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INSIDE LOOK: DSM airport terminal executive update meeting

Airport's economic development value rises nearly 25 percent, passenger traffic grows again, negotiations with Iowa Air National Guard continue, and airport officials offer more details on the potential new terminal

BY PERRY BEEMAN, Senior Staff Writer

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I dropped by a Thursday airport briefing for local executives regarding the proposed new terminal building at Des Moines International Airport. This was the most recent of several such briefings held by consultant David Fisher, who is charged with finding potential sources of \$200 million to cover a project budget shortfall. He invited community leaders considered important to the success of the proposal. Airport director Kevin Foley said at least one more briefing may be held later, following sessions that included representatives of the Greater Des Moines Partnership, Iowa Association of Business and Industry, and others.

Des Moines International Airport provided a \$649 million annual economic boost to the state in 2014, 24 percent more than in 2008, according to preliminary figures from consultants CDM Smith, Inc. Airport director Kevin Foley shared that news with 25 Des Moines area business leaders who gathered in the Cloud Room at the airport on Thursday to hear about a \$420 million proposal to build a new terminal and to reconfigure other operations.

Foley and consultant David Fisher led the session. CDM Smith's predecessor, Wilbur Smith Associates, had found the airport had a statewide impact of \$522 million in 2008, and the airport authority hired CDM to update the figure. Foley said the improved economy, growth in passengers, and other factors have led to the airport being an even bigger economic engine.

Foley met with a cross section of local leaders that included; Gerry Neugent, president and CEO of Knapp Properties Inc.; Ambassador Kenneth Quinn of the World Food Prize; Tom Rice, director of the John and Mary Pappajohn Education Center for the University of Iowa; lawyer Nolden Gentry; Jeff Chelesvig, president and CEO of Des Moines Performing Arts; Iowa Cubs owner Michael Gartner. Foley shared news on a variety of fronts.

Some of the interesting points included...

Passenger traffic continues to grow, may reach critical level:

Final figures next week should show that passenger traffic grew by nearly 6 percent in 2014, to roughly 2.3 million, counting both enplanements and arrivals. If the airport hits the 2.5 million passenger mark, Foley said the airport, as currently designed, would suffer across a number of service delivery areas including a baggage, security, restrooms, ticketing and gate operations.

Iowa Air National Guard negotiations:

Negotiations with the Iowa Air National Guard continue over its base at the airport and the possibility the military might need less land with the departure of the fighter jets. The Guard has been paying \$1 a year for its lease, but was providing emergency services in return. It doesn't provide those services now. If the military paid the going commercial rate for a lease at the airport, it would be billed \$5 million a year. With the lease running through 2060, that alone would cover the \$200 million projected shortfall for the new terminal and related construction, Foley said. However, the Guard does not have the money available, he added. Meetings are scheduled after April 1 to allow for appraisals and for the military to determine how much of the existing 172 acres covered by the lease it

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still needs. I wrote late last year about the ongoing negotiations with the Iowa Air National Guard. [Check out the story here](#)

Potential new terminal:

Suburban governments have suggested they may be willing to back the terminal project financially.- Other potential funding sources are state and federal grants, the sale of naming rights or exclusive advertising, or having a private developer build part of the operation, perhaps a baggage system, and lease it to the airport. "We can't give up any revenue, though," Foley added.- The airport, which receives no property tax money from the city, pays the city \$4.6 million a year for payments in lieu of taxes, police, storm and wastewater fees, and professional services in information technology, law, human resources, and finance.- The new airport would be designed with 14 gates, but could easily be expanded to 18. The footprint of the terminal site would ultimately have room for 27, but no one is suggesting that many, Foley said. - Design is projected to begin in 2019. The terminal would be done by 2024.

Possible revenue and savings:

Congress could soon consider increasing fees airports can charge airlines, which could mean added revenue.- The airport eventually hopes to cut back on police protection to save money. "We don't need 21 police officers," Foley said.



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