

**Report to La Quinta City Council
Palm Springs International Airport Commission Meeting
June 18, 2014**

Budget:

The only item worth discussion in the budget report is the electric power expense (SCE). This item was slightly higher than budget, because the Co-Gen plant is off-line for refurbishment, requiring more usage of the power grid. On the other hand, general expenses were \$115,000 below budget, making the overall expenses on-target.

Passenger Activity:

Passenger activity was up 17.4% from last May, making 6 straight months of record activity. This is especially significant in that May is typically a weaker month.

Old Control Tower: The old tower has been totally removed.

General:

- The terminal Starbuck's construction encountered a short delay, but should be complete by August.
- The Master Plan for the airport has been forwarded to the Palm Springs City Council for consideration.
- Our Co-Gen plant refurbishment is proceeding as planned.
- The President's visit was uneventful. Additional expenses for security, etc. will not be reimbursed by the federal government.
- Over 1,000 light bulbs have now been replaced with LEDs.

Security: The Commissioners were given a tour of the perimeter security system. While the details of the system are confidential, I found it to be extremely advanced, and capable. We have one of the most advanced security systems in the nation, and is highly automated.

Airline Use and Lease Agreements for Commercial Airlines: Our 10-year agreement with the airlines expires on June 30, 2014. The Staff have negotiated a 5-year renewal of this agreement, which will result in an increase in revenue of \$650,000 in the first year. Our cost-per-enplanement (CPE) will increase from \$3.51 to \$4.25 per passenger. This still keeps Palm Springs International Airport in the lower 20th percentile of the nation's airports.

The agreement also increases the minimum airline insurance requirement from \$50 million to \$150 million. In addition, the airlines agreed to share in our portion of the cost of federally funded capital improvement projects.

All of the airlines agreed to this new agreement, and include: Alaska, Allegiant, American/US Airways, Delta, Pioneer, Horizon, Mesa/Sky West, Sun Country, United, Virgin America, and West Jet.

The Commission reviewed the agreement, and agreed to forward it to the City Council for approval.

The next meeting is scheduled for July 16, 2014.

Submitted:

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