January 24, 2018

The Honorable Hannah-Beth Jackson
Chair – Senate Judiciary Committee
Room 2187
State Capitol
Sacramento, CA 95814-4900

Dear Chairwoman Jackson:

As required under California Government Code Sections 50474.1-50474.3 related to vehicle rental agreements, in December 2011 Mineta San José International Airport completed the process to implement the collection of per day customer facility charges to pay the costs to design, finance, and construct a rental car facility. California Government Code Section 50474.21 requires that airports collecting the per day customer facility charges must provide reports of required information on an annual basis to the Senate and Assembly Judiciary Committees. The purpose of this correspondence is to provide the required information for the fiscal year ending on June 30, 2017. The Airport is submitting the information required by Section 50474.21 as follows:

(I) The total amount of the customer facility charge collected.

In FY 16-17, the Airport realized a total of $20,121,651 related to customer facility charge (CFC) revenues. Of this amount, $19,957,095 were attributed to CFC collected, $52,349 to interest earnings, and $112,207 contributions from rental car companies. Pursuant to Section 50474.3, the City increased the CFC to $6.00 per contract day, to a maximum of five days, on each rental effective December 1, 2011, and further increased the per contract day CFC to $7.50 per contract day, to a maximum of five days, on each rental, commencing January 1, 2014.

The collected revenues have been verified as part of the City of San José’s annual audit for the fiscal year 2016-2017. The citywide audit report was completed on November 16, 2017 except for the report on federal awards, the schedule of passenger facility charge revenues and expenditures, and the schedule of customer facility charge revenues and expenditures, which were completed on November 30, 2017. The audit was completed by the auditing firm of Grant Thornton LLP.

(II) How the funds are being spent.

Of the $19,957,095 collected in CFCs in fiscal year 2016-2017, $18,025,887 paid for debt service expenditures and $1,931,208 paid for transportation costs.
(III) The amount of and reason for any changes in the airport’s budget or financial needs for the facility or common-use transportation system.

There were no changes in the Airport’s budget or financial needs for the facility.

Effective July 1, 2016, the Airport started using a portion of the CFC revenue, $1,931,208, to pay for transportation costs.

(IV) Whether airport concession fees authorized by Section 50474.3 have increased since the prior report, if any.

The airport concession fees imposed on the rental car companies referenced in Section 50474.3 did not increase during FY 2016-17.

If the Committee has any questions on the aforementioned information, please feel free to contact Manager of Strategy and Policy Matthew Kazmierczak. Mr. Kazmierczak can be reached at (408) 392-3640 or at Matthew.Kazmierczak@sanjoseca.gov.

Sincerely,

[Signature]

John Aitken, A.A.E.
Director of Aviation

cc: Kim Hawk – Deputy Director of Finance and Administration
    Sharon Erickson – City Auditor
    Julia Cooper – Director of Finance
    Roxanne Miller – City of San José Legislative Advocate
    Matthew Kazmierczak – Manager of Strategy and Policy