

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> October 11, 2010
	<b>Agenda Item No.</b> 22 <b>Roll Call No.</b> <u>10-1655</u> <b>Communication No.</b> <u>10-608</u> <b>Submitted by:</b> Don Smithey Aviation Director

**AGENDA HEADING:**

Approving the 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.

**SYNOPSIS:**

These funds will be used to advertise and promote the use of the Des Moines International Airport (and its low fares and Airport 2 Economy Parking Facility) on radio and television stations throughout central Iowa. The “hassle-free” factor of quick security throughput will also be prominent.

**FISCAL IMPACT:**

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

Funding Source: 2010-2011 Operating Budget, Fund Code EN0002, Organization 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.

The Iowa Department of Transportation’s (DOT) 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 now has the services of four low fare airlines. 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 (plus, quick security throughput) in tandem will make strides in reducing leakage.

**PREVIOUS COUNCIL ACTION(S): NONE**

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

Date: October 5, 2010

Resolution Number: A10-177

Action: Recommended approval of the Grant Agreement between the City of Des Moines and the Iowa Department of Transportation in the amount of \$20,000.00 for the Service Sustainment Grant Program at the Des Moines International Airport.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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