



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting September 17, 2019
Second Reading Ordinance for the City Council Meeting September 24, 2019

DATE: September 17, 2019

TO: Peter Zaroni, City Manager

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On Airport Rental Car Concession and Lease Agreements

CAPTION:

Ordinance authorizing five-year concession and lease agreements for on-airport rental car services with Coastal Bend Rent-A-Car, Inc. dba Avis Rent A Car and South Texas Auto Rental Services, LLC dba Budget Rent A Car; EAN Holdings, LLC, dba Enterprise Rent-A-Car; EAN Holdings LLC, dba, Alamo Rent-A-Car and National Car Rental; Hertz Corporation dba Hertz; and DTG Operations, Inc., dba Dollar Rent a Car and Thrifty Car Rental in consideration for the greater amount of a concession fee equal to 11% of each concessionaire's annual gross revenues or the minimum annual guarantee amount defined in the agreement.

SUMMARY:

This item is to approve five concession and lease agreements for rental car concessions at the Corpus Christi International Airport (CCIA). These Rental Car companies provide rental car services to the passengers and the public and make it convenient for travelers needing ground transportation to get to their final destinations. The companies lease space inside the Airport Terminal in the baggage claim area to run their operations. CCIA also provides space for lease for the cars to be parked for pickup and to be serviced upon return.

BACKGROUND AND FINDINGS:

The current Rental Car Concession Agreements expired on September 30, 2018 and the parties have continued on a month to month basis until a new contract could be obtained. Therefore, the CCIA reached out to the Contracts and Procurement Department to issue a solicitation for new contracts.

The Contracts and Procurement Department conducted a competitive Request for Proposal (RFP) process and received five proposals. All five proposals were screened for the minimum requirements on a pass/fail basis, and all firms passed. The technical proposals were scored based on the published evaluation criteria for a maximum of 20 points, and after review of the technical scores the pricing was evaluated. The proposer offering the highest Minimum Annual Guarantee (MAG) to CCIA received 80 points, the other responsible proposers received a proportional share of the points based on the proration of their price to the lowest price provided. Based on the outcome of the evaluation, all five proposers are being recommended for concession and lease agreements with the highest scoring proposer receiving their pick of counter space first, and then each subsequent firm picking space in the order of their score.

The total of the proposed Minimum Annual Guarantees (MAGs) increased overall from the current contracts. The newly proposed MAGs total \$1,375,864 compared to the former MAGs totaling \$1,279,868, an increase of \$95,996 annually for CCIA. The Concession Fee also increased from 10% to 11%. The Concession or MAG fees actually paid by each concessionaire will depend on the amount of revenue generated each month by their perspective operations.

ALTERNATIVES:

An alternative is not entering into a five-year concession and lease agreement, for On Airport Rental Car services, with the car rental companies. However, this would mean a loss of service to airport customers. In addition, it would be a loss of revenue annually to the airport for the concession fees.

FISCAL IMPACT:

This is a concession agreement that will continue to provide revenue of approximately \$1,375,864 to the Airport on an Annual basis.

Funding Detail:

Fund:	4610 Airport Fund
Organization/Activity:	35000 Airport Administration
Mission Element:	888
Project # (CIP Only):	N/A
Account:	320310 Auto Rental Concession

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing five-year concession and lease agreements with the car rental companies mentioned-above for on airport car rental services as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance

Evaluation Matrix

Rental Car Concession and Lease Agreements