



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

Wednesday, November 14, 2018

1. CALL TO ORDER:

Chairman Wachs called the Airport Commission Meeting to order at 8:00 A.M. and led the Pledge of Allegiance.

2. POSTING OF THE AGENDA: Posted on November 8, 2018.

3. ROLL CALL:

Commissioners Present: Altman, Berriman, Breslin, Call, Clarkson, Dada, Freymuth, Hedrick, Hoehn, Hughes, Jones, King, Pattison, Pye, Riesen, Schmitz.

Commissioners Absent: None - (2 vacancies)

Staff Present: City Manager Ready, Assistant City Manager Fuller, Procurement Manager Gladders, Police Chief Reyes, Police Sargent Flynn, Airport Executive Director Nolan, Assistant Airport Director Aguirre, Airport Administration Manager Jucht, Airport Operations Manager Graff, Interim Finance Director Pendleton, Airport Executive Administrative Assistant Seery.

Others Present:

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the Agenda as presented. **Moved and seconded and unanimously carried.**

5. PUBLIC COMMENTS: None.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on October 10, 2018, were presented for approval. **Moved and seconded.**

AYES: Berriman, Breslin, Call, Clarkson, Freymuth, Hedrick, Hoehn, Hughes, Pattison, Pye, Riesen, Schmitz.

NOES: Nil

ABSTAIN: Altman, Dada, Jones, King.

ABSENT: None (2 Vacancies)

7. **INTRODUCTIONS:** None

8. **PRESENTATIONS:**

With the aid of a PowerPoint, Airport Assistant Director Aguirre presented new signage, prepared with the Desert Water Agency, which has been affixed above sinks in all airport restrooms, encouraging users to save water.

Mr. Nolan showed a couple of slides of Air Canada's Calgary service inaugural on 10-24-18.

Mr. Nolan then showed photos of airport operations duties such as vehicle inspections at the VIP, handling car accidents on property, intervening after aircraft incidents on the runway, managing special events such as presidential visits, and inspecting fueling operations.

9. **CITY MANAGER REPORT:**

City Manager Ready asked the Commission to move Item 11B to the beginning to allow Police Chief Reyes to address the Commission.

10. **BUDGET AND FINANCE REPORT:**

Airport Administration Manager Jucht presented the October 2018 Financial Summary.

Mr. Jucht explained how all October revenues were not yet posted, but the year end credit due to car rental agencies for their June, July and August MAG overpayments had been posted, amounting to \$1.2 million. A rebate for overpayment of MAG for the two food and news/gift concessions had also been posted and amounts to \$95,000. The airport payment to the City of Palm Springs for administrative services was \$1.2 million this month.

Mr. Jucht explained how CFCs are up year to date indicating a strong beginning of season for car rentals and how PFCs (Passenger Facility Charges on tickets) are also up significantly and the final payment on the 1998 bonds will occur this month.

Mr. Jucht concluded that the airport balances remain strong: CFCs stand at \$19 million, PFCs at nearly \$3 million, Restricted Capital at \$8.6 million.

City Manager Ready and Assistant City Manager Fuller explained how the COGEN plant new equipment is installed but how the AQMD (Air Quality Management District) requirements are significantly more stringent now and call for increased maintenance

and 24/7 monitoring. How air quality standards are greatly improved but the process comes with a cost of several hundreds of thousand of dollars a year. How with the airport share being 60%, this could represent \$300,000 a year which will have to be budgeted next year with some expenses affecting this year's airport budget as well.

11. DISCUSSION AND ACTION ITEMS:

11.B California Proposition 64 – PSP Legalized Marijuana Airport Possession Statement (Action)

Chief of Police Reyes recommended the airport issue a statement similar to that issued by LAX, and that the message indicate that although marijuana is legal, it is suggested travelers leave it home because it is still illegal federally. This message will be vetted by the City Attorney. It will be conveyed through signage at the airport and on the website. How if marijuana is found by the TSA, passengers would be advised of the California law versus federal law and would be told to leave marijuana in their car, have someone pick it up or give it up for destruction, with a waiver holding the police department harmless, as it will not be returned to them. How the impact on police personnel responding to the security area had been very minimal this year. How amnesty bins will not be installed because those have proven to be problematic.

Some Commissioners recommended information be conveyed that marijuana is not allowed through security or in federal air space so as not to mislead travelers.

The City Manager proposed this message be ready by the next commission meeting and that signage should immediately follow.

ACTION: Adopt airport policy regarding marijuana possession with a clear proviso about not being able to take it through security or on board an aircraft.

Moved by Commissioner Freymuth, seconded by Commissioner Jones and unanimously carried.

11.A. Airport Checkpoint Equipment (Discussion)

Executive Airport Director Nolan and Assistant Airport Director Aguirre explained how in June 2018, the TSA advised the Airport that PSP qualifies for an additional screening device. How in reaction to this, a consultant has been engaged and is working on a plan that will be ready for next season, by fall of 2019. How queuing this winter will duplicate last year's configuration with additional stanchions in the center lobby stretching towards the ticket hall. How an enhancement this year had been the elimination of the "Priority" lane in agreement with the airlines, which leaves three TSA entry points: pre-check, general boarding and wheelchair/employees access.

Assistant City Manager Marcus explained the option of demolishing offices and relocating the airport operations center became a larger capital project, and could not be done in a short time. How, in the future, we may need a 7th or an 8th screening machine to keep up with increased volumes of passengers, and how we may be looking for long-term solutions to be implemented as part of the ticketing wing project.

11.C. New Revised PSP Airline Incentive Program (Action)

Mr. Nolan explained how the Airport Commission had previously voted to approve the modification to the existing airline incentive program from a marketing funding program to a fee abatement program consisting of landing fees, hold room fees and apron parking for new or increased service to specific targeted cities. Cost comparisons of incentives based on the old and the new program were presented.

The Commission arguments in favor were a lesser cost to the airport and the ability to select target cities which will better serve the Coachella Valley residents, easier use for the airlines with the elimination of the cumbersome process of submitting proof of expenditures, and ability for airlines to use funding at their discretion for operational or marketing purposes. How this program is important in conjunction with the CVB various incentives to the airlines and demonstrates the airport's stake in this, and how most airports in this country have similar or even more generous programs.

The Commission argument against was why have an incentive program when the airport is booming, and when new cities have been introduced without the need for an incentive which may be inconsequential to the airlines.

Questions were posed as how to allocate for loss of revenue and track it, and the need for a cap to the fee waiver.

ACTION: Recommend that City Council approve the adoption of a fee-waived based incentive program.

Moved by Commissioner Freymuth and seconded by Commissioner Jones.

Ayes: Altman, Berriman, Breslin, Call, Dada, Freymuth, Hedrick, Hoehn, Hughes, Jones, King, Pattison, Pye, Riesen, Schmitz.

Noes: Clarkson

Abstain: None

Absent: None (2 Vacancies)

The Commission proposed monitoring of this new program, that lost revenues be a separate line item and that a cap of lost revenues be set at \$500,000.

ACTION: Recommend that staff define and present the incentive program monitoring method and that a cap of \$500,000 be set for this program at which point it will be re-evaluated.

Moved by Commissioner King, Commissioner Pattison, seconded by Commissioner Pye and Commissioner Hedrick and unanimously approved.

11.D Professional Services Agreement for Airline and Concession Leases (Action)

Mr. Nolan explained how in light of the expiration of the Airline Use and Lease Agreement in June 2019 and the Airport Concessions Agreements in October 2019, Ricondo and Associates, who is assisting with the PFC bonding for the ticket wing, has been selected to advise on both contracts, which are 20 years old, and align them with current agreement trends in the industry. How Ricondo has expertise all over the United States with airports and will analyze the current condition and make recommendations as to what should be modified, or not, in the future.

The Commission inquired about the cost of the retaining fees for these programs, and it was shown to be in line with what has been paid in the past to SH&D. The Commission also inquired about the scope of the analysis.

The City Manager expressed concern about the timing of the analysis for the Concessions agreement as the RFP process takes two months, and the Notice to Proceed five months, and proposed as an option that the Commission do research themselves instead. How the concessions may have to be expanded and be part of the ticket wing project, and how these national concessionaires may not be the right way to go anymore.

Mr. Nolan indicated that it is likely the current contract would have to be extended to May of 2020 because of our seasonality and the logistical difficulty for a new firm to expend millions of dollars to refurbish existing space during the season.

ACTION: Engage the consulting firm Ricondo and Associates to assess the AULA and Concessionaires Agreements. **Moved and seconded and carried unanimously.**

11.E Airport Commission Chairman Eligibility Criteria (Discussion)

Chairman Wachs explained how at the last commission meeting a request was made that consideration be given to all commissioners to chair the Commission and that it be further discussed. He explained how City Ordinance 1706 stipulates that the Chairman be a representative from Palm Springs and commented how on the plus side a member from Palm Springs may have a vested interest in the Community and

might be more involved in the process, how the downside is that we haven't opened it to the rest of the community.

The Commission arguments in favor of opening the chairmanship to all commissioners were that although not important for the body and the way business is conducted it is an issue of fairness and respect for all Commissioners. How the Vice Chairman does not have to be from Palm Springs, yet can take over in the absence of the Chairman. How the airport serves the whole Valley and cities are very interested with what goes on at the airport; how cities contribute through the CVB and air service incentives.

The Commission arguments against were that the City of Palm Springs owns and operates the Palm Springs airport and that is why there is a majority of ten members from the City of Palm Springs, eight from the other Valley cities, and one from the County; How in the event additional funds are needed the other cities do not contribute and it's an investment by this airport; that it is symbolically and politically important; how if additional funding is needed tariffs go to the citizens of Palm Springs; how it is also the geographic proximity to Palm Springs neighborhoods.

Vice Chairman Hoehn expressed that the interests of the other cities are well represented on this body, regardless of the structure. How through the work of the CVB, all cities are made well aware of the importance of the airport and its contribution to the economies of the cities and efforts are on the way to recruit support from the cities for air service development programs managed by the CVB.

ACTION: Recommend to City Council to open the chairmanship of the Airport Commission to all members.

AYES: Altman, Berriman, Dada, Freymuth, Hoehn, Hughes, King, Pattison, Riesen, Schmitz, Wachs.

NOES: Breslin, Call, Clarkson, Hedrick, Jones, Pye.

ABSTAIN: None

ABSENT: None (2 Vacancies)

12. EXECUTIVE AND STAFF REPORTS:

Executive Director Nolan reported on the following topics:

The ticketing project has been pre-qualified for four contractors and will be presented to City Council, planning and specs are wrapping up and the bid process will begin in January.

Parallel to that is the financing with PFCs and Ricondo & Associates is on board to orchestrate the bonding. How the actual project price is needed to proceed with the grant request and the bonding.

The Bono ticketing enabling project and airfield electrical project are complete and will be brought to City Council for final approval.

Negotiations are concluding with the Gensler firm on fees for the design of the car rental project. \$19 million in accumulated CFC funding will be used to leverage bonds to fund the project.

This year's ACIP will be presented to the FAA in Los Angeles next week and additional funding will be discussed. The item will appear before the Commission in December.

COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Hedrick asked if the feasibility study by Ricondo about the Concessionaires agreement could be distributed to all Commissioners.

Commissioner Riesen asked why the entrances to the parking lot were closed and Mr. Nolan explained that a major lightning strike two weeks ago caused over \$200,000 in damage, destroying the entry door to the building and all the equipment and software of the parking lot. Work has been progressing steadily since.

Commissioner Pye asked if the Palm Springs Airport would be allowing non travelers to go through security to accompany traveling members.

Commissioner Jones indicated it is allowed at certain airports.

Commissioner Freymuth added that it is very restricted, a maximum number of visitors on certain days and certain times only with advance requests on line on the TSA website to obtain clearance.

Commissioner Clarkson, as Chairman of the Noise Committee, informed the group that a meeting was held on November 7, and was attended by the Chairman of the Sunmor homeowners organization, how Mr. Nolan gave an interesting presentation, how it was a good meeting and how they will meet again in three months or so.

Commissioner Call complimented the airport for cooperating with the Water Desert Agency and promoting water conservation, however, how the airport has stretches of grass that need watering, and how it would be interesting to review alternatives and discuss the feasibility of landscape conversion.

City Manager Ready indicated that he would present to Council the Ricondo agreement, the rotation of the Chairmanship of the Airport Commission, and that he would present the cannabis issue to the Cannabis Sub-Committee consisting of Councilmembers Kors and Roberts at the meeting two weeks from today.

Chairman Wachs pointed out that the Passenger Activity Report for October reflected a strong 7% increase over last year.

13. REPORT OF CITY COUNCIL ACTIONS: Provided in the packet

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A September 2018 Activity Report 16.B. December 2018 Airlines Schedules. Handout: October 2018 Activity Report – Item 10 - October 2018 Financial Summary.

Moved and seconded and unanimously carried.

ADJOURNMENT:

Motion to adjourn. **Moved and seconded and unanimously carried.**

The Airport Commission adjourned at 9:15 A.M. to Wednesday, December 12, 2018, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

Nadia P. Seery
Executive Administrative Assistant