

**CITY COUNCIL SPECIAL MEETING MINUTES
COUNCIL CHAMBER, CITY HALL
701 E. BROADWAY, COLUMBIA, MISSOURI
OCTOBER 22, 2012**

INTRODUCTORY

The City Council of the City of Columbia, Missouri met for a special session at 8:00 a.m., on Monday, October 22, 2012, in the Council Chamber of the City of Columbia, Missouri. The roll was taken with the following results: Council Members HOPPE, MCDAVID, TRAPP, KESPOHL, DUDLEY were present. Council Members ANTHONY and SCHMIDT were absent. The City Manager, City Counselor, Acting City Clerk and various Department Heads were also present.

APPROVAL AND ADJUSTMENT OF AGENDA INCLUDING CONSENT AGENDA

The agenda was approved unanimously by voice vote on a motion by Mr. Dudley and a second by Ms. Hoppe.

OLD BUSINESS

B296-12 Authorizing an air service agreement with American Airlines, Inc.

B297-12 Authorizing an air service guarantee participation agreement with the County of Boone, The Curators of the University of Missouri, the City of Jefferson and Cole County; authorizing air service guarantee participation agreements with various Chamber of Commerce members.

B298-12 Authorizing an agreement with Zimmer Radio, Inc. for marketing and advertising.

B299-12 Appropriating funds for an airline revenue shortfall guarantee.

The bills were read by the Acting City Clerk.

Mr. Matthes provided a staff report.

Mr. Dudley asked if they would receive a monthly report as to how much the City provided to the airline in terms of the guarantee. Mr. Matthes replied yes. He explained they would calculate it on a monthly basis and provide a line item invoice each month.

Ms. Hoppe asked how it would be handled if the revenues were high one month but low another month. Mr. Matthes replied if the revenues were low, the City made up the shortfall whether they had a prior good month or not.

Mr. Dudley asked if it would be the same amount every month. Mr. Matthes replied yes. Mr. Dudley noted people tended to travel more in December than in March. Mr. Matthes explained it had been determined based upon an average for the year. He pointed out the number could move due to the price of fuel, but that was the only variable.

Rick Shanker, 1829 Cliff Drive, asked Council to table this matter to allow the City to construct a comprehensive plan for subsidizing current and future carriers in addition to the proposed airline in order to provide a level playing field.

Mayor McDavid commented that the City was committed to spending \$50 million on the airport over the next three years of which a large portion was federal money. He noted the operation of the airport required an annual subsidy of over \$1 million, which was in addition to the capital projects funded by grants, transportation sales tax and airport operations. The Council understood the aviation business was a fragile industry, and pointed out one of the factors in moving forward was that the consultants had indicated current 50 passenger jets were reaching the end of their life expectancy and would eventually

reach a point of not being economical. He understood they would likely not be in operation by the year 2020, and that 100 of the 450 airports would lose service by then. He commented that the consultant felt the cut off for a viable airport was 150,000 passengers per year and noted the Columbia Regional Airport was at 75,000 passengers per year, so the City needed to be aggressive and initiate relationships that were innovative, flexible and responsive. He stated he would support these four bills.

Mr. Kespohl asked if the guarantee fund for American was a two year guarantee. Mr. Matthes replied yes. Mr. Kespohl asked if it was renewable or renegotiable at the end of the two years. Mr. Matthes replied it could be. Mr. Kespohl understood Delta Airlines had a two year guarantee from the federal government due to essential service when it had come to Columbia, and that had expired, so Delta was currently operating with no guarantee. Mr. Matthes stated that was correct. Mr. Kespohl understood Frontier Airlines was not being provided a guarantee either.

Mr. Trapp stated he believed air service was critical for the continued economic growth of Columbia and the region if they wanted to recruit larger firms or people that had connections abroad and around the country as he understood it had cost Columbia some economic development opportunities in the past. He agreed with Mayor McDavid in that they needed to be bold and pursue opportunities to grow the airport and noted the report of the consultant recommended this course of action. Entering into negotiations with a large multi-national corporation was complex as a small city and regional leader, and the agreement had its risks, but those risks would be shared among Jefferson City, Cole County, Boone County, the University of Missouri and all of the partners involved with the Chamber of Commerce. All of these stakeholders had decided this was worth the investment. The federal government had provided a \$2 million guarantee to bring Delta Airlines to Columbia, and it had not been necessary as Delta had been profitable. He believed there were profits to be made in providing this important air service to the people in the region and suggested Council move forward with this proposal. The City always had the opportunity to negotiate and see what others had to offer so he did not believe this created an unfair advantage.

Ms. Hoppe stated she agreed with Mayor McDavid and Mr. Trapp. She felt a key to success had been the City's partnership with the University, Boone County, the Chamber of Commerce, Jefferson City and Cole County, and she hoped these entities would encourage their employees to use this service. She believed there was an existing demand for this service by not only for businesses but individuals who wanted to fly in and out of Columbia. She understood the region had missed out on opportunities for conventions, national gatherings and other events due to the lack of capacity at the airport, and they did not want to be in the position of losing air service in the future. She thought it was important they welcome this opportunity and make the best of it, and believed it would be successful. The City could then look at other airlines to determine more opportunities for expansion.

Mr. Dudley stated he was excited about this prospect as were many people in the public. This provided the opportunity for other destinations and people did not have to drive to Kansas City or St. Louis to fly. He noted he had tried to fly out of Columbia for a trip in December, but was unable because the flights were already full. He reiterated he was excited for the opportunity of more flights in and out of Columbia.

Mr. Kespohl stated he had attended a Missouri Municipal League meeting in Sedalia and the Mayor of Sedalia was excited about Columbia having more air service as they had now had a choice of flying out of Kansas City or Columbia. He hoped they chose to come to Columbia.

The vote on B296-12 was recorded as follows: VOTING YES: HOPPE, MCDAVID, TRAPP, KESPOHL, DUDLEY. VOTING NO: NO ONE. ABSENT: ANTHONY, SCHMIDT. Bill declared enacted, reading as follows:

The vote on B297-12 was recorded as follows: VOTING YES: HOPPE, MCDAVID, TRAPP, KESPOHL, DUDLEY. VOTING NO: NO ONE. ABSENT: ANTHONY, SCHMIDT. Bill declared enacted, reading as follows:

The vote on B298-12 was recorded as follows: VOTING YES: HOPPE, MCDAVID, TRAPP, KESPOHL, DUDLEY. VOTING NO: NO ONE. ABSENT: ANTHONY, SCHMIDT. Bill declared enacted, reading as follows:

The vote on B299-12 was recorded as follows: VOTING YES: HOPPE, MCDAVID, TRAPP, KESPOHL, DUDLEY. VOTING NO: NO ONE. ABSENT: ANTHONY, SCHMIDT. Bill declared enacted, reading as follows:

Mr. Matthes explained the press conference that had been scheduled for 9:30 a.m. today would be rescheduled.

Mayor McDavid stated he looked forward to initiating talks with Delta Airlines in an effort to expand their footprint in mid-Missouri as they were an important partner due to their presence in the southeast and eastern regions.

ADJOURNMENT

There being no further business, the meeting adjourned at 8:19 a.m.

Respectfully submitted,

Sheela Amin
City Clerk