



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF REGULAR ADJOURNED MEETING

Wednesday, October 20, 2021 – 5:30 P.M.

1. CALL TO ORDER:

In the absence of Chairman Dada and Vice Chairman Corcoran, Commissioner Burke chaired and called the Airport Commission Meeting to order at 5:30 P.M. He invited Airport Executive Director Aguirre to lead the Pledge of Allegiance. The meeting was held via videoconference.

2. POSTING OF THE AGENDA: Posted on October 15, 2021.

3. ROLL CALL:

Commissioners Present:

Gerald Adams (Palm Springs)	Gabriel Martin (Coachella)
Patricia Breslin (Palm Springs)	Scott G. Miller (Palm Springs)
Todd Burke (Palm Springs)	John Payne (Palm Springs)
David Feltman (Palm Springs)	Jill Philbrook (Cathedral City)
Peter Freymuth (Riverside County)	Jan Pye (Desert Hot Springs)
Ken Hedrick (Palm Springs)	Jhan Schmitz (Indio)
Rolf Hoehn (Palm Desert)	Thomas Weil (Rancho Mirage)
Kathleen Hugues (La Quinta)	

Commissioners Absent: Paul Budilo (Indian Wells), Kevin J. Corcoran (Palm Springs), Aftab Dada (Palm Springs), M. Guillermo Suero (Palm Springs).

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:

Katie Franco – Aviatrix Communications

Public Attendance: Five

Commissioner Burke announced a revision to the order of the agenda with discussion items 9.A 225 S. El Cielo and 9.B. Aviatrix Communications – Marketing and Communications Plan taking place following the City Manager Report.

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 Budilo, Corcoran, Dada and Suero.**

5. PUBLIC COMMENTS: None

6. APPROVAL OF THE MINUTES:

ACTION: Approve the minutes of the Airport Commission Meeting of September 22, 2021. **Moved by Commissioner Freymuth, seconded by Commissioner Weil and unanimously approved noting the absence of Commissioners Budilo, Corcoran, Dada and Suero.**

7. CITY MANAGER REPORT:

City Manager Clifton reported on Martha's Village and Kitchen services provided at the 225 S. El. Cielo facility. Since its opening in August, Martha's reported that 247 unduplicated individuals had been processed at this location with a variety of services provided.

Mr. Clifton who drives by the facility several times a day added that we were not experiencing the secondary impacts felt at the old facility in Baristo Park operated by Well in the Desert, and how the experience so far has been successful. Martha's is also operating a Warming Center at a church where they have seen over 160 individuals and both locations have received very few complaints.

8. ACTION AND DISCUSSION ITEMS:

8.A 225 S. El. Cielo

Airport Executive Director Aguirre opened this item for discussion.

Mr. Aguirre indicated that from an airport perspective, there had been three contacts with individuals, which cannot be tied with services provided by Martha's, and those numbers are comparable to numbers prior to the opening of the center at 225 S. El Cielo.

Commissioner Freymuth asked if there had been any incidents in the parking lot.

Mr. Aguirre replied that two contacts occurred at the ground transportation center, and one in the terminal, similar to instances in the past.

Commissioner Miller asked how staff handles these contacts.

Executive Director Aguirre explained that staff tries to determine the reason for these individuals to be on airport property and encourages them to move along if there is no purpose. If the situation escalates, the police may be asked to intervene, to also encourage the individuals to leave.

8.B. Aviatrix Communications – Marketing and Communications Plan.

Commissioner Burke introduced Ms. Katie Franco of Aviatrix Communications who will present an abbreviated version of the Marketing Plan. He explained that for competitive reasons the entire plan will not be shared, however airport staff can answer questions as needed on a one-on-one basis.

Ms. Franco presented an overview of the processes to get the plan in place, and the plan's major elements. She defined the basis of a communications plan, with all the communications initiatives, the development of strategies to launch them, costs and timelines. She added that this is a roadmap not set in stone that can be modified by the airport team based on results.

Ms. Franco presented the background of the plan development, starting with surveys sent to various stakeholders and focus groups and doing community research which helped define what the airport is and what it wants to be. She presented the audiences: resident airport users, residents non-users, Coachella Valley residents, internal stakeholders, airlines and regional stakeholders. How all these teams need different messaging, and how the plan was broken down for each audience, with key messages for each of these groups.

Ms. Franco listed four long-term goals: establish a unique airport brand reflective of the entire Coachella Valley, increase awareness of PSP and the ways the airport serves the community, enhance internal communications for airport employees and on-airport tenants, and provide a world-class experience to passengers to encourage them to come back time and time again. Within those four goals, ten objectives were defined, and each objective further contains creative tactics and offers metrics. Examples of metrics were shown and how to use and refine them as the plan progresses.

Ms. Franco showed a chart breaking down each communication tool, proposed owner, audience, publishing frequency, estimated time and cost. She explained that some programs will be handled by airport staff and others by consultants. In the next slide, Ms. Franco showed the PSP Communications Plan calendar draft. This calendar helps the budgeting process and time allocation.

Ms. Franco showed a recap chart of the media plan prepared by Mr. Meier. How this community is unique and Mr. Meier has a good handle on where the audience is and how they are responding. The remaining funds from this media plan are rolled over in the advertising program.

Ms. Franco thanked the Commission for participating in the early stages of the plan preparation and for their support of Mr. Meier as he implements it.

Commissioner Miller asked what the role of Commissioners and Councilmembers would be as none were listed as owners of any part of the plan and stated they are a good conduit for public relations.

Ms. Franco replied that one of the goals was to establish a speakers bureau that includes Commissioners, the Marketing Committee, and others who will receive consistent and accurate information, facts sheets, that can be shared by these community leaders with the public at any time. How Commissioners have a role to play in making sure their community knows the value of the airport, and how they will be given the tools needed to ensure the right information is given.

Commissioner Feltman asked if anyone had looked at a larger number than the \$300K currently assigned to advertising, and what would be the incremental gain in terms of better communications or an uptake of flights.

Ms. Franco replied that they chose this number because it was approved in this year's fiscal budget and to establish a base line and determine which tactics would be the most successful in the advertising market and how these tactics can be adjusted the following year and the budget modified accordingly.

Commissioner Feltman pointed out that this is a nine-month budget as the fiscal year started in July, would this be what Aviatrix recommends spending in nine months and would a twelve-month budget be larger?

Ms. Franco agreed that the budget could be increased and refined for the next fiscal year.

Executive Director Aguirre commented that Mr. Meier had anticipated that the Marketing and Communications Plan would not be ready for several months into the fiscal year since the budget was approved on July 1st. He added that Mr. Meier had been advertising and promoting the airport through the summer and into the fall therefore it truly is a twelve month plan.

Commissioner Feltman asked how much had been spent.

Mr. Meier indicated between \$35K and \$42K.

Commissioner Freymuth indicated his pleasure at having this new \$300K budget compared to the \$45K allocated yearly in the past and asked about the overall marketing budget.

Mr. Meier replied it stands at \$600K with \$300K dedicated to advertising, the remainder to be used for graphic design, consulting fees, rebranding, web design, promotional items for events, and funds for sponsorships, a very comprehensive marketing strategy.

Ms. Franco was asked to address revenue.

She replied that Aviatrix's goal is to reach more people in the Valley and make them aware of what the airport has to offer, but that no part of the plan is tied to a revenue percentage as yet.

A question was brought up about capturing the market that has the ability to choose between Ontario, John Wayne and PSP and who is unaware that we have these great options.

Ms. Franco replied that residents non-users is a key demographic for their strategic marketing. Baseline surveys are set-up to see who feels the value of the drive, putting out marketing initiatives, then remeasuring again to see how sentiments change in a year or so. Mr. Meier also has tools at his disposal to look at actual consumers and has had great success in specific points in Riverside County where marketing has changed people behavior. How we hope to build on his success with peripheral markets who have a choice and now choose Palm Springs.

Ms. Franco was asked about using ASQ (Air Service Quality) of ACI World.

She indicated that it is an additional cost. They measure customer sentiment through passenger surveys, a program the airport could chose to participate in, but if we could measure the sentiment of the community instead, it would be more valuable in finding out where the marketing dollars could go.

Commissioner Miller indicated that ASQ could be used as a customer experience tool such as passenger segmentation (personas).

Commissioner Freymuth asked of Mr. Meier if he didn't agree that leakage to Ontario had dropped since the arrival of Southwest.

Mr. Meier concurred that PSP is gaining more local traffic. How research over several years show who used PSP airport from the Beaumont area and beyond and he can see we are pulling more people from there. Some areas have increased traffic by 50%.

9. EXECUTIVE DIRECTOR REPORT:

9.A. Marketing Update

Airport Deputy Director of Marketing & Air Service Development, Meier thanked the Commission for participating in the marketing and communication plan and stated that he was eager to implement it and securing more service and travelers.

Flair Airlines announced service to Toronto from Palm Springs beginning on December 17 bringing the total of destinations they serve to three: Edmonton, Toronto and Vancouver. The Toronto route will be further served by Air Canada in February 2022.

Southwest's Sacramento service is up and going, with two round trips daily in the morning and evening. A small inaugural celebration was hosted on October 7 in conjunction with the CVB.

Air Canada returns with Vancouver on November 4. Alaska is starting San Jose's daily year-round service on November 19 and Houston seasonally. Allegiant will begin operating to Nashville, Des Moines, Indianapolis, and Eugene in mid-November. Delta will begin Atlanta's seasonal service on December 18. Southwest begins Dallas Love, Portland, and Chicago Midway in November. United resumes Chicago ORD, Houston and LAX in October. WestJet resumes Edmonton and Winnipeg in early November.

PSP's passenger traffic set new records in the summer 2021 with numbers higher than in 2019. For the entire calendar year, numbers still trail 2019 by 30.7%, and 2021 is not expected to surpass 2019. However, if current growth continues we will exceed one million enplanements.

This new summer traffic is due in large part to Southwest which brings new people to the airport and encourages local residents to fly more out of PSP instead of neighboring airports, increasing our retention.

Mr. Meier added that Southwest is also driving more competition and the average one-way fare from Palm Springs is down 29% since 2018, making it easier for people to fly PSP.

Scheduled departing seats show a 41.4% increase in October, 15.6% in November, and 22% in December. Advertising is going strong on the radio. It is geared in the Inland Empire to those who have a choice of airports. Digital ads are used as well.

As far as community engagement, the airport is participating for the first time in Palm Springs Pride on November 7 and is looking for 5 additional volunteers to join the 15 already enrolled. Giveaways will be distributed to spectators. One of the new airport ARFF trucks will join the parade as a float.

Mr. Meier met with the Rancho Mirage Chamber of Commerce Board to give an update on PSP and will be presenting at a Palm Springs Hospitality Association luncheon on 10-21-21.

Commissioner Miller inquired about the impact of the Southwest's recent cancellations.

Mr. Meier explained they were minimal for Palm Springs, with only a couple of flights cancelled.

Commissioner Feltman asked how the airport was doing with baggage handling staff with the ongoing labor shortages.

Airport Executive Director replied that the airport is doing well overall but the local ground handling companies have implemented strong recruiting programs. One incident occurred over the week-end with a company having thirteen individuals call out due to a labor dispute. Airport staff helped transport bags to minimize the impact.

Commissioner Freymuth addressed Mr. Meier and Mr. Burke, Chair of the Marketing Committee, and pointed out how important a 29% in reduction in fares is after facing criticism over the years that our fares were too high. So this needs to be communicated to the public.

Mr. Meier indicated it would be included in advertising and press releases. How we are neck and neck with Ontario and Los Angeles.

Commissioner Burke concurred how important it is and how the ambassador plan mentioned earlier by Ms. Franco, which taps each Commissioner to convey such information, needs to use this talking point.

Commissioner Feltman indicated he searched for a business class ticket from PSP to LON and found it to be \$5K cheaper than out of LAX, and this type of data needs to be conveyed.

Commissioner Burke indicated this could change while the broader numbers like a 29% decrease (published by the US-DOT) could be shared, but the anecdote is powerful.

Mr. Meier explained how the US-DOT issues this data quarterly, and the full 2021CY results won't be available until the end of March 2022.

9.B. Demonstration Garden Update

City Sustainability Manager Tallarico gave the following update:

A competitive bid was issued for the demonstration garden and four responsible and responsive quotes were received. The lower bid, coming from a reputable firm, was selected and a contract was initiated with them. The offer comes within the planned budget.

A few questions remain about schedules and planting, and more details will be shared at the next meeting. The plants should be available and signage is being prepared. The contractor is ready to start as soon as the documents are signed.

Commissioner Adams asked about a start timeframe considering the weather.

Mr. Tallarico replied that in terms of other projects that might interfere, the contractor has enough staff to start anytime. How the goal is to have the paperwork ready by mid-November to start the project in November, December and January with plants in the ground before the January-February timeframe so that they may get established.

9.D Financial Summary September 2021

Airport Administration Manager Carpenter presented photos of the newly opened Buzz by Bar Fly food and beverage venue in the RJ concourse and the Smart n Go self-serve vending machines pre-security and announced that the Airport and Paradies are considering an in-person social event in the early part of November and will invite the Commission.

Ms. Carpenter addressed the September financials and explained that in terms of revenues the majority of accounts exceeded the 2019 numbers.

The current revenue balances on this document are through August as the airport has not received all of September revenues.

Payroll expenditures are not included due to a delayed payroll posting as the City is transitioning to a new financial system. This will impact future balances as these and other expenses are integrated.

Fund 405-CFC, Fund 410-PFC, and Fund 415-General Airport Revenues show a surplus, Fund 416 – Capital Projects a deficit due to an FAA reimbursement request which needs to be processed.

The Airport Funds Cash Summary stands as follows: Fund 405 – CFC Restricted stands at \$25.6M, Fund 410 PFC Restricted stand at \$1.9M, Fund 415 - Unrestricted balance stands at \$12.2M, Fund 416 Capital Restricted stand at \$4.6M.

Ms. Carpenter showed passenger statistics for FY2019 and FY2021, September 2021 exceeds 2019 by 32.8%.

Commissioner Adams asked if the airport could still use some of the CARES Act funds?

Ms. Carpenter replied in the affirmative.

Commissioner Hedrick asked if, in addition to the Fiscal year-to-date summary, we could include the monthly projections to ascertain whether we are ahead or behind in any given month.

9.D. Projects Update

Airport Assistant Director Barrett explained that the airport is working on a janitorial contract. In addition to having in-house personnel, the airport is keenly focused on improving that program. Optiqo was presented at the last meeting, it is still being refined and the second phase is to introduce a janitorial contract for health and safety, customer service delivery, and to improve the airport's image to the traveling public.

Janitorial services would include 6000 hours of overnight janitorial services, from 11 P.M. to 6 A.M., to prepare the airport in depth for the next day. 3000 labor hours will be dedicated to restroom attendance during peak hours of the day to assist with large banks of flights. Procurement will issue a bid in a couple of weeks, grant funding will be used. The cost anticipated is \$400K per year. It is intended to be a temporary measure for the next three years and will be reassessed at that time.

Another item is the procurement of an Airport Operations Database. Aerocloud Systems was selected. This will transition the airport from current manual processes such as gate scheduling, FAA regulatory requirements, inventory processes, work order processes and the likes to an IT based resource, which will streamline the processes and save labor costs. The base contract will be for 3 years with two one-year renewals. The total cost for five years is \$148,948.

Public Parking capacity was almost to a maximum a couple of week ends ago. 53 spaces out of 944 parking spaces. Possible explanations were considered, and it appears that the three-day weekend was most likely the reason. Long weekends will be monitored to determine if the overflow parking lot will need to be open. This would be a first in addition to being open during the holiday season.

The Passenger Boarding Bridges (PBB) replacement project is proceeding well with six of the eight bridges replaced. Bridges at Gates 10 and 7 will be worked on soon and the entire project should be completed by December 22nd.

Commissioner Feltman asked about signage in the restrooms to enable users to communicate with janitorial staff in real time if service is needed.

Mr. Barrett replied that he and Mr. Meier were looking at possible solutions.

Commissioner Hedrick asked how many hours were included in the proposed janitorial contract.

Mr. Barrett explained there is a total of 9000 hours, with 6000 hours dedicated to overnight cleaning, and 3000 hours to restroom attendance during the peak hours of the day.

Commissioner Hedrick commented that this amounts to \$44.00 per hour and asked how much a custodian is expected to earn?

Mr. Barrett indicated the airport based its numbers on a \$30.00 per hour pay rate comparable to the airport's staff earnings.

Commissioner Hoehn pointed out that janitorial services are hugely important and the worse one can see if not addressed. It matters greatly to achieve customer satisfaction and anything done to improve the situation has the support of the Commission.

Commissioner Hoehn added that as for the parking situation mentioned earlier, the increase in Uber and Lyft prices may have impacted travelers choices in taking their own car.

Mr. Barrett confirmed it had been considered as well as a potential cause.

Executive Airport Director Aguirre reported that an agency looked at the airport PFC backed bond issue and changed the airport rating from A- stable to A- positive. This indicates that the airport is in a better position than when originally evaluated over a year ago. The airport was told there is an opportunity for the ranking to go up. How we are tied to the airport and airline industry as a whole, and this was not an independent evaluation.

The United States government will authorize fully vaccinated foreign nationals to enter the country as of November 8, and this, coupled with Canada's relaxation of rules, should result in more Canadian traffic in the next couple of months.

Mr. Aguirre showed the Commission the final submittal to City Council of the Commission's recommendations for their visioning session 2021. Priority one is the development of internal concessions, priority two the development of the car rental facility, and priority three, airport facilities and infrastructure improvements.

10. COMMISSIONERS REQUESTS AND REPORTS: None

11. REPORT OF CITY COUNCIL ACTIONS:

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

12. RECEIVE AND FILE:

- 12.A Airlines Activity Report September 2021
- 12.B Airlines Schedules November 2021

13. ADJOURNMENT:

ACTION: Adjourn the meeting. **Moved by Commissioner Hoehn, seconded by Commissioner Miller and unanimously approved noting the absence of Commissioners Budilo, Corcoran, Dada and Suero.**

The Airport Commission adjourned at 6:57 P.M. to a Regular Meeting on November 17, 2021, at 5:30 P.M. via videoconference.

NS

Nadia P. Seery
Executive Administrative Assistant