

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, November 19, 2020

AGENDA ITEM # 6

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

BACKGROUND

As reported at the September 17th, 2020 Palomar Airport Advisory Committee Meeting, the current five-year leases with The Hertz Corporation and Avis Budget Car Rental, LLC at the McClellan-Palomar Airport will expire on January 31, 2021. After issuing the Request for Proposal (RFP), the County has reselected Avis Budget Car Rental, LLC, The Hertz Corporation did not submit as they are going through Chapter 11 reorganization at this time. The proposed lease is consistent with the terms proposed in the RFP.

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 two-years with a three-year mutual option. The lease will commence February 1, 2021.

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 office, 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 \$170,143. The lease will allow for a 30% discount to the minimum annual guarantee for any period to include the current period 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 under both their Avis and Budget brands.

Recommended Motion

“Palomar Airport Advisory Committee recommends that the Board of Supervisors approve a New Two-Year with Three-Year mutual option Lease between County of San Diego, and Avis Budget Car Rental, LLC.”