

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

**DEPARTMENT:** Aviation

**AGENDA DATE:** December 10, 2013

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

**DISTRICT(S) AFFECTED:** All Districts

**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 Fourth Amendment to the Maintenance Facility and Land Lease by and 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 this Lease through December 31, 2015, and to allow for additional options to extend the lease term for the following described property:

Lot 4, Block 1-B, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas, municipally known as 6511 Allegheny Drive, El Paso, Texas.

**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?**

DTG Operations, Inc. operates the Dollar Rent A Car/Thrifty Car Rental concession at the El Paso International Airport. As part of their concession, they maintain a service facility adjacent to the Airport where they wash, vacuum, fuel, and service their fleet. The Department of Aviation is requesting to amend the lease for the service facility, which expires on August 31, 2014, to provide an option to extend through December 31, 2015, to allow the Lessee to continue to occupy the property from where it operates its administrative and rental vehicle service functions of its airport rental car concession during the time it takes to complete the design and construct the consolidated rental car agency complex (ConRAC).

The ConRAC is scheduled to be completed at the end of 2015. To accommodate for any delays in 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.

As this extension is being requested to accommodate the Concessionaire until such time that the ConRAC has been constructed and available for move in, the rental rate will remain as follows:

- Building & site improvements: 2,476 square feet x \$9.00 per square foot/annum = \$22,284.00 per year or \$1,857 per month; and,
- Land: 33,114 square feet x \$0.36 per square foot/year = \$11,921.04/annum - \$993.42/month.

It is beneficial to both the Lessor and the Lessee that the Lessee remains at the Airport during the construction of the ConRAC so that the Lessee can continue to provide uninterrupted service to the travelling public using the airport rental car concessions. Under the current concession agreement, the Concessionaire pays the Airport a minimum concession fee of \$462,745.00 per year.

**PRIOR COUNCIL ACTION:**

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

- 9/13/2011 – Second Amendment to Temporary Land Use lease to extend term through 8/31/2014.
- 10/25/2011 - Award of Vehicle Rental Concession Agreement under Solicitation 2011-239R to DTG Operations, Inc. effective December 1, 2011.

**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

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**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

N/A

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\*\*\*\*\*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 Fourth Amendment to the Maintenance Facility and Land Lease For Auto Rental Concession 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 this Lease through December 31, 2015, and to allow additional options to extend the lease term for the following described property:

Lot 4, Block 1-B, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas, municipally known as 6511 Allegheny Dr., El Paso, Texas.

APPROVED this \_\_\_\_ day of \_\_\_\_\_ 2013.

CITY OF EL PASO

\_\_\_\_\_  
Oscar Leeser  
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    )       **FOURTH AMENDMENT TO MAINTENANCE  
  )       FACILITY AND LAND LEASE FOR AUTO  
  )       RENTAL CONCESSION**

This Fourth Amendment to the Maintenance Facility and Land Lease for Auto Rental Concession is made and entered into this \_\_\_ day of \_\_\_\_\_ 2013 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 September 1, 2006, Lessor entered into a Maintenance Facility and Land Lease for Auto Rental Concession (“Lease”) with Lessee for the property described as Lot 4, Block 1-B, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas, municipally known and numbered as 6511 Allegheny Dr., El Paso, Texas (the “Premises”);

**WHEREAS**, on June 29, 2010, a First Amendment to the Lease was approved to allow for an option to extend the term of the Lease;

**WHEREAS**, Lessor has proposed to construct a consolidated rental agency complex (“ConRAC”) at the El Paso International Airport (“Airport”), which will be occupied and used by all on-Airport vehicle rental concessionaires, and will therefore eliminate each on-airport vehicle concessionaire’s need for its own maintenance facility;

**WHEREAS**, on June 28, 2011, a Second Amendment to the Lease was approved to extend the term of the Lease;

**WHEREAS**, effective September 15, 2011, a Third Amendment to the Lease was approved to extend the term of the Lease;

**WHEREAS**, Lessor anticipates that the projected construction for the ConRAC will be completed and all on-Airport vehicle rental concessionaires will be occupying the ConRAC by February, 2016;

**WHEREAS**, because it is beneficial to Lessor for Lessee to remain at the Airport until the construction of the ConRAC is completed and to also have the same expiration date for all on-Airport vehicle rental concessionaires with maintenance facilities at the Airport, Lessor and Lessee desire to amend the Lease to extend the term of the Lease and to allow flexibility in extending the Lease term until the construction of the ConRAC is completed; and

**WHEREAS**, because the proposed extension of the Lease term and the previous extensions of the Lease term, which have been adjusted to accommodate the construction schedules of the ConRAC, do not exceed five (5) years in total, no rental adjustment is required,

**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 IV, Term of Leasehold, is amended to revise the identified time period for the Lessee to exercise an option to extend this Lease through December 31, 2015 ("Fourth Option Period"). The paragraph identified in the Third Amendment to this Lease under Section 4.04, as revised, shall be revised to include the following additional paragraph:

**Section 4.04 Option to Extend**  
*(additional paragraph)*

After August 31, 2014, if Lessee is not in default of any terms of this Lease, Lessee shall have the option to extend this Lease through December 31, 2015 ("Fourth Option Period"). Lessee may exercise the Fourth Option Period by notifying Lessor in writing at least thirty (30) days prior to the expiration of the of the Third Option Period. In the event Lessee exercises this option, the Lease shall be extended on the same terms and conditions, except that Ground Rentals shall be adjusted as noted below.

In addition, after December 31, 2015, Lessor shall have the option, exercisable in its sole and absolute discretion, to extend the term of this Lease for four (4) three (3) month options under the same Lease terms and conditions, except the Ground Rental shall be adjusted as noted below. To exercise any of these additional options, the Director of Aviation ("Director") will give written notice to Lessee of Lessor's intent not less than thirty (30) days prior to the expiration of then current option period of this Lease. If Lessee is not willing to renew for an extension period, Lessee will be released from its obligation to extend the Lease term, provided it gives the Director written notice of its intent within fifteen (15) days from the receipt of notification of Lessor's intent to exercise the option.

2. Article V, Rentals, is amended to add *a new paragraph that identifies the annual rental for the Fourth Option Period and any additional options to extend the Lease at Lessor's request* under Section 5.01 as follows:

**Section 5.01 Rental**  
*(new paragraph)*

For the purpose of computing the annual rental for the Fourth Option Period to be paid by Lessee to Lessor for the Premises ("Rental"), Lessor and Lessee agree that the Premises comprise 33,114 square feet of land including 2,476 square feet of building and site improvements. The Rental for the Premises will be calculated on the basis of 33,114 square feet of land at \$0.36 per square foot per annum, and 2,476 square feet of building at \$9.00 per square foot per annum. Therefore, the annual rental for the Fourth Option Period shall be \$34,205.04.

If Lessor should choose to extend the Lease term for a three (3) month extension period after December 31, 2015, Lessee shall pay \$2,850.42 per month.

3. Article V, Rentals, is amended to add *a new paragraph that identifies the monthly rental for the Fourth Option Period and any additional options to extend the Lease at Lessor's request* under Section 5.02 as follows:

**Section 5.02 Time of Payment**  
(*new paragraph*)

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

If Lessor should choose to extend the Lease term for a three (3) month extension period after December 31, 2015, Lessee shall pay \$2,850.42 per month.

4. Article IX, Section 9.01, Expiration, is amended in its entirety as follows:

**Section 9.01 Expiration.** This Lease shall expire at the end of the term or any extension thereof. However, after December 31, 2015 should Lessor exercise an option to extend the Lease for a three (3) month option, Lessee may cancel the Lease upon thirty (30) days written notice to Lessor.

5. Regardless of the date executed, the Effective Date of this Fourth Amendment to the Maintenance Facility and Land Lease for Auto Rental Concession shall be \_\_\_\_\_, 2013.

6. Except as expressly modified herein all other terms and conditions of the Lease as amended by that First Amendment dated June 29, 2010; the Second Amendment dated June 28, 2011; and the Third Amendment effective September 15, 2011 shall remain in full force and effect and shall remain as written unless expressly modified herein.

**IN WITNESS WHEREOF**, this Fourth Amendment to the Maintenance Facility and Land Lease for Auto Rental Concession has been executed by the parties hereto as of this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**[SIGNATURES BEGIN ON THE FOLLOWING PAGE]**

LESSOR: CITY OF EL PASO

\_\_\_\_\_  
Joyce A. Wilson  
City Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
Theresa Cullen  
Deputy City Attorney

APPROVED AS TO CONTENT:

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

ACKNOWLEDGMENT

THE STATE OF TEXAS        )  
  )  
COUNTY OF EL PASO        )

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 2013,  
by Joyce A. Wilson, as City Manager of the City of El Paso (Lessor).

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:  
\_\_\_\_\_

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

LESSEE: DTG OPERATIONS, INC.  
dba Dollar Rent A Car  
dba Thrifty Car Rental

By: [Signature]  
Printed Name: Michael E. Holdgrafer  
Title: VP, Real Estate & Concessions

ACKNOWLEDGMENT

THE STATE OF OKLAHOMA )  
  )  
COUNTY OF TULSA                    )

This instrument was acknowledged before me on this 26 day of November 2013, by Michael E. Holdgrafer as Vice President of DTG Operations, Inc., dba Dollar Rent A Car dba Thrifty Car Rental (Lessee).

[Signature]  
Notary Public, State of Oklahoma

My Commission Expires: 12-16-2015  
# 99018041  
EXP. 12/16/15  
SHEEHAN JONES  
NOTARY  
PUBLIC  
STATE OF OKLAHOMA