

AN ORDINANCE 2008-03-13-0204

AUTHORIZING AN INCENTIVE PACKAGE FOR SOUTHWEST AIRLINES FOR A NEW DAILY NONSTOP FLIGHT TO PHILADELPHIA, PA STARTING MARCH 17, 2008, INCLUDING UP TO \$200,000 FOR MARKETING COST REIMBURSEMENTS AND LANDING FEE WAIVERS IN ACCORDANCE WITH THE AIR SERVICE DEVELOPMENT INCENTIVE PROGRAM.

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WHEREAS, the San Antonio Air Service Development Incentive Program was presented to City Council in B-Session in October 2001, and was developed as an overall effort by the City to increase air service to the San Antonio community; and,

WHEREAS, the Incentive Program was updated and approved by Council in May 2006 and revised in December 2007; and

WHEREAS, on March 17, 2008, Southwest Airlines, Inc. will initiate a new daily non-stop flight to Philadelphia, PA, which is eligible for a maximum marketing reimbursement of \$200,000 as well as landing fee waivers for 12 months under the Incentive Program; and

WHEREAS, it is now necessary to authorize an Incentive Package for Southwest; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The Aviation Director or his designee is authorized to execute the attached Air Service Incentive Agreement for Southwest Airline Inc.'s new daily nonstop flight to Philadelphia, PA, which provides for a \$200,000 maximum reimbursement of marketing expenses, landing fee waivers and other terms and conditions in accordance with the Air Service Development Incentive Program.

SECTION 2. Funding for this ordinance is available in Fund 51001000 Aviation Operations, Cost Center 3301010002 Community Relations, General Ledger 5203040 Advertising and Publications as part of the FY08 Budget.

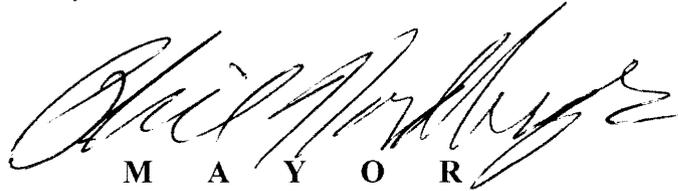
SECTION 3. Payment not to exceed \$200,000 is authorized to Southwest and should be encumbered with a purchase order.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

GS
03/13/08
Item No. 18

SECTION 5. This Ordinance shall take effect immediately upon passage by eight (8) affirmative votes; otherwise it shall be effective ten (10) days after its passage.

PASSED AND APPROVED this 13th day of March 2008.



M A Y O R

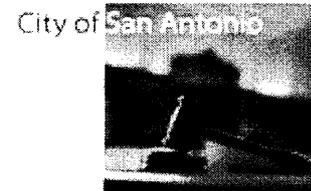
PHIL HARDBERGER

ATTEST: *Letecia M. Vacek*
City Clerk

APPROVED AS TO FORM: *Camille W. Kuman*
for City Attorney



Request for
COUNCIL
RESOLUTION



Agenda Voting Results - 18

Name:	18						
Date:	03/13/2008						
Time:	04:29:24 PM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing an incentive package for Southwest Airlines for a new daily non-stop flight to Philadelphia, PA starting March 17, 2008, including up to \$200,000.00 for marketing cost reimbursements and landing fee waivers in accordance with the Air Service Development Incentive Program. [Penny Postoak Ferguson, Assistant City Manager; Mark Webb, Director, Aviation]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Phil Hardberger	Mayor	x					
Mary Alice P. Cisneros	District 1		x				
Sheila D. McNeil	District 2		x			x	
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4	x					
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x				
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				x
Louis E. Rowe	District 9		x				
John G. Clamp	District 10		x				

**CITY OF SAN ANTONIO INTERNATIONAL AIRPORT
AIR SERVICE INCENTIVE AGREEMENT**

This Agreement is entered into by and between the City of San Antonio (City), acting by and through its Aviation Director, and Southwest Airlines Co. (Airline) organized and existing under the laws of the state of Texas, and is intended to memorialize the agreement between the City of San Antonio and the Airline under the terms of the San Antonio International Airport Air Service Development Incentive Program (Program), approved by City Council on December 13, 2007, a copy of which is attached hereto and incorporated herein.

The City and the Airline, by their signatures to this Agreement, acknowledge that their agreement related to marketing incentives and landing charge waiver is to be governed by the Program. It is understood and agreed that the Airline and the eligible new non-stop service that City is offering at the San Antonio International Airport fall into Sections A and B of the Program and the maximum eligible marketing reimbursable incentive is \$200,000.00. Of this eligible amount, an initial marketing amount of 25 percent of the incentive (\$50,000.00) will be reimbursed to the Airline by the City for start-up marketing expenses. Once this initial amount is reimbursed to Airline by City, City will not assert any claims against Airline for such initial amount. Reimbursement of the remaining 75 percent of marketing expenses in the amount of \$150,000.00 will be subject to continuation of the eligible flight for a minimum of 12 months (365 days) from the start date. These funds must be reimbursed or refunded to City by Airline if Airline leaves the market and/or discontinues the new non-stop route earlier than twelve (12) months (365 days) from the service start date. In the event that Airline fails to refund such funds within thirty (30) days of City's request, Airline expressly consents to City's right to deduct the funds from Airline's Refund, if Airline is entitled to such a Refund under the Airline Agreement. This remedy shall be cumulative upon all other remedies available to City.

For the eligible target market Philadelphia, PA, the City's Airport Landing Charge, currently set at \$1.23 per 1,000 pounds of Maximum Gross Landing Weight, will be waived for a maximum of 12 months (365 days) from start date or during a lesser period should the eligible service be discontinued during 12 months from the start date.

The term of the Memorandum of Agreement shall be one year starting from the effective date of this Agreement. At the end of the period, the Agreement is not subject to extension, but shall terminate automatically. The effective date of this Memorandum of Agreement shall be March 17, 2008.

IN WITNESS WHEREOF, the City of San Antonio and the Airline have caused this Memorandum of Agreement to be executed by their duly authorized officers, as of the date indicated below.

CITY OF SAN ANTONIO

SOUTHWEST AIRLINES CO.

Aviation Director

Printed

Name: _____

Date: _____

(Signature)

Printed

Name: _____

Title: _____

Date: _____

Kevin Krone

VP Marketing

1-25-08

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