

Memorandum 12-066 Airport Lease Approval Hertz Cars

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TO: Mayor Hornaday and Homer City Council

FROM: Walt Wrede

DATE: April 23, 2012

SUBJECT: New Airport Lease Approval / Hertz Rental Cars

The airport concession lease for Hertz/ Pioneer Rental Cars expired on December 31, 2011. Hertz has continued to operate at the airport terminal on a month to month basis since that time. The City recently issued a Request for Proposals (RFP) for airport terminal concessions, including car rental businesses. Hertz submitted a proposal for a new five year lease. Five years is the maximum term permitted by the State Department of Transportation. (Leases within the airport terminal are subleases. The City leases the land the terminal sits on from the State).

The proposal submitted by Hertz / Pioneer Car Rentals is complete and fully responsive to the RFP. The proposal is included for your information. The credit report and the financial statement have been removed in order to protect the privacy of the owners and proprietary business information.

Hertz has been an excellent tenant at the airport. If this lease is approved, it would be the fourth consecutive 5 year lease for the company. Hertz generated \$29,000 in direct lease revenue for the City last year and the average over the past three years is \$26,800. Hertz's generates sales tax revenues, jobs, and spin-off economic activity. The owners have continually invested in the company and upgraded the rental car fleet. The company works hard to provide convenient and professional services to the travelling public and does a great deal to promote tourism and business in Homer.

Lease proposals for space within City owned buildings have not been reviewed by the Lease Committee in the past. These were always handled administratively. There are good reasons for that, especially at the airport terminal. The lease policies and the code are designed to address land leases and are not particularly well suited for leased space within buildings. In the past year, there has been some discussion about taking these lease proposals to the Lease Committee as well. I was prepared to do that this time but the Lease Committee was not able to muster a quorum on the scheduled meeting date. Since time is of the essence here (expired lease and summer season upon us), I decided to bring this resolution directly to the Council.

RECOMMENDATION: Approve a new five year lease at the Airport Terminal for Hertz/Pioneer Car Rentals and authorize the City Manager to execute the appropriate documents.

Related Resolutions **Memorandum - Related Resolutions:** [Resolution 12-035 New Five Year Lease at Homer Airport Terminal for Hertz/Pioneer Car Rentals](#)

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