

Memorandum



CITY OF DALLAS

DATE April 17, 2018

TO The Honorable Members of the Mobility Solutions, Infrastructure and Sustainability Committee: Lee M. Kleinman (Chair), Rickey D. Callahan (Vice-Chair), Sandy Greyson, Adam Medrano, Casey Thomas, II and Tennell Atkins

SUBJECT **Upcoming Agenda Item #31: Amendments to Chapter 5, “Aircraft and Airports” of the Dallas City Code**

On your April 25, 2018 Council Agenda, there will be items requesting authorization to amend Chapter 5, “Aircraft and Airports”, of the Dallas City Code. The amendments pertain to implementing a Customer Facility Charge and a General Aviation Landing Fee at Dallas Love Field.

Ordinance amendments for Customer Facility Charge

This item was last briefed to the Mobility Solutions, Infrastructure and Sustainability Committee on August 28, 2017. At the committee’s direction, the Aviation Department is seeking approval to begin collecting a \$3 per transaction day Customer Facility Charge (CFC). The \$3 per transaction day fee will be collected by rental car companies on behalf of the City from airport customers renting vehicles. The fees collected will be used to complete more analysis to determine the most appropriate locations for a potential Consolidated Rental Car Facility (ConRAC). The potential ConRAC will combine all functional components of rental car operations – vehicle pick up/drop off, car storage, cleaning and fueling - into a single facility. It will aid in reducing roadway traffic through the use of shared shuttle services.

The ordinance amendment expands the definition of rental car companies to capture technologies which includes, but is not limited to, peer to peer and car-sharing businesses that are in direct competition with traditional rental car companies. All rental car companies will be expected to operate from the ConRAC and bear any associated costs. This ordinance is anticipated to go into effect on July 1, 2018. Fees can be used for studies, planning, design and construction costs, traffic impact analysis, site analysis, analysis of the economic viability of the rental car industry, facility management and shuttle operations.

The initial CFC collection rate is set at \$3 per transaction day with a two-year expiration date to complete the analysis of the potential ConRAC sites. Recommendations will be provided to the City Council at the completion of the analysis. At that time, CFC collection may expire with the ordinance or staff may seek Council approval of a new ordinance collecting a CFC at a higher per transaction day rate to aid in funding a ConRAC project.

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Ordinance amendments General Aviation Landing Fee – Dallas Love Field

This item was briefed to the Mobility Solutions, Infrastructure and Sustainability Committee in October 09, 2017. Aviation Department staff completed its review to determine an appropriate General Aviation (GA) Landing Fee at Dallas Love Field.

The General Aviation Fee will be calculated using the rates and charges model on an annual basis in a similar manner that the Signatory Airlines rate is established. Much of the 14 million square feet of pavement at Love Field is over 30 years old with increasing costs to prevent further deterioration and maintain compliance with Federal Aviation Administration regulations. Currently, all airfield costs (operations and maintenance such as rubber removal, pavement painting, sweeping, crack sealing) are disproportionately charged to commercial air carriers through the Landing Fee.

The Landing Fee Rate is calculated by Annual Airfield Requirement (airfield costs less airfield revenues) divided by the Total Landed Weight of all Signatory Airlines. Commercial Air Carriers currently pay a landing fee of \$2.20 per 1,000 lbs. while GA users pay fuel flow fees only. With the increasing air traffic at Dallas Love Field, the operations and maintenance costs are expected to increase. General Aviation users are not paying their fair share for airfield activity.

For the period of July 2016 – September 2017, approximate GA aircraft activity consisted of:

- GA aircraft landings represented 36% of total number of aircraft landings
- GA aircraft landed weight represented 10% of total aircraft landed weight

It has been our experience that most airfield O & M costs are affected by the volume of aircraft operations regardless of aircraft weight. For example, in an emergency, each GA aircraft landing requires the same airport resources (DFR personnel, airport operations staff, etc.) as provided for commercial air carriers. Therefore, an 80/20 formula was selected to place more weight (80%) on the GA aircraft landing ratio and less weight (20%) on the GA aircraft landed weight ratio. 80% of the weighted ratio is based on GA aircraft landings (36% of total aircraft landings) and the remaining 20% based on GA landed weight (10 % of total aircraft landed weight).

- Share of GA aircraft landings (36%) times 80 percent = 28.8 percent
- Share of GA aircraft landed weight (10%) times 20 percent = 2.0 percent

For example, applying the weighted ratio with the 80/20 formula (30.8 percent) to the total FY 2018 budgeted O & M expenses allocated to Airfield costs would result in a GA Landing Fee of \$5.80.

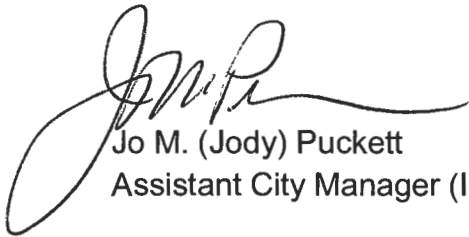
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Weighted Ratio of Airfield O & M Expenses Allocated to General Aviation

	2018 Budget
Total Airfield O & M Expenses	\$20,175,000
Times Percentages allocated to GA	<u>30.8%</u>
O & M Expenses allocated to GA	\$ 6,213,900
Less: Fuel Flowage Fees	<u>(\$ 1,291,000)</u>
Net Requirement	\$ 4,922,900
Required landing fee rate (per 1,000 pound unit)	\$5.80
Note: Analysis completed by Unison Consulting using data provided by Vector Airport Systems	

Dallas Love Field currently has heavy GA activity compared to most US commercial airports. A landing fee will impact some users at Love Field, however, the city's Dallas Executive Airport does not charge a landing fee and may be an option. This ordinance is anticipated to be effective on July 1, 2018.

Please feel free to contact me if you have any questions or concerns.



Jo M. (Jody) Puckett
Assistant City Manager (Interim)

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

AGENDA ITEM # 31

**STRATEGIC
PRIORITY:**

Mobility Solutions, Infrastructure, and Sustainability

AGENDA DATE:

April 25, 2018

COUNCIL DISTRICT(S):

2

DEPARTMENT:

Department of Aviation

CMO:

Jody Puckett, 670-3390

MAPSCO:

34E

SUBJECT

An ordinance amending Chapter 5, "Aircraft and Airports," of the Dallas City Code by adding Sections 5-31.1 and 5-64; **(1)** adding landing fees at Dallas Love Field for general aviation aircraft; **(2)** adding definitions; **(3)** providing for a customer facility charge ("CFC"); **(4)** providing for the administration and use of the CFC; **(5)** providing a penalty not to exceed \$500; **(6)** providing a saving clause; **(7)** providing a severability clause; and **(8)** providing effective and expiration dates – Financing: No cost consideration to the City

BACKGROUND

This item amends Chapter 5, "Aircraft and Airports", by adding a landing fee for general aviation aircraft and imposing a Customer Facility Charge on airport rental car customers at Dallas Love Field.

Much of the 14 million square feet of pavement at Love Field is over 30 years old with increasing costs to prevent further deterioration and maintain compliance with Federal Aviation Administration regulations. Currently, all airfield costs (operations and maintenance such as rubber removal, pavement painting, sweeping, crack sealing) are disproportionately charged to commercial air carriers through the Landing Fee.

The Commercial Landing Fee is calculated by Annual Airfield Requirement (airfield costs less airfield revenues) divided by the Total Landed Weight of all Signatory Airlines. Commercial Air Carriers currently pay a landing fee of \$2.20 per 1,000 lbs. while General Aviation users pay fuel flow fees only. With the increasing air traffic at Dallas Love Field, the operations and maintenance costs are expected to increase.

BACKGROUND (continued)

The Director of Aviation will determine the General Aviation Landing Fee using an 80/20 formula, with 80% of the fee comprised of Dallas Love Field's operation and maintenance costs attributable to general aviation aircraft landings and 20% of the fee attributable to the general aviation aircraft's landed weight. The fee will vary annually based on the operations and maintenance costs.

Section 5-64 amends the ordinance to begin collecting a (CFC), which is a user fee for those airport customers renting cars at Dallas Love Field.

Since 2014, Dallas Love Field Rental Car operations have been challenged with the lack of operating and vehicle storage space to meet demands; an increase in roadway congestion as a result of rental car companies using individually branded shuttle buses along with the pickup and return of rental cars along Herb Kelleher Way.

A potential solution for these challenges is the construction of a Consolidated Rental Car Facility (ConRAC). A ConRAC facility combines all rental car operations into a single facility. Preliminary data gathered from the on-airport rental car companies indicates that an approximately one million square foot facility and 25 acres of land is needed. Based on this information, five locations in close proximity to the airport have been identified.

Funds collected from the customer facility charge would allow the Department of Aviation to complete the necessary land and traffic studies for these five locations to determine the most appropriate site for a ConRAC, as well as, analyze future needs of the rental car industry at airports. The initial CFC to be collected during the study period is proposed at \$3.00 per transaction day. Once a site has been determined at the end of the study period, the \$3.00 per transaction day fee may be adjusted. This ordinance is set to expire after 24 months at which time a request to extend and/or increase the CFC will be submitted should the completed analysis find doing so warranted.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee was briefed on Rental Car Operations on May 2, 2016.

The Mobility Solutions, Infrastructure and Sustainability Committee was briefed on Customer Facility Charge on August 28, 2017.

The Mobility Solutions, Infrastructure and Sustainability Committee was briefed on General Aviation Landing Fee on October 9, 2017.

The Mobility Solutions, Infrastructure and Sustainability Committee was briefed by memorandum on Chapter 5 Amendments on April 23, 2018.

FISCAL INFORMATION

No cost consideration to the City.

ORDINANCE NO. _____

An ordinance amending Chapter 5, "Aircraft and Airports," of the Dallas City Code by adding Sections 5-31.1 and 5-64; adding landing fees at Dallas Love Field for general aviation aircraft; adding definitions; providing for a customer facility charge ("CFC"); providing for the administration and use of the CFC; providing a penalty not to exceed \$500; providing a saving clause; providing a severability clause; and providing effective and expiration dates.

WHEREAS, Dallas Love Field continues to serve more and more air carrier passengers and as a result, there is increased roadway and terminal congestion at the airport, including from air carrier passengers utilizing rental car services;

WHEREAS, consistent with its statement of policy in Section 5-57 of Chapter 5 of the Dallas City Code, the city seeks to study and implement ideas that will control traffic congestion, protect the public health and safety, preserve the airport infrastructure, and provide beneficial and convenient ground transportation services to air carrier passengers and other users at the airport;

WHEREAS, the customer facility charge will enable the city to study and implement those ideas at the airport; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That Article I, "In General," of Chapter 5, "Aircraft and Airports," of the Dallas City Code is amended by adding a new Section 5-31.1, "Landing Fees Charged for General Aviation Aircraft at Dallas Love Field," to read as follows:

**"SEC. 5-31.1 LANDING FEES CHARGED FOR GENERAL AVIATION
 AIRCRAFT AT DALLAS LOVE FIELD.**

(a) In this chapter, GENERAL AVIATION AIRCRAFT means an aircraft that is not a commercial aircraft, as defined in this chapter, on scheduled or non-scheduled flights.

(b) Fees in this section must be paid by owners or operators of all general aviation aircraft landing at Dallas Love Field or using Dallas Love Field's facilities for landing aircraft.

(c) An owner or operator of a general aviation aircraft that has executed an airport use and lease agreement shall pay fees, including landing fees, to the city in accordance with that agreement.

(d) For each scheduled or non-scheduled landing, an owner or operator of a general aviation aircraft who has not executed an airport use and lease agreement shall pay to the city a fee per 1,000 pounds of certified gross landing weight. The director of aviation shall determine the fee using an 80/20 formula, with 80% of the fee comprised of Dallas Love Field's operation and maintenance costs attributable to general aviation aircraft landings and 20% of the fee attributable to the general aviation aircraft's landed weight. The director of aviation shall, on an annual basis, review the fee and make a recommendation to the city council if the director of aviation determines the fee formula should be amended.

(e) An owner or operator of a general aviation aircraft shall transmit the fees required by this section to the director of aviation in a timely manner."

SECTION 2. That Article II, "Ground Transportation Services at Love Field Airport," of Chapter 5, "Aircraft and Airports," of the Dallas City Code is amended by adding a new Section 5-64 to read as follows:

"SEC. 5-64. CUSTOMER FACILITY CHARGE.

(a) Definitions. In this section:

(1) AIRPORT CUSTOMER means a person who arrives at the airport and who enters into an agreement either (A) directly with an airport rental car company; or (B) with a third party, if that agreement with the third party was facilitated, arranged, or otherwise coordinated by an airport rental car company. A person qualifies as an airport customer regardless of whether the person receives the car at the airport, future ConRAC location, or at an off-airport location.

(2) AIRPORT RENTAL CAR COMPANY means both an off-airport rental car company and an on-airport rental car company.

(3) CFC means customer facility charge and is a user fee imposed on a transactional basis. The CFC does not constitute income, revenue, or assets of the airport rental car company, and is, at all times, property of the city.

(4) COMMON TRANSPORTATION SYSTEM means a shared shuttle system dedicated solely to the transportation of airport customers between the passenger terminals and the ConRAC.

(5) ConRAC means a consolidated rental car facility.

(6) OFF-AIRPORT RENTAL CAR COMPANY means a person who provides

car rental services, including, but not limited to, peer-to-peer car rental services, and picks up, arranges, coordinates, or is an intermediary for the pick-up of the customer from the airport. An off-airport rental car company does not include an on-airport rental car company.

(7) **ON-AIRPORT RENTAL CAR COMPANY** means a person who is a party to a concession contract with city to provide car rental services.

(8) **TRANSACTION DAY** means a 24-hour period, or fraction thereof, that is subject to an agreement to which an airport customer is a party.

(b) CFC amount. An airport customer shall pay a CFC of \$3.00 per transaction day.

(c) Director's power and duties.

(1) The director is authorized to implement and administer the CFC consistent with the policy of this article.

(2) The director may deem an airport rental car company that fails to comply with this section in default, and recommend termination to the city council, of any agreement related to car rental services that the airport rental car company has with the city, regardless of whether the agreement incorporates this section.

(d) Airport rental car company's duties. The airport rental car company shall:

(1) charge and collect from each airport customer the total amount of the CFC due under the airport rental car company contract at the time the final number of transaction days are determined and shall list the CFC separately on the invoice, describing it as a "Customer Facility Charge";

(2) remit the total amount of the CFC along with supporting documentation in a format acceptable to the director by the following deadlines:

(A) for an off-airport rental car company, the CFC shall be remitted directly to the city monthly, and not later than the 15th day of the month following the month in which the CFC was invoiced to the airport customer;

(B) for an on-airport rental car company, the CFC shall be remitted pursuant to the terms of its concession contract with the city; and

(3) maintain adequate records that account for the CFC charged to its customers and collected for the city, in accordance with generally accepted accounting principles, and make the records available to the city upon request of the director.

(e) Use of CFC. The city may use the CFC to pay costs associated with studying, planning, designing, managing projects, and purchasing and improving property related to the development of a ConRAC and other rental car facilities for airport rental car companies. The

CFC may also be used to analyze the operational, physical, and financial feasibility of developing the ConRAC and other rental car facilities for airport rental car companies as well as for leasing property, construction costs, and common use transportation systems.

(f) Expiration. This section expires on July 1, 2020.”

SECTION 3. That, unless specifically provided otherwise by this ordinance or by state law, a person violating a provision of this ordinance is, upon conviction, punishable by a fine not to exceed \$500.

SECTION 4. That Chapter 5 of the Dallas City Code shall remain in full force and effect, save and except as amended by this ordinance.

SECTION 5. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of Chapter 1 of the Dallas City Code, as amended.

SECTION 6. That any act done or right vested or accrued, or any proceeding, suit, or prosecution had or commenced in any action before the amendment or repeal of any ordinance, or part thereof, shall not be affected or impaired by amendment or repeal of any ordinance, or part thereof, and shall be treated as still remaining in full force and effect for all intents and purposes as if the amended or repealed ordinance, or part thereof, had remained in force.

SECTION 7. That this ordinance shall take effect on July 1, 2018, and it is accordingly so ordained.

APPROVED AS TO FORM:

LARRY E. CASTO, City Attorney

By _____
Assistant City Attorney

Passed _____