

Miami Intermodal Center's Rental Car Center build-outs could start in October

By Risa Polansky

Rental car companies are to begin setting up shop in the new Miami Intermodal Center Rental Car Center as soon as next month.

The 3.4-million-square-foot hub next to Miami International Airport — which some liken to a shopping mall for rental cars — is about 97% complete, said Gary Donn, director of transportation support/Miami Intermodal Center program manager for the local district of the Florida Department of Transportation.

"We are almost finished," he said.

The center is to open in April.

Between October and then, the 16 tenants-to-be — rental car companies now operating in and near the airport — are to build out their spaces.

Late last month, Fitch Ratings affirmed its BBB rating on the department's up to \$270 million loan from the US Department of Transportation through the Transportation Infrastructure Finance and Innovation Act.

A BBB is the fourth-highest on Fitch's 11-rating scale, and the lowest rating in its "investment grade" category.

The rating outlook is stable, the Fitch report says.

The "customer facility charges" Miami-Dade County levies on rental car transactions at the airport support the loan, with the rent from the car companies as a backup.

The \$4 customer facility charge is to jump to \$4.60 when the rental car center opens next year and increase by 25 cents every five years after.

Commissioners in 2007 increased the then-\$3.25 charge to \$4 as part of the hub's financing.

Revenue from the charge this year is coming in slightly above projections, the Fitch report says, with \$14.4 million collected as of July — 2.6% above estimates.

Should revenues continue to meet or exceed expectations once the car center and connecting people mover open, it "would improve the risk profile of the project and likely result in a rating change," the report says.

The existing rating on the loan reflects "the economic strength" of the local rental car market, it says, as well as "an innovative and flexible financing structure that focuses on ultimate recovery and allows for the timely payment of all obligations even if multiple downside events were to occur."

But Fitch also considers that the pledged revenue stream — customer facility charges — is vulnerable to economic factors, including those affecting airport passenger activity.

Though the county can increase charges and rent, "competitive pressures affecting the MIA air travel market limit economic rate-raising ability," the report notes.

But Fitch expects the rental car center to benefit from not only Miami's tourism economy but also the "strong incentive" for rental car companies to support the facility "given that it will allow them to shed the cost of their own facilities and bus operations."

Some of these strengths, along with "a supportive working relationship" between the state transportation department, the feds and the county, "have allowed credit quality to be maintained," the Fitch report says, despite higher-than-expected costs and a two-year delay early in project development.

In the beginning, project price negotiations came in higher than expected, so the state borrowed another \$100 million, bringing the Federal Transportation Infrastructure Finance and Innovation Act loan to \$270 million.

Since, in actually building the rental car center, "there haven't been overruns in the project," said the state's Mr. Donn.

During building, the rental car companies requested some enhancements that added costs, such as a full canopy on the third level rather than a partial — another \$8 million to \$10 million.

But "those are costs that would be covered by the rental car companies," Mr. Donn said. "They're ultimately paying back the TIFIA loan with the customer facility charges that are being collected. So we accommodate a request like that."

Also underway as part of the Miami Intermodal Center project: a Metromover line connecting the center with the existing Earlington Heights station.

Workers have demolished structures along the route and are laying foundation, Miami-Dade Transit Director Harpal Kapoor said.

"We are on time, on target right now."

Construction is set to wrap in early 2012.