



AIRPORT COMMISSION

ACTION SUMMARY OF ADJOURNED MEETING

Wednesday, February 12, 2020

1. CALL TO ORDER – PLEDGE OF ALLEGIANCE:

Vice Chairman Hoehn 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 February 6, 2020.

3. ROLL CALL:

Commissioners Present: Altman, Breslin, Budilo, Burke, Clarkson, Corcoran, Feltman, Freymuth, Hedrick, Hoehn, Pattison, Pye, Riesen, Schmitz, Suero.

Commissioners Absent: Adams, Dada, Hughes, Jones.

Others Present:

Staff Present: City Manager Ready, Airport Executive Director Nolan, Airport Assistant Director Aguirre, Airport Administration Manager Jucht, Airport Operations Manager Graff, Airport Security Coordinator Scott Daugherty, Airport Executive Administrative Assistant Seery.

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the agenda as presented. **Moved and seconded and unanimously carried noting the absence of Commissioners Adams, Dada, Hughes, Jones.**

5. PUBLIC COMMENTS:

James Giantoni, commented on aircraft paths above his residence.

Celia Hart, also commented about low flying airplanes.

Michael Call, Chairman of the Airport Navigators Program, invited the Commissioners to volunteer for a few shifts at the navigators' information desk.

Jeremy Ogul, Esq. speaking on Item 11.C and representing Ace Parking, announced that a protest letter had been filed with the City following the result of the Public Parking Management RFP.

Ed Learned, speaking on Item 11.C, spoke about his work and long tenure with Ace Parking at the Palm Springs airport.

Jane Moses, speaking on Item 11.C, spoke about her work and long tenure with Ace Parking at the Palm Springs airport.

Steve Burton, President of Ace Parking, speaking on Item 11.C, commented on the Public Parking Management RFP and brought up points of contention.

Commissioner Suero arrived at 8:20 A.M.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on January 8, 2019, were presented for approval.

Moved by Commissioner Freymuth and seconded by Commissioner Schmitz.

AYES: Budilo, Breslin, Burke, Corcoran, Feltman, Freymuth, Hedrick, Hoehn, Pattison, Pye, Riesen, Schmitz, Suero.

NOES: None

ABSTAIN: Altman, Clarkson

ABSENT: Adams, Dada, Hughes, Jones.

7. CHAIRMAN REPORT:

8. INTRODUCTIONS AND PRESENTATIONS:

Mr. Bryan O. Elliott, A.A.E. Director of Ricondo and Associates, commented in a very detailed manner a PowerPoint presentation via teleconference about the ongoing Airport Use and Lease Agreement negotiations between the PSP airport and the airlines.

Mr. Elliott first addressed small hub ratemaking methodologies and explained how 67% of airports use the hybrid method, 22% the residual method which PSP has been using for twenty years, and 11% the compensatory method.

He explained all three methods: how with the residual method the airlines assume fiscal responsibility thus exercising strict control over expenditures, which could in some case impede city's needed capital projects; how under the compensatory method the airport assumes all financial responsibility, that under the hybrid method,

which is the method currently under discussions, airlines still review and approve capital improvements, while the airport carves out self-supporting cost centers.

Mr. Elliott explained that the amended agreement could be in place by January 1, 2021, to coincide with the completion of the new ticket wing project. How airlines will occupy different spaces by then and the airport will need to consider new key financial metrics such as significant increases to PERS, the maintenance of a new Baggage Handling System, and other deferred projects such as the baggage claim area remodel, the RJ concourse, and the exterior of the building which will drive costs up.

Mr. Elliott then addressed the Cost Per Enplanement (CPE) progression through 2025.

Discussion ensued on airlines expressing concern about a CPE increase, but how a CPE that is too low restricts work needed on the infrastructure. How PSP's CPE is below that of other airports and is average for a small hub.

Commissioner Freymuth asked how the higher CPE was attained compared to the earlier one shown in July 2019.

Mr. Elliott commented that at the request of the airlines the airport was asked to provide a more comprehensive Capital Improvement Program (CIP) which resulted in more expenses.

Commissioner Hedrick commented how other airports' CPE will continue to increase and therefore will not change PSP's competitive position even with an increase.

Mr. Elliott commented that the CPE could be decreased if airlines agreed under an LLC consortium to assume the maintenance of the new baggage handling system.

Vice Chairman Hoehn, serving as today's Chair, proposed that the Budget and Finance Committee convene to analyze the need to smooth out the increase and make recommendations.

9. CITY MANAGER REPORT:

City Manager Ready reported that an offer was sent to a candidate for the Deputy Director of Marketing position based on the recommendation of the subcommittee.

10. BUDGET AND FINANCE REPORT:

Airport Administration Manager Jucht indicated that Customer Facilities Charges revenues were greater compared to last year and how this will support the major expenditure of the design of the rental car facility.

How Fund 410 - Passenger Facility Charges is trending positive. How the debt service was consolidated and some things were paid off early.

How Fund 415 – Airport Operations & Maintenance has a surplus of \$2.1M. However Fund 416 is short \$2.1M and our surpluses pay our capital needs in a budget year.

How the Airport Funds unrestricted cash stands at \$5.89M

11. DISCUSSION AND ACTION ITEMS:

11.A New Commission Meetings Dates and Times

The Commission was asked to weigh in on the request of Mayor Kors and City Council that all Commissions and boards meet in the evenings, no sooner than 5:30 P.M. or express a waiver request to keep it as is.

Commissioner Feltman commented that the Airport Commission is the only business Commission that is attended by consultants and business partners. Some consultants may be in different times zones which will make it difficult for them to attend by conference call at 8:30 or 9:30 P.M.

Commissioner Pattison indicated he would have a conflict on Wednesdays at 5:30 P.M. with the City of Coachella Council Meeting.

The City Manager requested that the staff report be on the next City Council Agenda.

ACTION: Request a waiver from City Council for the Airport Commission to continue meeting at 8:00 A.M. on the second Wednesday of the month. **Moved by Commissioner Feltman, seconded by Commissioner Hedrick.**

AYES: Altman, Breslin, Budilo, Burke, Clarkson, Corcoran, Feltman, Hedrick, Hoehn, Pattison, Pye, Riesen, Schmitz, Suero.

NOES:

ABSTAIN: Freymuth

ABSENT: Adams, Dada, Hughes, Jones

11.B Car Rental Agreement Extension.

Executive Director Nolan explained how the existing car rental facility upgrade will be the largest capital project ever at the airport and how it does not make business sense to conduct a new car rental concessions RFP until this major project is completed and the recommendation was to extend the current agreement for one year with four one-year options, then conduct a new RFP.

ACTION: Extend the current car rental agreement for one year with four one-year options. **Moved by Commissioner Freymuth, seconded by Commissioner Schmitz and unanimously approved noting the absence of Commissioners Adams, Dada, Hughes, Jones.**

11.C Airport Parking Management RFP

Airport Administration Manager Jucht briefly explained the parking management bid process and reported that eight strong proposals had been received. How ABM Aviation won the bid with a difference of \$23,000 per year for the five-year contract. The results could be presented to City Council for consideration tomorrow, February 13, 2020.

Commissioner Feltman inquired about the legal aspect of the objection.

City Manager Ready explained that the objection is being evaluated and it is a process involving the Procurement Manager and City Attorney. How during an RFP, when all things are considered equal, the City will accept the lowest bid. How City Council may postpone this agenda item until the issue is resolved. How he will report to the Commission based on the City Attorney's instructions.

Vice Chairman Hoehn suggested it was not appropriate, given the parking bid challenge to take any action or make any recommendation.

Commissioner Hedrick moved that the current agreement be extended by two months to give staff time to analyze the protest letter and give the Commission time to understand better what's going on. The motion was seconded.

Commissioner Pye asked how long will the issue take with the Procurement Manager.

City Manager indicated it would take a couple of weeks and that the City does not have to select the lowest bidder, that the Commission could discuss it and make a recommendation, that the City aim is to ensure that the process is fair for all but the Airport Commission recommendation will be based on what is best for the airport.

ACTION: Extend the contract on a month-to-month basis and not take action on this item. **Moved and seconded and unanimously approved noting the absence of Commissioners Adams, Dada, Hughes, and Jones.**

11.D Projects update

Commissioner Schmitz explained how the Operations Committee convened on January 27 and examined a preliminary conceptual design of the Consolidated Rent-A-Car facilities (CONRAC) project. How 365 days of data had been obtained from the

companies, and the required space would cover 1.4 million square feet or a five-story building, with one level possibly underground. Anything less would not offer the car rental companies more square footage than they presently occupy. How the Committee moved to explore an alternative site on Kirk Douglas Way.

Executive Director Nolan indicated that this alternative site analysis will be presented to the car rental companies through architect Gensler. Then, when that process is completed, the matter will be brought back to the Operations Committee.

Vice Chairman Hoehn reminded the Commission that the Master Plan update of 2015 included this option which was dismissed both by the rental car companies and by City Council who objected to shuttling passengers.

Mr. Ready commented that City Council still wants the parking facility here, but perhaps not as large.

For the Ticket Hall project, Mr. Nolan stated how on March 1st, the lobby gift shop will be closed for remodeling and later use by Alaska Airlines as ticket counter space. How the majority of the construction is still scheduled for May 1st.

The TSA queueing area expansion is complete (photos shown) and the TSA is now responsible for providing the sixth screening device.

The new police office is 90% complete.

In the baggage claim area, we are still waiting for the automatic exterior door and the new car rental counters.

12. EXECUTIVE AND STAFF REPORTS:

Executive Director Nolan commented on the following items:

The advertising concession contract with Lamar is under negotiation for an extension in order to accommodate the building of the new car rental facility which will provide a very attractive venue for new advertising. The additional revenues for the airport will help reduce CPE fees. All this new space will be incorporated in an RFP in approximately two years.

The IFB for the Fabrication, Testing and Delivery of two ARFF vehicles was issued in February.

State mandated PFAs soil testing is about to go to bid.

The Bono passenger bridges specifications bid is still pending.

City Council will hear tomorrow about the sustainability department hiring a consultant to start formulating a plan to convert the airport turf landside within set budget parameters. Some additional funding was identified with the Desert Water Agency. There are plans to include a sustainable demonstration desert garden.

13. COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Hedrick reported how he and Mr. Nolan participated in a homeless survey of over 100 people. How the primary issue is lack of affordable housing, which leads to loss of job and homelessness. He encouraged other Commissioners to participate next year.

Commissioner Pye requested that the motion to hire consultant Gensler to look at modifying existing terminal facilities to be cross-utilized for acceptance of international flights be agendized in March to evaluate the consultant's fees for such an undertaking. Commissioner Freymuth supported the request.

Commissioner Corcoran raised the topic of the Concession outreach meeting held on February 6, 2020.

Mr. Nolan asked Airport Administration Manager Jucht to explain how the event was announced in the community to seek interested parties.

Mr. Jucht explained that we contacted all the Chambers of Commerce in the Valley who did an outreach with their membership. The City of Palm Springs led by Amy Blaisdell and Denise Goolsby did a posting under the City calendar. It was advertised twice in the Desert Sun. The City website and the Airport website had announcements. How we received significant interest with major firms coming to town.

Commissioner Corcoran stated that in the original meeting the topic of training had been brought up. How the concern was that the local vendors would not know how to proceed with the RFP process.

Mr. Corcoran commented on the ten to fifteen-year potential contract to offset the required capital improvements which could amount to \$10M. How he realized that no local vendor would have the capital to do this. How the only way is to have local vendors partner with national organizations and how these organizations encouraged partnership with local retail. How in order to facilitate that discussion other than reaching out with the provided list, a tradeshow type of meeting could allow vendors to meet one-on-one and share ideas. How some questions remained such as: Could one vendor work with multiple national vendors; could Retail start before Food & Beverage; what is the status of minority vendors. Mr. Corcoran proposed continued

support to help the local vendors connect with the national vendors in the RFP process.

Mr. Nolan assured the Commission that the City is very efficient at the RFP process and will give all necessary details to allow local interested parties to participate and submit their proposals.

City Manager Ready commented that the City must have a very fair process and a way to answer these questions is to bring them up in the upcoming pre-bid conference and how the information provided must be provided for everyone.

Commissioner Feltman asked if the Commission could receive a timeline of the entire RFP process.

City Manager Ready recommended it be agendaized for the next meeting.

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

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file: 16.A. January Airline Activity Report
6.B. March 2020 Airlines Schedules.

Vice Chairman Hoehn commented on the slight decline in passenger traffic in January. How the B737-Max being grounded still has a negative effect.

ADJOURNMENT:

ACTION: Motion to adjourn. **Moved by Commissioner Hedrick, seconded by Commissioner Corcoran and unanimously approved noting the absence of Commissioners Altman, Clarkson, Dada, Hughes.**

The Airport Commission adjourned at 9:51 A.M. to Wednesday, March 11, 2020, at 8:00 A.M., in the airport conference room, 3400 E. Tahquitz Canyon Way, Palm Springs.

Nadia P. Seery
Executive Administrative Assistant