

# AGENDA



Thursday, July 29, 2010

**Aviation****Item No. 5****RECOMMENDATION FOR COUNCIL ACTION**

**Subject:** Authorize negotiation and execution of a second reimbursement agreement with a consortium of rent-a-car companies holding Concession Agreements at Austin-Bergstrom International Airport for professional services to perform design, planning and related services for a new rental car facility and parking garage at the Airport in an amount not to exceed \$7,000,000.

**Amount and Source of Funding:** Funding in the amount of \$7,000,000 is available in the residual account of the surplus fund of the Rental Car Special Facility Revenue Bond Customer Facility Charge (CFC) Trust Account.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** David Petersen, General Counsel, 530-7526

**Boards and Commission Action:** Recommended by the Austin Airport Advisory Commission.

**Prior Council Action:** March 11, 2010, Council approved negotiation and execution of an initial reimbursement agreement with Rental Car Companies in an amount not to exceed \$454,000.

Since 1999, when ABIA opened as a public airport, rental car staging and ready return space have been located on the third level of the Airport terminal parking garage. Currently, persons renting cars at the airport pick-up and return their vehicles on the third floor of the terminal parking garage. Rental car counters and offices are situated inside the terminal, and each rental car company also operates a remote, on-site service center, located approximately one mile northwest of the Terminal, from which it refuels, washes and cleans vehicles before each rental. There are approximately 1,200 ready return and staging spaces on the third level of the parking garage. The first two levels of the garage are used for public parking (approximately 2400 spaces). As passenger traffic increased, it became apparent that there was a need for additional rental car staging and ready return space, and additional covered public parking, within walking distance to the terminal building. The garage parking spaces were completely full on a number of days during the 2008 peak months, and as a result, some parking garage customers had to park in the uncovered surface parking lots. The space in the terminal building, currently occupied by the rental car company service counters, will be needed in the future for additional baggage carousels. The third level of the existing parking garage would revert to the Airport for public parking.

Airport officials and Rent-A-Car (RAC) company representatives have been discussing ways and means to address the need for additional public parking and rental car company ready return and staging space. The parties have reached consensus that a plan to build a new, three or four level parking garage and CONRAC facility on surface parking Lot A, located immediately behind the existing terminal parking garage is the best way to move forward. The rental car companies will occupy the two lower levels of the new facility and the City will use the upper levels for public parking. A number of quick turnaround areas (QTA), which provide close-in rental car vehicle fueling, cleaning and storage facilities, will be built at ground level, adjacent to the new facility. This will reduce the need to ferry vehicles back and forth between the terminal and the remote service centers, reducing traffic on Presidential Blvd. and related motor vehicle exhaust and air pollution (approximately 1 million vehicle miles traveled a year).

Because of their experience with the development of Consolidated Rent-A-Car (CONRAC) facilities at other airports around the country, the rental car companies operating at ABIA have requested permission to take the lead on this project, using a public-private partnership business model. Allowing the RAC companies to take the lead on the design, construction and financing of this project will expedite project delivery

In March, the Council authorized a reimbursement agreement with the rental car companies to perform an initial feasibility study in an amount not to exceed \$454,000. This second reimbursement agreement will provide funding for further planning and refinement of all aspects identified in the CONRAC Feasibility Study, to include fully defining the project's scope, financing plan including use and source of funds, a construction phasing plan, completion schedule, and a long term operational structure. This phase will include schematic design, construction document development and initial permitting. The project will include the redesign of the airport's roadway and way finding systems that will effectively integrate the CONRAC facility development, landside roadways and airport parking infrastructure to the surrounding roadway system. This phase of the project will include the selection of preferred concept design and the development of detailed design documents required for pricing by the construction manager and final construction documents. The developer will provide cost estimates during the design phase, and provide a guaranteed maximum price (GMP) at the completion of the 65% complete construction documents. This phase will include a final financing plan and development of a rental car concession program and business terms agreement with the car rental companies for the management, operation and maintenance of the new facility.

The rental car companies have agreed to perform these services at a cost not to exceed \$7,000,000.00. The rental car companies would be reimbursed for its cost to provide these services from surplus customer facility charge trust funds available for the planning and construction of new or additional rental car facilities at the Airport. The services will be for the use and benefit of the Aviation Department, without any obligation on the part of the City to accept the design documents, or to ultimately construct the project.

The RAC companies will comply fully with the City's M/WBE procurement program for third party contracts related to the design and construction of a new airport garage and RAC facility, including active outreach programs to identify and solicit qualified M/WBE subcontractors.

The City reserves the right to terminate any additional development activity on the ABIA CONRAC Facility and Parking Garage, including the work covered by this agreement.