

**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 Second Amendment to the Maintenance Facility and Land Lease for Auto Rental Concession by and between the City of El Paso and Simply Wheelz, LLC dba Advantage Rent A Car, to allow for an option to extend the 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-C, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas,
municipally known as 6535 De Havilland, 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? Simply Wheelz, LLC dba Advantage Rent A Car is collocated at the Hertz rental counter at the El Paso International Airport. As part of this operation, 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 the 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: 3,400 square feet x \$9.13 per square foot/annum = \$31,042.00 per year or \$2,586.83 per month; and,
- Land: 64,695 square feet x \$0.54 per square foot/year = \$34,935.30 per year or \$ 2,911.28 per 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.

PRIOR COUNCIL ACTION:

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

- 6/28/2011 – First Amendment to the extended the term of the Maintenance Facility and Land Lease for Auto Rental Concession through August 31, 2014.
- 10/25/2011 - Award of Vehicle Rental Concession Agreement under Solicitation 2011-239R to The Hertz Corporation dba Hertz and Advantage Rent A Car, 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

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

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 Second Amendment to the Maintenance Facility and Land Lease For Auto Rental Concession between the City of El Paso and Simply Wheelz LLC, dba Advantage Rent A Car, to allow for an option to extend the Lease through December 31, 2015, and additional options for the following described property:

Lot 4, Block 1-C, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas, municipally known as 6535 DeHavilland, El Paso, Texas.

APPROVED the ____ 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) **SECOND AMENDMENT TO MAINTENANCE
FACILITY AND LAND LEASE FOR AUTO
RENTAL CONCESSION**

This Second 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 Simply Wheelz LLC dba Advantage Rent A Car (“Lessee”).

WHEREAS, effective February 9, 2010, Lessor entered into a Maintenance Facility and Land Lease for Auto Rental Concession (“Lease”) with Lessee for the property described as a portion of Lot 4, Block 1-C, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas, municipally known and numbered as 6535 DeHavilland, El Paso, Texas (the “Premises”);

WHEREAS, Lessee exercised an option to extend the Lease through June 30, 2011;

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 First Amendment to the Lease was approved to allow for an option to extend the Lease through August 31, 2014;

WHEREAS, Lessor anticipates that the projected construction for the ConRAC will be completed and all on-Airport vehicle rental concessionaires will be occupying the facility 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, Section 4.02 Option to Extend, as revised in the First Amendment is revised to read as follows:

Section 4.02 Option to Extend.

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

If the Second Option is exercised and Lessee is not in default of any terms of this Lease, Lessee shall have the option to extend this Lease through December 31, 2015 ("Third Option Period"). Lessee may exercise the Third Option Period by notifying Lessor in writing at least thirty (30) days prior to the expiration of the of the Second 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 Second and Third Option Periods 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 Second and Third Option Periods to be paid by Lessee to Lessor for the Premises ("Rental"), Lessor and Lessee agree that the Premises comprise 64,695 square feet of land including 3,400 square feet of building

and site improvements. The Rental for the Premises will be calculated on the basis of 64,695 square feet of land at \$0.54 per square foot per annum, and 3,400 square feet of building at \$9.13 per square foot per annum. Therefore, the annual rental for the Second Option Period shall be \$65,977.30.

If Lessor should choose to extend the Lease term for a three (3) month extension period after December 31, 2015, Lessee shall pay \$5,498.11 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 for the Second and Third Option Periods 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 \$5,498.11 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 \$5,498.11 per month.

4. Article IX, EXPIRATION, CANCELLATION, ASSIGNMENT AND TRANSFER, Section 9.01, Expiration, is amended in its entirety as follows:

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 Second 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 28, 2011, shall remain in full force and effect and shall remain as written unless expressly modified herein.

IN WITNESS WHEREOF, this Second 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.

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
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:
SIMPLY WHEELZ LLC
dba Advantage Rent A Car

Tom McDonnell

Printed Name: Tom McDonnell
Title: CEO

ACKNOWLEDGEMENT

THE STATE OF Mississippi)
COUNTY OF Madison)

This instrument was acknowledged before me on this 27th day of November, 2013, by Tom McDonnell as CEO of Simply Wheelz LLC dba Advantage Rent A Car (Lessee).

Jarice M. Hammack
Notary Public, State of

My Commission Expires:
6-19-2015

