

ORDINANCE

APPROVING AN AMENDMENT TO THE AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE, ALSO KNOWN AS THE AIRLINE USE AND LEASE AGREEMENT, FOR THE SAN ANTONIO INTERNATIONAL AIRPORT TO EXTEND THE AGREEMENT FOR TWO YEARS COMMENCING ON OCTOBER 1, 2022 WITH REVISIONS TO CERTAIN TERMS AND PROVISIONS.

WHEREAS, airports and airlines typically enter into an agreement governing an airport/airline business relationship (rates and charges) which specifies the terms and conditions for use of airfield and terminal facilities to include provisions governing rates and charges, performance guarantees, security, insurance, environmental compliance and indemnification for signatory airlines; and

WHEREAS, air transportation companies that do not sign the operating agreement under an Airline Operating Permit; and

WHEREAS, in September 2020 the City entered into the Airline Operating Agreement and Terminal Building Lease at San Antonio International Airport, also known as the Airline Use and Lease Agreement (AULA), with Southwest Airlines, American Airlines, Delta Air Lines, United Airlines, Federal Express and United Parcel Service for an initial term of the one year with the option to extend for one-year and five-years; and

WHEREAS, with the completion of the Strategic Development Plan for the airport, approved by City Council in November 2021, the decision was made to not approve the second extension of a five-year period and allow the current AULA to expire on September 30, 2022, and have the signatory airlines continue under the holdover provision in the AULA on a month-to-month basis while that parties negotiated and extension; and

WHEREAS, the parties have negotiated and reached agreement on the terms of an amendment extending the AULA, with revisions, for two years to allow the parties time to negotiate a new long term AULA; and

WHEREAS, three of the signatory airlines have executed the amendment to date, Southwest Airlines, United Airlines, and United Parcel Service; and

WHEREAS, the remaining signatory airlines shall have 60 days to execute the amendment, failure to execute the amendment within such timeframe will result in those airlines being deemed non-signatory airlines retroactive back to October 1 , 2022, with the imposition of rates pursuant to the Airline Operating Permit back to that date;

WHEREAS, this Ordinance authorizes an amendment to the AULA which extends the

agreement, with revisions, for two years commencing on October 1, 2022; **NOW THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or designee is authorized to execute an Amendment to the Airline Operating Agreement and Terminal Building Lease extending the agreement, with revisions, for two years commencing on October 1, 2022, a copy of which is set out in **ATTACHMENT A.**

SECTION 2. Any airline operating at San Antonio International Airport that fails to submit an executed Amendment to the Airline Operating Agreement and Terminal Building Lease to City within 60 days of the passage of this ordinance will be deemed to be a non-signatory airline and shall be deemed to have been operating at the airport pursuant to an Airline Operating Permit retroactive to October 1, 2022, to include the application of the rates and charges contained in the Airline Operating Permit.

SECTION 3. Funds received for this ordinance will be deposited in Fund 51001000 with Internal Orders and General Ledgers specific for the rents of terminal space, passenger loading bridges, apron fees and baggage handling.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 5. This Ordinance shall be effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED and APPROVED this 15th day of December 2022.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney

KRH
12/15/2022
Item No.

**THIS IS A DRAFT AND WILL BE REPLACED BY THE
FINAL, SIGNED ORDINANCE OR RESOLUTION
ADOPTED BY CITY COUNCIL.**

ATTACHMENT A