



Legislation Text

File #: 23-1766, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 11-13-2023

Requesting Agency: DEN
Division:

Subject Matter Expert Name: Rita Aguilar
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Phone Number:

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 CONCESIONARIA VUELA COMPANIA DE AVIACION SAPI de CV dba VOLARIS concerning a Use and Lease Agreement to provide passenger services, with rates and charges, at Denver International Airport.

Approves a use and lease agreement with Concesionaria Vuela Compania de Aviacion SAPI de CV dba Volaris (Volaris) applying rates and charges, and leasing space, for a term of one year with 2 one-year extension options at Denver International Airport (DEN), in Council District 11. 202370504-00. The last regularly scheduled Council meeting within the 30-day review period is on 12-18-2023. The Committee approved filing this item at its meeting on 11-15-2023.

Affected Council District(s) or citywide?

Council District 11

Contract Control Number:
202370504-00

Vendor/Contractor Name (including any "DBA"):

Concesionaria Vuela Compania de Aviacion SAPI de CV dba Volaris dba Volaris

Type and Scope of services to be performed:

This request is for a new Use and Lease Agreement (ULA) with Volaris to allow Volaris to remain a signatory carrier at DEN for a term of one year

with 2 one-year extension options. The current contract expires December 31, 2023, and this new agreement updates the lease exhibits for Volaris due to construction within the Great Hall and additional growth.

To be classified as a Signatory air carrier, an airline must execute a Use and Lease Agreement with DEN and meet certain criteria set forth in DEN rules and regulations. Based on their commitment to DEN, Signatory air carriers pay reduced rates and charges. DEN currently has 23 passenger air carriers, of which 17 are seeking to continue their signatory status. Three carriers have long term signatory agreements through 2035, United, Southwest and Frontier. Three airlines are considered non-signatory carriers. DEN recently gained two new international airlines and we are working on their signatory agreements to send to council shortly.

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 specify 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?

Sole source

For New contracts

<i>Total Contract Amount (A+B)</i>
Rates and Charges

<i>New Ending Date</i>
January 1, 2024 to December 31, 2024 with 2 one-year extension options