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To: Mario Rodriguez
From: Ken Cushine
Subject: **Potential Development of FIS Facilities for JetBlue at LGB**
Date: October 18, 2013
Copy: C. Carlton-Lowe, C. Lewis, J. Sedlak

Overview:

As requested, Frasca & Associates has worked with Airport staff to evaluate the financial feasibility of and funding options for developing potential Federal Inspection Service facilities (FIS) at Long Beach Airport to accommodate international flights by JetBlue.

Based upon our review, the proposed FIS project could be financially feasible, depending upon JetBlue's strategic plans and willingness to participate in the funding of the project, but entails risks for the Airport:

- Under the Airport's slot regulations, all of the current 41 air carrier slots are allocated (including 32 for JetBlue). While FIS facilities could encourage JetBlue to reverse its recent reduced utilization of slots, the amount of potential *incremental* passenger activity (compared to activity that would replace historic domestic capacity) appears to be limited.
- The Airport has successfully developed a new parking garage and terminal to enhance operations and customer service. These investments required a sizable increase in the Airport's debt burden and commitment of the Airport's PFC revenues. As such, the Airport funding capacity for major new projects not in the current capital plan is limited.
- The proposed FIS could be viewed more akin to an "airline special facility" project rather than a general airport improvement in that that demand for the FIS appears to be a function of JetBlue's current strategic plans which may or may not be consistent with the needs of other airlines in the event JetBlue's plans were to change at some point.

While additional information from JetBlue on its international plans and slot utilization strategies would be useful to further refine out analyses, it appears that the Houston Hobby model (where Southwest, the leading carrier at HOU, agreed to fund, with its cash, the development of international facilities in exchange for preferential rights to use these facilities) might be the appropriate model for Long Beach to advance if JetBlue remains interested in FIS facilities.

Projected FIS Facility Requirements:

Airport staff requested Jacobus & Yuang, Inc. to develop a Budgetary Opinion of Probable Cost for the potential FIS and related facilities. Based upon a 31,100 s.f. facility, the capital cost estimate totals \$15.940 million and is listed below as the "Base Scenario".

Additionally, JetBlue provided a construction cost estimate of \$6.33 million based upon a modular design. With design and other soft costs (based upon the City's historical cost allowances), the total project cost for this scenario of \$9.37 million and is listed below as the "Low Scenario".

| Element | "Low Scenario" JetBlue Modular Costs | Base Scenario |
|---------------------------------|---|--------------------------|
| Design | \$950,000 | \$1,620,000 |
| FIS Summary – Construction Cost | 6,330,000 | 10,800,000 |
| Utility Coordination | 320,000 | 540,000 |
| Construction Management | 480,000 | 810,000 |
| Testing/Inspection | 480,000 | 810,000 |
| Plan Check/Permit | 160,000 | 270,000 |
| Public Works/FM Overhead | 650,000 | 1,090,000 |
| Total | \$9,370,000 | \$15,940,000 |

Source: Long Beach Airport

Additionally, operating expenses were estimated for the potential FIS facility. Based upon actual expenses for the Airport's TSA Security Checkpoint, custodial expenses were estimated to be \$19.76 psf. Utilities and other expenses were assumed to total \$7.50 psf. Using these estimates, annual FIS Facility O&M expenses were projected to be \$850,000.

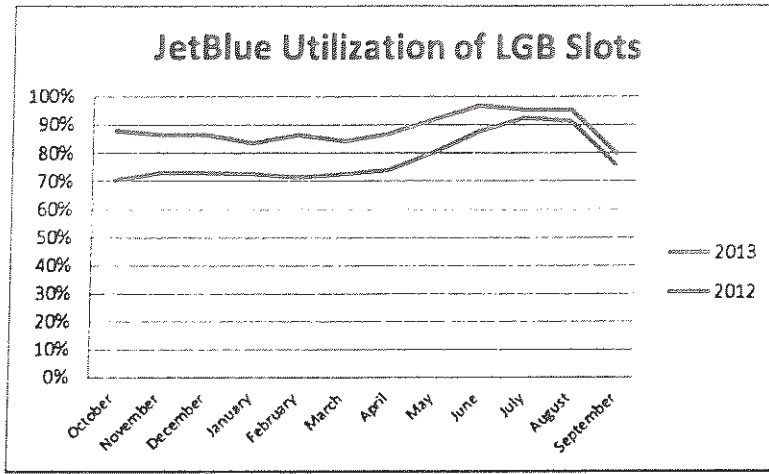
JetBlue Slot Utilization and Potential FIS Traffic:

Unlike most commercial service airports, traffic levels at Long Beach are a function not only of local demographics, air service area characteristics, competing facilities, and the mix of flights offered and airline fare levels, but also, the local slot limitations in place at LGB. Currently, all of the Airport's 41 air carrier slots are allocated, with 32 allocated to JetBlue and the remaining 9 to other carriers.

Based upon the Airport's slot structure, since FY2004, annual enplaned passengers at LGB have been very stable at approximately 1.5 million.

In FY2012, LGB's enplanements increased to a historic high of 1.64 million. However, enplanements for FY2013 are forecasted to fall approximately 10% to

1.48 million. The primary cause of this decline is the lower utilization of slots by JetBlue, as shown below:



Note: July, August, and September 2013 levels are estimated by the Airport

Given the slot regime at LGB, the development of FIS facilities at the Airport would generate, at most, a limited amount of *incremental* passenger traffic. Rather, significant international activity would likely require some reduction in domestic activity. As shown in Tables 2A and 2B (see the attached “Financial Feasibility Study”), we reviewed JetBlue’s recent slot utilization to determine a reasonable estimate of international activity if JetBlue were to increase its slot utilization. In Table 2A, we assumed JetBlue would schedule an average of 3 international flights per day throughout the year from LGB. In Table 2B, we assumed JetBlue’s future slot utilization for domestic flights was the average of its FY2012 and FY2013 levels and that 60% of the remaining unutilized slots were used for international activity. Based upon these approaches, we estimated that JetBlue could generate approximately 150,000 annual international enplanements¹. Note that this level of international activity could require domestic activity cuts, particularly in the peak traffic months of June, July and August, as shown in Table 2A, where there would be insufficient unutilized slots to support the international flights.

Financial Requirements for Potential FIS:

As summarized in the attached Tables 1 (Base Scenario) and 2 (Low Scenario), the projected cost per international enplanement for the potential FIS is estimated to be approximately \$5 (Low Scenario) to \$11 (Base Scenario). This amount does not include landing fees and other existing Airport charges. This projection is based upon the estimated capital and O&M costs as well as:

- Amortization of the capital costs over 15 years at an assumed 6.0% rate

¹ These analyses can be refined with input from jetBlue on its potential international flight forecasts and slot utilization plans.

- Annual international enplanements of 150,000
- For purposes of projecting incremental non-airline revenues (parking, rental car and terminal concessions), we assumed 100,000 of the enplanements would be incremental to domestic traffic levels (i.e., the balance would replace existing domestic activity in peak months)
- Airport contribution of \$3 million of PFC funding to the proposed FIS project (see below for a discussion of PFC funding capacity)

Based on these assumptions, we estimate that the incremental non-airline revenues could be sufficient to offset the operating costs of the FIS facility if the forecast of international enplanements is met.

While FIS charges vary between airports, a \$11 average cost in the Base Scenario for LGB facilities would be lower than charges at West Coast gateway airports such as LAX and SFO, but higher than similar charges at other airports such as SAN. The Low Scenario estimate of \$5 cost per enplanement for the FIS facility would be very competitive.

Funding Approaches for the Potential FIS:

LGB recently completed the very successful development of a new passenger terminal and parking garage. These investments have significantly enhanced customer service and operations at the Airport (as well as addressing the operational and financial risks associated with the prior lease for remote parking capacity). Moody's and Fitch have recognized the credit strengths of the Airport by assigning A2 and A- ratings, respectively, to LGB's outstanding Series 2009 and Series 2010 General Airport Revenue Bonds.

The Airport now has \$117.490 million of outstanding bonds, equivalent to \$73 per enplanement (net of the debt service reserve funds). This compared to \$8.3 million of outstanding long-term debt in 2009 (based upon the outstanding 1993 COPs), equivalent to \$5 per enplanement.

As part of its strategic financial plan, the Airport has communicated to the rating agencies its intent to issue no further debt for the foreseeable future. Consistent with this plan, the City has terminated the Airport's prior commercial paper program, which had provided interim funding for capital projects. The Airport's on-going Capital Plan focuses primarily on:

- Maintaining airfield and other infrastructure; and,
- The multi-year Passenger Experience Program (PEP) consisting of renovations and improvements to existing terminal and parking facilities, roadway enhancements and rental car facility improvements.

These projects are expected to be funded on a "PAYGO" basis using grants, Passenger Facility Charges (PFCs, net of the PFCs pledged for the Series 2010 Bond debt service); Customer Facility Charges and Airport cash. Based upon the current Airport capital needs and commitments, no Airport funding capacity is readily available for a major new addition to the Capital Plan, such as the proposed FIS.

PFCs are largely committed for the next several years. Based upon current traffic levels, the Airport collects about \$6.4 million of PFCs each year. Approximately \$3.6 million of these PFCs are pledged each year to pay debt service on the Series 2010 Bonds through 2040. The balance, about \$2.8 million per year, is available for PAYGO projects. The Airport has certain ongoing projects approved for PFC funding from prior applications that are expected to be funded and completed over the few years. Also, the Airport is advancing a new PFC application to seek PFC funding for further planned projects, including airfield projects (using PFC funds to provide the local share to anticipated AIP grants), roadway and terminal infrastructure improvements and passenger experience projects. Based upon the projected PFC collections and schedule for the PFC-funded projects in the current capital plan, we have identified **up to \$3 million of PFC funding capacity** that could be available in FY15-FY16 for other eligible projects such as the proposed new FIS facility. Any further commitment of PFCs for the proposed FIS would require the Airport to re-program PFCs from the currently planned improvements, resulting in either (i) increased airline rates and charges to fund the planned airfield and infrastructure investments or (ii) the deferral of some of these other projects.

Also, the proposed FIS has features of an "airline special facility" project since the demand for the FIS primarily appears to be a function of JetBlue's current strategic plans. If JetBlue's plans were to change at some point in the future, it is unclear whether other airlines would be interested in international flights from LGB.

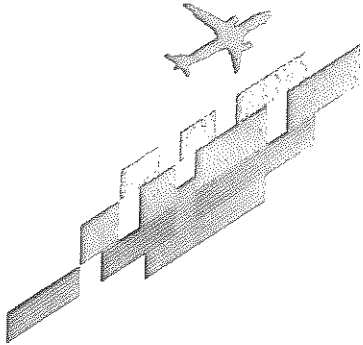
Houston Hobby FIS & International Gates:

In 2012, Southwest Airline petitioned the Houston Airport System (HAS), the operator of Houston Hobby and Houston Intercontinental Airports, to develop FIS capacity at Hobby. As part of an extension to its airport lease agreement in 2013, Southwest agreed fund a new 5-gate international concourse and FIS facility, estimated to cost \$156 million. No HAS funds will be invested, other than the costs associated with concession facilities (HAS retains concession revenues under the lease). Southwest will have preferential rights to 4 of the 5 new gates. Any other airline user of the international facility will pay a reasonable fee based upon the allocated O&M costs of the terminal and a reimbursement to Southwest of its amortization costs.

Recommendation:

If the Airport determines that advancing the development of the proposed FIS is desirable, despite the likely re-allocation of jetBlue capacity which would appear to require further cuts in its domestic activity at LGB, we believe that the Houston Hobby model would be the most appropriate approach. While additional information from JetBlue on its international plans and slot utilization strategies would be useful to further refine our analyses, our review of the Airport's funding capacity and the financial feasibility and risks associated with the FIS project indicate that the Airport should require:

- 1) a significant capital funding commitment from JetBlue using its reserves for the project;
- 2) a commitment from jetBlue to pay all of the O&M expenses for the FIS facility; and
- 3) a reserved right to allow other carriers to use the FIS in a fair manner (with reasonable fees charged to offset JetBlue's funding and O&M obligations).



LONG BEACH AIRPORT

Building a Better Way to Fly

FINANCIAL FEASIBILITY STUDY POTENTIAL NEW FIS

Prepared By: Frasca & Associates, LLC
Date: October 18, 2013

Long Beach Airport

FIS Financial Feasibility Study

Table 1: Financial Proforma: Base Project Cost Scenario (\$15.94M less PFC Funding of \$3M)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital Amortization | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 | 1,636,000 |
| Coverage Factor | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: PFCs | - | - | - | - | - | - | - | - | - | - | - | - |
| O&Ms | 850,000 | 875,500 | 901,765 | 928,818 | 956,682 | 985,383 | 1,014,944 | 1,045,393 | 1,076,755 | 1,109,057 | 1,142,329 | 1,176,599 |
| Requirement | 2,486,000 | 2,511,500 | 2,537,765 | 2,564,818 | 2,592,682 | 2,621,383 | 2,650,944 | 2,681,393 | 2,712,755 | 2,745,057 | 2,778,329 | 2,812,599 |
| Incremental Indirect Airline Revenues: | | | | | | | | | | | | |
| - Parking | 600,000 | 609,000 | 618,135 | 627,407 | 636,818 | 646,370 | 656,066 | 665,907 | 675,896 | 686,034 | 696,324 | 706,769 |
| - Rental Car | 200,000 | 203,000 | 206,045 | 209,136 | 212,273 | 215,457 | 218,689 | 221,969 | 225,299 | 228,678 | 232,108 | 235,590 |
| - Terminal Concessions | 135,000 | 137,025 | 139,080 | 141,167 | 143,284 | 145,433 | 147,615 | 149,829 | 152,076 | 154,358 | 156,673 | 159,023 |
| Subtotal | 935,000 | 949,025 | 963,260 | 977,709 | 992,375 | 1,007,261 | 1,022,369 | 1,037,705 | 1,053,271 | 1,069,070 | 1,085,106 | 1,101,382 |
| Net FIS Requirement | 1,551,000 | 1,562,475 | 1,574,505 | 1,587,109 | 1,600,308 | 1,614,122 | 1,628,575 | 1,643,688 | 1,659,484 | 1,675,988 | 1,693,223 | 1,711,217 |
| International EPAX | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Incremental EPAX for LGB | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| FIS Requirement per IEPAX | \$ 10.34 | \$ 10.42 | \$ 10.50 | \$ 10.58 | \$ 10.67 | \$ 10.76 | \$ 10.86 | \$ 10.96 | \$ 11.06 | \$ 11.17 | \$ 11.29 | \$ 11.41 |

Coverage Factor Required? 0 (1 = Yes; 0 = No)

Long Beach Airport

FIS Financial Feasibility Study

Table 2: Financial Proforma - Low Project Cost Scenario (\$9.37M less PFC Funding of \$3M)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Capital Amortization | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 | 805,000 |
| Coverage Factor | | | | | | | | | | | | |
| Less: PFCs | | | | | | | | | | | | |
| O&Ms | 850,000 | 875,500 | 901,765 | 928,818 | 956,682 | 985,383 | 1,014,944 | 1,045,393 | 1,076,755 | 1,109,057 | 1,142,329 | 1,176,599 |
| Requirement | 1,655,000 | 1,680,500 | 1,706,765 | 1,733,818 | 1,761,682 | 1,790,383 | 1,819,944 | 1,850,393 | 1,881,755 | 1,914,057 | 1,947,329 | 1,981,599 |
| Incremental Indirect Airline Revenues: | | | | | | | | | | | | |
| - Parking | 600,000 | 609,000 | 618,135 | 627,407 | 636,818 | 646,370 | 656,066 | 665,907 | 675,896 | 686,034 | 696,324 | 706,769 |
| - Rental Car | 200,000 | 203,000 | 206,045 | 209,136 | 212,273 | 215,457 | 218,689 | 221,969 | 225,299 | 228,678 | 232,108 | 235,590 |
| - Terminal Concessions | 135,000 | 137,025 | 139,080 | 141,167 | 143,284 | 145,433 | 147,615 | 149,829 | 152,076 | 154,358 | 156,673 | 159,023 |
| Subtotal | 935,000 | 949,025 | 963,260 | 977,709 | 992,375 | 1,007,261 | 1,022,369 | 1,037,705 | 1,053,271 | 1,069,070 | 1,085,106 | 1,101,382 |
| Net FIS Requirement | 720,000 | 731,475 | 743,505 | 756,109 | 769,308 | 783,122 | 797,575 | 812,688 | 828,484 | 844,988 | 862,223 | 880,217 |
| International EPAX | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Incremental EPAX for LGB | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| FIS Requirement per EPAX | \$ 4.80 | \$ 4.88 | \$ 4.96 | \$ 5.04 | \$ 5.13 | \$ 5.22 | \$ 5.32 | \$ 5.42 | \$ 5.52 | \$ 5.63 | \$ 5.75 | \$ 5.87 |

Coverage Factor Required? 0 (1 = Yes; 0 = No)

Long Beach Airport
 FIS Financial Feasibility Study
 Table 2A: JetBlue Traffic & Slot Utilization - Potential

| | Available | Domestic 1> | Unused | Max Slot Utilization | Potential Slots | Assumed 3 International Flights/Day |
|--------------------|---------------|----------------|--------------|-------------------------|--------------------|---|
| October | 992 | 787 | 206 | 95% | 195 | 93 |
| November | 960 | 767 | 193 | 95% | 183 | 90 |
| December | 992 | 792 | 201 | 95% | 190 | 93 |
| January | 992 | 775 | 217 | 95% | 206 | 93 |
| February | 896 | 709 | 187 | 95% | 178 | 84 |
| March | 992 | 779 | 214 | 95% | 203 | 93 |
| April | 960 | 774 | 187 | 95% | 177 | 90 |
| May | 992 | 854 | 138 | 95% | 131 | 93 |
| June | 960 | 885 | 75 | 95% | 71 | 90 |
| July | 992 | 932 | 60 | 95% | 57 | 93 |
| August | 992 | 928 | 65 | 95% | 61 | 93 |
| September | 960 | 748 | 212 | 95% | 201 | 90 |
| TOTAL | 11,680 | 9,728 | 1,953 | | 1,855 | 1,095 |
| Seats per Aircraft | | | | | | 150 |
| Load Factor | | | | | | 90% |

Potential International EPAX 147,825

1> Assumes domestic slot use is the average of FY2012 and FY2013 levels.

Long Beach Airport

FIS Financial Feasibility Study

Table 2B: JetBlue Traffic & Slot Utilization - FY2012 & 2013

| FY 2013 | Slots | | | Enplaned Passengers | | | Actual Load Factor | Slot Utilization |
|--------------------|---------------|--------------|--------------|---------------------|------------------|----------------|--------------------|------------------|
| | Available | Used | Unused | Potential* | Actual | Missed | | |
| October | 992 | 698 | 294 | 132,432 | 92,684 | 39,748 | 88.5% | 70.4% |
| November | 960 | 701 | 259 | 126,720 | 92,734 | 33,986 | 88.2% | 73.0% |
| December | 992 | 723 | 269 | 126,480 | 92,054 | 34,426 | 84.9% | 72.9% |
| January | 992 | 719 | 273 | 129,456 | 93,537 | 35,919 | 86.7% | 72.5% |
| February | 896 | 641 | 255 | 115,584 | 83,016 | 32,568 | 86.3% | 71.5% |
| March | 992 | 719 | 273 | 130,944 | 95,136 | 35,808 | 88.2% | 72.5% |
| April | 960 | 711 | 249 | 129,600 | 95,495 | 34,105 | 89.5% | 74.1% |
| May | 992 | 795 | 197 | 130,944 | 104,600 | 26,344 | 87.7% | 80.1% |
| June | 960 | 841 | 119 | 129,600 | 113,120 | 16,480 | 89.7% | 87.6% |
| July * | 992 | 917 | 75 | 130,944 | 121,044 | 9,900 | 88.0% | 92.4% |
| August * | 992 | 908 | 84 | 130,944 | 119,856 | 11,088 | 88.0% | 91.5% |
| September * | 960 | 727 | 233 | 126,720 | 95,964 | 30,756 | 88.0% | 75.7% |
| TOTAL | 11,680 | 9,100 | 2,580 | 1,540,368 | 1,199,240 | 341,128 | 87.9% | 77.9% |
| <i>Utilization</i> | | <i>77.9%</i> | | | | | | |

| FY 2012 | Slots | | | Enplaned Passengers | | | Actual Load Factor | Slot Utilization |
|--------------------|---------------|---------------|--------------|---------------------|------------------|----------------|--------------------|------------------|
| | Available | Used | Unused | Potential* | Actual | Missed | | |
| October | 992 | 875 | 117 | 122,016 | 107,484 | 14,532 | 81.9% | 88.2% |
| November | 960 | 833 | 127 | 119,520 | 103,717 | 15,803 | 83.0% | 86.8% |
| December | 992 | 860 | 132 | 122,016 | 105,931 | 16,085 | 82.1% | 86.7% |
| January | 992 | 831 | 161 | 120,528 | 100,849 | 19,679 | 80.9% | 83.8% |
| February | 896 | 777 | 119 | 110,208 | 95,454 | 14,754 | 81.9% | 86.7% |
| March | 992 | 838 | 154 | 130,944 | 110,210 | 20,734 | 87.7% | 84.5% |
| April | 960 | 836 | 124 | 128,160 | 111,683 | 16,477 | 89.1% | 87.1% |
| May | 992 | 913 | 79 | 130,944 | 120,462 | 10,482 | 88.0% | 92.0% |
| June | 960 | 929 | 31 | 131,040 | 126,682 | 4,358 | 90.9% | 96.8% |
| July | 992 | 947 | 45 | 132,432 | 126,838 | 5,594 | 89.3% | 95.5% |
| August | 992 | 947 | 45 | 133,920 | 128,127 | 5,793 | 90.2% | 95.5% |
| September | 960 | 769 | 191 | 122,400 | 97,826 | 24,574 | 84.8% | 80.1% |
| TOTAL | 11,680 | 10,355 | 1,325 | 1,504,128 | 1,335,263 | 168,865 | 86.0% | 88.7% |
| <i>Utilization</i> | | <i>88.7%</i> | | | | | | |

| | | | |
|--------------------------------------|--------------|----------------|--------------|
| Average - Unutilized Capacity | 1,953 | 254,997 | 87.1% |
|--------------------------------------|--------------|----------------|--------------|

Adjustment Factor: 60%

| | |
|---|----------------|
| Potential International EPAX - Improved Slot Utilization | 153,000 |
|---|----------------|

Long Beach Airport
 FIS Financial Feasibility Study
 Table 3: Capital & Operating Cost Assumptions

| | AIRPORT ESTIMATE - Base Scenario | JETBLUE ESTIMATE - Low Scenario |
|---------------------------------|--|---------------------------------------|
| 1) FIS Facility Square Footage: | | |
| Entry Corridor | 5,270 | |
| General Areas - FIS Facility | 19,530 | |
| Corridor between Entry/Exit | 3,144 | |
| Internal Corridor | 1,008 | |
| Secondary Area | 2,158 | |

| | |
|-------------------|--------------------|
| Total Area | 31,110 s.f. |
|-------------------|--------------------|

Source: Jacobus & Yuang, Inc. Budgetary Opinion of Probable Cost, dated July 22, 2013

2) Project Cost Estimate & Additional Square Footage Estimates

| | Cost | Cost |
|--|----------------------|---------------------|
| Design | \$ 1,620,000 | 950,000 |
| FIS Summary - Construction Cost | 10,800,000 | 6,330,000 |
| Utility Coordination | 5% 540,000 | 320,000 |
| Construction Management | 7.5% 810,000 | 480,000 |
| Testing/Inspection | 7.5% 810,000 | 480,000 |
| Plan Check/Permit | 2.5% 270,000 | 160,000 |
| Project Sub-Total | \$ 14,850,000 | \$ 8,720,000 |
| Public Works/Financial Management Overhead | 7.34% 1,090,000 | 650,000 |
| TOTAL PROJECT COSTS | \$ 15,940,000 | \$ 9,370,000 |

Source: 20130730 - FIS Feasibility Cost (LGB).xls, dated 7/30/13

| | | |
|--------------------------|----------------------|---------------------|
| Potential PFC Funding | 3,000,000 | 3,000,000 |
| Net Project Costs | \$ 12,940,000 | \$ 6,370,000 |

3) Annual Amortization of FIS Investment:

| | | |
|----------------------|---------------|--------------|
| Construction Period | 1 year | 1 year |
| Term: | 12 years | 12 years |
| Amortization Rate: | 6.00% | 6.00% |
| Capitalized Interest | 776,400 | 382,200 |
| Total Project Cost | \$ 13,716,400 | \$ 6,752,200 |
| Capital Amortization | \$ 1,636,000 | \$ 805,000 |

4) Annual O&M Estimate:

| | | |
|---------------------|------------|-------------|
| Custodial Service | \$ 19.76 | per F. Pena |
| Utilities | 5.00 | |
| Other | 2.50 | |
| O&M per s.f. | \$ 27.26 | |
| Annual O&M Expenses | \$ 848,183 | |
| say, | \$ 850,000 | |

5) Annual Inflation: 3.0%

Long Beach Airport
 FIS Financial Feasibility Study
 Table 4: Other Assumptions

| | | |
|-------------------------------|----|--------------|
| 1) Indirect Revenues per EPAX | | |
| - Parking | \$ | 6.00 |
| - Rental Car | \$ | 2.00 |
| - Terminal Concessions | \$ | 1.35 |
| 2) PFCs (Net) | \$ | 4.39 |
| PFC Collection Factor | | 97% |
| Available PFCs*: | \$ | 3,000,000.00 |

* Balance of PFCs (at the \$4.50 level) are fully committed for the Series 2010 debt service and planned CIP projects.

