



MEMORANDUM

Council Agenda
Item No. IX. AT
3/11/2025

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Oklahoma City Airport Trust Passenger Airline Use and Operations Agreements for Signatory Airlines with American Airlines, Inc. and Alaska Airlines, Inc., to operate an air transportation business, OKC Will Rogers International Airport, estimated total revenue \$4,432,737, retroactive to July 1, 2024 through June 30, 2029. Ward 3.

Location:

OKC Will Rogers International Airport

Background:

The operation of a Part 121 commercial air service includes the opportunities for airports and airlines to enter into Passenger Airline Use and Operations Agreements (UOA) with airlines (Signatory Airlines) for their use of departure gates, passenger holding rooms, ticket counters, operations and office areas, or other jointly shared areas and the right to use the airfield and other public space. Signatory Airlines negotiate with Airports on how airline rates and charges are calculated for the use of such space. By approving UOA with the Airport, Signatory Airlines are obligated to a longer operational term but receive more favorable rates and charges than other airlines who do not agree to such agreements. The current use and operation agreement with the Trust is in holdover status but will terminate with the approval of the new UOA.

During the negotiations, Airport staff evaluated and updated the weights for the terminal space by type, the square footage used in calculating the terminal use rates, allocated the joint use requirement at 90% based on enplaned passenger market share, aligned various other definitions and provisions, and revised the formula for the calculation of common use per turn fees. This resulted in an overall lowering of costs for the majority of the Signatory Airlines while still covering the operational expenses of the Trust for all the Signatory Airlines' use at the Airport.

Signatory Airlines have agreed to a five-year term and the revised methodology for determining the rates and charges for the agreement's term. Similar agreements with Delta Airlines Inc., Frontier Airlines Inc., Southwest Airlines Co., and United Airlines Inc., will be presented soon.

The City of Oklahoma City is not a party to either the UOA with American Airlines, Inc., or Alaska Airlines, Inc., but is approving the UOAs as required by the City's Lease Agreement with the Trust.

Revenue:

Estimated revenue \$4,432,737; Project Account – OKCAT – Airports – Terminal Space Rental (8000-REV2000-43500000)

Review:

Department of Airports

Recommendation: Agreements be approved.