



AGENDA MEMORANDUM

Resolution for the City Council Meeting of July 29, 2025

DATE: July 29, 2025

TO: Peter Zaroni, City Manager

FROM: Jeremy Valgardson, Interim Aviation Director
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Minimum Revenue Guarantee Funding Agreement – City of Corpus Christi and Visit Corpus Christi

CAPTION:

Resolution authorizing an Air Service Minimum Revenue Guarantee Agreement with Visit Corpus Christi (VCC) for funds promoting additional tourists to CCIA, in an amount totaling \$100,000, with FY 2026 funding of \$100,000 from VCC.

SUMMARY:

An MRG is a contractual agreement where a local entity, such as an airport or an economic development corporation, guarantees an airline a specified amount of revenue from ticket sales for a new service over a defined period. If the airline's actual revenue falls short of this guaranteed minimum, the local entity provides a cash payment to cover the shortfall. This mechanism directly mitigates the financial risk for the airline in launching a new route, making investment more attractive and feasible. Without such guarantees, smaller airports often struggle to compete with larger markets for new services, as airlines are hesitant to enter unproven markets, especially given the significant operational costs involved. This item is one of three items that make up the funding for an MRG for a new airline service to a western destination.

This agreement is between the City of Corpus Christi, specifically the Corpus Christi International Airport (CCIA), and Visit Corpus Christi (VCC) in the amount of \$100,000 for the community participation portion of the Small Community Air Service Development (SCASD) Grant.

BACKGROUND AND FINDINGS:

Attracting and maintaining new air service is vital for Corpus Christi's economic health. Minimum Revenue Guarantees (MRGs) are essential for smaller airports like CCIA to compete, as they reduce an airline's financial risk by guaranteeing a specific revenue amount for new service.

This funding supports twice-weekly nonstop service to Denver via Frontier Airlines, operating Thursdays and Sundays from October 9th through August 16th, with potential for extension. The maximum liability for revenue shortfalls is \$6,568 per departure, reconciled quarterly.

The total MRG for this service is approximately \$1.2 million. CCIA's initial commitment to this

MRG is \$787,579. This amount is comprised of a \$437,579 federal match from the Small Community Air Service Development (SCASD) Grant and a \$350,000 community share. This ordinance specifically appropriates the \$100,000 from Visit Corpus Christi, which is a key part of the Airport's community share. The remaining \$250,000 of the community share is approved by the Type B Corporation. This initiative is expected to significantly boost local economic development, tourism, and business travel by providing direct access to a major hub.

ALTERNATIVES:

Should the council not approve these funds, Frontier Airlines may not initiate or sustain the proposed nonstop service between Corpus Christi and Denver.

FINANCIAL IMPACT:

The financial impact is an amount not to exceed \$100,000, to be funded by the Hotel Occupancy Tax (HOT) from Visit Corpus Christi in FY 2026.

Funding Detail:

| | |
|------------------------|------------------------------------|
| Fund: | 1055 |
| Organization/Activity: | 800070L – MRG Visit Corpus Christi |
| Department: | 53 - Aviation |
| Project # (CIP Only): | N/A |
| Account: | 530125 – Airline Reimbursement |
| Amount: | \$100,000.00 |

RECOMMENDATION:

Staff recommends approval of the agreement between Visit Corpus Christi and the Corpus Christi International Airport for an amount not to exceed \$100,000, funded by the Hotel Occupancy Tax (HOT) in FY 2026.

LIST OF SUPPORTING DOCUMENTS:

Resolution