

Department of Port Control Request for Legislation

Ordinance No.: 981-2021

Commercial Services
Ground Transportation

Executive Summary

To repeal Ordinance No. 129-2021, passed April 5, 2021 and Ordinance No. 682-2021, passed September 27, 2021, relating to car rental companies that operate at Cleveland Hopkins International Airport; and to authorize the Director of Port Control to enter into one or more amendments to the existing Lease by Way of Concession Agreements to amend the termination dates, to extend the contracts and leases for one year, and to update the Guaranteed Minimum Privilege Fee for some companies.

This action is necessary in order to have the Lease by Way of Concession Agreements and the Service Area Agreements between the City of Cleveland and the various rental car companies at CLE consistent with the manner in which such companies maintain their accounting records, employing an accounting year beginning February 1, and ending January 31. This ordinance would result in the amendment of the term set out in Ordinance No. 129-2021, passed April 5, 2021, which provides for a contract year end of February 28, 2022. As well, this ordinance will amend the Guaranteed Minimum Privilege Fee ("GMPF") for the period September 1, 2021 through January 31, 2022, as set out below.

This ordinance will also provide for an extended term of February 1, 2022 through and including January 31, 2023, at GMPFs to be determined.

Background/Purpose:

On February 1, 2010; the Department executed, and entered into, various Lease by Way of Concession agreements for the operation of rental car concessions on certain city owned property, generally located at 19601 Maplewood Avenue Cleveland, OH 44135 ("RAC"). The term for each agreement was set at five (5) years with one (1) five-year option to renew which required additional legislative authority.

Upon end of the initial term, the Department requested to exercise the option to renew; and under the authority of Ordinance No. 185-15, passed by Cleveland City Council ("Council") on March 16, 2015, the service area and rental car center agreements were renewed and amended for the terms to run coterminous with one another and were set to expire on February 27, 2020.

Subsequently, the Department requested Council to extend the term of the aforementioned leases for a period of one year, and Council approved under the authority of Ordinance No. 248-2020. Thenceforward, due to the Covid-19 Pandemic the Department requested a second extension. Said extension was approved under the

authority of Ordinance No. 129-2021, with a term expiration of February 28, 2022.

The Department now wishes to provide for a contract term that will meet the need for consistency with the accounting period in use by the car rental companies and the practice followed by the Finance Department for DPC, with a contract year ending January 31, 2022.

It is essential to good order and the accounting needs of one or more of the car companies that the current contract year begin on February 1, 2021 and end January 31, 2022, and that future contract years may begin on February 1 and end on January 31.

Scope:

All applicable terms and conditions of the Concession Leases shall remain in effect with the exception of the Guaranteed Minimum Privilege Fee (GMPF), which shall amend the GMPFs set out in Ordinance 129-2021 and Ordinance 682-2021, and be in effect as follows:

Company	Annual Feb. 1, 2021 through Jan 31, 2022	Monthly		
		Feb. 1, 2021 through July 31, 2021	August 1, 2021 through January 31, 2022	Average
Enterprise	\$2,022,000	\$134,800	\$202,200 \$162,718	\$168,500 \$148,759
Avis	743,000	49,533	74,300 59,335	61,917 54,434
Budget	607,000	40,467	60,700 49,876	50,583 45,171.50
Hertz	1,075,000	71,667	107,500 85,589	89,583 78,628
Dollar/Thrifty	455,000	30,333	45,500 36,758	37,917 33,545.50
Total	\$4,902,000	\$326,800	\$490,200 \$394,276	\$408,500 \$360,538

Current 2020 Minimum Annual Guarantee 2021 vs. 2020	-48%	-37%	\$624,744 -42%
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Justification/Urgency:

The Department is requesting to amend the current terms by revising the current year and future years, beginning the current year of February 1, 2021 and ending January 31, 2022, extending through the following year beginning February 1, 2022, and amending the GMPF as described above. The GMPF for the extended year is to be determined.

Due to the effects of the Covid 19 pandemic, the FAA has provided additional rent relief funds as set out above to benefit Concession Leases, and this additional relief will enable the concessionaires to better adjust to the reduction in enplanements until restoration of passenger traffic to previous norms can be achieved.

Anticipated Cost:

None.

GMPF:

The Department is requesting to revise the term of the current year and to extend the term for the following year, and to further amend the GMPF of the Concessional Leases and the average GMPF, as set out above. The GMPF for the following contract year is to be determined.

Current Contracts:

Name	Contract Number	Expiration Date
Avis Service Area	52442	1-31-2022
Dollar Service Area	52457	1-31-2022
National Service Area	52459	1-31-2022
CLERAC Service Area	52461	1-31-2022
Thrifty Service Area	52473	1-31-2022
Hertz Service Area	52556	1-31-2022
Budget Service Area	52600	1-31-2022
CLERAC Lease by Way of Concession	69919	1-31-2022
Budget Lease by Way of Concession	69920	1-31-2022
DGT Lease by Way of Concession	69921	1-31-2022
Avis Lease by Way of Concession	69922	1-31-2022
Hertz Lease by Way of Concession	69923	1-31-2022

Employee Information

Avis/Budget

Hertz

CLERAC

Total number of employees:	121	82	138
Number of employees that are minorities:	75	39	58
Number of employees that are women:	39	29	27
Number of employees that are City of Cleveland residents.	51	27	61