

Department of Port Control Request for Legislation

Ordinance No.: 246-2022

Section: Commercial Services

Executive Summary

The Department of Port Control (“Department”) is requesting authority to solicit proposals and enter into one or more Leases or Lease by Way of Concession agreements with one or more entities, between the City of Cleveland and various branded car rental companies that operate rental car concessions, for the Cleveland Airport System; Cleveland Hopkins International Airport (“CLE”) and Burke Lakefront Airport (“BKL”), collectively “Airports”. The requested term is for a period of five (5) years with one (1) five (5) year option to renew which would require additional legislative authority.

Background/Purpose:

On December 8, 2008, pursuant to the authority of Ordinance No. 699-08, the Department executed, and entered into, various leases, for the use and occupancy of certain city owned property, generally located at the remote facility, 19601 Maplewood Avenue Cleveland, OH 44135, for the operation of a rental car concession, service and support facilities. 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 the end of the initial term, the Department requested to exercise the option to renew; and under authority of Ordinance 185-15, passed by Cleveland City Council (“Council”) on March 16, 2015, the service area and rental car agreements were renewed. The option term was set to expire on February 27, 2020.

Subsequently, the Department requested Cleveland City Council (Council) to extend the option term of the aforementioned leases for a period of one year, Council approved said request under the authority of Ordinance No. 248-2020. The Department requested a second extension of the term due to the Covid-19 Pandemic., in which Council approved under the authority of Ordinance No. 129-21; the term is set to expire February 28, 2022. As the Pandemic conditions continued, the Department then requested one additional extension of the terms and conditions set to expire January 31, 2023. This extension was granted under Ordinance 981-2021.

As the economy moves forward, the Department is confident that the aforementioned procurement will be in the best interest of the City of Cleveland.

Scope:

CHIA lessee shall pay a fair market rent to the Department based on an independent third party appraisal of fair market value, for the use and occupancy of counter, back office space, ready/return stalls and service centers.

In addition to rent, the Successful Proposers shall pay a Guaranteed Minimum Privilege Fee based on an annual gross revenues, in a format to be determined upon agreement execution.

Car rental agencies at CHIA shall develop necessary service standards, provide for a Remote Rental Car Shuttle System, all support services relating to the Remote Rental Car facility, and service centers, including but not limited to signage, snow removal, facility maintenance, and landscaping; all of which is to be operated by a consortium.

Burke lessee shall operate and maintain car rental agencies under the terms and conditions determined by the Board of Control.

Justification/Urgency:

In 1998 each of the Rental Car Companies built a service center area on City owned property generally located on Maplewood Drive, Cleveland, OH 44135 to allow for the cleaning and fueling of vehicles along with additional office space. At the end of the term, each Rental Car Companies' agreement was that the building and property are to be returned to the city of Cleveland's possession. As a result of this condition the City will need to survey and assess each service building in order to make sure they are structurally sound and in accordance with all City regulations and codes. It will also be necessary to conduct appraisals on each service facility in order to determine a fair market value that will be used to negotiate a new set of leases with the Successful Proposers of the Rental Car Company Concession.

Because this industry is a high generating source of non-airline revenue, approximately \$12 million per annum pre pandemic; the continuance of providing such services to the community and travelling public is critical to the economy in the region.

Upon completion of the solicitation, the selection of the companies for such services shall be presented for approval to the Consultant Review Committee and the Board of Control.

Anticipated Cost:

None.

Term:

The Department is requesting a term of five (5) years with one (1) five (5) year option to renew which will require additional legislative authority.

Current Contracts:

Name	Contract Number	Expiration Date
Avis Service Area	52442	1-31-2023
Dollar Service Area	52457	1-31-2023
National Service Area	52459	1-31-2023
CLERAC Service Area	52461	1-31-2023
Thrifty Service Area	52473	1-31-2023
Hertz Service Area	52556	1-31-2023
Budget Service Area	52600	1-31-2023
CLERAC Lease by Way of Concession	69919	1-31-2023
Budget Lease by Way of Concession	69920	1-31-2023
DGT Lease by Way of Concession	69921	1-31-2023
Avis Lease by Way of Concession	69922	1-31-2023
Hertz Lease by Way of Concession	69923	1-31-2023

<u>Employee Information</u>	<u>Avis/Budget</u>	<u>Hertz</u>	<u>CLERAC</u>
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