MEMORANDUM

To: Broward County Board of County Commissioners
From: Kent George, Airport Director
Date: January 14, 2008
Re: January 22, 2008 Aviation Planning Workshop Information

On January 22, 2008, the scheduled Aviation Planning Workshop will focus on the near term issues affecting the Airport’s Five Year Capital Program and Master Plan Projects including the associated financial implications. These will include appropriate steps to best position the airport to meet the current facility demands while laying the foundation for an expeditious response to the release of the Environmental Impact Statement (EIS) and issuance of the Record of Decision (ROD).

Arguably, one of the more significant and expensive components of the master planning process for Fort Lauderdale-Hollywood International Airport (FLL) is the future terminal design. The Board has been presented with nine options for terminal redevelopment at past workshops. Through greater dialogue with airport partners and continued due diligence which stressed reuse and greater efficiency opportunities from existing facilities, Jacobs Consultancy (Jacobs) has narrowed these options to two that are viable. The Board will be presented with a footprint that reserves land for either of the viable options that the future dictates.

Wrapped around the future terminal layout and runway configurations are the rest of the airport facilities and land uses (current and proposed), which are depicted in an Airport Layout Plan (ALP). The Board directed the consultant to develop a Master Plan around the sponsors preferred alternative. They are proceeding accordingly. While there is no indication that the sponsor’s preferred alternative is not being seriously considered, I do not recommend finalizing the Master Plan until the Environmental Impact Statement (EIS) is completed, the Record of Decisions (ROD) is issued, and a final runway alternative is selected. For example, even the sponsor’s preferred alternative could suggest additional safety features that could affect the ALP. With the determination of these items and the reservation of land in the terminal complex area for terminal expansion beyond 2017, BCAD will have the ability to finalize the Master Plan for FLL and present an ALP to the Board for approval and submission to the FAA.
It is important to note that the final runway determination and reservation of land for future terminal expansion will establish the direction of FLL for a minimum of the next 20 years. To implement these projects will require multiple actions in a timely manner. If not prepared and ready to take the actions required to implement these projects, additional costs could be incurred and inconvenience to customers, visitors, tenants, and airlines will surely occur. The following is a list of Board and BCAD staff actions, along with implementation timeframes, required to accomplish the tasks in a timely and cost effective manner. Please note that the estimated project costs are in 2007 dollars:

1. **Runway EIS/ROD** *(Estimated project cost of $745 million for Sponsor’s Preferred Alternative)*
   - Immediately prepare an RLI and appoint a Selection Committee (SC) to select a Design Team for the new Runway. The Runway project is a highly complex undertaking that requires a specific set of design/engineering skills, and with the time needed to arrive at a final selection, this element needs to begin as soon as possible so that the selected Runway Design Team is prepared to begin work following the issuance of the EIS/ROD, estimated for midsummer of this year. History has shown that the RLI process takes approximately six to eight months from advertisement to issuance of a Notice to Proceed.
   - Following selection of the Runway Design Team, start the process to select a Runway PM Team, either from the PM Library that is in the process of being established or through a separate Request for Letters of Interest (RLI), to handle this complex project. The County should have a contract finalized with the Runway PM Team so that it can begin work at the 20% design point. This will allow the County to realize as much efficiency as possible in the design/scheduling/value engineering/construction coordination process between the Runway Design and PM Teams.
   - Upon issuance of the EIS, which will include the FAA’s Noise Mitigation Policies, finalize the Part 150 Study and begin the mitigation process with the previously selected Noise Mitigation Team led by The Urban Group, immediately. It is important to note that the initial FAA authorized amount from the $1.50 PFC reservation ($33,000,000)\(^2\) for the Noise Mitigation Bank, has been collected and available for use once the final mitigation program is approved. A funding strategy utilizing various sources of federal, state and local airport funding including a new PFC application will be presented to the Board following completion of the Part 150 Study. *Estimated at $270 million for the mitigation program.*

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1 The EIS estimate is $785 million; the $38 million delta includes components which are included in other components of the Master Plan.

2 Without completion of an approved Part 150 study, the FAA placed a cap on the formal set aside for the Noise Mitigation Bank through the application process.
2. Terminals

- **Concourse A**: The First Amendment to the Agreement with Gresham Smith & Partners, will be presented to the Board for approval on January 15, 2008. This agreement will provide the construction drawings and specifications to enable construction of Concourse A, which will include five new gates with associated operating spaces and concessions. JetBlue Airways (JetBlue) is prepared to enter into a Terminal Building Lease Agreement to lease all five gates on a non-exclusive basis, giving BCAD the ability to assign other carrier(s) to any of the new gates if JetBlue fails to utilize a gate more than seven times a day (the current airport gate utilization is approximately 5.4 uses per day). JetBlue will also retain their existing four gates in Concourses B and C, giving them a total of nine gates when Concourse A is completed. An agenda report recommending appointment of a SC and approval of the CM@Risk RLI will be presented to the Board at the February 5, 2008 meeting. JetBlue would like to occupy the new Concourse in the beginning of 2010, which will require a strong effort on the part of all parties to accomplish. *Estimated at $75 million.*

- **Terminal 4 Redevelopment**: The Sponsor’s Preferred Alternative for the new runway will necessitate the elimination of 3 or 4 existing gates on Concourse H. These gates need to be replaced as soon as possible, but no later than approximately 2-2½ years into the Runway Project. The replacement gates are eligible for federal funding and should be constructed and opened prior to the loss of the existing gates. Concourse H is utilized by all international carriers at FLL requiring access to the US Customs & Border Protection (CBP) facilities, as well as Spirit Airline’s domestic operations. To realize economies of scale and the federal funding of the replacement gates, a total of six gates will be proposed to replace the 3-4 gates lost due to the runway design. At the conclusion of this project, estimated to occur in the 2011-2012 timeframe, FLL will have 65 gates; five new gates on Concourse A and three incremental gates on the Terminal 4 Redevelopment, which will assist in postponing any major/costly terminal expansion. *Estimated at $90 million.*

- **Terminal Modifications**: Using the current Terminal Area Forecast (TAF) projection, it is anticipated that traffic demand will require additional gates sometime in the future. It is in the airport’s best interest to postpone this major/costly expansion as far into the future as possible. One tactic to be utilized is to increase the average gate utilization from the present 5.4 turns per day to 6.25-6.5 turns per day. This, in conjunction with the incremental facilities mentioned previously, will provide the capacity to postpone any major/costly expansion to 2017 or longer. It should be noted that with higher gate utilization, there will be a need to improve/expand the existing restrooms and concession facilities in all concourses. These projects will be brought to the Board for further consideration later this year. *Estimated costs have not been determined at the time; however, $100 million ($20 million/year for next five years) has been placed in the financial pro forma and CIP to accomplish these tasks.*

- **Final Security In-Line Baggage Solution**: An agreement with DMJM Harris was approved by the Board on December 11, 2007, and authorizes an initial phase of work for planning, programming
and site verification, and comprehensive schematic designs for Terminals 2, 3 and 4. The timing of this project will fall concurrently with the Terminal 4 Redevelopment and terminal modifications mentioned above. Costs are unknown at this time, however TSA has historically funded up to 50% of such projects (Terminal 1’s system was partially funded by TSA in this manner).

3. Additional Projects

- **BCAD Office/Maintenance Building:** Authorization for funding to proceed with the design of both the new BCAD offices and a Maintenance building has been received from the airlines through a Majority in Interest (MII) vote last November. The Sponsor’s Preferred Alternative Runway would necessitate the displacement of the temporary trailer offices in the second year of construction. The specific site location will be presented later this year for consideration as part of the final Master Plan. A SC and RLI process will be proposed immediately thereafter. Combined buildings estimated at approximately $34 million, including contingency, planning, design, and construction management.

- **Employee Parking:** A permanent employee parking location has not been determined as of this date. Within the ALP of the Master Plan, a future, permanent employee parking location will be identified and presented for consideration. Until a site and construction design is selected, an estimate cannot be determined.

4. Financing

The means by which to finance these projects has been considered and will include the utilization of Airport Improvement Program (AIP) funds from the FAA, Florida Department of Transportation (FDOT) funds through its Aviation Grant process, Passenger Facility Charge (PFC), and finally, the utilization of Commercial Paper and various bond funding alternatives. “Preliminary” estimates of the various alternatives in 2007 dollars have been provided in each section.

Following the January 22, 2008 Workshop, BCAD, their financial advisors and the Finance Administration Services Department will prepare a Financial Plan for the Sponsor’s Preferred Runway Alternative and the above projects for the Board. This Plan will be reviewed by the Airline Affairs Committee and will provide an approach that will maintain FLL as an attractive environment for low cost carriers. The airlines have acknowledged the need for significant capital infrastructure investments, however, they have requested that BCAD do everything possible to keep operating cost balanced in order to maintain an environment that can support low airline fares to the traveling public.

As can be seen above, each of these projects is interrelated and represents an ambitious, but necessary program. It cannot be overemphasized that time is of the essence both in the necessity of these projects, but also in executing the program in a timely and effective manner to reduce the effects of inflation.
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