

Aviation

19. Airport Rental Car Contract Facilities Charge

Action: Adopt an ordinance imposing a Contract Facility Charge (CFC) on vehicles rented at the Airport to fund construction, maintenance and operation of current and future rental car facilities. The ordinance is effective July 1, 2007.

Staff Resource: Jerry Orr, Aviation

Explanation

- There are seven rental car companies operating at the Airport now: Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. They operate from counters assigned to them in the baggage claim area of the Terminal Building and from rental car service facilities located on Rental Car Road on the Airport, just north of Concourse A.
- As set forth in the 1997 Airport Master Plan, the rental car service facilities on Rental Car Road should be relocated to free up the area for concourse expansion. The current options for relocation and redevelopment are:
 1. Construct a consolidated rental car service facility on City land on Wilkinson Boulevard as recommended in the 1997 Master Plan
 - 2.- Construct a remote deck at the Airport Maintenance Complex site on Wilkinson Boulevard to be operated as a combination consolidated rental car service facility/ remote baggage check in/valet parking facility with passengers transported to and from the terminal on the Airport's existing shuttle van service
 3. Demolish the existing hourly decks and construct new decks to provide a combination of rental car ready/return areas and public parking. Under this option, the current rental car service facilities would be relocated to one of the locations along Wilkinson Boulevard identified in options 1 and 2 above. This is the preferred option as it provides a much higher level of customer service and eliminates shuttle buses and their environmental consequences.
- The City would pay for such relocation and redevelopment with the proceeds of a Contract Facility Charge (CFC). CFCs have evolved over the past ten years as the preferred method for airports to finance rental car facilities. Many airports use CFCs including Dallas Fort Worth, Houston Intercontinental, Los Angeles, San Francisco, Denver, Fort Lauderdale, Fort Myers, Columbia, SC, Lexington, KY, Myrtle Beach and Greenville, SC.
- CFCs are typically collected well in advance of the bond issue and construction in order to diminish the amount of debt and then used to pay debt service.
- Staff held two meetings with incumbent rental car concessionaires. The concessionaires have unanimously requested that the City implement the CFC.
- The CFC would be:
 - Imposed by City Council via an ordinance;
 - Initially in the amount of \$3.50 for each day of each rental car contract originating at this Airport;
 - Used to pay design costs, bond debt service and operating and

APPROVED BY CITY COUNCIL

MAY 29 2007

 Stephanie C. Kelly, CMC
 Deputy City Clerk

maintenance expenses of the redeveloped facilities;

- Based upon a \$3.50 CFC, the revenue from this program would be approximately \$7 million for fiscal year 2008.
- The CFC amount may be adjusted upward or downward by the Aviation Director from time to time as needed to provide sufficient revenue for the eligible costs.
- The airport will propose a design team to begin planning within 90 days. Construction is expected to take 3 years.
- On May 14th, Council was briefed on the proposed Contract Facilities Charge.

Attachment 13
Proposed Ordinance

**ORDINANCE AMENDING CHAPTER 4, ARTICLE II OF THE CITY CODE OF THE
CITY OF CHARLOTTE
IMPOSING A CONTRACT FACILITY CHARGE ("CFC") ON RENTAL CAR
CONTRACTS AT CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT:**

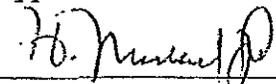
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA THAT:

Section 1. Chapter 4, Article II, is amended by adding a new Section 4-38 that reads,

- (1) Commencing July 1, 2007, each rental car company that meets the definition of "Tenant RACs" in Section 4-102 of this Chapter shall collect a daily contract facility charge ("CFC") from each customer who contracts for or receives delivery of a rental vehicle at the Airport.
- (2) The initial amount of the CFC ("CFC Amount") is hereby established as \$3.50 per rental car contract for each day or part thereof that the vehicle is rented to the customer. The City Manager or the Aviation Director may increase or decrease the CFC Amount from time to time as necessary to provide sufficient revenue in each fiscal year to pay the costs and expenses set forth in Section 6 of this ordinance.
- (3) All CFCs collected by Tenant RACs are and shall be trust funds held for the benefit of the City. Tenant RACs and their agents shall hold no legal or equitable interest in the CFCs. Each Tenant RAC shall segregate, separately account for and disclose all CFCs as trust funds in its financial statements, and shall maintain adequate records that account for all CFCs charged and collected. Failure to segregate the CFCs shall not alter or eliminate their trust fund nature. The City shall have the right to audit the CFC records upon reasonable notice.
- (4) Each Tenant RAC shall remit all CFCs that were collected or should have been collected to the City on a monthly basis together with a statement of the number of rental contracts for the month, as well as the length of the rental period and the CFC collected for each such rental contract. The CFCs shall be remitted by the 25th day of the month following the month the CFCs were collected.

- (5) Failure to strictly comply with this Ordinance shall constitute a material breach of the Tenant RAC's concession agreement and facility lease with the City.
- (6) The City shall use the proceeds of the CFC solely for:
- a) the costs of planning, acquiring, constructing and financing improvements to the current or future rental car facilities at the Airport;
 - b) the debt service on obligations issued by or on behalf of the City to plan, acquire and construct the current or future rental car facilities at the Airport;
 - c) the costs of operating, maintaining and repairing the current or future rental car facilities at the Airport;
 - d) the prepayment of the indebtedness incurred by the City to plan, acquire and construct the current or future rental car facilities at the Airport;
 - e) to compensate the City for any amounts due the City from and not otherwise paid by the Tenant RACs pursuant to the concession agreements and facility leases in effect between the City and the Tenant RACs.

Approved as to form:



City Attorney

CERTIFICATION

I, Stephanie C. Kelly, Deputy City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of an Ordinance adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 29th day of May, 2007, the reference having been made in Minute Book 125, and recorded in full in Ordinance Book 54, Pages (954-955).

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 1st day of June, 2007.

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