



AGENDA REPORT

PROPOSED ACTION: **Ordinance:** Approve and Authorize the Executive Director to Execute Amendment No. 4 to Lease with The Hertz Corporation for Rental Car Concession Quick Turn-Around Facility, Located in the North Field at Oakland Airport to Extend the Term of the Lease to June 30, 2027, Delegate Authority to the Executive Director to Execute a Letter Amendment to Further Extend the Term of the Lease to June 30, 2032, and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Aviation)**

Submitted By: Craig Simon, Director of Aviation; Kristi McKenney, Executive Director

Parties Involved:

The Hertz Corporation, Estero, FL,
Morgan Williams, Properties and
Concessions Director

Amount: \$578,415 in anticipated revenue
for FY 2025

EXECUTIVE SUMMARY: Quick Turn-Around (QTA) facilities allow on-airport rental car companies the ability to clean, service, and stage rental cars on Oakland Airport (OAK or Airport) property. The Hertz Corporation (Hertz) requires an amendment to their QTA Lease agreement to extend the term of their occupancy from February 1, 2025, to June 30, 2027, with a further extension upon mutual written agreement for an additional 60 months, expiring June 30, 2032.

BACKGROUND & ANALYSIS

OAK has several rental car companies located in the North Field. Rental car companies collectively manage and operate the Consolidated Rental Car Facility (ConRAC), servicing customers' vehicle rental needs. Each rental car company also maintains separate QTA facilities use to clean and stage their rentals. The Hertz QTA facility was constructed by the tenant and is located at 8000 Earhart Road. The Leased area is comprised of 3.93 acres of paved land, improved with several structures. The improvements will remain the property of Hertz until the expiration of the QTA lease, or early termination by the Port. Exhibit 1 shows the Hertz QTA in relationship to the other rental car companies' QTA facilities and the ConRAC.

The proposed Amendment No. 4 to Lease (Amendment) with Hertz will extend the term of the QTA Lease from February 1, 2025, through June 30, 2027 (First Extended Term). The rent at the commencement of the First Extended Term would be increased by the percentage change in the Consumer Price Index for the period of August 1, 2022 – January 31, 2025, as prescribed in the QTA Lease. This would result in a monthly rental of \$49,999.16 generating \$599,989.92 in the first year of the First Extended Term. The Performance Deposit would continue to be set at three times the monthly rent, as per the terms in the QTA Lease.

The proposed Amendment also authorizes the Executive Director to execute a Letter Amendment further extending the term of the QTA Lease beyond the First Extended Term expiration date for an additional 60 months from July 1, 2027 through June 30, 2032. The rent on July 1, 2027 and January 1, 2030 would escalate based on the percentage change in the Consumer Price Index.

Exhibit 1
ConRAC and QTA Facilities



OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- ☐ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☐ Other/Notes:

BUDGET

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - ☒ Operating
 - ☐ Non-Operating
 - ☐ Capital

Analysis: Revenues for these agreements were included in the FY 2025 Operating Budget totaling \$577,079. If approved, revenues would increase slightly to \$578,414.94 due to differences in budgeted vs actual CPI, resulting in \$1,335.94 of additional revenues in FY 2025.

STAFFING

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- ☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

- ☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> The tenant has not proposed any development for the leased area. If the tenant decides to develop the site in the future, the tenant must comply with the 2000 Sustainability Policy and complete the Sustainability Opportunities Assessment Form.</p>	<p>Not Required – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Capture Our Market and Grow the Economic Base <input type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	