



SUMMARY REPORT

Agenda Date: 4/6/2021

To: Board of Supervisors

Department or Agency Name(s): Transportation and Public Works

Staff Name and Phone Number: Johannes J. Hoevertsz 707-565-2231

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Charles M. Schulz - Sonoma County Airport Consolidated Rental Car Facility Term Sheet

Recommended Action:

- A) Authorize the Charles M. Schulz - Sonoma County Airport Manager to execute a term sheet for the lease, design and construction of a multi-user consolidated rental car facility at the Charles M. Schulz - Sonoma County Airport between Sonoma County and Conrac Solutions Project Delivery, LLC.
- B) Adopt a resolution authorizing a budgetary adjustment within the Consolidated Facilities Fund of \$240,000 from the fund balance of that account to professional services expenses.

(4/5ths Vote Required)

Executive Summary:

The Charles M. Schulz - Sonoma County Airport (Airport), a division of the Transportation and Public Works Department (TPW), is working in partnership with in-terminal rental car operators (RACs) to create a facility that will consolidate the car rental return area and accommodate the servicing, fueling and storing of the rental car fleets into one location. The Airport, in-terminal rental car operators and Conrac Solutions Project Delivery, LLC (Conrac) will work in partnership to design, build and operate a consolidated rental car facility at the Airport. This term sheet outlines the steps necessary to begin the initial phases of designing the consolidated rental car facility at the Airport, but does not bind the County to enter into a final agreement with Conrac.

Discussion:

In 2017, in response to the rental car operators request for additional facilities, the Airport started the concept of a consolidated rental car facility, which would accommodate a larger area for return, servicing, fueling and storing rental car fleets. In support of this goal, on May 16, 2019, the Board of Supervisors adopted a Resolution to commence a \$10 per rental car Customer Facility Charge (CFC) contract to facilitate moving forward to construct the facility. With initial data collection from the in-terminal rental car operators, the Airport's engineering firm, Mead & Hunt, provided the Airport with three different concepts for a consolidated rental car facility including cost estimates. Mead & Hunt estimated the preliminary cost of the facility to be over \$10,000,000 and will include two fuel dispensers, a 12,000-gallon aboveground fuel tank, four service bays, two car wash bays, six stacking stalls per fuel position and parking to accommodate over 200 vehicles. The facility will be built as a private Design, Build, Finance, Operate and Maintain (DBFOM) leasehold improvement as part of the partnership. The RACs will transition to a daily CFC payment rate and the Airport

will remit those funds as available in response to invoices for appropriate costs. Additional financing will be provided by private equity investment and private debt with debt service and equity recovery and returns secured and paid by the assigned or pledged CFC remittance stream.

The in-terminal rental car operators have been involved in designing and utilizing many consolidated rental car facilities and they petitioned the Airport to utilize Conrac in the design, construction and operating of the facility due to their extensive experience and expertise. Conrac has designed, constructed and/or operates many airport consolidated rental car facilities throughout the country including San Francisco, San Diego, Portland and Seattle.

The term sheet is intended to guide the scoping of the potential consolidated rental car facility and the agreement that may be entered into if the Board ultimately decides to move forward with the process. The term sheet itself is only binding in requiring the parties to engage in good faith in the due diligence process, and does not commit the County to complete any final transaction or set forth the final terms for such a transaction. If the negotiations arising out of the term sheet lead to a recommended action, staff will return to your Board for discussion and approval in conformance with all applicable legal requirements, including with respect to the approval of the contract and any related requirements such as environmental review.

The term sheet segments the consolidated rental car facility into four phases. The first phase is feasibility, the second phase is design/pricing, the third phase is construction and the fourth phase is facility operations. After the first phase has been completed, the term sheet gives the option to continue to the second phase or cease the project after analyzing the results. The Airport will present the findings of the first phase of the term sheet and seek the approval of the Board of Supervisors to move forward with the project.

This initial phase of the term sheet will provide the following information of the consolidated rental car facility:

1. Preliminary Scope and Design
 - Preliminary Scoping
 - Concept-Level Plans
 - Preliminary Traffic Considerations
2. Form of Lease Option Agreement
3. Key Business Terms
 - Key Lease(s) Terms
 - Key Concession Agreement Terms
4. Preliminary Plan of Finance
 - Preliminary Transaction Day Forecast
 - Preliminary Cash Flow Model
 - Conceptual Finance Structure
5. Preliminary Project Development Budget
 - Design and Construction Costs by Phase
 - Soft Costs by Phase
 - Contingencies
 - Fees by Phase

6. Preliminary Schedule
 - Start
 - Interim Milestones
 - Completion-Commissioning-Activation
 - Operations
7. Proposal for Design Development and Pricing
 - Schedule to complete Phase 2
 - Budget to complete Phase 2
 - Phase 2 Deliverables List
8. Phase I Environmental Reports
9. Audit and Calculation of New Alternative Customer Facility Charge
 - Formula to arrive at new Customer Facility Charge
 - Audit of Customer Facility Charge to file with the State of California.

The cost of this initial phase of the term sheet is \$240,000 and will be paid out of the \$10 per rental car Customer Facility Charge funds that were authorized in 2019.

A resolution is also requested authorizing a budgetary adjustment from the Consolidated Facility Fund's fund balance to its professional services expenses. The Consolidated Facilities Fund is a separate fund within the Airport's Enterprise Fund established for the sole purpose of the ConRAC facility and other closely related projects. The requested \$240,000 is currently available within its fund balance. A resolution is required to make that amount available in the current FY20-21 budget for the previously mentioned expenses.

Based on the forgoing, staff recommends the Board approve this action item to authorize the Airport manager to execute the term sheet with Conrac as detailed herein and approve a resolution authorizing the requested budgetary adjustment.

Prior Board Actions:

04/30/19: Charles M. Schulz - Sonoma County Airport Terminal Expansion and Car Rental Consolidated Facility

05/14/19: Proposed FY19-20 Fee Schedule for Airport Land and Facility Use and New Consolidated Facility Charge to construct a Rental Car Facility.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$240,000		
Total Expenditures	\$240,000		
Funding Sources			
General Fund/WA GF			
State/Federal			

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Fees/Other			
Use of Fund Balance	\$240,000		
Contingencies			
Total Sources	\$240,000		

Narrative Explanation of Fiscal Impacts:

The Airport would use its currently available fund balance in the Consolidated Facility Charge Fund (41304-34030400) to finance this phase. This fund has been specifically established for this purpose but would require an appropriation as no expenses had been preplanned. The remaining fund balance in the Consolidate Facility Fund will be approximately \$145,000. This is expected to grow quickly once the transition to the daily rate for the CFC charges are adopted.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Resolution

Related Items "On File" with the Clerk of the Board:

Term Sheet for the Airport Consolidated Rental Car Facility by and between the Charles M. Schulz - Sonoma County Airport and Conrac Solutions Project Delivery, LLC.