



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

WEDNESDAY, APRIL 20, 2016

1. **CALL TO ORDER:** Chairman Elsner called the Airport Commission Meeting to order at 08:00 A.M.

2. **POSTING OF THE AGENDA:** Posted on April 14, 2016.

3. **ROLL CALL:**

Commissioners Present: Berriman, Call, Fabricant, Freymuth, Garcia, Haag, Hampton, Horner, Jones, King, Parks, Riesen, Stelk, Suero, Teal.

Commissioners Absent: Bushore, Hoehn (Vice Chairman,) Wachs.

Staff Present: Airport Executive Director Nolan, Assistant Airport Director Aguirre, Director of Finance and Treasury Kiehl, Deputy Director of Aviation - Operations and Maintenance Bowser, Airport Administration Manager Jucht, Airport Operations Manager Graff, Executive Administrative Assistant Seery.

4. **ACCEPTANCE OF THE AGENDA:** Accept the Agenda as presented. **Moved and seconded, and unanimously carried noting the absence of Commissioners Bushore, Hoehn, Wachs.**

5. **PUBLIC COMMENTS:** None.

6. **APPROVAL OF MINUTES:** Chairman Elsner requested a correction to the minutes of March 16, 2016, to reflect an adjournment time of 08:57 A.M.

The minutes of the Regular Meeting held on March 16, 2016, were then presented for approval. **Moved and seconded.**

AYES: Berriman, Call, Fabricant, Freymuth, Garcia, Haag, Hampton, Horner, Jones, King, Parks, Riesen, Stelk, Suero.

ABSTAIN: Teal.

ABSENT: Bushore, Hoehn, Wachs.

7. **INTRODUCTIONS:**

Chairman Elsner acknowledged the presence of Mr. Scott White, President and CEO of the Greater Palm Springs Convention & Visitors Bureau.

Mr. White took a moment to comment that he urged the Commission to support the adoption of Rideshare pickups at the airport and do everything to make it as convenient as possible.

Mr. Nolan offered condolences to Commissioner Fabricant on the loss of his wife.

8. PRESENTATIONS:

With a PowerPoint presentation, Executive Director Nolan explained how the CVEP had named the Palm Springs iHub Accelerator Campus the Wells Fargo Innovation Center, on April 8, 2016. Mr. Nolan explained how the iHub, located on 4.2 acres of airport land, had grown considerably and how \$400,000 had already been offered by Wells Fargo to support clean technology innovation. Long term projections will ultimately result in countless jobs and one million dollar potential in activity. Mr. Nolan thanked the Commission for approving this lease four years ago thus helping promote economic growth in the Coachella Valley.

9. BUDGET REPORT:

Director of Finance and Treasury Kiehl reported on the March summary report, representing the first three quarters of Fiscal Year 15/16, and pointed out that a projection column had been added to compare current revenues and expenditures against projections for this fiscal year as we enter the last quarter.

Mr. Kiehl explained how last month General Airport Fund 415 reflected a \$466,000 surplus and how it now stands at \$577,000. How the unrestricted cash, standing at \$4,722,936 had already exceeded our year-end expectation of \$4.5 million and that as final expenses are accounted for in August and September, we expect to close out the books at the \$4.5 million projected level.

Commissioner Garcia inquired about the status of the budget process as it had been presented seven weeks ahead of schedule.

Mr. Kiehl explained how the All Funds Budget would be presented at tonight's City Council meeting, including the Airport Budget. How this is a new step, as formerly they would have only been presenting the General Fund at this stage.

Commissioner King commented on the car rental revenues which are significantly higher than the other categories in Fund 415.

Executive Director Nolan explained, for the benefit of new members, how the airport receives 10 per cent of car rental gross revenues and how demand occasionally drives rental prices up which could be a factor for these gains in revenues, and how there is never a precise correlation between passenger numbers and rental car revenues due to so many other factors in that equation.

Commissioner Suero explained how premium vehicles are in demand in Palm Springs.

ACTION: Accept the financial report. **Moved and seconded, and unanimously carried noting the absence of Commissioners Bushore, Hoehn, Wachs.**

10. DISCUSSION AND ACTION ITEMS:

10.A Transportation Network Companies Operating Permit at Palm Springs International Airport

Accompanied by a PowerPoint presentation, Executive Director Nolan explained how the airport passenger experience encompasses the integration of ground transportation and how roadway systems, parking facilities, limos, car rentals and taxicabs are the key factors in contributing to a passenger's airport experience.

Mr. Nolan further explained that in the last couple of years, Transportation Network Companies had evolved as a new ground transportation alternative and how this service is growing in popularity.

Mr. Nolan described in detail how TNCs operational model is different from taxis and car rentals and explained how the California Public Utilities Commission (CPUC) had taken the lead in establishing regulations for TNCs and this legislation continues to develop in order to address the changing dynamics of that industry.

Mr. Nolan explained how these regulations include the licensing of Transportation Network Companies through the CPUC, insurance coverage and financial responsibility requirements, drivers background checks, drivers training, drug and alcohol policy, vehicle code abidance and regular verification of driving records of participating drivers and how airports will be interacting with companies instead of individual drivers.

Mr. Nolan added that although Palm Springs International Airport had been a first in many areas, we were comfortable in letting other airports take the lead to forge through the rigors of developing operating permits with TNCs. That most California airports had already approved TNCs by this time and he provided a summary showing the variation of all TNC permit conditions in eight California airports.

Mr. Nolan explained how TNCs had already been allowed to drop off passengers at PSP and how this new permit will allow for pickups which constitute now a commercial operation. That the FAA stipulates that any airport that has accepted federal grants, which PSP has, must ensure that all commercial operators pay fees and that TNCs are not exempt from this requirement.

Mr. Nolan then presented the plan about how TNCs could be integrated into PSP's existing Ground Transportation Network and that although we do not have the approved ordinance yet from Council to proceed with this, we want to be prepared.

Aided by photographs, Mr. Nolan described how the outer commercial roadway is used by vendors delivering supplies, limousines, taxicabs and hotel shuttles, and due to congestion may not be conducive for integrating TNC operations into this area.

Commissioner Garcia pointed out that thousands of TNC drivers were present at Coachella's music festival, and there were still long lines waiting for them at certain parties.

Commissioner Hampton explained how some drivers came from Los Angeles.

Commissioner Berriman brought up the Tennis Garden and how they had elaborated and revised procedures regarding TNC operations.

Executive Director Nolan then explained how the TNC operations work differently from taxis and car rentals and identified two unused paved areas currently available for TNC vehicle holding and pickup: the overflow parking lot off Kirk Douglas Road which would be used as the staging area as it offers plenty of room, and the former cell phone lot which could be used as their own private pickup area. Mr. Nolan explained how fortunate the airport was to have this latter area available as TNC users could walk to this pickup location, and efficiently identify it was a TNC vehicle.

Commissioner Jones explained the TNC methodology, from the APP download on a cell phone, to the convenience of cashless transactions with the storage of credit card information, to the lack of tipping, to the information received when setting up a pickup location including the description of the vehicle, the photo of the driver, the time of pickup, and to the pinpointing of the pickup location within a few feet.

Commissioner Suero added that fare estimates are shown but can sometimes surge.

Commissioner Hampton shared a personal experience with a TNC in Dallas speaking to the effectiveness of driver and passenger meeting at the curb aided by the APP.

Mr. Nolan reiterated this segregated pickup location will mitigate congestion and prevent TNC cars circling the already busy airport.

Commissioner Parks related a positive experience with a TNC in New York, with fast service and an immaculate vehicle.

Commissioner Garcia asked what the impact on the taxi revenues would be.

Executive Director Nolan explained how they would most likely be impacted negatively. That he hopes this Board agrees with the fact that the airport must not allow TNC preferential treatment over any other ground transportation provider but allow them to function to meet passenger demand.

Chairman Elsner added that we have a responsibility to the public and cannot turn a blind eye to innovation.

Commissioner Garcia asked what kind of financial return we could expect considering that our largest source of revenues is rental cars.

Executive Director Nolan indicated this question will be answered later in the presentation. He then continued showing the former now vacant cell phone lot which can serve as the TNC pickup area. How the walking distance to this lot is 800 feet, shorter compared to the longest distance of 1130 feet in the public parking.

Discussion ensued as to the distance between the baggage claim area and the proposed pickup area.

Commissioners Jones and Hampton thought the distance may be too great.

Commissioner Freymuth favored cars pulling up curbside.

Commissioner Call suggested a pre-drop area as is currently done with taxicabs.

Executive Director Nolan explained how the peak time congestion in front of the terminal is three-vehicles deep, and how using the front curbside should be avoided because there are no other commercial pickups allowed for anyone else in this zone.

Chairman Elsner pointed out that it is true of most airports and if PSP wants to remain a most stress free airport we must be on par with the expectations of passengers who anticipate to be picked up conveniently.

Commissioner King indicated that if the impact would be on taxis, it will decrease the number of taxis operating as passenger numbers remain the same, and that if TNCs in the long term replace the taxis, it will open an area which we now find congested.

Executive Director Nolan indicated that PSP currently generates about 110,000 taxi transactions a year and that we can easily modify pickup areas as needed if there are changes that warrant it.

Chairman Elsner explained how details would come back to the Commission if City Council proceeds with an ordinance and that he hoped the Commission would have some input on details.

Executive Director Nolan explained how TNCs are a commercial operator and would be required to pay a user fee which would be minimum \$3.00 per pickup, comparable to the current rate for sedan limousines.

Commissioner Teal pointed out that this fee represents \$0.50 more than the fee currently received from taxicabs transactions, which is beneficial to the airport if taxicabs are to be displaced.

Commissioner Jones pointed out that in Washington D.C. many of the taxicabs have transitioned and have also become TNCs.

Commissioner Parks commented that taxis wait in line to pull up on a first-come first-served basis, whereas TNCs operate on a call basis to pick up a specific person and she fails to see how a staging area would work for them.

Executive Director Nolan explained we are modeling ourselves on other airports with pre-staging and staging areas to avoid having hundreds of vehicles circulating around the roadways which are already congested at times.

Commissioner King asked if drivers would position themselves as close to the front curb as possible to have the first ride.

Executive Director Nolan explained how TNC companies use their technological geofence parameters approved by the airport, which will be used to manage staging and pickup areas and perform auditing and oversight.

Commissioner Garcia inquired about revenue and revenue control.

Executive Director Nolan explained how the permit would include language and procedures to allow the airport to review the TNC reports and records at any time, and how TNCs would be expected to submit a monthly detailed proof of electronically logged transactions, upon which the billing will be based, as it is done in other airports.

Finance and Treasury Director Kiehl pointed that we currently receive no revenues and TNC drivers wait for their rides in front of the airport on El Cielo Road or in front of City Hall which presents a liability to the City and that for those reasons alone, it is worth moving forward.

Chairman Elsner pointed out that if the Commission recommended that we proceed with the ordinance that City Council would seek the advice of the legal department.

Chairman Elsner asked for a recommendation for City Council to draw up an ordinance allowing TNCs to drop off and pick up at PSP airport. **Moved and Seconded.**

Commissioner Freymuth indicated that the Commission had concerns and questions about the pickup area and asked whether this would come back to the Commission to which Chairman Elsner replied in the affirmative.

Executive Director Nolan explained how an ordinance would empower the airport, as a department of the City, to issue permits accordingly. How the ordinance would be written in more broad terms specifying TNCs can be fully integrated in the airport operations under an operating permit that will be developed and changed from time to time.

Commissioner Parks asked if the City Council and their legal team would write the ordinance and if the specifics would be drawn up by the airport team, which Mr. Nolan confirmed.

Commissioner King asked if the ordinance would specify the pickup area, and suggested verbiage be added to the recommendation which expresses the Commission's concern about a longer term solution for a pickup area.

Commissioner Jones questioned the necessity of this action as discussion would follow later.

Commissioner Parks also expressed her opinion that it was premature, as the permit would be ours to elaborate and the Executive Director would include all these particulars, and that concerns could be voiced at that time.

Executive Director Nolan explained that it is appropriate that the Operations Committee work with him and the airport management team in the development of the permit.

Commissioner King proposed a separate motion be added after we adopt this recommendation.

Commissioner Freymuth expressed his support of Commissioner King and asked to include the verbiage as of now.

Executive Director Nolan commented how important it is that the Commission understands all the dynamics of introducing something that is new which potentially will have a long-term impact on other existing ground transportation operators. Taxis in particular have been serving the Valley for decades and have seen a decrease in business, but still remain an anchor of Valley transportation. That if there should be the appearance of some type of special conditions offered to a competing commercial operator it could create a lot of tensions and imbalance.

Commissioner Riesen suggested that the recommendation read: "approve pickup and drop-off," and add: "subject to regulations which will be developed at a later time."

Executive Director Nolan and Chairman Elsner replied that it was implied and that the current airport ordinance already empowers the airport as a department to define regulations.

Chairman Elsner proposed to incorporate this wording in the main motion.

ACTION: Recommendation that City Council adopt an ordinance that allows for TNCs to drop off and pick up subject to regulations to be developed under an operating permit at Palm Springs International Airport.

Moved and seconded, and unanimously carried noting the absence of Commissioners Bushore, Hoehn, Wachs.

11. EXECUTIVE AND STAFF REPORTS:

Airport Executive Director Nolan reported on the following topics:

For the runway pavement rehabilitation project, all documents were signed and submitted to the FAA. The final costs came under \$10 million compared to an original estimate of \$12 million.

The technology project which includes the security control access system, the flight information system and the paging system is completed with the equipment up and running albeit a few technological challenges being resolved, and the overall improvements are noticeable.

The airport design phase professional services scope for the car rental and ticketing wing expansion projects is still in the negotiation process.

Chairman Elsner reported on the March passenger figures being 2.4 percent higher than last year with 301,000 enplaned and deplaned passengers.

Executive Director Nolan commented on JetBlue end of operations for this season and how they had announced their return next winter. He explained how Alaska outbid JetBlue for the purchase of Virgin America with a possible time frame of up to 24 months for the merger process to be complete and we have no indication that Virgin will not continue service until that is complete.

12. COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Call reiterated his request that the timeline for the Master Plan be presented to the Commission. That the parking garage is important in maintaining our effectiveness seeing the congestion in the rental car area every single day during season. That while Budget and Avis having their auxiliary counter helped somewhat this winter, last year, so many travelers were displeased with having to wait one hour to one and a half, and how we should address this sooner than later.

Executive Director Nolan commented that a general timeline would be formulated and presented soon.

Commissioners Teal and Horner departed at 09:12 a.m.

Commissioners Freymuth, Haag, Suero, Fabricant, King, and Stelk expressed their support of Commissioner Call's request.

Commissioner Suero added that the long lines could be a deterrent to customers renting cars here and leading them to rent off airport instead, thus presenting a leakage issue.

Commissioner Haag asked for a schedule and while understanding it may be somewhat flexible, a base schedule would be helpful at this time to answer questions from his constituents.

Commissioner King stated that now that we have a Master Plan, a schedule can be laid out and used internally and based on our best assessment at this time.

Commissioner Stelk brought up the USO needing a schedule for them to plan their move to an interim location.

Commissioner Fabricant supported the idea of a timeline so that everyone would know where they stand.

Commissioner Riesen commented on the Air Museum new hangar which will break ground on June 1st. He added that the museum currently has secured \$1.6 million of the \$1.8 million expected project cost. That completion is anticipated in February 2017. Commissioner Riesen conveyed Air Museum Director' Fred Bell thanks to the Commission and the City for their support. Commissioner Riesen volunteered to keep the Commission apprised of future developments.

13. REPORT OF CITY COUNCIL ACTIONS: March 16, 2016 – 2.I. Report of the cooling tower repairs at the Palm Springs International Airport pursuant to Palm Springs Municipal code section 7.04.040.

14. CORRESPONDENCE: None

15. RECEIVE AND FILE:

ACTION: Receive and file: 15.A March 2016 Activity Report; 15.B May 2016 Airline Schedule.

Moved and seconded, and unanimously carried noting the absence of Commissioners Bushore, Hoehn, Horner, Teal, Wachs.

ADJOURNMENT:

Motion to adjourn to May 18, 2016. **Moved and seconded, and unanimously carried noting the absence of Commissioners Bushore, Hoehn, Horner, Teal, Wachs.**

The Airport Commission adjourned at 09:23 A.M. to Wednesday, May 18, 2016, at 08:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

N.S.

Nadia P. Seery
Executive Administrative Assistant