



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

WEDNESDAY, APRIL 19, 2017

1. CALL TO ORDER:

Vice-Chairman Hoehn called the Airport Commission Meeting to order at 08:00 A.M.

2. POSTING OF THE AGENDA: Posted on April 13, 2017.

3. ROLL CALL:

Commissioners Present: Berriman, Bushore, Call, Fabricant, Freymuth, Hampton, Hoehn, Johnson, Jones, King, Pattison, Riesen, Schmitz, Spike, Stelk, Suero.

Commissioners Absent: Betts, Teal, Wachs.

Staff Present: City Manager Ready, Chief of Police Reyes, 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, 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, Teal, Wachs.**

5. PUBLIC COMMENTS:

None.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on March 15, 2017, were presented for approval. **Moved by Commissioner Call and seconded by Commissioner Jones.**

AYES: Call, Fabricant, Freymuth, Johnson, Jones, King, Pattison, Riesen, Stelk, Suero

ABSTAIN: Berriman, Bushore, Hampton, Hoehn, Schmitz, Spike

ABSENT: Betts, Teal, Wachs

7. INTRODUCTIONS:

Vice-Chairman Hoehn introduced and welcomed newly appointed Commissioner Jhan Schmitz, representing the City of Indio.

Commissioner Schmitz explained how after his retirement three years ago he thought that being involved with the airport would be a productive way to spend his time. How much of his career had been in aviation and work on developing airports in Saudi Arabia. How he was in Honk-Kong for eight years as program director for the development of the new airport and saw it through the first year and a half of operations. How he ended his career in Philadelphia where he headed up the capacity enhancement program for Philadelphia International. Mr. Schmitz added that he had flown out of Palm Springs no less than 250 times and knows this airport well as a user.

8. PRESENTATIONS:

None.

9. CITY MANAGER REPORT: None.

10. BUDGET AND FINANCE REPORT:

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

Mr. Kiehl explained how we expect at this point of the year for revenues to catch up with expenditures.

Mr. Kiehl explained that all the categories were strong and that a projection column was added for the revenue categories. How Fund-415 General Airport shows a positive surplus of \$289,430 whereas last month it was still reflecting a negative, thus confirming that revenues were catching up. How the airport's unrestricted cash which stood at \$2.6 million last month is now at \$3.5 million and how the projections of a balance of \$3.7 million by year end is expected at this point.

11. DISCUSSION AND ACTION ITEMS:

11.A. Budget 2017-18

City Manager Ready explained how the budget for the City with the exception of the airport's budget would be presented at City Council. How he wanted the Airport Executive Director to introduce the Airport budget here today following discussions during two Budget and Finance committee meetings, and wait one month until the next Commission meeting on May 17 to allow for further committee meetings and for Commissioners to ask questions, then vote on the budget at the Airport Commission

meeting on May 17, and make a recommendation to City Council for their meeting on the evening of May 17.

Mr. Ready explained how one of the changes this year is the discussion of adding four police officers. How this is a big number and a big step, and how we had never gone so far in terms of security at the airport and how this was brought about by events in the world, at the airport and in the local police department. Mr. Ready explained how security should probably have been increased some time ago, how this was precipitated by the Fort Lauderdale airport shootings, and how Police Chief Reyes analyzed the recommendation and agreed that we're short on the security side.

Mr. Ready explained how this comes with a high cost and how he hopes that City Council and the Airport find a way to fund it. How there are several ways to do it. How one of the ways is to raise parking fees, although reluctantly, but how it would be worth it for this reason.

City Manager asked the Chief to explain the reason for the need.

Police Chief Reyes explained that without entering in details as to the level of staffing, that there are voids at this airport. How three things concern him: they can no longer rely on patrol to support the airport, and he cited examples of events which required additional intervention and seemed to occur more frequently; how the lone wolf assailant scenario is happening more frequently and how two officers at any time are required to deal quickly with this type of threat; the third concern is drug use with California passing Proposition 47 which reduced all drug use to a misdemeanor, drug users under the influence are more frequently defying police officers. Chief Reyes explained the calls for service at the airport had averaged 650 calls per year, and how there had been 800 calls for service in the past twelve months. He reminded all of the shootout in 2005 which should have also been a wake-up call at that time.

Commissioner Riesen asked if the police officers patrol the terminal only or the entire airport.

Chief Reyes explained they patrol the entire airport.

Commissioner Spike, as a former Palm Springs Police Sergeant and Lieutenant who supervised police officers at the airport, explained how two of the things which make it pleasant to fly from Palm Springs International Airport is the convenience and the feeling of safety and security and we can't afford to lose that as we would lose our edge as a resort town. He added how he feels that the staffing level is not frivolous and absolutely necessary.

Commissioner Schmitz asked if with the four officers it would provide 24-hour coverage.

Airport Executive Director Nolan explained that it would.

Commissioner King commented that if the off airport City police cannot respond to all incidents at the airport, then this police cannot cover other areas of the City and it is a City and community problem. Mr. King read a statement and in summary moved that the Commission recommend an increase of two officers for Fiscal Year 2017-18 to be paid for by increased airline lease rates and increased parking fees (or if possible by decreased airport expenditures) and that the possibility of further police staffing increases be considered next fiscal year.

City Manager Ready explained how since this is an agenda item, a motion could be made and approved today while the whole budget could be approved at the next Commission meeting.

Vice-Chairman Hoehn asked of Police Chief Reyes if this police force would be dedicated to the airport or integrated to the whole police force.

Police Chief Reyes said they would be dedicated to the airport.

Vice-Chairman Hoehn asked if any sick or vacation time would then have to be covered by the regular force.

Police Chief Reyes agreed.

Commissioner Spike pointed out that officers assigned to the airport are here for 40 hours a week but that doesn't prohibit them from being available on their days off for overtime or for special events so it does in some way help the staffing for the City as it gives a larger pool to work with.

Commissioner Freymuth explained how everyone on the Commission is sympathetic and would like to proceed if funds were available. How he has a problem with dipping into the airport Reserve Fund as we would find ourselves in the same position next year. How from his perspective, the funds that were found were made available and how it is up to the City to fund the difference because inherently there are some benefits to the City as well. Or if the City is unable to do that, we gradually grow into it until we find the funds as this is a hit that came out of nowhere.

Police Chief Reyes insisted we needed to make it happen now because if an incident of the type seen in FLL occurred here, two officers would need to be on duty to address the threat, as every second counts.

Commissioner Freymuth asked what was the City's position.

City Manager Ready explained that the City is doing good just keeping officers on the street. How the cost of personnel is upward of \$2 million with PERS set to increase by \$8 million over the next four years. He added that Council will have a heartburn adding these new positions because it will affect the unfunded liability which is now \$138 million. How this is something the General Fund has to deal with now, while the police fund pays the PERS costs per year and the City bears the unfunded liability.

Mr. Ready indicated that he would like to pass the cost to the airlines as a cost of doing business, as originally proposed, if everyone was on board with that.

Vice-Chairman Hoehn spoke in favor of airlines paying for the added security as it benefits them and as a cost of doing business.

Commissioner Bushore commented that the airport has to remain competitive for the airlines and how increasing rates will not be attractive.

City Manager Ready explained how we need to quantify this, will it be minimal or will it cause airlines to go away. How this would be something to investigate over the next couple of weeks.

Commissioner Bushore expressed concern that the Airport would have to tap in the reserves at a tune of \$280,000 every year, a 10 per cent hit to the cash reserve.

City Manager said it was music to his ears that the Commission is averse to going in the fund balance and how he supported this. He added that the Commission should look a little more at parking and at airlines.

Commissioner Bushore indicated that if we could reduce the draw to our reserves we would be more comfortable with that.

Commissioner Freymuth agreed that an increase could be passed on to the airlines but not all of it, and we needed to find the difference somewhere.

Commissioner King reminded all that with airport expenditures one dollar is not just one dollar, it can represent 10 per cent of matching funds for grants and thus \$700,000 could attract \$7 million of grant funds.

Commissioner Bushore asked if there was federal aid that could be tapped.

Airport Executive Director Nolan replied no and said it had been explored.

Commissioner Fabricant, who spends an additional three hours a week as an Airport Volunteer Navigator, found the police presence very satisfying and reassuring and explained how the traveling public is also subconsciously very happy to see police presence. But how having said that it bothers him that the additional funds would have to come from airport generated funds as opposed to some help from the City.

City Manager Ready said he could not envision City Council doing that, and that it is not an option, just like asking other cities to share in the expense.

Vice-Chairman Hoehn pointed out that we are safeguarding passengers from all Valley Cities, not only Palm Springs even if it happens to be the City of Palm Springs owned airport. And it is a valid question.

Commissioner Bushore asked if the 10 per cent fee to the airlines would be passed on to passengers in their tickets.

Airport Executive Director Nolan explained how this is defined in the Airport Use and Lease Agreement and how the good news is that we are amongst the lowest cost airports in the country to the airlines and we have some latitude to increase fees and still preserve our low fee reputation. How the good news is that the PFC, which will be discussed today, will allow the airport to reimburse itself about \$4.5 million for 16 previous and future projects. How some of the moneys will be used for PFC ineligible projects during our ticketing remodel but the balance will go back into our funds, so there is relief on the horizon. How another \$290,000 a year paid expenditure for retirement benefits will disappear within a couple of years. How passengers will continue to fly and use the airport. How people understand the correlation between paying a little more for parking and securing the airport in today's changing security landscape and the addition of officers brings us to about equal to what peer airports have done over the years with staffing. Mr. Nolan added he feels confident from a fiduciary and operational standpoint.

Commissioner Jones summarized how the Budget & Finance Committee had met twice and how there is a hump initially but resources would be made available without having to dig into the reserves repeatedly. It was the sense of the Finance Committee – all three of them – that originally there was a comparison of apples and oranges, then the picture was made clear in terms of identifying the three sources of revenue over which the airport has control. And now finally the Commission had approached City Manager Ready to see if there are any funds available from the City, and that is not a possibility.

Commissioner Stelk asked for clarification about the parking increase.

Commissioner Freymuth commented that one dollar of the parking increase was needed to balance the budget alone. How one dollar more goes towards the additional officers here.

Commissioner Jones suggested adding a third dollar, one to balance the budget and two more to help fund for police officers.

Commissioner Berriman offered his support to Chief Reyes and asked if the Budget Committee had looked at other resources here at airport instead of concentrating on this building and this parking lot such as hangar tenants.

Airport Executive Director Nolan explained these costs are controlled by the FBOs.

Commissioner Bushore explained how he was more comfortable with just increasing the parking.

Commissioner King brought up operating expenses and stated that if we needed to increase parking to cover a deficit in our operating costs we would need to have an

understanding how this will play on a year-to-year basis as we know we will have cost increases in the future.

Vice-Chairman Hoehn commented that he totally supports an increase in the staffing, the question is how do we fund it and if there's a funding source for permanent funding not just a temporary fix. He suggested to move ahead with the budget without this particular item and bring it back at the next Commission meeting after more internal discussions.

Airport Executive Director Nolan presented anew the budget report presented at the last commission meeting with a PowerPoint as support and covered the following points:

Analysis of revenues with a conservative slight increase in revenue. How every airport has agreement with airlines to adjust rates. How the airport will gain \$4.5 million in revenue over 3 years as a reimbursement of grant matching shares for previous and future projects.

Airport Administration Manager Jucht pointed out the increase of the car rental leases and the one-dollar increase in parking which provide a balanced budget for the year with a surplus of \$57,000, the retirement benefits, the AIP share \$272,000 and over \$1 million of capital improvements, and the \$1.5 million revenue projection. How so far all PFC funds have been used to pay back bonds, how with the new PFC we have the opportunity to reimburse ourselves for past matching shares going back eight years.

Commissioner Jones, clarified that the \$20,591,955 expenditure total does not include the additional police officers, how the committee went over this twice in detail and how this is a stand-alone budget and how the Committee was comfortable recommending this budget understanding that it gets tweaked month per month.

Airport Executive Director Nolan further explained the capital program expenditures of \$1 million each year, and how the airport staff identifies items needing maintenance. How \$200,000 is set aside for emergency capital. How the airport planned for loading bridges parts replacement, how Kirk Douglas road needs to be repaved with the City general fund contributing about half of that because it is used also for public access even though it is on airport property. How the AVI system (Automated Vehicle Inventory) for taxicabs, commercial vehicles, tracking and billing needs replacement as does some of the terminal carpet.

Commissioner Jones proposed we recommend this part of the budget at this meeting.

ACTION: Recommend the approval of the Airport Budget for Fiscal Year 2017-18 not inclusive of the supplemental budget pertaining to the addition of police officers which will be brought back next month. **Moved by Commissioner Bushore and seconded**

by Commissioner Freymuth and unanimously approved noting the absence of Commissioners Betts, Teal and Wachs.

11.B. Passenger Facility Charges

Airport Executive Director Nolan explained how PFCs were a mechanism implemented by the federal government to allow airports to fund essential capital programs that facilitate the national airport system plan in the early 90s and how Palm Springs was the first airport to use them and he thanked Commissioner King, then City Manager, for this undertaking. How it helped pay for the Bono concourse and how there are three existing outstanding bonds. He added that the PFC is charged at \$4.50 on each passenger ticket which is the maximum that the federal government allows. How there's a debate in Washington to have this amount increased as airports are so underfinanced as far as capital programs. How this year, Ricondo & Associates were hired for \$300,000 to conduct the feasibility for the ticketing wing project which includes a new PFC.

How because PFCs are predicated on passenger traffic, how one of the key things is to look at them historically and going forward. How the take away here is that between 2017 and 2038 a 2% growth in passenger was used which is consistent with the Master Plan. How the key result sees the continuance of the \$4.50 fee, not raising it, by retiring the existing bonds. How the Airport staff and Director of Finance and Treasurer Kiehl are working with Suzanne Harrell, City Financial Advisor, on this project.

Airport Executive Director Nolan explained how, for the new construction, \$29 million of PFC funds would be allocated for project construction and soft costs, AIP grant entitlements of \$4 to \$6 million for construction and soft costs and \$1 to \$1.5 million for non-PFC and & non AIP project elements.

ACTION: Recommend the PFC funding plan. **Moved by Commissioner Jones, seconded by Commissioner Bushore and unanimously approved noting the absence of Commissioners Betts, Teal and Wachs.**

11.C Remodel Project Schematics

Airport Executive Director Nolan introduced Mr. Ingraham of WSP/Parsons Brinckerhoff, Project Manager for the new ticketing wing project, to present the project's schematics.

With the first slide Mr. Nolan showed a photo of a bottleneck of passengers at the ticket counter and explained how this constraint was identified in the Master Plan process.

With the second slide, Mr. Nolan presented the existing ticketing hall area and the lack of depth for passengers and the structural columns' impediments. He explained how the airlines are cramped in back as their number has increased over the years, then

after 9/11 how the TSA added large screening devices impeding airline space. How the baggage make-up area is antiquated, how the intention is to improve that space, and how as a result, all the interior space will have to be demolished and rebuilt over two phases in 2018.

Mr. Ingraham presented the next slide with the new ticketing hall area layout and pointed out first to the area which will contain all new TSA baggage screening devices consolidated in an enclosed and air conditioned space instead of the four current separate screening areas. How the same number of screening machines will be used to greater efficiency.

Airport Executive Director Nolan pointed out that controlling temperature and dust will reduce false alarms on screening devices.

Mr. Ingraham pointed out the structural load columns which are currently in the back wall behind the ticket counter and which will be exposed after the remodeling and how the ticket counter space will be pushed back in both the north and south terminals. How this will provide ten additional ticket counter positions.

Mr. Ingraham commented on the number of oversized bags at PSP airport, one of the highest rates in the country, and how this new system is planned to handle large volumes of oversized bags.

Commissioner Suero pointed out that the curbside check-in and underground baggage belt system will be kept.

Mr. Ingraham indicated that a vehicle baggage drop off area could be added to the south terminal in the future. How the underground system is important and will help during the reconstruction. How golf bags will be handled mechanically instead of manually.

Commissioner Jones asked if the ticketing lobby will allow for kiosks.

Mr. Ingraham explained how space has been allocated for kiosks and how each airline will decide upon their needs.

Mr. Ingraham touched briefly on the temporary spaces the airlines would occupy as the current ATOs are demolished: a series of offices under the Bono, and a modular structure in back of the current baggage make-up area. How these “enabling projects” will be constructed in summer of 2017.

Mr. Ingraham then showed a cross section view of the carousels with overhead baggage belt systems and oval carousels which will allow the bags to come to the handlers.

A few photos were shown of baggage systems from other airports, including carousels with slanted panels which are more ergonomic for the retrieval of bags.

The last slides showed conceptual renderings of the new ticket lobby which will be presented to City Council. The renderings showed elevated ceilings and a much more open space, homogenized ticket counters, homogenized signage with digital displays affording greater and helpful communications possibilities with passengers.

Airport Executive Director Nolan added that the two enabling projects will be constructed this summer for about \$1.3 million using federal funds and will go out to bid soon and how in 2018, the project will be broken down into two phases during which the airport will remain fully operational. How one phase will consist of the demolition and reconstruction of one area, and the second phase will mirror that. How the timing issue lies with the baggage belt system which has a three to six-months lead time. So the contract for the baggage system will be awarded ahead of time and integrated in the renovation of 2018.

Commissioner Suero asked if the airlines space would go under the Bono.

Airport Executive Director Nolan clarified that there would be space for each airline behind the ticket counters when they move back, that additional space under the Bono will be used during the construction but also afterwards as permanent operational space.

ACTION: Recommend that City Council review the schematic and proceed with the ticket wing remodel project. **Moved by Commissioner Freymuth and seconded by Commissioner Jones and unanimously approved noting the absence of Commissioners Betts, Teal and Wachs.**

12. EXECUTIVE AND STAFF REPORTS:

Airport Executive Director Nolan reported on the following topics:

Taxiway J's pavement project is expected to be completed this summer, and the electrical systems are being addressed as well. The projects will go out to bid soon.

Mr. Nolan asked Mr. Ingraham of WSP/Parsons Brinckerhoff to explain the airfield electrical project.

Mr. Ingraham explained how Palm Springs airport is in a climate that doesn't contribute to electrical facilities very well. How the main runway which was just finished is in great shape, as is taxiway C, which was also rebuilt. How the rest of the wiring is about 15 to 22 years old. How there should be no lack of conductivity in wires but how we are well below the amp level recommended by the FAA and how the problem is related with equipment in a vault. Therefore, during construction opportunity will be seized to upgrade the vault entirely and every single regulator that runs facilities on the airfield will be replaced entirely. Lights on taxiways, connectors, transformers and

every single light on the GA runway is being replaced with LED lights and probably the most significant cost factor from an operation standpoint is changing all the signs (which use five times the energy of lights) into LED signs, and 150 of them are being changed. How when this project is done, the airport will have brand new signs, new REILS, the GA runway will have the PAPIS which is a significant upgrade, they will last for years to come and save energy.

Mr. Nolan commented that the AAE has recognized PSP for training proficiency for the tenth year in a row.

13. COMMISSIONERS REQUESTS AND REPORTS:

None.

14. REPORT OF CITY COUNCIL ACTIONS:

03-15-17: 1.J. Ratify and appoint the nomination of the City of Indio to the Palm Springs International Airport Commission for the Term ending March 19, 2020: Recommendation: Appoint Jhan Schmitz, as the City of Indio representative, to the Palm Springs International Airport Commission for the term ending March 19, 2020.

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A March 2017 Activity Report; 16.C May 2017 Airline Schedule.

Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Teal and Wachs.

ADJOURNMENT:

Motion to adjourn. **Moved and seconded, and unanimously carried noting the absence of Commissioners Betts, Teal and Wachs.**

The Airport Commission adjourned at 9:32 A.M. to Wednesday, May 17, 2017, 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