



# AIRLINE USE AND LEASE AGREEMENTS OVERVIEW

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# ORDINANCE REQUESTS



- **15** Airline Use & Lease (U&L) amendments adding the minimum wage clause
  - Of the **15** Airline U&L Agreements:
    - **10** are strictly adding the minimum wage language and have no additional changes
    - **5** are adding the minimum wage language and have additional change(s)
- DEN expects to have **8** additional U&L amendments come before Council before the end of the year to add the minimum wage language

# ROUTE MAP FROM DEN

- DEN Has 23 Scheduled Passenger Airlines<sup>1</sup> to 215 Destinations



3 Source: Innovata Schedules via Diio Mi. <sup>1</sup> Does not including charters (or public charters) and regional carriers



# AIR SERVICE FAST FACTS

- **Total Nonstop International Destinations:** 26 destinations in 12 countries
- **Annual Passenger Traffic:** 64.5 million in 2018
- **Average Daily Passengers:** Over 183,000 through the 12-months ended July 2019
- **International Passenger Traffic:** Over 3 million through the 12-months ended July 2019
- **Heaviest Travel Day on Record:** July 19, 2019 @ 227,497 passengers
- **Origin and Destination Traffic:** 64% through the 12-months ended July 2019
- **Connecting traffic:** 36% through the 12-months ended July 2019

# TYPES OF AIRLINE AGREEMENTS

- **Signatory Carriers**
  - Most airlines have a signed Use and Lease Agreement with the City
    - These airlines have committed to DEN for the term of their lease
- **Non-Signatory Carriers**
  - They have an airport issued Operating Permit, but have no commitment to DEN
  - Non-signatory carriers pay roughly 20% more
- **Space and building leases**
  - These leases are separate and not included in the standard Use and Lease Agreements
  - Used for hangars, kitchens, and other facilities outside the terminal complex

# U&L SIGNATORY REQUIREMENTS

- Domestic Carriers<sup>1</sup>:
  - Lease at least 1 gate; or if the City does not make a gate available, lease at least 500 sf of space and operate at least 2 flights per day
  - Be an “affiliate” of a signatory carrier
- Commuter Carriers<sup>2</sup>:
  - Operate at least 5 flights per day.
- International Carriers<sup>3</sup>:
  - Must operate on a scheduled or scheduled charter basis

# WHAT'S IN A USE AND LEASE AGREEMENT?



- Use and Lease Agreements have nearly all the same language
  - Exactly the same language for all 5-year U&L agreements<sup>1</sup>:
    - Allowable uses of the airfield and leased space
    - Requirements for efficient use of city assets
    - Rate making methodology
    - Term
    - Requirements for insurance, sureties, etc.
    - Responsibilities for maintenance of facilities
  - Varies:
    - Definition of leased premises: gates, support spaces, ticket counters, etc.

Source: Denver International Airport's Airport Legal Services Team <sup>1</sup>United's long-term lease contains unique language and provisions. United's Long-Term U&L agreement goes until 2035.

# 2019 RATES & CHARGES

- Airline revenues represent the recovery of airport costs, and will fluctuate from year to year based upon budgeted expectations. Each rate supports the airport costs associated with a different part of the facility (e.g. landing fees are used to support airfield costs, while terminal complex rental rates support the costs in the Terminal and Concourses A, B and C).

Description	Signatory Rate	Non-Signatory Rate
Landing Fees	\$4.84	\$5.80
Terminal Complex Rental Rate	\$92.52	\$111.02

- Landing Fees (Rate Per 1,000 lbs of max gross allowable landing weight)
- Terminal Complex Rentals (Annual Cost Per Square Foot)





# USE AND LEASE AGREEMENTS AT DEN

- United Airlines
  - Longest commitment to DEN
  - Lease expires in 2035
  - Original lease signed in 1992
  - Contains unique language and provisions
- All Other Carriers
  - Agreements were created with a 5 year term in 2012
  - Amended in 2017 to include two one-year extension options
  - DEN will bring the next U&L Agreements to Council for approval

# U&L W/ MINIMUM WAGE ADDITION ONLY



- ABX Air, Inc. (Alfresco: 201842240-1, Jaggaer: 201951487)
- Air Transport International, Inc. (Alfresco: 201842241-1, Jaggaer: 201951489)
- Atlas Air, Inc. (Alfresco: 201523473-3, Jaggaer: 201951490)
- Bemidji Aviation Services, Inc. (Alfresco: 201521865-2, Jaggaer: 201951496)
- Boutique Air (Alfresco: 201523209-02)
- Icelandair ehf (Alfresco: 201205122-2, Jaggaer: 201951507)
- Key Lime Air Corporation (Alfresco: 201206580-2, Jaggaer: 201951497 )
- Southern Air, Inc. (Alfresco: 201524929-2, Jaggaer: 201951498)
- United Parcel Service Co. (Alfresco: 201206588-2, Jaggaer: 201951499)
- WestJet, an Alberta Partnership (Alfresco: 201839274-1, Jaggaer: 201951511)



# U&L W/ MINIMUM WAGE ADDITION AND ADDITIONAL CHANGES

- Alaska Airlines (Alfresco: 201205585-02)
- Cayman Airways (Alfresco: 201946974-00)
- Delta Air Lines (Alfresco: 201205588-02)
- Lufthansa (Alfresco: 201206581-02)
- Volaris (Alfresco: 201207763-02)



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