

Memorandum

TO: Making Government Work Better
Committee

FROM: Gerald A. Silva,
City Auditor

SUBJECT: *Airport Concessions Contracts*

DATE: April 5, 2004

In accordance with the City Auditor's 2003-04 Audit Workplan, we have audited Avis Rent-A-Car. The objective of this audit was to verify that Avis correctly calculated, reported, and paid in accordance with the terms of the agreement, the concession fee, square footage rent, and transportation fee in 2002-03. More specifically, we assessed compliance with the agreement between the City of San Jose and Avis Rent A Car Systems, Inc., verifying that: (1) gross revenues are correctly reported and the appropriate concession fee is being paid to the City; (2) Avis paid the correct amount of rent based on the reported square footage; and (3) Avis correctly reported and paid the transportation fee assessed on the number of completed contracts. A memorandum outlining our findings has been sent to Ralph Tonseth, Director of Aviation, for his review.

In addition, at the request of the Airport, we are currently reviewing the financial information for Shuttleport to determine if Shuttleport is accurately stating its losses for the year. A memorandum outlining our conclusions will be sent to Ralph Tonseth, Director of Aviation, for his review.

The Airport has also asked us to perform an audit of Vanguard Inc., to verify that Vanguard correctly calculated, reported, and paid in accordance with the terms of the agreement, the concession fee, square footage rent, and transportation fee in 2002-03. We are currently working on this audit and will report our findings to the Airport at a later date.

Gerald A. Silva
City Auditor