



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

Wednesday, May 9, 2018

1. CALL TO ORDER:

Chairman Wachs called the Airport Commission Meeting to order at 8:00 A.M. The Pledge of Allegiance was led by Commissioner Hughes.

2. POSTING OF THE AGENDA: Posted on May 3rd, 2018.

3. ROLL CALL:

Commissioners Present: Berriman, Breslin (arrived at 8:15), Call, Clarkson, Freymuth, Hedrick, Hoehn, Hughes, Jones, King, Parks, Pattison, Riesen, Schmitz, Spike.

Commissioners Absent: Dada, Hampton, Johnson.

Staff Present: Airport Executive Director Nolan, City Manager Ready, Director of Finance and Treasury Kiehl, Assistant Airport Director Aguirre, Airport Administration Manager Jucht, Airport Operations Manager Graff, Airport Security Coordinator Daugherty.

Others Present: Mr. Steve Burton, President and Head of Airport Division, Ace Parking.

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the Agenda as presented. **Moved by Commissioner Call and seconded by Commissioner Jones and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.**

5. PUBLIC COMMENTS:

Mr. Jeffrey Bernstein, President of Destination PSP, provided his opinion about the airport shops and restaurants and encouraged the Commission to include local participation in the upcoming RFP proposals for retail and food & beverage.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on April 11, 2018, were presented for approval. **Moved by Commissioner Jones, seconded and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.**

7. INTRODUCTIONS: None.

8. PRESENTATIONS: None

9. CITY MANAGER REPORT: None

10. BUDGET AND FINANCE REPORT:

Director of Finance and Treasurer Kiehl presented the April 2018 Financial Summary.

Mr. Kiehl explained how Fund 415 – General Airport Revenues – shows a 14.42% overall increase YTD.

How the final unrestricted balance stands at \$6 million, but expenses are still anticipated.

11. DISCUSSION AND ACTION ITEMS:

11.A Ace Parking Amendment

Chairman Wachs presented a proposed amendment to Agreement 6826 for Ace Parking Management Services at the Palm Springs International Airport. This would add \$185,804 to the ACE contract until the end of the five-year term in 2020 to meet payroll obligations as a consequence of a new state legislation which increased employees' minimum wages, and \$24,381 for the addition of 740 hours requested by the Airport for parking lot cashiers and Traffic Enforcement Officers added coverage.

Chairman Wachs pointed out that the parking revenue increase associated for that time period is forecasted at \$355,000 and indicated that the joint Budget and Operations combined Committees reviewed and approved the proposed increase.

Commissioner King proposed to reduce the increases by one third to one half based on normal wage increases which a company automatically builds into contracts.

Commissioner Jones pointed out that in the bid process, Ace's bid was \$1 million under the other two bidding companies, and how even with this unanticipated increase, it is to the benefit of the airport.

Mr. Steve Burton, President and Head of Airport Division for Ace Parking, was asked to explain the details and answer questions about his request.

Commissioner Breslin arrived at 08:15 A.M.

Mr. Burton explained how this is Ace's 13th year at Palm Springs International Airport and how they also manage the City's enforcement of parking downtown. How the state vote on wage increase took place one year after signing the contract with the airport, a contract which offered very favorable terms to the City of Palm Springs. How a 2% fixed increase is incorporated in that budget for hourly and salaried positions but doesn't keep up with the \$1.00 step-up yearly increase mandated by the new legislation.

City Manager Ready asked Mr. Burton whether Ace would terminate the contract if Council chose not to approve this amendment.

Mr. Burton replied that they would not do so based on the nature of their partnership.

City Manager Ready clarified that the additional hours requested by the Airport would be compensated.

Commissioner Clarkson asked Mr. Ready if agreeing to such an increase would set a precedent and if other contractors could also solicit increases.

City Manager agreed that this would set a precedent, and how the City had selected Ace in good faith resulting in this contract. How if Ace wishes out of the contract, it would be acceptable as all contracts have a termination clause for convenience. How a rebid would take place, whereby Ace would or would not obtain the new contract.

Director of Finance and Treasury Kiehl explained how we follow the procurement process and everyone is subject to the same rules. How agreeing to an increase would cloud future bid processes where not only wages but other factors could weigh in. That the Airport is a department of the City therefore it could affect all City contracts.

Commissioner King agreed on the principle of a 70 or 80% increase but conceded it could be a legal issue.

Commissioner Clarkson added how such terms could be negotiated in a private enterprise situation, but how that flexibility doesn't exist in a government situation.

Commissioner Breslin brought up negotiating shorter contracts instead of five-year contracts such as this one.

Commissioner Breslin's comment was supported by Chairman Wachs.

Commissioner Jones moved to consider the additional 740 hours of staffing coverage the Airport requested at a cost of \$24,381. This motion was seconded by Commissioner Hedrick.

City Manager Ready pointed out that no motion was necessary based on the terms of the existing contract with Ace which allows the City to compensate Ace for extra work we request, without a need for amending the contract.

ACTION: Amend the amount in the budget proposal to reflect only extra cost for additional TEOs and parking employees hours without consideration for the minimum wage increase. **Moved by Commissioner Jones and seconded by Commissioner Hedrick and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.**

11.B. Airport Budget 2018-19

Commissioner Jones commented that the Budget and Operations Committees who held a meeting on April 30, 2018, are proposing two recommendations to the Commission to address the added traffic at the airport and congestion experienced this past season at the TSA checkpoint queuing.

How the plan includes a modification of the TSA checkpoint to enlarge the queuing lanes area, and the second is a widening of the hallway between the TSA checkpoint and baggage claim area. How both projects are being tentatively allocated a total sum of \$270,000.

In a PowerPoint, Airport Executive Director Nolan then showed photographs of the TSA area and concept to remove the glass partition to gain queuing lane space. This would also entail the removal of the Celebrity Bistro - which has not been a high-revenue generating facility - to help channel inbound passengers in the main lobby.

Mr. Nolan then showed how widening of the hallway leading to baggage claim brings back the terminal's original architecture and provides additional needed space.

Mr. Nolan explained how the action requested is to appropriate funding to hire a professional architect who will refine this concept and design the appropriate interior wall modifications to achieve additional queuing space objectives.

Mr. Nolan added that the potential buildout of Gate 1 presented at the previous meeting to alleviate gate constraint was not preferred by the airlines. Instead, they agreed to maximize use of the Regional Concourse by shifting some flights.

Airport Administration Manager Jucht then explained how the primary changes to the overall budget are the increase of projected expenses for next year by \$250,000

based on more accurate figures provided by the finance department, and the reduction of projected current year expenses by about \$700,000. How the net gain carry-over for the future year will be about \$400,000. How the PERS set aside will be \$800,000 for this year's budget and \$200,000 for next year's budget to reach the \$1 million goal over two years.

Director of Finance and Treasury Kiehl commented that the \$287,000 inter-fund transfer from Airport to City will phase out after 2019 and this sum can be used towards the PERS set-aside. He reminded the Commission how the PERS obligation will put additional pressure on the operational budget.

ACTION: Approve the modified budget for Fiscal Year 2018-19. **Approved by Commissioner Hedrick, seconded by Commissioner Call and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.**

City Manager Ready announced that the budget would be presented to Council at the May 16, 2018, meeting.

12. EXECUTIVE AND STAFF REPORTS:

Executive Director Nolan informed the Commission of the full-scale tri-annual mock drill for aircraft disaster simulation scheduled for May 16, 2018, at 10:00 A.M. and invited them to attend.

Mr. Nolan reported that the Greater Coachella Valley Chamber of Commerce has launched a "Fly PSP First" advertising campaign.

Mr. Nolan explained a situation last week whereby a passenger had something suspicious in their bag and how the airport responded in its full capacity and very efficiently involving all responders including the Riverside bomb squad. He commented how we are not immune to this type of issue and emphasized how well prepared we are for these types of security incidents.

13. COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Call reported that the Volunteer Navigators ended their season and provided 3800 complimentary hours from November through April.

Mr. Nolan thanked Commissioner Call who heads this program. Mr. Call was warmly applauded.

14. REPORT OF CITY COUNCIL ACTIONS:

Mr. Nolan thanked the two Commissioners who participated in the SOQ selection process for on-call professional services and expressed his excitement about working with all three consultants moving forward with these important Master Plan projects.

Chairman Wachs reported that the year-to-date Activity Report through March shows a 7% passenger increase, and the month of March alone shows an 8.4% increase over last year.

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A March 2018 Activity Report. 16.B. June 2018 Airlines Schedules.

Moved and seconded, and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.

ADJOURNMENT:

Motion to adjourn. **Moved and seconded, and unanimously carried noting the absence of Commissioners Dada, Hampton, Johnson.**

The Airport Commission adjourned at 8:55 A.M. to Wednesday, June 13, 2018, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

N.S.

Nadia P. Seery
Executive Administrative Assistant