



HOTEL
MONTE VISIT

Flagstaff Airport





- Airport Marketing/Promoting
- Minimum Revenue Guarantee
- Air Carrier Incentive Policy
- Airline Lease Agreements





Airport Marketing/Promoting

- **‘Always fly Flagstaff first’ Campaign –**
 - Based on getting locals flying again, resulted in a 3% increase in enplanements
- **‘I always fly Flagstaff first’ Campaign –**
 - Based on showing well-known people in our community flying regularly, all business sectors including the virtual worker
 - Resulted in a 9.2% increase in enplanements
- **Airline Conferences–**
 - Attended Mead & Hunt, Jump Start and Sixel to have 1:1 meetings with airlines



Airport Marketing/Promoting

- **Local Presentations –**

- Staff did several local presentations to organizations such as the Economic Collaborative of Northern Arizona (ECONA) Executive and Advisory Boards about flying Flagstaff

- **Convention and Visitors Bureau Campaigns –**

- Airport messaging was a part of all the CVB travel trade, conference, and media relations missions

- **Airport Annual Report –**

- Created a report that included all things important to an airline and shared it



Minimum Revenue Guarantee

Minimum Revenue Guarantee (MRG) Agreement

- September 2011, City received a Small Community Air Service Development Grant in the amount of \$800,000.
- We were successful in receiving five time extensions so we could continue to market for a new service and/or route.
- Starting March 31, 2019 United Airlines will provide daily non-stop service to Denver International Airport.
- United Airlines as a new service and route will receive the MRG for operating the FLG Flights.



Minimum Revenue Guarantee

Minimum Revenue Guarantee Agreement

- The City will pay the difference between United's guaranteed minimum revenues and the amount of actual revenues from the operation of the FLG Flights.
- If United meets its minimum revenue the city will not pay that month and any amounts exceeding the minimum revenue are credited to subsequent months.
- The MRG Agreement is for one year (3/31/19-3/31/2020) in an amount not to exceed \$550,000.



Minimum Revenue Guarantee

Minimum Revenue Guarantee Agreement

- If any part of the \$550,000 is paid by the City, it will be reimbursed under the Small Community Air Service Grant.
- The MRG and the Lease agreement have termination clauses that allow the airline to terminate the agreement.



Air Carrier Incentive Policy

Air Carrier Incentive Policy

- Establish and implement a robust, consistent, responsible, and non-discriminatory policy.
- Policy is created to encourage airlines currently serving the Airport, as well as potential new airlines.
- New carrier and for new routes we can negotiate other incentives.
- Incentive, up to 12-months of landing fee waivers. Current landing fees are \$1.09 per thousand pounds of landing weight of the aircraft landed.



Airline Lease Agreements



Airline Lease Agreements

- United Airlines
- American Airlines



Airline Lease Agreements

Article 2. Term

2.02 Term

- The term of the Lease shall be for 10 years with two 5 year extensions. Either party can terminate Lease upon 90 days' written notice.



Airline Lease Agreements

Article 6. Rents, Fees, Utilities

6.01 Rental Amount

- \$36,000 per year for 1,027 square feet of Ticket Counter space/storage.

Plus an additional rental fee of \$30.74 for 144 square feet of office space (American Airline).

6.01.1 Storage

- \$.34 per square foot for semi-permanent storage unit.



Airline Lease Agreements

Article 6. Rents, Fees, Utilities

6.01.2 Landing Fee

- Airline shall pay City \$1.09 per thousand pounds of declared maximum certified gross landing weight of aircraft landed.
(landing fee waived for 1 year under the Incentive Agreement)

6.05 Rate Adjustment

- 2% increase annually at anniversary date of commencement of Lease.



Airline Lease Agreements

Article 6. Rents, Fees, Utilities

6.06 Utilities

- City to pay water, gas, sewer, electric.



Airline Lease Agreements



Article 7. Payment Provisions

7.02 Taxes

- Airline responsible for all taxes.

7.04 Fuel Charges

- Airline responsible for all fuel costs.



Airline Lease Agreements



Benefits and Considerations

- Additional transportation options (Denver, Dallas, Phoenix)
 - Increase in tourism
 - Additional business growth
- Multiple airlines provide competition
- Capture lost revenue

(Currently 80% of those who live in the Flagstaff and surrounding areas choose to fly out of Phoenix.)

Airline Lease Agreements

Questions ?

