

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 89

CITY COUNCIL COMMUNICATION 96-249
JUNE 17, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
VOLUNTARY LAND ACQUISITION PROGRAM FOR IANG LEASEHOLD EXPANSION	◆ RESOLUTION ORDINANCE RECEIVE/FILE	WILLIAM F. FLANNERY AVIATION DIRECTOR

SYNOPSIS —

On June 30, 1996, the Voluntary Land Acquisition Program for the IANG is scheduled to terminate. Because all properties for the proposed expansion have not yet been purchased, it is necessary that the program be extended. The IANG has not indicated a direct need to purchase the remaining properties in an expedited manner. Two properties recently purchased for the Guard are pending inclusion in the IANG lease awaiting final approval by the governing agency of the Guard. Due to the restrictions in the governing covenants of the Airport Board, consideration for extension of the program rests with City Council.

FISCAL IMPACT —

The Voluntary Land Acquisition Program for the IANG is currently limited to properties that can be acquired within available projected resources in the IANG Land Acquisition CIP Account. The current annual assessment for Aircraft Rescue and Fire Fighting (ARFF) services (provided by the IANG) charged to the airlines is a minimum of \$650,000. Based on available funds, requirements of existing loans and installment contracts, and the number of properties remaining to be purchased, the program must be extended to complete the voluntary acquisition of the properties required.

RECOMMENDATION —

On June 4, 1996, by Resolution A96-130, the Airport Board approved a recommendation for approval to City Council for a one-year extension to the time limit set forth in Roll Call No. 91-2057 until June 30, 1997.

BACKGROUND —

On May 20, 1991, by Roll Call No. 91-2057, the Des Moines City Council agreed to cooperate with the IANG in implementing the IANG Master Plan through the voluntary acquisition of property interests in land identified by the IANG Master Plan. The roll call set forth a multi-faceted implementation plan to acquire the various properties, identify the funding sources for the purchases, and set the procedure for transferring the properties to the IANG under their Master Lease. The approval of the roll call was the culmination of an understanding by which the IANG would provide a minimum level of ARFF personnel and equipment to meet FAA requirements for the Airport, and in return, the City would use fees collected from the airlines using the Airport to purchase the property on an owner voluntary basis.

Item No. 5 of Roll Call No. 91-2057 states:

For the five years commencing July 1, 1991, and terminating on June 30, 1996, all property interests acquired for IANG expansion to be on an owner voluntary basis only. At the conclusion of the five-year period, the IANG and City will cooperate in establishing a policy concerning acquisitions of remaining properties identified for IANG need by the IANG Master Plan.

In review of total expenses and based on information supplied by the IANG, total expenses for the agreed upon FAA required Part 139 ARFF services for the period October 1, 1990 through March 31, 1996 is \$4,929,685. The total value of ARFF services provided during this period, while not required under Part 139, is \$6,536,367. IANG Leasehold Expansion expenses, including advance funded acquisition costs, total \$5,356,445 for the same period through April 1996. In order to truly perform a cost/benefit analysis of this program, the cost of ARFF services must be matched up with the payoff of the Capital Loan Notes and other installment purchase contracts. That comparison reveals, over the 2.5-year loan payoff period, Part 139 ARFF costs of approximately \$7.2 million will be incurred by the Guard with the Airport incurring land acquisition costs of approximately \$5.9 million—a positive differential of approximately \$1.3 million.