



MINIMUM REVENUE GUARANTEE
(MRG) TO ATTRACT NEW AIR
SERVICE TO KILLEEN REGIONAL
AIRPORT

RS-26-080

May 19, 2026

Background

2

- Feb 2021: Killeen Aviation Department applied for a DOT Small Community Air Service Development Program (SCASDP) grant.
- Grant purpose: Fund a Minimum Revenue Guarantee (MRG) to support nonstop daily service to a new route location or an equally well-connected hub.
- MRG: An air service incentive that covers passenger-revenue shortfalls to reduce airline risk when starting or expanding new routes.

Background

3

- ❑ Grant offer received July 27, 2021, in the amount of \$1,000,000 (Grant expires January 2027, requesting an extension with DOT).
- ❑ Killeen Economic Development Corporation (KEDC) committed \$200,000.
- ❑ Advent Health Central Texas committed \$10,000.
- ❑ \$100,000 committed to Marketing from the Aviation Operating Fund.
- ❑ \$70,000 of in-kind services from the City of Killeen.

Discussion

4

- ❑ The current grant is not sufficient to remain competitive for new air service.
- ❑ Our goal is to remain competitive in the air service market to attract a new airline to GRK.
- ❑ All funds will come from Aviation Funding/DOT Grant and other contributions (no taxpayer dollars).

Discussion

- Additional funding Requested: (\$750,000/year for 3 years; total \$2.25 million)
- Will strengthen the grant and enhance our marketing and air service development efforts to be more competitive in the marketplace.
- Full additional funding may not be utilized if new air service or airlines goals are met.

Recommendation

- City Council approve the Aviation Department request for \$750,000 each year for three years (maximum \$2.25 million), as well as utilize the SCASDP grant of \$1 million and authorize the City Manager or designee to execute all necessary documents and any and all amendments within the amounts set by state and local law.