

Future Project of the Charles M. Schulz—Sonoma County Airport

Airport Consolidated Rental Facility (CONRAC)/Quick-turn Around Facility (QTA)

Customer Facility Charge (CFC) Prospectus and General Information



Charles M. Schulz - Sonoma County Airport

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Introduction

The increasing commercial airline traffic at the Charles M. Schulz – Sonoma County Airport (Airport) has also created an upward demand for rental cars and a need for a comprehensive facility to accommodate our rental car businesses. Car rental gross receipts have generally increased in double-digits over the last seven years and the trend continues with 2018 sales. This increase has precipitated the need for additional space for our terminal car rental operators and the Airport has implanted the design of a Consolidated Rental Facility (ConRAC) on the east side of the Airport. To finance the ConRAC, a portion of the capital will be derived from a Customer Facility Charge collected by the rental car operators. The term “rental car operators” used throughout this document only includes in-terminal rental car operators and does not include off-terminal rental car operators, including restricted rental car operators that operate within the general aviation sector only. Off-terminal rental car operators are not subject to collection of a CFC nor use of the ConRAC.

CFC Legislative Process

California law (California Government Code Sections 50474.3 and 50474.21) allows an airport to require rental car operators to collect a fee from rental car customers on behalf of the airport operator to pay for certain costs incurred by an airport operator for a ConRAC.

§50474.21 “...Customer facility charge” means any fee, including an alternative fee, required by an airport to be collected by a rental company from a renter for any of the following purposes:

- (i) To finance, design, and construct consolidated airport car rental facilities.*
- (ii) To finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system.*
- (iii) To finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.”*

The collection of the CFC at our Airport will be used only for car rental facilities. A common-use transportation system is not needed due to the proximity of the ConRAC to the terminal. The next section discusses the two different types of CFC that can be collected: a per contract charge, up to the maximum of \$10.00 fee per rental; or a per day charge, up to the maximum of \$9.00 per day, not to exceed five days per rental.

Maximum \$10.00 fee per rental.

§50474.3 “(a)...A customer facility charge may be collected by a rental company under the following circumstances:

- (1) Collection of the fee by the rental company is required by an airport operated by a city, a county, a city and county, a joint powers authority, a special district, or the San Diego County Regional Airport Authority formed pursuant to Division 17 (commencing with Section 170000) of the Public Utilities Code.*
- (2) The fee is calculated on a per contract basis or as provided in subdivision (b).*
- (3) The fee is a user fee, not a tax imposed upon real property or an incident of property ownership under Article XIII D of the California Constitution.*

(4) Except as otherwise provided in paragraph (5), the fee shall be in an amount not to exceed ten dollars (\$10) per contract or the amount provided in subdivision (b)."

Maximum \$9.00 per day fee not to exceed five days per rental.

§50474.3 *"(b) Any airport may require rental companies to collect an alternative customer facility charge, as defined in Section 50474.21, under the following conditions:*

(1) The airport first conducts a publicly noticed hearing pursuant to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2) to review the costs of financing the design and construction of a consolidated rental vehicle facility and the design, construction, and operation of any common-use transportation system in which all of the following occur:

(A) The airport establishes the amount of revenue necessary to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and to design, construct, and operate any common-use transportation system, or acquire vehicles for use in that system, based on evidence presented during the hearing.

(B) The airport finds, based on evidence presented during the hearing, that the fee authorized in subdivision (a) will not generate sufficient revenue to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and of designing, constructing, and operating any common-use transportation system, or acquire vehicles for use in that system.

(C) The airport finds that the reasonable cost of the project requires the additional amount of revenue that would be generated by the proposed daily rate, including any rate increase, authorized pursuant to this paragraph.

(D) The airport outlines each of the following:

(i) Steps it has taken to limit costs.

(ii) Other potential alternatives for meeting its revenue needs other than the collection of the fee.

(iii) The extent to which rental companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems apart from the fee collected from rental customers.

(2) The airport may not require the fee authorized in this subdivision to be collected at any time that the fee authorized in subdivision (a) is being collected.

(3) Pursuant to the procedure set forth in this subdivision, the fee may be collected at a rate charged on a per-day basis subject to the following conditions:

(A) Commencing January 1, 2011, the amount of the fee may not exceed six dollars (\$6) per day.

(B) Commencing January 1, 2014, the amount of the fee may not exceed seven dollars and fifty cents (\$7.50) per day.

(C) Commencing January 1, 2017, and thereafter, the amount of the fee may not exceed nine dollars (\$9) per day.

(D) At no time shall the fee authorized in this paragraph be collected from any customer for more than five days for each individual rental vehicle contract.

(E) An airport subject to this paragraph shall initiate the process for obtaining the authority to require or increase the alternative fee no later than January 1, 2025. Any airport that obtains the authority to require or increase an alternative fee shall be authorized to continue collecting that fee until the fee authorization becomes inoperative when the bonds used for financing are paid.

(4) For any airport seeking to require rental companies to collect an alternative customer facility charge pursuant to this subdivision the following provisions apply:

(A) The airport shall provide reports on an annual basis to the Senate and Assembly Committees on Judiciary detailing all of the following:

(i) The total amount of the customer facility charge collected.

(ii) How the funds are being spent.

(iii) The amount of and reason for any changes in the airport's budget or financial needs for the facility or common-use transportation system.

(B) (i) The airport shall complete an independent audit as required by subdivision (b) of Section 50474.21 prior to the initial collection of the customer facility charge.

Copies of the audit shall be provided to the Assembly and Senate Committees on Judiciary, the Assembly Committee on Transportation, and the Senate Committee on Transportation and Housing and shall be posted on the airport's Internet Web site.

(ii) Prior to any increase pursuant to subdivision (b), the airport shall update the information provided in the initial collection audit completed pursuant to clause (i).

Copies of the updated audit shall be provided to the Assembly and Senate Committees on Judiciary, the Assembly Committee on Transportation, and the Senate Committee on Transportation and Housing, and shall be posted on the airport's Internet Web site.

(iii) An audit shall be completed every three years after initial collection if the customer facility charge is collected for the purpose of operating a common-use transportation system or to acquire vehicles for use in the system pursuant to paragraph (2) of subdivision (a) of Section 50474.21. A regularly conducted audit of airport finances that includes the customer facility charge information, that satisfies the requirements of subdivision (b) of Section 50474.21, and is produced in accordance with the generally accepted accounting principles of the Government Accounting Standards Board, shall satisfy the requirements of this clause. The information reported pursuant to this clause shall be compiled into one document, shall be provided to the Assembly and Senate Committees on Judiciary, the Assembly Committee on Transportation, and the Senate Committee on Transportation and Housing and shall be posted on the airport's Internet Web site accessible to the public. The information reported shall be contained within one easily accessible page contained within the airport's Internet Web site.

(iv) This section shall not be construed to require an airport to audit a common-use transportation system not financed by a customer facility charge and used for the purposes permitted pursuant to paragraph (2) of subdivision (a) of Section 50474.21.

(v) The airport shall post on the airport's Internet Web site copies of the completed audits required by this subparagraph for a period of six years following the audit's completion.

(C) Use of proceeds of any bonds backed by alternative customer facility charges shall be limited to construction and design of the consolidated rental vehicle facility, terminal modifications, and operating costs of the common-use transportation system, as specified in Section 50474.21.

Analyses - Facilities

❖ Current Facility

Commercial service airlines had been continually operating from Sonoma County since 2007 and rental car sales are closely connected to the number of passengers that arrive and depart from the Airport. The expansion of the Airport terminal is currently in design stage; and the current square footage of the

terminal space is expected to double in anticipation of additional passengers projected in the next few years. The ConRAC will expand the rental car area (outside of the terminal) to meet the anticipated passenger demand for rental cars and the expansion of the terminal.

Currently the rental car operators have the following facilities in which they conduct their operations:

Ticket Counter	<i>4 each</i>
Offices	<i>3 each</i>
Rental Car Pickup Spaces	<i>61</i>
Rental Car Storage Spaces	<i>27</i>
Rental Car Return Lot Spaces	<i>72</i>
Car Wash	<i>1 bay</i>
Car Prep Area	<i>4 stalls</i>
Fuel Facility	<i>No common facility</i>

The current total parking spaces for rental car vehicle storage, in all lots, is 160 spaces. The Airport continually receives requests from all of the rental car operators to expand the number of parking stalls in pickup, storage and return lot categories.

❖ Future Facility

Mead & Hunt, an engineering/architectural firm, was tasked by the Airport to estimate the capacity and needed facilities for a ConRAC. The following data was collected from each of the rental car operators and summarized in the table below.

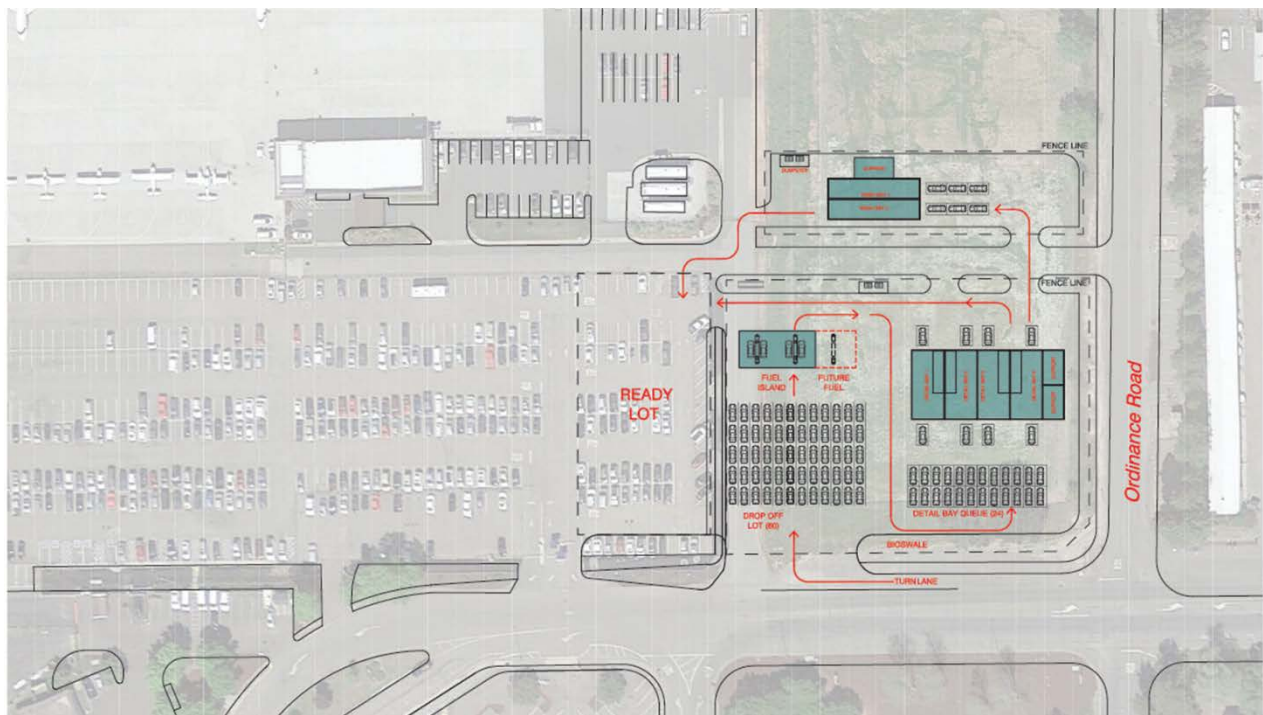
Monthly Car Rentals in 2015	2156
Monthly Car Rentals in 2016	2520
Peak Rental Season	May through October
Off-Peak Rental Season	November through April
Average Rental Length	4 days
Peak Outbound Count – Day	176
Peak Outbound Days	Thursday/Friday
Peak Outbound Count – Hour	33
Peak Inbound Count – Day	191
Peak Inbound Days	Sunday/Monday
Peak Inbound Count – Hour	32
Average # of Cars in Local Inventory	572
Pick-up Lot Car Storage	Overflow, return and dirt lots.
Ready Lot Parking Spots	43
Ready Lot Parking Spots Desired	120
Typical # of Cars Queued for Wash	30 – 7.5 per operator
Maximum Rental Car Queue Desired	60 – 15 per operator
Preferred Order of Operations	Wash, detail, fuel
# of Customers Queuing at Rental Counter (Busy)	50 – 10 per operator
Preferred # of Agent Positions	2 per operator

From the data listed above, the recommended facility criteria were determined as follows :

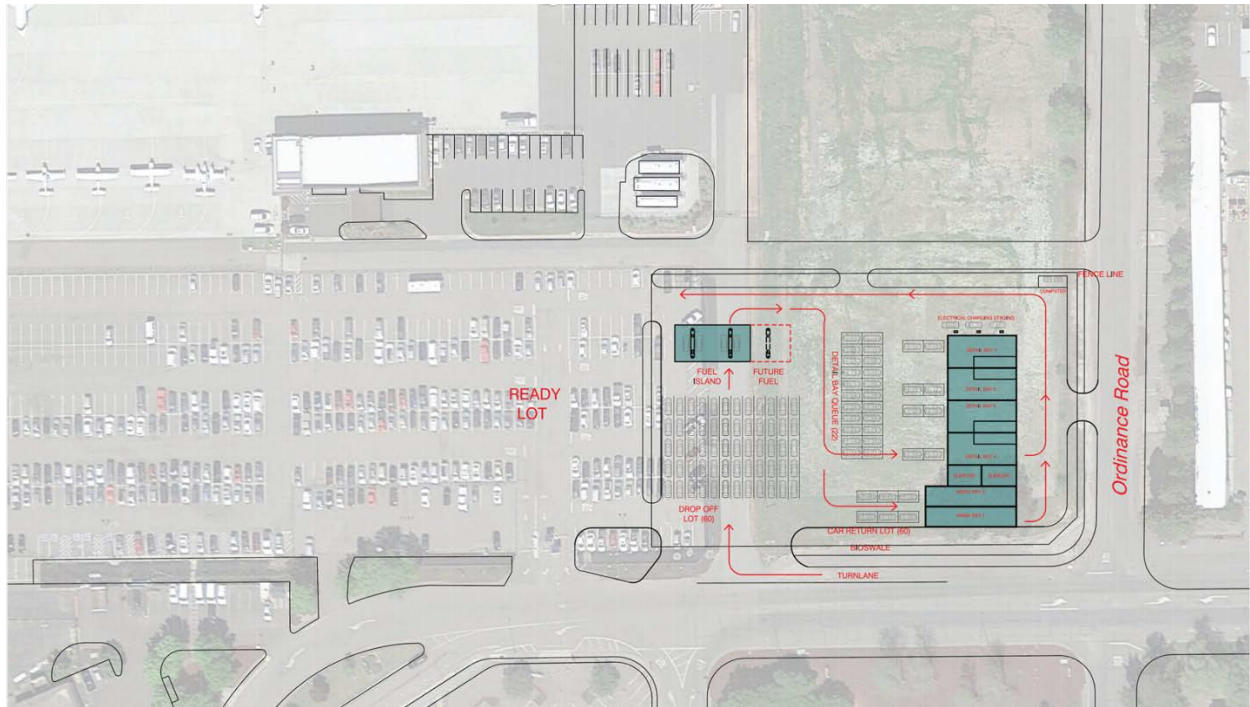
- 2 Fuel Dispensers
- 12,000-Gallon Above-Ground Fuel Tank
- 4 Bays (Car Cleaning and Support)
- Accommodations for 2 Future Car Wash Bays
- 6 Stacking Stalls per Fuel Position (Dirty and Clean)

Mead and Hunt then created three different configuration options for the ConRAC based upon the data previously listed.

SITE OPTION 1



SITE OPTION 2



SITE OPTION 3

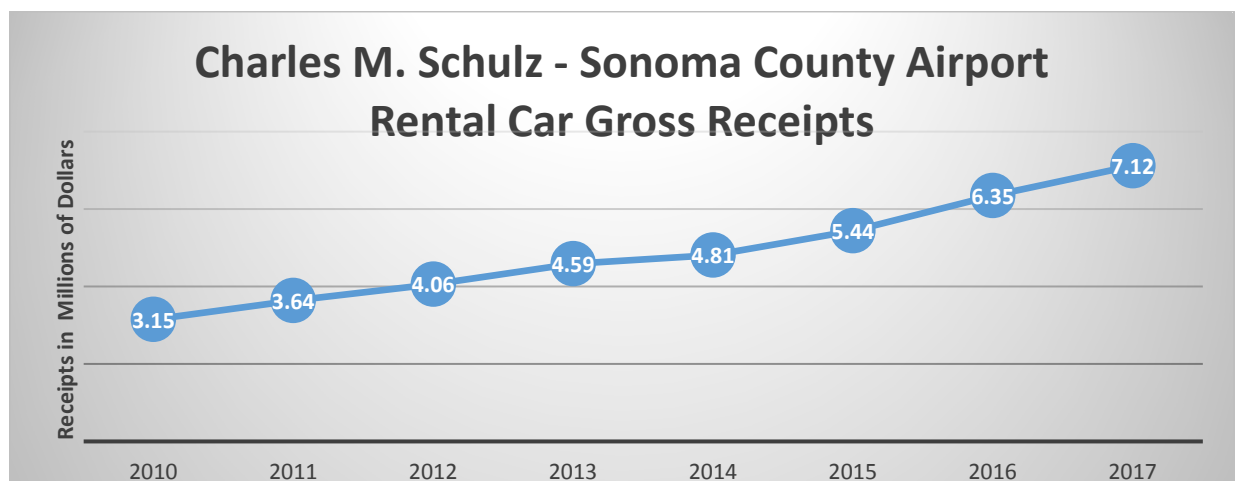


❖ Current Project Pathway

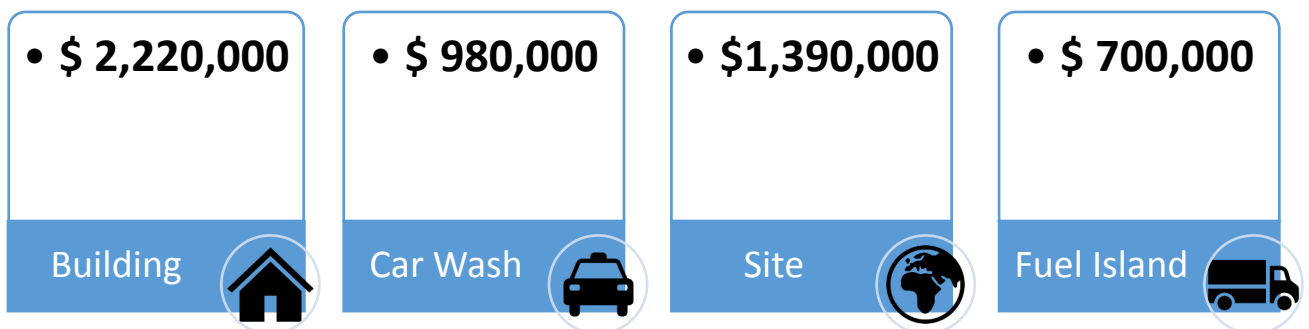
The Airport and the rental car operators will discuss the merits/detriments of each of the site plans and determine the best fit. The Airport proposes that the ConRAC be constructed in phases, starting with the greatest need – a new carwash. As the design and costs of the ConRAC are solidified, then a project phasing and final cost plan will be implemented.

Analyses - Financial

Since 2010, the gross receipts from the collective rental car companies located at the Airport have generally increased double-digits every year and the forecast continues with 2018 sales.



❖ Cost of Construction - ConRAC Facility



Plus costs of mark-ups, fees, insurance, bonds, design and soft costs.

TOTAL \$10,610,000

❖ CFC Collection - Proposed

- Per \$10.00 Contract Charge

To estimate the annual collection of the \$10.00 per contract CFC, the following formula is used. The number of cars rented in 2017 is a known base and the volume increase in 2018 was estimated at ten-percent (10%).

2017 Cars/Year 33,869 + 10% increase for 2018 = 37,255 x \$10.00/CFC = \$372,559 yearly collection

The CFC will ultimately increase to a daily charge when the final construction planning and costs are estimated.

❖ Financial Analysis for Phase I – Car Wash

Car Wash – Estimated Cost of Construction	\$1,960,000
Projected yearly \$10 per contract CFC collection	380,000
Number of Years Needed to Purchase Car Wash	5+ years

Car Wash Details

- Recommended Car Wash by Mead & Hunt Engineering Firm:
 - 2 Car Wash Bays for Redundancy (shared by all rental car operators)
 - 80' Length
 - CMU Separation Wall
- Rental car operators and Airport staff will continue to meet on the details of the car wash and confer the best available option. The current conceptual design of the car wash is located on Attachment One.

Conculsion

Automobile rentals at the Charles M. Schulz – Sonoma County Airport have steadily increased over the past ten years, but the rental car facilities have not changed and the operators are finding it increasingly difficult to maintain an adequate automobile supply for rent to the traveling public at the Airport. This constraint to our rental car operators has resulted in repeated requests to provide them with more efficient and economical space. The proposed ConRAC will provide facilities for the Airport rental car operators to fuel, clean, preform light maintenance and store automobiles to satisfy customer demand. The ConRAC will be built in phases starting with the largest need – a two-bay car wash. The car wash is estimated to cost just under \$2,000,000 to construct and financing is a main concern. The \$10.00 proposed CFC charge collection could provide the capital needed to construct the car wash in five-plus years.

ATTACHMENT ONE

Current Proposed Carwash

