

**ORDINANCE/RESOLUTION REQUEST**

All Fields must be completed

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: April 29, 2019

Please mark one:  Bill Request or  Resolution Request

**1. Type of Request:**

- Contract/Grant Agreement     Intergovernmental Agreement (IGA)     Rezoning/Text Amendment
- Dedication/Vacation             Appropriation/Supplemental             DRMC Change
- Other:

**2. Title:** a contract with Frontier Airlines, Inc., for a lease agreement with Denver International Airport (DEN) to lease a hangar for a term of 10 years with two optional 5-year extensions for current rates and charges. (201948113)

**3. Requesting Agency:** Denver International Airport

**4. Contact Person:**

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: George Karayiannakis	Name: Angela Casias
Email: George.Karayiannakis@flydenver.com	Email: angela.casias@flydenver.com

**5. General description or background of proposed request. Attach executive summary if more space needed:**

Frontier Airlines, Inc., will enter into a hangar lease agreement with Denver International Airport (DEN) for a term of 10 years with two optional 5-year extensions. This hangar is currently occupied by Frontier Airlines, Inc., and is expiring May 31, 2019. As part of the new agreement DEN and Frontier Airlines, Inc., will complete capital improvement projects for the hangar. An assessment of the value of the building was done to determine the rental rate for the hangar to compare to other markets. The new minimum wage language has been added to this contract.

**6. City Attorney assigned to this request (if applicable):** David Steinberger

**7. City Council District:** District 11

**8. \*\*For all contracts, fill out and submit accompanying Key Contract Terms worksheet\*\***

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR19 0434 DIA

Date Entered: \_\_\_\_\_

## Key Contract Terms

**Type of Contract:** Lease Agreement

**Vendor/Contractor Name:** Frontier Airlines, Inc.

**Contract control number:** 201948113

**Location:** Denver International Airport

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** \_\_\_\_\_

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):** 06/01/2019 – 05/31/2029; 10 years plus two optional 5-year extensions

**Contract Amount (indicate existing amount, amended amount and new contract total):**

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
(A)	(B)	(A+B)
N/A	N/A	Rates and Charges adjusted (see table below)

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
N/A	N/A	06/01/2019 – 05/31/2029; 10 years plus two optional 5-year extensions

**Scope of work:**

Frontier will complete capital improvement projects for the hangar valued at \$3.5 million in exchange for a reduced rental rate for the first two years. Facility rental rates are anticipated as follows: year one will be \$1.00 a square foot, year two will be \$6.00 a square foot, and year three will be \$15.00 a square foot. Each year following will be adjusted per the Denver/Boulder/Greeley CPI capped at 2% adjustment per year. Additionally, DEN will receive Ground Lease fees currently listed as .79 cents a square foot and adjusted annually (see 2018 Denver Rates and Charges Summary). The table below gives a general summary of expected rental fees received by DEN.

	Year 1 Minimum (\$1 sq.ft.)	Year 2 Minimum (\$6sq.ft.)	Year 3 Minimum (\$15 sq. ft.)	Year 4-10 Minimum
Facility Lease	\$154,900	\$929,400	\$2,323,500	No less than \$2,323,500 + Increases based on CPI up to 2%
Ground Lease	\$1,000,000	Rates and Charges	Rates and Charges	Rates and Charges

**Was this contractor selected by competitive process?** No

**If not, why not?** This is an airline ground lease which does not require a competitive process. Frontier Airlines, Inc., is a current viable airline at DEN and would like to continue leasing the hangar as part of their business operations.

**Has this contractor provided these services to the City before?**  Yes  No

**Source of funds:** Revenue to the City

**Is this contract subject to:**  W/MBE  DBE  SBE  XO101  ACDBE  N/A

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**WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A**

**Who are the subcontractors to this contract? N/A**

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