

**Report to La Quinta City Council
Palm Springs International Airport Commission Meeting
March 19, 2014**

Budget:

Budget performance has been extremely predictable, and (thankfully) unexciting. I have attached the detailed reports, but things are on-target, and we are ahead of our unrestricted cash goal.

Next year's budget planning process is also on-target. We are using a "zero-based" process. The Commission Budget Committee meets early in April, and is planning to submit it to the full Commission on April 16. We plan to present it to the Palm Springs City Council on May 7, with expected approval by June 6.

Passenger Activity:

February was another all time record for passenger activity; up 9.3% from last year. March looks the same, but April is on pace to have double-digit growth from 2013.

General:

1. The Master Plan update is progressing, and the environmental report will go to the City Council next month.
2. Our landscape improvement plan was originally too costly. Re-design efforts have been successful in bringing it down to budgeted levels.
3. We discovered that the old tower was contaminated with asbestos. An asbestos abatement project is underway.

Airline Industry:

Higher oil prices may suppress the industry, as unsettled international situations affect supply. The Ukraine events, alone, are expected to raise prices to over \$108/ barrel. This is significant to us as we constantly review variables that may affect our passenger traffic and revenue. Early warning of reductions in key variables will allow us time to adjust costs, and prevent deficits.

FAA Grant and Professional Services Contract:

The Commission is recommending that we accept the \$5 million grant from the FAA for the remaining pavement refurbishment, as well as the replacement of the terminal security access, flight information displays, and paging systems. Furthermore, it is recommended to amend the professional services agreement with PB Aviation to add the project design services. This addition is not to exceed \$1,552,745.

Submitted:

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