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Legislation Details (With Text)

File #: SO2012-67
Type: Ordinance **Status:** Passed
File created: 12/12/2012 **In control:** City Council
Final action: 12/12/2012

Title: Amendment of rental car concession license agreements at Chicago O'Hare and Midway international airports

Sponsors: Zalewski, Michael R.

Indexes: Midway & O'Hare

Attachments: 1. SO2012-67.pdf, 2. O2012-67.pdf

Date	Ver.	Action By	Action	Result
12/12/2012	1	City Council	Passed as Substitute	Pass
11/20/2012	1	Committee on Aviation	Held in Committee	
1/18/2012	1	City Council	Referred	

SUBSTITUTE ORDINANCE NOV 2 I AM 8= 38

WHEREAS, the City of Chicago ("City") owns and ' operates airports known as Chicago O'Hare International Airport ("O'Hare") and Chicago: Midway; international Airport ("Midway")(O'Hare and Midway being collectively referred to as the "Airports"); and

WHEREAS, the City may enter into leases and licenses for the use of facilities at the Airports, including licenses and leases for the privilege of operating rental car concessions at the Airports; and

WHEREAS, an ordinance was passed by the City Council on July 27, 2005, entitled "AUTHORIZATION FOR EXECUTION OF CONCESSION LICENSE AGREEMENTS WITH VARIOUS ENTITIES FOR ESTABLISHMENT OF CONSOLIDATED RENTAL CAR FACILITY AT CHICAGO MIDWAY INTERNATIONAL AIRPORT" (C.J.P. pp. 53196-53209) that, among other things, ratified the existing concession agreements with the On-Airport Rental Car Companies at Midway and authorized the Commissioner of the Chicago Department of Aviation ("Commissioner") to enter into new concession agreements with those On-Airport Rental Car Companies and a lease with Midway RACS, LLC, with respect to a consolidated rental car facility to be constructed at Midway (the "Midway Ordinance"); and

WHEREAS, an ordinance was passed by City Council on December 12, 2007, entitled "AUTHORIZATION FOR EXECUTION OF AMENDMENTS TO CURRENT RENTAL CAR CONCESSION LICENSE AGREEMENT AT MIDWAY INTERNATIONAL AIRPORT" (C.J.P. pp 17129-17133) that authorized the amendment of the existing concession agreements ratified by the Midway Ordinance to allow the On-Airport Rental Car Companies to recover from their customers, as a separate charge known as the "Concession Recovery Fee", the concession fee that the rental car companies pay the Airport (the "Midway Amendment Ordinance"); and

WHEREAS, an ordinance was passed by the City Council on December 12,2007, entitled "AUTHORIZATION FOR EXECUTION OF RENTAL CAR CONCESSION LICENSE AGREEMENTS

WITH VARIOUS ENTITIES AT CHICAGO O'HARE INTERNATIONAL AIRPORT" (C.J.P. pp 17133-17137) that authorized the Commissioner to enter into concession agreements with various On-Airport Rental Car Companies at O'Hare and that also allowed those On-Airport Rental Car Companies to charge the Concession Recovery Fee at O'Hare (the "O'Hare Ordinance"); and

WHEREAS, the Midway Ordinance, the Midway Amendment Ordinance and the O'Hare Ordinance all contained provisions that restricted the Concession Recovery Fee so that it could only be charged to "Business renters" or "Business program sponsors", as was restricted by Illinois statute (625 ILCS 5/6-305) at that time; and

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WHEREAS, 625 ILCS 5/6-305 has since been amended to allow rental car companies to charge a Concession Recovery Fee to all customers; and

WHEREAS, the On-Airport Rental Car Companies have asked the City Council to repeal the restriction on charging the Concession Recovery Fee to business customers only and to authorize amendment of their concession agreements at both Airports to allow On-Airport Rental Car Companies to charge a Concession Recovery Fee to all of their customers, as permitted by 625 ILCS 5/6-305, as amended; and

WHEREAS, the City Council desires to repeal the restrictions in the Midway Ordinance, the Midway Amendment Ordinance and the O'Hare Ordinance and to authorize the Commissioner to negotiate and execute such amendments; and

WHEREAS, the Midway Ordinance also authorized the Commissioner to impose a customer facility charge ("CFC") on rental car transactions at Midway to finance the design and construction of a consolidated rental car facility at Midway; and

WHEREAS, an ordinance was passed by the City Council on July 28, 2010, entitled "SUPPLEMENT TO 2005 ORDINANCE REGARDING MIDWAY CONSOLIDATED RENTAL FACILITY AND CUSTOMER FACILITY CHARGE" (C.J.P. pp 97290-97300) that, among other things, authorized the Commissioner to determine additional costs that are eligible for use of CFC's at Midway, to establish and collect a fee from Off-Airport Rental Car Companies for use of a Common Use Transportation System by their customers, and to enter into agreements with those Off-Airport Rental Car Companies for the collection of the fee (the "Midway Supplemental CFC Ordinance"); and

WHEREAS, an ordinance was passed by the City Council on June 9, 2010, entitled "IMPOSITION OF CUSTOMER FACILITY CHARGE AND EXECUTION OF CONCESSION LICENSES WITH RENTAL CAR COMPANIES AT CHICAGO O'HARE INTERNATIONAL AIRPORT" (C.J.P. 93499-93505) that, among other things, authorized the Commissioner to impose a CFC to finance the design and construction of a consolidated rental facility at O'Hare and to determine costs that are eligible for the use of that CFC (the "O'Hare CFC Ordinance"); and

WHEREAS, because certain costs that are eligible for use of CFC's are incurred by the rental car companies, the City Council desires to clarify that the Commissioner is authorized to enter into reimbursement agreements from time to time with rental car companies to reimburse those eligible costs using CFC's; and

WHEREAS, On-Airport Rental Car Companies pay rent, concession fees and CFC's to the Airports that help support the operation and maintenance of the Airports, rental car facilities and common use transportation systems; and

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WHEREAS, from time to time Off-Airport Rental Car Companies may pick up and drop off Airport passengers at the Airports but do not contribute to the costs of operating and maintaining the Airports; and

WHEREAS, it is fair and equitable that such Off-Airport Rental Car Companies contribute to the cost of the operation and maintenance of the Airports, including the roadways, consolidated rental car facilities and common use transportation systems at each Airport; and

WHEREAS, the City Council desires that the Commissioner be authorized to negotiate and enter into Airport access agreements with such Off-Airport Rental Car Companies and to impose a CFC on Airport passengers using such Off-Airport Rental Car Companies; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

Section 1. The above recitals are adopted as findings by the City Council.

Section 2. Those provisions of the Midway Ordinance, the Midway Amendment Ordinance and the O'Hare Ordinance restricting the imposition of the Concession Recovery Fee to business customers only are hereby repealed, and the Commissioner is hereby authorized to negotiate and execute amendments of the concession agreements with rental car companies at the Airports to allow the rental car companies to charge all customers a Concession Recovery Fee that complies with 625 ILCS 5/6-305, as amended.

Section 3. The Commissioner is hereby authorized to negotiate and execute reimbursement agreements with rental car companies to reimburse them for those costs that have been determined by the Commissioner to be costs that are eligible for use of CFC's.

Section 4. The Commissioner is hereby authorized to negotiate and execute airport access agreements with Off-Airport Rental Car Companies that desire to use Airport roadways and other Airport facilities to pick up and drop off customers at the Airports. Such agreements may contain terms and conditions as may be deemed reasonable by the Commissioner, including but not limited to an access or concession fee not to exceed ten percent of the gross revenues earned by the Off-Airport Rental Car Company on rental car transactions with Airport passengers. The Commissioner is further authorized to prohibit Off-Airport Rental Car Companies that refuse to enter into such access agreements from using Airport roadways and other Airport facilities.

Section 5. The Commissioner is hereby authorized to impose a CFC that complies with 625 ILCS 5/6-305Q on Airport passengers who rent vehicles from Off-Airport Rental Car Companies. In the event that the Commissioner imposes such a CFC at Midway, it shall be in lieu of the Common Use Transportation Fee authorized by the Midway Supplemental CFC Ordinance.

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Section 6. The Commissioner and other City officials are authorized to take such other actions and execute such other documents as may be necessary or desirable in order to implement the objectives of this ordinance.

Section 7. This ordinance shall be effective upon its passage and approval.

lei R. Zalewski Alderman, 23rd Ward