

ATTACHMENT "B"

PORT OF OAKLAND, CALIFORNIA

Independent Accountant's Report,
Schedule of Forecasted Revenues and Costs
of the Rental Car Center and Related Notes

For the Period of July 1, 2023 through June 30, 2035



Certified
Public
Accountants

Independent Accountant's Report

Board of Port Commissioners of the City of Oakland
Oakland, California

We have examined the accompanying Schedule of Forecasted Revenues and Costs of the Rental Car Center of the Port of Oakland, California (Port), for the period of July 1, 2023 through June 30, 2035 (Forecasted Schedule), based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The Port's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. Our responsibility is to express an opinion on the forecast based on our examination.

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

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

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

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

Macias Gini & O'Connell LLP

Walnut Creek, California
June 5, 2024

PORT OF OAKLAND, CALIFORNIA
Schedule of Forecasted Revenues and Costs of the Rental Car Center
For the Period of July 1, 2023 through June 30, 2035

	Per-Transaction Level	Per-Transaction- Day Level
Forecasted Revenues		
Customer Facility Charges	\$ 44,309,016	\$ 102,702,285
Forecasted Costs		
Busing Operation and Maintenance (O&M)	64,814,991	64,276,480
Expenses		
Capital Expenses	30,952,975	30,952,975
Reimbursement of Unreimbursed O&M Expenses	-	2,359,532
Capital Reserve Fund	-	500,000
O&M Reserve Fund	-	1,584,141
Total Forecasted Costs	<u>95,767,966</u>	<u>99,673,128</u>
Forecasted CFC Revenue Excess/(Shortfall)	<u>\$ (51,458,950)</u>	<u>\$ 3,029,157</u>

See accompanying notes to the schedule of forecasted revenues and costs of the rental car center.

PORT OF OAKLAND, CALIFORNIA

Notes to Schedule of Forecasted Revenues and Costs of the Rental Car Center For the Period of July 1, 2023 through June 30, 2035

1. Description of the Forecasted Schedule

The accompanying Schedule of Forecasted Revenues and Costs of the Rental Car Center of the Port of Oakland, California (Port) for the period of July 1, 2023 through June 30, 2035 (Forecasted Schedule) presents, to the best of management's knowledge and belief, the Port's expected revenues generated for and the reasonable costs of the Rental Car Center (RCC). The forecast period ends on June 30, 2035 to coincide with the anticipated final tranche of electric vehicle bus purchases to provide common busing for the rental car operations. The Forecasted Schedule reflects management's judgment as of May 2024 of the expected conditions and its expected course of action.

The Port of Oakland currently charges a customer facility charge (CFC) at a rate of \$10.00 per rental car transaction to on-Airport rental car operators and a rate of \$8.00 per transaction applies to off-Airport rental car operators at Oakland International Airport (Airport). Revenues from collection of the CFC are used to pay the common busing operation and maintenance (O&M) expenses attributed to the busing of passengers between the Rental Car Center (RCC) and the Airport terminal, and any capital expenditures associated with the RCC. CFC revenues are not permitted to be used for facility operating and maintenance expenses.

2. Summary of Significant Forecast Assumptions

The Forecasted Schedule is intended for the use by the Port in evaluating the revenue forecast and funding plan, including the need to collect the alternative CFC in accordance with §50474.1 through §50474.3 of the California Government Code. The assumptions disclosed herein are those that management believes are significant to the Forecasted Schedule. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

a) Passenger Forecast

Cars at the Airport are generally rented by deplaned passengers (passengers arriving or landing at the Airport). The Port's enplaned passenger forecast incorporates the following growth assumptions:

- FY 2024 is 82.0 percent of actual FY 2019 enplaned passengers.
- FY 2025 is flat with 0.0 percent projected change from FY 2024 in enplaned passengers.
- FY 2026-FY 2035 increases 2.0 percent per year.

b) Transaction Data

Historical monthly transaction data for calendar years 2019 through 2022 was obtained from the rental car companies operating at the Airport to project transactions and transaction days through FY 2035.

c) Per-transaction-day CFC

A rate of \$7.50 per on-Airport transaction day and \$7.42 per off-Airport transaction day beginning October 1, 2024 was determined for the purposes of this analysis.

PORT OF OAKLAND, CALIFORNIA

Notes to Schedule of Forecasted Revenues and Costs of the Rental Car Center For the Period of July 1, 2023 through June 30, 2035

The future per-transaction-day CFC rate was set at a level sufficient to:

- reimburse all current and projected future common busing O&M expenses;
- fund future CFC-eligible capital expenses, including the acquisition and operation of electric buses, the bus system's proportionate share of cost to construct an electric bus charging depot, and related infrastructure;
- reimburse the rental car companies for previously unreimbursed common busing O&M shortfalls paid by the rental car companies;
- maintain an annual positive ending CFC fund balance through the projection period;
- establish a capital reserve of \$500,000 by the end of FY 2035; and
- establish a bus system O&M reserve equivalent to 3 months of bus system O&M expenses by the end of FY 2029.

d) Busing Operation and Maintenance (O&M) Expenses

Busing operator O&M expenses for FY 2024 and FY 2025 are anticipated to total approximately \$4.1 million and \$4.4 million, respectively, based on an approximate average of historical growth and average annual inflation assumptions. Consultant and Management Agreement Expenses are third-party facility manager expenses incurred to provide management, maintenance, and other services in support of the busing operations. These services are assumed to increase 3.0 percent annually from the anticipated costs in FY 2025 through the projection period based on historical growth and average annual inflation assumptions.

e) RCC Capital Expenditures

Facility capital expenses of \$1.0 million include anticipated repairs to the bus drop off and pick up area, RCC roof replacement, lobby remodel and rewiring, and restroom updates.

Electric bus acquisition of \$18.6 million is comprised of 16 electric vehicle (EV) buses to be acquired and put into service over the forecast period in accordance with State of California initiatives to convert conventional fuel bus fleets to zero emission vehicles. The forecast assumes that a third-party bus owner/operator will lease the buses to the rental car companies. Annual lease payments of approximately \$244,000 per bus were calculated assuming an interest rate of 10 percent over a term (useful life) of 10 years. After each 10-year term, it is assumed that the bus operator will acquire new buses and lease them to the rental car companies at similar lease terms.

Electrical capacity fee of \$6.4 million represents the fee that the Port's electric utility may charge to provide the electrical capacity to charge 16 EV buses, based upon estimates by the Port's planning and utilities staff.