

## A G E N D A



## Recommendation for Council Action

|  |   |         |       |               |          |
|--|---|---------|-------|---------------|----------|
| Austin City Council  |   | Item ID | 15312 | Agenda Number | 6.       |
| Meeting Date:  | 5/24/2012   |         |       | Department:   | Aviation |
| Subject  |   |         |       |               |          |
| Authorize negotiation and execution of a master lease with Austin CONRAC, LLC to construct, maintain, and operate the CONRAC facility for the operation of rental car concessions at Austin-Bergstrom International Airport. |   |         |       |               |          |
| Amount and Source of Funding   |   |         |       |               |          |
| This is a revenue generating agreement.  |   |         |       |               |          |
| Fiscal Note  |   |         |       |               |          |
| There is no unanticipated fiscal impact. A fiscal note is not required.  |   |         |       |               |          |
| Purchasing Language:   |   |         |       |               |          |
| Prior Council Action:  | March 11, 2010: Council approved the negotiation and execution of an initial reimbursement agreement with rental car companies holding concession agreements at Austin-Bergstrom International Airport (“ABIA” or “Airport”) for professional services to perform a study to determine the feasibility of a new rental car facility and parking garage at the Airport in an amount not to exceed \$454,000.<br>July 29, 2010: Council approved the negotiation and execution of a second reimbursable agreement with rental car companies holding concession agreements at ABIA 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. |         |       |               |          |
| For More Information:  | Stephanie Tucker, Airport Properties Manager, 530-7507.   |         |       |               |          |
| Boards and Commission Action:  | Recommended by the Austin Airport Advisory Commission.  |         |       |               |          |
| MBE / WBE:   | This contract will be awarded in compliance with the Third Party Resolution No. 20120112-058 and requirements of Chapter 2-9(A-B) of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program).  |         |       |               |          |
| Related Items:   |   |         |       |               |          |
| Additional Backup Information  |   |         |       |               |          |

Since ABIA opened in 1999, rental car customer service counters and staff offices have been situated inside the Airport terminal. Approximately 1,200 rental car ready return and staging spaces are located on the 3rd level of the Airport parking garage. The first two levels of the garage are used for public parking. Due to increasing passenger traffic, Airport officials and the rental car companies doing business at ABIA ("RACs") have been discussing ways to address the need for additional public parking and rental car company space. As a result, in November 2011, the Department of Aviation and the RACs signed a letter of intent for the planning, design, construction, financing, and operation of a multi-level public parking garage and consolidated rental car facility ("CONRAC") at the Airport. The CONRAC is planned to be built on the surface parking Lot A located immediately behind the existing parking garage. The City will use the ground level for public parking while the RACs will occupy the upper levels of the facility.

The capital costs of the proposed CONRAC facility are anticipated to be financed from the net proceeds of bonds having a thirty (30) year term to be issued by the City. The bonds will be secured by and payable solely from Customer Facility Charges collected by the RACs and, if needed, contingent rent paid by the RACs. Upon Council approval, the City will apply and make the proceeds of the bonds available for the purpose of financing, constructing, and developing the CONRAC facility. It is anticipated that construction of the CONRAC facility shall start in March 2013 and the date of beneficial occupancy is planned for March 2015. Title to and ownership of the CONRAC facility and improvements shall vest in the City as such CONRAC facility and improvements are constructed.

Austin CONRAC, LLC ("Austin CONRAC") is a single purpose entity which is wholly managed by the RACs to assist with the planning, design, construction, and operation of the CONRAC facility. The City will enter into a master lease agreement with Austin CONRAC to lease the ground on which the CONRAC facility will be built and for its use by the RACs for their rental car concessions. The lease will not exceed a thirty (30) year term. The base rent for the CONRAC facility shall be \$1.45 per square foot per year to be applied to an area consisting of 620,689 square feet resulting in an annual base rent of \$900,000.00 to the City. The base rent will be adjusted at 5 year intervals throughout the term of the master lease.

Each RAC will be required to enter into a concession agreement with the Department of Aviation as well as into a sublease agreement with Austin CONRAC. The sublease agreement with Austin CONRAC will lease office space, counter and customer service areas, ready/return parking stalls, vehicle staging spaces, storage facilities, and quick turn-arounds (QTAs) in the CONRAC facility. The Department of Aviation will ensure local companies have the opportunity to bid to operate and lease in the new CONRAC facility.

Austin CONRAC submitted its M/WBE Compliance Plan for the design phase and was approved by the City. Austin CONRAC will comply fully with the City's M/WBE procurement program for third party contracts related to the construction of the CONRAC facility including active public outreach programs to identify and solicit M/WBE subcontractors.