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Supplement to
Agenda Item No. 1(E)6

June 17, 2004

UNISON MAXIMUS
CONSULTING SOLUTIONS

MIAMI INTERNATIONAL AIRPORT

RENTAL CAR FACILITY

Updated Rental Car Demand Trends

Prepared by:

UNISON-MAXIMUS, INC.

March 17, 2004

Exhibit
Transportation Committee
6-17-04 Item 1E6 Suppl

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UNISON-MAXIMUS, INC. ("Unison") was engaged by Earth Tech Consulting, Inc. ("Earth Tech") to provide consulting services related to the Miami International Airport ("MIA") Rental Car Facility ("RCF"). The RCF is being developed by the Florida Department of Transportation ("FDOT"), in cooperation with Miami-Dade County (the "County"), which owns and operates MIA. The RCF, which is being developed on a site adjacent to MIA, is a main component of the Miami Intermodal Center ("MIC"). Earth Tech was engaged by FDOT as the program manager for the development of the MIC. FDOT is financing the costs of the RCF with the proceeds from a loan from the U.S. Department of Transportation ("DOT"), pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA"). The debt service for the TIFIA loan which will be paid solely from the rental car Customer Facility Charge ("CFC") to be imposed by the County and collected from rental car customers who rent cars at the RCF. The CFC will be collected on a per-transaction day basis.[1]

The historical trends in rental car demand at MIA during the period of January 1998 through July 2003 were reviewed in the following report prepared by Unison: *Miami International Airport Rental Car Facility Traffic and Revenue Study – Final Report (Draft)*, dated October 22, 2003 (the "October 2003 Unison Report"). The analysis in the October 2003 Unison Report was based on monthly data obtained from the rental car companies by the John F. Brown Company ("JFB") through February 2003, and monthly data obtained by JFB and Unison for the months of March 2003 through July 2003. This paper updates the historical trends in rental car demand at MIA based on more recent data reported by the rental car companies – for the months of August 2003 through December 2003. Updated data was obtained from the rental car companies for monthly transaction days, rental contracts, and revenue.

As described in the October 2003 Unison Report, the monthly rental car data was adjusted to account for the non-reporting companies, which were estimated by JFB to total approximately 5% of the MIA market. In addition, the monthly transaction days through February 2003 were reduced by 10% in response to an audit report prepared by A.L. Jackson & Company, P.A. ("ALJ"), which concluded that the total transaction days reported by the companies to JFB were overstated by approximately 10%.

Table 1 summarizes the trends in rental car transaction days and rental contracts at MIA during the 1998-2003 period, as follows:

[1] A rental car transaction occurs when a customer rents a car. The number of transaction days represents the length of that transaction. For example, if a customer rents a car for five days, and that rental transaction occurs at the RCF, the customer will be required to pay the per-transaction day CFC for five days.

TABLE 1
MIAMI INTERNATIONAL AIRPORT
ANNUAL INDICATORS OF RENTAL CAR ACTIVITY (1)
1998-2003

Calendar Year	Demand Indicators			Revenue Indicators		
	Transaction Days	Rental Contracts	Avg. Contract Duration (days)	Gross Rental Revenue	Avg. Nominal Rental Rate (2)	Avg. Real Rental Rate (2)
1998	8,349,641	1,472,895	5.67	$333,830,759	$39.98	$39.28
1999	8,703,622	1,553,083	5.60	$347,500,196	$39.94	$38.48
2000	7,956,504	1,381,180	5.76	$331,089,185	$41.54	$38.73
2001	6,957,030	1,215,189	5.73	$293,224,509	$41.99	$38.07
2002	5,555,363	1,031,674	5.38	$249,765,612	$44.77	$39.96
2003	5,881,673	1,098,951	5.35	(3)	(3)	(3)
Average Annual Growth Rate						
1998-2002	**-9.7%**	**-8.5%**	**-1.3%**	**-7.0%**	**2.9%**	**0.4%**
2002-2003	**5.9%**	**6.5%**	**-0.6%**	**N/A**	**N/A**	**N/A**

(1) Based on adjusted market data to account for the entire MIA rental car market and the ALJ audit findings.
(2) The nominal rental rate is in current dollars, while the real rental rate in constant 1997 dollars.
(3) Revenue data is not presented for 2003 due to the discrepancies between the montly revenue amounts reported by the rental car companies to (a) JFB and Unison, and to (b) MIA. The montly discrepancies total approximately 25% for one company, and 17% for another company.

- For the five-year period of 1998 through 2002, annual transaction days decreased at an average annual rate of 9.7%, from 8.35 million in 1998 to 5.56 million in 2002. Most of the decline occurred in 2001 and 2002 when annual transaction days decreased by 12.6% and 20.2%, respectively. However, total transaction days increased 5.9% in 2003, to approximately 5.88 million.
- Annual rental contracts mirrored the trend in transaction days. During the five year period of 1998 through 2002, annual rental contracts decreased from 1.47 million in 1998 to 1.03 million in 2002, representing an average annual decrease of 8.5%. Most of the decline occurred in 2001 and 2002 when rental contracts dropped by 12% and 15% respectively. The number of rental contracts recovered somewhat in 2003, having increased by 6.5%, to approximately 1.10 million.
- The average contract duration, calculated as annual transaction days divided by annual rental contracts, decreased from a high of 5.76 in 2000 to 5.38 in 2003. During the 1998 – 2002 period, annual transaction days decreased at a higher average annual rate (-9.7%) than did annual rental contracts (-8.5%), resulting in an average annual decrease of 1.3% in the average contract duration. However, in contrast to the increasing trends in transaction days and rental contracts in 2003, the average contract duration decreased slightly in 2003 (-0.6%).
- Annual gross revenue reported by the rental car companies at MIA decreased at an average annual rate of 7.0%, from $333.8 million in 1998

to $249.8 million in 2002. The trend in the collective gross rental revenue is attributable, in part, to the trend in rental demand as well as the trend in the average price of renting a car at MIA. The nominal price grew at a modest rate of 2.9% per year during the 1998 – 2002 period. However, in real (inflation-adjusted) terms, the price increase was only an average of 0.4% per year. Apparently, the modest annual increases in nominal rental rate were not sufficient to offset the significant decreases in rental contracts and transaction days during the 1998 – 2002 period.

- Updated revenue information is not shown for 2003 due to the discrepancies between the monthly data received from the rental car companies by (a) JFB and Unison, and (b) MIA. The monthly discrepancies totaled approximately 25% for one company, and 17% for another company. Therefore, the 2003 revenue data was deemed unreliable for the purposes of analyzing historical trends.

Table 2 shows the calculated annual transaction day-to-deplanements ratio for the period 1998-2003. It shows that the ratio decreased from a high of 0.51 in 1999 to 0.47 in 2000 and 0.44 in 2001. The ratio then decreased by 16.2% in 2002, to 0.37, which confirms the relatively higher slide in transaction days, compared to deplanements. For the 1998 – 2002 period, the average annual transaction day-to-deplanements ratio decreased at an average annual rate of 7.0%. However, the trend was reversed somewhat in 2003, when annual transaction days increased 5.9%, although total deplanements decreased 1.6%. The ratio of transaction days to deplanements increased 7.7% in 2003, to 0.40.

Figure 1 and **Figure 2** illustrate the seasonal pattern of rental car demand at MIA. The data show that rental demand is not uniformly distributed during the year. Rather there are peak demand months and relatively low demand months. The updated monthly data show that this trend continued through the end of 2003. For example, in terms of transaction days, rental car demand at MIA was consistently high in the months of January, March, August and November (**Figure 1**). Relatively low demand occurred in the months of May, June and September. This seasonal pattern is confirmed by the monthly distribution of rental contracts shown in **Figure 2**.

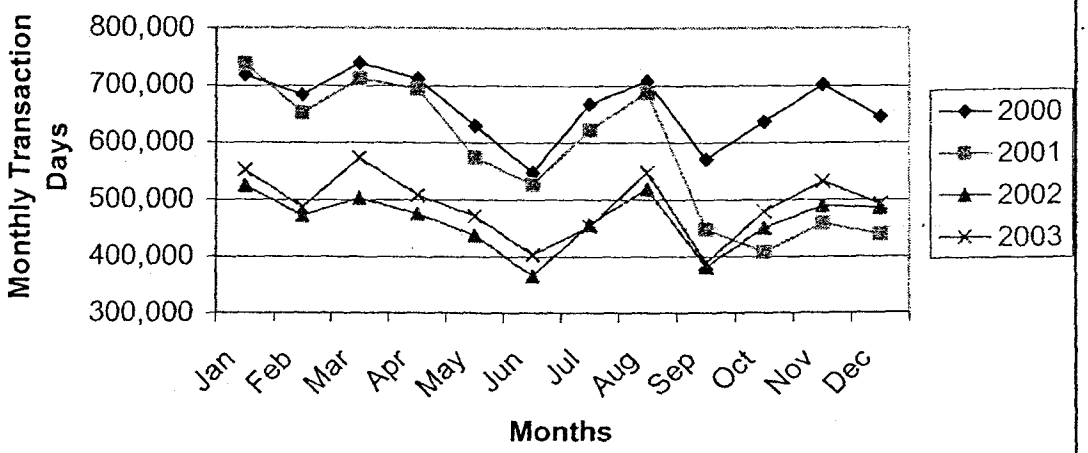
Table 3 tracks the recent changes in monthly transaction days during the period of January 2000 through December 2003. As noted in the October 2003 Unison Report, there were consistent decreases in monthly transaction days (compared to the comparable months in the prior year) during the months of February 2001 through August 2001, which suggests that the decrease in annual transaction days observed in 2001 was not entirely due to the impact of the September 11, 2001 Events. The percentage decreases in monthly transaction days have been significantly higher than the decreases in deplanements and the pace of recovery in monthly transaction days is much slower than the pace shown in monthly deplanements. For example, the double-digit drop in transaction days reported

TABLE 2
MIAMI INTERNATIONAL AIRPORT
ANNUAL TRENDS IN TRANSACTION DAYS AND DEPLANEMENTS
1998-2003

Calendar Year	Total Deplanements (DEP)	Transaction Days (TD) (1)	Average Annual TD/DEP (2)	Annual % Change TD/DEP
1998	16,956,178	8,349,641	0.49	
1999	17,005,357	8,703,622	0.51	3.9%
2000	16,864,694	7,956,504	0.47	-7.8%
2001	15,791,821	6,957,030	0.44	-6.6%
2002	15,052,548	5,555,363	0.37	-16.2%
2003	14,816,717	5,881,673	0.40	7.6%
Average Annual Growth Rate				
1998-2002	**-2.9%**	**-9.7%**	**-7.0%**	-
2002-2003	**-1.6%**	**5.9%**	**7.6%**	-

(1) Based on adjusted transaction day data.
(2) This ratio should have been calculated based on O&D deplanements. Unfortunately, there remain unresolved data issues regarding that data series. It was deemed best to use total deplanements for the illustrative purpose intended in this table.

FIGURE 1
MIAMI INTERNATIONAL AIRPORT
MONTHLY RENTAL CAR TRANSACTION DAYS
January 2000 - December 2003



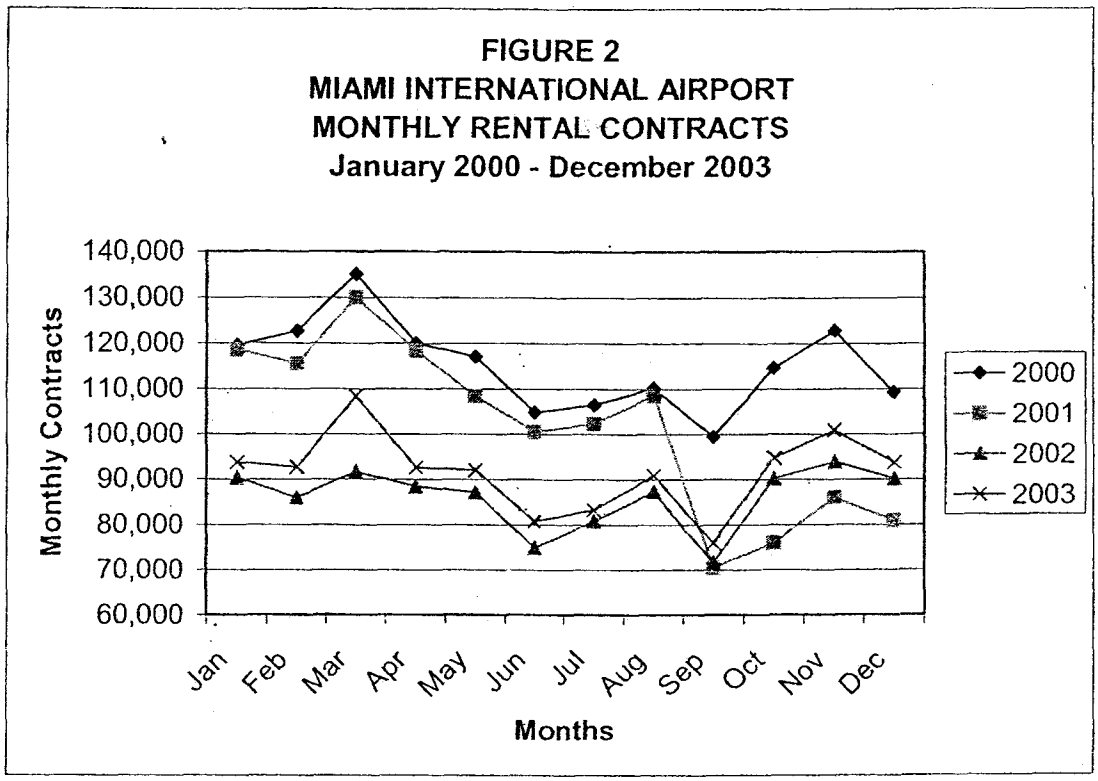


TABLE 3
MIAMI INTERNATIONAL AIRPORT
RECENT MONTHLY TRENDS IN TRANSACTION DAYS
January 2000 - December 2003

Month	Estimated Transaction Days (1)				Year-over-Year % Change		
	2000	2001	2002	2003	2000-01	2001-02	2002-03
January	717,547	737,134	523,629	551,108	2.7%	-29.0%	5.2%
February	683,717	651,656	471,595	486,158	-4.7%	-27.6%	3.1%
March	738,483	711,777	502,096	572,813	-3.6%	-29.5%	14.1%
April	712,000	694,113	474,752	507,555	-2.5%	-31.6%	6.9%
May	629,520	573,592	437,300	470,976	-8.9%	-23.8%	7.7%
June	547,346	527,088	366,037	402,401	-3.7%	-30.6%	9.9%
July	667,330	622,029	456,003	452,324	-6.8%	-26.7%	-0.8%
August	707,285	687,755	518,351	547,716	-2.8%	-24.6%	5.7%
September	570,425	447,576	381,493	388,972	-21.5%	-14.8%	2.0%
October	636,433	407,230	449,928	478,631	-36.0%	10.5%	6.4%
November	701,538	458,467	489,033	531,793	-34.6%	6.7%	8.7%
December	644,880	438,614	485,147	491,228	-32.0%	10.6%	1.3%
ANNUAL	**7,956,504**	**6,957,030**	**5,555,363**	**5,881,673**	**-12.6%**	**-20.1%**	**5.9%**

(1) Based on adjusted market data to account for the entire MIA rental car market and the ALJ audit findings.

in September 2001 persisted through third quarter 2002, resulting in annual transaction days in 2002 that were 20.1% lower than the level reported in 2001. Beginning in October 2002, the monthly transaction days were higher than the comparable months from the previous year (except for July 2003), and total transaction days for 2003 were higher than total transaction days for 2002. However, the demand recovery was not uniform during 2003, with the percentage increases over the 2002 monthly demand varying each month – and a slight decrease reported in July 2003 (compared to July 2002).

Unison and JFB mutually developed a consensus projection of rental car transaction days at MIA, as presented in the October 2003 Unison Report. Because the consensus projection was used in the financial analysis of the RCF, the forecast was prepared on a fiscal year basis.[2] The actual FY 2003 transaction days (adjusted to account for the non-reporting companies)[3] were approximately 7.3% higher than the estimate included in the "base case" consensus projection. FY 2003 transaction days, which are estimated to total approximately 5.8 million, out-performed the consensus projection of approximately 5.4 million transaction days for FY 2003. Although it is beyond the scope of this paper to prepare a revised consensus projection, based on the actual data for FY 2003, it is likely that FY 2004 transaction days will exceed the consensus projection. If we start with the actual FY 2003 transaction days, and apply the FY 2004 projected transaction day growth rate assumed in the "base case" consensus projection (3.0%), we would arrive at approximately 6.0 million estimated transactions days for FY 2004, compared to the 5.6 million transaction days included in the "base case" consensus projection.

[2] The MIA fiscal year begins on October 1 and ends on September 30 of the following calendar year. Therefore, Fiscal Year ("FY") 2003 began on October 1, 2002 and ended on September 30, 2003.

[3] "Actual" transaction days include an estimate for the non-reporting companies. Therefore, the historical rental car transaction days presented in the October 2003 Unison Report and in this paper reflect estimates to "gross up" the reported data in order to approximate the entire MIA rental car market.