



## **Council Communication No. 97-357**

### **SYNOPSIS —**

On May 20 1991, by Roll Call No. 91-2057, the City Council agreed to cooperate with the Iowa Air National Guard (IANG) in implementing the IANG Master Plan through the voluntary acquisition of property interests in land identified by the IANG Master Plan. In exchange for the City' s Land Acquisition Program, the IANG agreed to provide Aircraft Rescue and Fire Fighting (ARFF) services at a level sufficient to meet Federal Aviation Administration (FAA) requirements at no charge to the Airport. On June 17, 1996, by Roll Call No. 96-2229, City Council approved a one-year extension to the Program until June 30, 1997.

Because all properties identified within the IANG Master Plan for the proposed expansion have not yet been purchased, it is necessary that the Program be extended for an additional year. Over the term of this Program, properties have been purchased under a Voluntary Acquisition Program on an as needed basis as requested by the IANG. In accordance with the restrictions in the governing covenants of the Airport Board, final 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 on a voluntary basis within available resources in the IANG Land Acquisition CIP Account. The IANG Land Acquisition Account is funded through an Aircraft Rescue and Fire Fighting (ARFF) services charge assessed to the airlines operating at Des Moines. The annual charge assessed to the airlines has ranged from \$650,000 to \$850,000 over the term of this Program. The value of the full ARFF services provided by the IANG exceeds the costs incurred under the Land Acquisition Program. Based on the IANG' s expressed needs, the number of properties remaining to be voluntarily purchased, and available funds, the Program needs to be extended.

### **RECOMMENDATION —**

**Approval of resolution to extend lease. On July 1, 1997, by Resolution No. A97-204, the Airport Board approved a recommendation for approval to City Council that the time limit as set forth in Roll Call No. 91-2057, as amended by the City Council on June 17, 1996, by Roll Call No. 96-2229 be extended for an additional one year until June 30, 1998.**

### **BACKGROUND —**

Roll Call No. 91-2057 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. The approval of Roll Call No. 91-2057 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 air carriers utilizing the Airport to purchase 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.”

On June 4, 1996, by Resolution No. A96-130, the Airport Board recommended to the City Council the extension of the Voluntary Land Acquisition Program. On June 17, 1996, by Roll Call No. 96-2229, City Council approved the extension of the Program until June 30, 1997.

In review of the project 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, 1997, is \$5,905,983. The total value of ARFF services provided during this period, while in excess of the requirements of FAR Part 139, is \$7,867,500. IANG Leasehold Expansion expenses, including advance funded acquisition costs and payments toward debt redemption, total \$6,160,518 for the same period. 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 currently in effect. That comparison reveals that at the end of the 2.5-year loan payoff period, the value of Part 139 ARFF costs would equal approximately \$7.3 million while total acquisition costs would equal approximately \$6.7 million, resulting in a positive differential of approximately \$.6 million.

With the current Program authorization concluded and several properties identified within the IANG Master Plan still remaining to be purchased, it is necessary that the Program be further extended for a minimum of one year.