



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

Wednesday, June 13, 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 June 7, 2018.

3. ROLL CALL:

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

Commissioners Absent: Dada, Johnson, King, Parks, Spike.

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

Others Present: Scott White, Director and CEO Greater Palm Springs CVB.

4. ACCEPTANCE OF THE AGENDA:

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

5. PUBLIC COMMENTS:

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

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on May 9, 2018, were presented for approval. **Moved and seconded and unanimously carried noting the absence of Commissioners Dada, Johnson, King, Parks, Spike.**

7. INTRODUCTIONS:

Executive Airport Director Nolan presented the various duties of the Operations Center staff under the management of Edward Graff both in the control center and on the field. This PowerPoint presentation included several photographs of staff conducting their duties in various situations. He commented how diverse the job is and commended the dedication of the staff performing the duties.

8. PRESENTATIONS: None

9. CITY MANAGER REPORT: None

10. BUDGET AND FINANCE REPORT:

Director of Finance and Treasurer Kiehl announced his resignation from the City of Palm Springs after ten years of service as he has accepted the Finance Director position at the Coachella Valley Water District. He explained that this would be his last meeting as a staff member and expressed his pleasure at serving on this important Commission consisting of representatives of all the cities in the Coachella Valley.

Mr. Kiehl then presented the May 2018 Financial Summary which shows the airport well positioned financially with a balance still standing at \$6.5 million. He reminded the Commission that although we are nearing the end of the fiscal year, records don't close until September.

Mr. Kiehl reported that City Council adopted the City's budget last Wednesday including the airport budget as presented. How there will be further minor adjustments: for instance the City just approving the Property Insurance Liability Package that will be imbedded in the budget.

Mr. Kiehl added some information on CalPERS costs and how his previous estimates seem to be confirmed with CalPERS doubling in five years for the airport from \$2.1 million to \$4.1 million, and how this figure may even be underestimated. How the assumption for salary increases of 2.5% for cost of living adjustments and added staff had been based on recent recession figures, with little or no staff raises, furloughs and position eliminations which held numbers down. How there are now demands from six labor groups and how the city is in the negotiation process.

Mr. Kiehl explained that this cost will impact the airport and how it is important to be aware of this as we look at our rates and charges.

Mr. Kiehl also touched briefly on the upcoming PFC-backed bond projects and CFC projects, and commented we are in good shape.

Chairman Wachs congratulated Mr. Kiehl and thanked him for the help he provided this Commission over the last ten years, and wished him all the best.

Executive Airport Director Nolan also expressed his appreciation of Mr. Kiehl's contributions and commented that he was happy for him but regretted to see him go.

Mr. Kiehl received a warm round of applause.

11. DISCUSSION AND ACTION ITEMS:

11.A New Seating Acquisition

Executive Airport Director Nolan explained how as a result of traffic growth and larger gauge aircraft, pressure on gate capacity is increasing in the Bono concourse. How an Ad-hoc Seating Committee which convened recently had discussed two issues: adding seats in the Bono and choosing a particular style of seating.

Mr. Nolan showed the current Herman Miller seats (Eames Tandem Sling Seating) used in the more recent (2007) Regional concourse and the unnamed brand of seats used in the older Bono concourse (1999).

Commissioner Hughes, a member of the Ad-hoc Committee, explained that the Committee is seeking consistent seating throughout the airport which could offer the flexibility of repositioning seats as needed. How style, comfort, a color that doesn't show dirt fast and ease of cleaning were all considered as was the need to offer cellular phone charging possibilities. How with all these factors in mind, the Committee expressed preference for the Herman Miller seats.

Vice Chairman Hoehn asked if all seats would be equipped with charging outlets as chargers are in great demand everywhere and we should not miss this opportunity.

Commissioner Hughes replied that budget will determine the number of seats equipped with chargers and that we would await the comments and quote from the manufacturer representatives once they have visited the airport.

Executive Airport Director Nolan explained that we will try and avoid tearing up concrete floors in order to add electric feeder lines. How certain rows of seats will have chargers and how we will provide standing charging stations in other areas.

Commissioner Freymuth asked about the cost of seats with chargers.

Executive Airport Director Nolan replied that we do not have these figures yet and how they will be analyzed, and how the Action today calls for the Commission's recommendation on the style of seating.

Vice Chairman Hoehn asked if the \$180,000 allocated for seating in FY2018-19 budget is correct, and if additional moneys would be appropriated if the proposed amount exceeded \$180,000 and whether it would come back to the Commission.

Mr. Nolan explained it will take two years of phasing to purchase all 500 + seats needed to replace the old seats in the Bono concourse, therefore the Commission will again approve another fiscal year's budget to accomplish the seating replacement.

Commissioner Call commented that there are several options for charging stations which may work better for our terminal configuration while considering costs such as power strips between rows of seats, or charging towers which do not require capital expenditures to tear up floors to install lines.

Commissioner Jones, who uses the airport frequently, commented that the Herman Miller chairs are very comfortable whereas the older ones are not. How, as far as the charging stations are concerned, some airports have designated sections and areas.

Commissioner Breslin inquired about selecting a more vibrant shade than black for the seats.

Commissioner Hughes explained how the committee shied away from trendy colors in favor of long-term options which would stand the test of time.

Vice Chairman Hoehn asked that all charging options be considered.

ACTION: Proceed with the acquisition of Herman Miller style chairs. **Moved by Commissioner Jones and seconded by Commissioner Call and unanimously carried noting the absence of Commissioners Dada, Johnson, King, Parks, Spike.**

11.B Air Service Incentive Program Modification

Commissioner Freymuth made the motion to add Montreal to the focus cities listed in the program.

The motion was seconded and unanimously carried noting the absence of Commissioners Dada, Johnson, King, Parks, Spike.

Executive Airport Director Nolan explained the history about the previous incentive program. How it was started in 2010 and required that airlines submit a marketing program approved by and featuring PSP, then submit receipts of marketing expenditures in order to be reimbursed, a lengthy process. How, through the Marketing Committee, it had been determined that this program had served its purpose and how a fee waiver incentive program was now considered more

appropriate, as more airports around the country are adopting this method. How this new program will enable airlines to use the fee savings as they deem appropriate to make their service successful.

Mr. Nolan added that the second facet of this new program is to designate target cities whereas the existing program just identifies the stage length of a new flight, does not specifically mentions destination cities.

Commissioner Freymuth, Chairman of the Marketing Committee, explained how we will no longer be obliged to waive fees for service to cities that are of no interest to Palm Springs and the Coachella Valley.

Commissioner Jones emphasized the interest in San Jose and Sacramento, how he wished to see more flights to Los Angeles, and how pleased he is to see Washington DC on the list of desired cities.

Commissioner Clarkson asked for clarification about the program's intent.

Mr. Scott White of the CVB explained how the airport had paid Allegiant \$50,000 for their new flight to Stockton, which operated briefly then failed due to lack of demand.

Commissioner Clarkson asked what the airlines' obligations are under this new program.

Mr. White explained how, when meeting with an airline, the CVB can demonstrate where the demand lies, such as Atlanta for Delta, with data supporting it. And how, if airlines decide to stop their service after a couple of months, they will only have fees waived for the period during which they operated, as opposed to receiving a full check for \$50,000 or more, as with the past program, whether the service lasts or not.

Mr. White added that the airport and the CVB only have a certain amount to spend, therefore we have to prioritize the cities with real market potential as opposed to risk losing all the incentive money on smaller cities. Therefore, the CVB helped identify more major key markets that support the tourism industry growth objectives.

Commissioner Freymuth added that O&D is the underlying data that supports these particular cities. How they make more sense for our area.

Executive Airport Director Nolan explained how the CVB is a big proponent of tapping the tourism potential of the East Coast, our largest unexploited market, where conference planners are seeking improved connectivity.

Commissioner Freymuth pointed out how PSP started with one New York flight a week with Virgin America, and we have now daily JetBlue flights in season with United about

to begin service as well this winter. How a single flight a week to Atlanta for instance could be meaningful as it puts the focus on that city and can grow from there.

Mr. Freymuth mentioned the numerous non-stop flights between New York and the Miami/Ft. Lauderdale airports and how a non-stop flight from the East Coast to Palm Springs can be very attractive.

Commissioner Breslin asked if the airlines would have to spend their fee saving on marketing.

Executive Airport Director Nolan replied that they could spend it however they wished.

Mr. White commented that in addition to the airport waving fees, the CVB would partner up with their marketing dollars to promote new flights by advertising in target cities.

Mr. Nolan explained that, under the new program, fees could be waived for up to two years, and that the airport would have to fully comply with all FAA guidelines.

Vice Chairman Hoehn referred to the staff report which indicates that staff would prepare the incentive program and asked if the final document with all the details not contained in today's report would be presented to the Commission again before it goes to Council.

Mr. Nolan replied that the document would go directly to City Council.

Chairman Wachs commented that the airport's budget would not be impacted.

Mr. Nolan explained that it would actually in terms of lost new revenues initially, but how it would generate money in the long run.

Commissioner Clarkson asked if the airport would offer the most that the FAA allows.

Commissioner Freymuth pointed out that other airports do a myriad of things in addition to waiving fees, and that we are not doing the maximum allowed by the FAA by any stretch of the imagination.

ACTION: Endorse the new incentive program. **Moved by Commissioner Hedrick, seconded by Commissioner Call and unanimously carried noting the absence of Commissioners Dada, Johnson, King, Parks, Spike.**

Commissioner Call left at 8:58 a.m.

12. EXECUTIVE AND STAFF REPORTS:

Executive Airport Director Nolan reported that the airfield electrical project is 97% complete. How the FAA will perform a flight check ride to align the precision approach.

How the enabling project under the Bono concourse consisting of the building of office space is 70% complete.

How the SOQ for design services has been awarded by City Council to three companies: WSP, RS&R, and Gensler, and contracts for all three are being negotiated.

How the ticketing wing modernization is scheduled for summer 2020. Prequalification is about to be conducted by procurement and will take several months, followed by bond feasibility, bid and award in late 2019.

How in 2019, the term for both airport concessions expires. As the airport received federal grant moneys, the FAA requires that a public solicitation be conducted.

Commissioner Freymuth indicated he is a big proponent of endorsing local businesses and volunteered the Marketing Committee to look into the regulations which bind the airport and determine if this RFP can be approached from a different angle.

Vice Chairman Hoehn agreed.

Executive Airport Director Nolan announced that off-season maintenance work on the airfield and terminal complex is vigorously in progress.

13. COMMISSIONERS REQUESTS AND REPORTS:

Chairman Wachs commented on the April 2018 Airline Activity Report which indicates a 9.2% increase over last year.

Airport Administration Manager Jucht added that the May statistics which just came out yesterday showed an increase of 16% year over year. He explained how this was due to Frontier Airlines staying through the summer months, and flights continuing later in May this year. How a double digit increase can also be expected in June as the seat capacity is there.

Commissioner Freymuth said he spoke to Mr. Joshua Bonner of the Greater Coachella Valley Chamber of Commerce, who started the program "Fly PSP First" and how the GCVCC is pushing this program out to all the chambers of the Valley.

Commissioner Freymuth suggested that we eliminate from the Commissioners' packet, the numerous pages containing the detail of all checks issued, and only distribute the first four pages of the Financial Summary.

Chairman Wachs agreed.

Director of Finance and Treasurer Kiehl agreed that this is a timely suggestion, and confirmed that this detailed information can be provided anytime upon request.

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

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A April 2018 Activity Report. 16.B. July 2018 Airlines Schedules.

Moved and seconded, and unanimously carried noting the absence of Commissioners Dada, Johnson, King, Parks, Spike.

ADJOURNMENT:

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

The Airport Commission adjourned at 9:10 A.M. to Wednesday, July 11, 2018, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

Nadia P. Seery
Executive Administrative Assistant