


<h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p> 	Date	November 10, 2008
	<p>Agenda Item No. 30 Roll Call No. 08- Communication No. 08-678 Submitted by: Craig Smith, Aviation Director</p>	

AGENDA HEADING:

Approving the Grant Agreement between the City of Des Moines and the Iowa Department of Transportation (IDOT) in the Amount of \$20,000 for Service Sustainment Grant Program at the Des Moines International Airport.

SYNOPSIS:

Recommend approval of the Grant Agreement between the City of Des Moines and IDOT in the amount of \$20,000 for the Service Sustainment Grant Program at the Des Moines International Airport. These funds will be used to advertise and promote the use of the low fare watchdog widget and Airport 2 Economy Parking in printed materials, on web sites and on outdoor billboards. This agreement calls for the State to match the Airport’s 20% investment of \$5,000 with an 80% match to a maximum of \$20,000.

FISCAL IMPACT:

Amount: \$25,000 (\$5,000 from the City of Des Moines and \$20,000 from IDOT)

Funding Source: 2008-2009 Operating Budget, page 62, Fund Code EN0002, Organization AIR010100

ADDITIONAL INFORMATION:

Commercial air service plays a key role in quality of life issues and economic development in the state of Iowa. The Des Moines International Airport (DSM) creates \$522 million in yearly economic impact, while supporting more than 5,000 jobs with an annual payroll exceeding \$210 million. Commercial air service from DSM connects Iowans with the rest of the world and drives the elements of commerce.

The Iowa Department of Transportation's (IDOT) Office of Aviation commissioned the 2008 Iowa Air Service Study. That study found 500,000 Iowa passengers are traveling to out-of-state airports to start their air travel experience. The industry refers to this as "leakage". The number one reason for leakage is airfares and it is estimated that DSM loses more than 100,000 enplanements per year to leakage. The state of Iowa loses considerable revenue through leakage. Reducing leakage will not only return revenue but also assist in future commercial air service enhancements.

DSM uses an *Airfarewatchdog* widget on its web site's front page to alert travelers to low fares out of DSM. The Airport 2 economy parking lot offers the lowest parking rate in the vicinity of the Airport at \$4/day. Staff believes that marketing these two items in tandem will make strides in reducing leakage.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Date: November 4, 2008

Resolution Number: Airport Board A08-227

Action: Recommended approval of Grant Agreement between the City of Des Moines and the Iowa Department of Transportation in the Amount of \$20,000 for Service Sustainment Grant Program at the Des Moines International Airport.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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