

TOWN OF NORMAL
NORMAL, ILLINOIS

CITY HALL
PHONE: 454-2444

PROPOSED AGENDA FOR SPECIAL TOWN COUNCIL MEETING

Monday
January 30, 2012
12:00 p.m.

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. OMNIBUS VOTE AGENDA
(All items under the Omnibus Vote Agenda are considered to be routine in nature and will be enacted by one motion. There will be no separate discussions of these items unless a Council Member so requests, in which event, the item will be removed from the Omnibus Vote Agenda and considered as the first item after approval of the Omnibus Vote Agenda.)

None

GENERAL ORDERS

5. Resolution Authorizing the Execution of an Agreement Between the Town of Normal, and McLean County Chamber of Commerce for an Additional Air Service to the Central Illinois Regional Airport

NEW BUSINESS

None

ADJOURNMENT

TOWN COUNCIL ACTION REPORT

January 27, 2012

Resolution Authorizing the Execution of an Agreement Between the Town of Normal and the McLean County Chamber of Commerce for a Program to Attract Additional Air Service to the Central Illinois Regional Airport

PREPARED BY: Mark R. Peterson, City Manager

BUDGET IMPACT: The proposed \$100,000 contribution to the Chamber of Commerce Air Service Development Fund will require an amendment to the Town's FY 2011-12 Operating Budget. Staff recommends appropriating these funds from the General Fund Reserve Account.

STAFF RECOMMENDATION: Approval

ATTACHMENTS: Proposed Resolution, Proposed Agreement with the McLean County Chamber of Commerce

BACKGROUND

The recent announcement by Southwest Airlines that they will be retracting Air Tran services from the Central Illinois Regional Airport in June of this year was very disappointing. Air Tran has served this community for the past 16 years providing excellent air travel connections between Bloomington-Normal and Atlanta and Bloomington-Normal and Orlando. This air service link has been very successful over the years for Air Tran, and CIRA officials were confident that they could effectively demonstrate to Southwest Airlines that it would continue to be profitable under a Southwest banner. Unfortunately, due largely to the size of the Bloomington Normal air market, Southwest Airlines, which is in the process of purchasing Air Tran, has decided not to continue serving the Bloomington Normal market at CIRA. The loss of the Air Tran service will certainly create a need for expanded air service at CIRA and also could result in increased fares by the other carriers.

The Chamber of Commerce has decided to assist CIRA in attracting new air service and new air carriers to the Airport. In this regard, the Chamber is putting together a community air service development fund that will contain monies that can be used to incent air carriers to provide new service at CIRA. It is uncertain as to what form these incentives might take. Such incentives could be provided in the form of revenue guarantees, marketing assistance, airport build-out grants, air service fee subsidies, direct payments to airlines, etc.

Given the importance of good air service to the economies of Bloomington, Normal, and McLean County, the Chamber of Commerce, along with a number of private and public sector partners, believe it is important that the community take an aggressive approach in identifying and securing new air service at CIRA.

TOWN COUNCIL ACTION REPORT

DISCUSSION/ANALYSIS

The Chamber has requested that the Town of Normal, along with the City of Bloomington and McLean County, contribute \$100,000 each to this air service development fund. It remains to be seen how, when and if all contributions into this fund will be expended. It is possible that some funds will be returned to the Town at a later date. However, if the Council is inclined to participate in this air service development initiative, it is probably safe to assume that the dollars invested now will likely not be returned.

A number of private sector companies in the community, including State Farm Insurance, Country Insurance, AFNI, etc. have already pledged contributions to this fund. We also understand that the Economic Development Council and the Convention and Visitors Bureau have also committed funds to this Chamber initiative.

Again, the three major local governments are each being asked to make a contribution and special meetings have been called on Monday January 30th to secure the approval of their corporate authorities to make a contribution to this Chamber initiative. The Town Council's special meeting, at noon on Monday, January 30th, will be the first special meeting of the three local governments. The City of Bloomington has scheduled a meeting for 5:00 p.m. on Monday and the McLean County Board has scheduled a special meeting for 6:30 p.m. on that day.

Given the fact that the Chamber wants to begin engaging candidate airlines in serious discussions immediately, the Chamber has suggested that it would be important for the elected bodies to move very quickly to approve the requested funding. It is my understanding the Chamber of Commerce staff has made some preliminary contacts with a few airlines and believe there is definitely interest among certain airlines in providing new or expanded air service to the Bloomington-Normal area via CIRA.

Charlie Moore, the CEO of the McLean County Chamber of Commerce, will be attending your special meeting to address any questions that you may have. However, Charlie will avoid providing any information about specific discussions that he may have had with specific airlines.

Even though this is not a budgeted expenditure, the staff feels that the importance of securing new air service at CIRA to replace Air Tran is of critical importance to the local economy. If a \$100,000 contribution by the Town to this initiative is successful in securing new air service to CIRA, the requested outlay would likely be considered to be an outstanding investment by the Town.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT BETWEEN THE TOWN OF NORMAL AND MCLEAN COUNTY CHAMBER OF COMMERCE FOR ADDITIONAL AIR SERVICE TO THE CENTRAL ILLINOIS REGIONAL AIRPORT

WHEREAS, convenient air service at a local airport is an important community asset that improves quality of life, promotes economic development and jobs, assists in the attraction of visitors and creates additional ties to an increasingly global economy; and

WHEREAS, the airline industry is constantly evolving and communities are extremely competitive in attracting additional air service, often offering incentives to attract service; and

WHEREAS, these incentives, often referred to as revenue guarantee programs, are an important part of any community's strategy to develop new passenger air service and has worked successfully in varying forms across the country; and

WHEREAS, in order for these programs to be successful, a sustained, community-driven effort is required involving government, business and the citizens of the community; and

WHEREAS, the goals of this community effort include one or all of the following: 1) assuring that CIRA remains the largest and principal airport of choice for travelers arriving or departing the region, 2) procuring new routes and/or additional flights from CIRA to new and existing destinations and/or convenient connecting airports, 3) maintaining relative fare levels as low as possible for both businesses and leisure travelers, and 4) diversifying CIRA by attracting additional carriers to assure continued choice among airlines; and

WHEREAS, it is in the best interests of the health, safety and welfare of the citizens of Normal to enter into an agreement with McLean County Chamber of Commerce to attract additional air service to Central Illinois Regional Airport.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES FOR THE TOWN OF NORMAL, ILLINOIS:

SECTION ONE: That the President be and he is hereby authorized to execute for and on behalf of the Town of Normal, an Agreement with the McLean County Chamber of Commerce for additional air service to the Central Illinois Regional Airport. A copy of said Agreement is marked Exhibit A, attached hereto and incorporated herein.

SECTION TWO: That the Town Clerk be and she is hereby authorized and directed to attest the signature of the President on said Agreement and retain a fully executed original in her office for public inspection.

SECTION THREE: That the one-time contribution of \$100,000 to the McLean County Chamber as set forth in the attached Agreement is hereby authorized solely for those purposes set forth in the agreement.

ADOPTED this _____ day of _____, 2012.

APPROVED:

President of the Board of Trustees of
the Town of Normal, Illinois

ATTEST:

Town Clerk

(seal)

**AGREEMENT BETWEEN
MCLEAN COUNTY CHAMBER OF COMMERCE
AND
TOWN OF NORMAL, ILLINOIS**

THIS AGREEMENT is made this ___ day of January, 2012 by and between MCLEAN COUNTY CHAMBER OF COMMERCE, an Illinois not-for-profit corporation, hereafter "Chamber," and TOWN OF NORMAL, ILLINOIS, an Illinois municipal corporation, hereafter "Town,"

WITNESSETH:

WHEREAS, the Bloomington-Normal Airport Authority of McLean County owns and operates a public airport under the name and style of Central Illinois Regional Airport, hereafter "CIRA"; and

WHEREAS, both the Chamber and the Town are mutually interested in the expansion and development of scheduled air service at CIRA; and

WHEREAS, an air transportation company ("Airline") has expressed interest to CIRA in providing air transportation services in exchange for standby financial assistance to be provided to Airline by the Chamber; and

WHEREAS, Town desires to assist the Chamber in its efforts to expand and develop air carrier services in conjunction with Airline by providing the Chamber with financial assistance as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises hereinafter expressed between the parties, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties agree as follows:

1. The Town shall make a one-time payment to the Chamber in the amount of One Hundred Thousand (\$100,000.00) Dollars to be used by the Chamber as hereafter set forth to induce Airline to provide additional air transportation services to CIRA. Payment shall be due within ten (10) days of the date of execution of a Transportation Services Incentive Agreement ("Incentive Agreement") between the Chamber and Airline. All such funds shall be paid into a separate account established by the Chamber solely for the purpose of accepting deposits and making disbursements of funds by the Chamber to Airline pursuant to the Incentive Agreement.
2. The Incentive Agreement with Airline shall obligate Chamber to provide Airline standby financial assistance in return for Airline providing air transportation services to CIRA. The term of such agreement shall be one year from the date Airline begins providing air transportation services at CIRA. The parties understand that funds contributed pursuant to this Agreement may be expended by the Chamber in whole or in part in accordance with the terms of the Incentive Agreement. It is also understood that the Town is only obligated to contribute the amount specified in paragraph 1 of this Agreement regardless of the amount being contributed by any other entity and whether that is sufficient to

meet all of the Chamber's obligations under the Incentive Agreement. It is further understood that if the standby financial assistance provided by the Town is not needed in whole or in part, then all or such part of such funds contributed by the Town that are not needed shall be returned to the Town at the termination of the Incentive Agreement.

3. The Chamber shall supply to Town a monthly accounting detailing the amounts paid to Airline by the Chamber pursuant to the Incentive Agreement.
4. Any provision of this Agreement that is in violation of any law of the United States or the State of Illinois shall be void, but the invalidity of any such provision shall render only that provision void and the remaining provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first written above.

**McLean County Chamber of Commerce,
an Illinois not-for-profit corporation**

**Town of Normal, Illinois,
an Illinois municipal corporation**

By: _____

By: _____

Its _____

Its _____