



## Bismarck Airport

**DATE:** 5/17/2021  
**FROM:** Gregory Haug, Airport Director

**ITEM:**

Customer Facility Charge (CFC) adjustment.

**REQUEST:**

Customer Facility Charge (CFC) adjustment.

Please place this item on the 5/25/2021 City Commission meeting agenda.

**BACKGROUND INFORMATION:**

On June 23, 2015 the Board of City Commissioners approved actions and several agreements for the Bismarck Airport Quick Turn Around (QTA) facility project for the car rental operation. One of those documents set up Bismarck QTA Trust with Zions First National Bank as a Trustee to receive and distribute Customer Facility Charges (CFC's) collected from Rent- a-Car (RAC) concessionaire auto rentals. A Master Lessee functions as an operating entity and is required to manage, operate and pay all costs of the QTA wash facility and fueling area. CFC's collected from rental car customers flow to the QTA Trust and are disbursed from a Stabilization fund to the Master Lessee for the benefit and support of the Master Lessee's scheduled rent obligations and debt service.

Because of reduction in rental car business, CFC's collected and forwarded to the Trust have been insufficient to cover the capital cost transfer each month so the balance of the Trust has been declining. The Master Lessee in consultation with the RACs has recommended a special increase in CFC daily charges from the current \$3.82 to \$5.70 rather than using the next scheduled increase to \$3.90, which is grossly inadequate under the current circumstances. The idea would be to stave off the need for RACs to pay contingent rent if the balance goes too low. The responsibilities to replenish the Stabilization fund is born by the RACs, which reduces risk to the City.

Representatives from the Master Lessee believe that the RACs are currently stressed and this adjustment will reduce their financial stress, preventing additional contingent rent payments while business is negatively impacted by COVID 19 and allow RACs time for business to pick up over the next year. We will continue to monitor the balance of the stabilization fund and as the car rental business returns and the fund grows back to normal levels, we will look to adjust the CFC back down to the scheduled adjustments in



the agreement.

City Finance Director Dmitriy Chernyak, Airport Director Greg Haug and Assistant Airport Director Tim Thorsen are the three officials designated as signatories for the City for actions related to the QTA trust. After discussion amongst the group, we all agreed that we do not object to the requested adjustment to the CFC fee.

**RECOMMENDED CITY COMMISSION ACTION:**

Approve adjustment of CFC Fee to \$5.70 effective July 1, 2021

**STAFF CONTACT INFORMATION:**

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