



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

Wednesday, April 10, 2019

1. CALL TO ORDER – PLEDGE OF ALLEGIANCE:

Chairman Jones 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 April 4, 2019.

3. ROLL CALL:

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

Commissioners Absent: Altman, Berriman, Corcoran.

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

Others Present: Bob Thibault - CVB

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the Agenda as presented. **Moved and seconded and unanimously carried noting the absence of Commissioners Altman, Berriman, Corcoran.**

5. PUBLIC COMMENTS:

Mr. Bernstein, owner of a Palm Springs business, addressed the Commission about local representation of food and beverage and retail at this airport.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on March 13, 2019, were presented for approval. **Moved and seconded.**

AYES: Call, Clarkson, Freymuth, Hedrick, Jones, Pye, Riesen, Schmitz.

NOES:

ABSTAIN: Breslin, Dada, Hoehn, Hughes, King, Pattison, Suero.

ABSENT: Altman, Berriman, Corcoran.

7. CHAIRMAN COMMENTS:

As was announced at the last Commission meeting, Chairman Jones asked three Commissioners to speak about their backgrounds and how their experience contributes to the Airport Commission. Vice Chairman Hoehn, Commissioner Freymuth and Commissioner Clarkson gave a brief presentation.

Chairman Jones explained how some Commissioners visited the USO after the March Airport Commission meeting. He described the amenities and explained how the USO center operates with the help of volunteers and public donations.

8. INTRODUCTIONS AND PRESENTATIONS:

Presentation postponed until after the budget discussion.

9. CITY MANAGER REPORT:

City Manager Ready explained how Amendment 2 to the Ace Parking agreement would go before Council on April 17 if the Airport Commission did not object. How the Commission had reviewed and acted on this item previously. How this amendment would allow for an increase in fee by \$61,994 for CY2019 to cover the legislatively mandated minimum wage increase which began in 2017, and how Ace had now opted to exercise their 60-day end of contract clause if this was not obtained. Mr. Ready further explained that an RFP process would then take place later this year to rebid the parking contract as of January 2020.

The Commission agreed with the City Manager's plan to address the ACE minimum wage issue.

10. BUDGET AND FINANCE REPORT: See Item 11.A below.

11. DISCUSSION AND ACTION ITEMS:

Item 11. A – Airport Budget FY2019-20 and FY 2020-21

Vice Chairman Hoehn, who chairs the Budget Committee, gave a synopsis of that committee's meeting on March 26, 2019, and explained how, because certain aspects of the Ticket Wing modernization project are not eligible for grants or bonds, the airport stood to potentially incur a deficit of \$1.8 million in FY2019-20 and \$2.2 million in FY 2020-21.

How some suggestions had been presented to augment airport revenues including an increase in parking fees, concession fees and airline rates. How two additional staff positions had been included in the budget: an Airport Engineer and a Marketing Manager.

Airport Executive Director Nolan, with the aid of a PowerPoint, thoroughly explained every line of the Capital Investment Program for the upcoming two years.

Airport Administration Manager Jucht then explained in great detail the draft budget summary worksheet provided to the Commission.

Commissioner King inquired about the Cogen energy plant located off airport and servicing the airport, a facility constructed in the 1980s to save on expenses, and asked the City Manager to consider decommissioning the facility or removing the airport from it altogether.

The City Manager explained how it had been considered over the years and how switching the airport back on the grid would require new air conditioning units at the airport because they would no longer be on Cogen standards.

Airport Executive Director Nolan explained that the airport has three quarters of the required HVAC units to accomplish self servicing and it would not require much additional expense to achieve.

Mr. Ready indicated that now that we have the debt on Cogen this would force all that to the general fund and crater it potentially, so it's a tough decision to make.

Commissioner Hedrick made some suggestion on the airport's bonds related to Cogen.

Mr. Ready explained how we still have ten years to pay off the outstanding bonds on Cogen. Then would the airport still pay their share, which doesn't help the airport and how it may or may not be legal and if it's not, the City would have to take this debt and it would be a burden on the general fund of the City. How Council would take that into consideration should we go the other way. How a good review is in order so that we know exactly what we're talking about. How it's certainly doable, it would just require a plan, and a lot of discussion to get everyone on board and a timeline to achieve it. How we should obtain some professional assistance in this area in order to have definitive answers.

Airport Administration Manager Jucht then addressed the Budget Committee's recommendation to raise public parking rates from the current \$3 per hour and \$17 per day to \$4 per hour and \$18 a day in FY2019-20, to generate an additional \$325,000 the first year, and an increase to \$5.00 per hour and \$19.00 the second year which would amount to \$535,000.

The Commission discussed the revenue justifications to support a raise in public parking rates, debated a single-step increase versus a two-step increase, and opted for a single-step increase to \$6.00 per hour and \$20.00 per day as of FY2019-20.

Motion was made by Commissioner Freymuth and seconded by Commissioner Hughes.

On the topic of airline rates increase, Executive Director Nolan pointed out how PSP is very competitive and in the lower percentile of costs to airlines when measured by the industry, and Vice Chairman Hoehn added how the new fee-waiver airline incentive program will offer an offset to airlines.

With regard to food and beverage percentage increase, concern was expressed on one hand that the concessionaires' margin is small, conversely it was explained that it was higher at other airports and as much as 20% at large events.

Mr. Jucht pointed out that airport concessionaires do not pay rent or utilities, only a percentage to the airport.

Commissioner Call inquired about including a line item to the budget to address the gradual removal of grass and berm plantings in and around the public parking lot. The Commission discussed the airport sustainability plan of removing grassy areas and concluded that the increase in parking fees would help offset this line item expenditure, and decided to appropriate \$150,000 to jumpstart a multi-year program.

City Manager Ready suggested that areas be identified and a design be proposed.

Motion was made by Commissioner Call and seconded by Commissioner Pye.

Chairman Jones expressed his support for the Airport Engineer position and the Marketing Manager position despite the addition of the landscape line item, and so did Commissioner Hedrick.

Commissioner Call asked if these two managers would be working for the airport only.

City Manager Ready confirmed that they would be fully dedicated to the airport.

ACTION: Approve the budget as presented. **Moved by Commissioner King, seconded by Commissioner Hedrick and unanimously carried noting the absence of Commissioners Altman, Berriman and Corcoran.**

12. EXECUTIVE AND STAFF REPORTS:

Mr. Nolan explained how the Ticket Wing Modernization RFP bid will be opened on May 2nd, 2019.

How the negotiations with Gensler architects on the car rental design contract scope are complete and the document has been sent to car rental companies' property management specialists to gain their collaborative input and consensus.

How all airports in California received a notice from the Water Quality Board regarding a substance in fire fighting foam which has potential impact on ground water requesting that we submit a work plan within sixty days to determine if any impact exists. How consultants were promptly hired to assist with the development of this plan.

How Ricondo consultants have finished and submitted their report on food & gift concessions strategies.

Chairman Jones explained how the Operations, Properties and Facilities Committee will review the consultant's findings and make a recommendation to the Commission at the next meeting, who will in turn make its recommendation to City Council.

Executive Director Nolan explained how the Airline Agreement analysis continues and the consultant recommends extending the existing agreement until the end of the Ticket Wing Modernization project in 2020. How, by that time, we will have a better idea on costs associated with the new baggage handling system and other components. How we are evaluating compensatory versus residual agreements alternatives.

Mr. Thibault, of the CVB, gave a presentation describing the CVB's airline support. With the help of a PowerPoint, he explained the various medias the CVB uses to promote airlines and destinations such as television, billboards in destination cities, print (airline magazines, newsletters), digital, social and web campaigns, (Expedia, Instagram ads) as well as sweepstakes. He explained how their \$462,548 budget for 2018 was increased by 40% to \$647,442 in 2019.

13. COMMISSIONERS REQUESTS AND REPORTS:

Regarding the upcoming sale of PFC Airport Revenue Bonds Commissioner Hedrick suggested that the City consider using one or two small business investment banking firms, (aka minority owned firms) to be added as co-managers on the transaction instead of using a single underwriter.

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

15. CORRESPONDENCE: None

16. RECEIVE AND FILE:

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

ADJOURNMENT:

Motion to adjourn. **Moved by Commissioner Call, seconded by Commissioner Pye and unanimously approved noting the absence of Commissioners Altman, Berriman and Corcoran.**

The Airport Commission adjourned at 9:40 A.M. to Wednesday, May 08, 2019, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

Nadia P. Seery
Executive Administrative Assistant