



STAFF REPORT

DATE: October 23, 2018

TO: Ronald L. Olson, City Manager

FROM: Matthew Van Valkenburgh A.A.E., Executive Director of Aviation

SUBJECT: APPROVAL OF A RESOLUTION TO IMPLEMENT A PRIVILEGE FEE FOR NON-TENANT RENTAL CAR COMPANIES PROVIDING CUSTOMER SERVICES AT THE KILLEEN FORT HOOD REGIONAL AIRPORT AND SKYLARK FIELD

BACKGROUND AND FINDINGS:

The Killeen-Fort Hood Regional Airport leases retail facilities in the terminal building to various businesses to provide appropriate services to the public as well as to provide revenue sources for the airport enterprise fund; the rental car industry is one such business. However, off-airport, non-tenant motor vehicle rental services are authorized at the Airports for the accommodation of passengers arriving and departing from the Airport, and these non-tenant Providers rent motor vehicles to the general public from a location or locations based off the Airports.

This resolution would establish fees to be collected from off-airport non-tenant rental car companies (Providers) providing customer services (e.g., passenger pick-up or drop-off) to passengers for motor vehicles for rent to offset the costs of operation of the Airport.

Staff has proposed, effective beginning on January 1, 2019, an Off-Airport Privilege Fee of ten-percent (10%) of Providers gross revenue, for all revenue related to customer services at Killeen-Fort Hood Regional Airport or Skylark Field Airport.

The Airports, being recipients of Federal funding, are subject to policies which require a fee structure that will make them as self-sustaining as possible; and, in establishing and implementing this fee, the off-airport, non-tenant Providers of rental car services using the Airports will contribute toward the achievement of financial self-sufficiency at the Airports.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) approve the resolution, or (2) do not approve the resolution.

Which alternative is recommended? Why?

Staff recommends alternative 1. This resolution provides an equitable fee to off-airport rental car companies for them to contribute to the financial self-sustainability of the Airports. Additionally, it provides a measure of fairness to those companies who competed and were granted rights for rental car concession services at the Killeen Fort Hood Regional Airport.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

Total annual revenue to the Aviation Fund is undetermined at this time.

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Council approve the resolution and authorize the City Manager or designee to execute same.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Resolution