

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**99-386**

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

**AGENDA:**

**SYNOPSIS -**

AUGUST 23, 1999

**SUBJECT:**

ACCESS AIR  
FUNDING  
ASSISTANCE

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

ERIC A. ANDERSON  
CITY MANAGER

Access Air, a locally formed airline serving Des Moines and connecting with New York and Los Angeles, has requested \$500,000 in an economic development loan from the City. It has also requested assistance from Polk County and our suburbs. The purpose of the loan is to assist in the expansion of the airline from three to seven planes and enable them to serve additional cities from Des Moines. The airline is a relatively new startup venture with its financial base in local businesses. It is estimated that average rates for other airlines serving Des Moines have dropped 30% since Access Air began operations.

Access Air has asked to receive the funds within the next nine months and would prefer to have a two-year term for the loan with no payments in the first year and full repayment in twelve equal payments in the second year.

**FISCAL IMPACT -**

Funds totaling \$500,000 are available from the Economic Development Department Revolving Loan Fund and the Airport.

**RECOMMENDATION -**

**It is recommended that Council direct that the City Manager complete negotiation with Access Air and other participating municipalities to assure that the terms, including collateral, form of the loan, interest, and repayment be the same for all participants, and return with same for final approval.**

**BACKGROUND -**

At the August 16, 1999, meeting the City Council referred the

matter of funding and configuration of the package for Access Air to the City Manager for recommendation by August 23, 1999. Funds are available in the Economic Development Loan pool and from the Airport.

Polk County, City of Des Moines and our suburban communities have all been asked to make a contribution. The preliminary response has been favorable from most of these parties. However, no structure has been agreed upon. Final approval depends upon having a common agreement on the terms of the loan.