



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF REGULAR ADJOURNED MEETING

Wednesday, January 19, 2022 – 5:30 P.M.

1. CALL TO ORDER:

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

2. POSTING OF THE AGENDA: Posted on January 13, 2022.

3. ROLL CALL:

Commissioners Present:

Gerald Adams (Palm Springs)	Kathleen Hughes (La Quinta)
Patricia Breslin (Palm Springs)	Gabriel Martin (Coachella)
Paul Budilo (Indian Wells)	Scott G. Miller (Palm Springs)
Todd Burke (Palm Springs)	John Payne (Palm Springs)
Kevin Corcoran (Palm Springs) - Vice-Chair	Jill Philbrook (Cathedral City)
David Feltman (Palm Springs),	Jan Pye (Desert Hot Springs)
Peter Freymuth (Riverside County)	Jhan Schmitz (Indio)
Ken Hedrick (Palm Springs)	M. Guillermo Suero (Palm Springs)
Rolf Hoehn (Palm Desert)	

Commissioners Absent: Aftab Dada (Palm Springs) and Thomas Weil (Rancho Mirage)

Staff Present:

Harry Barrett, Interim Airport Executive Director
Daniel Meier, Deputy Director, Marketing and Business Development
Victoria Carpenter, Airport Administration Manager
Christina Brown, Executive Administrative Assistant

Others Present: Oliver Lamb – Ailevon Pacific Aviation Consulting

4. ACCEPTANCE OF THE AGENDA:

ACTION: Accept the Agenda as presented. **Moved by Commissioner Burke, seconded by Commissioner Hughes, and unanimously approved noting the absence of Chairman Dada and Commissioner Weil.**

5. PUBLIC COMMENTS:

None

6. APPROVAL OF THE MINUTES:

ACTION: Approve the minutes of the Airport Commission Meeting of December 15, 2021. **Moved by Commissioner Freymuth, seconded by Commissioner Miller and unanimously noting that Commissioners Breslin, Freymuth, Hoehn, Martin and Schmitz abstained and the absence of Chairman Dada and Commissioner Weil.**

7. INTRODUCTIONS AND PRESENTATIONS:

None

8. CITY MANAGER REPORT:

Vice Chairman Corcoran confirmed that the Commissioners had read the report that the City Manager had sent to the Commission. Vice Chairman Corcoran asked if there were any questions. Commissioner Hedrick asked for clarification on the airport strategic planning, and he asked if there was a general review of all the Committees and Commissions in the City. Interim Airport Executive Director Barrett said that as a part of the City's strategic plan, the City Manager and the City Council review each of the Commission's work, and he explained that the City Manager was responding to a discussion that he and Vice Chairman Corcoran had had with the City Manager on if it would be prudent to move forward with the strategic planning for the airport. Vice Chairman Corcoran said that he believed that it was the City's preference for the Commission to wait until the new Executive Director is announced, and he said that whatever the Commission does will be in the context of what the City is doing and the Commission will look at the overall process and how Commissions will be engaged with that planning process.

9. DISCUSSION AND ACTION ITEMS:

Item 9.A was heard after Item 9.B.

9.A Air Service Incentive Program

Airport Deputy Director of Marketing & Air Service Development Meier noted that he had worked with Oliver Lamb of Ailevon Pacific Aviation Consulting to prepare the Air Service Incentive Program and that Mr. Lamb would be available to answer any questions. Mr. Meier's reviewed the 2022 Air Service Incentive Program goals and the timeline, and he also reviewed a comparison of the 2019 Air Service Incentive Program versus the 2022 Air Service Incentive Program. He said that the 2022

program would reduce the waiver amounts on existing routes to encourage new service and to also encourage current airlines to add new routes and additional routes.

Mr. Meier pointed out that the 2019 program had a limited target city list and that the 2022 program would have a target city list that includes PSP's highest demand routes and the best incentives, and there would also be lower levels available for other opportunities to keep PSP from limiting its growth potential. The 2022 program would have the addition of a clawback provision that would allow the City to request that the airline repay the incentives or marketing funds if they do not meet the terms of the agreement. Mr. Meier said that unlike the 2019 program, the 2022 program offers both marketing funds and fee waivers which will create a robust and very competitive incentive package that will meet the industry standards and it will also exceed the industry standards in some ways. He said that the new program also offers additional marketing funds and rent waivers for entrant airlines which will encourage more airlines to come to PSP.

Mr. Meier said that the waivers were scheduled to be available as of March 1, 2022 and the marketing funds would be available as of July 1, 2022 to coincide with the start of the new fiscal year. Mr. Meier noted that the 2019 program had a cap of \$500,000 for the program, and the 2022 program would be set up for an annual review during the City's budget season to determine the level of funds and waivers per fiscal year to provide flexibility for each year. Mr. Meier said that he was recommending \$250,000 for marketing funds per airline and \$1 million in waivers.

Mr. Meier reviewed the seven incentive options: Option 1 – Daily Year-Round Service; Option 2 – Less-Than-Daily Year-Round Service; Option 3 – Seasonal to Year-Round; Option 4 – Seasonal Service; Option 5 – International; Option 6 – Short-Haul Commuter Service; and Option 7 – New Entrant Airlines Only.

Mr. Meier explained that the stipulations for the marketing funds were that the airlines would have to spend the funds within the catchment area of the airport, the airlines would have to mention PSP by name or the PSP logo would have to be used, and airport staff has to review and approve the airlines media plan and ads. Mr. Meier provided some examples of how the program would benefit PSP.

Commissioner Freymuth said that although he fully endorsed the 2022 program, he was concerned about approving programs in a vacuum. He referred to the strategic plan, and he said that the programs were all interconnected. Commissioner Freymuth said that he believed that the 2022 program would be successful, and he asked if PSP would be prepared to handle the new service comfortably with the existing infrastructure and with also considering the current baggage delivery delays.

Commissioner Freymuth referred to incentive Option 1, and he suggested that Option 1 should include Baltimore. Commissioner Freymuth asked if Love Field Airport was a target city. Mr. Meier said that Love Field Airport is currently a seasonal route for

Southwest Airlines, and he said that if Southwest Airlines were to convert the route to a year-round route, then Southwest would qualify for some of the seasonal to year-round conversion incentives.

Commissioner Freymuth asked Mr. Meier if Philadelphia, Pittsburgh, and Montreal had been considered for target cities. Mr. Oliver Lamb of Ailevon Pacific Aviation Consulting explained that the 2022 program does encompass Baltimore with the Washington D.C. metro target, and he said that the target cities were inclusive of airports within same metro area. Mr. Lamb said that in terms of visitation to Palm Springs, the three cities that Commissioner Freymuth had inquired about were cities that fell in the next tier below the cities that Mr. Meier had listed as target cities. Mr. Lamb said that Mr. Meier was targeting the cities that made the most sense for both the residents and the visitors.

Commissioner Freymuth voiced his concern about the airlines having to get advanced approval from airport staff for the marketing promotions, and he said that some airlines may not apply for the 2022 program because it is too cumbersome. Mr. Meier said that he would be working with the airlines and that he didn't anticipate there being a problem.

Commissioner Payne inquired about having more frequent short-haul flights available to LAX. Mr. Meier said that he had spoken with some of the airlines that were considering starting up that type of model. Mr. Lamb noted the 2022 program was targeting the two types of short-haul markets, the commuter market, and the connecting market.

Commissioner Miller said that he agreed with Commissioner Freymuth's concern about being able to keep up with the demand. He said that he was concerned that PSP was moving fast forward with marketing and getting airlines to PSP when PSP's facilities are moving at a snail's pace. Commissioner Miller asked if there was an industry standard or a matrix from a national or international firm that could determine if an airport is successful in terms of the financial gain that the airport is receiving from the incentive program. Mr. Meier said that he was not aware of an industry standard, he said that PSP's incentive program was working, and PSP was definitely getting its money's worth out of the program. He said that the 2022 program was the standard incentive program for the industry. Commissioner Freymuth agreed with Mr. Meier.

Mr. Lamb said that the Commission shouldn't be looking at the airport's incentive program in a vacuum because it will also be done in conjunction with Visit Greater Palm Springs. He said that there are certain things that the airport can and cannot do because of FAA regulations that Visit Greater Palm Springs is liberated from, and the quantum of funding that Visit Greater Palm Springs can dedicate to any of the routes is significantly more. Mr. Lamb said that what the airport and the visitor organization do and the economic benefit to the community would need to be considered to measure the program on a national basis. Mr. Lamb said that he was not aware of a

way to measure only the airport investment, and he said that he was aware of the economic impact assessments of what bringing a new air service does for a community.

Commissioner Miller asked if the taxpayers and residents were getting a benefit from the incentive program and would the incentive program be worth the money that would be spent as opposed to using the money for other things. Commissioner Miller asked if the metrics had been validated. Mr. Meier said that the passenger numbers came from the U.S. Department of Transportation (USDOT), and the revenue was calculated by Ms. Carpenter. Commissioner Miller asked if there was a plan to get actual metrics from the rental cars and parking sales, and other benefits. Mr. Meier said that the metrics for the sales that Commissioner Miller was referring would not be available. Commissioner Miller voiced his concern about not being able to know which sales are coming from the new passengers that are being generated by the advertising. Mr. Meier explained that airport staff is able to determine if there are new passengers, and he said that there were .8 passengers flying between Palm Springs and Las Vegas and now there are almost 40 passengers a day that are flying between Palm Springs and Las Vegas.

Commissioner Hedrick voiced his support for the 2022 program, and he shared his concern in regard to the airport's infrastructure. He noted that the Commissioners could request a copy of the 2015 Airport Master Plan and the feasibility study that is provided in the 2019 official statement for the bond issue, and he recommended that the Commissioners read these documents to learn about what has been approved and the opinions of the outside consultants.

Commissioner Hedrick referred to the Las Vegas example that Mr. Meier had provided, he said that he had seen that Southwest was now running two flights a day, and he asked if passengers were transferring to Las Vegas and if Las Vegas was a hub for Southwest. Mr. Meier said that there were passengers that are flying and connecting on Southwest, and he said that the passengers could have been connecting from a different hub. He explained that the metrics that airport staff was utilizing were from the passenger numbers that were for each individual city and the increase of those passenger numbers. He said that the origin and destination data could be used to justify if the program is doing well or not.

Vice Chairman Corcoran requested that Ms. Brown provide the 2015 Airport Master Plan and the feasibility study that is provided in the 2019 official statement for the bond issue to the Commissioners.

Mr. Meier noted that there was incorrect information in the presentation that had been provided to the Commissioners. He said that the marketing amount for Option 1 – Un-Served Airports should have been listed as \$30,000, and the marketing amount for Option 2 – Un-Served Airports should have been listed as \$20,000.

Mr. Barrett said that airport staff was intending for the 2022 Air Service Incentive Program to go to the City Council on February 10th.

Item 9.B was heard before Item 9.A.

9.B Lamar Airport Advertising Concession Agreement Extension

Airport Administration Manager Carpenter advised the Commission that the airport advertising concession agreement with Lamar was under negotiation for a one-year extension. She said that the expiration date of the agreement would be March 31, 2023, the extension would reinstate the Minimum Annual Guarantee (MAG) that was waived because of Covid, and the agreement was scheduled to go to the City Council in February.

Commissioner Miller asked for additional detail on the extension and the cost of the agreement. Ms. Carpenter explained that staff wanted to ensure that the airport has a good plan in place for the upcoming year, and she said that the one-year extension would give staff some time to determine if an RFP should be issued to solicit a new advertising agreement for the following year.

Commissioner Payne asked if the Lamar agreement would cover both static advertising and all advertising displays throughout the airport. Ms. Carpenter confirmed that the Lamar agreement would cover both static advertising and all advertising displays throughout the airport. Commissioner Payne inquired about the percentage of advertising capacity at the airport. Airport Deputy Director of Marketing & Air Service Development Meier said that all digital space is currently at 100% capacity, and he said that there was no additional cost to extend agreement. Commissioner Miller asked if the extension was part of the original contract that needed City Council's approval or were there other options that had been considered by staff. Mr. Meier said that the one-year extension would give staff some time to determine if an RFP should be issued to solicit a new advertising agreement for the following year.

10. EXECUTIVE DIRECTOR REPORT:

10.A. Projects Update and Airport Capital Improvement Program Update

Interim Airport Executive Director Barrett referred to Commissioner Feltman's inquiry at the previous Commission meeting that was in regard to the noise from the take-offs that he had experienced on two different mornings between 6:00 a.m. and 7:00 a.m. when he was at Demuth Park, and he said that airport staff did not find any unusual take-offs in the mornings of the two weeks that Commissioner Feltman noted and that it was possible that it was the weather conditions that may have contributed to the increase in noise.

Mr. Barrett reported that Bridge 7 had been completed, and it was turned over to the airport today. He said that the bridge was in operation and that AERObridge, the company that had installed the bridge, would be on-site for another couple of weeks to provide training for maintaining the bridge and preventative maintenance.

Mr. Barrett also reported that the Customer Facility Charge (CFC) increase that had been scheduled to go to the January 13th City Council meeting had been postponed to the January 27th City Council meeting to allow for additional time to meet the public hearing notice requirements. Mr. Barrett noted that a letter of protest had been received from Enterprise Rent-A-Car.

Mr. Barrett reported that airport staff was moving forward with negotiating the airline use agreement, and he said that airport staff would be meeting with the airlines to discuss moving from a residual rate making methodology to a hybrid rate making methodology.

Mr. Barrett noted that airport staff had been receiving numerous questions about the Verizon and AT&T 5G rollouts, and he said that the FAA had approved modifications to standards or alternative methods of compliance to meet the safety measures for aircraft flying in and out of exclusion zones for 5G towers. Mr. Barrett said that the 5G component was irrelevant for PSP because the aircraft do not fly instrumental approaches, and PSP doesn't have an Instrument Landing System (ILS). Mr. Barrett said that staff would continue to monitor the situation.

10.B. Concession RFP Update

Airport Administration Manager Carpenter presented the Concession RFP Schedule, and she noted that many of the items in the RFP had been prepared from the prior RFP and that airport staff would be making updates to certain documents such as the evaluation criteria, the actual RFP document, and the draft concession agreement. Ms. Carpenter said that City staff would be reviewing the architectural approvals, City legal counsel would be reviewing the concession agreement, and the FAA would have to review and approve the agreement because the term of the agreement is for five years.

Vice Chairman Corcoran asked if airport staff would be reviewing the criteria for selection with the Commission at a future meeting, and he asked if the RFP information could be distributed to the Commission. Ms. Carpenter said that she would need to confirm the answers to Vice Chairman Corcoran questions. Vice Chairman Corcoran said that he thought that the prior RFP information may have been reviewed by the Marketing Committee.

Commissioner Miller inquired about forming a subcommittee that would work with staff in evaluating the RFP. Mr. Barrett said that former Airport Executive Director Aguirre was very much in the opinion that forming a subcommittee would not add value to the

process in terms of the selection, and in terms of identifying what the criteria should be for the selection, the Commission's input would be warranted in the procurement process.

Commissioner Schmitz clarified that it was the Operations Committee that had reviewed the prior RFP, and he said that if there is any substantial modification to the RFP, it could be prudent for the RFP to be reviewed by the Operations Committee or directly by the Commission. Mr. Barrett said that to date, there hadn't been any substantial modifications made to the RFP, and he said that if there were any substantial modifications made to the RFP, airport staff would review the RFP modifications with the Commission before moving forward with the RFP.

Vice Chairman Corcoran asked Mr. Barrett if airport staff would be making a presentation to the Commission or would airport staff provide the RFP information to the Operations Committee. Vice Chairman Corcoran noted that half of the Commissioners are new to the Commission, and he said that he would like to find a way to make sure that the Commissioners are all level set with the same information as the airport staff moves through the RFP process. Mr. Barrett said that if there are any substantive changes to the RFP, the airport staff will present the changes to the Operations Committee. Vice Chairman Corcoran asked if the prior RFP could be sent to the Commissioners.

Commissioner Breslin asked if the virtual pre-proposal meeting with the community would include a presentation or was the meeting a part of the solicitation, and she also asked if the solicitation would be going out to the local community. Ms. Carpenter explained that the RFP would be posted on Planet Bids, and she said that airport staff was considering posting the RFP on social media and possibly reaching out to social media groups. Ms. Carpenter confirmed that the virtual pre-proposal meeting with the community would be a part of the RFP solicitation process.

10.C. Financial Summary Update

Airport Administration Manager Carpenter noted that there had been a change made in the expenditures, and she explained that the quarterly financials had not been posted to the financials. She said that there was an added line item of the estimated expenses totaling \$1.3 million.

Ms. Carpenter reviewed the financial summary for the period ending December 31, 2021, she 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 she reminded the Commission that not all revenue was received to date for December and that staff would continue to process revenue as it is received.

Commissioner Miller inquired about the CARES Act funds. Ms. Carpenter said that airport staff had decided that PSP did not need to draw down on the CARES Act funds at this moment. Commissioner Miller asked if the City holds the funds or if there was a reimbursement of the funds. Ms. Carpenter said that there was a reimbursement of the funds. Commissioner Miller asked if airport staff had allocated the funds to any specific project or use. Ms. Carpenter said that the funds had not been allocated to any use at this point. Commissioner Miller suggested that the Budget and Finance Committee discuss how to utilize the CARES Act funds because the airport has needs. Mr. Barrett explained that airport staff was having issues utilizing all grant funds because the airport use agreement with the airlines was worded in such a way that the airport may be restricted to how the funds can be used, and he said that airport staff was working on getting an interpretation on the restrictions. Mr. Barrett said that staff would provide more information at a future Commission meeting. Commissioner Miller questioned how an agreement could override what Congress votes on.

Commissioner Feltman asked Ms. Carpenter to add the status of the CARES Act funds as an appendix to the monthly financial summary. Ms. Carpenter noted that the line item for the CARES Act revenue budget currently listed an amount of approximately \$5.9 million. Commissioner Feltman requested that an appendix be added to the report that states the status of what activities have been taken in the prior month with regard to the CARES Act funds. He said that there was an outside deadline of when the funds could no longer be used, and the deadline should also be stated on the appendix so that the Commission isn't moving along each month without recognition of the deadline. Commissioner Feltman inquired about the deadline for the CARES Act funds. Mr. Barrett said that the deadline is four years from the date that the grant was issued to the airport. Commissioner Feltman said that he believed that the funds would have to be used for infrastructure projects, and he voiced his concern about infrastructure projects taking more time to complete.

Ms. Carpenter reviewed the airport expenses, the Revenue vs. Expenditures report, and the Airport Funds Cash Summary. Ms. Carpenter also reviewed the Passenger Activity Report – Fiscal Year Comparison 2019 vs. 2022, and she said that overall the 2022 numbers averaged 29% higher than the 2019 numbers.

Commissioner Hedrick inquired about the news release that had reported that PSP had received \$7.5 million in infrastructure funding. Ms. Carpenter said that airport staff had not received the grant agreement from the FAA for the funding. Commissioner Hedrick inquired about fund restrictions. Ms. Carpenter said that there were FAQ's for the grant that detail the fund restrictions and that the FAQ's could be found online.

11. COMMISSIONERS REQUESTS AND REPORTS:

Commissioner Miller inquired about the status of the Commissioners contact list. Mr. Barrett said that the City Clerk and the City Attorney were working with the City Council on clarifying the rules on communications and how that is supposed to work within the Commission, and he said that the information from the City was forthcoming. Vice Chairman Corcoran said that he believed that Commission communications would be part of the overall presentation that City staff was working in regard to future Commissions and how the Commissioners play into the Commission. Vice Chairman Corcoran said that if there is a delay, the Commission could ask the City staff to clarify what the rules are today. Commissioner Miller voiced his concern and frustration with the ongoing request for the Commissioners contact information, and he asked if a rule could be made to automatically list the Commissioner's requests in the next agenda to help the Commissioner's keep track of their requests.

Commissioner Payne asked Mr. Barrett if he knew how long it would take the City Clerk to get back to the Commission about the request for the Commissioner's contact list. Mr. Barrett clarified that it was the City Clerk, City Attorney, and the City Council that was working together on this matter and that he did not have a timeline. Commissioner Payne requested a list to identify the subcommittees, when the subcommittees meet, and the subcommittee Chairs. Vice Chairman Corcoran said that he believed that it was Chairman Dada that had made the appointments to the Committees, he suggested that the information be circulated to the Commission, and he inquired about how the scheduling of the meetings should be managed. Mr. Barrett said that he believed that Ms. Brown was currently working on scheduling Committee meetings. Ms. Brown said that Item 14.A of the agenda packet was a schedule of the upcoming Committee meetings. She said that she had been in communication with Commissioner Adams and that the Landscape Committee meeting was being scheduled for February 9th, and she was also working on scheduling a Budget and Finance Committee meeting for March. Commissioner Feltman said that he had not been contacted about scheduling the Budget and Finance Committee meeting, and he asked if he could discuss the meeting with Ms. Brown on the following day. Ms. Brown said that she would contact Commissioner Feltman.

Commissioner Miller asked how the Commissioners were supposed to contact the Committee Chairs if the Commissioners don't have access to the Committee Chairs email addresses or phone numbers. Vice Chairman Corcoran said that he didn't see any reason why the Commissioner's contact information shouldn't be distributed, and unless Mr. Barrett disagrees, he thought that the Commissioner's contact information should be distributed to the Commissioners. Vice Chairman Corcoran said that in the past, the Committee Chairs had reached out to their Committee Members to confirm both meeting dates and agenda topics for the subcommittees. Vice Chairman Corcoran asked Ms. Brown to make sure that the Committee Chairs fill in the dates for their meetings and that the Committee meetings are communicated to the Commission.

Vice Chairman Corcoran said that in regard to the Commission's past practices the Commissioners have had informal conversations around different issues when working on topics that are important, he said that he knows that the Committee Chairs have reached out to Committee Members in terms of scheduling meetings and creating agendas and that he is aware that Commissioners have communicated with Committee Chairs of Committees that they are not appointed to discuss their interest in that Committee's topics. He said that he didn't know if any of these past practices were in violation of the Brown Act and that the Commission would receive further clarification from the City.

Mr. Barrett explained to Vice Chairman Corcoran that airport staff would not be able to distribute the Commissioner's contact information until the City Clerk or City Attorney weighs in on the matter. Vice Chairman Corcoran said that he would take the responsibility to put the contact list together and to distribute it to the Commissioners. Commissioner Miller suggested that the Commissioner's email their contact information to Vice Chairman Corcoran, and the Commissioner's could also have the option to choose to not send their contact information to Vice Chairman Corcoran if they do not want their contact information to be distributed.

Commissioner Payne inquired about PSP's current Covid requirements for airport personnel, and if there were any change being contemplated. Mr. Barrett said that there wasn't a current City policy on mandatory vaccinations or boosting for personnel, and he said that the Human Resources Director was working with the City's labor attorneys to determine if a policy would be necessary.

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 December 2021
- 13.B Airlines Schedules February 2022

14. COMMITTEES:

- 14.A Future Committee Meetings

15. ADJOURNMENT:

ACTION: Adjourn the meeting. **Moved by Commissioner Feltman, seconded by Commissioner Payne and unanimously approved noting the absence of Chairman Dada and Commissioner Weil.**

Palm Springs Airport Commission
Action Summary Minutes of Regular Adjourned Meeting
January 19, 2022

The Airport Commission adjourned at 7:29 P.M. to a Regular Meeting on February 16, 2022, at 5:30 P.M. via videoconference.



Christina Brown
Executive Administrative Assistant

APPROVED BY AIRPORT COMMISSION: 02/16/22