

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, November 19, 2015

AGENDA ITEM #5

NON-EXCLUSIVE CAR RENTAL CONCESSIONS AT COUNTY OF SAN DIEGO'S
MCCLELLAN-PALOMAR AIRPORT IN CARLSBAD, CA

BACKGROUND

As reported at the last Palomar Airport Advisory Committee Meeting, the current seven-year leases with The Hertz Corporation and Avis Budget Car Rental, LLC at the McClellan-Palomar Airport will expire on January 31, 2016. After issuing the Request for Proposal/Bid (RFPB), the County has reselected the same two car rental companies, Avis Budget Car Rental, LLC and The Hertz Corporation. The proposed leases are consistent with the terms proposed in the RFPB.

PROPOSED LEASES

Avis Budget Car Rental, LLC – Proposed Non-Exclusive Rental Car Lease Agreement

The proposed terms for the lease to Avis are:

Term: The proposed lease term will be five years. The lease will commence February 1, 2016.

Size: The leased area includes 115 square feet of office space at the terminal. Also included is a car return area in the lower parking lot with 26 parking spaces, plus a 20-foot by 20-foot covered prep area and a 16-foot by 8-foot storage shed.

Rent: Set rent for car rental offices, car preparation area and parking spaces will be \$2,500 per month. In addition, Avis will pay 10% of gross revenue. The minimum annual guarantee for percentage rent for Avis is \$212,920. The lease will allow for a 30% discount to the minimum annual guarantee for any periods without commercial passenger service operating at the airport. The County will receive monthly reports of gross revenue. At the end of the first 12 months, the County will review and invoice, if needed, to reach the guarantee.

Multiple Branding: The lease will allow Avis to offer services from other corporate owned companies.

The Hertz Corporation - Proposed Non-Exclusive Rental Car Lease Agreement

The proposed terms for the lease to Hertz are:

Term: The proposed lease term will be five years. The lease will commence February 1, 2016.

Size: The leased area includes 115 square feet of office space at the terminal. Also included is a car return area in the lower parking lot with 26 parking spaces, plus a 20-foot by 20-foot covered prep area and a 16-foot by 8-foot storage shed.

Rent: Set rent for car rental offices, car preparation area and parking spaces will be \$2,500 per month. In addition, Hertz will pay 10% of gross revenue. The minimum annual guarantee for percentage rents for Hertz is \$116,600. The lease will allow for a 30% discount to the minimum annual guarantee for any periods without commercial passenger service operating at the airport. The County will receive monthly reports of gross revenue. At the end of the first 12 months, the County will review and invoice, if needed, to reach the guarantee.

Multiple Branding: The lease will allow Hertz to offer services from other corporate owned companies.

Recommended Motion

“Palomar Airport Advisory Committee recommends that the Board of Supervisors approve New Five-Year Leases between County of San Diego, The Hertz Corporation and Avis Budget Car Rental, LLC.”