

**Review of the
Fort Lauderdale International Airport
November 4, 2008 through November 21, 2008**

Conducted by

Lyle Fjermedal, Compliance Specialist

And

Anthony Garcia, Compliance and Certification Specialist

Report Date

January 9, 2009

**Review of the
Fort Lauderdale International Airport
November 4, 2008 through November 21, 2008**

Broward County Sheriff.

Both Police and Fire are under the Broward County Sheriff.

Parking Tickets.

Airport parking tickets are issued by Sherriff Department Community Service Aides whose wages are paid by the Airport. Those revenues are collected by the Sherriff's Department and the Sheriff's Department returns all revenues from those parking tickets to the Airport.

Police Services Not Charged to the Airport. Although the Airport benefits from many of the services provided by the Sheriff Department, it does not charge the Airport for many of these services. Such services include Auto Crimes, Bomb Squad, Communications, Counter-Terrorism, Crime Lab, Crime Scene, Fugitive Unit, Gang Unit, Investigative Services, Organized Crime, Regional Narcotics.

While Drug, Bomb, Arson and Robbery units have staff assigned to the Airport there is no charge for their services. The Airport considers the space these units occupy as an exchange for in-kind service.

Sheriff Department Overhead.

The Sheriff Department does not charge the Airport for several types of overhead, including Office of the Sheriff, Department of Administration, Professional Standards, and Judicial Services.

Contract with the Sheriff Department for Police Services.

The Airport procures police services from the Sheriff Department under a contract that went into effect in 1996. The contract has been amended several times but still retains its basic premise where the Airport will pay for Police Services based on budgeted amounts. Payment by budgeted amounts works in the following way: Prior to the start of the Airport fiscal year the Sheriff Department sets a budget for Airport police services. For example, the proposed police budget for fiscal year 08/09 is \$16,306,189 or \$1,358,849.09 per month. Once the budget is set, the Sheriff Department divides the budgeted amount by 12 and bills the Airport one-twelfth of the budgeted amount each month. There is no reconciliation to actual at the end of the year and there has been no back-up provided to support the billed amount. Thus, the Airport has no way to monitor or control the police and fire costs at the Airport.

Voluntary Change to Sheriff Billing

Beginning October 1, 2008, the Sheriff Office agreed to provide the Airport with a detailed invoice of services provided, based on actual costs. The Airport expected to receive this first invoice by early November. As of December 1, 2008, the Airport had not received it and continued to pay budgeted costs. While the Sheriff Office agreed to provide the invoice voluntarily, it is not a contractual requirement, nor does the Airport know if the invoice based on actual cost will be in sufficient detail for controlling costs. To control costs and comply with the FAA Policy and Procedures Concerning the Use of Airport

Revenue, the Airport needs certain specific information on the itemized invoice. Such information would include number of employees per shift, hourly rates; overtime hours worked and overtime rates, fringe benefit costs, itemized administrative costs, and vehicle costs.

New Contract with the Sheriff Department for Police Services.

In April 2008, the Airport and the Sheriff Department began negotiations on a new contract for Police Services. That new contract continues the same billing method as the former contract, which means the Sheriff Department will bill the Airport for budgeted services rather than for actual services provided. The new contract has not been signed, partly because the County Administration wants the Airport and Seaport to have the same contract, but the two have different needs which have yet to be reconciled. There is no date set for the signing of the new contract. The new contract should provide for the Airport to pay actual costs that are supported with an itemized invoice. The Airport should have the right to refuse costs for cause, the Airport and its designated reviewer should have the right to audit the costs, all overtime should be preapproved. The Policy does not permit the use of airport revenue for costs (1) based on budget, (2) that are not subject to refusal for cause, or are not subject to audit, (3) that are not itemized. The Policy states that budget estimates are not a sufficient basis for reimbursement of government entities. Budgets are just that -- estimates of projected expenditures, not records of actual expenditures. Therefore budget estimates are not documentary evidence.

Cost of Police Services—Seaport versus Airport.

The Seaport pays approximately \$95,000 per year for a full time equivalent officer, while the Airport pays approximately \$121,000 per year for a full time

equivalent officer. The Sheriff Department has agreed to provide an accounting of this difference.

Vehicle Replacement for Sheriff Deputies.

The Sheriff Department stated the Airport is not required to purchase 10 new squad cars per year, as the Airport had reported. However, the Airport is required to pay a \$3,500 per year service charge for each vehicle assigned to the Airport. The service charge covers the cost of replacing vehicles, and the charge is the same for all Sheriff patrol cars regardless of their assigned location. The Airport is charged this even though the cars assigned to the Airport are lightly used when compared to off Airport use of patrol cars. The primary wear and tear on the patrol cars assigned to the Airport is the wear and tear from driving the cars from the deputy's residence to the Airport. Once on the Airport these vehicles are lightly used. The Sheriff has its own motor pool, which is completely separate from the Broward County Motor Pool. The assignment of patrol cars to sheriff deputies is controlled by a union agreement.

Fueling of Sheriff Patrol Cars Assigned to the Airport.

The Sheriff Department budget office stated there is no need for sheriff deputies to go off Airport to fuel their patrol cars. The Sheriff Department has a variety of contracts for fueling cars and there is no reason why the Airport could not seek a contract with the Sheriff Department to fuel patrol cars from the Airport motor pool gas pumps.

Vacant Sheriff Deputy Positions.

The budget for Airport police services contains positions that are currently vacant, which is not surprising considering the Sheriff Office has 147 positions at the Airport. The Sheriff Office states the Airport is not overbilled for these

positions because unfilled shifts are filled by substitute deputies from other districts. The problem with this, according to Airport officials, is these substitute deputies are sometimes serving double shifts with the Airport shift as the second shift, which forces the Airport to pay overtime for that shift.

Sheriff Department Staffing.

Pre 9-11 the staffing level was about 60 deputies. There are now 147 assigned. The Airport would like to reduce that amount to about 135 officers. The TSA requires the Airport to have a K-9 unit for screening cargo. This K-9 unit is included in the 135 officers. The Airport has about 50 Community Service Aides for traffic control. That number is being reduced to about 35 through attrition. The Airport has purchased bikes and Segways for the traffic aides.

Retirement Costs.

The Sheriff Office Budget Official promised to determine if the Sheriff Department has received retirement system credits from the State of Florida retirement system. If so, the Airport may be due a rebate for the credited amount pertaining to the officers assigned to the Airport.

Road Maintenance.

The Airport pays for maintenance on its own roads but not for the access roads to the Airport.

Landscaping.

The County reimburses the Airport for landscaping and lawn maintenance services the Airport provides along Griffin road.

Overtime and Private Security.

Sheriff Department charges for overtime and security contract costs had grown significantly after September 11, 2001, and there was no program in place to control costs. During FY07/08, the Sheriff Office was charging \$6 million per year in overtime the private security contract at the Airport was at \$5 million per year. The Airport's new Chief of Security however, through, better management of resources and a thorough understanding of TSA requirements was able to reduce Sheriff Office overtime to \$250,000 for FY08/09 and reduce the private security contract to \$1 million. The Airport achieved this efficiency by training Airport civilian staff to perform certain TSA requirements that did not require law enforcement officers. In addition, the Airport now pre-approves all Sheriff Office overtime at the Airport. Typical pre-approved overtime may occur when vendors are moving in or out of an Airport terminal where TSA requires a law enforcement officer to monitor the moving of equipment and supplies. The Airport has achieved about \$10 million per year in reductions in law enforcement costs, while maintaining compliance with TSA staffing requirements.

TSA Reimbursements.

Law enforcement officers must perform certain TSA requirements. For these requirements TSA reimburses the Airport \$29 per hour. However, the typical hourly rate for a Fort Lauderdale deputy is \$35 per hour. The Airport must absorb this difference.

Mutual Aid.

The Broward County routinely responds to other communities when assistance is needed, and these communities are available with personnel and equipment if required for an airport emergency.

Aircraft Rescue and Firefighting (ARFF).

The ARFF contract is similar to the police contract, mostly because the police and fire are combined under the Broward County Sheriff. This means the ARFF costs are budget amounts and billed to the Airport as one-twelfth of the annual budget, with no adjustment to actual costs. The budget type of billing provides the Airport with no information about the true costs of managing its ARFF costs. As a minimum, the Airport should have the right to review all charges, should be able to reject charges for cause, and should have sufficient detail to fully understand the charges. Such detail would include labor reports, equipment lists, materials consumed, and administrative costs. Officials from the Sheriff's budget office stated the detailed invoices were being prepared and would fully comply with the *Policy* requirements. Since the current contracts provide for billing budgeted amounts, we recommend the County ensure the Sheriff and the Airport negotiate new contracts for police and fire services that provides for the billing of actual costs and invoices that satisfy the requirements of the *Policy*. The ARFF staff is 69 persons and the staffing has been stable for a number of years.

Staffing includes 11 per shift on trucks plus support staff that includes a mechanic. The station has 4 ARFF trucks 1 structure truck and one back-up truck. The station is the 2nd busiest in Broward County. ARFF staffing is by bid, under agreement with the union.

Cost Allocation.

The County charges the Airport for Central Services by allocating costs to the Airport through a Cost Allocation Plan. A private contractor prepared the plan,

which it updates annually. The plan uses the actual costs from the prior 2 years then adjusts that amount by a locally calculated CPI. Later the consultant runs an analysis to determine the accuracy of the calculations. The Airport receives the same adjustment as other County entities. Prior to implementation of a new plan, all departments are brought together in a meeting to discuss fairness of the plan. The Airport usually takes the lead in this effort. Our review of the types of cost allocation found them to be appropriate for the cost being allocated. Costs that the Airport pays directly, such as Attorney fees appropriately are not included costs allocated to the Airport.

Marketing.

In the past, the Airport had greater control over its marketing activities, when it hired its own marketing firm for the Airport. Now, in order to have a common "look" the County instructed the Airport to use the same marketing firm retained by the Fort Lauderdale Convention and Visitor's Bureau (CVB). As a result, marketing which was once aimed solely at promotion of the Airport now also promotes Fort Lauderdale as a tourism destination, with the Airport paying the entire cost for these ads. The Airport must guard ensure that its marketing conforms to the FAA Policy and Procedures Concerning the Use of Airport Revenue (Policy). The Policy is very restrictive on the types of marketing paid from airport revenue. It allows the full cost of marketing of Airport facilities, new service to the Airport, and competition at the Airport. It also allows some shared marketing costs, when the marketing conveys specific information about an airport. The Policy specifically prohibits the use of airport revenue for general economic development (tourism).

Though a common theme and brand are not necessarily a bad idea, the Airport must be cautious when using its revenues to support theme branding. This is

because the Airport and the CVB have very different objectives—marketing the Airport versus tourism destination marketing, which the Policy prohibits. The FAA recommends the County ensure the Airport has complete autonomy over its marketing effort.

The CVB has offices located in Washington DC, Chicago, United Kingdom, Germany, Argentina, and Colombia. The purpose of the offices is to book conventions and promote tourism. To date, the Airport does not contribute to the operation of these offices. Nor does the Airport significantly participate in the conventions and other tourism marketing activities of the CVB. Though, the Airport did spend \$5,000 to develop and ship placards for a convention in the U.K. to promote the Airport. These placards were prominently displayed in the CVB booth.

For the fiscal year ended September 30, 2007, the Airport spent \$301,089 on advertising on a budget of \$450,000. The Greater Fort Lauderdale Convention and visitors Bureau (CVB) asked the Airport to participate in its effort to theme and brand airport advertising. The marketing effort was directed at advertising the Airport and did not stray into the promotion of destination tourism.

Advertising themes included Spirit Air, Allegiant Air, and the Airport. All the advertising included Airport branding, so it was eligible under the Policy for "participation" funding. However, we found the Airport was not simply a participant in this effort but paid the full cost of the ad. The FAA cautions the Airport about its future participation in such ads. The Policy permits the use of airport revenues to pay the full cost marketing the Airport but only share in the cost of the Airport segment of other ads.

Also, joint marketing ads should constitute only a small portion of the airport marketing budget. The Airport marketing budget should focus primarily on the marketing of the airport, new service to the Airport and air service competition. The Airport and the CVB use the same marketing company, "MARC USA/Miami." The terms of the agreement lets the Airport, as opposed to the CVB to control the Airport marketing effort. This contract gives the CVB say over the look of Airport advertising. Under the prior contract with Intermedia Inc. the Airport had complete editorial control over its advertising. The Airport does pay the full cost of participating in air carrier conventions where the Airport has the opportunity to promote new service.

The bills for advertising go directly to the Airport and the Airport has control over the marketing effort. No Airport revenue is spent without prior approval from the Airport. When the Airport promotes new air service it generally pays 100 percent of the cost of the marketing effort. One potential conflict is the CVB does not like local advertising because local individuals are already in the area and do not need to be enticed to visit Fort Lauderdale. However, the Airport may want to market locally for new routes, destinations, or new Airport services and facilities.

Edgewood Passive Park.

The Edgewood Passive Park was purchased in part with AIP-24 funds for the purpose of establishing a runway safety area for the Fort Lauderdale cross wind runway 12/31 and as a buffer between the Airport and the City of Fort Lauderdale. The 11.37 acres has only minimal landscaping development and could easily be converted to other uses. The land is more of a conservation area than a park. No Airport revenues were used to convert the land to a buffer. No Airport revenues are used for maintenance. The City zoned the land

to protect the RPZ. The land is on the other side of I-595 and has no potential aeronautical use beyond the protection of the RPZ. Prior to the purchase, Edgewood Park was a mobile home park.

Broward County Animal Care Facility.

The Broward County Animal Care Facility is on 1.95 acres of Airport land. The County pays the Airport an annual rent for the land of \$120,365 per year. The lease term is 5 years. The rent is the greater of CPI or 3-percent. The rent was derived from an appraisal dated October 13, 2006 by the Ernest Jones Company. Animal Care is responsible for maintenance and improvements. The Facility is not in an aeronautical part of the Airport.

Naval Air Museum

Fort Lauderdale International Airport was originally the Merle Fogg Airport, which in 1942 the Navy converted into the Naval Air Station at Fort Lauderdale. The Station trained pilots for the Avenger Torpedo Bomber and other aircraft. George H.W. Bush graduated from the school in 1943, and it is the home of the infamous Flight 19 that on December 5, 1945 disappeared into the Bermuda Triangle with the loss of 14 lives and 5 Avenger aircraft. The Station was decommissioned after 1946 and returned to the City of Fort Lauderdale. The Naval Air Museum is located in one of the original Naval Air Station buildings. The Airport moved the building to a 1.8 acre nonaeronautical site on the Airport. The museum is a work in progress, staffed by volunteers. It has a wealth of WWII memorabilia but generates no revenue.

Fort Lauderdale Small Boat Club.

The Fort Lauderdale Small Boat Club pays an annual rent of \$139,050 for use of 10.1 acres of waterway that connects to the Intercoastal Waterway and the

Atlantic Ocean. The term "Small Boat Club" is appropriate because the boats must be low enough to fit under the bridges that connect the channel to the Intercoastal Waterway. The lease term is 3 years. The rent is adjusted annually by the greater of CPI or 3-percent. The agreement required the Club to expend a minimum of \$100,000 in capital improvements. The Club has been at this site for 25 years, but the Airport may have a future aeronautical use for the site. The agreement also has a significant insurance requirement. The lease is for land and waterway only. There are no Airport revenues used for capital improvements or maintenance.

Airport/Seaport EMS Training Fire Station.

The Airport purchased the approximately 2 acres of land for the Airport/Seaport EMS Training Fire Station. The County constructed the facilities at no cost to the Airport. The Airport originally purchased the land in the late 1980s as a noise mitigation project, where the Airport acquired residences, removed them, and consolidated the sites into larger parcels suitable for Airport compatible commercial use. The EMS station parcel is outside the Airport fence to the southeast of runway 9/27 on the other side of Interstate 95. Although, the acquisition of residences for noise mitigation may be eligible for AIP assistance, the Airport did not use AIP for the acquisition of these particular parcels. The Airport has an in-kind services agreement with the Airport for the use of the land. For 2007, the Airport had 2,967 fire call responses and 3,433 medical responses. Presumably, all of these responses were handled by the Airport fire station.

Mosquito Control.

The County pays the Airport for a land lease for its mosquito control operations at the North Perry Airport.

Broward County Community College.

In 1979, the North Perry Airport released land for the Broward County Community College. The College agreed to offer an aviation curriculum, which it continues to offer.

U.S. Boarder Patrol.

The U.S. Boarder Patrol rents this space on the North Perry Airport from an FBO called First University. At one time the Boarder Patrol had helicopter operations at the site.

Noise Land.

The OIG report on noise land (AV-2005-078 September 30, 2005) listed Ft Lauderdale as having 99 acres of noise land procured in part with \$35,357,684 in AIP financing, ranking Ft Lauderdale as 14 out of 108 airports receiving AIP financing for noise land purchases. The 99 acres is just part of the land the Airport bought for noise mitigation. Most of the land bought for that purpose was paid with Airport funds, without AIP financing. Buildings and structures have been removed and the land is ready for consolidation and resale. The Airport has already sold a few parcels of non-AIP noise land and included avigation easements as a condition of sale. The Airport has also leased a few parcels of its non-AIP noise land for rental car parking. However, current market conditions discourage the Airport from disposing of more land. A portion of the land has become home to an unknown number of feral monkeys, which at some point could produce an Airport wildlife hazard. The monkey's harass anyone coming into their territory. However, that tract of land is currently far from the airfield. To date, the Airport has not begun its effort to prepare a noise land map or noise land re-use plan as required by the APP-500 guidance on the

management of acquired noise land, issued on January 30, 2008. This guidance requires airports to file their noise land maps and re-use plans by October 2009. Airport officials state the Orlando ADO has not notified them of this requirement. The map and re-use plan are due on October 9, 2009. The Airport is planning a third runway and some of the noise land will be retained for aeronautical purposes or will fall into the future 70 dnl noise contour. Also, some of the land will be preserved as wetlands.

Attorney Fees.

The County Attorney has assigned 4 attorneys and 2 support staff to the Airport on a permanent bases. One of the four is a senior attorney who has worked exclusively for the Airport for 19 years. In addition, other County attorneys perform work for the Airport, but perform this work from downtown offices. The County Attorney, on a quarterly basis, bills the Airport for these services. The County Attorney sent the Airport an itemized billing that accounts for all the time billed to the Airport. The billing has 2 rates; \$125 per hour for the downtown attorney's and \$77 per hour for the attorneys stationed at the Airport. The County Attorney Office does not set the \$125 per hour rate. That rate is set by the County budget office. The rate includes overhead and fringe costs and is calculated at the beginning of each year and used throughout the year. The Airport is not much affected by the \$125 per hour rate. The Quarterly statement for September 30, 2008 billed only \$8,032 at the \$125 per hour rate. The remaining \$138,169 was billed at the \$77 per hour rate. That rate is computed by the City Attorney office and is simply the annual wage of the 4 assigned attorney's divided by the number of hours billed. The number of hours billed fluctuates from quarter to quarter depending on holidays, vacations, sick leave, and training. The hourly rate is computed in this manner because the Airport has agreed to pay the full wages of the attorneys assigned to the Airport. The

\$77 per hour does not include any downtown overhead of any kind. It is simply wages divided by hours billed. The County Cost Allocation Plan does not allocate Attorney costs to the Airport, consequently, the County does not double bill the Airport for Attorney services.

Fleet Services.

The County Fleet services are separate from the Sheriff fleet services. The Airport purchases its own vehicles and keeps them for 10-years or 100,000 miles. In addition to its gas and diesel vehicles, the Airport has 6 CNG (natural gas) vehicles. The Airport pays a monthly per vehicle fee. Plus, the Airport pays the full cost of major repairs. The Airport also purchases fuel through fleet services. All units within the County pay the same fee.