



City of Killeen

Legislation Text

File #: RS-24-095, **Version:** 1

Consider a memorandum/resolution approving Addendum No. 8 to American Airline's Lease Agreement with the Killeen Regional Airport.

DATE: June 4, 2024

TO: Kent Cagle, City Manager

FROM: Jarrod Provost, Assistant Director of Aviation

SUBJECT: Approval of Addendum No. 8 with American Airlines Inc.

BACKGROUND AND FINDINGS:

American Airline's lease agreement for Killeen Regional Airport (KRA) was originally approved by Council in May 2004 and has either been extended for various term lengths or regenerated as new agreements due to airline mergers and restructuring. The lease agreement was last extended in October 2021 and expired on September 30, 2023.

After several months of negotiations, American Airlines has agreed to Addendum No. 8, that will extend their current lease, for five additional years.

Due to the extended negotiations and delayed responses, the lease addendum will be back dated to October 1, 2023, and run through September 30, 2028.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

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

The lease agreement extension provides that the tenant will pay rental fees totaling \$255,813.48, plus various

monthly security, telephone, and information technology fees, over the next five years in the following annual lease amounts:

FY 2024	\$49,650.72
FY 2025	\$50,395.44
FY 2026	\$51,151.32
FY 2027	\$51,918.60
FY 2028	\$52,697.40

Is this a one-time or recurring revenue/expenditure?

This is recurring revenue.

Is this revenue/expenditure budgeted?

Yes, revenues are budgeted in the Aviation fund account 525-0000-344.03-01.

If not, where will the money come from?

N/A

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

Yes

RECOMMENDATION:

City Council approve Addendum No. 8 to American Airline's Lease Agreement and authorize the City Manager or designee to execute same as well as all addendums and lease actions to the agreement, including termination, to the extent allowed by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Purchasing
Legal

ATTACHED SUPPORTING DOCUMENTS:

Addendum
Presentation