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Title: Actions pertaining to the Commercial Aviation Non-Exclusive License Agreement with Delta Global Services (DGS) for on-airport ground handling services at Fresno Yosemite International Airport (Council District 4)
 1. Approve License Amendment No. 1 between the City of Fresno and DGS for non-exclusive ground handling services at Fresno Yosemite International Airport (FAT)

Sponsors: Airports Department

Indexes:

Code sections:

Attachments: 1. 12-3-2015 DGS Amendment No 1 Attachment.pdf

Date	Ver.	Action By	Action	Result
12/3/2015	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 3, 2015

FROM: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

Actions pertaining to the Commercial Aviation Non-Exclusive License Agreement with Delta Global Services (DGS) for on-airport ground handling services at Fresno Yosemite International Airport (Council District 4)

1. Approve License Amendment No. 1 between the City of Fresno and DGS for non-exclusive ground handling services at Fresno Yosemite International Airport (FAT)

RECOMMENDATION

Staff recommends City Council approve License Amendment No. 1 between the City of Fresno and DGS, extending the term for an additional three years to continue providing ground handling services at FAT.

EXECUTIVE SUMMARY

A number of airlines operating at FAT utilize third party companies to provide ground handling services, as is typical at many airports across the country. This function is commonly referred to in the industry as under-the-wing service and typically includes ticketing, boarding gate, and baggage handling operations. At FAT, DGS is under contract to provide under-the-wing services for United Airlines (United) and Delta Airlines (Delta). Providing this type of service requires a non-exclusive License Agreement with the airport. The existing three-year License expired on August 21, 2015, and is in holdover. License Amendment No. 1 will extend the term through August 21, 2018.

BACKGROUND

In June 2012, United and Delta awarded DGS ground handling contracts at 19 airports, including FAT, with an effective date of August 22, 2012. To accommodate United and Delta operations at FAT, the Airports Department (Airports) executed a three year non-exclusive ground handling license agreement with DGS. License Amendment No. 1 is necessary because the contractual relationship between DGS and United/Delta will continue for at least three more years. For this reason, DGS desires to continue operating at FAT for another three years. Under the terms of the agreement DGS is required to pay a monthly license fee of \$250 or 10% of their monthly gross revenue, whichever is greater.

License Amendment No. 1 has been approved as to form by the City Attorney's Office.

ENVIRONMENTAL FINDINGS

Extending the term of the non-exclusive license for ground handling services is not a "project" pursuant to CEQA Guidelines section 15378.

LOCAL PREFERENCE

Local preference does not apply because this Amendment does not include a bid or award of a construction or services contract.

FISCAL IMPACT

Over the last three years revenue from the DGS ground handling License Agreement was \$560,119. It is anticipated that revenue during the next three years will be similar. All revenue will be deposited into the Airports Enterprise Fund and will contribute to the operation and maintenance of FAT. In addition, this continued business will provide an economic benefit to the City and the airport through services provided to airlines. There is no impact to the General Fund from this item.

Attachment:
Amendment No. 1 to the License