

Department of Port Control Request for Legislation

Ordinance No.: 682-2021

Finance and Procurement

Executive Summary

The Department of Port Control (the “Department”) is requesting authority to amend Section 2 of Ordinance No. 129-2021, passed April 5, 2021, relating to entering 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 amend the Guaranteed Minimum Privilege Fee for certain companies.

Background/Purpose:

On December 8, 2008, the Department executed and entered into various Concession Leases for the operation of rental car concessions for said rentals on certain City owned property, generally located at 19601 Maplewood Avenue Cleveland, Ohio 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 the 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 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 the Cleveland City Council on March 23, 2020, the terms of the Concessional Leases were set to expire on February 28, 2021.

Under the authority of Ordinance No. 129-2021, passed by the Cleveland City Council on April 5, 2021, the term of the Concession Leases were extended to one year commencing March 1, 2021, and the Guaranteed Minimum Privilege Fee of each of the Concession Leases were amended in accordance with the Ordinance.

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 be in effect as follows:

Company	Annual	Monthly		
		March 1, 2021 through February 28, 2022	March 1, 2021 through August 31, 2021	September 1, 2021 through February 28, 2022

Enterprise	\$2,022,000	\$134,800	\$202,200 <u>\$162,718</u>	\$168,500 <u>\$148,759</u>
Avis	743,000	49,533	74,300 <u>59,335</u>	61,917 <u>54,434</u>
Budget	607,000	40,467	60,700 <u>49,876</u>	50,583 <u>45,171.50</u>
Hertz	1,075,000	71,667	107,500 <u>85,589</u>	89,583 <u>78,628</u>
Dollar/Thrifty	455,000	30,333	45,500 <u>36,758</u>	37,917 <u>33,545.50</u>

Total	\$4,902,000	\$326,800	\$490,200 <u>\$394,276</u>	\$408,500 <u>\$360,538</u>
-------	-------------	-----------	--	--

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

Justification/Urgency:

Due to the effects of the Covid 19 pandemic, the FAA has provided additional rent relief funds 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 GMPF of the Concessional Leases and the average GMPF, as set out above.

Current Contracts:

Name	Contract Number	Expiration Date
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

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

