

Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. B 296-12

AN ORDINANCE

authorizing an air service agreement with American Airlines, Inc.; and fixing the time when this ordinance shall become effective.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City Manager is hereby authorized to execute an air service agreement with American Airlines, Inc. The form and content of the agreement shall be substantially as set forth in "Exhibit A" attached hereto and made a part hereof as fully as if set forth herein verbatim.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

PASSED this _____ day of _____, 2012.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

AIR SERVICE AGREEMENT

This Air Service Agreement (this "Agreement") is made and entered into as of October _____, 2012 (the "Effective Date") by and between American Airlines Inc., a Delaware corporation with its principal offices at P.O. Box 619616, Dallas/Fort Worth International Airport, Texas 75261-9616 ("American"), and the City of Columbia, Missouri, a municipal corporation, with its principal offices at 701 East Broadway Columbia, Missouri 65201 ("Guarantor").

1. Term.

This Agreement shall commence upon the Effective Date and, unless sooner terminated in the manner provided for herein, shall remain in full force and effect until February 16, 2015 (the "Term").

2. Air Service.

- a. The "Air Service" is the flight service American agrees to provide under this agreement.
- b. An "Air Service Flight" is one one-way flight performed by American under the "Air Service."
- c. The "Air Service Period" is the period for which American agrees to provide the "Air Service."

American agrees to schedule an aircraft to perform the Air Service in accordance with Schedule 2 attached hereto between Dallas/Fort Worth International Airport ("DFW") and Columbia Regional Airport ("COU") in both directions, and Chicago O'Hare International Airport ("ORD") and Columbia Regional Airport ("COU") in both directions, effective February 15, 2013, through February 16, 2015. American reserves the right to make all operational decisions regarding the Air Service, including, but not limited to, aircraft type and configuration, timing of arrival/departure, frequency of service, and continued operation of the Air Service. In exercising its discretion, American will act reasonably and in good faith in designating aircraft, flight times and fares. Guarantor acknowledges that due to operating conditions, American may be required to publish available seating levels that are below total aircraft seating capacity due to weather or other conditions.

3. Minimum Revenue Requirement.

- a. The "Flight Charge" shall be specified in Schedule 2.
- b. The "Settlement Period" shall be monthly.
- c. The "Minimum Revenue Requirement" shall mean the Flight Charge as set forth in Schedule 2 for each Air Service Flight multiplied by the actual number of Air Service Flights operated by American during the Settlement Period.
- d. American and Guarantor agree that the Total Revenue (as defined in Section 4.d. below) for each Settlement Period must equal or exceed the Minimum Revenue Requirement.

4. Revenue Calculation.

- a. American and Guarantor agree that notwithstanding, and in addition to, the provisions of Section 9.a hereof, in the event of certain changes in the average price per gallon that American pays for jet fuel the Flight Charge for Air Service Flights during any period such changes are in effect shall be adjusted as provided in Schedule 1 hereto.
- b. For purposes of this Agreement, "Segment On-Board Revenue" for each Air Service Flight shall be the total amount paid by passengers in connection with the applicable Air Service Flight, less applicable taxes, and shall be rate-prorated by segment. A rate-prorate is used to divide total on-board revenue paid per Air Service Flight among the actual number of segments flown by an Air Service passenger according to the ratio of each segment's local fare to the sum of all the local fares applicable to the passenger's actual itinerary.
- c. For purposes of this Agreement, "Net Revenue" for each Air Service Flight shall be established by deducting a percentage as set forth in the respective schedule (each a "Deduction") from the Segment On-Board Revenue for such air Service Flight. American and Guarantor agree that the Deduction is an agreed upon amount that reflects all cost attributable to credit card fees, commissions and overrides, and that there shall be no other deductions with respect to such fees, commissions and overrides in connection with the calculation of Net Revenue of Total Revenue as defined in Section 4.d.
- d. For purposes of this Agreement, "Total Revenue" shall be the sum of the Net Revenues for all of the Air Service Flights operated by American during the Settlement Period.
- e. American's Marketing Information Reporting System ("MIRS") shall be the sole source of information for calculating Segment On-Board Revenue, Net Revenue and Total Revenue. Upon providing at least five (5) business days prior written notice to American, Guarantor, at its expense, shall have the right to audit and inspect, at American's offices, American's books and records as they relate to the determination of Segment On-Board Revenue, Net Revenue and Total Revenue received by American for Air Service Flights associated with this Agreement. Any such audit must be reasonable in all respects, and must be performed during regular business hours and without affecting American's regular business operations.

5. Revenue Reconciliation.

- a. American will reconcile the Total Revenue during each Settlement Period against the Minimum Revenue Requirement for such Settlement Period no later than the last business day of the calendar month following the end of the Settlement Period.
- b. If the Total Revenue is more than the Minimum Revenue Requirement for such Settlement Period, a "Revenue Excess" shall be deemed to have occurred. In such event, American will retain the Revenue Excess.

- c. If the Total Revenue is less than the Minimum Revenue Requirement for such Settlement Period, a "Revenue Shortfall" shall be deemed to have occurred. In such event, American will invoice Guarantor for the Revenue Shortfall. Guarantor's maximum liability for a Revenue Shortfall for the Air Service Period will not exceed Three Million Dollars (\$3,000,000.00).

6. Other Incentives.

Guarantor agrees to provide American the following additional incentives:

- a. Waiver of two years of landing fees and facility rents not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00).
- b. Advertising and Promotion assistance valued at Four Hundred Thousand Dollars (\$400,000.00) over the two-year term of the Agreement, to be used solely for American/American Eagle service..

7. Payment Reconciliation.

American shall provide an invoice to Guarantor no later than the last business day of the calendar month following the end of the Settlement Period, expiration or termination of the Agreement. Such invoice shall include the Revenue Shortfall incurred during such Settlement Period. Guarantor shall pay such invoice to American within a reasonable time frame not to exceed fifteen (15) business days after receipt of such invoice. All payments hereunder shall be made no later than their respective due dates by check, by wire transfer pursuant to wiring instructions given by American or by other means of payment agreed in writing by American. Guarantor agrees to pay interest on any overdue payment (including without limitation any Revenue Shortfall) from the date such payment is due hereunder until the date such payment is received by American at the lesser of the following: (i) the highest rate permitted by applicable law or (ii) an annual rate of 12%.

8. Reserved.

9. Termination and Default.

This Agreement may be terminated by the party specified below (after having given any applicable notice specified below) upon the happening of any of the following events:

- a. By American, if (i) American is unable to obtain the governmental or other approvals necessary to commence the Air Service or if American determines in its sole discretion that the operating facilities at COU are inadequate for American to commence service at COU; (ii) Guarantor fails to make any payment when due and does not make such payment within five (5) days after written notice or demand thereof; or (iii) any of the following events occur: (A) a forced or voluntary grounding of one or more of American's aircraft types or (B) a greater than 35% increase in the average price per gallon that American pays for jet fuel as compared to the average price per gallon that American paid as of the Effective Date.
- b. By either party, if the other party is in breach or default under any provision of this Agreement and such other party does not cure such breach or default within five

(5) days after the non-breaching or non-defaulting party gives written notice to the other party specifying the breach or default.

- c. By either party, with or without cause or penalty upon not less than thirty (90) days prior written notice to the other party. The effective date of termination shall be as stated in such written notice of termination but not earlier than ninety (90) days following such written notice.

10. Remedies Upon Termination.

- a. A termination pursuant to Section 9.a or 9.b shall not limit the non-breaching or non-defaulting party's right to pursue or enforce any of its rights under this Agreement or otherwise.
- b. Any termination or expiration of this Agreement shall not affect Guarantor's obligation to pay American all amounts owing to American as of the effective date of such expiration or termination.
- c. In the event of any termination or expiration of this Agreement for any reason, Guarantor shall pay all amounts owed to American, as of the effective date of expiration or termination, in accordance with the provisions of this Agreement, within ten (10) business days after receipt of an invoice from American.

11. Confidential Information.

- a. The parties recognize that Guarantor has obligations under the Missouri Sunshine Law, Section 610.010 et seq. RSMo. to disclose public records. American agrees that records that the City receives from American shall be subject to all disclosure requirements associated with the Missouri Sunshine Law. Notwithstanding the foregoing, Guarantor may share information regarding this Agreement with any of the organizations or persons providing funds for the financial performance guarantee.
- b. To the extent allowed by law, all parties (the "Receiving Party") agree to hold in strict confidence all confidential and proprietary information, either designated by the party disclosing such information (the "Disclosing Party") to the other party as such or under reasonable circumstances to be considered as such, whether in written, oral or other form, which it received from the Disclosing Party prior to, or in the course of, this Agreement (collectively, "Confidential Information"). Each party further agrees to use the Confidential Information solely to perform or to exercise its rights under this Agreement, and at a minimum to take all measures necessary to protect against the disclosure or use of the Confidential Information as it takes to protect its own proprietary or confidential information (but in any case no less than reasonable measures). Confidential Information includes, without limitation, (i) the terms of this Agreement, and (ii) flight and accommodations booking information related to the Air Service.
- c. All parties agree that they will not disclose any Confidential Information to any third party without the prior written consent of the Disclosing Party, (i) except when required to do so by law (including without limitation State of Texas or Missouri Sunshine Law) or by a court of competent jurisdiction; (ii) except to

attorneys, accountants, air service consultants under contract to Receiving Party, or lending institutions of either party which have been informed of the confidential nature of such information; or (iii) unless such provisions are publicly known through no disclosure that is prohibited hereunder.

- d. Any party may disclose another party's Confidential Information in response to law, regulation or a valid court order or other governmental action, provided that (a) if it can be done in compliance with the law or order, the Disclosing Party is notified in writing prior to disclosure of the information, and (b) to the extent it can be accomplished in compliance with the law or order, the Receiving Party assists the Disclosing Party, at the Disclosing Party's expense, in any attempt by the other to limit or prevent the disclosure of the Confidential Information.

12. Promotional Materials.

As American Airlines, Inc. ("American") owns the intellectual property used by American, Guarantor shall submit to American Airlines and American for review and approval, prior to publication or use, the portion of any and all artwork, scripts, copy, advertising, promotional materials, direct mail, press releases, newsletters or other communications or any other publicity published or distributed by Guarantor (or at its direction or authorization) that specifically references this Agreement, American (or any of American's Affiliates), or uses any trademark, service mark, logo or trade name of American or any of its Affiliates ("American Marks") (collectively, the "Promotional Materials"). All such Promotional Materials shall follow at a minimum the Corporate Graphics Standards available on <http://www.aadams.com>. American shall have the right, at its sole discretion, to modify the graphics standards and disclaimers from time to time. All promotional or informational material distributed or electronically transmitted by Guarantor using the American Marks will require the tag line listing the marks and stating "are registered trademarks of American Airlines, Inc." American agrees to respond to Guarantor within five (5) business days after receipt of the Promotional Materials with written approval or written request for changes. Guarantor further agrees that no changes will be made to any of the Promotional Materials after approval by American unless such changes are first approved by American in writing. For the purpose of this Agreement, "Affiliate" shall mean, with respect to either party, any person directly or indirectly controlling, controlled by, or under common control with, such party.

13. Fares and Inventory Management.

American agrees to establish and modify, as needed, the air fares for the Air Service and agrees to provide yield and inventory management services with respect thereto. Guarantor acknowledges that American has agreed to establish and modify these air fares and to provide yield and inventory management services as an accommodation to Guarantor and that American hereby disclaims all liability for, and Guarantor hereby waives all claims against American which may arise out of or in connection with, the establishment or modification of such air fares or the yield and revenue management services provided hereunder. American agrees to advise Guarantor regarding pricing for such air fares; provided however, that American shall at all times have the unconditional right in its sole discretion to determine air fares during the Air Service Period.

14. Governing Law.

This Agreement shall be construed in accordance with, and shall be governed by, the laws of the State of Texas without regard to any conflict of law rules.

15. Jurisdiction.

Each party irrevocably submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any State Court sitting in New York, for purposes of legal proceedings arising out of this Agreement or any transactions contemplated in this Agreement. Each party, to the fullest extent it may effectively do so under substantive governing law applicable to this Agreement, also irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court and any objection that it may have as to venue or inconvenient forum in respect of claims or actions brought in such court and any right of application or appeal to any court (in the U.S. or in any other jurisdiction).

16. Reserved.

17. Force Majeure.

Except as otherwise expressly provided in this Agreement, neither party shall be liable for performance hereunder to the extent such performance is prevented or delayed as a result of acts of God, severe weather, natural disaster, earthquake, fire, war, military action, terrorist action, labor disputes, or any court order or action of any governmental, administrative or judicial entity or by any other reason or circumstance, similar or dissimilar, beyond the reasonable control of such party; provided, however, such party shall (a) provide the other party with prompt written notice thereof, and (b) use its best reasonable efforts to avoid or remove such causes of non-performance, and (c) continue performance to the extent such causes are removed or avoided.

18. Indemnification.

- a. American agrees to indemnify, defend and hold harmless Guarantor and its officers, directors, employees, agents and affiliates (the "Guarantor Indemnified Parties") from and against any and all third party liabilities, damages, losses, claims, suits, liens, demands, actions, causes of action, judgments, fines, penalties and expenses (including without limitation reasonable attorneys' fees) of any nature whatsoever (collectively, "Claims") arising out of or in connection with, or related to (i) the willful misconduct or grossly negligent acts, errors or omissions of American, its subcontractors, its affiliates or any person directly or indirectly employed by American, or any of them, while engaged in any activity associated with or related to American's performance under this Agreement; (ii) American's products or services supplied or performed in connection with this Agreement or otherwise; and (iii) American's breach of its obligations under this Agreement.
- b. Guarantor agrees to indemnify, defend and hold harmless American and its officers, directors, employees, agents and affiliates (the "American Indemnified Parties") from and against any and all Claims arising out of or in connection with,

or related to (i) the willful misconduct or grossly negligent acts, errors or omissions of Guarantor, its subcontractors, its affiliates or any person directly or indirectly employed by Guarantor, or any of them, while engaged in any activity associated with or related to Guarantor's performance under this Agreement; and (ii) Guarantor's breach of its obligations under this Agreement.

- c. The rights and obligations of the parties under this Section 18 shall survive any termination or expiration of this Agreement.

19. Waiver of Consequential Damages.

Except with respect to each party's indemnification obligations hereunder, neither party shall be liable to the other for any special, incidental or consequential damages arising out of this Agreement, even if such party had been advised of the possibility of such damages.

20. Insurance.

At all times during the term of this Agreement, American shall carry and maintain, at its sole cost and expense, airline liability insurance with aggregate limits of at least \$50,000,000 USD for personal injury (including without limitation bodily injury and death) and property damage. If so requested by Guarantor, American will furnish Guarantor within thirty (30) days of such request an insurance certificate.

21. Assignment.

Neither party may assign this Agreement or any interest herein without obtaining the prior written consent of the other party, except that American may assign or delegate this Agreement and the rights and obligations created hereunder to any wholly owned subsidiary of AMR Corporation without the consent of Guarantor.

22. Waivers and Modifications.

This Agreement embodies the entire agreement and understanding of the parties and, as of its effective date, terminates and supersedes all prior or contemporaneous agreements and understandings, whether written or oral, between the parties covering the subject matter hereof. The provisions of this Agreement shall govern all services to be provided hereunder by the parties, and no addition, amendment, waiver, or modification of (or execution of any document contrary to) these provisions shall be effective unless signed jointly by a duly authorized representative of both American and Guarantor.

23. Severability.

In the event that any one or more of the provisions of this Agreement shall be determined to be invalid, unenforceable or illegal, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal and unenforceable provision had never been contained herein with the remainder of this Agreement being enforced to the fullest extent possible.

24. Relationship of the Parties.

For the purposes of this Agreement each of the parties is an independent contractor, and neither party shall be deemed to be the agent, partner, employee or joint venture of the other party.

25. Notices.

Any notice required to be given by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given if delivered in person, sent by overnight delivery or sent by registered or certified mail, return receipt requested, addressed to the other party at the following address, and shall be deemed to have been given on the day so delivered, transmitted or mailed:

To American:

American Airlines, Inc.,
Attn: Charles Schubert, Vice President, Network Planning
4333 Amon Carter Boulevard, MD 5535
Fort Worth, Texas 76155

To Guarantor:

Mike Matthes
City Manager, City of Columbia, Missouri
701 East Broadway
Columbia, MO 65201

Either party will have the right to change their representative and address for notice to any other location by giving at least five (5) business days' prior written notice to the other party in the manner set forth above.

26. Headings/Construction.

The headings contained herein are for convenience of reference and are not intended to define or limit the scope of any provision of this Agreement.

27. Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns and there is no intent to benefit any third parties.

28. Further Assurances.

Each of the parties shall do and perform, at such party's expense, such further acts and execute and deliver such further instruments and documents as may be required by applicable law or as may be reasonably requested by the other party to effectuate the purposes of this Agreement.

29. Exhibits & Schedules.

The Exhibits and Schedules to this Agreement are incorporated into this Agreement and form a part hereof for all intents and purposes.

30. No Waiver.

No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing and signed by a duly authorized representative of the waiving party. Except as expressly set forth herein, no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

31. No Remedy Exclusive.

Except as expressly set forth herein, no remedy herein conferred upon or reserved to a party herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. In order to entitle a party to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

32. Expenses.

Each party to this Agreement agrees to be responsible for its own costs, expenses and charges (including, without limitation, legal fees, advisory fees and accounting fees) in connection with the preparation of this Agreement and the transactions contemplated hereunder.

33. Counterparts.

This Agreement may be executed (by fax or otherwise) in counterparts, each of which shall be deemed an original, and which together shall constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives as of the date first above written.

CITY OF COLUMBIA, MISSOURI

AMERICAN AIRLINES, INC.

By: _____

Name: Mike Matthes

Title: City Manager

Date:

By: _____

Name: Charles Schubert

Title: Vice President, Network
Planning

Date:

ATTEST:

Sheela Amin, City Clerk

APPROVED AS TO FORM:

Fred Boeckmann, City Counselor

CERTIFICATION: I hereby certify that this contract is within the purpose of the appropriation to which it is to be charged, Account No. _____, and that there is an unencumbered balance to the credit of such appropriation sufficient to pay therefor.

John Blattel, Director of Finance

**SCHEDULE 1
TO AIR SERVICE AGREEMENT
BETWEEN AMERICAN AIRLINES, INC. AND
GUARANTOR
FUEL ADJUSTMENTS**

1. American has determined the Flight Charge based upon jet fuel costs of US\$3.25 per gallon ("Average Fuel Price"). If the actual average price per gallon that American pays for jet fuel to service the Air Service Flight ("Actual Average Fuel Price") for any calendar month during the Air Service Period (each an "Air Service Month") changes, American will adjust the amount payable by Guarantor for such Air Service Month and will provide to Guarantor a summary for such Air Service Month indicating the adjustment as follows (each a "Fuel Adjustment"):
 - a. If the Actual Average Fuel Price for an Air Service Month is greater than US\$3.30 ("Upper Fuel Price") Guarantor will be charged an amount equal to the difference between the Upper Fuel Price and the Actual Average Fuel Price per gallon for the Air Service Month as determined by American in its sole discretion.
 - b. If the Actual Average Fuel Price is less than US\$3.20 ("Lower Fuel Price") during the Air Service Month Guarantor will be credited an amount equal to the difference between the Lower Fuel Price and the Actual Average Fuel Price per gallon for the Air Service month as determined by American in its sole discretion. In exercising its discretion, American will act reasonably and in good faith.

**SCHEDULE 2
TO AIR SERVICE AGREEMENT
BETWEEN AMERICAN AIRLINES, INC. AND
GUARANTOR
AIR SERVICE BETWEEN COU AND ORD/DFW**

PROPOSED FLIGHT SCHEDULE*

February 14, 2013 – February 16, 2015

Origin	Destination	Days of Operation	Flight Times*
COU	ORD	1x Daily	14:20 – 15:25
ORD	COU	1x Daily	16:00 – 17:20
COU	DFW	2x Daily	06:45 – 08:25, 17:50 – 19:30
DFW	COU	2x Daily	12:30 – 13:50, 18:45 – 20:10

Equipment: ERJ**

Present Configuration: 50 seats**

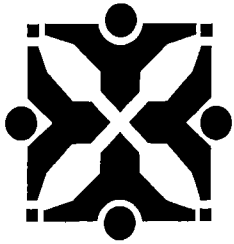
DFW One-Way Flight Charge: Five Thousand, Twelve Dollars (\$5012) per one-way Air Service Flight.

ORD One-Way Flight Charge: Four Thousand, Four Hundred Three Dollars (\$4403) per one-way Air Service Flight.

Deduction none or 0.0%

*Exact operating times are subject to change from time to time by American at its sole discretion.

**Subject to Section 2.



Source: Law

TB

Agenda Item No:

To: City Council
From: City Manager and Staff

MM

Council Meeting Date: Oct 12, 2012

Re: Air Service Agreements

EXECUTIVE SUMMARY:

Staff has prepared ordinances that would authorize: (1) a revenue guarantee agreement with American Airlines, (2) air service guarantee participation agreements with various public and private entities, and (3) an advertising agreement with Zimmer Radio, Inc.

DISCUSSION:

Air Service Agreement

Under the Air Service Agreement with American Airlines, American would schedule two flights per day between Columbia and Dallas/Fort Worth International Airport and one flight per day between Columbia and Chicago O'Hare International Airport. American plans to operate 50 seat planes on these flights, but this is subject to change at American's discretion.

Under the agreement, the City would guarantee a monthly minimum revenue requirement of \$5,012.00 for each one-way flight between Columbia and Dallas/Fort Worth and \$4,403.00 for each one-way flight between Columbia and Chicago. These guarantee amounts were based on jet fuel costs of \$3.25 per gallon. If the actual average price per gallon for any calendar month increases above \$3.30 per gallon, American will charge the City for the increase. If the average price per gallon decreases below \$3.20 per gallon, American will credit the City for the difference.

Other provisions of the Agreement include:

- City will waive landing fees and facility rents of up to \$250,000.
- City will provide advertising solely for American's service valued at \$400,000.
- Either party may terminate the agreement upon 90 days prior written notice.
- American agrees that records the City receives are subject to the Sunshine Law but the City agrees not to disclose any "confidential information."
- The terms of the Agreement shall be construed in accordance with Texas law.
- The parties submit to the nonexclusive jurisdiction of the federal district court in New York and New York State courts.

Air Service Guarantee Participation Agreements

An air service guarantee participation agreement among Columbia, Boone County, the University of Missouri, Jefferson City and Cole County has been prepared. Under the proposed agreement, Columbia would establish a Central Missouri Air Service Fund into which the parties would contribute money for the revenue guarantees for American Airlines under the Air Service Agreement. Boone County and the University would each contribute \$500,000 to the Fund and Jefferson City and Cole County would each contribute \$100,000. The City would contribute \$1,800,000 under the Agreement, but this amount would be reduced by the amount contributed by Chamber members.

An air service guarantee participation agreement between the City and individual Chamber of Commerce members has also been prepared. This agreement is essentially the same as the agreement among the various public entities.

Under both participation agreements, 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.

Agreement with Zimmer Radio, Inc.

Under the proposed two-year agreement with Zimmer Radio, Inc., the City would spend at least \$18,000 per year with Zimmer for various marketing and advertising needs. The City would spend an additional \$50,000 per year for advertising the Regional Airport. Zimmer would agree to donate additional advertising valued at \$150,000 per year to advertise the Airport. The total of \$400,000 for Airport advertising would be used to meet the City's obligation under the Air Service Agreement for advertising American's air service. The agreement may be terminated by either party with 30 days notice.

FISCAL IMPACT:

Depending on the success of American's air service, the City could be required to pay up to \$1,200,000 in guarantee payments. The City will spend \$100,000 on advertising and could be liable for an additional amount up to \$300,000 if Zimmer terminates the agreement.

VISION IMPACT:

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

13: Columbia and central Missouri, a growing urban community, will have a modern transportation system.

SUGGESTED COUNCIL ACTIONS:

Pass the ordinances authorizing the agreements.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		Program Impact		Mandates	
City's current net FY cost	\$0.00	New Program/ Agency?	No	Federal or State mandated?	No
Amount of funds already appropriated	\$0.00	Duplicates/Expands an existing program?	No	Vision Implementation impact	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?	No	Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		Resources Required		Vision Impact?	Yes
One Time	\$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	13
Operating/ Ongoing	\$0.00	Requires add'l facilities?	No	Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	