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

Subject: Agreement between Avis/Budget and City for approx. \$191,300 in rent and fees.

Submitted By: Matt Grow

Department: Aviation

STAFF RECOMMENDATION (Motion Ready): Approved Subject to Legal Revi Agenda Item (ID # 13244) three-year lease with Avis Budget Rental Car, LLC at the Ocala International Airport for annual rent and fees of approximately \$191,300

OCALA'S RELEVANT STRATEGIC GOALS: Fiscally Sustainable

PROOF OF PUBLICATION: ITN issued 10/3/2019

BACKGROUND:

Avis Budget Rental Car, LLC ("Avis/Budget") has been a long time tenant on the airport, renting cars out of the original terminal building since 2003. Budget trucks were added around 2014. This agreement addresses the expanded parking lot afforded to Avis/Budget, the car wash facility, and their office space inside the new terminal building which totals 365 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%. Avis/Budget gross sales equaled \$1,859,283 over the last 12 months. The qualified sales (less insurance rentals) is estimated at \$1,803,504. The 10% annual concession revenue paid to the airport is estimated at \$180,350.

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. Avis/Budget is leasing a total of 365 sq.ft. in the terminal, and will be paying \$10,950 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, Avis/Budget will be allotted 23 general parking spaces and 18 ready/return lot spaces. They will also be provided with enough unimproved parking space to store approximately 25 cars or trucks. The Budget trucks will not be permitted to park on the paved areas in front of the new terminal building.

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.

Avis is a tenant of the airport since 2003 and is in good standing. The lease also accommodates Avis' other brand, Budget and their rental truck business. The proposed lease is a gross lease, with utilities, janitorial and maintenance included in the rent. Out of the three rental car companies based at the airport, Avis/Budget conducts the second most business with twelve month gross sales of \$1,859,283.

FISCAL IMPACT:

Using last twelve month gross sales, a 10% fee on the qualified sales will provide revenue to the airport of \$180,350 in account #451-344-000-000-02-31601.

Avis/Budget will also pay \$10,950 in office rent for 365 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 Rental Companies (PDF)

Avis Budget Master Agreement with Car Rental Company 12-12-19 (PDF)