



AGENDA MEMORANDUM
Action Item for the City Council Meeting March 22, 2022

DATE: March 22, 2022
TO: Peter Zaroni, City Manager
FROM: Kevin Smith, Director of Aviation
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Ratification of grant application submittal to the U.S. Department of Transportation, Small Community Air Service Development Program by the Airport Department

CAPTION:

Resolution ratifying submission of a grant application to the U.S. Department of Transportation's Small Community Air Service Development Program on behalf of the Aviation Department in the amount of \$750,000.00, with a cash match of \$250,000.00 and \$238,680.00 of in-kind services, for development of new non-stop airline service between Corpus Christi and Denver or the greater Western United States.

SUMMARY:

This resolution authorizes the Corpus Christi International Airport (CCIA) to submit a grant application for funding under the U.S. Department of Transportation, Small Community Air Service Development Program (SCASDP) Grant in the amount of \$750,000 in federal with an airport local match of \$488,680 consisting of \$250,000 cash for marketing and \$238,680 in-kind air service incentive plan. The grant funds will help to support revenue guarantee, marketing, and associated activities to recruit, initiate, and support new non-stop service between Corpus Christi and Denver or the greater Western United States.

BACKGROUND AND FINDINGS:

U.S. Department of Transportation (DOT) under the Small Community Air Service Development Program ("Small Community Program" or "SCASDP") provides federal grant opportunities to address air service and airfare issues in communities. DOT has up to \$17 million available for FY 2021 grant awards to carry out the SCASDP program. No more than four cities from the same State or more than 40 communities can be selected for grant awards in this program each year. The federal grant funds are highly competitive and discretionary among all Small Hub designation or smaller airports in the U.S.

Eligible Projects:

- A U.S. air carrier to subsidize service to and from an underserved airport for a period not to exceed 3 years;
- An underserved airport to obtain service to and from the underserved airport; and/or
- An underserved airport to implement such other measures appropriate to improve air service both in terms of the cost of such service to consumers and the availability of such service, including improving air service through marketing and promotion of air service and enhanced utilization of airport facilities

The City of Corpus Christi and the Aviation Department are taking the initiative to recapture some of the passenger traffic that is currently driving long distances to other airports like Austin, San Antonio, and Houston. The last new airline service was in late '90s with Delta. Providing a new nonstop service option to a key hub in the western United States would significantly enhance these efforts. The Coastal Bend Region to Denver market is significant, and a nonstop flight to Denver would also improve Corpus Christi International Airport's connectivity to numerous other destinations in the Rocky Mountain and West Coast regions.

Various airlines have evaluated the Corpus Christi market, and although nonstop service could be successful, any new service comes with inherent risks and significant costs. The COVID-19 pandemic and current volatile industry environment have increased the risk to enter a new market. A SCASDP Grant award with an associated minimum revenue guarantee would help airlines mitigate those risks.

The last time the City applied for this grant was in 2012, and the City was awarded \$300,000 for marketing campaign to educate travelers on benefits to fly local. The City has not applied for the grant since 2012 until now because unless the scope is different from last grant award, an airport has to wait 10 years before re-applying. In addition, the Airport was successful in obtaining a letter of support from an airline and community leaders which make the application more competitive. Letters of support include the Mayor, City Manager, Congressman Michael Cloud, Visit Corpus Christi, Denver International Airport, Port Industries of Corpus Christi, Regional Economic Development Corporation, Port of Corpus Christi, United Chamber of Commerce, Kiewit Offshore Services Ltd, Texas A&M University Corpus Christi, and Sun Country Airlines. Additionally, the City will pursue obtaining up to \$390,000 of community commitment funding.

ALTERNATIVES:

The alternative is not to submit the grant application and find other funding sources for revenue guarantee. The inability to provide revenue guarantee funds will delay the time for a new airline to enter the Coastal Bend Region as a new market.

FISCAL IMPACT:

There is no fiscal impact for the application process. However, if the grant is awarded then grant program period will be FY 2023 thru FY 2027.

Funding Detail:

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Account:	N/A

RECOMMENDATION:

Staff recommends authorizing submittal of the grant application, as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Presentation slide
Letters of Support