



MEMORANDUM  
Harvey Ruvin  
Clerk of the Circuit and County Courts  
Clerk of the Board of County Commissioners  
Miami-Dade County, Florida  
(305) 375-5126  
(305) 375-2484 FAX  
www.miami-dadeclerk.com

RTC  
Agenda Item No. 5A

**TO:** Honorable Chairman Bruno A. Barreiro  
and Members, Regional Transportation Committee

**DATE:** July 9, 2012

**FROM:** Christopher Agrippa  
Division Chief, Clerk of the Board Division

**SUBJECT:** Approval of Commission  
Committee Minutes

The Clerk of the Board's office is submitting the following Clerk's Summary of Minutes for approval by the Regional Transportation Committee:

March 29, 2012

CA/fr  
Attachment



Stephen P. Clark  
Government Center  
111 N.W. 1st Street  
Miami, FL 33128

## CLERK'S SUMMARY OF

### Meeting Minutes

#### Regional Transportation Committee

Bruno A. Barreiro (5) Chair; Xavier L. Suarez (7) Vice Chair; Commissioners Audrey M. Edmonson (3), Sally A. Heyman (4), Dennis C. Moss (9), and Javier D. Souto (10)

#### Special Regional Transportation Cmte. Workshop

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Thursday, March 29, 2012

4:02 AM

MIAMI INTERNATIONAL AIRPORT

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**Members Present:** Bruno A. Barreiro, Audrey M. Edmonson, Dennis C. Moss, Xavier L. Suarez.

**Members Absent:** Sally A. Heyman, Javier D. Souto.

**Members Late:** None.

**Members Excused:** None.

**Members Absent County Business:** None.

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#### 1 MINUTES PREPARED BY:

**Report:** *Alan Eisenberg, Commission Reporter*  
305-375-2510

**1A**      **ROLL CALL**

**Report:** *Chairman Barreiro called the Special Regional Transportation Committee Workshop to order at 11:04 p.m.*

*The following staff members were present: Deputy Mayor/County Manager Alina Hudak; Deputy Mayor Jack Osterholt; Assistant County Attorney David Murray; Aviation Director Jose Abreu; Deputy Directors Ken Pyatt and Miguel Southwell; Director of Aviation Planning Jose Ramos; and Deputy Clerk Alan Eisenberg.*

*Regional Transportation Committee Chairman Bruno Barreiro; and County Commissioners Audrey Edmonson, Dennis Moss, and Xavier Suarez, were present. Commissioners Heyman and Souto attended the tour prior to the commencement of the Special Workshop.*

*The Committee convened in a moment of silence followed by the Pledge of Allegiance.*

*Assistant County Attorney David Murray announced that there were no changes to today's (3/29) Agenda.*

*Chairman Barreiro commented that the tour of the Federal Inspection Service (FIS) Facility and the Concourse C Concessions provided Committee members with a better understanding of these areas. He noted that members of the Administration would present reports at today's (3/29) workshop on the Strategic Airport Master Planning Study; the Central Terminal Redevelopment Vision; and the Airport Concession Program; followed by a public hearing. Chairman Barreiro acknowledged Commissioner Moss for proposing that this workshop be held at the Airport.*

**2**      **SPECIAL WORKSHOP**

2-1

**121211 Report****AIRPORT TOUR***Presented*

**Report:** *Mr. Jose Abreu, Director, Miami-Dade Aviation Department (MDAD), welcomed participants to today's (3/29) tour of the Federal Inspection Service (FIS) Facility. He explained that the FIS was one of the final segments of the North Terminal redevelopment and necessary because Miami International Airport's (MIA) International traffic volume grew ten percent in 2011 and another ten percent year to date, thus exceeding the Airport's existing capacity. Mr. Abreu noted the new FIS would make it more convenient for International passengers by providing shorter walking distances and faster processing times. He said that 90 percent of the FIS would be open by July 2012 and the new facility would have 72 inspection booths and ten baggage carousels. Mr. Abreu noted that following the FIS visit, the tour would continue through the Central Terminal with a discussion pertaining to the Master Plan and concessions.*

*Mr. Abreu introduced Mr. Juan Carlos Arteaga, North Terminal Development Director, who would be leading the tour of the Federal Inspection Service (FIS) Facility, including passport control and customs areas.*

*Mr. Arteaga explained that an inclined surface was used instead of 17 elevators to process 3,600 passengers per hour, with a centrally located globe representing Miami as the gateway to the world.*

*Mr. Abreu pointed out the spacious baggage claim area with 10 baggage carousels.*

*Mr. Abreu indicated that the passport control area contained 72 booths. He explained that MIA was the second gateway to the nations; behind John F. Kennedy (JFK) International Airport. Mr. Abreu noted MIA's international traffic was 40 percent of the Airport's connecting traffic and 50 percent of total Airport traffic. He said this facility would significantly improve MIA passengers' experience. Mr. Abreu noted the sky train would deliver international passengers to a location directly adjacent to this room and they would then enter through the glass doors on the back wall. He explained that a reentry point with airline ticket*

counters and a Transportation Security Administration (TSA) checkpoint was under construction; however, it would not be completed by the July opening.

Mr. Arteaga noted that the facility was equipped with state-of-the-art surveillance and security systems. He said that although the original design was completed ten years ago, all modifications and upgrades were accomplished within budget. Mr. Arteaga noted that global entry points would be located in the center of the terminal.

Mr. Tommy Valentine, Construction Manager, Odebrecht, explained that after exiting the sky train, international travelers would enter the Customs and Border Protection (CBP) Area where they would be processed for entry into the United States and then continue to the baggage area. He said there were over 200 secondary screening offices designed for increased levels of security to handle suspicious travelers, with interview rooms, isolation rooms, hold rooms and padded rooms. Mr. Valentine explained that the facility was designed to protect the Country and similar facilities were located at the baggage level to process passengers.

Mr. Abreu noted the tour would proceed to the Central Terminal to address concessions issues. He introduced Mr. Miguel Southwell, Deputy Director.

Mr. Southwell explained that advertising revenue was \$6 million annually and a significant portion of total Airport revenue, noting that the baggage carousels would be equipped with advertising display monitors. He said that airports generally were not allowed to advertise in the FIS Facility; however CBP and TSA had been fully cooperative with MIA's revenue needs.

Mr. Valentine noted the carousel area contained an additional 180 offices and hold rooms to address passengers who might have suspicious luggage issues.

Mr. Arteaga indicated that 100 percent of the third level, 95 percent of the second level and 92 percent of the ramp level would be completed by the July opening date. He noted the remaining portion included completion of the baggage handling system, the demolition of the baggage ship, Concourse C and the legacy system. Mr. Arteaga said that the baggage system was the

largest in-line system in the United States; that American Airlines was pleased with the system; and that MDAD was working on finishing touches to the system. He noted this was a ten year old program inherited by MDAD in 2005; however, construction did not begin until a new table of organization and a revised contract with Parsons-Odebrecht Joint Venture (POJV), as a general contractor, was finalized in 2007. Mr. Arteaga said he used his personal architectural license to submit more than \$130 million of work which was completed by POJV eliminating the secondary bid, saving money and completing work within budget.

Mr. Southwell explained that the Central Terminal consisted of Concourses E, F and G. He noted it was anticipated that the Central Terminal would be completed by 2008 and a Transition Plan was developed which relocated several airlines from Central Terminal to the new South Terminal. Mr. Southwell said Mr. Abreu decided to close a significant portion of the North Terminal and move American Airlines to the Central Terminal in order to shorten the construction time by up to four years; saving several hundred millions of dollars. He noted some Central Terminal tenants experienced an unexpected increase in sales due to the introduction of American Airlines passengers while they were anticipating a decline in passenger traffic. Mr. Southwell explained that a temporary construction wall was needed in order to close the North Terminal which impacted several concessionaires.

Commissioner Edmonson questioned the duration of the construction wall and whether concessionaire's profits were affected.

Mr. Southwell responded that the wall was in place for a three year period. He noted that the County Commission authorized the elimination of the Minimum Annual Guarantee in December 2011 and only required payment based upon a percentage of gross revenue. Mr. Southwell explained that profits were affected; however, he would explain MDAD's efforts in terms of sales per enplaned passengers later.

Commissioner Moss asked Mr. Southwell to introduce the concessionaires being discussed.

Mr. Southwell noted 67 locations existed in the Central Terminal of which 64 were either operated by Host (food concessions) or Westfield (retail). He explained that there were only five contracts;

however, many smaller sub-concessionaire contracts were contained within the Host and Westfield contracts. Mr. Southwell introduced Mr. Raymond Kayal, Jr., Newslink, and Mr. Chris Korge, Newslink, who operated Westfield stores as sub-concessionaires. He indicated that Westfield also operated one food location, Duncan Doughnuts, and introduced Ms. Brenda Rivers. Mr. Southwell proceeded to introduce Host sub-concessionaires, Mr. Pedro Amaro, Jr., and the Tinsley family.

Mr. Southwell explained that BFC Airport Stores was a local firm that previously sold personal care items; however, after 911 passengers could not travel with liquids. Mr. Southwell noted the County Commission allowed this concessionaire to avoid bankruptcy by changing the store concept to sell luggage. He noted that the food complex and Sabarros were operated under the Host agreement; however, Café Versailles was operated by Global Concessions, who were the same operators as La Carretta. Mr. Southwell pointed out that the blade signage was uniform for all concessionaires throughout Central Terminal and that the orange slice seen on signage was the logo for the Airport's concessions.

Mr. Southwell indicated that four participants were now at the beginning of the South Terminal. He noted that the art on both sides of the escalator was sponsored by American Airlines and Odebrecht; was brought to Miami from JFK International Airport in pieces; and was then restored and reassembled.

The tour was completed and participants convened for the Special Workshop.

Item A

**120598 Report**MASTER PLAN (FUTURE CARGO, RUNWAY,  
TERMINAL - EXPANSION NEEDS) BY JOSE RAMOS*Presented*

**Report:** *Mr. Jose Abreu, Director, Miami-Dade Aviation Department (MDAD), noted International passengers arriving and connecting with other flights would have an enhanced experience at Miami International Airport (MIA) beginning in July 2012. He proceeded to introduce Mr. Jose Ramos, Director of Aviation Planning, who would be presenting the 2015-2050 Strategic Airport Master Planning (SMP) Study and the Central Terminal Redevelopment vision.*

*Mr. Ramos presented a Power Point presentation on the SMP Study which included MIA and the general aviation airports. He noted the SMP began in April 2009 and was focused on the airport's role and positioning to capture existing or anticipated market opportunities; to identify and assess solutions to meet MIA's needs through 2050; to position the airport system to serve growth in demand, airline service and industry trends, and continued enhancement in customer service; and to balance capital expenditures for asset expansion and modernization needs.*

*Mr. Ramos noted the SMP was a four-year program, broken down into four phases, corresponding to Federal Department of Transportation grant funding. He said that MIA was currently in Phase 3 with the establishment of MIA facility requirements, evaluation of public parking facilities, identification of long term strategic options and development scenarios, inventory and demand forecasting, and capacity assessments for general aviation airports. Mr. Ramos said that Phase 4 would be completed in the early part of 2013.*

*Mr. Ramos indicated that the SMP Baseline Forecasts were approved by the County Commission in October 2010 and by the Federal Aviation Administration (FAA) in July 2011. He said these forecasts were used to assess the terminal, cargo facilities, and airfield capacity. Mr. Ramos pointed out that the forecast projected a 74 percent passenger growth increase by 2035, with approximately 59 million passengers; a 154 percent cargo tonnage increase to 4.3 million tons; and a 54 percent aircraft operations*

increase to 541,000. He noted that a similar growth pattern was projected through 2050 which needed to be considered relative to facility growth.

Mr. Ramos explained that the FAA used a four to seven minute average delay in minutes per aircraft to plan for new airfield capacity and MDAD projected it would be at the seven minute level by 2042; however, would reach the 15 to 20 minute level by 2045. He explained that belly cargo would reach 567,000 annual ton capacity by 2023 and that freight would reach 2.1 million annual ton capacity by 2018. Mr. Ramos said that 125 gates would be operational upon completion of the Capital Improvement Program Master Plan, which would be sufficient until 2040. He noted that 47 of these gates were located in the Central Terminal (Concourses E-G) which was reaching their useful design life from a building lifecycle cost and efficiency point of view. Mr. Ramos explained that the North and South Terminals could handle up to 50 million passengers annually and that the redevelopment of the Central Terminal should occur between 2018 and 2024 in order for MIA's target capacity not to be impacted during this period.

Item B

## 120599 Report

CENTRAL TERMINAL VISION - BY JOSE ABREU

*Presented*

**Report:** *Mr. Jose Ramos, Director of Aviation Planning, noted the Central Terminal Redevelopment sought to replace a 50 year old aging facility. He said a modern facility was necessary to support demand for increased passenger capacity and operational efficiencies. Mr. Ramos noted the Central Terminal Redevelopment concept shown in today's (3/29) Power Point presentation was a prototype and a final design would be proposed by either MDAD or a third party developer in the future. Mr. Ramos noted the current concourse finger type configuration at the Central Terminal did not provide adequate apron depth to accommodate newer generation aircraft as did the linear concept at the North Terminal or the wide throat configuration at the South Terminal.*

*Mr. Ramos noted the Central Terminal Modernization Program goals were to improve aircraft circulation within and around the new gates; to increase gate capacity and flexibility; to maximize the potential for post-security, non-aviation revenue-generating opportunities; to enhance the customer experience; and to provide an efficient and spacious Federal Inspection Service Facility.*

*Mr. Ramos presented a conceptual vision for the new Central Terminal; a multi-story, landside terminal that would provide the opportunity to realize additional non-aviation revenue. He noted Central Terminal would provide a sterile connection with both North and South Terminals which did not exist today. Mr. Ramos also noted a new remote airside concourse or satellite facility was included in the redevelopment concept that would be connected to the main terminal through an underground passenger tunnel and baggage conveyance system. He said the facility would include 33 gates with 27 wide bodied gates capable of serving long range international flights and larger new generation aircraft in addition to 5 Airbus A380 capable gates.*

*Mr. Ramos said the proposed redevelopment was scheduled for completion by 2021 based upon the SMP capacity analysis and the rate of passenger growth. He noted that the North and South Terminals could handle the excess capacity during*

*Central Terminal construction through 2021 unless demand increased ahead of projections. Mr. Ramos further noted the need for Central Terminal redevelopment could be earlier if airline activity continued to grow.*

*Mr. Ramos noted the Landside Terminal was projected to be nine floors high; a short walking distance with easy access to boarding gates; a commercial and retail development; and a clear line of sight with easy access between commercial/retail levels and passenger processing levels. He said the next step would be to undertake preliminary programming for the representative concept; to prepare an implementation sequencing scheme for the program that balanced operational needs with construction phasing efficiencies; to establish an affordable program budget; and to scale or phase the program to meet the budget and achieve the established goals for the Central Terminal modernization.*

*Commissioner Moss noted the window of opportunity was from 2018-2021 and questioned whether a public/private partnership (PPP) or a capital improvement program (CIP) was being considered.*

*Mr. Jose Abreu, Director, Miami-Dade Aviation Department (MDAD), responded that a PPP was one option. He explained that MDAD needed to develop alternative methods to secure additional funds due to the high debt service on MDAD bonds. Mr. Abreu said the Central Terminal Redevelopment was estimated at between \$2.5 and \$4 billion and would require a minimum debt service of \$500 million. He noted PPP investors/developers would require a rate of return which was higher than currently paid on MDAD bonds. Mr. Abreu said bonds were currently priced at around five percent and a PPP would be priced between 18 to 24 percent making it questionable whether the proposed facility could generate a profit. He noted an alternative option was to identify a master concessionaire who would enter into a long-term, 50-year lease with a Minimum Annual Guarantee (MAG) that would cover 50-70 percent of the entire development cost.*

*In response to Commissioner Moss' question about access to the remote terminal, Mr. Abreu noted the tunnel accessing the terminal would include moving sidewalks. He also responded to Commissioner Moss' concern about Central*

*Terminal's present condition, noting that the plans were for a brand new terminal and that cosmetic improvements were being considered in the interim.*

*Commissioner Suarez asked that Mr. Abreu provide Committee members with comparisons to similar projects at other airports, including the financing methods used. He commented that the Hong Kong Airport was not the best comparison due to the Country's economic structure.*

*Mr. Abreu responded that the Hong Kong Airport was being considered as a model since they relied on 70 percent of its revenue as non-aeronautical; where MDAD depended upon 65 percent of its revenue from aeronautical sources.*

*Chairman Barreiro questioned the anticipated future passenger traffic.*

*Mr. Abreu responded that Miami International Airport (MLA) continuously exceeded its forecast with an eight and a half percent year-to-date passenger increase and a 10 percent international passenger increase. He noted MLA was projected to serve 41 million passengers by the end of this year.*

*Mr. Ramos explained that the growth for 2010 and 2011 already exceeded the Federal Aviation Administration's forecast.*

## Item C

## 120600 Report

CENTRAL TERMINAL CONCESSIONS FINANCIAL - BY  
MIGUEL SOUTHWELL

*Presented*

**Report:** *Mr. Miguel Southwell, Deputy Director, presented a Power Point presentation on the Overall Airport Concession Program in order to clarify the Central Terminal's role. He noted there would be over 200 concessions at Miami International Airport (MIA) by the end of 2012 with 100 concessions added since 2005. Mr. Southwell said MIA would need an additional \$252 million annually by 2018 to pay the North Terminal debt and operational costs. He explained that non-aeronautical revenue sources were needed for MIA to remain competitive. Mr. Southwell commented that Airport Revenue News rated MIA's North Terminal Concession Program as the best concession program in North America. He further commented that MIA would be featured in an upcoming Wall Street Journal article about the trend toward the purchase of high end goods at airports.*

*Mr. Southwell explained that giving passengers a sense of destination was a trend contributing to airport and customer service excellence. He said MIA was working with the Greater Miami Convention and Visitors Bureau to make the Airport feel like Miami; a place where visitors would see, smell, taste, or hear something that would encourage them to return. Mr. Southwell noted MIA was an economic engine of the community and a tool to promote the destination. He said the 1995 Concession Master Plan was updated to include the Miami Market Place as an area where businesses could promote and reflect the flavor of the local community. Mr. Southwell noted the Miami Heat, the Miami Dolphins, and the Miami Marlins would be featured along with local food and beverage icons. He said a branded fried chicken vendor and additional concessions on the first floor were needed along with the expansion of the shoe shine business throughout the Airport.*

*Mr. Southwell said Miami was a shopping destination for electronics, auto parts, hardware, office equipment and supplies and MIA had the potential to build a shopping mall to serve these needs. He noted that duty free sales from tobacco, liquor, fragrance and jewelry sales alone*

contributed \$24 million revenue in 2011. Mr. Southwell said that MIA received 22-25 percent of total duty free sales revenue and projected \$100 million in 2012 sales from the limited products that were currently offered. He noted that expanding the product offerings had the potential to bring in additional revenue.

Mr. Southwell noted contracts with concessionaires located in Central Terminal (Carrie Concessions, Inc., Host International, BFC Airport Stores, Westfield Concession Management, Inc., and Sunglass Hut Trading Corporation) were extended through January 2013. He said the question needing to be addressed was whether MIA would provide an opportunity for existing concessionaires to remain at the Airport while satisfying the needs of other local individuals wanting to establish a business here. Mr. Southwell explained that Best Shoe Shine has operated in its current Central Terminal location under a yearly permit for the past 27 years.

Mr. Southwell presented data showing that almost 11 million passengers used the Central Terminal in 2005. He explained that Mr. Abreu closed North Terminal (Concourses A, B, & C) in October 2007 and temporarily moved American Airlines for three years into Central Terminal, resulting in an increase in passenger traffic through 2010. Mr. Southwell noted that American Airlines moved back to the new North Terminal upon completion of construction in 2011 resulting in a decrease in Central Terminal volume to 9.196 million passengers. He said that concessionaires experienced an unexpected windfall during the period which American Airlines occupied the Central Terminal.

Mr. Southwell noted that concessionaires were each impacted differently resulting in MDAD asking the County Commission in December 2011 to eliminate the Minimum Annual Guarantee (MAG) and only charge a percentage of sales. He said that the removal of the wall blocking Central and North Terminals would now promote future business. Mr. Southwell explained that a new Central Terminal was needed between 2018 and 2024 and construction would be completed in stages in order to obtain operational efficiencies. He noted that MDAD was planning to issue a Request for Proposal (RFP) in January 2012 and asked the Commission to extend these concessionaires' contracts through January 2013. Mr. Southwell said that MDAD was proposing

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*new Central Terminal concessionaire agreements with a five-year term with 3 one-year renewal options, no minimum investment, Airport minimum standards must be met, and the concept must remain the same. He noted a new RFP would present a clear message of transparency and would give everyone interested in doing business with the Airport a fair opportunity.*

Item D

120601 Report

PUBLIC COMMENTS

Presented

**Report:** *Chairman Barreiro opened the public hearing and called for persons wishing to appear before the Committee.*

*Mr. Gerry Cecci, 14124 Bear Creek Drive, Boyds, MD, representing Westfield Concessions Management, landlord for 32 Central Terminal tenants since August 2004. He noted tenants were strong proponents of the Airport; however, they had gone through two construction projects and the barricaded wall. Mr. Cecci requested tenants be provided the opportunity to continue their current operations and their existing contracts be extended, rather than competing in the proposed Request for Proposal (RFP).*

*Mr. Jorge Castillo, 1380 NW 78 Avenue, Doral, FL, Bayside Brush Company, a local ACDBE certified minority business. He explained that his \$400 per square foot construction cost for store renovations was secured through a personally guaranteed loan. Mr. Castillo said he endured construction, barricaded walls, rerouting of passengers away from the retail area, and a temporary concourse closing, which affected his ability to make a profit, to amortize and repay existing debt. He noted that a new bid process would place a hardship upon his business and asked that the existing contract be extended until the plans for Central Terminal renovations were finalized. Mr. Castillo said his store was completed in 2006 and fully renovated in 2010.*

*Mr. Cirilo Rodriguez, 6011 SW 88 Street, Miami, FL, BFC Airport Stores, noted his business opened in 2003 after undergoing renovations. He said that Central Terminal was the only terminal which had DBEs who owned and worked their businesses and these businesses should be allowed additional time to make a profit.*

*Mr. Paul Scherman, 848 Brickell Ave, Miami, FL, noted he represented free enterprise, open competition, new opportunities, open procurement, transparency, and good business practices. He spoke in support of protecting the rights of every existing tenant to participate in an open process; while noting an even playing field was needed for other individuals who wanted to*

conduct business at the Airport. Mr. Scherman urged members of the Committee to adopt the MDAD proposal.

Mr. Carlos Leonard, 465 DeSoto Drive, Miami Springs, FL, (did not speak).

Mr. Jorge A. De La Llama, 5721 W. Flagler Street, Miami, FL, El Palacio De Los Jugos, expressed support for the Central Terminal proposal. He noted that small businesses needed to be considered in the same manner as larger companies.

Mr. Brian Bowdish, 6632 NW 48 Street, Coral Springs, FL, Brooklyn Water Bagel Co., indicated his desire to be provided the opportunity to open a business in the Central Terminal.

Mr. Eric Castellanos, 875 NW 42 Avenue, Miami, FL, Latin Café, noted it was important for the local community to be able to establish businesses at the Airport.

Mr. Pedro Amaro, Jr., 13335 SW 36 Street, Miami, FL, Master ConcessionAir, presented a handout to Committee members, noting ConcessionAir operated a majority of the food and beverage space in the Central Terminal. He said that five years were lost on the contract and could not be re-captured; noting that although the contract was executed in 1998, MDAD did not give authorization to begin development of approved spaces until 2000 and construction was completed in 2003. Mr. Amaro noted that ConcessionAir was provided additional spaces in 2005, which allowed them to attain the ACDBE quota. He questioned the reason why ConcessionAir's contract was now being terminated when the Global Concessions' contract terminates in 2019; however, both Global and ConcessionAir had the same contracts, began at the same time, and divided spaces between the two companies. Mr. Amaro said that ConcessionAir did not receive the promised North Terminal spaces after the construction wall was erected in 2008. He noted they only had six years of full operation within the quota set in the contract. Mr. Amaro said that ConcessionAir represented national proprietary restaurant brands which required higher upfront investment costs for equipment and design. He asked Committee members to consider all elements and factors presented in the handout before deciding to issue a new RFP.

*Mr. Jorge Carbajal, 12245 SW 45 Street, Miami, FL, Master ConcessionAir, (did not speak).*

*Mr. Gustave Stinfil, 6770 NW 109 Court, Doral, FL, Cinnabon (Stinfil Enterprises), located at South Terminal, Concourse H, noted that he lost money over the past four years because of the lack of South Terminal passengers and was now in jeopardy of losing both the business and his home after refinancing his home to meet payroll expenses. Mr. Stinfil asked that a percentage of sales be considered rather than the Minimum Annual Guarantee. He also suggested extending contracts for another ten-year period to help businesses recover costs.*

*Mr. Jim Burchett, 5551 Ridgewood Drive, Suite 300, Naples, FL, representing the Miami Airport Affairs Committee, noted that non-airline revenues were insufficient to cover capital improvement costs at Miami International Airport and that the airlines using the Airport were required to pay the difference. He recommended that concession contracts be put out-to-bid in a competitive process in order to increase non-airline revenues.*

*Mr. George Tinsley II, 4980 SW 137 Terrace, was representing Tinsley Family Concessions. He noted Tinsley operated 12 Central Terminal locations; however, five of those locations had closed due to the downturn in passenger traffic and structural shifts. He asked Committee members to consider options to work with existing tenants until a plan was developed that would provide a more competitive bid process, allowing concessionaires to make a profit and deliver on promises.*

*Mr. Jose Alberni, 430 Grand Bay Drive, Key Biscayne, FL, Master ConcessionAir, noted the firm was an ACDBE business. He explained that the company incurred significant costs to open two Burger King Restaurants as well as other businesses that were severely impacted after 911. Mr. Alberni asked for additional time to amortize the company's existing loans.*

*Ms. Sue Jacoby, Terminal 4, Miami International Airport, Miami, FL, Jetsetter Spa owner, noted that she personally operated this business since it opened in 2007. Ms. Jacoby said she was thankful and grateful for the recent rent amendment passed by the County Commission which allowed Westfield to provide rent abatement to its tenants.*

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*She noted a personal investment of \$448,000 toward build-out costs and \$207,000 to MDAD for fees over the past five years. Ms. Jacoby also noted \$348,000 sales revenue over the past 12 months, representing a 16 percent decrease from 2007 sales and a 24 percent decrease from 2009. She said she has endured construction, barricaded walls, declining enplanements, airline fluctuations, and rerouting of passengers away from the Central Terminal retail area. Ms. Jacoby noted concern that she would not be able to obtain a loan and would need to close her business in the event a new RFP was required. She asked Committee members to extend the existing contracts to allow more time to amortize build-out costs.*

*Mr. Stephen E. Douglas, 6905 Rickledge Drive, Bethesda, MD, HMS Host, expressed his concern that the food and beverage industry was a capital intensive business and that a short term bridge RFP would not provide sufficient time to amortize capital investments. He noted that sales increased when generic stores were replaced with national brands. Mr. Douglas also noted the potential of lost revenue during phased construction with store closures, as well as the negative impact upon existing employees.*

*Mr. Alex Heckler, 801 41st Street, Miami Beach, FL, Westfield Concession Management, noted that 15 out of the 32 stores they managed in the Central Terminal were locally owned and operated. He said it was prudent to discuss an extension rather than a new RFP due to Central Terminal's traffic limited to only eight to ten percent of the total Airport traffic. Mr. Heckler asked Committee members to not displace existing concessionaires until MDAD developed a plan and made a final decision about the Central Terminal. He explained that the current extension was only for five months until January 2013. Mr. Heckler said nobody would argue against an RFP if MDAD could guarantee 25 percent of enplanements out of the Central Terminal, rather than the current eight to ten percent. In conclusion, Mr. Heckler noted that the Airport was open to competition, using the Miami MarketPlace in the North Terminal as an example.*

*Ms. Brenda Rivers, Miami International Airport, Miami, FL, Carrie Concessions President, operator of Dunkin Doughnuts and Subway/Haagen-Dazs, noted that MDAD considered concessionaires as business partners*

and that she did her part by converting her lease opportunities into national brand facilities. Ms. Rivers asked members of the Committee to consider the endurance of their business partners throughout the many bad years; the substantial monetary investments made; and the willingness to continue providing exceptional customer service 24 hours per day to MIA travelers and employees. She concluded that it was disheartening and unfair to learn they might be replaced in ten months and requested to remain as business partners for at least another three years.

Mr. Jay Mehta, 935 Bay Drive, Apt. 3, Miami Beach, FL, Unite Here Local 355, noted concern about the existing workforce and asked Committee members to carefully consider an extension to the concessionaires' contracts.

Ms. Patricia Michel, 310 NW 204 Terrace, Miami, FL, Unite Here Local 355/HMS Host, noted she was a bartender at MIA for 18 years and urged members of the Committee to approve an extension of existing concessionaires contracts.

Mr. Chris Korge, Newslink, noted he was excited about the proposed Central Terminal expansion; however, it was not a simple task to establish a business at the Airport. He said that a concrete plan was not available and insufficient information currently existed to issue an RFP. Mr. Korge noted that banks no longer offered financing for retail businesses without a ten-year term. He said customers would be inconvenienced; there would be interruptions of service; and the Airport would lose revenue. Mr. Korge noted the existing stores in Central Terminal currently cost \$500 per square foot and a new business would not recover its investment, even at a \$300 per square foot price. He said the discussion about bidding out Central Terminal should be revisited once the plans have been developed.

Mr. Raymond Kayal, Jr., 6910 NW 12 Street, Miami, FL, Newslink President, noted the business was a sub-tenant under Westfield Concession Management. He said that Newslink welcomed competition and had participated in at least five RFP's at MIA; however, he did not know what they were being asked to compete on, with no firm Central Terminal development plan. Mr. Kayal said that Central Terminal was currently a declining terminal with an unspecified plan; had unknown and declining enplanements; and

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*construction would continue to interfere with concessions. He said that MDAD should not implement a public solicitation at this time since they would not obtain increased revenues from sales or rents and should wait until the permanent Central Terminal development plans were introduced.*

*After hearing no one further, Chairman Barreiro closed the public hearing.*

Item E

120602 Report  
Q & A*Presented*

**Report:** *Commissioner Moss questioned whether the concern about concessionaires being able to recoup their investments over a five-year versus an eight-year period was a valid concern. He also inquired whether a concessionaire could realistically amortize his/her investment over the proposed five-year period.*

*Mr. Southwell responded that the current Host and Westfield contracts were for a five-year term; however, some extensions were granted at the discretion of the County.*

*Mr. Southwell introduced Mr. Steven Friedburn, Commercial Aviation Consultant with ICF SH&E and Ms. Carmen Morris, Subcontractor with Carmen Morris & Company. He asked Mr. Friedburn to address Commissioner Moss' concerns.*

*Mr. Friedburn explained that contract terms ranged from five to ten years, with the higher end of this range normally used for food and beverage operations, due to the significant capital investment. He said the driving factor was the amount of capital investment required and the estimation of the profitability of the pro forma given the amount of annual amortization on the books. Mr. Friedburn explained that five years was best suited for concessionaires considering the investment and the onset of a potential redevelopment program.*

*Commissioner Moss questioned whether it was realistic to expect higher bids and to generate additional revenues with a new RFP considering the transition period.*

*Mr. Friedburn responded that a new RFP would introduce competition into the process and could potentially result in higher bids.*

*Chairman Barreiro inquired about the national average profits that could be realized for these businesses.*

*Mr. Friedburn responded that he would conduct some research as to the average profits requested by Chairman Barreiro and would provide him*

*with summary data in writing. He noted that the profits would vary depending upon the type (food vs. retail), the sub type (quick serve vs. grab and go), and concept categories (jewelry vs. apparel).*

*Commissioner Moss inquired whether any historical data existed on bid amounts and whether concessionaires were able to recoup investments at other airports after initiating similar transitions.*

*Mr. Friedburn responded to Commissioner Moss that he did not believe this information was publicly available.*

*Chairman Barreiro expressed his appreciation for everyone's attendance at today's (3/29) meeting. He acknowledged staff for arranging the enlightening tour and for their participation. Chairman Barreiro noted he had hoped that more of his colleagues would have participated and contributed to this discussion. He noted that lunch would be served in the adjacent room following the meeting and invited all meeting participants to attend on behalf of the MDAD.*

### **3 ADJOURNMENT**

**Report:** *There being no further business, the Regional Transportation Committee Special Workshop was adjourned at 12:54 p.m.*