



## **AIRPORT COMMISSION**

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

**WEDNESDAY, DECEMBER 13, 2017**

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#### **1. CALL TO ORDER:**

Chairman Wachs called the Airport Commission Meeting to order at 08:05 A.M. and led the Pledge of Allegiance.

#### **2. POSTING OF THE AGENDA:** Posted on December 7, 2017.

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

**Commissioners Present:** Berriman, Betts, Breslin, Call, Clarkson, Freymuth, Hampton, Hedrick, Hoehn, Johnson, King, Pattison, Riesen, Schmitz, Jones (arrived after acceptance of the minutes)

**Commissioners Absent:** Hughes, 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:**

**ACTION:** Accept the Agenda as presented. **Moved and seconded and unanimously carried noting the absence of Commissioners Hughes, Spike.**

#### **5. PUBLIC COMMENTS:** Mr. Bill Meyers, President of Yellow Cab of the Desert, explained to the Commission how they have been working diligently to ensure they have adequate presence at the airport during peak hours of the day and night based on customer demand with the help of a newly installed video system.

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

The minutes of the Regular Meeting held on November 8, 2017, were presented for approval. Minutes approval was **moved and seconded**.

**AYES:** Breslin, Clarkson, Freymuth, Hedrick, Hoehn, Johnson, King, Pattison, Riesen, Schmitz

**ABSTAIN:** Berriman, Betts, Call, Hampton (due to absence at the meeting)

**ABSENT:** Hughes, Spike

With regard to the abstentions, Commissioner Hampton pointed out that according to the current Robert's Rules of Order, "a member's absence from the meeting for which minutes are being approved does not prevent the member from participating in their correction or approval."

Commissioner Jones arrived.

## **7. INTRODUCTIONS:**

Airport Executive Director Nolan presented to Commissioner Bushore, in his absence, a recognition plaque for his years of service on the Commission. All Commissioners applauded him warmly.

Each member of the Airport Management Staff introduced himself.

## **8. PRESENTATIONS:**

For the benefit of new Commissioners, Airport Administration Manager Jucht presented the four primary Funding sources for the Airport:

Fund 405 – Customer Facility Charge: a revenue source derived from car rentals in the \$10.00 charge per car rental transaction. He explained how this source, started in 2007, generated \$2.2 million last year and how the fund has a current balance of \$17.2 million, that these funds are solely dedicated to the near future car rental facilities expansion project.

Executive Director Nolan explained that, based on current state regulations, the airport could opt to modify the CFC to collect at a daily rate of \$10.00 instead of a \$10.00 per transaction fee and how this will be carefully assessed as the car rental project design's cost estimates develop.

Mr. Jucht explained how rental car companies also pay a 10% concession fee based on gross revenues which is a standard fee; how off-airport rental car companies only pay a 9% fee on gross revenue and no transaction fees because capital improvements at the airport do not benefit off-airport car rental companies.

Fund 415 – Operating and Maintenance Budget – Mr. Jucht explained how the airport is a self-sustaining enterprise fund. How funds are generated from all airport user fees, leases and various concession fees with 32% coming from car rentals, 25% from the

airlines, 17% from public parking, 10% from terminal rents and concessions, 8% from land leases, and 8% from miscellaneous categories.

Fund 416 – Capital Projects – the funds are generated mainly from the Airport Improvement Program (AIP) Federal grants and airport charges to the airlines (landing fee surcharges) to cover all major capital projects for airside and terminal.

Mr. Jucht then explained the PFC refund coming on previous AIP projects; how for the past ten years the airport paid its 10% share of AIP grant projects amounting to \$4.5 million dollars and how with the refinancing of the PFC backed bonds, the airport fund will be reimbursed this amount to be used for further 10% matches on FAA grant projects.

Ms. Suzanne Harrell, Financial Consultant for the City of Palm Springs, presented Account 410 - the Passenger Facility Charge budget which will fund the ticket wing project.

Ms. Harrell explained how the source of funds is the \$4.50 fee collected by airlines for each departing passenger, per flight segment, with a maximum of two PFCs charged on a one-way trip or four PFCs on a roundtrip for a maximum of \$ 18.00 per ticket. The airlines retain \$0.11 of each \$4.50 transaction and remit \$4.39 to the airport.

Ms. Harrell explained the history of the PFC at PSP, which started in the early 80s, with 64 million dollars generated to date and explained how PFCs help fund airport improvements, enhance safety, security and add capacity. How these funds for instance were used for the construction of the Bono Concourse. She explained how originally 60% only of these funds could be leveraged but how after 9/11 rules changed and more funds could be leveraged as rating agencies and investors became comfortable with PFCs as a reliable revenue with solid investment grade ratings. How for the last three years, thanks to growing enplanements at PSP, revenues have gone to pay down the current PFC-backed bonds, at the rate of \$1 million a year and outstanding bonds now stand at \$11 million.

Ms. Harrell also explained how these bonds can be refinanced once per the law, and how new bonds will be reissued to include the ticketing wing remodel project costs.

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

**10. BUDGET AND FINANCE REPORT:**

Director of Finance and Treasurer Kiehl presented the November 2017 Financial Summary.

Mr. Kiehl explained how there are differences compared to last year simply because of the date the report is being issued now that the Commission meets on the second Wednesday instead of the third each month, and how it will take one year to have a accurate year-over-year comparison.

How we are missing scheduled landing fees, car revenue sources and some miscellaneous concessions fees not due until the 15<sup>th</sup> of December.

He added, however, that we stand on track with the budget.

Mr. Kiehl also reported that the audit for 2015-16 has provided no findings. It will be posted on 12-31-17 at midnight and it will be presented to Council in mid-February.

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

### **11.A Air Traffic Control Reform Act – Discussion and Action Regarding Proposed Letter of Support.**

Following discussion at the previous meeting, and the distribution from Commissioner King to the Commission of an article by Robert W. Poole, Jr., favoring its adoption, Mr. King gave a summary of Congressman Bill Shuster's Aviation Innovation, Reform, and Reauthorization (AIRR) Act.

Mr. King explained how this act aims to “establish an independent, not-for-profit corporation outside of the federal government to modernize America's air traffic control (ATC) system and provide air traffic services” and how under the AIRR Act, “the air traffic control corporation would be governed by a board representing the aviation industry users and the public interest.”

Commissioner King explained how no fees would be levied against General Aviation who would have two representatives on the 13-member board, and how no one could be denied air space as this had been a concern voiced by general aviation groups.

Mr. King also quoted the R.W. Poole, Jr. article referring to current antiquated guidance beacon systems on the ground and 1950's era radar system versus using NextGen, a GPS based system, which the AIRR act would advance in order to equip every aircraft with GPS technology by 2020.

Commissioner King moved to have the Airport Commission recommend to City Council to offer support to the proposed AIRR Act. Vice Chairman Hoehn seconded.

Chairman Wachs opened the subject for discussion and asked for comments.

Commissioner Riesen commented that we are trying to fix a system which is not broken. How the U.S. ATC system is the largest, most complex and safest system in the world. How NextGen is not waiting for this legislation to materialize as GPS technology has been used for navigation for years, with over 5000 airports with GPS approaches in this country, and over 100 airports Southern California alone.

Mr. Riesen spoke about the financing of a new system and explained how, according to the congressional budget office, the original cost to effect the transition was estimated at \$10 billion dollars and was recently increased to \$100 billion. He also pointed out how Mr. Shuster's campaign last year received \$150 million from the airlines and how it seems obvious that the airlines are trying to take control of the system and have for 30 years.

Commissioner Riesen then quoted duties of the Airport Commission as defined in the Palm Springs City Municipal Code such as: "Promote the development of the Palm Springs Airport," "Keep abreast of major operational programs at the airport," "Review the budget of the airport," etc. and how the Code does not state that this Commission should be involved in the national political arena concerning air space. How this does not affect the operations and maintenance funding of the airport.

Commissioner Riesen explained how he spoke to many aviation organizations in the country who will either oppose or not support this legislation and recommended that this Commission take no action on this item to support it or to oppose it.

Commissioner King argued that this legislation does affect the users of the Palm Springs airport when it comes to alleviate delays and how this is a legitimate Commission issue and should be presented to Council for them to take action or not. How there is still a small component of users of air space that are still against it, but how the 98% majority that pays for it now supports it.

Commissioner Johnson agreed that the airport is affected by delays so it does concern the airport. How the regulation and operating factions should be separated and a how it is a better way to run a government.

Commissioner Betts voiced concern about smaller airports and airlines with less of a voice. He asked if this airport is heavily dependent on small carriers and if such a move were to be detrimental to them it could affect PSP airport negatively.

Commissioner King expressed his feeling that all players will be included and considered.

Commissioner Berriman explained how the Commission is basing their decision on one article, and how in his opinion this article is flawed, and if the Commission were to make a recommendation to City Council, that we seek additional professional opinions.

Vice Chairman Hoehn spoke in favor of the legislation because it may reduce airline delays.

Commissioner Riesen disagreed and stated that studies show that the majority of delays are caused by weather and airlines themselves.

Commissioner Freymuth voiced his approval of the legislation.

Commissioner Hampton expressed concerns about potentially adding fees to General Aviation. How NextGen was started 15 years ago to modernize the U.S. air traffic system and a lot of money was dedicated to the system with no results and how this would look like our attempt to pick up the ball and run with it. But how he has reservations seeing the problems GA has with it.

Mr. Hampton added how other things need to be considered with a privatized system such as contingencies and reserves in the event of a 9/11.

He added that he found the article flawed because pilots fly GPS over VORs anyway. How airlines have taken steps to modernize the system seeing that nothing was being done.

He agreed that delays can be airline induced, and how delays are often not due to ATC but to weather.

Commissioner Hampton explained how he would abstain, because as a pilot growing up in an aviation family he has a bias for General Aviation.

Commissioner King pointed out that there would be no fees on General Aviation because the legislation had recently been changed.

Commissioner Hampton inquired about how many airports had signed up for this legislation. He expressed his agreement with Commissioner Riesen that such issues should be left to the appropriate forum and he was uncertain that the Airport Commission was the right forum to decide on an issue that would affect the entire country. He expressed his having an issue, procedurally, with Commission and airport staff spending so much time debating an issue for a letter to be sent to Congress.

Chairman Wachs agreed that it is a national issue outside of the purview of the Commission and that he personally would not favor it because it is outside of his expertise.

Executive Director Nolan was asked for his opinion and conveyed that the Airports Associations both in California and nationally are neutral at this point.

**ACTION:** Present Airport Commission recommendation to support the AIRR Act to the Palm Springs City Council.

**AYES:** Call, Freymuth, Hoehn, Johnson, King, Schmitz

**NOES:** Berriman, Betts, Clarkson, Hedrick, Riesen, Wachs

**ABSTAIN:** Breslin, Hampton, Jones, Pattison

**ABSENT:** Hughes, Spike

As a result of this even vote, the motion failed to pass.

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

Executive Director Nolan provided updates on the following projects:

Taxiway J small paving project has been completed.

The airfield electrical project which should take four months to build is underway.

The enabling project for the larger ticketing renovation project is presented to City Council tonight to award the contract and will take about three months to construct and will not interfere with any operations.

The gift concession which replaced the Zia yogurt concession in the Bono concourse has been doing extremely well and is becoming amongst the highest revenue generating concession per square foot.

The SOQ for professional services is still in progress and two Airport Commissioners are serving on the board.

The ticketing wing project schedule for the primary larger renovation is now scheduled for 2019 due to circumstances beyond our control.

The local airport marketing program is in place and includes digital billboards in several key locations along Ramon Road, Gene Autry Trail, and Highway 111.

An industry article on new biofuels was shared and described the use of mustard seeds by Qantas Airways to create a sustainable jet engine fuel to mix with Jet A fuel in 2018.

## **13. COMMISSIONERS REQUESTS AND REPORTS:**

Commissioner Call informed the Commission that as of the 1<sup>st</sup> of November, the Volunteer Navigator program is fully staffed for four shifts a day with 50 volunteers on board who are expected to provide 4,000 hours this season at the information desk.

Mr. Call also explained how by virtue of spending time at the information desk he has heard numerous complaints about the lack of seating in the terminal.

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

**11-15-17 : 15. B. DESIGN DEVELOPMENT PLANS FOR THE PALM SPRINGS AIRPORT TERMINAL TICKETING WING RENOVATION: RECOMMENDATION:**  
Review and approve the Design Development plans for the Airport Terminal Ticketing Wing Renovation Project, and authorize staff to proceed with preparation of construction documents for bidding.

**15. CORRESPONDENCE:** None.

**16. RECEIVE AND FILE:**

Chairman Wachs remarked on the year-to-date increase in passenger totals by 4.2% as of the end of October.

**ACTION:** Receive and file: 16.A October 2017 Activity Report; 16.B January 2018 Schedules. Handout: November 2017 Activity Report.

**Moved and seconded, and unanimously carried noting the absence of Commissioners Hughes, Spike.**

**ADJOURNMENT:**

Motion to adjourn. **Moved and seconded, and unanimously carried noting the absence of Commissioners Hughes, Spike**

The Airport Commission adjourned at 9:30 A.M. to Wednesday, January 10, 2018, 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