

AVIATION BOARD BACKGROUND LETTER

Aviation Board Meeting Date: November 14, 2022

To: Chair Richmond and Aviation Board Members

Cc: Mitch Reynolds, Mayor

From: Ian Turner, Airport Director

Subject: 22-1366 – Approval of a ground transportation services agreement with the Landline Company

Summary:

This item is for a ground transportation service from the La Crosse Regional Airport to Minneapolis/St. Paul International Airport operated by the Landline Company.

Previous Action:

The Landline Company previously operated at the La Crosse Regional Airport under an agreement approved by the Aviation Board by item 21-0174 in April 2021.

Background:

In 2021, the Landline Company approached the airport to offer ground transportation service to Minneapolis/St. Paul International Airport. This service connected passengers from La Crosse to flights operated by Sun Country Airlines utilizing passenger SUV vehicles. Landline terminated this agreement in 2022 and the last passengers were served under the old agreement in September. This original service ended due to a changing business model.

In October 2022, Landline approached the airport to reinstate service utilizing an updated business model. This service is similar, but differs in two primary ways. First, all service will start and end at the La Crosse Regional Airport Terminal. Second, the vehicles utilized will either be a Sprinter-style van with a capacity of 13 with plans for a future upgrade to a 40-passenger motor coach. Service will be marketed under the Sun Country Airlines brand and is planned to begin the middle of December 2022. The Landline Company has requested that this agreement be altered to allow greater flexibility to them. This amendment request is documented as an attachment to this background letter.

The term of this agreement is for one year. La Crosse Municipal Code, Section 8-23, establishes the authority of the La Crosse Aviation Board to enter into contracts for a period not to exceed two (2) years related to leasing airport facilities and with regard to the operation of the airport.



Financial Implications:

The agreement offers a new rate structure that pays \$5.00 per departure for vehicles with 15 passengers or less and \$15.00 for vehicles with a capacity greater than 16. The Landline Company will pay to the airport \$4.50 per actual passenger departing from La Crosse. The business model will likely generate more revenue when compared to the old business model as more passengers will park at the airport.

With the proposed schedule at two departures per day, expected use fee revenue will equal \$70.00 per week, or approximately \$3,640 per year. Passenger fee revenue, utilizing Landline's forecast of 14 passengers per day, equals \$441.00 per week or \$22,932 per year. Total estimated revenue, not including incremental parking revenue, equals \$26,572.

Stakeholder Process:

The item is presented to the Aviation Board.

Alternatives:

The following alternatives exist for this item:

- 1) The item may be denied.
- 2) The item may be amended, per the request of the Landline Company.

Staff Recommendation:

It is the recommendation of staff to approve this item, including the Landline Company's proposed amendment.

Attachments:

1. Landline Request to amend Uses and Privileges of Agreement
2. Ground Transportation Operation and Lease Agreement

