

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Second Cease and Desist Letter Sent to Turo in 2018



City of Phoenix
AVIATION DEPARTMENT

October 17, 2018

Sent: VIA Certified Mail 7012 2920 0000 0579 2743 - Return Receipt Requested

Ms. Michelle Peacock
Vice President and Head of Government Relations
Turo, Inc.
667 Mission Street, 4th Floor
San Francisco CA 94105

Dear Ms. Peacock:

Please accept my apologies for the delay in responding to your March 13, 2017 letter. After additional research into Turo's activities, around the country and here at Phoenix Sky Harbor International Airport (Airport), it is clear that Turo is illegally engaging in commercial activity at the Airport without the required permission.

The City of Phoenix welcomes innovative businesses and services for Airport passengers, while maintaining the Airport as financially self-supporting and protecting the Airport's infrastructure. With this in mind, my office has attempted to contact you several times to discuss the process and requirements for Turo to operate legally here at the Airport. To date, we have been unsuccessful in reaching you by telephone.

Regardless of how Turo chooses to characterize its business, Turo generates revenue through car rental transactions, advertises itself as a "new way to rent cars," and specifically identifies Phoenix Sky Harbor International Airport as a location where the car rental transactions are available. Turo engages in the same activities as traditional rental car companies, including setting minimum rental durations, providing the insurance, roadside assistance, customer service, late fee processing, and obtains revenue from the rental car transaction. It is simply irrelevant that the business model Turo chose does not include ownership of the actual vehicles, or have employees on site at the Airport or "near" the Airport. Traditional off-airport rental car companies also do not have employees at Phoenix Sky Harbor Airport.

As I stated in my prior letter, Phoenix City Code § 4-4 requires all revenue producing activities at the Airport to be authorized under a lease, permit, or license agreement. Because the Airport's curbside infrastructure cannot accommodate rental car activity, Phoenix City Code § 4-77 requires all rental car companies to use only the common transportation system, provided by the City, as the exclusive means to transport customers to and from the airport terminals. Rental car transactions are prohibited from

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the airport terminals and must occur at the Rental Car Facility subject to the requirements of §§ 4-78 and 79.

The state statute you reference in your letter does not "supersede" these Phoenix City Code requirements. As you stated in your letter, A.R.S. § 9-841 only applies where the regulations are *not* authorized by federal, state, or local law. The Phoenix City Code is local law; A.R.S. § 9-841 does not apply.

I hope that this letter clears up any confusion about the application of the local law to Turo's activities at the Airport.

As stated in my prior letter, until Turo works with the City of Phoenix to obtain a permit to operate at the Airport, Turo must cease authorizing any rental car transactions at the Airport and remove all references to PHX from its website and online platforms.

We welcome a meeting to discuss opportunities for Turo to obtain a permit to operate legally at the Airport. Please contact me to set up a time and date for this to occur.

Sincerely,



Christina M. Madsen
Deputy Aviation Director
Business & Properties Division

C: Shelby Clark, Founder, Turo
Andre Haddad, CEO, Turo
Steve Grubbs, Deputy Aviation Director Operations
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