



## **AIRPORT COMMISSION**

### **ACTION SUMMARY MINUTES OF ADJOURNED MEETING**

**WEDNESDAY, MARCH 15, 2017**

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#### **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 March 09, 2017.

#### **3. ROLL CALL:**

**Commissioners Present:** Betts, Call, Fabricant, Freymuth, Horner, Johnson, Jones, King, Pattison, Riesen, Stelk, Suero, Teal.

**Commissioners Absent:** Berriman, Bushore, Hampton, Hoehn, Spike.

**Staff Present:** Director of Finance and Treasury Kiehl, Airport Executive Director Nolan, Assistant Airport Director Aguirre, 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 Berriman, Bushore, Hampton, Hoehn, Spike.**

#### **5. PUBLIC COMMENTS:**

None.

#### **6. APPROVAL OF MINUTES:**

The minutes of the Regular Meeting held on January 18, 2017, were presented for approval. **Moved and seconded.**

**AYES:** Betts, Call, Freymuth, Horner, Johnson, Jones, King, Riesen, Stelk, Suero, Teal.

**ABSTAIN:** Fabricant, Pattison.

**ABSENT:** Berriman, Bushore, Hampton, Hoehn, Spike.

**7. INTRODUCTIONS:**

Chairman Wachs introduced newly appointed Commissioner Bill Pattison, representing the City of Coachella.

Commissioner Pattison expressed his pleasure at serving on the Airport Commission and explained how he had been appointed City Manager one month and a half ago and had been with the City of Coachella for six and a half years as Finance Director and how he was hoping to be able to provide help to this Commission.

**8. PRESENTATIONS:**

In a PowerPoint presentation form, Executive Director Nolan showed two covers of the airline industry magazine "Airline Leader" with the following respective headlines: "Global Aviation Outlook 2017 – Uncertainty – Unpredictability and Unprofitability?" and "Disruption in the Airline Industry – It is coming, faster and bigger than you think". Mr. Nolan explained how, despite things at PSP going well, all was not well in the airline industry, with disruption in the corporate travel sector and counterintuitive dynamics in the industry. How this exemplifies the complicated nature of the airline equation. How this is added to the already existing problem of shortage of pilots and how results may be felt in a not-too-distant future. He reminded the Commission that his job includes identifying and communicating prospective issues that may impact our airport and its strategies moving forward.

In another slide Mr. Nolan showed a chart of number of part-time and full-time employees working in all businesses on airport property, a total of about 1000 employees and growing.

**9. CITY MANAGER REPORT: None.**

**10. BUDGET AND FINANCE REPORT:**

Director of Finance and Treasury Kiehl presented the February 2017 financial summary.

Mr. Kiehl explained how the major categories showed continued improvement. How the landing fees are a positive, but how car rentals are \$1 million down compared to last year. How last year, car rental companies were overpaying the MAG and a different and more conservative methodology was used this year.

Mr. Kiehl explained how expenditures were higher this year as budgeted at \$11.6 million compared to \$11.3 million last year.

Airport Executive Director Nolan pointed out that landscaping on grounds, now performed by a contractor, is slightly more costly but is looking better than ever being

professionally maintained, and how this arrangement has enabled more airport staff to be dedicated solely to the upkeep of the terminal buildings where their services are much needed as a result of the record passenger traffic.

Under Fund 410 PFC debt service, Mr. Kiehl pointed out the great improvement in the 1998 bond expense which was \$2.9 million last year and only \$736,467 this year for the July to February period.

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

## **11. DISCUSSION AND ACTION ITEMS:**

### **11.A Amendment No. 2 Car Rental Concessionaires.**

Executive Director Nolan referred to the written report and explained how this action would recommend that City Council approve Amendment No.2 to the car rental concessionaires agreement, which would allow for a maximum three-year term extension with a fixed one-year term and two additional one-year options at the sole discretion of the Airport.

Mr. Nolan further explained how term extensions for car rentals are consistent with the airport industry acceptable practices, how a term extension at PSP would better accommodate the design and construction of the forthcoming rental car improvement projects, and how it would prevent inconvenience to passengers by not repositioning car rental counters and ready space allocations associated with a re-bid. Furthermore, Mr. Nolan explained how airport budget planning is more stable by maintaining the current agreement, how rental rates can be increased with this amendment, and how it preserves the existing Minimum Annual Guarantee of all car rental operators.

Mr. Nolan added that this amendment would include a yearly rental space increase from \$854,000 to as much as \$1.2 million in order to help offset a portion of an increase in airport operating expenses associated with the addition of police officers, which has yet to be approved by City Council.

Chairman Wachs asked if the rental car concessionaires would agree to this amendment extension.

Mr. Nolan explained how they would because it saves them the trouble of going through a re-bid process and how with the construction forthcoming, they actually suggested this action.

Commissioner King asked where the rental revenues are reflected on the financial report.

Airport Administration Manager Jucht explained how they are logged in Fund 415 - General Revenues, under On Airport Rental Car, and not in the 405 CFC fund.

Commissioner King voiced his concern that the Airport cannot currently afford additional police officers, that this would be a start to cover costs of additional police officers but would be insufficient and he asked what other revenue sources might be tapped.

Airport Executive Director Nolan explained how this would be addressed in the budget meeting scheduled after this meeting. How there is a three-prong approach to address that additional police expenditure, how this is one item and the most significant.

Mr. Nolan added that parking rates would be increased, and how a residual agreement with the airlines in the event of an operational deficit would provide additional funding spread amongst airlines based on their market share, how the impact on airlines is minimal.

Commissioner Jones asked whether the car rental agreement one-year term extensions would have to go before City Council if this recommendation is approved.

Mr. Nolan explained how if City Council approves Amendment No.2 the Airport would have the authorization to proceed with the term extensions as needed.

Commissioner Suero asked if there was additional car rental space for a new company to come in.

Mr. Nolan replied that there are eight operators at PSP owned by three companies and how there are no other national companies in addition to those already present. How local companies have been able to bid in the past.

Airport Administration Manager Jucht explained how Hertz controls Dollar and Thrifty, how Enterprise controls National and Alamo, and then there is Avis / Budget.

**ACTION:** Approve that Amendment No. 2 to the Rental Car Concessionaires Agreement be recommended to City Council.

**Moved by Commissioner Horner and seconded by Commissioner Betts, and unanimously carried noting the absence of Commissioners Berriman, Bushore, Hampton, Hoehn, Spike.**

## **12. EXECUTIVE AND STAFF REPORTS:**

Airport Executive Director Nolan reported on the following topics:

The design of the ticketing wing project is becoming more refined as it pertains to baggage handling systems.

Ricondo & Associates, the firm retained to provide project financial feasibility analysis and formulate bonding processes is currently evaluating PFC backed funding and nearing completion of the application.

Taxiway J's pavement is being rehabilitated and is expected to be completed this summer, and the electrical systems are being addressed as well.

Mr. Nolan explained how he attended one of two major airline marketing conferences and met with eight airlines, along with Mr. James Canfield, Executive Director of the Palm Springs Bureau of Tourism. Mr. Nolan explained the meeting process with the airlines and reported how it was very impactful to present the Greater Palm Springs product that has so many attractive features including new hotels, new events such as Desert Trip, and so many big sports events such as the BNP Paribas Indian Wells tennis tournament followed worldwide. Mr. Nolan commented that the meetings were positive and strengthened continued relationship with the airlines including dialogue on sustaining existing air service and recommending new service opportunities.

Mr. Nolan indicated that PSP passenger traffic in January was up almost 7 per cent, February was flat following last year's pattern. How PSP is holding its own with a year-to-date three per cent increase in passenger traffic. He urged everyone to remain cautiously optimistic due to all the changing dynamics in the aerospace industry.

Commissioner Freymuth asked if Mr. Nolan had spoken to the TSA regarding discussion in Washington about potential cuts in staffing.

Mr. Nolan explained how they were only proposed reductions as legislation had not yet passed. He reminded the Commission how improvements had been made at PSP these past few years, such as three renovations of the checkpoint, reconfigurations to improve screening speed, and improvements in ergonomics with equipment behind the scenes. Furthermore, how the design for the new ticketing wing remodel, such as the new automated baggage system, will provide dramatic ergonomics improvements to the TSA processes behind the scenes. How if nationwide cuts are implemented, all these elements and the project we are embarking on will be an excellent counterbalance.

Commissioner Freymuth inquired about the chances that PFCs may be raised.

Airport Executive Director Nolan replied that airports had been hopeful for years, and additional PFC funding could be very beneficial. That AIP, which currently stands at \$3.4 billion a year could be increased based on dollar amounts being discussed in DC about infrastructure, and how our entitlements which govern our yearly ACIP could theoretically increase from \$4 million to \$8 million per year. How in addition, if the PFC cap were to be lifted from \$4.50 to \$8.00, our bond reissue which will fund the major part of the ticketing renovation project could have a shorter maturity span.

In conclusion, Mr. Nolan explained how all the capital projects completed during the recession have placed us in a very advantageous position.

**13. COMMISSIONERS REQUESTS AND REPORTS:**

Commissioner Jones explained how there had been a lot of chatter lately among all the Palm Springs neighborhood associations about airport noise, more specifically about military jet noise and he asked if the airport was also receiving complaints.

Airport Executive Director Nolan replied that it is valid concern, how military traffic had existed at the airport for decades, and how the airport recognizes that military aircraft are intrusive and loud, but FAA grant assurance prohibits any moratorium.

Commissioner Betts inquired about the number of military operations.

Mr. Nolan explained how, in calendar year 2016, there were roughly 2000 military operations (one thousand landings, one thousand take-offs) out of a total of 56,000 operations of all aircraft types.

**14. REPORT OF CITY COUNCIL ACTIONS:**

**01-18-17: 1.L.** Approve a Memorandum of Understanding with the Greater Palm Springs Convention and Visitors Bureau for Professional Air Service Development Cost Sharing in an amount not to exceed \$32,500.

**15. CORRESPONDENCE:** None.

**16. RECEIVE AND FILE:**

**ACTION:** Receive and file: 16.A January 2017 Activity Report, 16.B February 2017 Activity Report; 16.C March and April 2017 Airline Schedule.

**Moved and seconded, and unanimously carried noting the absence of Commissioners Berriman, Bushore, Hampton, Hoehn, Spike.**

Airport Executive Director Nolan then presented a commemorative plaque to retiring Commissioner Jack Horner, representing the City of Indio, and thanked him for his ten years of service on the Airport Commission.

Commissioner Horner thanked Mr. Nolan and said that serving on the Commission had been a good experience, and how Mr. Nolan had done a great job for everyone in this room. Mr. Horner received a heartfelt round of applause.

**ADJOURNMENT:**

Motion to adjourn. **Moved and seconded, and unanimously carried noting the absence of Commissioners Berriman, Bushore, Hampton, Hoehn, Spike.**

The Airport Commission adjourned at 08:40 A.M. to Wednesday, April 19, 2017, at 08:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

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Nadia P. Seery  
Executive Administrative Assistant