

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date: August 23, 2022

Consent Regular
 Workshop Public Hearing

Submitted By: Department of Airports

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve:

- A) Agreement for Rental Car Lease and Concession (Concession Agreement) with Fox Rent A Car, Inc. (Fox), for the operation of a rental car concession at the Palm Beach International Airport (PBI), commencing October 1, 2022, and expiring September 30, 2027, with one 2-year renewal option, for payment of an initial Minimum Annual Guarantee (MAG) in the amount of \$650,000.00 and facility rental of \$54,038.18; and
- B) Lease Agreement (Lease) with Fox, for the lease of approximately 303,872 square feet of ground area and associated rental car facility improvements, located at 2600 James L. Turnage Boulevard at PBI, for the operation of a rental car customer service and maintenance facility, commencing October 1, 2022, and expiring September 30, 2032, with two renewal options of 5 years each, with an initial annual rental of \$460,384.60.

Summary: The Concession Agreement provides for the operation of a rental car concession at PBI and requires payment of concession fees equal to the greater of the MAG or 10% of gross revenues. In addition, Fox is required to pay facility rental for the lease of a reservation counter and office area based on standard terminal rental rates, which are adjusted annually in accordance with the Signatory Airline Agreement (R-2019-1155). The Lease provides for the lease of approximately 6.98 acres of ground area located at 2600 James L. Turnage Boulevard at PBI, improved with a rental car customer service and maintenance facility. Initial annual rental is \$460,384.60, which will be adjusted every 3 years, commencing on October 1, 2025. Fox has committed to a minimum capital expenditure of approximately \$575,000 to complete renovations to the existing service and maintenance buildings and pavement, install landscaping, signage, car wash and vacuum facilities and above-ground fuel storage tank. On March 1, 2022, the Department of Airports (DOA) issued Invitation For Bid (IFB) No. PB 22-3, for Rental Car Lease and Concession Agreements and Request For Proposals (RFP) No. PB 22-4, for lease of the facility. An Airport Concession Disadvantaged Business Enterprise (ACDBE) goal was established at 3.22% of the purchase of goods and services. Each agreement has a 5.2% ACDBE participation commitment. **Countywide (AH)**

Background and Policy Issues: Fox is a California corporation with its principal place of business in Tulsa, OK, and operates the Fox Rent A Car and EuropCar brands. Three proposals were received on May 25, 2022, and on July 21, 2022, the Selection Committee ranked Fox as the highest scored proposal and recommended award of the Lease to Fox. The facility was previously under lease to DTG Operations, Inc., who operated the Dollar and Thrifty brands. The lease ended in 2020 when it was rejected in bankruptcy proceedings, and the facility has remained vacant since that time.

Attachments:

- 1. Concession Agreement (3)
- 2. Lease (3)
- 3. ACDBE Review, including ACDBE Schedules
- 4. Disclosure of Ownership Interests

Recommended By: *Zw Diana Burke* Department Director 7-29-22 Date

Approved By: *Fal For* County Administrator 8/11/22 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
Operating Revenues	<u>0</u>	<u>(\$1,164,423)</u>	<u>(\$1,164,423)</u>	<u>(\$1,164,423)</u>	<u>(\$1,164,423)</u>
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u><u>0</u></u>	<u><u>(\$1,164,423)</u></u>	<u><u>(\$1,164,423)</u></u>	<u><u>(\$1,164,423)</u></u>	<u><u>(\$1,164,423)</u></u>
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

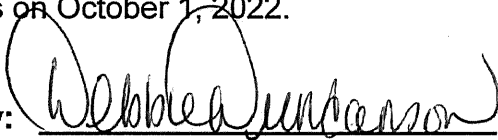
Is Item Included in Proposed Budget? Yes X No
 Does this item include the use of federal funds? Yes No X

Budget Account No: Fund 4100 Department 120 Unit 8340 Rsource 4416
 Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The initial annual rental rate under the Lease is \$460,384.60 and is subject to adjustment every 3-years commencing October 1, 2025. Under the Concession Agreement, Fox will facility rental of \$54,038.18 for the lease of reservation counter and office areas, and concession fees equal to the greater of \$650,000 (MAG) or 10% of gross revenues for each contract year. The initial MAG was established by the bid response and is subject to adjustment each year to 90% of the prior year's actual percentage payment, but will never decrease. It is anticipated the actual percentage payment will exceed the MAG. Facility rentals are subject to adjustment each October 1. Payment of rental and concession fees commences on October 1, 2022.

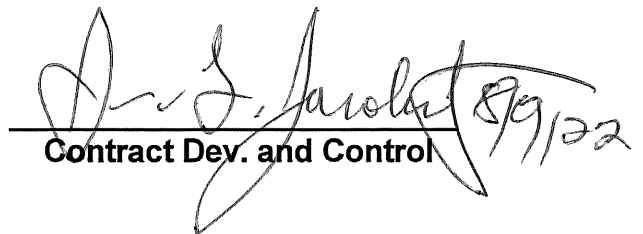
C. Departmental Fiscal Review:



III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

Lisa M. Muth 8/3/22
 MG 8/3/22 OFMB QA 8/2/22


 Contract Dev. and Control 8/9/22

B. Legal Sufficiency:

Anne Helant 8/11/22
 Assistant County Attorney

C. Other Department Review:

 Department Director

REVISED 11/17

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)