

**SPECIAL MEETING MINUTES
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL
OF BLOOMINGTON, ILLINOIS**

The Council convened in Special Session in the Council Chambers, City Hall Building, at 5:00 p.m., Monday, January 30, 2012.

The Meeting was opened by Pledging Allegiance to the Flag followed by moment of silent prayer.

The Meeting was called to order by the Mayor who directed the City Clerk to call the roll and the following members answered present:

Aldermen: Judy Stearns, Mboka Mwilambwe, David Sage, Robert Fazzini, Jennifer McDade, Steven Purcell, Karen Schmidt, Jim Fruin and Mayor Stephen F. Stockton.

Alderman absent: Bernard Anderson.

City Manager David Hales, City Clerk Tracey Covert, and Corporate Counsel Todd Greenburg were also present.

**NOTICE OF SPECIAL MEETING
CITY OF BLOOMINGTON
CITY COUNCIL
JANUARY 30, 2012**

YOU AND EACH OF YOU ARE HEREBY NOTIFIED that there will be a Special Meeting of the City Council of the City of Bloomington, Illinois, in the Council Chambers at City Hall, 109 E. Olive Street, Bloomington, IL on MONDAY, JANUARY 30, 2012 AT 5:00 PM.

SPECIAL MEETING AGENDA

1. Call to order
2. Pledge of Allegiance to the Flag
3. Remain Standing for a Moment of Silent Prayer
4. Roll Call
5. Agreement Between the McLean County Chamber of Commerce and the City Authorizing City Contribution up to \$100,000 to a Community Effort to Attract Additional Air Service to the Central Illinois Regional Airport (CIRA). (Recommend that the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.)

6. Adjournment

Tracey Covert
City Clerk

Date: January 26, 2012

**CERTIFICATION OF POSTING IN ACCORDANCE WITH THE OPEN MEETINGS
ACT**

I, Tracey Covert, as duly qualified appointed and qualified City Clerk of the City of Bloomington, McLean County, Illinois, do hereby certify that true and correct copies of the foregoing Notice of Special Meeting and Agenda have been posted in a clearly visible location in the public lobby of the Bloomington City Hall, 109 E. Olive St., Bloomington, Illinois, same being the principal office of the City of Bloomington, Illinois, on the date and time specified below.

I do further certify that the copies of the foregoing Notice of Special Meeting and Agenda have been placed and properly delivered to each elected official of the City of Bloomington via first class US Postal Service mail and email and to the local news media which have filed annual requests for such notices, on the date and at time specified below.

Posted: January 26, 2012

Time: 2:30 p.m.

Delivered: January 26, 2012

Time: 3:00 p.m.

To: First class USPS and emailed to the Mayor and City Council

Tracey Covert
City Clerk

Subscribed and sworn to before me this
26th day of January, 2012.

Janice Scherff
Notary Public

Mayor Stockton had prepared a general statement which addressed the need for this Special Meeting. He cited the growth of the Central Illinois Regional Airport (CIRA). CIRA was a successful airport. He expressed his belief that in the near future the number of regional airports would be reduced. Thirty-nine percent (39%) of CIRA's passenger traffic fly AirTran. He noted the acquisition of AirTran by Southwest Airlines. He believed that there would be additional airline consolidations. CIRA's market share was airlines with a low price structure. He noted the importance of competition and flights to

specific destinations. Allegiant will offer flights twice a week to Orlando. Frontier Airlines would offer flights headed west. He cited cities such as Denver and/or Las Vegas. He hoped that CIRA might be able to attract flights to New York, Washington DC or Florida destinations.

He restated that the reduction in the number of regional airports was not just a possibility. He cited the decline at the Decatur Airport. Twenty (20) cities have been impacted by the Southwest acquisition. These cities were offering incentives to the airlines. He cited past Council action where incentives were offered to American Airlines for its flights to Denver. This airline is still at CIRA.

The contract involved a revenue guarantee. The airline would provide community air service and the three (3) local governments would provide a guarantee. The McLean County Chamber of Commerce was also soliciting funds from private businesses. The goal was to replace AirTran before service stops in June 2012.

Finally, Mayor Stockton informed the Council that he had spoken with Gregory Rackauskas, DDS. Dr. Rackauskas informed him that small business owners were not in support of government dollars being used to assist in the retention of airline services at CIRA.

The following was presented:

SUBJECT: Agreement Between the McLean County Chamber of Commerce and the City of Bloomington Authorizing the City to Contribute up to \$100,000 to a Community Effort to Attract Additional Air Service to the Central Illinois Regional Airport

RECOMMENDATION: That the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: 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. The airline industry is constantly evolving and communities are extremely competitive in attracting additional air service, often offering incentives to attract service. These incentives, referred to as revenue guarantee programs, are an important part of any community's strategy to develop new passenger air service and have worked successfully in varying forms across the country. In order for these programs to be successful, a sustained, community driven effort is required involving government, business and the citizens of the community.

The McLean County Chamber of Commerce (Chamber), along with other local partners, including the City, are interested in the expansion and development of scheduled air service at the Central Illinois Regional Airport (CIRA), the leading airport in the region, attracting customers from the Central Illinois area and beyond. An air transportation company (Airline) has expressed interest to CIRA in providing air transportation services in exchange for financial

assistance to be provided by the Chamber. The Chamber has requested that the City assist in this expansion effort by providing financial assistance as well, along with other local partners including the Town of Normal and McLean County. The City has participated in similar collaborative support efforts in the past; most recently in 2006 providing up to \$200,000 to the Bloomington-Normal Airport Authority of McLean County to support the efforts of securing additional west bound air service from CIRA.

The goals of this community effort include, but are not limited to, 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 business and leisure travelers; and 4.) diversifying CIRA by attracting additional carriers to assure continued choice among airlines.

The attached Agreement authorizes the City to contribute up to \$100,000 to a community effort to attract additional air service to CIRA. Pursuant to the Agreement, the City shall make a one time payment to the Chamber in the amount of \$100,000 to be used by the Chamber to induce the Airline in providing additional air transportation services to CIRA. Payment is due within ten (10) days of the date of execution of a Transportation Services Incentive Agreement between the Chamber and the Airline; such Incentive Agreement obligating Chamber to provide Airline financial assistance in return for Airline providing air transportation services to CIRA. If the financial assistance provided by the City is not needed, in whole or in part, then all or such part of such funds contributed by the City that are not needed, shall be returned to the City at the termination of the Incentive Agreement.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: McLean County Chamber of Commerce, Town of Normal and McLean County.

FINANCIAL IMPACT: The City has budgeted funds available in the General Fund in the Economic Development Department 10019170-79070 line item. This line item has been designated for economic development opportunities and/or rebates the City owes during FY 2012. The City has \$205,113.89 available in this line item. However, approximately \$80,000 is expected to be paid out in the fourth quarter. Therefore, the line item can absorb the \$100,000 payment.

Respectfully submitted for Council consideration.

Prepared by:

Financial Review by:

Recommended by:

Rosalee Dodson

Tim Ervin

David A. Hales

Asst. Corporation Counsel

Performance Auditor/Budget Mngr.

City Manager

**AGREEMENT BETWEEN
MCLEAN COUNTY CHAMBER OF COMMERCE
AND
CITY OF BLOOMINGTON, ILLINOIS**

THIS AGREEMENT is made this 30th day of January, 2012 by and between MCLEAN COUNTY CHAMBER OF COMMERCE, an Illinois not-for-profit corporation, hereafter “Chamber,” and CITY OF BLOOMINGTON, ILLINOIS, an Illinois municipal corporation, hereafter “City,”

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 City 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, City 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 City 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 City 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 City is not needed in whole or in part, then all or such part of such funds contributed by the City that are not needed shall be returned to the City at the termination of the Incentive Agreement.

3. The Chamber shall supply to City 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

City of Bloomington, Illinois,
an Illinois municipal corporation

By: Charles Moore

By: Stephen F. Stockton

Its President & CEO

Its Mayor

David Hales, City Manager, addressed the Council. He noted that Carl Olson, CIRA's Executive Director, and Charlie Moore, McLean County Chamber of Commerce's President and CEO, were present at this evening's meeting. The incentive issue came together quickly. The three (3) local governments would be united in their effort to meet the airline time lines. He noted the collaboration between the City, Town of Normal and McLean County. The community needed to work with the airlines or they will take their business elsewhere. He added that the area's private businesses were interested in this issue. He recommended Council approval.

Alderman Fazzini stated that there were five (5) key points to remember: 1.) the Council would authorize the expenditure of \$100,000 of City money with a potential benefit of \$1.4 million; 2.) it was important to keep CIRA competitive and viable; 3.) airline traffic benefits area hotels, restaurants, gas stations and retail shopping; 4.) if CIRA does not attract additional airlines, another airport will, the survival of CIRA as a regional airport was important to the community; and 5.) the fifteen percent (15%) price discount would allow CIRA to attract low cost airlines.

Alderman Fazzini provided background data to support his assertions. The data cited the number of flights, average cost per flight, percentage of leisure travel, percentage of air travelers that were City residents, etc.

Alderman Schmidt expressed her support for Alderman Fazzini's comments. She added her support and closed by noting that the Chamber of Commerce was the lead organization regarding this item.

Alderman Stearns expressed her support of free enterprise. She believed that private industry should assume the risk. She noted the City's investment in economic development. There would not be proper oversight on the expenditure of these funds. She viewed this agreement as a bail out. The airlines would have no incentive to make a profit. This was a philosophical issue and an incorrect use of taxpayer dollars.

Alderman McDade made an overwhelming statement of support. CIRA needed to attract air carriers. Air travel was linked to economic development. Economic development was part of the City's strategic plan. She had been contacted by citizens and businesses. She described the item as a private/public partnership. She noted that the Chamber had raised \$200,000 in private funding.

Alderman Purcell had read the information provided. He believed that this would be an incentive program between the Chamber of Commerce and Frontier Airlines. Mayor Stockton noted that these funds were not only for Frontier Airlines' use. There were no formal agreements with an airline at this time. Alderman Purcell expressed his concern due to the lack of oversight. The City would provide funding in advance. He questioned the trigger points and conditions which had to be met in order for dollars to be expended. He expressed his support for CIRA. However, he did not support this item due to the lack of oversight. This item had been rushed. He did not understand the agreement.

Mayor Stockton noted that the Council supported CIRA. Communities were granting incentives to the airlines. There was competition within Central Illinois for air service.

Motion by Alderman McDade, seconded by Alderman Schmidt that the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Mwilambwe, Schmidt, McDade, Fazzini, Sage and Fruin.

Nays: Aldermen Stearns and Purcell.

Motion carried.

Motion by Alderman Purcell, seconded by Alderman McDade, that the meeting be adjourned. Time: 5:23 p.m.

Motion carried.

**Tracey Covert
City Clerk**