

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-346
AUGUST 19, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
STATE OF IOWA GRANT AGREEMENT FOR FY97 FUNDING—COMMERCIAL AIR SERVICE MARKETING PROGRAM	◆ RESOLUTION ORDINANCE RECEIVE/FILE	WILLIAM F. FLANNERY AVIATION DIRECTOR

SYNOPSIS —

The Iowa Transportation Commission has approved the fund distribution and funding ratio for the FY97 Commercial Air Service Marketing Program (CASMP) and the Iowa Department of Transportation (IDOT) has provided a grant for consideration by the City. Said funding for the Des Moines International Airport is for 50 percent of eligible cost, not to exceed \$59,200 for marketing, advertising, and public relations programs.

FISCAL IMPACT —

The City of Des Moines, on behalf of the Des Moines International Airport, has been provided an agreement for funding that provides payment of 50 percent of eligible costs, not to exceed \$59,200. The approved FY97 Airport Operating Budget provides funds for participation in the Commercial Air Service Marketing Program.

RECOMMENDATION —

Approval of the grant agreement for the FY97 Iowa Commercial Air Service Marketing Program and authorization for the Mayor to sign said grant agreement.

BACKGROUND —

Since FY95, the IDOT CASMP has provided funding for marketing, advertising, and public relations programs to improve scheduled air service and increase passenger traffic at Iowa's ten commercial service airports. The Transportation Commission establishes annually the amount of funds to be allocated to each commercial service airport. Programs funded must be started and completed between July 1 and June 30 of each year. The funding ratio for FY97 is 50 percent State funding with the participating airport funding the remaining 50 percent. On April 2, 1996, by Resolution No. A96-84, the Airport Board approved a grant application for the participation in the FY97 Iowa Commercial Air Service Marketing Program and authorized the Aviation Director to submit the grant application to the IDOT (see attached). On August 6, 1996, by Resolution No. A96-195, the Airport Board directed that the proposed FY97 grant be forwarded to the City Council with a recommendation for approval. Due to the language in the ordinance which established the Airport Board and grants to the Airport Board its authority, this grant requires approval by the City Council.

**DES MOINES INTERNATIONAL AIRPORT
IOWA DEPARTMENT OF TRANSPORTATION
COMMERCIAL AIR SERVICE MARKETING PROGRAM
Fiscal Year 1996/97**

**Des Moines International Airport
Mission Statement**

To promote the development of the Des Moines International Airport as a major air transportation and economic center by: (1) expanding air transportation and related services, (2) supporting local and state economic development initiatives, (3) maximizing customer service, (4) maintaining and operating the highest quality airport facility within the parameters of available funding, and (5) increasing public support and utilization of the airport.

PURPOSE

Through participation in the Iowa Department of Transportation Commercial Air Service Marketing Program, which provides funding for marketing, advertising and public relations programs to improve air service and increase passenger traffic, promote the development of the Des Moines International Airport major air transportation and economic center.

PUBLIC RELATIONS

Public Meetings and News Vehicle

In Fiscal Year 96/97 we intend to broadly disseminate information on our service offerings to the business community and the public at large through variety of publications, meetings and open houses. We plan to improve public awareness of the importance of the Des Moines International Airport to the region as a major transportation and employment center, and the role the Airport plays in the economic development of the region.

Project Schedule:

Agency Open Houses will begin in July 1996.
Newsletter will begin in July 1996
Public Open Houses will be set for later summer 1996 and 1997

Cost:

Travel Agency Open Houses	\$6,000
Airport Newsletter	6,000
Public Open Houses	<u>6,000</u>
Total Meeting Costs	\$18,000

Funding Requested @ 50% share: **\$9,000**

New Flight Guide

The Airport needs four-color flight guide to advise the public and travel agent community of the

airline schedules and the public amenities at the Airport. Some of the target audience would include private and corporate fliers, travel agencies, convention and visitors bureaus, corporations considering Des Moines for business relocations and/or expansions, and prospective tenants for the Airport. The flight guide is customer service enhancement which has been frequently requested, and will be used to support the objectives of the Des Moines International Airport Marketing Plan.

The flight guide would include the following information:

1. Airline flight schedule
2. Passenger Service Facilities
3. Air Cargo Providers, freight forwarders, customer brokers, etc.
4. Ancillary Services available at the Airport (e.g., Business Center, Post Office, Business Aviation, etc.)
5. Ground service providers (buses, cabs, limousines and rental cars)

Cost:

\$6,000 Guides costing \$6,400 per issue (Publishing 4 issues annually)	
Total Cost of New Flight Guides	\$25,600

Funding Requested @ 50% share:	\$12,800
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Total Funding Requested for Public Relations:	\$21,800
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SERVICE IMPROVEMENT

Air Service Development (Passenger)

The Airport continually monitors changes in the mix of carriers serving the Des Moines market, as well as developments in the national airline industry. Increasing traffic using Des Moines has heightened the expectation for reasonable air fares to all primary destinations. Some of the tools the Airport needs to monitor the industry for suitable opportunities include:

Cost:

Air Traffic Data Reports (four)	\$ 800
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Additionally, the Airport will need to produce targeted recruiting proposals to certain airlines. These proposals incorporate existing marketing materials and specific research, as well as printing and associated costs. We estimate the need to produce six proposals in the fiscal year. We anticipate the Airline Recruitment packages to be developed throughout 1996 and 1997. Changing market condition may drive the timing of the specific proposals and airline visits. Revised proposals and subsequent packages may be started upon analyzing the results of the initial presentations.

Cost:

Airline Recruiting Proposal Packages (6)	<u>\$7,000</u>
Total Passenger Service Development Costs	\$7,800

Funding Requested @ 50% Share: **\$3,900**

Air Service Development (Cargo)

An Air Cargo Market Analysis was done in 1995. Follow up to that study has been ongoing through the first half of 1996. As additional ramp parking space is developed during the latter part of 1996, we will again be recruiting for additional cargo flights, either from incumbent or new carriers.

Cost:

Cargo Carrier Recruitment Packages (Two)	\$ 6,000	
Associated Printing/Communications Costs	<u>\$ 1,000</u>	
Total Air Cargo Service Development Cost		\$ 7,000

Funding Requested @ 50% Share: **\$3,500**

Total Funding Requested (Service Improvement) \$7,400

ADVERTISING

In Fiscal Year 1996/96 the Airport ran two successful advertising campaigns around the these of "Get Off the Road, Get On Plane." Two separate parts to the campaign (summer & winter) produced enplanements which rose by over 20 percent. The campaign helped the Airport regain many of the leisure travelers who were driving to out-of-state airports to begin their travel. It is our intent to continue driving home the message that it is more affordable than ever to fly from the Des Moines International Airport. We would anticipate reliance on TV, radio and outdoor advertising.

Cost:

Outdoor (billboards)	9 Boards	\$ 8,000
Radio 30-second spots		6,000
Television	70 insertions	20,000

We intend to continue limited print advertising in selected publications which target our prospects. These give focused look at the Airport's capabilities to wide target audience. Publications chosen for our print advertising include:

Cost:

Intro Magazine	(2 Issues)	\$11,000
City View	(3 Issues)	6,000
Business Record	(4 Issues)	2,000
University Directory	(1 Issue)	1,000
The Book of Lists	(1 Issue)	6,000

Total Advertising Costs: \$60,000

Funding Requested @ 50% share: \$30,000

Total Cost and Funding Request @ 50% Share: \$118,400 \$59,200

GRANT REQUEST SUMMARY

PUBLIC RELATIONS	\$21,800
SERVICE IMPROVEMENT	7,400
ADVERTISING	<u>30,000</u>
TOTAL REQUEST	\$59,200

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