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OST 02-11590-39



City of Palm Springs

Department of Aviation
Palm Springs International Airport

3400 E. Tahquitz Canyon Way, Suite-OFC • Palm Springs, California 92262-6966
TEL: (760) 318-3800 • FAX (760) 318-3815 • TDD (760) 864-9527

April 17, 2002

Ms. Read C. Van de Water
Assistant Secretary for Aviation and International Affairs
Docket Operations and Media Management Division
SVC-124, Room PL-401
Department of Transportation
400 7th Street SW
Washington, DC 20590

DEPT. OF TRANSPORTATION
DOCKETS
02 APR 19 AM 11:34

Dear Ms. Van de Water:

Please find enclosed an application, and five copies, for Federal funding assistance for air service **development** at Palm Springs International Airport **per** the terms **of** the Small Community Air Service Development Pilot Program (Docket OST-2002-11590).

This grant request is submitted by Palm Springs International Airport a department owned and operated by the City of Palm Springs. The airport is joined by the **Long** Term Air Service Development Committee which is a public/private partnership committed to improving air service within the Desert Resorts Community.

We are asking for **\$500,000** in Air **21** Funds which will be combined with funds raised by the public/private partnership.

Should you have any questions or need any additional information, please contact our Deputy Director, Richard Strickland at **(760)318-3802**.

Thank you for your consideration.

Sincerely,

Allen Smoot
Executive Director Airports



RICHARD STRICKLAND
DEPUTY DIRECTOR
OF AVIATION-ADMINISTRATION
DEPARTMENT OF AVIATION
PALM SPRINGS INTERNATIONAL AIRPORT

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PALM SPRINGS INTERNATIONAL AIRPORT

A

PROPOSAL

UNDER THE

SMALL COMMUNITY AIR SERVICE DEVELOPMENT

PILOT PROGRAM

DOCKET NUMBER OST-2002-11590

APRIL 17,2002

Contact:
Richard Strickland
Deputy Director Aviation
Palm Springs International Airport
3400 E. Tahquitz Canyon Way, Suite - OFC
Palm Springs, CA 92262
Phone (760)318-3802

PALM SPRINGS INTERNATIONAL AIRPORT

SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM

Docket OST-2002-11590-1

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The Desert Resorts Community

The Desert Resorts Community is comprised of nine cities within 25 miles of one another within Riverside County. Palm Springs International Airport is at the western end of the communities along the Interstate 10 corridor.

Over the 10 yr period of 1990-2000 the population increased by 32% to 442,000 and in 2005 is expected to have increased a conservative estimate of 15% thus bringing the estimated population of the Desert Resorts Community to 508,000 residents. While the Desert Resorts represents a vast assortment of activities and opportunities for all to enjoy and prosper from the air service to the desert resorts community continues to try and define itself to better serve the community.

The Desert resorts community is a booming Convention and Tourism based economy with employment historically dominated by services and retail trades. However, with the continued population trends the communities have seen a rise in and strong demand for professional and management careers. One example of this continued demand is that of the medical profession which consist of Eisenhower Medical Center, Desert Regional Medical Center, and the John F. Kennedy Memorial Hospital which employ approx. 4,000 area residents.

Currently the community is served by two higher educational facilities, California State University San Bernardino-Palm Desert Campus and College of the Desert, with enrollment totals estimated for this coming year to exceed 10,000 students.

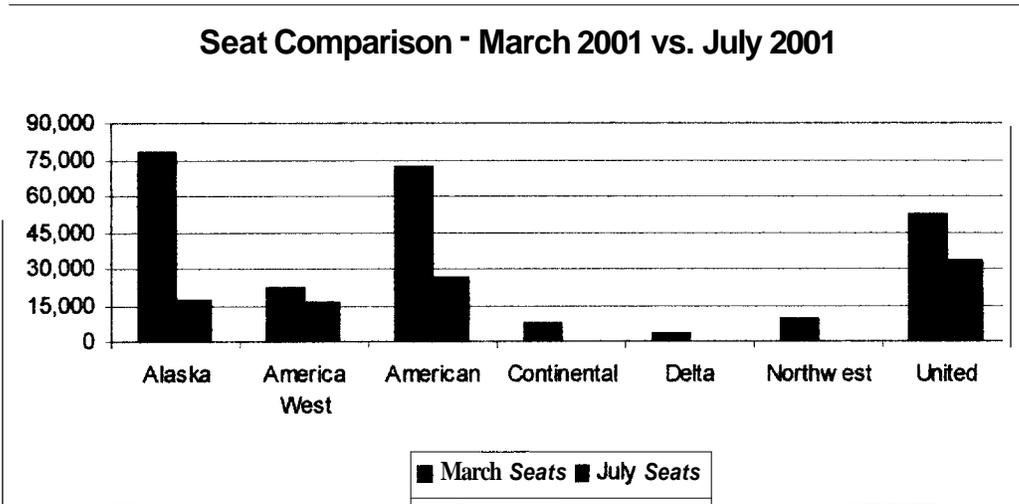
The valley is also looking forward to the completion of the Richard J. Heckman Graduate Center for Entrepreneurial Management which is estimated to be completed in May of 2003.

As the Desert Resorts Community continues its rapid population growth it is certain that the economic employment sectors of Government, manufacturing, construction, agriculture, Healthcare, Finance and Tourism will continue to expand.

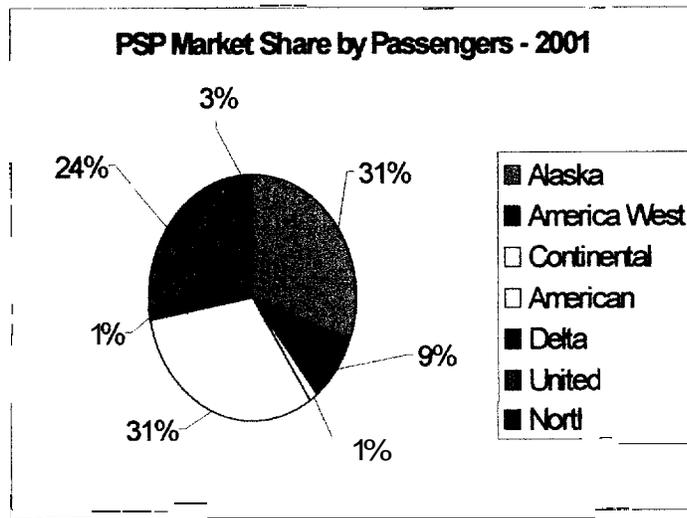
The Desert Resorts Community and the broad based employment sector look to Palm Springs International Airport to provide access to the National Air Transportation System and in doing so allow the economy of the valley to continue to grow.

Air Service at Palm Springs International Airport

Currently PSP is served by 9 different carriers during the winter season with 46 flights per day to 14 non stop destinations with in North America. Conversely, during the summer season air service is reduced to 5 carriers with only 28 flights per day to five nonstop destinations. The carriers serving PSP perceive our market to be only a tourist destination and not the rapidly growing economically diversified community that demands consistent year round air service. The significant decrease in service during the summer months is illustrated below.



As demonstrated below PSP has no dominant carrier, rather the chart illustrates a healthy carrier mix. Certainly it may appear as though PSP has a sufficient amount of service, however, a closer look reveals that three of the carriers are seasonal and all remaining carriers reduce flights and frequency during the summer season. This dichotomy left PSP with the challenge of looking beyond the initial air service. PSP management recognized the need for Air service marketing



expertise and issued an RFP for the needed expertise.

A nationwide search resulted in the

first time a concentrated effort to evaluate, analyze and develop air service at PSP.

PSP has been working with SH&E since

been able to assist PSP by setting realistic objectives for new air carrier service, provided market analysis based on methodologies acceptable and persuasive to

airlines, created a well developed understanding of the airport market area, recommended a strategic

community relations plan and provided expert opinion on potential marketing & communications opportunities.

During the past year with SH&E we have completed ticket lift and visitor information surveys which have provided market, passenger profile and leakage analysis that PSP has never had access to.

The results of this market analysis has given PSP a better understanding of the air service demand and leakage analysis that identifies the true passenger capture rate. Currently PSP enplanes 600,000 passengers. However, the leakage analysis revealed true demand to be 1 million annual enplanements. We have identified some key factors contributing to this leakage as follows: frequency, low cost carrier, capacity, average fare and a community perception that PSP does not have adequate air service.

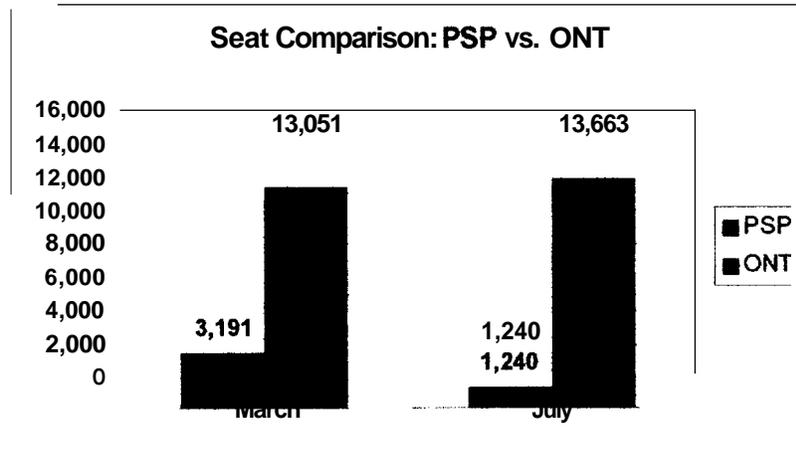
Much of this leakage is traveling via Ontario International Airport thus bypassing the closest commercial airport, Palm Springs International Airport. Therefore the best and most efficient use of the National Air Transportation system is not being made.

As seen below the 493,585 residents living within the PSP catchment area are within an average 35 min. drive time to PSP while choosing Ontario results in an average drive time of 1 hr and 30 min. Yet PSP continues to lose 400,000 passengers per year primarily to Ontario.

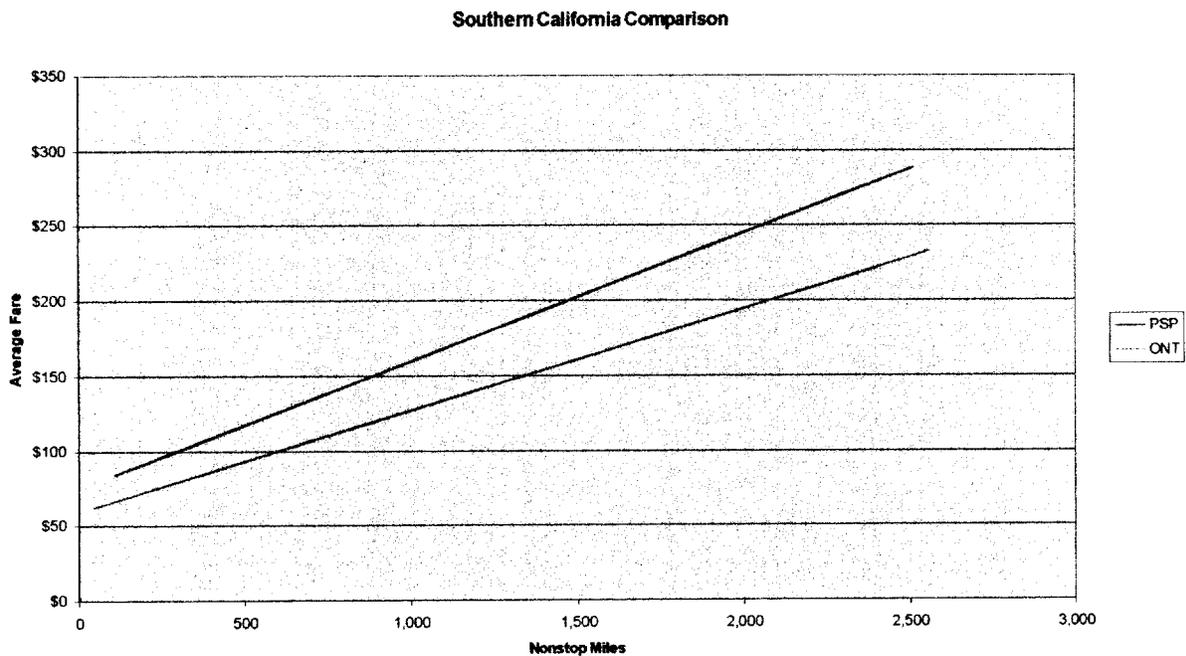
**PALM SPRINGS INTERNATIONAL AIRPORT
CATCHMENT AREA
DRIVE TIME**

CITY	POPULATION	ZIP	ONT MILES	ONT TIME	PSP MILES	PSP TIME
Banning	26,000	92220	45.7	49 MIN	28.1	37 MIN
Beaumont	11,364	92223	39.8	45 MIN	31	39 MIN
Cathedral City	44,643	92234	75.4	1 HR 54 MIN	3.8	8 MIN
Coachella	23,944	92236	93.5	1 HR 41 MIN	24.3	36 MIN
Desert Hot Springs	16,999	92240	71.7	1 HR 19 MIN	11.3	24 MIN
Hemet	62,751	92543	53.9	1 HR 7 MIN	48.8	1 HR
Indian Wells	4,024	92210	86.6	1 HR 38 MIN	14.5	26 MIN
Indio	51,480	92201	89	1 HR 38 MIN	19.3	33 MIN
La Quinta	26,321	92253	90.2	1 HR 41 MIN	20.1	37 MIN
Palm Desert	42,334	92260	83.6	1 HR 33 MIN	14	28 MIN
Palm Springs	43,819	92264	68.2	1 HR 17 MIN	1	5 MIN
Rancho Mirage	13,915	92270	79.5	2 HR 2 MIN	8	15 MIN
San Jacinto	26,725	92581	47.9	1 HR 10 MIN	42.7	1 HR
Twentynine Palms	17,943	92277	107.4	2 HR 26 MIN	55	1 HR
Yucca Valley	18,700	92284	82.1	1 HR 41 MIN	33.5	45 MIN
Unincorporated	62,623	various	various	> 1 HR	various	< 1 HR
TOTAL SERVED	493,585					

In evaluating the two airports the glaring differences of frequency and capacity become evident quickly. Ontario has **106** daily flights and **13,501** seats while PSP during our winter season has **46** daily flights and **3,169** seats. In our summer season the disparity continues to grow as PSP has only 28 daily flights and 1,240 seats. The graphic below depicts the seat capacity.

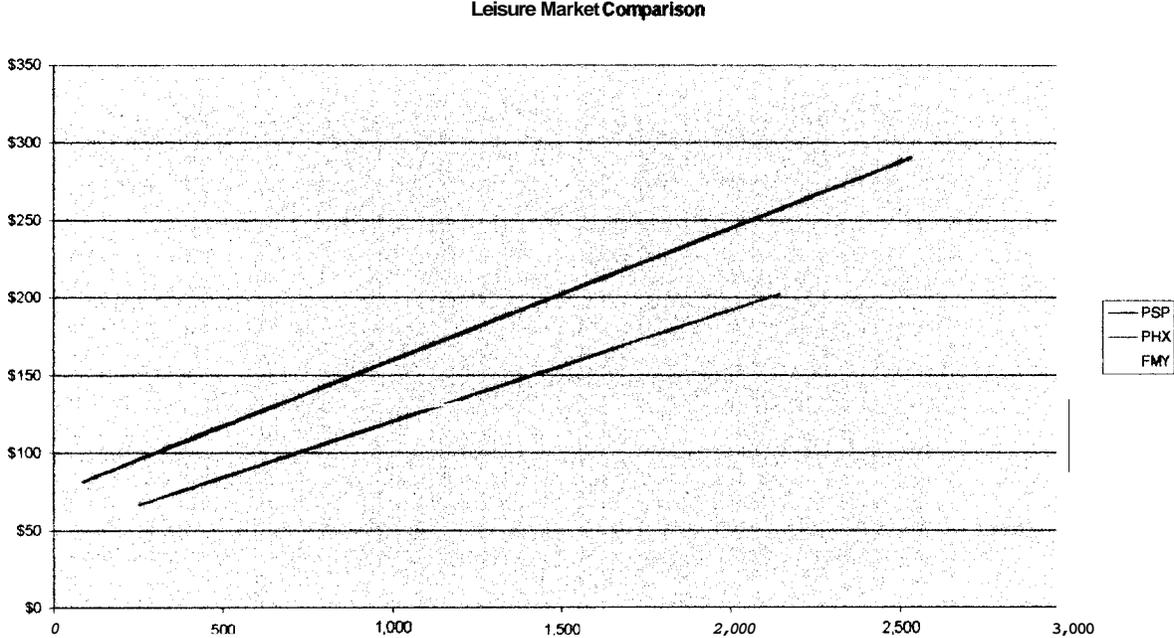


While frequency and capacity play some role in the leakage, average fare certainly continues to play a role as well. We had SH&E do an average fare analysis for southern California markets and as shown below PSP is faced with having high average fares in comparison to Ontario.



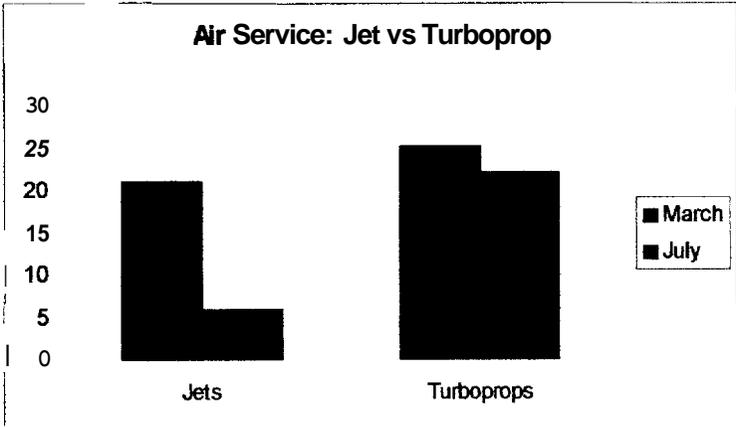
Further review was provided in a leisure market analysis that compared PSP to Phoenix, AZ and Fort Myers, FL. The selection of these markets was based upon activities and season.

As seen below PSP continues to have average fares that are higher in our home market and higher than that of the similar leisure markets.



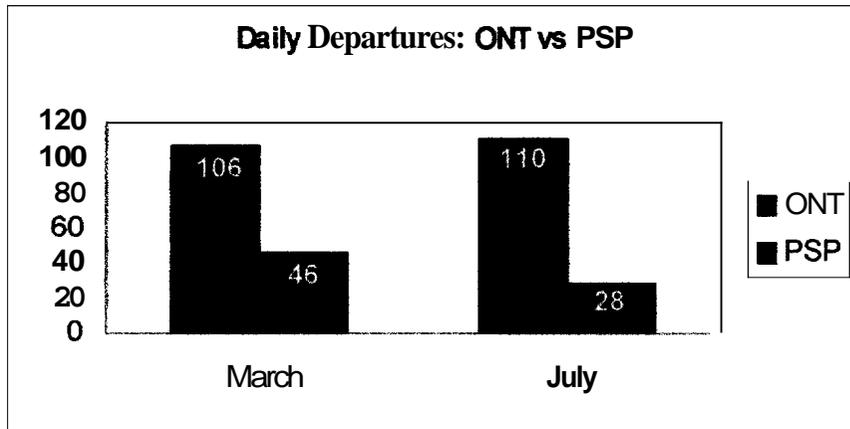
The methodology for the average fare analysis plus supporting schedules are contained in exhibits B1 - B3

In reviewing the leakage that PSP has, one key factor kept popping up during community meetings discussing PSP air service. That key element was “Perception”. The community continues to complain that air service at PSP is so non-existent during the summer that it is just easier to use Ontario.



came up with the following analysis. PSP has such insufficient air service in the summer months that the community continues to look for consistency in flight availability. The

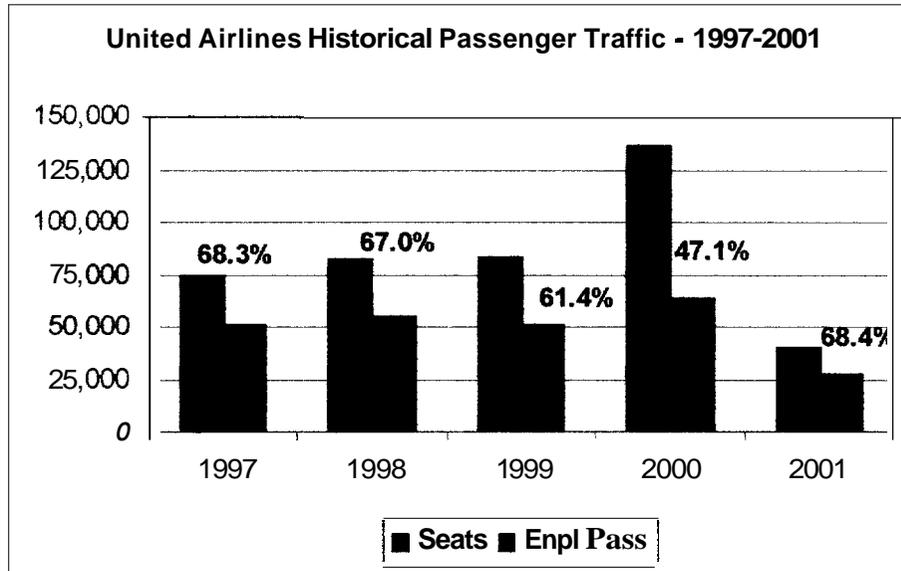
To further illustrate the lack of consistency in flight availability the following chart illustrates the severe drop in air service when comparing PSP winter and summer to Ontario.



One final review of our air service at PSP indicates the lack of service on a year round basis. This review is of PSP’s “Top 30 Domestic Markets”. As shown below PSP has no service to 20 of our top 30 domestic markets.

Market	Year.Round	Seasonal	No Service
Seattle		X	
San Francisco	X		
Portland		X	
Chicago		X	
New York			X
Denver			X
San Jose		X	
Dallas/Ft. Worth	X		
Los Angeles	X		
Washington, D.C.			X
Detroit			X
Kansas City			X
Minneapolis		X	
Boston			X
Baltimore			X
Houston		X	
Philadelphia			X
Cleveland			X
Hartford			X
Atlanta			X
Oakland			X
Spokane			X
St. Louis			X
Columbus			X
Omaha			X
Sacramento		X	
Milwaukee			X
Indianapolis			X
Austin			X
Providence			X

To further exacerbate the air service issues at PSP United airlines made a decision to pull year round jet service to Denver and seasonal jet service to Chicago in May 2001. The following graphic illustrates United Airlines historical passenger traffic.



United Airlines began serving the PSP market in 1984 with year-round jet service to a variety of destinations, consistently serving their primary hubs in Denver and Chicago. Throughout the years, as passenger traffic at PSP steadily improved, United became an increasingly important air service partner. The chart below illustrates United’s nonstop markets served at PSP.

United Airlines Nonstop Markets Served

1997	Daily Denver Year-Round 2nd Daily Denver January-April SkyWest begins operating as United Express
1998	Daily Denver Year-Round 2nd Daily Denver January-April Chicago Daily January-April
1999	Daily Denver Year-Round 2nd Daily Denver February-April 3rd Denver on Saturdays February-March 4x Daily United Shuttle began late October
2000	4x Daily United Shuttle operated through June 1 x Daily United Shuttle effective July Denver Reduced to Seasonal effective May Chicago Seasonal on Saturdays Only
2001	1 x Daily United Shuttle discontinued July Seasonal Denver Discontinued May United Airlines Withdraws from PSP July United Express to LAX and LAS

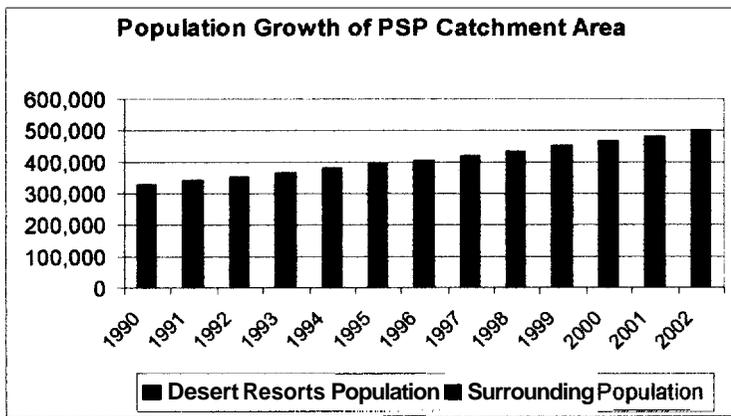
As shown above United served Palm Springs year-round thru May 2000. At the peak of United’s service, four times daily jet service to Los Angeles was operated as well as twice daily Denver

service and a third flight on weekends. United served more than 100,000 passengers annually during each of their final four calendar years of service.

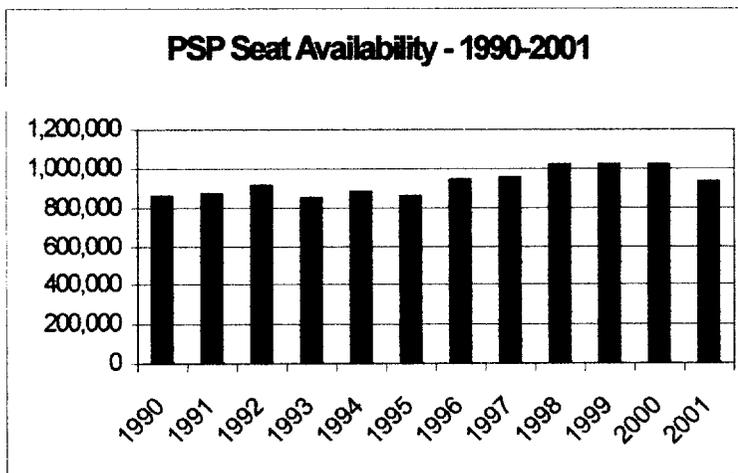
There are dozens of markets served through Denver which are not presently accessible to passengers without making more than one flight connection. Denver also is one of PSP's Top 10 Destinations, and has sufficient demand to warrant daily nonstop service.

United express cannot serve the majority of passengers previously connecting in Chicago or Denver to reach their final destination. Many cities served through the Chicago and Denver hubs are small -to-medium sized markets without nonstop service to Los Angeles or Las Vegas, the only two cities United Express serves from PSP.

With all of the air service issues thus far presented PSP has one final comparison, which is indicated in the following two charts. Our annual average growth rate has been at 3.5% and over the last 10 years our catchment area population has increased 51%.



Over this same period our seat availability has only increased 7.7%, which continues to be further strained by the massive influx of seasonal residents of 125,000 and 50,000 visitors at a time during our winter and spring season. Thus our catchment area population swells to over 600,000 from September thru May.



With our review of frequency, capacity, average fare, United Airlines and community perception the analysis leads PSP management to believe we have identified and defined our situation.

As a result of the growing relationship with SH&E, the airport met with several airlines and was able to provide the air service

models, proposed flight schedule frequency type of aircraft and anticipated revenues and expenses which compelled them to take a serious look at our proposal. Meetings have been held with the following carriers during 2001: Continental Airlines, Alaska Airlines, Horizon Airlines, American Airlines, Northwest Airlines and United Airlines.

As we move into next fiscal year we feel we have put together a strong foundation from which to launch an effective air service development plan. However, PSP needs funding from AIR 2 1 grant dollars.

These grant funds when matched with the establishment of our public-private partnership will result in great success.

PUBLIC/PRIVATE PARTNERSHIP

Palm Springs International Airport has reached out into the community and joined forces with the Palm Springs Desert Resorts Convention and Visitors Authority (PSDRCVA), the Coachella Valley Economic Partnership (CVEP) and a group of Hoteliers to form the “**Long-Term Air Service Development Committee**”. The primary goal of the broad based partnership is to jointly work to bring additional air service into Palm Springs International Airport and thru local community effort raise funding for the support of future air service.

- Public private partnership has been established and will be further developed to facilitate the raising of an estimated \$250,000 to be used for marketing efforts to develop air service at PSP.
- Improved air service will bring the MATERIAL benefits of scheduled air transportation to a broad sector of the traveling public, including business, educational institutions and others enterprises whose access to the National transportation system is currently limited.

The group of respected community leaders that make up our public/private partnership understands the value of improving air service at PSP. This value was even more evident when as part of PSP’s Master Plan, Arizona State University conducted a financial study that found air passenger visitors spending per person per trip averaged \$1,055.

When this average spending is combined with a recent lost business analysis, which demonstrated 93,000 lost visitors, in which air service was the deciding factor in selecting another destination Palm Springs Desert Resorts community economy lost \$98 million. Community leaders believe the development of all broad economic sectors of this valley are being constrained by lack of air service.

PALM SPRINGS INTERNATIONAL AIRPORT AIR SERVICE GOAL

After careful consideration PSP has defined an attainable goal of adding 3 seasonal carriers to our winter air service schedule and having 3 current seasonal carriers become year round air service providers at PSP over the next 18 months as follows:

- Northwest Airlines (Minneapolis) - currently seasonal
- Continental Airlines (Houston) - currently seasonal
- Alaska Airlines (Seattle) - currently seasonal
- Delta Airlines (Atlanta) - currently no service
- United Airlines (Denver) - currently no service

- Continental Airlines (Newark) - currently no service

The action plan for making our goal a reality involves **AIR 21** grant funding of \$500,000 for one year plus \$250,000 in funding from our Private/Public partnership.

To attain this goal PSP must utilize the resources of several professional agencies **as** follows:

- International Air Transport consultant
- Advertising and Marketing Agency

The current cost of this years efforts have exceeded \$150,000 and were limited in scope and content. Additionally, during the course of this last year PSP did not have any funding to assist in any marketing activities or incentive programs for the Air carriers. This coming year the public/private partnership will allow for this. However, the need for the grant funding becomes very clear when our financial situation is viewed.

Post September 11, 2001 Palm Springs International Airport has seen a loss of \$1.2 million dollars of revenue while experiencing additional security expenses exceeding \$800,000 dollars. The effect of these impacts has been a complete financial disaster in which we are projecting a loss of \$1.7 million loss for the fiscal year.

Looking into Fiscal year 2002 - 2003 Palm Springs International Airport no longer has the funding available for the funding of future marketing, advertising and Air Service Development efforts as revenue projections are falling short of expenditure requirements of the airport. This has effectively stopped all of our progress on marketing, advertising and air service development.

However, our application for this grant funding has put life back into our program as we see Palm Springs International Airport as an ideal candidate and would be a success story of the grant program.

PALM SPRINGS INTERNATIONAL AIRPORT PROPOSAL FOR AIR 21 FUNDING

- Increase Air Service to the community of the Palm Springs Desert Resorts via Palm Springs international airport
- Raise community awareness through various valley wide meetings
- Increased Air Carrier service will have a positive effect on average fare
- Economic impact of new service will provide opportunities for broad economic base growth

Grant funds received from the DOT will be spent on the following items:

SH&E Contract extension - Need expertise for air carrier analysis

- Retainer - per month **SH&E total \$180,000**
- Presentations - 8 air carriers
- Strategic assessment of specific air carrier routes and assessment with PSP staff
- Develop carrier forecasts & presentations for 8 carriers

- Ticket lift survey
- Inbound visitor survey
- Provide strategic counsel for regular communications with incumbent and target air carriers for PSP staff
- Maintain databases on existing air carrier service performance and benchmark against relevant hub & system performance. Such statistics will include load factors, revenue, yield, any fare connect markets
- Provide public relations consultation to PSP staff for proactive and strategic communication plan

JONES AGENCY - Professional Advertising firm knows the local target market

- Advertising - Local
- Community Outreach **Jones Agency total \$260,000.**
- Website Enhancements - .
- Sales Promotion Brochure - Development and production.
- Print Media - Provide better access to various publications.
- Outdoor Media (Billboards)- Create, place.
- Broadcast Media - Development, placement.
- Campaign Logo - Development, design, production - .

Air Carrier meetings, sales missions and trade shows Total \$20,000

- PSP management travel expenses

PSP out reach and education of Local Community Total \$40,000

- Promotional items
- Presentation development costs
- Internship for local college student
- PSP staff travel expenses

TRACKING OF AIR 21 FUNDS

- PSP contact for **AIR 21** project will be Richard Strickland
 - **Mr.** Strickland is the Deputy Director **of** Aviation for PSP
 - **Mr.** Strickland's phone number is (760) 318-3802
- Communication with D.O.T. regarding PSP's use of Air21 funds will be timely
 - Monthly or Quarterly updates on PSP's air service development will be provided
 - D.O.T. can contact Mr. Strickland at any time regarding use **of** Air21 funds

Funding raised by the Public/Private partnership (local funds non-airport) will be spent on marketing & advertising to promote the new flight for air carriers involved in the air service development program. Such advertising and marketing would likely be done in the air carrier hub and 20 to 30 connect markets **as** chosen by the air carrier. This is not an in-kind transaction but rather the public/private partnership would be paying for the air carriers real advertising and marketing cost by invoice with supporting documentation from the respective carrier. This serves **as** both a confirmation **of** non grant funds but also our community wants the air service to be successful and

thus the marketing and advertising help to ensure loads and yields for the air carrier.

CONCLUSION

Data presented clearly shows PSP air service is insufficient for the area's residents and potential visitor's.

PSP residents are unfairly forced to drive to ONT to get sufficient air service. Data clearly shows high leakage to ONT.

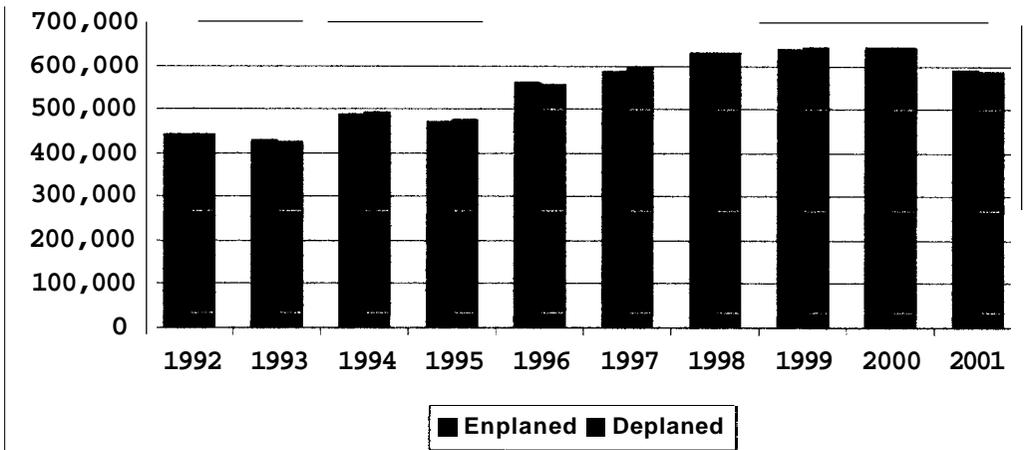
PSP has already taken proactive steps to put into place an effective platform of communication with air carriers.

We are confident that with the existing relationships that PSP management has established with various air carriers and the expertise of SH&E and the Jones Agency we will be successful in attracting new air service.

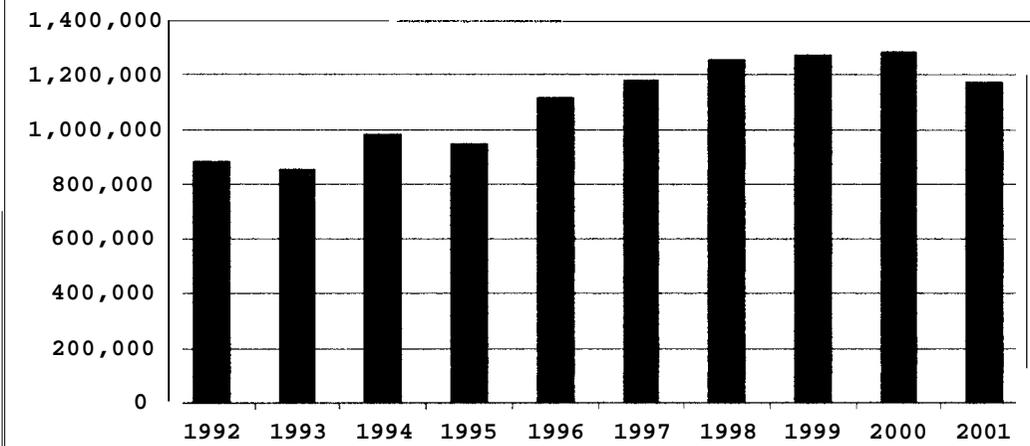
The overall proposed plan will allow the airport to increase air service and because the passenger levels exist the new service will continue after the funding cycle has ended.

EXHIBIT “A”

Historical Passenger Traffic: 1992-2001



Historical Total Passenger (Enpl& Dep l) Traffic



Historical Seat Availability

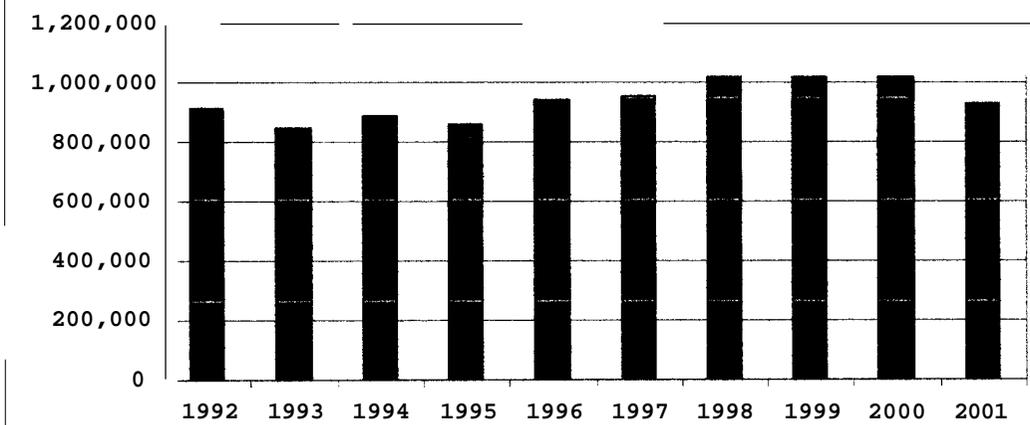


EXHIBIT “B”

**Palm Springs International Airport
Forecast of Daily Flight Departures and Seat Availability**

Destination	Airline	January 2001 Flights	January 2002 Flights
Chicago*	American	2	2
Dallas/Ft. Worth*	American	3	2
Denver	United	1	0
Houston (delayed until 2/02)	Continental	1	0
Las Vegas	United Express America West Express	1 1	2 0
Los Angeles	American Eagle United Express United Shuttle	15 16 1	9 10 0
Minneapolis/St. Paul	Northwest	1	1
Phoenix	America West Express	7	6
Portland	Alaska	1	1
Sacramento	Horizon Air	0	1
Salt Lake City	Delta Connection	1	2
San Francisco	Alaska United Express	3 1	3 0
San Jose	Alaska	1	0
Seattle	Alaska	2	2
Total Flights	29.3% Reduction	68	41
Destination	Airline	January 2001 Seats	January 2002 Seats
Chicago'	American	258	258
Dallas/Ft. Worth'	American	387	258
Denver	United	126	0
Houston (delayed until 2/02)	Continental	104	0
Las Vegas	United Express America West Express	30 37	60 0
Los Angeles	American Eagle United Express United Shuttle	510 480 132	306 300 0
Minneapolis/St. Paul	Northwest	150	150
Phoenix	America West Express	324	248
Portland	Alaska	140	140
Sacramento	Horizon Air	0	70
Salt Lake City	Delta Connection	50	100
San Francisco	Alaska United Express	420 30	420 0
San Jose	Alaska	140	0
Seattle	Alaska	280	280
Total Seats	30.0% Reduction	3,598	2,520

Palm Springs International Airport

Destination	Airline	December 2000 Flights	December 2001 Flights
Chicago	American	2	2
Dallas/Ft. Worth	American	3	2
Denver (suspended in 5/01)	United	1	0
Houston (delayed until 2/02)	Continental	1	0
Las Vegas	America West Express	1	0
	United Express	1	2
Los Angeles	American Eagle	12	9
	United Express	16	10
Minneapolis/St. Paul	Northwest		1
Phoenix	America West	1	0
	America West Express	6	6
Portland	Alaska	1	1
Salt Lake City	Delta Connection	1	2
San Francisco	Alaska	3	3
	United Express	1	0
San Jose	Alaska	1	0
Seattle	Alaska	2	2
Total Flights	25.9% Reduction	54	40

Destination	Airline	December 2000 Seats	December 2001 Seats
Chicago	American	258	258
Dallas/Ft. Worth	American	387	258
Denver (suspended in 5/01)	United	110	0
Houston (delayed until 2/02)	Continental	104	0
Las Vegas	America West Express	37	0
	United Express	30	60
Los Angeles	American Eagle	408	306
	United Express	480	300
Minneapolis/St. Paul	Northwest	150	150
Phoenix	America West	124	0
	America West Express	248	248
Portland	Alaska	140	140
Salt Lake City	Delta Connection	50	100
San Francisco	Alaska	420	420
	United Express	30	0
San Jose	Alaska	120	0
Seattle	Alaska	280	280
Total Seats	25.4% Reduction	3,376	2,520

his forecast is based on the most current information available as of 11/28/01. All of the above information is subject to change and will be updated accordingly. Additional weekend frequencies to Chicago, Dallas, Vancouver and Portland not included in daily flight or seat statistics.

Palm Springs International Airport

Destination	Airline	February 2001 Flights	February 2002 Flights
Chicago	American	2	2
Dallas/Ft. Worth'	American	3	2
Denver	United	1	0
Houston	Continental	1	1
Las Vegas	United Express	1	2
	America West Express	1	0
Los Angeles	American Eagle	15	9
	United Express	16	10
	United Shuttle	1	0
Minneapolis/St. Paul	Northwest	1	1
Phoenix	America West Express	7	6
Portland'	Alaska	2	1
Sacramento	Horizon Air	0	1
Sat! Lake City	Delta Connection	1	2
San Francisco	Alaska	3	3
	United Express	1	0
San Jose	Alaska	1	1
Seattle	Alaska	3	3
Total Flights	26.7% Reduction	60	44

Destination	Airline	February 2001 Seats	February 2002 Seats
Chicago	American	258	258
Dallas/Ft. Worth*	American	387	258
Denver	United	126	0
Houston	Continental	104	104
Las Vegas	United Express	30	60
	America West Express	37	0
Los Angeles	American Eagle	510	306
	United Express	480	300
	United Shuttle	132	0
Minneapolis/St. Paul	Northwest	150	150
Phoenix	America West Express	285	248
Portland'	Alaska	280	140
Sacramento	Horizon Air	0	70
Sat! Lake City	Delta Connection	50	100
San Francisco	Alaska	420	420
	United Express	30	0
San Jose	Alaska	140	140
Seattle	Alaska	420	420
Total Seats	22.5% Reduction	3,839	2,974

PSP Daily Flight Departures and Seat Availability Comparison

Destination	Airline	March 2001 Flights	March 2002 Flights
Chicago	American	2	2
Dallas/Ft. Worth'	American	3	3
Denver	United	1	0
Houston	Continental	1	1
Las Vegas	United Express	1	2
	America West Express	1	0
Los Angeles	American Eagle	15	9
	United Express	16	10
	United Shuttle	1	0
Minneapolis/St. Paul	Northwest	1	2
Phoenix	America West Express	6	6
	America West	1	0
Portland'	Alaska	2	1
Sacramento	Horizon Air	0	1
Salt Lake City	Delta Connection	1	2
San Francisco	Alaska	3	3
	United Express	2	0
San Jose	Alaska	1	1
Seattle	Alaska	3	3
Vancouver	Alaska	1	0
Total Flights	25.8% Reduction	62	46

Destination	Airline	March 2001 Seats	March 2002 Seats
Chicago	American	258	258
Dallas/Ft. Worth'	American	387	387
Denver	United	126	0
Houston	Continental	104	104
Las Vegas	United Express	30	60
	America West Express	37	0
Los Angeles	American Eagle	510	270
	United Express	480	300
	United Shuttle	132	0
Minneapolis/St. Paul	Northwest	150	274
Phoenix	America West Express	235	248
	America West	132	0
Portland'	Alaska	280	140
Sacramento	Horizon Air	0	70
Salt Lake City	Delta Connection	50	100
San Francisco	Alaska	420	420
	United Express	60	0
San Jose	Alaska	140	140
Seattle	Alaska	420	420
Vancouver	Alaska	140	0
Total Seats	22.0% Reduction	4,091	3,191

PSP Daily Flight : Seat Availability Comparison

Destination	Airline	April 2001 Flights	April 2002 Flights
Chicago	American	2	2
Dallas/Ft. Worth*	American	3	2
Denver	United	1	0
Houston	Continental	1	1
Las Vegas	United Express America West Express	1 1	2 0
Los Angeles	American Eagle United Express United Shuttle	13 16 1	9 10 0
Minneapolis/St. Paul	Northwest	1	1
Phoenix	America West Express	6	6
Portland'	Alaska	2	1
Sacramento	Horizon Air	0	1
Salt Lake City	Delta Connection	1	2
San Francisco	Alaska United Express	3 2	3 0
San Jose	Alaska	1	1
Seattle	Alaska	3	3
Vancouver*	Alaska	1	0
Total Flights	23.3% Reduction	60	44

Destination	Airline	April 2001 Seats	April 2002 Seats
Chicago	American	258	258
Dallas/Ft. Worth*	American	387	258
Denver	United	126	0
Houston	continental	104	104
Las Vegas	United Express America West Express	30 37	60 0
Los Angeles	American Eagle United Express United Shuttle	442 480 132	270 300 0
Minneapolis/St Paul	Northwest	150	150
Phoenix	America West Express	235	248
Portland*	Alaska	280	140
Sacramento	Horizon Air	0	70
Salt Lake City	Delta Connection	50	100
San Francisco	Alaska San Francisco	420 60	420 0
San Jose	Alaska	140	140
Seattle	Alaska	420	420
Vancouverf	Alaska	140	0
Total Seats	24.5% Reduction	3,891	2,938

EXHIBIT “C”

Destination	Airline	March 2002 Flights	July 2002 Flights
Chicacao	American	2	0
Dallas/Ft Worth	American	3	1
Denver	United (Disc 5/01)	0	0
Houston	Continental	1	0
Las Vegas	United Express America West Express	2 0	2 0
Los Angeles	American Eagle United Express United Shuttle (Disc 7/01)	9 10 0	6 10 0
Minneapolis/St Paul	Northwest	2	0
Phoenix	America West Express America West (Disc. 4/01)	6 0	6 0
Portland	Alaska	1	0
Sacramento	Horizon Air (Eff. 1/02-4/02)	1	0
Salt Lake City	Delta Connection	2	0
San Francisco	Alaska United Express (Disc. 9/01)	3 0	2 0
San Jose	Alaska	1	0
Seattle	Alaska	3	0
Vancouver	Alaska	0 (Wknds Only)	0
Total Flights	41.3% Reduction	46	27
Destination	Airline	March 2002 Seats	July 2002 Seats
Chicago	American	258	0
Dallas/Ft. Worth	American	387	129
Denver	United (Disc 5/01)	0	0
Houston	Continental	104	0
Las Vegas	United Express America West Express	60 0	60 0
Los Angeles	American Eagle United Express United Shuttle (Disc. 7/01)	270 300 0	180 300 0
Minneapolis/St. Paul	Northwest	274	0
Phoenix	America West Express America West (Disc 4/01)	248 0	261 0
Portland	Alaska	140	0
Sacramento	Horizon Air (Eff 1/02-4/02)	70	0
Salt Lake City	Delta Connection	100	0
San Francisco	Alaska United Express (Disc 9/01)	420 0	280 0
San Jose	Alaska	140	0
Seattle	Alaska	420	0
Vancouver	Alaska (Wknds Only)	0	0
Total Seats	62.1% Reduction	3,191	1,210

EXHIBIT “D”

SMALL COMMUNITY AIR SERVICE DEVELOPMENT

Palm Springs International Airport

March 2002 vs. July 2002

Carrier	Aircraft Type (Seats)	March Monthly Seats	Aircraft Type (Seats)	July Monthly Seats
Alaska	MD 80 (140)	11,060	737-400 (138)	8,556
	737-400 (138)	21,666		
	737-700 (120)	3,840		
		36,566		
America West Express (Mesa)	CRJ (50)	3,100	CRJ (50)	4,650
	DH8 (37)	4,588	DH8 (37)	3,627
		7,688		8,277
American	MD 80 (129)	20,640	MD 80 (129)	3,999
American Eagle	Saab 340B (30)	8,370	Saab 340B (30)	5,580
Continental	737-500 (104)	3,224	737-500 (104)	0
Delta Connection (SkyWest)	CRJ (50)	3,100	CRJ (50)	0
Horizon Air	CR700 (70)	2,170	None	0
Northwest	A319 (124)	3,844	None	0
	A320 (148)	4,588		0
		8,432		0
United Express (Skywest)	EMB 120 (30)	10,890	EMB 120 (30)	12,090
TOTAL SEATS		101,080		38,502

EXHIBIT “E”

Palm Springs International Airport - Nonstop Destinations and Select Connect Markets

Market	Year-Round	Seasonal	Nonstop Carrier(s)	Select Connect Markets
Seattle		X	Alaska	Spokane, Boise, Anchorage, Fairbanks, Juneau
San Francisco	X		Alaska	Portland, Seattle, Vancouver, Boise
Portland		X	Alaska	Medford, Eugene, Pasco, Redmond, Pendleton, Vancouver
Chicago		X	American	Baltimore, Hartford/Springfield, Harrisburg, Providence, Toronto, Indianapolis La Crosse, Madison, Moline/Quad Cities, Albany, Buffalo, Rochester NY
Dallas/Ft. Worth	X		American	Birmingham, Nashville, Austin, Knoxville, Charlotte, Philadelphia, Cincinnati Wichita, Tulsa, Shreveport, Savannah
Los Angeles	X		United Express and American Eagle	Denver, Reno, Sacramento, Oakland, Washington D.C., San Jose Monterey, Fresno, Santa Barbara, San Luis Obispo
Minneapolis/St. Paul		X	Northwest	Duluth, Grand Rapids, Milwaukee, Green Bay, Detroit, Cleveland, Winnipeg Rochester MN, Saginaw, Saskatoon, Sioux City, Sioux Falls
Phoenix	X		America West Express	Colorado Springs, San Antonio, El Paso, Tucson, Kansas City Albuquerque, Flagstaff, St. Louis, Columbus
Houston		X	Continental	New Orleans, Pensacola, Miami, Orlando, Tampa, New York, Atlanta West Palm Beach, Ft. Lauderdale, Jacksonville
Las Vegas			United Express	Fresno, Chicago, Denver, Washington D.C.
Sacramento			Horizon Air	Boise, Portland, Seattle
San Jose		X	Alaska	Boise, Portland, Seattle
Salt Lake City		X	Delta Connection	Calgary, Billings, Bozeman, Casper, Des Moines, Helena, Idaho Falls, Omaha Missoula, Rapid City, Oklahoma City

EXHIBIT “F”



April 17, 2002

US Department of Transportation
Office of Aviation & International Affairs
Washington, DC 20590

RE: Proposal Under the Small Community
Air Service Development Pilot Program

Dear DOT:

I am writing you on behalf of my role as Chairperson of the Palm Springs Area Marriott Business Council, an Active Committee Member with the Convention and Visitor's Authority Hospitality Industry Business Council and Airline Service Committee. Marriott International is the largest employer in the Palm Springs Area, employing over 4,500 people with an annual payroll of wages and benefits exceeding \$90 million. Our business is lodging and services and our success is dependent on travel and tourism.

insufficient airlift into this market is the single greatest deterrent to our business success. I have become actively involved with elected officials, business and community leaders, to explore ways to improve our air service to this market. Improved air service would clearly provide a direct benefit to the health and well being of our entire community.

On behalf of our employees and their families, I respectfully request that you receive and support the Palm Springs International Airport Grant Application. Your financial support of this effort will be most appreciated. Again, thank you for your kind consideration.

Sincerely,

A handwritten signature in black ink that reads "Frank". The signature is written in a cursive, flowing style.

Frank Garahan
General Manager

Frank Garahan
General Manager

FG/vc

(800) 458-8786 tel (760) 568-2727
fax (760) 568-5845
41-000 Bob Hope Drive, Rancho Mirage, CA 92270
FRANK.GAWHAN@H44RRIOTT.COM



**PALM SPRINGS
DESERT RESORTS**
CONVENTION AND
VISITORS AUTHORITY

*The Desert Resort Communities
of Riverside County:*

CATHEDRAL CITY

DESERT HOT SPRINGS

INDIAN WELLS

INDIO

LA QUINTA

PALM DESERT

PALM SPRINGS

RANCHO MIRAGE

April 16, 2002

U.S. DEPARTMENT OF TRANSPORTATION
Office of Aviation & International Affairs
Washington, DE

RE: Section 203 Grant Application

Ladies/Gentlemen:

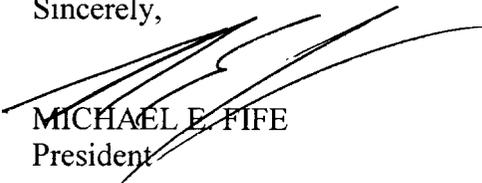
On behalf of the Joint Powers Authority (JPA) Executive Committee representing the Palm Springs Desert Resorts Convention and Visitors Authority, we take this opportunity to express support for the Palm Springs International Airport's application for Section 203 Grant program.

The Palm Springs Desert Resorts Convention and Visitors Authority (CVA) is comprised of eight cities and that portion of Riverside County located in the Coachella Valley. The mission of the CVA is to act as a coordinating agency for valley-wide sales, marketing and promotional efforts aimed at potential leisure, corporate, incentive and convention group markets.

As a regional government agency, we are all vitally concerned with airlift to this region. The JPA Executive Committee has directed the Long Term Air Service Committee to develop a permanent solution that would support future air service to the Palm Springs International Airport and entice those existing air carriers to remain in the Desert year-round.

We respectfully request that you seriously consider the Palm Springs International Airport for the Section 203 Grant program.

Sincerely,


MICHAEL E. FIFE
President

MEF/tm

69-930 HWY 111, SUITE 201
RANCHO MIRAGE, CA 92270
760-770-9000
760-770-9001 FAX
800-967-3767
www.PalmSpringsUSA.com

WASHINGTON, D.C.
SALES OFFICE
115 NORTH FAIRFAX ST., SUITE 300
ALEXANDRIA, VA 22314
703-549-8026
703-519-7579 FAX

EXHIBIT “G”

Palm Springs International Airport

Small Community Development Grant

/REVENUE COMPARISON							
ACCT #	ACCT. NAME	Y 99	Y 00	Y 01	Y 02 BUDGET	Y 02 POST 9/11	Y 03 BUDGET
36101	Interest Income	154,954.19	20,474.82	139,851.99	125,000.00	100,000.00	125,000.00
	Interest Income Fiscal Ag			150,984.95	200,000.00	200,000.00	
381 01	Parking Violation	11,191.50	19,615.00	12,653.50	14,000.00	14,400.00	15,000.00
381 04	Misc. Revenue	552.85	5,062.55	43,408.50	5,000.00	40,000.00	40,000.00
381 06	Scheduled Land Fees	1,109,202.10	1,227,993.80	1,118,581.27	1,350,000.00	972,000.00	1,000,000.00
381 07	NonSch. Land Fees	1,197.76	2,523.57	484.61	4,000.00		
381 08	Land Fee Surcharge	306,807.49	317,499.48	301,379.12	300,000.00	240,000.00	275,000.00
381 09	Airfield Concessions	189,062.46	202,100.03	182,106.26	210,000.00	180,000.00	200,000.00
38110	Air Taxi/Charter Fees	27.84			515.00		
38113	Flat Fee Air. Shuttle	62.89				-	-
38114	Limo/Exec/Chart. Shut	7,518.00			8,000.00		
38115	Prop. Rent. Non Avi	367,836.32	390,264.51	700,154.06	820,918.00	425,000.00	500,000.00
38116	Hangar Rental	61,743.38	64,199.95	68,667.81	68,000.00	69,000.00	55,555.00
38117	Land Rental	687,073.3	668,157.41	1,050,761.20	815,000.00	1,100,000.00	1,100,000.00
381 19	Leased Parking	911,207.60	925,104.54	1,028,571.34	1,150,000.00	875,000.00	1,000,000.00
381 20	Airport Use Permits	47,606.26	59,740.00	59,921.97	60,000.00	48,000.00	55,000.00
381 21	Employee Park. Permits	7,235.50	9,760.50	13,355.00	11,000.00	15,000.00	15,000.00
381 22	Term Air Comm Rentals	589,718.44	596,862.27	948,093.65	1,170,000.00	1,100,000.00	1,100,000.00
381 23	Term Non Air Comm Rent	264,731.48	196,639.37	259,633.67	300,000.00	250,000.00	250,000.00
381 24	Ready Return Lot	101,083.63	108,964.91	112,825.28	120,000.00	115,119.60	115,000.00
381 25	Advertising	124,790.39	142,977.95	123,863.90	135,000.00	110,000.00	125,000.00
381 26	On Airport Car Rental	2,603,739.30	3,079,320.08	3,139,914.70	3,260,555.00	3,260,555.00	3,300,000.00
381 27	Off Airport Car Rental	214,204.46	254,159.92	218,684.94	230,000.00	50,000.00	20,000.00
381 28	Airport Access Fees	79,822.83	79,356.29	73,570.98	60,000.00	60,000.00	65,000.00
381 29	Outside Catering	172,648.24	167,800.50	171,535.57	160,000.00	90,000.00	90,000.00
381 30	Food Concession	50,766.51	86,821.45	94,111.61	80,000.00	100,000.00	115,000.00
381 31	Taxi Access Fees	50,885.00	61,135.00	51,972.00	52,000.00	42,000.00	50,000.00
381 33	Ground Transportation	4,015.01	2,005.00	2,762.50	3,000.00	2,200.00	2,500.00
381 34	VASI Power Reimb	2,160.00	2,180.00	2,160.00	2,160.00	2,160.00	2,160.00
381 35	Custom Fees	29,325.00	50,465.00	56,020.00	50,000.00	55,000.00	60,000.00
381 37	Security Gate ID Passes	19,208.70	15,197.49	13,096.39	12,000.00	15,000.00	15,000.00
381 38	Waste Disposal	9,771.02	10,891.98	11,070.14	10,000.00	10,300.00	11,000.00
381 39	Air Museum Admissios	14,027.25	17,945.50	16,440.25	16,500.00	16,500.00	18,000.00
381 40	Air Museum Sales	6,222.26	8,015.28	7,597.53	8,000.00	8,000.00	9,000.00
381 41	Air Museum Food/Bev			608.96			
381 42	Admin. In Lieu Catering	1,186.3	4,244.56	2,358.61	3,000.00	3,000.00	3,000.00
381 43	Security Act 2001				132,000.00	132,000.00	
38204	FAA CHRC Fingerprint				5,000.00		
TOTAL	REVENUE	\$ 8,201,584.93	\$ 8,797,478.71	\$ 10,177,202.26	\$ 10,950,648.00	9,700,234.60	\$ 9,731,215.00

EXHIBIT “H”

EXPENSE SUMMARY				
DEPT		Actual 13/00	Actual 13/01	Budget 02
6002	AIRPORT ADMINISTRATION			
	Personnel Costs	\$ 446,297.35	\$ 933,787.93	\$ 797,254.00
	Materials, Supplies/Services	\$ 1,142,955.02	\$ 1,061,227.41	\$ 1,089,342.62
	Special Charges	\$ 567,779.04	\$ 589,446.16	\$ 622,781.00
	Debt Service	\$ 115,400.00	\$ 115,400.00	\$ 120,889.00
	Capital	\$ 27,957.09	\$ 7,707.87	\$ 5,709.63
OTAL 6002	AIRPORT ADMINISTRATION	\$ 2,300,388.50	\$ 2,707,569.37	\$ 2,635,976.25
6050	AIRSIDE OPERATIONS			
	Personnel Costs	\$ 335,187.33	\$ 300,037.83	\$ 352,913.00
	Materials, Supplies/Services	\$ 234,320.28	\$ 251,947.85	\$ 389,646.16
	Special Charges	\$ 103,017.00	\$ 106,620.00	\$ 108,066.00
	Capital	\$		\$
OTAL 6050	AIRSIDE OPERATIONS	\$ 672,524.61	\$ 658,605.68	\$ 850,625.16
6075	AIRPORT RESCUE			
	Personnel Costs	\$ 860,514.60	\$ 900,465.83	\$ 872,034.00
	Materials, Supplies/Services	\$ 75,979.83	\$ 93,216.00	\$ 191,930.00
	Special Charges	\$ 72,990.00	\$ 70,039.00	\$ 74,695.00
	Capital	\$ 23,166.25		\$ 7,000.00
OTAL 6075	AIRPORT RESCUE	\$ 1,032,650.68	\$ 1,063,720.83	\$ 1,145,659.00

EXPENSE SUMMARY				
DEPT		Actual 13/00	Actual 13/01	Budget 02
6100	LANDSIDE OPERATIONS			
	Personnel Costs	\$ 145,239.56	\$ 171,675.09	\$ 208,651.00
	Materials, Supplies/Services	\$ 438,690.00	\$ 332,576.83	\$ 600,033.80
	Special Charges	\$ 45,352.92	\$ 44,111.00	\$ 46,665.00
	Capital	\$ 6,548.60	\$	\$
	FTZ	\$ 17,583.57	\$ 17,524.48	\$ 2,000.00
	Multimodalism	\$ 40,360.00	\$ 4,892.34	\$
'OTAL 6100	LANDSIDE OPERATIONS	\$ 693,774.65	\$ 570,779.72	\$ 857,349.80
6150	LEASED SITE AREA			
	Personnel Costs	\$ 19,678.74	\$ 22,720.55	\$ 27,314.00
	Materials, Supplies/Services	\$ 7,130.39	\$ 16,683.45	\$ 19,300.00
	Special Charges	\$ 1,014.00	\$ 921.00	\$ 5,268.00
'OTAL 6150	LEASED SITE AREA	\$ 27,823.13	\$ 40,324.60	\$ 51,882.00
6175	GROUNDS MAINTENANCE			
	Personnel Costs	\$ 310,227.98	\$ 344,269.43	\$ 355,632.00
	Materials, Supplies/Services	\$ 51,009.96	\$ 63,799.63	\$ 73,912.00
	Special Charges	\$ 68,322.96	\$ 67,052.00	\$ 76,527.00
	Capital	\$	\$	\$
'OTAL 6175	GROUNDS MAINTENANCE	\$ 429,560.90	\$ 475,121.06	\$ 506,071.00

EXPENSE SUMMARY				
DEPT		Actual 13/00	Actual 13/01	Budget 02
6200	TERMINAL BUILDING OPS			
	Personnel Costs	\$ 583,063.67	\$ 623,907.07	\$ 678,379.00
	Materials, Supplies/Services	\$ 728,253.41	\$ 1,286,503.56	\$ 1,384,938.43
	Special Charges	\$ 79,521.00	\$ 70,535.00	\$ 76,461.00
	Capital	\$ 50,848.60		\$ 8,000.00
TOTAL	6200 TERMINAL BUILDING OPS	\$ 1,441,686.68	\$ 1,980,945.63	\$ 2,147,778.43
6225	CONTROL CENTER OPS			
	Personnel Costs	\$ 517,224.15	\$ 673,158.49	\$ 789,247.00
	Materials, Supplies/Services	\$ 146,253.79	\$ 112,802.14	\$ 158,402.25
	Special Charges	\$ 16,938.00	\$ 15,384.00	\$ 35,660.00
	Capital	\$ 161,289.39	\$ 10,193.38	\$ 25,193.38
TOTAL	6225 CONTROL CENTER OPS	\$ 841,705.33	\$ 811,538.01	\$ 1,008,502.63
6250	CUSTOMS			
	Materials, Supplies/Services	\$ 115,363.40	\$ 115,590.70	\$ 134,890.55
	Special Charges	\$ 4,293.96	\$ 4,294.00	\$ 4,723.00
	Capital	\$	\$	\$
TOTAL	6250 CUSTOMS	\$ 119,657.36	\$ 119,884.70	\$ 139,613.55
SUBTOTAL 6002-6250		\$ 7,559,771.84	\$ 8,428,489.60	\$ 9,343,457.82
6275	1992 Debt Service	\$ 1,211,215.00	\$ 882,777.00	\$ 1,212,700.00
6276	1998 Debt Service	\$ 425,359.00	\$ 310,813.00	\$ 569,409.00

EXPENSE SUMMARY				
DEPT		Actual 13/00	Actual 13/01	Budget 02
6400	AIRPORT DEVELOPMENT			
	Personnel Costs	\$ 20,000.00	\$ 1,948.35	\$
	Materials, Supplies/Services		\$ 11,013.01	\$
	Subtotal Capital	\$ 1,121,158.58	\$ 976,291.99	\$ 1,796,179.55
TOTAL	6400 AIRPORT DEVELOPMENT	\$ 1,141,158.58	\$ 989,253.35	\$ 1,796,179.55
6500	SPECIAL CAPITAL PROJECTS			
	Capital	\$ 103,166.39	\$ 83,234.78	\$ 56,554.78
TOTAL	6500 SPECIAL CAPITAL PROJECTS	\$ 103,166.39	\$ 83,234.78	\$ 56,554.78
GRAND TOTAL AIRPORT		\$ 10,440,670.81	\$ 10,694,567.73	\$12,978,301.15



MOUNT SAN JACINTO WINTER PARK AUTHORITY

April 18, 2002

Proposal for the **Small Community Air Service Development Pilot Program**

US Department of Transportation
Office of Aviation and International Affairs
Washington, DC 20590

Dear Sir or Madam:

As a member of the Tourism community, the Mt. San Jacinto Winter Park Authority – operators of the Palm Springs Aerial Tramway - has an avid interest with airlift to this Valley.

We believe that a substantial number of our visitors would arrive through the Palm Springs International Airport, if there were an improvement in air service. Consequently, we have become very active in the Long Term Air Service Committee in order to participate in designing solutions toward attracting new air service, as well as maintaining that which we currently have.

We would request your favorable consideration of the Palm Springs International Airport's Section 203 Grant application.

Sincerely,

Rob W. Parkins
General Manager

RWP:hs