

CITY COUNCIL MEMORANDUM

AGENDA ITEM

**Killeen-Fort Hood Regional Airport Airline
Lease Agreement Extensions**

ORIGINATING DEPARTMENT

Aviation

BACKGROUND INFORMATION

Existing airline lease agreements for Killeen-Fort Hood Regional Airport were approved by Council in May 2004 becoming effective August 1, 2004. These agreements have either been extended for various term lengths or have been regenerated as new agreements due to airline mergers and restructuring. The agreements with American Airlines, Inc., Delta Air Lines, Inc., and United Airlines, Inc. were last extended in August 2014 and will expire on September 30, 2016.

DISCUSSION/CONCLUSION

Staff has reviewed the current airline lease agreements and negotiated with representatives of the three airlines for extensions of their respective lease agreements. The addendums provide for the lease agreements to be extended by one year through September 30, 2017, at the current rate, with an option for an additional one year extension.

FISCAL IMPACT

Estimated total annual revenue to the Killeen-Fort Hood Regional Airport Enterprise Fund represented by these agreements is approximately \$270,458 in account number 525-0000-324.20-00 AIR CARRIER OPERATIONS and \$158,377 in account number 525-0000-324.25-00 AIRPORT USER FEES.

RECOMMENDATION

City Council approve Addendum No. 3 to the American Airlines, Inc. lease agreement, Addendum No. 7 to the Delta Air Lines, Inc. lease agreement, and Addendum No. 3 to the United Airlines, Inc. lease agreement, extending all three airlines for a duration of one year from October 1, 2016, through September 30, 2017, and authorize the City Manager to execute same.