

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, September 18, 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/rb507691ad0f104cd30f6859a5f64aab4>

Call in to listen to the meeting, dial 602-666-0783, and Enter Meeting ID 2343 675 8546 #. 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, September 18, 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) 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.

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 August 21, 2025

DISCUSSION AND POSSIBLE ACTION (ITEM 4)

4. **Amended & Restated FBO Lease No. 33676 with Cutter Aviation Phoenix, Inc. at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend Ground Lease 33676 with Cutter Aviation Phoenix, Inc. for the operation of a full-service Fixed Base Operator Facility at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEMS 5 & 6)

5. **Airport Construction Update**

This report provides the Phoenix Aviation Advisory Board with an update on construction related to the Terminal 3 North 2 Concourse Bridge Connector and upcoming road restrictions.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

6. **Asia Air Service**

This report provides the Phoenix Aviation Advisory Board with an update on Phoenix's new Asia air service, including details on the participating airlines and their strategic partnerships.

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.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
August 21, 2025**

Meeting held in person and via WebEx

Board Members Present

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

Board Members Absent

Staff Present

Abbe Slade	Jennifer Maples	Munjed Hassan
Alexandria Van Haren	Karen Ratliff	Nicole Donathan
Carolina Potts	Maria Wagar	Pearl Meza
Chad Blotkamp	Marshall Kain	Prasan DeSilva
Chad Makovsky	MaryHelen Martinez	Richard Graham
Christy Gomez	Matthew Becker	Roxann Favors
Daver Malik	Matthew Heil	Ryan Hartnett
Gina Huerta	Michael Hughes	Sara Asta
Heather Shelbrack	Michael O'Shaughnessy	Sara Demory
Jay DeWitt	Michael Pluff	Shawna Larson
Janet Lee	Moe Yacut	Timothy Spahr

Members of the Public Present

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 welcomed Cynthia Aragon as the newest member of the Phoenix Aviation Advisory Board. He highlighted her extensive background in public service and policy, including her leadership roles at the White House, the U.S. Department of Commerce, and the Arizona State Legislature.

He then introduced Daver Malik as the newly appointed Assistant Aviation Director and Chief Development Officer. Mr. Malik previously served as the City's Assistant Chief Information Officer assigned to the Aviation Department. He will play a key role in advancing the department's nearly \$4 billion capital program, including the planning of the new West Terminal.

Mr. Makovsky also shared several leadership changes at City Hall.

Turning to operational updates, Mr. Makovsky reported that Sky Harbor served 4.2 million domestic passengers in June 2025, a 0.4% decrease from the previous year. International traffic also declined slightly by 1.5%. He noted that Air Canada, WestJet, and Volaris all reported year-over-year declines, while Air France increased its service frequency and aircraft capacity, marking the one-year anniversary of its Paris–Phoenix route.

He announced that STARLUX Airlines will begin nonstop service between Phoenix and Taipei in January 2026, with China Airlines also planning to launch service on the same route in December 2025. These developments mark a significant milestone in expanding Phoenix's direct connectivity to Asia.

Mr. Makovsky addressed recent airline industry developments, including financial challenges at Spirit Airlines and a recent strike by Air Canada flight attendants.

He also highlighted several community and cultural initiatives, including the second annual Youth Aviation Academy, Bring Your Child to Work Day, and the opening of Tacos Chiwas in Terminal 4. The airport celebrated its 90th anniversary with a 1990s-themed event, and the Culture Corner program continued to engage travelers with educational and cultural experiences, including a visit from the Phoenix Zoo.

Mr. Makovsky concluded by recognizing Matthew Heil for earning the prestigious Accredited Airport Executive (A.A.E.) designation from the American Association of Airport Executives, a globally recognized distinction achieved by only a select group of professionals in the industry.

2. Summary of Current Events by the Airline Station Manager

Mr. Dan Brownlee expressed appreciation for the City's collaboration on heat safety protocols and emphasized the importance of foreign object debris (FOD) inspections during the monsoon season.

He announced that Southwest Airlines will launch new service to Tucson and resume seasonal service to Cincinnati in March. He also invited board members to attend the upcoming safety fair in November.

Mr. Brownlee concluded by thanking Chairperson Alonzo for his leadership and support over the past year.

MINUTES OF MEETING

3. For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on May 15, 2025

A motion was made by Mr. Price seconded by Ms. Ferniza that this item be approved.

No public comments.
The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEMS 4 - 7)

4. Election of a New Chairperson of the Board of the Phoenix Aviation Advisory Board

Mr. Alonzo stated the nominating committee had nominated Ron Price for Chair of the board.

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

No public comments.
The motion carried.

5. Election of a New Vice-Chairperson of the Board of the Phoenix Aviation Advisory Board

Mr. Alonzo stated the nominating committee had nominated Annette Musa for Vice-Chairperson of the board.

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

No public comments.
The motion carried.

6. **Lease Extension Amendment with Civil Air Patrol at Phoenix Deer Valley Airport**

Mr. Robert Hawes presented this item. He explained that the Civil Air Patrol (CAP) is an important tenant and community partner at Phoenix Deer Valley Airport (DVT) and that the organization has requested approval of a lease extension amendment to support a significant facility expansion and modernization.

Mr. Hawes stated that CAP intends to invest a minimum of \$4.9 million to expand its existing facility at DVT, which will increase the overall footprint of their operations and provide improved resources for training, administration, and mission readiness.

Mr. Hawes continued by explaining that the lease amendment would extend the term through December 31, 2037, and also include one additional five-year option. He noted that the CAP lease is an official civilian auxiliary of the U.S. Air Force. Federal guidelines allow for the rent to be set at a nominal amount of one dollar per year, reflecting the aviation-specific community service CAP provides to the Deer Valley Airport, the state, and its citizens.

He clarified that the annual rent will remain at one dollar per year under the amendment. He further explained that the added term will apply specifically to the expanded premises and that all other applicable lease provisions will remain unchanged.

Mr. Hawes stated that CAP's expansion will allow for a larger presence at DVT, supporting their cadet programs for youth, their search and rescue training, and their partnerships with state and local agencies.

Mr. Hawes also confirmed, in response to a Subcommittee member's question, that the \$4.9 million in funding for this expansion comes entirely from the State of Arizona and not from City of Phoenix funds.

Ms. Musa stated that this item passed the Business and Development Subcommittee unanimously.

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

No public comments.
The motion carried.

7. Amendment of Ground Lease No. 148261 with Cutter Aviation Deer Valley Inc. at Phoenix Deer Valley Airport

Mr. Robert Hawes presented this item. He explained that Cutter Aviation Deer Valley, Inc. operates as the airport's fixed base operator (FBO) at DVT, providing a wide array of services including fueling, aircraft maintenance, storage, and training.

Mr. Hawes stated that Cutter currently operates on approximately 26 acres of leased space, which already includes significant facilities such as a 55,000 square foot hangar and a recently completed 60,000 square foot hangar.

He continued by explaining that the requested amendment adds approximately 4,190 square feet of property on the northern edge of Cutter's leasehold to accommodate the construction of an additional hangar.

Mr. Hawes stated that to proceed with the construction, Cutter will need to remove two covered aircraft storage complexes. He clarified that airport staff is evaluating whether these structures could be relocated and reused elsewhere on the airfield to ensure no loss of utility.

Mr. Hawes stated that Cutter currently pays annual rent of \$603,286.88, and with the addition of the new lease area the annual rent will increase by \$2,851. He further explained that rent under this lease is subject to periodic adjustments based on the Consumer Price Index, and that no other material terms of the lease will change as part of this amendment.

Finally, Mr. Hawes emphasized that this expansion would allow Cutter to continue to grow with demand and to support the increasing needs of general aviation at DVT.

Ms. Musa stated that this item passed the Business and Development Subcommittee unanimously.

Ms. Ferniza asked if this amendment was in response to growth at Deer Valley.

Mr. Hawes stated that is a fair characterization in addition to the fact that Cutter's most recent corporate hangar development is already at occupancy.

Ms. Ferniza asked if there is enough space to accommodate this change.

Mr. Hawes stated there is enough space adjacent to the taxiway and adjacent ramp spaces to accommodate this change.

Mr. Shilliday asked if the extension would cause any impact to operations.

Mr. Hawes stated that, according to the review completed by the Aviation Department Planning Division, no impacts to operations are expected.

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

No public comments.

The motion carried.

INFORMATION AND DISCUSSION (ITEM 8)

8. Childcare Programs Update

Mr. Matthew Heil presented an update on the airport's childcare initiative. He began by explaining that the City of Phoenix had allocated \$5 million in American Rescue Plan Act (ARPA) funds to support childcare for airport workers, and how those funds were allocated.

He shared that the scholarship program, launched in partnership with First Things First, currently supports 54 children of badged airport workers at quality-rated childcare sites throughout Maricopa County. Monthly expenditures are approximately \$64,000, and the program is expected to continue through December 2025. Mr. Heil noted that enrollment was capped in June and staff are working to transition families to other First Things First programs as ARPA funding sunsets.

He then described the new 13,000-square-foot childcare facility under construction at the 44th Street Sky Train Station.

Mr. Heil emphasized that the site is ideal due to its proximity to employee parking and Sky Train access.

He noted that construction had been delayed due to procurement protests and legal challenges, but those issues have been resolved, and the shell construction is now expected to be substantially complete by November.

He shared that the City Council approved Kindercare Education at Work as the facility operator. Mr. Heil noted that KinderCare included a robust staffing plan, inclusive curriculum, and has experience operating in complex environments like airports. The facility will serve children from birth to age five and offer a 10% tuition discount to airport families.

Mr. Heil concluded his presentation by noting that Kindercare may be able to expand classroom capacity within the existing footprint and that lease finalization was imminent.

Chairperson Alonzo thanked Mr. Heil for the presentation and emphasized the board's support for the initiative. He acknowledged that while the board typically reviews such contracts, the urgency of the project justified moving forward without delay.

Ms. Hwang asked whether there would be a separate operational expenditure (OpEx) line item for maintenance.

Mr. Heil responded that operational responsibilities would be split: Kindercare would maintain the interior, while the Aviation Department would manage shared infrastructure connected to the Sky Train platform. He clarified that the City would not be paying a management fee to Kindercare.

Ms. Ferniza inquired about operating hours and enrollment criteria.

Mr. Heil explained that the original proposal called for 6:00 a.m. to 6:00 p.m. hours, but the City Council requested that hours be extended to 8:00 p.m., which Kindercare agreed to implement.

He noted that 24-hour service was not pursued due to industry feedback indicating that most families do not require overnight care.

Regarding enrollment, Mr. Heil stated that a final selection method had not yet been determined. He anticipated a modified first-come, first-served approach, supported by proactive outreach and marketing to ensure awareness. He acknowledged the importance of equitable access and committed to bringing the final plan back to the board for review.

Ms. Ferniza emphasized the need for prioritization criteria beyond first-come, first-served, such as income level or job role, especially for hard-to-fill positions.

Mr. Heil agreed and reiterated that the board would have an opportunity to review the final criteria.

Mr. Alonzo asked whether the facility would be open to the general public.

Mr. Heil confirmed that while the RFP allowed for community use, this would only occur if the facility could not be filled by airport workers. He stressed that the City Council had made it clear that airport workers must be prioritized.

Finally, Mr. Alonzo asked about the original intended use of the 44th Street space.

Mr. Heil said he believed it was originally designed for remote bag drop-off.

Mr. Makovsky confirmed that the space was initially envisioned as a remote ticketing area to reduce congestion in terminal cores. However, as airline models evolved and the pandemic shifted priorities, the childcare facility emerged as the highest and best use for the space.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

Ms. Ferniza requested that staff return with additional details on the childcare enrollment process and prioritization criteria.

CALL TO THE PUBLIC

None

ADJOURNMENT

The meeting ended at **3:54 p.m.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Amended & Restated of FBO Lease No. 33676 with Cutter Aviation Phoenix, Inc. at Phoenix Sky Harbor International Airport

Description

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend Ground Lease 33676 with Cutter Aviation Phoenix, Inc. for the operation of a full-service Fixed Base Operator Facility at Phoenix Sky Harbor International Airport, and incorporate additional Ground Lease 157996 into the amended and restated lease.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Cutter currently operates a fixed base operator business on approximately 18 acres at Phoenix Sky Harbor International Airport under Lease 33676. The lease is set to expire on March 31, 2028.

Cutter is seeking to invest a minimum of \$7 million in FBO facility improvements including refurbishment of aircraft storage hangers and increasing hangar aircraft size capacity, installing a porte-cochère, repairing ramp asphalt, implementing sustainability projects and other customer service enhancements.

To allow Cutter to amortize these investments, the term of the lease is proposed to be extended for 15 years. An amended lease will require proposed improvements to be completed within the first 36 months of the extended term. Cutter will provide a cash deposit of \$350,000 as a capital investment milestone guarantee to ensure completion. Additionally, several other lease provisions will also be updated to modernize the agreement and align with current leasing standards.

Cutter also leases approximately 1.06 acres for parking needs to support its FBO operations under Lease 157996. The Aviation Department desires to incorporate this additional ground lease into the new amended and restated lease.

Contract Term

The terms for Leases 33676 and 157996 are set to expire on March 31, 2028. The amended and restated lease will extend the term by 15 years from April 1, 2028, to March 31, 2043. If the leased premises are needed for airport expansion purposes, the City may terminate the amended and restated lease by giving Cutter at least 12 months' prior written notice.

Financial Impact

Cutter currently pays approximately \$336,808 as a Minimum Annual Guarantee (MAG) for their FBO premises. As a provision of the amended and restated lease, rent for the FBO premises will convert to a ground rental rate of approximately \$0.43 per square foot, which will approximate the current MAG for each of the first five years of the extended term. Beginning in year six through ten of the extended term, rent will increase annually by \$.010 per square foot.

An appraisal will determine the market rental rate for year eleven of the lease extension. If the appraised market rental rate increase is 10% or less, rent for year eleven will be immediately adjust to the appraised market rental rate. If the appraised market rate increase exceeds 10%, rent of year eleven will be capped at 10%, with annual increases for years twelve through fifteen at 10% until rental rate reaches the appraised market rate. Once appraised market rate is achieved, all subsequent annual rental adjustments will be based on the Phoenix-Mesa-Scottsdale Consumer Price Index (CPI) or three percent whichever is greater.

Rental rate for the parking lot premises during the extended lease term will also be based on the appraised market rental rate and will follow the same rental adjustment methodology for FBO leased premises. Current rental rate for the parking lot premise is \$48,510 per year.

In addition to annual ground rent, Cutter will be subject to all fees and services associated with the current FBO Minimum Standards, including Fuel Flowage Fees and Landing Fees.

First year total revenue from Cutter at PHX from all revenue sources is expected to be approximately \$1,248,888. Minimum estimated revenue over the 15-year extension term is expected to exceed \$22,355,390.

Location

Phoenix Sky Harbor International Airport, 2802 E. Old Tower Road

Recommendation

Staff requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to amend and restate Ground Lease 33676 with Cutter Aviation Phoenix, Inc. for the operation of a full-service Fixed Base Operator Facility at Phoenix Sky Harbor International Airport, and to incorporate Ground Lease 157996 into the amended and restated lease.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, A.A.E. Aviation Director
Subject:	Airport Construction Update

Description

This report provides the Phoenix Aviation Advisory Board with an update on construction related to the Terminal 3 North 2 Concourse Bridge Connector and upcoming road restrictions.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

As part of its work to meet passenger demand and provide an extraordinary airport experience, the Aviation Department has been preparing for major construction to develop and construct the final concourse for Terminal 3. The project includes a six-gate concourse, aircraft apron, and passenger connector, along with associated airfield services and terminal processor work.

Operational impacts related to this construction activity will be more extensive as work begins to tie the new concourse into the existing terminal processor. Staff will provide an update on construction activities and related roadway impacts, as well as the plan to communicate these impacts to the public.

Location

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

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:	Asia Air Service

Description

This report provides the Phoenix Aviation Advisory Board with an update on Phoenix's new Asia air service, including details on the participating airlines and their strategic partnerships.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

The Aviation Department is committed to continuously to grow and improve commercial air service offerings at Phoenix Sky Harbor International Airport to serve our growing community. One of the department's primary goals for the last several years has been to develop air service routes that would connect Phoenix to major transportation centers in Asia.

Earlier this year, STARLUX Airlines and China Airlines announced their intent to offer service from Phoenix to Taipei, Taiwan.

Staff will provide an update on these new service offerings and will describe the complex and nuanced process of fostering and introducing new international air service at Phoenix Sky Harbor International Airport.

Financial Impact

Daily nonstop Asia service is estimated to generate over \$174 million in annual statewide economic impact.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.