



# County of Allegheny

## Office of the Controller

REPORT ON CONTRACT COMPLIANCE PROCEDURES  
PERFORMED FOR DTG OPERATIONS, INC.  
(D/B/A DOLLAR RENT A CAR)  
CONTRACT # 0763  
FOR THE PERIOD  
MAY 1, 2006 THROUGH APRIL 30, 2009  
*(Non-Audit Service)*

AUGUST 6, 2010

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

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**MARK PATRICK FLAHERTY**  
CONTROLLER

# COUNTY OF ALLEGHENY

## OFFICE OF THE CONTROLLER

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**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.  
                         (D/B/A DOLLAR RENT A CAR)  
                         CONTRACT # 0763  
                         FOR THE PERIOD MAY 1, 2006 THROUGH APRIL 30, 2009

Dear Mr. Penrod:

We have performed certain procedures we considered necessary to assess DTG's (d/b/a Dollar Rent A Car) 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 May 1, 2006 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 increases each year and ranged from \$345,000 to \$410,000 during the term of the Concession Agreement that began May 1, 2003 and expired on April 30, 2008.

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 \$501,346. 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.

The following table summarizes gross revenue and rent paid for the three year period ended April 30, 2009.

	For the Year Ended April 30,		
	2007	2008	2009
Original Gross Revenue	\$ 5,521,689	\$ 6,266,828	\$ 5,958,384
Concession percentage	10%	10%	10%
10% of Gross Revenue	\$ 552,169	\$ 626,683	\$ 595,838
Minimum Annual Guarantee	\$ 390,000	\$ 410,000	\$ 501,346
Rent Due: Greater of 10% Gross Revenue OR Minimum Annual Guarantee	\$ 552,169	\$ 626,683	\$ 595,838
Amount Paid by DTG	\$ 554,133	\$ 627,825	\$ 628,299
Amount Due Airport Authority (DTG)	(1,964)	(1,142)	(32,461)
Credit Used by DTG	1,964	1,142	32,461
Credit Remaining as of July 19, 2010	-0-	-0-	-0-

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

Mr. Bradley Penrod  
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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.