

TRANSPORTATION VENDOR FEE ANALYSIS

Prepared for:

San Diego Unified Port District

Prepared by:

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March 2018

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I. Introduction

A. Objective

Keyser Marston Associates, Inc. (KMA) was retained by the San Diego Unified Port District (District) to complete a Transportation Vendor Fee Analysis (Report). The objectives of this Report were threefold:

1. Analyze the relationship between the planned Chula Vista Bayfront (CVB) convention center (CVB Convention Center) on District-owned land (including parking facilities) and cars rented by transportation vendors conducting business on District Tidelands
2. Analyze the potential impacts of a \$3.50 fee, if any, on rental car demand at the San Diego International Airport (Airport)
3. Estimate the economic benefits of the RHCC Development and build-out of the balance of the CVB to the San Diego region

KMA was assisted in the preparation of this Report by transportation and parking consultants Chen Ryan Associates (CRA).

B. Approach

In completing this Report, KMA undertook the following principal work tasks:

1. Assessed the correlation between Airport arrivals and rental car activity/parking demand at the proposed CVB Convention Center. This assessment also included secondary market research related to the San Diego County (County) visitor industry.
2. Evaluated the effect of a \$3.50 fee in comparison with other regions in the U.S. and assessed the impacts of the fee on rental car activity.
3. Analyzed the potential benefits to the Airport in terms of increased passenger volume, car rentals, and landing fees resulting from development of the Convention Center.
4. Prepared an Economic Impact Analysis (EIA) for the proposed Resort Hotel and Convention Center and build-out of the balance of the CVB.

C. Planned Chula Vista Bayfront Convention Center Facilities

Development of the CVB is guided by the Chula Vista Bayfront Master Plan (CVBMP). The CVBMP calls for the development of approximately 275,000 square feet (SF) of convention center facilities, a 1,600-room resort hotel, and other commercial and public improvements on a 36.5-acre site on the Chula Vista Bayfront (RHCC Development). A 1,600-space parking garage is proposed to be financed and built adjacent to the RHCC Development on District-owned Tidelands.

II. Key Findings

Table II-1 below summarizes the KMA key findings related to the three (3) objectives identified by the District for this analysis.

Table II-1: Key Findings by Objective
<p data-bbox="207 485 756 516">1. Rental Car Activity and Parking Demand</p> <p data-bbox="207 583 342 615"><u>OBJECTIVE:</u></p> <p data-bbox="207 669 1295 701">Assess the correlation between the proposed CVB Convention Center and rental car activity.</p> <p data-bbox="207 753 331 785"><u>FINDINGS:</u></p> <p data-bbox="207 840 1430 1125">It is projected that 60% of check-ins at the RHCC Development will be CVB Convention Center related. Of this amount, it is estimated that 70% to 90% of CVB Convention Center check-ins will arrive by flight, with 40% of those visitors requiring a car rental. On this basis, it is estimated that the CVB Convention Center will generate demand for an additional 20,000 to 44,000 rental cars annually. It is anticipated that these visitors will rent cars at the Airport, i.e., on the Tidelands, in order to travel to the CVB Convention Center. Therefore, they will require the use of a parking facility at the CVB Convention Center.</p>
<p data-bbox="207 1192 570 1224">2. Tidelands Rental Car Fee</p> <p data-bbox="207 1291 342 1323"><u>OBJECTIVE:</u></p> <p data-bbox="207 1377 1360 1453">Analyze the potential effects of a \$3.50 per transaction rental car fee on rental car demand at the Airport (which is the primary site of rental car activity on the Tidelands).</p> <p data-bbox="207 1505 331 1537"><u>FINDINGS:</u></p> <p data-bbox="207 1591 1430 1751">A rental car fee of \$3.50 per transaction is de minimis relative to existing rental car fees, the total cost of renting a car, and rental car costs in comparable cities/airports. According to a survey of rental car rates, fees, and taxes, a \$3.50 rental car fee would have minimal impact on the average rental car costs in San Diego. The fee is estimated to increase the three-day average San Diego car rental rate by 1.5%.</p>

Table II-1: Key Findings by Objective

It should be noted that the Airport currently charges a \$9 per day Consolidated Rental Car Facility (ConRAC) Customer Facility Charge, subject to a maximum of \$45 per transaction. In 2009, the San Diego Airport Authority (Authority) received approval from the State to impose a \$10 CFC per transaction. In 2010, the Code authorizing the CFC was amended to shift the fee from a per-transaction rate to a per-day rate of \$9. Subsequently, in 2012, Authority's Board approved a CFC of \$6 per day with approved annual increases. As of January 2017, the fee is \$9 per day. During this period Airport rental car activity increased from 1,120,000 cars in 2009 to an estimated 1,331,000 cars in 2017, reflecting average annual growth of 2.2%.

KMA surveyed rental car rates, fees, and taxes for 10 large metropolitan cities throughout the U.S. in comparison to San Diego. KMA found that San Diego rates, fees, and taxes are generally favorable and below average compared to the surveyed cities. The survey shows that fees and taxes as a percent of car rental rates ranged between 23% and 54%, with San Diego averaging about 34%. In this context, KMA concludes that a \$3.50 rental car fee is unlikely to have a measurable impact on rental car demand at the Airport.

3. Benefits of the RHCC Development

OBJECTIVE:

Analyze the potential benefits in terms of increased passenger volume, landing fees, and economic benefits resulting from development of the RHCC Development.

FINDINGS:

Airport Benefits

The RHCC Development is projected to increase passenger volumes and landing fee revenue at the Airport. CVB Convention Center related hotel guests arriving by flight are estimated to increase Airport passenger volume by 85,000 to 145,000 passengers annually. Based on this projection of increased Airport passengers, the Airport can anticipate receiving between \$200,000 and \$340,000 in increased landing fee revenue annually. In addition, it is assumed that additional revenue to the Airport will be generated by both rental car activity and concession sales.

Table II-1: Key Findings by Objective**Economic Benefits**

The RHCC Development and the long-term build-out of the balance of the CVB are anticipated to generate economic benefits to the region. These benefits are projected as follows:

Total Regional Economic Benefits		
	RHCC Development	Balance of Chula Vista Bayfront
Total Construction Economic Impact ⁽¹⁾⁽²⁾		
A. Economic Output	\$1.3 B	\$1.5 B
B. Personal Income	\$481.0 M	\$533.8 M
C. Employment	2,350 Employees ⁽³⁾	6,330 Employees ⁽⁴⁾
Total Ongoing Annual Economic Impact ⁽¹⁾⁽²⁾		
A. Economic Output	\$474.7 M	\$1.7 B
B. Personal Income	\$166.7 M	\$842.3 M
C. Employment	4,470 Employees	16,175 Employees
(1) All figures reflect 2018 dollars without escalation. (2) Reflects direct, indirect, and induced impacts. (3) Reflects average annual employment over a 45-month construction period. (4) Reflects average annual employment over an 18- to 24-month construction period.		

III. CVB Convention Center Parking Demand

A. San Diego County Visitor Industry

The San Diego County visitor industry has rebounded from the economic turmoil of the late 2000s/early 2010s and continues to experience significant annual gains. This section presents an overview of visitor trends for the San Diego region. Key visitor industry trend data are presented in Appendix Table 1. San Diego County is the fifth largest county in the U.S. in terms of total population. According to the San Diego Tourism Authority, tourism is the second largest export industry in the region and accounts for one-in-eight local jobs. In 2017, 35 million people visited San Diego County with about half of visitors staying overnight and the other half day visitors. Visitor spending totaled \$10.8 billion, an increase of 4.1% from 2016. Lodging accounted for about 30% of all visitor spending. San Diego County has approximately 549 hotel, motel, bed & breakfast, and casino hotel properties, with approximately 61,500 rooms available to visitors. In 2017, San Diego County's average hotel occupancy was 77.3%; the Average Daily Rate (ADR) was \$160.

In 2017, the Airport served 22.2 million passengers. Airport arrivals experienced their highest year-over-year increase in 10 years (7% increase over 2016). Visitors arriving via highways increased by 4.2%, followed by train users (3.9%); border crossings, however, experienced a decline of 0.4%.

Over the course of 10 years (2006 to 2016), San Diego Convention Center attendance and room nights sold experienced an average annual increase of less than 1%. In 2016, Convention Center attendance set an all-time record experiencing a 26% increase from the prior year. However, in 2017, Convention Center attendance declined by almost 22%. The Convention Center held a total of 61 conventions with an estimated 545,000 attendees in 2017. Direct attendee spending that year totaled \$651 million, the second highest attendee spending in a decade.

As shown in Appendix Table 1, the number of Convention Center contracted room nights in 2017 totaled approximately 770,000, the second highest number of contracted room nights in the past 10 years. A study by CIC Research, Inc. indicates that 30% to 40% of Convention Center attendee room nights booked are not a part of the official Convention Center count. Revenue per available room (RevPAR) and ADR experienced increases of 3% in 2017; average hotel occupancy remained constant at 79.1%.

B. Estimated Rental Car Demand

As shown in Appendix Table 1, rental car activity at the Airport increased from 1,120,000 rentals in 2009 to 1,192,000 in 2013, reflecting an average annual growth rate of 1.6%. Through 2017, Airport car rentals were projected to increase to 1,331,000, or an average annual increase of 2.2% from 2009 to 2017.

As shown in Appendix Table 2, the proposed 1,600-room hotel, inclusive of the CVB Convention Center, is projected to generate demand for approximately 467,000 occupied room nights. Sixty percent (60%) of these hotel check-ins, or 280,000 check-ins, are anticipated to be CVB Convention Center related.

As shown in Appendix Table 3, 70% to 90% of CVB Convention Center check-ins are projected to arrive by flight. It is estimated that of these convention center hotel guests arriving by flight, 40% will require a rental car. As presented in Appendix Table 4, this will result in CVB Convention Center related demand for an additional 20,000 to 44,000 rental cars at the Airport annually. As summarized in Table III-1 below, this increased demand generated by the CVB Convention Center represents 1.5% to 3.3% of the estimated 1,331,000 rental cars currently rented at the Airport each year.

Table III-1: Estimated Rental Car Demand				
	Low		High	
Estimated Rental Car Demand	Annual	% of Current	Annual	% of Current
Convention Center Related	20,000	1.5%	44,000	3.3%

IV. Tidelands Rental Car Fee

A. Existing ConRAC Customer Facility Charge

For comparison purposes, this section provides a brief overview of the existing Consolidated Rental Car Facility (ConRAC) Customer Facility Charge (CFC) that is collected from car rentals at the Airport.

According to a Financial Feasibility Report prepared by BKD, LLP in January 2014, it was determined that a CFC Fee of \$9 per day was necessary to meet the forecasted financial obligations of the then proposed ConRAC. Established in 2009, California Civil Code 1936 authorized airports to collect a fee of \$10 per rental car transaction. The fee was amended in 2010 to allow airports to implement an “Alternative CFC” on a per-transaction day basis, limited to a maximum of five days per transaction, beginning at \$6 per day and increasing to \$9 per day. As of January 1, 2017, the CFC Fee is \$9 per day, with a maximum of \$45 per transaction.

The 2014 BKD Financial Feasibility Report analyzed the potential impacts of the then proposed CFC Fee of \$9 per day/maximum \$45 per transaction. The BKD Report determined that demand for rental cars at the Airport is relatively inelastic because the percentage change in quantity demanded is smaller than the percentage change in price. In other words, the BKD Report concluded that imposition of a ConRAC CFC up to \$45 per transaction would not meaningfully reduce rental car activity at the Airport.

B. Survey of Rental Car Fees in Other Metropolitan Cities

Nationwide, the rental car industry generated revenue of \$28.6 billion in 2017. Since 2007, U.S. total rental car revenue has increased by 2.9% annually. According to the Airport Authority, 1,331,000 rental car transactions were forecasted to occur at the Airport in 2017, an increase of 2.5% from 2016. This figure is slightly above the historical average annual increase of 2.2% (2006 to 2017).

KMA surveyed rental car rates, fees, and taxes for 10 large metropolitan cities throughout the U.S. in comparison to San Diego. The findings of the KMA survey are summarized in Table IV-1 below; detailed survey data are presented in Appendix Table 5. KMA found that San Diego rates, fees, and taxes are generally favorable and below average compared to the surveyed cities. The survey shows that fees and taxes as a percent of car rental rates ranged between 23% and 54%, with San Diego averaging about 34%. In this context, KMA concludes that a \$3.50 rental car fee is unlikely to have a measurable impact on rental car demand at the Airport. A \$3.50 fee is estimated to increase the three-day average San Diego car rental rate by 1.5%.

	Minimum	Maximum
Kansas City	40.1%	53.9%
Chicago	43.4%	50.6%
Phoenix	39.7%	48.0%
Philadelphia	32.4%	41.6%
Boston	33.4%	41.3%
Atlanta	28.4%	37.3%
Nashville	30.2%	35.5%
San Diego	32.4%	35.4%
Denver	31.5%	34.4%
Orlando	27.5%	30.3%
Washington DC	22.7%	23.6%
Overall	22.7%	53.9%
(1) Reflects average of eight (8) different 3-day rentals over the course of 2018. Survey parameters include: Vendor: Nationwide rental car company Car: Full-Size 4-Door Sedan Pick-up Location: San Diego International Airport		

According to the Business Travel News (BTN) 2017 Corporate Travel Index U.S. Car Rental Cost Breakdown, San Diego ranks 41st nationally in terms of total daily rental car rate, inclusive of taxes and fees. According to the survey, the San Diego market offers an average per day rate (with taxes and fees) of \$46.95. The San Diego average daily rate is also found to be lower than the U.S. average of \$47.02. The highest city in the BTN survey is New York, with an average daily rate of \$80.25, while the lowest city is Honolulu, at \$35.19 per day. The full survey findings are presented in Appendix Table 6.

V. Airport Passenger Volume and Landing Fees

This section presents a brief overview of the San Diego International Airport and provides an estimate of airport passenger volume and landing fees potentially generated by the RHCC Development.

A. San Diego International Airport

San Diego International Airport is the busiest single-runway airport in the U.S. The largest carrier in terms of enplaned passengers is Southwest Airlines (38%), followed by American Airlines (14%), United Airlines (13%), Delta Air Lines (12%), and Alaska Airlines (10%). All major passenger airlines at the Airport recorded a profit in 2016 with the domestic airline industry collectively attaining \$14.9 billion in profit. However, industry profits were down from 2015 (\$19.3 billion). This decline is largely due to increased labor costs and a moderate rise in fuel expense.

The Airport continues to outperform the nation in terms of growth in total enplaned passengers. According to the Federal Aviation Administration, in 2016, the Airport was the 27th busiest airport in terms of passenger traffic. The Airport's total passenger volume grew at an average annual rate of 4.2% from 2011 to 2017. In 2017, there were a total of 22.2 million passengers, an increase of 7% from 2016.

B. Estimated Impacts of RHCC Development on the Airport

According to the Airport Authority, there were 11,066,000 annual passenger deplanements at the Airport during 2017. As shown in Appendix Table 7, it is estimated that the RHCC Development will generate between 85,000 and 145,000 convention center related new passengers at the Airport. This projected increase represents between 0.8% and 1.3% of existing annual passenger deplanements.

As presented in Appendix Table 8, the Airport Authority collected an estimated \$26,620,900 in annual landing fees during Fiscal Year 2017. As shown in Appendix Table 9, based upon the projected number of RHCC Development hotel guests arriving by flight, it is estimated that these guests could generate between \$200,000 and \$340,000 annually in landing fees. These amounts represent 0.8% to 1.3% of the annual landing fees currently collected by the Airport Authority.

Table V-1: Estimated Impacts of RHCC Development on Airport Passenger Volumes and Landing Fees

	Low		High	
	Annual	% of Current	Annual	% of Current
Hotel Guests Arriving by Air	85,000	0.8%	145,100	1.3%
Landing Fees from Hotel Guests	\$201,000	0.8%	\$344,000	1.3%

VI. Economic Benefits to the Region

A. Overview of Economic Impact Analysis

KMA prepared a detailed Economic Impact Analysis (EIA) to estimate the total economic output, payroll, and employment generated by development of the RHCC Development and the balance of the CVB, during construction and on a permanent (recurring annual) basis. The EIA estimates the portion of economic output that is paid out in wages, the average wage by type of employment, and the resulting total construction employment and permanent employment (expressed in person-years).

In undertaking this analysis, KMA estimated development costs, valuation, and phasing for the RHCC Development and the balance of the CVB. The KMA EIA relied extensively on IMPLAN (IMpact analysis for PLANning) data multipliers for the County to determine indirect and induced impacts. The IMPLAN model is a commercially available model developed in 1979 and refined over time to quantify the impacts of changes in a local economy. The IMPLAN model quantifies jobs generated at establishments that serve new visitors and residents directly, jobs generated by increased demand at firms which service or supply these establishments, and jobs generated when the new employees spend their wages in the local economy and generate additional jobs. The IMPLAN model estimates the total impact combined.

B. RHCC Development

The following summarizes the one-time (construction) and ongoing annual economic impacts generated by the RHCC Development.

- *Construction Economic Impact* – The construction of the RHCC Development, and associated indirect spending, are projected to generate a construction economic output of \$1.3 billion to the County.

KMA estimates that the payroll portion of this total construction economic output comprises approximately \$481 million. Based on average wages for construction and professional services, KMA translates this total payroll expense to generate a total of 2,350 full-time equivalent workers per year during a 45-month construction period.

- *Ongoing Annual Economic Impact* – The RHCC Development is projected to generate an annual economic impact (inclusive of indirect and induced impacts) of \$474.7 million. Of this total economic output, payroll income reflects \$166.7 million of the County's economic output. The RHCC Development is projected to generate annual employment of 4,470 employees within the County.

The projected RHCC Development economic impacts are detailed in Appendix Table 10.

C. Balance of CVB

The following summarizes the one-time (construction) and ongoing annual economic impacts generated by the balance of the CVB.

- *Construction Economic Impact* – The buildout of the remainder of the CVB is projected to generate an economic output, including associated indirect and induced impacts, of \$1.5 billion during construction.

KMA estimates that the payroll portion of this total construction economic output comprises approximately \$533.8 million. Based on average wages for construction and professional services, KMA estimates that the development of the balance of the CVB will result in the employment of an average of 6,330 full-time equivalent workers per year during the construction period.

- *Ongoing Annual Economic Impact* – The remaining buildout of the CVB is projected to generate an annual economic impact (inclusive of indirect and induced impacts) of \$1.7 billion and payroll income of \$842.3 million. Build-out of the balance of the CVB is expected to generate annual employment of 16,175 employees in the County.

The projected economic impacts from build-out of the balance of the CVB are detailed in Appendix Table 11.

D. Summary of Economic Benefits

Table VI-1 presents a summary of the construction and ongoing economic benefits to the County.

Table VI-1: San Diego County Economic Benefits ⁽¹⁾			
	RHCC Development	Balance of Chula Vista Bayfront	Total
I. Construction Economic Impact ⁽²⁾			
A. Economic Output	\$1.3 B	\$1.5 B	\$2.8 B
B. Personal Income	\$481.0 M	\$533.8 M	\$1.0 B
C. Employment ⁽³⁾	2,350 Employees	6,330 Employees	8,680 Employees
II. Ongoing Annual Economic Impact ⁽²⁾⁽⁴⁾			
A. Economic Output	\$474.7 M	\$1.7 B	\$2.1 B
B. Personal Income	\$166.7 M	\$842.3 M	\$1.0 B
C. Employment	4,470 Employees	16,175 Employees	20,645 Employees
<p>(1) All figures reflect 2018 dollars without escalation.</p> <p>(2) Reflects direct, indirect, and induced impacts.</p> <p>(3) Reflects an average annual employment over a 45-month construction period for RHCC Development; and an 18- to 24-month construction period for the balance of Chula Vista Bayfront.</p> <p>(4) Reflects recurring ongoing economic impact from annual operations.</p>			

VII. Limiting Conditions

1. The KMA analysis is based, in part, on data provided by secondary sources such as state and local governments, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
2. The projections and analyses contained herein are based on estimates and assumptions which were developed using currently available economic data, project-specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, would require review or potential revision of this document.
3. Any estimates of revenue or cost projections are based on the best project-specific and fiscal data available at this time as well as experience with comparable projects. They are not intended to be projections of actual future performance of any specific project. Any changes to costs, development program, or project performance may render the conclusions contained herein invalid.
4. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, i.e., if any tax rates change, the analysis would need to be revised.
5. The KMA analysis assumes that any necessary entitlements for the proposed development can be obtained in a reasonable time frame.
6. A projection of economic impacts is inherently based on judgment. The projections contained herein are based on the best information available at the time that this document was prepared. However, the actual impacts may vary.
7. Property tax projections reflect KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.
8. No assurances are provided by KMA as to the certainty of the projected tax revenues shown in this document. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes.

APPENDIX

Transportation Vendor Fee Analysis

San Diego Unified Port District

TABLE 1

VISITOR INDUSTRY TRENDS ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

	San Diego Visitors						Airport Passengers		Rental Cars			
<i>Index</i>	<i>Day Visitors</i>		<i>Overnight Visitors</i>				<i>Total Passengers</i>		<i>Number of Rentals ⁽²⁾</i>			
Source	San Diego Visitor Industry Summary - San Diego Tourism Authority, Calendar Year through 2017						San Diego Airport Historical Data, Calendar Year through 2017		CONRAC Feasibility Study/Forecasted Schedule of Rental Car Center Sources and Uses of Cash ⁽³⁾			
Year:	Annual	% Δ	Hotel/Motel		Household		Other Overnight		Annual	% Δ	Annual	% Δ
2006	16,388,000	-	7,842,000	-	7,190,000	-	780,000	-	17,673,000	-	-	-
2007	16,207,000	-1.1%	7,798,000	-0.6%	6,799,000	-5.4%	759,000	-2.7%	18,673,000	5.7%	-	-
2008	15,942,000	-1.6%	7,708,000	-1.2%	6,698,000	-1.5%	754,000	-0.7%	18,420,000	-1.4%	-	-
2009	15,171,000	-4.8%	7,323,000	-5.0%	6,381,000	-4.7%	731,000	-3.1%	17,317,000	-6.0%	1,120,000	-
2010	14,795,000	-2.5%	7,833,000	7.0%	6,483,000	1.6%	764,000	4.5%	17,205,000	-0.6%	1,106,000	-1.2%
2011	15,386,000	4.0%	8,226,000	5.0%	6,728,000	3.8%	806,000	5.5%	17,308,000	0.6%	1,126,000	1.8%
2012	16,129,000	4.8%	8,652,000	5.2%	6,652,000	-1.1%	832,000	3.2%	17,682,000	2.2%	1,183,000	5.0%
2013	16,671,000	3.4%	8,917,000	3.1%	6,641,000	-0.2%	862,000	3.6%	18,100,000	2.4%	1,192,000	0.8%
2014	16,879,000	1.2%	9,355,000	4.9%	6,653,000	0.2%	884,000	2.6%	19,020,000	5.1%	1,291,000	8.3%
2015	17,055,000	1.0%	9,588,000	2.5%	6,674,000	0.3%	940,000	6.3%	20,322,000	6.8%	1,253,000	-2.9%
2016	17,482,000	2.5%	9,846,000	2.7%	6,608,000	-1.0%	973,000	3.5%	20,729,000	2.0%	1,299,000	3.7%
2017	17,357,000	-0.7%	9,982,000	1.4%	6,641,000	0.5%	1,017,000	4.5%	22,173,000	7.0%	1,331,000	2.5%
Average Annual Growth (2006-2017)		0.5%		2.2%		-0.7%		2.4%		2.1%		2.2%
Average Annual Growth (2011-2017)		2.0%		3.3%		-0.2%		4.0%		4.2%		2.8%

(1) All figures are reflected in calendar years, except for number of rental cars, which is reflected in fiscal years.

(2) Reflects rental car transactions at the San Diego International Airport. Data is recorded in fiscal years (i.e. Year 2007 reflects the period between July 1, 2006-June 30, 2007).

(3) Figures for Years 2009-2013 per CONRAC feasibility study. Figures for Years 2014-2017 per San Diego County Regional Airport Authority's Forecasted Schedule of Rental Car Center Sources and Uses of Cash.

(4) 2017 figures are estimates. 2006-2009 figures derived from 2015 report.

TABLE 1 (CONT'D.)

VISITOR INDUSTRY TRENDS ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

Index	San Diego Convention Center		Hotel Sector Performance, City of San Diego				Average Daily Rate, San Diego							
	Attendance	Room Nights Sold	Revenue Per Available Room (RevPAR)		Occupancy	Average Daily Rate (ADR)		San Diego Downtown	San Diego Bay Market					
Source	San Diego Visitor Industry Summary - San Diego Tourism Authority, Calendar Year through 2017								2018 Southern California Lodging Forecast, PKF Consulting, Calendar Year through 2017 ⁽⁴⁾					
Year:	<u>Annual</u>	<u>% Δ</u>	<u>Annual</u>	<u>% Δ</u>	<u>Annual</u>	<u>% Δ</u>	<u>Annual</u>	<u>% Δ</u>	<u>Annual</u>	<u>% Δ</u>	<u>Annual</u>	<u>% Δ</u>		
2006	573,000	-	714,000	-	-	-	-	-	\$185.06	-	\$200.07	-		
2007	656,000	14.4%	745,000	4.3%	\$109.14	-	74.7%	-	\$146.09	-	\$195.91	5.9%		
2008	634,000	-3.3%	696,000	-6.5%	\$106.11	-2.8%	71.8%	-3.9%	\$147.71	1.1%	\$198.01	1.1%		
2009	519,000	-18.1%	750,000	7.7%	\$82.35	-22.4%	65.1%	-9.3%	\$126.49	-14.4%	\$169.98	-14.2%		
2010	544,000	4.7%	704,000	-6.2%	\$84.56	2.7%	68.3%	4.9%	\$123.83	-2.1%	\$164.17	-3.4%		
2011	567,000	4.2%	728,000	3.5%	\$93.00	10.0%	70.9%	3.8%	\$131.18	5.9%	\$169.34	3.1%		
2012	562,000	-0.9%	767,000	5.3%	\$100.68	8.3%	72.9%	2.8%	\$138.11	5.3%	\$175.89	3.9%		
2013	524,000	-6.6%	704,000	-8.2%	\$104.00	3.3%	73.7%	1.1%	\$141.03	2.1%	\$179.26	1.9%		
2014	528,000	0.6%	679,000	-3.5%	\$113.38	9.0%	76.7%	4.1%	\$147.78	4.8%	\$188.91	5.4%		
2015	553,000	4.9%	694,000	2.1%	\$123.66	9.1%	78.5%	2.3%	\$157.53	6.6%	\$202.28	7.1%		
2016	698,000	26.1%	856,000	23.4%	\$128.01	3.5%	79.1%	0.8%	\$161.86	2.7%	\$204.95	1.3%		
2017	545,000	-21.8%	770,000	-10.0%	\$132.10	3.2%	79.1%	0.0%	\$166.92	3.1%	\$217.30	6.0%		
Average Annual Growth (2006-2017)		-0.5%		0.7%		1.9%		0.6%		1.3%		1.5%		1.4%
Average Annual Growth (2011-2017)		-0.7%		0.9%		6.0%		1.8%		4.1%		4.2%		4.4%

(1) All figures are reflected in calendar years, except for number of rental cars, which is reflected in fiscal years.

(2) Reflects rental car transactions at the San Diego International Airport. Data is recorded in fiscal years (i.e. Year 2007 reflects the period between July 1, 2006-June 30, 2007).

(3) Figures for Years 2009-2013 per CONRAC feasibility study. Figures for Years 2014-2017 per San Diego County Regional Airport Authority's Forecasted Schedule of Rental Car Center Sources and Uses of Cash.

(4) 2017 figures are estimates. 2006-2009 figures derived from 2015 report.

TABLE 2

**ESTIMATE OF TOTAL ROOM NIGHTS BY SEGMENT
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

I. Occupied Room Nights

Number of Rooms	1,600 Rooms
Occupancy ⁽¹⁾	80%
Occupied Room Nights per Year	467,200

II. Allocation of Room Nights by Market Segment

	<u>Market Allocation</u>	<u>Room Nights</u>
Convention and Meeting Groups	60%	280,320
Transient Corporate	5%	23,360
Transient Leisure	<u>35%</u>	<u>163,520</u>
Total	100%	467,200

(1) Stabilized year (operating year 5).

TABLE 3

**ESTIMATED NUMBER OF HOTEL CHECK-INS - CONVENTION CENTER RELATED
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Projected Mix of Occupied Room Nights	280,320	280,320
II. Average Length of Stay	3.0 days	2.0 days
III. Estimated Number of Hotel Check-ins	93,440	140,160
IV. Convention Center Related Check-ins Arriving by Flight ⁽¹⁾	70%	90%
Convention and Meeting Groups	65,408	126,144

(1) Source: Chen Ryan Associates; based on the SANDAG Travel Demand Model Documentation

TABLE 4

**ESTIMATED NUMBER OF RENTAL CARS - CONVENTION CENTER RELATED
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Convention Center Related Check-ins Arriving by Flight	65,408	126,144
II. Projected Demand for Rental Cars ⁽¹⁾	40%	40%
Convention and Meeting Groups	26,163	50,458
III. Shared Usage Allowance		
Check-ins per Car - Convention and Meeting Groups	1.30	1.15
Shared Usage Factor	23%	13%
IV. Estimated Number of Rental Cars	20,126	43,876
V. Estimated Number of Rental Cars - Convention Center Related	20,100	43,900

(1) Source: Chen Ryan Associates; based on the SANDAG Travel Demand Model Documentation

TABLE 5

COMPARISON OF RENTAL CAR FEES AND TAXES BY CITY ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

	Car Rental Rates (One Day Average)		Fees as % of Car Rental Rate		Taxes as % of Car Rental Rate		Total Taxes and Fees as % of Car Rental Rate	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Kansas City	\$42.15	\$86.69	29.4%	42.5%	10.7%	11.4%	40.1%	53.9%
Chicago	\$65.00	\$116.66	19.7%	26.6%	23.7%	24.0%	43.4%	50.6%
Phoenix	\$59.32	\$120.80	21.3%	28.5%	18.4%	19.5%	39.7%	48.0%
Philadelphia	\$67.44	\$145.52	18.4%	26.8%	14.0%	14.9%	32.4%	41.6%
Boston	\$72.05	\$162.39	25.9%	33.7%	7.5%	7.5%	33.4%	41.3%
Atlanta	\$56.00	\$149.00	16.0%	24.0%	12.5%	13.3%	28.4%	37.3%
Nashville	\$52.10	\$101.91	15.0%	19.7%	15.2%	15.9%	30.2%	35.5%
San Diego	\$74.02	\$97.87	23.8%	26.8%	8.6%	8.6%	32.4%	35.4%
Denver	\$67.74	\$108.76	16.4%	19.0%	15.2%	15.4%	31.5%	34.4%
Orlando	\$64.23	\$88.40	19.7%	22.3%	7.8%	7.9%	27.5%	30.3%
Washington DC	\$51.18	\$168.65	11.5%	12.4%	11.2%	11.2%	22.7%	23.6%
Overall	\$42.15	\$168.65	11.5%	42.5%	7.5%	24.0%	22.7%	53.9%

(1) Reflects average of eight (8) different 3-day rentals over the course of 2018. Survey parameters include:

Vendor: Nationwide rental car company

Car: Full-Size 4-Door Sedan

Pick-Up Location: Airport

TABLE 6

AVERAGE RENTAL CAR RATES AND FEES - SELECT CITIES ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

City	Average Daily Rate ⁽²⁾	Average Taxes & Fees		Total	Rank ⁽³⁾
Kansas City, MO	\$34.89	\$19.32	55.4%	\$54.21	#9
Boston, MA	\$37.31	\$16.14	43.3%	\$53.45	#10
Philadelphia, PA	\$35.21	\$17.71	45.6%	\$52.92	#11
Chicago, IL	\$33.34	\$17.56	52.7%	\$50.90	#18
Nashville, TN	\$35.30	\$13.90	39.4%	\$49.20	#23
Phoenix, AZ	\$34.11	\$13.44	39.4%	\$47.55	#36
Atlanta, GA	\$35.71	\$11.27	31.6%	\$46.98	#40
San Diego	\$33.24	\$13.71	41.2%	\$46.95	#41
Denver, CO	\$36.30	\$10.14	27.9%	\$46.44	#48
Washington D.C.	\$34.93	\$8.52	24.4%	\$43.45	#77
Orlando, FL	\$33.46	\$7.38	22.1%	\$40.84	#95

(1) City average, i.e., not limited to airport rental agencies.

(2) Average daily rates are based on bookings for January through November 2016.

(3) Ranking of low to high based upon highest total fee (average daily rate and taxes and fees combined).

Source: BTN's 2017 Corporate Travel, BusinessTravelNews.com

Prepared by: Keyser Marston Associates, Inc.

Filename: Port of SD_Transportation Vendor_Car Rental Fees_v10;3/20/2018;ema

TABLE 7

**ESTIMATED NUMBER OF HOTEL GUESTS ARRIVING FROM AIRPORT
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Estimated Number of Hotel Check-ins	93,440	140,160
II. Check-Ins Arriving by Flight		
% of Check-Ins ⁽¹⁾	70%	90%
Total Check-Ins Arriving by Flight	65,408	126,144
III. Number of Guests per Check-In	1.30	1.15
IV. Total Number of Hotel Guests Arriving by Air	85,000	145,100

(1) Source: Chen Ryan Associates; based on the SANDAG Travel Demand Model Documentation

TABLE 8

**LANDING FEE REVENUE - SAN DIEGO INTERNATIONAL AIRPORT
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

I. Cargo

A. Cargo Tons Deplaned (1)	91,038 Tons 182,076,400 Pounds
B. Landing Fee per 1,000 Pounds	<u>\$2.21</u> (2)
C. Total Landing Revenue from Cargo	\$402,389

II. Passengers

A. Passengers Deplaned	11,065,922
B. Estimated Landing Fee Per Passenger	<u>\$2.37</u> (3)
C. Total Landing Fee Revenue from Passengers (3)	\$26,218,551

III. Total Landing Fee Revenue - Airport (2) \$26,620,940

(1) Reflects calendar year 2017.

(2) Source: San Diego County Regional Airport Authority, FY 2018 Adopted Budget and FY 2019 Approved Conceptual Budget; reflects figures for FY 2017.

(3) Imputed by KMA.

TABLE 9

**ESTIMATED LANDING FEE REVENUE FROM HOTEL GUESTS ARRIVING FROM AIRPORT
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO**

	<u>Low</u>	<u>High</u>
I. Total Number of Hotel Guests Arriving by Air	85,000	145,100
II. Estimated Landing Fee Per Passenger	\$2.37	\$2.37
III. Estimated Landing Fee Revenue from Hotel Guests Arriving by Air	\$201,000	\$344,000

TABLE 10

ECONOMIC IMPACTS TO SAN DIEGO COUNTY - RHCC DEVELOPMENT ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

<i>Project Description - RHCC Development:</i> ⁽²⁾	
Site Area	36.45 Acres
Number of Guest Rooms	1,600 Rooms
Convention Center	275,000 SF
Parking - Above Grade Garage	1,600 Spaces

I. Construction Economic Impact ⁽³⁾

A. Economic Output	\$1,337,200,000
B. Personal Income	\$481,000,000
C. Employment ⁽⁴⁾	2,350 Employees

II. Ongoing Annual Economic Impact ⁽³⁾

A. Economic Output	\$474,765,000
B. Personal Income	\$166,759,000
C. Employment	4,470 Employees

(1) All figures reflect 2018 dollars without escalation.

(2) Reflects Parcel H-3/RHCC development only.

(3) Reflects direct, indirect, and induced impact.

(4) Reflects average annual employment over a 45-month construction period.

TABLE 11

ECONOMIC IMPACTS TO SAN DIEGO COUNTY - BALANCE OF CHULA VISTA BAYFRONT ⁽¹⁾
TRANSPORTATION VENDOR ANALYSIS
PORT OF SAN DIEGO

<i>Project Description - Balance of Chula Vista Bayfront: ⁽²⁾</i>			
Site Area	173.48 Acres	Cultural	50,000 SF
Number of Guest Rooms		Office	628,000 SF
Limited Service Hotel	975 Rooms	Retail	522,000 SF
Full Service Hotel	525 Rooms	Industrial Business Park	549,000 SF
Residential	1,500 Units	Surface Parking	763 Spaces

I. Construction Economic Impact ⁽³⁾

A. Economic Output	\$1,523,900,000
B. Personal Income	\$533,818,000
C. Employment ⁽⁴⁾	6,330 Employees

II. Ongoing Annual Economic Impact ⁽³⁾

A. Economic Output	\$1,671,646,000
B. Personal Income	\$842,300,000
C. Employment	16,175 Employees

(1) All figures reflect 2018 dollars without escalation.

(2) Reflects build-out of entire Chula Vista Bayfront, excluding the RHCC Development (Parcel H-3).

(3) Reflects direct, indirect, and induced impact.

(4) Reflects an average annual employment over an 18- to 24-month construction period.