

**NOTICE OF PUBLIC MEETING
PHOENIX AVIATION ADVISORY BOARD
BUSINESS AND DEVELOPMENT SUBCOMMITTEE**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **PHOENIX AVIATION ADVISORY BOARD, BUSINESS AND DEVELOPMENT SUBCOMMITTEE** and to the general public, that the **BUSINESS AND DEVELOPMENT SUBCOMMITTEE** will hold a meeting open to the public on **Thursday, January 5, 2023 at 2:30 p.m. located at the City of Phoenix Aviation Department, 3 North Conference Room, 2485 E. Buckeye Road, Phoenix, Arizona 85034, or via WebEx teleconference.**

Meeting Attendance Options:

- **Watch the meeting virtually using the WebEx link provided below.**

<https://cityofphoenix.webex.com/cityofphoenix/onstage/g.php?MTID=ec87086d43d3de88188007ed7f0688c3c>

- **Call-in to listen to the meeting**, dial 602-666-0783 and Enter Meeting ID 2457 957 6896# Press # again when prompted for attendee ID.
- **Attend the meeting in-person at the Aviation Headquarters**

Public Comment: If you wish to provide a written comment or speak at the meeting virtually or by phone, please submit a request to pearl.meza@phoenix.gov no later than 10 a.m. on Thursday, January 5, 2023. The email should include your first and last name, email address, the item number(s) and whether you would like your comment read into the record or if you wish to speak. Those who wish to attend in person may submit a request to speak by completing a speaker card at the registration desk at the beginning of the meeting.

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

The agenda for the meeting is as follows:

CALL TO ORDER

MINUTES OF MEETING

1. **For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on November 3, 2022**

DISCUSSION AND POSSIBLE ACTION (ITEMS 2-4)

2. Cutter Aviation Phoenix, Inc. Ground Lease

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a ground lease with Cutter Phoenix Aviation, Inc. at Phoenix Sky Harbor International Airport for five years.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

3. Residential Lot Cleaning Services Contract Request for Proposal 23-015

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to award the Residential Lot Cleaning contract to Berry Realty & Associates, Inc. at Phoenix Sky Harbor International Airport, Arizona for three years, with two one-year options to extend the term.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

4. Concessions Consulting Services Request to Issue Request for Proposal

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to authorize the Aviation Department to issue a Request for Proposal for airport concessions consulting services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

INFORMATION AND DISCUSSION (ITEM 5)

5. 2023 Super Bowl Concessions Update

This report provides the Phoenix Aviation Advisory Board with an update on terminal concession planning efforts for Super Bowl LVII.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

CALL TO THE PUBLIC

This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. Section 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration 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 Business and Development Subcommittee meeting is scheduled to take place Thursday, February 2, 2023.



**PHOENIX AVIATION ADVISORY BOARD
BUSINESS & DEVELOPMENT SUBCOMMITTEE
SUMMARY MINUTES
November 3, 2022
*Meeting held via WebEx***

Subcommittee Members Present

Sandra Ferniza - Chairperson
Stephanie Cherny
Andrew Cohn

Subcommittee Members Absent

Staff Present

Abbe Slade
Alexandria Pierce
Bradley Hagen
Carolina Potts
Chad Makovsky
Cindy Lizarraga
Clif Looper
Gary Lovgren

Jay DeWitt
Julie Rodriguez
Marshall Kain
Matt Becker
Matthew Heil
Michael Hughes
Mike O'Shaughnessy

Pearl Meza
Prasan DeSilva
Roxann Favors
Richard Graham
Sarah Demory
Tom Sawyer
William Robinson

Members of the Public Present

CALL TO ORDER

Chairperson Ferniza called the meeting to order at **2:30 p.m.**

MINUTES OF MEETING

- 1. For Approval or Correction, the Minutes of the Business and Development Subcommittee Meeting on September 1, 2022.**

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

No public comments.
The motion carried.

DISCUSSION AND POSSIBLE ACTION (ITEM 2-5)

2. Terminal Advertising Revenue Contract Solicitation Request to Issue

Ms. Corrine Harbaugh presented this item. Ms. Harbaugh displayed a map signifying the current advertising program within Terminals 3 and 4. She explained there are several types of advertising media and format which include digital displays, backlit pedestals, banners, wraps, and clings.

She continued by noting that the locations which this solicitation covers include Sky Harbor Airport, Deer Valley Airport, Goodyear Airport, the Rental Car Center, and all of the Sky Train stations.

Ms. Harbaugh described the terms, scope, and goals of the contract, which include:

- Promoting local businesses to create a sense of community;
- Enhance passengers' experience through dynamic displays and artwork;
- Feature best practices in public-space advertising;
- Optimize revenue.

Criteria used to evaluate the proposals will be:

- Proposed Minimum Annual Guarantee (MAG);
- Advertising Display Program;
- Business, Marketing, and Operations Plan;
- Qualifications and Experience of Proposer.

Mr. Cohn asked if there was any possibility for the airport to obtain additional revenue during the month-to-month extension of the existing contract pending the outcome of this new process? He indicated that he wanted to avoid a situation where the existing revenue is deficient and that the airport does not benefit, and asked if there would be a possibility of adjusting the percentage of rent or just the rent.

Ms. Harbaugh replied that with the current contract terms, typically the holdover clause does not allow the airport to change the existing terms. With the Super Bowl coming, there is an anticipated increase in revenue due to allowances for additional advertising space.

Mr. Cohn asked what the timeframe was to accomplish the process and what the outside date would be when the airport will be in a position to bring the solicitation back with proposals.

Ms. Harbaugh replied that aviation staff is actively working on this solicitation and anticipates moving this through the next PAAB. This would allow staff to ideally get a contract in place within six months.

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

No public comments.
The motion carried.

3. Arizona Fueling Facilities Hydrant Fuel System Modification

Mr. Clif Looper presented this item. Mr. Looper gave a brief description from a past presentation of how the hydrant system works, and who owns the system. Additionally, Mr. Looper displayed a map of the current fueling system.

Mr. Looper discussed that the current system at Terminal 3 was upgraded to support the Terminal modernization program. The Aviation Department paid for and installed the improvements to the fueling system based on design criteria set by the Arizona Fueling Facilities Corporation (AFFC).

Aviation is now seeking to convey the improvements to the AFFC in the amount of \$4.8 million.

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

No public comments.
The motion carried.

4. Ground Lease with Burrell Aviation Goodyear, LLC

Mr. Richard Graham presented this item. Mr. Graham displayed an aerial view of Goodyear Airport and the site of the proposed ground lease with Burrell Aviation Goodyear. Mr. Graham discussed how Burrell currently does not have a tenant for the proposed development, however, their intent is to incorporate cold storage at the site, which is a service that is currently not available within the Phoenix metropolitan area.

In addition to cold storage, Burrell is also open to maintenance, repair and overhaul (MRO) facilities, or other large aeronautical uses.

Mr. Graham continued by defining the actual acreage of the parcel, the proposed development term of the lease, and the long-term lease. In addition, aviation staff is requesting up to \$4 million in rent credits for the development of a common use connector, a common use taxiway, a service road to provide access to other vacant parcels and bringing utilities to the parcel, all of which benefit the airport.

Mr. Cohn commented that he supported the rent credit, and wanted to know if we also are giving credit on the \$62,000 the company will pay annually during the development period.

Mr. Graham responded that the rent credits would not start until the lease term starts.

Mr. Cohn stated that for the annual payment Burrell has an option, and when the lease commences, they will start paying rent, which they will have a credit for. He also asked if Burrell will need to provide proof of all the improvements that have been made at the site to get credits.

Mr. Graham replied that Burrell will need to provide receipts for the improvements, but the airport will also require prior approval for the work before it starts.

Mr. Cohn commented on the utilities that will be installed. He wanted to ensure that the utilities would be sized sufficiently so the benefit the airport gets is in proportion to the property. Continuing, he mentioned that in the future, when other parcels get developed, the developers might pay in advance to connect utilities. This strategy would help offset the \$4 million in credits we are giving Burrell.

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

No public comments.
The motion carried.

5. Ground Lease with KOR Medical Arizona, LCC

Mr. Richard Graham presented this item. Mr. Graham displayed a map of where KOR Medical (KOR) is located, and where the two parcels are in relation to KOR. He provided a history of the parcels since Aviation acquired them in 2000 and 2001 and noted that they have remained vacant and non-revenue generating since acquisition.

Mr. Graham discussed the business of KOR and that they grow and diffuse product for distribution to dispensaries. KOR is requesting to lease these lots to develop them for parking according to City Code, and use signage that denotes the lots are for employee parking only.

Mr. Graham closed his presentation by sharing the actual square footage of the lots, the lease term, the rent amount and the total revenue generated from the life of the term.

Chairperson Ferniza noted that she asked Ms. Roxann Favors about the airport's ability to permit use of the parcels for future retail. Ms. Favors responded that permits would need to be acquired before any retail could be approved.

Mr. Cohn commented that due to the short-term use and the lot only being permitted for parking, KOR should not be able to use the land for retail purposes.

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

No public comments.
The motion carried.

INFORMATION AND DISCUSSION (ITEM 6)

6. Ground Lease at 3801 E. Washington Street

Mr. Richard Graham presented this item. Mr. Graham displayed a map of the location of the proposed ground lease and the history of it being the former greyhound racetrack and that in early 2022 the airport removed the grandstands and several other buildings. He displayed another map of the complete parcel and color coded the map to show the three sections of the property. The racetrack portion is the proposed area for the ground lease. There is also a parking lot area which will incorporate a completely separate agreement.

Mr. Graham stated the proposed lease area is ten acres and encompasses the former grandstand area. The proposed development is compatible with current zoning and operations at Sky Harbor Airport. Mr. Graham proceeded by sharing the lease term of five years with five, one-year renewal options. He stated that the rent will be approximately \$300,564 annually. Additional rent credits are proposed to be applied for clean-up of the land from its previous use. This work benefits Aviation as the Department would eventually need to do that work to make the site ready for any future use identified in the airport masterplan.

Mr. Graham also stated that the amount of the rent credit is yet to be determined, but staff is asking for up to \$1.5 million to provide flexibility in the agreement. To provide a final number, the city is evaluating the needed work, along with outside developers.

Mr. Graham presented next steps in this process which include a execution of a letter of intent with the proposed tenant, and to enter into a license agreement for due diligence with the tenant. Staff will provide the full PAAB with more information including the identity of the prospective tenant at the next meeting.

SUBCOMMITTEE INFORMATION AND FOLLOW-UP REQUESTS

None.

CALL TO THE PUBLIC

None.

ADJOURNMENT

The meeting adjourned at **2:57 p.m.**

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Cutter Phoenix Aviation, Inc. Ground Lease

Description

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a ground lease with Cutter Phoenix Aviation, Inc. at Phoenix Sky Harbor International Airport, Arizona for five years with no options to extend the term.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

Cutter currently leases property at 2802 E. Old Tower Road for the purposes of operating a Fixed Based Operator (FBO) under Land Lease 33676. Cutter has requested to lease up to 46,200 square feet of land at the adjacent unimproved property located at 2805 E. Old Tower Road for the purposes of providing additional customer and employee parking.

Contract Term

The term will be for five years, with no options to extend. This lease would co-term with Cutter’s current land lease, which terminates on March 31, 2028.

Financial Impact

Rent for the first year of the ground lease will be approximately \$48,510 (\$1.05 / square foot). Tenant will receive a rent credit against the rent equal to the first three years or a maximum of \$145,500. Rent credits are provided as a cost share for the parking lot improvements to the parcel. Overall improvement costs are estimated at \$250,000. Rent will be applied equally over the term of the lease. Adjusted net rent for the first year will be \$19,887. Rent will be adjusted by 3% annually beginning with lease year 4. Total anticipated rent from this ground lease over the term, will be approximately \$105,876.

Location

Phoenix Sky Harbor International Airport – 2485 E. Buckeye Road

Recommendation

Request the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to enter into a ground lease with Cutter Aviation Phoenix, Inc., for five years at Phoenix Sky Harbor International Airport.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Residential Lot Cleaning Services Contract RFP 23-015

Description

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to award the Residential Lot Cleaning contract to Berry Realty & Associates, Inc. at Phoenix Sky Harbor International Airport, Arizona for three years with two one-year options to extend the term.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The Residential Lot Cleaning Request for Proposal was published on Sept. 14, 2022, to select a qualified contractor to perform lot cleaning, maintenance, and other services on 816 undeveloped, vacant land parcels surrounding Phoenix Sky Harbor International Airport. The solicitation process resulted in three responsive submittals. The evaluation panel met on Dec. 13, 2022 to review and score the submittals. The award recommendation was posted on Dec. 13, 2022. Berry Realty & Associations is recommended for award of the RFP.

Contract Term

The term will commence on April 1, 2023 and continue for a period of three years with two, one-year options to extend the term at the sole discretion of the Director of Aviation Services.

Financial Impact

The annual expense will be approximately \$639,221 and the aggregate contract value will not exceed \$3,350,000. Funds are available in the Aviation Department's budget.

Location

Phoenix Sky Harbor International Airport – 2485 E. Buckeye Road

Recommendation

Request the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to award the Residential Lot Cleaning contract to Berry Realty & Associates, Inc. at Phoenix Sky Harbor International Airport for three years with two one-year options to extend the term.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	Concessions Consulting Services Request to Issue a Request for Proposal

Description

This report requests that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to authorize the Aviation Department to issue a Request for Proposal for airport concessions consulting services.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Report Summary

The Aviation Department currently contracts with SI Partners, Inc. for airport concessions consulting services and the current contract will expire in January 2024. In order to maintain an excellent retail, food and beverage and passenger-services concessions program, Aviation is seeking experienced providers of airport concession consulting services. The services provided will be on an as-needed basis and will include, but not be limited to: feasibility studies, market and concession trend analysis, terminal space planning, concessions master plan studies, and additional support.

The successful proposers will be involved in the development, programming, solicitation, and evaluation of the concessions program.

Procurement Information

Aviation will conduct a Request for Proposal (RFP) to select multiple concessions consultants for this contract.

Responsive and Responsible Proposers will be evaluated according to the following evaluation criteria:

- Qualifications and Experience of the Primary Consultant / Principal
- Approach to Scope of Services
- Qualifications and Experience of Proposer
- Fees

The highest ranked proposers will be recommended for contract award. Aviation intends to issue this solicitation on or about April 2023, with an estimated contract award in December 2023. The City's Transparency Policy will be in effect with the release of the RFP and throughout the process.

Contract Term

The term will be three years with two, one-year options to renew at the sole discretion of the Director of Aviation Services.

Financial Impact

The contract value will not exceed \$600,000 for the five-year aggregate contract term with an estimated annual expenditure of \$120,000. Funds are available in the Aviation Department's budget.

Public Outreach

This process will include all standard and required outreach efforts and conduct targeted outreach efforts to attract interest.

Location

Phoenix Sky Harbor International Airport - 2485 E. Buckeye Road

Recommendation

Request that the Business and Development Subcommittee recommend to the Phoenix Aviation Advisory Board to authorize the Aviation Department to issue an RFP for airport concessions consulting services to continue to elevate and cultivate the concessions program at Phoenix Sky Harbor International Airport.

BUSINESS AND DEVELOPMENT SUBCOMMITTEE REPORT	
To:	Business and Development Subcommittee
From:	Chad R. Makovsky, C.M. Director of Aviation Services
Subject:	2023 Super Bowl Concessions Update

Description

This report provides the Phoenix Aviation Advisory Board with an update on terminal concession planning efforts for Super Bowl LVII.

THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Report Summary

As part of Aviation Department Super Bowl planning efforts, Business and Properties division concession staff have been communicating with food and beverage, retail and passenger services concessionaires to receive their operational plans to support the increased passenger activity anticipated for Super Bowl LVII. Staff will provide an update on merchandise and food and beverage offerings, expanded operational hours and staffing coverage.

Location

Phoenix Sky Harbor International Airport – 2485 E. Buckeye Road

Recommendation

This item is for information and discussion.