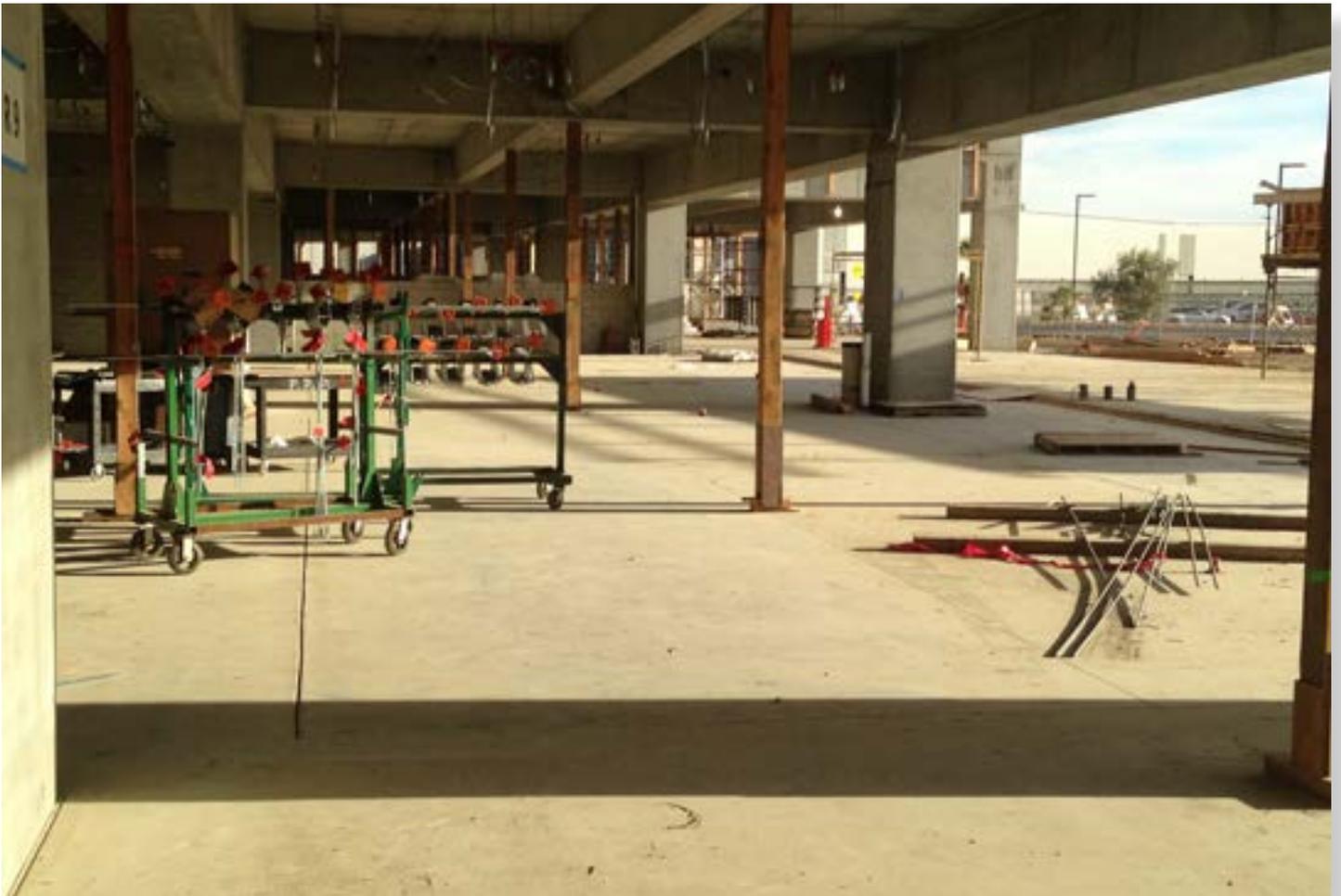


CASE STUDY

Consolidated Rent-A-Car Facility Best Practices: Early Operator Input

Identifies value enhancements and saves time and money



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Steep Learning Curve

Project delivery of a consolidated rent-a-car facility is a complex and unique endeavor. From concept to finance, design and construction, each facility presents its own set of unique challenges and components. These include region, airport size, passenger count, building program as well as external factors such as numerous and varied project teams, airport stakeholders and, of course the concessionaires who will occupy the facility. No two facilities are alike and each require knowledgeable experts with proven experience in their field working together at the right time to deliver a successful project.

Decisions made early in the project, and throughout the design and construction phase have significant impact on the operations of the facility; the cost of operations, capability of building functions, as well as life cycle costs. These decisions traditionally are made from the perspective of the designer or contractor but miss the input of an experienced day-to-day active operator. The operator who will be responsible to manage the performance of the building and systems over the life of the facility. It's the difference between how systems are "planned" to work versus how systems really perform in real-life.

RAC Operational Representation

The Rent-A-Car Industry in San Diego hired CS Operators as the operator approximately 3 years prior to facility activation to answer questions about anticipated operational expenses, O&M planning, and facility safety programming. This was to help identify any opportunity for operational savings, offer project input, and to work with the Airport in an effort to understand the long term facility functionality of 3rd party operations.

Industry Representation vs Airport Representation

CS Operators provided representation to the RAC industry on an operations level alongside the airport and their technical teams to help ensure the RACs' operational interests were considered in the design and contracting process. The RAC industry contracted directly with CS Operators, while the project technical representation contracted directly with the Airport. This collaborative process included third-party oversight of both major stakeholders in the project and provided effective insight and cost-savings.

Timing

There are different stages of the project that require operational input and representation from a non-biased third-party operator which allow for greater flexibility in site programming and planning. The earlier an operator can be

Decisions made during the design and construction phase of the project can have a significant financial impact the cost of operations.

- Operational costs impact the airport, industry concessionaires and consumer. Thirty-year operations for a 2.1 million square feet consolidated facility can exceed \$127 million. Even a flat 5% savings over the life of the facility represents a \$6.37 million impact to the budget.
- Design enhancements may optimize the operational capability of the facility, extend building life and may reduce building life-cycle costs
- Construction cost-savings may allow for additional enhancements or an increase building scope.
- Design enhancements can positively impact user experience for both the travelling passenger and the tenant.

involved, the more effective they can be in providing valuable input regarding building functionality

Value Added vs. Price

To provide optimal value, CS Operators offered services at cost without any mark-up or fee with the agreement to enter into an operations contract once the concession agreements were finalized. Overall the industry gained participation and consultation services throughout the project for less than \$20,000 and had the operator on-board to facilitate smooth transition through activation and into operations.

\$1 Million Dollar Savings

- Single Line Item - Fueling

CS Operators input reduced overhead expenses incurred by RAC operators by \$1 million through an implemented recommendation for an environmental insurance policy in lieu of a letter of credit for fuel operations. To accomplish this, CS Operators worked with the San Diego Airport to ensure the long-term financial assurances

“Having Conrac Solutions on the team early not only helped to have operations ready when the time came, but it allowed for them to provide input to the design and construction teams on how the building was actually going to run.”

- Nyle Marmion

Port of San Diego Airport Authority

required by the airport for environmental liability for the site was appropriate and accordance with standard business practices.

Reduced On-Boarding Time & Expense - Commissioning Activities

CS Operators was able to work directly with the commissioning team to insure that system training guidelines were developed and implemented in a way that was most effective and beneficial to the operational sub-contractors and vendors. They were also able to work with them to develop adequate stress testing and building functionality checks so that systems optimally functioned as intended.

Effective Milestone Management for Activation - Activation Meetings

CS Operators’ representatives worked with the San Diego activation team to develop and schedule activation plans to meet overall project goals. Efforts resulted in consistent and comprehensive activation planning meetings, which benefited the RACs and the Airport by ensuring the most effective transition to the new building.

Airport Education

CS Operators successfully facilitated internal operations communication between the Airport, RACs and Port of San Diego. After a Port of San Diego facility maintenance requisition request for 11 FTE’s to operate the ConRAC was denied due to a discrepancy in understanding business terms between the Port and RACs, the CS Operators team presented to a team of approximately fifty Port of employees regarding overall business terms, operational plans and activation arrangements. This process was helpful in communicating to the Airport, the need for support within the framework of the existing lease and concession agreement.

Standardized O&M Reviews

The team was able to review lease operations and management standards to develop specific operations and maintenance manuals clarifying and communicating third party operational standards. There was a requested of the RAC industry by the Airport 3 years prior to opening.

User/Operator Plan Review

CS Operators reviewed construction documents at thirty, sixty, and ninety percent completion stages for deficiencies in operational function. Many changes were made as a result of CS Operators' input. Notably, CS Operators brought to attention the need for a return lane for customers who miss the turn to the facility. This addition significantly impacts customer satisfaction and overall facility accessibility.

Financial Planning

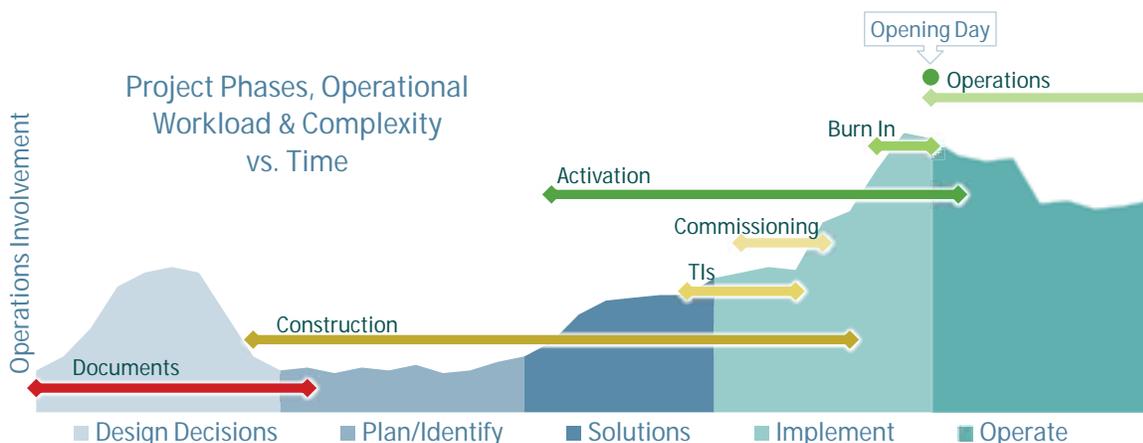
CS Operators provided a Rough Order of Magnitude budget to the airport and RACs as point of discussion for lease negotiations. The Team also reviewed and analyzed the long-term asset planning projections for accuracy and consistency.



Long-Term Operational Savings - Waste Management System

CS Operators worked with the design team to modify the building egress to include a pathway for an efficient waste management system to be used during operations. The net-result of such a program is estimated to be savings in excess of 150K per year in waste managed program cost.

Large, wheeled bins were purchased and outfitted with special hardware to meet the



Operational Involvement over Phases of the Project: the opportunity for effectiveness in operational planning is highest during the initial phases of site design and programming, but can be seen throughout the project.



Complexity of a Project: The more complex the project is the more benefit can be realized from early operations representation.

needs of the site. The bins are hygienic and water tight, eliminating the need for expensive and cumbersome liners. The mobile dumpsters were designed to be coupled to one another and the facility's small utility vehicle is able to tow a "train" of up to eight fully-loaded bins at a time.

Long-Term Operational Savings - Fueling System

CS Operators was able to provide input on the fueling management system as well as to offer feedback on the tank sizing and building system program. The system installed in San Diego will significantly benefit the SAN RACs through the long term operations of the site.

During review, the Team flagged an issue with tank sizing. Even though this issue was identified three years prior to activation, size modifications were unable to take place. It should be noted the engineer of record has started specifying size requirements consistent with those recommended by CS Operators. of record on subsequent projects.

Airport Disadvantaged Business Enterprise Outreach Program

Having the CS Operators team on the ground early allowed for comprehensive outreach in cooperation with the Port of San Diego ACDBE program. This helped to encourage participation from qualified vendors and enabled RACs to complete "good faith efforts" in meeting airport-imposed goals.

Long-Term Operational Savings - Car Wash System

CS Operators was able to work with the engineer of record to identify challenges associated with a multi-level car wash system. We also viewed this as an opportunity to work with the RAC industry to better understand the long-term cost associated with car wash operations. The Team was able to identify the per wash averages for different types of car wash systems. This includes an evaluation of the differences between RO and non-RO systems, which allowed for more information decision making in regards to vendor planning, specification and installer selection.

About Conrac Solutions

Headquartered in Renton, WA, the Conrac Solutions family of companies is the only entity in the United States to have privately developed, on-airport, consolidated rent-a-car facilities (ConRACs). As developer, financial sponsor and operator of ConRACs, the company has experience in pre-development and feasibility, financing strategies, design and construction, activation, operations, asset management and capital project management. Completed projects include Ted Stevens Anchorage International Airport, Austin-Bergstrom International Airport, and Bismarck Airport. ConRACs currently under contract for planning and delivery include Bradley International Airport (Hartford, CT), Newark Liberty International Airport and Reno Tahoe International Airport. For more information go to: <https://www.conracsolutions.com>.

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