



# Council Communication

Office of the City Manager

<b>Date</b>	May 10, 2010
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<b>Agenda Item No.</b>	<b>53</b>
<b>Roll Call No.</b>	10-750
<b>Communication No.</b>	<b>10-243</b>
<b>Submitted by:</b>	<b>Don Smithey, Aviation Director</b>

## **AGENDA HEADING:**

Recommend Approval of Scheduled Airline Operating Agreement and Terminal Lease with Branson Travel LLC, dba Branson AirExpress.

## **SYNOPSIS:**

Recommend Council approval of the announced inception of Branson Air Express service from DSM to its hub at Branson Airport (BKE). The service will consist of five flights per week beginning May 17, 2010, and operate seasonally each year from mid-May through mid-December.

## **FISCAL IMPACT:**

Amount: \$75,000 Marketing Expense less landing fees and leased terminal areas for two years to be received in 3<sup>rd</sup> year of agreement.

Funding Source: Airport Enterprise Funds

## **ADDITIONAL INFORMATION:**

The particular arrangement is unique as Branson AirExpress is not a typical airline; the flights will be operated by ExpressJet. Because this is a new entrant carrier, the agreement requires Branson AirExpress to provide a performance bond covering the estimated amount payable to the Airport for three months of operating expenses (including PFCs).

The term of the proposed Signatory Agreement is from May 17, 2010 to June 30, 2013, to coincide with the remaining term of the other agreements. Because the term is greater than three years, ultimate approval is required by Council.

Each of the current Signatory Agreements expires on June 30, 2013. This agreement will follow the same rates and charges formula (paying aircraft landing fees and apron costs) as those similar agreements previously approved by the council with other airlines operating at the airport. Because Branson AirExpress will participate in airfield and terminal cost-sharing as a signatory carrier, any added operations and passengers from their activity will reduce costs to the other signatory carriers; however the exact amount is to be determined.

The BKE-DSM route qualifies under the Airport's New Air Service Incentive Policy, which will waive Branson AirExpress' landing fees and exclusively-leased terminal areas for up to two years. Branson AirExpress will also receive up to \$75,000 in marketing reimbursement funds. However, as a signatory carrier Branson AirExpress will participate in airfield and terminal cost-sharing. The added operations

and passengers will reduce costs to others; however the exact amount of payment responsibility to be borne by Branson AirExpress is dependent on passenger levels and is yet to be determined.

**PREVIOUS COUNCIL ACTION(S):**

Date: April 26, 2010

Roll Call Number: 10-606

Action: Setting Date of Hearing on Scheduled Airline Operating Agreement and Terminal Building Lease with Fly Branson Travel LLC d/b/a Branson Airexpress, (5-10-10). Moved by Coleman to adopt. Motion Carried 7-0.

Date: January 25, 2010

Roll Call Number: 10-148

Action: City Council approved a Signatory Agreement with Sky West Airlines (dba Air Tran).

Date: January 26, 2009

Roll Call Number: 09-132

Action: City council Approved a Signatory Agreement with American Eagle Airlines

Date: October 27, 2008

Roll Call Number: 08-1889, 08-1891, and 08-1893 through 08-1898

Action: City Council approved Scheduled Airline Operating Agreement and Terminal Leases (“Signatory Agreements”) with eight of the ten carriers providing regular service at the Des Moines International Airport (“DSM”).

**BOARD/COMMISSION ACTION(S):**

Date: May 4, 2010

Resolution Number: A10-080

Action: The Airport Board recommends Council approval of the scheduled Airline Operating Agreement and Terminal Lease with Fly Branson Travel LLC dba Branson AirExpress Moved by Ward. Motion carried: 6-0-0-1

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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