



Legislation Text

File #: 23-1235, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 9-18-2023

**Requesting Agency: Denver International Airport
Division:**

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Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving a proposed Agreement between the City and County of Denver and UNITED PARCEL SERVICE CO concerning air cargo services at Denver International Airport.

Approves a lease agreement with United Parcel Service CO, doing business as UPS, at yearly current airline rates and charges and five years to lease 45,754 sq. ft. of building space and 898,546 sq. ft. of ground space, including 9 narrow body and wide body cargo aircraft parking positions, plus a ramp for 20 feeder aircraft at Denver International Airport, in Council District 11 (PLANE-202265984-00). The last regularly scheduled Council meeting within the 30-day review period is on 10-23-2023. The Committee approved filing this item at its meeting on 9-20-2023.

**Affected Council District(s) or citywide?
Council District 11**

**Contract Control Number:
PLANE-202265984-00**

**Vendor/Contractor Name (including any "DBA"):
United Parcel Service CO doing business as UPS**

Type and Scope of services to be performed:

Lease of real property

This request is for a use and cargo facilities lease agreement between United Parcel Service Co. (UPS) and Denver International Airport (DEN) for five years. UPS is a cargo airline operating at DEN. They will continue to lease space in the UPS cargo building in the south campus to support their operations. The leased area includes 45,754 sq. ft. of building space and 898,546 sq. ft. of ground space, including 9 narrow body and wide body cargo aircraft parking positions, plus a ramp for 20 feeder aircraft. Airline Rates and Charges apply.

Airline rates and charges are established on “cost recovery” concepts whereby the annual cost of operating DEN forms the basis for the rate, fee, or charge assessed to the airlines. The Airport recalculates airline rates and charges each year based on its operating budget, debt service, amortization and projected aviation activity levels and reconciled at year-end based on actuals “true-up.” The airline/airport use and lease agreement specifies the types of costs that are used to calculate airline rates and charges. Examples of rates and charges include landing fee (fee for every time a plane lands on the runway), Terminal Complex rental rate (Per square foot rate to lease space in the Terminal (e.g., office, holdroom, ticketing)), concourse ramp, fee to recover the cost of leasing the ramp area associated with a gate, Automatic Guideway Transportation System (Passenger fee to use the train system between the terminal and concourses).

Location (if applicable):

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

N/A

Are WBE/MBE/DBE goals met (if applicable)?

N/A

Is the contract new/a renewal/extension or amendment?

New

Was this contractor selected by competitive process or sole source?

For New contracts

Term of initial contract:

5 years

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term:

To be charged and paid as “current airline rate and charges” which are established on a yearly basis.

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)