



County of Allegheny

Office of the Controller

REPORT ON CONTRACT COMPLIANCE PROCEDURES
PERFORMED FOR DTG OPERATIONS, INC.
(D/B/A THRIFTY RENTAL CAR COMPANY)
CONTRACT # 0764 AND #0764-A
FOR THE PERIOD
MARCH 1, 2007 THROUGH APRIL 30, 2009

(Non-Audit Service)

AUGUST 6, 2010

**County of Allegheny
Office of the Controller
Mark Patrick Flaherty
Controller**

**104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219
Phone: (412) 350-4660
Fax: (412) 350-4770
E-mail: Controller@county.allegheny.pa.us**



MARK PATRICK FLAHERTY
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219-2498
PHONE (412) 350-4660 • FAX (412) 350-3006

GUY A. TUMOLO
DEPUTY CONTROLLER

July 19, 2010

Mr. Bradley Penrod
Executive Director
Allegheny County Airport Authority
P.O. Box 12370
Pittsburgh, PA 15231-0370

SUBJECT: REPORT ON CONTRACT COMPLIANCE
 PROCEDURES PERFORMED FOR DTG OPERATIONS, INC.
 CONTRACT # 0764 AND #0764-A
 (D/B/A THRIFTY RENTAL CAR COMPANY)
 FOR THE PERIOD MARCH 1, 2007 THROUGH APRIL 30, 2009

Dear Mr. Penrod:

We have performed certain procedures we considered necessary to assess DTG's (d/b/a Thrifty Rental Car Company) rent remittances made pursuant to Section 4.01 of its Pittsburgh International Airport On-Airport Rental Car Concession Agreement (Concession Agreement) with the Allegheny County Airport Authority (Airport Authority) for the period March 1, 2007 through April 30, 2009. These procedures were performed as a non-audit service. Therefore, this engagement is not covered by Generally Accepted Government Auditing Standards.

Under the terms of Section 4.01 of the Concession Agreement, DTG shall pay to the Airport Authority the greater of ten percent of gross revenue received from the operation of the rental car concession or the stipulated Minimum Annual Guarantee (MAG). The MAG stayed consistent each year at \$50,000 during the term of the Concession Agreement that began May 1, 2003 and expired on April 30, 2008.

Effective March 1, 2007, the Concession Agreement for Thrifty Rental Car Company was assigned from General American Car Rental to DTG Operations, Inc. Therefore, our engagement period began March 1, 2007. The agreement says that DTG is solely liable for the performance and observance of the covenants, responsibilities, and conditions of the Concession Agreement.

The Airport Authority approved DTG's request to exercise the option term which extends the Concession Agreement for five years commencing May 1, 2008 and terminating on April 30, 2013. The MAG for the first year of the extension is 80% of the rent due for the prior lease year. For May 1, 2008 through April 30, 2009 the MAG was \$290,507. For each of the remaining four years, the MAG shall be 80% of the prior lease year's rent due, but never less than the prior year's MAG.

During our fieldwork, we noted that Thrifty was charging customers an extra 2% for the State tax from approximately March 2007 through February 2008. We also found that Thrifty remitted all of the additional taxes it collected from this error to the State. The error in the accounting system has been corrected.

The following table summarizes gross revenue and rent paid for the two year period ended April 30, 2009. For March and April 2007, DTG properly remitted \$46,911 to the Airport Authority.

	For the Year Ended April 30,	
	2008	2009
Original Gross Revenue	\$ 3,631,334	\$ 3,557,541
Concession percentage	10%	10%
10% of Gross Revenue	\$ 353,134	\$ 355,754
Minimum Annual Guarantee	\$ 50,000	\$ 290,507
Rent Due: Greater of 10% Gross Revenue OR Minimum Annual Guarantee	\$ 363,133	\$ 355,754
Amount Paid by DTG	\$ 363,133	\$ 366,147
Amount Due Airport Authority (DTG)	-0-	(10,393)
Credit Used by DTG	-0-	10,393
Credit Remaining as of July 19, 2010	-0-	-0-

For the lease year May 1, 2007 through April 30, 2008, ten percent of gross revenue, as well as the amount paid, equaled the MAG. Therefore, neither the Airport Authority nor DTG was due a credit. For the lease year May 1, 2008 through April 30, 2009, ten

percent of gross revenue exceeded the MAG. Additionally, the amount paid by DTG exceeded the rent due for that lease year, which entitled DTG to a credit. As of the date of this report, DTG had used the available credit from the last lease year.

We would like to thank the staff of the Airport Authority and DTG for their courtesy and cooperation during our review.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc: Airport Authority Board of Directors
Honorable Rich Fitzgerald, President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive, Allegheny County
Mr. James M. Flynn, Jr., County Manager, Allegheny County
Ms. Amy Griser, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Ms. Jennifer Liptak, Budget Director, County Council
Mr. James R. Gill, Chief Financial Officer, Allegheny County Airport Authority
Mr. Stephen W. Robinson, Controller, Allegheny County Airport Authority
Mr. Guy A. Tumolo, Deputy Controller, County Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, County Controller's Office
Ms. Pamela Goldsmith, Communications Director, County Controller's Office
Mr. Joe Olivera, Properties & Concessions Dept, DTG Operations, Inc.