



**Council
Communication**
Office of the City Manager

Date	July 14, 2008
Agenda Item No.	35
Roll Call No.	<u>08-</u>
Communication No.	<u>08-417</u>
Submitted by: Craig Smith, Aviation Director	

AGENDA HEADING:

Setting date of hearing for approving amendments to the current operating agreements with ABX Air Inc., Allegiant Air, LLC, American Eagle Airlines, Inc., Comair Inc., Expressjet Airlines, Inc. (operating as "Continental Express"), Midwest Airlines, Inc., Northwest Airlines, Inc., United Parcel Service Co., and United Air Lines, Inc. extending their signatory status regarding operations at the Des Moines International Airport until September 30, 2008.

SYNOPSIS:

Recommend approval to set the date of Public Hearing for approving a three-month extension to long-term airline operating agreements with nine of the airlines currently providing scheduled service at the Des Moines International Airport.

FISCAL IMPACT:

Amount: \$11,394,959 expected revenue

Funding Source: The proposed Amendments continue the established rates and charges formula as outlined in the Signatory Agreements and as adjusted through the Des Moines International Airport Regulations. Aviation Department Operating and Capital Improvement Plan Budgets have been developed and approved based on the established rates and charges. For FY2009, expected revenue from the Signatory Airlines is expected to total \$11,394,959, which amounts to 44.2% of Aviation Department revenue.

ADDITIONAL INFORMATION:

The current "Scheduled Airline Operating Agreement and Terminal Lease" and "Cargo Airline Operating Agreements" (together referred to as the "Signatory Agreements") were scheduled to expire June 30, 2008. For the past 18 months, Aviation Department Staff has worked diligently with the incumbent carriers and has reached agreement on all terms of a new form of Signatory

Agreement. The complete new Signatory Agreement was delivered to representatives of the carriers in late May.

However, because of the lengthy negotiation process, the airlines have requested additional time to internally review, approve, and execute the new Signatory Agreement. To accommodate this request, staff is recommending that the Council allow the airlines up to three additional months to complete their internal review processes. In the meantime, all parties wish to extend the term of the existing Signatory Agreement for three months.

The airlines listed have returned an executed Amendment which extends the term through September 30, 2008. The remaining two carriers currently serving the Airport which have not returned the Amendment prior to July 1, 2008, understand that they will retain non-signatory status and are subject to non-signatory landing fees from that date forward (in accordance with the provisions of the Airport's Rules and Regulations).

Because the term of the current Signatory Agreement is greater than three years, ultimate approval is required by City Council. The Airport Board is being asked with this item to recommend approval of the amendments to City Council. Staff will submit the Amendments to the Council as they are executed by the carriers and returned to the Airport.

PREVIOUS COUNCIL ACTION(S):

Date: April 23, 2007

Roll Call Number: 07-816

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. (Council Communication No. 07-238). Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 12, 2007

Roll Call Numbers: 07-236, 07-237, 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. (D) United Air Lines, Inc. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: August 7, 2006

Roll Call Numbers: 06-1601, 06-1602, 06-1603, 06-1604, 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 Connect. 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. Moved by Hensley to adopt. Motion Carried 6-1. (E) Comair Inc. (Council Communication No. 06-508) Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S):

Date: July 1, 2008

Resolution Numbers: A08-132 through A08-138, A08-140, and A08-142

Action: Recommending Approval to City Council of Amendments to Scheduled Airline Operating Agreements (and Terminal Leases where applicable) with

- a) Allegiant Air LLC;
- b) American Eagle Airlines, Inc.;
- c) Comair, Inc.;
- d) ExpressJet Airlines, Inc.;
- e) Midwest Airlines, Inc.;
- f) Northwest Airlines, Inc.;
- g) United Air Lines, Inc.;
- h) ABX Air, Inc.; and
- i) United Parcel Service Co; and,

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approve Amendments at the Council meeting of July 28, 2008.

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