



## CITY COUNCIL STAFF REPORT

DATE: February 20, 2013 CONSENT CALENDAR

SUBJECT: APPROVE AMENDMENT NO. 2 TO AGREEMENT NO. 6256 WITH PARSONS BRINCKERHOFF, INC. FOR AIRPORT PROFESSIONAL SERVICES.

FROM: David H. Ready, City Manager

BY: AIRPORT

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### SUMMARY

The City Council will consider an amendment to the professional services agreement with Parsons Brinckerhoff Aviation Inc., for consulting services related to the development of a new Palm Springs International Use and Lease Agreements and conceptual design development for future rental car facility improvements.

### RECOMMENDATION:

1. Approve Contract Amendment No. 2 to Parsons Brinkerhoff Inc. Agreement No. 6256 Airport Professional Consulting for additional services in the development of a new Airline Use and Lease Agreement, and engineering services for conceptual design development related to future improvements of the rental car facilities, in an amount not to exceed \$110,550.00.
2. Authorize the City Manager to execute the amendment to the agreement.
3. Authorize the City Manager to approve and execute change orders in an amount not to exceed ten percent (10%) of the total contract amount, as required, to address changes in the project scope.

### STAFF ANALYSIS

In July, 2004 an Airport Use and Lease Agreement was developed and recommended by the Airport Commission and ratified by the City Council. This term of the Standard Airport Use and Lease Agreement was for 10-years and is set to expire in June of 2014. Since the promulgation of this agreement, both the industry and the Palm Springs

International Airport have undergone considerable changes. The cumulative effect of these changes warrant a thorough evaluation during the development and negotiation of a new airline use agreement, to ensure it accurately reflects the current working environment of today and more adequately supports the needs of both the airlines and the airport.

The Airport Commission at its January meeting voted in full support of utilizing the airport's aviation consultants to assist in this process by providing: cost center analysis, benchmarking analysis of airports similar in size and regional comparisons, incentivization and term recommendations, and other services pertinent to formulating the most optimum agreement. Parsons Brinckerhoff has a team of professionals that specialize in consulting airports on financial matters including new airline agreements.

This amendment also includes professional services to aid in developing concept alternatives for future rental car facility improvements. Parsons Brinckerhoff has an extensive resume working at airports on car rental facility programs, including a current project at San Diego International.

A new Airport Master Plan, anticipated to be submitted to the City Council for approval in fall of 2013, includes the planning for a landside car rental facility improvement program that will enable the Palm Springs International Airport to sufficiently address longer and short term growing demands. The plan identifies several improvements to car rental facilities and infrastructure that need to be addressed in the short term. One of the key improvements of this program includes some form of building addition on the South terminal end in order to relieve baggage claim constraints and provide for a new car rental customer service area with new counters and offices. In addition to a building expansion, the car rental ready lot would undergo expansion to create additional vehicle pickup and drop-off spaces. If there is sufficient room to accommodate it, the project may include facilities for vehicle washing and cleaning, fueling, and minor maintenance.

The Palm Springs International Airport has been experiencing historic passenger growth and 2012 was a record year. Due to the baggage claim area identified as the most constrained area in the terminal building, this unanticipated spike in record passenger activity is ample justification to begin the programmatic concept development. The timing of addressing these growth issues has now become more critical. In order to position this capital improvement project for immediate commencement of full design following the City Council approval of the master plan, staff is recommending that a contract amendment with Parsons Brinckerhoff be ratified in order to produce the following scope of work:

- ✓ Create a functional program report summarizing the operational requirements of the area.
- ✓ Analyze pedestrian, passenger and vehicle flow to determine optimum flow.
- ✓ Develop functional concept alternatives.
- ✓ Develop an Order-of Magnitude cost estimate of each alternative.

- ✓ Create a schematic (concept) of the preferred alternatives.


This information generated by the third party consultant professional will then allow the selection of the most optimum and cost effective alternatives that will meet the forecast growth increases.

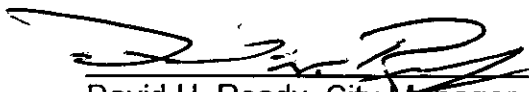
Parsons Brinckerhoff is the airport's aviation consulting firm under an agreement for five years and it includes the hourly base line rate for an array of different disciplines. A contract amendment is necessary to specifically add this airline use and lease agreement project and the rental car facility study to current professional services agreement. The detailed scope has been developed by staff and the fee sums calculated according to the level of effort.

FISCAL IMPACT:

The Fiscal Year 2012/2013 budget has funding for consultant research and program development services in account 416 6501 56144 and account 416 6501 50000.

In March, 2007, in anticipation of the eventual need to expand car rental facilities, the City Council authorized the collection of a \$10 per transaction Customer Facility Charge (CFC) collected on each car rental transaction. Today that fund has a balance of \$9 million to fund these upcoming improvements. No further work or expenditure, other than this conceptual development, will occur until the City Council approves the Master Plan and the full design agreements for specific project elements.

  
\_\_\_\_\_  
Thomas Nolan,  
Executive Director, Airport

  
\_\_\_\_\_  
David H. Ready, City Manager

Attachment: Amendment No. 2

AMENDMENT NO. 2  
TO AGREEMENT NO. 6256 – AVIATION CONSULTING SERVICES  
PALM SPRINGS INTERNATIONAL AIRPORT

THIS SECOND AMENDMENT is made and entered into as of the 20<sup>th</sup> day of February, 2013 (the “effective date”) by and between the CITY OF PALM SPRINGS, a California charter city and municipal corporation (“City”), and Parsons Brinckerhoff, Inc., (herein “Consultant”) as follows:

RECITALS

WHEREAS, the City owns and operates Palm Springs International Airport (“Airport”) located in Palm Springs, California for the convenience of the general public.

WHEREAS, City and Consultant entered into that certain Consulting Services Agreement No. 6256 for Aviation Consulting Services (“Agreement”), as duly amended from time to time; and

WHEREAS, the parties wish to amend the Agreement to increase work assignments.

NOW, THEREFORE, for good and sufficient consideration, the parties agree as follows:

1. Exhibit “A”, Scope of Services, is hereby amended to add the following on-call Consulting Services for additional resident professional services for the Airline Use and Lease Agreement, and provide engineering services for a concept study for facility improvements of the rental car service areas at the airport in an amount not to exceed \$110,550.00, as described in the proposals from the Consultant, dated January 17, 2013 and February 7, 2013 respectively.

Task 4 – Airline Use and Lease Agreement Consulting	\$62,550.00
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Task 5 – Rental Car Facility Conceptual Study	\$48,000.00
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2. The agreement shall allow a total project sum not to exceed \$110,550.00 for professional services relating to the planning and engineering services of Tasks 4 and 5.


Except as previously modified herein, all other provisions of the Agreement shall remain unmodified in full force and effect.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

CITY OF PALM SPRINGS  
a municipal corporation

By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
City Manager 

APPROVED AS TO FORM:

By:   
City Attorney

CONTRACTOR: Check one: \_\_\_ Individual \_\_\_ Partnership \_\_\_ Corporation  
Corporations require two notarized signatures: One from each of the following: A. Chairman of Board, President, or any Vice President: AND B. Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, or Chief Financial Officer.

By: \_\_\_\_\_  
Signature (notarized)

By: \_\_\_\_\_  
Signature (notarized)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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State of \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_

personally appeared \_\_\_\_\_  
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) name(s)is/are subscribed to the within instrument acknowledged to me that he/she/they executed the same in he/her/their authorized capacity(is), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

personally appeared \_\_\_\_\_ who  
proved to me on basis of satisfactory evidence to be the person(s) whose names (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(is), and that by his/her/their signatures(s) on the instrument the person(s) or the the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY the laws of the State of California that the foregoing paragraph is true and correct.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

WITNESS my hand and official seal.

Notary Signature: \_\_\_\_\_

Notary Signature: \_\_\_\_\_

Notary Seal:

Notary Seal:

January 17, 2013

Mr. Thomas Nolan  
Executive Director  
Palm Springs International Airport  
3400 E. Tahquitz Canyon Way  
Palm Springs, CA 92262

**Re: Scope and Budget for Airline Use and Lease Agreement Consulting -Task 4**

Dear Mr. Nolan,

Parsons Brinckerhoff, Inc. (Engineer) is pleased to present this request for notice to proceed on the following scope of services for airline use and lease agreement (Airline Agreement) negotiations assistance for the Palm Springs International Airport (PSP). This project is Task Order 4 on our on-call contract with PSP (PB Contract No. 12470, City Contract No. 6262). A description of the project, scope of work and compensation for services are provided in the remainder of this letter.

**Project Description**

PSP will be negotiating a new Airline Agreement with the air carriers providing service to the airport. This agreement will contain provisions regarding rates and charges, regulations regarding the use of property, and the operational and maintenance responsibility between the airport and the air carriers. In order to assist PSP in the development of a new agreement that meets its operational performance and financial objectives, Parsons Brinckerhoff will evaluate those objectives within the context of industry practices and standards to develop a recommended structure, key elements, and draft outline document of the new agreement.

**Scope of Work**

To provide Airline Agreement negotiations assistance, the Parsons Brinckerhoff will provide the following services.

1. **Prepare for Airline Agreement Negotiations** – This task will focus on identifying goals and evaluating alternative approaches that airport management should consider changing in the new Airline Agreement.
  - a. *Review Existing Materials* – Parsons Brinckerhoff will review the existing Airline Agreement, budget, financial performance, capital requirements and flight and passenger trends with projections of future years with the objective to recommend a customized agreement type (i.e. compensatory or hybrid model to accommodate future technologies and industry standards). We will also conduct research and evaluate information regarding approaches used at other airports (i.e. common use terminal equipment (CUTE)), within the context of the available terminal facilities.
  - b. *Benchmark of peer airports* – Parsons Brinckerhoff will prepare a benchmarking analysis of the airline costs at several (at least 10) airports similar to PSP in size, airport-type or proximity. This analysis will evaluate necessary cost responsibilities for the airport or airlines in the cost sharing model. Recommendations are to be incorporated in a new agreement to best determine how capital improvements can result in enhanced capacity of the airport facilities. The comparable airports will be selected together with PSP and will include resort location airports, as well as those in the Southern California region. The benchmarking analysis will include the airline cost per enplanement, landing fee, terminal rental rates, and the rate-making methodology employed

by the airports. The airline costs per enplanement resulting from the various methodologies will be compared with other airports in the region and with industry averages.

- c. *Conduct Workshop with Airport Management* – Parsons Brinckerhoff will conduct a one-day workshop with airport management to set the stage for the upcoming airline negotiations. The workshop will concentrate on presenting the findings related to modifications to the Airline Agreement, as well as assisting with the development of negotiations goals. These goals will be prioritized and grouped into categories.
- d. *Make Recommendations for Modifications* – Based on the review of the existing materials, benchmarking analysis and input from the PSP team, Parsons Brinckerhoff will prepare a white paper that identifies the specific areas necessary in a new airline agreement. The paper will provide justification for recommended changes. Information on various types of rates and charges methodologies along with the treatment of revenues and expenses will be evaluated. The risk/reward characteristics, including probable impact on airport net cash flow and the treatment of debt service coverage, as well as a reasonable term for the agreement will be evaluated.

***Deliverables: This task will deliver a complete comparison containing the details of the benchmarking data, a white paper that provides a list of the recommendations for changes to the Airline Agreement, as well as workshop materials and resulting recommendations.***

2. **Incorporate Evaluation Results into Draft Airline Agreement** – Parsons Brinckerhoff recognizes the importance of the City's control and oversight of the required language in the new Airline Agreement. In accordance, we will develop draft language pertaining to key elements of the agreement for use by the City's attorney reflecting the findings of the evaluation phase of this project to successfully meet the airport's operational and financial requirements.
  - a. *Outline New Airline Agreement's Overall Structure* – The combination of the airport's operational and financial requirements, benchmarking results of other airports' rates and charges methodologies, and potential opportunities to define new approaches will be used to formulate an overall agreement structure that defines the contractual relationship between PSP and its commercial airlines. This step will be used by Parsons Brinckerhoff to address core approaches (such as compensatory, residual, hybrid, or newly developed agreement structures) under which key elements will be addressed.
  - b. *Summarize Key Elements For New Agreement* – In addition to key components of the previous (existing) agreement, the evaluation phase will likely identify additional topics (e.g. affiliate language, common use technology impact, alternate approaches to airline space assignment) that are necessary to meet PSP operational and financial needs in future years.
  - c. *Provide Draft Airline Agreement Language* – Parsons Brinckerhoff will research sample language used in airline use and lease documents completed at other airports that reflect the modifications identified during the evaluation phase and in preparation for negotiation. The draft will include recent language regarding the use of premises through accommodation, preferential/common use and reassignment of space, bankruptcy provisions, and methods to secure payments by the airlines. The language will be provided in a way that can be used to outline the business terms of the airline agreement, leaving the final provisions to PSP's legal representation.
  - d. *Develop New Airline Agreement Draft Outline*– Based on the above structure, key elements, sample language, as well as decisions made regarding the goals and objectives identified during the preparation for airline negotiations, we will develop an outline of the major provisions to be included in the Airline Agreement. This agreement draft will focus solely on the contractual issues between PSP and its tenant airlines and will defer to the City's legal document requirements for such issues as indemnity, default provisions, and other topics. After the outline is developed, Parsons Brinckerhoff will discuss the points with airport management and PSP's legal representation and make revisions, if necessary, based on direction and feedback.

**Deliverables:** *Parsons Brinckerhoff will deliver recommendations for overall structure, key elements for incorporation, and a draft outline of the airline agreement including the changes that are agreed to from PSP and City legal input and the management workshop, suitable for use by the PSP's legal representation to finalize prior to negotiation with the airlines.*

**Compensation for Services**

Parsons Brinckerhoff shall be for time and materials under "Scope of Work" in an amount not to exceed **sixty-two thousand five hundred and fifty dollars (\$62,550)**, which includes all labor, materials, equipment, printing, outside services, travel costs, and incidentals as necessary to complete the work. The following labor rates will be used for assigned staff.

Staff Member	Role	Hourly Rate
Chuck McCormick	Project Manager	\$251
Tracy Beach	Task Manager	\$150
Tara Hrbacek	Advisor	\$161
TBD	Analyst	\$98

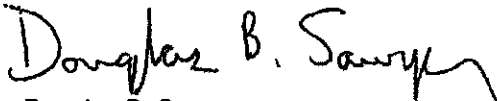
**Schedule of Completion**

The Engineer estimates that it will take approximately 350 to 400 hours over a calendar period of three months to complete the "Scope of Work" following notice to proceed as long as meetings with PSP management are scheduled in a timely manner. We will develop a more detailed project schedule along with PSP management during the initial kickoff meeting/conference call.

Thank you for this opportunity to be of service to you. If you have any questions, please do not hesitate to contact me at 909-808-1106.

Best Regards,

**PARSONS BRINCKERHOFF, Inc.**



Douglas B. Sawyer  
Senior Vice President

Cc: C. McCormick  
T. Beach



February 7, 2013

Mr. Thomas Nolan  
Executive Director  
Palm Springs International Airport  
3400 E. Tahquitz Canyon Way  
Palm Springs, CA 92262

**RE: Scope and Budget for Rental Car Facility Conceptual Study -Task 5**

Dear Mr. Nolan:

Parsons Brinckerhoff, Inc. (Engineer) is pleased to present this request for notice to proceed on the following scope of services for a Conceptual Study of the Rental Car Facility at PSP. As requested in our 1/17/13 telephone conference call, we have developed the following scope and budget based upon our current understanding of the project and as described herein.

#### **PROJECT DESCRIPTION**

Brief summary of the 1/17/13 conference call:

1. 7 Rent-A-Car (RAC) companies (Hertz, National/Alamo, Avis, Budget, Enterprise, Dollar, Thrifty) currently operate a ready/return car rental operation on airport at the northern end of the terminal bag claim and adjacent to the taxi pool.
2. Consensus reached by the RACs to provide improvements to their existing Ready/Return lot.
3. This improvement is part of the current draft Master Plan.
4. The airport wishes to explore some options to develop 2 to 4 concepts at a 10% to 15% pre-concept level along with an order-of-magnitude estimate to address issues and improvements to the ready & return lot shown on the attached drawing.
5. The draft master plan calls for the bag claim to be expanded further north (length to be determined).
6. The airport wants to increase the capacity of the site by evaluating:
  - 1) A more efficient layout based on existing operations.
  - 2) Potentially expand the Ready lot by occupying the site where the Customs & Borders (TSA) building is located, with provisions for its relocation.
  - 3) At-grade parking is preferable; however, consider a supported deck if there is not adequate space, taking into account that the master plan to expand the bag room will compress the Ready Lot as well as extend the airside limit into the existing lot. Important to maintain pedestrian access
7. PSP is among the top 3 to 4 airports with rental car transactions of 180,000/yr, very busy at peaks.
8. A site visit to the airport is recommended to visualize the operation of the rental car, taxi pool and other transportation modes as well as obtain a better understanding of the issues and airport concerns and expectations.

#### **SCOPE OF SERVICES**

The scope of this study consists of the following professional engineering services:

- Review available background information, including draft master plan, traffic study reports, and available drawings.

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**PARSONS  
BRINCKERHOFF**

Mr. Thomas Nolan  
January 24, 2013  
Page 2 of 3

- Consult with the Owner and rental car agencies (if needed) to verify the RAC operation and concerns.
- Visit the site and participate in coordination meetings/conference calls with the Owner to confirm study requirements.
- Develop two (2) to three (3) functional layout alternatives to show proposed traffic circulation patterns, R/R parking space layout, taxi pool options, including provisions for extending the terminal building and expanding the parking lot into the TSA building and employee lot.
- Develop alternatives for garage floor deck to show size and height, number of cars, levels, parking stalls and locations and dimensions of such features as stairways/elevator(s), exits and entrances, and access to the terminal.
- Analyze pedestrian movements for each option from the modified lot to the terminal.
- Develop a conceptual level order-of-magnitude estimate (OME).
- Develop a functional program report/memo summarizing the program requirements and alternatives available to the Owner including recommendations for further action.

**SCHEDULE**

It is anticipated that this study will be completed in approximately 4 to 6 weeks from notice-to-proceed (NTP). This schedule is tentative and can be adjusted based on the Owner's schedule.

Week 1 to 3: Perform one site visit with the Owner, attend meetings, discuss requirements, confirm understanding and expectations, review available information, start development of Option 1.

Week 4 & 5: Study and develop Option 1.

Weeks 6 to 9: Study and develop additional options and submit draft layouts; present and discuss with airport.

Weeks 10 to 20: Develop OME, finalize options, prepare and submit draft report; finalize report incorporating review comments.

**COMPENSATION**

Based on our current understanding of this task and the defined Scope of Services contained herein, our proposed not-to-exceed budget based on time and materials for these services is estimated at – fortyeight thousand dollars (\$48,000), which includes all labor, materials, equipment, printing, outside services, travel (two trips for two people), and incidentals as necessary to complete the work. The following labor rates will be used for assigned staff.

Staff Member	Role	Hourly Rate
Chuck McCormick	Project Manager	\$251
Camille Bechara	Task manager	\$292
John Carter	Sr. Supervising Eng.	\$217
Brian DiStasio	CADD Designer	\$132

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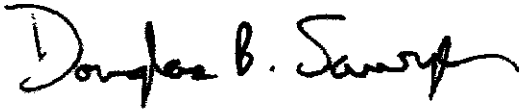
**PARSONS  
BRINCKERHOFF**

Mr. Thomas Nolan  
January 24, 2013  
Page 3 of 3

Thank you for this opportunity to be of service to you. If you have any questions, please do not hesitate to call me at (909) 888-1106.

Sincerely,

**PARSONS BRINCKERHOFF, INC.**



Douglas B. Sawyer  
Area Manager, Senior Vice President

cc: C. Bechara, C. McCormick, File