

**INFORMATION PAPER TO THE BUSINESS ADMINISTRATION
COMMITTEE**

**RENTAL CAR SOLICITATION AT
RONALD REAGAN WASHINGTON NATIONAL AIRPORT
APRIL 2016**

PURPOSE

To provide information to the Business Administration Committee on the status of the pending solicitation for the on-airport rental car concession contracts at Ronald Reagan Washington National Airport (Reagan National).

BACKGROUND

Reagan National currently has five on-airport rental car concession contracts, all of which expire May 30, 2016. In addition, the Airport has active permits authorizing two off-airport rental car operators to pick up and drop off customers at the Terminal curbs. The concession contracts provide for the Airports Authority to lease on airport facilities to the rental car industry in exchange for a percentage share of each company's gross sales supported and guaranteed by a Minimum Annual Guarantee (MAG). The two permitted off-airport operators also share revenues with the Airports Authority equal to 8 percent of gross sales. In 2015, the Airports Authority received revenues of approximately \$15.4M from the rental car industry.

DISCUSSION

The record passenger growth at Reagan National in recent years has generated an increased demand for rental cars and stressed existing rental car facilities located in a portion of Garage A. In 2015, the Office of Engineering initiated a comprehensive study of landside facilities including roadways and facilities for parking and rental cars to meet future needs. As part of this study, an industry questionnaire was sent to the rental car companies requesting their space requirements, and stakeholder meetings were held to discuss the questionnaire's results and Engineering's facility analysis. The results of this effort have provided important clarity for structuring the terms of the pending solicitation for the rental car contracts. Staff anticipates completing the pending solicitation structure in the next 30 days and bringing the recommendation to the Business Administration Committee in May 2016 along with a briefing on the Office of Engineering's facility planning recommendations.

In accordance with Paragraph 6.7.2 of the Contracting Manual, the Chief Executive Officer is authorized to extend concession contracts for a period up to 12 months to maintain services and revenue when timely award of a new contract cannot be made before the expiration of the current one. Management plans to utilize this flexibility and extend each of the current rental car concession contracts on a short-term month-to-month basis pending completion of a new rental car concession solicitation process and subject to the Committee's concurrence with the solicitation terms at the May 2016 meeting.

CONCLUSION

This report is for information purposes only. A formal presentation on the Reagan National landside facilities study and the recommended procurement approach for renewing the Reagan National rental car concession contracts is being scheduled for next month.

Prepared by:

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