

▪ **Airport Governance Study**

Action:	Authorize the Interim City Manager to negotiate and execute a contract with an independent consulting firm at a cost not to exceed \$150,000 to conduct a study of airport governance models and issues associated with transition to a different governance model at the Charlotte Douglas International Airport.
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Staff Resource:

Julie Burch, Interim City Manager

Explanation

- On February 18, the Mayor and Council sent a letter to the Mecklenburg Legislative Delegation in response to pending Senate Bill 81 entitled "Charlotte Regional Airport Authority Act." The letter stated, in part, "while we see no compelling reason to even consider transferring { the Airport } to an authority, we submit that any decision to { transfer the airport from a City department to an authority } should only be made after a comprehensive study."
- On February 25, the Mayor and Council unanimously approved an action directing the Interim City Manager to develop a conceptual proposal for studying the governance of Charlotte Douglas International Airport.
- As part of this action, Council requested that major stakeholders be involved in developing a possible scope of work for the governance study.
- Council asked that the study proposal and specific action step be placed on the March 4 agenda.
- On February 26, the Manager sent the attached draft outline of possible study components to the following major stakeholders:
 - Mecklenburg Legislative Delegation
 - Jerry Orr, Aviation Director
 - Airport Advisory Committee
 - US Airways
 - Norfolk Southern
 - Charlotte Chamber
 - Charlotte Regional Visitors Authority.
- Stakeholders were asked to submit comments and feedback on the draft scope of work by close of business on Friday, March 1. The Manager will provide a revised scope of work for Council review and approval on Monday, March 4.

General Study Parameters:

- The purpose of the study would be:
 - Determine through interviews with major airport stakeholders what is driving the interest in a change of governance at the Charlotte Airport, i.e. what are the issues or problems a change in governance would address.
 - Review and assess current forms of governance of U.S. airports, including municipal models, authority models, and any other forms that exist. Special

attention would be paid to airports located in peer cities of similar size and scope. Best practices, advantages, disadvantages and other considerations for each governance model would be reviewed. The review would address how the different forms of governance would or would not address the problems or issues with the current form of governance identified through stakeholder interviews.

- The study would also address matters to be considered as part of any transition from a City department to a different governance structure, including but not limited to: finances, debt, property, operations and services, security, administrative and management support, and legal considerations.
- The study would review the role of airports in economic development, i.e. **does the form of airport governance make a difference in an airport's** contributions to economic development.
- The study would provide review, analysis and recommendations for use as information, context and guide to decision-making.

Conducting the Study:

- The City would retain an independent, third party consultant with experience and familiarity with national airport governance and operations.
- Staff is developing a list of possible firms which might be considered for this work. With Council approval to proceed, staff would interview two to three qualified firms, with a goal to place a firm under contract to begin work as soon as possible. Representatives of the stakeholder groups identified above would be invited to serve on the interview panel.
- The consultant would be asked to complete the report within 60 – 90 days.
- The cost of the study is estimated to fall in the range of \$30,000 - \$150,000. The exact cost will depend upon the final scope of work and the firm selected.
- As part of the initial stage of the study, the consultant would be asked to interview stakeholders to determine the specific reasons for the interest in changing the governance structure of the Charlotte Airport. The consultant would be asked to provide an information report summarizing the outcome of the interviews to the Interim City Manager and the Mayor and Council at the conclusion of this first stage of the study.
- The input and involvement of major community and airport stakeholders would be important components of the study:
 - Establishment of a Study Oversight Committee of 7 – 10 members appointed by the Interim City Manager, including representatives of the major stakeholders outlined above;
 - Consultant interviews and discussions with major stakeholders at the outset and throughout the study as needed or desired;
 - At least one meeting to allow broad public input and comment. Additional opportunities for public input could be provided if time allows.
- The Study Oversight Committee would provide guidance and feedback to the consultant within the bounds of the approved scope of work.

- At the conclusion of the study, the consultant would be asked to provide a written report summarizing findings, analysis and recommendations.

Source of Funds:

General Fund Fund Balance

Attachment:

Draft Scope of Work sent to Major Stakeholders on February 26, 2013