

# Department of Port Control

Ordinance No.: 129-2021

Finance and Procurement

## Executive Summary

The Department of Port Control is requesting authority to enter into one or more amendments to Lease by Way of Concession Agreements with various car rental companies that operate rental car concessions at Cleveland Hopkins International Airport to extend the term of the leases for one year and for amendments to the Guaranteed Minimum Privilege Fee for certain companies.

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### **Background/Purpose:**

On December 8, 2008, the Department executed and entered into various Concession Leases and Service Leases for the operation of rental car concessions and service /maintenance for said rentals on certain city owned property, generally located at 19601 Maplewood Avenue Cleveland, OH 44135. 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 on March 16, 2015, the Concession Leases and Service Leases were renewed and amended for terms to run coterminous with one another and were set to expire on February 27, 2020.

Under the authority of Ordinance No. 248-2020, passed by Cleveland City Council on March 23, 2020, the terms of the Concession Leases and the Service Leases are set to expire on February 28, 2021.

**Scope:**

All applicable terms and conditions of the Concession Leases shall remain in effect during the extended one-year period with the exception of the Guaranteed Minimum Privilege Fee (“GMPF”), which shall be in effect as follows:

Company	Annual	Monthly		
	Feb 2021 to Jan 2022	Feb 2021 to Jul 2021	Aug 2021 to Jan 2022	Average
Enterprise	\$ 2,022,000	\$ 134,800	\$ 202,200	\$ 168,500
Avis	743,000	49,533	74,300	61,917
Budget	607,000	40,467	60,700	50,583
Hertz	1,075,000	71,667	107,500	89,583
Dollar/Thrifty	455,000	30,333	45,500	37,917
Total	\$ 4,902,000	\$ 326,800	\$ 490,200	\$ 408,500

Current 2020 MAG			\$ 624,744
2021 vs. 2020	-48%	-22%	-35%

**Justification/Urgency:**

Due to the global pandemic it will be necessary to develop historical data and conduct an analysis of said data to determine new rental car business levels before entering into negotiations with the rental car companies for a new five (5) year agreement that will carry with it a five (5) year option term. Furthermore, the extension will bind and benefit both parties by confirming that the assets under the service area umbrella and the ready return stalls are structurally sound and in compliance with all City, State and Federal regulations, and will allow for the determination of fair market value for rent to be paid to the Department, upon entering into new agreements resulting from a full procurement.

In addition, the Department is in the process of developing an updated Master Plan for the entire campus at CLE, which will actively provide guidance for future development.

**Anticipated Cost:**

None.

**Term and GMPF:**

The Department is requesting to extend the term by a period of one (1) year with an expiration date of February 28, 2022, and to revise the GMPF of the Concession Leases as set out above.

**Current Contracts:**

<b>Name</b>	<b>Contract Number</b>	<b>Expiration Date</b>
Avis Rent A Car Systems, LLC Service Area	52442	2-27-2021
Dollar (DTG Operations) Service Area	52457	2-27-2021
National Service Area	52459	2-27-2021
CLERAC Service Area	52461	2-27-2021
Thrifty (DTG Operations) Service Area	52473	2-27-2021
Hertz Corporation Service Area	52556	2-27-2021
Budget Rent A Car Service Area	52600	2-27-2021
CLERAC Lease by Way of Concession	69919	2-27-2021
Budget Rent A Car Lease by Way of Concession	69920	2-27-2021
DGT Lease by Way of Concession	69921	2-27-2021
Avis Rent A Car Systems, LLC Lease by Way of Concession	69922	2-27-2021
Hertz Corporation Lease by Way of Concession	69923	2-27-2021

<b><u>Employee Information</u></b>	<b><u>Avis/Budget</u></b>	<b><u>Hertz Corp.</u></b>	<b><u>CLERAC</u></b>
Total number of employees:	121	82	138
Number of employees, minorities:	75	39	58
Number of employees, women:	39	29	27
Number of employees, City of Cleveland residents.	51	27	61