



Broward County

Legislation Text

File #: 23-962, Version: 1

Broward County Commission Regular Meeting

Director's Name: Mark Gale

Department: Aviation

Division: Finance

Information

Requested Action

MOTION TO APPROVE issuance of rental credits by the Broward County Aviation Department to Signatory Airlines operating at Broward County's Fort Lauderdale-Hollywood International Airport in an amount not to exceed \$35,000,000 to offset a portion of the terminal rental fees and charges due from the Signatory Airlines in Fiscal Year 2023.

Why Action is Necessary

Broward County Board of County Commissioners ("Board") approval is required in order for the Broward County Aviation Department to issue rental credits to airlines based on rates and charges as included in Chapter 39 of the Broward County Administrative Code.

What Action Accomplishes

Authorizes the Broward County Aviation Department ("BCAD") to issue rental credits to the Signatory Airlines operating at Broward County's Fort Lauderdale-Hollywood International Airport ("FLL").

Is this Action Goal Related

No

Previous Action Taken

None.

Summary Explanation/Background

THE AVIATION DEPARTMENT RECOMMENDS APPROVAL OF THE ABOVE MOTION.

This action will authorize BCAD to issue rental credits in an amount not to exceed \$35 million to the Signatory Airlines operating at FLL to offset a portion of the terminal rental fees and charges due from the Signatory Airlines in Fiscal Year 2023.

There are eight airlines operating at FLL that have "Signatory Airline" status. Those airlines are Air Canada, Allegiant Air, American Airlines, Delta Airlines, JetBlue, Southwest Airlines, Spirit Airlines, and United Airlines. To achieve Signatory status, an airline must enter into a long-term agreement with BCAD and commit to guaranteeing the financial performance of the two airports that are part of the BCAD system.

As a part of the Signatory Lease and Use Agreement, a Signatory Airline has to lease at least 4,000 square feet of terminal space, at least one gate, the associated hold room, and enter into a Signatory

Terminal Building Lease Agreement. In return for entering into a long-term lease agreement with the embedded financial commitments, the Signatory Airlines have the authority to approve certain capital improvement projects by a Majority-In-Interest ("MII") voting process. Currently, the Signatory Airlines, in total, pay BCAD approximately \$153 million per year in rates and charges for their use and operations at FLL.

During the MII voting process, in August 2019, the Signatory Airlines approved funding towards the Terminal 5 ("T5") project at FLL in the amount of \$250 million. Since that time, the overall expected project cost has increased. Recently, via another MII voting process, the Signatory Airlines approved \$79.6 million in additional funding. BCAD advised the Signatory Airlines that if they approved additional funding for the T5 project, BCAD would review its revenue projections and would implement rental credits in Fiscal Year 2023. The allocation of rental credits would be fairly distributed based on a review of each Signatory Airlines' use of airport facilities and applying the credit per this usage.

Source of Additional Information

Mark E. Gale, CEO/Director, Aviation Department, (954) 359-6199

Fiscal Impact

Fiscal Impact/Cost Summary

The rental credits in a not to exceed amount of \$35 million will be issued on the basis of the rates and charges set forth in Chapter 39 of the Broward County Administrative Code.