

RESOLUTION NO. 74251

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE FIRST AMENDMENT TO THE ON-AIRPORT RENTAL CAR OPERATIONS AND LEASE AGREEMENTS WITH THE CURRENT ON-AIRPORT RENTAL CAR COMPANIES

WHEREAS, on October 2, 2007, the San Jose City Council (“Council”) approved a series of recommendations that increased the scope and budget of the Consolidated Rental Garage included in the Terminal Area Improvement Program (“TAIP”) at the Norman Y. Mineta San Jose International Airport (“Airport”); and

WHEREAS, design of the Consolidated Rental Car Garage has progressed to the 30% milestone, and Hensel Phelps submitted a 30% Guaranteed Maximum Price (“GMP”) which resulted in the project cost exceeding the available budget by \$16 million; and

WHEREAS, the On-Airport Rental Car Operations and Lease Agreements provide that if the GMP exceed \$237.5 million for the rental car portion of the garage or if the scope is materially different from the scope described in the agreements, the City and the rental car companies will work to resolve the issues; and

WHEREAS, negotiations and scope reductions have reduced the GMP overage to \$13 million; and

WHEREAS, the on-Airport rental car companies have agreed to increase their share of funding for the garage by \$22.9 million through the extension of their lease agreements from a maximum term of up to 25 years to a maximum term of up to 30 years;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager is authorized to negotiate and execute the First Amendment to the On-Airport Rental Car Operations and Lease Agreements with the current on-Airport rental car companies [Avis Budget Car Rental (operating as Avis and Budget), DTG Operations, Inc. (operating as Dollar and Thrifty), EAN, LLC (operating as Enterprise, Alamo and National), Fox Rent A Car, Inc., and The Herz Corporation] for on-Airport rental car operations at the Consolidated Rental Car Garage:

1. to extend the maximum term for an additional five year period by providing for a term of ten years from commencement of operations at the Consolidated Rental Car Garage, and up to two ten-year renewal periods, subject to mutual agreement of the City and the rental car companies, for a total maximum term of up to thirty years; and
2. to establish a Rent Stabilization Fund to be funded from excess facility rent payments in an amount not to exceed \$1,000,000 and to provide that any unexpended Program Reserve on hand upon completion of construction of the Consolidated Rental Car Garage will be credited to either the Rent Stabilization Fund or the repayment of debt on the Consolidated Rental Car Garage.

ADOPTED this 26th day of February, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, LICCARDO,
NGUYEN, OLIVERIO, PYLE, WILLIAMS, CORTESE

NOES: NONE

ABSENT: REED

DISQUALIFIED: NONE

DAVID CORTESE
Vice Mayor

ATTEST:

LEE PRICE, MMC
City Clerk