

**CITY OF SAN ANTONIO  
AVIATION DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Roland Lozano, Interim Aviation Director

**SUBJECT:** Airline-Airport Use and Lease Agreement by and between the City of San Antonio and Frontier Airlines, Inc. at San Antonio International Airport

**DATE:** June 23, 2005

**SUMMARY & RECOMMENDATION**

This ordinance authorizes the execution of an Airline-Airport Use and Lease Agreement ("Agreement") with Frontier Airlines, Inc. ("Frontier") at San Antonio International Airport. All signatory airlines operate under the same basic Agreement, passed and approved by Ordinance No. 94625, effective as of October 1, 2001. In support of additional airline service at San Antonio International Airport, Frontier will provide two daily non-stop flights to Denver Colorado. The lessee is a new tenant and will lease building space in Terminal 1 for the use of office space, ticket counter space and other aviation related activities at the airport.

The agreement will commence on July 1, 2005 upon passage of eight (8) affirmative votes and will continue until September 30, 2006 subject to the provisions for early termination. All other signatory airline agreements at San Antonio International Airport will also terminate on September 30, 2006.

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

Frontier Airlines, Inc. was re-established in Denver Colorado in July 1994 and received their commercial passenger certification to operate large aircraft from the Federal Aviation Administration (FAA) authorized under Federal Aviation Regulation (FAR 121). Frontier has requested authority from the City and FAA to provide two daily non-stop passenger flights from San Antonio to Denver. Frontier has requested building space in Terminal 1 and requests to enter into the existing Airline-Airport Use and Lease Agreement with the City of San Antonio. The leased premises will be used in support of providing air service at San Antonio International Airport. Frontier will pay monthly office space rental of \$3,224.34 and ticket counter space rental of \$4,350.30. Additionally, Frontier will pay Landing Fees and Joint Use Charges that vary each month depending on the airlines landing and passenger activity. Landing Fees are estimated to be \$8,796.60 per month and Joint Use Charges are estimated to be \$13,530.67 per month. This will result in a total estimated monthly rental of \$29,901.91. The lessee estimates that 25 persons will be employed in its operations upon the leased premises.

The Agreement contains current Airport standard rates and charges, insurance, indemnification and performance guarantee. The Agreement specifically provides for the lease and use of certain airport facilities, the establishment of rentals, fees and charges to be paid for the use and occupancy of City property, the flow of funds to meet the cost of repaying the debt incurred to finance certain Airport improvements, as well as operating and maintenance of Airport facilities, indemnification, insurance, bonds and notices.

### **POLICY ANALYSIS**

This ordinance is consistent with the leasing policy for terminal space at San Antonio International Airport.

### **FISCAL IMPACT**

Under the terms of the Agreement, Article VI, Rentals, Fees, and Charges, revenues received from Frontier will be deposited into the Aviation enterprise fund. Revenues are estimated to be as follows:

<u>Description</u>	<u>Area</u>	<u>Rate</u>	<u>Monthly Rent</u>
Office space	504 s.f.	\$76.77	\$ 3,224.34
Ticket counter	680 s.f.	\$76.77	\$ 4,350.30
Landing fees *			\$ 8,796.60 (estimated)
Joint Use charges *			\$13,530.67 (estimated)
		Estimated Revenue	\$29,901.91
* Landing Fees and Joint Use Charges vary each month depending on the airlines landing and passenger activity.			

Adjustment of Rates for Rental, Fees, and Charges will be reviewed annually and may be adjusted as necessary effective October 1 of each Fiscal Year.

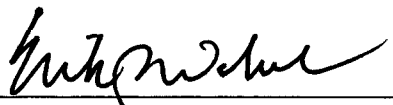
**COORDINATION**

This item has been coordinated with the Asset Management Department and the City Attorney's Office.

**SUPPLEMENTARY COMMENTS**

The Ethics Ordinance Required Disclosures completed by the Lessee is attached hereto.

  
\_\_\_\_\_  
Roland A. Lozano  
Interim Aviation Director

  
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J. Rolando Bono  
Interim City Manager

**City of San Antonio**  
**Discretionary Contracts Disclosure**

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)  
Attach additional sheets if space provided is not sufficient.*

(1) Identify any individual or business entity<sup>1</sup> that is a **party** to the discretionary contract:

*FRONTIER AIRLINES, INC.*

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

☒ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

☒ No subcontractor(s); or

List subcontractors:

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

<sup>1</sup> A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

**(5) Political Contributions**

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):



No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:

**(6) Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

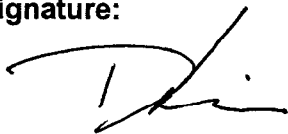


Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature:



Title: *VP General Counsel*  
Company or D/B/A:

*Frontier Airlines, Inc.*

Date:

*6-3-05*

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.