



Pinellas County

Staff Report

File #: 19-1297A, Version: 1

Subject:

Airline Operating and Use Agreement with Allegiant Air, LLC for the operation of scheduled commercial air service at the St. Pete-Clearwater International Airport.

Recommended Action:

Approval of the Airline Operating and Use Agreement (Agreement) with Allegiant Air, LLC (Allegiant) for operation of scheduled air service at the St. Pete-Clearwater International Airport (PIE).

- The new five-year Agreement for Fiscal Years (FY) 2020 through 2024 will provide PIE revenues of approximately \$14.2M, representing a 49.5% increase over the prior Agreement for FY14-FY19 valued at approximately \$9.5M.
- Allegiant began operations at PIE in November 2006, with two based aircraft serving 12 non-stop routes and serving 668,000 annual passengers. In 2018, Allegiant transported over 2.2 million passengers at PIE, and now serves 55 non-stop destinations (358% increase of non-stop destinations over this twelve-year period).
- PIE has an estimated \$1.04B annual regional economic impact as a result of this increased passenger growth.
- Allegiant is currently investing \$4M to construct a new airline support facility at PIE to accommodate their existing operational needs and meet future growth.

Authorize the Chairman to sign and the Clerk of the Court to attest.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.1 Proactively attract and retain business with targeted jobs to the County and the region

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

Summary:

Pursuant to the terms of the Agreement, Allegiant will continue operating scheduled air service at PIE, commencing October 1, 2019 through September 30, 2024. It is further agreed that Allegiant shall have one additional, one-year renewal option to extend the Agreement, subject to the sole discretion and consent of the County.

Background Information:

Allegiant began operations at PIE in November 2006 with two (2) based aircraft serving 12 non-stop routes. During the first year of service (November 2006 - November 2007) Allegiant served just over

668,000 passengers. During Calendar Year 2018, Allegiant transported over 2.2 million passengers to and from PIE with 12 based aircraft, now serving 55 non-stop destinations. Allegiant now provides air service to more non-stop destinations than any other airline serving the Tampa Bay area. That is an increase of 358% over a 12-year period. PIE is Allegiant's third largest based airport across the nation among the 121 cities they currently serve.

Allegiant's number of locally based employees has grown from 46 to 500, including station employees, pilots, mechanics, and flight attendants. Allegiant plans to continue steady incremental growth at PIE for the foreseeable future.

Most of Allegiant's growth at PIE has transpired over the past five (5) years. This rapid growth has outpaced the availability of necessary operational space to accommodate their station operations, catering, crew, storage for aircraft parts, and maintenance requirements. As a result, Allegiant is currently investing \$4M to construct a new 25,000 square foot Airline Support Facility at PIE to accommodate these existing operational needs to meet future growth.

Fiscal Impact:

This five-year Agreement (FY20-FY24) will provide PIE revenues of approximately \$14,286,222.00, which is a 49.5% increase over the prior six-year Agreement (FY14-FY19) of approximately \$9,555,152.00.

The Agreement provides for charges for office space, ticket counters, landing fees, passenger screening fees, terminal facility fees, loading bridge fees, and overnight parking for Allegiant's based aircraft. Future charges are estimated utilizing our most recent Federal Aviation Administration and Master Plan forecasts for enplaned passengers and number of flights.

Revenue (including user fee) and marketing expenditures were estimated in anticipation of this agreement and are consistent with PIE's FY20 Tentative Budget.

Staff Member Responsible:

Thomas R. Jewsbury, Director, St. Pete/Clearwater International Airport

Partners:

Allegiant Air, LLC

Attachments:

Airline Operating and Use Agreement
Allegiant Proposed Fee Revenues FY20-FY24