

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	March 9, 2009
	Agenda Item No. 26 Roll Call No. <u>09-</u> Communication No. <u>09-154</u> Submitted by: Craig Smith, Aviation Director	

AGENDA HEADING:

Approving the Air Service Development Enhancement Grant Program Agreement between the City of Des Moines and the Iowa Department of Transportation (IDOT), Office of Aviation, in the Amount of \$25,000 for the Des Moines International Airport.

SYNOPSIS:

In an effort to attract non-stop service to new destinations, IDOT has developed an Air Service Development Enhancement Program grant to increase capacity and alleviate leakage from Iowa Airports. With Council approval, Des Moines has been awarded \$25,000 to use as an incentive for airlines to bring new non-stop services to Des Moines. These funds will be used to supplement our current Incentive Agreement for new destination services.

FISCAL IMPACT:

Amount: Indeterminate

Funding Source: The Airport will act as a conduit through which the money will flow from IDOT to the airline.

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 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 state of Iowa loses considerable revenue through leakage. Reducing leakage will not only return revenue but also assist in future commercial air service enhancements.

Non-stop service to new destinations will help alleviate leakage. DSM awards incentive assistance based on new destinations. The more attractive the incentive, the higher the likelihood an airline will provide the service. Additionally, a new destination results in increased capacity. Increased capacity results in higher enplanements and more revenue.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Date: March 3, 2009

Resolution Number: A09-043

Action: The Airport Board recommend approval of the Grant Agreement between the City of Des Moines and the IDOT in the Amount of \$25,000 for Air Service Development Enhancement Grant Program at the Des Moines International Airport.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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