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Title: Approve a new Airline Operating Agreement and amendments to five existing Airline Operating Agreements for passenger airlines serving Fresno Yosemite International Airport (Council District 4)

Sponsors: Airports Department

Indexes:

Code sections:

Attachments: 1. Alaska AOA - Amend.3.pdf, 2. Allegiant AOA - Amend.4.pdf, 3. Delta AOA - Amend.1.pdf, 4. SkyWest AOA - Amend.5.pdf, 5. United AOA - Amend.1.pdf, 6. American AOA.pdf

Date	Ver.	Action By	Action	Result
8/3/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

August 3, 2017

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

SUBJECT

Approve a new Airline Operating Agreement and amendments to five existing Airline Operating Agreements for passenger airlines serving Fresno Yosemite International Airport (Council District 4)

RECOMMENDATION

Staff recommends that City Council approve a new Airport Operating Agreement (AOA) with American Airlines Group, Inc., and amendments to AOAs with Alaska Airlines, Inc.; Allegiant Air, LLC; Delta Air Lines, Inc.; SkyWest Airlines, Inc.; and United Airlines, Inc., for passenger airline services at Fresno Yosemite International Airport (FAT) and authorize the Director of Aviation to execute the documents.

EXECUTIVE SUMMARY

AOAs address airline lease and operating parameters related to providing scheduled commercial air service at airports. The proposed American Airlines new AOA and five AOA amendments extend the AOA terms to June 30, 2020, and update FAT's common use operating criteria. The American

Airlines AOA is new because of American Airlines' recent merger with US Airways.

BACKGROUND

AOAs define common use privileges of the airport (ticketing, baggage claim, gate areas, etc.), lease of exclusive use space (office and operation areas), rules and regulations associated with airport operations, and term and termination clauses. AOA's are also viewed by Bond Rating Agencies as important contractual documents that can lead to favorable credit ratings, which is significant because the ratings are directly tied to FAT's ability to meet its future capacity needs.

The AOA's subject to this action includes all of FAT's domestic air carriers. The international air carrier AOA's (Volaris and AeroMexico) do not have a termination date and amendments will come before Council at a later date. All AOA's have a 60-day termination clause.

In 2002, the AOA's were initially executed for a term of three years. In 2005, the AOA's were amended to extend the term by five years, ending June 30, 2010. Between 2002 - 2010, various amendments were executed for individual airlines for items such as providing additional office space and gate areas. In 2012, United Airlines and Delta Airlines entered into individual AOA's on behalf of their corporations (previously they operated under the SkyWest AOA). Both are five-year AOA's, which expire in August 2017. In 2015, American Airlines and US Airways merged and officially began operating as American Airlines Group.

The City Attorney has reviewed and approved the amendments and the new AOA as to form.

ENVIRONMENTAL FINDINGS

Pursuant to CEQA Guidelines Section 15378, this is not a project for the purposes of CEQA.

LOCAL PREFERENCE

The City's Local Preference Ordinance was not applied because AOA's do not include a bid or award of a construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund from this action. There are no changes in landing fees, terminal rents or any other fees to the airlines with this action, which are identified in the City's Master Fee Schedule. AOA's enable the airlines to operate in a cost and operationally efficient manner, which supports FAT as a regional transportation center and driver of economic development.

Attachments:

- Amendment No. 3 to Alaska Airlines AOA
- Amendment No. 4 to Allegiant Airlines AOA
- Amendment No. 1 to Delta Airlines AOA
- Amendment No. 5 to SkyWest Airlines AOA
- Amendment No. 1 to United Airlines AOA
- American Airlines AOA