



**Airport Car Rental and Parking
Contracts Audit**

Audit Report 13-02

December 2013

The purpose of this audit is to ensure that the Rapid City Regional Airport and the concessionaires that provide parking and rental car services to airport patrons are complying with the terms and conditions of the lease and concession agreements.

The Airport Rental Car and Parking Contracts audit (13-02) focused on these three objectives:

1. Determine if Airport and vendors are in compliance with the contract terms;
2. Determine if department practices and procedures for monitoring contract performance are adequate to ensure contract compliance by vendors; and
3. Determine if improvements can be made in the monitoring process.

Background

The Rapid City Regional Airport provides parking and rental car services to airport patrons through contracts with private companies.

- Parking services are provided by Standard Parking.
- Car rental services are provided by six on-premise and three off-premise companies.

Car rental companies and Standard Parking pay use fees to the airport based on a percentage of gross revenues.

2012 Revenue from Concessionaires

- Parking concession \$919,000
- Rental car concessions \$1,000,900
- Together this accounts for nearly 50% of the airport's \$4 million dollar operating budget

Using Criteria from:

- South Dakota Statutes
- Car Rental Lease and Concession Agreements
- The Parking Lot Lease and Concession Agreement
- COSO Internal Control Framework
- U.S. General Accountability Office (GOA)

COMPASS presented airport management with findings and 4 recommendations in the following areas:

- Minimum annual guarantee
- Credit card service fee
- Contract monitoring policies and procedures

Audit Findings

- Rapid City Regional Airport, rental car concessionaires and the parking concessionaire are generally in compliance with the terms and conditions of the respective lease and concession agreements.
- Minor issues with the credit card service fee charged to the airport by Standard Parking.
- Contract monitoring policies and procedures employed by airport management will ensure an adequate level of performance by concessionaires under the contracts. However the policies and procedures in use should be formalized in writing.

Minimum Annual Guarantee

Recommendation One: Management should add an addendum to the rental car lease and concession agreements to require the annual minimum guarantee for the use fee to be reconciled at the end of the contract year.

Credit Card Service Fee

Recommendation Two: Management should add an addendum to the Parking Lot Lease and Concession Agreement specifically authorizing payment of a monthly credit card service fee to the parking lot concessionaire.

Recommendation Three: Management should require the parking lot concessionaire to provide a monthly report of the parking lot revenue from credit card sales.

Monitoring Policies and Procedures

Recommendation Four: Management should establish written policies and procedures based on current practices for contract compliance monitoring.

The Airport Car Rental and Parking Contracts
Audit Report (13-02)
is available online at:

<http://www.rcgov.org/Compass-Committee/index.html>