



CITY COUNCIL STAFF REPORT

DATE: October 17, 2012

CONSENT AGENDA

SUBJECT: AIR SERVICE INCENTIVE PROGRAM FUNDING IN THE AMOUNT OF UP TO \$50,000 TO VIRGIN AMERICA FOR NEW YORK – PALM SPRINGS NONSTOP SERVICE

FROM: David H. Ready, City Manager

BY: Airport

SUMMARY

This action would allocate Air Service Marketing Incentive funding to Virgin America for new nonstop round trip weekly service from Palm Springs to New York's John F. Kennedy International Airport (JFK).

RECOMMENDATION:

1. Approve Air Service Incentive funding for new nonstop flights provided by Virgin America from New York's JFK International Airport to Palm Springs International (PSP) in an amount of a Not-To-Exceed \$50,000.
2. Authorize City Manager to execute all the necessary documents.

STAFF ANALYSIS

To promote the growth of commercial airline service at Palm Springs International Airport and service to the entire Valley, an Air Service Incentive Program was developed by staff in accordance with Federal Aviation Administration guidelines and then approved by the Airport Commission and City Council in 2010. The purpose of the program was to provide marketing funds to new and existing PSP airlines that elect to operate new or expanded air service. The City Council has approved to date over \$700,000 of an original \$1,000,000 allocation that has since funded eleven (11) new or expanded routes into PSP by six different airlines. These new and expanded services have contributed greatly to PSP's overall record growth in passengers and tourism to the entire Valley. The airport has experienced already seven (7) consecutive all time record months during its peak season from November 2011 through May 2012, and passenger traffic is up over 17% this year.

Virgin America entered this market last December by launching its new Palm Springs-San Francisco service and scheduled the flight to continue to New York's John F.

Kennedy International Airport (JFK). Not only did the carrier provide additional capacity and a new brand to the key San Francisco market, but the continuation of the flight to and from New York added more seats to a major east coast market that has been a focus of local tourism stakeholders for years.

The recently announced new service by Virgin America for a Saturday new nonstop round trip between PSP and JFK will be the longest haul non-stop in the airport's history. The service will help boost tourism, convention, business, and leisure air travel between the two world class destinations of Palm Springs and New York City.

Virgin America will also continue to offer its daily round trip San Francisco flights which are scheduled to begin on October 18, 2012, nearly two months earlier than the airline's December launch last year.

FISCAL:

The expenditure for this promotional support is a maximum not to exceed amount of \$50,000 and funds for this expenditure are available in the 2012/2013 Budget in the Airline Incentive Program Account No.415-6002-45521.



Thomas Nolan,
Executive Director, Airport



David H. Ready, City Manager