

Revised 2/24/12

Item A

# San Diego International Airport Consolidated Rental Car Center (CONRAC)

Board Briefing

March 1, 2012

Presenters:

Vernon D. Evans, Vice President/ Finance/Treasurer

Bryan Enarson, Vice President, Development



# CONRAC Program Overview

- Consolidates airport car rental customer service and operations into one facility on North side of airport
- Provides a common-use transportation system between the CONRAC facility and passenger terminals via a restricted Terminal-link Roadway
- Funded through Customer Facility Charge (CFC) revenues and rental car industry payments (i.e., facility O&M and ground rent)



# Relevant Board Actions

## May 1, 2008

Approved SDIA Airport Master Plan, including CONRAC

## March 5, 2009

Authorized \$10/transaction CFC for up to 2 years

## May 6, 2010

Authorized on-going collection of CFC

## September 1, 2011

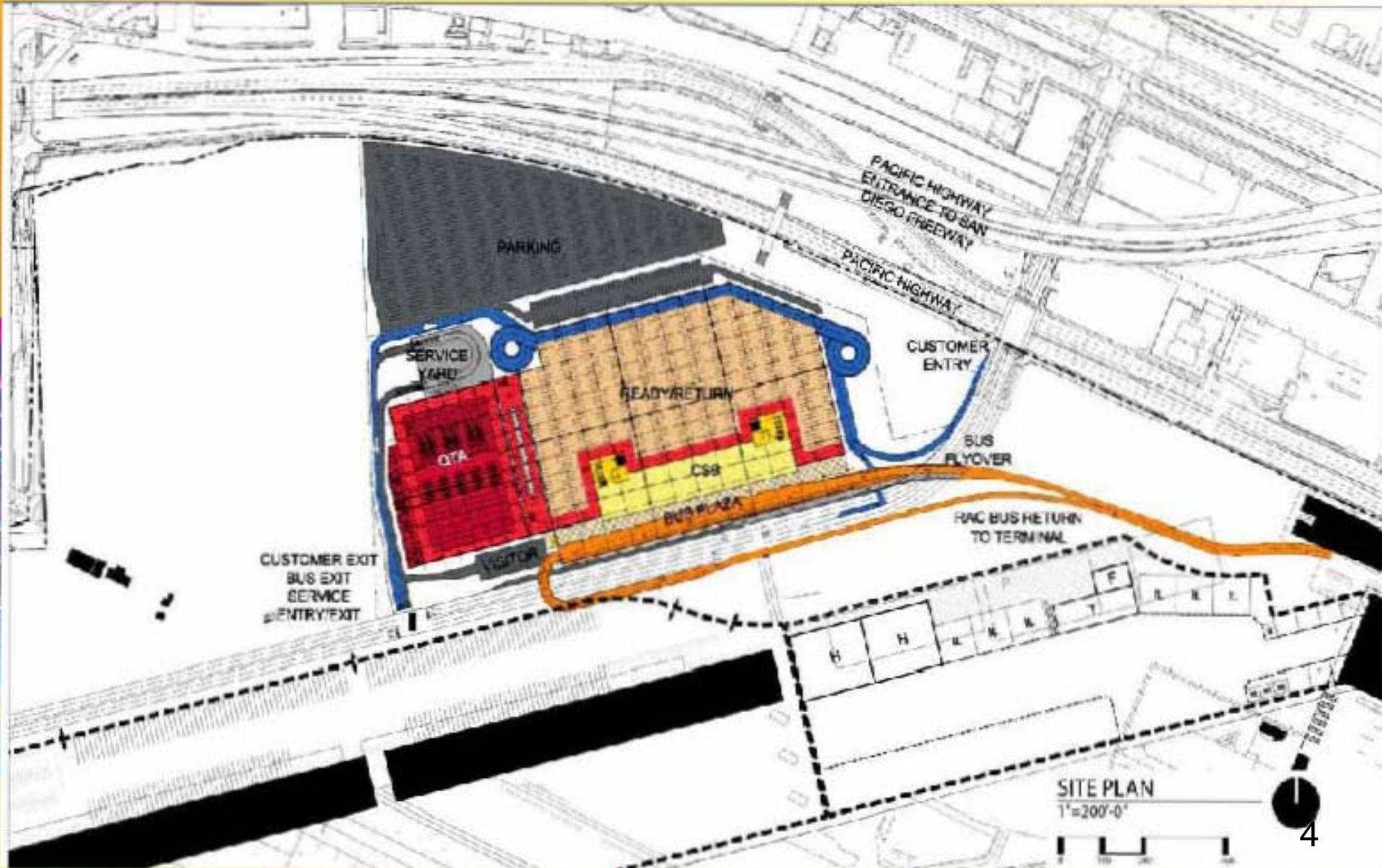
Certified Environmental Impact Report, including CONRAC

## October 6, 2011

- Increased CIP to include CONRAC.
- Authorized use of CFC funds for CONRAC Design and Enabling Project Construction not to exceed \$60 Million



# Programmatic Layout



# Project Delivery Methods Considered

- Design / Build
- Construction Manager at Risk
- Third Party Developer



# CONRAC Risks/Challenges

- Schedule
  - Summer of 2015
  - 12 months Design
  - 24 months Construction
- Car Rental Industry Input/Participation
- Site Conditions
  - Existing Piles
  - Environmental Mitigation
  - Seismic study



# Enabling Projects Update

- Utilities
  - Sanitary Sewer System
  - Storm Drain System
  - Water
  - Fiber Optics (Communications System & IT)
  - Electrical Power
- Roadways
  - Interior Roadway
  - Terminal Link Road
  - Washington Street Access Road





# Peer Review

- **Hartsfield–Jackson Atlanta International Airport**  
Jim Drinkard, Assistant General Manager - Planning and Development
- **Phoenix Sky Harbor International Airport**  
Tamie Fisher, Assistant Aviation Director  
David Hensley, Deputy Aviation Director – Design and Construction
- **UCSD**  
James Gillie, Senior Director – Construction Services
- **San Diego City College District**  
David Umstot, Vice Chancellor – Facilities Management

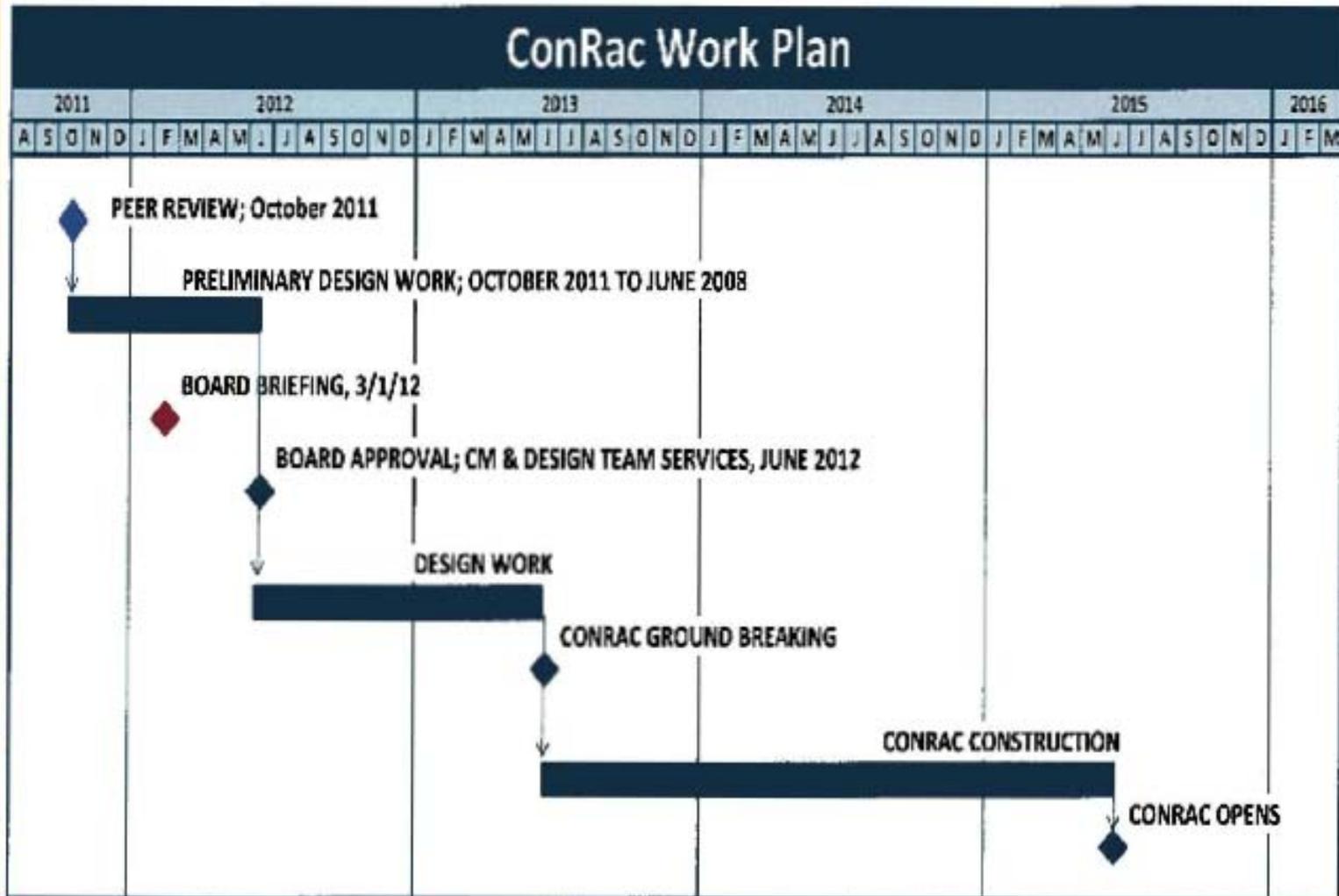


# Project Delivery Method Matrix

Program Element	CMR	DB	3 <sup>rd</sup> Party Developer
Budget	Best	Best	Best
Schedule	Best	Best	Best
Financing	Best	Best	Unnecessary
Procurement	Best	Best	Standard
Local Business	Best	Standard	Standard
Small Business	Best	Standard	Standard
DBE	Best	Standard	Standard
Design	Best	Standard	Standard
Stakeholders	Best	Standard	Standard



# Development



# Programmatic Cost Estimates

- CONRAC Facility \$264,000,000
- Enabling Projects Allocations \$30,000,000
  - Terminal Access Roadway
  - North Side Utilities
  - Interior North Side Road



# Financial Feasibility

Analysis indicates CFC revenues should be sufficient to cover eligible project costs, provided the Authority sets the CFC at the maximum rates permitted under the 2011 amendment to the California Civil Code §1936.



# CFC Eligible Costs

- Planning, Design & Construction
- Debt Service
- Renewal & Replacement Fund
- Common Busing Fleet Acquisition
- Common Busing Operation and Maintenance
- Related Infrastructure (Allocation of Enabling Projects)



# Project Cost and Funding

(dollars in thousands)	<u>Total Cost</u>	Rental Car	<u>Paygo CFC<sup>1/</sup></u>
		Special Facility <u>Bond Proceeds</u>	
CONRAC Facility	\$264,000	\$159,608	\$104,392
Enabling Projects (CFC Eligible)	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Cost <sup>2/</sup>	\$294,000	\$189,608	\$104,392

Notes:

<sup>1/</sup> CFCs collected and interest earned on CFCs collected prior to sale of bonds.

<sup>2/</sup> Buses are assumed to be leased and are not included in this table. The lease expense (≈\$10,000,000) is included in the yearly operating expense for this analysis.

---

Sources: San Diego County Regional Airport Authority, Ricondo & Associates, Inc., February 2012.

Prepared by: Ricondo & Associates, Inc., February 2012.



# Bond Source & Uses of Funds

(dollars in thousands)

## Source of Funds

Bond Proceeds	\$244,850
---------------	-----------

## Uses of Funds

Deposit to Project Fund	\$189,608
Deposit to Debt Service Reserve Fund	20,641
Deposit to Capitalized Interest Fund	26,989
Deposit to Coverage Fund	5,160
Costs of Issuance	2,452

## **Total Uses**

	<b><u><u>\$244,850</u></u></b>
--	--------------------------------

Note:

Interest Rate for the CONRAC Facility is assumed at 7.50% (Taxable), and interest rate for enabling projects are assumed at 6.50% (Tax-Exempt)

Source: Frasca & Associates, L.L.C., Ricondo & Associates, Inc. February 2012.

Prepared by: Ricondo & Associates, Inc., February 2012.

# Required CFC Rates

- May 1, 2009 - \$10.00 / rental transaction
- January 1, 2013 - \$6.00 / day <sup>1</sup>
- January 1, 2014 - \$7.50 / day <sup>1</sup>
- January 1, 2017 - \$9.00 / day <sup>1</sup>

<sup>1</sup> Limited to a maximum of 5 days per transaction, pursuant to CA Code §1936.



# Target Dates

Release RFQ for Design	March 2012
Award Contract & Commence Design	June 2012
Develop RFP & Business Terms	June 2012
30% Design Completed	Spring 2013
Finalize and Issue RFP	April 2013
Leases Executed	July 2013
First Construction Package Issued	Summer 2013
CONRAC Complete	Summer 2015



# Questions?



## COMMUNICATION RECEIVED FROM THE PUBLIC

*Connie G. Gurich*  
*Director, Properties*

February 24, 2012

**The Hertz Corporation**  
6151 Century Blvd., Suite 600, Los Angeles, CA 90045  
Telephone: (310) 568-3459  
Fax: (310) 568-3454

Vernon D. Evans, CPA  
Vice President, Finance/Treasurer  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego CA 92138-2776

Re: Proposed Rental Car Consolidated Facility (CONRAC)  
Construction Manager at Risk

Dear Mr. Evans:

As discussed during the recent rental car industry conference call, we understand that the airport is considering a design build construction manager at risk program in its delivery of the CONRAC. We have had good results with this method elsewhere and support the process in San Diego. We consider this a huge first step in the development of the CONRAC and look forward to a successful completion.

In the process, we look forward to working closely with airport staff on the many business issues yet to be resolved. We all want a project that meets our needs at a price we can afford and which will provide the best customer service we can offer our customers in San Diego. Thank you.

Sincerely,



Connie G. Gurich  
Director of Properties

cc: Thella Bowers  
Rental Car Companies



February 23, 2012

Ms. Thella F. Bowens  
President and Chief Executive Officer  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego, CA 92138-2776

RE: Consolidated Rental Car Center

Dear Ms. Bowens:

The purpose of our letter is to voice our support for the proposed project delivery method, Construction Manager at Risk, as recommended by your staff, for the Consolidated Rental Car Center. We understand the Board will be updated on March 1<sup>st</sup> on the topic.

While a number of issues remain to be fully developed and reviewed, including the type of bonds to be sold to most economically finance the project, the overall project plan has come a long way in the past few months, and is generally one we can now support. We have participated in rental car projects all across the country where the delivery method was design/build, third party developer, or CM at risk. All can work in particular situations. However, we have had very good success with the CM at risk in San Jose recently, and believe it is the best fit under the circumstances in San Diego.

Thank you for your continuing efforts to improve facilities and customer service at the San Diego airport.

Best regards,

Lorraine Tallarico  
Director of Properties, West Area

cc: Vernon Evans  
Robert Bouta  
RAC Industry Members

Cendant Car Rental Group, Inc.  
513 Eccles Avenue, Suite A  
South San Francisco, CA 94080  
Main: (650) 616-0150 / Fax: (650) 624-0179





SENT VIA EMAIL VEVANS@SAN.ORG

February 28, 2012

Mr. Vernon D. Evans, CPA  
Vice President, Finance/Treasurer  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego CA 92138-2776

RE: Consolidated Rental Car Facility CM @ Risk

Dear Mr. Evans:

In a recent conference call with members of the rental car industry and the airport, the airport informed us of their preference to go with a construction manager at risk to work of the consolidated rental car facility. On behalf of DTG Operations, Inc., operating the brands Thrifty Car Rental and Dollar Rent A Car, I am writing to express our support to use this delivery method. This method has been used in the past with good results.

We look forward to working with the airport to discuss the design and the business terms for this project.

Sincerely,

A handwritten signature in black ink that reads "Tammy Branham" with a circular mark at the end.

Tammy Branham  
Executive Director, Properties & Concessions

Cc: Troy Ann Leach