

# OTTUMWA

CITY OF BRIDGES

DEPT. OF TRANSPORTATION  
DOCKETS

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April 16, 2002

Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, D. C. 20590

Re: Ottumwa Iowa "Proposal Under the Small Community **Air** Service Development Pilot Program"/Docket OST-2002-11590- *37*

Dear **Sirs**:

Enclosed are the original and five (5) copies of Ottumwa, Iowa's "Proposal Under the **Small** Community **Air** Service Development Pilot Program." The City of Ottumwa is the legal sponsor of this proposal.

In this proposal, the City is requesting a subsidy of \$750,000 per year for two years to enable Corporate Airlines to provide commercial air service at the Ottumwa Industrial **Airport**.

Thank you for your consideration of the City's proposal.

Sincerely,



Van Gates

Mayor

*cc:* Barbara S. Reaves, Director of Community & Economic Development  
**Gary** Chiles, Airport Manager  
Steve Rasmussen, City Administrator

City of Ottumwa  
105 East Third Street, Ottumwa, Iowa 52501  
Telephone 641-683-0600 Fax 641-683-0613

# Airport Operating Budget FY 1999-2000

## AIRPORT/INDUSTRIAL PARK STATEMENT OF REVENUE AND EXPENDITURES For the Twelve Months Ended June 30, 2000 \*

	1999/2000			1998/1999		
	YEAR TO DATE		FISCAL YEAR	YEAR TO DATE		
	JUNE	ACTUAL	BUDGETED	JUNE	ACTUAL	
<b>REVENUE:</b>						
Airport Service Fees	3	936	8,559	6,400	675	8,107
Rent		7,919	33,448	37,331	7,918	31,754
Airport Crop Rent		23,727	200,274	228,941	14,273	215,578
775-Infrastructure Vertical Grant		2,693	26,024	48,000		
774-DOT Runway State Grant			22,102			
712-Marketing State Grant		1,112	3,376	3,000		
772-Federal Misc. Grant			2,000			
Sale of Property			20,000			
Miscellaneous		314	8,710			
<b>Total Revenue</b>	<b>\$ 36,701</b>	<b>\$ 388,498</b>	<b>\$ 395,172</b>	<b>\$ 23,626</b>	<b>\$ 334,949</b>	
<b>EXPENDITURES:</b>						
<b>Airport:</b>						
Personal Services	\$ 4,797	\$ 59,630	\$ 26,561	\$ 7,696	\$ 56,155	
Contractual Services	3,055	35,342	35,043	3,793	34,456	
Supplies	252	24,396	8,000	198	24,725	
775-Infrastructure Vertical Grant	39	25,624	48,000			
774-DOT Runway Grant		30,946		22,220	25,314	
772-Marketing State Grant	7,443	9,285	6,000		4,463	
Capital Outlays		43				
Cebs Service		15,272	75,207		15,208	
<b>Sub-total</b>	<b>\$ 16,086</b>	<b>\$ 200,878</b>	<b>\$ 138,811</b>	<b>\$ 33,007</b>	<b>\$ 160,321</b>	
<b>Industrial Park:</b>						
Personal Services	\$ 6,978	\$ 75,062	\$ 107,920	\$ 6,876	\$ 73,411	
Contractual Services	3,932	42,561	44,745	4,031	46,565	
Supplies	1,330	14,689	15,850	1,513	16,895	
Capital Outlays			3,000		201	
Cebs Service		3,191	88,792		88,917	
<b>Sub-total</b>	<b>\$ 15,131</b>	<b>\$ 221,104</b>	<b>\$ 258,830</b>	<b>\$ 15,611</b>	<b>\$ 225,389</b>	
<b>Total Expenditures</b>	<b>\$ 31,217</b>	<b>\$ 421,982</b>	<b>\$ 397,641</b>	<b>\$ 49,518</b>	<b>\$ 386,310</b>	
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 5,484</b>	<b>\$ (33,484)</b>	<b>\$ (2,469)</b>	<b>\$ (24,396)</b>	<b>\$ (51,561)</b>	

\* Current year does not include all payable and audit adjustments

**Airport Operating Budget  
FY 2000-2001**

Statement A-3

CITY OF OTTUMWA, IOWA

AIRPORT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> Favorable (Unfavorable)
<u>REVENUES:</u>			
Intergovernmental	\$67,000	\$ 45,268	\$(21,732)
Money and property	422,688	415,396	(7,292)
Miscellaneous	<u>6,400</u>	<u>12,076</u>	<u>5,676</u>
Total revenues	496,088	472,740	(23,348)
<u>EXPENDITURES:</u>			
Home and community environment	<u>355,870</u>	<u>334,149</u>	<u>21,721</u>
Excess of revenues over expenditures	140,218	138,591	(1,627)
Other financing uses:			
Operating transfers out	(100,000)	(100,000)	--
Excess of revenues over expenditures	<u>\$ 40,218</u>	38,591	<u>\$ (1,627)</u>
Fund balance at beginning of year		<u>459</u>	
Fund balance at end of year		<u>\$ 39,050</u>	

**Current Airport Operating Budget  
FY 2001-2002**

**AIRPORT/INDUSTRIAL PARK  
STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE NINE MONTHS ENDED MARCH 31, 2002**

	<u>2001/2002</u>			<u>2000/2001</u>	
		<u>YEAR TO DATE</u>	<u>FISCAL YEAR</u>	<u>YEAR TO DATE</u>	
	<u>MARCH</u>	<u>ACTUAL</u>	<u>BUDGETED</u>	<u>MARCH</u>	<u>ACTUAL</u>
<b>REVENUE:</b>					
Airport Service Fees	\$ 210	\$ 3,677	\$ 7,200	537	\$ 5,756
Rent	1,181	28,363	37,379	1,155	24,825
Airport Crop Rent	18,427	173,442	230,000	19,697	200,367
775-Infrastructure Vertical Grant		96,400	75,000		1,564
Marketing State Grant			9,000	310	4,950
Federal Misc. Grant					8,015
776 Arprt Fac / Equip. Grant					7,788
Miscellaneous	227	2,174		327	80,000
Sale of Property					
Transfer In For Benefits	2,402	21,625			
<b>Total Revenue</b>	<b>\$ 22,447</b>	<b>\$ 380,546</b>	<b>\$ 416,832</b>	<b>\$ 22,026</b>	<b>\$ 389,265</b>
<b>EXPENDITURES:</b>					
Personal Services					92,108
Contractual Services	\$ 10,323	\$ 98,764	\$ 145,451	\$ 11,330	
Supplies	4,899	44,482	78,939	6,451	60,960
Marketing State Grant	4,979	28,370	21,350	2,522	23,972
775-Infrastructure Vertical Grant	1,365	98,536	75,000		6,635
776 Arprt Fac / Equip. Grant	(64)	2,478	12,000		13,665
Transfer To Debt Service			66,600		100,000
Debt Service					
<b>Total Expenditures</b>	<b>\$ 23,693</b>	<b>\$ 389,548</b>	<b>\$ 439,292</b>	<b>\$ 23,494</b>	<b>\$ 329,334</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ (2,246)</b>	<b>\$ - 79,000</b>	<b>\$ (20,200)</b>	<b>\$ (1,468)</b>	<b>\$ 40,081</b>

## CITY OF OTTUMWA, IOWA'S "PROPOSAL UNDER THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM," DOCKET OST-2002-11590-1

### Funding Requested and Justification for Request:

The City of Ottumwa, Iowa is submitting this proposal for an \$750,000 annual subsidy for two (2) years, for Corporate Airlines to provide commercial air service at the Ottumwa Industrial Airport. The City is the legal sponsor of this proposal. Project contact: Barbara S. Reaves, Director of Community & Economic Development.

The \$750,000 per year subsidy, for two (2) years, is based upon the second Essential Air Service (EAS) Proposal submitted by Corporate Airlines during the Spring/Summer of 2001 and upon information Corporate Airlines submitted to the City in response to a series of questions asked in January, 2002. (SEE "APPENDIX A," for documentation.)

### Threshold Items to be addressed:

- *Description of community's existing air service, including service frequency, direct and connecting destinations offered, available fares, and equipment types:* The City of Ottumwa lost its commercial air service September 2001 (termination was authorized pursuant to Docket OST-00-8323) and has not as yet regained any service.
- *Synopsis of the community's historical service:* Prior to 1969, enplanements at the Ottumwa Industrial Airport maintained a steady growth; in 1967, a peak number—10,314 enplanements—was reached. During the late 1960's, enplanements activity took on a more inconsistent pattern, dropping to 5,300 enplanements by 1973. During this period, jet service was becoming well-established in larger markets such as Des Moines, and Cedar Rapids, Iowa, while smaller markets, such as Ottumwa, were still being served by slower, turboprop aircraft. Passengers then began driving to Des Moines or to Cedar Rapids for jet air service. In 1973, an employee strike at Ozark Airlines, left Ottumwa literally with no air service for part of the year; passengers were left with no alternative but to drive to another airport served by another carrier. After the strike, enplanements in Ottumwa began a recovery, which saw enplanements grow to over 9,200 by 1978. Throughout this time, Ozark provided a steady four (4) flights per day with its turboprop Fairchild 227 Aircraft. As Ozark began phasing out its turboprop fleet with an all jet fleet, the Airline Deregulation Act became effective (1978); this gave air carriers the opportunity to leave markets at their own discretion, and in 1979, Ozark announced it was leaving Ottumwa and that Mississippi Valley Airlines, a commuter airline would take Ozark's place. Frequency of flights remained the same, and service was provided by 15-seat Beech 99 commuter aircraft. Also, with the Civil Aeronautics Board no longer regulating airfares, fares in smaller markets like Ottumwa, experienced substantial increases. Thus, airports such as Ottumwa lost passengers due to the smaller aircraft and higher fares; compounding this, was the economic recession that set in during the early 1980's. Mississippi Valley Airlines was becoming one of the more successful commuter airlines and began to go to a larger-sized aircraft fleet comprised of 30-to 50-

passenger aircraft. Unfortunately, Ottumwa's enplanements had not grown with the airline, and the Essential Air Service (EAS) program which included Ottumwa since deregulation, did not provide sufficient subsidy to keep Mississippi Valley Airlines, with its new, larger aircraft, in Ottumwa. In 1982, Mississippi Valley Airlines left Ottumwa, and American Central Airlines took over the EAS routes in Ottumwa. American Central provided two (2) flights a day, utilizing 19-seat aircraft and two (2) flights a day with an eight (8)-seat pressurized aircraft. Service by American Central was characterized by numerous cancelled flights and two separate groundings by the FAA for maintenance and safety violations. Enplanements continued to decrease, and bankruptcy forced American Central to discontinue all its service in mid-1985. Ottumwa was without air service until late October, 1985, when Great Lakes Aviation, Ltd. picked up the Ottumwa EAS routes, providing four (4) flights daily using 14-passenger Beech 99's and eight (8) passenger Piper Navajos. At this time, Great Lakes Aviation, Ltd., was an Iowa-based airline and conducted activities to attract passengers back to the Ottumwa Industrial Airport. ("APPENDIX B"). FAA Historical Passenger Enplanements in Iowa (1976-2000 "APPENDIX C"), it is shown that enplanements with Great Lakes Aviation Ltd. ranged from a low of 257 when it began service to a high of 2,978. For 2000, enplanements numbered 834; for the four months in 2001, enplanements numbered 208. This number could reflect the November, 2000 notice to terminate service that Great Lakes Aviation, Ltd. filed. Included in the Great Lakes' monthly reports, are the number of cancellations made; from 1999-2000, the number of cancellations ranged from 2-13 per month.

- *Analysis of the community's air service needs or deficiencies, including a comparison of fares currently offered at the community to those offered at similar communities in similarly-served markets:* The deficiency is that the community has been without commercial air service since September 2001, and needs to regain that service to accommodate the needs of the business and leisure traveler. At this time, a comparison of airfares is not applicable to this proposal.
- *A strategic plan for meeting those needs through the pilot program, including the community's specific project goal and a timetable for attaining that goal:* The City of Ottumwa's strategic plan is to obtain a \$750,000 annual subsidy for two (2) years, for Corporate Airlines to provide commercial air service at the Ottumwa Industrial Airport by October 1, 2002. A component of the plan is to provide available marketing funds to promote Corporate Airlines' service. The City will continue working with Corporate Airlines, with the Ottumwa Area Chamber of Commerce, with the Ottumwa Area Development Corporation and with local business/industry representatives in keeping a viable commercial air carrier at the airport.
- *A description of the public-private partnership that will be responsible for the program developed at the local level.* The City has an Essential Air Service Task Force comprised of representatives from the Chamber of Commerce, from the Ottumwa Area Development Corporation, from local business/industry, the City's airport operator and FBO, a council member, and City staff. During the past 18 months, this task force has been the lead group in implementing efforts to regain commercial air service and will

remain active. The City of Ottumwa is the community's sponsor to accept program reimbursements.

- *An analysis of the funding necessary for implementation of the community's project, including the federal and non-federal contributions.* Based upon the Essential Air Service (EAS) Proposal Corporate Airlines submitted in the Spring of 2001 and based upon 2002 data provided by Corporate Airlines, an annual federal subsidy of \$750,000 for two years has been identified. (SEE "APPENDIX A").

Non-federal contributions include a \$75,000 City cash match (SEE "APPENDIX D," Resolution #40-2002 ) and the following in-kind contributions: \$.35 per gallon discount on fuel for the first year (value of \$29,400 based upon 7,000 gallons/month) and a \$.10-.15 per gallon discount for subsequent years (value of between \$8400—1 2,600 /yr. based upon 7,000 gallons/month); complimentary rent in terminal for first year (value of \$12,255 based upon rental rate of \$7/square foot for 1,765 square feet); and marketing funds provided by both the City and the State Office of Aviation (estimate of \$8,000 to carry over to City's 2002-2003 fiscal year) ("APPENDIX D").

- *An explanation of how the community will provide assurances that its own funding contribution is spent in the manner proposed.* (SEE "APPENDIX D," City Resolution #40-2002 committing \$75,000 cash match and pledging in-kind contributions).
- *Description of how the community will monitor the success of the program and how it intends to notify the Department of critical milestones during the life of the program, including the need to modify, or discontinue funding.* The City's Essential Air Service (EAS) Task Force will work closely with Corporate Airlines in marketing commercial air service and in resolving any particular issues which may arise. The City will offer to provide quarterly reports to the Department to keep it advised.
- *Proposal designed to stimulate demand.* The City's proposal is designed to renew demand and to stimulate new demand for commercial air service at the Ottumwa Industrial Airport. The City's proposal is also designed to make commercial air service more attractive such that local passengers no longer have the incentives to drive to a more distant airport. Target audiences of advertising and promotional efforts will be the business/industry traveler, area travel agencies, and the leisure traveler.

### AIR SERVICE DEVELOPMENT PLAN

- *Primary objective of the City's proposal/plan:* To regain commercial air service at the Ottumwa Industrial Airport, Ottumwa, Iowa.
- *What the City hopes to accomplish:* With this proposal, the City's objective is to have Corporate Airlines begin commercial air service by October 1, 2002.

- *What cannot be accomplished without this grant:* Without the \$750,000 annual grant funding for two years, the goal of regaining commercial air service cannot be achieved.
- *If a study is to be conducted as part of the action plan, describe the type of study:* If funding is awarded, the City will work with the Ottumwa Chamber of Commerce and with Corporate Airlines in conducting passenger surveys as one way to monitor number of enplanements.
- *Will the City hire any full-time equivalent positions to execute the action plan, now or in the future?* No. Currently, the City has an airport manager, airport maintenance supervisor, and maintenance worker on staff. The City also has under contract, an airport operator. It is anticipated that this level of staffing will remain constant for the duration of the grant.
- *Will the City use local universities in any travel-related surveys?* As previously stated, the City will work with the Ottumwa Chamber of Commerce and with Corporate Airlines in conducting passenger surveys. Indian Hills Community College is a member of the local chamber and thus, would be included in any survey conducted. For any other surveys which may be conducted, the College would certainly be contacted as a resource.
- *Do you expect to hire any type of consulting firm or public-relations firm to assist you?* No.
- *If the City has an existing Action Plan that funding from this program will assist, show existing funding sources & amounts, and describe the existing program with sufficient detail to explain or define the past, current situation & any 5-year, 10-year, and 20-year plans.* Non-applicable.
- e *If this is a new program, what are the immediate, mid-term, and long-term goals?*
  - Immediate goal—regain commercial air service at the Ottumwa Industrial Airport by October 1, 2002.
  - Mid-term goal— work closely with Corporate Airlines, the Chamber, local/business representatives, and with the citizens of Ottumwa in promoting air service from Ottumwa and achieve a higher number of enplanements than those of previous air carrier.
  - Long-term goal— commercial air service becomes self-sufficient and federal subsidy no longer needed.
- e *Does the airport have an existing master plan or airport layout plan that details any airside or groundside capacity-related projects that must be completed or will be required if the airport is successful in reaching its goal?* The City's goal to regain commercial air service at the Ottumwa Industrial Airport by October 1, 2002 does not involve any capacity issues.
- e *Are Federal AIP funds currently obligated, through a letter of intent or otherwise, for any Federal-eligible project identified above?* Non-applicable.
- e *What is the construction time-line of all Federal-eligible project identified above?* Non-applicable.

- *How should the effectiveness of the City's Action Plan be measured?*
  - Performance measure—Monitor number of enplanements each quarter for duration of the grant.
  - Performance measure—At the end of the grant period, commercial air service is self-sufficient and capable of operating without federal funds.
- *Budget for near-term (immediate to 5-year) air service improvement strategies—immediate action plan:*
  - Anticipated local share—City local cash match of \$75,000 (“APPENDIX D”). Resolution #40-2002 committing match and pledging in-kind contributions).
  - Value & description of in-kind services--\$.35 per gallon discount on fuel for the first year, valued at \$29,400 based upon usage of 7,000 gallons/month; \$.10-.15 per gallon discount for subsequent years, valued at \$8400-\$12,600/year based upon 7,000 gallons/month; complimentary rent in terminal for first year, valued at \$12,255 based upon \$7 per square foot rental rate for 1,765 square feet; marketing funds provided by both the City and State Office of Aviation, estimated carry-over from City's 2001-2002 fiscal year to next fiscal year of \$8,000 (“APPENDIX D”).
  - Anticipated State Contribution : Actual funds from current programs—Of the \$8,000 in marketing funds anticipated to be carried over, 75% is provided through the State Office of Aviation's Commercial Air Service Marketing Program. Anticipated new funds for this program—As of the date of this application, the Iowa State Legislature has not appropriated funding for the marketing program in fiscal year 2002-2003, which begins July 1, 2002.
  - Expected Federal contribution --The City is requesting a \$750,000 annual subsidy for two years.
  - Total of all Funds Available for Action Plan-- \$129,255 in local & State funds; \$1,500,000 in federal funds for grand total of \$1,629,255.
- *Projected budget for mid-term and long-term (5-year and beyond) Air Service Improvement Strategies:*
  - Expected local contribution-- For duration of grant, same as those amounts listed above on this page.
  - Value & description of in-kind services—Between \$8400-\$12,600 in fuel discount and any marketing funds the City may have available.
  - Expected State contribution: actual funds from current programs & anticipated new funds for this program—Non-applicable at the date of this application, for reasons stated above.

## APPENDICES

“**APPENDIX A**” – Corporate Airlines EAS Proposal; Questions\Answers & Funding Analysis

“**APPENDIX B**” – Excerpts from Ottumwa Industrial Airport Master Plan

“**APPENDIX C**” – FAA Historical Passenger Enplanements in Iowa, **1976-2000**

“**APPENDIX D**” – Resolution #40-2002 & staff summary

“**APPENDIX E**” – April **1,2002** letter from Corporate Airlines showing interest in providing commercial air service

“**APPENDIX F**” – Letters in support of City’s grant application

APPENDIX A  
Corporate Airlines EAS Proposal

**Barbara S. Reaves**

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**From:** Barbara S. Reaves[reavesb@ci.ottumwa.ia.us]  
**Sent:** Monday, August 06, 2001 11:44 AM  
**To:** Dennis Massey; Barb Fjelstul; Gary Chiles; Steve Black  
**Subject:** FW: Revised EAS Proposal



OTM Subsidy  
revised.xls

-----Original Message-----

**From:** C Howell [mailto:chowell@corporateairlines.com]  
**Sent:** Friday, August 03, 2001 4:28 PM  
**To:** Barbara S. Reaves  
**Subject:** Re: Revised EAS Proposal

Barbara :

Thanks for you call today and update. As I mentioned, we had been asked to re-bid based on lower passenger traffic, acquiring an additional aircraft for the service to OTM . Unfortunately all of this causes our bid to well exceed the \$200 per pax limit. We have spent a lot of time trying to make something work from our end to stay within the parameters of the EAS/DOT guidelines. Guess we will see what the DOT comes back with now for the both of us.

Please distribute this to the appropriate parties (i.e. Mayor, etc) that should be in the loop. This will save us from mailing these out.

Should you have any questions please feel free to call me and discuss.

Thanks

Chuck

**Table of Contents**  
**Ottumwa, IA**  
**Corporate Airlines, Inc.**

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<b>Subsidy Calculation</b>	<b>Exhibit 1</b>
<b>Schedule</b>	<b>Exhibit 2</b>
<b>Direct Operating Costs per Block Hour</b>	<b>Exhibit 3</b>
<b>Station Costs and Landing Fees</b>	<b>Exhibit 4</b>
<b>Passenger Related Expenses</b>	<b>Exhibit 5</b>
<b>Indirect and General &amp; Administrative Expenses</b>	<b>Exhibit 6</b>

CORPORATE AIRLINES, INC.  
 dba TWExpress  
 Subsidy Calculation for Ottumwa, IA  
 12 Months  
 2 RoundTrips

Completed Departures to/from OTM	1,216		Exhibit 2
Block Hours per Flight	1.067		
Total Block Hours	1,297		
Average Seats per Departure	19		
Mileage	196		
Passengers/Trip	4.25		
Total Passengers	1,700		
RPMs	333,200		
ASMs	4,528,384		
Load Factor	7.36%		
Average Fare	<b>\$60.00</b>		
REVENUES:			
Passenger Revenue	102,000		
Cargo/Other	510	0.50%	Based on Passenger Revenue
Total Revenue	<u>102,510</u>		
DIRECT EXPENSES			
Crew/Training, etc.	238,012	183.51	Per Block Hour - Exhibit 3
Fuel and Into Plane Fees	219,712	169.40	Per Block Hour - Exhibit 3
Maintenance	276,793	213.41	Per Block Hour - Exhibit 3
Aircraft Lease	180,000		Full aircraft - Exhibit 3
Insurance	100,312		Full aircraft - Exhibit 3
Total Direct Expense	<u>1,014,829</u>		
INDIRECT EXPENSES			
Station Costs at OTM	152,294		Exhibit 4
Station Costs at STL	94,593	155.58	Per Departure - Exhibit 4
Landing Fees at OTM	20,307	33.40	Per Departure - Exhibit 4
Landing Fees at STL	1,440	120.00	Per Month - Exhibit 4
Commissions/Credit Cards	5,630	5.52%	Percent of Pax Revenue - Exhibit 5
Reservations/Other Pax Expenses	16,592	9.76	Per Passenger - Exhibit 5
Additional Advertising	15,000		Estimate
General & Admin./Other	153,747	15.15%	% of Direct Expenses - Exhibit 6
Total Indirect Expense	<u>459,603</u>		
Total Operating Expense	1,474,432		
Return	<u>73,722</u>	5%	of Expenses
Total Economic Costs	<u>1,548,154</u>		
COMPENSATION NEEDED	<u>1,445,644</u>		
Subsidy per Arrival/Departure	<u>\$1,188.85</u>	Subsidy per Passenger	<u>\$ 850.38</u>

CORPORATE AIRLINES, INC.  
Tentative Proposed Schedule  
Jetstream 32

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	<b>Flight#</b>	<b>Departs</b>	<b>Arrives</b>	<b>Block</b>	<b>Ground</b>	<b>Equip</b>	<b>Freq</b>
<b>Ottumwa, IA (OTM)</b>							
	STL	OTM	4902	8:30	<b>9:34</b>	1:04	0:26 J-32 x7
	OTM	STL	4903	10:00	11:04	1:04	3:56 J-32 X7
	STL	OTM	<b>4904</b>	15:00	<b>16:04</b>	1:04	<b>0:56</b> J-32 X6
	OTM	STL	4901	17:00	18:04	1:04	14:26 J-32 X6

	<u>OTM</u>	<u>STL</u>
Departures per weekday	2	22
Number of weekdays	<u>5</u>	<u>5</u>
Total weekday operations	10	110
Departures per Saturday	1	12
Departures per Sunday	<u>1</u>	<u>15</u>
Total scheduled Departures per week	12	137
Number of weeks	<u>52</u>	<u>52</u>
Scheduled Departures per year	624	7,124
Completion Factor	<u>97.5%</u>	<u>97.5%</u>
Completed Departures	<u><u>608</u></u>	<u><u>6,946</u></u>

CORPORATE AIRLINES, INC.  
Direct Operating Costs Per Block Hour  
For the Year Ended December 31, 2000  
**Jetstream 32**

	Month Ended												YTD
	1/31/00	2/29/00	3/31/00	4/30/00	5/31/00	6/31/00	7/31/00	8/31/00	9/30/00	10/31/00	11/30/00	12/31/00	
Direct Operating Costs:													
Crew and Training	319,405	351,480	294,825	445,174	443,186	450,662	440,994	421,215	399,619	411,846	443,387	376,360	4,798,153
Fuel and Into Plane Fees	164,238	193,624	212,957	199,894	287,997	307,146	327,851	343,942	340,780	372,575	368,677	364,731	3,484,412
Direct Maintenance	348,093	345,660	369,288	369,233	452,455	513,794	504,106	565,572	497,201	525,791	561,718	527,038	5,579,949
Aircraft Lease	117,004	105,358	105,358	171,224	170,938	167,376	169,347	175,700	175,700	175,700	175,700	167,062	1,876,468
Insurance	86,127	77,442	77,442	96,127	131,127	131,127	131,127	123,448	132,822	132,822	132,822	133,649	1,386,081
Total	<u>1,034,866</u>	<u>1,073,564</u>	<u>1,059,871</u>	<u>1,281,652</u>	<u>1,485,703</u>	<u>1,570,105</u>	<u>1,573,425</u>	<u>1,629,877</u>	<u>1,546,122</u>	<u>1,618,734</u>	<u>1,682,304</u>	<u>1,568,840</u>	<u>17,125,063</u>
Block Hours	1,426.0	1,653.2	1,746.7	1,661.0	2,301.2	2,362.4	2,425.1	2,603.0	2,426.2	2,659.5	2,441.0	2,441.3	26,146.6
DOCs Per Block Hour:													
Crew and Training	223.99	212.61	168.79	268.02	192.59	190.76	181.85	161.82	164.71	154.86	181.64	154.16	183.51
Fuel and Into Plane Fees													see Below
Maintenance	244.10	209.09	211.42	222.30	196.62	217.49	207.87	217.28	204.93	197.70	230.12	215.88	213.41
Aircraft Lease													
Insurance													

Note: Service to this market requires a dedicated aircraft. There are no opportunities for additional flying for this aircraft. The monthly aircraft cost is \$15,000, or \$180,000 per year. Also, aviation insurance (hull and liability) is on a per aircraft basis. The annual insurance cost is \$100,312.

Fuel Burn - J32:

Average Gallons per Block Hour	110
Current Cost per Gallon	<u>1.54</u>
Cost per Block Hour	<u><u>169.40</u></u>

Gallons per Block Hour is based on Corporate Airlines historical average and does not include oil, which is the included in Direct Maintenance. Cost per gallon is the average cost at St. Louis and Ottumwa, and includes into plane fees.

**CORPORATE AIRLINES, INC.**  
**Station Costs and Landing Fees**  
**Annualized**  
**Jetstream 32**

	OTM	STL
<b>Other Than Landing Fees:</b>		
Salaries	93,640.00	85,000.00
Taxes/Fringes @ 18%	16,855.20	15,300.00
Per Turn Cost	0.00	625,140.00
Telephone/Communications	8,400.00	3,000.00
Worldspan Installation	5,000.00	0.00
Utilities	0.00	6,000.00
security	0.00	24,000.00
De-Ice	3,000.00	78,000.00
Outside Services	1,200.00	3,000.00
Rents	6,498.55	54,000.00
Office Supplies	300.00	1,200.00
Other Supplies	4,200.00	3,600.00
Interrupted Trip	12,000.00	2,400.00
Baggage Claims	1,200.00	0.00
Busing	0.00	180,000.00
	<b>152,293.75</b>	<b>1,080,640.00</b>
Total Departures from STL		<b>6,946</b>
Rate per Departure		<b>155.58</b>
<b>Landing Fees:</b>		
Rate per Thousand Lbs.		2.14
J32 Landing Weight		15.609
Rate per Departure		<b>33.40</b>
Fixed Rate per Month	<b>120.00</b>	

CORPORATE AIRLINES, INC.  
 Passenger Related Expenses  
 May 8,2000 Through December 31,2000

	Month Ended								YTD
	5/31/00	6/31/00	7/31/00	8/31/00	9/30/00	10/31/00	11/30/00	12/31/00	
Passenger Revenue (TWA)	501,067	609,529	567,129	696,584	663,253	703,313	590,605	490,980	4,822,460
Passengers (TWA)	5,908	6,971	6,789	8,071	7,784	8,449	7,440	6,465	57,877
Commissions/Credit Cards:									
Travel Agcy Com. (TWA)	16,198	20,140	18,617	23,318	22,583	23,431	18,779	14,564	157,630
% of Passenger Revenue (TWA)	3.23%	3.30%	3.28%	3.35%	3.40%	3.33%	3.18%	2.97%	3.27%
Credit Card Fees									<u>2.25%</u>
Total Com. & Credit Cards									<u><u>5.52%</u></u>
Other Pax Expenses (TWA):									
CRS Fees (TWA)	0	20,000	22,437	27,961	19,534	66,950	38,950	21,973	217,805
Cost per Passenger (TWA)	0.00	2.87	3.30	3.46	2.51	7.92	5.24	3.40	3.76
Res., Rev. Acctg., Forms, etc.									<u>6.00</u>
Total Other Passenger Exp.									<u><u>9.76</u></u>

**CORPORATE AIRLINES, INC.**  
**Indirect and General and Administrative Expenses**  
**For the Year Ended December 31, 2000**

	Month Ended												YTD
	1/31/00	2/29/00	3/31/00	4/30/00	5/31/00	6/31/00	7/31/00	8/31/00	9/30/00	10/31/00	11/30/00	12/31/00	
Flight Dept. <i>OM</i>	21,899	20,637	23,177	24,272	22,335	19,952	23,321	22,407	22,590	22,692	25,342	23,925	272,549
Indirect Maintenance	67,300	61,502	54,656	58,956	69,783	75,189	71,550	77,255	71,997	74,106	74,386	79,029	835,709
Customer Service	8,095	6,523	8,755	11,072	10,807	8,333	8,538	10,585	11,143	10,236	9,845	11,930	115,862
Marketing Admin.	4,246	6,166	3,602	3,902	6,225	4,803	6,928	9,791	5,610	4,867	5,377	4,988	66,505
Corporate Administration	80,953	81,431	81,513	82,918	90,770	85,032	89,101	83,527	88,358	100,670	84,792	86,769	1,035,834
Depreciation & Amort.	19,526	19,612	19,822	19,734	21,855	23,279	23,717	23,854	24,218	24,089	24,257	23,301	267,264
<b>Total</b>	<u>202,019</u>	<u>195,871</u>	<u>191,525</u>	<u>200,854</u>	<u>221,775</u>	<u>216,588</u>	<u>223,155</u>	<u>227,419</u>	<u>223,916</u>	<u>236,660</u>	<u>223,999</u>	<u>229,942</u>	<u>2,593,723</u>
Direct Costs	1,034,866	1,073,564	1,059,871	1,281,652	1,485,703	1,570,105	1,573,425	1,629,877	1,546,122	1,618,734	1,682,304	1,568,840	17,125,063
% of Direct Costs	19.52%	18.24%	18.07%	15.67%	14.93%	13.79%	14.18%	13.95%	14.48%	14.62%	13.32%	14.66%	15.15%

**APPENDIX A**  
**Questions\Answers Funding Analysis**

**Barbara S. Reaves**

---

**From:** C Howell [chowell@corporateairlines.com]  
**Sent:** Monday, January 14, 2002 4:31 PM  
**To:** Barbara S. Reaves  
**Subject:** Friday Meeting

**Barbara:**

Betty nor I will be able to attend the meeting this Friday, January 18th  
 My apologies. Thanks for the invite.  
 We had other obligations. I appreciate the opportunity to visit  
 with you on the ~~phone~~ the other day.

Below are responses to questions sent me for your meeting:

**Does Corporate Airlines have on-line agreements about baggage?**

- Answer: Yes, we currently have an agreement with American Airlines in St. Louis. We were previously flying for TWA as TWE before the transition to American. This goes along with being a fully branded product of American Airlines. This can be accomplished with other airlines if need be.

**Does Corporate Airlines have code-share with other airlines?**

- Answer: Other than with American Airlines none ~~at~~ present.....we had a code with Midway Airlines in Raleigh-Durham N.C. prior to 9/11 for the previous four and one-half years. Lost it with the ~~shut~~ down of Midway Airlines. Currently working on some projects to procure additional ~~codes~~.

**How many flights/day do you propose for Ottumwa?**

- Answer: Based upon EAS proposal a minimum of ~~two~~ flights a day. Best scenario would be three a day (i.e. morning-midday, and evening) Obviously traffic would have to support the flights.

**What would the airfare be?**

- Answer: Depends upon the final destination. Usually the large ~~code-share~~ carrier sets the fares in a market to be competitive with ~~alternatives~~ (i.e. other airports, driving etc.). Our average fare that we receive for our portion of flying in the STL system today averages around \$70. In other words ~~we~~/you could expect an average \$70 add on for flying out of OTM each way. This is a rough estimate. A lot of things make up fare pricing.

**What is your costs of flights?**

- Answer: Our current ~~cost~~ per block hour is \$960 and ~~cost~~ per flight hour is \$1260.

**What is your load capacity?**

- Answer: We fly the British Aerospace Jetstream J-32 turbo-prop aircraft. 19 seats. ~~All~~ leather and painted currently in the American Airlines livery. A picture and seat chart ~~can~~ be found on our web-site.

1/17/02

**How many people will we have to board out of Ottumwa in order to meet your expenses?**

- Answer: This is a tough one.....typically..... looking at our EAS cities as a benchmark we base on a 40% + load factor and still require somewhere between \$750,000 - 1 million dollars in subsidy to make it work. You could use as reference our last proposal to the DOT/EAS. Let me break it down more fundamentally. Based on 108 flights a month (includes both ways or 54 arrivals + 54 departures(2 a day and departure on each weekend day) gives you 108 flights x 19 seats= 2052 seats available. Use 40% load factor which in this case equals 820 passengers. Broken down on a 50/50 split this would be 410 enplanements per month and 420 arriving pax. Hopefully this makes sense?

Please let me know if you need any additional information and I will try to help you.  
Best Wishes.

Kindest Regards

Chuck Howell  
President  
Corporate Airlines

1/17/02



## Corporate Airlines

**Question: How Many people will we have to board out of Ottumwa in order to meet your expenses?**

**Breakdown of Corporate Airlines Answer:**

Based on their EAS cities as a benchmark they based it on 40% plus load factor and still require somewhere between \$750,000-1 Million dollars in subsidy to make it work.

Break down -

108 flights a month

(includes both ways or 54 arrivals + 54 departures [2 planes a day 7days a week])

1 plane has 19 seats for passengers.

108 flights x 19 people = 2052 seats for people per month.

40% load factor of the total monthly seats 2052 = 820 people per month.

(820 passengers per month equals 410 arrivals + 410 departures per month)

Taking 820 passengers dividing by 30 days (average) in a month will = approx. 28 people per day.

(14 passengers arrivals + 14 passengers departures per day)

**So Ottumwa will need 14 people arriving and 14 passengers departing totaling 28 people per day PLUS the subsidy money between \$750,000 - 1 Million dollars to make this work according to Corporate Airlines.**

28 people per day x \$70.00 a seat x 365 days per year = \$715,400 per year Revenue dollars needed from ticket sales.

### **SUMMARY:**

**\$750,000 - 1 Million dollars (Subsidy money)**

**PLUS**

**\$715,400 (of Revenue dollars from ticket sales) = \$1,465,400.00 Total needed per year**

### **CONCLUSION:**

**We have to obtain both the Subsidy Money PLUS the Ticket Sales to make this work.**

**TOTAL NEEDED \$1,465,400.00 per year**



## Corporate Airlines

**Question: How Many people will we have to board out of Ottumwa in order to meet your expenses?**

**Breakdown of Corporate Airlines Answer:**

Based on their EAS cities as a benchmark they based it on 40% plus load factor and still require somewhere between 5750,000-1 Million dollars in subsidy to make it work.

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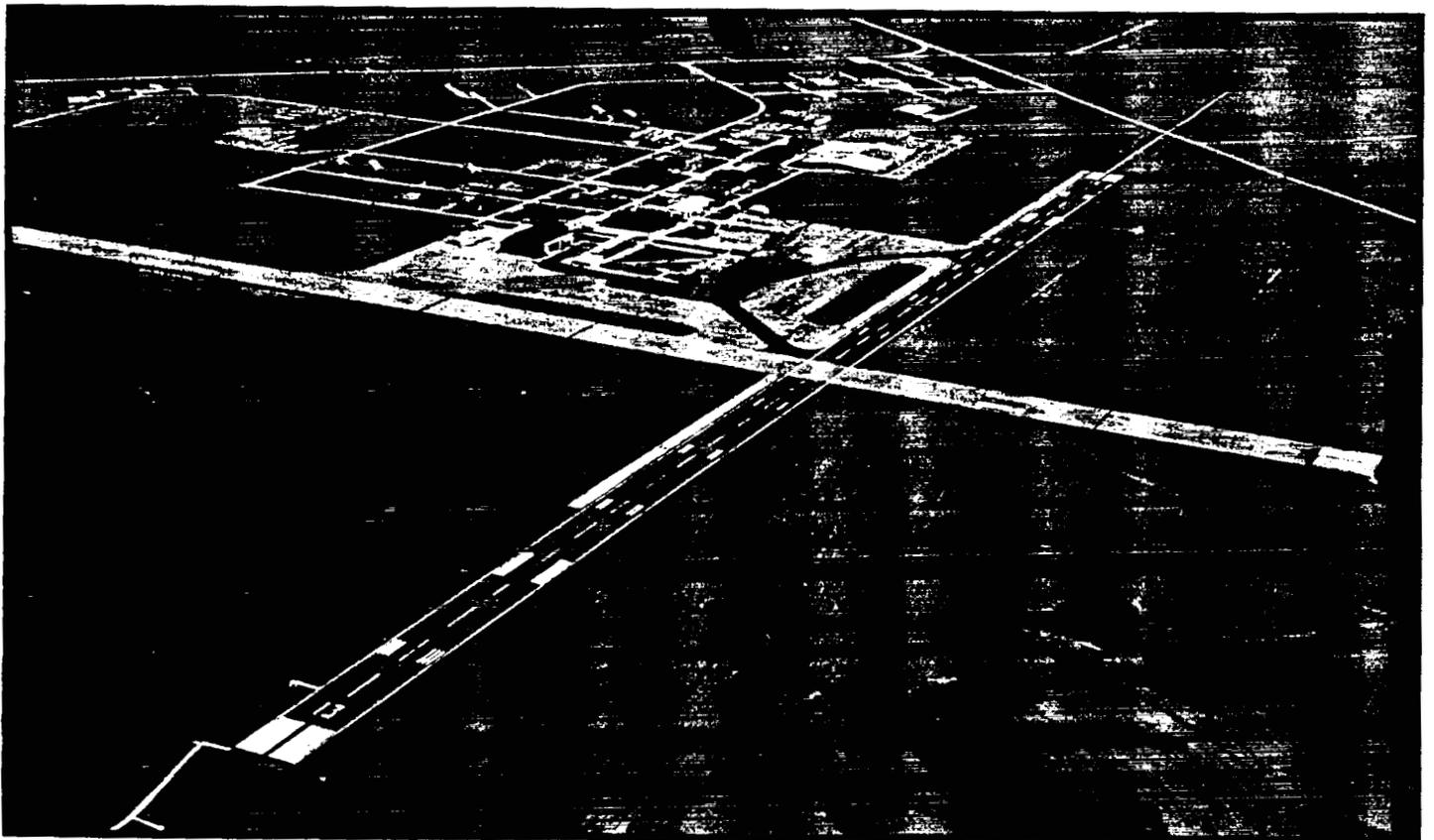
**TOTAL NEEDED \$1,465,400.00 per year**

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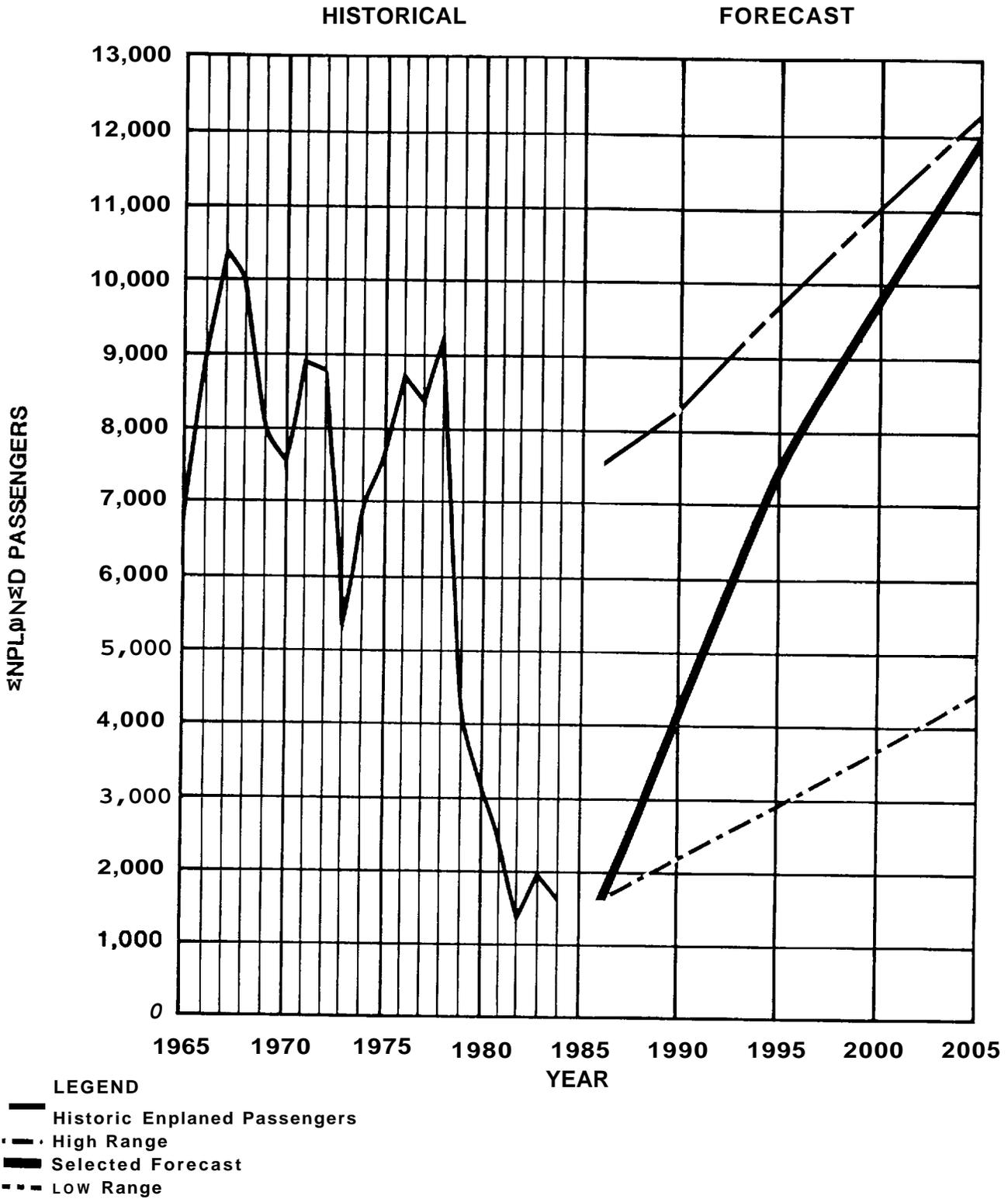


# OTTUMWA

## INDUSTRIAL AIRPORT



MASTER PLAN



**EXHIBIT 3B  
ENPLANED PASSENGER FORECASTS**

**TABLE 3A**  
**Socioeconomic and Enplanement History**  
**Ottumwa Industrial Airport**

<u>Year</u>	<u>Enplanements</u>	<u>Wapello County</u>	
		<u>Population</u>	<u>Per Capita Income (Inflation Adjusted)</u>
1965	6,789	41,200	\$2,912
1966	8,976	41,100	3,064
1967	10,314	42,900	2,961
1968	9,975	43,000	3,064
1969	7,828	42,500	3,141
1970	7,455	42,100	3,011
1971	8,870	42,300	3,133
1972	8,833	41,900	3,387
1973	5,300	42,000	3,369
1974	6,874	40,800	3,275
1975	7,609	39,800	3,329
1976	8,673	40,100	3,388
1977	8,421	40,500	3,558
1978	9,274	40,500	3,625
1979	3,960	40,700	3,694
1980	3,045	40,200	3,605
1981	2,405	40,200	3,474
1982	1,286	39,600	3,423
1983	1,893	39,600	3,378
1984	1,562	N/A	N/A
1985		N/A	N/A

\* Data incomplete due to grounding and later bankruptcy of American Central Airlines.

Sources: Airport Records; U.S. Bureau of Economic Analysis

APPENDIX C

FAA Historical Passenger Enplanements in Iowa

	Des Moines	Cedar Rapids	Sioux City	Waterloo	Burlington	Dubuque	Mason City	Fort Dodge	Clinton*	Ottumwa	Spencer	Totals
1976	561,186	213,623	103,856	108,165	29,183	33,498	17,598	9,081	5,862	8,379	NIS	1,090,431
1977	593,602	238,816	105,020	116,301	32,727	37,158	18,174	9,325	5,947	8,326	NIS	1,165,396
1978	643,728	260,916	112,284	115,660	35,324	40,919	19,329	9,684	6,343	8,744	NIS	1,252,931
1979	624,196	251,672	98,769	85,500	28,510	33,758	13,424	8,121	6,352	4,485	NIS	1,154,787
1980	604,663	242,427	85,255	69,054	26,521	25,088	10,257	4,809	2,273	3,045	NIS	1,073,392
1981	540,473	207,072	62,498	56,348	24,601	22,245	6,004	3,868	1,573	2,405	NIS	927,087
1982	551,282	191,889	51,474	49,109	22,385	19,490	3,264	3,599	1,776	1,383	NIS	895,651
1983	542,535	206,142	64,293	53,733	18,294	18,488	6,089	5,032	2,375	1,838	1,161	919,980
1984	632,466	248,932	63,684	59,420	27,361	23,737	8,090	5,296	2,221	1,886	2,057	1,075,150
1985	726,024	279,387	52,234	59,000	25,424	19,642	6,456	5,143	590	257	3,042	1,177,199
1986	749,581	396,482	96,665	59,492	25,313	26,658	8,071	5,210	668	1,219	2,920	1,372,279
1987	812,443	409,433	101,518	57,418	25,730	23,468	9,599	5,712	568	1,160	3,391	1,450,912
1988	776,484	382,002	110,317	57,501	22,446	28,690	11,791	6,877	353	712	3,807	1,400,980
1989	747,201	369,863	107,217	66,374	22,875	31,355	14,303	6,815	345	1,274	5,554	1,373,176
1990	717,460	408,017	111,737	60,299	23,743	34,539	16,553	6,801	NIS	936	5,599	1,385,684
1991	742,453	387,483	89,230	55,176	24,838	33,060	13,254	7,292	0	1,410	5,634	1,359,830
1992	744,757	396,612	106,044	64,256	28,705	43,572	17,908	10,079	0	1,769	8,023	1,421,725
1993	703,153	385,384	94,362	65,689	28,921	44,979	17,930	10,391	0	1,799	9,058	1,361,666
1994	681,033	393,827	91,359	62,921	27,672	41,789	18,054	10,059	0	2,978	9,622	1,339,314
1995	805,350	401,394	117,355	61,414	23,457	36,652	16,592	9,702	0	2,367	7,745	1,482,028
1996	892,848	408,262	101,618	70,084	21,894	35,001	16,520	6,821	0	1,944	6,973	1,561,965
1997	860,230	444,108	102,847	70,453	19,855	39,624	17,619	7,060	0	900	5,058	1,567,754
1998	832,720	462,478	90,277	60,449	20,211	44,782	15,759	8,562	0	1045	5,361	1,542,644
1999	885,775	457,873	90,500	61,941	18,762	55,984	13,174	11,232	0	772	6,365	1,602,378
2000	876,018	503,664	85,837	54,208	16,564	58,326	12,360	11,644	0	834	4120	1,623,575
2001	817,415	443,636	90,016	51,755	11,052	56,353	14,477	9,722	0	***208	**590	1,495,224

\* Passenger service terminated in 1990

\*\*Great Lakes ceased operating April 2001 in Spencer

\*\*\*Ottumwa Lost passenger service, these figures are for 4 months in 2001

APPENDIX D

RESOLUTION #40-2002

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN THE GRANT APPLICATION FOR THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM, AUTHORIZING A CASH MATCH OF \$75,000, PLEDGING IN-KIND LOCAL INCENTIVES, AND AUTHORIZING THE MAYOR TO SIGN THE GRANT AGREEMENT IF THE PROJECT IS AWARDED FUNDING.

WHEREAS, operating costs for commercial air service are eligible activities under the U.S. Department of Transportation's Small Community Air Service Development Pilot Program; and

WHEREAS, Corporate Airlines is interested in providing commercial air service to and from Ottumwa; and

WHEREAS, the City's Essential Air Service **(EAS) Task Force** and Corporate Airlines have discussed applying for operating subsidies for no longer than two years; and

WHEREAS, the Small Community *Air* Service Development Pilot Program is one federal mechanism providing operating subsidies; and

WHEREAS, the City **has** funding for a local cash match and also **has** local incentives to pledge as in-kind contributions **for** a grant application under this federal program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OTTUMWA, IOWA, THAT:

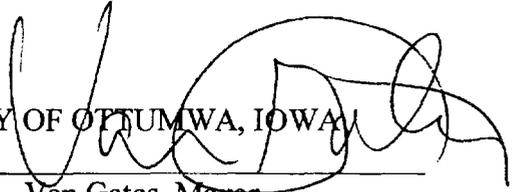
The Mayor is hereby authorized to sign the grant application; a cash match of \$75,000 is hereby committed to the project; and in-kind local incentives are pledged.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to sign the grant agreement if the project is awarded funding.

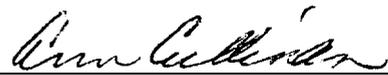
Passed and adopted this 16<sup>th</sup> day of April, 2002.

CITY OF OTTUMWA, IOWA

By

  
Van Gates, Mayor

ATTEST:

  
Ann Cullinan, City Clerk

APPENDIX D

CITY OF OTTUMWA

STAFF SUMMARY

Council Meeting: April 16,2002

Item Number \_\_\_\_\_

Prepared by Barbara S. Reaves



Department Head

Community Services Department

**AGENDA TITLE:** Resolution #40-2002. A resolution authorizing the Mayor to sign the grant application for the Small Community *Air* Service Development Pilot Program, authorizing a cash match of \$75,000, pledging in-kind local incentives, and authorizing the Mayor to sign the grant agreement if the project is awarded funding.

+++++

**STATEMENT OF SUBJECT:** This is the grant project discussed with Council at the April 8, 2002 work session.

**RECOMMENDATION:** Pass and adopt Resolution #40-2002.

**DISCUSSION:** This resolution authorizes the Mayor to sign the application, authorizes a cash match of \$75,000, pledges in-kind local incentives, and also authorizes the Mayor to sign a grant contract if the project is awarded funding. At the work session April 8, Council discussed authorizing a cash match, with the consensus **being** that \$75,000 (of the \$100,000 set aside for the intermodal concept) be committed **as** match. Staff and council also discussed pledging local incentives such as complimentary rent for space in the new terminal, discount on fuel, and marketing funds.

For the first year, Steve Black will provide a \$.35 per gallon discount on **fuel** for Corporate Airlines; he estimated that Corporate would utilize approximately 7,000 gallons per month for a total discount of **\$29,400**. For subsequent years, Steve said he would provide a discount between \$.10-.15 per gallon **as** he provided to Great *Lakes* Aviation, Ltd.

*Gary* Chiles provided an update on rental rates for the new terminal. Ottumwa Flying Service will be paying \$7 per square foot annually for the space it will be leasing. The space designated for the *air* carrier is 1,765 square feet; **at** \$7 per square feet, annual rent would be \$12,355. Staff would like to provide this amount, or a portion thereof, **as** a local incentive for the first year Corporate Airlines is here.

The third local incentive discussed at the work session are the marketing funds available through the State Office of Aviation's Commercial **Air** Service Marketing (grant) Program; for this ~~fiscal~~ year, the City was awarded \$9,000 from the State and provided \$3,000 **as** the local cash match. If the State still has this program next fiscal **year**, staff would like to pledge the marketing funds as in-kind contribution for the Small Community Air Service Development Pilot Program.

RESOLUTION #40-2002

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN THE GRANT APPLICATION FOR THE SMALL COMMUNITY AIR SERVICE DEVELOPMENT PILOT PROGRAM, AUTHORIZING A CASH MATCH OF \$75,000, PLEDGING IN-KIND LOCAL INCENTIVES, AND AUTHORIZING THE MAYOR TO SIGN THE GRANT AGREEMENT IF THE PROJECT IS AWARDED FUNDING.

WHEREAS, operating costs for commercial air service are eligible activities under the U.S. Department of Transportation's **Small** Community Air Service Development Pilot Program; and

WHEREAS, Corporate Airlines is interested in providing commercial air service to and from Ottumwa; and

WHEREAS, the City's Essential Air Service (**EAS**) Task Force and Corporate Airlines have discussed applying for operating subsidies for no longer than two years; and

WHEREAS, the Small Community Air Service Development Pilot Program is one federal mechanism providing operating subsidies; and

WHEREAS, the City ~~has~~ funding for a local cash match and also has local incentives to pledge as in-kind contributions for a grant application under this federal program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OTTUMWA, IOWA, THAT:

The Mayor is hereby authorized to sign the grant application; a cash match of \$75,000 is hereby committed to the project; and in-kind local incentives are pledged.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to sign the grant agreement if the project is awarded funding.

Passed and adopted this **16\*** day of April, **2002**.

CITY OF OTTUMWA, IOWA

By \_\_\_\_\_

**Van Gates, Mayor**

ATTEST:

\_\_\_\_\_  
Ann Cullinan, City Clerk



April 1, 2002

APPENDIX E

Mr, Van Gates, Mayor  
City of Ottumwa  
105 E. Third Street  
Ottumwa, Iowa 52501

Dear Mayor Gates:

Per our recent conversations, Corporate Airlines, Inc., a 121 regional carrier, is very interested in providing safe reliable service to your community.

Corporate Airlines' current fleet consists of 17 Jetstream (J-32) turboprop aircraft. Jetstream 32's are designed to transport 19 passengers in a 2-by-1 configuration, with every passenger getting a window or aisle seat. Each passenger enjoys a comfortable leather coach seat with available tray table on this climate-controlled aircraft. We have been serving small to medium size communities since 1996. We currently serve three cities out of Nashville, Tennessee, and ten cities out of St. Louis, Missouri, as American Connection feeding traffic to American Airlines.

At present we would propose serving your community with the Jetstream 19-seat aircraft flying a minimum of two round-trips a day, Monday thru Friday, one round-trip on Saturday and two round-trips on Sunday. We envision connecting you to a hub airport, either St. Louis, Missouri, with convenient connections to more than 100 destinations on American Airlines' network or Kansas City, Missouri, to Vanguard Airlines' network of cities.

We feel that given the opportunity to serve your community you will see the difference Corporate Airlines, Inc. has to offer. Our reputation of providing day-in and day-out safe, reliable service (98.5%) with a smile has become our trademark.

Should your airport and community be selected to receive funding from the AIR-21 Small Community Air Service Development Pilot Program, we stand ready and available to discuss how we might best serve your air travel needs.

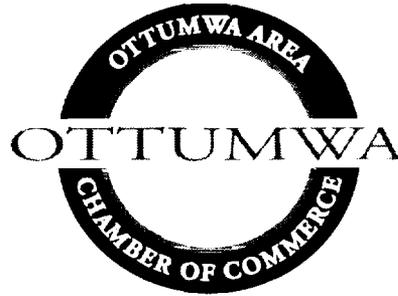
Sincerely,

A handwritten signature in cursive script that reads "Charles R. Howell IV".

Charles R. Howell IV  
President

cc: Steve Rasmussen, City Administrator  
Barbara S. Reaves, Dir of Community & Economic Dev

693 Fitzhugh Boulevard  
Smyrna, Tennessee 37167  
Office 615.223.5644 Fax 615.223.8631  
Reservations 1.800.555.6565



April 16,2002

Honorable Van Gates, Mayor  
City of Ottumwa  
105 E. Third St.  
Ottumwa, IA 52501

Dear Mayor Gates:

The Ottumwa Area Chamber of Commerce (the Chamber) supports the City of Ottumwa's decision to pursue the **AIR-21** Small Community Air Service Development Pilot program to reestablish commercial air service to the City of Ottumwa.

The Chamber represents 400 business members. Its mission is "to develop and promote the greater Ottumwa area as a regional hub of vigorous commerce and quality community life."

Growing, strengthening and expanding our economic base is the most appropriate way the Chamber knows how to develop and promote the greater Ottumwa area. Transportation is one of the key links for commercial trade. Ottumwa's commercial, industrial, retail, medical and education economic base relies on transportation. Ottumwa is situated along a 4-lane highway and is experiencing expansion of the 4-lane further south. Ottumwa has freight and passenger rail service. However, in order for Ottumwa to grow, reliable and affordable commercial air service is also necessary. Businesses need to be able to travel in and out of Ottumwa. The additional commute to Kansas City or Des Moines causes a loss of time and takes money directly out of the community.

The Chamber appreciates the continued opportunity to work with the City of Ottumwa through its Essential Air Service Task Force to regain air service. The Task Force has worked together to seek alternative solutions to regain air service, including the AIR-21 grant. The Chamber has directly contacted our congressional delegation to pursue funding for essential air service. Iowa's Congressional delegation supported HR 2299, the transportation appropriation bill that contains the AIR-21 grant.

The Chamber worked with the City of Ottumwa to seek an air carrier when the established carrier filed a notice to cease service. The Chamber co-sponsored a survey of its business membership to provide an accurate number of potential travelers that would use commercial service flying in and out of Ottumwa. The Chamber is pleased that the results of the survey secured over 4,000 travel commitments.

The Chamber pledges to continue our community partnership with the City of Ottumwa.

Sincerely,

A handwritten signature in black ink that reads "Bob J. Kramer". The signature is written in a cursive style with a large, prominent "B" and "K".

Bob Kramer, President

Cc: Stephen Rasmussen, City Administrator; Barbara Reaves, Community & Economic Development

OTTUMWA  
AREA  
DEVELOPMENT  
CORPORATION

April 16, 2002

Honorable Van Gates, Mayor  
City of Ottumwa  
105 E. Third St.  
Ottumwa, IA 52501

Dear Mayor Gates:

The Ottumwa Area Development Corporation (OADC) supports the City of Ottumwa's decision to pursue the AIR-21 Small Community Air Service Development Pilot program to reestablish commercial air service to the City of Ottumwa.

OADC represents 150 business and industry members. Its purpose is to "establish, maintain and develop industrial and business projects of such character as will enlarge employment opportunities and assist in growth and development of the Greater Ottumwa Area."

In order for OADC to carry out its mission to grow and diversify the economic base of the Greater Ottumwa Area, reliable, affordable commercial air service is essential. Ottumwa is a regional industrial, retail, medical and education hub for southeast Iowa. It is attracting a growing tourism base. Construction projects are booming for local businesses. However, in order for Ottumwa to expand and diversify its economy, we must work together to provide an attractive business climate. Air service is part of the package.

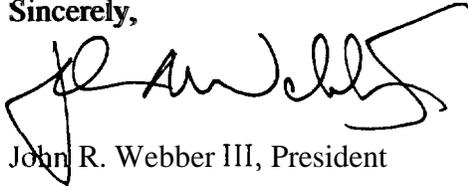
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OTTUMWA

OADC pledges to continue our community partnership with the City of Ottumwa.

**Sincerely,**

A handwritten signature in black ink, appearing to read "John R. Webber III". The signature is stylized and cursive, with a large initial "J" and "W".

John R. Webber III, President

Cc: Steven Rasmussen, City Administrator; Barbara S. Reaves, Community & Economic Development

**APPENDIX F**

April 10, 2002

Mayor Van Gates  
105 E. Third Street  
Ottumwa, IA 52501

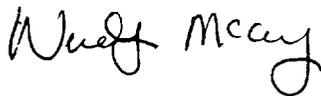
Dear Mayor Gates,

AAA Travel supports the City's application for funding under the Small Community Air Service Development Pilot Program. If awarded the funding, AAA Travel will promote and support commercial air service from Ottumwa.

As a member of the Essential Air Service Task Force, I have been working with the other members to help get commercial air service back in Ottumwa. It is very important to the community to offer this service to both the community and people visiting Ottumwa.

Regaining commercial air service will play an important role in the economic development of our community, and AAA will help support the air service by promoting flying from Ottumwa.

Sincerely,



Wendy McCoy, CTC  
Manager Travel Services