

MEMO

TO: Charlotte Mayor and City Council

FROM: Economic Recovery Task Force Airport Working Group

DATE: May 21, 2020

RE: Recommendations for Airport Economic Recovery

Economic Recovery Task Force Airport Recommendations (Draft)

The Charlotte Douglas International Airport Economic Recovery Task Force began meeting weekly on April 23, 2020 and has held four meetings. Task Force members heard reports related to the economic and operational effects of COVID-19 on Charlotte Douglas International Airport. Task Force meetings included presentations from the following stakeholders:

1. Meeting 1 – Aviation Department
2. Meeting 2 – Concessionaires and sub-concessionaires operating at CLT
3. Meeting 3 – American Airlines
4. Meeting 4 - Aviation Overview and Concession Recap

The Chair of the Task Force, Council Member Ed Driggs, opened the fourth meeting of the Task Force (held on 5.14.2020) for discussion and questions pertaining to possible Task Force recommendations.

In addition to the steps that the Aviation Department has already taken to address the catastrophic effects of COVID-19 on Charlotte Douglas International Airport, the Task Force supports the Aviation Department’s plans to take the following actions:

The Aviation Department will:

1. Utilize North Carolina Airport Improvement Program and Federal CARES Act funds dedicated to CLT to;
 - a. Meet non-PFC and PFC backed debt service obligations in FY2021
 - b. Meet PFC PAYGO capital project needs in FY2021
 - c. Allocate approximately \$50 million of remaining stimulus funds to offset the Aviation Department’s FY2021 operating and maintenance expense; which will enable the Aviation Department to avoid a reduction in staff and maintain its, industry-leading, low Cost Per Enplaned Passenger (CPE)
 2. Provide Airport tenant employees access to a transit pass at no additional cost in FY2021.
 3. Provide Airport concessionaires with terminal services, as defined in their contracts, including, pest control and trash removal at no cost to the concessionaire during FY2021.
-

4. As possible, identify federal agencies and/or local health care providers that may be able to provide low/no cost face coverings for Airport employees.
5. Directly fund replacement of Atrium seating and tables.
6. Directly fund a marketing campaign, to the extent permitted by the FAA Revenue Use Policy, that will support the airport and its tenants during the COVID-19 recovery and inform the public about steps that are being taken to ensure that air travel is safe.
7. Continue to work with both prime concession contract holders (HMS Host and Paradies) and their sub-concessionaire partners to provide rent relief, where feasible legally, operationally, and financially. Current items under consideration, include:
 - a. Continue to allow concessionaires to determine operating hours throughout the COVID-19 crisis and recovery – with the understanding that the concessionaires will need to provide the Aviation Department with a reopening plan for review and approval;
 - b. Waive annual certified audit requirement for FY2020 and allow concessionaires to submit annual statements that their CFO or CEO has certified as accurate;
 - c. Adjust annual revenue guarantees for FY2020;
 - d. Provide concessionaires payment flexibility for the FY2020 profit-share settlement; and
 - e. Allow HMS Host to defer fixed space rental payments for the period of July 1, 2020 through December 30, 2020 (with repayment terms to be negotiated).

In addition to these 8 recommendations the Task Force further recommends to City Council that the City takes the following actions.

2. Where possible, provide local businesses, including small/local sub-concessionaires, information on and access to other City of Charlotte small business support programs.
3. Where possible, provide small businesses information related to other federal or state level business support programs that they may be able to access.
4. Express support for the North Carolina Airport Improvement Program.
5. Recommend that the FAA develop a consistent set of COVID-19 guidelines and rules for Airports.

These recommendations will enable the Aviation Department to:

- Address additional funding needs required due to COVID-19;
- Protect bondholders, and thereby, protect the City's AA Airport credit rating;
- Maintain CLT's industry leading low CPE; and
- Give Airport stakeholders the relief and support that they need during this crisis and recovery period.

Taken together these recommendations will provide Airport concessionaires an estimated \$7 million in rent relief and program support through FY2021. Due to the uncertainty around the speed of recovery, these numbers do not include any estimated amount of rent deferrals or rent abatement for FY2021. However, the Aviation Department is certain, that both HMS Host and Paradies and their sub-concessionaires will be entitled to rent relief in FY2021.