

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	October 10, 2011
	Agenda Item No.	25
	Roll Call No.	<u>11-1708</u>
	Communication No.	<u>11-633</u>
	Submitted by:	Don Smithey, Aviation Director

AGENDA HEADING:

Approve the Air Service Development Enhancement Grant Program Agreement between the City of Des Moines and the Iowa Department of Transportation (IDOT), Office of Aviation.

SYNOPSIS:

Recommend approval of the Air Service Development Enhancement Grant Program Agreement between the City of Des Moines and IDOT’s Office of Aviation. The Office of Aviation has created an Air Service Development Grant Program (Project # 9I120DSM136). Des Moines can receive \$20,000 in reimbursable funds by matching it with a \$5,000 investment. Education, advertisement and marketing are legitimate uses of the Development Grant monies. The Grant-supported initiative would run approximately November 2011-June 2012.

FISCAL IMPACT:

Amount: \$20,000

Funding Source: The \$5,000 match will be funded from the approved operating budget, EN002, AIR 010100, page 23.

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. 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” and the state of Iowa loses considerable revenue through leakage. Reducing leakage will not only return revenue but will also assist in future commercial air service enhancements. Due to this leakage situation, IDOT has a grant program in place to assist commercial airports with marketing and advertising monies to assist in sustaining enplanement levels.

The ability to expand an airport’s catchment area could very well lead to increased enplanements. During this volatile economic environment, low fares are the best way to attract passengers. DSM has four low fare carriers to market to passengers. In a continuing effort to attract enplanements, the airport would use these funds to market DSM to potential passengers in all of central Iowa. These are customers that historically may use out-of-state airports for low fares. If they were aware of the low fares, low parking rates and no-hassle experiences at DSM, they may be more apt to utilize DSM.

If enplanements do increase, it could lead to a positive economic impact for the City of Des Moines. As people travel here from out-of-town, they would buy fuel, possibly stay in hotels/motels, purchase food and spend money at the airport. Although the economic impact is not possible to estimate, the average expenditure at an airport per enplanement is \$20-\$22.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Board: Airport Board

Date: October 4, 2011

Resolution Number: A11-166

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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