

SAN ANTONIO AIRPORT SYSTEM
RENTAL CAR CUSTOMER FACILITY CHARGE POLICY
FOR THE DEVELOPMENT OF RENTAL CAR FACILITIES
AT SAN ANTONIO INTERNATIONAL AIRPORT
2012

Rental Car Customer Facility Charge Policy

The purpose of this Policy is to enact and impose a per Transaction Day charge for rental car Customers to pay for all costs and expenses associated with the planning, financing, and construction, Allocated Costs and other costs of the Rental Car Facilities at San Antonio International Airport -- the Rental Car Facilities program. The 2011 Airport Master Plan identified the site directly across from the Airport terminal building for a consolidated Rental Car Facility.

The City hereby adopts the following fiscal policy for establishment of a Rental Car Customer Facility Charge (CFC) to be collected and remitted to the City by all Rental Car Providers (as hereinafter defined).

CFC Policy Definitions

The following terms shall have the meanings set forth below unless expressly required otherwise:

Airport shall mean the lands and facilities owned and operated by the City, known collectively as San Antonio International Airport, as they now exist or as they may change from time to time.

Allocated Cost shall mean the allocation of the costs of providing any of the facilities described herein, in the manner and to the extent the City shall reasonably determine, including, without limitation, the allocation of costs representing the rental value of land used for such facilities, and a ratable portion of the planning, design, engineering, program management construction oversight, construction costs, depreciation, borrowing charges, permitting and licensing expenses, administrative oversight by airport staff and consultants and all other costs, expenses or charges determined by the Airport to be allocable to such facilities.

Aviation Director shall mean City's Director of Aviation also known as the Director of the San Antonio Airport System or his designee.

City shall mean the City of San Antonio.

Customer shall mean any person(s) arriving at the Airport who enters into a rental car contract with a Rental Car Provider regardless of whether the person receives the vehicle on the Airport or is shuttled to an off Airport location of a Rental Car Provider.

Customer Facility Charge (CFC) shall mean a charge imposed on a transactional basis in a fixed uniform amount applied each Transaction Day to each subject contract, and which shall be added to the amount collected by Rental Car Providers from the rental car customer. The purpose of the CFC is to recover substantially all costs and expenses of planning, financing, and constructing facilities for rental car operators to conduct their business and all other costs, expenses or charges mutually agreed upon and included in the master lease agreement.

Fiscal Year shall mean the annual period corresponding to the City's Fiscal Year for financial reporting purposes, as established in accordance with applicable law. The City's Fiscal Year is October 1 through the following September 30.

Rental Car Facilities shall mean any passenger processing and rental car counter areas, rental car ready and return facilities, and areas for the servicing of rental cars at the Airport, as well as any

interim rental car facilities the City creates for the convenience of the traveling public and the rental car companies.

Rental Car Provider (RAC) shall mean all persons, firms, agencies, or companies providing rental car services at the Airport and operating under an Airport Rental Car Concession Agreement. Rental car services include, but are not limited to, initiating and/or completing rental car contracts with Customers, directly or indirectly transporting rental car customers to and from the Airport, otherwise performing or causing to be performed any activity at the Airport for the ultimate purpose of renting a car to a third party.

Transaction Day shall mean a twenty-four hour period plus a grace period not to exceed sixty minutes in length that a customer contract is in effect. Such grace period shall not constitute an additional Transaction Day only if no charges are assessed by a RAC to the customer during the grace period. If a RAC imposes a rental charge to the customer during the grace period, then such grace period shall be treated as an additional Transaction Day.

I. Customer Facility Charge Uses

The City is planning to develop Rental Car Facilities to accommodate rental car operations for the long-term future and to improve levels of service for the traveling public. The cost of developing the Rental Car Facilities will be recovered by charging customers a CFC.

It is anticipated that the Project will be developed in several phases.

Phase I – Pre-Design

Phase IA includes interim wayfinding, conceptual design, validation of the viability of the concept plan, including location, and negotiation of business terms. The RACs shall be allowed to collectively select a firm or individual as a rental car technical liaison to identify the collective project parameters and design elements that represent the industry's operational goals for the project. The rental car technical liaison will consult with the City on behalf of the RACs to identify the most appropriate dimensions and design of the consolidated Rental Car Facility's principal elements in order to efficiently and cost-effectively meet current and future needs.

Concurrently, Phase IB includes the negotiation of business terms associated with the consolidated Rental Car Facility. City and RACs collectively will identify Rental Car Facility expenses and maintenance requirements that may be paid directly by the RACs, may be funded directly or indirectly through facility rentals, and/or may be funded through CFCs if deemed appropriate by City.

Before proceeding to Phase II, the City and RACs will have an opportunity to cancel the project if mutual agreement cannot be reached.

Phase II – Design

Phase II includes all planning, design, and other related professional services completed prior to the construction of the Rental Car Facility, including all necessary documentation and other preparation for a bond sale as well as setting the ground rental rate.

Because elements of the consolidated Rental Car Facility may change during the course of the design and changes in cost may necessitate changes in the design, the City will have the sole and final decision for the design of the consolidated Rental Car Facility.

CFC proceeds remitted by the RACs during Phases I and II shall be used for the purpose of paying, reimbursing or bearing the expenses for conceptual planning, architectural and engineering, design, other consulting services and interim wayfinding costs associated with the Rental Car Facilities and other services for City and RACs approved by Director.

Phase III – Construction Phase

Phase III is the “Construction Phase” which includes the sale of bonds, payment of fees and costs, and the construction of the consolidated Rental Car Facility. Prior to or concurrent with the sale of the bonds, the City and RACs shall execute agreements that set forth the minimum terms and conditions for the financing of the consolidated Rental Car Facility and the manner in which costs shall be recovered. In addition, the agreements will contain mutually acceptable provisions, including but not limited to, ground rent for the consolidated Rental Car Facility premises, use provisions limiting the use of the consolidated Rental Car Facility to the operation of a rental car business, insurance and indemnification requirements, security deposit, allocation and reallocation of space, compliance with standard terms and provisions used in other leases and developing agreements between the City and its RAC tenants. In addition the agreements will contain more detailed terms and conditions describing the responsibilities for funding or paying the costs of the consolidated Rental Car Facility, including how pay-go funds and bond funds will be utilized to pay for the design fees, financing costs, consulting fees, material costs, equipment costs and construction costs for the consolidated Rental Car Facility. Provided, however, that the costs of RACs’ trade fixtures, furniture, removable equipment, and other personal property shall not be included among the finishes and amenities covered by the bond funds.

CFC proceeds remitted by the RACs during Phase III and thereafter may be used for the purpose of paying costs or establishing reserves and other accounts identified in the executed agreements from Phase III.

II. CFC Implementation

Effective on such date as notified in writing by the Director, the RACs shall begin collection of the CFC. The Director shall transmit a written notification to the RACs containing (1) the date that CFC collection is to begin (which shall be no earlier than 3 weeks from the date of transmittal of the notification), (2) the date on which the RACs must begin including the CFC in their quotes (which shall be no less than two (2) weeks from the date that CFC collection is to begin and no earlier than five (5) business days from transmittal of the letter). The RACs, as agents for the City for collection purposes only, shall initially collect from their customers a CFC of Four Dollars and Fifty Cents (\$4.50) per Transaction Day.

Further, the CFC rate established in the above notice shall apply to rental car contracts that begin on or after that date. Any previously established CFC rate will be in force until the revised rate goes into effect. RACs may honor the CFC rate quoted on a reservation.

III. Recalculation of CFC Rate

The City may annually adjust the CFC based on the City's estimates of the costs and expenses agreed to be paid from the CFC associated with the Rental Car Facilities. Approximately sixty (60) days prior to the end of the City's Fiscal Year (September 30), the City may recalculate the CFC and any adjustments to the CFC shall be part of the City's annual budget ordinance and City shall notify Rental Car Providers of the revised CFC. Additionally, City may adjust the CFC, as needed, during the mid-year adjustment period or at other times as appropriate at a scheduled City Council meeting. If the City issues debt or is contemplating the issuance of debt associated with the Rental Car Facilities, then the CFC may be adjusted to such amounts and on such frequency as may be necessary to meet City's obligations. Notice must be provided on same basis as identified under CFC Implementation above.

IV. CFC Collection

Each RAC shall collect CFCs from all rental car customers, including customers receiving complimentary or discounted car rentals under each RAC's bona fide marketing plans. The CFC shall be imposed on a transactional basis and shall be a fixed uniform amount applied each day, or fraction thereof, to each rental car contract and shall be added to the amounts collected by the RACs from their rental car customers. The CFCs collected by RACs shall be the amount established by the City for all RACs renting cars to Airport passengers. The CFC shall be identified on a separate line on the rental car customer contract and described as the "Customer Facility Charge" or "CFC".

V. CFC Remittance

All CFC proceeds collected by the RACs shall be remitted to City by the 20th day of each month for the preceding calendar month of operations. Prior to remittance to the City, CFC proceeds collected by the RAC shall be held by the RAC solely for the benefit of the City. All CFC proceeds collected and held by the RAC for remittance to City shall be deemed the property of the City at all times and shall be separately accounted for by each RAC. RACs shall have no right or legal claim to, nor possessory interest in the CFC proceeds either in equity or law.

VI. CFC Records and Controls

- a. Each RAC shall maintain records and controls sufficient to demonstrate the correctness of the CFC revenue collected by the RAC and the amount of CFC Revenue paid to the City. The records shall be subject to review and audit annually by the City.
- b. The number of transactions and transaction days completed by the RAC shall be reported to the City each month on a form promulgated by the Aviation Director. The report, which shall be signed by an authorized agent of each RAC, is to be received by the City no later than the 20th day of the month following such transactions, and shall be remitted to the City with RAC's CFC proceeds for the month.

- c. The amount of the CFC that is added to the Customer contract shall be excluded from "Gross Revenues" for the calculation of the Concession Fee payable by RACs to City.

VII. Failure to Pay Fees

If any RAC fails to remit on a timely basis the CFC proceeds, as required, by the end of the tenth (10th) day following the final day on which such remittance should timely have been remitted, the RAC shall pay interest to the City at the rate of eighteen percent (18%) per annum (1.5% per month) (or, if less, the maximum rate of interest allowed by law) on such overdue amounts calculated from the date on which such amounts should timely have been remitted. Interest payments received by the City as a result of any RAC failing to timely remit the CFC proceeds shall not be credited to the calculation of the Customer Facility.

Failure to remit CFC proceeds to City shall constitute failure to comply with city ordinance and may result in the termination of the RAC's Airport Rental Car Concession Agreement for cause.

VIII. Rental Car Concession Agreements

All current and future Airport Rental Car Concession Agreements entered into by the City shall be subject and subordinate to the terms and conditions of this Rental Car CFC Policy unless otherwise provided by Ordinance.