

City Council-Regular

Meeting Date: 01/21/2020

Initiated By: Robert A. Eads, Co-Interim City Manager

Staff Source: Kristina Laurel Hale, City Attorney

SUBJECT

2020-R-021 Authorizing the Co-Interim City Managers to execute an agreement made pursuant to Texas Local Government Code Chapter 380 with Transportes Aeromar, S.A. de C.V. related to the development of air transportation services to provide non-stop flights between the Laredo International Airport and Mexico City to include economic incentives of a ticket pre-purchase in the amount of \$100,100.00 and an \$800,000.00 maximum revenue guarantee incentive from the City. Funds are available in the Capital Improvements Fund.

PREVIOUS COUNCIL ACTION

None.

BACKGROUND

Securing direct air service to and from Mexico City will serve as an economic development tool for our community by facilitating the transportation of people and goods. The general public and business community have requested and will benefit from direct air service from Laredo to Mexico City.

Transportes Aeromar, S.A. de C.V ("Aeromar") is a Mexican air carrier incorporated in 1987 that operates scheduled domestic service in Mexico and international service to the United States. Aeromar is based at the Mexico City International Airport with a fleet of aircrafts consisting of the ATR 42 and ATR 72. Aeromar is to provide direct air service from the Laredo International Airport to the Mexico City International Airport three times per week. Aeromar will be seeking the approval from both the U.S. and Mexico governments for the route and service is expected to begin in May 2020.

In the event the air service meets the financial threshold of break-even as specified in the Agreement, the economic revenue guarantee incentive will not take effect and Aeromar will not be compensated by the City. However, in the event the financial threshold is not met as stated in the Agreement, then Aeromar will be compensated the difference as an economic revenue guarantee incentive, in a total amount not to exceed \$800,000. Additionally, the City will pre-purchase tickets in the amount of \$100,100 for City use.

The term of this Agreement is for one year from the start of service.

COMMITTEE RECOMMENDATION

n/a

STAFF RECOMMENDATION

n/a

Fiscal Impact

Fiscal Year: 2020
Budgeted Y/N?: Y
Source of Funds: Capital Improvement Fund
Account #: 402-4310-534-7301
Change Order: Exceeds 25% Y/N:

FINANCIAL IMPACT:

Funds are available in the Capital Improvement Fund, account number 402-4310-534-7301 (Contributions).

Attachments

Resolution
Agreement
