



**City of Santa Barbara**  
Airport Department

**Memorandum**

**DATE:** September 21, 2022  
**TO:** Airport Commission  
**FROM:** Jonathan Abad, Airport Business Manager  
**VIA:**  Brian D'Amour, Interim Airport Director  
**SUBJECT:** Establishing Customer Facility Charge For Rental Car Contracts At The Santa Barbara Airport

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**RECOMMENDATION:** That Airport Commission:

- A. Recommend to the City Council approval of the establishment of a Customer Facility Charge not to exceed \$10 per contract to be imposed by and collected by all on-airport rental car companies;
- B. Recommend to the City Council approval of the City of Santa Barbara declaring its official intent to reimburse certain airport capital expenditures from proceeds of indebtedness for the purpose of funding half of the Southfield Redevelopment Project and financing, designing and constructing the proportionate share of the airport parking structure that the rental car companies will occupy; and
- C. Recommend to the City Council that the Concession Agreements with Enterprise, Avis/Budget, Hertz/Dollar, and National/Alamo be amended to include a provision to require the on-airport rental car companies to collect a Customer Facility Charge not to exceed \$10 per contract for the purpose of funding half of the Southfield Redevelopment Project and financing, designing and constructing the proportionate share of the airport parking structure that the rental car companies will occupy.

**DISCUSSION:**

Background

On-airport car rentals provide an essential and convenient transportation option for travelers and an important source of revenue for the Airport. California Civil Code section 1936 became operative in 2001 and granted to California airports the ability to require rental car companies to impose and collect a user fee known as a Customer Facility Charge (CFC) in an amount not to exceed \$10 per rental contract. Funds collected from the CFC must be used to finance, design and construct consolidated on-airport rental car facilities.

Currently there are four rental car companies providing service at the Santa Barbara Airport: Enterprise, Avis/Budget, Hertz/Dollar, and National/Alamo. Each of these rental car companies operates on the Airport pursuant to a Concession Agreement with the City. The Airport receives 10%, of the gross receipts generated from rental car activity. For the recently completed fiscal year 2022, this amounted to nearly two million dollars in revenue to the Airport.

Under the Concession Agreement, rental car companies are allocated rental counters, office space, and a quick-turn-around (QTA) maintenance area based on a market share formula. Since 2011, the rental car companies have operated in the Airline Terminal. Adjacent to this building is on-site storage of 150 ready/return vehicles. Also, the rental car companies use the QTA facility located at 25 David Love Place for additional storage of rental cars, as well as car washing, maintenance, and office space.

### Current Status of CFC

Airport staff has been meeting with the rental car companies since Spring of 2021 discussing the addition of Ready Return Lot spaces with the Southfield Redevelopment Project and future construction of a Parking Structure. The Southfield Redevelopment Project will reconfigure the Ready Return Lot and increase the number of spaces available from 152 spaces to 215 spaces. The Southfield Redevelopment Project is anticipated to be completed in 2023. The Parking Structure Project will provide between 800 and 1,400 total parking spaces. It is currently anticipated that approximately 250 spaces on the ground floor will be allocated for the Rental Cars along with some office spaces.

Airport staff has specifically discussed the CFC portion to fund half of the Southfield Redevelopment Project and the portion of the future Parking Structure that the Rental Cars will occupy. All of the rental car companies support imposing approximately \$1.25 Million of the CFC towards the additional spaces created by construction of the Southfield Redevelopment as well as the cost share of the future Parking Structure that they will occupy. When the Airport receives the CFC portion to fund half of the Southfield Redevelopment Project, it is intended to continue the CFC fees for funding towards the Parking Structure Project.

### Proposed Action

The preliminary cost estimates have been liberally estimated in order to ensure that the amount of any subsequent bond issue does not exceed preliminary estimates by any significant amount. This is important in order to meet the letter and intent of the federal tax laws and regulations governing these matters.

Staff recommends that Airport Commission support the establishment of the CFC. This action does not commit the Airport to any course of action and is strictly administrative in nature.