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Municipal Securities Group

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PaineWebber

January 6, 1994

San Diego International Airport Foundation
One Market Place
33rd Floor
San Diego, CA 92101

Gentlemen:

PaineWebber Incorporated has, over the past several years, underwritten billions of dollars of airport revenue funds in connection with new airports and also with renovations of existing airport facilities.

We have examined ZHA and San Diego International Airport Foundation's proposal to relocate Charles A. Lindbergh Airport to NAS Miramar and have concluded that financing options for the project are very feasible.

The estimated per passenger cost pursuant to proposed financing is below the current market. It is also our opinion that if the current passenger activity level at Charles A. Lindbergh Airport were to transfer to NAS Miramar, the debt for the project would receive an "A" rating from Moody's and Standard & Poor's Corporation.

PaineWebber Incorporated is hopeful for success in the efforts to bring an International Airport to the City of San Diego. We will be prepared to assist you as you proceed forward on this endeavor.

Sincerely,

Carol S. Canfield

Carol Smith Canfield
First Vice President & Manager
Airport Finance Group

CSC:rs

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

PRELIMINARY DRAFT
For review and revision only

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SCOPE: Assumptions

Annual Passenger Capacity:	20,000,000 a.		
Year annual passenger capacity reached:	2008 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 (NB, WB, 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:	$797,850,000 f.		

Landside Terminal / gate	SF
Ticket Counter	200
Ticket Lobby	2000
A.T.O.	600
Bag Claim	2200
Bag Makeup	1800
RAC & Ground Trans.	200
RAC & Grnd. Lobby	1600
Vert. Circul.	200
Curbside	1000
Toilets, support, etc.	800
Security Lobby	500
Concessions	2800
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; 6% growth 1st year of operation, gradually decreasing to average 3.5% annually thereafter.
c. Annual thruput of passengers assumes preferrential 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.

FUNDING: SCENARIO I

	Costs	Fed. & State Grants	P.F.C.'s	Bonds	Airline Funds	Total Funds
Terminal project cost:	$519,750,000	$10,000,000	$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	$60,750,000	$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	6,367,724	75%	$14,327,380
5th	2001	7,162,929	75%	$16,116,590
10th	2006	9,446,214	75%	$21,253,981
15th	2011	12,050,148	75%	$27,112,833
20th	2016	14,688,060	75%	$33,048,135
25th	2021	17,002,297	75%	$38,255,168
		TOTAL PFC's:		$629,275,598

Revenues

Source	Unit	Rate/unit	First Year Revenue
Airlines	648,649	$48.75	$31,621,622 q.
RAC	1,501,662	$10.00	$15,016,623 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	54	$25,000.00	$1,350,000
Fueling fees		1s	$1,500,000
Property Lease	200	$6,500.00	$1,300,000
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	$62,555,290 n.	$28,350,000	$5,250,000	$6,615,000	$40,215,000 o.	$88,650,149	$15,204,330

COST PER PASSENGER: $6.55 p.

1st year operating balance: $1,084,190 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 @ 6.25% 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 1.8 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.

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	$5.71
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	12,000,898	$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.