

MEMORANDUM

Agenda Item No. 14(A)(4)

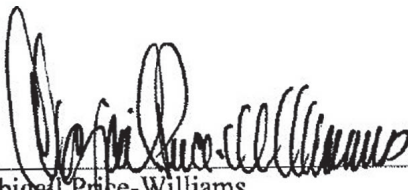
TO: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

DATE: April 7, 2020

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Resolution approving the adoption and implementation of a Financial Relief Plan for Miami-Dade County's business partners at Miami International Airport due to the effects of coronavirus disease 2019 (COVID-19), with an initial term of three months retroactive to March 1, 2020 totaling \$64,809,000.00; one option to extend for an additional three months, and revocable upon a finding of a change in circumstances; waiving the provisions of Resolution No. R-243-18 regarding claims for relief by concessionaires at Miami International Airport; directing the County Mayor to analyze the effects of COVID-19 on County business partners at the general aviation airports and, if warranted, provide a financial relief plan for such businesses subject to approval by this Board; authorizing the County Mayor to execute amendments to agreements with the County's airport business partners and to execute any subsequent agreements necessary to effectuate the Financial Relief Plan provided that any relief authorized shall be subject to approval by the Federal Aviation Administration and comply with the Airport Amended and Restated Trust Agreement and Bond Covenants; and directing the County Mayor to provide certain reports

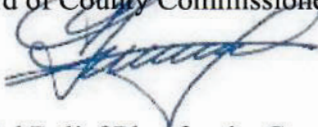
The accompanying resolution was prepared by the Aviation Department and placed on the agenda at the request of Prime Sponsor Vice Chairwoman Rebeca Sosa.


Abigail Price-Williams
County Attorney

APW/lmp

Date: April 7, 2020

To: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

From: Carlos A. Gimenez 
Mayor

Subject: Retroactive Financial Relief Plan for the County's Business Partners at Miami International Airport and General Aviation Airports

Recommendation

It is recommended that the Board of County Commissioners (Board) approve the attached resolution authorizing the adoption and implementation of the attached Retroactive Financial Relief Plan (Relief Plan) for the County's business partners at Miami International Airport (MIA) with an initial term of three months and a one-time three month extension, subject to: 1) monthly reviews commencing thirty days from the date of inception, 2) approval from the Federal Aviation Administration (FAA); and 3) compliance with the Airport Amended and Restated Trust Agreement and Bond Covenants.

The Relief Plan, as prepared by the Miami-Dade Aviation Department (MDAD), offers monetary assistance to airlines, concessionaires, car rental companies, cargo handlers, general aeronautical service permittees, and any other tenant providing services at MIA currently in financial distress due to the sudden decline of business revenues because of the on-going novel "coronavirus disease 2019" (COVID-19) pandemic.

It is further recommended that the Board delegate authority to the County Mayor or County Mayor's designee to provide financial relief to the County's business partners located throughout the County's General Aviation Airports (GAA) at a later date, subject to Board approval.

Scope

MIA is located in District 6 and is represented by Commissioner Rebeca Sosa. The GAA are located in various commission districts as follows: Miami-Opa Locka Executive Airport (OPF) is located in District 1 and is represented by Commissioner Barbara J. Jordan; Homestead General Aviation Airport (X51) is located in District 9 and is represented by Commissioner Dennis C. Moss; Miami Executive Airport (TMB) is located in District 11 and is represented by Commissioner Joe A Martinez.

The impact of this Relief Plan is countywide as MIA and the GAA are a regional asset.

Fiscal Impact/Funding Source

There is a fiscal impact to the County. The Relief Plan consists of a three-pronged approach designed to provide short term financial relief to all of MIA's business partners.

First, the Relief Plan defers monthly rent payments and other related charges for passenger and cargo airlines and all ancillary businesses with such expenses retroactive to March 1, 2020 through May 31, 2020 in the total amount of \$10,199,000 per month. Interest will be charged on deferrals extending beyond MIA's annual reporting period.

Second, the Relief Plan waives monthly Minimum Annual Guarantee (MAG) payments, rent, and other related fees for duty-free stores and any other concession operators contracted to pay MAG monthly payment as well as monthly rent. Such waivers would be retroactive to March 1, 2020 through

May 31, 2020, with MAG totaling \$3,113,000 and rent totaling \$727,000 per month. These concessionaires will continue to pay the assigned concession category percentage fee of gross revenues in lieu of the MAG and rent for such time period.

Third, the Relief Plan waives MAG monthly payments and other related fees for all other concessionaires, car rentals and operators with such MAG payments retroactive to March 1, 2020 through May 31, 2020 in the total amount of \$7,564,000 per month. These concessionaires, car rentals and other operators will continue to pay the assigned concession category percentage fee of gross revenues in lieu of the MAG for such time period.

The total dollar amount deferred and waived per month equals \$21,603,000, making for a grand total of \$64,809,000 for the initial three-month term.

The funding source for the proposed Relief Plan is airport revenues.

Track Record/Monitor

The implementation of this Relief Plan will be monitored by MDAD's Chief Financial Officer, Sergio San Miguel.

Background

On January 17, 2020, the Centers for Disease Control and Prevention (CDC) and the Department of Homeland Security's Customs and Border Protection (CBP) implemented enhanced health screenings at three major U.S. airports to detect ill travelers traveling to the United States on direct or connecting flights from Wuhan, Hubei Province, People's Republic of China (China). This action was taken in response to the outbreak of COVID-19 in China. On February 3, 2020, eight additional airports were added to the list of U.S. designated airports to perform medical screenings, and to quarantine and report ill travelers upon arrival. Additionally, air carriers were instructed to restrict entry and to regulate the boarding of sick passengers to the United States. Shortly thereafter, in an effort to slow the spread of the COVID-19 in the United States, other international gateway airports were added to the list of designated U.S. airports including MIA. On March 13, 2020, as the number of confirmed COVID-19 cases continued to increase in certain European states, Iran and China, the Department of Homeland Security (DHS) required flights returning from those countries to be routed to one of the designated U.S. airports.

While the United States imposed 30-day international travel bans and suspended the entrance of foreign nationals (with certain exceptions) from ports of entry impacted by COVID-19, actions were taken to close its northern and southern borders in order to protect the American public from the harmful effects of this communicable disease. In response to the preventive health measures put into practice by the United States, domestic and international airlines canceled flights originating from and traveling to countries affected by the travel restrictions.

The unforeseen and dramatic reduction in international air travel coupled with countless cancellations of domestic and international flights by passengers amid COVID-19 travel fears has caused a sharp fall in the demand for air travel leaving airports empty. The economic impacts of flight cancellations, reduced flight schedules and travel restrictions have jolted the aviation industry causing a precipitous drop in revenues for airlines worldwide and for tenants providing services to airports.

Similar to other large international gateways, the negative fiscal impact to MIA has been abrupt as airlines and airport tenants grapple with a steep drop-off in business revenues due to an 80 percent decline in

passenger traffic. Consequently, as of March 30th, over 90 percent of MIA's concession stores have closed including Airport Concessions Disadvantaged Business Enterprises (ACDBE). While some sit-down restaurants at MIA have elected to continue operating, per a State-wide directive exempting airports, they cannot exceed 50 percent of their seating capacity and must observe social distancing guidelines recommended by the CDC. Some "Grab and Go" restaurants remain open, however, low passenger flows are yielding little revenue. MIA's hotel is currently operating at 10 percent capacity and rental car agencies are parking their idle cars on airport property. Cargo volumes continue to shrink as consumer spending sinks. The overall impact of this deteriorating economic condition has translated into the layoff of hundreds of contract workers at MIA.

MDAD is allowing business owners to temporarily close their stores without penalizing them. However, for owners who elect not to reopen once economic conditions are restored and recovery is underway, MDAD will pursue the County's competitive bidding process for such spaces.

MDAD's proposed Relief Plan will lend financial assistance to airlines, concessionaires, car rental companies, cargo handlers, fixed base operators, general aeronautical service permittees, and any other tenant in the County's airport system currently in financial distress. The Relief Plan will require those receiving any assistance to provide similar relief to their subtenants and/or subcontractors.

As stated previously, the Relief Plan defers monthly rent payments and other related charges for passenger and cargo airlines and all ancillary businesses with such expenses deferred retroactive to March 1, 2020 through May 31, 2020. It waives MAG monthly payments and other related fees for concessionaires, car rentals and other operators with such payments for the same time period, excluding duty free stores and any other concession operators whose monthly MAG payment does not include rent charges. For those concessionaires whose monthly MAG payments are to be made in addition to rent charges, the Relief Plan will waive their monthly MAG payments and their monthly rent payments. Although MAG and rent payments are being waived, concessionaires, car rentals and other operators will continue to pay the assigned concession category percentage fee of gross revenues in lieu of the MAG for such time period.

MIA is one of many airports worldwide that has prepared a Relief Plan for its business partners to weather this economic downturn due to COVID-19. Relief packages being proposed or implemented across the United States range from not providing any type of financial relief to developing waiver and/or deferral protocols for airlines and concession stores.

In addition to the Coronavirus Aid, Relief, and Economic Security (CARES) Act recently passed by the U.S. Congress that provides \$10 billion in direct funding to airports, \$58 billion in loans and loan guarantees to air carriers and numerous other aviation business associates, MDAD is looking to provide immediate relief to its business partners through the Department's proposed Relief Plan. It would serve as a bridge of hope until the negative effects of COVID-19 subside and federal funds are made available by way of the CARES Act.



Jack Osterholt
Deputy Mayor

Retroactive Financial Relief Plan

Introduction

In the face of the Coronavirus (COVID-19) Pandemic, Miami International Airport (MIA) is currently taking numerous steps to ensure the airport remains fiscally and operationally viable. Considering the reduction in air travel attributed to the pandemic, the airport has put together a financial relief plan designed to provide temporary financial assistance to our business partners at MIA. Some of these very important partners include the airlines, concessionaires, car rental companies, cargo handlers, fixed based operators, general aeronautical service providers, and any other tenant in the County's airport system currently in financial distress. Our airport partners have been greatly impacted by the decrease in passenger traffic and are desperately requesting assistance in the form of payment deferrals or waivers. It is worth noting that some of the proposals offered in this financial relief plan models similar efforts currently undertaken at other major airports throughout the United States. We feel these steps are vitally necessary in order to mitigate the current financial difficulties our airport partners are experiencing. This relief is only temporary, and some is subject to repayment once normal operations at MIA resume.

Proposed Airline Relief

MDAD is proposing to defer airline rent for the months of March, April, and May with incremental monthly review to determine if the following month warrants deferral. The monthly financial impact being offered for passenger and Fixed Based Operators (FBO's) airlines is approximately \$6.2 million and \$1.5 million for cargo airlines, both included in the Rent section below. All other activity charges and fees (such as landing fees) will still need to be paid monthly. Additionally, any aircraft parking incurred in those months above the December 2019 level will be credited back to the airline.

MDAD will continue to bill for the revenue as it is earned, but no collection efforts will be made on those invoices until a payment plan has been established – terms to be determined.

Operations with Minimum Annual Guarantee (MAG)

Due to the lack of passenger traffic related to the COVID-19 virus, approximately 120 out of the 227 concessionaires at MIA have been forced to cease operations as of March 25, 2020. That equates to a 52% reduction of all concessionaires at the airport. This also includes the closure of the club lounges. The diminish number of passengers at the airport is yielding little revenue. Under these difficult circumstances, many concessionaires have been forced to lay off personnel.

Operations such as Concessionaires and Rental Car Companies pay to operate at the Airport. Their contracts call for them to pay the greater of a percentage of their gross revenue or the Minimum Annual Guarantee (MAG) agreed to. As a result of the coronavirus, gross revenues are significantly down or non-existent. Making the Concessionaires pay the MAG at this time would create more hardship than what they are already experiencing. Therefore, MDAD is proposing to waive the MAG and rent. The waiver being proposed would be for three (3) months effective March 2020 with incremental monthly reviews to determine if the following month warrants waiver. The percentage fee will still have to be paid. The monthly waiver for the concessionaires would amount to approximately \$7.2 million, \$3.4 million for the rental car companies, \$579 thousand for Fixed Based Operators (FBOs) and \$189 thousand for others.

If the airport's Federal relief package approved by the U.S. Congress includes 2% relief for concessionaires, such funds could be used to pay back MDAD for the amounts waived to the concessionaires.

Rent

MDAD is also proposing to defer all rent for three (3) months effective March 2020. The Coronavirus has caused a significant decrease in air traffic resulting in a significant drop in revenue. Making our tenants pay rent at this time would only create more financial hardship for them. Therefore, MDAD is proposing to defer rent with incremental monthly reviews to determine if the following month warrants deferment. The monthly rent deferral for this group would amount to approximately \$6.0 million for Terminal tenants, \$1.5 million for Cargo tenants, \$1.0 million for Permittees, \$215 thousand for Fixed Based Operators (FBO's), \$979 thousand for Cargo Handlers, \$318 thousand for Maintenance and Repair Operators (MRO's), \$161 thousand for General Aeronautical Services Providers (GASPERS), and \$37 thousand for others.

MDAD will continue to bill for the revenue as it is earned, but no collection efforts will be made on those invoices until a payment plan has been established – terms to be determined.

Deferral Period

Deferred amounts will need to be repaid by a date to be determined, based on how many months of deferral is provided and how quickly the industry recovers.

Others

The airport is offering all airport employees the opportunity to park in the garages for free.

The airport will continue to explore all viable financial options and work closely with its business partners to ensure all potential relief is sought and made available.



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

DATE: April 7, 2020

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Agenda Item No. 14(A)(4)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Statement of social equity required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 14(A)(4)
4-7-20

RESOLUTION NO. _____

RESOLUTION APPROVING THE ADOPTION AND IMPLEMENTATION OF A FINANCIAL RELIEF PLAN FOR MIAMI-DADE COUNTY'S BUSINESS PARTNERS AT MIAMI INTERNATIONAL AIRPORT DUE TO THE EFFECTS OF CORONAVIRUS DISEASE 2019 (COVID-19), WITH AN INITIAL TERM OF THREE MONTHS RETROACTIVE TO MARCH 1, 2020 TOTALING \$64,809,000.00; ONE OPTION TO EXTEND FOR AN ADDITIONAL THREE MONTHS, AND REVOCABLE UPON A FINDING OF A CHANGE IN CIRCUMSTANCES; WAIVING THE PROVISIONS OF RESOLUTION NO. R-243-18 REGARDING CLAIMS FOR RELIEF BY CONCESSIONAIRES AT MIAMI INTERNATIONAL AIRPORT; DIRECTING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO ANALYZE THE EFFECTS OF COVID-19 ON MIAMI-DADE COUNTY'S BUSINESS PARTNERS AT THE GENERAL AVIATION AIRPORTS AND, IF WARRANTED, PROVIDE A FINANCIAL RELIEF PLAN FOR SUCH BUSINESS PARTNERS, SUBJECT TO APPROVAL BY THIS BOARD; AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE AMENDMENTS TO AGREEMENTS WITH MIAMI-DADE COUNTY'S AIRPORT BUSINESS PARTNERS AND TO EXECUTE ANY SUBSEQUENT AGREEMENTS NECESSARY TO EFFECTUATE THE FINANCIAL RELIEF PLAN PROVIDED THAT ANY RELIEF AUTHORIZED SHALL BE APPROVED BY THE FEDERAL AVIATION ADMINISTRATION AND COMPLY WITH THE AIRPORT AMENDED AND RESTATED TRUST AGREEMENT AND BOND COVENANTS; AND DIRECTING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO PROVIDE MONTHLY REPORTS TO THIS BOARD PURSUANT TO ORDINANCE NO. 14-65

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum and documents, copies of which are incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Incorporates and approves the accompanying County Mayor's memorandum as if fully set forth herein.

Section 2. Approves the adoption and implementation of a Financial Relief Plan for Miami-Dade County's business partners at Miami International Airport (MIA) due to the effects of the coronavirus disease 2019 (COVID-19), with an initial term of three months retroactive to March 1, 2020 through May 31, 2020 for a grand total of \$64,809,000.00, and one option to extend for an additional three months. During the term, the Financial Relief Plan: (1) defers monthly rent payments and other related charges for passenger and cargo airlines, and ancillary businesses, with interest charged on deferrals extending beyond MIA's annual reporting period; (2) waives the Minimum Annual Guarantee (MAG) monthly payments, monthly rent, and other related fees for operators contracted to pay rent, MAG, and percentage fee, while still requiring such operators to make payments based on a percentage of gross revenues; and (3) for all other concessionaires, car rentals and operators, waives the MAG monthly payments and other related fees, while still requiring payments based on a percentage of gross revenues. Notwithstanding its term, the Financial Relief Plan shall be revocable upon a finding of a change in circumstances, with such change fully set forth in monthly reports to this Board, detailing passenger traffic and business productivity at MIA.

Section 3. Waives the provisions of Resolution No. R-243-18, which establishes the policy that the County not provide certain financial relief to concessionaires at Miami International Airport.

Section 4. Directs the County Mayor or County Mayor's designee to analyze the effects of COVID-19 on Miami-Dade County's business partners at the General Aviation Airports

and, if warranted, provide a Financial Relief Plan for such business partners, subject to the approval of this Board.

Section 5. Authorizes the County Mayor or County Mayor's designee to execute amendments to the agreements with Miami-Dade County's airport business partners and to execute subsequent agreements necessary to effectuate the financial relief plan, including releases of claims, provided that any relief authorized is (1) approved by the Federal Aviation Administration, and (2) in compliance with the Airport Amended and Restated Trust Agreement and Bond Covenants. Such amendments and subsequent agreements, shall contain provisions requiring business partners to provide similar relief received to their subtenants and/or subcontractors.

Section 6. Directs the County Mayor or County Mayor's designee to provide monthly reports to this Board commencing 30 days from the effective date of this Resolution, pursuant to Ordinance No. 14-65. Each report shall, at a minimum, detail the passenger traffic and level of business productivity at Miami International Airport since COVID-19's impact.

The foregoing resolution was offered by Commissioner ,
who moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

Audrey M. Edmonson, Chairwoman	
Rebeca Sosa, Vice Chairwoman	
Esteban L. Bovo, Jr.	Daniella Levine Cava
Jose "Pepe" Diaz	Sally A. Heyman
Eileen Higgins	Barbara J. Jordan
Joe A. Martinez	Jean Monestime
Dennis C. Moss	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 7th day of April, 2020. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

CL

Cynji A. Lee