



CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

April 29, 2021

TO: Cynthia Borrego, President, City Council

FROM: Timothy M. Keller, Mayor *AK*

SUBJECT: Blanket Amendment to the Scheduled Airline Operating Agreement and Terminal Building Lease and the Scheduled Cargo Airline Operating Agreement and Cargo Building Lease

Attached for Council action is a Blanket Amendment to the Scheduled Airline Operating Agreement and Terminal Building Lease, and the Scheduled Cargo Airline Operating Agreement and Cargo Building Lease, to be entered into by airlines operating under these agreements at the Albuquerque International Sunport. Council approval is sought for the Blanket Amendment, which will allow the Aviation Department to extend the term of the current airline agreements for two years, and provide an allowance for a limited reduction in space.

The airline agreements are being extended due to uncertainty in the market caused by the COVID-19 Pandemic. This amendment also will allow the Director of Aviation to enter into further extensions of the agreements through June 30, 2025, if necessary and desirable to adjust to future market conditions.

Immediate action is requested to allow for execution of the Blanket Amendment before expiration of the current airline agreements on June 30, 2021.

Approved:

SNL 5/17/21
Sarita Nair Date
Chief Administrative Officer

Approved as to Legal Form:

DocuSigned by:
Esteban A. Aguilar, 5/3/2021 | 11:26 AM MDT
7961D99D046F4DB
Esteban A. Aguilar, Jr. Date
City Attorney

Recommended:

DocuSigned by:
Nyika Allen, 4/30/2021 | 2:24 PM PDT
793EEADB4011E
Nyika A. Allen, C.M. Date
Director of Aviation

FISCAL IMPACT ANALYSIS

TITLE: Blanket Amendment to the Scheduled Airline Operating Agreement and Terminal Building Lease and the Scheduled Cargo Airline Operating Agreement and Cargo Building Lease R: O:
 FUND: 611

DEPT: 7000611

- No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	Fiscal Years			Total
	2021	2022	2023	
Base Salary/Wages				-
Fringe Benefits at				-
Subtotal Personnel	-	-	-	-
Operating Expenses				-
Property				-
Indirect Costs	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -
[X] Estimated revenues not affected				
[] Estimated revenue impact				
Revenue from program				0
Amount of Grant		-	-	
City Cash Match				
City Inkind Match				
City IDOH				
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created

COMMENTS: This is an extension of a current agreement so there will be no effect on revenues.

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

Will allow air service to continue in Albuquerque.

PREPARED BY:

APPROVED:

DocuSigned by:

DocuSigned by:

5/30/2021 | 3:11 PM MDT

5/30/2021 | 2:24 PM PDT

FISCAL ANALYST

DIRECTOR

REVIEWED BY:

DocuSigned by:

DocuSigned by:

Kevin E. Noel 5/3/2021 | 10:53 AM MDT

Paulette Davis 5/3/2021 | 10:53 AM MDT

Christine B... 5/3/2021 | 11:19 AM MDT

EXECUTIVE BUDGET ANALYST

BUDGET OFFICER (date)

CITY ECONOMIST

Cover Analysis

1. What is it?

A Blanket Amendment (“Amendment”) to the Scheduled Airline Operating Agreements and Terminal Building Leases and the Scheduled Cargo Airline Operating Agreements and Cargo Building Leases (“Agreements”).

2. What will this piece of legislation do?

The Amendment will amend the current five-year Term of the Agreements with Alaska Airlines, Inc., American Airlines, Inc., Delta Air Lines, Inc, JetBlue Airways Corp., Southwest Airlines, Co., United Airlines, Inc., Federal Express Corporation, and United Parcel Service Co (“Airlines”). The Term will be extended to June 30, 2023, an extension of two (2) years. The Amendment will grant discretion to the Director of Aviation to further extend the Term through June 30, 2025.

The Amendment also will give each airline mentioned above the option to reduce its exclusive use space by five percent (5%) at the start of the fiscal year; provided that the airline has notified the Director of Aviation of its intent to do so in writing before the beginning of the new fiscal year.

3. Why is this project needed?

The Aviation Department and the Airlines Agree that the amendment to the Term provisions and the ability to reduce the exclusive use space of the Airlines are needed due to uncertainty in the market caused by the COVID-19 Pandemic.

4. How much will it cost and what is the funding source?

No direct costs will be incurred by the Aviation Department. Approval of the Amendment will have minimal impact on airport revenue. The Aviation Department has already accounted for any changes to income levels in the budget planning process.

5. Is there a revenue source associated with this Plan? If so, what level of income is projected?

Approval of the Amendment will preserve the current methodology for determining airline rates and charges.

Albuquerque International Sunport

Blanket Amendment

SCHEDULED AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE

SCHEDULED CARGO AIRLINE OPERATING AGREEMENT AND CARGO BUILDING LEASE

This Blanket Amendment ("Blanket Amendment") to the **Scheduled Airline Operating Agreement and Terminal Building Lease** and the **Scheduled Cargo Airline Operating Agreement and Cargo Building Lease** (individually, an "Agreement", and collectively "Agreements") is entered into by and between the **City of Albuquerque**, a New Mexico municipal corporation ("City") and the passenger and cargo airlines who are currently signatories to their respective Agreements at the Albuquerque International Sunport as referenced herein (individually, an "Airline", and collectively "Airlines").

In consideration of the rights, privileges, and mutual obligations contained in this Blanket Amendment, City and Airlines agree as follows:

Section 1. Recitals.

1.1 This Blanket Amendment amends each of the individual Agreements between the City and each of the following Airlines signing the Blanket Amendment:

- a) Alaska Airlines Inc.
- b) American Airlines, Inc.
- c) Delta Air Lines, Inc.
- d) JetBlue Airways Corp.
- e) Southwest Airlines, Co.
- f) United Airlines, Inc.
- g) Federal Express Corporation
- h) United Parcel Service Co.

1.2 The Agreements have a five-year Term, which expires on June 30, 2021.

1.3 Airlines have requested an amendment of the Term provisions of the Agreements due to the worldwide outbreak of COVID-19, which has caused significant disruption and uncertainty in the passenger and cargo airline industries; and

1.4 City is willing to amend the Term provisions of the Agreements, as provided in Section 2 below, to extend the Term and, during the final two (2) years of such extended term, allow Airlines to return a maximum of 5% of their leased Exclusive Use Space or their smallest leased area if such area accounts for more than 5% of their Premises; and

1.5 Each Airline signing this Blanket Amendment represents and warrants that it has the right and power to enter into this Blanket Amendment.

Section 2. Amendment. Section 2.01 of the Agreements hereby is amended in its entirety to extend the Term of the Agreements of Airlines signing the Blanket Amendment to provide for a two-year extension and subsequent discretionary extensions as follows:

Section 2.01. Term. The Term of this Agreement shall begin July 1, 2016, and end June 30, 2023 (hereafter the "Term"), and the rentals, fees and charges established in this Agreement shall apply to said Term.

Notwithstanding anything to the contrary contained in the Agreement, during the last two years of the Term, Airline shall have the option to reduce its Exclusive Use Space by a maximum of five percent (5%); provided, however, if the smallest area leased to Airline accounts for more than five percent (5%) of Airline's Premises, Airline may return to City such smallest leased area (regardless of whether such area accounts for more than 5% of Airline's Premises), and any corresponding exhibits shall be revised to reflect such reduction in space. Such option to reduce Airline's leased Exclusive Use Space must be exercised, if at all, by request of Airline to Director in writing before the beginning of a new Fiscal Year (i.e., before July 1, 2021 or July 1, 2022, as applicable) in order to apply to that Fiscal Year.

The Director of Aviation shall have discretion to enter into additional Term extensions through June 30, 2025, upon mutual agreement with Airline in writing.

Section 3. Effect of Blanket Amendment. This Blanket Amendment shall serve to amend the Agreement between the City and the applicable Airline once executed by such Airline and the City. If an Airline does not execute this Blanket Amendment, its Agreement shall not be deemed modified and shall expire on June 30, 2021, and it will be eligible only for Non-Signatory status for the remainder of the Term. Except as expressly stated in this Blanket Amendment, the terms and conditions of the Agreements shall remain unchanged and in full force and effect.

Section 4. Approval of Blanket Amendment. This Blanket Amendment shall not become effective or binding to a particular Airline until approved by the Albuquerque City Council and signed by City's Chief Administrative Officer and the applicable Airline.

Section 5. Signature Process. The parties agree that this Blanket Amendment may be electronically signed and that the electronic signatures are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

IN WITNESS WHEREOF, City has caused this Blanket Amendment to be executed by its Chief Administrative Officer, and each of the Airlines has caused the same to be executed by its appropriate and authorized officer.

CITY OF ALBUQUERQUE:

By: _____ Date: _____
Sarita Nair
Chief Administrative Officer

Recommended:

By: _____ Date: _____
Nyika A. Allen, C.M.
Director of Aviation

[Airline Company Name]:

By: _____ Date: _____
Printed Name: _____
Title: _____