



CITY COUNCIL STAFF REPORT

DATE: November 16, 2011

CONSENT AGENDA

SUBJECT: AIR SERVICE INCENTIVE PROGRAM FUNDING IN THE AMOUNT OF UP TO \$100,000 TO ALASKA AIRLINES FOR SAN JOSE NONSTOP SERVICE

FROM: David H. Ready, City Manager

BY: Department of Aviation

SUMMARY

This action would allocate Air Service Incentive funding to Alaska Airlines for new service between Palm Springs and San Jose.

RECOMMENDATION:

1. Approve Air Service Incentive Agreement for nonstop flights provided by Alaska Airlines from Mineta San Jose International Airport to Palm Springs International (PSP) in an amount of a Not-To-Exceed \$100,000.
2. Adopt Resolution No. _____, a resolution of the City Council of The City of Palm Springs, California, amending the budget for Fiscal Year 2011-12.
3. Authorize City Manager to execute all the necessary documents.

STAFF ANALYSIS

To promote the growth of commercial airline service at Palm Springs International Airport, an Air Service Incentive Program was developed to provide marketing funding to new air carriers and current airlines that elect to operate new or expanded air service. The City Council has approved to date over \$500,000 of an original \$1,000,000 for now eight (8) expanded or new flights into PSP by five different airlines.

The route being addressed in this action is San Jose-Palm Springs and was last flown by Alaska/Horizon in May 2009. The Airport Commission voted in support of the return of this service and recommends the appropriation of the marketing funds. Service to/from San Jose will be daily from February 17 through June 2, 2012 and this combination of frequency and duration determined the qualified level of support from the

City's program. Funds allocated from this award will go directly into marketing by the airline and ensure that Alaska's re-entry into this market will have advertising support. The San Francisco Bay region is consistently a top market for air travel to/from Palm Springs.

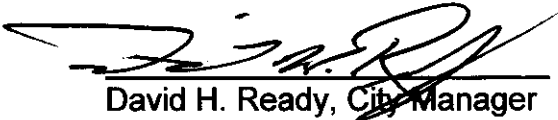
FISCAL:

The expenditure for this promotional support is a maximum, not to exceed, \$100,000. Funding for this expenditure requires a Budget Resolution from the Airport Fund Balance Account 415-29301 and transferring into the Airline Incentive Program Account 415-6002-45521.

Marketing and promotional funds offered through an air service incentive program are an investment in the future growth of air service to PSP and any increased passenger traffic will generate a direct and indirect economic benefit. The added passenger traffic from this new service will create additional revenues through the Passenger Facility Charges (PFC's), food and gift concessions, car rental concessions, vehicle parking fees, aircraft landing fees, fuel flowage fees and other sources.



Thomas Nolan,
Executive Director, Airport



David H. Ready, City Manager

Attachment: Budget Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PALM SPRINGS, CALIFORNIA, AMENDING THE BUDGET
FOR THE 2011-12 FISCAL YEAR.

WHEREAS, Resolution No. _____ approving the budget for the Fiscal Year 2011-12 was adopted on June 1, 2011; and

WHEREAS, the City Manager has recommended, and the City Council desires to approve, certain amendments to said budget.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE, that the Director of Finance is authorized to record inter-fund cash transfers as required in accordance with this Resolution, and that Resolution No. _____, adopting the Fiscal Year 2011-12 budget is hereby amended as follows:

SECTION 1. ADDITIONS

Fund	Activity	Account	Amount
415	Airline Incentive Program	415-6002-45521	\$100,000

Purpose: Establish funding for Airline Incentive Program

SECTION 2. SOURCE

Fund	Activity	Account	Amount
415	Fund Balance	415-29301	\$100,000

ADOPTED THIS ____ DAY OF _____, 2011.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California