



Legislation Details (With Text)

**File #:** ID 22-897      **Version:** 1      **Name:**

**Type:** Action Item      **Status:** Passed

**File created:** 5/25/2022      **In control:** City Council

**On agenda:** 6/23/2022      **Final action:** 6/23/2022

**Title:** Actions related to the Airline Use Agreement with Aerovías de México S.A. de C.V. dba. AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de Aviación S.A.P.I de C.V. dba. Volaris.

1. Adopt a finding of Categorical Exemption pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act Guidelines.
2. Approve the new Airline Use Agreement (AUA) Agreement between the City of Fresno and Aerovías de México S.A. de C.V. dba AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de Aviación S.A.P.I de C.V. dba. Volaris, for a lease term of five years. (Council District 4)

**Sponsors:** Airports Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Airport Use Agreement (AeroMexico).pdf, 2. Airport Use Agreement (Alaska Airlines).pdf, 3. Airport Use Agreement (Allegiant Air).pdf, 4. Airport Use Agreement (American Airlines).pdf, 5. Airport Use Agreement (Delta Airlines).pdf, 6. Airport Use Agreement (SkyWest Airlines).pdf, 7. Airport Use Agreement (Southwest Airlines).pdf, 8. Airport Use Agreement (United Airlines).pdf, 9. Airport Use Agreement (Volaris).pdf

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 6/23/2022 | 1    | City Council | APPROVED | Pass   |

**REPORT TO THE CITY COUNCIL**

**DATE:** June 23, 2022

**FROM:** HENRY THOMPSON, A.A.E., IAP, Director of Aviation  
Airports Department

**BY:** MELISSA GARZA-PERRY, Airports Properties Manager  
Airports Department

**SUBJECT**

Actions related to the Airline Use Agreement with Aerovías de México S.A. de C.V. dba. AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de

Aviación S.A.P.I de C.V. dba. Volaris.

1. Adopt a finding of Categorical Exemption pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act Guidelines.
2. Approve the new Airline Use Agreement (AUA) Agreement between the City of Fresno and Aerovías de México S.A. de C.V. dba AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de Aviación S.A.P.I de C.V. dba. Volaris, for a lease term of five years. (Council District 4)

## RECOMMENDATION

Staff recommends that City Council adopt a finding of Categorical Exemption, pursuant to Section 15301 of the California Environmental Quality Act (CEQA) Guidelines, and authorize the Director of Aviation, or designee, to execute the new Airlines Use Agreements (AUA) with Aerovías de México S.A. de C.V. dba AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de Aviación S.A.P.I de C.V. dba. Volaris at Fresno Yosemite International Airport (FAT), for a lease term of five years.

## EXECUTIVE SUMMARY

The City of Fresno Airports Department (Department) has Airline Operating Agreements (AOA) with Aerovías de México S.A. de C.V. dba AeroMéxico; Alaska Airlines, Inc.; Allegiant Air, LLC.; American Airlines, Inc.; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; Southwest Airlines Co.; United Airlines, Inc.; and Concesionaria Vuela Compañía de Aviación S.A.P.I de C.V. dba. Volaris (collectively referred to as Airlines). With the exception of Aeromexico, Volaris, and Southwest, the AOA's have been in a holdover status since July 1, 2020. During this holdover period the Department has been working with the airlines on creating a new Airline Use Agreement (AUA), this lease is different from the current operating agreement as it is in line with all current industry practices expected by the airlines. The new AUA has three main points that are significant to the Lease, (i) term of the agreement is a five-year term; this demonstrates a significant commitment by the airlines that they are committed to our market and it eliminates the current 60 day out clause given to each airline; (ii) Airport Rating Agency Enhancement; the rating agencies look at airline leases as a credit rating enhancement. This is significant as FAT is poised to enter the Bond market in 2022 for the Terminal Expansion Project; and, (iii) Airlines are currently operating on Airport Operating Agreements initially executed in June 2002. New Airlines leases incorporate updated language for our expanding facility. With the execution of this AUA, no changes to current air service is anticipated.

## BACKGROUND

AUAs allow the airlines to provide commercial air service at FAT, which include, but are not limited to, provisions for, (i) use of the airfield and terminal facility, (ii) payment of rates and charges in accordance with the Airline Rate Setting Policy, (iii) insurance and indemnification, (iv) term and termination provisions, and, (v) operations and maintenance protocols.

The AUA terms and conditions are updated from those in the in 2002 and amended AOA. The term will be through June 30, 2027.

The insurance and indemnity provisions have been reviewed and approved by the City of Fresno Risk Management Division.

The City Attorney has reviewed and approved AUA as to form.

## **ENVIRONMENTAL FINDINGS**

This Agreement falls within the Class 1 Categorical Exemption for Existing Facilities set forth in California Environmental Quality Act (CEQA) Guidelines, Section 15301 for existing facilities, as it involves no alteration of existing facilities, with no expansion of use, and will not result in any significant negative effects relating to traffic, noise, air quality or water quality. Furthermore, none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

## **LOCAL PREFERENCE**

Local preference was not implemented because this item is not an award of a services or construction agreement.

## **FISCAL IMPACT**

The annual estimated revenue from all of the agreements will be \$8,363,943. The revenue received during the full term of all of the agreements is estimated to be \$41,819,715 plus. All revenue will be deposited into the Airports Enterprise Fund and will contribute to the operation and maintenance of FAT. There is no impact to the General Fund or ratepayers of the City of Fresno from this item.

Attachment: Airport Use Agreements (Aeroméxico, American Airlines, Alaska Airlines, Allegiant Air, Delta, SkyWest Airlines, Southwest Airlines, United Airlines, Volaris)