



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-177

SYNOPSIS -

AGENDA:

APRIL 24, 2000

SUBJECT:

SUPPORT OF
MIDWEST EXPRESS
AIRLINES'
APPLICATION FOR
SLOTS AT
WASHINGTON'S
RONALD REAGAN
NATIONAL
AIRPORT

The United States Senate and House of Representatives passed a four-year Federal Aviation Administration (FAA) reauthorization bill known as the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21)". The President signed the bill into law on April 5, 2000. The new law does numerous things including the lifting of aircraft landing and takeoff slot restrictions at Chicago's O'Hare International Airport beginning in 2002 and at New York's John F. Kennedy International and LaGuardia Airports beginning in 2007. It also allows for relaxation of the slot rule immediately at these airports for regional jet aircraft operations. Although the law does not lift the slot rule at Washington's Ronald Reagan National Airport, it does provide 24 additional landing and takeoff slots (12 inside the 1250 mile perimeter and 12 outside the 1250 mile perimeter) starting in 2001.

TYPE

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

Midwest Express Airlines submitted to the Department of Transportation (DOT) an application for four new slot exemptions - two for takeoff and two for landing, at Washington's Ronald Reagan National Airport (DCA) so that they could provide twice daily, nonstop service between Washington D.C. and Des Moines.

SUBMITTED BY:

**WILLIAM F.
FLANNERY
AVIATION
DIRECTOR**

On April 19, 2000, by Resolution A00-143, the Airport Board endorsed Midwest Express Airlines' application for new slot exemptions at Washington's Ronald Reagan National Airport and authorized the Board chairman to send a letter to the DOT supporting their application

FISCAL IMPACT -

This proposed new airline service will involve two landings per day of DC9 sized aircraft. Not counting the revenues from the increased number of passengers which will be generated by

this new airline service, the two new aircraft landings per day will increase landing fees collected at the Airport by approximately \$8,000 per month.

RECOMMENDATION -

That the City Council support the application by Midwest Express Airlines for four new slot exemptions at Washington's Ronald Reagan National Airport for use in providing twice daily, nonstop service to Des Moines and Washington D.C. and authorize the Mayor, on behalf of the City, to forward a letter to the DOT supporting the application.

BACKGROUND -

In 1968, the FAA established a regulation to address the serious congestion and delay problems at five of the nation's airports. The regulation, known as the High Density Rule (HDR) and implemented in 1969, governed the allocation of capacity at Chicago O'Hare, Washington National, and Kennedy, LaGuardia, and Newark airports in the New York City area. Newark was later exempted from the rule.

The HDR allocates capacity at the four airports by imposing limits on the number of operations (landings or take-offs) during certain periods of the day. The authority to conduct a single operation during those periods is referred to as a slot. Since its inception the HDR has evolved in response to changes in the airline industry as well as changes in each airport's local conditions, air service patterns and physical characteristics. Nevertheless, the need for the rule in today's deregulated aviation environment remains a question.

Slots are authorized by the DOT and are not the property of their holders. However, since air carrier and commuter slots enable their holders to earn economic return, and can (with some exceptions) be bought and sold, leased, traded, or collateralized, they have value to their holders. To minimize the government's role in the allocation of slots, in 1985 the U.S. DOT began allowing airlines to buy and sell them to one another. Under this buy/sell rule, the DOT grandfathered slots to the holders of record as of December 16, 1985 and further

reserved the right to withdraw slots from the incumbents at any time. In addition, to mitigate the anticompetitive effects of grandfathering, the DOT retained about 5 percent of the slots at O'Hare, National, and LaGuardia and in 1986 distributed them in a random lottery to airlines having few or no slots at these airports.

Affordable air service is critically important to the economic development of medium-sized communities like Des Moines. If the requested slot exemptions are granted, this new airline service by Midwest Express Airlines will increase the service and fare options available to the customers and businesses in Des Moines, will reduce by 3 hours the current travel time for the more than 43,000 passengers who annually travel between Des Moines and Washington's Ronald Reagan National Airport, and will stimulate more air travel in the future between Des Moines and Washington D.C.

Letters of support for Midwest Express Airlines' application for four new slot exemptions at Washington's Ronald Reagan National Airport have already been provided by the Governor, Director of the Iowa Department of Transportation, President of Iowa State University, Polk County Board of Supervisors, Airport Board, and Downtown Partnership. Letters of support are anticipated from the Metropolitan Planning Organization, Des Moines Partnership, Iowa Attorney General, Iowa Department of Economic Development, and from a number of major companies in Central Iowa.



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