



BUDGET AND FINANCE COMMITTEE MEETING

Agenda Item Executive Summary

Airport Conference Room, Palm Springs International Airport
3400 E. Tahquitz Canyon Way, Palm Springs, CA 92262
Tuesday, February 20, 2024 - 4:30 P.M.

The following agenda item was distributed prior to the next regular business day after the Airport Budget and Finance Committee agenda packet was distributed to the Airport Budget and Finance Committee, and at least 24 hours prior to the Airport Budget and Finance Committee meeting.

AGENDA ITEM 6 – APPROVAL OF MINUTES: April 5, 2023

ATTACHMENT: April 5, 2023 Minutes



palm springs

INTERNATIONAL AIRPORT

BUDGET AND FINANCE COMMITTEE MEETING AGENDA
Airport Conference Room, Palm Springs International Airport
3400 E. Tahquitz Canyon Way, Palm Springs, CA 92262
Tuesday, February 20, 2024 - 4:30 P.M.

To view/listen/participate in the meeting live, please contact Paula Pak at Paula.Pak@palmspringsca.gov or the following telephone number (760) 318-3832 to register for the Zoom meeting. There will be an email with Zoom credentials sent after registration is complete, in order to access the meeting and offer public comment.

In addition, the meeting will also be teleconferenced pursuant to Government Code Section 54953 from the following location(s):

TELECONFERENCE LOCATION(S):

Committee Member Keith Young - City of Rancho Mirage
6 Kai Ala Drive
Building 2, Departure Lounge
Lahaina, HI 98761

Committee Member Tony Michaelis - City of Cathedral City
2832 Shadowlawn Ave.
Los Angeles, CA 90039

Any person who wishes to provide public testimony in public comments is requested to file a speaker card before the Public Comments portion of the meeting. You may submit your public comment to the Noise Committee electronically. Material may be emailed to: Paula.Pak@palmspringsca.gov - Transmittal prior to the start of the meeting is required. Any correspondence received during or after the meeting will be distributed to the Noise Committee and retained for the official record.

- 1. CALL TO ORDER**
- 2. POSTING OF AGENDA**
- 3. ROLL CALL**
- 4. ACCEPTANCE OF AGENDA**
- 5. PUBLIC COMMENTS:** Limited to three minutes
- 6. APPROVAL OF MINUTES:** April 5, 2023

7. DISCUSSION AND ACTION ITEMS:

7.A Baggage Claim Expansion Update

7.B Financial Consultant Agreement

7.C Mid-Year Budget Review

8. COMMISSIONERS REPORTS AND REQUESTS

9. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Harry Barrett, Jr., Airport Executive Director, City of Palm Springs, California, hereby certify this agenda was posted on February 15, 2024, in accordance with established policies and procedures.

PUBLIC NOTICES

Pursuant to G.C. Section 54957.5(b)(2) the designated office for inspection of records in connection with the meeting is the Office of the City Clerk, City Hall, 3200 E. Tahquitz Canyon Way. Complete Agenda Packets are available for public inspection at: City Hall Office of the City Clerk. Agenda and staff reports are available on the City's website www.palmspringsca.gov. If you would like additional information on any item appearing on this agenda, please contact the Office of the City Clerk at (760) 323-8204.

It is the intention of the City of Palm Springs to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, or in meetings on a regular basis, you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the Department of Aviation, (760) 318-3800, at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.



**AIRPORT COMMISSION
BUDGET AND FINANCE COMMITTEE**
Wednesday, April 5, 2023 – 10:00 A.M.

ACTION SUMMARY MINUTES

1. CALL TO ORDER:

Committee Chairman Hedrick called the Budget and Finance Committee meeting to order at 10:00 A.M. The meeting was held via videoconference.

2. POSTING OF AGENDA: Agenda posted on March 30, 2023.

3. ROLL CALL:

Committee Members Present: Adams, Budilo, Corcoran*, Hedrick, Michaelis, and Miller.

*Committee Member Corcoran joined the meeting at 10:10 am.

Staff Present:

Harry Barrett, Airport Executive Director
Victoria Carpenter, Airport Administration Manager
Christina Brown, Executive Administrative Assistant

4. ACCEPTANCE OF AGENDA:

No action was taken on this item.

5. PUBLIC COMMENTS:

None.

6. APPROVAL OF MINUTES:

ACTION: Approve the minutes of the Budget and Finance Committee meeting held on February 13, 2023. **Moved by Committee Member Adams and seconded by Committee Member Michaelis and unanimously approved noting the absence of Committee Member Corcoran.**

7. ACTION AND DISCUSSION ITEMS:

7.A Parking Fees

Airport Executive Director Barrett stated that Airport Administration Manager Carpenter would be reviewing the parking fees that would be proposed to the City Council for adoption.

Ms. Carpenter reported that the City has a comprehensive fee schedule for the aviation public parking. The current structure for the public parking lot rates are as follows:

- \$2.00 for each 20 minutes
- \$6.00 for each hour
- A maximum charge of \$20.00 for each 24-hour period

Ms. Carpenter said that the Airport was proposing the following parking lot rates for fiscal years 2024 and 2025:

- From \$2.00 to \$3.00 for each 20 minutes
- From \$6.00 to \$8.00 for each hour
- To keep the maximum charge of \$20.00 for each 24-hour period
- Add a new fee for oversized vehicles of \$28.00 per day

Ms. Carpenter explained that the reason for the addition of the oversized vehicle parking rate was to account for the oversized vehicles such as larger vans, camper vehicles, and RV's that are parking in two or three parking spaces at the Airport parking lots. She said that staff wanted to capture a different rate for those vehicles that are taking up multiple parking spaces, and Ms. Carpenter noted that the parking rates had not been increased for several years.

Mr. Barrett added additional context, and he stated that the reason the Airport staff was choosing to pursue the increase of the 20 minute and the hourly parking rates was because it was those two rates that were being significantly utilized by the public that were parking at the Airport parking lots, and staff also chose to keep the daily parking rate neutral because it was an opportunity for staff to use the Airport's daily parking rate as a benchmark against other airports' daily parking rates. He said that the Airport's daily parking rate was a little more expensive than Ontario Airport and that he didn't want to price out some passengers who may decide to go to Ontario Airport. Mr. Barrett said that the Airport staff would be pursuing an airport-wide fee study in fiscal year 2024 to justify any additional rate increases.

Committee Member Adams inquired whether there was a reason for the increase in cost as this is basically a service and convenience for the passengers. Mr. Barrett explained that there hadn't been an increase in cost for several years, the cost to operate the parking lots had gone up, parking lot maintenance had been substantially

delayed and needed to be done as soon as possible, and the revenue management system needed to be replaced. He said that from the Airport's perspective, increasing the parking cost is a cost-recovery effort for the Airport. Committee Member Adams asked when the contract with ABM would be expiring. Mr. Barrett confirmed that ABM's contract would be expiring in 2025.

Committee Chairman Hedrick noted that it had been at least four years since the last parking fee increase, and he said that he agreed that the short-term parking rates should be increased. He further stated that it was his opinion that the long-term parking rate should also be increased, and he suggested \$25.00 per day for the following three reasons: 1) He does not believe that someone is going to drive 60 miles at \$5.00 per gallon of gas to go to Ontario Airport versus paying an extra \$5.00 for parking at the Palm Springs International Airport; 2) Besides the maintenance issues that Mr. Barrett mentioned, there is a need to build as large a cash reserve as possible to fund future projects so that the Airport does not have to borrow as much money; and 3) The increased rate for overnight parking, especially during the holiday season when the Airport is operating the overflow parking lot which could also fill up, would encourage more people to use Uber to get to the Airport to avoid overflow problems.

Mr. Barrett acknowledged that these were all good considerations to review, and he asked if there were any additional suggestions from the Committee. Committee Member Miller inquired as to how much over the Airport's expenses would the increase be, in terms of revenue. Ms. Carpenter explained that she had not calculated it out because there were other rate changes that were calculated into the fees for the upcoming fiscal years 2024 and 2025 and that she would report back with that information. Committee Member Miller said that he agreed with the need to be prudent about the parking fee increases and to not get the Airport customers too angry, and he said that that if the Airport has a 50% profit, it was not going to look so good. He said that a 10 to 15% profit would probably be acceptable and that going much higher than that would be difficult to justify to the Airport customers.

Committee Member Budilo asked how much money the Airport currently had in reserves to pay for some of the expenditures that staff was anticipating for the parking lots. Ms. Carpenter confirmed that the Airport had a total of \$25 million to date in the Airport Operations and Maintenance Reserve Fund. Mr. Budilo then asked if separate line items was kept for projects such as re-slurring the parking lots. Ms. Carpenter indicated that that would be considered a capital improvement project which had been slated in either the 2024 or 2025 fiscal year budget. Committee Member Hedrick recommended that the Airport bank as much money as possible because it would be a lot easier to save now rather than later for any future project expenditures.

7.B Financial Reports

Airport Administration Manager Carpenter stated that the third quarter financial report had been provided to the Committee, and she noted that the expenses had not been fully captured in the report because staff was still posting to the period, and the period had not been fully closed yet. She also stated that the same applied for the period-over-period report and that not all of March's expenses and revenues had been reported and posted in order to close the period.

Ms. Carpenter acknowledged Committee Member Miller's request to add additional graphs, and she asked for additional feedback on the graphs that he would like to be included in the reports for the next Committee meeting. Committee Member Miller said that he would need to review the reports again, and he asked Ms. Carpenter if she had a sense as to whether the posted items reflected one-third or two-thirds of the revenue and expenses for that period because that would give the Committee a sense of what was missing in terms of the postings to date. Ms. Carpenter responded that ideally there was probably about two-thirds of the postings entered, she explained that some of the items that could be delayed were the payroll expenses and checks that were coming in for passenger facility charges and customer facility charges, and she said that parking revenue was probably the most accurate because it was posted every day and that those were the primary large numbers that really impacted the Airport's finances. Committee Member Miller asked if payroll was the number one expense. Ms. Carpenter said yes, and she further stated that the numbers presented at the monthly Airport Commission meetings were the most accurate because they were already two weeks into the next month and most of the postings would have already been included in those numbers.

Committee Member Adams stated that to his recollection, there were generally delays in collecting the passenger facility charges because they originate and are sent from the airlines, and he asked if there were any requirements for a time frame if it goes into the next quarter. Ms. Carpenter stated that per the contract, the airlines are required to submit their passenger facility charges on a quarterly basis for the prior quarter, hence the reason for the delay in receiving the passenger facility charges.

7.C Measure J Update

Committee Chairman Hedrick stated that Committee Member Miller had some questions regarding the Measure J Funds. Committee Member Miller inquired about the joint meeting between the Airport Commission and the Measure J Oversight Commission and whether the specific dollar amount had been identified. Airport Executive Director Barrett stated that a specific dollar amount had not yet been identified, Finance Director Kristopher Mooney would be providing the dollar amount as soon as possible, and staff would be bringing the amount back to the Committee to discuss the next steps. He said that in terms of the projects, the Airport had identified a handful of projects that would be beneficial for the Airport and that staff would pass

the project information to the Committee and the Airport Commission to consider prior to approaching a discussion with the Measure J Oversight Commission. Committee Member Miller asked for a time frame, and Mr. Barrett said that he did not have a time frame and that he would contact Mr. Mooney to get a better understanding of the time frame. Committee Member Miller asked if June was a more realistic time frame and Mr. Barrett agreed that June was a more realistic time frame.

Committee Chairman Hedrick stated that it was his understanding that the projects being financed with the Measure J funds must be approved by the Measure J Oversight Commission before the projects could go to the City Council for approval. Mr. Barrett said that it was the staff's understanding as well.

7.D FY23-24 and FY24-25 Draft Budget Review

Airport Administration Manager Carpenter indicated that she would be providing a high-level overview of what was currently calculated for fiscal years 2023-2024 and 2024-2025 budget, she said that the numbers were all preliminary numbers, and there would always be the opportunity for going back to the City Council to do a mid-year budget adjustment for each of the years to get them more aligned with the way the Airport is operating, and to what is happening with the economy and how it is impacting Palm Springs. Ms. Carpenter said that she would be providing an overview of the Airport's four funds, and since there were two new Commissioners, she would also briefly go over the items that were included in each of the funds.

Ms. Carpenter said that the first fund was the Customer Facility Charge Fund, and she explained that the Customer Facility Charges (CFC) were assessed by the rental car companies and back in March 2022, the Airport had increased the CFC rate from \$10.00 per transaction to \$9.00 per day up to 5 days which allowed the Airport to collect up to \$45.00 maximum for each car rental. She said that the fund is a reserve restricted fund that the CFC collections go into, and the fund is used to finance rental car related projects such as the consolidated rental car facility (CONRAC) project. Ms. Carpenter noted that it is good to increase the Airport's cash reserves in this account in case the Airport needs to take out a bond to finance the consolidated rental car facility which would require the Airport to have a certain amount of cash on hand in order for a bond to be issued for the Airport. She also explained that the CFC is a fee that is assessed on car rentals which is separate from the percentage of the gross sales that the Airport holds in the Operations and Maintenance Fund. As such, the Airport receives two different sources of revenue from the car rental companies.

Ms. Carpenter reviewed the operating budget for the Customer Facility Charge Fund for fiscal years 2023-2024 and 2024-2025. For fiscal year 2023-2024, the Airport was expecting to receive about \$8.2 million in CFC revenues and about \$600,000 in

expenditures for rental car improvements. She explained that the reason for the \$600,000 was because the Airport had been awarded \$5.7 million from the Federal Aviation Administration (FAA) for the design and construction of the baggage claim expansion which would require the Airport to temporarily relocate the rental car companies, and the allocation would assist with relocating the rental car companies to a temporary location. Ms. Carpenter said that the car rental relocation could potentially take place in fiscal year 2024 and that staff was earmarking the funds for the planning process. She noted that the total net balance of \$8.2 million would increase the Customer Facility Charge Fund to approximately \$40 million by the end of fiscal year 2024.

For fiscal year 2024-2025, the Airport was expecting to receive about \$9 million in CFC revenues and about \$3 million in expenditures for CONRAC planning which would include reviewing the designs that were previously rendered within the last five years and to start reengaging with the Airport's planning consultants. Ms. Carpenter noted that the Airport's Master Plan process would take about 30 months which would give staff time to determine a location for the CONRAC.

The second fund that Ms. Carpenter reviewed was the Passenger Facility Charge Fund, and she said that the Passenger Facility Charges (PFC) were assessed by the airlines and that the airlines charge a \$4.50 PFC charge to the passenger. The airlines collect the charges, they keep \$0.11, and they remit \$4.39 to the Airport. Ms. Carpenter noted that the airlines can remit up to a total of \$18.00 which is the maximum that an airline can remit and charge for passenger facility charges and that is based on the number of legs that is going back and forth between when a passenger first gets on a flight at one location and when they deplane at their final location. Ms. Carpenter said that the Airport was expecting close to a 90% collection rate and about \$6.4 million in revenues, and she said that the operating expenditure amounts that were budgeted for fiscal year 2024 and 2025 were for the principal and interest payments on the Airport's passenger facility bond that was issued for the Airport's ticketing wing project in 2019.

Committee Chairman Hedrick inquired about the percentage increase in passengers that the Airport was anticipating for the next two fiscal years. Ms. Carpenter reported that one of the first steps of the Airport's Master Plan process was for the consultant to create a report that was based off of the Airport's passengers and the areas that they were coming from, and based off of the report and a discussion she had had with the consultant, it was believed that the Airport was looking at a 2 to 3% passenger increase and that it was also looking like the passenger numbers would level out over the next few years. Ms. Carpenter noted that historically, the Airport's monthly passenger numbers had been increasing anywhere from by 3 to 10%, 3% in the lower months and 10% in the higher months, and she said that the Airport passenger numbers continue to increase in every single month.

Airport Executive Director Barrett provided additional context, and he said that the Airport would probably keep the growth rate projection at the same number for the next couple of years. He shared that staff was tracking the following: a) The airlines were reporting strong profits for most of the routes that they were serving to Palm Springs; and b) The potential for a mild recession. Mr. Barrett said that staff wanted to be cognizant of these things to avoid overshooting the budget and ending up in a situation where the Airport must pull back a little bit, and he noted that there would be plenty of discussions with the airlines about potential new routes and what will happen in the future. Mr. Barrett reiterated that staff would keep the growth rate projection at 2 to 3% for the next couple of years and until staff sees what the economy is going to do.

The third fund that Ms. Carpenter reviewed was the Airport Operations and Maintenance Fund, and she said that the fund captures all expenses and revenues that the Airport uses to operate on a daily basis. Ms. Carpenter said that a new Airport Use and Lease Agreement (AULA) was negotiated with the airlines which would take effect on July 1, 2023 and that the new rates and charges methodology that had been negotiated was incorporated into the two year budget. She explained that for the past 20 years, the AULA had been based on a residual rate and charges methodology which meant that the airlines were responsible for covering any deficits that the Airport had and if there was a surplus of funds at the end of the year, the airlines would vote to decide if the Airport could keep and use the surplus funds for Airport improvement projects or if the Airport would have to give the surplus funds to the airlines.

Ms. Carpenter explained that due to the many upcoming large capital expenditures and multi-million-dollar projects for the Airport, it was crucial for the Airport to move to a new AULA with a hybrid methodology, and she said that with the hybrid methodology, the airfield and airline costs would still be considered residual costs, and the compensatory portion of the hybrid methodology allows the Airport to generate and keep revenues for the funding of Airport capital improvement projects that are under a \$1 million threshold, and for projects that are over \$1 million, the Airport has to present the project to the airlines to allow the airlines to make their comments on the project, and the airlines vote to agree or disagree with the project. If the airlines disagree with the project, the Airport can defer the project to another year. As of July 1st, the hybrid methodology will allow the Airport to start keeping some of the surplus funds on any revenue that is not airline related.

Ms. Carpenter referred to the rates that were included in the Airport Operations and Maintenance Fund revenues, she said that staff had increased rates in some areas that had not been increased in the past two fiscal years which included badge fees permitting fees, and transponder fees for the automated vehicle lanes, and other various operator permit fees. Ms. Carpenter noted that these were fees that were being charged to Airport operators and not to the passengers, and she said that the fees were increased to help support the Airport's non-aeronautical revenues.

Ms. Carpenter said that for fiscal year 2024, staff was projecting to receive about \$47 million in operating revenues which also included some of the CRRSAA grant funds which is a portion of the last of all that grant funds that the Airport received so far. Airport staff was expecting to have an operating expenditure of about \$40 million which would leave the Airport with a surplus of about \$6.7 million, and the airlines share, per the negotiations, would be almost \$3.4 million and that would go back to the airlines at the end of the year after staff does a settlement of the funds. As previously mentioned, the Airport has a cash reserve of about \$25 million, and staff is intending to transfer about \$20 million into the Airport Capital Projects Fund to help fund some of the projects for fiscal year 2024. Ms. Carpenter said that for fiscal year 2025, staff was projecting almost \$50 million in revenue with about \$39 million in expenses which would give the Airport about a \$10.8 million surplus, of which \$5.4 million would be paid to the airlines at the end of the year.

Committee Member Miller inquired as to whether the Committee would be receiving more detailed budget documents before the Airport Commission meeting review, and he stated that traditionally the Commission would receive the numbers for the actuals, budgeted, and projected. Ms. Carpenter said that she would provide the information.

Committee Chairman Hedrick asked why the operating expenses had declined by \$1.2 million for fiscal year 2025. Ms. Carpenter stated that there were certain operating expenses included in fiscal year 2024, such as the installation of security cameras on the airfield, within the terminal, and landside that wouldn't be included in the next year. Committee Chairman Hedrick stated that Mr. Barrett had a budget request for several more Airport personnel in the administrative staff. Ms. Carpenter confirmed that all the requested personnel was included in the budget and thus these were primarily expenses for Airport operations that had increased and not expenses for Airport staff.

Mr. Barrett added context and stated that part of what the Airport staff had been doing over the last year was trying to find efficiencies in the Airport's spending and that part of that was taking what were traditionally manual processes that were time consuming, as well as resource consuming, automating those processes, finding ways to reduce overtime or contract out certain activities or in some cases bring in certain activities, so there is a level of reduction that has happened just in those efficiencies.

Ms. Carpenter said that for the Operating Budget Capital Fund, staff had projected about \$92.9 million in capital projects for operating revenues, she said that staff would be moving about \$20 million over from Fund 415 into Fund 416, and the remaining amount would be covered by some form of a grant. Ms. Carpenter explained that the Airport has a total of 5 years for the Bipartisan Infrastructure Law (BIL) Grant in which the Airport receives about \$5.1 million each year, and the Airport would be accumulating \$15 million in fiscal year 2024 and a total of over \$25 million over the course of the 5 years.

Ms. Carpenter said that the Airport also receives yearly entitlement funds from the FAA for projects that are primarily airfield related projects, and Active Transportation Program (ATP) funding that staff regularly applies for to help fund Airport projects which the Airport was recently awarded \$5.7 million in ATP funding for the baggage claim expansion. Ms. Carpenter also noted that the Zero-Emissions Vehicles (ZEV) and Voluntary Airport Low Emissions (VALE) Program grants could also help with the funding of zero-emission busses and zero-emission vehicles. She said that staff was being very optimistic in trying to capture all available funding, and if staff doesn't get the funding for a project, staff will not proceed with the project.

Ms. Carpenter reviewed the list of Capital Projects for Fiscal Year 2024. Committee Member Miller asked if the Wi-Fi Installation project included the equipment purchases as well. Ms. Carpenter confirmed that the project would include the equipment purchases. Committee Member Adams asked if the projects would be subject to the Airport Master Plan and any refinements based on that as well, as far as the parking lots, maybe relocation, staff would have to consider first those options. Mr. Barrett stated that there were some projects that would have to wait on the Master Plan process because there was such a large involvement, and staff would need to make sure that the projects are placed in the right areas. He said that there were other projects that staff felt that they could proceed with because of the challenges with capacity or customer experience. Mr. Barrett said that staff had been in communication with the Airport Master Plan consultant Mead and Hunt about project coordination and when staff gets to the alternative phase of the Master Plan, the alternatives that Mead and Hunt propose will incorporate those changes, and if there are any costs or adverse impacts to the alternatives, they will identify those for the group to consider before a decision is made on the alternative.

Committee Member Miller asked about pedestrian access and pedestrian walkability around the Airport and whether any of the projects addressed this issue as it was a concern, especially for the Operations, Properties and Facilities Committee. Mr. Barrett stated that many of the parking projects would be related to that issue, he said that staff wouldn't be able to capture everything in the parking projects and that there was going to be a little bit of give and take on figuring out what staff needs to focus on and what staff might want to at least attempt to implement some operational mitigations to help make sure that people are getting to and from the terminal safely. He provided an example of a project that staff had on its list for some roadway crossing signs and lighting or a lighting system to help automate the area right in front of the Wexler terminal to assist the pedestrians that are crossing from the terminal to the parking lots. Mr. Barrett said that staff was still considering that project, and staff was also considering making changes to the landside access.

Committee Member Miller asked if some of the electric charging stations would be placed in the economy parking lot. Mr. Barrett stated that right now parking lot D was the only lot identified for public parking EV charging and that it was likely that EV charging would be included in the design and construction of the economy lot, as well

as the future employee lot, and for right now, and for the purposes of this budget cycle, EV charging would only be included in parking lot D. Committee Member Miller said that with the mandates that the State of California was issuing on electric vehicles and the sale of electric vehicles, he strongly suggested that staff at least put the electrical infrastructure into the economy lot, even if staff doesn't install the electrical vehicle chargers themselves. Mr. Barrett stated that the scope of the parking lot designs had already captured the installation of the electrical infrastructure.

Ms. Carpenter reviewed the list of Capital Projects for fiscal year 2025. Committee Member Corcoran stated that all of the projects were very impressive and that he got the idea that some of the projects have a greater sense of urgency for staff to move forward while there was also a parallel track working on the long-term plan. He said that while it all makes sense, it does also raise the issue of project management because there are a lot of things going on all at the same time. Committee Member Corcoran said that there was nothing on the list that he would disagree with, and he asked how the projects were going to be managed and whether this was a part of the Airport's HR ask for additional resources to manage all of these projects over the next couple of years.

Mr. Barrett said that staff was in the process of hiring an Aviation Planner that was included in the Airport's current fiscal year budget which would add some capacity to staff and would help with the planning part of the projects. In regard to the longer term, the goal was to build up a capital development team that would include a Deputy Director of Engineering and Planning, a Project Manager, an Aviation Planner, and a Civil Engineer which were all requested in the 2024-2025 fiscal year budget. Mr. Barrett said that staff was anticipating that the positions would be approved, he said that he didn't have any concerns with adding staff to assist with the projects in the long-term, and for the short term, Assistant Airport Director Keating was working on a project management consulting contract to fill in the gap. He said that he had also been in discussions with the City Manager about getting HR support for the Airport, and the City Manager was in discussions with HR to see if a consultant firm could be hired to run the Airport recruitments and if the Airport could hire its own HR staff. Committee Member Miller asked if staff would be providing a list of the requested staff and the accompanying costs for that staff. Mr. Barrett said that the list would be provided to the Committee.

Ms. Carpenter stated that the plan moving forward was to have the final budget numbers to the Finance Department with the intent for the budget to be submitted to the City Council in May, and prior to submitting the budget to Finance, staff intended on meeting with the AAAC which is the airlines affairs representatives in April to present the Airport budget to the airlines to get their feedback and suggestions, and to present the budget at the April 19th Airport Commission.

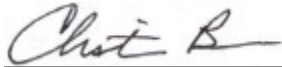
8. COMMITTEE MEMBERS REPORTS AND REQUESTS:

None.

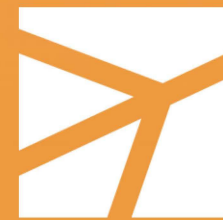
9. ADJOURNMENT:

ACTION: Motion to adjourn. **Moved by Committee Member Adams and seconded by Committee Member Corcoran and unanimously approved.**

The Airport Budget and Finance Committee Meeting adjourned at 11:05 A.M.



Christina Brown
Executive Administrative Assistant



palm springs
INTERNATIONAL AIRPORT

Rough Order Magnitude Cost Review – Finance Committee

PSP Baggage Claim Expansion

AGENDA

PSP Bag Claim Expansion

Rough Order Magnitude Cost Review

01 Project Background

02 Planning Options &
ROM Review

Today:

Review Bag Claim Expansion
planning options and relative costs.



01 PROJECT BACKGROUND

Alleviate congestion between bag claim devices and rental car counters.

Expand building to meet PAL 2

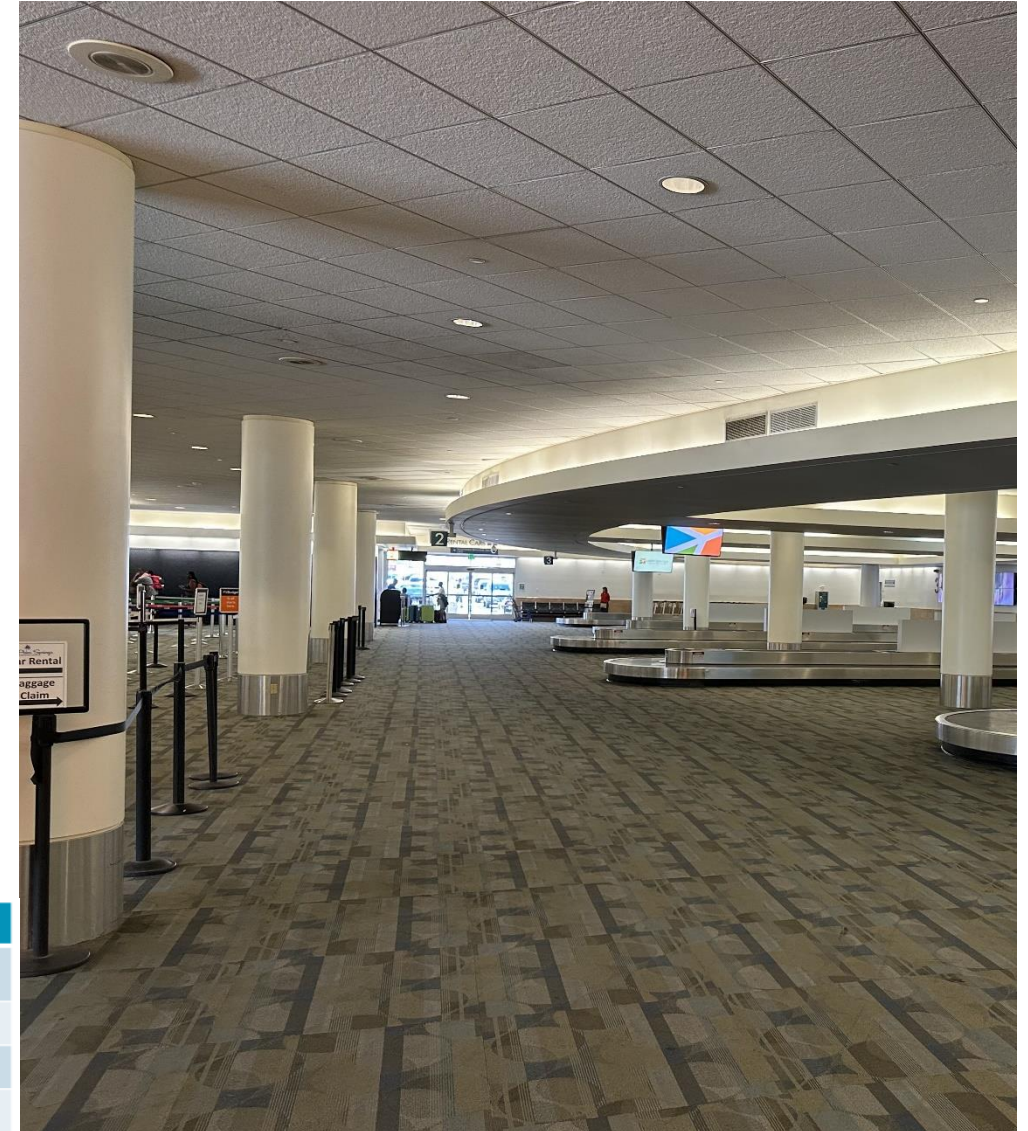
4 sloped plate carousel devices

Add +/- 10,000 SF

1 additional rental car counter position
(25 Today / 26 at PAL 2)

Additional Baggage Service Offices

	Existing	PAL 1	PAL 2	PAL 3	PAL 4
Million Annual Passengers	3.0 MAP	4.0 MAP	4.8 MAP	5.6 MAP	6.5 MAP
# of Gates	18	21-23	22-24	25-28	30-32
Year according to high-growth forecasts		2026-2027	2032-2033	2037-2038	2042-2043
Year according to baseline forecasts		2030-2032	2035-2036	2041-2042	Beyond 20 Yrs.



01 PROJECT BACKGROUND

	Existing	PAL 2	Approximate Need
BSO	784.00	1,000.00	216.00
Bag Claim	14,300.00	24,100.00	9,800.00
Rental Car Customer Service and Offices	5,334.00	9,802.00	4,468.00
	20,418.00	34,902.00	14,484.00

	Existing	2023	PAL 1	PAL 2	PAL 3	PAL 4
Peak 20-Minute # of Arrivals	7	7	9	9	9	10
Peak 20-Minute # of Bags	445	445	595	595	595	687
Total People at Claim	290	290	387	387	387	447
Claim Frontage per Person	435	435	581	581	581	671
# of Carousels	3	3	4	4	4	5
Total Baggage Claim Area	14,300	18,300	24,100	24,100	24,200	30,260



01 PROJECT BACKGROUND

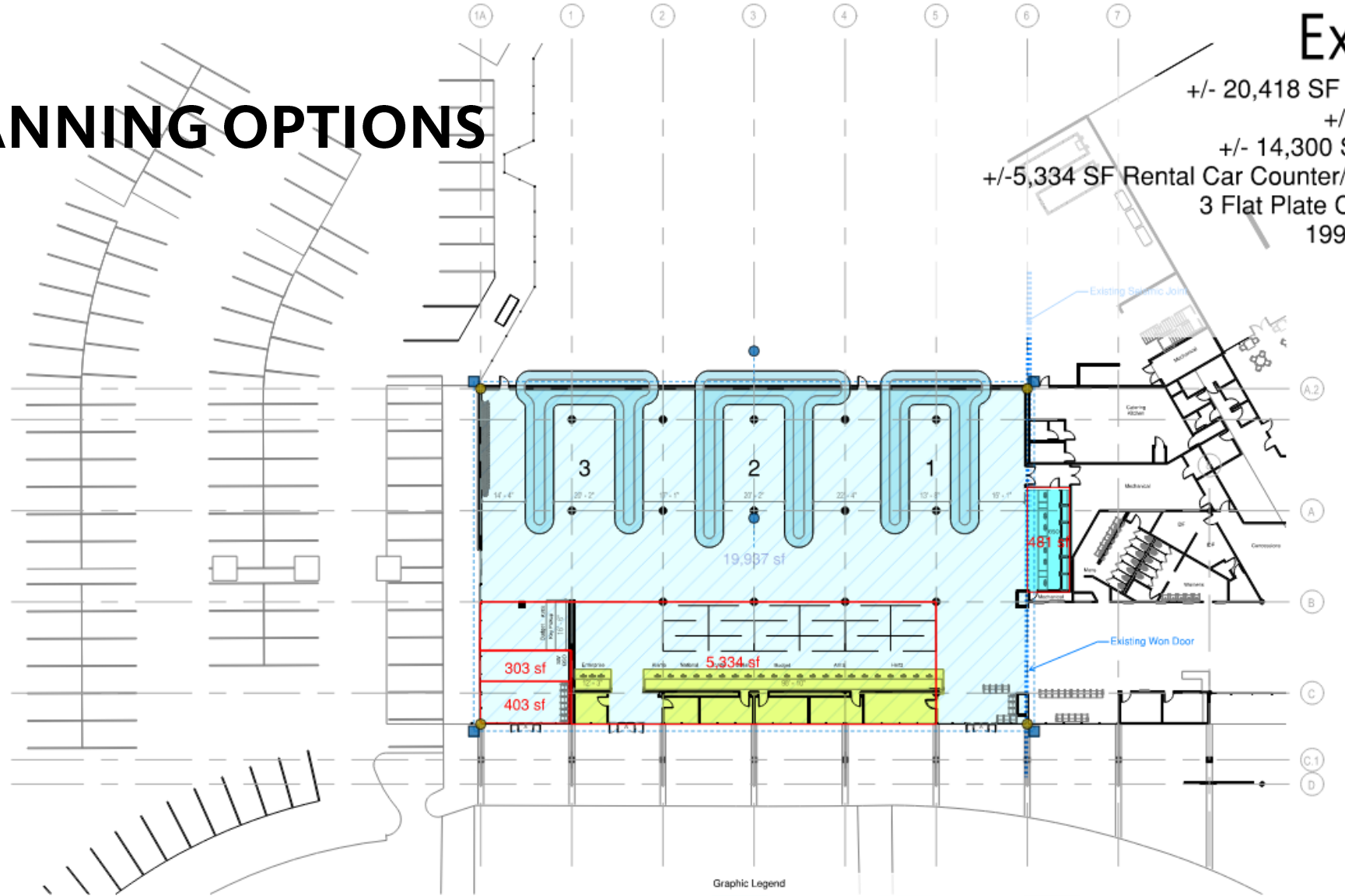
DRAFT RENDERING



02 PLANNING OPTIONS

Existing

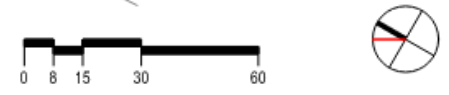
+/- 20,418 SF Existing Area
 +/- 784 SF BSO
 +/- 14,300 SF Bag Claim
 +/- 5,334 SF Rental Car Counter/Office/Queue
 3 Flat Plate Claim Devices
 1991 Renovation



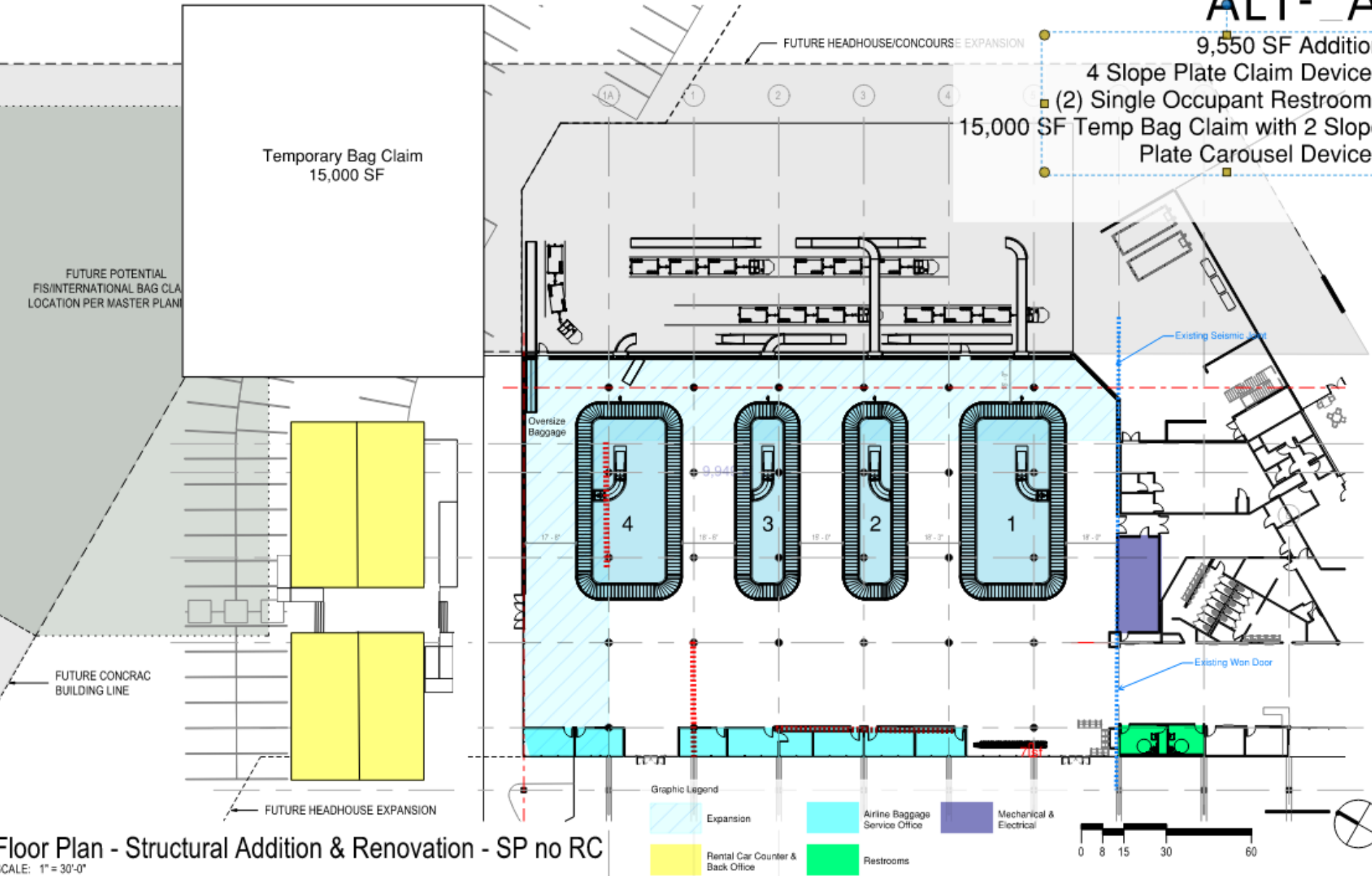
Existing Baggage Claim - FP
 SCALE: 1" = 30'-0"

Graphic Legend

 Expansion	 Airline Baggage Service Office	 Mechanical & Electrical
 Rental Car Counter & Back Office	 Restrooms	



ALT - A



9,550 SF Addition
4 Slope Plate Claim Devices
(2) Single Occupant Restrooms

Rental Car Counters moved to Temp Trailers

Meets 10,000 SF Categorical Exemption

New MEP/IT/Security Systems and Exterior Enclosure

Temp System with 2 Slope Plate Carousels (reused in final layout)

New Structure

\$41,282,081

Floor Plan - Structural Addition & Renovation - SP no RC
SCALE: 1" = 30'-0"

ALT- B

18,462 SF Addition
4 Slope Plate Claim Devices
(2) Single Occupant Restrooms
15,000 SF Temp Bag Claim with 2 Slope Plate Carousel Devices

4 Slope Plate Carousels, BSO & Rental Car Operation

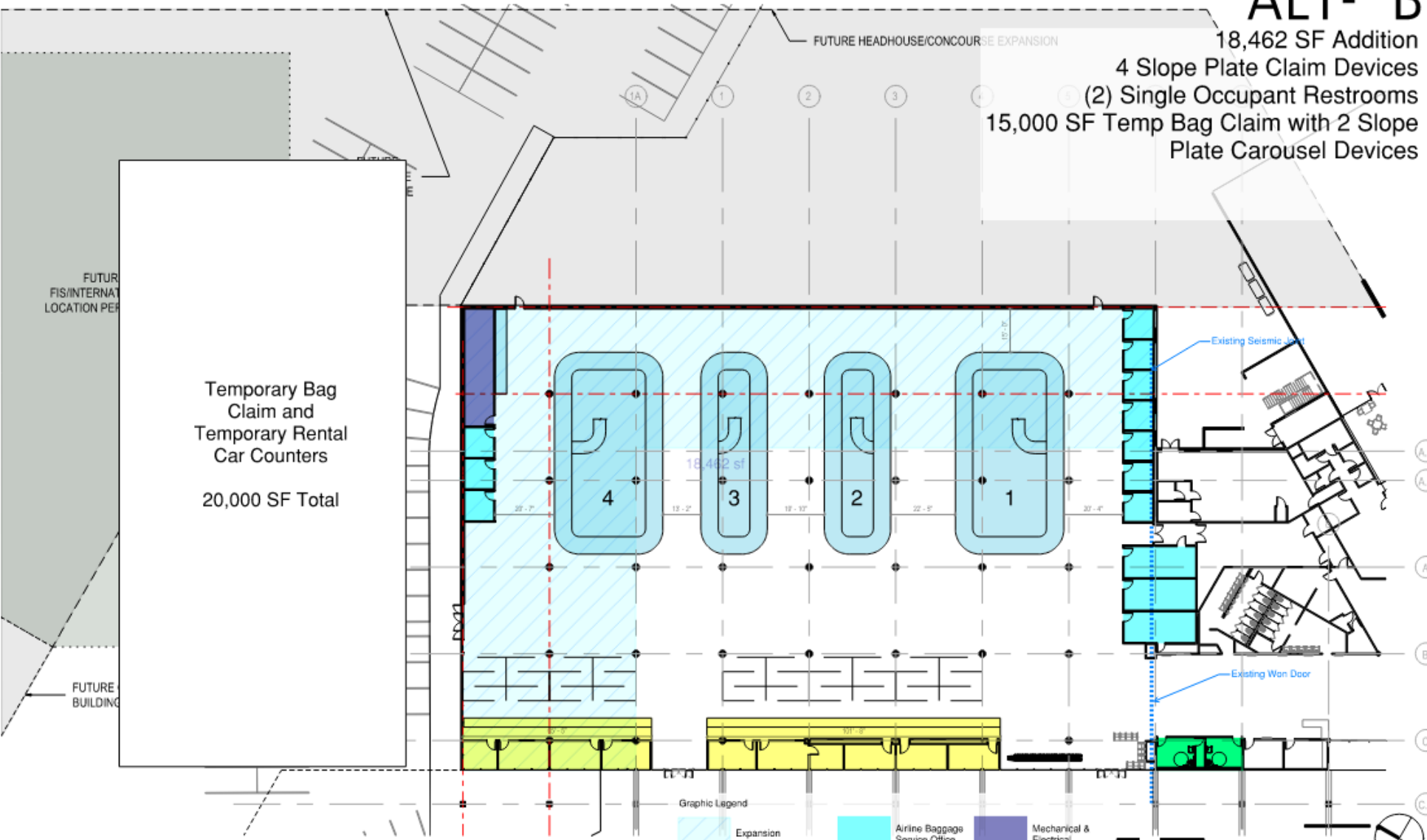
Exceeds 10,000 SF Categorical Exemption

New MEP/IT/Security Systems and Exterior Enclosure

Temp System with 2 Slope Plate Carousels (reused in final layout)

New Structure

\$46,233,875



Temporary Bag Claim and Temporary Rental Car Counters
20,000 SF Total

FUTURE FIS/INTERNATIONAL LOCATION PER

FUTURE BUILDING

FUTURE HEADHOUSE/CONCOURSE EXPANSION

Graphic Legend

- Expansion
- Rental Car Counter & Back Office
- Airline Baggage Service Office
- Restrooms
- Mechanical & Electrical

Floor Plan - Structural Addition & Renovation - SP

SCALE: 1" = 30'-0"

ALT- C

+/-10,347 SF Addition
4 Slope Plate Claim Devices
(2) Single Occupant Restrooms

4 Slope Plate Carousels, & BSO

Rental Car Counters moved to Temp Trailers

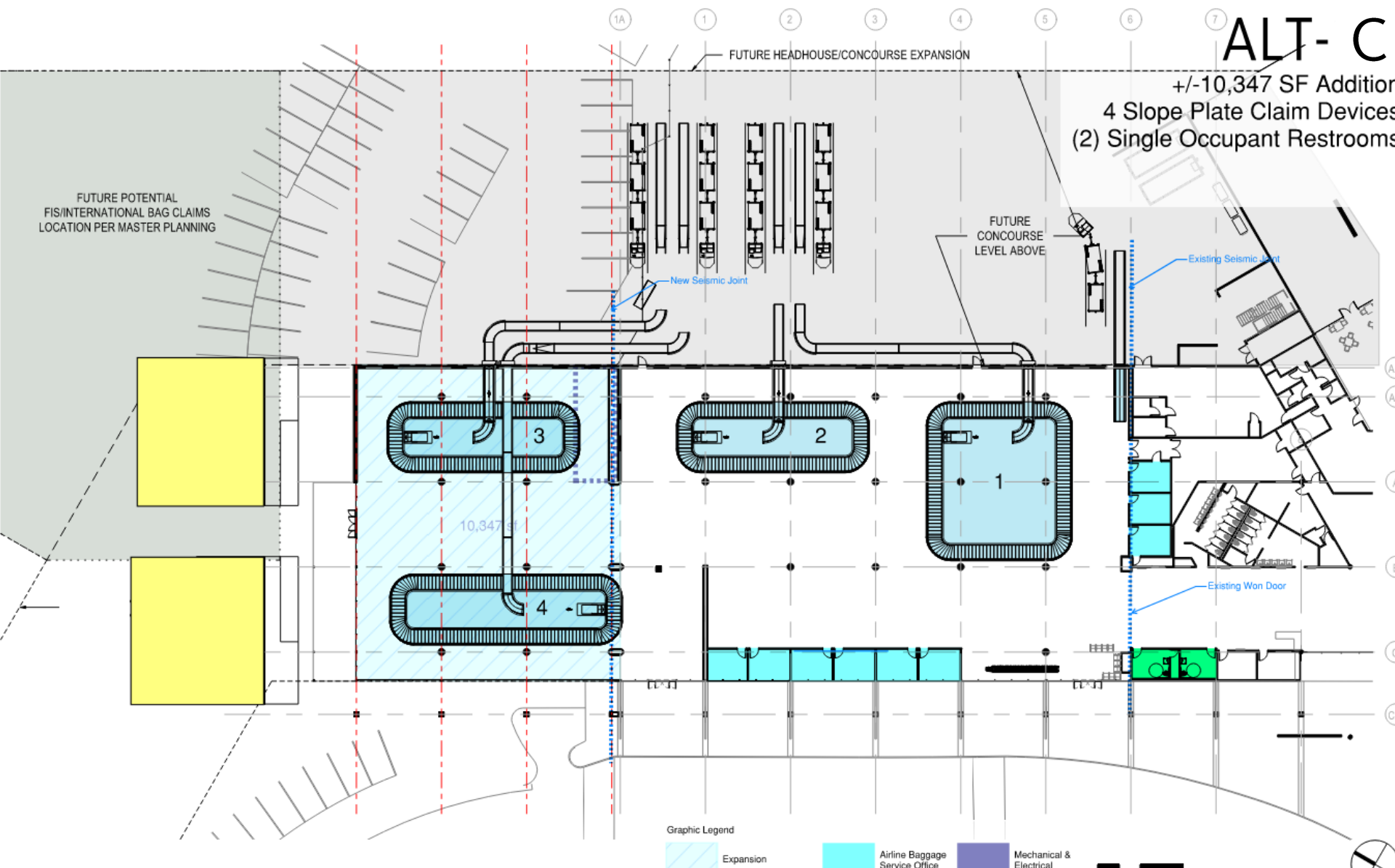
Exceeds 10,000 SF Categorical Exemption

New MEP/IT/Security Systems. Partial new Exterior Enclosure. New Interior.

Temp System not required.

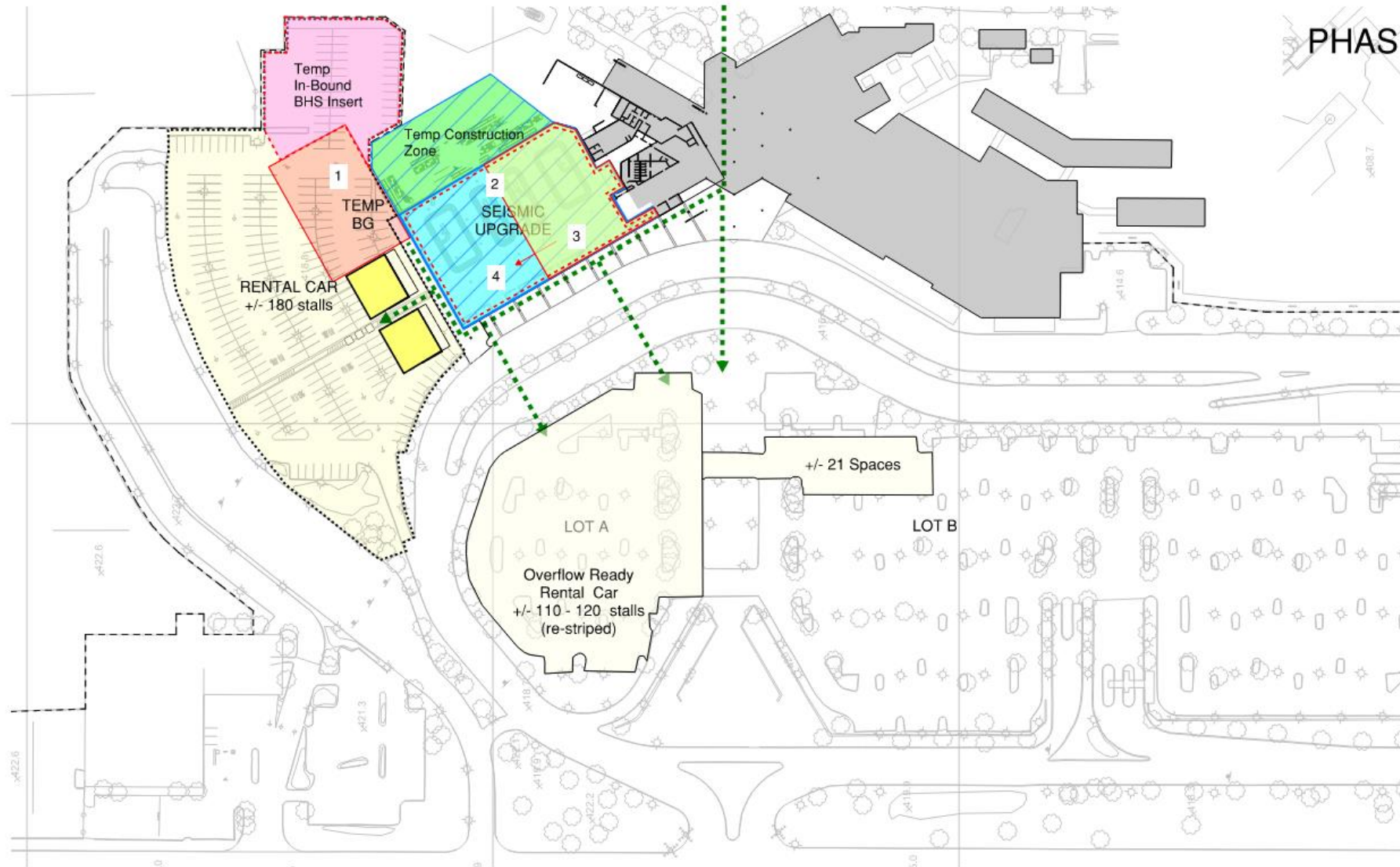
No Structural Upgrades to existing building

\$31,414,353



North Building Addition & Interior Renovation - SP
SCALE: 1" = 30'-0"

ALT- A PHASING



ALT-1A Rental Car Site Plan
SCALE: 1" = 100'-0"



Firm Introduction and Work Outlook

Palm Springs International Airport

February 20, 2024

ITEM 7.B



FRASCA & ASSOCIATES, LLC

FRASCA Team Introduction



Project Manager

Matt Townsend, Director, Houston

- Project Manager & Day-to-Day Contact
- Responsible for all services requested by the City
- 19 years of Airport Finance experience

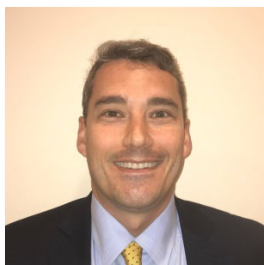
Project Director

Ken Cushine, Principal, NYC

- Responsible for all services requested by the City
- 33 years of Airport Finance experience



Key Staff Members



Tim McNutt, Director, NYC

- Financial advisory and transaction lead
- 21 years of Airport Finance experience

Anderson Bannard, Associate, NYC

- Lead analyst
- 5 years of Airport Finance experience



Subject Matter Experts / Supplemental Staff

Gisela Shanahan, Managing Director, Denver

- Financial strategy and planning
- Public-private partnerships (P3s)
- 17 years of Airport Finance experience

Nora Richardson, Director, Ft. Worth

- PFC and federal funding assistance
- 22 years of Airport Finance experience

Additional Subject-Matter Experts and Analytical Support

- 12 additional staff available to serve as subject matter experts and respond to changing workload demands

FRASCA Firm Introduction

- Strategic Capital Program Financial Planning
- Debt Issuance and Management
- Airline Rates and Charges
- PFC Applications and Strategies
- Other Federal Funding Programs (AIP and BIL)
- Concession and Other Nonairline Agreements
- Rental Car Negotiations and CFC Strategies
- Financial and Management Reporting
- Benchmarking and Best Practices
- Air Traffic Analyses and Forecasting

FRASCA'S Airport Clients



JOHN WAYNE AIRPORT
ORANGE COUNTY



FRASCA Is the Leading Airport Financial Advisor

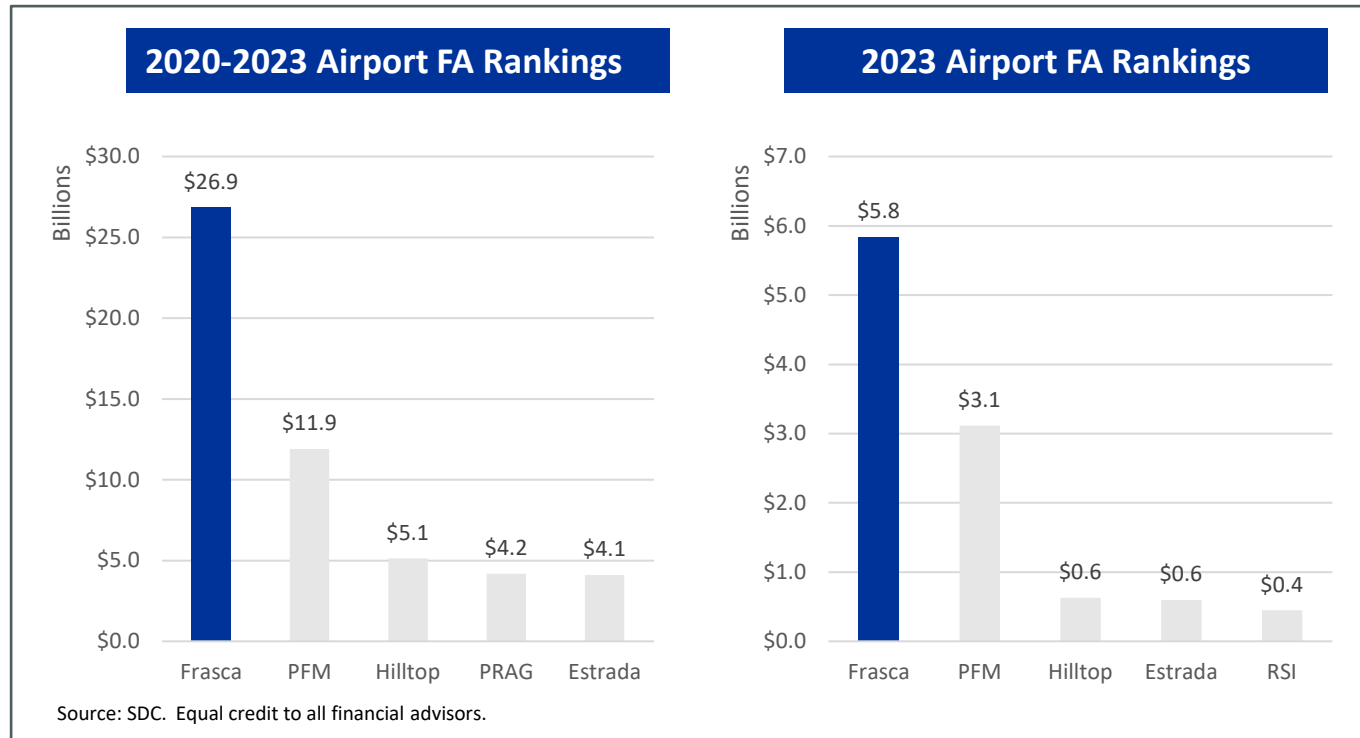
- Certified Municipal Advisor with the MSRB and SEC**
- All PSP Team Members MSRB Series 50 Municipal Advisor Certified
- Financial Metrics and Policies
- Debt Structuring
- Short-Term and Interim Financing Strategies
- Bond Documents
- Rating Agency and Investor Strategies

THE BOND BUYER

SELL SIDE

Financial advisory firm Frasca still flying high after 20 years

By [Chip Barnett](#) April 18, 2017, 12:07 p.m. EDT 7 Min Read



Anticipated Near-Term Work Efforts

- ❑ **FRASCA is ready to support PSP immediately with near-term (next 60 days) tasks**

Task	Description	Expected timing
FY 2024 Midyear Rates and Charges Calculations <i>(Section 6.04 of AULA)</i>	<ul style="list-style-type: none"> Recalculate rates and charges based on midyear estimates of revenues, expenses, and activity to ensure that rents, fees, and charges are not expected to vary by more than 10% from budget If calculations confirm 10% variance, implement adjusted rates after 30-day notice to airlines 	[March 15]
FY 2024 End-of-Year Days Cash on Hand Forecasts <i>(Section 6.07 of AULA)</i>	<ul style="list-style-type: none"> Forecast expected end-of-year days cash on hand under various CIP implementation scenarios incorporating FY 2024 midyear estimates Develop strategy for maximizing PSP liquidity ahead of expected FY 2025 capital and operating requirements 	[April 15]

Anticipated Near-Term Work Efforts *(continued)*

- ❑ **FRASCA is ready to support PSP immediately with near-term (next 60 days) tasks**

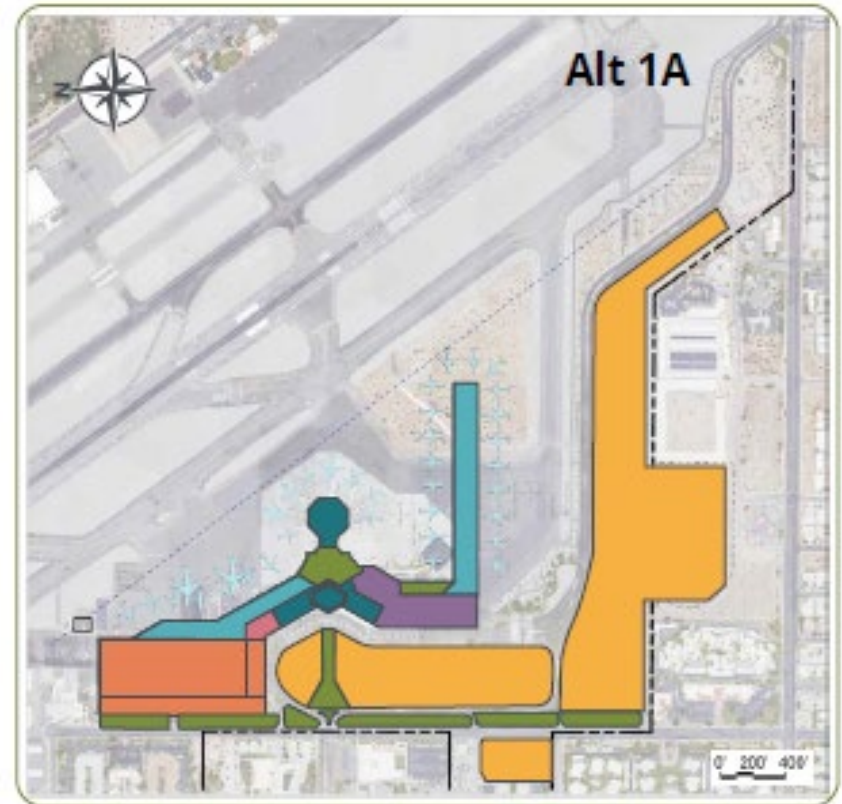
Task	Description	Expected timing
FY 2025 Budgeted Rates and Charges Calculations <i>(Sections 6.03 and 4.03 of AULA)</i>	<ul style="list-style-type: none"> • Prepare aviation activity forecasts based on airline submissions • Support budget preparation and analyses • Calculate FY 2025 rates and charges in conformance with AULA provisions • Prepare required airline notice for capital project review (MII) 	[March-May]
Concession/Lease RFP Support	<ul style="list-style-type: none"> • Assist with 1-year extension of rental car concession agreement and begin planning for successor agreement • Support ATM RFP development and evaluation 	Ongoing
PFC Program Management Support	<ul style="list-style-type: none"> • Assist with amendment of Terminal Expansion Phase I PFC application • Begin planning and strategy for new PFC application 	Ongoing
Master Plan Financial Planning Support	<ul style="list-style-type: none"> • Support Master Plan financial planning strategy 	Ongoing

Anticipated Longer-Term Work Efforts

- ❑ **FY 2025 work is expected to focus on long-term capital planning, continued AULA management, and other business and financial planning**
 - ✓ FY 2024 Rates and Charges Settlement (Section 6.05 of AULA)
 - ✓ Capital Program Financial Planning
 - ✓ Development of financial policies and targets in support of anticipated financings
 - ✓ Pro forma financial projections under various scenarios of CIP projects, funding plans, air traffic activity, and other key variables
 - ✓ Rental Car Concession Negotiations and RFP Support
 - ✓ Other Lease Agreement Support

Anticipated Longer-Term Work Efforts

- ❑ Longer-term work expected to largely center on implementation of Capital Improvement Program
 - ✓ CONRAC
 - ✓ Terminal Expansion
 - ✓ FIS
 - ✓ Revenue Bond Financings
 - ✓ Successor AULA Negotiations
 - ✓ Ongoing general financial and business planning support





THANK YOU!



FRASCA & ASSOCIATES, LLC



CITY OF PALM SPRINGS

Department of Aviation

Airport Funds FY2024 Forecast

Period: July 1, 2021 to June 30, 2024

	2024 Q1	2024 Q2	2024 Q3F	2024 Q4F	2024 FORECAST	2024 BUDGET	Achieved %
Total Revenue	\$ 6,216.4	\$ 16,375.9	\$ 27,240.3	\$ 30,028.7	\$ 79,861.3	\$ 149,425.1	53.4%
Licenses & Permits	13.1	85.0	69.5	51.5	219.1	147.0	149.1%
Intergovernmental	-	1,408.3	-	5,064.3	6,472.6	5,064.3	127.8%
Charges for Services	4,851.4	10,093.0	15,643.1	12,170.7	42,758.3	56,001.0	76.4%
Customer Facility Charges	444.0	1,793.3	3,200.0	2,100.0	7,537.3	8,806.3	85.6%
Passenger Charges	450.5	1,666.4	2,000.0	1,300.0	5,416.9	6,425.8	84.3%
Fines & Forfeitures	0.1	0.6	0.5	0.3	1.4	6.0	23.9%
Interest Revenue	454.6	818.0	1,627.4	3,241.2	6,141.3	660.0	930.5%
Miscellaneous	2.7	1.2	3.4	683.9	691.1	69.8	990.9%
Capital Project Grants	-	-	1,093.6	1,618.5	2,712.0	0.0	NA
Capital Proj Federal Grants	-	510.2	1,000.0	1,000.0	2,510.2	56,218.2	4.5%
Airport Grants	-	-	2,602.9	2,798.3	5,401.1	2,602.9	207.5%
Transfers In	-	-	-	-	-	13,424.0	0.0%
Total Expense	\$ 7,256.4	\$ 14,742.0	\$ 15,413.7	\$ 12,611.2	\$ 50,023.3	\$ 168,697.5	29.7%
Administration	1,075.3	1,674.2	1,555.7	1,272.8	5,578.0	8,155.9	68.4%
Airport IT	73.4	120.5	270.4	221.3	685.5	1,026.2	66.8%
Law Enforcement	788.9	950.4	812.7	664.9	3,217.0	3,131.0	102.7%
Aviation Security	26.2	54.2	50.6	41.4	172.3	1,936.3	8.9%
Airside Operations	1,047.0	1,695.1	1,502.4	1,229.2	5,473.7	5,981.7	91.5%
Rescue - Fire	820.0	1,146.6	1,371.1	1,121.8	4,459.6	4,828.6	92.4%
Landside Operations	161.5	599.4	440.7	360.6	1,562.2	2,217.3	70.5%
Grounds Maintenance	79.0	142.4	129.6	106.0	457.0	691.7	66.1%
Terminal Building Ops	994.8	1,083.2	1,372.2	1,122.7	4,573.0	8,270.5	55.3%
Other Expenses	2,190.3	7,276.0	4,067.3	3,327.8	16,861.4	119,034.4	14.2%
Transfers Out	-	-	3,841.0	3,142.6	6,983.6	13,424.0	52.0%
Surplus/(Deficit)	\$ (1,040.0)	\$ 1,633.9	\$ 11,826.6	\$ 17,417.5	\$ 29,838.0	\$ (19,272.4)	

Amounts in thousands



CITY OF PALM SPRINGS

Department of Finance

Airport Quarterly Summary

Period: July 1, 2022 to December 31, 2023

	<u>2024</u> Q1	<u>2024</u> Q2	<u>2024</u> TOTAL YTD	<u>2023</u> TOTAL YTD	<u>2024 vs</u> <u>2023</u>	<u>2024</u> Budget	<u>Achieved</u> %
Total Revenue	\$ 6,216.4	\$ 16,375.9	\$ 22,592.3	\$ 32,745.9	\$ (10,153.7)	\$ 149,425.1	15.1%
Licenses & Permits	13.1	85.0	98.1	86.4	11.8	147.0	66.8%
Intergovernmental	-	1,408.3	1,408.3	5,989.7	(4,581.4)	5,064.3	27.8%
Charges for Services	4,851.4	10,093.0	14,944.4	13,460.1	1,484.3	56,001.0	26.7%
Customer Facility Charges	444.0	1,793.3	2,237.3	2,211.5	25.8	8,806.3	25.4%
Passenger Charges	450.5	1,666.4	2,116.9	2,099.5	17.3	6,425.8	32.9%
Fines & Forfeitures	0.1	0.6	0.6	2.3	(1.7)	6.0	10.8%
Interest Revenue	454.6	818.0	1,272.6	448.4	824.3	660.0	192.8%
Miscellaneous	2.7	1.2	3.8	55.7	(51.8)	69.8	5.5%
Capital Project Grants	-	-	-	-	-	0.0	0.0%
Capital Proj Federal Grants	-	510.2	510.2	-	510.2	56,218.2	0.9%
Airport Grants	-	-	-	6,020.7	(6,020.7)	2,602.9	0.0%
Transfers In	-	-	-	2,371.7	(2,371.7)	13,424.0	0.0%
Total Expense	\$ 7,256.4	\$ 14,742.0	\$ 21,998.4	\$ 18,661.3	\$ 3,337.1	\$ 168,697.5	13.0%
Administration	1,075.3	1,674.2	2,749.5	2,392.1	357.4	8,155.9	33.7%
Airport IT	73.4	120.5	193.8	0.0	193.8	1,026.2	18.9%
Law Enforcement	788.9	950.4	1,739.3	1,707.0	32.4	3,131.0	55.6%
Aviation Security	26.2	54.2	80.3	-	80.3	1,936.3	4.1%
Airside Operations	1,047.0	1,695.1	2,742.1	199.3	2,542.8	5,981.7	45.8%
Rescue - Fire	820.0	1,146.6	1,966.6	2,014.6	(47.9)	4,828.6	40.7%
Landside Operations	161.5	599.4	760.9	766.6	(5.7)	2,217.3	34.3%
Grounds Maintenance	79.0	142.4	221.4	279.2	(57.8)	691.7	32.0%
Terminal Building Ops	994.8	1,083.2	2,078.0	3,331.0	(1,253.0)	8,270.5	25.1%
Other Expenses	2,190.3	7,276.0	9,466.3	5,599.8	3,866.6	119,034.4	8.0%
Transfers Out	-	-	-	2,371.7	(2,371.7)	13,424.0	0.0%
Surplus/(Deficit)	\$ (1,040.0)	\$ 1,633.9	\$ 593.9	\$ 14,084.6		\$ (19,272.4)	

Amounts in thousands