



City of Houston

Ronald C. Green

City Controller

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Controller's Audit Reveals City Owed Millions in Rental Car Fees
Airport Concession payments show amount owed and future savings totaling \$5 Million

Houston, TX – An audit released today by the City of Houston Controller's Office Audit Division concludes that Avis Rent a Car System, Inc. underpaid the City at least \$1.59 million in concession fees and identified \$4.4 million in total savings during the life of the contract. The Contact Compliance/Performance Audit focused on a single year ending August 31, 2011. The Avis Concession Agreement with George Bush Intercontinental Airport stipulates a 10 percent concession of Avis's gross revenue; during the year of the audit, Avis reported gross revenue of \$40.36 million.

The reported gross revenue did not include "Pre-Paid Fuel," a flat amount purchased at the beginning of the rental period based on a full tank of gas for which the customer is charged; the customer is charged whether or not the fuel is used, hence the charge is revenue for Avis.

Expanded testing of the audit sought information dating from September 2003 through April 2012. Avis reported the total unreported gross revenue from pre-paid fuel at both IAH/Bush Intercontinental and HOU/Hobby Airport was \$13.44 million, resulting in an underpayment of concession fees (plus interest) to the Houston Airport System (HAS) of between \$1.59 million and \$1.64 million.

Additionally, Hertz had unreported gross pre-paid fuel revenues of \$5.9 million between the years 2008-2010, which yields an additional concession payment to the City of between \$504,617 and \$645,923.

"This is a significant amount," says Houston City Controller Ronald C. Green. "But when you look at the length of the Avis contract, which extends through 2027, we'd expect an additional \$2.7 million dollars in future fuel concession payments, bringing the past and future payments to over \$5 million. This audit is a model of what a contract compliance and performance audit should be: it identified losses and future savings, and it served as a template for all the rental companies that contract with HAS."

The other rental car companies contracting with HAS are Simply Wheelz (Advantage), Dollar, Thrifty, Enterprise and National/Alamo; each reported pre-paid fuel in their gross revenues and/or paid the related concession. Budget is owned by Avis and was included in the audit.

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Ronald C. Green was elected Houston City Controller in December 2009, after serving three terms as a Council Member At Large on Houston's City Council where he also served as Chair of the Budget and Fiscal Affairs Committee. He was unopposed for his second term as Controller. Green earned both a Bachelor of Science and a Master of Business Administration from the University of Houston, as well as a law degree from Texas Southern University's Thurgood Marshall School of Law. He is licensed to practice law in the State of Texas, the District of Columbia, the 5th Circuit Court of Appeals and the United States Supreme Court. Green is also

a licensed real estate broker. In January 2013, he was appointed to the Governmental Accounting Standards Advisory Council (GASAC).