CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/14/2018
District B
Item Creation Date: 10/30/2018

HAS - Amendment No. 1 to Airport Use and Lease Agreement with Spirit Airlines, Inc. - IAH

Agenda Item#: 52.

Background:

RECOMMENDATION:
Enact an ordinance to approve Amendment No.1 to the Airport Use and Lease Agreement (U&L) with Spirit Airlines, Inc. (NK), for space in Terminal A at George Bush Intercontinental Airport/Houston (IAH) .

SPECIFIC EXPLANATION:
The Terminal A U&L 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 for Terminal A, Airlines lease their private offices and operations areas such as ticket counters and queuing areas and bag service offices exclusively. They lease preferentially the aircraft gates, hold rooms, 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.

Spirit desires to expand its leased premises and amend its U&L for Terminal A at IAH to accommodate its passenger growth in Houston.

Spirit's Original U&L was passed by City Council per City Ordinance 2014-14, signed by the Mayor, and countersigned by the City Controller on January 22, 2014.

The pertinent terms and conditions of the Amendment 1 of the U&L are listed below:

1) **Leased Premises** - Amendment No. 1 amends Spirit's U&L by adding an additional 24,552 square feet of space to accommodate Spirit's growth in Houston.

2) **Rental** - Rates and charges are calculated annually per the U&L. Airlines are charged for operations and administrative space, gates, ticket counters, baggage make-up, APM charge, security checkpoint, landing fees, and common use areas.

Increase in Annual Rates and Charges: $869,311.00

3) **Term** - In accordance with Section 3.01 Term, the Terminal A U&L is currently on a month-to-month term extension. The 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 IAH Master Plan was completed in July 2016, and the development improvement plans for Terminal A are being prepared. Once the plans are completed, costs are estimated, and reviews are held with the airlines to obtain airline support to move forward, HAS will begin negotiations for a new or amended U&L for all airlines in Terminal A.

Fiscal Note:
Funding for this item was included in the FY2019 Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Director's Signature:

Mario C. Diaz
Houston Airport System

Estimated Revenue			
DEPARTMENT	**FY2019**	**OUT YEARS**	**TOTAL**
Houston Airport System	$869,311.00	$0.00	$869,311.00

Prior Council Action:
01/22/2014 (O) 2014-14

Amount of Funding:
REVENUE: $ 869,311.00 HAS-Revenue Fund (8001)

Contact Information:
Todd Curry 281-233-1896
Ian Wadsworth 281-233-1682