

★ **Roll Call Number**

Agenda Item Number

36

.....
Date May 23, 2011

WHEREAS, Chapter 22 of the Municipal Code of the City of Des Moines gives the Des Moines International Airport Board the power to establish and enforce regulations for the control, operation, supervision, maintenance and security of the Des Moines International Airport and further gives the Board the power to establish rates and charges for the use of the Airport, airport facilities, and airport services; and

WHEREAS, the Airport Board pursuant to section 22-51 of the Municipal Code intends to enact the attached regulation No. 11-62 amending sections 2-1, 2-2, 2-4, 2-5, 2-6, 2-9, 2-16, 2-18, 2-19 and 2-20 of the Airport Board Regulations relating to commercial use fees, a part of rates and charges at the Des Moines International Airport; and

WHEREAS, on April 5, 2011, through Resolution A11-041, the Airport Board approved by first reading the proposed regulation, set a public hearing date of May 3, 2011, and set the regulation's effective date as July 1, 2011; and

WHEREAS, on May 3, 2011, in accordance with the duly published notice, the Board held a public hearing, at which no public comments were offered; and

WHEREAS, after the public hearing, at the same meeting, the Board approved by Resolution A11-070 a second reading of the proposed regulation; and

WHEREAS, the Airport Board is required by section 22-51(a)(3) of the Municipal Code to notify the City Council of the intended effective date of proposed regulations and to provide a copy of proposed regulations to the City Council for its review; and

WHEREAS, the City Council, if upon review of the proposed regulation, determines that it is inconsistent with the provisions of the Municipal Code, or is inconsistent with any applicable state or federal law or regulation, or is otherwise objectionable, the City Council may so declare by resolution, and in that event the proposed regulation will not be published and shall not take effect.

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NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF DES MOINES, IOWA:

That the attached communication from the Chairperson of the Des Moines International Airport Board submitting proposed Airport Board Regulation No. 11-62 and duly notifying the Council of the proposed effective date of July 1, 2011, is hereby received and filed.

Moved by _____ to adopt.

FORM APPROVED:


David A. Ferree
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GREISS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

MOTION CARRIED

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk



May 11, 2011

The Honorable Mayor and Members of City Council
400 Robert D. Ray Dr
Des Moines, IA 50309

RE: Proposed Airport Regulation No. 11-62, Rate Changes

Dear Mayor and Members of the City Council:

The City Council created the Airport Board under Chapter 392 of the Iowa Code for the purpose of governing the operation of the Des Moines International Airport. The Council further delegated the Board the power to establish rates and charges for use of the Airport consistent with its responsibility to maintain a positive cash balance in the Airport Enterprise Fund at all times.

At its meeting of April 5, 2011, the Airport Board approved the first reading of a resolution that would adjust several of the Airport's rates and charges. At its meeting of May 3, 2011, the Board conducted a public hearing on the resolution and, after receiving no comments, approved the second reading. The proposed changes are as follows:

Terminal Rental Charges – Section 2-1; Landing Fee Rates – Section 2-2; and Apron Use Fees – Section 2-5

The airport's terminal rental rates, landing fee rates, and apron use fees are calculated and adjusted annually in accordance with the current airline agreements. By including the rates in these Airport Regulations as well, charges to new, infrequent, and other non-signatory airline users remain consistent with those paid by the incumbent carriers.

Parking Fees – Section 2-6

Aviation Department staff has collaborated with the Airport's parking management company, Ampco Parking Systems, Inc., to review public parking rates at DSM. Among other analysis, a survey was completed to compare parking at DSM to that at comparable airport facilities. Specific results of this survey, along with the review team's recommendations for DSM, are listed below:

Airport	Short-term		Long-Term / Garage		Long-Term / Economy	
	Hourly	Daily	Hourly	Daily	Hourly	Daily
Cedar Rapids	\$ 2.25	\$ 7.00	No covered parking		\$ 1.25	\$ 5.00
Kansas City	\$ 3.00	\$ 20.00	\$ 3.00	\$ 13.00	N/A	\$ 6.00
Milwaukee	\$ 2.00	\$ 22.00	\$ 2.00	\$ 12.00	\$ 2.00	\$ 5.00
Madison	\$ 2.00	\$ 10.00	\$ 2.00	\$10.00/\$8.00	N/A	\$ 6.00
Minneapolis	\$ 5.00	\$ 36.00	\$ 8.00	\$ 20.00	All privately operated	
Omaha	\$ 3.25	\$ 24.00	\$ 4.00	\$ 12.00	\$ 2.00	\$5.25 / 8.00

The proposed rates will result in competitive and fair pricing but also maximize airport operating revenue. In most cases, the recommended rates represent increases from current levels. Historical rate changes at DSM over the past eight years are depicted below.

DSM Daily Max	Short-Term	Long-Term	Economy I	Economy II
July 2003	\$ 15.00	\$ 9.00	\$ 4.00	\$ 3.50
July 2005	\$ 17.00	\$ 9.00	\$ 5.00	\$ 4.00
July 2006	\$ 20.00	\$ 11.00	\$ 5.00	\$ 4.00
August 2008	\$ 22.00	\$ 11.00	\$ 5.00	\$ 4.00
Proposed July 2011	\$ 24.00	\$ 12.00	\$ 6.00	\$ 5.00
Avg Annual Adjustment	6.1%	3.6%	5.2%	4.5%

DSM Hourly Rates	Short-Term	Long-Term	Economy I	Economy II
June 2003	\$ 2.00	\$ 2.00	\$ 0.50	\$ 0.50
June 2005	\$ 2.00	\$ 2.00	\$ 0.50	\$ 0.50
June 2006	\$ 2.00	\$ 2.00	\$ 0.50	\$ 0.50
August 2008	\$ 2.00	\$ 2.00	\$ 1.00	\$ 1.00
Proposed July 2011	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

Note: The DSM short-term rate is actually \$1.00 per half-hour

Other parking rate changes recommended to the Airport Board include an increase in the overflow parking charge, which will allow that rate to keep pace with the other rate changes, and also an increase in the monthly fee for air crew parking credentials at DSM.

Telephone (Communications) Charges – Section 2-9

Changes proposed include the separate delineation of international calling rates for each country. Duplicating the fee tables in the regulations is tedious, and due to the very small number of calls made it is appropriate to remove them from the regulations. Applicable rates will continue to be maintained in our phone billing database.

Other changes include the addition of four new charges, each related to information technology services provided by the Aviation Department:

- The additional co-location suite (\$100/mo) is for airlines or other tenants that desire more than one unit of space for server equipment within the airport-maintained IT storage rooms. We have constructed common rooms with shelved spaces for tenants to house server equipment, and have given each tenant one space – having this fee allows tenants to use additional space if needed.
- The dedicated internet 10Mg fee (\$2,000/mo) allows tenants to purchase large bulk communications lines from the Aviation Department. One tenant is using this service currently.
- The sponsored wireless internet charge (\$100/mo) allows tenants outside the terminal such as FBO's and corporate operators to install a "hotspot" in their facility for use by their customers and employees.
- The private wireless LAN fee (\$100/mo) allows tenants to set up small networks within their leased areas.

T-Hangar Fees – Section 2-18

Over the past several years, hundreds of thousands of dollars have been spent on improvements to the T-Hangars and surrounding apron areas. In an attempt to recover some of these costs, the Aviation Department has conducted an informal survey of surrounding airports and recommends a rate adjustment.

T-hangar Comparisons	Rent
Ankeny Regional (IKV)	\$170 mo
Eastern Iowa (CID)	Ranges from \$68-\$370
Davenport Municipal (DVN)	40 ft manual =\$100, 40-41ft electric door=\$120
Knoxville Municipal (OXV)	\$55-60/mo, 40 ft doors
Kansas City Downtown (MKC)	Standard-\$313.41

Aviation Department Personnel Fees – Section 2-19

Fees for Aviation department personnel, materials, and contracted services have been updated to properly reflect the Aviation Department's current structure. Items that no longer apply have been removed from the fee schedule and other labor rates have been either renamed or added to better align the schedule with the system used to track billable services. Any new labor rates are intended to establish fees in alignment with current applicable rates for the services provided and help ensure recovery of the labor and administrative costs of providing those services.

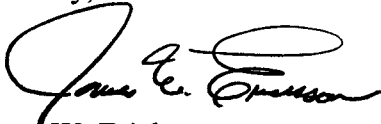
Honorable Mayor and Members of City Council
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Based on the rates proposed and the projected activity levels for the airlines and other users, Aviation Department revenues are expected to meet anticipated expenses during the upcoming fiscal year. All of the proposed rates and charges have been projected to ensure compliance with bond resolution requirements.

The Airport Board, pursuant to the ordinance regarding its establishment, is required to file any revised Rates and Charges Regulations with the City Clerk and to publish both notice of intent to adopt the Regulation, as well as the time and place of a public hearing. The Airport Board is further required to notify the City Council of the proposed effective date of the Regulation and provide a copy thereof to the City Council for their review and hold a public hearing on the proposed Regulation. The Board then must adopt the Regulation by Board Resolution and have the City Clerk publish it prior to its effective date, in this case July 1, 2011. The Airport Board plans to read the regulation for the third and final time at its meeting of June 7, 2011.

The Board herewith submits for City Council information and review, the proposed Regulation pursuant to Section 22.51 of the Municipal Code.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Erickson". The signature is fluid and cursive, with a large initial "J" and "E".

James W. Erickson
Airport Board Chairperson

Enclosure

cc: Richard Clark, City Manager