CITY OF TYLER
Tyler Pounds Regional Airport
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Tyler, TX 75704
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November 29, 2016

Re: Responses to HERTZ Questions for Bid #17-002

Dear Ms. Agan:

In response to your questions submitted on November 22, 2016 regarding Bid #17-002:

With respect to the RFQ:

- 2. Schedule
  - Schedule - please extend the deadline to allow a second round of clarifications Denied.
  - Also please set deadline at least 3 weeks from final addendum date to ensure that each company has adequate time to prepare and ship the bid documents No change to RFQ schedule of dates, with respect to Addendum No. 1 and Addendum No. 2.

- 4. Management Services
  - First paragraph – please allow for companies to make decisions regarding potential outsourcing of behind the scenes functions, such as vehicle transportation and/or vehicle washing. We do not need such consideration for front line counter employees and management staff. Please specify where in the Lease you are referencing. This question does not apply to the first paragraph.
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- 8.D) Preparation of Quotations
  - Please confirm that final version of Lease will be updated to match the Addenda Yes, confirmed.

- 10. Responsible Proposer Criteria
  - A) Please confirm that this requirement to list 5 airports and contact information is waived for incumbents? This will be waived for incumbents. Otherwise, please clarify what is meant by airport size? Should we reference enplanement information? Or are you seeking car rental revenue information? Or, does this mean some other measurement?
  - D) Please confirm that we do not need to include voluntary cancellations since those are allowed by the contract language and usually the result of insufficient business levels. Approved. Confirmed.
  - E) Please reconsider dramatic rent increase. In light of the deplanement declines, we cannot afford such extreme increases in operating expenses. I will send separate information on comparable rental rates at other airports. An addendum will be issued reflecting a graduating annual increase as follows: Contract YR 1: $30.00/per space/per month; Contract YR 2: $45.00/per space/per month; Contract YR 3: $60.00/per space/per month. This will be amended into the City Ordinance.
  - I) Please privately confirm whether any outstanding obligations exist for incumbent brands. Each current rental car company lessees will receive, via email, a letter stating current account balance, itemized for any past due items.

- Financial Information Form
  - 3. Credit References - please clarify that this requirement is waived for incumbents. No change via Addendum. Credit references are NOT waived for incumbents. All incumbents must provide credit references and completely fill out the financial form.
- Rental Fee Proposal Form
  - Please consider using the same bid number for all 3 years. With the current passenger traffic uncertainty, it is unnecessary to bid a separate amount for each year. Since we pay 10% of revenues, the airport's revenues will increase with any additional airline service. Denied. Each RAC bid can reflect the same amount for each year.

- Space allocation
  - Counters – please clarify how the counters are assigned. Counters shall be allocated based on MAG share as bid among the rental car concessionaires, with the highest qualified bidder receiving first option for counter choice.
  - R/R spaces – if any changes are made to the initial allocation language or reallocation provisions, please confirm that each of the 4 successful brands will have a row header (the portion of the row nearest to the terminal). Also please confirm that each brand will be assigned 2 of the upfront stalls nearest the terminal. Lessee shall have use of the rental car parking lot as shown on the attached Exhibit "B". Spaces shall be allocated based on MAG share as bid among the rental car concessionaires, with the highest qualified bidder receiving first option for the preferred group/block of parking spaces. After the first 26 spaces of a group/block number are allocated the remaining spaces as a result of the allocation, will begin at the furthest spaces of the preferred group/block located in the back of the lot. Spaces will NOT be re-allocated annually based on the previous twelve (12) month market share. Lessee further agrees to mark or sign their spaces at Lessee's expense as requested by City. Each space MUST have signage provided by the concessionaire, which has been approved for use and installation under the new lease, by the Airport Manager. The use of or rental of such spaces to the general public for the parking of vehicles is strictly prohibited. The high bidder will then have first choice of unclaimed spaces, if any, based on their bid share again and so on.

  - **Note that the car wash section has 30 spaces to be divided proportionally according to the bid share of the successful bidders (this contradicts the agreement language – see Article II, Section T below)** An Addendum to the RFP will reflect current language in existing lease. "The Facility has thirty parking spaces for rental car storage. Spaces will be allocated equally among the successful bidders, with any extra spaces allocated based on the bid share."

  - Please confirm how "bid share" is determined. The percent of MAG will be determined from the total of all qualified bids.

With respect to the Lease:

- Article I, Section A – Please confirm that vacating operators will be required to repair any existing damage and deliver the premises to the new operator in a broom clean and functional manner. Refer to Article II. C and Article VI. D.

- Article I, Section D (4) – please add the most favored nations clause from the current agreement. The successful brands need the airport's assurances that all companies will be treated equally. An Addendum will reflect the following clause, or similar: "In the event the CITY shall enter into any lease or agreement with another rental car operator within the Terminal Building, that

agreement will not contain more favorable terms than this AIRPORT AUTO RENTAL LEASE, unless the same rights, privileges and favorable terms are concurrently made available to CONCESSIONAIRE."

- Article I
  - Section F – please rename this section to indicate that construction is optional. Agreed. Revision will be made to reflect construction is optional.
  - Section F(6) – please allow current signage to be grandfathered – understanding that any references to a second brand must be deleted. No grandfathering of signage. Whether signage is new or previously used, approval for all signage must be made by Airport Manager under the new lease. Signage can be sketched, diagramed or photographed on paper for purposes of approval.

- Article II, Section A – please delete the obligation to construct, maintain, and repair the City's assets
  - Please clarify that the successful bidders are not responsible for paving, painting, structural repairs, and other landlord maintenance obligations. Should a section be added to clearly exclude these landlord obligations from rental car operator responsibility? Revision will be made to reflect rental car concessionaire's responsibilities. City currently provides maintenance on its improvements. This will not apply to concessionaire's improvements.

- Article II, Section T --- How are maintenance obligations/costs divided among other RACs? Would the City be willing to add these responsibilities to their obligations that are funded by the revenues generated by the Wash Fees or CFC funds? Maintenance obligation costs are funded through the CFC and wash fees. These are not divided among RACs.
  - Note section T(8) states the 30 car wash storage spaces **are divided equally among the RACs, with extra spaces allocated based on bid share.** An Addendum to the RFP will reflect current language in existing lease. "The Facility has thirty parking spaces for rental car storage. Spaces will be allocated equally among the successful bidders, with any extra spaces allocated based on the bid share."

  - Section T(9) is new to this agreement --- it includes the fees - $3/wash and $.25 for each minute over 12. Can we please discuss a reduced fee that maintains some fair amount of compensation to the airport, but recognizes that the debt service and other facility costs are being funded by the CFC proceeds? No change. The amount was previously agreed to before construction began.

- Article IV(B) – Gross Revenue – please modify the underlined section "whether the customer is transported from the Airport to an off-site place of business" to read "whether the customer is transported <u>by ground transportation operated by or at the direction of Concessionaire</u> from the Airport to an off-site place of business." Denied. No change.

- Please reinstate the MAG abatement clause from the current agreement. It is unfair to hold the successful bidders to a MAG level that was bid in good faith if deplanements continue to decline. Abatement will be reinstated to reflect, or similar to: 'should the deplanements decline below 75% for the same 90-day period'.

- Article V(A) – please reduce the property damage amount from $5,000,000/$5,500,000 to $500,00/$1,000,000 as in the current contract. No changes.

- Article VI.E.5. – Please clarify that the Lessee may terminate the Lease upon 10 days notice if the conditions in this section occur. Denied. No change.

Miscellaneous:

- Please provide copies of – the Off Airport Terms and Conditions (City Ordinance Chapter 12. Article III. Sec. 12-31(b.). A link to the City of Tyler, Texas Code of Ordinances has been provided on the Tyler Pounds Regional Airport webpage, under RFPs.

- Also, please provide the documentation referenced in the answer to EAN's questions about the calculations of the Car Wash Fee. I'm not sure if this formula is referenced in the City Code? Or, just in the Airport Board Meeting minutes? Or somewhere else? A link to the City of Tyler, Texas Code of Ordinances has been provided on the Tyler Pounds Regional Airport webpage, under RFPs.

- Please provide copy of current CFC Ordinance (City Code Chapter 12. Article III. Section 12-31 (j). A link to the City of Tyler, Texas Code of Ordinances has been provided on the Tyler Pounds Regional Airport webpage, under RFPs.

Respectfully,

Jennifer L Price
Airport Projects Coordinator