



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District B

Item Creation Date: 11/6/2020

HAS - Airport Use and Lease Agreement with Southwest Airlines Co. (Southwest), for Operations in Terminal A at IAH

Agenda Item#:

Background:

RECOMMENDATION:

Enact an ordinance approving and authorizing an Airport Use and Lease Agreement with Southwest Airlines Co. for operations in Terminal A at George Bush Intercontinental Airport/Houston (IAH).

SPECIFIC EXPLANATION:

The Terminal A Airport Use and Lease Agreement (U&L Agreement) defines the terms and conditions by which the airlines may use the airfield for aircraft operations, lease space in Terminal A and use the common areas of Terminal A at George Bush Intercontinental Airport/Houston (IAH) from which to conduct their passenger service businesses.

In the current U&L Agreement, airlines lease their private offices and operations areas such as ticket counters and queuing areas, and bag service offices exclusively. They preferentially lease the aircraft gates, holdrooms and aircraft apron areas. All Terminal A airlines have use of the common areas including baggage make-up and the security checkpoint pursuant to access and assignment procedures.

Southwest has announced plans to start operations at IAH in the first half of 2021, which can be accommodated at gate A3 in Terminal A. Accordingly, Southwest desires to sign the U&L Agreement to facilitate its planned operations in Terminal A.

The pertinent terms and conditions of the U&L Agreement are listed below:

- 1) Leased Premises Approximately 93,000 square feet, including 85,000 square feet of aircraft apron space at Gate A3, 5,000 square feet of hold room space at Gate A3, and 3,000 square feet of operational space (ticketing, office and storage space) throughout the Terminal.
- 2) Rental Rental is calculated under rates and charges described in the U&L for operations and administrative space, gate, ticket counter, baggage make-up, APM charge, security checkpoint, landing fees, and common use areas. The total annual cost to Southwest is dependent on the volume of their operations but is expected to be roughly \$8 million annually.
- 3) Term The U&L Agreement for all airlines is currently on a month-to-month term extension. Southwest will be subject to the same agreement term. Director or Airline may terminate the current U&L at any time without cause upon thirty (30) days' advance written notice to the other party. The Houston Airport System is currently finalizing its domestic terminal redevelopment plans. Once complete, a new Terminal A use and lease agreement will be negotiated for all Terminal A carriers and presented to City Council for approval.

Fiscal Note:

Funding for this item is included in the FY2021 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

DocuSigned by:

Mario Diaz

Mario C. Diaz

Houston Airport System

Estimated Revenue

DEPARTMENT	FY2021	OUT YEARS	TOTAL
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Houston Airport System	\$2,858,113.00	\$13,734,429.00	\$16,592,542.00
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Amount of Funding:

REVENUE

Contact Information:

Todd Curry 281-233-1896
Ian Wadsworth 281-233-1682