

Recommendation re: Lakeland Linder Regional Airport – Professional Services Contract with Volaire Aviation Inc. for Air Service Development

The Lakeland Linder Regional Airport (LLRA) is seeking to engage Volaire Aviation Incorporated (Voltaire) to provide professional services to assist LLRA with securing passenger air service from targeted carriers that have been identified by the Airport. Adding service to an Airport is a difficult endeavor and it is necessary to engage a company with the technical expertise and industry contacts to assist with this undertaking.

Voltaire's team consists of eight personnel with over 100 years of experience in airline recruitment, air service expansion, airline and airport marketing, and airport strategic business planning combined. Jack Penning, one of the four Managing partners will be specifically involved working directly with LLRA. His responsibilities include developing case studies for new air service, delivering presentations to airlines for additional service at client airports, forecasting the impact of new service in client communities, building community coalitions in support of new service, and helping airports develop strategic business goals. He has worked on projects that have led to the initiation of more than 50 new airline routes in the last 15 years.

The terms of the proposed agreement are for a two-year period to begin on July 15, 2018 in effect through July 14, 2020 with the ability to extend for an additional year. The agreement can be terminated with 90 days' written notice by either party. Under the terms of the agreement, Voltaire will receive a monthly retainer of \$9,750 to perform the services as outlined in the Agreement plus reimbursement for third party out of pocket expenses.

The Agreement also includes a Performance Bonus Provision to the extent Voltaire is successful in securing one or more new routes. Voltaire would receive a \$2 per enplanement service initiation bonus, beginning the month that flights begin, and continuing for a period of 365 days, or until service ends, whichever comes first for airlines listed as Minimum Revenue Guarantee (MRG) with total bonus provision capped at \$75,000. Total bonus provision for all other airlines listed as targets in the agreement would be capped at \$50,000. Total bonus for airlines not listed in the agreement, but which Voltaire contacts and/or for which it prepares materials, will be capped at \$40,000

LLRA has been able to secure funding from the Polk County Sports Marketing and Tourism in the amount of \$117,000 or 50% of the monthly retainer of \$9,750 payable for the two-year term. The Performance Bonus Provision expenses and reimbursable third party expenses billed to the Airport would be paid directly by LLRA.

Voltaire will prepare all materials for airline headquarters meetings, including a specific business case for targeted service. Presentations will include specific demographic analysis of the airport catchment area, economic analysis of the market region, overview of current airline market conditions, and a specific business case and analysis of proposed new service or expanded service. Some of the other services to be provided include:

- a new drive diversion/passenger leakage study detailing airport use for catchment area passengers including zip code level detail, average fares, revenue, top markets, and carrier usage

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- preparation of the Small Community Air Service Development Grant funding application
- attend all airline conference meetings with Airport and present the full business case for current, new, and expanded service
- prepare an on-line survey for dissemination throughout the region, delving into travel patterns, demand for service, the quality of current service, and other pertinent market research.

The Target Airlines for a MRG Program include American, Delta, United, and JetBlue. Other Targeted Airlines for recruitment outside the MRG program include Allegiant, Spirit, Sunwing, Air Transat, Air Canada, Rouge, Porter, WestJet, Swoop, Canada Jetlines, Enerjet, Flair, Frontier, Sun Country and Moxy.

It is recommended that the City Commission authorize the appropriate City officials to enter into a contract with Volaire Aviation Inc. based on the terms outlined above. It is also requested that the City Commission authorize the necessary appropriations to accommodate this request to include an increase in revenues of \$117,000, an expense appropriation of \$234,000, and providing for the remaining LLRA share of \$117,000 from Airport Unappropriated Surplus.