Legislation Details (With Text)

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File created:	8/15/2018			**In control:**	City Council
On agenda:	8/30/2018			**Final action:**	8/30/2018
Title:	Approve the Second Amendment to the Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services with DAL Global Services, LLC., at Fresno Yosemite International Airport to extend the term of the agreement and update insurance provisions. (Council District 4)				
Sponsors:	Airports Department				
Indexes:					
Code sections:					
Attachments:	1. 08-30-2018 Second Amendment to the Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services with DAL Global Services, LLC at Fresno Yosemite International Airport.pdf				

Date	Ver.	Action By	Action	Result
8/30/2018	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

August 30, 2018

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

SUBJECT

Approve the Second Amendment to the Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services with DAL Global Services, LLC., at Fresno Yosemite International Airport to extend the term of the agreement and update insurance provisions. (Council District 4)

RECOMMENDATIONS

Staff recommends that the City Council authorize the Director of Aviation to execute an amendment to the existing ground handling agreement with DAL Global Services, LLC. (DGS) related to the extension of lease term and updated insurance requirements at Fresno Yosemite International Airport (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. DGS requests an extension of its lease term for continued ground handling operations with Delta, Frontier and United Airlines at FAT due to contractual arrangements with the airlines. The extension of term will allow for DGS to continue providing ground handling services on behalf of Delta, Frontier and United Airlines.

BACKGROUND

DGS entered into an agreement with Airports for ground handling and support services on August 22, 2012, through August 21, 2018. Due to FAT's growth, DGS increased services from two airlines to three airlines operating at FAT in 2018. This Second Amendment to DGS's Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services will extend the term through August 21, 2023. Under the terms of the license DGS's monthly license fee will remain $250 or 10% of their monthly gross revenue, whichever is greater. Additionally, because the insurance requirements have not been updated since the original 2012 agreement, the Second Amendment brings all insurance requirements current for their ground handling operations.

ENVIRONMENTAL FINDINGS

This is not a project pursuant to CEQA Guidelines Section 15378.

LOCAL PREFERENCE

Local preference is not applicable because this is an amendment to an existing agreement.

FISCAL IMPACT

The annual revenue generated by the Agreement is anticipated to be $220,000. Total revenue for the five year additional term is estimated at $1,100,000. All revenues generated from the Agreement will be deposited into the Airport Enterprise Fund and contribute to the operation and maintenance of FAT. There is no impact to the General Fund from this action.

Attachment:

Second Amendment to the Non-Exclusive License Agreement to Conduct Commercial Aviation Ground Handling and Support Services with DAL Global Services, LLC at Fresno Yosemite International Airport

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