

**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, August 21, 2008, at 3:00 p.m. located at Terminal 3, Phoenix Aviation Advisory Board Conference Room, Third Floor, West Mezzanine, 3400 E. Sky Harbor Blvd., Phoenix, Arizona.**

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, Section 38-431.03 (A) (3) are as follows: 5.a., 5.b., 5.c., 5.d., and 6.a.

One or more board members may participate via teleconference.

The agenda for the meeting is as follows:

1.	Call to Order	Mr. Art Hamilton, Chairman
2.	Announcements/Reports by the Aviation Director	Mr. Danny Murphy
3.	Announcements/Reports by the Airline Station Manager	Mr. Anthony Arms
4.	Approval of the June 19, 2008 Meeting Minutes	Mr. Art Hamilton, Chairman
5.	Discussion and Possible Action Items:	
	a. Election of a new Chairperson	Mr. Art Hamilton, Chairman
	b. Election of a new Vice Chairperson	Mr. Art Hamilton, Chairman
	c. Lease Award of Corporate Hangar Development of Unimproved Land at Phoenix Deer Valley Airport	Ms. Tamie Fisher
	d. Amendment to Extend Eleven Terminal 3 Retail Leases at Phoenix Sky Harbor International Airport	Ms. Tamie Fisher
6.	Work Study (information only):	
	a. Sky Harbor Automated Train Update	Mr. Jay DeWitt

7.	Advisory Board Information and Follow-Up Requests (not for discussion or recommendation)	Mr. Art Hamilton, Chairman
8.	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(G), 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.	Mr. Art Hamilton, Chairman
9.	Update on Airport Security Program	Mr. Chad Makovsky
9.	Adjournment	Mr. Art Hamilton, Chairman

For further information, please call Kate O'Malley, Management Assistant I, Aviation Department at 602-273-2075.

For reasonable accommodations, please contact Kate O'Malley/Aviation Administration at Voice/602-273-4510 or TTY relay 1-800-781-1010 as early as possible to coordinate needed arrangements.

The next Phoenix Aviation Advisory Board meeting is scheduled to take place Thursday, September 18, 2008.

**City of Phoenix Aviation Department  
Phoenix Aviation Advisory Board Minutes  
June 19, 2008**

**Board Members Present**

Art Hamilton	Vince Roig
Bruce Mosby	Jeff Moorad
Andrew Cohn	Jack Tevlin
Paulina Vazquez Morris	Anthony Arms

**Board Members Absent**

Benito Almanza	Patty Johnson
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**Staff Present**

Danny Murphy	Christine Reed
Carl Newman	LaVonne Morris
Paul Blue	Martin Whitfield
Jane Morris	Sandra Torres
Nancy Kesteloot	Commander Hailey
Deb Ostreicher	Ann Warner
Tamie Fisher	Leticia Arredondo
Becky Gawin	Max Shoura
Carolina Potts	Velma Faulks
Larry Felix	Art Fairbanks
Judy Ross	Kate O'Malley
Jay DeWitt	Chad Makovsky
Chris Andres	Barney Helmick
Brent Cagle	Gary Mascaro
Mara Kelly	Robyn Sullivan
Jim Peterson	Julie Andresen
Jeff Lacey	Trish Preble
Paula Kucharz	
Alex Peric	

**Public**

Arthur Rosen	Steve Prieser
RJ Burekek	Steve Johnson
Jim Little	Corey Mead
Jim Russell	Verdi White
Ed Chauza	Al Wong
Greggory E. Torrez	Eric Emmert
Ken Cada	Ron Haarer
Shelley Carson	J. Delong
Shannon Conklin	D. Bronson
Oliver Morrison	

**Item 1 – Call to Order**

Mr. Hamilton called the meeting to order at 3:01 PM.

**Item 2 – Announcements by the Aviation Director**

Mr. Murphy gave an update on airport operations, introduced Mr. Chad Makovsky and Mr. Verdi White, and gave an update on other recent events at the airport.

**Item 3 – Announcements by the Airline Station Manager**

Mr. Arms gave an update on the status of the airline industry.

**Item 4 – Approval of the May 15, 2008 Meeting Minutes**

Mr. Cohn motioned for approval. Mr. Mosby seconded the motion.

Motion approved 7:0.

**Item 5 – Discussion and Possible Action Items**

**5a. – Extend HMS HOST Food and Beverage Lease and Issue a Request for Proposals for the Food and Beverage Concession at Phoenix Sky Harbor International Airport.**

Ms. Tamie Fisher presented this item requesting authorization to issue a Request for Proposals for the Terminal 4 Food and Beverage concession and amend Lease 49057 with HMS Host by extending this lease for two additional years to accommodate the time necessary to conduct an RFP process.

Mr. Tevlin asked if staff plans to implement street pricing. Ms. Fisher responded that staff plans to make sure prices are fair and will implement comparative pricing.

Mr. Tevlin commented about Disadvantaged Business Enterprise (DBE) participation, and urged staff to make an attempt to make sure the choice is clear when it comes to the successful bidder. Ms. Fisher responded that staff plans to conduct extensive outreach for DBE participation.

Mr. Mosby motioned for approval. Mr. Cohn seconded the motion.

Motion approved 7:0.

**5b. – Request to Approve Fees for Minimum Standards Special Aviation Service Operators**

Ms. Fisher and Ms. Gawin presented this item requesting a recommendation of amendments to the Phoenix City Code relating to minimum standard fees at Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport and Phoenix Goodyear Airport.

Mr. Cohn asked if Phoenix Mesa Gateway will have similar minimum standards. Ms. Gawin said she was not certain the airport would move towards implementing minimum standards. Mr. Blue added staff would encourage the airport to do so.

Mr. Tevlin asked what the major issue is for implementing these standards. Ms. Fisher responded that the major issue with these standards relates to a request for fee structure with flight activity only, not ground operations. Mr. Murphy added that staff has spent a lot of time on these standards and noted he thinks this is a fair option. He added that staff is willing to give time for companies to ease into transition.

Mr. Cohn commented that this appears to be in line with normal business practices. Mr. Murphy noted that staff made the final offer to best meet all needs.

Mr. Roig asked how this would help each airport financially. Ms. Gawin said this would be difficult to determine, but there is no specific dollar amount staff is shooting for. Mr. Newman added that a best estimate, once fees are fully established, would be about \$650,000 for Phoenix Deer Valley and \$210,000 for Phoenix Goodyear Airport. He added these fees would help defray capital costs.

Chairman Hamilton called for public comment on this issue.

Mr. Ed Chauza, representing the Deer Valley Pilots Association, expressed his support for this item and advised that he feels these are better than minimum standards at many airports.

Mr. Ronald Haarer gave a brief history of Westwind Aviation and expressed his concern over these fees. Mr. Cohn asked Mr. Haarer why he wanted to be on a different footing than other companies. Mr. Haarer advised he paid money for building investments, and thought these investments were made to avoid paying the proposed 2% fee. Mr. Cohn asked if Mr. Haarer made a profit when he sold the company. Mr. Haarer said he did.

Mr. Art Rosen, from the Aircraft Owners and Pilots Association, advised that he and staff have been working on this issue for five years. He noted that there was no objection from anyone until about 60 days ago. He expressed his support for these standards, and noted that he thought they were fair. He added that flight schools make up over 60% of operations at Phoenix Deer Valley Airport, and should rightfully pay for it.

Mr. Mosby moved for approval. Mr. Cohn seconded the motion.

Motion approved 7:0.

### **5c. – Contract Award for Air Service Development Consultant**

Ms. Fisher presented this item requesting a recommendation to award a contract with Oliver Wyman, Inc. for air service development consulting services to support Phoenix Sky Harbor International Airport.

Mr. Tevlin asked if this service would provide development for both domestic and international routes. Ms. Fisher responded yes.

Mr. Mosby motioned for approval. Mr. Cohn seconded the motion.

Motion approved 7:0.

### **5d. – Shoe Shine Concession Lease Award**

Ms. Fisher presented this item requesting a recommendation to award the lease for a Shoe Shine Concession at Phoenix Sky Harbor International Airport to SLB, Inc. dba Goodfellows Shoeshine. Ms. Fisher also introduced Ms. Shelley Carson with Goodfellows Shoeshine.

Mr. Tevlin asked if this service would be provided throughout the airport. Ms. Fisher responded yes.

Ms. Vasquez Morris motioned for approval. Mr. Mosby seconded this item.

Motion approved 7:0.

### **5e. – Remote Baggage Concession Lease Award**

Ms. Fisher presented this item requesting a recommendation to award the least for a Remote Baggage Check-in Services Concession at Phoenix Sky Harbor International Airport to International Ram Associates, LLC. Ms. Fisher also introduced Mr. Shannon Conklin with International Ram Associates, who thanked the airport for this opportunity.

Mr. Tevlin asked for an explanation of the service and fees. Mr. Conklin gave a brief overview of the service.

Mr. Cohn expressed his hopes for easing operations at the airport. Mr. Roig expressed his opinion that this would be a great concept to test at the light rail station.

Mr. Moorad noted a conflict on this item, and advised he would not be taking part in the vote.

Mr. Cohn motioned for approval, noting Mr. Moorad's conflict. Mr. Mosby seconded this item.

Motion approved 6:0, one conflict noted.

## **Item 6 – Work Study (information only)**

### **6a. – International Air Service Development Program Update**

Mr. Jim Peterson presented information regarding the Aviation Department's air service development program, with a focus on international route development for Greater Phoenix and the State of Arizona.

Mr. Tevlin asked how the airport's business numbers are for British Airways. Mr. Peterson responded that more sales on the United Kingdom (UK) side are needed, and that planes are more empty flying to Phoenix than they are flying from Phoenix.

Mr. Tevlin asked if the Aviation Department should continue the Aviation Symposium. Mr. Murphy responded that the airport and the City get great value from this program, and it is a great opportunity for the airport to make connections.

Chairman Hamilton commented that he was surprised to see less people from the UK flying here, based on the weak dollar. Mr. Peterson advised staff is working with British Airways on this to market the flight to more Europeans.

Chairman Hamilton added that international flights have a good return on investment for the state, and staff should continue pursuing this. Mr. Blue commented that the Arizona Office of Tourism does these calculations, and explained that for every one dollar of investment in marketing, there is a \$30 -40 return. Mr. Murphy added that staff has reached out to stakeholders and partners to attend meetings.

Mr. Tevlin asked what the break down of marketing will be for the British Airways initiative. Mr. Peterson responded that 75% of the funds would be used for marketing in the UK, the other 25% in Arizona.

This item was information only. No action required.

## **Item 7 – Advisory Board Information and Follow-up Requests**

None

## **Item 8 – Call to the Public**

None

**Item 9 – Adjournment**

Mr. Cohn motioned for adjournment. Mr. Mosby seconded the motion. Meeting adjourned at 4:39 PM.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Danny W. Murphy Aviation Director
Subject:	Lease Award of Corporate Hangar Development of Unimproved Land at Phoenix Deer Valley Airport

This report requests the Phoenix Aviation Advisory Board's recommendation to award the lease for corporate hangar development at Phoenix Deer Valley Airport (DVT) to Scottsdale Hangar One, LLC.

**BACKGROUND**

In September 2007, the Phoenix City Council authorized the Aviation Department (Aviation) to issue a Request for Proposals (RFP) to lease unimproved land at DVT for the development of corporate hangars. The parcel, approximately 20 acres, is located in the southeast portion of DVT. Aviation released the RFP on December 3, 2007.

Aviation received one proposal in response to the RFP. Staff confirmed the proposer's compliance with the City's Affirmative Action requirements and determined the proposer met the minimum qualifications established in the RFP.

**DISCUSSION**

The lease term will be 55 years of beneficial occupancy at a lease rate of \$0.44 per square foot per year, which is above current market rates. The rental rate will be subject to annual adjustments equal to the greater of three percent (3%) or Consumer Price Index adjustments from the date of lease execution. Additionally, the City will reappraise the site after the 15<sup>th</sup>, 30<sup>th</sup>, and 45<sup>th</sup> year of the rental term to determine changes in the Phoenix market and make any adjustment necessary to the rental rate. The rent will never be adjusted lower than the then-existing rental rate. The proposer plans to develop the 20 acre parcel in three (3) equal phases. The proposed phasing allows infrastructure to be distributed equally between phases, encouraging early development.

In addition to land rent, the City will collect fees from Specialized Aviation Service Operators (SASOs) such as aircraft storage, charter and/or management operators, as determined by the DVT Minimum Standards.

**Recommendation**

The Aviation Department recommends entering into a lease agreement with Scottsdale Hangar One, LLC for corporate hangar development of unimproved land at Phoenix Deer Valley Airport (DVT). The Business and Development Subcommittee approved this item at its August 7, 2008 meeting.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Amendment to Extend Eleven Terminal 3 Retail Leases at Phoenix Sky Harbor International Airport

The Aviation Department requests authorization to amend eleven Terminal 3 retail leases at Phoenix Sky Harbor International Airport. The amendments would extend the news, gifts and specialty retail contracts in Terminal 3 to expire on October 31, 2009 and continue on a month-to-month basis until a new contract is in place.

<u>Concessionaire</u>	<u>Lease</u>
<b>Avila Retail d.b.a. Earth Spirit</b>	<b>77610</b>
<b>Avila Retail d.b.a. Talking Hands</b>	<b>77609</b>
<b>Casa Fenix Merchandising, Inc. d.b.a. Curious Creatures</b>	<b>79540</b>
<b>Mediya Cosmetique d.b.a. Southwest Pizzazz</b>	<b>77605</b>
<b>Paradies-Phoenix Joint Venture d.b.a. Desert Books</b>	<b>77607</b>
<b>Paradies-Phoenix Joint Venture d.b.a. Desert Images</b>	<b>77613</b>
<b>Paradies-Phoenix Joint Venture d.b.a. PGA Tour Golf Shop</b>	<b>77606</b>
<b>Phoenix-Host Joint Venture Company d.b.a. Incredibly Arizona</b>	<b>77612</b>
<b>Phoenix-Host Joint Venture Company d.b.a. News Travels Fast</b>	<b>77611</b>
<b>Phoenix-Host Joint Venture Company d.b.a. Bijoux Terner</b>	<b>77604</b>
<b>NGSI-R's Only Joint Venture Company d.b.a. The Eyes Have It</b>	<b>117365</b>

#### BACKGROUND

The initial lease terms for eleven retail leases (77604, 77605, 77606, 77607, 77609, 77610, 77611, 77612, 77613, 79540, and 117365) in Terminal 3 have expired and there are no remaining extension options after October 31, 2008.

#### DISCUSSION

The Equal Opportunity Department and Aviation Department are conducting a disparity study to guide in setting Disadvantaged Business Enterprise (DBE) concession goals for Phoenix Sky Harbor International Airport concession opportunities, including retail for Terminal 3. Providing an extension of these lease terms will allow for the completion of the study and subsequent completion of the Terminal 3 Retail Request for Proposal (RFP) solicitation. Staff anticipates release of an RFP in 2009.

Retail concessionaires pay a Minimum Annual Guarantee (MAG), or a percent of gross sales, whichever is greater. The MAG in 2007 was \$1.43 million with actual rent paid to the City in 2007 equaling \$1.67 million.

## RECOMMENDATION

The Aviation Department requests the Business and Development Subcommittee's recommendation for approval to amend eleven Terminal 3 retail leases for one additional year commencing November 1, 2008 until October 31, 2009 and continue on a month-to-month basis until new tenants are under contract as part of the Terminal 3 RFP process.

<b>PHOENIX AVIATION ADVISORY BOARD REPORT</b>	
To:	Phoenix Aviation Advisory Board
From:	Danny Murphy Aviation Director
Subject:	Sky Harbor Automated Train Update

## BACKGROUND

On February 20, 2007, Phoenix City Council approved the Aviation Department's request to proceed with the development of a ten year, Airport Development Program that includes an Automated Train. This program will ensure that Phoenix Sky Harbor International Airport (Sky Harbor) continues to meet the growing needs of the community while still maintaining moderate costs.

The Automated Train will provide frequent, convenient, and reliable ground transportation service between the airport facilities and serve airline passengers, visitors, and employees. It will be an integral part of the airport's transportation infrastructure, and an important link to the regional transportation system. With increasing traffic levels, the train is vital to the long-term success of the airport.

Stage One of the Automated Train will connect passengers at 44<sup>th</sup> Street and Washington with an airport ground transportation center and the light rail station. It will connect to the East Economy parking facilities, and deliver riders to Terminal 4. This first segment will serve approximately 80% of Sky Harbor's passengers and is estimated to be complete in 2013. Construction of Stage Two, which is scheduled to begin in 2016, will link the remaining terminals and the Rental Car Center, with the full five-mile system operational by 2020.

## DISCUSSION

Aviation Department staff continues to make progress toward developing the Automated Train.

The City contracted with URS Corporation Americas to provide the program management services required to support the needs of the Airport Development Program and the Automated Train. URS brings with it a team of highly experienced airport project personnel to assist the Aviation Department in this major effort.

In November 2007, staff completed a Request for Qualifications process and recommended a short-list of three (3) finalists (Sumitomo, Bombardier, and IHI) to proceed to the Request for Proposal (RFP) phase of the train system provider procurement process. The RFP for procuring the Automated Train system was issued on February 8, 2008 with all three providers responding with detailed

proposals on July 18, 2008. Preliminary proposals are being evaluated now with a selection anticipated in early 2009.

The City contracted with Hensel Phelps as the Construction Manager at Risk for constructing the Automated Train's Stage One facilities including the guideways and stations. Mass excavation and site work have commenced at the future Maintenance and Storage Facility (MSF) site on the northeast corner of Sky Harbor Boulevard and 44<sup>th</sup> Street. When complete, crews will have removed approximately 500,000 cubic yards of fill that will be stored nearby and used in other airport projects.

The project contractor has also begun work on an elevated bridge that will provide passengers direct access from the METRO/light rail platform at 44<sup>th</sup> Street and Washington to a future Automated Train station just south of the Grand Canal. The first stage of construction will establish a basic bridge structure before the METRO system goes into operation on December 27th, 2008. With the bridge structure in place prior to METRO opening, the remaining work can be accomplished with minimal effect on light rail service.

#### RECOMMENDATION

This report is for information only. No action is required.