# Memorandum

MIAMI-DADE COUNTY

**Date:** May 24, 2013

**To:** Honorable Esteban Bovo, Jr.
Commissioner – District 13

**From:** Carlos A. Gimenez
Mayor

**Subject:** Response to Procurement of the Airport City Project

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In response to your memo dated on May 6, 2013, below please find the answers to your questions regarding the procurement process for the development of the Airport City project.

1. **Please describe how the idea to use airport property in a public/private partnership and seeks bids for this purpose developed, and particularly on the parties that originated the idea.**

   As a result of the financial burden on the airlines of Miami International Airport (MIA) from MIA's Capital Improvement Program (CIP), the Miami-Dade Aviation Department (MDAD) needed to develop alternative sources of financing for capital projects. Former MDAD Director José Abreu and Deputy MDAD Director Miguel Southwell turned to the Public Private Investor Partnership (PPIP) concept to convert non-performing real estate at the airport, including vacant land and vacant buildings not foreseeably needed for airport purposes, into revenue-producing assets. Mr. Southwell worked closely with Sunil Harman, the former Planning Director for MDAD in developing the PPIP concept.

   Under a PPIP agreement, the developer is responsible for financing, designing, constructing and then conducting approved commercial operations on the leased real estate. In return, the developer typically pays the County the greater of the fair-market-value rental for the underlying land or a percentage of gross revenues generated by commercial operations as provided in the four (4) lease agreements.

2. **Did the Airport receive any proposals before the Expression of Interest (EOI) was done?**

   MDAD did not receive any proposals for development of the subject properties prior to issuance of the EOI document.

3. **Did the County consider alternatives to the current Airport City model either originating internally or from other interested parties?**

   Prior to the EOI, an individual briefly expressed an interest in developing an "Asian (goods) Exhibition Center" but the interest quickly waned.

   MDAD had originally considered a hotel with a larger volume of conference and exhibition space but reduced that volume during the negotiations, a decision that was supported by MDAD's hotel consultant, Thomas Callahan, Co-President and Chief Executive Officer of PKF Consulting USA.

In addition to the developments MDAD proposed in its EOI, Odebrecht also proposed the development of an ambulatory medical facility (in conjunction with Florida International University) and a natural gas co-generation plant. The former was found to be incompatible with airport use and the latter was deemed more costly than Florida Power & Light's service for MDAD.

The EOI was designed to allow the proposers' flexibility and creativity in developing their proposals.

**4. How and where was the Expression of Interest advertised?**

The EOI was advertised in the Daily Business Review eight (8) times between August 15, 2008 and October, 1, 2008. The EOI was advertised in the Miami Times, Diario Las Americas, and Haitien Marche five (5) times between August 20 and October 1, 2008. The EOI was issued on the basis of the internal and external input received by MDAD from the aviation and private development communities, including two (2) Industry Review Meetings. In addition to the direct advertisement, the EOI was made available to the public via the MDAD website.

**5. What companies received the Expression of Interest?**

On August 27, 2008, an email was sent to advise parties of the availability of the EOI along with a notice for a pre-proposal conference to be held on September 10, 2008. See Attachment #1.

As a response to the County-advertised EOI, five (5) separate and distinctly different responses were received, each with unique development alternatives. Each of these five (5) proposals were reviewed by MDAD in detail and short-listed for further consideration. The five (5) proposals were from:

1) Megaladon Development Corp./Hines Corp./Ruben Rodriguez of Consultivo/Interstate Hotels and Resorts;
2) Mercantile Companies, Inc. (MCI), in association with International Facilities Group LLC (IFG);
3) OHL USA (OHL)/Adler Group/Yotel/Terranova/Global Hyatt/Government Services Group/ Dunlap & Associates;
4) New England Development/Odebrecht Construction/Zyscovich Architects; and
5) Related Group/Continental Companies/Rodriguez and Quiroga Architects.

Beyond the five (5) companies that responded to the EOI, MDAD is unaware of which other entities obtained or downloaded the EOI documents.

**6. We understand that OHL U.S.A, New England Development, and the Related Group submitted Expressions of Interest but no proposals. Please identify what reasons were given for the lack of a response by these companies. If you do not have this information, please contact the companies and provide an explanation.**

New England Development withdrew by letter stating that the reason was because of their perception of the then-current state of the capital markets.

OHL USA stated that the PPIP was a development-type project and not construction related and therefore did not fit their U.S. strategy.

The Related Group could not recall their reason for non-participation but stated that it could be that they had a lot on their plate and the Chairman did not want to pursue it anymore.

7. **What reason did the County have for not providing Continental Companies additional time when they asked for it?**

MDAD had already extended the deadline by 90 days and thought it would be unfair and inappropriate to extend the deadline even further. On December 3, 2008, the Advisory Team short-listed all five (5) responding firms, finding that all five (5) had submitted appropriate EOIs. The original deadline for these firms to submit their formal proposals was March 20, 2009, but this deadline was extended by 90 days to June 19, 2009. Continental Companies wanted an additional sixty (60) days to September 2009, which MDAD concluded would not be fair to the other firms submitting their EOIs.

8. **Who paid for the economic impact study that the County utilized in analyzing data pertaining to jobs? What is the estimate of how many jobs would be created? Please provide a copy of the study.**

The County did not use any economic impact study or jobs data analysis as part of the approved competitive procurement process for the evaluation of the proposals.

Odebrecht paid for "The Comprehensive Economic Development Impacts of Airport City to the Miami-Dade County Economy" dated October 10, 2011, and prepared by The Washington Economics Group Inc. The Washington Economics Group Inc. estimated 5,818 jobs will be created during construction. It further estimated an additional 10,000 jobs would be created over the life of the project. A copy of the study is Attachment #2.

9. **Did the County request an independent study to be performed regarding job creation? If not, then why wasn't one requested?**

The County did not request an independent study to validate the job-creation impact of the project because this was never a criterion for evaluating the project or negotiating the terms. Further, The Washington Economics Group is a reputable firm and its owner Tony Villamil is a highly respected economist whose work is usually cited by Miami-Dade's economic development organizations.

10. **Are there private funding commitments to fund the proposed project? If so, please describe the sources and nature of the funding commitments.**

As of this date, MDAD has not been informed of what the precise mechanism of financing will be for any of the three (3) parcels or what the names of any of Odebrecht's proposed financing entities may be. Odebrecht advised MDAD early in the negotiations that it planned to finance the project with external financing sources.

The four (4) lease agreements provide for Odebrecht to obtain external financing within a period of time following execution of the agreements through a fixed "financial closure date," but nothing in the agreements prevents Odebrecht from financing the projects internally. Failure to meet the "financial closure" deadlines permits either party to terminate the agreements.

**11. In the event of a default by the recommended proposer, would the entity or entities providing private funding have the right to sue the proposer in any proposed contract? If so, what procedures will you use to assure that the successor proposer is a responsible vendor.**

According to the County Attorney Office, the answer to the first part of this question is "Yes," based on the assumption that the contracts between Odebrecht and its private financing lenders contain the typical provisions that allow a lender to sue Odebrecht in the event Odebrecht defaults on its obligations under those contracts, including the lender's right to take over the project. The four (4) lease agreements between the County and Odebrecht however, provide that the County must consent to any successor based on their "experience, financial strength, history of meeting contractual obligations and proposed business plan" subject to County Attorney's approval.

**12. What is the value of the land being proposed for Airport City including all four (4) parcels?**

The appraisal firm of Waronker and Rosen MAI provides MDAD with appraisal services. Based on current rental levels, Lee Waronker of that firm suggests an acreage value for the land as follows:

- Parcel 1A and 1A Expansion consist of a 24.9-acre site located immediately to the north of Central Boulevard and has a land value of $23.9 million.
- Parcel 1B consists of a 6.82-acre site across the road from Parcel 1A on the south side of Central Boulevard and has a land value of $8.6 million.
- Parcel C is a 1.76-acre site next to the Park 6 car garage which is adjacent to the Terminal Building and has a land value of $1.9 million.
- Parcel 1D was removed from this expression of interest and is the terminal hotel situated in the "E" portion of terminal building and no land value attributable to the hotel has been established.
- The total acreage and land value for the EOI Parcels 1A, 1A Expansion, 1B, and 1C are 33.48 acres and $34.4 million, respectively.

c: Honorable Chairwoman Rebeca A. Sosa and
Members, Board of County Commissioners
Emilio T. González, MDAD Director
R.A. Cuevas, Jr., County Attorney
Edward Marquez, Deputy Mayor
Jack Osterholt, Deputy Mayor
Charles Anderson, Commission Auditor
Christopher Agrippa, Division Chief, Clerk of the Board

# ATTACHMENT #1

**Subject:** FW: On Behalf of Lenora Allen-Johnson; September 10, 2008 Project Briefing for Expressions of Interest-Four Development Sites at Miami International Airport

**Importance:** High

**From:** Fernandez, Angela M. (Aviation)
**Sent:** Wednesday, August 27, 2008 5:36 PM
**To:** 'adamwhiteman@frascallc.com'; 'megaladonflorida@aol.com'; 'william.geller@ihrco.com'; 'fred@apihotels.com'; 'cstehman@mcharry.com'; 'mcconstruction2@yahoo.com'; 'toneill@hotelconsulting.net'; 'trodriguez@innkeepersusa.com'; 'smisra@jhmhotels.com'; 'belvine@advanstar.com'; 'mrodriguez@hjross.com'; 'Wbelt@williamsmullen.com'; 'cardavin@thetowergroup.com'; 'sbakas@arquitectonica.com'; 'jennifer.bergamo@starwoodhotels.com'; 'vb@bhandariconsulting.com'; 'cbrown@lnrproperty.com'; 'acallen@hidevelopment.com'; 'srcinfo2002@yahoo.com'; 'nc@nelcidachakoff.com'; 'jeffdallas@remingtonhotels.com'; 'cdavies@buchananstreet.com'; 'mad@degrandylaw.com'; 'jdelmoral@voa.com'; 'jdouglas@voa.com'; 'greg.fox@ichotelsgroup.com'; 'gfriedman@bankersbank.com'; 'Jgevertz@tivoli-properties.com'; 'william.geller@ihrco.com'; 'Yoav.Gery@marriott.com'; 'charlesgithler@intershow.com'; 'khenriksen@rljhotels.com'; 'RobertHenry@rdh-architects.com'; 'heather.hunt@ichotelsgroup.com'; 'fred@apihotels.com'; 'pkeim@chmhotel.com'; 'paul.kreindler@ihrco.com'; 'indochinehome@aol.com'; 'rlillis@HorwathHL.com'; 'chuck@adelfigroup.com'; 'Tim.Marvin@marriott.com'; 'lmcgrath@firstsw.com'; 'toneill@hotelconsulting.net'; 'hishci@gmail.com'; 'smadrid@crcholdings.com'; 'megaladonflorida@aol.com'; 'mealtime@harmonycove.us'; 'mrodriguez@tylin.com'; 'trodriguez@innkeepersusa.com'; 'jrook@ibahn.com'; 'sonnysra@remingtonhotels.com'; 'SteveSorensen@wcicommunities.com'; 'belvine@advanstar.com'; 'jspringer@crcholdings.com'; 'msquires@meridiancapital.com'; 'cstehman@mcharry.com'; 'Rtopel@firstsw.com'; 'CAROL.WALLACE@VISITSANDIEGO.COM'; 'mcconstruction2@yahoo.com'; 'MattWeld@aol.com'; 'twestberg@arquitectonica.com'; 'fwieland@mn.yu'; 'wirthotel@email.com'; 'aalbert@colliersawf.com'; 'acardim@odebrecht.com'; 'aiamia@bellsouth.net'; 'ajbarrera@leoadaly.com'; 'alrodriquez@wolfbergalvarez.com'; 'alurigados@mdx-way.com'; 'apetrillo@harbourcapital.us'; 'ashively@pegasus.aero'; 'ayogev@colliersawf.com'; 'bcochran@pegasus.aero'; 'bmurubel@cajmadrid.es'; 'boravec@aeroterm.com'; 'borgmannj@miamisprings-fl.gov'; 'cap@capfla.com'; 'cap@csagroup.com'; 'cardavin@thetowergroup.com'; 'carlosleonard@bellsouth.net'; 'carlosm@panamgroup.com'; 'cchuman@aol.com'; 'clc@panamgroup.com'; 'crogers@courtelis.com'; 'ctube@odebrecht.com'; 'danielp@perezperez.com'; 'davefolsom@mhihospitality.com'; 'dpeebles@oci-usa.com'; 'DWDrez@aol.com'; 'eberkheimer@ktrcapital.com'; 'ejones@rockgrp.com'; 'elopez@portlandsvcs.com'; 'gespejo@amc.cc'; 'gfeschiera@dhlusa.com'; 'gmcquown.titan@cox.net'; 'gonzalo_cortabarria@hines.com'; 'gp@proviascorp.cc'; 'gzaczac@mac.com'; 'hector@crosswell.com'; 'jack@jackpeeples.com'; 'javier.soto@dutkoworldwide.com'; 'jbush@fairchildpartners.com'; 'mpral@voa.com'; 'Jerry.kraisinger@capstar.com'; 'jescamilla@thetowergroup.com'; 'jkohnstamm@beaconcouncil.com'; 'jmartine@adlergroup.com'; 'john@steinbauer.com'; 'jpetricola@rockgrp.com'; 'jschultz@cargoventures.com'; 'jswssa@gmail.com'; 'jtoledo@mdx-way.com'; 'jziv@colliersawf.com'; 'kcarroll@panattoni.com'; 'kevin.realty@crossroadsti.com'; 'ldagostini@coletticorp.com'; 'lsmith@aeroterm.com'; 'mariolabrit@comcast.net'; 'mark@marksbrothersinc.com'; 'mazorra@degrandylaw.com'; 'mgreen@ktrcapital.com'; 'mplummer@spginc.org'; 'mpolly@chisholmarchitects.com'; 'mvoccola@procgroup.com'; 'ngolden@newmarkkf.com'; 'nkasdin@gunster.com'; 'nseals@ptolemygroup.com'; 'oboudet@arcfla.com'; 'ovarona@fairchildpartners.com'; 'pbruggisser@bluewin.ch'; 'pchimelis@masdev.net'; 'prichter@csd-group.com'; 'rbeneder@cajamadrid.es'; 'rcfisher@tcchotels.com'; 'rcox@cargoventures.com'; 'renato.mello@odebrecht.com'; 'rg@tewlaw.com'; 'rgarfield@garfieldtraub.com'; 'rosa@confiancamoving.com'; 'rperez@mcper.com'; 'rshapiro@masdev.net'; 'rvillamizar@newmarkkf.com'; 'sbutte@ktrcapital.com'; 'sgraham@williamsmullen.com'; 'slukis7392@aol.com'; 'ltrivett@theeastongroup.com'; 'spenn@brzoninglaw.com'; 'spynes@bermelloajawil.com'; 'elopes@portlandsvcs.com'; 'mariolabrit@comcast.net'; 'zgruber@cargoventures.com'; 'jrg@buchananstreet.com'; 'YMeyer@Odebrecht.com'; 'gpenn@brzoninglaw.com'; 'Shane.Soefker@flaglerdev.com'; 'Crogers@Courtelis.com'; 'JJIMENEZ@ADLERGROUP.COM'; 'Gwendolyn.thompson@effcu.org'; 'BEN.KATZ@CBRE.COM'; 'AMIYARES@HIGGINSDEVELOPMENT.COM'; 'PERCY.R.AGUILA@JPMORGAN.COM';

'PJCHARLTON@KTRCAPITAL.COM'; 'Sandy.Oneil@dmjmhn.aecom.com'; 'steve@sepm.net'; 'JMDLH@aol.com'; 'OCOUTO@AMB.COM'; 'JALBERNAS@SANTAFETITLE.US'; 'ssmith@comreal.com'; 'venturar@miamisprings-fl.gov'; 'wwallace@biscaynelanding.com'; 'swartzon@wingsaviation.net'; 'sspratt@govmserv.com'; 'ARMANDO@GUTIERREZANDASSOCIATES.COM'; 'jerry@jerryrodriguez.com'; 'al.maloof@gjb-law.com'; 'sandersh@nodarse.com'; 'sjones@bmolaw.com'; 'Sylvester.lukis@gmail.com'; 'ezichella@tower-ohl.com'; 'dave@yotel.com'; 'dghezzi@elamiami.com'; 'MHernandez@becker-poliakoff.com'; 'anapaula.ibarra@viaconcepts.com'; 'jgreene@mdxway.com'; 'sbeatus@beaconcouncil.com'; 'chenderson@tylin.com'; 'efigueroa@mdxway.com'; 'epestana@odebrecht.com'; 'KRICKET@zyscovich.com'; 'lcollier@hidevelopment.com'; 'eizquierdo@peeblescorp.com'; 'maya.n.burgos@jpmorgan.com'; 'greg@keyinternational.info'; 'zeeba@bellsouth.net'; 'scalloway@shutts.com'; 'Kevin.Erickson@hmshost.com'; 'ajackaway@jackawayarchitects.com'; 'goni.c@shca.com'; 'AB@sbccpa.com'; 'acorbi@ersi-es.com'; 'agarrastazu@globalvia.com'; 'alj@aljacksonco.com'; 'amal@fir.com'; 'amoran@epic-consultants.com'; 'ari.baetiong@ey.com'; 'barry.dekemper@foxsys.com'; 'bcochran@pegasus.aero'; 'bill.grice@jll.com'; 'Carolyn@maginc.org'; 'Christina@thedevelopmentgroupf.com'; 'cma@cma-ent.com'; 'cmfflores@cmfintlgroup.com'; 'dcasal@arcassociates.ca'; 'dgurri@gurrimatute.com'; 'Diego.rincon@gvk.com'; 'dswain@milianswain.com'; 'egruver@aeroterm.com'; 'hburton@pirnie.com'; 'hermida00@aol.com'; 'jchampion@cgway.com'; 'jeff@psg.us'; 'jegould@transystem.com'; 'jfox@foxlawson.com'; 'jle@lodgingdevelopment.com'; 'jlevite@turnberry.com'; 'jmorales@swmwas.com'; 'jnb@tewlaw.com'; 'johncantrell@crossroadsta.com'; 'jose.vallalobos@akerman.com'; 'lcollier@hidevelopment.com'; 'lizevans@flglerdev.com'; 'Lowell.clary@comcast.net'; 'madler@adlergroup.com'; 'mazolla@degrandylaw.com'; 'mbierman@wsh-law.com'; 'mbriwn@johnfbrown.com'; 'monica.may@jll.com'; 'peg@peg.us.com'; 'pjr@dataind.com'; 'richardmcclaughlin@maximus.com'; 'rmatheny@orcolan.com'; 'rmcgaugh@houlihan.com'; 'Rolando@gmvcy.com'; 'RPeaden@flyrichmond.com'; 'rtan@skjet.com'; 'rtano@rtkl.com'; 'rweissaa@wsh-law.com'; 'shumphre@mgtamer.com'; 'steven.gomez@cbre.com'; 'vrodriguez@rtkl.com'; 'adam.furth@jll.com'; 'Paul.Loehr@marriott.com'; 'orlando.cruz@parsons.com'; 'mem@ell-1.com'; 'sandersh@nodarse.com'; 'aalbert@colliersawf.com'; 'agarrastatzu@globalvia.com'; 'alurigados@mdxway.com'; 'angie.jared@foxsys.com'; 'cardavin@tower-ohl.com'; 'cmflores@cmfintlgroup.com'; Guerra, Marta (MIA Hotel); Rodibaugh, Douglas G. (MIA Hotel); 'elopes@portlandsvcs.com'; 'gonrzalocortabarria@hines.com'; 'gpeschiera@ohlusa.com'; 'jdelmoral@voa.com'; 'jose.villalobos@akerman.com'; 'mark.taylor@jacobs-consultancy.com'; 'percy.r.aguilajp@jpmorgan.com'; 'rolando@gmcvb.com'; 'lbuch@smartdesigngroup.com'; 'gpenn@brzoninglaw.com'; 'spynes@bermelloajamil.com'; 'sspratt@govmserv.com'; 'pgladd@crestlinehotels.com'; 'sgraham@williamsmullen.com'
**Cc:** 'Clerk of the Board (COC)'; Clark-Vincent, Marie (Aviation); Allen-Johnson, Lenora (Aviation); Mizrahi, Eli (Aviation); Owens, Greg (Aviation); Southwell, Miguel (Aviation); Abbott, Tim (Aviation)
**Subject:** On Behalf of Lenora Allen-Johnson; September 10, 2008 Project Briefing for Expressions of Interest-Four Development Sites at Miami International Airport
**Importance:** High

Please be advised that a project briefing meeting will be held for the Expression of Interest project advertised for four (4) development sites at Miami International Airport, see the attached notice for more information. Thanks.

Angela Fernandez
Clerk 4
Contracts Administration Division
Miami-Dade Aviation Department
Ph. No.: 305-876-7795
Fax No. 305-876-8068
e-mail: amfernandez@miami-airport.com

*"Delivering Excellence Every Day"*

MIAMI INTERNATIONAL AIRPORT

**Project Briefing**
**Expression of Interest - Four Development Sites at**
**Miami International Airport**
**Project No. EOI-01-08**

The Miami-Dade Aviation Department (MDAD) will hold a Project Briefing for the Expression of Interest (EOI) advertised August 15, 2008. MDAD is soliciting responses to the EOI from developers/investors for the development of four investment sites at Miami International Airport (MIA). The four investment sites are located in areas adjacent to MIA's Central Boulevard which is the main entrance to the Terminal Building EOI documents can be reviewed by visiting our Website at www.miami-airport.com/html/business_opportunities.html.

The Project Briefing will address issues and concerns in an effort to ensure that the EOI will attract proposals from developers/investors, and will provide participants with an opportunity to comment on the project.

**DATE:** Wednesday, September 10, 2008

**TIME:** 1:30 – 3:00 pm - Tour of the four (4) investment sites
3:00 pm - 5:00 p.m. – Project Briefing

**WHERE:** Hotel MIA (Miami International Airport)
Concourse "E", 7th Floor Conference Center

**WHO:** Commercial Real Estate Developers/Investors, Bankers and Investment Firms, Construction Management & Development Companies, and Architectural Firms

**PARKING:** Parking tickets will be validated and designated parking is available at the Dolphin or Flamingo Garages (short term parking will not be validated).

**To RSVP please email your confirmation to MasterDeveloper@miami-airport.com by no later than Wednesday September 3, 2008.**

ATTACHMENT #2

weg The Washington Economics Group, Inc.

# THE COMPREHENSIVE ECONOMIC DEVELOPMENT IMPACTS OF AIRPORT CITY AT MIA TO THE MIAMI-DADE COUNTY ECONOMY

Presented to:

Odebrecht Construction, Inc.

October 10, 2011

2655 LeJeune Road, Suite 608
Coral Gables, Florida 33134
Tel: 305.461.3811 – Fax: 305.461.3822
info@weg.com
www.weg.com

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# I. EXECUTIVE SUMMARY

- The Washington Economics Group (WEG) was retained by Odebrecht Construction to estimate the economic impacts and contributions that the proposed Miami International Airport City will generate during both the Capital Projects Phase and the Operations Phase to Miami-Dade County. In conducting its analysis, WEG used a professionally accepted economic model of Miami-Dade County to estimate the economic impacts of both the Capital Projects and Ongoing Operations Phases. The significant contributions estimated to result from both the Capital Projects and the ongoing Operations of the proposed Miami Airport City to Miami-Dade County are shown in Table ES-1 and Table ES-2 that follow.

- The proposed Miami Airport City Complex will consist of a multi-phase complex providing significant office, retail and hospitality facilities. Current plans call for this facility to be located between the North Terminal of Miami International Airport (MIA) and the Miami Intermodal Center. In order to take advantage of the unique concentration of transportation resources adjacent to the Airport City, connectivity will be optimized by the inclusion of a people mover station in the Airport City and the construction of walkways between selected buildings and the North Terminal of Miami International Airport. This connectivity will result in the Airport City becoming a unique business environment unmatched in the Western World. In the global economy of the 21st Century, Miami Airport City will facilitate business throughout the hemisphere and the world.

- During the Capital Projects Phase, Miami Airport City's construction activities will support a significant 5,818 jobs, making an important contribution to employment opportunities and the standard of living for County residents. Also during the Capital Projects Phase, the construction and related business activities will be important sources of Labor Income, providing a significant boost to households' economic and employment well-being throughout the County during these difficult times. Table ES-1 on the next page highlights these impacts during the Capital Projects Phase for this unique multifaceted economic development anchor of the County.

**Table ES-1. Summary of Economic Impacts Generated by the Proposed Miami Airport City during the Capital Projects Phase on Miami-Dade County[1]**

| *Impact on:* | *Airport City Project Phases* | | | | |
|---|---|---|---|---|---|
| | *One Office* | *Two Office* | *Three Retail* | *Four Hospitality* | *All Phases* |
| Employment (Jobs) | 1,870 | 2,103 | 135 | 1,710 | 5,818 |
| Labor Income ($ Millions) | $94 | $105 | $7 | $86 | $292 |
| Gross County Product - Value Added ($ Millions) | $124 | $139 | $49 | $113 | $425 |
| Federal, State & Local Tax Revenues ($ Millions) | $26 | $30 | $2 | $24 | $82 |
| Total Economic Impact ($ Millions) | $266 | $299 | $19 | $243 | $827 |

Source: The Washington Economics Group (WEG).

- When fully operational, after the Capital Projects Phase is completed, the proposed Miami Airport City's **recurring activities** are estimated to support over 10,000 permanent jobs for Miami-Dade County residents, making an important contribution to local employment opportunities and to the standard of living for County residents. The business, retailing and hospitality operations taking place within the Airport City complex will also generate $650 million in Labor Income annually, providing significant economic benefits to many households and residents throughout the County. Table ES-2 below, highlights the annually **recurring impacts** of the activities that take place in the Airport City Complex.

**Table ES-2. Summary of Annual Economic Impacts of the Recurring Activities of Airport City at MIA**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment (Jobs) | 4,821 | 5,181 | 10,002 |
| Labor Income ($ Millions) | $388 | $262 | $650 |
| Gross County Product -Value Added ($ Millions) | $532 | $434 | $966 |
| Federal, State & Local Taxes ($ Millions) | ----- | ----- | $200 |
| Total Economic Impacts ($ Millions) | $882 | $748 | $1,630 |

Source: The Washington Economics Group (WEG).

- The proposed Miami Airport City will quickly become an integral component of South Florida's business community by providing state-of-the-art business environments and amenities to transportation-dependent businesses in the global economy of the 21st Century. As a consequence, the Miami Airport City Complex will also be a top economic development generator for Miami-Dade County and the

[1]Detailed analyses of the economic impacts associated with each phase of the project are set forth within the main body of this Study.

South Florida region by supporting the recruitment of new executives and firms to the area. These "externality benefits" of the Airport City Complex accrue to society as a whole and increase the economic development potential of the County, region and state well beyond the quantifiable economic impacts presented.

- History is filled with examples of the closely interrelated nature of business and transportation. Communities with state-of-the-art transportation networks have frequently been homes to flourishing business communities. In this respect Miami is no different; the combination of Miami's location, excellent transportation resources and other amenities have made Miami the gateway to the Americas.

- In conclusion, Odebrecht Construction's proposal to add the Miami Airport City Complex to this mix has the potential to establish a new paradigm for transportation-intensive businesses in the global economy of the 21st Century. As such, the true impacts of this Complex are likely to be greater than the estimates presented in this Study.

## II. THE ECONOMIC IMPLICATIONS OF THE REVITALIZATION OF MIAMI INTERNATIONAL AIRPORT (MIA) AS A 21ST CENTURY GLOBAL BUSINESS HUB

### *A. Background: Miami International Airport*

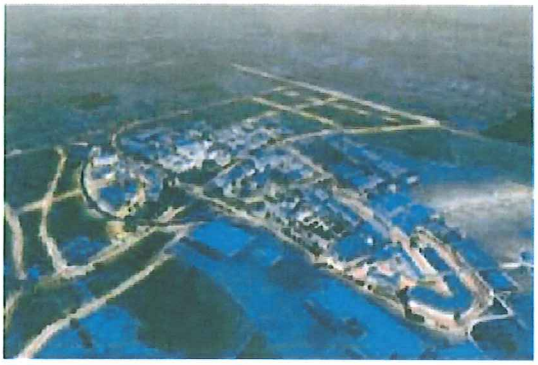
Founded in 1928, Miami International Airport (MIA) serves as the global leader in international passenger and freight airports. MIA ranks first in international freight and second in the volume of international passenger flights. It serves as the primary gateway to the Caribbean and Latin America. Consequently, MIA's position in the global markets makes it an invaluable asset to the local economy. One of the largest cargo airport hubs in the world, MIA plays a key role in the development of Miami-Dade County as it facilitates international trade particularly in South and Central America.

MIA's global contributions reap significant economic impacts for Miami-Dade County. MIA serves approximately 34 million passengers and 2 million tons of cargo annually. Its annual economic impact is estimated to be approximately $26.7 billion in Gross Regional Output and is estimated to contribute approximately 282,043 jobs annually to the local economy[2]. As a principal contributor in the local economy, much consideration has been made concerning the revitalization and upgrade of its facilities in order to maintain and enhance MIA's competitiveness and position in the global marketplace.

[2] Courtesy of the economic impact study of the Miami-Dade Aviation Department.

## *B. Airport Cities Around the World*

With the ever-increasing growth of air traffic and the ongoing necessity for business air travel in a more integrated global economy, the proliferation of airport cities around the world is inevitable. Airports Council International (ACI) projects global airline travel to exceed $7 billion by 2020.



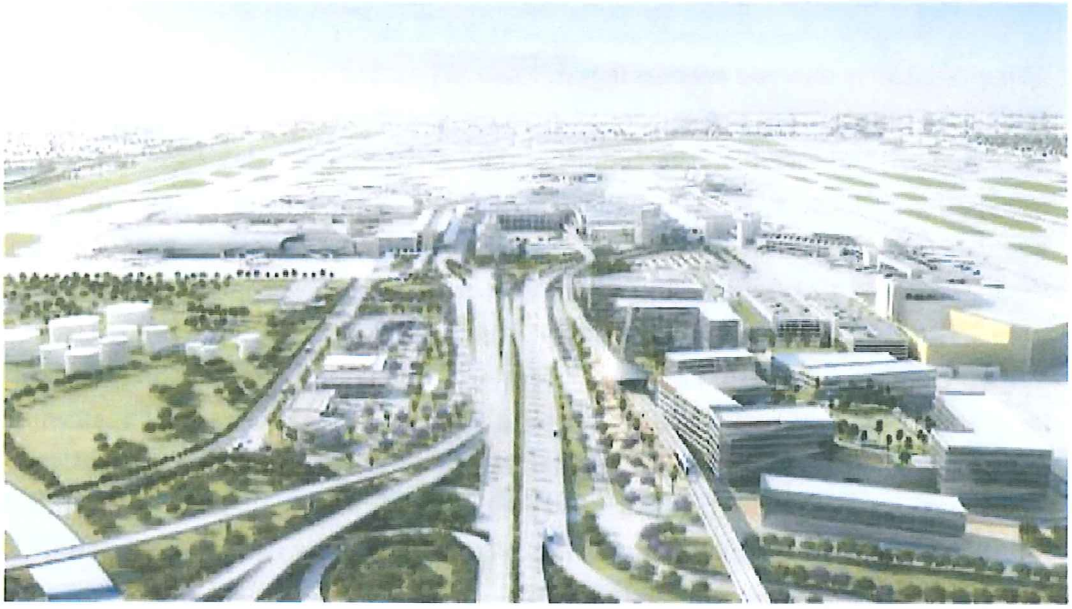
Proposed Dublin Airport City

Airport Cities will play a critical role in the economic activity of large metropolitan areas. Globalization naturally finds low cost methods to integrate firms, industries and economies. Airport Cities will provide low cost solutions in achieving such objectives by providing state-of-the-art facilities and meeting places for individuals around the world. Global transportation hubs, such as MIA, will become meeting centers for local, as well as, international clients. With the increase in the demand for global integration, opportunities will also arise for retail and hospitality sectors creating thousands of jobs annually.

Proposed Vienna Airport City

Proposed Zurich Airport City

## C. *The Odebrecht-Planned Comprehensive Development of Airport City at MIA*



A surge in proposed Airport City development around the world has led Odebrecht, a global leader in construction, engineering, and infrastructure development, to propose the construction of Airport City at MIA. Founded in Brazil in 1944, Odebrecht is a multinational corporation with operations in more than 20 countries around the globe. Odebrecht provides services including but not limited to: Engineering and Construction; Real Estate Development and Construction; Transportation and Logistics; Infrastructure Investments, with total assets surpassing $27 billion.

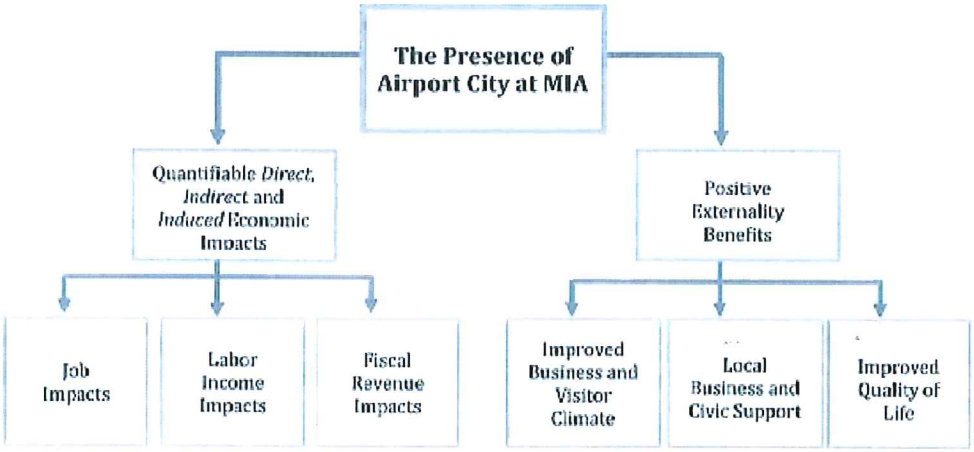
A top international construction company[3], Odebrecht has provided services in airport construction in South Florida expanding both Fort Lauderdale-Hollywood International Airport and Miami International Airport. As a world leader in infrastructure investments, airport and hotel construction, a project of this magnitude requires the experience and expertise offered by Odebrecht.

[3] Ranked by *Engineering News Record* as one of the top 25 international construction companies in the world.

### D. *Externality Benefits of Airport City at MIA: The Presence of Airport City at MIA Provides Benefits to Miami-Dade County that go Beyond the Quantification of Economic Impacts*

The quantitative analysis section that follows estimates the economic impacts to Miami-Dade County as a result of the development phase and operations of Airport City at MIA. The benefits of having the multifaceted Airport City development at Miami International Airport yields unquantifiable, but important economic development benefits (what economists term *externality benefits that accrue to the whole society*) throughout not only the County, but the entire region. These significant intangible benefits to the County assist in the promotion and reputation of having a streamlined and efficient hub for commerce and transportation, which supports and attracts both local and global visitors while also hosting a variety of the region's local businesses and organizations. The matrix below illustrates the externality benefits of having such a multi-purpose and state-of-the-art Airport City in Miami-Dade County (this is in addition to the quantifiable economic impacts that will be examined in Section III).

**The Comprehensive Economic Development Impacts of Airport City at MIA: The Benefits of Airport City will Extend to Society in General**




**Total Economic Development Impacts**

**=**

**Quantifiable Direct, Indirect and Induced Economic Impacts**

**+**

**Positive Externalities**

## III. THE ECONOMIC IMPACT OF ODEBRECHT'S PLANNED AIRPORT CITY AT MIA

**The planned construction and operations of Airport City at MIA generates significant quantifiable economic impacts.** These impacts, estimated by utilizing professionally accepted and widely used methodology, result in statewide and local increases in high-wage employment, Labor Income, Total Economic Output and public revenues (taxes) for federal, state and local governments.

### Methodology

Economic models that explicitly account for inter-industry linkages (supply relationships), the generation of labor and capital income and the spending of household income have been used since the 1960's to estimate the contribution that a particular business or industry makes to the general economy. These "input-output" models recognize that, as an industry experiences an increase in the demand for its products or services, it in turn needs more goods and services from its suppliers and must increase its purchases from other industries in the economy. The effect on regional production resulting from successive rounds of inter-industry linkages is referred to as the *indirect* effect. The resulting increases in regional production also lead to expansions in employment and labor income, and the increases in labor income lead to increases in consumer spending, further expanding sales and production throughout the regional economy. The latter economic impacts are referred to as the *induced* effects. The successive waves of production, spending and more production result in economic multiplier effects, where the final or total increase in regional production, income and employment, respectively, is larger than the initial (or "*direct*") increase in production, income and employment. The total quantitative economic contribution of Odebrecht project, therefore, is comprised of *direct, indirect* and *induced* effects.

The Minnesota IMPLAN Group, Inc. (MIG)[4] provides the software and basic data needed to formulate the economic multiplier model developed for this Study. MIG has been providing economic multiplier models for regional economic impact analysis since 1988. Models developed using IMPLAN software have been widely used by private sector and academic economists and by federal, state and local government agencies. The Washington Economics Group, Inc. (WEG) IMPLAN model for the state and region is based on the latest U.S. input-output tables as well as income and employment data for Florida from the U.S. Department of Commerce. The current operations of Miami

[4] [illegible]

International Airport generate significant economic impacts. Through job creation, particularly in aviation services, tourism and hospitality, MIA generates expenditures yielding persistent positive economic impacts to the local economy. While the impacts of visitors to MIA are significant, this Study highlights the further economic potential of capitalizing on MIA's current position by improving marketability and providing a means to better facilitate the 34 million travelers[5]. It is proposed that development and continual operations of Airport City at MIA, when it is fully completed, will yield significant positive economic impacts to Miami-Dade County.

Of the 8 million visitors who arrive through the Miami International Airport, total expenditures are estimated to be over $14.6 billion; of which retail expenditures are estimate to be over $6 billion, hotel expenditures are estimated to be over $5 billion and restaurant expenditures to be over $2 billion – a real and major impact to Miami-Dade County.

The project entails the expansion and modernization of Miami International Airport, which will yield significant economic impacts to Miami-Dade County. The project has been categorized into four (4) phases, each generating direct economic impacts to the region:

- Phase 1: Development of the First Parcel of the Corporate Office Park
- Phase 2: Development of the Second Parcel of the Corporate Office Park
- Phase 3: Development of the Retail Center and Gas Station; and
- Phase 4: Development of the Hospitality Center

**Phase 1: Development of the First Parcel of the Corporate Office Park**

Phase 1 includes the first parcel of the Corporate Office Park with a connecting hotel. Construction of the 375,000 square foot parcel is estimated to require $126,450,000 in development expenditures. Hotel construction costs are estimated to be approximately $27,990,000. These total development expenditures of $154,440,000 will generate *direct* impacts estimated sustain 1,036 jobs and $54,264,398 in Labor Income. Table 1 on the following page describes the economic impacts (*direct*, *indirect* and *induced*) resulting from the development expenditures of Phase 1 of the first Capital Projects phase.

[5]Travelers include the 8 million visitors who provide retail and hotel expenditures and the remaining passers-by who utilize MIA.

**Table 1. Summary of the Economic Impacts of Phase 1 Development: Corporate Office Park**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 1,036 | 834 | 1,870 |
| Labor Income ($ Thousands) | $54,264 | $39,362 | $93,626 |
| Total Value Added ($ Thousands) | $59,714 | $64,222 | $123,935 |
| Total Economic Output ($ Thousands) | $154,440 | $111,700 | $266,140 |

Source: The Washington Economics Group (WEG).

## Phase 2: Construction of the Second Parcel of the Corporate Office Park

The second parcel of the Corporate Office Park will include 600,000 square feet of office space. The construction costs are estimated to be approximately $173,700,000 yielding 1,165 high-paying jobs at an average salary of $55,000. Table 2 below describes the economic impacts (*direct, indirect* and *induced*) resulting from development expenditures of the second parcel of the Corporate Office Park.

**Table 2. Summary of the Economic Impacts of Phase 2 Construction: Corporate Office Park**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 1,165 | 938 | 2,103 |
| Labor Income ($ Thousands) | $61,032 | $44,271 | $105,302 |
| Total Value Added ($ Thousands) | $67,160 | $72,231 | $139,391 |
| Total Economic Output ($ Thousands) | $173,670 | $125,630 | $299,330 |

Source: The Washington Economics Group (WEG).

The total economic impact of the development of the Corporate Office Park during both Phases I and II is summarized in Table 3 below.

**Table 3. Summary of the Total Economic Impacts of the Development of the Corporate Office Park** (Phases 1 and 2)

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 2,201 | 1,773 | 3,974 |
| Labor Income ($ Thousands) | $115,296 | $83,632 | $198,929 |
| Total Value Added ($ Thousands) | $126,874 | $136,452 | $263,326 |
| Federal, State & Local Fiscal Revenues ($ Thousands) | ----- | ----- | $55,524 |
| Total Economic Output ($ Thousands) | $328,140 | $237,331 | $565,471 |

Source: The Washington Economics Group (WEG).

### A. *Jobs Supported from the Planned Development of the Corporate Office Park*

Close to 4,000 jobs for Florida residents result *directly* or *indirectly* from the planned construction of the Corporate Office Park of Airport City at MIA. As previously mentioned, the construction of Phases 1 and 2 (Corporate Office Park) *directly* creates 2,201 jobs in the Construction and Knowledge-Based Services sectors. However, its *indirect* and *induced* job creation process reaches deeply into all sectors of the economy. This dramatically and quickly demonstrates the close supply inter-relationships that the Construction sector has with all of the other sectors of the economy. An additional 831 jobs are supported via *indirect* economic effects (these are mostly suppliers to the project). Lastly 942 jobs are generated from *induced* spending effects.

The total number of jobs, *directly, indirectly* and *induced* supported by the proposed construction of the Corporate Office Park of the Airport City at MIA is estimated at 3,974. These impacts are significant and seek the attention of public and private investors.

**Table 4. Jobs Created by the Development of the Corporate Office Park of Airport City at MIA** (Phases 1 and 2)

| *Industry* | *Jobs Supported* |
|---|---|
| Construction | 1,735 |
| Knowledge-Based Services | 1,594 |
| Retail Trade | 220 |
| Wholesale Trade & Transportation Services | 160 |
| Visitor Industry | 149 |
| Manufacturing | 79 |
| Government & Other | 37 |
| ***Total All Industries*** | ***3,974*** |

Source: The Washington Economics Group (WEG).

Therefore, the total number of jobs, *directly, indirectly* and *induced* supported by the planned Corporate Office Park construction is estimated at close to 4,000 – making a significant contribution to employment opportunities in Miami-Dade County. The majority of these jobs will be generated in the Construction and Knowledge-Based Services sectors creating approximately 44 percent and 40 percent of all jobs, respectively. Table 4 above explains the results in more detail. Observe that the *induced* and *indirect* effects of job creation result from spending in the Retail Trade, Wholesale Trade & Transportation Services and in the Visitor Industry, which accounts for over 13 percent of all job creation as illustrated in Figure 1 on the next page.

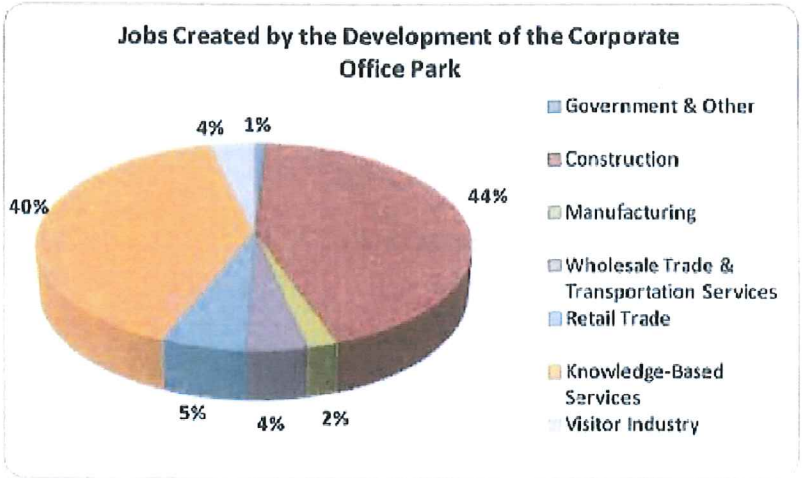



**Figure 1**
Source: The Washington Economics Group (WEG).

The development of Airport City at MIA will increase the marketability and attractiveness of Miami-Dade County to potential visitors and travelers both nationally and internationally - securing the County's position as a leader in the modern, global marketplace. These *indirect* and *induced* affects will yield significant impacts as outlined in the subsequent sections.

### *B. Generation of Labor Income: The Development of the Corporate Office Park of Airport City at MIA Contributes to Miami-Dade County's Standard of Living*

The jobs created in the First and Second Phases of construction generate significant Labor Income impacts. The planned development generates Labor Income as quantified in Table 5 and Figure 2 on the next page. In addition to the $115 million of Labor Income *directly* generated by the proposed development, $84 million of Labor Income is created by *indirect* and *induced* economic activities. In total, the planned development will generate close to $200 million in Labor Income throughout the Miami-Dade County economy.

An estimated $86 million, or 43 percent, results from Construction-related activities. The Knowledge-Based Services sector contributes almost $85 million, or 43 percent, while Wholesale Trade & Transportation Services, Retail Trade and the Visitor Industry comprise $21 million, or 11 percent of the total Labor Income impact.

**Table 5. Labor Income Created by the Development of the Corporate Office Park of Airport City at MIA ($ in Thousands)**

| *Industry* | *Total Impact* |
|---|---|
| Construction | $86,044,453 |
| Knowledge-Based Services | 84,835,487 |
| Wholesale Trade & Transportation Services | 9,416,543 |
| Retail Trade | 7,172,998 |
| Visitor Industry | 4,336,934 |
| Manufacturing | 3,786,355 |
| Government & Other | 3,335,739 |
| ***Total All Industries*** | ***$198,928,509*** |

Source: The Washington Economics Group (WEG).

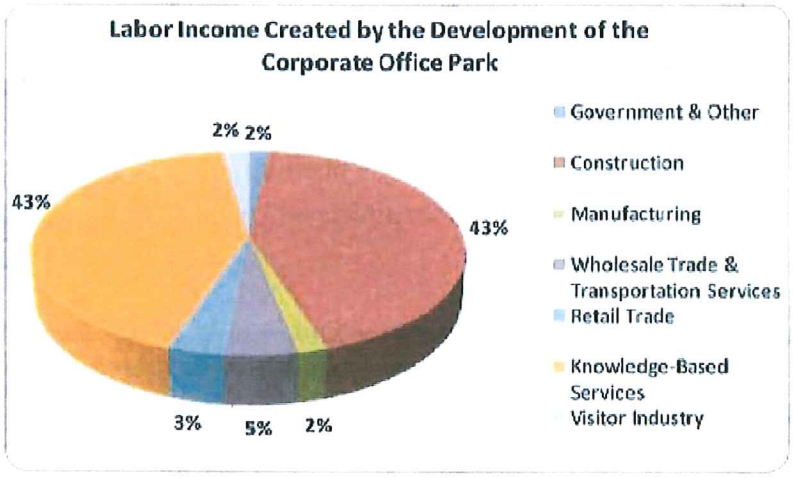



**Figure 2**
Source: The Washington Economics Group (WEG).

## C. *The Development of Airport City at MIA Creates Significant Value-Added Impacts for Miami-Dade County*

Value added is the portion of business revenues that is available to pay compensation to workers, capital income and indirect business taxes. Value added is also the principal source of income to households and a key measure of the proposed facility's contribution to the economy. Table 6 on the next page highlights the value-added impacts generated by the planned development, which creates a net contribution to the economy of over $263 million. By this measure, the Corporate Office Park of Airport City at MIA supports the drive to create a high value-added, high-wage economy in Miami-Dade County.

**Table 6. Value-Added Impacts Created by the Development of the Corporate Office Park of Airport City at MIA** ($ in Thousands)

| *Industry* | *Total Impact* |
|---|---|
| Knowledge-Based Services | $120,624,103 |
| Construction | 97,336,255 |
| Wholesale Trade & Transportation Services | 15,345,665 |
| Retail Trade | 11,629,308 |
| Visitor Industry | 6,659,224 |
| Government & Other | 5,966,476 |
| Manufacturing | 5,765,208 |
| ***Total All Industries*** | ***$263,326,239*** |

Source: The Washington Economics Group (WEG).

The greatest value-added impacts are generated in the Knowledge-Based Services sector which generates close to $121 million, or 46 percent, while the Construction sector generates over $97 million, or 37 percent of the total. This is followed by other sectors such as Wholesale Trade & Transportation Services, Retail Trade and the Visitor Industry sectors.

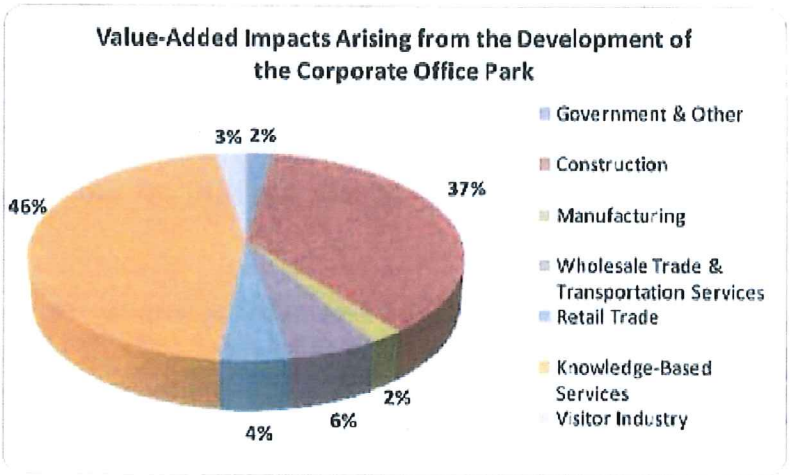



**Figure 3**
Source: The Washington Economics Group (WEG).

## D. *The Total Economic Impact of the Development Phase of the Corporate Office Park at Airport City at MIA is a Significant $566 Billion Annually: A Key Contribution to the County's Economic Development*

A comprehensive measure of economic impact is Gross Economic Output, representing the sum of gross revenues (receipts) of private firms plus the value of government services (valued at cost). Table 7 that follows highlights the Total Economic Impact associated with the construction phase of the Corporate Office Park of Airport City at

MIA, which represents a significant $565 million in gross economic impact to Miami-Dade County.

**Table 7. Total Economic Impact Created by the Development of the Corporate Office Park of Airport City at MIA ($ in Thousands)**

| *Industry* | *Total Impact* |
|---|---|
| Construction | $275,251,621 |
| Knowledge-Based Services | 206,231,942 |
| Wholesale Trade & Transportation Services | 24,686,553 |
| Manufacturing | 21,765,782 |
| Retail Trade | 16,944,604 |
| Visitor Industry | 11,148,550 |
| Government & Other | 9,441,824 |
| ***Total All Industries*** | ***$565,470,876*** |

Source: The Washington Economics Group (WEG).

A significant portion of the total economic impact occurs in the Construction and Knowledge-Based Services sectors representing 49 percent and 36 percent of the total, respectively (Figure 4 below). Many other industries also benefit, as shown in Table 7. Outside of the Construction and Manufacturing sectors, the economic impact is evenly distributed. All sectors are positively impacted, and the impacts range between 1.5 and 5 percent of the total impact. In essence, designing, constructing and developing the Corporate Office Park of Airport City at MIA has positive and important economic impacts for Miami-Dade County.

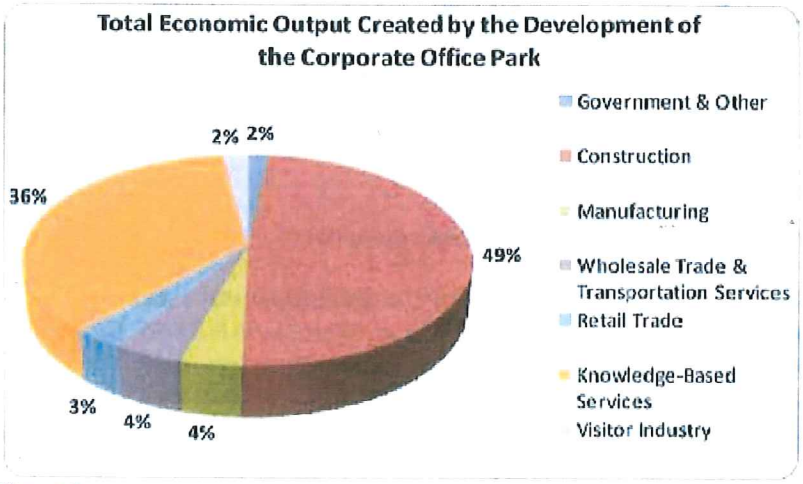



**Figure 4**
Source: The Washington Economics Group (WEG).

**Overall, the total economic impact of the development of the Corporate Office Park of Airport City at MIA is approximately $565 million.**

### *E. Fiscal Contributions Generated by the Development of the Corporate Office Park of Airport City at MIA*

The planned development will result in significant tax and other government revenues for federal, state and local governments (Table 8). Over $55 million of total fiscal revenues result from the development of the Corporate Office Park at Airport City. Of this total, over $40 million, or 72 percent, flows to the federal government, with the remaining $15 million, or 28 percent, of tax revenues allocated to state and local governments.

**Table 8. Fiscal Contributions from the Development of the Corporate Office Park of Airport City at MIA** ($ in Thousands)

| Taxes Paid By | Federal Taxes | State/ Local Taxes | Total Taxes |
|---|---|---|---|
| Labor | $17,687,419 | $298,184 | $17,985,603 |
| Capital | $2,701,891 | 0 | $2,701,891 |
| Indirect Business Taxes | $1,670,476 | $12,460,908 | $14,131,384 |
| Households | $15,648,289 | $1,007,770 | $16,656,059 |
| Corporations | $2,430,813 | $1,618,550 | $4,049,363 |
| **Total** | **$40,138,888** | **$15,385,412** | **$55,524,300** |

Source: The Washington Economics Group (WEG).

### Phase 3: Development of the Retail Center and Gas Station

The development of the 42,000 square foot retail center and gas station, Phase 3, requires an estimated $12 million dollars in development expenditures. These expenditures will *directly* create 420 jobs. These high-paying jobs are expected to pay, on average, $31,350 per worker.

**Phase 3 Development Costs**

| | | | *Total* |
|---|---|---|---|
| **Hard Costs:** | | | $9,340,000 |
| **Soft Costs** | Percent of Hard | 20% | $1,868,000 |
| ***Plus: Initial Leasing Commission*** | | | *$810,000* |
| | **Sub Total** | | **$12,018,000** |

Table 9 on the following page summarizes the economic impacts (*direct, indirect* and *induced*) resulting from development expenditures of the construction in Phase 3.

**Table 9. Summary of the Economic Impacts of the Development of the Retail Center and Gas Station**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 75 | 60 | 135 |
| Labor Income ($ Thousands) | $3,938 | $2,857 | $6,795 |
| Total Value Added ($ Thousands) | $4,334 | $4,661 | $$8,995 |
| Federal, State & Local Fiscal Revenues ($ Thousands) | ---- | ---- | $1,897 |
| Total Economic Output ($ Thousands) | $11,208 | $8,106 | $19,314 |

Source: The Washington Economics Group (WEG).

## A. *135 Jobs are Projected to be Created by The Development of the Retail Center and Gas Station*

It is projected that 135 jobs will be created for Florida residents *directly* or *indirectly* during the planned development of the Retail Center and Gas Station (i.e., Phase 3 of Airport City construction). As previously mentioned, the construction of the Retail Center and Gas Station *directly* creates 75 jobs in the Construction and Knowledge-Based Services sectors. However, its *indirect* and *induced* job creation process reaches into other sectors of the economy as well. This dramatically and quickly demonstrates the close supply inter-relationships that the Construction sector has with all of the other sectors of the economy. An additional 60 jobs are supported via *indirect* economic effects and *induced* spending effects. Table 10 below explains the results in more detail by sector.

**Table 10. Jobs Created by the Development of the Retail Center and Gas Station**

| *Industry* | *Jobs Supported* |
|---|---|
| Construction | 59 |
| Knowledge-Based Services | 54 |
| Retail Trade | 8 |
| Wholesale Trade & Transportation Services | 5 |
| Visitor Industry | 5 |
| Manufacturing | 3 |
| Government & Other | 1 |
| ***Total All Industries*** | ***135*** |

Source: The Washington Economics Group (WEG).

Therefore, the total number of jobs, *directly, indirectly* and *induced* supported by the planned Retail Center and Gas Station is estimated at 135 – making a contribution to employment opportunities in Miami-Dade County. The majority of jobs will be created in the Construction and Knowledge-Based Services sectors where over 80 percent of all jobs are created. Observe that the *induced* and *indirect* effects of job creation result from

spending in Retail Trade, Wholesale Trade & Transportation Services and Visitor Industry, which account for over 13 percent of all job creation as illustrated in Figure 5 below.

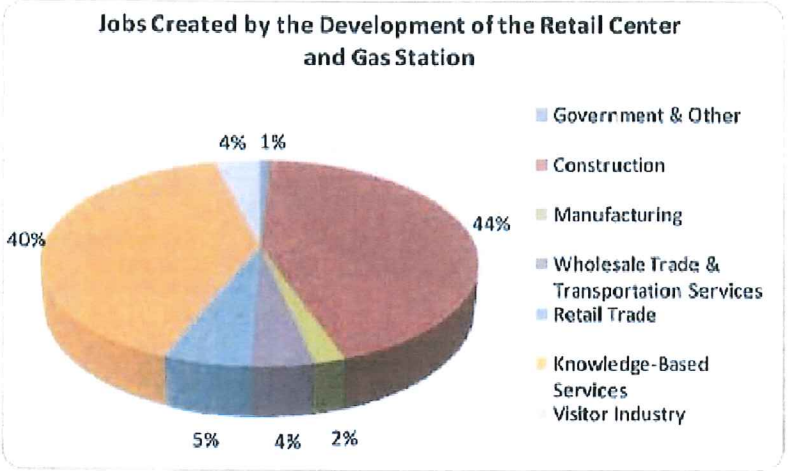



**Figure 5**
Source: The Washington Economics Group (WEG).

## B. *Labor Income Created by the Development of the Retail Center and Gas Station Contributes to the Standard of Living for County Residents*

Significant increases in Labor Income are expected to result from the jobs created in Phase 3 of the construction – the Retail Center and Gas Station. The planned development generates Labor Income as quantified in Table 11 below. In addition to the $4 million of Labor Income *directly* generated by the planned Phase 3, $2.8 million of Labor Income is created by *indirect* and *induced* economic activities. In total, the development of the Retail Center and Gas Station is expected to generate approximately $6.8 million in Labor Income throughout the Miami-Dade County economy.

**Table 11. Labor Income Created by the Development of the Retail Center and Gas Station** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $2,938,947 |
| Knowledge-Based Services | 2,897,654 |
| Wholesale Trade & Transportation Services | 321,633 |
| Retail Trade | 245,002 |
| Visitor Industry | 148,133 |
| Manufacturing | 129,327 |
| Government & Other | 113,936 |
| ***Total All Industries*** | ***$6,794,632*** |

Source: The Washington Economics Group (WEG).

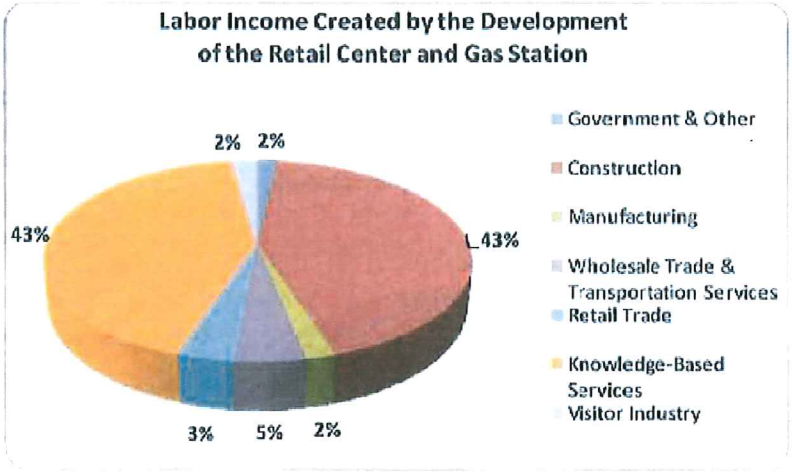



**Figure 6**
Source: The Washington Economics Group (WEG).

As Table 11 and Figure 6 show, an estimated $2.9 million, or 43 percent, results from Construction-related activities. The Knowledge-Based Services sector contributes $2.9 million, or 43 percent, while Wholesale Trade & Transportation Services, Retail Trade and the Visitor Industry comprise 11 percent of the total Labor Income impact.

### C. *The Value-Added Impacts of the Development of the Retail Center and Gas Station: A Significant Contribution to Miami-Dade County Economic Activity*

Value added is the portion of business revenues that is available to pay compensation to workers, capital income and indirect business taxes. Value added is also the principal source of income to households and a key measure of the proposed facility's contribution to the economy. Table 12 below highlights the value-added impacts generated by the planned development, which creates a net contribution to the economy of close to $9 million. By this measure, the Retail Center and Gas Station of Airport City at MIA supports the drive to create a high value-added, high-wage economy in Miami-Dade County.

**Table 12. Value-Added Impacts Created by the Development of the Retail Center and Gas Station** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Knowledge-Based Services | $4,120,055 |
| Construction | 3,324,632 |
| Wholesale Trade & Transportation Services | 524,149 |
| Retail Trade | 397,212 |
| Visitor Industry | 227,453 |
| Government & Other | 203,792 |
| Manufacturing | 196,917 |
| ***Total All Industries*** | ***$8,994,210*** |

Source: The Washington Economics Group (WEG).

The greatest value-added impacts are generated in the Knowledge-Based Services sector where over $4.1 million, or 46 percent is created. The Construction sector generates $3.3 million, or 37 percent. The remaining 17 percent is created in the Wholesale Trade & Transportation Services sector and in a range of other occupations as shown in Figure 7 below.

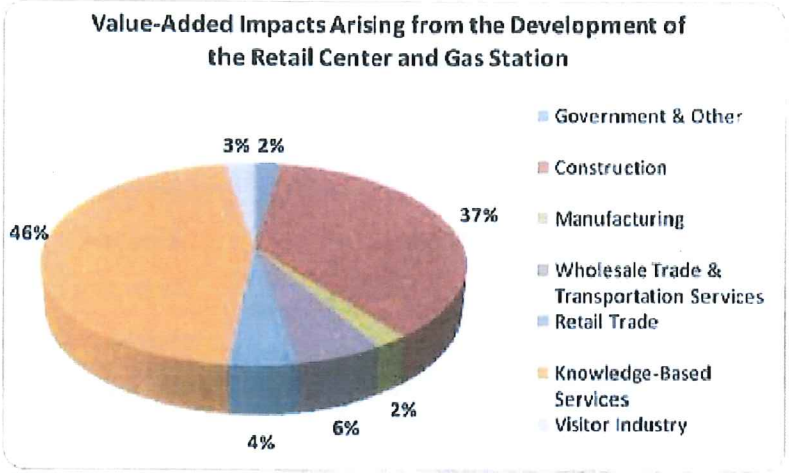



**Figure 7**
Source: The Washington Economics Group (WEG).

## D. *The Total Economic Impact Created by the Development of the Retail Center and Gas Station is over $19 Million*

Phase 3 of the project is expected to increase Gross Economic Output or Total Economic Impact by approximately $19 million dollars during the duration of the construction phase. The comprehensive measure of economic impact is Gross Economic Output, representing the sum of gross revenues (receipts) of private firms plus the value of government services (valued at cost). Table 13 below highlights the gross economic impact associated with the development phase of the Retail Center and Gas Station of Airport City at MIA, which represents a significant $19.3 million in total economic impact to Miami-Dade County.

**Table 13. Economic Impacts Created by the Development of the Retail Center and Gas Station** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $9,401,536 |
| Knowledge-Based Services | 7,044,090 |
| Wholesale Trade & Transportation Services | 843,198 |
| Manufacturing | 743,435 |
| Retail Trade | 578,762 |
| Visitor Industry | 380,792 |
| Government & Other | 322,496 |
| ***Total All Industries*** | ***$19,314,309*** |

Source: The Washington Economics Group (WEG).

A significant portion of the total economic impact occurs in the Construction and Knowledge- Based Services sectors, which is estimated to be approximately 16 million, or over 84 percent of total output (Figure 8 below). All remaining sectors are positively impacted and the impacts range between 1.5 and 5 percent of the total impact. In essence, designing, constructing and developing the Retail Center and Gas Station of Airport City at MIA has positive and large economic impacts for Miami-Dade County.

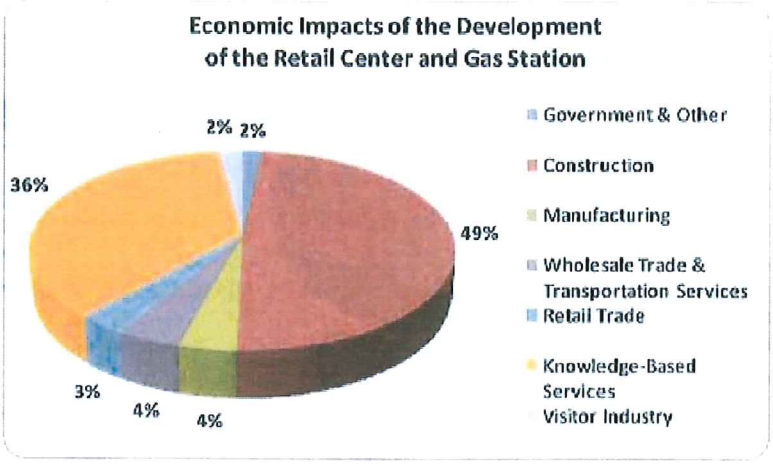



**Figure 8**
Source: The Washington Economics Group (WEG).

## E. *The Development of the Retail Center and Gas Station will Make Significant Contributions to Public Revenues Annually*

The planned development of the Retail Center and Gas Station will result in significant tax and other government revenues for federal, state and local governments. Close to $2 million of total fiscal revenues result from the construction of the Retail Center and Gas Station at Airport City. Of this total, almost $1.4 million, or 73 percent, flow to the federal government, with the remaining $526,000, or 27 percent, of tax revenues allocated to state and local governments as detailed on Table 14 below.

**Table 14. Fiscal Contributions from the Development of the Retail Center and Gas Station** ($ in Thousands)

| Taxes Paid By | Federal Taxes | State/ Local Taxes | Total Taxes |
|---|---|---|---|
| Labor | $604,134 | $10,185 | $614,319 |
| Capital | $92,286 | $0 | $92,286 |
| Indirect Business Taxes | $57,057 | $425,617 | $482,674 |
| Households | $534,485 | $34,422 | $568,907 |
| Corporations | $83,027 | $55,283 | $138,310 |
| **Total** | **$1,370,989** | **$525,507** | **$1,896,496** |

Source: The Washington Economics Group (WEG).

### Phase 4: Development of the Hospitality Center

The Hospitality Center at Airport City at MIA will include a 441 room, four-star hotel connected to the North Terminal via passenger bridges. It will also include a 22,000 square foot retail space to serve guests, passengers and airport workers. Also included are conference, meeting and ballroom spaces that will be used to accommodate the local business community and out-of-town professional travelers. With estimated expenses of $141,168,000, the construction of Phase 4 will directly create 947 jobs. These well-paying jobs will directly generate approximately $55 million in Labor Income. Table 15 below summarizes the total economic impacts (*direct, indirect* and *induced*) resulting from development expenditures of Phase 4.

**Phase 4 Construction Expenditures**

| | | |
|---|---|---|
| **Hard Costs** | | |
| **Hotel (not incl. FF&E)** | | $87,640,000 |
| **Hotel FF&E** | | $22,000,000 |
| **Terminal Connectors ("TC")** | | $3,500,000 |
| **Retail (Build-out)** | | $4,500,000 |
| ***Sub Total - Hard Costs (Hotel, TC, Retail)*** | | $117,640,000 |
| **Soft Costs** | | |
| ***Sub Total - Soft Costs*** | 20.0% | $23,528,000 |
| **Total Cost - Hotel, TC, Retail** | | $141,168,000 |

**Table 15. Summary of the Economic Impact of the Development of the Hospitality Center**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 947 | 763 | 1,710 |
| Labor Income ($Thousands) | $49,601 | $35,979 | $85,580 |
| Total Value Added ($ Thousands) | $54,582 | $58,703 | $113,285 |
| Federal State & Local Fiscal Revenues ($ Thousands) | ---- | ---- | $23,887 |
| Total Economic Output ($ Thousands) | $141,168 | $102,101 | $243,269 |

Source: The Washington Economics Group (WEG).

#### A. *The Development of the Hospitality Center at Airport City at MIA is Expected to Support an Important 1,710 Jobs*

The number of jobs created by the expenditures associated with the development of Phase 4, the Hospitality Center, flows into various sectors of the local economy. Essentially, income earned is subsequently spent on goods and services in the local economy. The workers and employees associated with this development will use earned dollars to dine in restaurants, purchase goods from local stores, and enjoy the entertainment and visitor amenities provided by this culturally rich region.

Approximately 1,710 jobs for South Florida residents result *directly* or *indirectly* from the planned construction of the Hospitality Center of Airport City at MIA. Table 16 below details the projected number of jobs created by each sector.

**Table 16. Jobs Created by the Development of the Hospitality Center**

| *Industry* | *Jobs Supported* |
|---|---|
| Construction | 746 |
| Knowledge-Based Services | 685 |
| Retail Trade | 95 |
| Wholesale Trade & Transportation Services | 69 |
| Visitor Industry | 64 |
| Manufacturing | 34 |
| Government & Other | 17 |
| ***Total All Industries*** | ***1,710*** |

Source: The Washington Economics Group (WEG).

Figure 9 below illustrates the percentages of jobs resulting from the creation of the Hospitality Center where the majority will be generated in the Construction and Knowledge-Based Services sectors, creating approximately 44 and 40 percent of all jobs respectively. While the initial employment impacts *directly* supported are 947 jobs, an additional 763 jobs are supported via *indirect* and *induced* effects. The total number of jobs, *directly, indirectly* and *induced* supported by the construction of the Hospitality Center of the Airport City at MIA is estimated at 1,710. These impacts are significant and seek the attention of public and private investors.

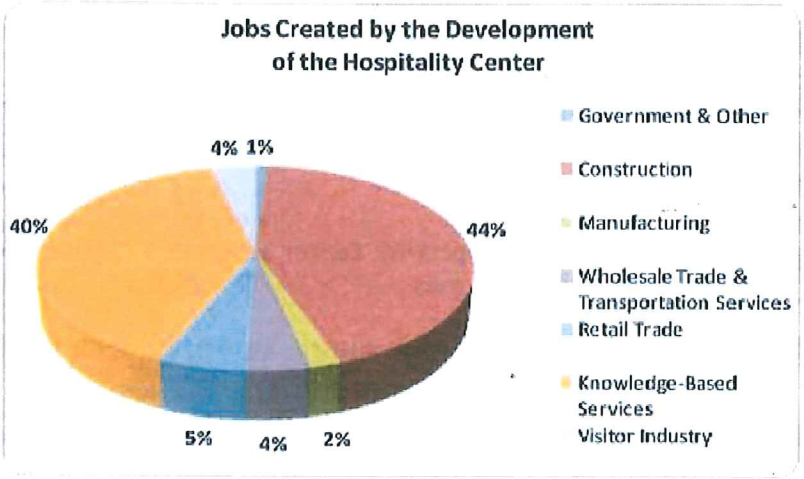



**Figure 9**
Source: The Washington Economics Group (WEG).

## B. *Generation of Labor Income Created by the Development of the Hospitality Center at Airport City at MIA Contributes to the County's Standard of Living*

The proposed development of Phase 4, the Hospitality Center, will generate key advances in Labor Income as quantified in Table 17 below. In addition to the $50 million of Labor Income *directly* generated by the proposed development, $36 million of Labor Income is created by *indirect* and *induced* economic activities. In total, the proposed development will generate approximately $86 million in Labor Income throughout the Miami-Dade County economy.

**Table 17. Labor Income Created by the Development of the Hospitality Center** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $37,016,893 |
| Knowledge-Based Services | 36,496,789 |
| Wholesale Trade & Transportation Services | 4,051,059 |
| Retail Trade | 3,085,872 |
| Visitor Industry | 1,865,778 |
| Manufacturing | 1,628,915 |
| Government & Other | 1,435,057 |
| ***Total All Industries*** | ***$85,580,363*** |

Source: The Washington Economics Group (WEG).

An estimated $37 million, or 43 percent, results from Construction-related activities. Knowledge-Based Services contribute $36.5 million, or 43 percent, while Wholesale Trade & Transportation Services, Retail Trade and the Visitor Industry sectors comprise approximately 11 percent of the total Labor Income impact.

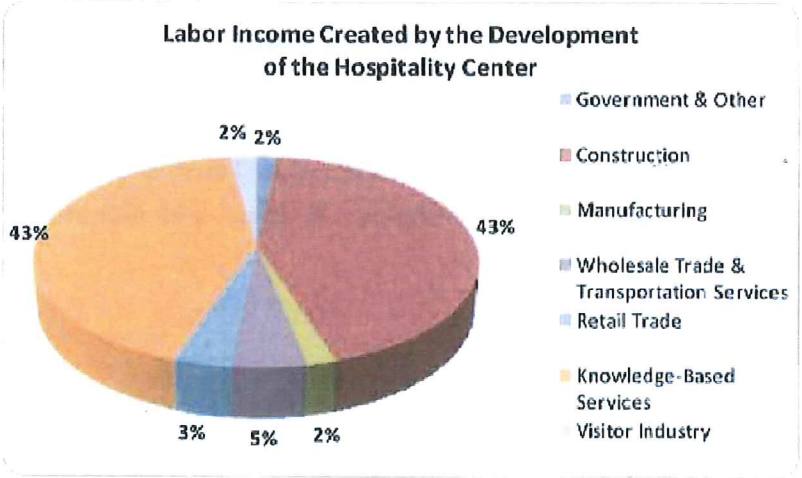



**Figure 10**
Source: The Washington Economics Group (WEG).

### C. *The Value-Added Impacts Generated by the Development of the Hospitality Center of Airport City at MIA Creates Economic Activity in Miami-Dade County*

As mentioned in previous sections, it is important to note that value added is the portion of business revenues that is available to pay compensation to workers, capital income and indirect business taxes. Value added is also the principal source of income to households and a key measure of the proposed facility's contribution to the economy.

Table 18 below highlights the value-added impacts generated by Phase 4 of the planned development, which creates a net contribution to the economy of over $113 million. By this measure, the construction of the Hospitality Center of Airport City at MIA supports the drive to create a high value-added, high-wage economy in Miami-Dade County.

**Table 18. Value-Added Impacts Generated by the Development of the Hospitality Center** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Knowledge-Based Services | $51,893,290 |
| Construction | 41,874,702 |
| Wholesale Trade & Transportation Services | 6,601,807 |
| Retail Trade | 5,003,005 |
| Visitor Industry | 2,864,842 |
| Government & Other | 2,566,817 |
| Manufacturing | 2,480,231 |
| ***Total All Industries*** | ***$113,284,694*** |

Source: The Washington Economics Group (WEG).

Of the $113 million of value-added impacts generated by the development of the Hospitality Center, close to $52 million, or 46 percent, is created in the Knowledge-Based Services followed by the Construction sector with $42 million or 37 percent. The remaining 17 percent is created in the Wholesale Trade & Transportation Services, Retail Trade, Visitor Industry, Government & Other and Manufacturing sectors as shown in Figure 11 on the next page.

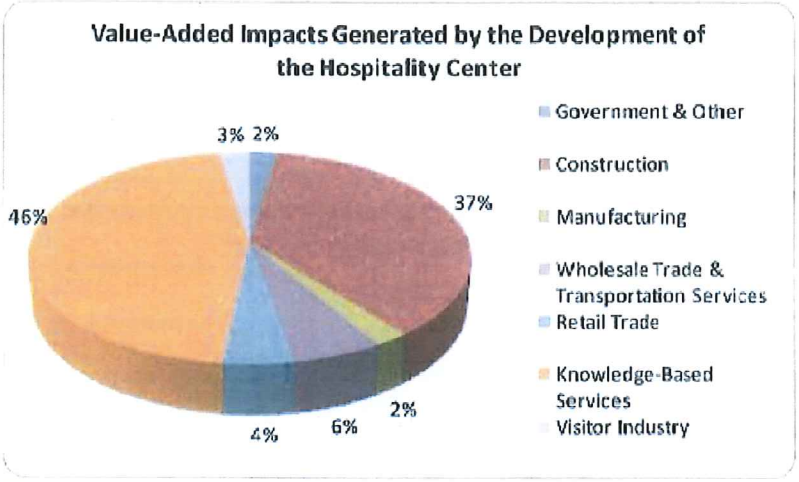



**Figure 11**
Source: The Washington Economics Group (WEG).

## D. *The Total Economic Impact of the Development of the Hospitality Center of Airport City at MIA is a Key Element of the Overall Contribution of the Capital Projects Phase*

Phase 4 of the development of the Hospitality Center of Airport City at MIA is expected to increase Gross Economic Output by approximately $243 million dollars during the construction phase, which represents a significant impact to Miami-Dade County. Table 19 below highlights the overall economic impact associated with the development the of the Hospitality Center of Airport City at MIA.

**Table 19. Total Economic Impacts Arising from the Development of the Hospitality Center** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $118,415,066 |
| Knowledge-Based Services | 88,722,351 |
| Wholesale Trade & Transportation Services | 10,620,319 |
| Manufacturing | 9,363,784 |
| Retail Trade | 7,289,681 |
| Visitor Industry | 4,796,181 |
| Government & Other | 4,061,935 |
| ***Total All Industries*** | ***$243,269,317*** |

Source: The Washington Economics Group (WEG).

The comprehensive measure of economic impact is Gross Economic Output, representing the sum of gross revenues (receipts) of private firms plus the value of government services (valued at cost). The major portion of the Total Economic Impact occurs in the Construction and Knowledge-Based Services sectors, which is estimated to

be over $206 million, or 84 percent of total output. Many other industries also benefit, as shown in Figure 12 below. In essence, designing, constructing and developing the Hospitality Center of Airport City at MIA has positive and important economic impacts for Miami-Dade County.

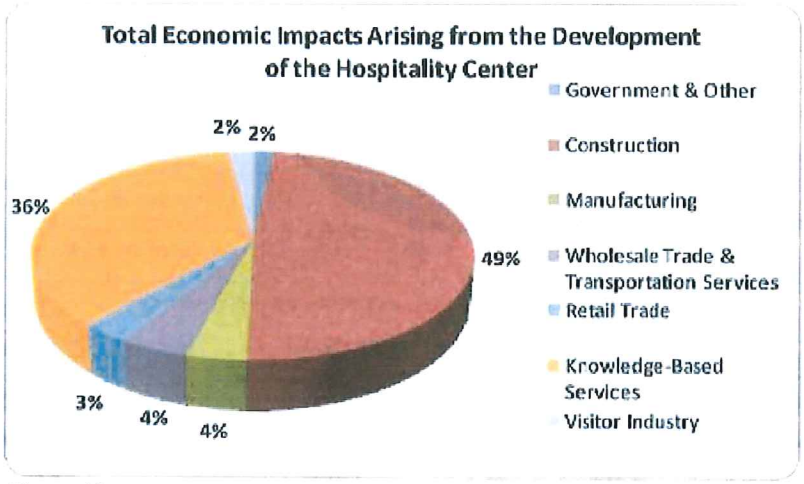



**Figure 12**
Source: The Washington Economics Group (WEG).

## *E. The Planned Construction of the Hospitality Center of Airport City at MIA is Estimated to Make Significant Contributions to Public Revenues*

The development of the Hospitality Center will result in significant tax and other government revenues for federal, state, and local governments during the duration of the construction. Approximately $24 million of total fiscal revenues result from the construction of the Hospitality Center at Airport City. Of this total, over $17 million, or 72 percent, flow to the federal government, with the remaining $6.6, or 28 percent, of tax revenues allocated to the state and local governments as detailed in Table 20 below.

**Table 20. Fiscal Contributions from the Development of the Hospitality Center of Airport City at MIA** ($ in Thousands)

| Taxes Paid By | Federal Taxes | State/Local Taxes | Total Taxes |
|---|---|---|---|
| Labor | $7,609,245 | $128,281 | $7,737,526 |
| Capital | $1,162,371 | 0 | $1,162,371 |
| Indirect Business Taxes | $718,650 | $5,360,766 | $6,079,416 |
| Households | $6,731,998 | $433,549 | $7,165,547 |
| Corporations | $1,045,752 | $696,311 | $1,742,063 |
| **Total** | **$17,268,016** | **$6,618,907** | **$23,886,923** |

Source: The Washington Economics Group (WEG).

## IV. THE TOTAL ECONOMIC IMPACTS OF THE OVERALL CAPITAL PROJECTS PHASE OF AIRPORT CITY AT MIA: PHASES 1, 2, 3 AND 4

As discussed, the overall impact of the construction of Phases 1 through 4 of Airport City at MIA will individually generate significant and immediate economic impacts across Miami-Dade County. This includes the generation of jobs for County residents and increases in Labor Income and fiscal revenues for local governments as well as the state. The economic impact of the jobs and Labor Income generated primarily in the Construction and Knowledge-Based Services sectors augments consumer spending and generates additional job flow to all sectors within the local economy. This section provides an **aggregated summary of the results** in the preceding sections. Table 21 below details the economic impacts of the overall construction (Phases 1, 2, 3 and 4) of Airport City at MIA on Miami-Dade County.

**Table 21. Summary of the Economic Impacts from the Overall Capital Projects Phase of Airport City at MIA**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 3,224 | 2,596 | 5,820 |
| Labor Income ($ Thousands) | $168,835 | $122,468 | $291,304 |
| Total Value Added ($ Thousands) | $185,790 | $199,816 | $385,605 |
| Federal, State & Local Tax Revenues ($ Thousands) | ----- | ----- | $41,421 |
| Total Economic Output ($ Thousands) | $480,516 | $347,539 | $828,055 |

Source: The Washington Economics Group (WEG).

### A. *Employment Impacts from the Overall Capital Projects Phase of Airport City at MIA Supports a Significant 5,820 Jobs*

The total economic impacts are important to the economic development of Miami-Dade County and the continued well-being of its residents. The total number of jobs supported, *directly* or *indirectly*, throughout Miami-Dade County by the design, development and construction of this signature four-phased project is estimated at 5,820 – making a significant contribution to employment opportunities for Miami-Dade County residents. The number of jobs created by the proposed development and its associated spending is summarized in Table 22 on the next page.

**Table 22. Jobs Generated by the Overall Capital Projects Phase of Airport City at MIA**

| *Industry* | *Jobs Supported* |
|---|---|
| Construction | 2,541 |
| Knowledge-Based Services | 2,335 |
| Retail Trade | 322 |
| Wholesale Trade & Transportation Services | 234 |
| Visitor Industry | 219 |
| Manufacturing | 115 |
| Government & Other | 54 |
| ***Total All Industries*** | ***5,820*** |

Source: The Washington Economics Group (WEG).

While the project *directly* creates 3,224 jobs in the Construction-related sector, its *indirect* and *induced* job creation process reaches deeply into all sectors of the county economy. This effect dramatically and quickly demonstrates the close supply inter-relationships that the non-residential construction sector has with all of the other sectors of the local economy.

Employees supported by the total economic impact of the proposed development are found in a wide variety of industries and represent a broad spectrum of occupations, as shown in Table 22 above and in Figure 13 on the following page. The largest job sectors benefiting from the development of Airport City at MIA are the Construction and Knowledge-Based Services sectors, which account for over 84 percent of all jobs created and approximately 13 percent is in the Retail Trade, Wholesale Trade & Transportation Services and Visitor Industry sectors. The remaining jobs or 3 percent are spread throughout other sectors of the economy.

Therefore, once underway, the construction of all four phases of Airport City at MIA will become important providers of job opportunities throughout Miami-Dade County not only in the Construction sector, but in a wide variety of occupations aiding in the improvement of the standard of living of residents of the County.

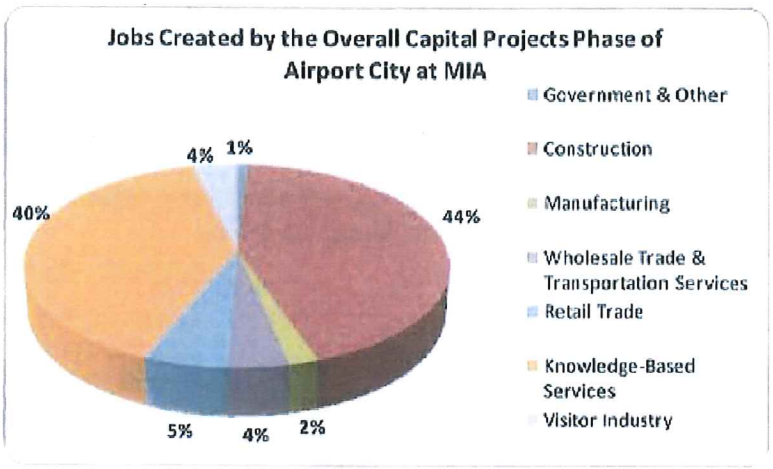



**Figure 13**
Source: The Washington Economics Group (WEG).

## B. *Generation of Labor Income: The Jobs Sustained by the Overall Capital Projects Phase of Airport City at MIA Yield Significant Economic Impacts*

The development of Airport City at MIA is also an important generator of Labor Income for workers in Miami-Dade County and is quantified in Table 23 below. In addition to the $169 million of Labor Income *directly* generated by the proposed development, $122 million of labor income is created by *indirect* and *induced* economic activities. In total, the planned development will generate approximately $291 million in Labor Income throughout the County.

**Table 23. Labor Income Created by the Overall Capital Projects Phase of Airport City at MIA ($ in Thousands)**

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $126,000,293 |
| Knowledge-Based Services | 124,229,930 |
| Wholesale Trade & Transportation Services | 13,789,235 |
| Retail Trade | 10,503,872 |
| Visitor Industry | 6,350,845 |
| Manufacturing | 5,544,597 |
| Government & Other | 4,884,733 |
| ***Total All Industries*** | ***$291,303,505*** |

Source: The Washington Economics Group (WEG).

As shown in Figure 14 on the next page, of the total Labor Income of $291 million, an estimated $126 million, or 43 percent jobs are created in the Construction-related activities. The Knowledge-Based Services sector contributes with $124 million, or 43

percent, while Wholesale Trade & Transportation Services accounts for $14 million or 5 percent. The remaining $27 million or 9 percent in Labor Income Impacts are allocated in the Retail Trade, Visitor Industry, Manufacturing and Government & Other sectors.

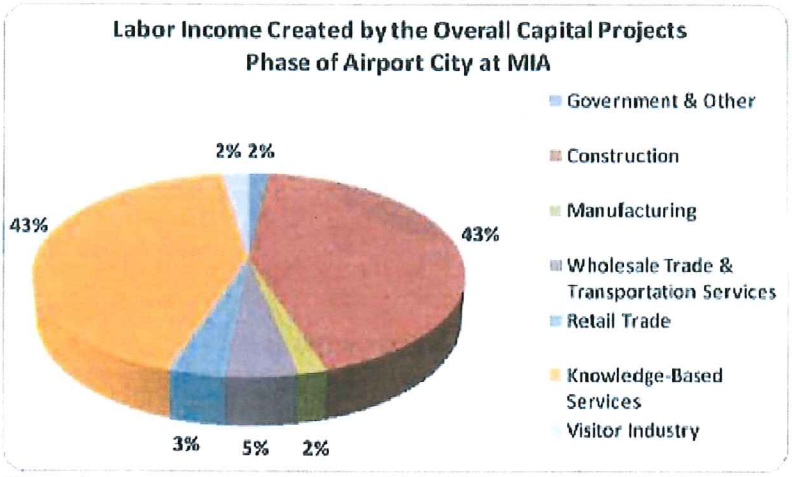



**Figure 14**
Source: The Washington Economics Group (WEG).

### C. *The Value-Added Impacts of the Overall Capital Projects Phase are Estimated at $386 Million: Important for Countywide Productivity*

Value added is the portion of business revenues that is available to pay compensation to workers, capital income and indirect business taxes. Value added is also the principal source of income to households and a key measure of the proposed development's contribution to the economy. Table 24 below highlights the value-added impacts generated by the proposed development, which creates a net contribution to the national economy of almost $386 million. By this measure, the development supports the national drive to build a high value-added, high-wage economy.

**Table 24. Value-Added Impacts Created by the Capital Projects Phase of Airport City at MIA** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Knowledge-Based Services | $176,637,449 |
| Construction | 142,535,589 |
| Wholesale Trade & Transportation Services | 22,471,620 |
| Retail Trade | 17,029,526 |
| Visitor Industry | 9,751,520 |
| Government & Other | 8,737,085 |
| Manufacturing | 8,442,356 |
| ***Total All Industries*** | ***$385,605,145*** |

Source: The Washington Economics Group (WEG).

The greatest value-added impacts are generated in the Knowledge-Based Services portion of the economy where close to $177 million or 46 percent of total value added is produced. This is followed by the Construction sector, which creates close to $143 million, or 37 percent, of the total value added. The Wholesale Trade & Transportation Services sector generates over $22 million, or 6 percent, followed by the Retail Trade sector, which generates $17 million, or 4 percent, the Visitor Industry, which creates $10 million or 3 percent and the Government & Other and Manufacturing sectors, which combined total around $17 million, or 4 percent of value added as illustrated in Figure 15 below.

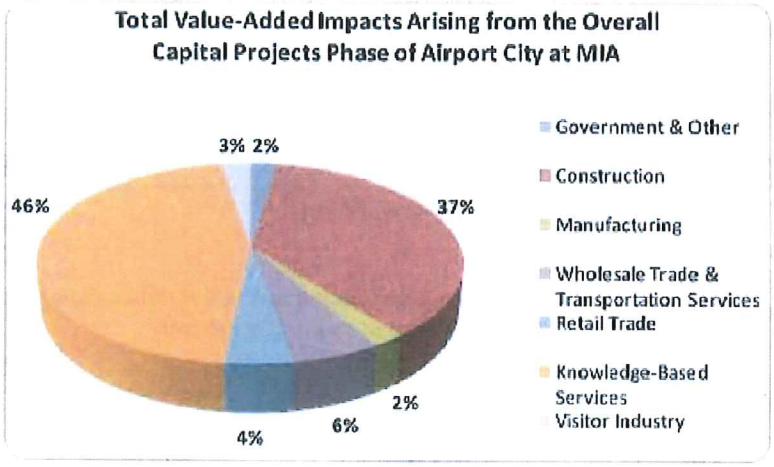



**Figure 15**
Source: The Washington Economics Group (WEG).

### D. *The Total Economic Impact Associated with the Overall Capital Projects Phase of Airport City at MIA is a Significant $828 Million*

A comprehensive measure of economic impact is Gross Economic Output, representing the sum of gross revenues (receipts) of private firms plus the value of government services (valued at cost). Table 25 on the next page highlights the total economic impacts associated with the overall Capital Projects Phase of Airport City at MIA, which represents a significant $828 million in gross economic impact to Miami-Dade County.

A major portion of the total economic impact occurs in the Construction and Knowledge-Based Services sectors representing 49 percent and 36 percent of the total, respectively (Figure 16 on the next page). Many other industries also benefit, as shown. Outside of the Construction and Knowledge-Based sectors, the economic impact is distributed among Wholesale Trade & Transportation Services, Manufacturing, Retail Trade, Visitor Industry and Government & Other sectors. All sectors are positively

impacted, and the impacts range between 3 and 4 percent of the total impact. **In essence, designing, constructing and developing this global transportation hub, hospitality center and retail facility with an international reach will generate significant economic impacts for Miami-Dade County.**

**Table 25. The Economic Impacts Created by the Overall Capital Projects Phase of Airport City at MIA ($ in Thousands)**

| *Industry* | *Total Impacts* |
|---|---|
| Construction | $403,068,224 |
| Knowledge-Based Services | 301,998,382 |
| Wholesale Trade & Transportation Services | 36,150,069 |
| Manufacturing | 31,873,002 |
| Retail Trade | 24,813,048 |
| Visitor Industry | 16,325,522 |
| Government & Other | 13,826,255 |
| ***Total All Industries*** | ***$828,054,502*** |

Source: The Washington Economics Group (WEG).

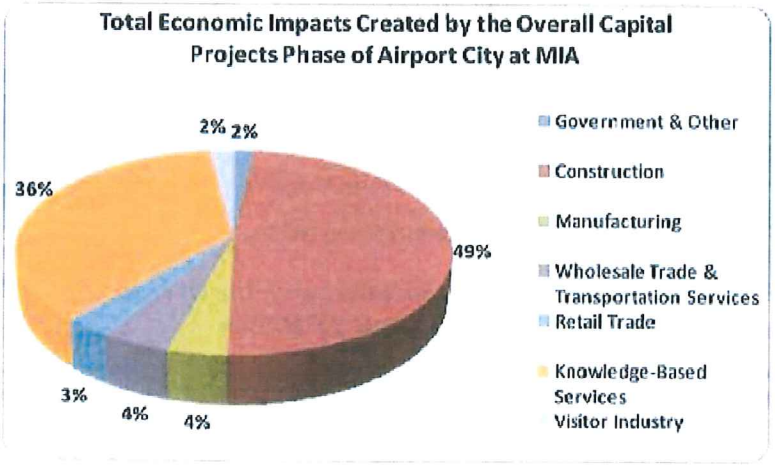



**Figure 16**
Source: The Washington Economics Group (WEG).

## *E. The Fiscal Contributions of the Overall Capital Projects Phase are Important to Public-Sector Finances at National, State and Local Levels*

The proposed development will result in significant tax and other government revenues for federal, state and local governments (Table 26 on the next page.) Over $41 million of total fiscal revenues result from the overall development of Airport City at MIA. Of this total, close to $19 million, or 46 percent, flow to the federal government, with the

remaining $23 million, or 54 percent, of tax revenues allocated to state and local governments in Florida.

**Table 26. Fiscal Contributions of the Overall Capital Projects Phase of Airport City at MIA ($ in Thousands)**

| Taxes Paid By | Federal Taxes | State/ Local Taxes | Total Taxes |
|---|---|---|---|
| Labor | $8,324,633 | $436,650 | $8,761,283 |
| Capital | $1,271,652 | 0 | $1,271,652 |
| Indirect Business Taxes | $786,214 | $18,247,290 | $19,033,504 |
| Households | $7,364,911 | $1,475,740 | $8,840,651 |
| Corporations | $1,144,069 | $2,370,145 | $3,514,214 |
| **Total:** | **$18,891,479** | **$22,529,825** | **$41,421,304** |

Source: The Washington Economics Group (WEG).

The fiscal revenues generated by the overall development of Airport City at MIA are beneficial to the U.S. Treasury and to the State of Florida and its local governments. On the federal side, the increase in fiscal revenues generated by the project makes a positive contribution to the reductions of the fiscal deficit.

## V. Annual Economic Impacts of the Recurring Expenditures Resulting from The Ongoing Operations Of Airport City at MIA

The new facilities that will comprise Airport City at MIA will generate annual recurring impacts from their ongoing operations. These operational expenditures and revenues will create sustainable jobs for many years to come. It is expected that the ongoing operations at Airport City at MIA will generate significant, immediate impacts. These are as follows:

- The first phase of the Corporate Office Park includes 375,000 square feet of office space which is projected to sustain 1,500 jobs annually. The retail space of the first parcel is expected to generate $8,250,000 in annual gross sales. The 100-room hotel, with an expected annual occupancy rate of 85 percent at a RevPar of $120 per room per night, will earn $3,723,000 annually[6].

- The 600,000 square feet of the second parcel of the Corporate Office Park is projected to generate 2,400 high-paying jobs through estimated revenues via operations and rental income.

- The 42,000 square feet of the Retail Center and Gas Station is estimated to generate annual gross sales of $23,100,000.

- The Hospitality Center is projected to generate revenues in hotel, restaurant and retail space. Projected annual gross sales by hotel and restaurant space are estimated to be $27,846,551.95 and $10,673,959.61 respectively. The 12,000 square feet of retail space is estimated to earn approximately $6,000,000.

- The combined annual, recurring, *direct* impact of new operations resulting from the construction of Airport City at MIA is 4,821 jobs earning a total Labor Income of $388 million dollars and a total economic output of $883 million.

In addition to the *direct* impacts, *indirect* and *induced* economic impacts resulting from the ongoing operations of Airport City at MIA were calculated using an extended input-output model of the Miami-Dade County economy. These comprehensive *direct, indirect* and *induced* economic impacts are summarized in Table 27 on the next page.

[6]RevPar or Revenue per available room is a performance measure in the hotel industry. The estimated RevPar is based on an average of similar hotels in the local region.

**Table 27. Summary of the Economic Impacts of the Operations of Airport City at MIA**

| *Impact On* | *Direct* | *Indirect & Induced* | *Total Impact* |
|---|---|---|---|
| Employment | 4,821 | 5,181 | 10,002 |
| Labor Income ($ Thousands) | $388,979 | $261,226 | $650,205 |
| Total Value Added ($ Thousands) | $532,201 | $434,219 | $966,420 |
| Federal, State & Local Taxes ($ Thousands) | ----- | ----- | $200,375 |
| Total Economic Output ($ Thousands) | $882,507 | $748,507 | $1,631,014 |

Source: The Washington Economics Group (WEG).

### A. *Employment Impacts: Recurring Expenditures and the Operations of Airport City at MIA will Create Over 10,000 Permanent Jobs*

The number of permanent jobs arising from the proposed development is a significant 10,002. Over 4,821 jobs are *directly* generated by the activities in the completed development, and an additional 2,170 jobs are supported via *indirect* economic effects. Lastly, 3,011 jobs are generated from induced effects.

As Table 28 below and Figure 17 on the next page illustrates, over all, the largest job sectors benefiting from the planned development are Government & Other and Knowledge-Based Services sectors, accounting for 40 percent and 35 percent of the jobs generated, respectively. The total number of jobs, *directly* or *indirectly*, supported by the recurring economic activities of Airport City at MIA is estimated at 10,002– making a significant contribution to permanent employment opportunities for Miami-Dade County residents at a time of high unemployment and constrained economic conditions.

**Table 28. Jobs Created by the Operations of Airport City at MIA**

| *Industry* | *Jobs Supported* |
|---|---|
| Government & Other | 4,010 |
| Knowledge-Based Services | 3,549 |
| Visitor Industry | 1,249 |
| Retail Trade | 735 |
| Wholesale Trade & Transportation Services | 297 |
| Manufacturing | 96 |
| Construction | 66 |
| ***Total All Industries*** | ***10,002*** |

Source: The Washington Economics Group (WEG).

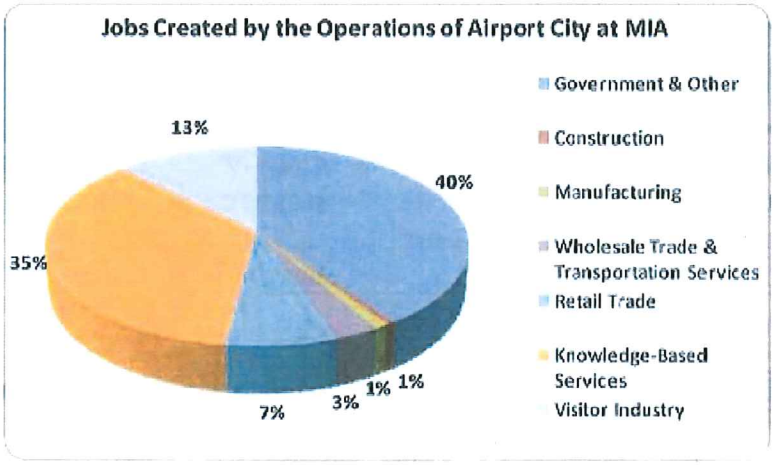



**Figure 17**
Source: The Washington Economics Group (WEG).

## B. *Generation of Recurring Labor Income: The Operations of Airport City at MIA will Create Permanent Jobs that Contribute to an Improvement in the Standard of Living*

The completion of and operations of the Airport City at MIA will result in opportunities that will be important generators of Labor Income for workers. Many of the jobs are found in the high-wage sectors of Miami-Dade's economy and are quantified in Table 29 below. In addition to the $388 million of Labor Income *directly* generated each year by the activities of the completed development, $262 million of Labor Income, or 40 percent, is created by *indirect* and *induced* economic activities. In total, the proposed development will generate approximately $650 million in Labor Income each year once completed. Overall, the sectors producing the largest Labor Income impacts are Government & Other and the Knowledge-Based Services sectors, with 56 percent and 30 percent of the Labor Income generated, respectively (Figure 18 on the next page).

**Table 29. Labor Income Generated by the Operations of Airport City at MIA**
($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Government & Other | $366,129,956 |
| Knowledge-Based Services | 193,435,213 |
| Visitor Industry | 41,213,464 |
| Retail Trade | 23,528,233 |
| Wholesale Trade & Transportation Services | 16,781,212 |
| Manufacturing | 5,599,366 |
| Construction | 3,117,708 |
| ***Total All Industries*** | ***$649,805,152*** |

Source: The Washington Economics Group (WEG).

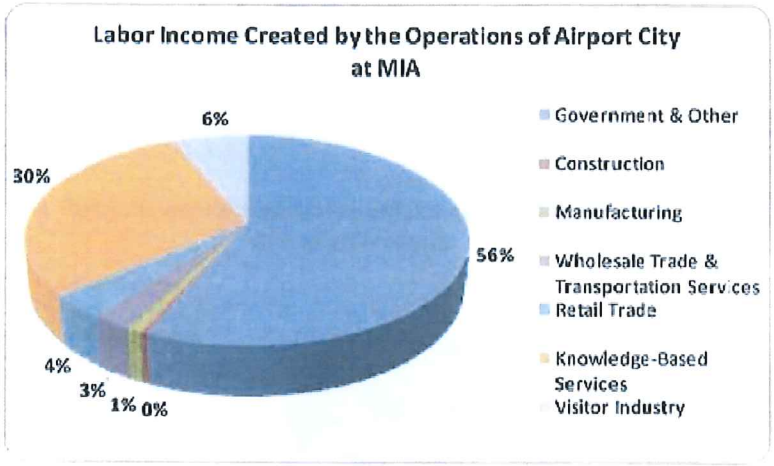



**Figure 18**
Source: The Washington Economics Group (WEG).

## C. *Recurring Value-Added Impacts of the Development: A Significant Increase in Countywide Economic Activity*

Recurring value added is the portion of business revenues that is available to pay compensation to workers, capital income and indirect business taxes. Value added is also the principal source of income to households and a key measure of the proposed development's on-going contributions to the economy. An area's economic output is measured by its aggregate value added. Table 30 below highlights the value-added recurring impacts generated by the proposed development, which creates a net contribution to the economy of $966 million per year. By this measure, completion of the proposed development aids in the County's drive to create and sustain a high value-added, high-wage economy.

**Table 30. Value-Added Impacts Resulting from the Operations of Airport City at MIA** ($ in Thousands)

| *Industry* | *Total Impacts* |
|---|---|
| Government & Other | $498,308,223 |
| Knowledge-Based Services | 322,647,313 |
| Visitor Industry | 67,402,879 |
| Retail Trade | 37,613,532 |
| Wholesale Trade & Transportation Services | 26,995,781 |
| Manufacturing | 9,832,352 |
| Construction | 3,619,500 |
| ***Total All Industries*** | ***$966,419,580*** |

Source: The Washington Economics Group (WEG).

The greatest value-added impacts are generated in the Government & Other and Knowledge-Based Services sectors, accounting for over 86 percent of total Labor Income (Figure 19 below).

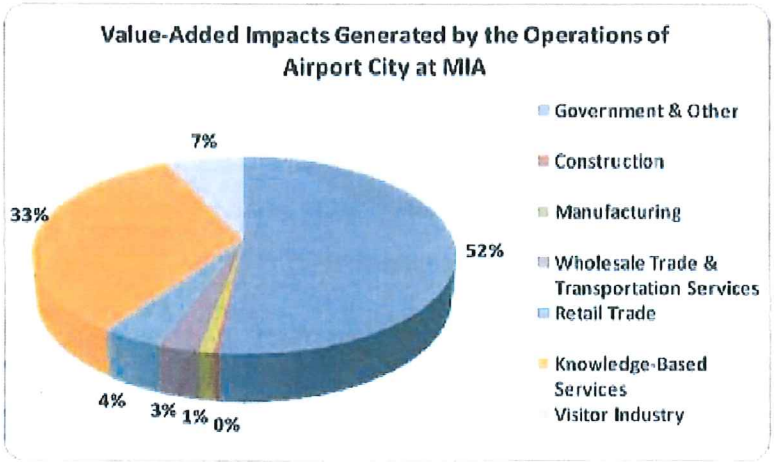



**Figure 19**
Source: The Washington Economics Group (WEG).

## D. *The Recurring, Total Economic Impacts Generated by the Ongoing Operations is a Positive $1.6 Billion Each Year*

A comprehensive measure of economic impact is Gross Economic Output, representing the sum of gross revenues (receipts) of private firms plus the value of government services (valued at cost). Table 31 below highlights the annual gross economic impacts of the multifaceted Airport City at MIA. The operations and activities occurring in the completed development represent a significant $1.6 billion in annual gross economic impact to the economy.

**Table 31. Total Economic Impacts Resulting from the Operations of Airport City at MIA ($ in Thousands)**

| *Industry* | *Total Impacts* |
|---|---|
| Government & Other | $827,149,037 |
| Knowledge-Based Services | 550,711,848 |
| Visitor Industry | 109,917,098 |
| Retail Trade | 54,480,829 |
| Wholesale Trade & Transportation Services | 43,465,328 |
| Manufacturing | 37,476,324 |
| Construction | 6,813,632 |
| ***Total All Industries*** | ***$1,630,014,096*** |

Source: The Washington Economics Group (WEG).

The Government & Other sector contributes 51 percent of the total economic impact. The remaining portion of the total economic impact occurs in the Knowledge-Based Services and the Visitor Industry sectors representing 34 percent and 7 percent of the total, respectively. Other industries also benefit, as shown in Figure 20 below. These impacts occur each year and thus benefit the national, state and local economies annually.

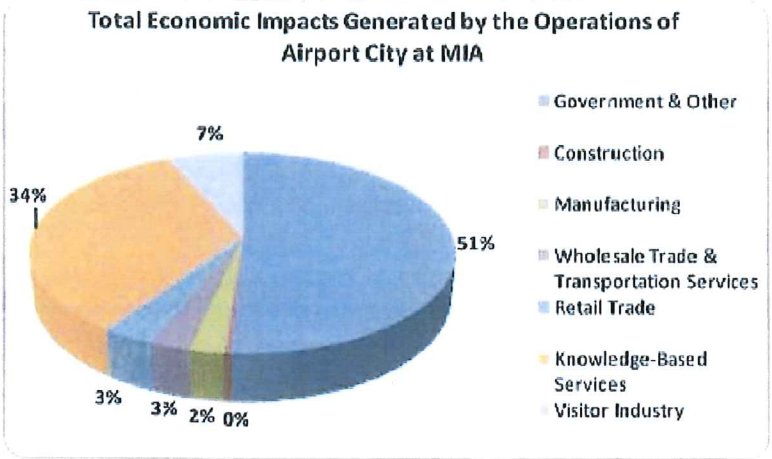



**Figure 20**
Source: The Washington Economics Group (WEG).

## E. *Annual Fiscal Contributions of Airport City at MIA are Also Important*

The ongoing operations of Airport City at MIA will result in significant tax and other government revenues each year for federal, state and local governments as shown in Table 32 below. Over $200 million of fiscal revenues are generated each year by the activities of the completed development. Of this total, $141 million, or 71 percent, flow to the federal government, with the remaining $59 million, or 29 percent, of tax revenues allocated to state and local governments.

**Table 32. Fiscal Contributions from the Operations of Airport City at MIA**
($ in Thousands)

| Taxes Paid By | Federal Taxes | State/ Local Taxes | Total Taxes |
|---|---|---|---|
| Labor | $70,272,188 | $1,184,688 | $71,456,876 |
| Capital | $2,624,808 | 0 | $2,624,808 |
| Indirect Business Taxes | $6,177,775.00 | $46,083,072 | $52,260,847 |
| Households | $49,545,492 | $3,190,793 | $52,736,285 |
| Corporations | $12,783,784 | $8,512,048 | $21,295,832 |
| **Total:** | **$141,404,047** | **$58,970,601** | **$200,374,648** |

Source: The Washington Economics Group (WEG).

# APPENDIX I:

# METHODOLOGY

The multiplier impacts calculated by the IMPLAN model are based on input-output methodology, which explicitly considers the inter-industry linkages that exist within an economy. Each industry needs labor and inputs from other industries in order to produce economic output. Whenever an industry experiences an increase in the demand for its output, many other industries within that economy indirectly experience an increase in demand as well because of these inter-industry linkages. This increase in demand that results from the need for material inputs is called the *indirect effects*. In addition, an increase in production within a region also leads to an increase in household income through the hiring of workers, which in turn generates further demands for goods and services within the region. Firms also need to expand their base of physical capital to meet higher levels of demand, and this too stimulates regional economic growth. The latter effects are referred to as *induced effects*. The inter-industry linkages and the induced effects on consumer and capital spending lead to successive rounds of production, and this process results in an increase in output that exceeds the initial change in demand, or a *multiplier effect*. Similarly, the increase in household income will exceed the initial payroll increase encountered in the industry that experienced the original increase in demand. The total change in employment in the regional economy is a multiple of the direct change in employment.

The following represents the system of equations that comprise the regional economy in an extended input-output model like IMPLAN:

$$
\begin{aligned}
x_1 &= a_{11}x_1 + a_{12}x_2 + a_{13}x_3 + \cdots + a_{1k}x_k + a_{1h}x_h + a_{1i}x_i + f_1 \\
x_2 &= a_{21}x_1 + a_{22}x_2 + a_{23}x_3 + \cdots + a_{2k}x_k + a_{2h}x_h + a_{2I}x_I + f_2 \\
x_3 &= a_{31}x_1 + a_{32}x_2 + a_{33}x_3 + \cdots + a_{3k}x_k + a_{3h}x_h + a_{3i}x_i + f_3 \\
&\vdots \\
x_k &= a_{k1}x_1 + a_{k2}x_2 + a_{k3}x_3 + \cdots + a_{kk}x_k + a_{kh}x_h + a_{ki}x_i + f_k \\
x_h &= a_{h1}x_1 + a_{h2}x_2 + a_{h3}x_h + \cdots + a_{hk}x_k + a_{hh}x_h + a_{hi}x_i + f_h \\
x_i &= a_{i1}x_1 + a_{i2}x_2 + a_{i3}x_h + \cdots + a_{ik}x_k + a_{ih}x_h + a_{ii}x_i + f_i
\end{aligned}
$$

The variables $x_1$ to $x_k$ represent total production of output in each industry. The coefficients $a_{ij}$ represent the purchases from industry "i" that are needed to produce a

dollar of output in industry "j". These are known as the *direct requirement* coefficients. The variable $x_h$ refers to household income and the coefficients $a_{hi}$ refer to the average amount of household income spent on purchases from industry "i", or the *average propensities to consume*. The coefficients $a_{hj}$ are similar to the inter-industry purchases ($a_{ij}$'s), but they represent the household income that is generated from each dollar of output produced in industry "i". Similarly the variable $x_f$ represents regional spending on capital goods, and the coefficients $a_{fj}$ represents the spending on capital goods for each dollar of output produced in industry "j". The coefficients $a_{fi}$ represent the amount purchased from industry "j" for each dollar spent on capital goods within the region. The variables $f_j$ represent the exogenous final demand faced by each industry, respectively.

This system of equation reduces, using matrix notation, to the following solution for industry output and household income:

$$X = (I - A)^{-1} F$$

X is the vector of industry outputs plus household income and F is a vector of exogenous final demands. The "output multipliers" (i.e., the change in industry output and household income that results from a change in final demand for the output of a particular industry) are given in the columns of the $(I\text{-}A)^{-1}$ matrix. The IMPLAN software calculates these multipliers for counties, states and other sub-state regions. These multipliers can be used to provide a sense of the economic importance of an industry or an economic activity in a given region. The multipliers impacts for gross state product, labor and capital income and the government revenue impacts are derived from the basic output multipliers given by $(I\text{-}A)^{-1}$.

The IMPLAN model uses historical relationships between public-sector revenues and regional economic output in order to estimate the public-sector revenue impact resulting from the establishment of a new, or expansion of an existing economic activity.

## APPENDIX II:

## THE WASHINGTON ECONOMICS GROUP PROJECT TEAM AND QUALIFICATIONS

**J. ANTONIO "TONY" VILLAMIL**
Principal Advisor, The Washington Economics Group (WEG).
Dean, School of Business of St. Thomas University of Florida

Tony Villamil has over thirty years of successful career as a business economist, university educator and high-level policymaker for both federal and state governments. He has served as a Presidential appointee U.S. Undersecretary of Commerce for Economic Affairs, and he is the founder of a successful economic consulting practice, The Washington Economics Group, Inc. (WEG). Since August 2008, Tony is the Dean and Research Professor of Economics at the School of Business of St. Thomas University, while continuing to serve as Principal Economic Advisor to the clients of WEG.

Tony is a recent member of the President's Advisory Committee on Trade Policy and Negotiations in Washington, D.C. He is the immediate past Chairman of the Governor's Council of Economic Advisors of Florida, and during 1999-2000, he directed the Tourism, International Trade and Economic Development Department of the State in the Office of Governor Jeb Bush. Presently, he is on the Board of Directors of the Spanish Broadcasting System (NASDAQ), Mercantil Commercebank, N.A., Pan-American Life Insurance Group (PALIG) and Enterprise Florida – the State's principal economic development organization.

Among other leadership positions, he is currently Chairman of the Economic Roundtable of the Beacon Council—Miami-Dade County's official economic development organization. He also serves as Senior Research Fellow of Florida TaxWatch, an established fiscal and policy research organization of the State. Tony is a member of the Superintendent's Business Advisory Council of Miami-Dade County Public School System; one of the largest school systems of the nation.

Mr. Villamil earned bachelor and advanced degrees in Economics from Louisiana State University (LSU), where he also completed coursework for the Ph.D. degree. In 1991, Florida International University (FIU) awarded him a doctoral degree in Economics (hc), for "distinguished contributions to the Nation in the field of economics." He speaks frequently to business, government and university audiences on economic topics, and was until the summer of 2008 a member of the Graduate Business Faculty of Florida International University (FIU).

Charles K. Yaros
Associate Consultant for Economics

Chuck Yaros is an Associate Consultant for Economics at The Washington Economics Group (WEG). (WEG). He serves as economic consultant in the areas of financial economics and economic impact studies. Prior to joining WEG he was a Vice President and Portfolio Strategist at Shay Financial Services in Miami where he specialized in developing, implementing and managing interest rate risk and capital optimization strategies for financial institutions.

Mr. Yaros has over 20 years of experience as a business and financial economist, having worked in a number of positions of progressive responsibility in the South Florida business community. Additionally, he has spoken and taught courses on financial risk management.

Chuck received his undergraduate degree in Economics with Honors from Trinity College and his Master's degree in Economics from Duke University, where he also completed course work for the Ph.D. degree.

Chuck and his family are residents of Coral Gables, Florida.

The Washington Economics Group, headquartered in Coral Gables, Florida, has been successfully meeting client objectives since 1993 through strategic consulting services for corporations and institutions based in the Americas. The Group has the expertise, high-level contacts, and business alliances to strengthen a firm's competitive position in the rapidly expanding market places of Florida, and Latin America.

**Dr. Isaac Petit-Frere**
Associate Consultant for Economics

Dr. Isaac Petit-Frère is currently a professor at the University of Miami. His burgeoning academic career is characterized by his excellence as a university lecturer and his research in the field of growth, microeconomic analysis, industrial organization, and macroeconomic modeling.

Dr. Petit-Frère has recently published a quantitative analysis of a demographic growth model explaining differences in fertility levels across countries. His work primarily focuses on the quantitative analysis of the macroeconomy, including but not limited to demography, health, human capital investment, impact analysis, and forecasting.

Dr. Petit-Frère earned a Ph.D. in Economics from the University of Miami. He has also earned a Bachelor of Science in Mathematics, Physics, and Economics, as well as a Master's Degree in Economics from the University of Miami.

**The Washington Economics Group (WEG)** has been successfully meeting client objectives since 1993 through economic consulting services for corporations, institutions and governments of the Americas. We have the expertise, high-level contacts, and business alliances to strengthen your competitive positioning in the growing marketplaces of Florida and Latin America.

Our roster of satisfied clients, over the past eighteen years, includes multinational corporations, financial institutions, public entities, and non-profit associations expanding their operations in the Americas.

## EXCLUSIVE CONSULTING APPROACH:

Each client is unique to us. We spend considerable time and effort in understanding the operations, goals, and objectives of clients as they seek our consulting and strategic advice. We are not a mass-production consulting entity nor do we accept every project that comes to us. We engage a limited number of clients each year that require customized consulting services in our premier areas of specialization. These premier and exclusive services are headed by former U.S. Under Secretary of Commerce, Dr. J. Antonio Villamil, with over thirty years of experience as a business executive and as a senior public official of the U.S. and most recently of Florida.

## PREMIER CONSULTING SERVICES:

***Comprehensive Corporate Expansion Services.*** Our seamless and customized service includes site selection analysis, development of incentive strategies and community and governmental relations.

***Economic Impact Studies*** highlight the importance of a client's activities in the generation of income, output and employment in the market area serviced by the entity. These studies are also utilized to analyze the impact of public policies on key factors that may affect a client's activities such as tax changes, zoning, environmental permits and others.

***Strategic Business Development Services.*** These services are customized to meet client objectives, with particular emphasis in the growing marketplaces of Florida, Mexico, Central and South America. Recent consulting assignments include customized marketing strategies, country risk assessments for investment decisions and corporate spokesperson activities and speeches on behalf of the client at public or private meetings.

**For a full description of WEG capabilities and services, please visit our website at:**

## The Washington Economics Group (WEG)
## Representative Client List
## 2003-2011

### Multinational Corporations

- Lockheed Martin
- FedEx Latin America
- IBM
- Motorola
- SBC Communications
- Ameritech International
- Lucent Technologies
- MediaOne/AT&T
- Joseph E. Seagram & Sons, Inc. (Vivendi)
- Microsoft Latin America
- Carrier
- Medtronic
- Phelps Dodge
- Esso Inter-America
- Visa International
- MasterCard International
- Telefonica Data Systems
- Bureau Veritas (BIVAC)
- Merck Latin America
- DMJM & Harris
- Wilbur Smith Associates
- PBSJ

### Florida-Based Corporations

- Sprint of Florida
- Florida Marlins
- Flo-Sun Sugar Corp.
- Farm Stores
- The BMI Companies
- Spillis Candela & Partners
- The Biltmore Hotel/Seaway
- Trammel Crow Company
- Advantage Capital
- WCI Development Companies
- Iberia Tiles
- Florida Hospital
- Mercy Hospital
- The St. Joe Companies
- Florida Power & Light (FPL)
- International Speedway Corporation

### Latin America-Based Institutions

- Federation of Inter-American Financial Institutions (FIBAFIN)
- The Brunetta Group of Argentina
- Association of Peruvian Banks
- Peruvian Management Institute (IPAE)
- *Mercantil Servicios Financieros*, Venezuela
- Allied-Domecq, Mexico
- Fonalledas Enterprises

### Financial Institutions

- International Bank of Miami
- Pan American Life
- ABN-AMRO Bank
- Barclays Bank
- Lazard Freres & Co.
- Banque Nationale de Paris
- HSBC/Marine Midland
- Fiduciary Trust International
- Sun Trust Corporation
- First Union National Bank (Wachovia)
- Union Planters Bank of Florida (Regions)
- Bank Atlantic Corp.
- Hemisphere National Bank
- BankUnited, FSB
- Mercantil Commercebank N.A.
- PointeBank, N.A.
- The Equitable/AXA Advisors

### Public Institutions, Non-Profit Organizations & Universities

- Baptist Health Systems
- Jackson Health Systems
- Miami-Dade Expressway Authority
- Miami-Dade College
- Miami Museum of Science
- Zoological Society of Florida
- Florida International University
- University of Miami
- Inter-American Development Bank (IDB)
- United Nations Economic Development Program (UNDP)
- *Universidad Politécnica de Puerto Rico*
- *Sistema Universitario Ana G. Méndez (SUAGM)*
- Keiser University
- Full Sail Real World Education
- Florida Ports Council
- Florida Sports Foundation
- Florida Citrus Mutual
- Florida Nursing Homes Alliance
- Florida Bankers Association
- Florida Outdoor Advertising Association
- City of Plantation
- City of West Palm Beach
- Econ. Dev. Commission of Lee County
- Econ. Dev. Commission of Miami-Dade (Beacon Council)
- Econ. Dev. Commission of Mid-Florida
- Jacksonville Chamber of Commerce
- SW Florida Regional Chamber of Commerce
- Enterprise Florida, Inc.
- The Beacon Council
- Visit Florida
- Louisiana Committee for Economic Development
- University of South Florida/*ENLACE*
- Space Florida
- State of Florida