



Department Source: Economic Development Department

To: City Council

From: City Manager and Staff

Council Meeting Date: March 6, 2017

Re: Air Services Agreement

Executive Summary

Staff has prepared for Council consideration an ordinance authorizing an air services agreement with United Airlines for roundtrip air service each day between Columbia Regional Airport and Denver International Airport.

Discussion

Under the air services agreement with United Airlines, United will schedule round-trip air service between Columbia, Missouri (COU) and Denver, Colorado (DEN) beginning August 1, 2017. United plans to operate 50-seat regional aircraft which will depart DEN at approximately 7:50pm, arrive at COU approximately 10:49pm, and depart COU at approximately 6:00am, arrive at DEN approximately 7:15am, subject to operational discretion.

The air services agreement allows for a revenue guarantee, marketing, and fee waivers for the new air service for a term not to exceed one year (August 1, 2017-July 31, 2018). Under the agreement, United commits to providing scheduled non-stop air service, a minimum of one flight per day between Columbia and Denver at the defined service levels, and the City of Columbia will guarantee a minimum revenue requirement of \$600,000 for one year.

The City has the support of both public and private community partners in securing the revenue guarantee under the air services agreement and will re-establish the Central Missouri Air Service Fund for such purpose. The Fund was previously established in 2012 for American Airlines air service to/from Dallas/Ft. Worth, Texas (DFW) and Chicago, Illinois (ORD). The City and Columbia Chamber of Commerce will reach out to community partners to participate in the Fund; however, the burden will be upon the City to meet any shortfalls due to lack of participation. Depending on the success of United's air service to Denver, the City and said partners could be required to pay any revenue shortfall out of the Fund; or, any funds remaining at the end of the guarantee period would be distributed pro-rata to those who contributed to the Central Missouri Air Service Fund originally.

Additional provisions of the air services agreement include:

- City will waive landing fees and facility rents (office(s) and/or ticket counter) for the new service for one year, an amount up to \$125,000; and,
- City will provide marketing support solely for United Airlines Denver service valued at \$250,000



Columbia Regional Airport (COU) is an economic driver for mid-Missouri and is utilized for both commercial and general aviation. Area residents fly from Columbia to other destinations, and COU has proven to be a viable transportation mode for bringing visitors to our community for various leisure activities, corporate travel, conference/meetings, and the like. A regional airport is also critical to the success of our existing legacy companies and attracting new businesses to our region because of the need for air service. COU's economic impact, as determined by Missouri Department of Transportation in 2012, showed 745 total jobs, \$26 million in total annual payroll and \$87 million in total annual output of goods and services. With additional air service, a larger terminal, and increased passenger activity, comes the opportunity for an even greater economic impact to the region and utilization for both inbound and outbound passengers.

Fiscal Impact

Short-Term Impact: The City could be required to pay up to \$600,000 as a revenue guarantee, or a portion thereof, depending upon the contribution by other public agencies and private partners. Additionally, the City will spend \$250,000 on marketing and promotion, and waive up to \$125,000 in facility rents and fees (amount is dependent upon actual landing weight and square footage requirements as determined by United).

Long-Term Impact: None

Vision & Strategic Plan Impact

Vision Impacts:

Primary Impact: Transportation, Secondary Impact: Community Facilities & Services, Tertiary Impact: Tertiary

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Not Applicable, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Not applicable, Tertiary Impact: Tertiary

Legislative History

Date	Action
B296-12	Ordinance authorizing an air service agreement with American Airlines



City of Columbia

701 East Broadway, Columbia, Missouri 65201

B297-12	Ordinance authorizing an air service guarantee participation agreement with County of Boone, The Curators of the University of Missouri, the City of Jefferson and Cole County; and, authorizing air service guarantee participation agreements with various Chamber of Commerce members
B298-12	Ordinance authorizing an agreement with Zimmer Radio for air service marketing and advertising
B310-13	Ordinance authorizing Amendment No. 1 to the Air Service Agreement with American Airlines

Suggested Council Action

Approve the ordinance and air service agreement