



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
18

Meeting Date: **OCTOBER 6, 2011**

Subject:

Authorize Staff to Proceed with the Actions Necessary to Adjust the Customer Facility Charge (CFC) Rate; Authorize Use of CFC Funds for Design of the Consolidated Rental Car Center (CONRAC) and Design and Construction of Enabling Projects in an Amount Not to Exceed Sixty Million Dollars (\$60,000,000); and Increase the FY 2012-FY 2016 Capital Improvement Program (CIP) Budget by Two Hundred Sixty-Four Million Dollars (\$264,000,000) to Include the San Diego International Airport CONRAC Development

Recommendation:

Adopt Resolution No. 2011-0126, authorizing the use of CFC funds consistent with the eligibility and procedural requirements specified in California Civil Code §1936 for (1) the design of the CONRAC facility, and (2) the design and construction of enabling projects, in a total combined amount not to exceed Sixty Million Dollars (\$60,000,000); and

Adopt Resolution No. 2011-0127, authorizing staff (1) to prepare and submit the required documents to the California State Controller's Office, and (2) to take all necessary steps to seek implementation of an alternative CFC collection rate allowable under California Civil Code §1936 in an amount sufficient to fund the CONRAC program; and

Adopt Resolution No. 2011-0128, authorizing inclusion of the CONRAC in the FY 2012 - FY 2016 CIP and increasing the current CIP budget of three hundred five million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$305,882,393) by two hundred sixty-four million dollars (\$264,000,000) for a new FY 2012 - FY 2016 CIP total budget of five hundred sixty-nine million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$569,882,393).

Background/Justification:

The rental car industry plays an important role in the success of San Diego International Airport (SDIA) by providing customer service and non-airline revenue to the Authority. The Authority's proposed CONRAC program will provide a long-term facility for the rental car industry at SDIA consistent with the Authority's goals for operational efficiency, commitment to environmental stewardship, regulatory compliance, and financial performance by providing a single facility located on the northerly portion of SDIA from which all rental car companies serving SDIA will operate. A single, common bussing operation will transport the traveling public seeking a rental car to and from the passenger terminals and the CONRAC. It will provide on-airport rental car parking stalls

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for those rental car companies that want to operate on-airport and an opportunity for passenger bus transfers for companies that elect to continue to conduct their operations off-airport and elect to not become tenants in the new CONRAC.

Relevant prior board actions relating to the CONRAC program have been as follows:

- May 1, 2008 – Approved SDIA Master Plan, including CONRAC at program level
- March 5, 2009 – Authorized \$10 per transaction CFC for up to two years
- May 6, 2010 – Authorized on-going collection of CFC and negotiation of a Memorandum of Understanding/Letter of Intent (MOU/LOI) with rental car industry
- September 1, 2011 – Certified Environmental Impact Report, including CONRAC

Authority staff and the rental car companies serving SDIA have met numerous times to identify key program elements and evaluate conceptual alternatives for the CONRAC program. A preferred alternative was identified, refined, and utilized to develop a cost estimate of two hundred sixty-four million dollars (\$264,000,000), excluding financing costs. This estimate includes thirty million dollars (\$30,000,000) for design work of the CONRAC. Infrastructure related projects that support the CONRAC (e.g. north side interior road, north side utilities, and terminal access roadway) are included in the existing approved CIP. The allocated cost of these infrastructure related projects to the CONRAC program is estimated to be up to thirty million dollars (\$30,000,000). These allocated costs are referred to herein as the "Enabling Projects" and are anticipated to be eligible for CFC funding. This action does not increase the scope or budget of the Enabling Projects.

Based on the current program schedule, it is anticipated that the CONRAC will be operational in the first quarter of calendar year 2016.

Discussions with the rental car industry regarding the MOU/LOI led to several areas of general consensus including the CONRAC location, programmatic sizing, layout, and general lease and concession terms. However, provisions lacking consensus continue to include responsibility for unforeseen deficiencies in CFC collections, allocation of terminal access roadway costs (both capital costs and any ground rent), and escalations on the minimum annual guaranteed fee.

Forgoing further MOU/LOI discussions and acknowledging agreement cannot be reached at this time between the Authority and the rental car industry on certain issues, moving forward with design of the CONRAC will allow the Authority to develop the more detailed cost information needed to allow, for example, the rental car industry to conduct sensitivity analyses to confirm the mutual desire that all CFC eligible costs will be adequately covered by CFC collections. This level of detail will be gained by advancing the design. It is staff's intent to encourage the rental car companies' participation in the design of the CONRAC. Near the completion of the schematic CONRAC design, a Request for Proposals (RFP) with specific terms and conditions relating to the CONRAC as well as the more refined cost estimates will be published to allow interested rental car companies an opportunity to submit proposals to secure and occupy space within the CONRAC.

For staff to proceed with the project implementation, the following must occur:

1. The existing limitation, only permitting the use of CFC funds for feasibility work, must be removed in order to allow CFC funds to be applied to expenses for (1) the CONRAC facility design, and (2) the Enabling Project design and construction, as eligible expenses under California Civil Code §1936; and
2. Staff must prepare and submit required documents to the California State Controller's Office and take the steps required by California Civil Code §1936 necessary to implement the current alternative CFC collection rate allowable under California Civil Code §1936 in an amount sufficient to fund the CONRAC program [Note: California Civil Code §1936 allows an alternative CFC to be collected if the CONRAC program funding needs warrant it in an amount not to exceed \$6 per transaction day through December 31, 2012; \$7.50 per transaction day for the period January 1, 2014 through December 31, 2016; and \$9.00 per transaction day commencing January 1, 2017, limited to five transaction days in each instance]

Preliminary CONRAC program components and approximate costs to be included within the CFC funding plan are anticipated to include:

CONRAC Facility:	\$ 264,000,000
Enabling Project Allocation:	\$ 30,000,000
Bus Acquisition Expense:	\$ 15,000,000
Annual Bussing Operating Expense:	\$ 10,000,000

3. The CONRAC development project must be included in the FY 2012 - FY2016 CIP. [Note: On June 2, 2011 the Board approved the FY 2012 - FY 2016 CIP budget in the amount of three hundred five million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$305,882,393). Upon Board approval, the new FY 2012 - FY 2016 CIP budget amount will be five hundred sixty-nine million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$569,882,393).]

Fiscal Impact:

Approval of the CONRAC budget will increase the Authority's FY 2012 - FY 2016 CIP budget by two hundred sixty-four million dollars (\$264,000,000), resulting in a total CIP budget of five hundred sixty-nine million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$569,882,393). Added to the Green Build budget of eight hundred sixty-four million, six hundred twelve thousand, seven hundred two dollars (\$864,612,702), the Authority's Capital Program budget would increase to a total of one billion, four hundred thirty-four million, four hundred ninety-five thousand, ninety-five dollars (\$1,434,495,095). The table below summarizes the change in CIP.

Existing FY 2012-FY2016 CIP	\$	305,882,393
ADD: Consolidated Rental Car Center	\$	264,000,000
Total CIP:	\$	<u>569,882,393</u>
Existing Green Build Program	\$	864,612,702
Total Capital Program of Authority:	\$	<u>1,434,495,095</u>

Based on rental car activity projections and initial cost estimates, the Authority's consultant, Ricondo and Associates, has completed a feasibility analysis which indicates anticipated CFC collections under the alternative CFC collection method would be sufficient to fund all CONRAC CFC eligible expenses and a portion of eligible enabling project expenses. The feasibility analysis anticipated that CFCs will fund the two hundred sixty-four million dollar (\$264,000,000) CONRAC budget, common bussing capital and operating expenses, as well as up to approximately thirty million dollars (\$30,000,000) of Enabling Projects. As noted earlier, the Enabling Projects are already approved within the Authority's CIP. The majority of CFCs will be used to fund debt service on an anticipated Special Facility Bond Offering, currently estimated to occur in the middle of calendar year 2014. Upon completion of negotiations and execution of lease agreements with the rental car companies, the Authority will collect additional revenue, in an amount yet to be determined.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Environmental Review:

- A. The proposed CONRAC and roadway circulation were evaluated subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code § 21065 as project components of the Northside Improvements Final Supplemental Environmental Impact Report (SCH #2005091105; SDCRAA #EIR-10-01) certified by the San Diego County Regional Airport Authority on September 1, 2011. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code §21065.
- B. The proposed CONRAC and roadway circulation will require review by the California Coastal Commission in accordance with the California Coastal Act. An application for a coastal development permit will be submitted to the California Coastal Commission for review anticipated in 2012. This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable.

Prepared by:

VERNON D. EVANS
VICE PRESIDENT, FINANCE/TREASURER

RESOLUTION NO. 2011-0126

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE USE OF CFC FUNDS CONSISTENT WITH THE ELIGIBILITY REQUIREMENTS OF CALIFORNIA CIVIL CODE §1936 FOR (1) THE DESIGN OF THE CONRAC FACILITY, AND (2) THE DESIGN AND CONSTRUCTION OF ENABLING PROJECTS, IN A TOTAL COMBINED AMOUNT NOT TO EXCEED SIXTY MILLION DOLLARS (\$60,000,000)

WHEREAS, the San Diego County Regional Airport Authority ("Authority") currently leases property from the San Diego Unified Port District ("Port") pursuant to that certain Lease dated December 17, 2002 and bearing Authority Document No. AA-0009; and

WHEREAS, paragraph 2 of said Lease specifies that Authority may use the leased premises for airport purposes; and

WHEREAS, the Authority's May 2008 Airport Master Plan, April 2008 Environmental Impact Report ("EIR") for the Airport Master Plan, the Destination Lindbergh Study dated February 12, 2009, and the north side improvement Supplemental Environmental Impact Report ("SEIR") for the Airport Master Plan which contain conceptual analysis, general scope and location of a Consolidated Rental Car Center ("CONRAC") to be located on the north side of the San Diego International Airport, and satisfy the actions prerequisite to the imposition of the Customer Facility Charge ("CFC"); and

WHEREAS, the collection of a CFC from the customers of airport rental car company concessionaires operating at SDIA is authorized under §1936 of the California Civil Code, as the same may be amended from time to time; and

WHEREAS, on March 5, 2009, the Board adopted Resolution No. 2009-0025R authorizing the collection of a CFC commencing on or about May 1, 2009; and

WHEREAS, the Board's previous actions limited use of CFC funds to studies and authorized negotiations with the rental car companies related to the CONRAC development; and

WHEREAS, it is desirous to expand the authorized use of CFC funds to include additional eligible items authorized under §1936 of the California Civil Code; and

WHEREAS, an allocated portion of infrastructure related projects that support the CONRAC (e.g. north side interior road, north side utilities, and terminal access roadway) are eligible for CFC funding. These allocated costs are referred to herein as "Enabling Projects."

NOW, THEREFORE, BE IT RESOLVED that the Board AUTHORIZES the collection and use of CFC funds consistent with the eligibility and procedural requirements specified in California Civil Code §1936 for (1) the design of the CONRAC facility, and (2) the design and construction of enabling projects.

BE IT FURTHER RESOLVED that use of CFC funds for design services related to the CONRAC facility, and the design and construction of Enabling Projects shall not exceed Sixty Million Dollars (\$60,000,000) without further Board approval.

BE IT FURTHER RESOLVED that that the Board AUTHORIZES the President/CEO to take such other actions as may be necessary to effectuate the approval, collection and use of the CFC funds in accordance with state law.

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 3010

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of October, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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RESOLUTION NO. 2011-0127

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING STAFF TO (1) PREPARE AND SUBMIT THE REQUIRED DOCUMENTS TO THE CALIFORNIA STATE CONTROLLER'S OFFICE, AND (2) TO TAKE ALL NECESSARY STEPS TO SEEK IMPLEMENTATION OF AN ALTERNATIVE CFC COLLECTION RATE ALLOWABLE UNDER CALIFORNIA CIVIL CODE §1936 IN AN AMOUNT SUFFICIENT TO FUND THE CONRAC PROGRAM

WHEREAS, the San Diego County Regional Airport Authority ("Authority") currently leases property from the San Diego Unified Port District ("Port") pursuant to that certain Lease dated December 17, 2002 and bearing Authority Document No. AA-0009; and

WHEREAS, paragraph 2 of said Lease specifies that Authority may use the leased premises for airport purposes; and

WHEREAS, the Authority's May 2008 Airport Master Plan, April 2008 Environmental Impact Report ("EIR") for the Airport Master Plan, the Destination Lindbergh Study dated February 12, 2009, and the north side improvement Supplemental Environmental Impact Report ("SEIR") for the Airport Master Plan which contain conceptual analysis, general scope and location of a Consolidated Rental Car Center ("CONRAC") to be located on the north side of San Diego International Airport, and satisfy the actions prerequisite to the imposition of the Customer Facility Charge ("CFC"); and

WHEREAS, the collection of a CFC from the customers of airport rental car company concessionaires operating at SDIA is authorized under §1936 of the California Civil Code, as the same may be amended from time to time; and

WHEREAS, on March 5, 2009, the Board adopted Resolution No. 2009-0025R authorizing the collection of the CFC which commenced on May 1, 2009 at a rate of \$10 per transaction; and

WHEREAS, §1936 of the California Civil Code has been amended to allow airports the ability to collect an alternative CFC to fund CONRAC programs at a rate of up to \$6 per transaction day through December 31, 2012; \$7.50 per transaction day for the period January 1, 2013 through December 31, 2016; and \$9.00 per transaction day commencing January 1, 2017, each of which is capped at five days per transaction; and

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WHEREAS to implement an alternative CFC collection rate, documents must be prepared and submitted to the California State Controller's Office substantiating the need for an alternative CFC collection rate; and

WHEREAS, it is desirous to take the necessary steps to seek implementation of an alternative CFC collection rate allowable under California Civil Code §1936 in an amount sufficient to fund the CONRAC program.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes staff to (1) prepare and submit the required documents to the California State Controller's Office, and (2) to take all necessary steps to seek implementation of an alternative cfc collection rate allowable under California Civil Code §1936 in an amount sufficient to fund the CONRAC program.

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of October, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

RESOLUTION NO. 2011-0128

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING INCLUSION OF THE CONSOLIDATED RENTAL CAR CENTER IN THE FY2012 – FY2016 CIP AND INCREASING THE CURRENT CIP BUDGET OF THREE HUNDRED FIVE MILLION, EIGHT HUNDRED EIGHTY-TWO THOUSAND, THREE HUNDRED NINETY-THREE DOLLARS (\$305,882,393) BY TWO HUNDRED SIXTY-FOUR MILLION (\$264,000,000) FOR A NEW FY 2012 – FY 2016 CIP TOTAL BUDGET OF FIVE HUNDRED SIXTY-NINE MILLION, EIGHT HUNDRED EIGHTY-TWO THOUSAND, THREE HUNDRED NINETY-THREE DOLLARS (\$569,882,393).

WHEREAS, at the June 2, 2011 Board Meeting, the Board authorized the adoption of the operating budget for fiscal year 2012 and the Capital Improvement Program ("CIP") for FY 2012-2016 and conceptual approval of the operating budget for FY 2013; and.

WHEREAS, it is desirous to amend the CIP to add the Consolidated Rental Car Center ("CONRAC") as an authorized CIP project.

NOW, THEREFORE, BE IT RESOLVED that the Board include the CONRAC in the FY 2012 - FY 2016 CIP and increase the current CIP budget of three hundred five million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$305,882,393) by two hundred sixty-four million dollars (\$264,000,000) for a new FY 2012 - FY 2016 CIP total budget of five hundred sixty-nine million, eight hundred eighty-two thousand, three hundred ninety-three dollars (\$569,882,393).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of October, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
**DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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CONRAC

**Additional Analysis
and Presentation**

San Diego International Airport

Consolidated Rental Car Center Development Financial Feasibility Report

Prepared for:
San Diego County Regional Airport Authority

Prepared by:
Ricondo & Associates, Inc.

August 2011



Financial Feasibility Analysis - San Diego Rental Car Center

DRAFT FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE AND REVISION AT ANY TIME

SAN DIEGO INTERNATIONAL AIRPORT

FINANCIAL FEASIBILITY ANALYSIS--SAN DIEGO RENTAL CAR CENTER

Key Assumptions

August 2011

CFC Collections

Start date	May 1, 2009
CFC level (per transaction)(May 1, 2009)	\$10.00
CFC level (per transaction day)(January 1, 2013)	\$6.00
CFC level (per transaction day)(January 1, 2014)	\$7.50
CFC level (per transaction day)(January 1, 2017)	\$9.00
CFCs Eligible Costs:	Project planning & design costs, debt service, deposits to the R&R Fund, and busing operations & lease expense.

Project

Construction period	24 Months
Construction start	December 1, 2013
Construction end	November 30, 2015
Facility open (DBO date)	December 1, 2015
Project Cost (escalated to midpoint of construction)	\$264,000,000
Total Enabling Projects	\$46,724,079
Enabling Projects (Portion allocated to Project)	\$26,453,955
Terminal Access Roadway	\$10,749,610
North Side Utilities	\$13,346,686
Interior North Side Road	\$2,357,659

Rental Car Activity

O&D deplaned passenger growth	
FY 2010 - FY 2016	San Diego County Regional Airport Authority Forecast (June, 2011)
FY 2017 - FY 2025	1.5% Annual Growth (R&A Assumption)
Rental car transactions per O&D deplaned passenger	0.13 [Using historical SAN data]
Average Transaction Days per Transaction	4.6 [Using historical SAN data from four rental car brands]
Estimated Reduction Associated with statutory 5-Day Maximum	27% [Using historical SAN data from one rental car brand]
Average CFC Transaction Days per Transaction (after adjustment)	3.3 [Calculated using assumptions above]

Debt (Frasca & Associates, L.L.C)

Type of bonds	Special Facility Bonds
Term of bonds (years)	30
Interest rate	7.5% (6.5% for enabling projects)
Date of issuance	Assumed to be July 1, 2014 for purposes of this analysis
Debt Service Reserve Fund	Equal to 1 year of debt service (post-DBO). Funded with bond proceeds.
Capitalized interest	18 month
Debt Service Coverage	Equal to 25% of annual debt service (rolling) - funded with bond proceeds

Rental Car Industry Payments	Assume rental car companies are responsible for any CFC shortfall for annual busing cost, renewal & replacement fund, and annual debt service.
Projected Annual CFC Revenue Collection Shortfall	\$0

Rate assumed for interest earnings

CFC Account	0.25%
Debt Service Reserve Fund	1.00%
Coverage Account	1.00%
R&R Fund	0.25%

Ground Rent

Not CFC Eligible per State Statute

Common Busing Annual Operating Expenses (2010 \$)

\$10,000,000
Annual escalation 2.00%

Facility Operation and Maintenance Expenses

Not CFC Eligible per State Statute

Renewal and Replacement Fund

Requirement amount (% of project cost)	5%
Funded from	CFCs
Schedule	Fund over 5 years

Sources: San Diego County Regional Airport Authority, Ricondo & Associates, Inc., August 2011.
Prepared by: Ricondo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

Table 1
Customer Facility Charge Projections
(Fiscal Years Ending June 30)

		Projected																
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Airport Deplanned Passengers ^{1/}	[A]	8,501,391	8,453,888	8,549,592	8,636,000	8,830,000	9,095,000	9,304,000	9,497,000	9,639,455	9,784,047	9,930,808	10,079,770	10,230,966	10,384,431	10,540,197	10,698,300	10,858,775
Annual % Change			-0.6%	1.1%	1.0%	2.2%	3.0%	2.3%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Percent of Origin-Destination (O&D) Deplanned Passengers per Total Deplanned Passengers ^{2/}	[B]	96.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%
O&D Deplanned Passengers	[C = A * B]	8,161,335	7,946,653	8,036,617	8,117,840	8,300,200	8,549,300	8,745,760	8,927,190	9,061,068	9,197,004	9,334,959	9,474,963	9,617,108	9,761,365	9,907,785	10,056,402	10,207,248
Annual % Change			-2.6%	1.1%	1.0%	2.2%	3.0%	2.3%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Rental Car Transactions per Origin-Destination Deplanned Passenger	[D]	0.021	0.136	0.135	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130	0.130
Rental Car Transactions	[E = C * D]	169,527	1,078,933	1,084,943	1,055,319	1,079,026	1,111,409	1,136,949	1,160,533	1,177,941	1,195,811	1,213,545	1,231,748	1,250,224	1,268,977	1,288,012	1,307,332	1,328,942
Annual % Change				0.6%	-2.7%	2.2%	3.0%	2.3%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Average Rental Car Transaction Days per Transaction ^{3/}	[F]			4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Estimated Transaction Days	[G = E * F]			4,966,707	4,831,064	4,939,620	5,087,864	5,204,782	5,312,748	5,392,440	5,473,326	5,555,426	5,638,758	5,723,339	5,809,189	5,896,327	5,984,772	6,074,543
Estimated Reduction Associated with 5-Day Maximum ^{4/}	[H = G * - 27%]			(1,336,617)	(1,300,121)	(1,328,327)	(1,369,222)	(1,400,686)	(1,429,742)	(1,451,186)	(1,472,956)	(1,495,050)	(1,517,476)	(1,540,238)	(1,563,341)	(1,586,792)	(1,610,593)	(1,634,752)
Rental Car Transaction Days CFC Applies To in FY12-FY17	[I = G + H]			3,630,090	3,530,973	3,610,293	3,718,642	3,804,096	3,883,007	3,941,252	4,000,371	4,060,376	4,121,282	4,183,101	4,245,848	4,309,535	4,374,178	4,439,791
Annual % Change					-2.7%	2.2%	3.0%	2.3%	2.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Adjusted Average Rental Car Transaction-Days Per Transaction	[J = I / E]			3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
CFC Level (Per Transaction) ^{4/}	[K]	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CFC Level (Per Transaction Day) ^{5/}	[L]	n/a	n/a	n/a	n/a	\$6.00	\$8.00	\$7.50	\$7.50	\$7.50	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
						7/1/12-12/31/12;	7/1/13-12/31/13;	7/50 for 1/1/14-6/30/14;			7/1/16-12/31/16;							
CFC Revenue Collections (Per Transaction Basis) ^{4/}	[M = E * K]	\$1,695,270	\$10,789,330	\$10,849,430	\$10,553,192	\$5,395,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Revenue Collections (Per Transaction Day Basis) ^{4/}	[N = I * L]	0	0	0	0	10,830,878	25,100,836	28,530,716	29,122,551	32,515,328	36,003,336	36,543,386	37,091,637	37,647,910	38,212,628	38,785,818	39,367,605	39,958,119
Total CFC Revenue Collections ^{4/}	[O = M + N]	\$1,695,270	\$10,789,330	\$10,849,430	\$10,553,192	\$16,226,008	\$25,100,836	\$28,530,716	\$29,122,551	\$32,515,328	\$36,003,336	\$36,543,386	\$37,091,637	\$37,647,910	\$38,212,628	\$38,785,818	\$39,367,605	\$39,958,119
Annual % Change				0.6%	-2.7%	53.8%	54.7%	13.7%	2.1%	11.7%	10.7%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Notes:
 1/ Estimated by the San Diego County Regional Airport Authority.
 2/ Based on FY 2011 data received from four on airport rental car brands.
 3/ Based on FY 2011 data received from one rental car brand operating at the airport.
 4/ CFC collections on a per transaction basis began on May 1, 2009.
 5/ Displays projected CFC Revenues if a CFC rate of \$6.00 per transaction day would be implemented on January 1, 2013, a CFC rate of \$7.50 per transaction day would be implemented on January 1, 2014, and a CFC rate of \$9.00 per transaction day would be implemented on January 1, 2017.

Sources: San Diego County Regional Airport Authority, Ricondo & Associates, Inc., August 2011.
 Prepared by: Ricondo & Associates, Inc., August 2011.

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Table 2

Rental Car Center Costs and Funding Sources

	Total Cost	Rental Car Special Facility Bond Proceeds	Airport Funds ^{1/}	Equity ^{2/}
Consolidated Rental Car Facility	\$264,000,000	\$155,600,000	\$0	\$108,400,000
Terminal Access Roadway	10,749,610	10,749,610	0	0
North Side Utilities	32,066,929	13,346,686	18,720,243	0
Interior North Side Road	3,907,540	2,357,659	1,549,881	0
Total	\$310,724,079	\$182,053,955	\$20,270,124	\$108,400,000

Notes:

^{1/} Represents portion of enabling project costs that are assumed to be funded with sources other than CFCs revenues.

^{2/} CFCs collected and interest earned on CFCs collected prior to sale of bonds.

Sources: San Diego County Regional Airport Authority, Ricondo & Associates, Inc., August 2011.

Prepared by: Ricondo & Associates, Inc., August 2011.

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Table 3

Bond Sizing

(Fiscal Years Ending June 30)

	<u>Total</u>
<u>Sources of Funds</u>	
Par	\$235,195,000
Premium / (Discount)	0
Total Sources	\$235,195,000
<u>Uses of Funds</u>	
Deposit to Project Fund	\$182,053,955
Deposit to Debt Service Reserve Fund	19,850,525
Deposit to Capitalized Interest Fund	25,968,338
Deposit to Coverage Fund	4,962,631
Costs of Issuance	2,351,950
Rounding	7,601
Total Uses	\$235,195,000

Source: Frasca & Associates, L.L.C., Ricondo & Associates, Inc. August 2011.

Prepared by: Ricondo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

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Table 4

Annual Debt Service

(Fiscal Years Ending June 30)

	Projected ¹¹											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service:												
Series 2013 ¹¹	\$0	\$0	\$11,191,113	\$19,846,200	\$19,846,550	\$19,847,200	\$19,847,025	\$19,844,900	\$19,844,750	\$19,845,075	\$19,844,425	\$19,846,300
Total Debt Service	\$0	\$0	\$11,191,113	\$19,846,200	\$19,846,550	\$19,847,200	\$19,847,025	\$19,844,900	\$19,844,750	\$19,845,075	\$19,844,425	\$19,846,300

Notes:

¹¹ The Series 2013 Bonds are projected to be issued on July 1, 2014.

Source: Frasca & Associates, L.L.C., Ricondo & Associates, Inc. August 2011.

Prepared by: Ricondo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

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Table 5

Estimated Common Busing O&M Expense
(Fiscal Year Ending June 30)

	Projected											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Busing Expenses Funded with CFCs included in this analysis ^{1/}												
Busing Operations & Lease Expense	\$0	\$6,440,000	\$11,041,000	\$11,262,000	\$11,487,000	\$11,717,000	\$11,951,000	\$12,190,000	\$12,434,000	\$12,683,000	\$12,937,000	
Total Busing Expenses	\$0	\$6,440,000	\$11,041,000	\$11,262,000	\$11,487,000	\$11,717,000	\$11,951,000	\$12,190,000	\$12,434,000	\$12,683,000	\$12,937,000	

Note:
1/ Busing Operations & Leases Expense is assumed to grow by 2.0 percent per year.

Sources: Ricondo & Associates, Inc., August 2011.
Prepared by: Ricondo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

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Table 6

CFC Cash Flow

(Fiscal Year Ending June 30)

	2010	2011	2012	2013	2014	2015	Projected									
							2016 ^{1/}	2017	2018	2019	2020	2021	2022	2023	2024	2025
Facility Revenues:																
CFC Revenue Collections	\$10,789,330	\$10,849,430	\$10,553,182	\$16,226,008	\$25,100,836	\$28,530,716	\$29,122,551	\$32,515,328	\$36,003,336	\$36,543,386	\$37,091,537	\$37,647,910	\$38,212,628	\$38,785,818	\$39,367,605	\$38,958,119
Interest Earnings	17,752	44,879	71,778	105,474	215,532	370,870	352,369	270,547	278,388	292,734	306,904	321,914	337,776	354,498	372,089	390,561
Total Facility Revenues	[A] \$10,807,082	\$10,894,309	\$10,624,970	\$16,331,482	\$25,316,368	\$28,901,586	\$29,474,920	\$32,785,875	\$36,282,724	\$36,836,118	\$37,398,441	\$37,969,824	\$38,550,405	\$39,140,315	\$39,739,694	\$40,348,681
Less:																
Annual Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$11,191,113	\$19,846,200	\$19,846,550	\$19,847,200	\$19,847,025	\$19,844,900	\$19,844,750	\$19,845,075	\$19,844,425	\$19,846,300
Busing Operation & Leasing Expense	0	0	0	0	0	0	8,440,000	11,041,000	11,282,000	11,487,000	11,717,000	11,951,000	12,190,000	12,434,000	12,693,000	12,937,000
Total Operating Expenses and Debt Service	[B] \$0	\$0	\$0	\$0	\$0	\$0	\$17,631,113	\$30,887,200	\$31,108,550	\$31,334,200	\$31,564,025	\$31,795,900	\$32,034,750	\$32,279,075	\$32,527,425	\$32,783,300
Net Remaining Revenue ^{2/}	[C = A - B] \$10,807,082	\$10,894,309	\$10,624,970	\$16,331,482	\$25,316,368	\$28,901,586	\$11,843,808	\$1,898,675	\$5,174,174	\$5,501,919	\$5,834,416	\$6,173,924	\$6,515,655	\$6,861,240	\$7,212,269	\$7,585,381

Notes:

^{1/} The Facility is assumed to open on December 1, 2015.

^{2/} Before Project Cost and transfers to Renewal and Replacement Fund. See table 8 for Flow of Fund and CFC Account ending balance.

Sources: San Diego County Regional Airport Authority, Ricondo & Associates, Inc., August 2011.
 Prepared by: Ricondo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

DRAFT FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE AND REVISION AT ANY TIME

Table 7

Debt Service Coverage

(Fiscal Years Ending June 30)

		Projected															
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Facility Revenues	[A]	\$10,807,082	\$10,894,309	\$10,624,970	\$16,331,482	\$25,316,368	\$28,901,586	\$29,474,920	\$32,785,875	\$36,282,724	\$36,836,119	\$37,398,441	\$37,969,824	\$38,550,405	\$39,140,315	\$39,739,694	\$40,348,681
Debt Service Coverage Account	[B]	0	0	0	0	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631	4,962,631
Net Facility Revenues	[C] = [A]+[B]	\$10,807,082	\$10,894,309	\$10,624,970	\$16,331,482	\$30,278,999	\$33,864,218	\$34,437,551	\$37,748,507	\$41,245,356	\$41,798,751	\$42,361,072	\$42,932,455	\$43,513,036	\$44,102,947	\$44,702,326	\$45,311,312
Total Debt Service	[D]	\$0	\$0	\$0	\$0	\$0	\$0	\$11,191,113	\$19,846,200	\$19,846,550	\$19,847,200	\$19,847,025	\$19,844,900	\$19,844,750	\$19,845,075	\$19,844,425	\$19,846,300
Debt Service Coverage Ratio	[C] / [D]	N/A	N/A	N/A	N/A	N/A	N/A	3.08	1.90	2.08	2.11	2.13	2.16	2.19	2.22	2.25	2.28

Source: Ricordo & Associates, Inc., August 2011.

Prepared by: Ricordo & Associates, Inc., August 2011.

Financial Feasibility Analysis - San Diego Rental Car Center

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Table B
Flow of Funds
(Fiscal Years Ending June 30)

	Projected																
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CFC Account																	
Beginning Balance	\$0	\$1,697,392	\$12,504,474	\$23,398,783	\$34,023,753	\$50,355,235	\$22,917,648	\$75,373,189	\$5,376,997	\$4,635,672	\$7,169,847	\$10,031,766	\$13,226,182	\$19,400,106	\$25,915,761	\$32,777,001	\$39,889,270
Deposit CFC Collection	1,695,270	10,789,330	10,849,430	10,553,192	16,226,008	25,100,936	28,530,716	29,122,551	32,515,328	36,003,336	38,543,386	37,091,537	37,647,910	39,212,628	38,785,818	39,367,605	39,958,119
Deposit RAC Industry Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposit Bond Proceeds	0	0	0	0	0	0	182,053,955	0	0	0	0	0	0	0	0	0	0
Expend: Enabling Projects	0	0	0	0	0	28,453,955	0	0	0	0	0	0	0	0	0	0	0
Expend: Consolidated Rental Car Facility Design & Construction	0	0	0	0	0	26,400,000	158,400,000	79,200,000	0	0	0	0	0	0	0	0	0
Expend: Busing Operations & Leasing Expenses	0	0	0	0	0	0	8,440,000	11,041,000	11,262,000	11,487,000	11,717,000	11,951,000	12,190,000	12,434,000	12,683,000	12,937,000	
Expend: Annual Debt Service	0	0	0	0	0	0	11,191,113	19,846,200	19,846,550	19,847,200	19,847,025	19,844,900	19,844,750	19,845,075	18,844,425	19,846,300	
Transfer: Renewal & Replacement Fund	0	0	0	0	0	0	2,840,000	2,840,000	2,840,000	2,840,000	2,840,000	2,840,000	0	0	0	0	
Interest Earned	2,122	17,752	44,879	71,778	105,474	91,466	122,739	100,938	12,516	14,757	21,502	29,072	40,783	56,645	73,366	90,956	
Deposit Interest Earnings from other Funds ^v	0	0	0	0	0	124,068	248,132	251,432	258,032	264,632	271,232	277,632	281,132	281,132	281,132	281,132	
Ending Balance	\$1,697,392	\$12,504,474	\$23,398,783	\$34,023,753	\$50,355,235	\$22,817,648	\$75,373,189	\$5,376,997	\$4,635,672	\$7,169,847	\$10,031,766	\$13,226,182	\$19,400,106	\$25,915,761	\$32,777,001	\$39,889,270	\$47,554,651
Debt Service Reserve Fund																	
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525	\$19,850,525
Deposit Bond Proceeds	0	0	0	0	0	18,850,525	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	99,253	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505
Transfer Interest Earnings to CFC Account	0	0	0	0	0	99,253	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505	198,505
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$19,850,525											
Coverage Account																	
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631	\$4,962,631
Deposit Bond Proceeds	0	0	0	0	0	4,962,631	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	24,813	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626
Transfer Interest Earnings to CFC Account	0	0	0	0	0	24,813	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626	49,626
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$4,962,631											
Renewal & Replacement Fund																	
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,840,000	\$5,280,000	\$7,920,000	\$10,560,000	\$13,200,000	\$13,200,000	\$13,200,000	\$13,200,000	\$13,200,000
Deposit from CFC Account	0	0	0	0	0	0	0	2,840,000	2,840,000	2,840,000	2,840,000	2,840,000	0	0	0	0	0
Expend Renewal & Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	0	0	0	0	0	0	0	3,300	9,900	16,500	23,100	29,700	33,000	33,000	33,000	33,000	33,000
Transfer Interest Earnings to CFC Account	0	0	0	0	0	0	0	3,300	9,900	16,500	23,100	29,700	33,000	33,000	33,000	33,000	33,000
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,840,000	\$5,280,000	\$7,920,000	\$10,560,000	\$13,200,000	\$13,200,000	\$13,200,000	\$13,200,000	\$13,200,000	\$13,200,000

Notes:
^v Interest earnings from the Debt Service Reserve Fund, Coverage Account, and Renewal & Replacement Fund.

Source: Ricondo & Associates, Inc., August 2011.
Prepared by: Ricondo & Associates, Inc., August 2011.

Consolidated Rental Car Center (CONRAC)

San Diego International Airport



Program Overview

- Consolidates airport car rental activity into one facility on North side of airport
- Provides a common transportation system between the CONRAC facility and passenger terminals
- Funded through Customer Facility Charges (CFC) and rental car industry contributions (ie: facility O&M and ground rent)



Relevant Board Actions

May 1, 2008

Approved SDIA Airport Master Plan, including CONRAC

March 5, 2009

Authorized \$10/transaction CFC for up to 2 years

May 6, 2010

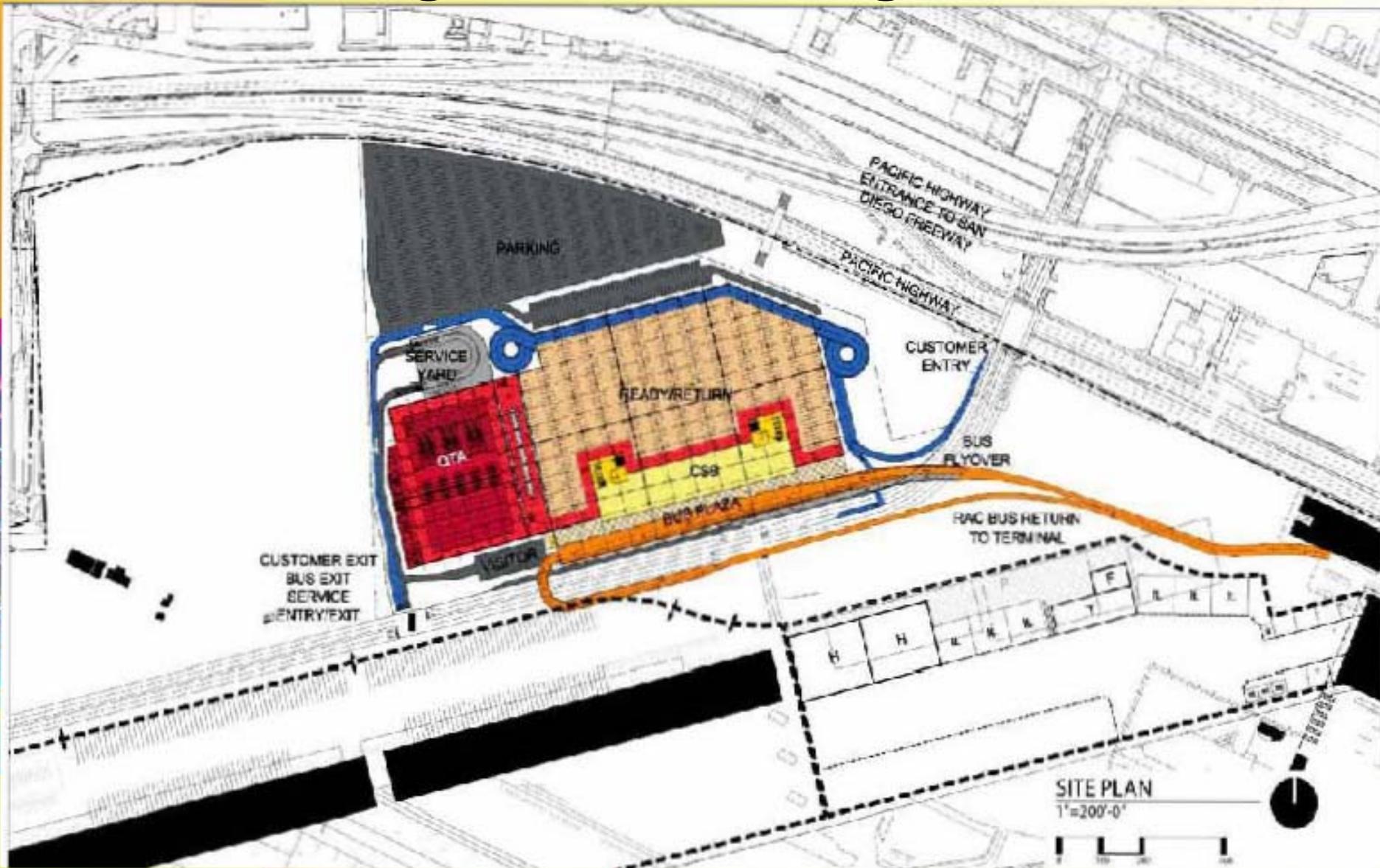
Authorized on-going collection of CFC and negotiation of a Memorandum of Understanding / Letter of Intent (MOU/LOI) with the Rental Car Industry

September 1, 2011

Certified Environmental Impact Report which includes CONRAC



Programmatic Design



Programmatic Level Estimates

- CONRAC Facility \$264,000,000
- Common Bus Fleet Acquisition \$14,500,000
- Enabling Project Allocations \$30,000,000
 - Terminal Access Roadway
 - North Side Utilities
 - Interior North Side Road



Financial Feasibility

Analysis indicates CFC collections under the 2011 amendment to the California Civil Code Section 1936 should be sufficient to cover eligible project costs



Required CFC Collections

- May 1, 2009 - \$10.00 / rental transaction
- January 1, 2013 - \$6.00 / day ¹
- January 1, 2014 - \$7.50 / day ¹
- January 1, 2017 - \$9.00 / day ¹

¹ Limited to a maximum of 5 days, pursuant to CA Code §1936.



CFC Eligible Costs

- Planning, Design & Construction
- Debt Service
- Renewal & Replacement Fund
- Common Busing Fleet Acquisition
- Common Busing Operation and Maintenance
- Related Infrastructure (Enabling Projects)



MOU / LOI Status

Areas of Consensus

- Location of CONRAC on North side
- Programmatic sizing and layout
- General lease and concession terms



MOU / LOI Status

Areas Lacking Consensus

- Responsibility for business risk associated with CFC collection levels
- Allocation of roadway costs
- Minimum Annual Guaranteed fee escalations



Approach to Advance Program

1. Forego effort to finalize MOU/LOI

- Three areas lack consensus and realistically cannot be resolved with the current level of information
- The MOU/LOI does not provide the Authority nor Rental Car Industry the level of certainty desired
- Continued negotiations are unlikely to be in the Authority's interest



Approach to Advance Program

2. Commence CONRAC facility design and enabling project construction

- Allows the Program to advance timely
- Designing to accommodate the *entire* Rental Car Industry minimizes potential cost of redesign
- Utilizes restricted CFC funds for their intended purpose
- Develops more detailed project cost data necessary to finalize financial terms and garnering binding commitments from interested companies



Approach to Advance Program

3. Encourage Rental Car Companies to provide input throughout design process

- Staff reached out to rental car companies and discussed the recommended approach to advance the Program
- Most industry representatives indicated they will continue to participate



Approach to Advance Program

4. Pursue agreements with rental car companies through a RFP process upon completion of schematic design and detailed financial analysis of Program cost/benefit
 - Allows each rental car company to perform its own detailed financial and operating analysis prior to committing to the CONRAC
 - Ensures all rental car companies, whether currently operating at SAN or not, are allowed an opportunity to participate



Staff Recommendation

1. Authorize use of CFC funds consistent with eligibility requirements of California Civil Code §1936 for design of the CONRAC facility, and design and construction of Enabling Projects up to a maximum of \$60,000,000; and



Staff Recommendation

2. Authorize staff to prepare and submit required documents to the California State Controller's Office and take necessary steps to seek implementation of the alternative CFC rate structure permitted under California Civil Code §1936 in an amount sufficient to fund the CONRAC Program; and



Staff Recommendation

3. Authorize the inclusion of the CONRAC Project in the FY12 – FY16 Capital Improvement Program (CIP) and increase of the current CIP budget of \$305,882,393 by \$264,000,000 for a new FY12 - FY16 CIP total budget of \$569,882,393.



Questions?

