

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	October 12, 2009
	Agenda Item No. 28 Roll Call No. <u>09-</u> Communication No. <u>09-730</u> Submitted by: Craig Smith, Aviation Director	

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 the 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 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 Des Moines International Airport (and its low fare tracker and Airport 2 Economy Parking Facility) at Casey’s General Stores throughout central and southern Iowa and northern Missouri. The “hassle-free” factor will also be prominent.

FISCAL IMPACT:

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

Funding Source: 2009-2010 Operating Budget, EN0002, AIR010100, page 24

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.

IDOT’s Office of Aviation commissioned the 2008 Iowa Air Service Study and 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. Staff also believes those living in smaller communities would rather use DSM than the Kansas City Airport because of the ease of movement and lack of large numbers of passengers.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Date: October 6, 2009

Resolution Number: A09-171

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 the Service Sustainment Grant Program at the Des Moines International Airport.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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