



Council Communication

Office of the City Manager

Date

July 28, 2008

Agenda Item No. 48

Roll Call No. 08-

Communication No. 08-432

Submitted by: Craig Smith, Aviation Director

AGENDA HEADING:

Public 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 of a three-month extension to long-term airline operating agreements with nine airlines currently providing scheduled service at the Des Moines International Airport.

FISCAL IMPACT: NONE

Amount: \$11,394,959 (expected revenue)

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.

Funding Source: N/A

ADDITIONAL INFORMATION:

The current "Scheduled Airline Operating Agreement and Terminal Lease" and "Cargo Airline Operating Agreements" (together referred to as the "Signatory Agreements") are 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 established Rules and Regulations).

PREVIOUS COUNCIL ACTION(S):

Date: July 14, 2008

Roll Call Number: [08-1199](#) through [08-1207](#)

Action: On amendments to current agreements, extending the scheduled airline operating agreement and terminal building lease at the Des Moines International Airport, through September 30, 2008, for the following, (7-28-08): (Council Communication No. 08-417): (A) Allegiant Air, Inc., (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. Moved by Mr. Mahaffey to adopt. Each motion carried 7-0.

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](#), [07-238](#), and [07-239](#)

Action: Extending Signatory Agreements until June 30, 2008, for ExpressJet Airlines, Inc., Northwest Airlines, Inc., and United Airlines, Inc. Moved by Mr. Vlassis to adopt. Each Motion carried 7-0.

Date: August 7, 2006

Roll Call Numbers: 06-1601 through 06-1605

Action: Extending Signatory Agreements until June 30, 2008, for Skyway Airlines, Inc. (dba Midwest Airlines), Allegiant Air, LLC, United Parcel Service Co., ABX Air, Inc., and Comair, Inc. Moved by Ms. Hensley to adopt. Each 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.

Moved by Mr. Hansell to adopt. All motions carried 6-0-0-1.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.