



City of Santa Barbara
Airport Department

Memorandum

DATE: November 19, 2014
TO: Airport Commission
FROM: Hazel Johns, Airport Director 
SUBJECT: Rental Car Concession Amendment Agreement

RECOMMENDATION: That Airport Commission authorize the Airport Director to execute amendments to Article 9, "Fees", Article 12, "Payment Procedure", Article 25, "Maintenance", Article 26, "Cleanliness", Article 37, "Default", and add Article 53, "Permits, Licenses," and Exhibits G, H, I, J, K, L, and M to the four Rental Car Concession Agreements to allow the maintenance of facilities and systems, including permitting, at the Quick Turn Around Facility (QTA) at 25 David Love Place, at the Airport, to be assumed by a Consortium of the following rental car companies;

- A. Avis Budget Car Rental, LLC, Agreement No. 201163
- B. Enterprise Rent-A-Car Company of Los Angeles, Inc. (Enterprise & National), Agreement No. 201158
- C. The Hertz Corporation, Agreement No. 201157
- D. Enterprise Rent-A-Car Company of Los Angeles, inc. (Alamo) Agreement No. 201159

DISCUSSION:

Background

September 2009, in anticipation of the removal of the rental car building at 114 Wm. Moffett Place, the Airport opened a newly constructed rental car joint use Quick Turn Around Facility (QTA) at 25 David Love Place. The QTA provides washing, fueling, and maintenance facilities and parking for the four on-Airport rental car companies, chosen by a public bid process.

Operation and maintenance costs for the QTA were to have been borne by the rental car companies and the facility was to be operated by a consortium of the on-Airport rental car companies under the terms of a Participation Agreement entered into on November 19, 2009. The rental car companies were to provide on-site management of

one of the rental car managers. Permitting required for operation of the facility was also to have been the responsibility of the rental car companies.

Once the facility was opened, it became apparent that the facility was not being operated and maintained to Airport standards, and that while the permits were issued in some cases to the various rental car companies, the liability for any fuel spills still vested with the Airport, as the owner of the site.

The Airport assumed responsibility for the operation of the facility, including maintenance of the systems and equipment, and providing custodial and landscaping services. Some of these tasks were undertaken directly by Airport staff and others were subcontracted to specialized providers. Under the terms of the current concession agreements, the rental cars pre-funded the Operation and Maintenance costs anticipated for the coming year, based on the previous year's costs. A "true up" was held at the end of each year.

QTA Operation and Maintenance Costs				
	FY2011	FY2012	FY2013	FY2014
Airport Staff	\$44,302	\$43,875	\$14,265	\$15,875
Landscaping	\$20,787	\$20,496	\$20,496	\$20,496
O&M	\$101,716	\$123,073	\$139,549	\$124,074
Total:	\$166,805	\$187,444	\$174,310	\$160,445

Discussion

As the rental car companies gained experience with managing joint use QTA facilities, they suggested that there would be some cost savings were they to assume operation and management of the QTA under the Participation Agreement, as originally envisioned. At this time, they propose to engage the services of Av Air Pros, who manages similar facilities, in Monterey and elsewhere, to be their agent for oversight of the facility, with an on-site manager position rotating on an annual basis among the on-airport rental car companies. Av Air Pros proposes to have their staff come to Santa Barbara three times weekly to insure that the facility is being managed to Airport standards.

Av Air Pros would be responsible for assuring that all permit conditions are met and that the permits are renewed in a timely fashion. Av Air Pros would also be responsible for the maintenance of the building systems including the car wash, fueling system, equipment, removal of waste materials and landscaping services. Such services may be contracted out, with Av Air Pros supervising any subcontractors.

The Airport wishes to have the current standards at the QTA maintained. Airport Maintenance Staff has compiled detailed instructions and standards for each piece of equipment and building system to be maintained.

In order for Av Air Pros to manage the QTA, those portions of the current concession agreements dealing with the operation and maintenance fees, payment of fees, maintenance and cleanliness, must be amended. In addition, articles establishing the responsibility for permitting, and exhibits containing the standards for maintenance, cleanliness, and landscaping must be added, along with the amendment to the Rental Car Concession Participation Agreement.

A new default provision has been added to the agreement to provide redress by the Airport should the facility, landscaping, or any part of the permitting or operation does not meet the Airport's standards.

The QTA will be managed by the Consortium or their employees, agents or subcontractors until the expiration of the current Concession Agreements on August 31, 2016.