

San Diego County Regional Airport Authority

Forecasted Schedule of Rental Car Center

Sources and Uses of Cash

Cash Basis

June 30, 2026 through 2028

San Diego County Regional Airport Authority
Forecasted Schedule of Rental Car Center Sources and Uses of Cash
Cash Basis
June 30, 2026 through 2028

Contents

Forecasted Financial Schedule – Cash Basis

Schedule of Rental Car Center Sources and Uses of Cash.....	3
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Assumptions and Notes to Forecasted Financial Information

Basis of Assumptions.....	4
Summary of Significant Accounting Policies	4
General Description of the Authority.....	8
Description of the Rental Car Center (RCC).	8
Assessment of Demand.....	11
RCC Operations and Forecast Transactions	13
Operating Expenses	14
Investment Income.....	16
Long-term Debt and Financing Cash Flows	16
Capital Expenditures.....	17
Working Capital Assumptions.....	17
Steps Taken to Limit Costs	17

Examination Report on a Financial Forecast

Independent Accountant's Report

To the Board of Directors
San Diego County Regional Airport Authority
San Diego, California

We have examined the accompanying forecasted schedule, the San Diego County Regional Airport Authority (the "Authority") Forecasted Schedule of Rental Car Center Sources and Uses of Cash, Cash Basis for each of the years ending June 30, 2026 through 2028, based on the guidelines for the presentation of a forecast established by the AICPA. Management of the Authority is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This partial presentation of financial information was prepared by management for the purpose of complying with the State of California's rules regarding assessment of a Customer Facility Charge in its Rental Car Center and should not be used for any other purpose.

The Forecasted Schedule of Rental Car Center Sources and Uses of Cash, Cash Basis presents only the activities of the RCC related to CFC inflows and eligible disbursements from CFC funds. It is not intended to be a forecast of the financial position, results of operations, and changes in net position and cash flows of the Authority as a whole.

We draw attention to the basis of accounting used in the forecast, which is described in the *Summary of Significant Accounting Policies* footnote to the Forecasted Financial Information. The forecast is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Board of Directors
San Diego County Regional Airport Authority
San Diego, California

Emphasis of Matter - Sensitive Assumption

We draw attention to the *Summary of Significant Assumptions* footnote to the Forecasted Financial Information, which describes the particularly sensitive assumption regarding the projected growth in airport enplanements and the related demand for rental car services. The forecasted Customer Facility Charge (CFC) revenue is highly dependent on these assumptions, which are subject to significant uncertainty due to factors such as economic conditions, changes in travel patterns, and potential regulatory actions. As a result, there is a reasonable possibility that actual results may differ materially from those forecasted. Our opinion is not modified in respect of this matter.

The accompanying forecast and this report are intended solely for the information and use of management and the State of California and are not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

November 24, 2025

San Diego County Regional Airport Authority
Forecasted Schedule of Rental Car Center Sources and Uses of Cash
Cash Basis
Years Ending June 30, 2026 to 2028

	Historical-----			Forecast-----		
	2023	2024	2025	2026	2027	2028
Revenues and other cash receipts						
Revenue from Customer Facility Fee charges	\$ 34,090,190	\$ 35,479,333	\$ 36,515,858	\$ 41,698,713	\$ 49,901,837	\$ 50,899,874
Investment income	824,086	1,262,928	1,313,582	2,135,052	1,595,930	1,556,568
Excess Renewal & Replacement Reserve	-	-	3,653,338	3,853,373	-	-
CFC Eligible Cost Refund from Authority	-	5,588,239	-	-	-	-
Loan Proceeds and Repayments ⁽¹⁾	1,108,552	(2,276,624)	-	-	-	-
	<u>\$ 36,022,828</u>	<u>\$ 40,053,876</u>	<u>\$ 41,482,778</u>	<u>\$ 47,687,138</u>	<u>\$ 51,497,767</u>	<u>\$ 52,456,442</u>
Expenditures and other cash payments						
Operating expenses	11,919,906	15,170,472	14,959,944	19,123,597	18,507,954	19,056,862
Capital expenditures	-	-	-	1,630,000	2,000,000	2,000,000
Amortization	-	-	-	2,960,295	8,145,789	11,302,177
Interest expense	15,247,242	14,874,123	14,480,025	14,063,832	13,624,423	13,160,401
Principal payments on long-term debt	6,670,000	7,045,000	7,440,000	7,855,000	8,295,000	8,760,000
Deposit to Renewal and Replacement Fund	2,185,680	2,185,680	1,092,840	-	728,561	728,561
	<u>\$ 36,022,828</u>	<u>\$ 39,275,275</u>	<u>\$ 37,972,809</u>	<u>\$ 45,632,723</u>	<u>\$ 51,301,727</u>	<u>\$ 55,008,001</u>
Cash, Beginning of Year	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 25,778,601</u>	<u>\$ 29,288,570</u>	<u>\$ 31,342,984</u>	<u>\$ 31,539,024</u>
Net Change in Available Cash	-	778,601	3,509,969	2,054,414	196,040	(2,551,558)
CFC Fund Balance Shortfall	-	-	-	-	-	-
Cash, End of Year	<u>\$ 25,000,000</u>	<u>\$ 25,778,601</u>	<u>\$ 29,288,570</u>	<u>\$ 31,342,984</u>	<u>\$ 31,539,024</u>	<u>\$ 28,987,466</u>

Source: Management

(1) The negative balance shown for the Loan Proceeds and Repayments in FY 2024 reflects the repayment of loan principal \$2,159 thousand and interest \$117,255. The principal includes loans made in FY2022 of \$1,015 thousand.

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

Note 1: Basis of Assumptions

The underlying assumptions described herein are based on historical data, management's assumptions and other related currently available information.

The accompanying financial forecast has been prepared in connection with San Diego Regional Airport Authority's (Authority) operation of the Rental Car Center (RCC). The forecast schedule of Rental Car Center Sources and Uses of Cash (Schedule) has been prepared to comply with California Government Code 50474.1 – 50474.3 (Code).

The accompanying financial statement forecast represents, to the best of management's knowledge and belief, the RCC's expected sources and uses of cash during the forecast period. Accordingly, the forecast reflects management's judgment as of November 24, 2025, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those which management believes are significant to the forecast and are not all inclusive. Variances between the forecasted and actual results can be expected as events and circumstances frequently do not occur as expected and those variances may be material.

Legislation and regulations at all levels of government affect, and may continue to affect the airline industry, and, in turn, the revenue and expenses of the RCC. This financial forecast is based on a \$12 CFC charge effective February 4, 2026, with the existing \$9.00 CFC rate in place up until February 4, 2026. If future legislation or regulations related to the airline industry or the RCC's operations are enacted or forecast regulation changes do not occur, the outcome of such legislation or regulations could have a material effect on future cash flows.

Unless otherwise stated, all dates used herein refer to the Authority's fiscal year, which ends on June 30.

Note 2: Summary of Significant Accounting Policies

Management has prepared this forecast to comply with the Code's rules regarding an examination of the CFC every three years. As such, the significant accounting policies and assumptions disclosed herein relate to those necessary to forecast the RCC operations related to the CFC cash flows. The significant accounting policies used in this forecast are based on those historically used by the Authority and those expected to be used in the future.

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Nature of Operations

The Authority was established pursuant to *California State Act AB 93* (Act), which was signed into California state law in October 2001. The Act established the Authority effective January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego (the County). The Authority is vested with five principal responsibilities: (1) the operation of San Diego International Airport (SDIA or the Airport), (2) the planning and operation of any future airport that could be developed as a supplement to or replacement for SDIA, (3) the development of a comprehensive land use plan for the entire County, (4) to serve as the region's Airport Land Use Commission, and (5) preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

The Authority is governed by an appointed Board of Directors (Board) of nine members representing all areas of San Diego County and up to three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following "defined jurisdictions": the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, or north county inland cities. The Board members serve three-year terms. The management and operations of the Authority are carried out by a staff headed by the President /Chief Executive Officer, who is appointed by and reports directly to the Authority Board of Directors.

The primary service area for the Airport consists of the County and portions of Orange and Riverside Counties, as well as a portion of the Baja California, Mexico.

Basis of Accounting and Presentation

The financial statements of the Authority, which are not included within this report, are prepared to conform with accounting principles generally accepted in the United States of America. Its financial statements are presented using the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources, if any, from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, property taxes, investment income, and interest on capital assets-related debt are included in non-operating revenues and expenses.

The Schedule has been prepared in accordance with the cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than earthquake insurance. Settled claims have not exceeded this commercial coverage in any of the three preceding years and are not expected to exceed such limits during the forecast period.

The Authority does not deem the cost of earthquake insurance cost beneficial, so has elected to self-insure against that risk and increase its reliance on laws designed to assist public entities through the *Federal Emergency Management Agency and California Disaster Assistance Act*. The Authority has historically designated a portion of its net position as a contingency for earthquake losses and expects to continue to do so during the forecast period.

Investment Income

Investment income includes dividend and interest income earned on the CFC cash balances, Debt Service Reserve and the Debt Service account.

Capital Assets

Capital assets associated with the RCC generally consist of buses and a maintenance facility. Given the use of cash-basis accounting method, the Authority does not depreciate these assets. However, the Authority does charge amortization to recover the costs of these assets and the cost of capital. All assets are amortized using the straight-line method to recover the expenditures as efficiently as possible

Maintenance Facility	10 to 15 years
Buses	4 to 7 years

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Customer Facility Charge Revenues

The Authority received approval in May 2009 from the state of California under § 1936 of the California Civil Code to impose a \$10 CFC per contract on rental cars at the Airport. In accordance with the Code, the proceeds of this fee were used to perform the analyses necessary to determine the general feasibility of developing a consolidated airport rental facility (RCC) and establishing a project scope.

In 2010, the Code was amended to allow the CFC fee to move from a per transaction fee to a per day fee of up to \$9 per day (limited to 5 days per transaction) if the Authority completes appropriate hearings and evidence to show that the fee is necessary to construct and finance the RCC and operate the common use transportation system.

On October 6, 2012, the Authority's Board approved a CFC fee of \$6.00 per day. The Board also approved an increase in the fee to \$7.50 per day effective January 1, 2014. The Board approved an increase in the fee to \$9.00 per day effective January 1, 2017. In addition, starting in January 2016, a fee of \$2.17 per day (for up to five days for each rental) was charged for rentals from operators whose customers utilize the central busing service but whose operations are not located in the RCC. The fee for the off-site operators increased to \$3.41 per day effective July 1, 2019. California Legislation was amended in October 2025 to allow a collection rate up to \$12 per day. The Authority intends to seek Board approval in December 2025 to collect at this rate from February 4, 2026. The amended legislation now permits CFCs to fund major maintenance costs related to the RCC. CFC proceeds were used to plan, design and obtain financing for the RCC located on the northeast side of the Authority's property. The RCC was financed with proceeds from \$305,285,000 of CFC revenue bonds which were issued in February 2014. The total amount expended for the RCC and enabling projects (primarily composed of infrastructure improvements) was approximately \$361,622,000. The RCC project was substantially completed and placed in service as of the year ended June 30, 2016. Refer *Bus Shuttle Facility section* for discussion relating to replacement maintenance facility.

CFC revenues are collected by the rental car companies and are remitted to the CFC Bond trustee the following month. The CFC Bond trustee makes the required deposits to the debt service and other necessary reserves and the remaining funds are remitted back to the Authority. CFC revenues may be expended for certain qualified costs related to the RCC, including:

- Debt service on the RCC related financing
- Capital costs related to the RCC, including enabling infrastructure improvements
- Costs related to operation of common busing service to connect passengers to the RCC
- Major Maintenance costs related to the RCC

Income Tax Status

The Authority is a governmental entity and is exempt from income taxes under Section 115 of the Internal Revenue Code.

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Note 3: General Description of the Authority

The Authority operates San Diego International Airport (Airport). The primary service area of the Airport is San Diego County, portions of Orange and San Bernardino Counties and the northern portion of Baja California, Mexico. The Federal Aviation Administration (FAA) classifies the Airport as a “large-hub” airport, a category which means that at least 1 percent of United States domestic air travel is enplaned at the Airport. For calendar year 2024, the Airport is the 26th busiest airport in the United States as ranked by number of enplaned and deplaned passengers.

The Airport is the busiest single-runway airport in the United States based on passenger levels. The Airport has a single 9,401-foot runway accompanied by two primary taxiways. The Airport has two passenger terminals (Terminal 1 and Terminal 2). . On September 23, 2025, the Airport Authority held the grand opening of Phase 1A of the newly constructed Terminal 1. The new, nearly 1 million square foot terminal opened with 19 new gates, with 3 additional gates to be added in the Spring of 2026. It replaces the 336 thousand square foot, 58-year-old Terminal 1 with a modern, world class facility designed to elevate the passenger experience and meet the growing travel demands of the San Diego region. Demolition of the old Terminal 1 began immediately after the opening to make way for construction of Phase B, which will open in early 2028, bringing the total number of gates in the new terminal to 30. The New Terminal 1 Project encompasses a \$3.8 billion project that includes in addition to the new terminal, a new airfield and apron improvements, a five-story close-in parking garage and more than four miles of new roadway that includes dual-level roadway that separates arrivals and departures. The project is funded by Airport Revenue Bonds, Passenger Facility Charges, Federal grants and airport cash.

Note 4: Description of the RCC

The Authority’s Board adopted an Airport Master Plan in 2008 which included construction of the RCC. The purpose of the RCC was to consolidate all rental car operations at the Airport in order to improve customer service for passengers, while also expanding the space available for rental car company operations. The RCC also had a positive environmental impact by lowering the number of buses transporting passengers to rental car company locations. Because all rental car locations previously were off-site, each company operated its own transport service.

The RCC is located on an approximately 25-acre site on the northeast side of the Airport’s property. It consists of a multi-level parking garage with space for rental car counters, office space, service bays, and fuel distribution and storage.

In addition to the RCC facility, a number of enabling projects were also necessary. These included:

- Construction of a limited access roadway for transporting passengers from the terminals to the RCC.
- An electrical distribution system to provide power to the RCC and other facilities on the northeast side of the Airport.
- Landscaping, sidewalk, and other improvements

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

The following amounts were spent on property and equipment related to the RCC:

RCC facility	\$ 301,132,018
Enabling projects	32,420,923
Transit buses	15,587,549
Bus staging and implementation	8,005,053
RCC way finding	1,981,193
Bus roadway improvements	1,447,475
Installation of car wash blowers	<u>1,047,907</u>
	<u>\$ 361,622,118</u>

Source: Authority

The RCC was financed with the proceeds of a \$305,285,000 issuance of 2014 CFC Revenue Bonds (Bonds) by the Authority. The financing included \$29,390,000 of 2014A tax-exempt bonds and \$275,895,000 of 2014B taxable bonds. The Bonds have interest rates ranging from 2.537 percent to 5.594 percent and require annual payments of principal (including mandatory sinking fund redemptions) and semi-annual interest payments through 2043. The CFC Bond Indenture requires that funds be established to deposit debt service payments and to maintain a debt service reserve fund, a rolling coverage reserve fund and the revenues generated by the CFC. It also establishes certain covenants on the Authority. The debt service fund, debt service reserve fund, and rolling coverage reserve fund cash balances are restricted for use and are therefore not included in the Schedule's beginning or ending cash balances.

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

The original project sources and uses of the 2014 CFC Bond proceeds were as follows:

Sources

Principal amount	\$ 305,285,000
Original issue premium	<u>594,266</u>
	<u>\$ 305,879,266</u>

Uses

Deposit to construction fund	\$ 244,577,757
Deposit to debt service accounts	30,503,592
Deposit to reserve fund	21,921,902
Deposit to rolling coverage fund	6,576,571
Costs of issuance	<u>2,299,444</u>
	<u>\$ 305,879,266</u>

Source: Authority

Management expects the balance in the Debt Service Reserve Fund and Rolling Coverage Fund to be approximately \$22,300,000 and \$7,200,000, respectively, during the forecast period. The 2014 CFC Bonds could be called and refunded for savings and if that were to happen the balances of the Debt Service Reserve Fund and the Rolling Coverage Fund would change. As noted above, these cash balances are not available for general RCC use, thus are not included in the accompanying Schedule's beginning or ending cash balances.

At the time of the 2014 CFC Bond issue, the projected cost of the RCC plus all related projects was \$354,824,000. However, actual project costs totaled approximately \$361,622,000. These costs include the purchase of 14 additional transit buses in January 2019. These costs were funded as follows:

Proceeds from Series 2014 Bonds	\$ 244,578,000
Previously collected CFC fees and CFC fees	
Collected during construction	<u>117,044,118</u>
	<u>\$ 361,622,118</u>

Source: Management

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Note 5: Assessment of Demand

An assessment of the expected future demand for rental cars at the RCC was conducted by management for the purpose of providing a basis for the financial forecast. The assessment of RCC utilization included the following:

- Assessment of historical demand for rental car services at the airport
- Historical enplanements at the airport and the relationship of those enplanements to rental car transactions
- Origin and Destination Percentage of Airport Traffic Analysis of economic and demographic changes in the San Diego area
- Volume capacity for the Airport
- Impact of alternative transportation choices for Airport passengers

The demand assessment is designed to highlight, within the given parameters, management's basis for estimating future demand for rental car services at the Airport.

Management has prepared a forecast of enplanements, as shown in the table below. Consistent with the FAA forecast of the overall U.S. airline industry, the FAA has forecast that the total enplanements at the Airport will continue to steadily increase, as shown:

	Enplanements	Change %
Historical - SDCRAA		
2023 (FY)	11,867,569	
2024	12,467,114	5.05%
2025	12,754,659	2.31%
Forecast - SDCRAA		
2026	12,873,068	0.93%
2027	13,130,529	2.00%
2028	13,425,966	2.25%
	Enplanements	Change %
Historical - FAA		
2023 (CY)	11,997,396	
2024 ⁽¹⁾	12,691,120	5.78%
2025	13,267,248	4.54%
Forecast - FAA		
2026	13,624,492	2.69%
2027	13,967,717	2.52%
2028	14,323,406	2.55%

Source: FAA Terminal Area Forecast – Jan 2025 & Management

(1) The FAA begins the forecast period in calendar year 2024. This forecast is on a U.S. Government calendar year (CY) basis of October through September.

Note: Management's forecast reflects the Authority's fiscal year (FY) of July through June.

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

From 2023 to 2028, the Airport's compounded annual growth (CAGR) in enplanements is projected to grow at 2.5 percent. Fiscal year 2023 enplanement growth began the strong recovery following the COVID 19 pandemic which significantly impacted enplanements in FY 2020-FY 2022. This recovery continued through FY 2024 and FY 2025 where enplanements exceeded pre-pandemic levels. From FY 2026 to FY 2028, Management has forecasted that enplanements will increase moderately as the economy faces headwinds from the uncertain impacts of federal trade policies and other inflationary pressures and the Federal Government shutdown in October and November 2025. Management considers this a particularly sensitive assumption, given these uncertain impacts, however the fundamentals of the San Diego's strong origin and destination air service market will continue to see that the total enplanements will continue to increase, but at a slower rate than recent history. This slower rate of growth is consistent with the FAA's forecast and independent forecasts undertaken in relation to the issue of Senior Series 2025 Revenue Bonds to fund the New Terminal 1 (refer https://www.san.org/Airport-Authority/Financials?EntryId=18108&Command=Core_Download for details of independent forecast).

This data, obtained for the FAA's most recent Terminal Area Forecast, projects a 3.6 percent CAGR in enplanements at the Airport from 2023 through 2028. Historical amounts differ slightly from those shown by management in the following table due to differing measurement periods. The FAA measurements are presented on a U.S. Government fiscal year basis of October through September, while management's forecast is presented on a basis of July through June.

The Airport's traffic consists largely of "origin and destination" (O&D) passengers, which indicates that most passengers are beginning or ending their trip in San Diego. Historically, approximately 97 percent of the Airport's passengers have been O&D. Management expects this trend to continue during the forecast period. A high O&D passenger load results in a larger percentage of passengers requiring rental cars as compared to airports whose enplanements primarily represent connecting passengers. The following table shows the percentage of O&D and connecting passengers at the airport from 2023 to 2025.

	O&D	Total	
	Passengers	Connecting	
	Passengers	Passengers	O&D %
2023	11,543,584	323,985	97.3%
2024	12,115,541	351,573	97.2%
2025	12,400,717	353,942	97.2%

Source: Authority

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

Note 6: RCC Center Operations and Forecast Transactions

The RCC has been open since January 2016. Current rental car companies (Companies) based in the RCC include:

Rental Car Center Tenants

Avis Car Rental
Enterprise Rent-a-Car
Fox Rent A Car
The Hertz Corporation
Payless Rent A Car
SIXT

Each of the Companies has entered lease agreements with the Authority related to their space in the RCC. Pursuant to these agreements, the Companies make monthly payments ranging from approximately \$23,500 to \$205,000 to the Airport for the lease of the space and also have agreed to assume all operating expenses of maintaining the RCC building. The lease payments are based on the Companies' pro rata share of the land lease. These agreements expire on June 30, 2046. Lease payments are considered general revenues of the Airport and not used to pay RCC-related expenditures.

These lease agreements also require the Companies to collect the CFC fee from their customer and remit the fees to the Airport. In addition, there is currently one Company located outside the RCC that utilizes the busing service that transports passengers from the terminal to the RCC. This Company then incurs the expense of transporting the passengers to their off-site location and remit a CFC to the Airport to offset the cost of the bus transportation. The CFC rate charged to Companies outside the RCC was \$3.41 during the historic period. Average total revenue from these off-site services was approximately \$95,000 per year during the historic period. Management does not expect these revenues to vary materially during the forecast period.

Management's forecast of RCC transactions is based on the historical number of rental car transactions per enplanement, as well as the number of rental car days per transaction. As is shown in the following table, between 2023 and 2025 there was an average of 0.09 rental car transactions per enplanement. This is considered a sensitive assumption. Management has assumed this level of transactions will continue in the forecast period.

The average duration of each rental car transaction was 4.49 days in 2023, 4.57 days in 2024, and 4.54 days in 2025. Management has forecast an average duration of 4.49 days during the forecast period, which is slightly lower than the combined average of 2023 through 2025. Management considers this a sensitive assumption.

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

	Enplanements	Rental Car Transactions	Transactions Per Enplanement	Rental Car Days	Average Days Per Rental
Historical (Fiscal Years)					
2023	11,867,569	1,116,215	0.09	5,007,076	4.49
2024	12,467,114	1,154,973	0.09	5,279,089	4.57
2025	12,754,659	1,192,193	0.09	5,412,781	4.54
Forecast					
2026	12,873,068	1,193,416	0.09	5,356,860	4.49
2027	13,130,529	1,217,285	0.09	5,463,998	4.49
2028	13,425,966	1,244,857	0.09	5,589,015	4.49

Source: Authority

The CFC applies to only the first five days of each rental car transaction. As such, management has forecasted the percentage of total rental car days that are subject to the CFC based on historical information. As shown below, the ratio of days subject to the CFC to total rental car days has been approximately 76 percent between 2023 and 2025. Management has assumed this rate will be 76.6 percent throughout the forecast period. The increase in percentage in 2025 is consistent with the decrease in average days per rental in the above table.

	Rental Days	Percentage	
	<u>Rental Car Days < 5 Day Duration</u>	<u>Subject to CFC</u>	
Historical (Fiscal Years)			
2023	5,007,076	3,839,522	76.7%
2024	5,279,089	3,995,244	75.7%
2025	5,412,781	4,118,643	76.1%
Forecast			
2026	5,356,860	4,104,089	76.6%
2027	5,463,998	4,186,171	76.6%
2028	5,589,015	4,281,912	76.6%

Source: Management

Note 7: Operating Expenses

The California statutes related to the CFC fee limit the costs that may be considered for purposes of establishing the CFC amount. The Airport has included the following costs in its forecast:

- Amortization for bus maintenance facility and Bus replacements.
- Land rent for the bus shuttle facility
- Direct cost of busing, including personnel, and operating/maintenance costs of the bus fleet

San Diego County Regional Airport Authority

Assumptions and Notes to Forecasted Financial Information

June 30, 2026 through 2028

Bus Shuttle Facility

During the historic period the RCC's bus shuttle facility was located on approximately 116,000 square feet of land on Airport property. The New T1, necessitated the relocation of the airport's shuttle lot. The old facility was paid for with CFCs. When the shuttle lot facility was decommissioned the unamortized portion of the facility was \$5.59 million and this amount was reimbursed by the Authority to the CFC surplus fund in fiscal year 2024.

The newly established shuttle lot, encompassing 138,000 square feet, is located on property partially owned by the Airport Authority and leased from the Port District. This new facility includes a 3,794 square foot maintenance building. Phase 1 of the shuttle lot commenced operations in October 2023, with full completion anticipated by January 2026. The total estimated cost of the new shuttle lot is projected to be approximately \$18.2 million. Based on projected usage, 50% of the new shuttle lot's capital costs will be allocated to the CFC busing operation. This capital cost will be recovered from CFC funds and/or amortized over a 10-year period. For purposes of this forecast, management has assumed that all of these capital costs will be amortized, which is incorporated into the CFC forecast. Management forecasts the annual amortization due from the CFC to the Airport to be approximately \$22.4 million over the forecasted period ending in fiscal 2028 and this includes \$3.5 million for the Bus Shuttle facility

CFCs are also used to pay for the shuttle facility's use of the land. The annual rent charge during the forecast period at the new facility is approximately \$211,000 per year.

Direct Busing Cost

During the forecast period the Authority assumes the some of the existing 35 buses will be replaced. The replacement buses are expected to be purchased in FY 2026 and FY 2027 for \$19.2 million and \$16.8 million, respectively. The Authority will fund these buses with Authority funds and reimburse itself for any use of Authority funds from CFC balances at an amortized rate over four years. The forecast includes approximately \$18.9 million of amortization relating to the bus replacements, assuming full funding with Authority funds.

The Airport conducted a competitive bid process for a third-party to operate the bus shuttle service for the RCC. Effective October 1, 2022, an agreement was executed between the Airport and its third-party operator. In accordance with the agreement, the fees include compensation for service and reimbursable expenses. Compensation for services is based on an hourly rate per shuttle bus operation hours and includes reimbursable expenses of such items as fueling, cleaning, and other fees.

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

The total costs of this agreement over the forecast period are as follows:

	Historic			Forecast		
	2023	2024	2025	2026	2027	2028
Busing Costs	10,490,790	14,532,081	14,748,924	18,912,577	18,296,934	18,845,842
Land/Ground Rent	1,429,116	638,391	211,020	211,020	211,020	211,020
Operating Expenses	<u>\$11,919,906</u>	<u>\$15,170,472</u>	<u>\$14,959,944</u>	<u>\$19,123,597</u>	<u>\$18,507,954</u>	<u>\$19,056,862</u>
Total Rental Days	5,007,076	5,279,089	5,412,781	5,356,860	5,463,998	5,589,015
Cost per Rental Day	\$ 2.10	\$ 2.75	\$ 2.72	\$ 3.53	\$ 3.35	\$ 3.37
Adjusted Cost per Rental Day	\$ 2.10	\$ 2.75	\$ 3.00	\$ 3.26	\$ 3.35	\$ 3.37

Note: Cost per rental day for fiscal 2025 and fiscal 2026 have been adjusted to account for the use of cash basis accounting. Under this method, 2025 had 11 months of activity and 2026 had 13 months of activity. The adjusted figures presented reflect 12 months of bussing costs for each fiscal year for comparability.

Note 8: Investment Income

RCC funds are held in cash accounts. Management has forecast these funds will earn approximately 2.50 percent annual interest income throughout the forecast period.

Note 9: Long-term Debt and Financing Cash Flows

The RCC was initially financed by the 2014 CFC Bonds and CFC revenue. Scheduled debt service on the 2014 CFC Bonds during the forecast period is:

	Principal	Interest	Total
2026	\$7,855,000	\$14,063,832	\$21,918,832
2027	8,295,000	13,624,423	21,919,423
2028	8,760,000	13,160,401	21,920,401

Source: Authority

The CFC Bond Indenture requires that the Airport establish a CFC Surplus Fund (which includes any unexpended funds in the Project Account and the CFC stabilization account) to hold funds related to the RCC. This Fund was initially established with proceeds of the CFC collected by the Companies before the RCC was operational. The minimum targeted balance of this fund is \$25 million. If the Fund falls below \$25 million, the Authority may loan up to \$10 million to the Surplus Fund to achieve the minimum balance. If this Authority loan is not sufficient to meet the minimum Surplus Fund balance, then the Companies will be required to make contributions to the Surplus Fund as required by the Bond Indenture and lease agreements.

Due to the significant decrease in CFC revenues in 2020-2022, as a result of the COVID-19 pandemic, the Airport loaned approximately \$1,051,000 to the CFC Surplus Fund in fiscal year

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028

ended June 30, 2022 and a further \$1,108,552 in fiscal year 2023. The airport used available balances to repay the loan in fiscal 2024, To the extent the loan is required interest shall be due semi-annually on each January 1 and July 1 at a rate equal to the 10- year Treasury Rate plus 350 basis points.

Note 10: Capital Expenditures

Management has forecast that between FY 2026 and FY 2028 there will be capital expenditures to undertake major maintenance projects including electrical upgrades in the RCC. As discussed in the Bus Shuttle Facility section above, CFCs will be applied toward the RCC's use of the new busing facility.

Note 11: Working Capital Assumptions

Management has assumed that all CFC fees will be remitted to the Airport by the Companies within approximately 45 days of being collected. The forecast schedule of rental car center sources and uses of cash forecast total CFC fees on the cash basis.

Management has also assumed that payments to its shuttle bus contract will be paid in the month following services. Expenses included in the Schedule are on the cash basis.

Note 12: Steps taken to Limit Costs

The Airport conducted a competitive bid process for a third-party to operate the bus shuttle service for the RCC. The 2014 Bonds may be refunded and the Authority is continually looking for opportunities to refinance the debt at lower rates.

San Diego County Regional Airport Authority
Assumptions and Notes to Forecasted Financial Information
June 30, 2026 through 2028