well as backend systems essential for operations, including parking, access control, and ground transportation.

He stated the infrastructure includes two data centers and a robust cloud presence, supporting over 120 airport and business systems across more than 200 IT rooms. Currently, they are nearing a petabyte of data storage, managing thousands of devices that facilitate essential airport activities.

He shared that in the previous year, they recorded 3.7 million parking transactions, over 66 million access control events, 16.6 million ground transportation activities, 15 million Wi-Fi connections, and 15.6 million website visits.

He then discussed the benefit of contract staff to supplement the full-time employees, particularly for mission-critical applications that require round-the-clock support. The dedicated contract staff monitors systems, addresses incidents, and restores services.

Mr. Malik continued by explaining that staff augmentation is frequently used to support recruiting, training, and retaining specialized talents, particularly in fields like cybersecurity and emerging technologies such as AI.

He stated the demand in these areas is high, making it difficult to attract and retain qualified professionals. Utilizing a contract staffing model provides significant flexibility, allowing organizations to adjust staffing levels based on project or operational demands. This approach is particularly beneficial in adapting to recent regulatory requirements, such as those from the TSA, by granting access to subject matter experts for compliance.

He explained strategically that this model enables businesses to respond swiftly to customer and stakeholder needs, serving as a key differentiator in the industry.

He stated that the Aviation Department currently employs 50 full-time equivalents and 33 contractors, with numbers fluctuating according to annual priorities. He added that access to seven different IT staffing firms allows for quick negotiation and onboarding of qualified resources. However, it is important to note that all existing contracts will expire at the end of March this year.

He continued by explaining a procurement process was initiated in spring to secure contract IT staffing services, focusing on two main areas: fulfilling requirements for 27 specific IT roles, including network engineering, database administration, and AI engineering, and providing turnkey IT services for niche demands.

He shared that the solicitation received significant interest, yielding 95 proposals, with 40 being deemed responsible and responsive. After a thorough evaluation based on firm qualifications, approach, and fee structures, staff recommended awarding contracts to ten firms, including both incumbents and newcomers to the approved list.

He stated the estimated total value of these contracts over five years is \$26 million, with an annual expenditure of \$5.2 million, set to commence around April 1.

Ms. Cherny stated that this item was heard at the Business and Development Subcommittee and passed.

Ms. Ferniza asked about AI use and how the Aviation Department handles the transition when changing to new contractors.

Mr. Malik stated any newly onboarded staff will take on smaller portions of the prior employee's tasks during a transition period.

Ms. Pastor asked if all 10 firms are local.

Mr. Malik stated that all contract staff is local and works on-site and are subject to the same background checks and badging as the full-time employees.

Ms. Hwang asked if there is increased accountability risk when moving from seven firms to 10 firms, and if the team considered staggering the timeline so that not all 10 contracts are revisited at the same time.

Mr. Malik stated there are accountability mechanisms in their contract monitoring process, emphasizing the collaboration with contracting services to ensure staffing firms meet requirements. The evaluation occurs biannually, and any performance issues are addressed proactively with the firms involved.

He noted variability in staffing levels depending on the specialties of different firms. Regarding the timing of contract dates, he noted discussions are ongoing, so that immediately following contract awards, staff can switch contractors.

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

No public comments.
The motion carried.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

Mr. Price and Mr. Cohn requested an update on grant funding.

CALL TO THE PUBLIC

None

ADJOURNMENT

The meeting ended at **4:10 p.m.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	2025 Aviation Business Summit

Description

This report provides the Phoenix Aviation Advisory Board with an update on the 2025 Aviation Business Summit.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

On February 25, the Aviation Department hosted its seventh Aviation Business Summit at Warehouse215. The event was open to businesses interested in learning about how to do business with the Phoenix Sky Harbor, Deer Valley, and Goodyear airports. Many attendees at this event were small businesses interested in information about upcoming opportunities and tips for doing business with Aviation. A record 538 attendees participated in this year's event. Additionally, in line with the Department's commitment to sustainability, the Summit was a zero-waste event with a 93% diversion rate.

The event program featured seven different sessions, and included remarks from Mayor Kate Gallego, Councilwoman Kesha Hodge-Washington, PAAB Chair Ruben Alonzo, and an airport system update from Aviation Director Chad Makovsky. This year also marked the second annual Business Recognition Program. This program recognizes Aviation Department business partners for the excellent work they have done over the last year supporting our three airports. Summit survey results are in progress, but the feedback received so far is overwhelmingly positive.

Public Outreach

Promotional efforts for the event began in October 2024. This included utilizing the Aviation interests list, Aviation and City websites, Aviation social media channels, and cross-promotion on business partner newsletters, email lists, and websites.

Recommendation

This item is for information and discussion.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E Aviation Director
Subject:	Phoenix Sky Harbor International Airport Land Reuse Update

Description

This report provides the Phoenix Aviation Advisory Board with an update on recent and planned activity with airport-owned land in the noise-impacted areas to the west of Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

The Phoenix Sky Harbor International Airport Land Reuse Strategy was developed in 2017 to guide how the Aviation Department would implement adaptive reuse of “noise lands” purchased through the airport’s Voluntary Acquisition and Relocation Services program.

In close coordination with the Aviation Department, the Community Economic Development Department (CEDD) is charged with leading the execution of the Land Reuse Strategy to ensure land disposal efforts align with community goals while ensuring compliance and compatibility with airport operations. CEDD continues to market and dispose of airport-owned property to encourage compatible development projects.

Public Outreach

Staff’s development of the Land Reuse Study was accomplished through numerous community meetings and input.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road.

Recommendation

This item is for information and discussion.