

## **CITY OF JOPLIN COUNCIL AGENDA ITEM**

### **ITEM**

Council Bill 2019-102 – authorizing the City of Joplin to enter into an agreement with American Airlines, Inc. for the purpose of guaranteeing minimum revenue in an amount not to exceed Six Hundred Thousand and 00/100 Dollars (\$600,000.00) for regularly scheduled air passenger service between Joplin Regional Airport and Chicago O’Hare International Airport; authorizing the City Manager to execute the same by and on behalf of the City of Joplin; and containing an emergency clause.

### **MEETING DATE**

January 7, 2019

### **ORIGINATING DEPT**

Public Works/Airport

### **ATTACHMENTS**

CB2019-102 Ordinance; American Airlines Air Service Agreement

### **REVIEWED BY**

Dept. Head: David Hertzberg; Director of Finance: Leslie Haase; City Attorney: Peter Edwards;  
City Manager: Sam Anselm

### **SUMMARY**

This Council Bill approves an Air Service Agreement by and between American Airlines, Inc. and the City of Joplin for a Minimum Revenue Guarantee (MRG) associated with proposed regularly scheduled passenger air service, to be performed by American or an Affiliate of American, between the Joplin Regional Airport and Chicago O’Hare International Airport.

### **BACKGROUND**

Over the last few years the Joplin Regional Airport has been working to increase our air service options to include the Chicago hub. American Airlines has agreed to expand their existing service platform to include flights to Chicago but require a Revenue Guarantee to provide the new service.

The proposed Service will begin June 6<sup>th</sup> with 2 flights per day, except Saturday, with 50 passenger ERJ-145 Regional Jets.

In order to secure this service, the Airport will be required to sign a 1-year MRG (Minimum Revenue Guarantee) agreement in an amount not to exceed Six Hundred Thousand and 00/100 Dollars (\$600,000.00) for the service. The Airline will set a minimum revenue baseline for every flight. At the end of each month they will calculate the total revenue needed by the number of flights flown at this station. If the revenue generated falls below the required baseline amount the Airport will be required to “make up” the difference. If the revenue exceeds the baseline there will be no payout. Additional revenues will not carry over to the next month.

### **FUNDING SOURCE**

The funding sources for the MRG will be split evenly between the JACC Economic Development Corp., CVB fund balance, and the Transportation Sale Tax fund balance.

**RECOMMENDATION**

Staff recommends adoption of this Council Bill on an Emergency basis, being an Ordinance dealing with a general appropriation, within the meaning of Section 2.12(4) of the Home Rule Charter of the City of Joplin, Missouri, and, as such, this Ordinance shall become effective immediately upon its passage.