



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF REGULAR ADJOURNED MEETING

Wednesday, November 17, 2021 – 5:30 P.M.

1. CALL TO ORDER:

Chairman Dada called the Airport Commission Meeting to order at 5:30 P.M. and invited Commissioner Breslin to lead the Pledge of Allegiance. The meeting was held via videoconference.

2. POSTING OF THE AGENDA: Posted on November 10, 2021.

3. ROLL CALL:

Commissioners Present:

Patricia Breslin (Palm Springs)	Gabriel Martin (Coachella)
Paul Budilo (Indian Wells)	Scott G. Miller (Palm Springs)
Kevin Corcoran (Palm Springs) - Vice-Chair	John Payne (Palm Springs)
Aftab Dada (Palm Springs) - Chairman	Jill Philbrook (Cathedral City)
Peter Freymuth (Riverside County)	Jan Pye (Desert Hot Springs)
Ken Hedrick (Palm Springs)	Jhan Schmitz (Indio)
Rolf Hoehn (Palm Desert)	M. Guillermo Suero (Palm Springs)

Commissioners Absent: Gerald Adams (Palm Springs), Todd Burke (Palm Springs), David Feltman (Palm Springs), Kathleen Hughes (La Quinta) and Thomas Weil (Rancho Mirage).

Staff Present:

Justin Clifton, City Manager
Ulises Aguirre, Airport Executive Director
Harry Barrett, Assistant Airport Director
Daniel Meier, Deputy Director, Marketing and Business Development
Victoria Carpenter, Airport Administration Manager
Nadia Seery, Executive Program Administrator

Others Present:

Oliver Lamb – Ailevon Pacific Aviation Consulting

Public Attendance: Five

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the Agenda as presented. **Moved by Commissioner Hedrick, seconded by Commissioner Breslin, and unanimously approved noting the absence of Commissioners Adams, Burke, Feltman, Hughes and Weil.**

5. PUBLIC COMMENTS:

Mr. and Mrs. Hacker addressed the Commission about aircraft noise issues over their residence in Palm Springs.

6. APPROVAL OF THE MINUTES:

ACTION: Approve the minutes of the Airport Commission Meeting of October 20, 2021. **Moved by Commissioner Pye, seconded by Commissioner Hedrick and unanimously noting the absence of Commissioners Adams, Burke, Feltman, Hughes and Weil.**

7. INTRODUCTIONS AND PRESENTATIONS:

Mr. Oliver Lamb of Ailevon Pacific Aviation Consulting presented an air service update. Mr. Lamb provided an overview of what had changed since he had provided an update to the Commission in January 2020, and he noted that although he had expressed to the Commission that he believed that all positive things coming forward were likely to continue on that trajectory, the pandemic triggered a big falloff in demand and capacity. He said that in May 2020, seat capacity had dropped 76% below pre-pandemic and that in Summer 2021, they had the best summer on record.

Mr. Lamb attributed the strengthening of the Air Service Development Team to the support that has been received from Airport Executive Director Aguirre and Airport Deputy Director Meier. He said that Mr. Meier has been a tremendous asset to Palm Springs International Airport (PSP) and that the contributions that Mr. Meier has made in terms of growing the market and bringing in new airlines has been unparalleled, and Mr. Lamb said that he couldn't commend the Commission and the Airport highly enough for bringing Mr. Meier onto their team.

Mr. Lamb explained that the seat capacity was down at various airports in California, the West Coast and throughout the United States, and PSP was 41% above where it was pre-pandemic which is truly incredible. He said that PSP was ranked as number two of the top hundred airports in terms of growth versus pre-pandemic demand. Mr. Lamb reviewed the data for the Recovery of the United States' Top 100 Airports as of October 2021, as compared to the percent of seats in October 2019. He reported that as of October 2019, United Airlines and the Canadian carriers had reduced capacity, and Delta, Alaska and Southwest Airlines have had significant growth. Mr. Lamb pointed out that PSP now has four major airlines that are offering seats across the

country which allows for more competition and lower prices and ease for reaching your destination.

Mr. Lamb reviewed the top 10 markets before the pandemic, the current top 10 markets, and the largest unserved markets for PSP, and he noted that Washington DC and Spokane were the top two unserved opportunities for PSP. Mr. Lamb forecasted that PSP would have a record winter in regard to seat capacity, and he reviewed the routes and airlines that had been added to PSP during the pandemic.

Mr. Lamb advised the Commission that PSP needed to be prepared for continued labor shortages and fleet constraints. He said that debt was an issue for the airlines, and he explained that due to the lack of business travel, airlines were having to offer lower leisure-based fares and that higher gas prices could limit the availability of lower cost flights.

Mr. Lamb reported that 82% of Americans have said that they are ready to travel again, there is a decline in the number of people who are reluctant to attend conferences and that there are positive signs that corporate travel will be increasing. He noted that during the pandemic, second home purchases had increased, and he said that PSP would need to cater to those that will need to travel to and from their two residences. Mr. Lamb also noted that there has been an increase in the full-time residences in the Coachella Valley and that PSP would need to cater to the change of demographics, and he pointed out that people who are working remotely are taking extended stays which has also changed travel patterns.

Mr. Lamb said that in regard to the airport's perspective looking forward, PSP would need to focus on the following: 1. Costs; 2. Incentive Plans; 3. Proper teams in place for recovery; and 4. Collaboration with local stakeholders. In regard to service development for 2022, PSP would need to set the following priorities: 1. Fill seats and maintain the current airlines and routes; 2. Strengthen PSP's year-round air access; 3. Secure new markets; and 4. International Ambitiousness.

8. CITY MANAGER REPORT:

City Manager Clifton reported that Martha's Village and Kitchen located at 225 S. El Cielo remained in operation, and he said that he was not aware of any noticeable increases in the secondary impacts from the access center. Mr. Clifton suggested that the Commission consider no longer listing 225 S. El Cielo as a regularly agendized item, and he said that he could provide bimonthly or quarterly presentations for the Commission.

Mr. Clifton noted that the City was moving forward with filling the Airport Executive Director vacancy that would be opening when Mr. Aguirre retires in December, and he said that the City had selected ADK Consulting & Executive Search to facilitate the recruitment. He also noted that City staff was planning to engage the Commission to

solicit input on traits and characteristics that would be preferable for the Airport Executive Director and that some of the Commissioners would be asked to participate in a final assessment center type process for the final candidates.

Commissioner Breslin inquired about additional data for Martha's Village and Kitchen, and she asked if there was a way for the Commission to review the current and future data. Mr. Clifton said that he believed that in September 2021, Martha's Village and Kitchen had provided service to more than 200 unduplicated individuals, and he said that he would provide the monthly statistics of the breakdown of services to the Commission.

9. DISCUSSION AND ACTION ITEMS:

9.A 225 S. El Cielo

Airport Executive Director Aguirre noted that the discussion for this item had been completed in the City Manager's report.

9.B Air Service Incentive Program

Airport Executive Director Aguirre opened this item for discussion.

Mr. Aguirre summarized the current fee waiver incentive program that had been approved in 2019 for a \$500,000 program cap. He said that the program cap funds were close to being exhausted, and he noted that there were several applications that were pending because of the depletion of the program cap funds. Mr. Aguirre explained that he was requesting the authorization of additional funding in the amount of \$353,000 to process the applications that are pending and to suspend the current incentive program, and he said that staff would be evaluating the incentive program to identify any modifications that need to be made to the program and to determine the amount of additional funds that will need to be requested.

Chairman Dada asked how the total amount of \$853,000 was determined. Mr. Aguirre explained that staff had calculated the amount that had been expended, the amount that will go to Southwest Airlines for the full one-year commitment, and the funds that will be needed for the pending applications to determine that an additional \$353,000 would be needed to fund the incentive program in its entirety. Chairman Dada asked if the incentive program would be active until June of 2022. Mr. Meier said that going by the most recent applications that have been received, the incentive program would be active until November of 2022. Chairman Dada suggested that staff consider requesting a higher amount to have a reserve fund to accommodate any additional applications. Mr. Aguirre said that staff would like to identify the modifications that would be made to the incentive program before requesting any additional funding.

Commissioner Hedrick asked if there would be any additional cities that would be included in the proposed increase. Mr. Aguirre asked Mr. Meier to provide an overview of how the current listing is being changed to be city specific to accommodate the modifications that are being contemplated, and he assured the Commission that the modifications would be presented to the Commission for their input before it is presented to the City Council. Mr. Meier explained that staff would be reviewing the incentive program to ensure that PSP's incentive program is up to date with the current times and that staff would be reviewing other airport incentive programs to make sure that PSP's incentive program is meeting industry standards, and he said that he was certain that PSP's current incentive program did not meet industry standards. He also said that staff would be reviewing and revising the current list of cities.

Commissioner Payne asked Mr. Lamb to provide his best assessment of what would be the best way to incentivize business travel. Mr. Lamb noted that small businesses are traveling much more quickly than the big corporate businesses. He said that he believes that the lack of conference travel is what is currently holding corporate travel back and that he is waiting to see what corporate travel policies will evolve going forward.

Commissioner Miller inquired about the funds that were being used to subsidize the incentive program. Mr. Aguirre explained that the incentive program does not offer a reimbursement or a monetary incentive. He said that PSP waives the fees in lieu of PSP receiving payment for landing fees or hold room fees. Commissioner Miller asked if the funds could be needed for infrastructure or facilities. Mr. Aguirre said that he did not believe that the funds would be needed for infrastructure or facilities and that utilizing the funds for the incentive program should not impact PSP's capital projects. Commissioner Miller voiced his concern in regard to PSP not having funds available for future growth and infrastructure needs. Mr. Aguirre clarified that this request was to fulfill the applications that have currently been received and that there will be an opportunity in the future for staff to present a new incentive program to the Commission that will identify additional funding which will allow the Commission to discuss the funding for the new incentive program at that time.

ACTION: Recommend to the Palm Springs City Council to suspend the current Air Service Program and to increase the fee-waiver cap amount from \$500,000 to \$853,000 in order to approve and honor all airline applications which have been received through the 2019 Air Service Incentive Program. **Moved by Commissioner Pye, seconded by Commissioner Hedrick and unanimously noting the absence of Commissioners Adams, Burke, Feltman, Hughes and Weil.**

10. EXECUTIVE DIRECTOR REPORT:

10.A. Projects Update

Airport Assistant Director Barrett reported that the ongoing passenger boarding bridge replacement project is approximately 80% completed and that the bridges at Gates 7 and 10 are the two remaining bridges that will be replaced. He said that Gate 10 is currently being worked on and that he is anticipating that the completion of the bridge will be the first week of December. Mr. Barrett said that once Gate 10 is completed, work will begin on Gate 7. He noted that the feeder lines to the gates had to be upgraded to upgrade the power, and although there was a slight delay, Mr. Barrett said that he anticipated that the project would hold to the original schedule for a completion date in January.

Mr. Barrett said that during the holidays, the holiday lots off of Kirk Douglas Way would be open beginning on November 23rd and that there would be an \$18 a day parking fee which would include a shuttle service from the parking lot to the main terminal, and the shuttle service would be available until December 1st under the current ABM Aviation Parking contract. He said that staff would continue to monitor the parking to see if any adjustments need to be made and to determine if airport staff will need to be utilized to assist with the shuttle service between the Thanksgiving and Christmas holidays.

Mr. Barrett said that staff had been working with TSA to adjust the screening hours for passengers and for baggage and that TSA had agreed to adjust the screening hours for passengers to 4:00 a.m. to accommodate the increase in flight and passenger activity. He said that TSA had also agreed to facilitate the process of screening passengers through a K-9 program to get passengers through screening quicker.

Mr. Barrett announced that Swoop Airlines would be coming into the market in December and that staff was working on converting the former gift shop area in the central terminal into a ticket counter and ticketing office space for Swoop.

Mr. Barrett also announced that a new Executive Administrative Assistant had been hired and that her name is Christina Brown. He said that Ms. Brown has a considerable work history, she had worked for the City of Laguna Beach and the City of Industry and that she has worked in various positions.

Commissioner Miller voiced his concern in regard to the length of time that it takes for passengers to receive their baggage from baggage claim which he has personally experienced. He said that there were several announcements made that said that the delay was due to staffing shortages, and he said that the situation did not leave favorable impressions on the travelers and that the comments he overheard were not positive. Commissioner Miller asked if staff had received any feedback on this matter, and he asked what could be done to improve the situation. Mr. Barrett said that he

was not aware of any direct feedback, and he said that Mr. Meier has been tracking some of the issues on social media and that he responds accordingly to the social media feedback. He said that staff has been working with and will continue to work with the ground handlers to try to facilitate where staff can help in their operations. Mr. Barrett suggested that Commissioner Miller could provide the details of the events that transpired on the days that he was traveling and that he would look further into the matter. Commissioner Miller said that he would email the information to Mr. Barrett.

10.B. Financial Summary Update

Airport Administration Manager Carpenter reported that PSP would be hosting a job fair for the airport tenants on Tuesday, November 30th, and she said that PSP was trying to help the tenants get the adequate staffing that they need. She noted that there were 200 participants at the prior job fair and that there would be 12 exhibitors from the airport tenants at the job fair which was being held at the Palm Springs Convention Center.

Ms. Carpenter thanked the Commissioners that had attended the Paradies Happy Hour, and she said that there was a good turnout for the event.

Ms. Carpenter reviewed the financial summary for the period ending October 31, 2021. Ms. Carpenter pointed out that the top three revenue generating accounts in Fund 415 were the On Airport Rental Car account, the Terminal Airline Space account and the Leased Parking account, and if the airport activity were to remain constant, staff was anticipating that revenues would exceed the annual budget.

In regard to expenses, Ms. Carpenter pointed out that Fund 405 had an expense of approximately \$1,000 which was due to consultant charges and that moving forward there would be additional expenses in the account for CONRAC discussions. She noted that Fund 415 had an estimated salaries and benefits expenditure in the amount of approximately \$1.2 million that hadn't posted to the financial system and that the estimated payroll would increase the total expenses to approximately \$6.2 million which would be recorded in the financial summary in the upcoming months. Ms. Carpenter said that the City was still in the process of transitioning the financial data into the new financial system which was causing the delay of the recording of the financial data into the monthly financial summaries.

In regard to the Airport Funds Cash Summary report, Ms. Carpenter noted that the Finance Department had imported the cash amounts for the airport's restricted, O&M and unrestricted funds into the new financial system and that the numbers that were being reported for these funds were the actual numbers. Ms. Carpenter also noted that previously the airport had been using airport improvement project and passenger facility funds to fund the ticket wing project and that the ticket wing project was now being paid for from the cash funds.

Ms. Carpenter summarized the passenger activity report that provided a comparison of this fiscal year to fiscal year 2019.

10.C. Marketing Update

Airport Deputy Director of Marketing & Air Service Development Meier reported that Allegiant Airlines launched a new non-stop service to Nashville and that Allegiant would also be launching new services to Des Moines, Indianapolis and Provo on the following two days, and he also reported that Alaska Airlines would be launching their services to Austin and San Jose on Friday. Mr. Meier invited the Commissioners to attend the launch on Friday.

Mr. Meier announced that Aha! Airlines was coming to PSP with year-round flights to Reno Tahoe, and he said that Aha! Airlines is America's newest airline and that it is owned and operated by Express Jet. Mr. Meier said that flights would begin on January 3, 2022.

Mr. Meier also announced that Swoop Airlines was coming to PSP, and he said that Swoop would be providing service to Edmonton, they are a Canadian ultra low-cost carrier, and their flights would begin on December 16, 2021.

Mr. Meier noted that Allegiant was having a fare sale with one-way flights going for as little as \$33 to Des Moines and Provo, \$39 to Indianapolis and \$44 to Nashville.

Mr. Meier provided an overview of the air service updates and a comparison of PSP passenger traffic for 2019, 2020 and 2021, and he said that PSP continues to set records in 2021 and that he expects this trend to continue through the year. Mr. Meier also provided an overview of the scheduled departing seats for November, December, January, and February.

Mr. Meier reported that the airport was a sponsor and participant in the Palm Springs Pride event, and he said that he was exploring options for participating in the Indio Tamale Festival. Mr. Meier said that he provided a presentation for the Palm Springs Main Street Association and that he would be providing a presentation for the Palm Springs Chamber of Commerce on the following day.

Mr. Meier noted that part of the marketing communications plan was for staff to get involved in the industry and the industry events of aviation specifically air service and marketing, and he said that he had recently been nominated and elected to the Airport's Council International (ACI) Air Service Steering Group which is the national leadership group for ACI's Air Service Committee. He noted that he would be serving for a four-year term and that he would be working on trying to bring the large Jump Start Conference to PSP.

Mr. Aguirre said that he had additional updates to provide to the Commission, and he referred to the letter via email from Mr. Knauss that was in regard to airport noise which would be included in the December 15th agenda packet.

Mr. Aguirre noted that the Infrastructure Investment and Jobs Act for federal program funding in the amount of 1.2 trillion dollars had been approved, and he said that 25 billion dollars was approved for aviation infrastructure funding and that there was 15 billion dollars for airport infrastructure grants that would be distributed by formula with local match requirements. He noted that there would be five billion dollars for new airport terminal programs that would have competitive grant requirements, and he said that there would also be five billion dollars for air traffic control towers.

Mr. Aguirre said that staff would soon be restarting discussions with the car rental companies to discuss the new consolidated car rental facility.

11. COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Hedrick suggested that the Commission consider forming a subcommittee to work with the airport administration on capital planning. Chairman Dada suggested having the Budget Committee take the lead on working with the airport administration on capital planning.

Vice Chair Corcoran noted that when the Commission had selected the priorities for 2022, the Commission had said that the additional topics which included capital projects would be deferred to a strategic planning session that would be held to focus on those topics so that the Commission could come to some consensus about how PSP would move forward in the longer term in a more strategic plan. He noted that there had been a discussion about how a one-day offsite meeting could be structured to get the Commissioners, airport administration and City staff together to discuss how these topics could be planned in a smarter way, and how the new infrastructure funding could be utilized. Vice Chair Corcoran said that it had been decided that this discussion would need to put on hold until the new Airport Executive Director is appointed. He noted that if the new Airport Executive Director is not appointed by February, the Commission would move forward with the discussion.

Commissioner Hoehn inquired about the food and beverage services being able to accommodate the foreseen growth, and he suggested looking into this matter to avoid possible friction points and customer service issues. Commissioner Hoehn requested that Mr. Lamb and Mr. Meier's presentations be sent to the Commissioners.

Mr. Aguirre said that PSP does have additional services compared to a year ago and that he agreed that the services may not be sufficient for the projected growth, and he noted that Paradies had recently opened Buzz by Bar Fly which was doing very well and that automated kiosks had been installed and that the kiosks provide grab-and-go items that are also available during off hours. He also noted that airport

management had spoken to Paradies leadership about potentially adding additional services in the area that is located right before you enter the terminal as you come down the escalators and off to the right which used to be the old gate one. Mr. Aguirre noted that the challenge with that location is that the kitchen would need to be tore down and rebuilt which could be problematic because Paradies would not be able to recoup their costs before their contract ends in April of 2023. He said that Paradies was looking into possibly putting up something that could provide temporary or seasonal services for alcoholic beverages and food.

Commissioner Miller noted that he had requested a list of the Commissioner's email addresses because he wanted to communicate with a Commissioner that is on the Marketing Committee and that the City Clerk's office had notified him that all communications between Commissioners had to be done through staff, and he asked if the other Commissioners were aware of this requirement. Commissioner Payne said that the requirement was due to the Brown Act. Commissioner Miller said that the Brown Act says that the Commissioners cannot talk to more than four or five Commissioners at one time, and he said that he found the requirement to be fairly restrictive to have to go through staff to speak to a fellow Commissioner. Commissioner Miller said that he would like to be able to speak to one or two Commissioners without having to go through airport staff. Chairman Dada said that he would discuss the matter with the City Clerk and then he would report back to the Commissioners.

Commissioner Payne referred to the public comment letters that were received about noise, and he inquired about sound proofing funds. Mr. Aguirre said that in the late 1990's or early 2000's, a study was done which identified areas around the airport that were within specific decibel levels (a.k.a., noise contours). The study then identified incompatible land uses (e.g., houses, apartments) within noise contours of 65dB or higher. As a result, houses and other buildings or properties, within 65dB or higher noise contours, were soundproofed or purchased. He said that currently there likely is no incompatible land use in or around the airport due to the previous program and that he didn't believe that there would be funding available for PSP to provide noise mitigation around Palm Springs Airport because the contours have shrunk over time and there would be a small probability of any new homes or any other type of institutions that would fall within the noise contours.

Commissioner Payne noted that he had waited 30 to 45 minutes for ground transportation at PSP, and he asked what the right forum would be to discuss this issue. Mr. Aguirre said that staff was aware of the challenges with ground transportation both on the taxi side as well as the Transportation Network Company (TNC) side which includes Uber and Lyft. He said that airport staff had recently met with the taxi companies that are having challenges with getting the drivers back who had stopped driving during the pandemic, and they are also having challenges with recruiting new drivers. Mr. Aguirre said that airport staff was doing everything they could to assist the taxi companies and that airport staff would be encouraging the taxi

companies to participate in the job fair. He said that TNC was also having recruitment challenges.

12. REPORT OF CITY COUNCIL ACTIONS:

- 12.A Past City Council Actions
- 12.B Future City Council Actions

13. RECEIVE AND FILE:

- 13.A Airlines Activity Report October 2021
- 13.B Airlines Schedules December 2021

14. ADJOURNMENT:

ACTION: Adjourn the meeting. **Moved by Commissioner Pye, presumed seconded and unanimously approved noting the absence of Commissioners Adams, Burke, Feltman, Hughes and Weil.**

The Airport Commission adjourned at 7:03 P.M. to a Regular Meeting on December 15, 2021, at 5:30 P.M. via videoconference.

CB

Christina Brown
Executive Administrative Assistant