

# Jobs at Sky Harbor Airport

## Economic Recovery through Community/Government Partnerships

During the current recession thousands of workers have lost their jobs, and still more have seen their wages stagnate or decline. The last year has seen thousands of Arizona workers, already on the brink of poverty, fall into desperate circumstances. Recent statistics released by the Census Bureau reveal that there are 568,416 Metropolitan Phoenix residents (13.6%) who live below the federal poverty threshold, and almost half (44%) of adults living under the federal poverty level are workers. These Phoenicians have incomes of less than \$10,991 for an individual or \$21,834 for a family of two adults with two children.

- 79,791 households received food stamps in 2008. 82.7% of those households had at least one worker, and 46.6% had two or more workers.
- 599,184, or almost a quarter, of working aged adults (18-65 years) were without health insurance in the Phoenix MSA.
- Almost a half million children (42%) in Metropolitan Phoenix either relied on public assistance programs for health insurance or have no health insurance coverage at all.

The problem of underemployment—the massive number of Phoenicians who have jobs but who do not earn enough to provide food, shelter, and health-insurance for themselves or their families—has a domino effect on the community, taxpayers, and local governments. As a result of low wages and the lack of employer-funded healthcare benefits, thousands of workers are forced to apply for public assistance programs, taking a greater toll on the state's already strained budget. Of the 1,166,877 Phoenix Metro households with children under 18 present, 232,572 (20%) have had to supplement earnings with

cash public assistance income, Food Stamps or Supplemental Security Income (SSI) in the past 12 months.

### Municipalities play an important role in strengthening our community through job creation and retention.

City governments help create jobs in city departments, oversee contracts with private companies to employ workers, and attract businesses to the area. With the support of the federal stimulus program, more money has been made available in the past year for city governments to create jobs and support development in our communities. At this time, then, perhaps more than ever in Phoenix, it is of vital importance that organizations and individuals engage civic leaders in a thorough discussion of ways to collaborate and ensure that policies meant to spur job growth have the desired affects on our communities.

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## Sky Harbor Airport: A Key Opportunity for Quality Job Creation

In the past thirty years, Phoenix's Sky Harbor Airport has become an international hub: it is the eighth largest airport in the US and the 17th busiest in the world, with nearly 40 million travelers annually. An enormous asset to the city of Phoenix, Sky Harbor is one of the largest economic engines in the state. In 2007, the ASU School of Business estimated an \$8.2 billion economic impact, including the revenues, employment, and earnings produced from the airport.

While development in much of the Phoenix area has been at a near standstill in the past year, the airport continues to expand, providing more job opportunities for Valley residents. By December, 2009, the city of Phoenix received \$141,342,729 in stimulus dollars targeting job creation. Of that, \$11.7 million went to airport development, and the city has applied for still another \$200 million to build a Sky Train that will link passenger facilities to the Light Rail and the Rental Car Center at 16th Street and Buckeye. The total cost of the Sky Train is estimated to be \$1.3 billion dollars.

The growth and development of Sky Harbor is vital to its solvency and important for generation of new revenue through increased tourism to Phoenix. Yet as it continues to grow, the airport administration and local elected leaders must continue to ensure that Sky Harbor is a source of quality jobs for working families in the Valley.

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<b>Airport Jobs at a Glance</b>	<b>Employees<sup>1</sup></b>
Commercial Airlines	17,067
Air Cargo Firms	8,431
Construction	4,697
Industrial Facilities	4600
Terminal Businesses	4,471
Government Services	2,126
Airport Services	1,301
Ground Transportation	1,140
City of Phoenix	1,006
Airline & Ramp Maintenance and Service	894

Currently Sky Harbor Airport employs 46,633 workers, with a total payroll of \$1.7 billion. Many of these jobs are in low-wage industries such as retail, passenger services, security, food and beverage, parking, ramp operations, and car rental. Today, a large number of the people working in these jobs cannot afford basic necessities for their families, including health care. As a result, these

jobs increasingly go to those members of our community who live at the very margins of the Valley economy: refugees from the war torn countries of East Africa. Indeed, according to Monica Barros of the International Rescue Committee, Sky Harbor Airport is the one of the largest employers of refugees in the Phoenix Metro Area. HMS Host alone, the food service concessionaire in terminals 3 & 4, employs approximately 180 African refugees—more than a quarter of its total food and beverage workforce.

## Airport Concessions: Poverty Jobs or Pillars of a New Economy at Sky Harbor?

Almost 4,500 workers work at Terminal Businesses in Sky Harbor Airport, mainly in restaurants, retail shops and auto rental. The 2.3 million square foot Terminal 4 is the largest terminal at Sky Harbor Airport, yielding over 100 million dollars annually in revenue. Terminal 4 also provides thousands of jobs for Phoenix residents, as a third of all service workers there live in the city of Phoenix.

Retail and food services jobs are most often low-wage, no-benefit industry positions. At HMS Host, however, the largest of Terminal 4's employers, cooks, dishwashers, servers, bussers, and cleaners have been working together to raise their workplace standards. In 2009, these workers won, through union contract negotiations with their employer, significant improvements to their wages and working conditions. For example, workers who stand on their feet for 8 or more hours each day preparing food or serving Airport customers will finally have floor mats installed in their shops—a basic workplace safety protection that took over a year to secure in negotiations with HMS Host. Wage and benefits were also improved, bringing workers nearer a living wage, and making health insurance more affordable for the Food and Beverage workers in Sky Harbor Terminals 3 and 4.

As they worked to raise employment standards and compensation levels at one of the larger employers at Sky Harbor, HMS Host workers have done much to raise, or at least maintain, the floor for all of Sky Harbor's terminal service workers. Today, however, all of the gains made by Terminal Service Workers at HMS Host are in danger as being lost as early as this spring, when the City of Phoenix will be seeking competitive proposals for new concessionaire(s) for the restaurants in Terminal 4 at Sky Harbor.

Changing concessions contracts impacts airport workers' wages, benefits, and often, whether or not they continue to have jobs. Too often, replacement concessionaires assure city officials and the community that workers will be retained, but fail to live up to that commitment. When the contracts lack enforceable language explicitly requiring the retention of workers, companies opt for new employees, who often work for lower wages and fewer benefits.

Switching concessionaires causes present workers to lose their employment with no guarantees they will be rehired by the replacement employer(s). Even if they are rehired, the change threatens to diminish established airport workers' wages and benefits.

Some examples:

### **1995—Los Angeles Airport (LAX)**

About 300 food concession workers lost their jobs when the HMS Host master contract was divided and a portion was leased to seven new contractors.

### **2001—John F Kennedy International Airport (JFK)**

HMS Host workers in John F. Kennedy's Terminal 4 were not rehired when the successor contractor, Select Service Partners took over.



I support six children on my earnings from my job as a Cashier at Cinnabon's. As a refugee from the civil war in Somalia, I have worked hard to achieve the American dream. As soon as I could, I moved off food stamps and public housing. I take great pride in the service I provide at the airport, and am struggling to support my family without help from the government.

Seeing what has happened to workers at other airports, I am very nervous about a possible change in food service companies at the airport. I simply cannot afford to lose my job.

— Ibado Mahmud  
Cashier, Cinnabon's  
Sky Harbor Terminal 4

**2003—Tucson Airport**

Delaware North employees were not retained when OTG Management took over the food concessions contract from DNC.

**2004- Baltimore- Washington International Airport (BWI)**

When it took over the contract concessions contract from HMS Host, the developer agreed that all of the existing employees would be rehired at their existing salary and benefits. Approximately 260 of the 450 workers at HMSHost were absorbed into concessions operator Airport Concessions 2000, but with significantly lower wages and benefits. 172 were absorbed by another company, and the whereabouts of the approximately 188 remaining workers (41%) are unknown.<sup>2</sup>

**Worker Retention:  
The Key to Quality Customer Service and Economic Stability**

At this time of economic crisis in the Valley, it would be a disaster of unmitigated proportions for the city of Phoenix to allow hundreds of airport workers, 44% of whom are Phoenix residents hovering on the edge of poverty, to lose their jobs and,

<b>Racial Composition of HMS Host Food and Beverage Workers at Sky Harbor Airport</b>	
Caucasian	216
Hawaiian/Pacific Island	3
Latinos	198
Black/African American	203
Asian	31
Native American	18

in turn, their homes, their families, or their health insurance.

**At Sky Harbor, moreover, that impact would fall disproportionately on women and people of color, as 55% of the HMS Food and Beverage workers are women, and 69% are people of color.**

It would be unacceptable to do nothing to preserve these jobs at Sky Harbor, especially when the city has at its disposal a tool that has already been successfully employed at airports around the country: a worker retention policy.

Worker Retention policies protect workers when there is a change of ownership, control, or operation of companies, in connection with a city contract. In Los Angeles, for instance, public outrage over the firing of airport workers in 1995 moved the Los Angeles City Council to pass a worker retention ordinance covering employees of city contractors, including the airport concessions contractors. And Los Angeles is just one of 12 major airports in the United States to protect the continuity of customer service and the economic viability of their airport service workers through the implementation of a worker-retention policy.<sup>3</sup>

With “worker retention” or “workforce continuity” policies in place, workers already employed by firms operating through contracts with the city are given the first right of refusal to keep their jobs with the new contractor. This policy helps prevent unfair and unnecessary lay-offs for workers and their families, and allows cities to maintain experienced workers who will keep the airport services running



After 18 years working as a cook for HMS Host, I have so much pain in my feet that I have to get injections and do physical therapy to continue working. At \$14.29 per hour, I am one of the higher-paid HMS Host workers at the Phoenix Airport. If a new company came in and decided to replace me with someone who would work for a lower wage and no benefits, I would lose my health insurance and probably my home, too.

After nearly 20 years of working very hard to provide the best service to Sky Harbor customers, I believe I deserve more than that.”

—Santos Mojica  
Cook, Home Turf  
Restaurant

safely and efficiently throughout the transition between the employers.

The outcome of the new Terminal 4 concessions contract—whether workers keep their jobs or are fired, maintain wages and benefits or start at lower wages without them—is predictive of the future conditions for airport employees, and furthermore all workers connected to city contracts.

As we recover from the economic recession of the last year that has forced cities and the state to cut many assistance programs, and as thousands of Arizona families have been left in financial ruin, we must work together to ensure that industries supported and sustained by local governments, such as those at the airport, provide quality jobs. It is essential to enact policies that promote a sustainable economy where working people can afford a mortgage or rent, health insurance, food and clothing, while saving some money to prepare for their children's education and for their own retirement. A worker retention requirement in the upcoming Terminal 4 concessions RFP would be an important step in that direction.

1 [http://www.nlr.gov/shared\\_files/Board%20Decisions/346/34686.pdf](http://www.nlr.gov/shared_files/Board%20Decisions/346/34686.pdf)

<http://www.airportgroup.info/documents/Airport%20Development%207-08.pdf>

2 Airport 2000 Concessions, LLC and UNITEHERE Local 7, Hotel and Restaurant Employees Union, CLC. Cases 5-CA-32092 and 5-CA-32185, April 24, 2006; Notes from conversation with Union President, Roxie Herbekian.

3 Among the other cities with worker retention policies at their airports are: San Francisco, San Jose, Seattle, Oakland, Cleveland, New York, Newark, Atlantic City and Miami.



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