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PRELIMINARY ANALYSIS

SAN DIEGO INTERNATIONAL AIRPORT
AT
NAS MIRAMAR

JANUARY 4, 1994

The San Diego International Airport Foundation (SDIAF) requested we prepare a preliminary analysis relocating San Diego International Airport at NAS Miramar. Our investigation included the review of information on the current San Diego International Airport operations at Lindbergh Field, forecast and growth projections, noise and other environmental data, comparable other airport data, and information on the NAS Miramar site.

Passenger Forecasts

In July 1988, P&D Technologies, in association with Thompson Consultants International, Burns & McDonnell, and Stevens & Garland Associates completed an Airport Development Study, demand/capacity and facility requirements. Excerpts from this report on forecasted passengers from 1988 through the year 2010 (see Exhibit A, Historical Passenger Traffic), indicated an average growth in excess of 6% and projected passenger traffic in 1995 to be 16,700,000. At the close of 1993, actual passenger traffic has not yet exceeded 12 million.

The Airport Development Study did indicate these forecasts were based on unconstrained growth. Our preliminary analysis suggests passenger traffic growth has been significantly constrained by the current facilities at Lindbergh Field due to the lack of capacity of the facility. Average growth in this period has been less than 2% per year, and further degradation in growth rates will continue at the Lindbergh Field facility.

Although improvements could be made to Lindbergh Field to increase capacity in the short term, in our opinion, it is not a prudent expenditure of funds since the Lindbergh Field facility has outlived its useful life and expansion for long-term capacity improvements is not possible due to site constraints.

Previous to 1988, average passenger traffic increased annually in excess of 10%; a very robust growth during a 7-year period beginning in 1981. It appears saturation of the Lindbergh Field facility occurred in 1988 and the growth in traffic has been substantially constrained since.

To reimplement robust growth in passenger traffic, a new facility is needed which will immediately provide ample capacity for growth in the near-term future. A new facility will take 6 years to develop, and we recommend a design capacity of 20 million passengers be considered. With a new terminal opening in the year

DRAFT

2000, our preliminary passenger forecast suggests 13,500,000 passengers will be using the facility the first year. The 20 million passengers design capacity would not be reached until the year 2008. This provides at least 8 years of use of the new facility prior to any expansion and is consistent with the design approach in many other major hub airports in the U.S.

Design Capacity

The capacity of an airport facility is comprised of 3 components; i.e., airfield, terminal, and ground access. Each of these components should be designed in concert with the design capacity of the overall facility so that balance is achieved in each of the three components. Over building one particular component with excess capacity over other components should be avoided. Such over building expends funds unwisely by building capacity that cannot be effectively utilized due to limitations in other components.

With the design capacity of 20 million annual passengers, the following individual component capacities result:

Airfield Capacity	62 to 75 operations per hour (IFR)
Terminal Capacity	54 gates (370,000 passengers per gate)
Ground Access	3,000 vehicles per hour

Lindbergh Field Capacity Analysis

When examining the facts of Lindbergh Field under the current operation (see Exhibit B, San Diego/Lindbergh Field Fact Sheet), it appears the following capacities currently exist:

Airfield Capacity	46 operations per hour (IFR)
Terminal Capacity	30 gates (314,000 passengers per gate)
Ground Access	1,500 vehicles per hour

In the current terminal facility, approximately 14,400 sf of terminal space is provided per gate. Holdroom areas for each gate is approximately 1,557 sf. Daily gate use yields 6.9 turns per day. Square footage in the terminal reflects space standards back in the days when aircraft average capacities were less than 100 people. Standards today provide substantially more square footage in the terminal per gate, with considerably larger holdrooms, yielding slightly better passenger thru-put per gate and fully developed concession areas. Some comparable data for consideration is:

Orlando International Airport	42,500 sf per gate
New Denver Airport	53,570 sf per gate

New San Diego International Airport Scope

When creating the scope of a new international airport, providing improvements for a balance in capacity of airfield, terminal and

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ground access is necessary to efficiently use capital for a new facility which is cost competitive with other new airports in the air transport system.

Airfield

The airfield at NAS Miramar with two parallel runways and one diagonal runway can provide 70 to 77 operations at peak hour (IFR). Ample airfield runway capacity exists to meet requirements of 20 million passenger design capacity. Improvements will need to be made to provide a second parallel taxiway, taxi connectors to the apron areas, and high-speed turnoffs to provide a balanced airfield for the new airport.

The assets NAS Miramar provides San Diego for a new facility are substantial. The airfield is in excellent condition and can be used immediately. NAS Miramar airfield meets design capacity requirements and provides savings of $100 million by not requiring new runway to be built with the project.

Terminal

A new terminal building must meet current standards for space and passenger convenience to be competitive in today's air transport environment. We propose the following criteria be utilized for terminal facilities:

- 35,000 sf per gate gross terminal space
- 370,000 passengers per gate thru-put
- 6.5 turns per day of gate utilization

These standards will bring this facility in line with current design standards providing adequate square footage in terminal facilities and more comfortable holdrooms, more adequate airline space, enhanced concession space to generate retail/food & beverage sale increases over current revenue, adequate public circulation space to enhance the travel experience for users and avoid crowding in key terminal areas which leads to delays, frustration by the traveling public, and safety/security problems.

A new terminal with 54-aircraft gates (narrow-body, wide-body, and jumbo aircraft) yields 1,890,000 sf of space (see Exhibit C, Preliminary Feasibility).

Ground Access

The proper ground access for the scope of the project would include:

- Roadway systems with access from both east and west
- Loop-road system with 3 lanes of traffic.

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- Enplaning (ticketing) roadway would be vertically separate from the deplanement (bag claim) roadway.

- On-site public parking with 6,000 spaces (25% of the spaces for short-term parking).

- Additional parking for employees, commercial vehicles, and VIPs.

The current roadway network around NAS Miramar provides wonderful access and capacity for a new airport. Access from the east and west with interchanges on the interstate highways exists and meet ground access capacity requirements for 20 million passengers.

New San Diego International Airport at NAS Miramar Scope

Project Costs and Funding

The scope as outlined heretofore results in a total project cost in today's dollars of $798,850,000. Including capitalized interest and escalation during construction for a 6-year construction period, a total cost of $880,355,300 is projected (see Exhibit C, Preliminary Feasibility).

Funding of this overall project can occur from the following sources:

Federal and State Grants	$132,850,000
Passenger Facility Charges (PFCs) (Collections during construction only)	$ 43,500,000
Airport Revenue Bonds	$677,005,300
Airline Funds	$ 27,000,000
Total	**$880,355,300**

Based on the preliminary analysis, funding from these sources for the project as heretofore outlined appear to be achievable for a new airport facility at NAS Miramar. This assumes the existing facility at Lindbergh Field would be closed and cease to operate upon the opening of the new facility at NAS Miramar.

Revenues

When examining revenues for the first year of operation in the year 2000, revenues would be received from a number of sources. These sources would include the following:

- Airline terminal rent.
- Rent-a-car concession fees and terminal rent.
- Concessions fees (food & beverage, retail).

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- Ground transportation fees.
- Parking fees.
- Airline landing fees.
- Airline apron fees.
- Fueling charges.
- Property leases (catering facilities, aircraft maintenance, FBOs, and other on-site airport services)
- International flight processing fees.

From analysis of these revenue sources, utilizing a rate base competitive in the industry, a gross revenue of $88,650,000 can be achieved. Airline rates compared with other major U.S. airports are as follows:

Airline terminal ramp	$48.75 per sf
Airline landing fees	$1.03 per thousand pounds

Preliminary Feasibility

Feasibility of a new airport facility today depends on three cost factors comparable to other airport facilities in the country; i.e., landing fees, terminal rent, and cost per passenger (see Exhibit D, Comparable Airport Costs to Operate).

Landing Fees

Landing fees at a number of key airports across the country range from a low of $.89 to a high of $2.09 per thousand pounds. In 1993 Lindbergh Field charged $.89 per thousand pound and has scheduled an increase in 1994 to $1.19 per thousand pound.

Terminal Rent

Terminal rent for major hub facilities has a significant range of charges, with a low of $22.14 per square foot to a high range of $120.53 per square foot. These terminal rents are the average rent for a variety of classifications of space in the terminal facility rented by airline tenants. These average rental rates include high cost rental space such as ticket counters and a lower cost rental space such as ramp operation space. These rates are blended to provide an average rental rate which has been heretofore mentioned. The 1993 rental rate for Lindbergh Field was $41.00. 1994 projected rental rate is $39.68.

Cost Per Passenger

Cost per passenger is a new criteria beginning to emerge in the airline industry as a method to compare the costs to operate by the airlines in airport facilities across the country. Basically, all the costs to the airlines are divided by the enplanements to yield the cost per passenger. Many airports do not have these costs available yet, but the current range for most major airports is

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from the low of $4.05 per passenger to an upper range of $14.45 per passenger. The $14.45 per passenger cost is for the new Denver airport, scheduled to open in the spring of 1994. This is the highest cost per passenger of any airport in the country. From review of the data available on most major hub airports, approximately $7.00 per passenger appears to be a reasonable cost, competitive in price with other airports in the country.

Analysis

When analyzing the first year of operation, utilizing all the information mentioned above, a surplus in the first year of operation of over $1 million is achieved after meeting payments for debt service, coverage, and operation and maintenance expenses.

We have assumed the interest rate on the bonds of $677,005,300 is 6.25% on a tax-exempt basis. We have assumed 25% coverage in the cost. Coverage is an overpayment on debt service in the amount of 25% that serves as a reserve fund for any shortages in revenue collections to ensure the debt service is payable on the bonds without interruption regardless of an operational revenue problem. As the reserve fund accumulates, portions of the fund could be reallocated for renewal and replacement and as prepared credit to the airlines on terminal rent. Operating and maintenance costs assumed are comparable to other facilities of this size and character and represents 40% of the overall budget in the first year of operation.

As a result, cost per passenger would be $6.55 per passenger.

If you compare this cost with other airport costs (see Exhibit D, Comparable Airport Costs), these costs are extremely favorable and competitive in the U.S. market.

Passenger Facility Charge (PFC)

Congress created the ability for airports to raise money for airport facility improvements with a Passenger Facility Charge (PFC) in 1991. Basically, with a FAA approved program, an airport can collect up to $3.00 per departure for up to 25 years. To receive FAA approval, a detailed comprehensive application must be prepared and undergo a year-long process to become approved. Airline consultation occurs during the process. The application must outline in detail eligible projects which expand capacity, improve safety and security, and increase competition between the air carriers for the benefit of the traveling public. The $3.00 charge is hidden in the ticket price for departures from the airport, is collected by the airlines, and collections are sent monthly less an allowable collection charge to the airport operator.

The new San Diego International Airport at NAS Miramar would be

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considered an eligible project and would generate substantial funds for this new facility. Any existing PFC program at Lindbergh Field would need to end by the start date of this program, projected to start in 1997. Coordinating the two programs could easily be done with the new application.

A PFC program for the new San Diego International Airport at NAS Miramar could not be started much sooner than indicated because the new project must be fully programmed and scoped, all environmental assessments complete, a complete financial plan disclosed with the application, and the authority operating the airport be authorized to do so.

We have projected PFC collections for this feasibility study (see Exhibit E, PFC Projected Collections). 75% of enplanement was used to allow for frequent flyer tickts and multiple destination passengers which would not pay PFCs in their ticket.

Project Schedule

We have developed a preliminary schedule for the project (see Exhibit F, Preliminary Project Schedule). The first phase of work should begin with the selection of a general consultant, starting the second quarter of 1994. Further site analysis, program development and scope document preparation as well as preparation of the master plan and the new airport layout plan need to be completed by 1995. The next major phase of work would include the preparation of passenger facility charge (PFC) application to FAA and the completion of the environmental assessment report.

Design would occur beginning in 1996 and ending the first quarter of 1997. Construction would begin in the first quarter of 1997 and be completed in the last quarter of 1999. Construction would probably occur in multipackages overlapping the design phase.

The preliminary schedule indicates an opening of the new facility in February, 2000. This date was selected as the traditional least traffic month of the year and the best time to relocate the operation from Lindbergh Field to NAS Miramar.

Noise Considerations

Considerable attention has been given to noise considerations at NAS Miramar and the relocation of all commercial traffic from Lindbergh Field to NAS Miramar. Our noise consultant has reviewed in-depth the current operation at Lindbergh Field, relocation of commercial service to NAS Miramar, current military operation at NAS Miramar, and has made a number of conclusions as outlined in his letter dated January 4, 1994.

The first conclusion is by the year 2000, the entire commercial fleet will be composed of a stage 3 aircraft. Stage 3 aircraft,

DRAFT

significantly quieter than stage 2 aircraft, have the ability to climb after take off and achieve higher altitudes in shorter distances, than stage 2 aircraft. With the vast land area of NAS Miramar around the primary airfield with at least 5,000 feet of land on this property off the end of departure runway, significant altitude can be reached by stage 3 aircraft at this distance before flying over property owned by others. It is his conclusion noise levels will be significantly less than the current military operation and, in general, a 25% reduction noise exposure could be achieved.

He further concludes with participation of surrounding communities and an airspace management plan, departure routes could be designated to further reduce noise impact to surrounding communities.

His other significant conclusion is at Lindbergh Field 41,000 people reside within the noise impact area of the airport. By relocating commercial activity from Lindbergh Field to NAS Miramar and shutting down the Lindbergh Field operation, these 41,000 people would no longer be exposed to the noise from the airport operation. The concentration of people surrounding the NAS Miramar in the proposed flight patterns for commercial operations, less than 5,000 people are currently affected by aircraft noise. The 5,000 people currently affected by military operations will be the same people affected by the commercial operations. 46,000 people are affected by noise in the Greater San Diego area by airport operations at these two fields, by relocating the commercial operation from Lindbergh Field to NAS Miramar, noise exposure can be eliminated from 41,000 people and the remaining 5,000 can enjoy a 25% reduction in current noise levels.

Since airspace requirements have restricted vertical growth of downtown San Diego with Lindbergh Field operation, these restrictions could be removed with the relocation to NAS Miramar. This should allow downtown San Diego and surrounding communities to reinstitute vertical growth opportunities. Vertical growth tends to keep government services cost lower and should affect taxes similarly.

Sanitary Landfill

We have also preliminarily examined the sanitary landfill operation at NAS Miramar and its potential effects on commercial operation. FAA 5200.5A provides guidelines for waste disposal sites on or near airports. We are familiar with this regulation and its application to the NAS Miramar operation. The landfill operation is within 10,000 feet of the runway and would require FAA's close inspection and examination. The FAA prepared guidelines to help communities foster safe airport operations, but clearly left the regulation of sanitary landfills up to other environmental agencies. Their involvement in the inspection is to ensure bird populations do not

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accumulate more than would normally occur in the environment and a bird hazard for aviation is not created by the landfill operation.

We are aware the Navy and the City of San Diego have for some time operated a program to control bird population at the landfill site and have successfully achieved zero accumulation of bird population above what can be considered normal populations in any environment. Their program is called BASH (Bird Aircraft Strike Hazard) and has kept detailed records and reports no bird strikes in the vicinity of NAS Miramar and the landfill. There have been bird strikes outside the area in normal airspace.

With FAA's close inspection of the site, examination of the existing program and its results, commitments to maintain the current program and the analysis of other commercial airports operating with landfills within 10,000 feet of their runways, the FAA would not prevent the development of a new San Diego International Airport at NAS Miramar.

Conclusions

Our preliminary analysis of relocating the Lindbergh Field operation to NAS Miramar appears to be a viable opportunity for the Greater San Diego community. The current operations at Lindbergh Field are highly constrained and the ability of passenger traffic to grow to help reinitiate prosperity in San Diego is not possible. Improvements made to Lindbergh Field to help relieve current capacity constraints would only have very short term benefit and would not provide a permanent solution.

Design capacity for a new San Diego International Airport should be 20 million passengers. This provides unconstrained growth of passenger traffic in the Greater San Diego area until approximately the year 2008.

A new facility utilizing current design standards would create a new airport facility with the following characteristics:

- 1,890,000 sf of terminal space.
- 54-aircraft gates.
- 7,000 public parking spaces.
- Ground access from the east and west.

A project of this scope would cost $880,355,300. Funding from federal and state grants, PFCs, general revenue bonds, and airline funds would provide adequate funding to build this facility.

The first year revenues from airline space rent, landing, rent-a-car, concession, parking, and other applicable fees, would generate sufficient revenues with a comprehensive PFC program to meet debt service, coverage, operation and maintenance expenses, and provide a surplus in excess of $1 million. First year comparable costs to other airport are:

Airline terminal space rental	$48.75 per square foot
Airline landing fees	$1.03 per thousand pounds
Cost per passenger	$6.55 per passenger

These costs are most attractive when looking at other major airports in the United States. In comparison to the new Denver airport cost per passenger at $14.45, San Diego International Airport at NAS Miramar would be considered a real bargain.

Project implementation would take approximately 6 years, with an anticipated opening in February, 2000.

In consultation with PaineWebber, investment grade airport revenue bonds could be sold by an aviation authority operating this facility without any additional pledge of tax revenue from the City of San Diego or surrounding communities.

San Diego International Airport at NAS Miramar appears, in our opinion, to be a very viable alternative for the Greater San Diego community to pursue to revitalize its economy and again initiate robust growth.

Exhibit A

HISTORICAL PASSENGER TRAFFIC
PASSENGER FORECASTS vs ACTUAL

Jan. 4, 1994

Year	Forecast PAX	Actual PAX	Forecast Growth	Actual Growth	Revised Forecasts
1982		5,630,343 a.		12.10%	
1983		6,547,439 a.		16.30%	
1984		7,173,272 a.		9.60%	
1985		7,937,806 a.		10.70%	
1986		9,084,438 a.		14.40%	
1987		10,101,030 a.		11.20%	
1988	11,000,000 a.	10,705,006 b.	8.90%	6.27%	
1989	11,800,000 a.	11,047,178 b.	7.27%	3.20%	
1990	12,800,000 a.	11,194,694 b.	8.47%	1.34%	
1991	13,400,000 a.	11,344,840 b.	4.69%	1.34%	
1992	14,100,000 a.	11,776,842 b.	5.22%	3.81%	
1993	15,000,000 a.	11,888,000 b.	6.38%	0.94%	
1994	15,800,000 a.		5.33%	0.95%	12,000,898 c.
1995	16,700,000 a.		5.70%	2.00%	12,240,916 c.
2000	19,900,000 a.				13,614,960 c.
2005	22,300,000 a.				17,916,005 c.
2010	24,000,000 a.				23,029,427 c.

Notes:

a. Source is Demand Forecast Report dated July 1988 by P & D Technologies, Inc.
b. Actual passenger traffic reported.
c. Preliminary revised forecast based on constrained growth until year 2000 with new terminal opening.

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Exhibit B

San Diego
Lindberg Field
Fact Sheet

Traffic

	Enplanement (000)	% Change	Aircraft Operations (000)	% Change
1986	4,480	---	164	---
1987	4,989	11.4%	193	17.7%
1988	5,328	6.8%	206	6.7%
1989	5,467	2.6%	207	0.5%
1990	5,488	0.4%	212	2.4%

Average Day - Peak Month -	35,800
Average Day - Peak Month, Peak Hour -	2,730 Enplanements
Average Day - Peak Month, Peak Hour -	2,140 Deplanements
Peak Hour Overall -	4:00 p.m. to 5:00 p.m.
Peak Hour Commercial Traffic -	5:00p.m. to 6:00 p.m.

Airfield

Runway	9,400 (9-27)
Annual Capacity	224,900 Operations
Hourly Capacity - VFR	54 Operations
Hourly Capacity - IFR	48 Operations

Terminal

Gates	Wide Body	8
	Narrow Body	22
	Commuter	5
		35
Area		432,000 s.f.
Terminal Curb		4,530 l.f.
Parking	Public On-site and Remote	3,796
	Public Off-site	3,120 (Private Operators)
	Total Public Parking	6,916
	Employee	869
	Total	7,785
FIS	Passenger/Hour Capacity	240
	Total Area	4,000 s.f.
RAC	Hertz, Avis, & National On-site using 4 Acres Total.	

Interesting Information

Gate Capacity - for 1990	314,000 pax/gate
Holdroom Area/Gate	1,557 s.f.
Daily Gate Use	6.9 turns/day

Exhibit C

PRELIMINARY FEASIBILITY
SAN DIEGO INTERNATIONAL AIRPORT
MIRAMAR SITE

PRELIMINARY DRAFT
For review and revision only

Jan. 4, 1994

SCOPE: Assumptions

Annual Passenger Capacity:	20,000,000 a.			
Year annual passenger capacity reached:	2005 b.			
Current annual passenger activity:	12,000,000	Average passengers/flight:	156	
Passenger/gate annual thruput:	370,000 c.	Turns per gate per day:	6.5	
Aircraft gates required for capacity:	54	54.05 gates		
Airside space required / gate	17,200 sf.			
Landside space required / gate	17,800 sf.			
Total / gate:	35,000 sf.			
Gross SF terminal (Airside and Landside)	1,890,000 sf.			

Airside Terminal / gate	SF
Holdroom (N8, N8, Jumbo Mix	4200
Hldrm.Circul.	4000
Ramp Ops.	3000
Concessions	1200
Toilets, support, etc.	1200
Vert.Circul	100
Gen.Public Circul.	3500
Total Airside	17,200

CONCEPTUAL COSTS:

Terminal		Aircraft Support Systems	
Project cost per SF:	$275 e.f.	Project cost per gate:	$1,350,000 i.f.
Terminal project cost:	$519,750,000	Air.Sup.Sys. cost:	$72,900,000
Site--Airfield			
Project cost per gate:	$1,500,000 g.f.		
Site project cost:	$81,000,000		
Site--Landside Civil			
Project cost per gate:	$2,300,000 h.f.		
Site project cost:	$124,200,000		
Total Project Cost:	$787,850,000 f.		

Landside Terminal / gate	SF
Ticket Counter	200
Ticket Lobby	2000
A.T.Q.	800
Bag Claim	2200
Bag Makeup	1800
RAC & Ground Trans.	200
RAC & Grnd. Lobby	1500
Vert. Circul.	200
Curbside	1000
Toilets, support, etc	800
Security Lobby	500
Concessions	2000
Public space	3500
Physical Plant	400
Total L/S	17,800

Note:
a. Design capacity of facility can absorb 10% over capacity operation with minor peak hour delays.
b. Assumes growth in passenger traffic remains 2% annually until new terminal open; 8% growth 1st year of operation, gradually decreasing to average 3.5% annually thereafter.
c. Annual thruput of passengers assumes preferential use gate lease agreements.
d. SF required based on current standards for balanced facilities with 80% load factors.
e. Unit costs include all components for finished public space including F.F.& E. excluding tenant fitup of lease space.
f. Project costs include construction costs, all prof.fees, admin.costs, contingencies.
Assets at Miramar are no cost to project; however, no revenue from Lindbergh Field for property lease or sale included.
g. Unit cost assume existing runways, apron used with minor improvements, environmental cleanup by Navy.
h. Unit cost assume scope for loop road system, parking, interstate interchange, utilities, signage & landscaping.
i. Unit cost assume scope for loading bridges, ground power, cabin air, bag conveyors (inbound and outbound), FIDS, BIDS.

PRELIMINARY FEASIBILITY
SAN DIEGO INTERNATIONAL AIRPORT
Jan. 4, 1994 MIRAMAR SITE

PRELIMINARY DRAFT
For review and revision only

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FUNDING: SCENARIO I

	Costs	Fed. & State Grants	P.F.C.'s	Bonds	Airline Funds	Total Funds
Terminal project cost:	$519,750,000	$16,000,000	$26,500,000	$483,250,000	$0	$519,750,000
Aircraft Support Systems	$72,900,000		$4,000,000	$41,900,000	$27,000,000	$72,900,000
Site project cost--Airfield:	$81,000,000	$69,750,000	$4,500,000	$15,750,000	$0	$81,000,000
Site project cost--landside Civil:	$124,200,000	$62,100,000	$8,500,000	$53,600,000	$0	$124,200,000
Total Project Cost:	$797,850,000	$132,850,000	$43,500,000	$594,500,000	$27,000,000	$797,850,000
Capitalized Interest during Constr.:	$48,477,000 j.	$0	$0	$48,477,000	$0	$48,477,000
Escalation during construction:	$34,028,303 k.	$0	$0	$34,028,303	$0	$34,028,303
TOTAL COSTS:	$880,355,303	$132,850,000	$43,500,000	$677,005,303	$27,000,000	$880,355,303

P.F.C. projection of collections

	Year	Enplanements	% Collect	Revenue
1st	1997	6,307,724	75%	$14,327,380
5th	2001	7,162,329	75%	$18,116,580
10th	2006	9,448,214	75%	$21,253,881
15th	2011	12,050,148	75%	$27,112,833
20th	2016	14,888,060	75%	$33,048,125
25th	2021	17,002,297	75%	$38,255,168
	TOTAL PFC's:			$429,275,896

Revenues

Source	Units	Rate/unit	First Year Revenue
Airlines	648,641	$48.75	$31,621,922 q.
RAC	1,501,882	$10.00	$15,018,823 r.
Concessions	6,757,480	$2.00	$13,514,960
Ground Trans.	6,757,480	$0.26	$1,756,945
Parking	6,000	$2,000.00	$12,000,000 s.
Landing Fees	7,000,000	$1.03	$7,210,000 t.
Apron fees	51	$25,000.00	$1,350,000
Fueling fees		1a	$1,500,000
Property Lease	200	$8,500.00	$1,500,000
Int.Flights	845,000	$4.00	$3,380,000
TOTAL REVENUE:			$88,650,149 m.

PERFORMA:

	Debt Service + Coverage	O & M Terminal	O & M Airfield	O & M L/S Site	Total O & M	Revenue	PFC's
First Operational Year Budget	$62,551,290 n.	$28,350,000	$5,213,000	$6,315,000	$40,215,000 o.	$28,650,149	$15,204,230

COST PER PASSENGER: $5.55 p.

1st Year operating balance: $1,034,191 surplus (deficit)

Note:

j. Assumes 6 year design/construction period, cash from grants and PFC's used first before bond proceeds.

k. Assumes escalation rate increases during 6 year design/construction period starting at 2% and ending at 4%.

l. Assumes Passenger Facility Charge (PFC) program for 25 years, 1st year of collection is 1997.

m. Assumes Origination and Destination (O & D) traffic characteristics similar to MCO.
Detailed study required of San Diego conditions to finalize assumptions and verify viability of conclusions.

n. Assumes interest rate @ 6.26% on debt + 25% coverage on principle & interest. Market analysis required to determine actual rates applicable.

o. Assumes Operation and Maintenance (O & M) expenses similar to MCO.
Detailed study required of San Diego conditions to finalize assumptions and verify viability of conclusions.

p. Cost per passenger defined as costs of airlines (terminal rental, landing fees, apron fees and fueling fees) at airport divided by annual enplanements.

q. Current rate at Lindberg field is $41.00; escalated at 2.5% per year the rate in year 2000 would be $48.75.

r. Assumes average yield per rental agreement of $10.00; 40% of enplanements use rental cars with 1.6 people per car.

s. Assumes average yield of $5.50 per space per day.

t. Current rate at Lindberg field is $0.89/1000# landed weight; escalated at 2.5% per year the rate in year 2000 would be $1.03.

Exhibit D

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COMPARABLE AIRPORT COSTS TO OPERATE

Jan. 4, 1994

Location	Data Year	Total Traffic	Landing Fees	Terminal Rent	Cost per Passenger
Orlando	1993	21,147,888	$2.09	$55.00	$7.10
Maimi	1993	26,483,717	$0.99	$33.00	N/A
Tampa	1994	9,562,839	$1.12	$120.53	N/A
Pittsburg	1993	18,748,884	$1.35	$118.54	N/A
Wash.D.C.	1993	26,764,421	$1.49	$55.49	$4.40
Philadephia	1994	15,986,500	$1.31	$46.17	$8.50
Chicago	1994	69,065,311	$1.89	$65.00	N/A
Baltimore	1993	8,839,987	$1.38	$35.00	$6.71
Las Vegas	1993	20,913,054	$1.23	$73.29	$4.05
Phoenix	1993	22,111,555	$0.91	$40.00	$4.54
Ft.Lauderdale	1993	8,344,138	$1.05	$22.15	N/A
West Palm Bch	1994	5,023,963	$1.39	$51.05	N/A
Sarasota	1993	1,713,939	$1.85	$43.07	$10.11
New Denver	1994	31,300,000	N/A	N/A	$14.45
Lindbergh Field	1993	11,588,000	$0.89	$41.00	N/A
Lindbergh Field	1994	12,000,998	$1.19	$39.68	N/A
New San Diego	2000	13,514,960	$1.03	$48.75	$6.55

Note: Greater Orlando Aviation Authority is source of data; collected from contacting each airport directly.

Exhibit E

PASSENGER FACILITY CHARGE (PFC) PROJECTED COLLECTIONS Jan. 4, 1994
San Diego International Airport Amount: $3.00

Collection Year	Year	Annual Enplanements	Annual Passengers	PFC % Collected	Projected Revenue
	1994	6,000,449	12,000,898	0	$0
	1995	6,120,458	12,240,916	0	$0
	1996	6,242,867	12,485,734	0	$0
1st	1997	6,367,724	12,735,449	75%	$14,327,380
2nd	1998	6,495,079	12,990,158	75%	$14,613,928
3rd	1999	6,624,981	13,249,961	75%	$14,906,206
New terminal opens year 2000					
4th	2000	6,757,480	13,514,960	75%	$15,204,330
5th	2001	7,162,929	14,325,858	75%	$16,116,590
6th	2002	7,585,542	15,171,084	75%	$17,067,469
7th	2003	8,025,503	16,051,006	75%	$18,057,382
8th	2004	8,482,957	16,965,914	75%	$19,086,653
9th	2005	8,959,002	17,916,005	75%	$20,155,506
10th	2006	9,445,214	18,892,427	75%	$21,253,981
11th	2007	9,946,863	19,893,726	75%	$22,380,442
12th	2008	10,459,126	20,918,253	75%	$23,533,034
13th	2009	10,982,083	21,964,165	75%	$24,709,686
14th	2010	11,514,714	23,029,427	75%	$25,908,106
15th	2011	12,050,148	24,100,296	75%	$27,112,833
16th	2012	12,585,777	25,171,554	75%	$28,317,998
17th	2013	13,120,672	26,241,345	75%	$29,521,513
18th	2014	13,652,060	27,304,119	75%	$30,717,134
19th	2015	14,177,664	28,355,328	75%	$31,899,744
20th	2016	14,688,060	29,376,120	75%	$33,048,135
21st	2017	15,187,454	30,374,908	75%	$34,171,771
22nd	2018	15,673,452	31,346,905	75%	$35,265,268
23rd	2019	16,143,656	32,287,312	75%	$36,323,226
24th	2020	16,587,607	33,175,213	75%	$37,322,115
25th	2021	17,002,297	34,004,594	75%	$38,255,168

TOTAL PFC's: $629,275,598
Average PFC collection annually: $25,171,024

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PRELIMINARY PROJECT SCHEDULE
NEW SAN DIEGO INTERNATIONAL AIRPORT
Jan. 4, 1994 MIRAMAR

Start Year	Quarter	Activity	Finish Year	Quarter
1994	2nd.	Select general consultant for project.	1994	2nd.
1994	3rd.	Analyze site, prepare program and scope documents.	1995	4th.
1995	1st.	Prepare master plan, new airport layout plan (ALP)	1996	1st.
1995	4th.	Prepare passenger facility charge application (PFC).	1996	3rd.
1995	3rd.	Prepare environmental assessment report (EA).	1996	2nd.
1996	1st.	Select design teams and special consultants.	1996	1st.
1996	2nd.	Design new airport and prepare final construction documents.	1997	1st.
1996	3rd.	Environmental remediation (if required).	1999	4th.
1996	4th.	Bid and award 1st. phase of construction.	1996	4th.
1997	1st.	Construction.	1999	3rd.
1999	4th.	Tenant fit-up, occupancy and relocation of operations.	1999	4th.
2000	1st.	GRAND OPENING. February (least traffic month of year).	2000	1st.

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TRANSPORTATION SOLUTIONS, INC.

January 4, 1994

Mr. Richard Zipperly
ZHA, Inc.
Landmark Center Two
225 East Robinson Street, Suite 660
Orlando, FL 32801

Reference: Miramar Noise Exposure Review

Dear Mr. Zipperly:

We have reviewed the information you supplied to us related to the Miramar facility and Lindbergh Field. You have asked us to review the available information and indicate to you the noise related opportunities and constraints associated with the possible relocation of commercial service from Lindbergh to Miramar.

Miramar Noise Contours (Military versus Commercial Activity)

Miramar is currently a naval facility operating a variety of military fighter jet and transport aircraft into and out of the facility. Noise contours prepared by the San Diego International Airport Foundation, using the CNEL descriptor, were provided to us as well as an overlay of noise contours for the use of Miramar as a commercial facility. The relationship indicates a reduction in CNEL noise exposure with the commercial facility compared to the military operation. The CNEL noise descriptor takes into account the number of average daily operations, the peak noise level resulting from departure and arrival by the individual aircraft and weights the evening (7:00pm-10:00pm) and nighttime (10:00pm-7:00am) operations as being more annoying than those which occur during the daytime (7:00am to 7:00pm timeframe).

The cause of the reduction in noise exposure with commercial activity is likely to be the significantly reduced noise exposure at the source (most individual commercial aircraft being significantly quieter than the military fleet mix). The commercial fleet has been required to phase out the noisier Stage 2 aircraft over recent years with a full Phase out to a quieter Stage 3 fleet required by the year 2000. Although some reduction in noise exposure by military aircraft has also occurred, the military fleet is not subject to the Phase out requirements and most military aircraft remain much noisier than their commercial counterparts.

Since the airfield at Miramar is active, airspace has been reserved for its use by FAA's Air Traffic Control. It would be anticipated that with commercial service at Miramar, similar flight corridors could be utilized by the commercial fleet and new areas of land would not need to be exposed to flyover activity by the commercial fleet.

TSI

From a land use perspective, a Comprehensive Land Use Plan for NAS Miramar was prepared by the San Diego Council of Governments in October, 1990 (and amended on September 25, 1992). This plan was prepared to ensure compatible land use development in areas affected by noise contours and within accident potential zones. Thus, the land planning protection needed for the compatibility of airport activity with off-Airport communities is in place at Miramar.

In summary, the relocation of commercial service to Miramar would appear to result in smaller areas of CNEL noise exposure than currently exists, would likely result in flight patterns similar to those occurring today, would result in reduced peak noise levels from individual aircraft and future commercial activity would occur at a location which has been planned to account for the effects of aviation activity.

Lindbergh Field

From a noise and airspace perspective the possible relocation of commercial facilities to Miramar has significant effects on the areas surrounding Lindbergh Field. As indicated in the fourth quarter 1992 Noise Report for Lindbergh Field, an estimated 20,700 dwelling units occur and 41,000 people reside in the Airport's noise impact area. In addition, due to the impact of aircraft noise on close-in communities, the Airport operates with nighttime restrictions on departure activity - with no departures allowed between the hours of 11:30 pm and 6:30 am. The relocation of commercial activity to Miramar and the closure of Lindbergh Field would, in effect, eliminate aircraft noise impacts to 41,000 people currently located in high noise exposure areas around Lindbergh Field.

The relocation of Lindbergh activity to Miramar and closure of Lindbergh would also release some surrounding property from land use restrictions imposed primarily as a result of high noise exposure. Other properties in the City, currently affected by FAR Part 77 height restrictions, would revert to local zoning requirements for building heights and not be restricted by FAA requirements.

Based on this brief review, it appears that there would be a significant noise benefit to the overall San Diego region if the commercial service was transferred to Miramar and the existing Lindbergh Field closed.

TSI

Should the decision be reached to begin the evaluation process to use Miramar as the region's commercial facility, one of the initial areas of review should be to consider additional operational and land use possibilities to further reduce the long term noise exposure on affected communities and to review whether the constraints on time of day of aircraft departures for commercial aircraft now enforced at Lindbergh would remain at the new site.

Should you need any additional information at this time, please do not hesitate to contact me.

Sincerely,

TRANSPORTATION SOLUTIONS, INC.

Richard D. Alberts, P.E.
Principal

RDA:ar

ZHA
INCORPORATED

January 5, 1994

Carol Canfield
First Vice President
PaineWebber
1285 Avenue of the Americas
New York, NY 10019

Re: San Diego International Airport at Miramar

Dear Carol:

I enjoyed visiting with you by phone yesterday. Under separate fax you will be receiving an updated preliminary feasibility for the San Diego Airport at Miramar produced by ZHA dated January 4, 1994. We have changed some of the costs slightly and have reduced our overall project cost to $797,850,000. The projected portion to be financed with bonds is $677,000,000.

We have changed the funding scenario slightly to use the PFC revenues received during design/construction and have included $27,000,000 of airline funding for aircraft support systems to reduce the overall bonds required to the $677,000,000 heretofore mentioned.

We have assumed the debt service interest rate at 6.25% and 25% coverage in our pro forma.

We have adjusted the airline rental rate to $48.75 and landing fee at $1.03 per thousand pounds. The resulting cost per passenger to the airline is $6.55.

We project 6,750,480 enplanements in the first year of operation. Our revenue analysis generates about $88,650,000. PFC collections for the same year are projected at $15,204,330 based on 75% collection of enplaning passengers.

The scope of the project remains a new facility with 54-aircraft gates and has a design capacity of 10,000,000 enplanements. We are allocating 35,000 sf per gate which is slightly less space per gate than exists at Orlando International Airport.

Under separate fax you will receive the following exhibits:

a. Comparable airport costs to operate data.
b. PFC projections.
c. Preliminary feasibility.

OWNER REPRESENTATIVE SERVICES · PROGRAM MANAGEMENT
Landmark Center Two, 225 E. Robinson St., Suite 650, Orlando, Florida 32801 407-422-7487 FAX 407-422-7413
Miami Office: Parkside Corporate Center I, 15280 N.W. 79th Court, Suite 105, Miami Lakes, FL 33016 305-829-0707 FAX 305-820-0545 Broward 779-3885

From our analysis this looks like a pretty favorable deal and very feasible in this market. We are assuming construction to start in 1997 and first year operation in the year 2000. We have included capitalized interest during construction in the amount of $48,477,000 and escalation on project cost of $34,028,303.

This is the current information based on our analysis and what our final report will be based on. The letter that you prepare to me should utilize these facts as a basis for your comments.

Many thanks for your cooperation and, hopefully, we are going to have a new project together. Should you have any questions, please feel free to call.

Sincerely,

R.W. Zipperly

RWZ:mmk

cc: Douglas Manchester