



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve an Amendment to the Airline Operating Agreement with Twenty Passenger and Cargo Airlines, and an Amendment to Space/Use Permit with Nine of Those Passenger Airlines Serving Oakland San Francisco Bay Airport, for a Term of Two Years and Generating Anticipated Revenues of \$101+ Million in Fiscal Year 2026-27 and Find that the Proposed Action is Exempt Under the California Environmental Quality Act. (Aviation)	
Submitted By: Craig Simon, Director of Aviation; Kristi McKenney, Executive Director	
Parties Involved: Twenty Passenger and Cargo Airlines Currently Serving Oakland San Francisco Bay Airport; Various Domestic and International Headquarters Locations	Amount: \$101+ Million for FY 2026-27 in Airline and Use Agreements, and Space/Use Permits
EXECUTIVE SUMMARY: Airlines operating at Oakland San Francisco Bay Airport (Airport or OAK) enter into an Airline Operating Agreement (AOA) and, when applicable, a Space/Use Permit (SUP) to conduct operations at the Airport. The operating agreements for twenty passenger and cargo airlines are set to expire on September 30, 2026. All twenty airlines are expected to execute new agreements extending their terms for an additional two years, through September 30, 2028.	

BACKGROUND & ANALYSIS

The AOA provides the terms and conditions for scheduled passenger and cargo airline operations at OAK. All airlines subject to these agreements pay fees to the Airport pursuant to the Port of Oakland’s (Port) annual Rates & Charges Ordinance. For consistency, all AOA’s have a concurrent expiration date of September 30, 2026, subject to the right of either party to terminate upon 30 days written notice. The Annex “A” SUP to the AOA is a separate agreement governing the lease of exclusive space at the Airport, with rent determined by the Port’s annual Rates & Charges Ordinance. Like the AOA, these SUPs expire on September 30, 2026, and may be terminated by either party with 30 days’ written notice. Subject to Board approval, up to twenty Signatory Airlines will enter into the updated 2026 AOA Amendment, and nine of those Signatory Passenger Airlines will enter into the updated 2026 SUP Amendment, extending the term of each agreement through September 30, 2028. This two-year extension maintains all existing terms and conditions.

Charges and Fees: Approximately 49% of the Aviation Division’s operating revenues are generated through collection of charges, fees and rentals authorized by the Port’s Rates & Charges Ordinance. The Port establishes Airline Rates & Charges on a fiscal year basis concurrent with the Port’s Operating Budget. Calculation of Airline Rates & Charges are based on OAK’s expenses for areas used by the Airlines: the passenger terminal

areas; the airfield, runways and taxiway areas; and contract fueling activities, and offset by certain non-airline sources of revenue within those areas. As signatories to the AOA, and in some cases an Annex “A” SUP the Signatory Airlines agree to pay all charges included in the Rates & Charges Ordinance plus other miscellaneous fees.

Table 1 identifies the airlines currently holding an active AOA and SUP agreements with the Airport through September 30, 2026, irrespective of their current flight activity. Port Staff intends to offer these carriers the opportunity to renew their agreements, thereby maintaining their status or providing a pathway to resume service at OAK in the future for those airlines that do not have current flight activity at OAK.

Table 1
List of Airlines and Premises

	Airline	Current Flight Activity	Annex A SUP Premises
1	ABX AIR, INC.	No	No
2	ADVANCED AIR, LLC	Yes	Yes
3	ALASKA AIRLINES, INC. (SEAPZ)	Yes	Yes
4	ALLEGIANT AIR, LLC	No	Yes
5	DELTA AIRLINES, INC.	Yes	Yes
6	DELUX PUBLIC CHARTER, LLC dba JSX	Yes	No
7	FEDERAL EXPRESS CORPORATION	Yes	No
8	FRONTIER AIRLINES, INC.	Yes*	Yes
9	HAWAIIAN AIRLINES, INC.	Yes	Yes
10	HORIZON AIR INDUSTRIES, INC.	Yes	No
11	REDDING AERO ENTERPRISES, INC.	Yes	No
12	SATA INTERNACIONAL	No	No
13	SKYWEST AIRLINES	Yes	No
14	SOUTHWEST AIRLINES	Yes	Yes
15	SUN COUNTRY AIRLINES	No	No
16	TACA INTERNATIONAL AIRLINES (dba AVIANCA)	No	No
17	UNITED PARCEL SERVICE, INC.	Yes	No
18	VIVA AERO BUS	Yes	Yes
19	VOLARIS - CONCESIONARIA VUELA	Yes	Yes
20	VUELA EL SALVADOR, S.A. DE C.V., DBA VOLARIS EL SALVADOR	Yes	No

*Frontier is scheduled to begin service in August 2026.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: The revenue generated by this proposed action has been accounted for and is consistent with the proposed FY 2027 Aviation Division revenue budget.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

Additional Notes: The matters included in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of MAPLA do not apply.

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? Yes.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> The proposed action generates revenue for the Port which supports ongoing aviation operations.</p>	<p>Maritime/Aviation – proposed action conforms to policies for transportation designation of the General Plan.</p>
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STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan:

- Capture Our Market and Grow the Economic Base
- Modernize and Upgrade Infrastructure
- Transition to Zero-Emissions and Build Climate Resilience
- Maximize Land Use Value and Revenues
- Workforce Training and Jobs Development
- Create Opportunities for Local Businesses and Community Economic Deve