

**NOTICE OF PUBLIC MEETING
PHOENIX CITY COUNCIL
DOWNTOWN, AVIATION AND REDEVELOPMENT SUBCOMMITTEE**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **DOWNTOWN, AVIATION AND REDEVELOPMENT SUBCOMMITTEE** and to the general public, that the **DOWNTOWN, AVIATION AND REDEVELOPMENT SUBCOMMITTEE** will hold a meeting open to the public on **December 2, 2015, at 10 a.m., located in Phoenix City Hall, Assembly Rooms A, B and C, 200 W. Washington St., Phoenix, Ariz.** One or more Subcommittee members may participate via teleconference. Agenda items may be taken out of order.

The agenda for the meeting is as follows:

1.	Call to Order	Chairman Valenzuela
2.	Call to the Public	Chairman Valenzuela
3.	Approval of October 20, 2015, Minutes	Subcommittee

Item 4 is for Information Only.

4.	OPTIONS TO DISPOSE OF THE CITY-OWNED HR BUILDING LOCATED AT 135 N. SECOND AVE. This report provides an update to the Subcommittee on staff's recommendation to issue a Request for Qualifications and a Request for Proposals to dispose of the Human Resources (HR) building. This item is for Information Only.	Christine Mackay, Community and Economic Development Department Director Page 13
----	---	---

Items 5 through 7 are for Information and Discussion.

5.	FAA FLIGHT PATH UPDATE This report provides an update to the Subcommittee on progress made by the Aviation Department in addressing noise issues created by the Federal Aviation Administration's implementation of new flight paths at Phoenix Sky Harbor International Airport. This item is for Information and Discussion.	James Bennett, Aviation Department Director Page 15
6.	2016 STATE AND FEDERAL AGENDAS -- AVIATION This report seeks input from the Subcommittee on the City's state and federal legislative priorities in the area of aviation for the 2016 State and Federal Agendas. This item is for Information and Discussion.	Thomas Remes, Government Relations Director Page 17

7.	DOWNTOWN EVENT PLANNING AND COORDINATION This report provides an update to the Subcommittee on efforts to advance event activity in downtown Phoenix. This item is for Information and Discussion.	John Chan, Phoenix Convention Center Director Page 23
8.	Call to the Public	Chairman Valenzuela
9.	Future Agenda Items	Chairman Valenzuela
10.	Adjournment	Chairman Valenzuela

For further information, or reasonable accommodations, please call Tim McBride, Management Assistant II, City Manager's Office, at 602-495-5676.

Persons paid to lobby on behalf of persons or organizations other than themselves shall register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-262-6811.

November 24, 2015

Downtown, Aviation and Redevelopment Subcommittee, December 2, 2015, Item 3
Phoenix City Council
Downtown, Aviation and Redevelopment Subcommittee
Summary Minutes
Tuesday, October 20, 2015

City Council Subcommittee Room
Phoenix City Hall, Assembly Rooms A, B and C
200 W. Washington St.
Phoenix, Ariz.

Subcommittee Members Present

Councilman Daniel Valenzuela, Chair
Councilman Bill Gates
Councilwoman Thelda Williams
Councilwoman Kate Gallego

Staff Present	Public Present	Public Present	Public Present
Penny Parrella	Mohamed Aflo	Bakari Brock	David Kriotor
Paul Blue	Jill Bernstein	Abbas Naini	Nancy Hormann
Tim McBride	Carla Logan	Barb Meaney	Kimber Lanning
Tracee Crockett	Steven Gonzales	William Rodriguez	Dianne Barker
Tara Gonzales	Kristin Gubser	Cory Kincaid	Lindsay Roberts
Ben Henderson	Omar Yrisrif	C. Douglas Weber	John Secrest
Chad Makovsky	Steve Dreiseszun	Karen Baer	Timothy LaSota
Stephen Grubbs	Marilyn Purvis	Erick Baer	Wendy Briggs
Julie Rodriguez	Alan Gildersleeve	Catrina Kahler	Ted Schultz
Tyler Maheu	Jessyca Hipskind	Billy Shields	Omar Bogor
Dave Roderique	Eric Kerr	Tim Eigo	Gregory Torrez
John Chan	Matt Seaman	Greg Esser	John MacDonald
James Bennett	Patrick Panetta	Vermon Pierre	Van Means
Christine Mackay	Melissa Vogel	Cindy Dach	Steve Thompson
Deborah Ostreicher	Eric Kers	Nicole Underwood	Curt Schwall
Jordan Feld	Athia Hardt	Jennifer Delgado	Jim McPherson
Eric Johnson	Steve Moore	Carla Wade Logan	Mike Siglar
Sam Gonzales	Mike Mooney		
J.R. Gomez	Sonya Pastor		
Cynthia Weaver			
Scott Krushak			

1. Call to Order

Chairman Valenzuela called the meeting to order at 1:05 p.m. with Councilmembers Gallego, Williams and Gates present.

2. Call to the Public

Dianne Barker requested considering alternatives to the lawsuits filed against the Federal Aviation Administration.

3. Approval of the Minutes from the September 2, 2015 Meeting

Councilwoman Williams motioned to approve the minutes from the September 2, 2015, Downtown, Aviation and Redevelopment Subcommittee meeting. Councilwoman Gallego seconded the motion, which passed 4 to 0.

4. Approval to Award THAB Funds for FY15/16

Councilwoman Williams motioned to approve item 4 and Councilwoman Gallego seconded the motion, which passed 4 to 0.

5. FAA Flight Path Update

Aviation Director James Bennett introduced Deputy Aviation Director Jordan Feld to provide the monthly update on the flight path efforts and progress.

Mr. Jordan Feld presented a flight path update focused on three categories: community engagement, communication, and legislation. Mr. Feld stated Aviation will continue to engage the community in public workshops adding updates on the Website will continue based on public requests. Mr. Feld discussed the timeframe for hiring two Planner II positions and an Airspace and Noise Management position. He said Aviation is continuing to communicate and monitor the Metroplex process to ensure when the Federal Aviation Administration (FAA) implements a community outreach process, the Aviation Department will have an opportunity to participate. Mr. Feld explained the FAA was given a six-month reauthorization, which gives time for further public outreach. He added the Aviation Department will work with airlines on a voluntary basis to modify routes until there is a permanent congressional decision. He noted flight path complaints related to noise are expected to rise due to an increase in outdoor activities in the community. Mr. Feld added there has been interest in setting up a temporary noise monitoring systems to collect additional data.

Councilman Valenzuela inquired into the most common method used by the public to contact Aviation. Mr. Feld responded users communicate electronically using the Aviation Department mobile application.

Councilman Valenzuela asked if users had distinguishable characteristics. Mr. Feld answered yes, the mobile application allows the user to add as much or as little information as desired, and Aviation collects the data.

6. Updates from Downtown Organizations

David Kriotor, Chief Executive Officer of Downtown Phoenix Inc. (DPI), discussed the organization's history and provided an update on downtown happenings, events, programming, maintenance and marketing. Mr. Kriotor stated revenue from sales tax generated from the core part of downtown has doubled in the last seven years and has the potential to double again in the next five years. He explained the City of Phoenix and community leaders are creating a positive change downtown. Mr. Kriotor discussed the growth of DPI in the past two years. He stated the relationship between DPI and the City is a supportive role, and DPI provides enhanced services to neighborhoods.

Councilwoman Williams commented on the creativity, organization and enthusiasm that is making downtown successful.

Councilwoman Gallego thanked DPI for their work engaging people in the downtown infrastructure.

Chairman Valenzuela thanked Mr. Kriotor and DPI staff for their efforts.

7. Downtown EMSD 2016 Budget and Work Plan

Community and Economic Development Project Manager Ben Anderson presented the approval process for the 2016 Enhanced Municipal Services District (EMSD) budget and work plan. Mr. Anderson explained EMSD is a charge to roughly 700 properties within the Downtown District for enhanced services, not a general public tax. He noted the annual budget creation process includes transparent communication with stakeholders and undergoes multiple reviews. Mr. Anderson proposed a \$3.56 million assessment budget, which is an increase of 8.5 percent from the prior year. He explained the increase is due to new development and to support the additional services requested by stakeholders. Mr. Anderson stated the City general funds is 10 percent of the EMSD budget and the proposed increase will be 6.5 percent from the prior year. Mr. Anderson added the additional services EMSD provides offset the cost of increase to the City.

Councilman Gates asked what the increase of value in services of current year compared to prior year. Mr. Andrews answered, EMSD is providing an increase of \$10,000 compared to the prior year and a total of \$168,000 per year in additional service value.

Mr. Andrews requested a recommendation to the Council to approve the EMSD budget, noting stakeholders will be notified of their estimated assessment for the following year before the budget is brought to a Formal Council meeting.

Councilman Gates questioned if owners know the increase property assessment amount. Mr. Andrews responded properties with a significant increase were given individual notices and the smaller businesses were given an estimated amount.

Councilman Gate asked if there were objections to the increase amount. Mr. Andrews stated there were no outright objections.

Councilwoman Gallego stated her support, adding the decline in administration fees in the budget was responsive to stakeholders.

Councilman Valenzuela expressed support since downtown is growing and EMSD is working collaboratively with groups.

Deputy City Manager Paul Blue restated the EMSD proposed budget reflects a 50 percent cut in administrative fees and focuses resources on event promotion, marketing and attracting development in the central city.

Councilwoman Williams motioned to approve and Councilwoman Gallego seconded the motion.

Councilman Gates clarified the budget would be presented to the Council for tentative approval on November 18, 2015.

Councilwoman Gallego asked for an increase estimate on smaller businesses. Mr. Anderson answered the increase would range between a 5 to 8 percent over the next year adding the amount could be up to \$1,000 for the taller office buildings.

The motion passed 4 to 0.

8. Agreement with Gateway Community College for Makerspace

Community and Economic Development Director Christine Mackay presented a recommendation to enter into an agreement with Gateway Community College to support the development of a Makerspace in downtown Phoenix. Ms. Mackay stated the 22,500-square-foot Makerspace facility will be located on the southeast corner of 6th Avenue and Van Buren Street in a building currently owned by Maricopa Community Colleges District. She explained the concept of a Makerspace is to provide the community with an environment that encourages critical-thinking and provides access to tools and equipment needed for idea fabrication and product development. Ms. Mackay added the development expands the downtown towards Grand Avenue's more western areas.

Gateway Community College Director of External Affairs Kristin Gubser described the Makerspace vision stating the space will provide access to high-tech tools that can be utilized to merge Art with the Science, Technology, Engineering and Mathematics (S.T.E.M.) Education Initiative. Ms. Gubser stated the Makerspace will provide the community with academic, training and networking space at an affordable cost.

Ms. Mackay added the Makerspace's proximity to the Biosciences Campus provides students with an alternate work space with resources. Ms. Mackay requested a recommendation made to the Council for the City to investment of quarter of a million dollars to the Makerspace project. She stated there would be no future impact on the general fund because funds have already been set aside in the Community and Economic Development's budget.

Councilwoman Williams expressed support of the Makerspace facility expanding downtown.

Councilwoman Gallego requested information on the potential connection between Makerspace and Center for Entrepreneurial Innovation (CEI) campus. Ms. Gubser explained Makerspace would act as a starting point by providing resources and start-up connections to individuals who would become a tenant at the CEI.

Chairman Valenzuela stated Makerspace represents how education is evolving adding the facility will assist and grow Phoenix talent.

Councilwoman Williams motioned to approve and Councilwoman Gallego seconded the motion, which passed 4 to 0.

9. Roosevelt Row Business Improvement District.

Community of Economic Development Deputy Director Eric Johnson provided an update on a feasibility study evaluating a new Business Improvement District (BID) serving Roosevelt Row and Evans Churchill communities.

Greg Esser, representing the Roosevelt Row Merchant Association, stated the proposed BID is backed by community stakeholders and is the next step in self-governance to help manage all the challenges in sustaining growth in the area.

Kevin Reale expressed his support of the BID allowing the community to provide solutions to neighborhood expansion challenges.

Hormann and Associates Consultant Nancy Hormann explained the proposed BID stating it is a public/private partnership and governed by those who pay while giving people who are paying an opportunity to control how their funds are being spent. Ms. Hormann stated the study evaluating the new BID consisted of nine focus groups and 12 workshops discussing the area between 7th Street and 7th Avenue. She conveyed the results of the study found the major thoroughfare within the boundaries expressed a want for additional services. Ms. Hormann stated the budget to provide the additional services is \$375,000, adding as new development occurs the budget will increase. She identified the City impact would be \$62,322. Ms. Hormann stated community outreach was conducted and the community is supportive and all property owners have been notified of the proposed assessment noting the average assessment is 6 percent. David Kriotor described the next step in the BID process is the creation of a Board that represents community leaders and property owners.

Mr. Blue recommended approval of a resolution declaring support for the formation of the Roosevelt Row BID be presented to Council.

Councilman Gates requested a comparison of the City of Phoenix general fund impact for the new BID and Enhanced Municipal Services District (EMSD). Mr. Kriotor answered the new BID impact is 17 percent and the EMSD impact is 40 percent.

Councilman Gates inquired how the City is assessed. Mr. Blue responded the assessment is based on physical property owned.

Councilman Gates expressed support of the BID.

Douglas Weber stated his support adding his decision of where he purchased property was based on his interest in the downtown community.

Karen Baer opposed the BID stating proper notification was not given.

Eric Baer requested the Subcommittee table the recommendation until additional outreach is complete.

William Rodriguez stated he became supportive of the BID after attending community meetings.

Cory Kincaid, representing Arts and Village Association, stated he was in support of the BID and would voluntarily enroll to ensure his engagement in the community.

Councilwoman Williams asked how long the tax will be imposed. Hormann answered the tax has to be approved yearly, and it will be dissolved if 50 percent of property owners no longer support the BID.

Katrina Kahler discussed the community outreach noting she believed it was comprehensive.

Billy Shields expressed support as a business owner adding the outreach has been extensive.

Tim Eigo communicated his support stating the BID is a long-term investment for the community and the City.

Councilwoman Gallego stated appreciation for the widespread outreach and requested a meeting to be held with the residents and owners who did not receive adequate information. David Kriotor agreed to continue the process with additional community outreach.

Councilman Gate recommended notification using certified mail and questioned why the BID did not need to be voted on. Ms. Hormann explained BIDs inside of a redevelopment area do not require a vote.

David Kriotor emphasized property owners were given formal notification in addition to more traditional community outreach.

Councilwoman Gallego motioned to approve and Councilwoman Williams seconded the motion, which passed 4 to 0.

Chairman Valenzuela thanked the community for all the hard work and their leadership.

10. Ground Transportation Update

Aviation Director James Bennett introduced Chad Makovsky and Steve Grubbs to update the Subcommittee on the status of ground transportation at Phoenix Sky Harbor International Airport.

Assistant Aviation Director Chad Makovsky provided an update on regulations related to ground transportation explaining regulations are needed to mitigate threats, provide adequate infrastructure protection and to maintain orderly and efficient curbs for the traveling public. Mr. Makovsky acknowledged the need to review ground transportation current requirements as the next step in fully integrating the Transportation Network Companies (TNC) to the ground transportation services provided to customers at Phoenix Sky Harbor. Mr. Makovsky stated the ground transportation is a sizable operation that is not supported by the general fund. He explained there are two categories of ground transportation to manage, contracted on-demand providers and prearranged services noting TNCs are classified under the latter.

Deputy Aviation Director Steve Grubbs recognized the high public demand for TNCs' availability at the airport. Mr. Grubbs expressed background check methods and insurance requirements are the primary concern for allowing TNCs to operate at Phoenix Sky Harbor Airport. He explained Sky Harbor uses fingerprint-based background checks opposed to name-based background checks because fingerprint checks are run through the FBI's multi-jurisdictional database where name-based checks can be non-standardized. He stated research is being conducted on acceptable background checks to ensure airport policies and procedures provide public safety and do not create unfair advantages between ground transportation providers. Mr. Grubbs noted airport staff has met with Uber and Lyft on the issue and will continue solution-based discussions.

Vice President of Sterling Kurt Schwall presented on how Sterling processes background checks to identifying criminal behavior. Mr. Schwall stated the Sterling process uses more complete information, unlike the FBI fingerprint database, which only holds criminal history that ended with an arrest.

Councilwoman Gallego discussed Phoenix Sky Harbor being a strong employer of refugees and the challenges of processing name-based background checks when surnames are limited. Mr. Schwall commented name-based background checks use other identifiers such as date of birth, Social Security number and driver's license number.

Councilman Gates questioned if name-based checks have adopted standards. Mr. Schwall recommended the adoption of a suite of services standard, which includes: residential address trace, criminal record searches based on those jurisdictions, sex offender and motor vehicle record checks.

Councilman Gates asked if a suite of services standard has been adopted by any cities that offered TNCs at airports. Mr. Schwall responded San Diego has and would recommend Phoenix adopt the same standards.

Lyft Senior Director of Operations Bakari Brock discussed Lyft's third-party background check process and safety policies. Mr. Brock noted an added security to Lyft is customers have the ability to see the driver's picture and license plate number, and to use GPS location services before accepting a ride.

Councilman Gates requested information on how Lyft would handle a situation if an independent contractor engaged in criminal behavior was hired. Mr. Brock stated he was not registered counsel for Lyft but believed it would reflect both a liability issue and credibility issue.

Uber General Manager Steve Thompson provided history of Uber's growth and background check policies. Mr. Thompson stated other cities have accepted Social Security-based background checks as being equal, if not higher, levels of safety than the traditional fingerprinting. He then requested Sky Harbor allow Uber to pick up ride requests.

Councilman Gates inquired which airports that Uber services agreed to fingerprint background checks. Mr. Thompson answered Uber has not applied for permits at any airport that requires fingerprinting.

Councilman Gates asked how long the City of Houston has had their background process in place. Mr. Thompson replied it is a relatively new process.

Councilman Gates asked what challenges were associated with recruiting Uber drivers in Houston. Mr. Thompson answered applicants do not complete the process due to the multiple documents required for the background check.

Councilman Gates asked if Phoenix Sky Harbor currently has UberX drivers. Mr. Thompson answered yes, adding it is usually limo drivers that have elected to pick up UberX requests.

Van Means, representing Yellow Cab, expressed support for mandatory fingerprint background checks and standard insurance rates.

John McDonald, representing Total Transit, stated support of giving consumers ground transportation options and requested that background requirements be standardized for all drivers.

Councilwoman Gallego questioned the appropriateness of discussing TNCs and taxis as separate items. Mr. McDonald responded the difference between the two was a business model not the service provided.

Gregory Torres commented the background requirements should be clearly defined and equal.

Omar Bogor, representing Mayflower Cab Company, requested regulations that standardize background checks, insurance and rates for all drivers.

Wendy Briggs clarified Uber's disapproval of requiring two types of background checks. Regarding insurance, she noted that from the time a driver accepts a ride request, through the time the passenger is dropped off, a million-dollar policy is what Uber and Lyft have in place.

Councilman Gates requested clarification on demand pricing. Ms. Briggs responded Uber raises prices when demand increase, and all customers are shown a quote before accepting a ride.

Timothy Lasota, representing VIP Taxi, remarked the airport should have consistent regulations for taxis and TNCs.

John Seacrest, representing Super Shuttle, expressed support for the current airport background check policies.

Mike Sigler stated support of fingerprint check for all drivers and standard insurance coverage.

Abbas Naini commented background checks should include the newest technology to ensure highest level of safety.

Billy Shields, representing Super Shuttle, expressed support of the airport's current ground transportation requirements to ensure safety and cleanliness.

Barb Meaney, representing Lyft, requested recognition that there may be an equally secure background check using current technology that can be used to create an industry standard.

Councilwoman Gallego stated the importance of looking at ground transportation as a comprehensive issue in order to provide best options to customers while also ensuring drivers are given an opportunity to be heard.

Councilwoman Williams expressed confidence in fingerprint checks to provide the highest level of security.

Councilman Gates stated a need to create a transparent process for background checks to allow ground transportation to be a competitive process.

Chairman Valenzuela cited safety as the most important factor in deciding on background checks. He recognized TNCs as in demand adding further discussion on background check technology is needed to ensure a balance between convenience and public safety.

11. Call to the Public

None.

12. Future Agenda Items

Subcommittee request for ongoing monthly update on the FAA Flight Path.

13. Adjournment

Chairman Valenzuela adjourned the meeting at 4:14 p.m.

Respectfully submitted,
Tara Gonzales
Management Intern

THIS PAGE INTENTIONALLY LEFT BLANK

CITY COUNCIL REPORT

TO: Paul Blue
Deputy City Manager

FROM: Christine Mackay, Director
Community and Economic
Development Department

SUBJECT: OPTIONS TO DISPOSE OF THE CITY-OWNED HUMAN RESOURCES
BUILDING LOCATED AT 135 N. SECOND AVE.

This report provides information to the Downtown, Aviation and Redevelopment Subcommittee about the City's Human Resources (HR) building and its disposition.

THE ISSUE

Over the past five years, the City of Phoenix has implemented many efficiencies, reduced unneeded vacancies, and streamlined programs and services. As a result, and to further streamline the City's assets, staff conducted a Citywide office space study to understand what opportunities might be available to use space to its greatest potential. The space evaluation resulted in a finding that employees from the HR building, located at 135 N. Second Ave., could be relocated to available space in the Calvin C. Goode building, making the HR building no longer needed for City operations.

Based on the approach outlined in the City Council-approved "Downtown Phoenix: Strategic Vision and Blueprint for the Future," staff has sought unique opportunities to position downtown Phoenix for continued success through strategic redevelopment, in collaboration with the private sector. Disposal of the HR building will allow the City to continue to leverage the significant private investment in the downtown market as well as the public investment in the Arizona State University Downtown Phoenix Campus, Phoenix Biomedical Campus, University of Arizona, Phoenix Convention Center and Valley Metro light rail system.

Staff recommends disposition of the HR building, depending on Council's ultimate concepts and goals for the building's use, through the following two-step process:

1. Community and Economic Development (CED) Department staff will develop a Request for Qualifications (RFQ), which will solicit interested private-sector buyers and request their financial capability to secure Fee Title to the building in a timely fashion. Buyers meeting the qualifications to purchase the building would continue on to a Request for Proposals (RFP) process. The qualifications test would include financial capacity to fund the minimum acquisition cost that would equal all current debt on the building, \$2.2 million.
2. CED staff will create, with Council approval, scoring criteria for the RFP, to which only those who met the buyer qualifications test in the RFQ could respond. This RFP would:

- a. Set a minimum price for the building.
- b. Require the proposer to detail its plans to purchase the building and remove it from City liability as well as its requests of the City to make it a viable transaction.
- c. Request detailed information on how the proposer would activate the building, keeping in line with the City Council-approved strategy on creating a vibrant and active downtown.
- d. Establish evaluation criteria.

OTHER INFORMATION

The HR building is an older building and has significant challenges to its occupancy, including the fact that the building has no dedicated parking and has attributes that can be barriers to attracting new occupants to the building. The ceiling heights are relatively low, and the column spacing could make an open floor-plate, a demand of today's users, a challenge.

According to the Finance Department, approximately \$2.2 million in outstanding debt remains on the HR building. Staff anticipates the moves to cost approximately \$1.2 million, which could be paid for with the proceeds from the sale of the HR building, or by other means. Once the building is sold, staff also expects an annual savings of approximately \$400,000 from utilities, ongoing maintenance and landscaping costs that will no longer be necessary, and a one-time savings of approximately \$220,000 because the HR building will not need to be rewired for the Citywide telephony project.

RECOMMENDATION

This item is for information only.

On November 18, 2015, staff requested the Finance, Efficiency, Economy and Sustainability (FEES) Subcommittee recommend an option to City Council to direct staff to dispose of the HR building, located at 135 N. Second Ave., in a two-step process: through a Request for Qualifications followed by a Request for Proposals. Staff further requested that the FEES Subcommittee recommend to City Council that the approximately 100 HR employees be relocated to available space in the Calvin C. Goode building. By a vote of 4 to 0, the FEES Subcommittee recommended City Council approval of staff's requests.

CITY COUNCIL REPORT

TO: Paul Blue
Deputy City Manager

FROM: James E. Bennett
Aviation Director

SUBJECT: FAA FLIGHT PATH UPDATE

This report provides an update to the Downtown, Aviation and Redevelopment Subcommittee on progress made by the Aviation Department addressing noise issues created by the Federal Aviation Administration's implementation of new flight paths at Phoenix Sky Harbor International Airport (PHX).

THE ISSUE

On September 18, 2014, the Federal Aviation Administration (FAA) implemented new flight paths without any process for public input. The new flight paths have caused significant hardship to communities laying underneath due to aircraft noise. In April 2015, at the direction of the Phoenix City Council, the Aviation Department adopted a six-point strategy to advocate on behalf of the community. Since then, the Aviation Department has fully implemented the strategy and made meaningful progress on behalf of the community.

OTHER INFORMATION

The following provides an update of ongoing implementation efforts by the Aviation Department with respect to the adopted six-point strategy. Since the Aviation Department's October 2015 update, the following implementation actions have occurred.

Community Empowerment

Public workshops were recently held at Davis Elementary and Tempe Public Library. Staff continues to receive comments from, and addresses the needs of, many members of the community. Work continues on improving noise reporting methods that simplify and respond to the specific needs of community members.

Airline Outreach

Staff held a meeting on October 29, 2015, with the airport's commercial operators to discuss practices and procedures that could help mitigate current flightpath concerns. A follow-up meeting is currently being scheduled.

Coalition Building

Coordination and capacity building continues with other regions negatively affected by (RNAV) implementation; of note, staff is closely tracking the FAA's Metroplex actions in Southern California and the wide community opposition to proposed RNAV routes.

Lobbying and Legislation

The City's lobbying efforts in Washington continue to help build support for legislation that would require the FAA hold public meetings and consider public input on the flightpath changes at PHX.

Metroplex Coordination

Staff continues to work with other regions going through the FAA's Metroplex environmental review process as well as monitor the progress of the Phoenix Metroplex. (The FAA has not confirmed a process schedule or expectations for public outreach to date.)

Airspace/Noise Section Development

Staff continues to work on the recruitment and staffing for the newly established program area; permanent positions to be filled include the Airspace and Noise Program Manager, Community Outreach Planner II, Noise Planner II and Planning Technician.

RECOMMENDATION

This item is for information and discussion.

CITY COUNCIL REPORT

TO: Milton Dohoney

Assistant City Manager

FROM: Thomas Remes

Government Relations Director

SUBJECT: 2016 STATE AND FEDERAL AGENDAS – AVIATION

This report seeks input from the Downtown, Aviation and Redevelopment Subcommittee on the City's state and federal legislative priorities in the area of aviation for the 2016 State and Federal Agendas. It is anticipated that the complete 2016 State and Federal Agendas will be presented to the Mayor and Council at the December Policy meeting.

THE ISSUE

Each year, the Office of Government Relations requests that City departments submit state and federal requests and issues for the City's State and Federal Agendas. Once input is received from the Mayor and Council, the 2016 State and Federal Agendas will define the City's legislative priorities and guide the City's lobbying activities during the Second Regular Session of the 52nd Arizona Legislature and the 114th Congress, 2nd Session.

Guiding Principles

In order to prioritize and guide lobbying efforts at the state level, staff recommends that the Mayor and Council endorse familiar, but critical, guiding principles as the City's highest priorities: maintain and protect shared revenues, oppose unfunded mandates, preserve local authority, and protect water resources. Staff recommends the City oppose any reduction of shared revenues, which make up approximately 34 percent of the City's general fund, helping to pay for police, fire, streets, parks, and other critical City services. Staff also recommends the City oppose state legislative efforts to shift new responsibilities to the City without accompanying funds. Staff recommends the City work to protect the ability of the Mayor and Council to set policy at the local level and oppose legislation that preempts local authority. Finally, while Phoenix and the Valley have sufficient water resources for now and the foreseeable future, the Arizona Department of Water Resources and stakeholders from statewide organizations are working to coordinate efforts in building adequate infrastructure and protecting water resources. Staff recommends that the City participate in these efforts to ensure that Phoenix's water supply is protected.

In order to prioritize and guide lobbying efforts at the federal level, staff recommends that the Mayor and Council endorse two guiding principles as the city's highest

priorities: promote fiscal sustainability and protect local authority. To promote fiscal sustainability, the City would, for example, support efforts to achieve a fair share of federal funding for Phoenix compared with other cities of equivalent population. Staff would also oppose federal actions imposing unfunded mandates on cities or reducing funding available for important programs or infrastructure needs. To protect local authority, staff would support federal action that empowers local communities and oppose efforts to preempt local decisions.

Federal Agenda

Staff recommends the following federal legislative priorities for inclusion in the 2016 Federal Agenda:

Flight Path Departure Changes

On September 18, 2014, the Federal Aviation Administration (FAA) implemented changes in flight paths to and from Phoenix Sky Harbor International Airport (Sky Harbor) as part of its effort to streamline departures and arrivals using NextGen satellite-based navigation. Since then, Sky Harbor has received over 18,000 noise complaints and questions from the community. The larger, regional airspace changes the FAA is considering are referred to as the Metroplex process.

In response to the FAA not holding any public process about the changes, the City asked the FAA to consider several viable alternatives to the flight path changes. These proposed alternatives addressed the FAA's intended implementation benefits (airline fuel savings and increased airspace capacity), while also reducing the noise impacts to Phoenix-area residents. The FAA rejected all of these options without any validation or justification. The FAA did provide the City with its own set of new alternatives, none of which would measurably reduce the community noise impacts.

After it was made clear that the FAA would not make any substantive changes to the new flight path procedures, the City filed a lawsuit against the agency. The intent of the lawsuit is to require the FAA to follow its own requirements for allowing public input into major federal actions.

On July 15, 2015, Congressman Ruben Gallego and members of the Quiet Skies Caucus sent a letter to House Transportation and Infrastructure Committee Chairman Rep. Bill Shuster and Ranking Member Rep. Peter DeFazio with recommendations for the 2015 Federal Aviation Administration Reauthorization Act that would help address the harmful impacts of aircraft noise on affected local communities.

Staff recommends advocating for changes to flight path decision-making through FAA reauthorization legislation. Specifically to:

- **Require a community notification and input process before any new flight path procedures may be implemented.**
- **Require resolution of the negative impacts of RNAV in Phoenix.**
- **Require the above issues to be resolved before allowing any public funds to be allocated to Metroplex in Arizona.**

Federal Aviation Administration Reauthorization

The FAA oversees the administration of the nation's aviation system. Sky Harbor and its two general aviation airports, Deer Valley and Goodyear, are part of this system and are regulated by the FAA in nearly all aspects: financial, safety, environmental, construction and planning. All three of the City's airports would sustain severe financial and operational impacts should Congress fail to pass a comprehensive FAA reauthorization bill.

Without FAA reauthorization, the City's three airports would not have access to their basic means of funding, including annual congressional appropriations, the Passenger Facility Charge (PFC) and Airport Improvement Fund dollars, all of which impact budgets, particularly funding for capital construction projects. The City's three airports would face severe financial constraints.

The FAA reauthorization bill will be a large, complex piece of legislation. It was hoped that Congress would pass the bill during 2015, but as of the writing of this report, this has not occurred. On September 29, 2015, Congress voted to statutorily extend the FAA for an additional six months.

The following are items of major importance to the City, with accompanying explanations.

- Require a community notification and input process before any new flight path procedures may be implemented.
- Require resolution of the negative impacts of RNAV in Phoenix.
- Require the above issues to be resolved before allowing any public funds to be allocated to Metroplex in Arizona.
- Support increasing the PFC from \$4.50 to \$8.50, with future indexing for inflation for large-hub airports, in lieu of Airport Improvement Program (AIP) entitlement funding. The PFC is one of the most critical financing tools available to airports and funds major construction projects such as runways and terminal buildings.
- Support streamlining the AIP entitlement application process and funding AIP-funded research such as the Airport Cooperative Research Program.
- Support use of AIP funds for technologies that enhance the efficiency, safety or security of the airport, including automated exit lane staffing solutions.
- Support permanently exempting airport private activity bonds from the Alternative Minimum Tax (AMT). Exemption from the AMT would decrease the cost of financing for all three of the City's airports, but particularly Sky Harbor.
- Support allowing airports to make changes to Construction Safety and Phasing Plans (CSPP) for AIP-funded projects. Airports are required to submit detailed CSPs to the FAA and, if any changes are made, re-submit to the agency. This is a time-consuming and cumbersome requirement.
- Support existing or increased funding for the contract tower program, which funds the control tower at Goodyear Airport. Whereas Sky Harbor's and Deer Valley's towers are staffed by FAA employees, Goodyear's tower is staffed by contract personnel.

- Support requiring the FAA to use the rulemaking process when proposing restrictions, including departure path procedures and Unmanned Aircraft Systems (drones), on airports. Rulemaking requires a public process in which the public is allowed to make comments.
- Support liability protection for implementation of the Safety Management System (SMS) at Sky Harbor, and include in federal rulemaking process. The SMS is a proposed risk analysis system intended to increase safety of all aspects of airport operations, including the airfield. Liability protection is important because there is concern that individual airport directors or staff could be held personally liable under the new risk rules.
- Support elimination of the requirement that the FAA must approve leasing real estate for non-aeronautical uses in areas of airport without airfield access and eliminate grant assurances requirements for such approval.
- Support funding for FAA modernization and operations, including the runway safety areas, research and development, runway status lights and facilities and equipment.
- Support requiring the FAA to update Part 77 of the Federal Aviation Regulations, to include adding the One Engine Inoperable (OEI) requirement to Part 77. Part 77 refers to regulations for the airspace around airports.

Staff recommends support for an FAA reauthorization bill that reflects the City's priorities as outlined above.

Unfunded Federal Mandates

The Aviation Department must pay for any unfunded federal mandates related to the operation of its three airports. If forced to assume the cost of an unfunded federal mandate, the Aviation Department would be required to decide between increasing revenue through an alternative method, such as increasing the rates charged to airlines, or decreasing services to the public.

For example, during the last several years, the TSA has indicated that it expects airports to assume responsibility for staffing security exit lanes. Airports strongly oppose this unfunded federal mandate, which is a task that airports have never assumed. Staff estimates it would cost approximately \$1.2 million annually to staff the seven passenger screening checkpoints (lanes) at Sky Harbor. This increased cost would likely have to be passed onto airlines through Sky Harbor's rates and charges process.

Additionally, Congress is considering the implementation of 100 percent physical security screening for all employees working at airports. This initiative is expected to cost millions of dollars to implement, will result in significant operational delays and according to the Aviation Security Advisory Committee will "... not appreciably increase the overall level of system-wide protection, nor does it lower over-all risk." As with exit lanes, direct financial costs would likely be passed onto the airlines and other airport tenants.

The implementation of the biometric exit system is another example of an unfunded federal mandate. This refers to a system, required by Congress, to track biometric data of non-citizens who are departing the country. This would represent a large change from

the current entry process administered by Customs and Border Protection (CBP), whereby all foreign and domestic passengers are screened as they enter the country. The cost of biometric exit has not yet been determined, but initial estimates are in the millions of dollars at each airport. Staff is quite concerned about the airport being mandated to fund infrastructure improvements, especially technological infrastructure, to implement the biometric exit system without close coordination and federally-sponsored program funding.

Staff recommends support for opposing unfunded federal mandates.

Increased CBP and TSA Staffing

Sky Harbor is one of the top-10 busiest commercial airports in the U.S. Adequate staffing of the security and customs lines and expansion of programs like PreCheck ensure that passengers are processed and/or screened as quickly as possible, while providing needed public health and safety protections. Additionally, the City is trying to increase the number of international flights at Sky Harbor, and adequate CBP staffing is key to making sure such passengers are processed quickly and efficiently.

CBP and TSA staffing are typically allocated through the annual congressional appropriations process. Authorization to engage in requests for additional CBP and TSA funding will allow the City's federal lobbying team to speak with appropriations staff and members in both bodies of Congress.

Staff recommends supporting increased CBP and TSA staffing at Sky Harbor.

2015 AIP Fund Grant Requests

AIP grants provide critical assistance to all three of the City's airports. Past projects funded by AIP grants include apron reconstruction (pouring much needed cement) and noise mitigation for neighborhoods surrounding airports.

- Sky Harbor Runway 8-26 Rehabilitation (Estimated FAA share: \$6,655,300)
- Sky Harbor Terminal 4 Apron Reconstruction - Phase IV (Estimated FAA share: \$9,031,500)
- Sky Harbor Airport Geographic Information System (Estimated FAA share: \$750,000)
- Sky Harbor Runway Incursion Mitigation Analysis and Airport Layout Plan Update (Estimated FAA share: \$750,000)
- Deer Valley North Ramp Reconstruction – Phase II (Estimated FAA share: \$3,540,000)
- Goodyear South T-Hangar Apron Reconstruction (Estimated FAA share: \$1,820,000)
- Goodyear Master Plan Update (Estimated FAA share: \$383,600)

Staff recommends support for the aforementioned AIP grant requests for 2016.

Luke Air Force Base

Luke Air Force Base (Luke AFB) was established in 1941 on land donated to the federal government by the City. It has evolved in the decades since to become a major economic force in the Phoenix region. The City partners with west valley cities and Maricopa County to protect and enhance Luke AFB.

Staff recommends the following goals:

- Protect the mission of Luke AFB by ensuring property owner participation and cooperation in federally-funded acquisition of land.
- Advocate for follow-on and joint missions for Luke AFB.
- Assist with securing and safeguarding funding for Luke AFB.
- Monitor any Base Realignment and Closure Commission (BRAC) or other Force Structure Adjustment-related issues.

RECOMMENDATION

This item is for information and discussion. Staff requests input from the Downtown, Aviation and Redevelopment subcommittee on the City's state and federal legislative priorities in the area of aviation for the 2016 State and Federal Agendas.

CITY COUNCIL REPORT

TO: Paul Blue

Deputy City Manager

FROM: John Chan, Director

Phoenix Convention Center

SUBJECT: DOWNTOWN EVENT PLANNING AND COORDINATION

This report provides an update to the Downtown, Aviation and Redevelopment Subcommittee on major event planning activities in downtown Phoenix.

THE ISSUE

Following the successful implementation of Super Bowl XLIX-related events hosted in downtown Phoenix earlier this year, planning efforts for the upcoming 2016 College Football Playoff (CFP) National Championship activities in the downtown area are underway. Staff is working in partnership with the Arizona Organizing Committee to plan the Championship Campus, which will include a free five-block outdoor fan campus with college football-themed activations, concessions, concert stage and ESPN programming. Downtown will also be the location for the CFP Extra Yard 5K race. In addition, the Phoenix Convention Center will host CFP events including Fan Central, Media Day, Extra Yard for Teachers Summit and the Taste of the Championship.

In addition to hosting a multitude of events related to national sporting events, the downtown area has attracted new cultural events, concerts, multiday music and lifestyle festivals due to its central location, diversity of venue options and convenient access to light-rail transit.

In order to effectively coordinate and manage the increasing volume of event activity, a dedicated staff position was recently established to serve as a primary point of contact for event promoters, stakeholders and local host committees. The City major events coordinator works closely with the City Major Events Steering Committee to coordinate all aspects of the event planning and implementation process including: permitting, licensing, streets and traffic management, parking, public transit, public safety, marketing, outreach and communications.

OTHER INFORMATION

The recent increase in event activity combined with market demand and interest in further growing the City's major event capacity will require additional City coordination, support and policy direction. Staff is researching peer cities to assess best practices, policies and procedures to support and advocate the continual growth and development of major events for downtown Phoenix and will return to the City Council with findings and recommendations.

RECOMMENDATION

This item is for information and discussion.