

Memorandum



Date: **January 9, 2012**

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez".

Subject: Report on Miami International Airport Central Terminal Concessions Program

RTC
Agenda Item No. 6(A)

This report is submitted in response to the December 12, 2011 request by Commissioner Dennis C. Moss to provide the Regional Transportation Committee (RTC) with development plans for Miami International Airport's (MIA) Central Terminal. The Central Terminal is composed of the terminal and concourses known as "E" (including Satellite E), "F", and "G". Developed around 1960, the Central Terminal, which includes the only wooden concourse (G) at the Airport, is the only section of the Terminal that has not been modernized.

The Miami-Dade Aviation Department (MDAD) is analyzing the potential for the redevelopment of the Central Terminal to bring it into parity with the new North and South Terminals and achieve the following goals:

- Provide ease of expansion for existing air carriers;
- Increase gate capacity (passenger volumes) and flexibility for accommodating a mix of domestic and international activity;
- Maximize the potential for post-security, non-aviation revenue-generation by significantly expanding the shopping opportunities to defray some of the debt service associated with this potential construction;
- Enhance the customer experience within the Central Terminal by providing spacious and open areas, a diverse mix of retail and food offerings within a short walking distance, and ease of connectivity to the North and South Terminals, the Miami Intermodal Center Station and other landside facilities;
- Improve customer service for passengers connecting from domestic flights so they would not have to be re-screened; and
- Improve aircraft circulation within and around the new gates in the Central Terminal area.

Of the 33 new gates projected within the redeveloped Central Terminal, 27 are wide-body gates capable of serving long-range international flights. An additional five gates will be capable of accommodating the larger (500+ passenger capacity) and newer generation of aircraft such as the Airbus A380.

Based upon a recent capacity analysis and depending upon the rate of MIA passenger traffic growth, the redevelopment of the Central Terminal may need to be completed by 2021. The deadline is not due to inadequate airport capacity to accommodate traffic growth but to the limitation of the new North and South Terminals to temporarily accommodate Central Terminal airlines during the construction of the new Terminal. Moreover, the need for the redevelopment of the Central Terminal could arrive sooner than 2021 if airline activity continues growing at a higher rate than that projected by MDAD's Traffic Engineer. Such analyses are ongoing but, regardless of the outcome of those capacity analyses, a key question will be the affordability of redeveloping the Central Terminal.

Both the new North and South Terminals boast new concessions resulting from contracts issued over the last few years. In contrast, Central Terminal concession agreements were extended due to the uncertainty of passenger traffic, construction phasing of the new North and South Terminals (when Central Terminal provided temporary housing for North Terminal airlines), and the uncertainty of a date for the redevelopment of the Terminal. Now that the timing of the resolution of these issues has become somewhat more predictable, the immediate concession plan for the Central Terminal is to secure new transition/bridge concession agreements, and structure those agreements with terms providing MDAD with maximum flexibility to redevelop Central Terminal when and if passenger traffic growth dictates and financial capability allows.

Toward that end, the majority of concession agreements in the Central Terminal have been programmed to expire on January 31, 2013. In preparation for the replacement of those old agreements, MDAD plans to issue a Request for Proposal (RFP) in the First Quarter of CY 2012. The terms of the leases will be set at four years with four one-year extensions at MDAD's discretion so as to not impede any future phasing plan associated with the Central Terminal redevelopment. The RFPs will require only moderate capital investments to enable the transition/bridge concessionaires to fully amortize their capital investments. If and after any redevelopment of the Central Terminal begins, MDAD would then solicit concessionaires and/or developers for the permanent Central Terminal concession program.



Deputy Mayor