



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

WEDNESDAY, NOVEMBER 16, 2016

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

2. **POSTING OF THE AGENDA**: Posted on November 10, 2016.

3. **ROLL CALL**:

Commissioners Present: Berriman, Bushore, Call, Fabricant, Freymuth, Hampton, Hoehn, Horner, Johnson, Jones, Riesen, Stelk, Teal.

Commissioners Absent: Betts, Garcia, King, Suero

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, Airport Security Coordinator Daugherty, 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 Betts, Garcia, King, Suero.**

5. **PUBLIC COMMENTS**: None

6. **APPROVAL OF MINUTES**:

The minutes of the Regular Meeting held on October 19, 2016, were presented for approval. **Moved and seconded.**

AYES: Berriman, Call, Fabricant, Freymuth, Hampton, Horner, Johnson, Jones, Riesen, Stelk, Suero

ABSTAIN: Bushore, Hoehn

ABSENT: Betts, Garcia, King, Suero

7. INTRODUCTIONS:

Chairman Wachs introduced the new Cathedral City representative to the Palm Springs International Airport Commission, Mr. Mitchell Spike, whose nomination ratification and appointment is on the Palm Springs City Council agenda this evening.

8. PRESENTATIONS:

In a PowerPoint presentation form, Executive Director Nolan presented an array of photos of the Flying Aviation Expo which was held with success at Palm Springs International Airport from October 20th to October 22nd, 2016.

The next slides showed sealing recently conducted to repair the Airport fountain, which had required its temporary shutdown.

Mr. Nolan then showed a video taken at the JetBlue relaunch inaugural party on November 11, 2016. For the occasion, JetBlue introduced a retro mid-century livery fitting Palm Springs' popular mid-century modern style.

9. CITY MANAGER REPORT: None

10. BUDGET AND FINANCE REPORT:

Director of Finance and Treasury Kiehl presented the October 2016 financial summary which showed little change compared to the September summary.

He explained how the car rental revenue decrease on page one is simply a lag in reporting. How the unrestricted cash balance is mainly related to a timing difference.

Commissioner Jones inquired about the timing difference.

Mr. Kiehl explained the MAG (Minimum Annual Guarantee) collection method with the car rentals.

Chairman Wachs inquired about US Customs' expenditures being 15 percent lower than last year at the same time.

Mr. Kiehl explained how US Customs had billed us late and figures had not been posted yet.

Mr. Kiehl explained how the Cogen Plant was almost ready to come back on line, and how in the meantime the Airport had been required to pay normal grid energy costs.

ACTION: Accept the financial report. **Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Garcia, King, Suero.**

11. DISCUSSION AND ACTION ITEMS:

11.A FAA and Airport Capital Improvement Program

For the benefit of new Commissioners, Executive Director Nolan explained the necessity for an FAA Capital Improvement Program, and how projects are required to be identified for five years in order for the FAA to anticipate and plan funding. He further explained how listing a project does not necessarily imply that the airport will undertake it nor ensure that it will be funded by the FAA. It is a dynamic document that is updated each year.

Mr. Nolan explained the FAA funding process, how the DOT requires the FAA to first fund itself: employees and all facilities and then, how 3.4 billion dollars are appropriated for airports. How the FAA apportions that funding in two different ways: through an entitlement process and through discretionary funding. He explained how the entitlement process is predicated by the number of airline passengers which gives an airport its designation as small, medium or large hub, and how PSP airport qualifies as a small hub airport.

He explained how any entitlement grant must be applied solely to FAA eligible projects, with safety always the top priority. Therefore, the FAA considers runways and other field components top, while a terminal's capacity is a lesser priority.

Mr. Nolan explained how Palm Springs International Airport earns over four million dollars in entitlements funding each year, and how our share of an AIP project currently stands at ten percent, while it was five percent in the past and could change again in the future through FAA rules.

Mr. Nolan explained how, with the help of FAA funds, PSP has in recent years rebuilt the primary and secondary runway as well as the apron, and as a result, the majority of the airfield has a sturdy remaining useful life of 15 to 20 years, an achievement from a fiscal planning standpoint.

Mr. Nolan presented the ACIP projects for 2016: The Design of the Terminal Ticketing Capacity Improvements; the Design of the airfield lighting & Taxiway J. rebuild.

He explained how in 2017, Part One of the Construction of the Terminal Ticketing Capacity Improvements will commence. How the ticketing project cannot be achieved in one summer, but will require to be strategically phased over two, to minimize impacts to operations.

In 2019, the design of the baggage claim area systems will take place. Mr. Nolan explained how this is not a component of the car rental project but is a component

which the FAA considers capacity related. How this will assist passengers in retrieving their luggage efficiently and enhance aircraft turn-around times. That once the baggage car rental counters are relocated the airport will install new bag carousels including possibly an oval baggage system generating an additional 220 linear feet of belt.

Mr. Nolan added that oversized baggage handling equipment will be considered at that time, with a slanted baggage belt instead of the current flat belt to improve ergonomics when handling heavy bags.

In the 2019 ACIP, two of the three Aircraft Rescue and Firefighting vehicles, which are nearing useful life, will likely need to be replaced.

In 2020, the actual construction of the new baggage systems will occur and following that, the airport would enter Terminal Capacity Phase III which creates added gate capacity. Mr. Nolan explained how our challenge is that the majority of our flights arrive within a five-hour timeframe during peak season. That this scheduling allows the airlines to return the flights to their hubs in time to offer worldwide connectivity. How at peak times, some constraints are materializing more with passenger growth. At the current growth rate, we may need to expand gate capacity in two to three years. How the Bono concourse, which is an octagon, makes it nearly impossible to add any gates, with perhaps the exception of gate 1. The regional concourse, a rectangle, could however be expanded by two to four gates which the apron space can accommodate.

Mr. Nolan explained how this Phase III in the outlying years has been added just as a place holder with the FAA.

Commissioner Stelk asked if the Air Canada new B767 would require two luggage carousels.

Executive Director Nolan responded that it did not, because of the time of day this flight is scheduled to arrive.

Chairman Wachs asked if the projects costs were firm.

Mr. Nolan explained that these are primarily estimates based on studies of similar work at other airports, and how some final costs will not be available until the design phase is reached.

Chairman Wachs pointed out that the carry-over amount is minimal at the end of 2017 while in other years they are fairly significant, and asked if we anticipated to run out of funds during the build out of 2017.

Airport Administration Manager Jucht explained how it is more a matter of maximizing the dollar and that in addition to the AIP grant funding we would be using new PFC funding for the majority of the terminal work.

Commissioner Hampton asked what were the guaranteed funds from the FAA.

Mr. Nolan explained that FAA funds are not guaranteed except when they are appropriated on an annual basis.

ACTION: Recommend to accept the **FAA and Airport Capital Improvement Program.**

Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Garcia, King, Suero.

12. EXECUTIVE AND STAFF REPORTS:

Airport Executive Director Nolan reported on the following topics:

Local advertising about Palm Springs International Airport will continue in the publication issued at the Twentynine Palms Marine Base for the second year in a row. Other web based advertising is under development. A comprehensive billboard advertising program is also under development.

JetBlue had a season relaunch inaugural ceremony on November 11, 2016, as previously presented in the meeting. It was a big success.

The car rental project, which is separate from the FAA projects, is still in the negotiation of scope phase.

City Council will have the second reading of the TNC ordinance this evening, November 16, 2016.

Paradies, the airport news and gift concessionaire, has opened a new gift shop in the Bono concourse. It is a second gift shop in this area to supplement the first one which was the highest generating concession per square foot in that concourse.

The budget process is set to begin soon and the Budget Committee will be convening.

Selection of a Financial Consulting Firm: The car rental CFC fund has a 12 million dollar balance which will be leveraged in a bonding capacity to fund the car rental expansion project. In addition, the FAA entitlements are insufficient to pay for all the terminal ticketing project and the airport needs to use PFC backed bonds to fund this project by retiring the current bonds and issuing new bonds. This expert firm is required to provide financial services related to bonding and PFC programs. These expert services will cost a couple of hundred thousand dollars and can be paid for by the CFC and PFC funds themselves.

The Air Museum hangar expansion on their leasehold is proceeding.

Commissioner Bushore asked if the restaurant would be included in the hangar project.

Mr. Nolan replied that only the hangar would be built and that they opted not to include a restaurant.

Car rental agreements will have to be extended by a year or two in light of the upcoming major expansion.

13. COMMISSIONERS REQUESTS AND REPORTS:

Chairman Wachs reminded all Commissioners to take their recurrent ethics training.

Commissioner Stelk announced that the tour to the Twentynine Palms Marine Base had been rescheduled for April 4th, 2017.

Executive Director Nolan commented on the October 2016 activity report which shows an increase of 10.6 percent in passenger traffic, and year-to-date, an increase of 4.5 percent.

14. REPORT OF CITY COUNCIL ACTIONS:

10-19-16: 1.E. Accept the resignation of John Haag, III, from the Palm Springs International Airport Commission.

11-02-16: 3.B. Proposed ordinance relating to permitting Transportation Network Companies to operate at the Palm Springs International Airport.

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A October Activity Report; 16.B December 2016 Airline Schedule.

Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Garcia, King, Suero.

ADJOURNMENT:

Motion to adjourn. **Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Garcia, King, Suero.**

Palm Springs Airport Commission
Action Summary Minutes of Adjourned Meeting
November 16, 2016

The Airport Commission adjourned at 08:55 A.M. to Wednesday, December 21, 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