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Title: ***RESOLUTION - 547th amendment to the Master Fee Schedule (MFS) Resolution No. 80-420 to add, adjust, revise or delete various fees for the Airports Department (Subject to Mayor's Veto) (Council District 4)
Sponsors: Airports Department
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Date	Ver.	Action By	Action	Result
2/28/2019	1	City Council	adopted	

REPORT TO THE CITY COUNCIL

February 28, 2019

FROM: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

***RESOLUTION - 547th amendment to the Master Fee Schedule (MFS) Resolution No. 80-420 to add, adjust, revise or delete various fees for the Airports Department (Subject to Mayor's Veto) (Council District 4)

RECOMMENDATION

Staff recommends Council approve Resolution 80-420 adopting the 547th Amendment to the Master Fee Schedule Resolution to add, adjust, revise or delete various fees for the Airports Department (Airports), to become effective on July 1, 2019.

EXECUTIVE SUMMARY

The requested Resolution is necessary to move forward with the planned parking and terminal expansion program at Fresno Yosemite International Airport (FAT), branded FATforward. The proposed Master Fee Schedule (MFS) changes will provide additional revenue necessary to support the debt service and Operation and Maintenance (O&M) costs associated with FATforward.

FATforward is a 4-year FAT infrastructure investment necessary to accommodate current and future growth and to maintain the high levels of service expected by passengers. This initiative represents approximately 1,220 direct, induced and indirect jobs and \$182 million in economic activity.

The California State Infrastructure Bank (IBank) approved the Airports \$35 million parking infrastructure loan request at their February 27, 2019, board meeting. It is anticipated that the IBank will make loan documents available for execution in early May 2019. The timing of this action is coordinated with the IBank so available funds can be utilized at a favorable annual interest rate of 3.15% prior to expiring in May 2019.

BACKGROUND

The recently completed FAT Master Plan Update recommended a number of short-term capacity enhancements, including a 3-level parking structure and related ground transportation improvements and a Terminal expansion.

The additional parking and ground transportation fees collected annually are estimated to be \$2.4 million, which is in line with the new parking infrastructure debt service and O&M costs. The parking fee changes, which have not been adjusted since 2000, and the new Ground Transportation (GT) fees are scheduled to become effective on July 1, 2019. This timing corresponds with project expenditures associated with the environmental and design efforts and the new debt service obligation. The proposed parking and GT fee structures are consistent with airport industry practice and the rates are still comparatively low when compared with other airports, especially in California.

Parking Rates Changes

Short Term Parking. The current Short Term parking fees are \$3.00 per hour with a \$12.00 daily cap, charged in 20 minute increments. The \$3.00 hourly rate will remain the same. The proposed changes are to eliminate the 20 minute increment and change the cap to \$18. The cap is designed to discourage use of the Short Term parking lot for Long Term parking purposes. This helps maintain adequate Short Term capacity and avoids capital costs associated with artificially inflated Short Term parking capacity issues.

Long Term Parking. The current Long Term (daily) parking fee is \$8.00. The proposed changes are (i) \$8.00 for economy parking, (ii) \$12.00 for uncovered parking, and, (iii) \$15.00 for covered parking.

Airline Crew Member/Oversized Vehicle. There currently is no fee for airline crew members that park oversized vehicles in the employee parking lot, such as RV's. The proposed fee is \$75/month, which is consistent with industry practice.

Ground Transportation Fees

FAT does not currently have a fee structure in place for GT providers, which typically include hotel/motel shuttles, limousine services, taxis and Transportation Network Companies (TNC's). Virtually every airport in the United States, and globally, charges GT providers for use of airport infrastructure. This ensures that all users pay their fair and reasonable share and no class of user is subsidizing another class of user, and which is also consistent with Federal Aviation Administration (FAA) rate setting policies that requires equitable pricing for all airport users. The proposed GT fees

are to the corporations and companies that operate at airports. Like airfares, ground transportation costs to the end user are market driven and have no bearing on airport rates and charges.

Hotel/Motel Shuttles, Limousine Services, Taxis. Annual fee for an airport permit is based on number of vehicles that the GT provider operates at the airport: \$250 for 1-5 vehicles, \$500 for 6-10 vehicles and \$1000 for 11 or more vehicles. For low volume activity, airports typically charge an annual fee ranging from \$1000 to \$2000 per vehicle. Because FAT's activity level is relatively small, a tiered per-vehicle approach allows for small scale providers to be economically viable while serving FAT.

TNC's. Annual airport TNC fee is based on \$3.00 per pick up and \$3.00 per drop off, which is approximately the average at airports in the United States. Airport TNC fees range from \$2.00 to \$5.00 and a number of airports charge an annual administrative fee (up to \$5,000). Airports is not proposing to charge an annual administrative fee. TNC's are considered a different class of user as compared to the Livery industry and the California Public Utilities Commission (CPUC) has recommended that the most appropriate fee structure is per trip, which is consistent with airports throughout the United States.

The proposed fees are subject to a Consumer Price Index (CPI) adjustment every five (5) years, compounded annually. This will ensure fees collected will keep pace with inflation and increasing O&M costs as the infrastructure ages.

The Resolution has been reviewed and approved as to form by the City Attorney's Office.

FISCAL IMPACT

Approval of the Resolution will enable Airports to move forward with FAT's parking infrastructure project. It is estimated that Airports will generate approximately \$2.4 million annually, which will support the additional debt service and O&M costs associated with the FATforward parking infrastructure project. There is no impact to the General Fund from this item.

Attachments:

- Master Fee Schedule Summary
- 547th Amendment to the Master Fee Schedule Resolution
- Master Fee Schedule Exhibit A