



COUNTY OF HUMBOLDT

For the meeting of: 5/16/2023

File #: 23-596

To: Board of Supervisors

From: Aviation

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

On-Airport Non-Exclusive Rental Car Concessions Agreement with Avis Budget Group Incorporated for the California Redwood Coast-Humboldt County Airport (ACV)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve, and authorize the Chair of the Board to execute, the attached On-Airport Non-Exclusive Rental Car Concessions Agreement with Avis Budget Group Incorporated for the California Redwood Coast-Humboldt County Airport;
2. Authorize the Director of Aviation to execute any amendments and successor agreements after review by County Counsel, Risk Management, and County Administrative Office; and
3. Authorize the Director of Aviation to execute future On-Airport Non-Exclusive Rental Car Concessional Agreements with similar terms for additional rental car companies, as space allows, after review by County Counsel, Risk Management, and County Administrative Office.

SOURCE OF FUNDING:

Revenue to Aviation Enterprise Fund (3530381), Rental Cars-Terminal Income (682316)

DISCUSSION:

Avis Budget Inc. originally signed a rental car concessionary agreement with the County of Humboldt for rental car services in 1993 and continued operating through June 26, 2015. In 2015, Avis Budget notified the Department of Aviation that the rental car fleet was being sold and requested a release from their Lease with the County. At the time, there were two other concessioners offering rental car services and it was determined that those companies could meet the current demand for services.

Due to market demand and the expansion of airline services into the California Redwood Coast-Humboldt County Airport (ACV), Avis Budget Group, Inc. has indicated they would like to begin serving Humboldt County once again with an in-terminal rental car location.

The Department of Aviation has negotiated a new lease Agreement whereby the concessioner will pay the County rent for terminal space, 10% of gross receipts, and \$50 per vehicle parking space, for a term of one (1) year from the date of commencement with an option to renew for an additional five (5) year period.

Subsequent to the approval of this Agreement by your Board, the Department of Aviation will revise the existing Rental Car Agreement with Enterprise National, who is currently operating on a month-to-month holdover basis, to convey identical requirements, obligations, terms, and conditions to the attached Agreement. Approval of this item will authorize signatory authority to the Director of Aviation on substantially similar On-Airport Non-Exclusive Rental Car Concessionary Agreements to alleviate the need for the Department to bring forth individual agreements and to expedite the processing of like Agreements. This efficiency in processing will allow the airport to better serve the needs of customers, and the community, in the future as conditions change. Additionally, should demand increase it will allow the Department to generate additional revenue in a quicker fashion.

FINANCIAL IMPACT:

Should your Board approve the attached agreement, Avis Budget will pay the following:

1. Rent for Terminal space of \$1.75 per square foot, per month.
2. 10% of gross receipts; and
3. \$50 per vehicle parking space.

This lease would result in estimated annual revenue of \$145,258.

STAFFING IMPACT:

N/A

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework priority of providing community-appropriate levels of service

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the agreement Avis Budget Group Incorporated. However, it is not recommended due to the potential impacts outlined below:

- The Aviation Department would be forfeiting estimated annual revenue of \$145,258;
- The unmet demand for additional rental car capacity from the traveling public would continue; and
- There would be no competition between rental car companies and the services they provide, which in turn allows customers less options for vehicles, pricing, service availability, and company loyalty reward programs.

ATTACHMENTS:

1. On-Airport Non-Exclusive Rental Car Concessions Agreement with Avis Budget Group Incorporated

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PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A