

AGENDA REPORT

Ordinance: Authorization to Amend Port Ordinance No. 4079 to Extend Authority for the Port of Oakland to Collect Customer Facility Charges, not to Exceed \$10 Per Contract from On-Airport and Off-Airport Rental Car Companies at Oakland International Airport for Four Additional Years from January 1, 2019 to December 31, 2022. **(Aviation)**

MEETING DATE: 2/22/2018

AMOUNT: \$5.6 Million in Annual CFC Collections (Revenue)

PARTIES INVOLVED:

Avis Budget Car Rental, LLC.
Parsippany, New Jersey
Lorraine Tallarico, Director of Properties

Enterprise Rent A Car Company of San Francisco
San Leandro, California
Robert Hunsinger, Director of Airport Properties
and Relations

Fox Rent A Car
Los Angeles, California
Joe Knight, Vice President, Business Development

The Hertz Corporation
Estero, Florida
Connie Gurich, Properties and Concessions Director

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Ordinance

EXECUTIVE SUMMARY

This action would amend Article VII of Port Ordinance No. 4079 to revise the expiration date to December 31, 2022 for the Port to collect Customer Facility Charges from rental car companies operating at Oakland International Airport.

BACKGROUND

State Law (initially Section 1936 of the California Civil Code, and later its successor Section 1939 of the California Civil Code and Section 50474 of the California Government Code) allows collection of Customer Facility Charges ("CFCs") to be used to finance, design and construct consolidated airport rental car facilities and to finance, design, construct and operate common

use transportation systems to move passengers between airport terminals and the consolidated rental car facilities.

In April 2002, the Board adopted Port Ordinance No. 3685 and instituted the collection of CFCs from every customer renting a car at, or within the defined boundaries near, the Oakland International Airport ("Airport") area, more commonly known as the "*Rental Car Radius*".

In December 2008, the Board adopted Port Ordinance No. 4079, that amends and restates Port Ordinance No. 3685, to extend the CFC collection authority for ten years from January 1, 2009 based on an amendment to Section 1936 of the California Civil Code enabling the Port to continue collecting CFCs from rental car companies operating at the Consolidated Customer Facility, or operating within the defined Rental Car Radius. The current CFC collection authority will expire on December 31, 2018.

On September 27, 2017, the Governor approved Assembly Bill No. 218, becoming effective January 1, 2019, and expiring on December 31, 2022. The new law repeals the requirement for debt financing associated with rental car facilities and operational expenses in order to continue collecting CFCs through the year 2022 for all California airports. In addition, the new law allows airports to assess less than the \$10 per transaction CFC, based on individual airport project needs. If the new law repealing the requirement for debt financing is not amended to extend this provision after December 31, 2022, then the previous provision enabling the Port to collect CFCs from rental car companies for an additional ten years without the requirement for debt financing would go back into effect. At that point, the Board could authorize a CFC commencing on January 1, 2023 and expiring on December 31, 2032.

ANALYSIS

The approved Assembly Bill, effective January 1, 2018, repeals the requirement for debt financing associated with capital improvement projects in order to maintain CFC collections per transaction through December 31, 2022 for all California airports. Port staff recommends extending the authority of the Port to collect CFCs for an additional four years beginning January 1, 2019 through December 31, 2022. The current CFC to be collected from On-Airport Rental Car Companies is \$10.00 for each contract, and from Off-Airport Rental Car Companies is \$8.00 for each contract. These amounts will not change.

Staff is requesting approval now (almost one year early) so that the Rental Car Companies can update their contracts and systems to allow collection of CFCs at OAK beyond the current December 31, 2018 expiration date.

BUDGET & STAFFING

The proposed amendment to Port Ordinance No. 4079 regarding specific terms has no budget or staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The proposed actions are not within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following business goals and objectives in the Port's Strategic Plan:

(<http://www.portofoakland.com/pdf/about/strategicPlan2011-2015.pdf>)

Goal B: Maintain and Aggressively Grow Core Businesses

- Goal B: Objective 4: Promote effective strategic communications with Port customers.
- Goal B: Objective 5: Enhance customer services (i.e., market intelligence, technical knowledge, strategic advice and problem solving).

LIVING WAGE

Living Wage Requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested actions are not an agreement, contract, lease, or request to provide financial assistance within the meaning of Living Wage regulations.

ENVIRONMENTAL

California Environmental Quality Act (CEQA) Guidelines Section 15061(b) (3) states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. The requested actions will not result in a physical change in the environment, and therefore is exempt from CEQA and no further environmental review is required.

GENERAL PLAN

This action does not change the use of any existing facility, alter an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

OPTIONS

1. Approve amending Article VII of Port Ordinance No. 4079 to revise the date of December 31, 2022 as the expiration date for collecting Customer Facility Charges. This is the staff recommendation.
2. Do not approve amending Article VII of Port Ordinance No. 4079 to revise the date of December 31, 2022 as the expiration date for collecting Customer Facility Charges. This is not the recommended action, which would result in the CFC authority expiring on December 31, 2018.

RECOMMENDATION

It is recommended that the Board adopt an Ordinance to approve amending Article VII of Port Ordinance No. 4079 to insert the date of December 31, 2022 as the expiration date for collecting Customer Facility Charges from rental car companies operating at Oakland International Airport.