



CHARLOTTE.

MAYOR AND CITY COUNCIL

February 18, 2013

TO: Mecklenburg Legislative Delegation

SUBJECT: Charlotte Regional Airport Authority Act – SB 81 / HB 104

We are aware of the pending legislation to transfer Charlotte Douglas International Airport (CLT) from operational control of the City of Charlotte to an authority. We do not support passage of this bill and before any action is taken, we believe a comprehensive study would be beneficial to ensure no unintended consequences follow from such a change.

CLT has been operated by the City of Charlotte since 1936. CLT currently has a \$12 billion annual impact on our region and is the sixth busiest airport in the nation in operations. The cost per enplanement is the lowest among large hub airports. CLT debt, which currently is in excess of \$820 million, enjoys high credit ratings and low interest rates due to the backing of the City's AAA bond rating. By any measure, CLT has been an enormous success.

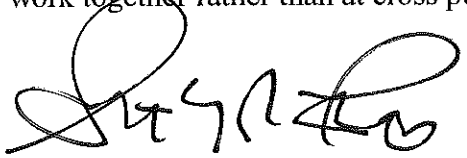
The City is positioning CLT for an even larger economic impact upon our region. A new intermodal facility is under construction and is projected to have an economic impact over the next 20 years of \$7.6 billion. For nearly ten years, the City has been working to obtain Federal Aviation Administration approval of an alternative financing option to construct a new airport control tower three years earlier than currently programmed. Last June, the City Council adopted a 2013-2017 CLT Capital Investment Plan that calls for more than \$1 billion to improve airfield, terminal complex, and general aviation and cargo facilities, of which over \$800 million of the construction costs will be funded by revenue bonds backed by the City's AAA credit rating.

As the current Mayor and City Council, we recognize that we are stewards of this tremendous asset and the success of CLT is due in large part to effective management at CLT and visionary leadership of previous Mayors and Councils. But our efforts to keep CLT on track are now being used as a reason for a governance change. In 2010-2011, the City Finance Department and the City's bond attorneys had to step in to resolve a potentially damaging and costly situation involving CLT management's handling and accounting of bond revenues. Second, a two-year review of security at CLT revealed deficiencies severe enough to warrant turning over policing at the airport to Chief Monroe and the Charlotte Mecklenburg Police Department. These are examples of proper and prudent oversight and stewardship, something that would not have been possible had CLT been operating as an Authority at the time.

With this background in mind, we find the proposed transfer of CLT from the City to a new Charlotte Regional Airport Authority to be inappropriate. We have heard no thoughtful articulation of how the current structure is "broken," or why and how an authority model would be better. And most disturbing is what appears to be a rush. Cramming through such a huge structural change for such an important asset seems rash.

While we see no compelling reason to even consider transferring CLT to an authority, we submit that any decision to do so should only be made after a comprehensive study. Such a study should consider not only why many, but not all, airports in North Carolina are operated by an authority, but why some of the largest and most successful airports in the country are operated by cities such as Chicago and Atlanta. Such a study should examine whether the loss of the backing of the City's AAA credit rating would drive up the cost of borrowing money for capital improvements at CLT. Such a study should consider whether the loss of CMPD's oversight of security at the airport could pose a greater risk to passengers. Such a study should consider whether an authority would provide sufficient financial oversight.

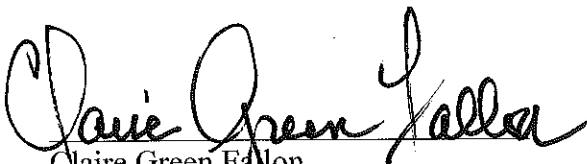
We are willing to launch such a study locally, including critical airport stakeholders such as the newly formed American Airlines and interested members of the General Assembly, among others. If the legislation moves quickly through both houses, as is rumored, we believe the legislature will put at risk a major asset not only within Charlotte but also within the State of North Carolina. We all have an interest in seeing this asset grow and welcome an opportunity to work together rather than at cross purposes.



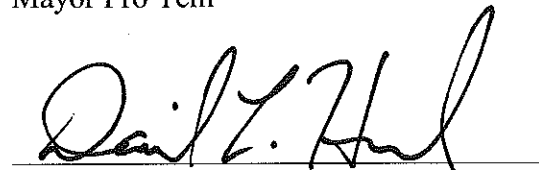
Anthony R. Foxx
Mayor



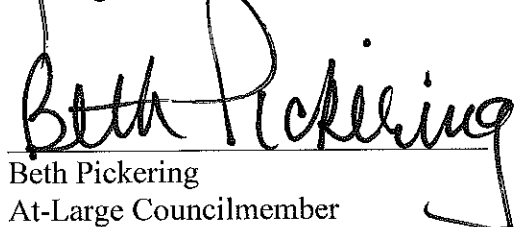
Patrick D. Cannon
Mayor Pro Tem



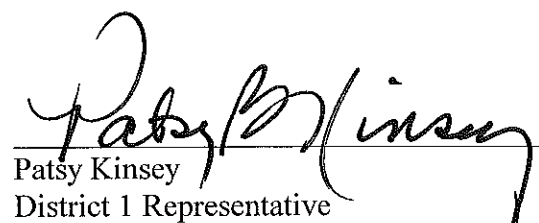
Claire Green Fallon
At-Large Councilmember



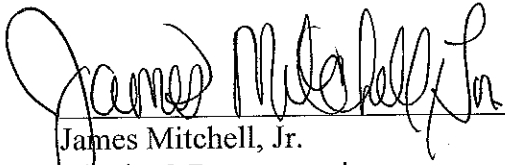
David L. Howard
At-Large Councilmember



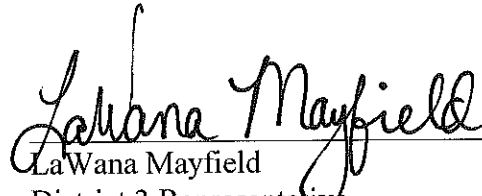
Beth Pickering
At-Large Councilmember




Patsy Kinsey
District 1 Representative



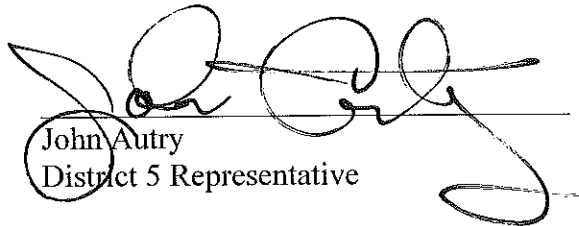
James Mitchell, Jr.
District 2 Representative



LaWana Mayfield
District 3 Representative



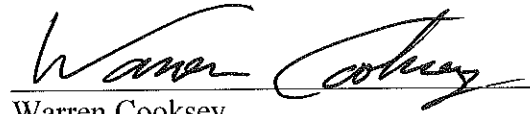
Michael D. Barnes
District 4 Representative



John Autry
District 5 Representative



Andy Dulin
District 6 Representative



Warren Cooksey
District 7 Representative