



Centralized Receiving and Distribution Facilities – Are They Right for Your Airport?



Survey

Does your Airport:

- Want to enhance security and safety?
- Want to streamline operations?
- Want to reduce terminal roadway and AOA congestion?
- Want to reduce congestion at the passenger security checkpoint?
- Want to increase revenues and reduce costs?
- Want to improve the traveler experience?
- Want to be more environmentally friendly?

If you answered yes to one or more of these questions, a “Centralized Receiving and Distribution Center (CRDC) just might be the right solution for your airport

Benefits of a CRDC

Enhance airport safety and security

- Establish a centralized facility for the receiving, storage, makeup and distribution of airport concessions products and goods - all in a highly controlled, monitored and secured environment
- Ability to develop a tailored security system and protocols
- Ability to incorporate TSA screening
- Ability to offer single point of accountability in the concession supply chain



Benefits of a CRDC

Streamline operations and reduce congestion on the terminal roadways, the AOA and at the passenger security checkpoints

- Eliminate the need for individual supply chain networks for each concessionaire at the airport
- Reduce or eliminate delivery trucks using the passenger roadways by centralizing deliveries at a central facility
- Reduce delivery truck movements on the AOA
- Virtually eliminate vendor deliveries through the passenger checkpoints



Benefits of a CRDC

CRDC projects can have a positive impact on the environment

- Reduced greenhouse gas emissions and water and energy consumption
- Ability to incorporate LEED features into the project design
- Ability to collect and recycle waste cooking oils
- Ability to use as an airport-wide central recycling center



Benefits of a CRDC

CRDC projects can decrease costs

- Staffing reduction in LEO, TSA and guard services
- Lower facility repair and maintenance expenses
- Vendors no longer pick up and transport their own materials
- Less time required to complete the delivery cycle
- Eliminate redundant logistics labor and equipment
- Reduce number of vendor escorts
- Eliminate vendor insurance premiums for operating on the AOA
- Bio-fuel program

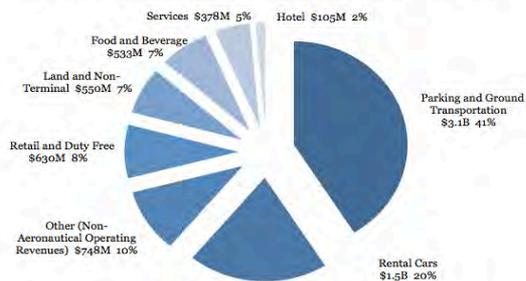


Benefits of a CRDC

CRDC projects can increase revenues

- Lease revenue from the new CRDC
- Free up terminal space for higher and better use
- Revenue potential from a centralized recycling center
- Revenue from increased passenger dwell time

Non-Aeronautical Revenues



Potential CRDC Business Models

- Include CRDC costs in new concession solicitations
- Include CRDC costs into the airport M&O or security budget
- Include as component of the terminal rental rate
- Establish a concession “consortium” and allocate costs based on cubic volume or a “20/80” formula
- Allow concessionaires to add a nominal surcharge on FBR pricing (\$.02-\$.03 per transaction)
- Establish pre-set rates with concessionaire (retail/news 1%-2% of sales, F/B 2-3.5% of sales, other users based on cubic volume)

San Diego CRDC

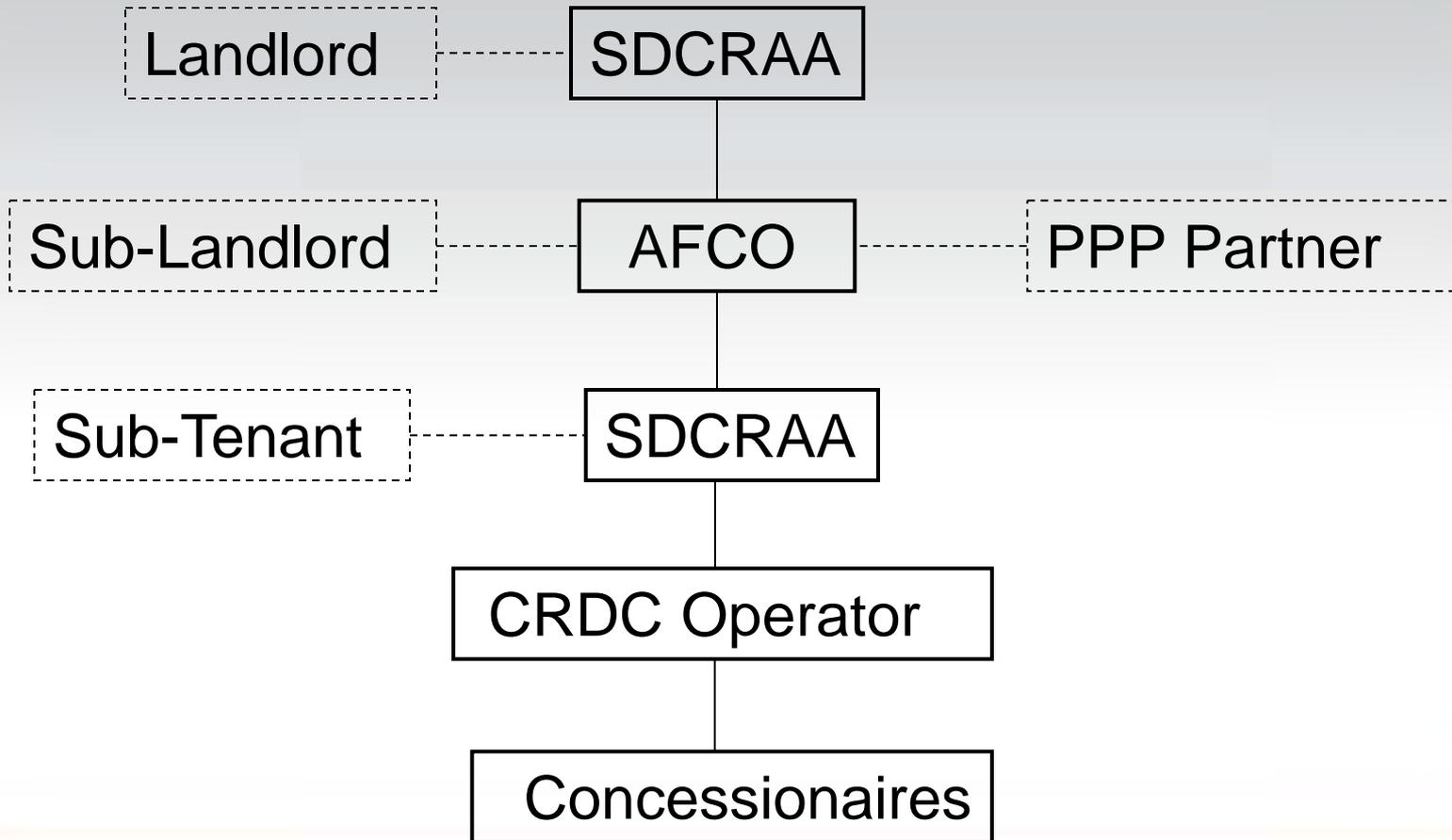
- The San Diego County Regional Airport Authority issued an RFQ in September 2010 seeking qualifications from private sector firms interested in financing and constructing a CRDC project
- The Authority issued an RFP in February 2011 inviting short-listed firms to bid on the project
- The Authority awarded the project in June 2011
- Notice to proceed was issued in February 2012
- The project was completed in November 2012



San Diego CRDC Project Specifics

- CRDC facility is 23,000 square feet
- Project sits on 1.5 acres
- \$8.5 million
- The first PPP in the Airport's history
- Project was financed under a "credit tenant" lease structure
- 20-year ground lease
- 20-year tenant lease
- The Airport was able to include the CRDC costs into the new concession agreements

San Diego CRDC Deal Structure



San Diego CRDC Project Benefits

- Exemplary public-private partnership
 - Project delivered under budget and ahead of schedule
 - Ability to deliver an essential facility without using the Airport's bonding capacity
- Enhanced airport safety and security
 - All airport concession logistics operations consolidated into a single facility – “command and control” over the entire logistics operation
 - Reduced traffic on passenger roadways – 50-75 less truck trips per day
- Improved operational efficiency
 - Single operator
 - “Just- in- time” delivery schedules
 - Reverse logistics

San Diego CRDC Project Benefits

- Sustainability
 - LEED Gold Certified
 - Delivery trucks powered by biodiesel from cooking oil
 - Recycled construction waste
 - Use of recycled materials
 - Solar hot water system
 - White roofing materials
 - Water efficient plumbing fixtures
 - Drought tolerant landscaping



Thank You

