



## **AIRPORT COMMISSION**

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

**Wednesday, July 11, 2018**

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#### **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 July 5, 2018.

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

**Commissioners Present:** Berriman, Breslin, Call, Clarkson, Hedrick, Hoehn, Hughes, Jones, King, Pattison, Riesen, Schmitz.

**Commissioners Absent:** Dada, Freymuth, Johnson, Parks.

**Staff Present:** Airport Executive Director Nolan, City Manager Ready, Airport Administration Manager Jucht, Airport Operations Manager Graff.

**Others Present:** Assistant Director of Finance Marla Pendleton, and Deputy City Treasurer Thomas Hays.

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

**ACTION:** Accept the Agenda as presented. **Moved and seconded and unanimously carried noting the absence of Commissioners Dada, Freymuth, Johnson, Parks.**

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

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

The minutes of the Regular Meeting held on June 13, 2018, were presented for approval. **Moved and seconded and unanimously carried noting the absence of Commissioners Dada, Freymuth, Johnson, Parks.**

#### **7. INTRODUCTIONS:** None

**7.A. ELECTIONS OF OFFICERS:**

The election of officers was postponed until January 2019. Chairman Wachs explained how this coincides with the extension of Commissioners' terms that expired on June 30, 2018, until December 31, 2018.

**8. PRESENTATIONS:** None

**9. CITY MANAGER REPORT:** None

**10. BUDGET AND FINANCE REPORT:**

City Manager Ready introduced Ms. Marla Pendleton, Assistant Director of Finance and Interim Director of Finance, and Mr. Thomas Hays, Deputy City Treasurer.

Airport Administration Manager Jucht presented the June 2018 Financial Summary and pointed out how increased passenger traffic has resulted in increased landing and terminal use fee revenues. He added that all the rental space is occupied, car rental revenues are up significantly, food and beverage revenues are up 9% and retail 7% for the first two quarters, resulting in revenues being \$1.5 million over the projected budget. How expenses are only 4% over last year, contributing to a significant net gain for year end.

Mr. Jucht added that an additional payment on the old PFC bonds will take place on July 1<sup>st</sup>, 2018.

Mr. Jucht explained how the CFC balance stands at \$19 million and will be used for the rental car project; how the PFC fund stands at \$2.4 million, and the unrestricted cash is the strongest in five years, exceeding \$7 million not counting the Airport Use Agreement revenues

Commissioner King inquired about the low Cogen numbers.

Airport Administration Manager Jucht replied that adjustments will be made during the 13<sup>th</sup> month.

City Manager Ready explained that Cogen is not working and, therefore, these numbers are artificially low and how, in turn, the electric bill will be unusually high.

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

### **11.A Airline Update and Incentive Program - (Discussion)**

Executive Airport Director Nolan explained how the airline capacity had grown and presented a few slides depicting new service: American Airlines added a second Dallas flight for the summer of 2018, Sun Country is beginning service to Portland on November 1<sup>st</sup>, in addition to their Minneapolis route, Air Canada is adding Calgary, Delta is resuming their non-stop Atlanta service after a 12-year hiatus in December, and United is adding Newark in December as well.

Mr. Nolan also presented some service interruptions: Frontier is suspending their summer service to Denver and will return in November; and WestJet is discontinuing their Toronto service.

Vice Chairman Hoehn commented how it was not surprising that WestJet, as an LCC, is having difficulties competing against Air Canada for whom Toronto is a strong market offering numerous connections on their system.

The next slide depicted the growth in seat capacity from January through June for the years 2017 and 2018, showing an overall increase of 9.6%.

Vice Chairman Hoehn pointed to the increases in May (+16.75%), June (+7.56%) and July (+11.6%) and commented that these are the result of the CVB efforts to have airlines extend their season and add capacity in the summer.

Executive Director Nolan explained how airline success relies upon yield and load factors performance, how the leisure market typically has lower yields than a business market. How the dialogue between the airport, the CVB and the airlines is continuous.

Mr. Nolan then addressed the modified new Airline Incentive Program, a document which is still being developed and will require City Council's approval. To illustrate the changes he presented an example of a fee waiver situation with an airline operating a 737-800 three times a day, with average passenger count of 135 per flight, over the course of six months. The operations fees waived for 540 flights amounted to \$260,712 and the Hold Room & Bridge fees to \$92,880, for a total of \$353,592. Mr. Nolan explained that this savings could be used by the airline for whatever purpose they deem appropriate to meet business objectives and make the service sustainable.

Commissioner Clarkson asked if there would be minimum operations requirements.

Mr. Nolan explained how the main point of this new incentive program is to incentivize specific target cities and attract service to those cities.

Commissioner King asked if airport staff could keep track of the scope of these waivers and present a monthly report of fees waived to the Commission.

Commissioner Riesen mentioned that Alaska is expanding service to Palm Springs this fall.

Mr. Nolan confirmed that they are adding seat capacity, no new cities, (including the former Virgin America route to New York.)

Commissioner Clarkson asked when the new Incentive Program would become effective.

Mr. Nolan replied when City Council approves it.

Vice Chairman Hoehn explained how over the last two years, through the diligence of Mr. Nolan, the CVB and the Air Consultant, the air development had greatly accelerated. How they have created a greater momentum, and how there's much more awareness among the airlines, as more data is produced to the airline planners. How the goal is to extend the season.

Commissioner Clarkson asked if there was a time limit on the incentives.

Mr. Nolan explained that the FAA allows no more than two years, and depending on circumstances, the incentives may terms may vary.

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

Executive Airport Director Nolan reported that the airport's pavement overlay of Kirk Douglas Road should take place within the next 60 days.

The enabling project (construction of office space under the Bono concourse) for the Ticketing Wing Modernization is 95% complete.

With regard to the airfield electrical project, the FAA performed a test flight to synchronize precision approach path indicators, and this was completed successfully.

Taxiway W overlay is accomplished and the final close-out paperwork is underway.

The SOQ base agreements for the three consultants to be used for upcoming master plan projects are nearly executed and discussion now segues into specifics about projects, including the car rental facilities expansion.

A minor interior wall removal is about to enter design phase in an effort to create some additional needed queuing at the TSA checkpoint area. Cioffi Architect, a local architect will be undertaking this project.

Because of the occasional congestion experienced last season in the terminal building, the airport will encourage passengers to arrive at the airport sooner through various means such as PA announcements, website postings, and through local advertisement.

Commissioner Breslin asked if this information campaign would also be coordinated with the car rental agencies.

Mr. Nolan confirmed that it would, and with the airlines as well.

**13. COMMISSIONERS REQUESTS AND REPORTS:**

Chairman Wachs commented on the May 2018 Airline Activity Report showing an increase of 16.2% and the June Report, an 8.9% increase over last year.

Mr. Wachs reminded the Commission that there will be no Airport Commission meeting in August, to coincide with City Council going dark during the same period.

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

**15. CORRESPONDENCE:** None.

**16. RECEIVE AND FILE:**

**ACTION:** Receive and file: 16.A May-June 2018 Activity Report. 16.B. August Airlines Schedules.

**Moved and seconded, and unanimously carried noting the absence of Commissioners Dada, Freymuth, Johnson, Parks.**

**ADJOURNMENT:**

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

The Airport Commission adjourned at 8:28 A.M. to Wednesday, September 12, 2018, 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