

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Aviation

AGENDA DATE: **INTRODUCTION:** April 5, 2016

PUBLIC HEARING: April 19, 2016

CONTACT PERSON NAME AND PHONE NUMBER: Monica Lombraña, (915) 212-7300

DISTRICT(S) AFFECTED: All Districts

CITY STRATEGIC GOAL 1: Create an Environment Conducive to Strong, Sustainable Economic Development.

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

This item is an Ordinance amending Title 14 (Aircraft and Airports) of the El Paso City Code, to add a new Subsection 14.16.161 E to Section 14.16.161 (Customer Facility Charge) to set forth expenses which may be paid with Customer Facility Charges.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

On-Airport Vehicle Rental Concessionaires began collection of the Customer Facility Charge on February 1, 2012, which is a \$3.50 charge per transaction day for vehicles rented at the El Paso International Airport. The CFC is used strictly for the support of on-Airport car rental operations including construction of the Consolidated Rental Agency Complex (ConRAC), which is schedule to be completed and in operation in Summer 2016. On May 1, 2015, the new Vehicle Rental Concession Agreement and ConRAC Facilities Lease went into effect. As the Department and the Concessionaires have been working toward to the start of operations in the Facility, it has become apparent that it would be valuable to amend the CFC Ordinance to add a clear definition of what maintenance, operations, and capital costs should be allowed to be funded by the CFC. The proposed revision expands the boundaries of the area that the CFC can be used to fund projects such as the areas adjacent to the ConRAC and in the terminal that support car rental operations. The Department of Aviation has vetted this proposed revision with the current On-Airport Concessionaires and is thus proposing this language change to be able to fund the design, construction, and maintenance of the landscaped areas along the roadway to the Facility, the electrical and telecommunication upgrades needed at the car rental counters in the Terminal that will be needed as a result of the construction of the ConRAC, and other future upgrades that support car rental operations that are outside of the facility footprint as currently defined in the Ordinance.

EPIA is currently collecting approximately \$3,300,000.00 in CFCs each year, which is sufficient to fund debt service and the proposed permitted costs.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

12/20/2011 – Approval of Ordinance No. 017699 that created the Customer Facility Charge and authorized collection beginning February 1, 2012.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A: This is a revenue generating Ordinance.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



for Monica Lombraña, A.A.E.
Director of Aviation

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

ORDINANCE NO. _____

AN ORDINANCE AMENDING TITLE 14 (AIRCRAFT AND AIRPORTS) OF THE EL PASO CITY CODE, TO ADD A NEW SUBSECTION 14.16.161 E TO SECTION 14.16.161 (CUSTOMER FACILITY CHARGE) TO SET FORTH EXPENSES WHICH MAY BE PAID WITH CUSTOMER FACILITY CHARGES.

WHEREAS, the City of El Paso, Texas ("City") owns and operates an airport known as the El Paso International Airport (the "Airport") and may enter into leases and licenses for the use of Airport facilities, including concession agreements for the privilege of operating rental car concessions at the Airport, and may place restrictions on and establish fees and charges relating to the use of Airport facilities;

WHEREAS, the City approves the award of solicitations for vehicle rental concessionaires at the Airport and the Vehicle Rental Concession Agreements with the successful rental car companies (the "On-Airport Vehicle Rental Concessionaires");

WHEREAS, the City intends to relocate the On-Airport Rental Car Concessionaires' operations to a consolidated rental car facility to be constructed on City-owned land at the Airport (the "Consolidated Facility");

WHEREAS, the City intends to fund all or a portion of the design, construction (including any associated demolition), operations, management and maintenance of the Consolidated Facility, including tenant improvements within the Consolidated Facility, through General Airport Revenue Bonds or other revenue debt obligations to be approved by its City Council under a separate ordinance;

WHEREAS, the City has imposed a customer facility charge ("CFC") on customers of On-Airport Vehicle Rental Concessionaires, and has required the On-Airport Vehicle Rental Concessionaires to collect and remit CFCs to the City and intends to use the CFC revenues for payment of debt service on any debt obligations issued to finance the Consolidated Facility and for other permitted costs and purposes related to the Consolidated Facility; and

WHEREAS, the City's Vehicle Rental Concession Agreements with the On-Airport Vehicle Rental Concessionaires state the terms and conditions should the City implement a CFC.

ORDINANCE NO. _____

11-1003-039/512452/Ordinance-CFC/TC

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

Section 1. That Chapter 14.16 (Airport Use Regulations) of the El Paso City Code is amended to include a new Subsection 14.16.161 E to Section 14.16.161 Customer Facility Charge, which Subsection E shall read as follows:

Section 14.16.161 E Customer Facility Charge

E. "Permitted Costs" means the costs eligible for payment with funds created by the collection of the CFC. Permitted Costs shall include:

1. To pay the City Costs of Customer Facility Charge Administration and any rebate requirements related to the Bonds;
2. To fund a renewal and replacement reserve fund to fund Major Facility Maintenance and other costs;
3. To fund Operational and Maintenance Expenses of the ConRAC, including Operational and Maintenance Expenses for equipment in the ConRAC and signage and landscaping related to the ConRAC;
4. To pay Reimbursable Operational and Maintenance Costs incurred by the City;
5. To fund the Customer Facility Charge Surplus Fund to be available to finance eligible costs related to the ConRAC, including the reimbursement of Supplemental Consideration previously paid by the Concessionaire,
6. To fund a one-time tenant improvement allowance for the initial build-out of tenant improvements, prior to Date of Beneficial Occupancy of the ConRAC; and
7. To pay for design, demolition, construction, operation, and maintenance of Airport-owned facilities in the On-Airport Car Rental operations support areas located in the Consolidated Facility or in the Airport Terminal and of the signage and landscaping related to the Consolidated Facility.
8. To pay for design and construction costs arising from the Reallocation of the Exclusive Use Areas within the Consolidated Rental Agency, from time to time, pursuant to the terms of the Consolidated Rental Agency Complex Facilities Lease, as amended from time to time, (or similar agreement then in effect) between the City and the On-Airport Vehicle Rental Concessionaires at the Airport.

ORDINANCE NO: _____

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Section 2. Except as herein amended, Title 14 of the El Paso City Code shall remain in full force and effect.

ADOPTED THIS ____ day of April, 2016.

CITY OF EL PASO

Tomás González
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Marvin Foust
Assistant City Attorney

APPROVED AS TO CONTENT:



 Monica Lombraña, A.A.E.
Director of Aviation

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