



Legislation Details (With Text)

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Title: Approve a Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services between Flight Services and Systems, Inc. and the City of Fresno to provide ground handling services at Fresno Yosemite International Airport, for a term of five years.

Sponsors: Airports Department

Indexes:

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Attachments: 1. Ground Handling License 8-2016 (final with Exhibits) for council.pdf

Date	Ver.	Action By	Action	Result
10/13/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

DATE: October 13, 2016

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

SUBJECT

Approve a Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services between Flight Services and Systems, Inc. and the City of Fresno to provide ground handling services at Fresno Yosemite International Airport, for a term of five years.

RECOMMENDATION

Staff recommends City Council approve a Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services (Agreement) between Flight Services and Systems, Inc. (FSS) and the City of Fresno to provide ground handling services at Fresno Yosemite International Airport (FAT), for a term of five years.

EXECUTIVE SUMMARY

The Agreement will enable FSS to provide ground handling services to Volaris and AeroMexico

airlines at FAT. Ground handling services include, but are not limited to operations related to, (i) passenger processing at the ticket counters, (ii) checked baggage (outbound) and baggage claim (inbound) operations, (iii) passenger processing at the airline gates, and, (iv) ground handling of the aircraft. FSS has been ground handling Volaris Airlines at FAT since 2006. On August 15, 2016 AeroMexico executed a new ground handling contract with FSS. This License Agreement is necessary because FSS now provides ground handling services to more than one airline at FAT. There is no impact to Volaris and AeroMexico flights with this change.

BACKGROUND

Third party ground handling, through licensing agreements, is common at airports throughout the United States. At FAT, ground handling is provided by third party entities for American, United, Delta, Volaris and AeroMexico. During the last 10 years FSS has been a responsive and responsible partner regarding airport rules and regulations and they currently lease office space in the Airport terminal.

AeroMexico recently solicited for third party ground handling services at a number of airports it serves, including FAT, and ultimately selected FSS as a replacement ground handler at all the airports. Prior to August 15, 2016, AeroMexico used Aviation Port Services (APS) for their ground handling activities at FAT and other airports.

Under the terms of the Agreement, FSS is required to pay a monthly fee of the greater of: \$250.00 or ten percent (10%) of gross revenue from all of its operations at FAT, which is consistent with industry standards as well as the other ground handling license agreement at FAT.

The Agreement has been approved as to form by the City Attorney's Office.

ENVIRONMENTAL FINDINGS

Pursuant to CEQA Guidelines section 15378, granting this non-exclusive license agreement is not a "project" for the purposes of CEQA.

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

As with all airlines, the ability of AeroMexico to proactively seek ways to improve their overall operation, such as outsourcing ground handling functions, ultimately helps them remain competitive in our market. The annual revenue from the Agreement is estimated to be \$90,000. Total revenue for the five-year term is estimated to be \$450,000. All revenues 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 from this item.

Attachment: Non-Exclusive License Agreement

