
CITY OF OCALA
CITY COUNCIL REPORT**Council Meeting Date: 12/17/19**

Subject: Agreement between Enterprise Rental Car and City for approx. \$176,535 annually in rent and fees.

Submitted By: Matt Grow

Department: Aviation

STAFF RECOMMENDATION (Motion Ready): Approved Subject to Legal Revi Agenda Item (ID # 13725) three-year lease with Enterprise Leasing Company of Florida LLC. at the Ocala International Airport for annual rent and fees of approximately \$176,535

OCALA'S RELEVANT STRATEGIC GOALS: Fiscally Sustainable

PROOF OF PUBLICATION: ITN issued 10/3/2019

BACKGROUND:

Enterprise Car Rental ("Enterprise") has been a long time tenant at the airport renting cars from the original terminal building since 2002. This agreement addresses the expanded parking lot afforded to Enterprise, the new car wash facility, and their new office space inside the new terminal building of 364 sq.ft.

The lease term is for three years with the Airport collecting a fee of 10% their gross sales, less insurance related rental business (insurance agency paid rentals), capped at 35%. Enterprise gross sales equaled \$2,547,928 over the last 12 months. The qualified sales (less insurance rentals) is estimated at \$1,656,153. The 10% annual concession revenue paid to the airport is estimated at \$165,615.

An appraisal conducted by Slack, Johnston & Magenheimer, Inc. determined the gross rental rate of the rental car office space to be \$30 per square foot. Enterprise is leasing a total of 364 sq.ft. in the terminal, and will be paying \$10,920 annually in addition to the concession fee.

There are two sections of the GA Terminal parking lot used by the rental car companies, general parking for their customers and rental car inventory, as well as a ready/return lot for cars being dropped off or picked up by customers. Based on their gross revenues, Enterprise will be allotted 21 general parking spaces and 17 ready/return lot spaces. They will also be provided with enough unimproved parking space to store approximately 50 cars.

The City Internal Auditor has reviewed and approved the language in this proposed lease that addresses financial reporting of monthly revenues lacking in the previous lease.

FINDINGS AND CONCLUSIONS:

On October 3, 2019, an Invitation to Negotiate (AIR/190688) was released for airport car rental concession services. The Hertz Corporation, Enterprise Leasing Company of Florida LLC. and Avis Budget Car Rental, LLC submitted proposals on November 7, 2019. The City entered into negotiations with all three companies.

Enterprise is a tenant of the airport since 2002 and is in good standing. Out of the three rental car companies based at the airport, Enterprise conducts the most business with twelve month gross sales of \$2,547,928. The proposed lease is a gross lease with utilities and maintenance and janitorial included in the rent.

FISCAL IMPACT:

Using last twelve month gross sales, a 10% fee on the qualified sales will provide revenue to the airport of \$165,615 in account #451-344-000-000-02-31601. Enterprise will also pay \$10,920 in office rent for 364 sq.ft. in account #451-362-000-000-02-36119.

PROCUREMENT REVIEW:

The agreement has been reviewed and approved in compliance with the City's procurement policies.

LEGAL REVIEW: The contract will be reviewed and approved for form and legality by the Assistant City Attorney, W. James Gooding III.

ALTERNATIVE:

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SUPPORT MATERIALS:

Invitation to Negotiate- Car Rentals at Airport (PDF)

Enterprise Master Agreement with Car Rental Company for ITB 12-12-19 (PDF)