

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 20, 2021 at 3:00 p.m. via WebEx.**

OPTIONS TO ACCESS THIS MEETING

- **Call-in to listen to the meeting.** Dial 602-666-0783 and Enter Meeting ID 187 329 3401#. Press # again when prompted for attendee ID.

- **View the meeting as an attendee.** Click on this link at the time of the meeting and join the WebEx to listen and view presentations:

<https://phxskyharbor.webex.com/phxskyharbor/onstage/g.php?MTID=efebcacf84b979406aa7700f2aab40936>

- **Speak during a meeting.** If you wish to provide a written comment or speak at the meeting, please submit a request to sarah.moratto@phoenix.gov with as much advance notice as possible to ensure there is sufficient time to distribute the written comments and provide information on how to participate. Requests to speak during the meetings may be taken as late as 10 a.m. on Thursday, May 20, 2021. The email should include your first and last name, email address, the item number(s) and whether you wish to speak.

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

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

The agenda for the meeting is as follows:

CALL TO ORDER

SUMMARY OF CURRENT EVENTS

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

MINUTES OF MEETING

3. **For Approval or Correction, the Minutes of the Phoenix Aviation Advisory Board Meeting on April 15, 2021**

CONSENT ACTION (ITEMS 4-6)

4. **United Parcel Service Inc. Ground Lease at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a Ground Lease Agreement for up to approximately 43,560 square feet with United Parcel Service, Inc. at Phoenix Sky Harbor International Airport for five years with two five-year options to extend.

THIS ITEM IS FOR CONSENT ACTION.

5. **Swissport Fueling Inc. Facility Lease at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a Facility Lease Agreement for up to 5,760 square feet of cargo bay space with Swissport Fueling, Inc. at Phoenix Sky Harbor International Airport for five years.

THIS ITEM IS FOR CONSENT ACTION.

6. **PGT Trucking, Inc. Facility and Ground Leases at Phoenix Sky Harbor International Airport**

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a Facility Lease and a Ground Lease with PGT Trucking, Inc. at Phoenix Sky Harbor International Airport for one year with one, one-year renewal option.

THIS ITEM IS FOR CONSENT ACTION.

DISCUSSION AND POSSIBLE ACTION (ITEMS 7-8)

7. Distributed Antenna System

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to authorize Aviation department to enter into a contract with AT&T Services, Inc. for design, implementation and operation of an airport Distributed Antenna System to improve cellular service for all passengers at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

8. Request to Award Aviation Luggage Cart Service Revenue Contract Solicitation

This report requests that the Phoenix Aviation Advisory Board recommend to the Phoenix City Council to enter into a service concession contract for Airport Luggage Cart Rental Services at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

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

ADJOURNMENT

For further information, please call Sarah Moratto, Administrative Assistant II, Aviation Department at 602-273-3382. For further documentation on this meeting, please visit skyharbor.com.

Persons with a disability may request a reasonable accommodation by contacting Sarah Moratto at 602-273-3382 or TTY: 7-1-1.

The next Phoenix Aviation Advisory Board meeting is scheduled to take place Thursday, June 17, 2021.



**PHOENIX AVIATION ADVISORY BOARD
SUMMARY MINUTES
April 15, 2021
*Meeting held via WebEx***

Board Members Present

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

Board Members Absent

Camilo Henao – Ex-Officio

Staff Present

Chad Makovsky
Charlene Reynolds
Sarah Demory
Carolina Potts
Sarah Moratto
Destry Jacobs
Prasan DeSilva
Alice Bimrose
Michael O'Shaughnessy
Gabriel Nevarez
Julie Rodriguez

Brandy Ryan
Brad Holm
Jay Dewitt
Craig Doyle
Richard Graham
Ed Faron
Michael Hughes
Rebecca McCarthy
Daver Malik
Shawna Larson
Clifton Looper

Moe Yacut
Brad Hagen
Shane Devine
Gina Huerta
Thomas Sawyer
Kathleen Badillo
Heather Shelbrack
Paul Berumen
Jason Gitkin
Tony Motola
Valerie Churchwell

Members of the Public Present

Rosa Olivas
Ken Cole
Andres Molina
Angel Ramos
Steve Burton
Arthur Rosen
Bert Coleman

CALL TO ORDER

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

SUMMARY OF CURRENT EVENTS

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

Chad Makovsky, Aviation Director, stated he is happy to return to the City of Phoenix family and is looking forward to working with the board. He highlighted the success of the aviation team: resilience during the COVID-19 pandemic, Terminal 3 modernization, carbon reduction accreditation, and GBAC Star program accreditation. He expressed his gratitude to Charlene Reynolds for stepping in as the Interim Aviation Director through the most challenging time in aviation and thanked the aviation team.

Mr. Makovsky stated in February 2021 the airport saw 1.79M passengers, a 52.6% decrease compared to 2020. Currently 61 terminal business are closed and 74 are open. Work continues on the mural relocation with the first section of the mural successfully dismantled. The airport celebrated Sky Harbor telecommunicators to recognize their hard work. City Council recently approved the Department's Financial Advisory Services request and Transportation, Infrastructure, and Innovation subcommittee approved the Department's Hangar Lease for Modern Industries, and the Parking Access and Revenue Control System Maintenance and Support Contract.

Mr. Makovsky thanked the board for their insight, counsel and stated he looks forward to working with them.

2. Summary of Current Events by the Airline Station Manager

No updates provided.

MINUTES OF MEETING

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

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

The motion carried by the following vote:

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

No: 0

DISCUSSION AND POSSIBLE ACTION (ITEMS 4 - 5)

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

Mr. Richard Graham, Aviation Superintendent for Real Estate, presented on the item. The revenue contract solicitation has two packages. Package one consists of two billboards on I-10 to be upgraded to digital. The second package consists of three new locations on SR-143. A business information meeting was held on Sept. 1, 2020 and a pre-proposal meeting was held on Oct. 7, 2020. Only one proposal was deemed responsive. The panel recommended Becker Board Small, LLC. The contract is a ten-year agreement with one ten-year renewal at the approval of the Aviation Director. Rent is minimum annual guarantee or 60% gross sales whichever is greater. Each package will have its own rent.

Mr. Graham followed up on the questions from the Business and Development Subcommittee meeting. There was only one proposal. Business and Properties reached out to companies as to why they did not propose. The companies stated that they did not like the 10-year renewal at the discretion of the director and the ownership reverting to the city was not favorable for the other companies.

Mr. Cohn thanked Mr. Graham for answering the questions posed in the previous meeting. He stated that he was frustrated with only one proposer because the market is large.

Ms. Ehrlich asked what improvements can be made. Mr. Graham answered there were improvements to the infrastructure, adding electrical system, steel structure, new digital billboard, and base.

Ms. Ehrlich asked if the board there are currently digital. Mr. Graham responded that no, the ones on I-10 are static.

Mr. Aldieri asked if the one company had scored low would staff redo the RCS. Mr. Reynolds responded that the City procurement process allows for us to reject and reissue the RCS if the evaluation does not meet standards. The Contracts and Services Department thought the proposal was good enough to move forward and evaluate and then issued the recommendation.

Mr. Cohn stated he was concerned about the 10-year original term. He asked if it would be worthwhile to extend the other 10-year term to see if more companies could propose.

Mr. Foster asked if the MAG was part of the bidding process. Mr. Graham answered no, there was no set MAG in the proposal and was open ended for them to propose.

Mr. Foster asked if the revenue share of 60/40 was part of their proposal. Mr. Graham answered no, the percentage rent was part of the RCS, but the MAG was open ended.

Mr. Aldieri asked what the performance of the billboards on I-10 was to understand a baseline. Mr. Graham replied there that were not part of the solicitation but the ones that are included in the RCS their current MAG is \$187k but going to digital would be \$460k.

Ms. Keogh Parks asked Mr. Makovsky for his thoughts. Mr. Makovsky thanked the board for their comments and supported staff's recommendation.

Ms. Keogh Parks asked if it was clear that if they fell out of standing with the City they wouldn't be renewed. Mr. Graham answered no it was not explicitly stated in the RCS. Mr. Cohn stated that it is implied. He stated that his displeasure did not come from this specific item but for all items that have only one proposer.

Mr. Scott echoed Mr. Cohn's sentiments and voiced an issue with the timeline. He stated the Aviation Department knew that there was one proposer since December and felt it took too long for the item to get to PAAB.

Mr. Cohn asked for staff to follow up to review the procurement process when there is only one response evaluated.

Mr. Makovsky asked Ms. Reynolds to give some insight to the process. Ms. Reynolds clarified that the Department does have a Q&A period for responders to ask any questions. Additionally, during the pre-proposal, businesses can continue to submit questions. She stated there is a procedure per the City of Phoenix AR 3.10 which describes the process required to recommend and award a contract, and that the process it takes time. When someone is deemed unresponsive, there is a protest period. Additionally, the team had to work around COVID-19 precautions. The evaluation processes was virtual and one of the first of its kind.

Ms. Fisker asked Ms. Reynolds if anyone protested their status as being non-responsive. Ms. Reynolds responded yes. Once there is a protest the process must stop. This protest went to the City Manager's office and it was reviewed and rejected. The process can only continue when that protest is resolved.

Mr. Scott replied that he appreciated the explanation, but still considered the timeline too lengthy.

Ms. Keogh Parks asked Mr. Makovsky if it is worth looking at Mr. Cohn's recommendation about the timeline. Mr. Makovsky answered that yes, the Aviation team will investigate this.

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

The motion carried by the following vote:

Yes: 7 – Ms. Cherny, Ms. Ehrlich, Mr. Foster, Ms. Pastor, Mr. Scott, Mr. Aldieri, Chairperson Keogh Parks.

Abstain: 1 – Mr. Cohn

No: 1 – Ms. Fisker

No Public Comment Cards.

5. Parking Management Services Contract Solicitation Award Recommendation

Mr. Craig Doyle, Aviation Superintendent, presented the Parking Management Services Contract Solicitation Award. The City Council approved the parking management request for proposal on June 17, 2020 and the proposal was issued on Oct. 26, 2020. The proposal received four respondents: ABM Aviation Inc., ACE Parking, LAZ Parking, and SP Plus Corporation. The evaluation process was completed on March 8, 2021. The intent is to start the new contract on July 1, 2021 and the current contractor's month-to-month agreement expires on Dec. 31, 2021. The selected operator will manage a large operation with 26,000 parking spaces at nine public and thirteen employee facilities. Parking generated an annual gross income of \$93 M in FY 2019 and \$72 M in FY 2020. The evaluation team ranked all four respondents and ACE Parking ranked the highest. The contract term includes a seven-year initial term with one, three-year option to extend. The contract will not exceed \$118,000,000 over ten-years. Mr. Foster asked who had the contract previously. Mr. Doyle responded ACE.

Mr. Foster asked if ACE performed well in the past. Mr. Doyle replied that yes, they have performed well.

Mr. Foster asked if there was anything about ACE that differentiated them. Mr. Doyle responded that ACE tailored their programs to the airport. They didn't provide a general program but one that was specific to Sky Harbor.

Mr. Foster asked if the max payout of \$118,000,000 included revenue sharing. Mr. Doyle responded that it will be in addition to the max payout.

Mr. Aldieri asked how ACE rated compared to the other proposals. Mr. Doyle responded that they were rated highly on all criteria.

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

The motion carried by the following vote:

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

No: 0

No public comment cards.

INFORMATION AND DISCUSSION (ITEM 6-8)

6. Enplanements and Revenue Updates

Mr. Jay Dewitt, Deputy Aviation Director of Financial Management, updated the board on enplanements and revenue. He discussed the infographic that Moody's developed in December to show their forecast for recovery. Moody's laid out three recovery scenarios. First, the Faster Recovery Scenario assumes mass vaccinations occur sometime this summer and faster growth until 2022. The Slower Recovery Scenario assumes vaccinations are delayed until later in the year and faster growth is pushed out to 2023. The Base Case falls between the two. The three scenarios converge in 2024 where the rating agency believes air travel will finally return to 2019 levels.

Mr. Dewitt noted that the numbers are starting to improve. Average COVID-19 cases have decreased 78.1% from peak of January 11. Around 40% of Maricopa County residents have been vaccinated. Travel restrictions have been lifting. Airlines are increasing service and we are looking optimistically at a faster recovery. Recovery is impacting airports differently. International gateways like San Francisco and La Guardia have been impacted the hardest. Domestic hubs have fared well. Business travel has been shut down and tourist destinations have benefited from pent up demand. PHX is doing better than the US average.

Mr. Dewitt stated that FY19 was the airport's busiest year and the baseline for recovery. The medium case would reach 2019 level by July of 2021. High would add a year to that recovery of July 2022 to be back at FY19 numbers. Moody's third stress case would last till 2024. PHX has financial plans based on all three scenarios. March is usually the peak month at PHX. April is looking good in forecasts, but still requires caution. Revenues looks similar to enplanements. Non-aeronautical revenue is sensitive to drops in enplanements. Parking was better than forecasted. In December, things flattened out but increased in March. The Rental Car Center has fared well and has performed better than planned.

Ms. Pastor stated that she is delighted to see progress.

7. General Aviation Update – DVT

Mr. Ed Faron, Deer Valley Airport Manager, updated the board on the airport. Deer Valley was founded in 1959. It was purchased by the City of Phoenix in 1971. The airport has 914 acres, 2 runways, and 1.1k based aircraft. It is the busiest general aviation airport in the US. The two key business are flight training and business aircraft operations. Deer Valley's operating budget is 3.1M and showing profit. DVT has two business partners for flight training: Aero Guard and West Wind. United Airlines has partnered with West Wind for a pilot training program in hopes of training five thousand pilots by 2030. Cutter is a fixed based operator at DVT and has provided hangar and other services for aircraft and crews since 1999. Cutter hopes to break ground on a new hangar late this year.

Mr. Faron stated 2019 was a record year for DVT, which tapered off in 2020 but still had over four hundred thousand operations. The FAA shows increased numbers in March of 2021. In 2015, DVT completed the airport master plan. Several projects were laid out to support the airport in its growth including run up areas, taxiway connectors, and Taxiway D. Many are upcoming projects. Currently the Aviation team is in the process of working on the Police hangar and is set to break ground in 2022 and will then be able to finish Taxiway D. Other projects include: PAPI upgrade, blast pads to prevent erosion of terrain, reconfigure taxiway connectors, strengthen runway, and reconstruct Taxiway C. The Aviation team is also working on notifying possible developers that there is available land.

Ms. Ehrlich asked what kind of development Mr. Faron sees in the future. Mr. Faron replied that he has seen a demand for corporate aviation space. Cutter will provide part of that, but we need more hangar space. Also, a light maintenance, repair, and overhaul operator may do well at the airport.

8. General Aviation Update – GYR

Mr. Brad Hagen, Goodyear (GYR) Airport Manager, spoke to the board about the airport. GYR is located twenty-five miles west of PHX and opened in November of 1941. The airport was purchased by the City of Phoenix in 1968. GYR has 789 acres, one runway, 240 based aircraft, 80,000 aircraft operations, and the ability accommodate B-767 aircraft. The airport has a great relationship with the city of Goodyear. The three key business operations are maintenance of large aircraft, flight training, and business operations. For fiscal year 2021 the operating budget was \$2.9M and was profitable. GYR has 252 acres of land available for airport development. Aersale is GYR's largest tenant and performs maintenance and repair operations. Lufthansa Airlines uses GYR as a training base for their pilots. They have been at the airport for 40 years and suspended their program in April 2020 due to COVID-19. They have not resumed operations yet. They lease 26 acres at GYR and make up a significant share of GYR's operations. Lux Air opened their new facility in 2016 and sold 1.4M gallons of fuel and hopes to add more corporate hangars. Recent activity is down 32% from COVID-19. Aviation fuel sales decreased 6.5% but large aircraft storage increased 60%. There are

two current projects, the first is a new parking apron for B-767 planes. Design is 95% complete and construction is expected to start in summer of 2022. Secondly, there are drainage improvements being completed. This project is currently out for bid with hopes to start in late 2021. This will improve safety and general wellbeing of the facilities. Future projects include paving infields between runways and taxiways and rehabilitating aprons in the next 5 years.

Ms. Cherny thanked Mr. Hagen for the updates. She stated she would like to do board meetings at the airports like done previously when it is safe to be in person. Mr. Cohn stated that he agrees with this idea and thinks it is important to do that.

Ms. Keogh Parks asked where the German Air Force trains. Mr. Hagen replied at GYR, but they sublease Lufthansa. The German Air Force is still flying.

Ms. Keogh Parks asked what they fly. Mr. Hagen stated that they some type of turboprop model.

ADVISORY BOARD INFORMATION AND FOLLOW-UP REQUESTS

Mr. Cohn asked for staff to review the procurement process when there is only one response evaluated.

CALL TO THE PUBLIC

None

ADJOURNMENT

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

The motion carried by the following vote:

Yes: 7 – Ms. Cherny, Ms. Ehrlich, Mr. Foster, Ms. Fisker, Ms. Pastor, Mr. Aldieri, and Chairperson Keogh Parks.

Absent: 2 – Mr. Cohn, Mr. Scott

No: 0

No Public Comment Cards.

Meeting end at: **4:29 PM.**

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	United Parcel Service Inc. Ground Lease at Phoenix Sky Harbor International Airport

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Phoenix City Council (PCC) to enter into a Ground Lease Agreement (Lease) for up to approximately 43,560 square feet (one acre) with United Parcel Service, Inc. (UPS) at Phoenix Sky Harbor International Airport (PHX) for five years with two five-year options to extend.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

UPS is an air cargo operator within the South Air Cargo (SAC) facility at PHX. UPS currently occupies approximately 30,000 square feet (0.68 acres) of undeveloped graveled property under a temporary parking lot license agreement (License) for the staging and storage of tractor trailers during peak season at 2908 E. Old Tower Road. UPS also currently occupies approximately one acre within the East Tonto Lot under a Ground Lease for employee parking. UPS shuttles employees from the East Tonto Lot to SAC at the expense of UPS.

UPS now desires to lease and develop the undeveloped graveled property occupied under the License for employee parking. UPS will develop the property into a paved parking lot following City Code within the first two-years of the Lease term for employee parking. During the Lease term, the undeveloped gravel property will only be used for tractor trailer staging and storage. Once developed into a paved parking lot UPS will be allowed to have employees park on the property. UPS will then utilize the East Tonto Lot for tractor trailer staging and storage.

Contract Term

The term will be for five years with two five-year options to extend to be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Rent for the first year of the Facility Lease will be approximately \$45,738 (\$1.05 per square foot). Rent will be adjusted annually by Phoenix-Mesa-Scottsdale Consumer Price Index, not to exceed three percent. Total anticipated revenue over the term, if all options are exercised, will be approximately \$686,070.

Location

Phoenix Sky Harbor International Airport – 2908 E. Old Tower Road

Recommendation

Request that the PAAB recommend to the PCC to enter into a Ground Lease Agreement for up to approximately 43,560 square feet (one acre) with UPS at PHX for five years with two five-year options to extend.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Swissport Fueling Inc. Facility Lease at Phoenix Sky Harbor International Airport

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Phoenix City Council (PCC) to enter into a Facility Lease Agreement for up to 5,760 square feet (three bays) of cargo bay space with Swissport Fueling, Inc. (Swissport) at Phoenix Sky Harbor International Airport (PHX) for five years.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

Swissport is a ground service operator and provides Ground Service Equipment (GSE) maintenance at PHX. Swissport currently occupies 1,920 square feet (one bay) of cargo bay space within West Air Cargo (WAC) Building A, Bay 13. Swissport is seeking to enter into a new Facility Lease Agreement for three bays in WAC. Swissport will utilize two bays for GSE maintenance and the third bay will be improved for office, breakroom, and restrooms.

Contract Term

The term will be for five years with no renewal option.

Financial Impact

Rent for the first year of the Facility Lease will be up to \$70,502.40 (\$12.24 per square foot). Rent will be adjusted annually based on the Airport's Rates & Charges program. Total anticipated revenue over the term will be approximately \$352,512.

Location

Phoenix Sky Harbor International Airport, WAC Building B, 1249 S. 27th Street

Recommendation

Request that the PAAB recommend to the PCC to enter into a Facility Lease Agreement for up to 5,760 square feet of cargo bay space with Swissport at PHX for five years.

PHOENIX AVIATION ADVISORY BOARD	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	PGT Trucking, Inc. Facility and Ground Leases at Phoenix Sky Harbor International Airport

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Phoenix City Council (PCC) to enter into a Facility Lease and a Ground Lease with PGT Trucking, Inc. (PGT Trucking) at Phoenix Sky Harbor International Airport (PHX) for one year with one, one-year renewal option.

THIS ITEM IS FOR CONSENT ACTION.

Report Summary

PGT Trucking hauls freight to locations throughout the United States. The company has recently expanded operations in the Phoenix area and requires an office and parking for their trailers. PGT Trucking has requested to lease up to 2,067 square feet of office space and up to 33,560 square feet of land for parking trailers.

Contract Term

The term for both agreements will be one year and will include one, one-year renewal option to extend to be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Rent for the first year of the Facility Lease will be approximately \$22,468 (\$10.87 per sf) for 2,067 square feet. Rent for the first year of the Ground Lease will be approximately \$35,238 (\$1.05 per sf) for 33,560 square feet. Rent for the renewal option year will be adjusted by the Phoenix-Mesa-Scottsdale Consumer Price Index, if exercised. Total anticipated revenue over the term, if the renewal options are exercised, will be approximately \$115,412.

Location

2625 East Air Lane & 3115 East Madison Street, Phoenix, Arizona.

Recommendation

Request that the PAAB recommend to the PCC to enter into Facility and Ground leases with PGT Trucking, Inc. for one year, plus one, one-year option at Phoenix Sky Harbor International Airport.

PHOENIX AVIATION ADVISORY BOARD REPORT	
To:	Phoenix Aviation Advisory Board
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Distributed Antenna System (DAS)

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Phoenix City Council (PCC) authorize the Aviation Department to enter into a contract with AT&T Services, Inc. for design, construction, operation, and maintenance of a Distributed Antenna System (DAS) to improve cellular service for all passengers at Phoenix Sky Harbor International Airport.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The cellular service at Sky Harbor International Airport (PHX) is limited and inconsistent because of the physical structures in and around the airport campus. Terminal buildings, parking garages, and other structures make it difficult to receive optimal cellular service inside the terminal and concourse facilities.

On average pre-COVID, approximately 123,000 passengers passed through Sky Harbor facilities on a daily basis. Strong, reliable cellular service is essential to provide passengers a world-class experience that enables them to stay connected with friends, family, and work while traveling. Historically, wireless services providers (WSPs) have relied on outdoor cellular towers. Over the years, towers have produced only marginal improvements in voice calls. But most cellular traffic today consists of mobile data, video, and streaming services. These services can no longer be improved by using legacy outdoor towers. And with the advent of 5G technology, passengers are looking for the next-generation wireless experience in our facilities. Because of the FCC's designated 5G frequency-spectrum allocation, it is extremely difficult to provide ultra-high bandwidth 5G service inside airport terminals and other facilities by relying on outdoor equipment.

A Distributed Antenna System (DAS) will provide the necessary infrastructure to deliver world-class 4G and 5G cellular service to PHX passengers. Today, passengers expect the full, ubiquitous wireless experience at the airport: streaming, media, video, and online gaming. The DAS will ensure excellent coverage, speed, and capacity necessary to support that expectation. The system will also facilitate next-gen applications and services such as the Internet of Things (IoT), Virtual/Augmented Reality, and others within the airport environment.

The DAS will cover the following airport locations:

- All Terminal 3 public access areas
- All Terminal 4 public access areas

- Terminals 3 and 4 curbside locations
- Rental Car Center
- Airport parking garages and select Sky Train Stations
- Select non-public access areas of the airport (such as airside ramp areas, baggage handling areas, Aviation Department offices, etc.)

AT&T Services, Inc. will design and construct the DAS on behalf of all major wireless service providers (including Verizon and T-Mobile with Sprint) for all PHX passengers regardless of the service they subscribe to. The DAS must be completed by December 31, 2022. AT&T Services, Inc. will be responsible for all costs associated with the equipment, design, construction, operation, and maintenance of the system throughout the contract term and any options exercised. AT&T Services, Inc. will also be responsible to onboard all wireless service providers by the above date to deliver service improvements for all PHX passengers.

AT&T Services, Inc. will pay a Minimum Annual Guarantee (MAG) annually to the Aviation department.

Procurement Information

The Aviation Department issued a Revenue Contract Solicitation (RCS 21-008) for design, build, operation, management and maintenance of a DAS system on December 17, 2020. Five responses were received on March 2, 2021. Two respondents were deemed non-responsive.

Evaluation Criteria

Evaluation criteria for responsive and responsible respondents is as follows:

- | | |
|---|------------|
| • Method of approach to design, build and operate a DAS | 350 Points |
| • Revenue to the City | 300 Points |
| • Qualifications and experience of Respondent and key personnel | 250 Points |
| • Business plan | 100 Points |

Evaluation summary for the above respondents is as follows:

Respondents	Total Points
AT&T Services, Inc.	890 Points
Crown Castle Fiber, LLC	850 Points
Boingo, LLC	827 Points

Contract Term

The contract term will be 10 years, with two one-year options that may be exercised at the sole discretion of the Director of Aviation Services.

Financial Impact

Revenue is set at a Minimum Annual Guarantee (MAG) based on market data. AT&T will pay to the City \$750,000 with a 3% annual increase during the term of the agreement and any extension periods exercised by the City.

Location

Phoenix Sky Harbor International Airport, 2485 E. Buckeye Road

Recommendation

Request that the PAAB recommend to the PCC to authorize the Aviation Department to enter into a contract with AT&T Services, Inc. for design, implementation and operation of an airport Distributed Antenna System (DAS) to improve cellular service for all passengers at PHX.

PHOENIX AVIATION ADVISORY BOARD	
To:	Phoenix Aviation Advisory Board
From:	Chad Makovsky C.M. Director of Aviation Services
Subject:	Request to Award Aviation Luggage Cart Service Revenue Contract Solicitation (RCS)

Description

This report requests that the Phoenix Aviation Advisory Board (PAAB) recommend to the Phoenix City Council (PCC) to authorize the Aviation Department to enter into a service concession contract for Airport Luggage Cart Rental Services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Phoenix Sky Harbor International Airport (PHX) is America's Friendliest Airport® when it comes to customer service. As the largest economic engine in the State of Arizona, PHX strives to deliver a world-class experience to every customer, every day. The resultant contract for the Airport Luggage Cart Rental Services will provide passengers with an option to manage their luggage on demand through PHX to their destination.

This service is provided at all Terminals, Parking Locations and Phoenix Sky Train Stations. This service will also offer free luggage carts to our passengers utilizing the Phoenix Rental Car Center and International passengers using the Federal Inspection Station.

The current contract with Smarte Cart expires on June 30, 2021 and has an annual cost of \$405,000. On December 9, 2020 the Phoenix City Council approved the issuance of a Revenue Contract Solicitation (RCS 21-014) for luggage cart service.

Procurement Information

On Feb. 11, 2021 The Aviation Department issued an RCS to select a service provider to provide the required luggage cart rental services. On March 19, 2021, two proposals were received, one from the current provider, SmarteCart, was deemed non-responsive and one from APS USA LLA that was deemed responsive. SmarteCart's response was deemed non-responsive because, among other reasons, SmarteCart expressly refused to accept the terms of the RCS, including the mandatory payment terms.

The process for requesting proposals included local and national advertising, industry specific advertising, and a pre-response meeting attended by 4 vendors, two of whom chose to respond.

An evaluation committee was appointed to conduct a detailed evaluation. The panel evaluated the proposal based upon the following RCS evaluation criteria:

- Respondent's Experience and Qualifications (400 points)

- Management Plan (300 points)
- Operation Plan (150 points)
- Maintenance Plan (150 points)

The consensus score and ranking for the proposal is shown below:

1. APS USA LLA 827 points

Contract Term

The term of the contract will be five (5) years with no renewal option.

Financial Impact.

The Aviation will collect 8% percent of gross sales and the free luggage cart program will have an annual cost of \$320,000.

Location

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

Recommendation

Request that the PAAB recommend to the PCC to authorize the Aviation Department to enter into a luggage cart service agreement with APS USA LLA.