



## STAFF REPORT

**DATE:** February 1, 2022  
**TO:** Kent Cagle, City Manager  
**FROM:** Mike Wilson, Executive Director of Aviation  
**SUBJECT:** Approval of Addendum No. 7 with American Airlines Inc.

### **BACKGROUND AND FINDINGS:**

American Airline's lease agreement for Killeen-Fort Hood Regional Airport (KFHRA) was originally approved by Council in May 2004 and has either been extended for various term lengths or has been regenerated as new agreements due to airline mergers and restructuring. The agreement was last extended in January 2021 and expired on September 30, 2021.

After several months of negotiations, the airline tenant has agreed to Addendum No.7 that will extend the current lease for two additional years. Addendum No. 7 also applies a 1.4% CPI increase to the price per square foot per month rate which increases the room rate from \$2.11 to \$2.14 per square foot per month resulting in an annual increase of \$451.44.

Due to the extended negotiations and delayed responses, the lease addendum will be back dated to October 1, 2021, and run through September 30, 2023.

### **THE ALTERNATIVES CONSIDERED:**

Alternatives considered were: (1) do not extend lease agreement with the airline, or (2) extend the agreement with the airline.

### **Which alternative is recommended? Why?**

Staff recommends alternative 2. Aviation staff has negotiated terms which are beneficial to the airline and the City which will provide for continued commercial air service to our community.

### **CONFORMITY TO CITY POLICY:**

Yes

### **FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

N/A

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

City Council approve lease Addendum No. 7 with American Airlines Inc. and authorize the City Manager or designee to execute same as well as all addenda and lease actions to the agreement, including termination, to the extent allowed by state and local law.

**DEPARTMENTAL CLEARANCES:**

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Addendum