

FOR COUNCIL MEETING OF:  
AGENDA ITEM NO: \_\_\_\_\_

January 14, 2008  
4.3 (e)

TO: MAYOR AND CITY COUNCIL

THROUGH:  LINDA NORRIS, INTERIM CITY MANAGER

FROM: VICKIE HARDIN WOODS, DIRECTOR   
COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: RECRUITMENT EFFORTS FOR ADDITIONAL COMMERCIAL AIR  
SERVICE TO LOS ANGELES

ISSUE: Proposal to Delta Air Lines to provide direct air service to Los  
Angeles (LAX)

**RECOMMENDATION:**

Authorize the City Manager to pursue direct air service to LAX through Delta Air Lines and coordinate the community supported incentive package.

**BACKGROUND:**

The City of Salem, with strong community support, undertook a comprehensive recruitment program to return commercial air service to McNary Field. The program included a Revenue Guarantee funded by a Department of Transportation "Small Community Air Service Development Grant, Airline Travel Bank (ATB), coordinated by the Salem Area Chamber of Commerce, a marketing program and selected short term fee waivers. The effects were successful with Delta Air Lines starting service between Salt Lake City and Salem on June 7, 2007. Through December 21, 2007, 28,524 ticketed passengers have traveled through Salem.

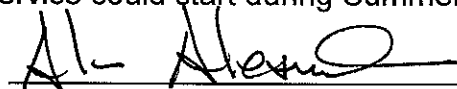
Acceptance of commercial air service has been positive for both business and personal travel. To better serve Salem and Mid-Willamette Valley passengers, additional flight options would be beneficial. Discussions and an onsite meeting in Atlanta between Mayor Taylor, the Director of SEDCOR and Delta officials have been encouraging. Discussions have centered on direct service between Salem and Los Angeles. The daily service would serve the second largest overall Salem area market and the primary single business market.

## **FACTS AND FINDINGS:**

1. Providing round trip air service to the Los Angeles area is a benefit to area businesses, providing opportunities to connect with a major center of West Coast commerce. Businesses looking to operate in Salem use the availability of commercial and freight air service as a factor in determining whether to locate or expand in our community. According to a 2005 survey of 24 businesses expressing an interest in locating in the region, 20% indicated a requirement for access to commercial air service and a majority of those required that access to be 60 minutes or less.
2. An update to the market study prepared by Mead & Hunt Inc. in 2007 indicates that service to the Los Angeles market has a potential passenger level of 28,400 annually.
3. There is broad business community support for the added flight demonstrated by the commitment of area businesses through an Air Travel Bank sponsored by the Salem Area Chamber of Commerce.
4. Salem area travelers also benefit from easier airport access and reduced travel times. At a modest 65% utilization level the Salem-LAX service could reduce vehicle miles on Interstate 5 by 1.5 million miles annually.
5. Airport terminal operations will achieve greater efficiencies by adding a flight without significant increases on existing services. Expected additional revenues are in the range of \$137,000 annually.
6. Potential negative impacts from the addition of the flight are minimal to none. Since the return of commercial air service in June, the airport received 37 noise complaints. Of these complaints 8 have related specifically to aircraft noise, and only 1 has been received regarding commercial air service. The Canadair 200 or the Embraer 145 that would provide this service is considered to be among the quietest and most fuel efficient in the industry. There will probably not be an overall increase in persons flying from northwest Oregon to the LA area, rather passengers now driving from the Salem area to PDX and Eugene will have fewer miles to travel to catch flights.
7. To be competitive in attempting to gain additional service, City and Community leadership are developing several incentives. Salem's proposal for jet service to Los Angeles would include:
  - 1) An Airline Travel Bank with a goal of \$150,000 coordinated by the Salem Area Chamber of Commerce;
  - 2) A revenue assistance program of \$175,000 funded by a Marion County grant of \$100,000, a State of Oregon Strategic Economic Development grant of \$50,000 and \$25,000 support from SEDCOR.

- 3) \$100,000 marketing money to be recommended in the City of Salem 2008/2009 Budget to market the service for the first year (This is within the amount of marketing money already budgeted for Delta service to Salt Lake City).

Should Salem's proposal be accepted service could start during Summer 2008.



Alan Alexander, Airport Administrator