

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: April 15, 2008 [X] Consent [] Regular
[] Workshop [] Public Hearing

Department:

Submitted By: Department of Airports

Submitted For:

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: a First Amendment to Airline-Airport Use and Lease Agreement with JetBlue Airways Corporation (JetBlue) (R-2007-0272) (Airline Agreement) providing for the relocation of JetBlue's operations to the Concourse C expansion area at the Palm Beach International Airport (PBIA).

Summary: On February 28, 2006, the Board approved a contract for the construction of three additional gates on Concourse C at PBIA (R-2006-0338). JetBlue is currently operating on Concourse B pursuant to the Airline Agreement. During the preceding 12 month period, JetBlue had the second highest number of passengers at PBIA and had the highest number of passengers within the preceding two months. Due to high passenger traffic on Concourse B and the availability of new concession opportunities near the additional gates, the Department is recommending relocation of JetBlue's operations to Concourse C upon completion of construction. Reduction of passenger traffic on Concourse B will also help to alleviate congestion at the Concourse B security checkpoint. JetBlue has agreed to relocate its operations provided that the County reimburses JetBlue for design costs in an amount not-to-exceed \$100,000 and for relocation costs in an amount not-to-exceed \$20,000. In addition to better allocating passenger traffic in the Terminal, the Department anticipates relocation of JetBlue will increase concession revenues at the CNBC News and Chili's Too, which will be constructed near the new gate locations on Concourse C. **Countywide (JB)**

Background and Justification: JetBlue is one of the airlines with the highest percentage of market share at PBIA. It is anticipated that JetBlue's operations at PBIA will continue to grow at PBIA. This Amendment provides for the relocation of JetBlue to Concourse C as well as expansion of JetBlue's baggage service office. The new operations area under Concourse C is empty shell space that will need to be built out to accommodate tenant operations. The County will be responsible for construction of the improvements to JetBlue's operating areas on Concourse C, which would be necessary to accommodate any airline intending to utilize the space. JetBlue will be responsible for construction of the baggage service office and will receive rental credits for improvements to its baggage service office. Construction of the baggage service office benefits the County by providing for additional rentable space within the Terminal. Relocating JetBlue to Concourse C will better allocate passenger traffic, provide JetBlue with potential opportunities for expansion of its operations at PBIA and increase passenger traffic near new concession locations.

Attachments:

- 1. First Amendment (2)

Recommended By: *JB* [Signature] 3/13/08
Department Director Date
Approved By: [Signature] 3/20/08
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Expenditures	<u>100,000</u>	_____	_____	_____	_____
Operating Costs	<u>20,000</u>	_____	_____	_____	_____
Operating Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u><u>120,000</u></u>	_____	_____	_____	_____
# ADDITIONAL FTE	_____	_____	_____	_____	_____
POSITIONS (Cumulative)	<u>0</u>	_____	_____	_____	_____

Is Item Included in Current Budget? Yes X No _____
 Budget Account No: Fund 4111 Department 121 Unit A212 Object 6211
 Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Airport revenues will fund the design and moving costs incurred by JetBlue. The amounts listed above are not-to-exceed limits. Actual expenses may be less. Construction costs for the build out of the operations areas and baggage service office area are not known at this point; however, funds have been budgeted in account 4111-121-A212-6211 in anticipation of these projects. Rental of the additional baggage service office area will generate approximately \$11,000 annually when completed (220 sq. ft. @ \$51.49).

C. Departmental Fiscal Review: *Michael S...*

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

John D... 3-20-08
 3/19/08 OFMB VO
 3/20/08 03/19

John J. J... 3/21/08
 3/21/08 Contract Dev. and Control

B. Legal Sufficiency:

James B... 3/25/08
 Assistant County Attorney

This amendment complies with our review requirements.

C. Other Department Review:

 Department Director

**FIRST AMENDMENT TO AGREEMENT
BETWEEN PALM BEACH COUNTY AND JETBLUE AIRWAYS**

THIS FIRST AMENDMENT TO AIRLINE-AIRPORT USE AND LEASE AGREEMENT (this "Amendment") is made and entered into this _____ day of _____, 2008, by and between Palm Beach County, a political subdivision of the State of Florida ("COUNTY"), and JetBlue Airways Corporation, a Delaware corporation, having its office and principal place of business at 118-29 Queens Boulevard, Forest Hills, New York 11375 ("AIRLINE").

WHEREAS, COUNTY, by and through its Department of Airports (the "Department") owns and operates the Palm Beach International Airport, located in Palm Beach County, Florida (the "Airport"); and

WHEREAS, the parties entered into that certain Airline-Airport Use and Lease Agreement dated December 29, 2006 (R-2007-0272) (the "Agreement"); and

WHEREAS, COUNTY is in the process of construction of additional gate facilities on Concourse C to accommodate increased airline demand; and

WHEREAS, it is in the best interest of the parties to relocate AIRLINE from Concourse B to Concourse C to improve the flow of passenger traffic throughout the Terminal; and

WHEREAS, the parties hereto desire to amend the Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and for such other good and valuable consideration, the receipt of which the parties hereby expressly acknowledge, the parties hereto covenant and agree to the following terms and conditions:

1. The recitals set forth above are true and correct and incorporated herein by this reference. Terms not defined herein shall have the meaning ascribed to them in the Agreement.

2. AIRLINE shall cause plans and specifications to be prepared and delivered to County for the design of improvements to be constructed within the Concourse C locations identified on the attached Exhibit "A" ("Alternative Premises") for AIRLINE's use, including the design for the gate podiums and build out of AIRLINE's future operations area. All plans and specifications shall be subject to the Department's prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed. COUNTY shall reimburse AIRLINE for all reasonable costs incurred by AIRLINE for the planning and design of the Alternative Premises, including the preparation of the plans and specifications, in an amount not

to exceed One Hundred Thousand Dollars (\$100,000). COUNTY shall, at its sole cost and expense and in compliance with all applicable statutes, ordinances, laws, codes, rules, and regulations, cause the improvements to the Alternative Premises to be constructed to completion promptly in accordance with the final approved plans and specifications, and shall obtain, at its sole cost and expense, all permits, approvals, and certificates of occupancy required to construct and occupy the Alternative Premises as designed. In no event shall AIRLINE have any obligation to restore or otherwise alter the Alternative Premises at the end of the term of the Agreement.

3. AIRLINE shall relocate from its existing Preferential Use Premises and Exclusive Use Premises located on Concourse B to the Alternative Premises located on Concourse C upon thirty (30) days prior written notice by COUNTY to AIRLINE, which notice shall not be served until the improvements to the Alternative Premises identified in paragraph 2 are anticipated to be substantially complete. Notwithstanding the foregoing, COUNTY shall not require AIRLINE to relocate to the Alternative Premises before the later of: (i) May 1, 2008 and (ii) substantial completion of the work, including issuance of all required certificates of occupancy and delivery of the Alternative Premises by COUNTY in a good and working condition for its intended purpose. The Department shall provide AIRLINE with updated Exhibits "B" and "D" reflecting the Alternative Premises to replace Exhibits "B" and "D" to the Agreement, which shall be automatically incorporated in and made part of the Agreement upon the date of AIRLINE's actual relocation to the Alternative Premises. The parties agree that square footage of the Alternative Premises shall not exceed the square footage of the Hold Room and Operations Area identified in Exhibit "B" to the Agreement dated October 1, 2006, unless otherwise agreed to in writing by the parties.

4. COUNTY shall reimburse AIRLINE for all reasonable costs incurred by AIRLINE to relocate to the Alternative Premises, in an amount not to exceed Twenty Thousand Dollars (\$20,000). Relocation costs shall include the costs to move AIRLINE's furniture, inventory, supplies, files and sundries; costs to relocate signage; costs to connect phone and data lines; and other costs specifically approved in writing by the Department, but shall not include administrative overhead or employee costs or other similar charges.

5. Invoices for all reimbursable costs shall be accompanied by copies of sales invoices or receipts and shall be signed by an authorized officer of AIRLINE, who shall certify that all costs and expenses claimed have been paid by AIRLINE. AIRLINE shall provide such other documentation reasonably requested by the Department related to the costs to be reimbursed by COUNTY hereunder.

6. COUNTY agrees that AIRLINE shall be entitled to Rental Credits for the improvement and expansion of its Baggage Services Office located on the first level of the Terminal, and hereby approves such Rental Credits, all in accordance with Article 8.03 of the Agreement, provided that AIRLINE is deemed to be in compliance with the provisions of Section 8.03(D)(1) with respect to the written request for approval for such Rental Credits. The Department shall provide AIRLINE with an updated Exhibit

"B" upon completion of construction to expand the Baggage Services Office, which shall automatically be incorporated in and made part of the Agreement, without formal amendment thereto.

7. Exhibits attached hereto and referenced herein shall be deemed to be incorporated into this Amendment by such reference.

8. Except as specifically modified herein, all of the terms and conditions of the Lease shall remain unmodified and in full force and effect and are hereby ratified and confirmed by the parties hereto.

9. This Amendment shall be considered effective when signed by all parties and approved by the Palm Beach County Board of County Commissioners.

(Remainder of page left blank intentionally)

IN WITNESS WHEREOF, COUNTY has caused this Amendment to be signed by the Chair or Vice Chair of the Palm Beach Board of County Commissioners ("Board"), pursuant to the authority granted by the Board, and AIRLINE, _____, has caused these presents to be signed in its corporate name by its duly authorized officer, the _____, acting on behalf of AIRLINE, and the seal of AIRLINE to be affixed hereto and attested by the Secretary of AIRLINE, the day and year first written above.

ATTEST:
Sharon R. Bock, Clerk & Comptroller

PALM BEACH COUNTY, a political subdivision of the State of Florida, by its Board of County Commissioners

By: _____
Deputy Clerk

By: _____
Addie L. Greene, Chairperson

(SEAL)

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

APPROVED AS TO TERMS AND CONDITIONS

By: _____
County Attorney

By: *David Kelly*
Director, Department of Airports

Signed, sealed and delivered in the presence of two witnesses for AIRLINE

AIRLINE:
JetBlue Airways Corporation

Mitchell J. Nadler
Signature
Name (type or print)

By: *[Signature]*

Samantha Williams
Signature
Name (type or print)

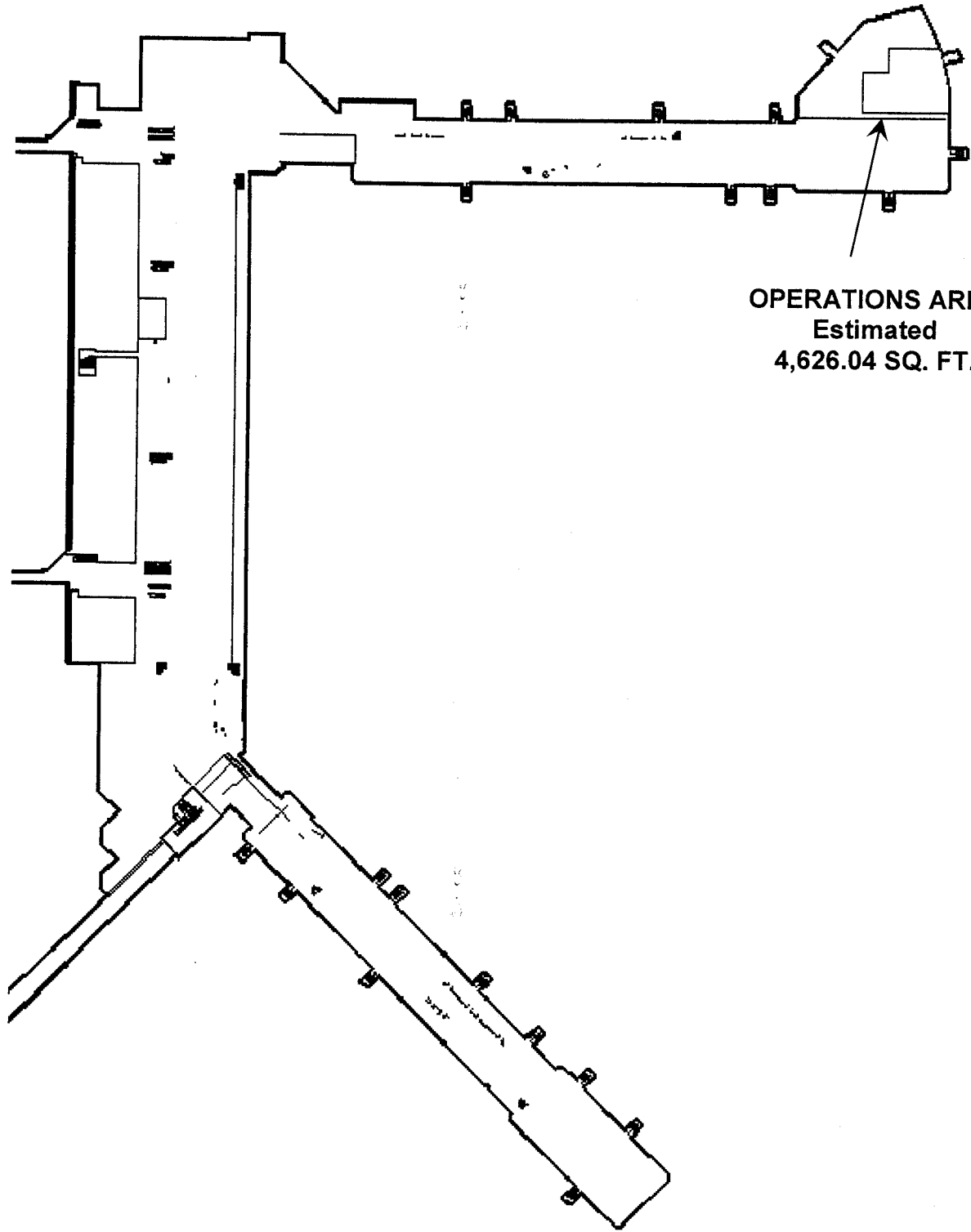
Georg Soreni
Name (type or print)
Vice President CPE
Title

ATTEST:
By: *El McCall*
Assistant Secretary

(Corporate Seal)

EXHIBIT "A"
ALTERNATIVE PREMISES

1st Level – Palm Beach International Airport
(Terminal Areas)



OPERATIONS AREA
Estimated
4,626.04 SQ. FT.

EXHIBIT "A"
ALTERNATIVE PREMISES

1st Level – Palm Beach International Airport
(Aircraft Parking Areas)

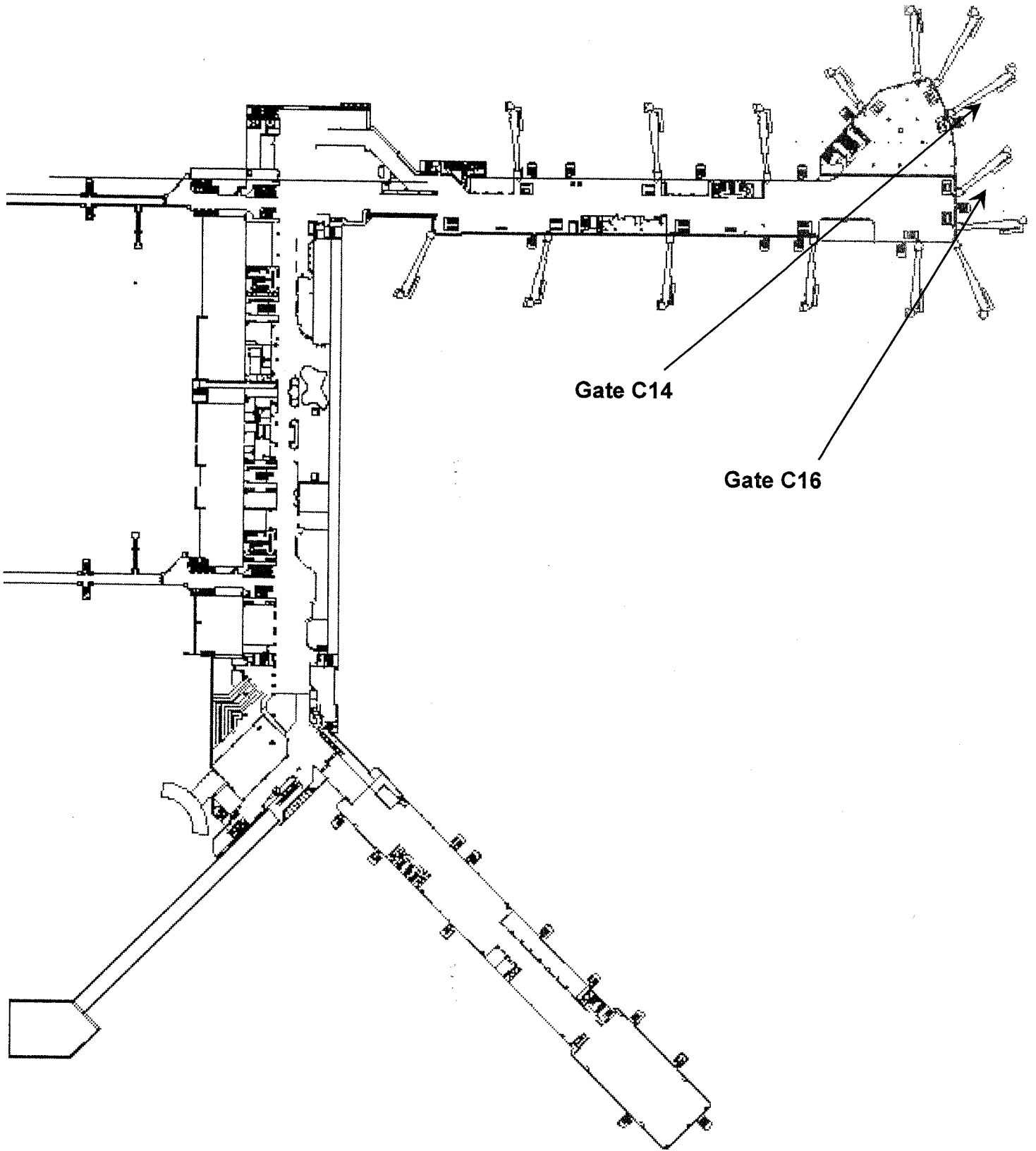


EXHIBIT "A"
ALTERNATIVE PREMISES

2nd Level – Palm Beach International Airport
(Terminal Areas)

HOLD ROOM
Estimated
2,970.00 SQ. FT.

