



## CITY COUNCIL STAFF REPORT

DATE: October 7, 2015

CONSENT AGENDA

SUBJECT: MEMORANDUM OF UNDERSTANDING WITH THE GREATER PALM SPRINGS CONVENTION & VISITORS BUREAU FOR PROFESSIONAL AIR SERVICE DEVELOPMENT COST SHARING

FROM: David H. Ready, City Manager

BY: Department of Aviation

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### SUMMARY

This action considers a Memorandum of Understanding with the Greater Palm Springs Convention & Visitors Bureau for the cost sharing of professional air service development services.

### RECOMMENDATION:

1. Approve Air Service Memorandum of Understanding with Greater Palm Springs Convention & Visitors Bureau in an amount not to exceed \$50,000.
2. Authorize City Manager to execute all necessary documents.

### STAFF ANALYSIS:

The Greater Palm Springs Convention & Visitors Bureau has taken a more active role in recent years with the support of new airline service through airline marketing funding and underwriting airline operating costs. This funding by the CVB is in addition to the successful existing multiyear financial commitment of Marketing Incentive Funds committed by the City which have been used over the last several years to support nineteen airline route service enhancements at the airport. This newer collaborative approach between the two entities will create a more synergistic effort in the development of air service strategies, and fortify the Palm Springs International Airports position as it competes with cities around the country to attract more air service.

The Memorandum of Understanding arrangement provides for the engagement of a professional consulting firm specializing in air service analysis and strategic planning tailored for this market and its unique seasonality challenges.

ITEM NO. 211

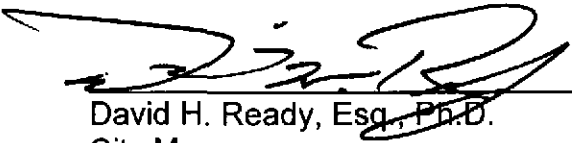
Under a process led by the Greater Palm Springs Convention & Visitors Bureau, with participation by city staff, a solicitation and selection for air service development consulting services had been conducted. The firm of InterVISTAS Consulting Group was selected and has been since engaged by the CVB under contract for a period of one year with a number of specific services including air service route analysis, data generation, market analysis, and recommendations for added service opportunities. The cost for this one-year arrangement is not to exceed \$100,000, shared equally by the City and the CVB.

InterVISTAS Consulting Group brings a broad range of skills and services specific to airline data analysis and forecasting, and it provides an acute understanding of domestic aviation trends and airline network analysis. The firm has extensive experience working with communities to develop strategies that match tourism and conventions based industries with new airline routes. The staff of this firm is comprised with former airline network planning personnel from major carriers. They have offices throughout North America with a west coast office serving as the primary point of contact for this agreement.

FISCAL IMPACT:

The total cost for the one year of service is \$100,000 and will be split equally by the Greater Palm Springs Convention & Visitors Bureau and the City. The \$50,000 share of the City was anticipated and programmed in the approved budget under Fund 415-6002-45580.

  
\_\_\_\_\_  
Thomas Nolan, A.A.E.  
Executive Director, Airport

  
\_\_\_\_\_  
David H. Ready, Esq., Ph.D.  
City Manager

Attachments: Memorandum of Understanding Convention and Visitors Authority

**MEMORANDUM OF UNDERSTANDING BY AND BETWEEN THE  
PALM SPRINGS DESERT RESORT COMMUNITIES CONVENTION  
AND VISITORS AUTHORITY AND THE CITY OF PALM SPRINGS**

This Memorandum of Understanding (hereinafter, the "MOU") is entered into as of this 7<sup>th</sup> day of October, 2015, by and between the Palm Springs Desert Resort Communities Convention and Visitors Authority, commonly known as the "Greater Palm Springs Convention & Visitors Bureau," a California Joint Powers Authority operating under the Joint Exercise of Powers Act (California Government Code §§6500 *et seq.*), located in the County of Riverside, State of California ("CVB"), and the City of Palm Springs, a municipal corporation located in the County of Riverside, State of California ("City"), with the CVB and the City sometimes together hereinafter referred to as the "Parties," and singularly referred to as "Party."

**RECITALS:**

**WHEREAS**, the CVB and InterVISTAS Consulting, Inc. ("Consultant") entered into that certain Service Provider Agreement By and Between the Palm Springs Desert Resort Communities Convention and Visitors Authority and InterVISTAS Consulting, Inc., dated July 1, 2015 ("Agreement"), an executed copy of which is attached hereto and incorporated herein by this reference as Exhibit "A," for Consultant to provide certain consulting services related to air support enhancement from Palm Springs International Airport, including development of market research and studies of economic impacts, air service data analysis and route forecasts, and utilization of domestic and international aviation trends; and

**WHEREAS**, the Agreement calls for the CVB to pay Consultant an amount not to exceed One Hundred Thousand Dollars and No Cents (\$100,000.00) for provision of such services; and

**WHEREAS**, because the Palm Springs International Airport is located within the jurisdictional boundaries of the City, the services provided by Consultant to the CVB will result in direct benefits to the City, in the form of increased tourism and corresponding increased taxes to be gained by the City; and

**WHEREAS**, as a result, the City will reimburse the CVB for up to fifty percent (50%) of all compensation paid the Consultant under the Agreement.

**NOW THEREFORE, IN CONSIDERATION OF THE COVENANTS, CONDITIONS AND PROMISES CONTAINED HEREIN AND FOR SUCH OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:**

## TERMS

1. Recitals. The Recitals set forth above are true and correct and are hereby incorporated into this MOU by this reference, as though set forth at length herein.
2. Binding Effect. The Parties acknowledge and hereby agree that this MOU, standing alone, is a binding and enforceable contract which is intended to govern and define their respective rights and responsibilities regarding the agreement between the Parties as memorialized herein.
3. Term. The term of the agreement shall be for a period of one year from October 7, 2015, through September 30, 2016.
4. Work Product. The City will have the right to copies of all work products provided, as described in the complete scope of services with InterVISTAS. This shall include, but not limited to the data, air service studies, and recommendations. The City will also assist with developing strategies for marketing air service routes from Palm Springs International Airport.
5. Reimbursement to CVB. The City shall reimburse the CVB fifty percent (50%) of all compensation paid by the CVB to Consultant under the Agreement, up to a total amount not to exceed Fifty Thousand Dollars (\$50,000.00). To that end, for each instance where the CVB is invoiced by Consultant, the CVB shall forward such invoice to the City, and the City shall pay the CVB half of that invoice amount by no later than thirty (30) days following receipt of the invoice.
6. Additional Provisions.
  - (a) Effective Date. This MOU shall take effect on the date first written above.
  - (b) Modifications and Amendments. Any provision of this MOU may be modified or amended only by written agreement executed by the Parties.
  - (c) Attorney's Fees. In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of any right or obligation pursuant to this MOU, or as a result of any alleged breach of any provision of this MOU, the prevailing party in such suit or proceeding shall be entitled to recover its costs and expenses, including reasonable attorney's fees, from the losing party, and any judgment or decree rendered in such a proceeding shall include an award thereof.
  - (d) Severability. Every provision of this MOU is intended to be severable. If any provision of this MOU or the application of any provision hereof to any party or circumstance is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such invalidity shall not affect the other terms and provisions hereof or the application of the provision in question to any other party or circumstance, all of which shall continue in full force and effect.
  - (e) Counterparts. This MOU may be signed in two or more counterparts each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument,



identification purposes only and shall not be interpreted to limit or define the content of the provisions described under the respective caption or heading.

(m) Governing Law. The validity of this MOU and any of its terms or provisions, as well as the rights and duties of the parties under this MOU, shall be construed pursuant to and in accordance with California law.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates stated below.

**“CITY”  
City of Palm Springs**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
David H. Ready, Esq. Ph.D.  
City Manager

**APPROVED AS TO FORM:**

**ATTEST**

By: \_\_\_\_\_  
Douglas C. Holland  
City Attorney

By: \_\_\_\_\_  
James Thompson  
City Clerk

**APPROVED BY CITY COUNCIL:**

**Date:** \_\_\_\_\_ **Agreement No.** \_\_\_\_\_

Corporations require two notarized signatures. One signature must be from Chairman of Board, President, or any Vice President. The second signature must be from the Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, or Chief Financial Officer.

**COMPANY NAME:**

\_\_\_\_\_

Check one  Individual  Partnership  Corporation

Address  
\_\_\_\_\_

By \_\_\_\_\_  
Signature (Notarized)

Scott White, President and CEO

By \_\_\_\_\_  
Signature (Notarized)

Judy Vossler, Senior Vice President

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )  
On \_\_\_\_\_ before me, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer  
personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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(ies), 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.

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.

Signature \_\_\_\_\_  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_



**SERVICE PROVIDER AGREEMENT  
BY AND BETWEEN  
PALM SPRINGS DESERT RESORT COMMUNITIES CONVENTION  
AND VISITORS AUTHORITY  
AND  
InterVISTAS Consulting Inc.**

THIS SERVICE PROVIDER AGREEMENT (hereinafter, the "Agreement") is made and entered into this **1<sup>st</sup> day of July 2015**, by and between the Palm Springs Desert Resort Communities Convention and Visitors Authority, a joint powers authority operating under the Joint Exercise of Powers Act (California Government Code §§ 6500 et seq.), located in the County of Riverside, State of California, commonly known as the Greater Palm Springs Convention & Visitors Bureau, hereinafter referred to as the "CVB," and InterVISTAS Consulting Inc., hereinafter referred to as "Service Provider."

**RECITALS**

**WHEREAS**, the CVB desires to enter into an agreement for services related to **Air Services Development Program Support** (hereinafter, the "Services"); and

**WHEREAS**, the CVB desires to retain the services of a qualified service provider to provide the Services on an independent contractor's basis.

**NOW THEREFORE, IN CONSIDERATION OF THE COVENANTS, CONDITIONS AND PROMISES CONTAINED HEREIN AND FOR SUCH OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:**

**Section 1.            RECITALS**

The Recitals set forth above are true and correct and are hereby incorporated into this Agreement by this reference, as though set forth in full herein.

**Section 2.            SCOPE OF SERVICES, EXTRA WORK**

a.     Service Provider shall perform the Services specifically described in the Scope of Services, attached hereto and incorporated herein by this reference as Exhibit "A." In the event any conflict exists between this Agreement minus the Scope of Services, on the one hand, and the Scope of Services, on the other hand, the former shall supersede.

b. At any time during the term of this Agreement, the CVB may request that Service Provider perform Extra Work. As used herein, "Extra Work" means any work which is determined by the CVB to be necessary for the proper completion of the Services, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Service Provider shall not perform, nor be compensated for, Extra Work without written authorization from the CVB.

**Section 3.            TERM**

The Service Provider shall perform the services described in the Scope of Services during the term of this Agreement, which shall commence upon execution of this Agreement, and terminate upon completion of the services to the reasonable satisfaction of the CVB, and in any event, **no later than June 30, 2016.**

**Section 4.            COMPENSATION**

Service Provider shall be paid compensation for the services rendered by Service Provider pursuant to this Agreement in accordance with Exhibit "A" Scope of Services, but in any event, **not to exceed One Hundred Thousand Dollars and No Cents (\$100,000.00)** Service Provider's bills shall include a brief description of the services performed and the date(s) of the services performed. Reimbursable expenses, including travel and lodging, as approved by the CVB, shall be invoiced with details.

**Section 5.            METHOD OF PAYMENT**

Service Provider shall submit invoices to the CVB, on a monthly basis, describing the work performed. The Service Provider's bills shall include a brief description of the services performed and the date the services were performed. The CVB shall pay the Service Provider no later than thirty (30) days after approval of the invoice by CVB staff provided that the services reflected in the invoice were performed to the reasonable satisfaction of the CVB in accordance with the terms of this Agreement.

**Section 6.            INDEPENDENT CONTRACTOR'S STATUS**

Service Provider shall at all times during the term of this Agreement perform the services described in this Agreement as an independent contractor, and hereby waives any claims for any compensation or benefits afforded to CVB employees and not to independent contractors.

**Section 7. CIVIL CODE SECTION 1542 WAIVER**

Service Provider expressly waives any and all rights and benefits conferred upon it by the provisions of section 1542 of the California Civil Code which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

This waiver shall be effective as a bar to any and all actions, fees, damages, losses, claims, liabilities and demands of whatsoever character, nature and kind that are known or unknown, or suspected or unsuspected, including, without limitation, claims of entitlements, benefits, overtime, or workers' compensation that are only afforded to employees and not independent contractors. Service Provider further represents and warrants that it understands this waiver and that if it does not understand this waiver, it shall seek the advice of a qualified attorney before executing this Agreement.

  
CW Initials

**Section 8. REPRESENTATIONS AND ACKNOWLEDGMENTS REGARDING INDEPENDENT CONTRACTOR'S STATUS OF SERVICE PROVIDER**

a. Service Provider represents and acknowledges the following:

(1) The CVB is not required to provide any training or legal counsel to Service Provider or its employees in order for Service Provider to perform the services described in this Agreement.

(2) Performance of the services described in this Agreement does not have to be integrated into the daily business operations of the CVB.

(3) The services described in this Agreement can be performed without the use of CVB equipment, materials, tools or facilities, including garbage bins, unless otherwise provided under a separate agreement.

(4) Nothing in this Agreement shall be interpreted to imply that the CVB must maintain any contractual relationship with Service Provider on a continuing basis after termination of this Agreement.

(5) The CVB will not be requested or demanded to assume any liability for the direct payment of any salary, wage or other such compensation to any person employed by Service Provider to perform the services described in this Agreement.

(6) Service Provider shall not at any time or in any manner represent that it or any of its officers, employees, or agents are "employees" of the CVB.

b. The CVB represents and acknowledges the following:

(1) Service Provider is not required to comply with daily instructions from CVB staff with respect to when, where or how Service Provider must perform the services set forth in this Agreement.

(2) Service Provider is solely responsible for determining who, under the supervision or direction of Service Provider, will perform the services set forth in this Agreement.

(3) The CVB will not hire, supervise or pay any assistants working for Service Provider pursuant to this Agreement.

(4) Nothing in this Agreement shall be interpreted to imply that Service Provider must maintain any contractual relationship with the CVB on a continuing basis after termination of this Agreement.

(5) Service Provider is not required to devote full time to the business operations of the CVB in order to perform the services set forth in this Agreement.

(6) Nothing in this Agreement shall be interpreted to preclude Service Provider from working for other persons or firms, provided that such work does not create a conflict of interest.

(7) Service Provider is not required to perform the services set forth in this Agreement in any particular order or sequence.

(8) It is the sole responsibility of Service Provider to set the hours in which Service Provider performs or plans to perform the services set forth in this Agreement.

(9) Service Provider is not required to perform the services set forth in the Agreement in any particular order or sequence.

**Section 9. NOT AGENT OF THE CVB**

Nothing contained in this Agreement shall be deemed, construed or represented by the CVB or Service Provider or by any third person to create the relationship of principal and agent. Service Provider shall have no authority, express or implied, to act on behalf of the CVB in any capacity whatsoever as an agent, nor shall Service Provider have any authority, express or implied, to bind the CVB to any obligation whatsoever.

**Section 10. WARRANTY**

Service Provider warrants that all services will be performed in a competent, professional and satisfactory manner in accordance with the standards prevalent in the industry for such services.

**Section 11. FAMILIARITY WITH WORK**

a. By executing this Agreement, Service Provider warrants that (1) it has thoroughly investigated and considered the work to be performed, (2) it has investigated the issues, regarding the scope of services to be provided, (3) it has carefully considered how the work should be performed, and (4) it fully understands the facilities, difficulties and restrictions attending performance of the work under this Agreement.

b. Should Service Provider discover any latent or unknown conditions materially differing from those inherent in the work or as represented by the CVB, it shall immediately inform the CVB of such fact and shall not proceed except at Service Provider's risk until written instructions are received from the an authorized agent of the CVB.

**Section 12. EQUAL OPPORTUNITY EMPLOYMENT**

Service Provider represents that it is an equal opportunity employer and shall not discriminate against any subcontractor, employee, or applicant ("person") for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age or sexual orientation. Unless otherwise permitted under the law, Service Provider shall not refuse to hire or employ any such person or refuse to select any such person for a training program leading to employment, or bar or discharge any such person from employment or from a training program leading to employment, or otherwise discriminate against any such person in compensation or in terms, conditions, or privileges of employment.

**Section 13.            CONFLICTS OF INTEREST**

Service Provider covenants that it does not have any interest, nor shall it acquire an interest, directly or indirectly, which would conflict in any manner with the performance of Service Provider's services under this Agreement. In the event the CVB officially determines that Service Provider must disclose its financial interests by completing and filing a Fair Political Practices Commission Form 700, Statement of Economic Interests, Service Provider shall file the subject Form 700 with the CVB pursuant to the written instructions provided by the CVB.

**Section 14.            COMPLIANCE WITH LAWS; LICENSING AND PERMIT REQUIREMENTS**

a.     Service Provider shall comply with all local, state and federal laws and regulations applicable to the services required hereunder, including any rule, regulation or bylaw governing the conduct or performance of Service Provider and/or its employees, officers, or board members.

b.     Service Provider represents that it has obtained and will maintain at all times during the term of this Agreement all professional and/or business licenses, certifications and/or permits necessary for performing the services described in this Agreement.

**Section 15.            INSURANCE REQUIREMENTS**

a.     Service Provider shall procure and maintain at its own expense, during the term of this Agreement, commercial general liability insurance of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence, and Two Million Dollars (\$2,000,000) in the aggregate, for bodily injury, personal injury, advertising injury, death, loss or damage resulting from the wrongful or negligent acts by the Service Provider or its officers, employees, servants, volunteers and agents and independent contractors. Service Provider shall provide insurance on an occurrence, not claims-made basis. Service Provider acknowledges and agrees that, for purposes of clarification with the intention of avoiding gaps in coverage with any umbrella or excess insurance, personal and advertising injury coverage shall be triggered by an "offense" while bodily injury and property damage coverage shall be triggered by an "occurrence" during the policy period.

b.     Service Provider shall further procure and maintain at its own expense, until completion of performance and acceptance by the CVB, commercial vehicle liability insurance covering personal injury and property damage, of not less than One Million Dollars (\$1,000,000) combined single limit

per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, covering any vehicle utilized by Service Provider or its officers, employees, servants, volunteers and agents and independent contractors in performing the services required by this Agreement.

c. Service Provider agrees to require that all parties, including but not limited to subcontractors, architects, engineers or others with whom Service Provider enters into contracts or whom Service Provider hires or retains pursuant to or in any way related to the performance of this Agreement, provide the insurance coverage required herein, at minimum, and name as additional insureds the parties to this Agreement. Service Provider agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Section.

d. In the event this Agreement is terminated for any reason prior to the completion of all obligations and requirements of this Agreement, Service Provider agrees to maintain all coverages required herein until the CVB provides written authorization to terminate the coverages following the CVB's review and determination that all liability posed under this Agreement as to the party providing insurance has been eliminated.

e. Service Provider agrees and acknowledges that if it fails to obtain all of the insurance required in this Agreement in accordance with the requirements herein, or to obtain and ensure that the coverage required herein is maintained by any subcontractors or others involved in any way with the Services, Service Provider shall be responsible for any losses, claims, suits, damages, defense obligations, or liability of any kind or nature attributable to the CVB or its officers, employees, servants, volunteers, agents and independent contractors.

#### **Section 16. WORKERS' COMPENSATION INSURANCE**

a. Service Provider shall procure and maintain at its own expense, during the term of this Agreement, workers' compensation insurance, providing coverage as required by the California State Workers' Compensation Law.

b. If any class of employees employed by the Service Provider pursuant to this Agreement is not protected by the California State Workers' Compensation Law, Service Provider shall provide adequate insurance for the protection of such employees to the satisfaction of the CVB. This provision shall not apply if Service Provider has no employees performing work under this Agreement. If Service Provider has no employees for the purposes of this Agreement, Service Provider shall sign and attach the Certificate of Exemption from Worker's Compensation Insurance, attached hereto and incorporated

herein by this reference as Exhibit "B." Service Provider agrees to waive its statutory immunity under any worker's compensation or similar statute, as respecting the CVB, and to require any and all subcontractors and any other person or entity involved with the Services to do the same.

**Section 17.            ADDITIONAL NAMED INSURED**

Notwithstanding any inconsistent statement in any required insurance policies or any subsequent endorsements attached thereto, the protection offered by all policies, except for Workers' Compensation, shall bear an endorsement whereby it is provided that the CVB and its officers, employees, servants, volunteers and agents and independent contractors, including without limitation, the CVB's General Counsel, are named as additional insureds. Additional insureds shall be entitled to the full benefit of all insurance policies in the same manner and to the same extent as any other insureds and there shall be no limitation to the benefits conferred upon them other than policy limits to coverages.

**Section 18.            WAIVER OF SUBROGATION RIGHTS**

Service Provider shall require the carriers of all required insurance policies to waive all rights of subrogation against the CVB and its officers, volunteers, employees, contractors and subcontractors.

**Section 19.            INSURANCE DOCUMENTATION**

a.     Service Provider shall secure from a good and responsible company or companies authorized to do insurance business in the State of California, and possessing a Best's rating of no less than A:VII, the policies of insurance required by this Agreement and furnish to the CVB certificates of said insurance with original endorsements on or before the commencement of the term of this Agreement. Service Provider agrees to ensure that the most current certification of insurance is on file with the City at all times during the term of this Agreement.

b.     Each policy required herein must be endorsed to provide that the policy shall not be cancelled or reduced in coverage by either party (except by paid claims) unless the insurer has provided the CVB with thirty (30) days prior written notice of cancellation or reduction in coverage.

c.     All insurance policies required to be provided by Service Provider or any other party must be endorsed to provide that the policies shall apply on a primary and noncontributing basis in relation to any insurance or self-insurance.



primary or excess, maintained or available to the CVB, and its officers, employees, servants, volunteers, agents and independent contractors.

**Section 20.                    TERMINATION OR SUSPENSION**

This Agreement may be terminated by either party immediately for cause. The CVB may terminate this Agreement with or without cause upon ten (10) days' written notice of termination. Service Provider may terminate this Agreement without cause upon thirty (30) days' written notice of termination. Upon termination, Service Provider shall be entitled to compensation for services performed up to the effective date of termination.

In the event of a termination of this Agreement under this section, Service Provider shall provide all documents, reports, data or other work product developed in performance of the Scope of Services of this Agreement to the CVB, within ten (10) calendar days of such termination and without additional charge to the CVB.

**Section 21.                    TIME OF THE ESSENCE**

Time is of the essence in the performance of this Agreement.

**Section 22.                    INDEMNIFICATION**

a.     Service Provider shall defend, indemnify and hold harmless the CVB, its officers, officials, agents, employees and volunteers from and against any and all claims, demands, actions, losses, damage, injuries, and liability, direct or indirect, (including any and all costs and expenses in connection therewith), arising out of the performance of this Agreement, except for any such claim arising out of the sole negligence or willful misconduct of the CVB, its officers, agents, employees or volunteers.

b.     The CVB does not, and shall not; waive any rights that it may have against Service Provider under this section because of the acceptance by the CVB, or the deposit with the CVB, of any insurance policy or certificate required pursuant to this Agreement. The hold harmless, indemnification and duty to defend provisions of this section shall apply regardless of whether or not said insurance policies are determined to be applicable to the claim, demand, action, damage, liability, loss, cost or expense described herein.

c.     Notwithstanding the provisions of subsections a. and b. of this section, Service Provider shall not be responsible for damages or be in default or deemed to be in default by reason of delay caused by strikes, lockouts, accidents, or acts of God, or the failure of the CVB to furnish timely information

or to approve or disapprove Service Provider's work promptly, or by reason of delay or faulty performance by the CVB, construction contractors, or governmental agencies, or by reason of any other delays beyond Service Provider's control, or for which Service Provider is without fault.

**Section 23. BOOKS AND RECORDS**

a. Service Provider shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to the CVB for a minimum period of three years, or for any longer period required by law, from the date of final payment to Service Provider pursuant to this Agreement.

b. Service Provider shall maintain all documents and records which demonstrate performance under this Agreement for a minimum of three years, or for any longer period required by law, from the date of termination or completion of this Agreement.

c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the CVB's President and CEO, its General Counsel, its auditor or a designated representative of these officers. Copies of such documents shall be provided to the CVB for inspection at the CVB's main office, when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Service Provider's address indicated for receipt of notices in this Agreement.

d. Where the CVB has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Service Provider's business, the CVB may, by written request of any of the above-named officers, require that custody of the records be given to the CVB and that the records and documents be maintained at the CVB's main office. Access to such records and documents shall be granted to any party authorized by Service Provider, Service Provider's representatives, or Service Provider's successor-in-interest.

**Section 24. OWNERSHIP OF DOCUMENTS**

All plans, studies, documents and other writings prepared by and for Service Provider, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the CVB upon payment to Service Provider for such work, and the CVB shall have the sole right to use such

materials in its discretion without further compensation to Service Provider or to any other party. Service Provider shall, at their expense, provide such reports, plans, studies, documents and other writings to the CVB upon written request.

**Section 25. CONFIDENTIALITY**

a. All ideas, memoranda, specifications, plans, procedures, drawings, photographs, descriptions, computer program data, input record data, written information, and other documents and data either created by or provided to Service Provider in connection with the performance of this Agreement shall be held confidential by Service Provider. Such materials shall not, without prior written consent of the CVB, be used by Service Provider for any purposes other than the performance of the services under this Agreement, nor shall such materials be disclosed to any person or entity not connected with the performance of the services under this Agreement. Nothing furnished to Service Provider which is otherwise known to Service Provider or is generally known, or has become known, to the related industry shall be deemed confidential.

b. Service Provider shall not use the CVB's insignia or photographs relating to the project for which Service Provider's services are rendered, or any publicity pertaining to the Service Provider's services under this Agreement in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the CVB.

**Section 26. MODIFICATIONS AND AMENDMENTS**

This Agreement may be modified or amended only by a written instrument signed by both parties.

~~**Section 27. BACKGROUND CHECKS**~~

*- Scratched from agreement. CW*

~~At any time during the term of this Agreement, the CVB reserves the right to make an independent investigation into the background of Service Provider's personnel who perform work required in the Scope of Services, including but not limited to their references, character, address history, past employment, education, social security number validation, and criminal or police records, for the purpose of confirming that such personnel are lawfully employed, qualified to provide the subject service or pose a risk to the safety of persons or property in and around the vicinity of where the Services will be rendered or at the CVB. If the CVB makes a reasonable determination that any of Service Provider's prospective or then current personnel is deemed objectionable, then the CVB may notify Service Provider of the same. Service Provider shall not use that personnel to perform work required in the Scope of Services, and if necessary, shall replace him or her with another suitable worker.~~

**Section 28. ENTIRE AGREEMENT**

a. This Agreement supersedes any and all other agreements, either oral or written, between the CVB and Service Provider with respect to the subject matter of this Agreement.

b. This Agreement contains all of the covenants and agreements between the parties with respect to the subject matter of this Agreement, and each party to this Agreement acknowledges that no representations, inducements, promises, or agreements have been made by or on behalf of any party except those covenants and agreements embodied in this Agreement.

c. No agreement, statement, or promise not contained in this Agreement shall be valid or binding.

**Section 29. AMBIGUITIES**

This Agreement is in all respects intended by each party hereto to be deemed and construed to have been jointly prepared by the parties and the parties hereby expressly agree that any uncertainty or ambiguity existing herein shall not be interpreted against either of them. Except as expressly limited by this paragraph, all of the applicable rules of interpretation of contract shall govern the interpretation of any uncertainty or ambiguity of this Agreement.

**Section 30. NOTICES**

a. Any notice to be provided pursuant to this Agreement shall be in writing, and all such notices shall be delivered by personal service or by deposit in the United States mail, certified or registered, return receipt requested, with postage prepaid, and addressed to the parties as follows:

To the CVB: Greater Palm Springs CVB  
Attention: Scott White  
70-100 Highway 111  
Rancho Mirage, CA 92270  
Telephone: (760) 770-9000  
Email: swhite@palmspringsoasis.com

To Service Provider: InterVISTAS Consulting Inc.  
Attention: Chris Warren  
1150 Connecticut Avenue NW Suite 601  
Washington DC 20036  
Telephone: (949) 558-1098  
Email: Chris.Warren@InterVISTAS.com

b. Notices, payments and other documents shall be deemed delivered upon receipt by personal service or as of the second (2nd) day after deposit in the United States mail.

**Section 31. NON-LIABILITY OF CVB OFFICERS AND EMPLOYEES**

No officer or employee of the CVB shall be personally liable to Service Provider, or any successor in interest, in the event of any default or breach by the CVB or for any amount which may become due to Service Provider or to its successor, or for any breach of any obligation of the terms of this Agreement.

~~**Section 32. REVIEW BY ATTORNEYS**~~

*Reviewed by non-legal staff. CW*

~~Each party hereto has had its attorneys review this Agreement and all related documents. Each party hereto has consulted with its attorneys and has negotiated the terms of this Agreement based on such consultation.~~

**Section 33. WAIVER**

a. No waiver shall be binding, unless executed in writing by the party making the waiver.

b. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision.

c. Failure of either party to enforce any provision of this Agreement shall not constitute a waiver of the right to compel enforcement of the remaining provisions of this Agreement.

**Section 34. ASSIGNMENT AND SUBCONTRACTING**

a. The experience, knowledge, capability and reputation of Service Provider, its principals and employees were a substantial inducement for the CVB to enter into this Agreement. Assignments of any or all rights, duties or obligations of the Service Provider under this Agreement will be permitted only with the written consent of the CVB.

b. Service Provider shall not subcontract any portion of the work to be performed under this Agreement without the written consent of the CVB. If the CVB consents to such subcontract, Service Provider shall be fully responsible to the CVB for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between the CVB and subcontractor

nor shall it create any obligation on the part of the CVB to pay or to see to the payment of any monies due to any such subcontractor other than as required by law.

**Section 35. CARE OF WORK**

The performance of services by Service Provider shall not relieve Service Provider from any obligation to correct any incomplete, inaccurate or defective work at no further cost to the CVB, when such inaccuracies are due to the negligence of Service Provider.

**Section 36. CAPTIONS AND HEADINGS**

The captions and headings contained in this Agreement are provided for identification purposes only and shall not be interpreted to limit or define the content of the provisions described under the respective caption or heading.

**Section 37. SUCCESSORS, HEIRS AND ASSIGNS**

Except as otherwise expressly provided herein, this Agreement shall be binding upon the successors, endorsees, assigns, heirs, and personal representatives of each of the parties to this Agreement and, likewise, shall inure to the benefit of the successors, endorsees, assigns, heirs, and personal representatives of each of the parties.

**Section 38. SEVERABILITY**

If any one or more of the sentences, clauses, paragraphs or sections contained herein is declared invalid, void or unenforceable by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall not affect, impair or invalidate any of the remaining sentences, clauses, paragraphs or sections contained herein.

**Section 39. GOVERNING LAW**

The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties under this Agreement, shall be construed pursuant to and in accordance with California law.

**Section 40. DEFAULT**

a. Failure or delay by any party to this Agreement to perform any material term or provision of this Agreement shall constitute a default under this Agreement; provided however, that if the party who is otherwise claimed to be

in default by the other party commences to cure, correct or remedy the alleged default within fifteen (15) calendar days after receipt of written notice specifying such default and shall diligently complete such cure, correction or remedy, such party shall not be deemed to be in default hereunder.

b. The party which may claim that a default has occurred shall give written notice of default to the party in default, specifying the alleged default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default; provided, however, the injured party shall have no right to exercise any remedy for a default hereunder without delivering the written default notice, as specified herein.

c. Any failure or delay by a party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any rights or remedies associated with a default.

d. In the event that a default of any party to this Agreement may remain uncured for more than fifteen (15) calendar days following written notice, as provided above, a "breach" shall be deemed to have occurred. In the event of a breach, the injured party shall be entitled to seek any appropriate remedy or damages by initiating legal proceedings.

**Section 41. CUMULATIVE REMEDIES**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default of any other default by the other party.

**Section 42. VENUE**

All proceedings involving disputes over the terms, provisions, covenants or conditions contained in this Agreement and all proceedings involving any enforcement action related to this Agreement shall be initiated and conducted in the applicable court or forum in Riverside County, California.

**Section 43. LITIGATION EXPENSES AND ATTORNEY'S FEES**

In the event any action, suite or proceeding is brought for the enforcement of, or the declaration of any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, the prevailing party in such suit or proceeding shall be entitled to

recover its costs and expenses, including reasonable attorney's fees, from the losing party, and any judgment or decree rendered in such a proceeding shall include an award thereof.

**Section 44. EFFECTIVENESS OF AGREEMENT**

This Agreement shall not be binding upon the CVB, until signed by the authorized representative(s) of Service Provider, and approved as to form by the CVB's General Counsel, and executed by the CVB's President and CEO or his or her designee.

**Section 45. NO THIRD PARTY BENEFICIARIES**

The parties do not intend the benefits of this Agreement to inure to any third party, nor shall any provision of this Agreement be so construed.

**Section 46. LABOR LAWS**

a. All work or services performed within the State of California pursuant to this Agreement by Service Provider, Service Provider's employees and independent contractors, or contractor's subcontractors and its subcontractors' employees and independent contractors shall be performed by individuals lawfully permitted to perform such work or services in the State of California and/or the United States of America pursuant to all applicable State and/or Federal labor laws, rules and regulations including, but not limited to, any State or Federal law, rule or regulation prohibiting the employment of undocumented workers or any other person not lawfully permitted to perform said work or services in the State of California or the United States of America.

b. Documentation must be promptly submitted to the CVB at any time, at the request of the CVB, for the purpose of determining whether or not the work or services provided pursuant to this contract are being provided in compliance with this section.

**Section 47. REPRESENTATIONS OF PARTIES AND PERSONS EXECUTING AGREEMENT**

a. Each of the parties to this Agreement hereby represents that all necessary and appropriate actions of their governing bodies have been taken to make this Agreement a binding obligation of each of the parties hereto.

b. The persons executing this Agreement warrant that they are duly authorized to execute this Agreement on behalf of and bind the parties each purports to represent.



**Section 48.            COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original.

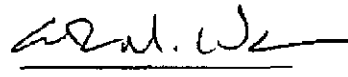
**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.


**PALM SPRINGS DESERT RESORT  
COMMUNITIES CONVENTION AND  
VISITORS AUTHORITY aka Greater Palm  
Springs Convention & Visitors Bureau**

**InterVISTAS Consulting, Inc.**

  
\_\_\_\_\_  
Scott White  
President and CEO

  
\_\_\_\_\_  
Chris Warren  
CHRISTOPHER M. WARREN

**JOINT POWERS AUTHORITY  
EXECUTIVE COMMITTEE**

  
\_\_\_\_\_  
Sign LINDA EVANS Print

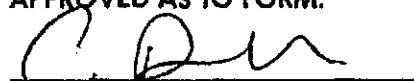
**CVB BOARD OF DIRECTORS**

  
\_\_\_\_\_  
Sign TIM ELLIS Print

**ATTEST:**

  
\_\_\_\_\_  
Judy Vossler  
Senior Vice President Administration

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
for Steven B. Quintanilla, General Counsel  
Colin Kirkpatrick, Deputy City Attorney

**EXHIBIT "A"**  
**SCOPE OF SERVICES**  
**SEE ATTACHED 25 PAGES**

# InterVISTAS

a company of Royal HaskoningDHV

## PROPOSAL

### Air Service Development Program Support

[updated June 23, 2015]



PREPARED FOR  
Greater Palm Springs Convention and Visitors Bureau

PREPARED BY  
InterVISTAS Consulting Inc.

June 23, 2015

**InterVISTAS**

a company of Royal HaskoningDHV

June 23, 2015

Mr. Scott White  
President and CEO  
Greater Palm Springs Convention and Visitors Bureau


Dear Scott:

On behalf of Paul, Sabine, and the rest of the InterVISTAS team, I am pleased to present you with this updated proposal to support air service development efforts from the Palm Springs International Airport ("PSP"). Per our discussion from June 11, this proposal includes an updated pricing and budget structure.

We believe the team we have constructed for this engagement to be particularly well suited to address the needs of PSP. As discussed on our recent call, our proposed Project Manager Chris Warren is based in Southern California and brings extensive regional experience from both a consulting and airline perspective. Other key team members also bring critical experience across a range of subject matter disciplines ranging from airline network development to tourism support.

Please feel free to call me with questions at any time. We look forward to the opportunity to work with you in the weeks and months ahead.

Sincerely,



Chris Warren  
Vice President, InterVISTAS Consulting Group



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# 1 The InterVISTAS Consulting Group

## 1.1 Overview of IVC



InterVISTAS Consulting Group (“InterVISTAS”) is comprised of several integrated companies that provide a range of services to the worldwide travel and tourism industry. InterVISTAS has its primary offices in the United States (Washington and Boston), Canada (Vancouver and Ottawa), the Netherlands (The Hague), the United Kingdom (London and Bath) and Brazil (São Paulo). In addition, InterVISTAS has smaller project offices elsewhere around the world.



In 2012, InterVISTAS became a subsidiary of Royal HaskoningDHV, an independent, international project management, engineering, and consultancy service provider with headquarters in the Netherlands. The company carries out more than 30,000 projects each year in the aviation, energy, maritime, mining, surface transport, and water resources sectors, often complementing InterVISTAS’ capabilities.

Within the United States, InterVISTAS operates through InterVISTAS Consulting LLC, providing services to clients in the areas of international and domestic air service development, economic analysis, airport/airline relations, business planning, financing support, travel and tourism marketing, security and border facilitation, international transportation policy and a wide range of related services. These services are provided by a professional staff of over 90 people, most of whom are highly experienced aviation and airline industry professionals with decades of active involvement in the development of commercial aviation. InterVISTAS Consulting LLC was formed in the State of Delaware on November 12, 2004.

InterVISTAS takes an integrated, collaborative approach when working with clients. This approach maximizes the value of the experience and expertise of both the consultant and the client in the conduct of projects and evaluations. InterVISTAS offers three principal complementary strengths to its collaboration with clients:

- InterVISTAS has extensive institutional knowledge of the global aviation industry;
- InterVISTAS has the ability to draw upon a vast network of industry resources and contacts worldwide; and
- InterVISTAS understands how to combine its knowledge and contacts to deliver successful results for its clients.

InterVISTAS’ air service development work is anchored in quantitative analysis, strategic evaluation, and business case development. This approach takes advantage of InterVISTAS’ industry contacts, leading-edge air service data analysis and forecasting capabilities, as well as a

keen understanding of domestic and international aviation trends, airline developments, successful community strategies and other sector-specific knowledge.

InterVISTAS' Washington and Boston offices are staffed with aviation and airline industry professionals who have been continually engaged in the analysis of airline networks, route strategies, and market development. The Washington office is also the focal point for the firm's active involvement in air service development. Augmenting our air service development capabilities, InterVISTAS is fully staffed and equipped to perform related economic, regulatory and policy-development activities, as well as financial forecasting and market analyses.

In addition, InterVISTAS has developed regional offices in both Northern and Southern California to better meet the needs of our West Coast clients. Our proposed project manager, Chris Warren, works from an office in South Orange County and brings unique expertise and experience in regional industry and economic matters. Furthermore, his location provides a key tactical element for the team at PSP – allowing for better time zone coverage, reduced travel costs, the ability to provide onsite support on relatively short notice, and other benefits which drive more efficient use of your air service development budget.

## **1.2 Why InterVISTAS?**

The InterVISTAS team brings a wide range of skills and product offerings to this proposal for PSP. This includes not only traditional air service data analysis and route forecasts, but also a keen understanding of domestic and international aviation trends, bilateral and passenger facilitation knowledge, and community strategies for successful partnerships and realistic incentive programs (as needed). Only InterVISTAS can provide Palm Springs with this range and quality of support – all in an affordable, collaborative atmosphere.

More detailed examples of the strengths InterVISTAS offers include:

**Our team includes staff that has experience in finance and network planning roles with several different commercial airlines.** Senior InterVISTAS staff includes team members with previous experience across several carriers including Air Canada, American, Continental/United, and British Airways among others. This has contributed to our ability to consult with a wide range of domestic and international carriers and allows us to better view air service development projects from an airline perspective. Put simply, our team understands what airlines want to see when engaging in air service development discussions.

**We offer a number of offices across North America and the world, including on the West Coast.** In addition to our primary North American offices in Washington, Boston, and Vancouver, our proposed Project Manager Chris Warren works from an office in Orange County. Our regional western offices provide us with the ability to better coordinate with the



West Coast work day and will result in reasonable travel expense for onsite and community support efforts.

**Our team can develop and manage a personalized overall air service development program.**

We can tailor our air service development support across a range of models, ranging from full program development, planning, and management to a more ad hoc, periodic support approach. We are comfortable and bring experience across a broad spectrum of engagement models, allowing you tailor a program which best fits your local needs and requirements.

**Our team uses state-of-the-art data systems and forecasting models.**

InterVISTAS incorporates the same tools, systems, and data sources that are standards within the airline industry, and utilizes both commercial quality and internal proprietary route forecasting and profitability forecasting models. InterVISTAS undertakes route viability forecasts using LiftPlan/NetLine, a high-speed traffic and revenue allocation model, to forecast the market share, traffic composition, connectivity and load factor of a potential new air service. LiftPlan/NetLine is a sophisticated Quality Service Index (QSI) route planning application used by major international carriers such as Lufthansa German Airlines and Qatar Airways. Even among airlines that do not use LiftPlan/NetLine, the model is well respected in the industry. The model provides thorough analysis of complex air travel options, including hypothetical new routes, schedule changes, interlining and code-share partnerships, fleet changes, and other scenarios. LiftPlan/NetLine allows effective analysis of multiple what-if scenarios, quickly responding to changes in flight times, frequency, aircraft type, and even hypothetical competitor reactions. In addition, the firm utilizes multiple independent sources of domestic and international origin-destination data, including the widely used Diio online portal.

**Our team has extensive air service development and strategy experience across airports of all sizes.**

InterVISTAS has completed air service development work for airports across the full spectrum of domestic (and international) clients. We routinely support U.S. clients across a range of airport sizes ranging from smaller airports such as Fayetteville, NC and Charlottesville, VA – to mid-sized airports such as Oklahoma City and Columbus, OH – to large airports such as Minneapolis-St. Paul and Houston. We also support a number of international clients spanning several continents. This wide range of market coverage keeps us at the cutting edge of industry events and trends across the spectrum of domestic and international markets.

**Our team brings unrivalled capabilities in passenger and cargo facilitation.**

The InterVISTAS team brings a detailed understanding of the government and regulatory issues that impact air service development. Of particular note, we have been a primary industry driver in working with U.S. Customs and Border Patrol to seek creative solutions for customs and facilitation issues for smaller U.S. airports.

**Our team has a thorough understanding of the benefits (and risks) of air service incentive programs.**

Airlines are increasingly open to financial incentives to initiate and/or promote new services. An airport should remain competitive but must also avoid alienating its incumbents or

investing in flights that may never be economically viable. InterVISTAS has helped multiple airports develop incentive programs that fulfill this delicate balance and has assisted in incentive negotiations with several airlines. In many instances, InterVISTAS has suggested alternatives or supplements to incentive programs that strategically advance air service development goals without antagonizing incumbent air carriers. We view this process as one of increasing importance in today's competitive air service environment.

**Our team can support Palm Springs community outreach efforts.** Our InterVISTAS team brings significant experience and expertise in working with local community stakeholders to facilitate a more collaborative team approach to an overall air service development program. We also understand the sensitivity sometimes involved in the local management of such programs, and are flexible and experienced in allowing your local airport team to direct and lead efforts as desired.

**Our team brings additional and unique advantages and synergies through a robust tourism practice.** InterVISTAS brings a wealth of air service strategies that can also specifically target increased tourist air traffic to destinations. Through our successful engagements and client partnerships in tourism dependent markets such as Florida, Costa Rica, Puerto Rico and British Columbia (among others), our company has developed an excellent reputation among travel and tourism professionals. Our tourism team works closely with key groups such as destination marketing organizations, regional and national tourism organizations, tour operators and leisure charter airlines to add strategic value and support to our air service development assignments in tourism dependent communities. Synergies between air service development and tourism development are paramount in realizing the full potential of Palm Springs and the broader regional community.

**Our team members are constantly monitoring industry trends for all of our airport clients.** Whether it's a new airplane order, a merger, or a shift in a carrier's business model, InterVISTAS constantly monitors major domestic and international aviation trends. InterVISTAS has prepared merger studies and bankruptcy analyses, as well as various evaluations of changing alliances, airline reorganizations, and liberalization. We can also prepare detailed industry reviews at any time for presentation to your local team or broader stakeholder community.

In addition to the benefits above, our team can also provide Palm Springs with:

- Financial and economic analysis (evaluations and cost/benefit analysis of new air service)
- Security/facilitation support (air service development may involve concerns over security and international passenger facilitation)
- Air cargo expertise and experience
- Unmatched international experience

- Excellent contacts within Washington's transportation-related government structure – including the U.S. Department of Transportation, Federal Aviation Administration, State Department, Department of Commerce, as well as relevant congressional committees
- Strategically placed office locations spanning nine time zones

### **1.3 The InterVISTAS business case model**

InterVISTAS' employees include numerous former senior network planners from U.S. and international airlines, including Air Canada, American Airlines, British Airways, and Continental/ExpressJet. InterVISTAS incorporates the same tools, systems, and data sources that are standard within the airline industry and uses both commercial quality and internal proprietary route forecasting and profitability forecasting models.

Developing a credible business case for new flights is critical in generating additional air service. InterVISTAS' presentation packages include not only background community information and a full quantitative review of the aggregate local air service market and competitive environment, but also (when appropriate) detailed strategic route analyses which are designed to appeal to the decision logic of airline network planning management. We produce a level of detail and type of analysis that exceeds requirements of airline route planners to make decisions regarding new air service.

Network efficiency is critical to airline success and competitive advantage. InterVISTAS' clients around the world have relied on the systems, resources, and knowledge base that InterVISTAS brings to industry-leading network planning solutions.

- We are experts in origin-destination market size estimation and forecasting based upon the diverse and often incomplete air travel information available to the industry;
- We have proven expertise in the use of the LiftPlan network planning tool, facilitating long-term network design, hub optimization, or immediate schedule efficiency as per the needs of our clients;
- We have a database of aircraft costs and have established relationships with aircraft manufacturers, ensuring access to the most accurate and relevant performance and operational information; and
- We understand the regulatory, strategic, and political issues around alliance, codeshare, and interline partnerships that define airline opportunities and revenue potential.

In developing detailed route forecasts, InterVISTAS can:

- Develop realistic flight schedules for proposed new PSP flights -- designed to maximize connectivity, appropriately serve various segments of the PSP market, and fit the target airlines' network strategies;
- Provide analytically sound projections of seasonality for new flights, including the potential for traffic and revenue stimulation for new non-peak season service;
- Determine the most appropriate and viable flight frequency and aircraft type for each route;
- Provide realistic assessments of traffic stimulation potential for each new air service; and
- Provide detailed forecast results, including:
  - Forecast load factor for each new flight;
  - Online single and double connecting markets for each new flight;
  - Expected market share that each new flight will capture in non-stop and connecting city pairs;
  - Proportion of local vs. connecting passengers on each flight;
  - Projected flight fares and revenue (including segment-prorated and network contribution); and
  - An assessment of the traffic and revenue impact of proposed new services on existing PSP airlines and their routes.

InterVISTAS takes a measured and realistic approach to route analysis to ensure that results are viewed as credible by the airlines. We bring the industry knowledge and experience required to properly interpret and, if necessary, adjust forecast results to ensure maximum accuracy in today's dynamic planning environment.

## 1.4 Market research and data sources

The InterVISTAS air service development team researches a broad array of industry data, which enables us to provide extensive analysis of existing and potential markets at both O&D and segment levels as well as higher levels of market and airline aggregation.

In addition to Lufthansa's LiftPlan, which was mentioned previously, InterVISTAS has multiple independent sources of domestic and international origin-destination data, including the widely used Diio online portal. InterVISTAS has a complete subscription to the Diio product, which includes access to the full suite of U.S. DOT data products including T100 (traffic), DB1B (O&D revenue

 Diio MI.

 innovata

and market size), and Form 41 (cost and financial information). Diio also provides detailed scheduling data and querying ability (from Innovata's airline schedules database) as well as a full range of other analytical tools—including demographic data, mapping utilities, fleet and alliance information, and others. Additionally, the Diio platform provides direct access to the IATA/FMg product – which uses Airlines Reporting Corporation (ARC) and IATA Billing and Settlement Plan (BSP) data to identify international market sizes and fares.

With our vast array of data resources, we are well-equipped to efficiently assemble and interpret reports on supply and demand for existing and potential PSP markets – including potential seasonal expansion of existing markets. We consult Flightglobal's Ascend database to characterize airline existing and future airline fleets, providing valuable insight into their strategies.

InterVISTAS will have access to this full range of data and can provide it to PSP through a formal reporting product (if desired) or any range of ad hoc requests.

## **1.5 Catchment area analysis/leakage studies**

An important strength of the InterVISTAS analytical process is the ability to quantify (and highlight) the true market size for each relevant catchment area and incorporate this into our forecast process and results.

InterVISTAS is a market leader in conducting accurate and detailed market assessment/leakage studies. We have extensive experience in using airline ticketing and booking data, including MIDT (Marketing Information Data Tapes), IATA/BSP, ARC, and other primary and secondary information sources to evaluate air travel markets, quantify traffic leakage, and identify air service deficiencies.

We continue to enhance our leakage study methodology in order to provide you with sound, O&D level, true catchment area demand information at a reasonable price point. Ticket and/or reservation data serves as the primary source of information regarding passengers' true point of origin (zip code information for credit card purchases is typically purchased from ARC). This data includes all sales made through the travel agency global distribution systems (GDS). Not all carriers and all origin-destination city pairs are well represented in the GDS ticket data. Consequently, it is necessary to apply other methodologies to estimate each catchment area's share of total passenger volumes. In the course of over twenty studies InterVISTAS has conducted over the last four years, we have had considerable success applying regression analysis tools to compare airport market share by catchment area to an airport's relative quality of service and average fare. The results of the model can then be applied to augment results derived from the GDS point-of-sale analysis and to extend the analysis to those origin-destination city pairs that are not well represented in the GDS data.

We will be more than happy to discuss this process and deliverable profile in more detail at your request.

InterVISTAS also has access to a range of other sources of demographic and economic data, including Woods and Poole Economics, Inc.

## **1.6 Economic impact studies**

InterVISTAS undertakes all econometric studies by applying its internal methodology - which relates historical traffic to key economic and social variables such as gross metropolitan product and/or personal income, changes in total population, and reactions to historical and geopolitical events (such as terrorism/war, pandemics, etc.). The appropriateness of these various models will be assessed based on the availability of data, level of sophistication required, and forecast results produced. While there is often a trade-off between accuracy and practicality, our approach aims at balancing the two based on the amount and quality of the data available.

Forecasts of future traffic are then based on analysis of the identified key drivers of traffic in the PSP region, which employ forecasts from well-accepted sources. In some cases, InterVISTAS will modify these values before finalizing its forecasts if there are strong and well-documented reasons for doing so.

Our approach recognizes that there are a number of different paths along which airport development might proceed for developing new markets, including the use of incentives. Our approach complements traditional statistical/econometric forecasting by developing bottom-up scenarios relating to the market development and the general business environment that PSP will face in the future - and incorporating these scenarios into our forecasts.

## **1.7 Tourism support**

InterVISTAS' Tourism Development Group is a highly specialized team driven to maximize the tourism economy and opportunity for destinations worldwide, while allowing local culture and the environment to thrive and be sustained. The Tourism Development Group works closely with its Airline and Air Service Development colleagues at InterVISTAS to build and sustain air carriers and routes that drive leisure and business tourism traffic vital to the economic health, vitality, and future of tourism dependent destinations.

For the past 18 years, this team has worked extensively on growing destination visitor traffic and transit visitor traffic for tourism destinations worldwide and has produced strategic plans, marketing and business development plans, and travel market and travel policy research for key tourism destinations such as San Antonio, Fort Myers, Puerto Rico, The Bahamas,

Dominican Republic, Saint Martin, Aruba and Bermuda. The tourism team has also conducted strategic plans, business development plans, and other tourism assignments throughout Canada as well as Panama, Chile, Australia, New Zealand, China, and India.

InterVISTAS' Tourism team has assisted destination marketing organizations, convention and visitors bureaus, national and regional tourism organizations, outbound and receptive tour operators and other travel organizations, the accommodations sector, attractions, government agencies, economic development authorities, airports and ports, airlines, rail carriers, transit operators, and numerous other clients.

Currently, InterVISTAS' Tourism Development Group is leading Destination NEXT, a new future visioning and strategic planning initiative for destination marketing organizations around the world. Destination NEXT has been launched in partnership with Destination Marketing Association International (DMAI). DMAI is the world's largest association for official destination marketing organizations, convention and visitors bureaus (CVBs) and tourism boards, representing nearly 600 tourism destinations in 15 countries.

The Tourism Development Group is also working with *GainingEdge* and *simpleview* to deliver ARENA, a new world-wide performance benchmarking program for destination marketing organizations. This initiative is also being developed in partnership with DMAI.

## 1.8 Review of key route wins

The sampling below of InterVISTAS route wins reflects a wide range of carriers across our portfolio of domestic and international air service development clients. Note that more recent wins are highlighted in red:

**Aer Lingus: Dublin (DUB) to Washington (IAD)**

**Aero Mexico: Boston (BOS) to Mexico City (MEX)**

**Air China: Houston (IAH) to Beijing (PEK)**

**Air France: Minneapolis/St. Paul (MSP) to Paris (CDG)**

**Alaska: Fairbanks (FAI) to Portland (PDX), Santa Barbara (SBA) to Portland (PDX);  
Minneapolis/St. Paul (MSP), Philadelphia (PHL) and San Antonio (SAT) to Seattle (SEA);  
Oklahoma City (OKC) to Seattle (SEA)**

**Allegiant: Niagara Falls (IAG) to St. Petersburg (PIE), Punta Gorda (PGD), and Orlando (SFB);  
Elmira Corning (ELM) to Orlando Sanford (SFB) and Fort Lauderdale (FLL)**

**American:** Cleveland (CLE) to Miami (MIA); Charlottesville (CHO) and Kitchener/Waterloo (YKF) to Chicago-O'Hare (ORD); New York (JFK) to Budapest (BUD); Columbus (CSG) to Dallas Ft. Worth (DFW); Miami (MIA) to Frankfurt (FRA)

**Cape Air:** SCASDP Grant for Providence (PVD) and Puerto Rico Tourism Company

**Cathay Pacific:** Boston (BOS) to Hong Kong (HKG)

**Condor:** Minneapolis-St. Paul (MSP) to Frankfurt (FRA); Providence/Rhode Island (PVD) to Frankfurt (FRA)

**Delta:** Charlottesville (CHO) and Roanoke (ROA) to New York (LGA); Elmira/Corning (ELM) to New York (JFK); Providence (PVD) to Washington National (DCA) and Raleigh/Durham (RDU); Syracuse (SYR) to Minneapolis-St. Paul (MSP)

**El Al:** Boston (BOS) to Tel Aviv (TLV)

**Etiihad:** Abu Dhabi (AUH) to Dar es Salaam (DAR)

**EVA Air:** Houston (IAH) to Taipei (TPE)

**flydubai:** Dubai (DXB) to Dar es Salaam (DAR), Dubai (DXB) to Kilimanjaro (JRO)

**Hainan:** Shanghai (PVG) to Boston (BOS)

**Icelandair:** Anchorage (ANC) to Reykjavik (KEF)

**InterJet:** Orange County (SNA) to Guadalajara (GDL) and Mexico City (MEX); San Antonio (SAT) to Mexico City (MEX) and Toluca (TLC)

**JetBlue:** Seattle (SEA) to Anchorage (ANC), Philadelphia (PHL) to Boston (BOS); Providence (PVD) to Fort Lauderdale (FLL) and Orlando (MCO); Anchorage (ANC) to Long Beach (LGB)

**Korean Air:** Seoul (ICN) to Houston (IAH)

**Porter:** Sault Ste. Marie (YAM) to Toronto-Billy Bishop (YTZ)

**Qatar Airways:** Philadelphia (PHL) to Doha (DOH); Dar es Salaam (DAR) to Doha (DOH); Kilimanjaro (JRO) to Doha (DOH)

**Southwest/AirTran:** Oklahoma City (OKC) to Chicago (MDW), Atlanta (ATL), and Orlando (MCO); Orange County (SNA) to Mexico City (MEX) and Los Cabos (SJD); Providence (PVD) to Denver (DEN); San Antonio (SAT) to Cancun (CUN) and Mexico City (MEX); Orange County (SNA) to Houston Hobby (HOU); Houston Hobby (HOU) to Charlotte (CLT), Washington Reagan (DCA), and Pittsburgh (PIT); Memphis (MEM) to Baltimore/Washington (BWI), Chicago (MDW), Orlando (MCO), Houston Hobby (HOU), and Tampa (TPA); Pensacola (PNS) to Houston (HOU)



and Nashville (BNA); Columbus (CMH) to Oakland (OAK) and Boston (BOS); San Jose, Costa Rica (SJO) to Baltimore/Washington (BWI)

**Spirit:** Philadelphia (PHL) to Dallas/Fort Worth (DFW), Myrtle Beach (MYR), and Las Vegas (LAS); Niagara Falls (IAG) to Ft. Lauderdale (FLL) and Myrtle Beach (MYR); Minneapolis/St. Paul (MSP) to Dallas/Fort Worth (DFW), Ft. Lauderdale (FLL), Las Vegas (LAS), Chicago O'Hare (ORD), and Fort Myers (RSW)

**Sun Country:** Minneapolis-St. Paul (MSP) to Savannah (SAV) and Gulfport-Biloxi (GPT)

**Turkish Airlines:** Houston (IAH) to Istanbul (IST); Dar es Salaam (DAR) to Istanbul (IST); Kilimanjaro (JRO) to Istanbul (IST)

**United:** San Jose, Costa Rica (SJO) to Chicago (ORD) and Washington (IAD); Kelowna (YKF) to Los Angeles (LAX); Fayetteville (FAY) to Washington (IAD); Cleveland (CLE) to Green Bay (GRB) and Norfolk (ORF); Oklahoma City (OKC) to San Francisco (SFO); Houston (IAH) to Lagos (LOS); Washington (IAD) to Dublin (DUB), Fairbanks (FAI) to Denver (DEN); Newark (EWR) to Newcastle (NCL); Houston (IAH) to Tokyo (NRT); Denver (DEN) to Tokyo (NRT)

**US Airways:** Philadelphia (PHL) to San Antonio (SAT); Baton Rouge (BTR) to Charlotte (CLT); Fayetteville, NC (FAY) and Pensacola (PNS) to Washington (DCA); Memphis (MEM) to Washington (DCA); Oklahoma City (OKC) to Charlotte (CLT)

**Virgin America:** Philadelphia (PHL) to Los Angeles (LAX) and San Francisco (SFO); Anchorage (ANC) to San Francisco (SFO)

**VivaAerobus:** San Antonio (SAT) to Monterrey (MTY)



## 2 Overview of air service at PSP

The current service pattern from PSP largely reflects two key attributes of the greater Palm Springs region – its geographic profile as a population center on the outskirts of the Los Angeles Basin as well as its status as a leading U.S. resort destination. For the year-ending September 2015, PSP will offer on average 35 daily departures to 21 U.S. and Canadian destinations. Domestic airlines serving PSP cover the range of airline business models, from network carriers (American, Delta, United) to low cost/hybrid carriers (Alaska, Sun Country, Virgin America) to ultra low cost carriers (Allegiant). In addition, the two primary Canadian carriers – Air Canada and WestJet – also serve the market with WestJet now operating non-stop to five major Canadian markets. This range of service options results in a relatively diverse competitive situation with three carriers (American, United, and Alaska) generating more than 20% of overall PSP traffic share.

PSP's service pattern offers a moderately strong portfolio of major hub access, given the overall size and scope of the local traffic base and state of the post-consolidation U.S. airline industry. American (with US Airways) offers service to Phoenix as well as to its major mid-continent hubs at Dallas-Fort Worth and Chicago. Delta offers access through its western operations at Salt Lake City and Seattle as well as mid-continent hub access through Minneapolis. United offers the most network breadth with service to five hubs, while Alaska provides service into its hubs at both Portland and Seattle. Various low-cost and ultra-low cost carriers also offer service into smaller hub/focus city operations.

One of the unique aspects of the PSP service profile is, of course, the very distinct seasonal aspect of the schedule. The March 2015 daily departure count of 53 drops to a low of 17 by July. While much of this is obviously driven by the regional climate and seasonal aspect of the region's inbound traffic pattern, the seasonal loss of service to mid-continent hubs at Chicago, Atlanta, Minneapolis-St. Paul, and Houston limits outbound options for the region's residents and business community during the summer off-peak period.

With that being said, recent PSP service trends stand out as a positive outlier against broader regional and national trends. Overall U.S. domestic departures are down 20+% over a roughly ten year period (although seat trends are slightly less drastic), with an accompanying trend towards service consolidation into larger metropolitan airports. In Southern California, recent departure trends continue to show departure declines in regional airports such as SBA, BUR, LGB, and ONT – with moderating trends at SNA – and gains at LAX and SAN. PSP stands alone across the region as generating recent departure gains among the area's smaller regional facilities.

While much of PSP's recent service enhancement can be attributed to leisure and niche carriers – including WestJet – the growth is also supported by a relatively strong fare profile. Despite its strong leisure profile and location in Southern California – a region known for

relatively low domestic fares – PSP’s domestic fare is nearly equal to that of the U.S. domestic market as a whole (when adjusted for trip length) and is higher than most other Southern California airports. This relative fare premium – while not always viewed as a positive by the local traveling public – is helpful when presenting airline business cases for potential new or seasonally enhanced service.

The list of top unserved domestic markets from PSP is heavy with longer-haul network carrier hubs. Based solely on annual traffic (and excluding routes with regulatory issues), the list includes Sacramento/SMF, Boston/BOS, Philadelphia/PHL, Detroit/DTW, Newark/EWR, and Atlanta/ATL. While simply listing a market’s top unserved airports based on traffic is not always a proxy for top opportunities, a broader network carrier hub profile from PSP does seem like a potential near-term ASD opportunity.

International commercial airline service from PSP currently consists solely of Air Canada and WestJet service from Canada, all of which departs from pre-clearance Canadian cities. In addition, we would propose to explore longer-term opportunities related to charter and other types of non-scheduled service.

In summary, there appear to be clear air service development opportunities at PSP through the coming years. First, developing a more robust off-peak seasonal service profile can provide significant benefits to the local resident and business communities and is often easier for an incumbent airline to initiate versus launching an entirely new market. In addition, expanding the overall breadth of PSP’s hub coverage would allow not only for enhanced non-stop service options from PSP but also a broader range of one-stop connecting options across the eastern and midwestern U.S. And finally, longer-term initiatives to attract major new carriers to the market – including Southwest and JetBlue – will obviously remain a significant goal.

### 3 The InterVISTAS air service development program

At InterVISTAS, we think of air service development as a joint program between consulting and airport teams. While we are certainly flexible with this arrangement based on client preference, we have found that a long-term program driven by a cohesive and adaptable strategy is typically the best way to optimize air service development success.

While this is again flexible based on your team preference, a potential air service development program often includes the following:

**Initial market evaluation and onsite meeting.** We often start new client relationships with an initial onsite working session at the client airport. This allows for broad team discussions to assist in developing an initial business plan as well as establish working relationships.

**Annual business plan.** Throughout the course of our engagements, we often develop annual airport-specific business plans to best keep team ASD strategies in sync with current industry conditions and opportunities. While flexible based on client preference, these business plans typically consist of a detailed industry overview along with proposed goals and tactics for the coming year. If preferred, these business plans can also include an annual program budget to facilitate more efficient spending throughout the year.

**Business case presentations.** At the heart of the InterVISTAS air service development program is the airline business case presentation, which can range in size and scope depending on the circumstance. As discussed previously, InterVISTAS presentation packages include not only background community information and a full quantitative review of the aggregate local air service market and competitive environment, but also (when appropriate) detailed strategic route analyses which are designed to appeal to the decision logic of airline network planning management.

**Industry conferences.** Industry conferences remain a primary tool to efficiently meet with a broad range of incumbent and potential airlines in a centralized location. While the conference landscape has changed in recent years, there are typically opportunities to attend up to two primary airline/airport conferences within North America each year.

**Headquarters meetings.** While industry conferences remain important for high level discussions, meetings at airline headquarters often provide a key opportunity to present the full airport business case. Our extensive contacts throughout the industry facilitate access to schedule such meetings across the range of domestic and international carriers.

**Ad hoc analyses and industry briefings.** Understanding ongoing and developing industry trends is crucial to identifying and capitalizing on new air service opportunities. Such an understanding requires more than just following the industry press – it also requires the ability to identify and perform detailed analysis to best diagnose optimal courses of action. Our proposed PSP team has combined decades of experience in developing such ad hoc analysis in a

way to not only transfer knowledge to the airport team - but also incorporate results into an ongoing ASD program.

**Performance data.** As detailed above, we subscribe to a wide range of industry data sources including the Diio online portal. We can work with you to develop a formal reporting program to keep you informed of developing performance trends and schedule updates, and we will always utilize the latest data throughout all of business case presentations.

**Catchment area analyses/leakage studies.** As discussed in Section 1.5, the ability to identify a region's "true" market size for its relevant catchment area – and effectively incorporate this information into forecasts and business case presentations for airlines – plays a critical role in an effective air service development program. We have developed a methodology which strikes an appropriate balance between data and analytical integrity and efficiency/pricing in order to facilitate working within an overall ASD budget.

**Other.** As detailed previously, the InterVISTAS team also offers the capability to generate a wide range of other deliverables, including economic impact analyses, tourism market development and support services, and other value-added products. In addition, we provide continuous ad hoc support as industry conditions warrant and as threats and opportunities arise.

## 4 Proposed project team

While a broad range of InterVISTAS team members will be at your disposal throughout the term of the engagement, we propose the following primary PSP team:

### **Chris Warren, Vice President – Project Manager (Orange County, California)**

We propose Chris Warren, an InterVISTAS Vice President who works from an office in Orange County, as our Project Manager for this engagement.

Chris brings approximately 17 years of commercial aviation industry experience split between various airline and consulting roles. He began his airline career in the post-MBA management program at American Airlines (1994-98), where he served in a variety of planning and finance related positions. Following a brief stint at TWA, Chris spent several years as the Senior Director of Strategic Planning at ExpressJet Airlines (the \$2 billion+ regional carrier spinoff from Continental), where he had responsibility for a range of commercial functions. As part of this role, Chris developed the majority of the business plan for the ExpressJet Airlines line of business startup which served several markets throughout California in 2007-08 (he also had responsibility for the planning, scheduling, pricing, and revenue management functions). This experience provided Chris with a deep understanding of the Southern California airline marketplace.

Chris has worked over the past several years as an industry consultant, including with InterVISTAS since 2011. In his current role as a Vice President in our Airline Strategies at Airports group, he has primary responsibility for developing and executing air service development strategies for a number of airports of various sizes – including Minneapolis/St. Paul, Columbus (OH), Anchorage, Oklahoma City, and others. Throughout these engagements, Chris has utilized his deep analytical and strategic background to drive new and innovative presentations for proposed new routes, with several recent successes despite the ongoing airline “capacity constraint” environment.

In addition, Chris brings significant experience across other consulting engagements – including domestic and international network strategy assignments, market/catchment area analyses, long-term traffic and strategic forecasting projects, and others. He is also an accomplished public speaker, particularly to business community and civic related audiences.

Chris earned an MBA in finance and marketing from Rice University in Houston. We feel that his combination of consulting, network planning, and market analysis based experience – as well as his unique expertise in West Coast and regional aviation-related issues – will make him an ideal project manager for this engagement.

**Sabine Reim, Vice President – International Strategic Advisor (London and Washington DC)**

Dr. Reim's 17-year career with British Airways included positions in Strategy, Customer Services, Revenue Management, and Network Development. Dr. Reim led route development for British Airways' transatlantic network and is a founding member of the joint Network Development Team for American Airlines, British Airways and Iberia. As part of her transatlantic Network Development assignment, Dr. Reim initiated start-up of new British Airways services between London-Heathrow and San Diego, California (June 2011) as well as London-Heathrow and Austin, Texas (March 2014). In her most recent British Airways posting, Dr. Reim was in charge of Network Development for British Airways' African, Middle Eastern and Central Asian routes. As part of that assignment, she led the post-acquisition integration of BMI's long-haul routes into British Airways' network. She also devised a five-year growth plan as well as a regional realignment strategy.

Dr. Reim leads InterVISTAS' Air Service Development practice and specializes in advising on long-haul route/strategy development and emerging market network opportunities. Dr. Reim currently provides air service development work for airports in Africa, the Americas, and Europe. She is Project Manager for Southwest Florida International Airport (USA), the Tanzania Airports Authority and Kilimanjaro Airport (Tanzania), Groningen (The Netherlands), and Shannon (Ireland). In the Americas, Dr. Reim's extensive, first-hand long-haul network development experience is used in advisory functions on key projects, leading overall network advisory for Washington–Dulles and long-haul market development for Denver, Miami, and San José (Costa Rica). Since joining InterVISTAS, Dr. Reim has also worked on air service development projects for Boston, Budapest (Hungary), Buffalo-Niagara Falls, Columbus, Dallas–Fort Worth, Frankfurt (Germany), and Lisbon (Portugal).

Dr. Reim has first-hand experience setting up new air service from visualization through to implementation, and has a proven track record of realizing the value of airlines and airports forging strong partnerships with a view to ensuring long-term success of new and existing routes.

Dr. Reim splits her time between London, U.K., and Washington, D.C.

**Maria Fabrikarakis, Director – Strategic and Analytical Lead (Boston)**

Maria Fabrikarakis is an aviation enthusiast who helps airport and airline clients worldwide by identifying and analyzing new air service opportunities. She specializes in air traffic demand and revenue forecasting, air service development, and airline route planning. Her expertise is in the quantification of passengers and revenue projections and the development of operating airline cost expectations for proposed route opportunities. Maria's detailed analysis and compelling business cases have been instrumental in creating numerous successful air service plans resulting in new airline service for many clients including the first transpacific and Middle Eastern route for two major U.S. hubs. Maria also conducts analyses that support other

strategic planning efforts for airports including gate utilization studies, economic impact analyses, leakage studies, cargo feasibility studies, and fleet forecasts.

**Paul Clark, Vice President – Tourism Market Development and Related Activity (Vancouver)**

Mr. Clark works closely with the Air Service Development team for assignments in destinations that have a significant tourism economy. Among other activities, he supports the Air Service Development team by advising on tourism market opportunities associated with specific scheduled air services to a destination, and assisting charter air service pursuits via initiatives such as senior management interviews/market opportunity assessments with key tour operators and leisure charter airlines.

Mr. Clark has more than 25 years management experience in the tourism and travel sector, with expertise in market development plans and strategic plans for tourism destinations and other industry organizations, travel consumer market research, strategy session facilitation, and industry/stakeholder consultations. He has developed business solutions for city and resort destination marketing organizations, regional and national tourism organizations, tourism sector associations and tour operators, as well as cruise port and airport management groups.

He has designed, managed and supported tourism/travel projects in the U.S. (Florida, Texas, Indiana), Canada, Dominican Republic, The Bahamas, Saint Martin, Panama, Chile, China, India, Australia, New Zealand, and the Canary Islands. Paul also developed international tourism strategies for the host destinations of the 2010 Vancouver Olympics while on executive secondment with Tourism British Columbia.

Paul has extensive multi-year experience in consumer research programs on travel, with more than 100,000 travel surveys and 50 focus groups conducted with travellers from North America, the Caribbean, South America, Asia, Europe, and Australia/New Zealand.

In addition to his tourism and travel consulting career, Paul has held senior travel industry roles in consumer research and marketing/business development with destination marketing organizations (Tourism Whistler and Tourism British Columbia), with a boutique tour operator and travel agency selling sunspots, golf, adventure travel and cruises (Forbes Travel International), and with an international airport management group (Vancouver Airport Authority).

**We also propose to utilize junior level staff as appropriate to complete air service development initiatives in the most efficient manner possible (with your approval).**



## 5 Proposed pricing and budget

[June 23 update] Per recent discussions, we have adjusted our pricing proposal below to reflect a more traditional variable-based structure. Proposed hourly rates are presented below:

Team member/title	Proposed hourly rate
Chris Warren/Project Manager	\$235
Sabine Reim/Vice President	\$225
Paul Clark/Vice President	\$225
Maria Fabrikarakis/Director	\$205
Staff Consultant or Senior Analyst	\$175
Other analyst/graphics support	\$160

In addition, we present the following estimates for primary deliverables as described in this proposal. We will always present you with a task-specific pricing proposal before commencing any formal engagement.

Type of assignment	Proposed unit price*
Initial/kick-off market analysis and onsite meeting	\$8,000
Annual air service development business plan (post-Year 1)	\$7,000
Preparation/representation at major ASD conference**	\$8,000
Preparation/representation at airline HQ meeting (or at airline request) ***	\$10,000
Additional formal route forecast within standard business case	\$7,000
Catchment area analysis/leakage study	\$17,000-\$20,000
Quarterly data reporting program	\$2,000/quarter
Specialized/ad hoc study (including MRG support)	Variable

\* Does not include travel and related expenses (including travel time).

\*\* Includes standard business case analysis (formal route forecast not included in estimate)

\*\*\* Assumes one formal route forecast

Also per our recent discussions, here is a representative example of how the initial two years of a program can be constructed. We fully understand that there will be significant variability dependent on market conditions and potential threats/opportunities.



**Year 1 (sample)**

<i>Initial working session and planning</i>	<i>\$6,000</i>
<i>Catchment area analysis/leakage study</i>	<i>\$16,000</i>
<i>Representation at major ASD conference</i>	<i>\$8,000</i>
<i>Two airline headquarters visits*</i>	<i>\$20,000</i>
<i>Ad hoc market analysis/MRG support</i>	<i>\$10,000</i>
<i><u>Ongoing airline outreach and air service development*</u></i>	<i><u>\$20,000</u></i>
<b><i>Total</i></b>	<b><i>\$80,000</i></b>

\* see below for description

Price estimates do not include expenses

**Year 2 (sample)**

<i>Annual business/strategic plan</i>	<i>\$7,000</i>
<i>Representation at two major ASD conferences**</i>	<i>\$16,000</i>
<i>Two airline headquarters visits*</i>	<i>\$20,000</i>
<i>Ad hoc market analysis/MRG support</i>	<i>\$10,000</i>
<i><u>Ongoing airline outreach and air service development*</u></i>	<i><u>\$20,000</u></i>
<b><i>Total</i></b>	<b><i>\$73,000</i></b>

\* see below for description

\*\* assumes biennial attendance at second industry conference in addition to JumpStart

Price estimates do not include expenses

**\* Note on airline outreach and headquarters meetings**

Our headquarters visits and airline outreach will focus on a series of key PSP air service priorities such as non-stop service to the East Coast, enhanced non-peak season service patterns, upgraded aircraft equipment, improved market coverage, and other key initiatives.

While the tables above are presented for example purposes, they illustrate how a \$70,000-\$80,000 annual budget can be utilized to develop a robust and ongoing air service development program.

## 6 Next steps

Thank you for the opportunity to present you with this proposal.

As mentioned previously, we would appreciate the opportunity to present to you in person a summary of this proposal as well as answer any questions that you might have. Please feel free to contact me at any time with any questions and/or to discuss next steps.

**Chris Warren**

**Vice President, Air Service Development**

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