

Report to the Board of Directors

Recommendation to Award Contracts for Rental Car Concessions

at

Washington Dulles International Airport

May 2013

PURPOSE

The Business Administration Committee approved and recommends to the Board of Directors the award of seven five-year contracts, commencing July 1, 2013, to Advantage Rent-a-Car; Avis Rent A Car System, LLC; Budget Rent A Car System, Inc.; Dollar Thrifty Automotive Group, Inc.; Enterprise Leasing Company; The Hertz Corporation; and Vanguard Car Rental USA, Inc.

BACKGROUND

- Dulles International has seven rental car ready/return facilities, of which six are currently occupied by rental car concessionaires.
- The rental car concession contracts were last competed in an Invitation for Bids (IFB) in 2008. The incumbents are Avis, Budget, Dollar-Thrifty, Enterprise, Hertz and Vanguard (operating as Alamo and National).
- In response to the 2008 solicitation, the incumbents bid a total of \$79,969,841 in Minimum Annual Guarantees (MAGs) for the five-year contract period expiring on June 30, 2013.
- In 2012 an IFB was issued for a single six-year concession opportunity in an effort to attract a new concessionaire for the vacant facility; however, the solicitation was canceled due to insufficient interest.

- The current solicitation, issued on January 9, 2013, provides for the award of up to seven contracts with a term of five years each to commence July 1, 2013.
- Successful bidders will pay the Airports Authority the greater of their bid Minimum Annual Guarantee (MAG) or 10 percent of gross receipts for each year of the contract. In addition, facility rent will be paid on five of the sites where the improvements are owned by the Airports Authority.
- Seven bidders responded to the solicitation, offering nine rental car brands:
 - Advantage, Avis, Budget, Dollar Thrifty Automotive Group (Dollar / Thrifty), Enterprise, Hertz and Vanguard (Alamo / National)
- Bid MAGs totaled \$82,356,332 for the five year contract period. The Airports Authority will also collect \$11,324,625 in facility rent over the five-year contract period.

RECOMMENDATION

The Business Administration Committee approved and recommends to the Board of Directors the award of seven five-year contracts, commencing July 1, 2013, to Advantage Rent-a-Car; Avis Rent A Car System, LLC; Budget Rent A Car System, Inc.; Dollar Thrifty Automotive Group, Inc.; Enterprise Leasing Company; The Hertz Corporation; and Vanguard Car Rental USA, Inc.

Proposed Resolution

Selection of Seven Rental Car Companies for Five-Year Concession Contracts at Washington Dulles International Airport

WHEREAS, an Invitation for Bids (IFB) for the rental car concession at Washington Dulles International Airport was approved by the Business Administration Committee in September 2012;

WHEREAS, the IFB required each rental car concessionaire to bid a minimum annual guarantee for each of the five years of the contract term, with the contract award to be made to up to seven responsive bidders who submitted the highest total minimum annual guarantee bids for the five-year term;

WHEREAS, bids from seven rental car companies were received and all seven companies were responsive to the terms of the IFB;

WHEREAS, the minimum guarantees from the seven rental car companies over the five years of the contract total \$82,356,332;

WHEREAS, all of the companies have committed to pay the greater of the minimum annual guarantee or 10 percent of gross receipts, as well as to pay rent totaling \$11,324,625 for those ready/return and service facilities that have been fully amortized and to which the Authority has title; and

WHEREAS, all of the companies have also committed to the contract's goal that Airport Concession Disadvantaged Business Enterprises (ACDBE) participation equivalent to at least 10 percent of annual gross receipts may be obtained by purchasing goods and services from ACDBE; now, therefore, be it

RESOLVED, That the following seven rental car companies are selected to operate rental car concessions at Washington Dulles International Airport for five-year terms, effective July 1, 2013:

Advantage Rent-a-Car
Avis Rent A Car System, LLC
Budget Rent A Car System, Inc.

Dollar Thrifty Automotive Group, Inc. (Dollar & Thrifty)
Enterprise Leasing Company
The Hertz Corporation
Vanguard Car Rental USA, Inc. (Alamo & National)

2. That the President and Chief Executive Officer is authorized to enter into concession contracts with the seven rental car companies listed above, consistent with the terms presented to the Business Administration Committee at its April 17, 2013 Meeting.

*Recommended by the Business Administration Committee on April 17, 2013
For Consideration by the Board of Directors on May 15, 2013*