



## **AIRPORT COMMISSION**

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

**Wednesday, February 13, 2019**

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

Chairman Jones called the Airport Commission meeting to order at 8:00 A.M. and asked Commissioner Corcoran to lead the Pledge of Allegiance.

#### **2. POSTING OF THE AGENDA:** Posted on February 7, 2019.

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

**Commissioners Present:** Altman, Berriman, Call, Corcoran, Dada, Freymuth, Hedrick, Hoehn, Jones, King, Lass, Pattison, Pye, Riesen, Schmitz, Suero.

**Commissioners Absent:** Breslin, Clarkson, Hughes.

**Staff Present:** City Manager Ready, Airport Executive Director Nolan, Assistant Airport Director Aguirre, Airport Administration Manager Jucht, Airport Operations Manager Graff, City Finance Director Pauley, Airport Executive Administrative Assistant Seery.

#### **4. ACCEPTANCE OF THE AGENDA:**

**ACTION:** Accept the Agenda as presented. **Moved by Commissioner Call, seconded, and unanimously carried noting the absence of Commissioners Breslin, Clarkson and Hughes.**

#### **5. PUBLIC COMMENTS:** None.

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

The minutes of the Regular Meeting held on January 9, 2019, were presented for approval. **Moved by Commissioner Dada, seconded by Commissioner Freymuth and unanimously approved noting the absence of Commissioners Breslin, Clarkson and Hughes.**

**6.A. CHAIRMAN COMMENTS:**

Chairman Jones announced that Action Item 11.A “Ace Parking Contract Amendment” is removed from the agenda.

City Manager Ready explained that the City wants to complete an audit before bringing this item back.

Chairman Jones asked for a Commissioner to join the Landscape Committee to replace a member who could not attend, and allow the Committee to have a quorum later this day. Commissioner Suero volunteered to join the Landscape Committee.

Chairman Jones noted that all Committees had been formed with everyone receiving at least their first choice.

Chairman Jones congratulated Commissioner Pattison, from the City of Coachella, on his reappointment to the Airport Commission.

**7. INTRODUCTIONS:** None

**8. PRESENTATIONS:**

Airport Executive Director Nolan narrated PowerPoint photos of the local supportive outreach to the TSA and Air Traffic Control personnel during the recent government shutdown.

Airport Administration Manager Jucht narrated photos of HMS Host “Share the Love” Campaign conducted in conjunction with Valentine’s Day with distribution of candy bars and travelers filling get-well cards for hospitalized children.

**9. CITY MANAGER REPORT:**

City Manager Ready explained how the City’s budget process had begun and would span the next sixty days. He encouraged the Airport Commission to look into the Airport’s capital improvement budget with the large impending projects and define a path forward.

Mr. Ready added that the Airport needs a dedicated position such as its own Program Manager to focus on the capital projects and assist the Airport Director, and how it would be helpful if the Airport Budget Committee would examine this option and make a recommendation.

Mr. Ready reported that City Council had approved the new Airline Incentive Program effective February 7, 2019, and had received the change well.

Mr. Ready congratulated the Commission on JetBlue’s non-stop service to Boston launching on February 14.

Commissioner King inquired about the new Airline Incentive Program accounting process and what metrics would be used to determine its success one year from now. City Manager Ready suggested that Airport staff put together a template of what these metrics should be at six months and at one year.

Chairman Jones suggested the Marketing and Development Committee look into it.

#### **10. BUDGET AND FINANCE REPORT:**

For the benefit of all Commissioners, Executive Airport Director Nolan presented an overview of all airport budgetary funds.

With the aid of a PowerPoint, Mr. Nolan first explained the Customer Facility Charge, which is a ten-dollar per transaction fee collected by car rental companies and which the airport can only use for car rental facilities improvements. He explained how state legislation now enables airports to collect this fee daily for each transaction. This daily collection can help finance large construction projects and may be considered as an option for the PSP car rental project.

Mr. Nolan explained that the airport is negotiating the car rental facility design with Gensler, and Ricondo will perform the bond feasibility study for this project. How the project's cost is estimated to range between \$30 and \$50 million.

Airport Administration Manager Jucht explained how the CFC fund generated approximately \$2.5 million last year, and the balance on January 31<sup>st</sup> was just over \$20 million. How this sum will be applied to pre-construction projects such as design, with the balance bonded, and funding alternatives will be evaluated if needed as backing for the bonds.

Commissioner Hedrick inquired about the timeline for the feasibility project and expressed interest in the results being presented to the Commission.

Mr. Nolan then explained the Passenger Facility Charge, collected on passengers' tickets, how it is set by federal regulation at a maximum of \$ 4.50 per ticket, or \$18.00 per round trip. How Airport Associations have been aggressively lobbying Congress to raise this cap, but how airlines have been opposing any raise.

Vice Chairman Hoehn indicated that this may change as the new Chairman of the House Subcommittee last week challenged the airlines by pointing out the various fees airlines have added to the cost of tickets to benefit them these past few years.

With the next slides, Mr. Nolan described how PSP in 1988 was the first airport in the U.S. to collect PFCs. How our new PSP PFC has been FAA approved to retire old bond obligations and issue new ones to fund the 2020 \$27 million ticketing wing modernization project.

Administration Manager Jucht pointed out how the \$3.7 million balance in that fund would be insufficient to cover the cost of the project, and how we have the ability to tap into some grants funds. How an advantage of PFC funds is their prompt availability.

How Fund 416 is a restricted fund accumulated over the years and earmarked for future Airport Capital Improvements, with a balance of \$8.6 million. How, for many of these projects, we can tap into the AIP program and pay only 10% of the total cost.

Mr. Jucht then discussed Fund 415, the annual Operating Budget which functions in accordance with the Airline Agreement. How the airlines operate under a residual agreement with the airport, which means the airlines are responsible for any shortfall. Therefore, the budget is managed conservatively. A 60-day reserve is set aside, almost \$4 million, in case a major event impacts revenue flow. How this reserve is designed to prevent the airport from shutting down. How this reserve amount also includes future PERS reserves. How Operating Budget revenues stand at \$22 million and expenses at \$21.8 million.

City Manager Ready brought up the issue with the COGEN plant and reminded the Commission that additional costs could reach from \$600,000 to \$1 million and since the airport's responsibility is 60%, next year's budget will have to reflect this increase.

Vice Chairman Hoehn inquired about the timeline for this year's budget.

City Manager Ready indicated the draft budget will be presented to City Council at their first meeting in April.

Commissioner Freymuth asked if the Marketing Committee or the Budget and Marketing Committees could meet jointly before that.

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

Item 11. A – Ace Parking Contract Amendment consideration was postponed to a future date.

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

Mr. Nolan explained how the Transportation Network Companies' first year's permit will expire at the end of March. How TNC operations had gone smoothly and had exceeded the number of taxis transactions, but how we are still uncertain of their long-term impact on car rentals. How the airport has evaluated its costs to accommodate the TNC operation, and based on this analysis and comparison to fees collected at other airports in the region, PSP had provided justification to the TNCs for adding a \$3.00 drop-off charge to the existing \$3.00 pickup fee and the \$279.00 yearly company fee with the upcoming permit renewal.

Mr. Nolan announced JetBlue's non-stop service to Boston beginning on February 14, 2019. How the Palm Springs Tourism Bureau and the CVB are planning a small welcome reception.

How Ricondo and Associates consulting team, under contract now, had visited the airport and is continuing to evaluate concessions spaces and concepts.

How Ricondo has a second task which is to evaluate the Airline Agreement. How airline agreements across the country are either residual, compensatory, or a hybrid of both and how it is worthwhile for us to examine whether we have to change methodology. How a change in methodology would require multiple months for the application of the new agreement with the airlines.

Commissioner Corcoran asked when the concession contracts expire and when we expect to receive results from Ricondo.

Executive Airport Director Nolan indicated that the contracts expire on 10-31-19 and that we expect to receive Ricondo's recommendations by July or August. However, since November is the onset of the peak season, and because an RFP involves a major capital expenditure, the RFP will be conducted in the Fall but a new program may not begin until Spring of 2020.

**13. COMMISSIONERS REQUESTS AND REPORTS:** None.

**14. REPORT OF CITY COUNCIL ACTIONS:** Included in the packet.

**15. CORRESPONDENCE:** None

**16. RECEIVE AND FILE:**

**ACTION:** Receive and file: 16.B. March 2019 Airlines Schedules.  
Item 16. A The January 2019 Activity report was not ready to be presented.

**ADJOURNMENT:**

Motion to adjourn. **Moved by Vice Chairman Hoehn, seconded by Chairman Jones and unanimously approved noting the absence of Commissioners Breslin, Clarkson and Hughes.**

The Airport Commission adjourned at 8:52 A.M. to Wednesday, March 13, 2019, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

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Nadia P. Seery  
Executive Administrative Assistant