



**Council
Communication**
Office of the City Manager

Date

April 23, 2007

Agenda Item No. 60
Roll Call No. 07-
Communication No. 07-238
Submitted by: Craig Smith, A.A.E.
Aviation Director

AGENDA HEADING:

Approval of Amendment to current Scheduled Airline Operating Agreements and Terminal Lease Agreement with American Eagle Airlines Inc. extending their Scheduled Airline Operating Agreement and Terminal Building Lease at the Des Moines International Airport until June 30, 2008.

SYNOPSIS:

Recommend approval of Amendment to current Scheduled Airline Operating Agreements and Terminal Lease Agreement with American Eagle Airlines Inc. extending its signatory status until June 30, 2008, at the Des Moines International Airport as recommended by the Airport Board.

FISCAL IMPACT: NONE

The proposed Amendments continue the established rates and charges formula as outlined in the previous Signatory Agreements and as adjusted through the Des Moines International Airport Regulations.

ADDITIONAL INFORMATION:

The current Scheduled Airline Operating Agreement and Terminal Lease Agreement with American Eagle Airlines Inc. (Signatory Agreement) expired June 30, 2006. In early 2006, Airport staff began discussions regarding the Signatory Agreements with the respective airline representatives in order to develop a new Agreement. As the discussion progressed, all parties reached the conclusion that the most proper course of action was to execute a two (2) year extension of the term through an amendment to the current Agreements, from July 1, 2006, to June 30, 2008.

The decision was based on several factors: 1) the current relationship generally meets the needs of both the Signatory Airlines and the Airport, financially and operationally; 2) two major airlines are currently in bankruptcy and terminating the current Signatory Agreement and beginning a new one may

complicate the status of claims included in bankruptcy proceedings; and 3) there have been numerous staff changes both at the Airport and within the administrative offices of many of the airlines.

As proposed, the only clause needed in the amendment is a statement that extends the term of the Agreement to June 30, 2008.

With this amendment, Airport staff had several goals in mind, including but not limited to, maintaining operational and financial control of the Airport System and maintaining overall system revenues. The current Signatory Agreements and related Amendments meet or exceed all of those expectations.

This action will extend the Signatory Agreements beyond a three-year overall term, which requires approval by City Council. By Resolution A06-85, the Airport Board approved the negotiation of a two-year extension to the Agreement and recommended approval of such amendments to City Council. The Airport Board action stated that the amendments would be submitted for City Council approval as they are received. Amendments from United Parcel Service, ABX, Comair, Skyway, Allegiant, United Air Lines Inc., Federal Express Corporation, Northwest Airlines Inc., and Mesa Airlines Inc. have been received and approved by City Council.

Airport staff has now received the amendment from American Eagle Airlines Inc. This is the last of the Amendments to the Signatory Agreements at the Des Moines International Airport.

PREVIOUS COUNCIL ACTION(S):

Date: April 9, 2007

Roll Call Number: 07-642

Action: On Amendment to current Operating Agreement with American Eagle Airlines Inc., extending their scheduled Airline Operating Agreement and Terminal Building lease at the Des Moines International Airport until June 30, 2008, (4-23-07). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 26, 2007

Roll Call Number: 07-390

Action: On Amendment to current Operating Agreement with Federal Express Corporation extending their scheduled cargo airline at the Des Moines International Airport until June 30, 2008. Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 26, 2007

Roll Call Number: 07-391, 07-392, 07-393, 07-394,

Action: On amendments to current operating agreements extending their signatory status until June 30, 2008 at the Des Moines International Airport for the following:

(A) ExpressJet Airlines, Inc. d/b/a Continental Express Moved by Hensley to adopt. Motion Carried 7-0.

(B) Mesa Airlines, Inc. d/b/a US Airways, Inc. Moved by Hensley to adopt. Motion Carried 7-0.

(C) Northwest Airlines, Inc. Moved by Hensley to adopt. Motion Carried 7-0.

(D) United Air Lines Inc. Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 12, 2007

Roll Call Number: 07-236, 07-237, 07-238, and 07-239

Action: On Amendments to the Scheduled Airline Operating Agreements and Terminal Building Leases at the Des Moines International Airport to extend to June 30, 2008, (2-26-07) as follows:

A) ExpressJet Airlines, Inc., d/b/a Continental Express. Moved by Vlassis to adopt. Motion Carried 7-0.

B) Mesa Airlines, Inc. d/b/a U.S. Airways. Moved by Vlassis to adopt. Motion Carried 7-0.

C) Northwest Airlines, Inc. Moved by Vlassis to adopt. Motion Carried 7-0.

D) United Air Lines, Inc. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 12, 2007

Roll Call Number: 07-240

Action: On Amendment to current Operating Agreement with Federal Express Corporation extending their scheduled cargo airline at the Des Moines International Airport until June 30, 2008, (2-26-07). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: August 7, 2006

Roll Call Number: 06-1601, 06-1602, 06-1603, 06-1604, and 06-1605

Action: On amendments to current operating agreements with the following, extending their signatory status at the Des Moines International Airport until June 30, 2008::

(A) Skyway Airlines, Inc. d/b/a Midwest Airlines Moved by Hensley to adopt. Motion Carried 6-1.

(B) Allegiant Air, LLC Moved by Hensley to adopt. Motion Carried 6-1.

(C) United Parcel Service Co. Moved by Hensley to adopt. Motion Carried 6-1.

(D) ABX Air Inc. d/b/a DHL Moved by Hensley to adopt. Motion Carried 6-1.

(E) Comair Inc. d/b/a Delta Airlines Moved by Hensley to adopt. Motion Carried 6-1.

Date: July 24, 2006

Roll Call Number: 06-1455, 06-1456, 06-1457, 06-1458, and 06-1459

Action: On Amendments to current operating agreements extending their signatory status until June 30, 2008 at the Des Moines International Airport for the following, (8-7-06):

(A) Skyway Airlines, Inc. d/b/a Midwest Airlines Moved by Hensley to adopt. Motion Carried 7-0.

(B) Allegiant Air, LLC Moved by Hensley to adopt. Motion Carried 7-0.

(C) United Parcel Service Co. Moved by Hensley to adopt. Motion Carried 7-0.

(D) ABX Air Inc. d/b/a DHL Moved by Hensley to adopt. Motion Carried 7-0.

(E) Comair Inc. d/b/a Delta Airlines Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: May 2, 2006

Resolution Number: Airport Board A06-84

Action: Approval to Negotiate Amendments to the Scheduled Airline (Passenger Signatory) Operating Agreements and Terminal Leases and Scheduled Cargo Airline (Cargo Signatory) Operating Agreements. (Board Communication No. 06-36). Moved by Mr. Erickson to Adopt. Motion Carried: 7-0-0-0. Yeas: Ashman, Brooks, Erickson, Fitzgibbon, Hansell, Kalainov and Ross Nays: 0 Abstained: 0 Absent: 0

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE