

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: AIRPORT

AGENDA DATE: June 28, 2011

CONTACT PERSON NAME AND PHONE NUMBER: Monica Lombraña/780-4724

DISTRICT(S) AFFECTED: 3

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

This item is a Resolution to authorize the City Manager to sign a First Amendment to the Temporary Land Use Lease between the City of El Paso and DTG Operations, Inc. dba Dollar Rent A Car dba Thrifty Car Rental to allow for an option to the lease through November 30, 2011 and additional options to extend for the following described property:

A portion of Tract 4A26, Block 2, Ascarate Grant, and a portion of Block 1D, El Paso International Airport Tracts, Unit 5, City of El Paso, El Paso County, Texas, containing approximately 16,825 sq. ft. of land.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

The current lease expires on June 30, 2011, which coincides with the end of DTG Operations, Inc.'s Vehicle Rental Concession Agreement. The Department of Aviation is requesting to amend the lease to provide an extension through November 30, 2011, which will allow the time needed to complete the solicitation process for a new concession agreement and would allow the Lessee to continue to occupy the property, which they use for rental vehicle storage. This additional time is required because the development of a consolidated rental car facility at the Airport has extended the preparation time for the solicitation. Moreover, the development and construction of the new consolidated facility is not scheduled to be completed until the fall of 2014. To accommodate for the construction schedule, the lease amendment also provides for additional options to extend the lease until such time that the new facility will be ready to be occupied by the Lessee.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

June 29, 2010 – Approval of Temporary Land Use Lease for the above reference property.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

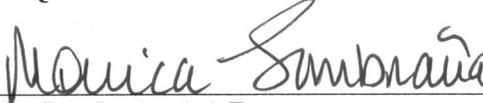
N/A – this is a revenue-generating item

BOARD / COMMISSION ACTION: N/A

Enter appropriate comments or N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



Monica Lombraña, A.A.E.
Director of Aviation

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign a First Amendment to the Temporary Land Use Lease between the City of El Paso and DTG Operations, Inc., dba Dollar Rent A Car dba Thrifty Car Rental, to allow for an option to extend the lease through November 30, 2011 and additional options to extend for the following described property:

A portion of Tract 4A26, Block 2, Ascarate Grant, and a portion of Block 1D, El Paso International Airport Tracts, Unit 5, City of El Paso, El Paso County, Texas.

APPROVED the ____ day of _____ 2011.

CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Theresa Cullen
Deputy City Attorney

APPROVED AS TO CONTENT:



Monica Lombraña, A.A.E.
Director of Aviation

STATE OF TEXAS)
)
COUNTY OF EL PASO) **FIRST AMENDMENT TO TEMPORARY
) LAND USE LEASE**

This First Amendment to the Temporary Land Use Lease is made and entered into this ___ day of _____ 2011 by and between the City of El Paso (“Lessor”) and DTG Operations, Inc. dba Dollar Rent A Car dba Thrifty Car Rental (“Lessee”).

WHEREAS, effective July 1, 2010, Lessor entered into a Temporary Land Use Lease (“Lease”) with Lessee for the property described as a portion of Tract 4A26, Block 2, Ascarate Grant, and a portion of Block 1D, El Paso International Airport Tracts, Unit 5, City of El Paso, El Paso County, Texas (the “Premises”); and

WHEREAS, Lessor anticipates that it will construct a consolidated rental car facility at the El Paso International Airport that will be occupied and used by all on-Airport rental car concessionaires and eliminate each on-Airport rental car concessionaire’s need for its own maintenance facility;

WHEREAS, Lessor anticipates that the projected construction for the consolidated rental car facility will be completed and on-Airport rental car concessionaires will be occupying the facility by August 31, 2014; and

WHEREAS, Lessor and Lessee desire to amend the Lease to extend the term of the Lease until the construction of a consolidated rental car facility is completed,

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Article III, Term of Leasehold, is amended to add Section 3.05, Option to Extend, as follows:

Section 3.05 Option to Extend

In the event that Lessee is not in default of any terms of this Lease, Lessee will have the option to extend the Lease through November 30, 2011 (“First Option Period”). Lessor and Lessee acknowledge that Lessee is exercising the First Option Period by the complete execution of this First Amendment, and the Lease will be extended on the same terms and conditions, except the annual rental for the First Option Period shall be as set forth in Article IV.

In addition, after November 30, 2011, if Lessee is not in default of any terms of this Lease, Lessee shall have the option to extend this Lease through August 31, 2014 on the same terms and conditions (“Second Option Period”). Lessee may exercise the

Second Option Period by notifying Lessor in writing at least sixty (60) days prior to the expiration of the First Option Period. In the event Lessee exercises its second option, the Lease shall be extended through August 31, 2014 on the same terms and conditions, except that Ground Rental shall be adjusted as noted below.

Also, after August 31, 2014, Lessor shall have the option, exercisable in its sole and absolute discretion, to extend the term of this Agreement for six (6) two (2) month options under the same terms and conditions as stated herein. To exercise any of these additional options, the Director of Aviation will give written notice to Lessee of Lessor's intent not less than thirty (30) days prior to the expiration of the then current option period of this Agreement. If Lessee is not willing to renew for an extension period, Lessee will be released from its obligation to extend the Agreement term, provided it gives the Director of Aviation written notice of its intent within fifteen (15) days from the notification of Lessor's intent to exercise the option.

2. Article IV, Rentals, is amended to add *two new paragraphs that identify the annual rental for the First Option Period and Second Option Period and any additional options to extend exercised by Lessor* under Section 4.01 as follows:

Section 4.01 Ground Rental.

(new paragraphs)

For the purpose of computing the annual rental for the First Option Period and Second Option Period to be paid by Lessee to Lessor for the Premises ("Rental"), Lessor and Lessee agree that the Premises comprise 16,825 square feet of land. The Ground Rental for the Premises will be calculated on the basis of 16,825 square feet of land at an annual rate of \$0.51 per square foot. The annual Ground Rental for the First Option Period and Second Option Period shall be \$8,580.75.

During any two (2) month extension period after August 31, 2014 exercised by Lessor, Lessee shall pay \$715.06 per month.

3. Article V, Rentals, is amended to add *two new paragraphs that identify the monthly rental for the First Option Period and Second Option Period and any additional options to extend exercised by Lessor* under Section 4.03 as follows:

Section 4.03 Time of Payment

(new paragraphs)

The monthly rental payments for the First Option Period and the Second Option Period shall be paid in advance on or before the first day of each month in a sum equal to one-twelfth of the Rental. The monthly rental amount due shall be \$2,850.42.

