



AIRPORT COMMISSION

ACTION SUMMARY MINUTES OF ADJOURNED MEETING

Wednesday, October 21, 2020 – 5:30 P.M.

1. CALL TO ORDER:

Chairman Jones called the Airport Commission Meeting to order at 5:30 P.M. The meeting was held via videoconference.

2. POSTING OF THE AGENDA: Posted on October 15, 2020.

3. ROLL CALL:

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

Commissioners Absent: Dada. Commissioner Altman resigned.

Staff Present: City Manager Ready, Interim Airport Executive Director Aguirre, Deputy Director of Aviation - Marketing and Air Service Meier, Airport Administration Manager Jucht, Airport Executive Administrative Assistant Seery.

Others Present:

Scott White – President / CEO - Greater Palm Springs CVB

Colleen Pace – Chief Sales and Marketing Officer - Greater Palm Springs CVB

Rob Hampton – General Manager - Palm Springs Convention Center & Bureau of Tourism

David Wells - Vice President of Communications JNS|Next Creative & Media Hub.

Public Presence: Three participants.

4. ACCEPTANCE OF THE AGENDA:

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

5. PUBLIC COMMENTS: None.

6. APPROVAL OF MINUTES:

The minutes of the Regular Meeting held on September 16, 2020, were presented for approval. **Moved by Commissioner Hoehn and seconded by Commissioner Hughes.**

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

ABSENT: Dada.

ABSTAIN: Adams.

7. CHAIRMAN COMMENTS

Chairman Jones announced with regret the resignation of Commissioner Altman representing Cathedral City. Cathedral's City Mayor will nominate a new representative to the Airport Commission.

Mr. Jones reminded Commissioners to complete the ethics training by December 1st.

Mr. Jones indicated he flew into Palm Springs recently and felt safe with the protocols followed by the airline regarding COVID-19. How this enabled him to answer questions at a subsequent Rotary meeting he was invited to attend. He added that the Rotarians were very supportive of the new airline service at the Palm Springs International Airport.

8. INTRODUCTIONS AND PRESENTATIONS:

Interim Airport Executive Director Aguirre introduced and welcomed Mr. Daniel Meier to the Palm Springs International Airport as the new Deputy Director of Aviation, Marketing and Air Service.

Mr. Meier gave a brief description of his background and thanked the Commission for their welcome. He added that his first objective has been to set up social media for the Palm Springs International Airport with Instagram, Facebook, and Twitter.

Mr. Aguirre then addressed the new Airline Incentive Program established in 2019. He gave a summary of the main points: how airlines can request an incentive for target cities only, how fee waivers towards a cumulative cap of \$500,000 replaced direct payments. He presented the list of target cities, which include some the airlines will now start serving, along with additional service to existing cities.

Mr. Aguirre detailed the fees waived thus far, totaling approximately \$50,000 and added that we have not received any formal application from any of the airlines who have announced new qualifying service. How we will monitor any applications because the sum of all potential qualifying service may exceed the remaining

\$450,000 cap amount. How requests will be handled as they come on a month-to-month basis and the Commission will be kept informed.

Mr. Aguirre showed a video of the retirement ceremony of an F-117A Nighthawk stealth fighter at the Palm Springs Air Museum on October 3, 2020.

Mr. Aguirre announced the retirement of Mr. Mark Jucht, Airport Administration Manager, after nine years of service at the Palm Springs International Airport. Mr. Aguirre thanked him for his service to the City, the Airport, and the Commission.

9. CITY MANAGER REPORT:

City Manager Ready indicated that the Airport Passenger Boarding Bridges topic will be on the City Council agenda on October 22, 2020.

10. BUDGET AND FINANCE REPORT:

Airport Administration Manager Jucht presented the September 2020 Financial Summary. He indicated that the airport budget is in sound shape. Mr. Jucht went through the funds in detail.

REVENUES:

Fund 405 – Customer Facility Charges (CFC) - The rental car business generates \$10.00 per transaction. In 2019, \$2.5 M were accrued in that account. This year, the budget stands at \$1.4M. These funds are set aside, and the airport currently has \$22M in that account reserved for car rental improvements.

Commissioner Hoehn pointed out an error in the financial summary header and asked that FY17/18 and FY18/19 be corrected to read FY19/20 and FY20/21 respectively.

Fund 410 – Passenger Facility Charges (PFC) - In 2019, \$5.9M were generated into that fund. This year, the budgeted amount stands at \$2.6M. We are confident that \$2.6M will be exceeded based on increasing enplanements and new service. This account supports the only debt service at the airport: the PFC bond, with an annual debt service obligation of \$2.5M. In addition, the airport has a one-year reserve for the PFC bond.

Fund 415 – General Airport Revenues. Typically generating \$25M, the amended budget this year stands at \$14.5M. This is directly impacted by the number of people at the airport. Now with the start of Southwest in November, we will have more flights on the peak day in December 2020 (not including Contour and Air Canada) compared to last year, which is promising depending on the load factors. We have seen the return of some Canadian flights with WestJet service from Calgary on October 8.

Fund 416 – AIP Grant Revenue – We are fortunate to have received a multi-year grant of \$7.9M this year and this money will cover the full cost of the passenger boarding bridge replacement project.

Mr. Jucht detailed the larger revenue accounts of over \$1M. How scheduled landing fees are only down by 39%. Frequency is returning and we are encouraged that this number will continue to grow. The landing fee surcharge of \$1.38 per enplanement supports the maintenance of our facilities. Land rental should be very similar to prior years. Parking is now at -57% as we are seeing shorter stays, more drop-offs and lesser usage of the facilities. On Airport Car rentals also show a major drop (-70%) in the revenue stream. How all of this was anticipated when preparing the very conservative revised budget.

EXPENDITURES:

With expenditures, Mr. Jucht pointed out that the expenses are \$719,097 less for the first three months than last year this time, due to various savings measures.

Account 405 – CFC, the only expenditures have been for studies for the car rental project.

Account 410 – PFC revenues are coming in more slowly than expected but there is a timing issue as well.

Account 415 – Revenues less expenses left us \$1.6M short for the first quarter of the current fiscal year. Fortunately, we have the opportunity to request assistance from the CARES program. Next week, we'll request \$1.6M for the first three months of the year. That shortage is about \$400,000 less than anticipated, so the Airport is doing better than planned at this point.

Account 416 – Capital Projects, the revenue stream is the grant program.

AIRPORT FUNDS CASH SUMMARY BALANCES:

Fund 405 - CFC restricted has a balance of \$24.1M. In a couple of years, we expect to address the car rental capacity again and additional space will be needed.

Fund 410 - PFC restricted has a balance of \$1.8M, which doesn't include the one-year (\$2.5M) set aside discussed previously.

Fund 416 – Capital Projects restricted has a balance of \$12.1M. We are cautious of capital improvements at this time, and it is a good reserve for unforeseen potential events.

Fund 415 – has a balance of \$10.8M, of that almost \$4M is restricted for reserves and could be spent if we had a shortfall. How by virtue of the residual agreement with the airlines, should the airport need more funding, the airlines will have to cover any shortfall. Mr. Jucht went on to say that this has not occurred in the nine years of his tenure, nor do we anticipate it this year. Airport staff met with airlines representatives and informed them that their rates and charges would be kept consistent and their fees would not be increased in the upcoming year in light of the current situation.

Due to the funds in the accounts and the CARES grant the Airport will have a balanced budget this year. Our funds are in good shape and we are in better condition than most airports around the country.

Chairman Jones and Vice Chairman Hoehn thanked Mr. Jucht for his dedication and contributions to the Airport Commission.

11. DISCUSSION AND ACTION ITEMS:

At the request of Chairman Jones, Commissioner Breslin gave an overview of the Marketing Meeting of October 14, 2020.

Mrs. Breslin summarized how two great presentations were shown by the CVB and by the Bureau of Tourism. How they were inspiring because they discussed looking at marketing in new and fresh ways. How these two organizations are implementing this and are being very innovative and creative. She feels that we are positioned very well to be strong and stronger than before. How the road may be hard ahead of us and COVID has given a new meaning to our resolve.

11.A Local Advertising Program Winter 2019-20, Summary / Closeout

Interim Airport Executive Director Aguirre explained how before COVID the Airport had agreed to team up with the Bureau of Tourism to market the airport locally. How Mr. Rob Hampton would now give to the entire Commission the same presentation given to the Marketing Committee on October 14.

Mr. Rob Hampton General Manager - Palm Springs Convention Center & Bureau of Tourism explained how they have had the pleasure of helping the Airport with local marketing for the last couple of years. He introduced Mr. David Wells who would present the 2019-20 campaign.

Mr. Wells, Vice President of Communications JNS|Next Creative & Media Hub, explained how through the Bureau of Tourism and Convention Center they fulfilled this contract in 2019-20, and worked on this contract for the last four years as well.

He then presented a PowerPoint recapping the Palm Springs Airport Marketing campaign 2019-20.

The 2019-20 goals were to increase awareness of PSP Airport through advertising with a focus on digital advertising and redesigning and launching a new Palm Springs airport's web site www.palmspringsca.com instead of the airport being under the City's website at www.palmspringsca.gov. A video and photo shoot took place at the airport in collaboration with the greater Palm Springs CVB last December to gather content and build a new database of imagery. The total budget approved for FY2019-20 for the marketing campaign was \$69,000 and the total spend \$24,240, as it was interrupted in March due to COVID-19, leaving \$44,760 unspent. In previous years the budget was approximately \$43,000.

www.palmspringsairport.com was a new domain which they registered, and they created a clean web site with different navigation and some quick call to action buttons. Mr. Wells showed a couple of pages, including the 30 second video playing on the front page which is also used in advertising efforts for the digital marketing campaign. The message stresses how easy it is to fly out of Palm Springs: "PSPeasy."

Mr. Wells explained how digital marketing targeted geographic and demographic audiences, retargeted website users, and retargeted higher producing audiences, those actually looking for flights out of PSP, ONT and LAX.

He explained how the campaign launched on February 18 and ended on March 16 due to COVID, in line with the shutdown of the Tourism Bureau and Greater Palm Springs.

Mr. Wells showed digital creative samples, banner ad displays, and explained the tactics to track impressions. In the month that they were live, there were over 1M impressions with 5049 clicks to the website.

Mr. Wells then presented what the Tourism Bureau is doing currently. How they launched a new campaign called "Hello, Palm Springs" geared towards the drive-in market and highlighting not only Palm Springs but conveying subliminal messages such as sunshine, fresh air, tranquility, freedom. Some examples were shown: stills, videos, (encouraging smaller groups with individuals wearing masks). The campaign was implemented on social media with Instagram and Facebook. Visit Palm Springs also launched a new website www.visitpalmsprings.com with the same look and feel as the campaign. He explained how they prepared a campaign brand book, a strategy for social media, and mobile friendly and desktop web sites.

Interim Airport Executive Director Aguirre explained how Deputy Director of Aviation, Marketing and Air Service Meier being here only 11 days is gathering information with ongoing discussions with Rob Hampton, David Wells, and Scott White as he tries to develop a short-term, an interim, and a long-term strategy for marketing and advertising. How he expects Mr. Meier to be producing a program, which will be presented to the City Manager and City Leadership for their input, after which it will come back to the Commission for further communication as we move forward.

11.B CVB Update

Mr. Scott White introduced Ms. Colleen Pace, the CVB Chief Sales and Marketing Officer who would present the 2020/2021 CVB Airline Marketing Campaign and strategy for people outside the Coachella Valley.

Mr. White also acknowledged Mr. Jucht for his professional cooperation over the years, thanked and congratulated him.

Mr. White explained how the TBID (Tourism Business Improvement District) fee assessment increase from two to three percent in 2013 enabled the CVB to market the destination nationally and facilitated air service development marketing. How they do so in partnership with the Airport which provides airline incentives while the CVB can negotiate minimum revenue guarantees or marketing plans and is not bound by the FAA like the Airport. How it is a top priority of their board to grow the economy through the Airport.

Ms. Pace presented a PowerPoint and first showed the flight campaign to include existing and new routes to Palm Springs including television, Expedia, TripAdvisor, Travelzoo, Edge Media, Adara, Centro, CVB website, Air Service Landing Page, and Social Media. The new route map with added destinations was shown.

For the television campaign, Ms. Pace announced 702K television spots and 4.1B impressions for selected markets focusing on inbound traffic into greater Palm Springs. Ms. Pace played a spot with a specific call to action with Southwest Airlines geared at Oakland, focusing on the day and month of the onset of service.

The next slide showed Expedia, a strong partner, for a drive in and fly market. How the campaign generated 218,000 room-nights and 190,000 airline tickets in 2019.

How Trip Advisor is also an important partner for the CVB, targeting the drive market. Examples of creatives were shown such as: "Long Live Sun Days", "Find your Oasis", featuring the great outdoors. Last year, it generated over 11M impressions and 17K arrivals, trackable through Arrivalist and Adara.

Travelzoo is a recently launched campaign featuring a destination page with deals on hotels, restaurants and attractions. How there were over 28M impressions, 9K room-nights and 57K page views last year.

Edge Media provides LGBTQ targeted fly market advertising. Advertising includes editorials, banner ads, video and mobile ads, and dedicated e-mails.

Adara offers retargeting and prospecting ads that enable effective tracking. They work with 190 trusted travel brands. It generates about 900,000 impressions a month. In addition there is an Adara campaign done cooperatively with the State of California.

Centro is a targeted digital advertising running on travel related sites with a focus on specific markets.

Ms. Pace added that the CVB has a customized "Time to Fly" web site landing page which is updated each year. The page is dynamic and geo-targeted. How it is Google driven and customized to the city where people who are doing the search are living.

A new Air Service Landing page with a video shot at the airport lists new flights, frequencies and start dates. It is helpful for meeting planners and group planners, and helps support business partners in the community.

Finally, Ms. Pace showed the social media campaign targeting twenty-two destinations with non stop service to Palm Springs promoting sunshine, great weather, wide open spaces, natural hot springs, things which are important to people during the pandemic.

Mr. White reminded the Commission how the CVB engaged Ailevon Pacific, an Aviation Consulting firm, headed by Oliver Lamb, to work with the CVB on air service development. They represent the CVB at Jumpstart and Routes America conferences and brought a Roundtable conference to Indian Wells last year. They also worked on minimum revenue guarantee negotiations. How the CVB is excited to keep them on board.

Mr. White stressed how in addition to leisure travel, we need to get meetings back up and running to fill the mid-week gap. They are collaborating with the state, California Travel and the Lodging Association to re-establish meetings and group travel.

Mr. White also encouraged the airport to resume local marketing soon.

Commissioner Clarkson commented he did not understand the philosophy of raising awareness about the airport to local residents and the reason money is spent on that. How he understands budgets for other destinations, and other cities coming to Palm Springs but not the other.

Chairman Jones suggested it be added to a future meeting for discussion. How, in his opinion, very little is known about the local airport in terms of where we fly and what we do. How there is a need to make the public aware of where they can go from here without having to drive to Ontario and other locations.

Commissioner Freymuth concurred that it is useful and that local residents need to know about the local non stop service to inform relatives and friends visiting the Valley. How travelers may have been using Ontario for a long time and need to be made aware that we have nonstop service. It's even more important now that Southwest is coming in, which can connect passengers all over the country.

11.C AULA Extension

Interim Airport Executive Director Aguirre referred to the staff report proposing to extend the existing Airport Use and Lease Agreement which expires on December 31, 2020. How we are currently on a one-year extension, and thought we would be in a position to finalize negotiations for a new multi-year agreement by the end of the year. How with COVID-19 the negotiations which were well under way and were progressing very well were suspended. How Airport staff had been in contact with the airlines recently and all agreed they would like to resume the discussion regarding the new AULA but in order to negotiate the terms and complete the discussion we would like to extend the current agreement by 18th months from January 1st, 2021 to June 30, 2022. How Airport staff is seeking the recommendation of the Airport Commission to move this request to City Council.

ACTION: Recommend an extension of the Airport Use and Lease Agreement until June 30, 2022. **Moved by Commissioner Freymuth, seconded by Commissioner Hoehn and unanimously carried noting the absence of Commissioner Dada.**

12. EXECUTIVE AND STAFF REPORTS:

12.A. Ticket Wing Modernization Progress

Interim Airport Executive Director Aguirre presented photos of the ticket wing project progress. The north baggage tunnel which will allow conveyance of bags from the curbside to the TSA screening area is completed. For the south baggage tunnel, work had to be interrupted due to the discovery of a 12K volts electric line which had to be redirected. This was followed by the discovery of a communications data cabling bundle which Frontier now has to relocate. Once completed, this will allow the contractor to make progress on the baggage tunnel in this area.

Mr. Aguirre showed the north end of the new north ticket counter, taking shape as a result, while completion of the south end is lagging until communications lines are rerouted.

Out back, the baggage carousels continue to be built and are in different stages of completion.

Inside, the carpet has been taking up exposing the terrazzo flooring, and in the ceiling HVAC ducts can be seen laid out, and the ceiling is starting to be closed up.

Mr. Aguirre explained how all this work is being done at night without inconveniencing the public.

12.B Tracking of General Public Attendance

At the request of Commissioner Feltman, public attendance will be tracked at the Commission meetings throughout the year to determine if there is more public participation at the meetings at 5:30 P.M. instead of the previous time of 8:00 A.M.

12.C Shade Structure for Taxis and Rideshare Areas

Concrete benches which can hold parasols were positioned in these two areas and a prototype parasol was ordered to provide shade. If the prototype meets everyone's needs, more will be ordered.

12.D Packaging for Take Out Food

City Council has not taken any action on this thus far and we are monitoring how this item progresses and will report any new developments back to the Commission.

12.E TSA Priority Lane

Following the request of Commissioner Suero to consider reinstalling a Priority lane at the TSA checkpoint, Airport Management met with TSA management, airlines and other individuals to ascertain if such a lane would be useful and feasible. Based on the COVID-19 social distancing requirements and the loss of foot print as a result, the Airport has decided not to re-institute a Priority lane at this time. We will continue with the existing configuration of TSA PreCheck, General Boarding, and Crew members and Wheelchair Access.

Paradies-Lagardère Travel Retail:

At the City Council meeting of October 8, 2020, a request was brought to City Council to work with Paradies-Lagardère and to extend their concession agreement to provide food and beverage services at the airport. As of July 30, 2020, HMS Host, the Food and Beverage concessionaire, feeling the impact of the COVID-19 pandemic cancelled their agreement with the Airport and left. Paradies stepped up and started providing pre-packaged food and snacks from their current location, while on a month-to-month agreement until the end of the year. The Airport asked them to take a look at the existing food locations and start providing from those locations. City Council concurred that the agreement with Paradies-Lagardère would be extended through April 2023 and would include both gift and news and food and beverage concessions. They would operate through three peak seasons and in turn they would invest \$512,000 to open four food and beverage locations by the end of 2020, some of them before Southwest starts operations on November 15. However, when HMS Host left, they took with them a lot of equipment and fixtures that Paradies has to replace. The four locations are the Santa Rosa Kitchen (formerly 12th Fairway / Bono); PSP Coffee House (formerly Starbucks – post security); the Wine Bar (formerly California Vintage)

and Concept Under Development (formerly The Tap Room / RJ concourse). As a part of this agreement, they will rework their agreement with the airport to a tiered Rate Structure on the food and beverage side. How this moved quickly because Paradies indicated that if we had any hopes of opening for Southwest and some of the new service, they needed to quickly obtain the necessary permits to start construction, and enough time to relocate staff, and hire and train local staff.

On another topic, Mr. Aguirre indicated that the Regional Concourse, which had been closed since the onset of COVID will reopen for the entire day on November 1st. How we will take a look at possibly closing the RJ concourse next summer again.

Commissioner Feltman commented on the Sustainability Office's proposal regarding pre-packaged foods which is slated to go to City Council and suggested that we have somewhat of an inversion here, because they already have a proposal that's fully outlined which has implications for any food service provider. How it was acknowledged by Dr. Ready on last month's call that the Sustainability Office never consulted with the airport. How for us to just wait and see what Council does leads to the risk that we'll have an ordinance that we actually can't abide by because we have contracts with Paradies-Lagardère that don't include a slew of requirements that have never been discussed with them, and which they have not been asked to fulfill. Mr. Feltman suggested that we circle back as an Airport with the City Manager's office and not wait for Council to deliver a fait accompli of what they're doing because some of the things proposed are pretty onerous.

Mr. Aguirre offered to talk with Mr. Ready again and see how he would like us to bring back information to the Commission.

13. COMMISSIONERS REQUESTS AND REPORTS:

Chairman Jones asked Commissioner Clarkson, Chairman of the Noise Committee to give a summary of the Noise Committee meeting which took place earlier this afternoon.

Commissioner Clarkson explained that Interim Airport Executive Director Aguirre gave a brief presentation on an FAA noise complaint initiative. Through this initiative the FAA will try and implement a coordinated effort with local airports as it pertains to noise complaints.

14. REPORT OF CITY COUNCIL ACTIONS:

Included in the packet.

15. CORRESPONDENCE: None.

16. RECEIVE AND FILE:

ACTION: Receive and file:

Item 16.A. September 2020 Airline Activity Report.

Item 16.B. November 2020 Airlines Schedules.

Chairman Jones welcomed Mr. Meier again, stressing the importance of marketing as we navigate the COVID pandemic.

He then thanked Mr. Jucht again for his years of service here and the support he offered to the Commission.

Chairman Jones also expressed his thanks to Mr. Aguirre for his leadership, and the thoroughness with which he responded to Commissioner requests and the level of detail he provided the Commission with what is taking place at the airport.

17. ADJOURNMENT:

ACTION: Motion to adjourn. **Moved by Commissioner Schmitz, seconded by Commissioner Riesen and approved unanimously noting the absence of Commissioner Dada.**

The Airport Commission adjourned at 6:53 P.M. to November 18, 2020, at 5:30 P.M. via videoconference.

Nadia P. Seery
Executive Administrative Assistant