

CASE STUDY: Innovation in Airport Landside Financing

New Financial Model at Newark Liberty International's Consolidated Rent-A-Car Facility Provides Benefits To Rent-A-Car Industry

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The consolidated rent-a-car (RAC) facility, otherwise known as a ConRAC, has become a staple at airports nationwide over the past two decades.

These facilities house all on-airport RAC brands at a single, centralized location. They consist of multiple components that, when combined, make up the foundation of a ground transportation hub and provide numerous benefits to airports, passengers and RAC companies alike.

The Port Authority of New York and New Jersey (PANYNJ) recognized that the redevelopment program at Newark Liberty International (EWR) was an opportunity to include a world-class ConRAC facility at a convenient location.

"Across port authority facilities, we are making great strides in delivering world-class customer service and amenities.

Through a customer-centric approach, the agency is working to make traveling easier, particularly through our airports, and we are confident that this ConRAC facility will deliver just that."

– PANYNJ Chairman Kevin O'Toole

As unique experts in this niche facility asset class, Conrac Solutions (CS), a private developer, financier and operator of ConRAC facilities, proposed a private project finance structure for the EWR ConRAC that had been used successfully for other types of infrastructure assets, but would be the first of its kind for a ConRAC.

CS Capital arranged private debt and equity to be repaid solely from a customer facility charge (CFC) collected from RAC customers. This innovative structure allowed PANYNJ to control the quality and terms of the development of the asset, while avoiding the risk of availability payments and kept financing of the project 100 percent off balance sheet. The RAC industry is not subject to coverage of shortfall revenue requirements.

Further, PANYNJ will own the facility in the long term, fully maintained with lifecycle cost guarantees. Additionally, using this model, the CFC rates are pre-set for the life of the facility and not subject to adjustment as typical under an airport-issued bond financing. Each of these provisions is unique to any previously developed ConRAC.

The project frees airport property space from previously leased airport property for RAC tenants for other airport master planning requirements. Centralizing RAC operations and parking into one location will enhance the customer experience with efficiency, including wayfinding and ease of access to a single, RAC access point, while helping to reduce congestion and improving air quality.

The EWR ConRAC, the first fully designed, built, financed, operated and maintained facility, will be constructed on a 19.31-acre site that features two garage structures inclusive of 2,703 public parking spaces and 3,362 rental car spaces to support 10 RAC brands.

The first garage is a six-level, 2.2 million-square-foot ready-return/public parking garage that includes public parking on levels four, five and six with RAC operations on the levels below. PANYNJ financed the public parking portion of the parking garage. The ready-return/public parking garage connects to the new 33-gate Terminal One facility via an enclosed pedestrian bridge on level two.

The second garage is a six-level 500,000-square-foot quick-turn-around facility that features 15 car washes and 54 fueling positions on three levels with additional RAC vehicle parking and support spaces on the remaining levels.

The project employs several sustainability initiatives, including a solar array, electric vehicle charging stations, LED efficient lighting, water reclamation and air quality systems.

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