



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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HENRY TABOADA
CITY MANAGER

July 30, 2001

Mr. Robert C. Land
Associate General Counsel
JetBlue Airways Corporation
P.O. Box 1927
Rockville, MD 20849-1927

Dear Mr. Land:

In order to assist JetBlue with a successful introduction of service to Long Beach Airport, I am pleased to provide you a summary of City responses to JetBlue requests concerning airport improvements and services, both underway and scheduled in the near future.

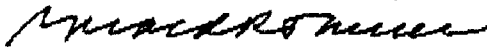
JetBlue Request	City Response	Value
1. <u>Billboard along the 405:</u> Modify into an interactive billboard.	o Replace billboard with electronic sign (or addition to billboard, if approved), budget requested for 2002.	\$ 500,000
2. <u>Cooperative Advertising:</u> New service to each new route merits advertising support for the airport and the carrier.	o On-going marketing/promotion budget, including mass media, to promote LGB and its airlines.	\$ 270,000 per year
	o Marketing/promotion budget enhancement request in process, to promote LGB and its airlines.	\$ 500,000 per year
	o Install "Fly LGB" logo on Airport berm, budget requested for 2002.	\$ 500,000
3. <u>Inaugural Festivities:</u> JetBlue spent more than \$80,000 on announcement (video etc). Estimated cost of \$50,000 plus \$10,000 video.	o As marketing promotion of new airline service, the City, through its Airport Bureau, funded JetBlue's May 23 rd LGB announcement festivities, and will be funding the inaugural flight festivities on August 29 th .	\$ 15,000 Aug. 23 rd event
		\$ TBD Aug. 29 th event
4. <u>Airport Construction:</u> Initial millwork, signage, office and ticket counter and bag office construction and relocation efforts, funded by JetBlue; what are City plans?	o Renovate terminal building electrical / mechanical / air conditioning (completed).	\$ 1,400,000
	o Replacement of terminal/ hold-room carpet, paint, furniture, and addition of historical motive facades, to be completed by the end of 2001.	\$ 380,000
	o Construct hold-room addition, to be completed in 2002.	\$ 1,500,000
	o Construct baggage claim facility enhancements, to be completed in 2002.	\$ 750,000
	o Construct baggage claim facility enhancements, to be completed in 2002.	\$ 100,000 estimated
	o Construct new food court/ historical plaza, and new ground transportation facilities, to be completed in 2003.	\$ 30,000,000 estimated
	o Construct parking structure to be completed in 2003.	

JetBlue Requests	City Response	Value
<p>5. <u>Space Constraints:</u> JetBlue understands City intends to construct new six-door lounge gate area; please confirm.</p>	<p>o See #4 above.</p>	<p>As above</p>
<p>6. <u>Runway Construction:</u> Scheduled to start in 2003 on runway 12/30. We need in writing that all construction will occur at night (23:30 – 06:00). Cannot use short runway.</p>	<p>o It is our intention to complete the runway overlay project at night during our "airline curfew hours," 23:00 – 07:00 hrs.</p>	<p>\$ 10,000,000 0 estimated: includes premium for night work</p>
<p>7. <u>Lakewood Blvd. Improvements:</u> Expedite work for completion by August 29th. Benefits all carriers and the City with 1st time LGB Visitors impressions.</p>	<p>o To be completed by December 2001, will double the capacity of the turn lanes into and out of the Airport, and at major intersections approaching the Airport. Improvements include significant landscape and hardscape improvements.</p> <p>o We have evaluated the tradeoffs regarding an accelerated construction schedule, and have concluded that aggressively pursuing the current schedule is the best option for all, for the following reasons:</p> <ol style="list-style-type: none"> 1. According to the current construction schedule, all of the "capacity" enhancements will be completed by August 29 (e.g. additional turn lanes at the Airport entrance). 2. Acceleration of the current schedule would require much more intense construction activity between now and August, which would seriously exacerbate the current congestion. 3. Acceleration would jeopardize the ability of other entities that are scheduled to construct improvements toward the end of the construction process (e.g. Boeing PacificCenter installing fiber optic cable, Water Dept. installing reclaimed water pipes), to accomplish their work. 4. Acceleration would cost over \$250,000, and could be difficult to justify to some of the non-City funding agencies. 5. The Airport Bureau will ensure through aggressive outreach to LGB's passengers during the construction wind-down phase of Aug. 29 – Dec. 1, that all passengers are exposed to signage, flyers, giveaways, brochures, etc., which explain the benefits of the improvements and the fact that they will be completed in the very near term (for example, flyers could be given out to all departing vehicles from parking facilities, could be provided to LGB airlines to hand out as they deem appropriate, etc.). 	<p>\$ 9,000,000</p>

This summary of airport improvements and services presents a value in excess of \$55,000,000 (\$1,785,000+ in marketing, \$44,130,000+ in airport improvements, \$9,000,000 in Lakewood Blvd. improvements), and will offer JetBlue passengers unparalleled access to the best-kept secret to value and convenient airline travel in Southern California. Also attached is an Enterprise Zone Benefit Assessment. Based upon 768 eligible new hires and eligible equipment purchases of \$1.7 million, JetBlue may be eligible for State tax credits in excess of \$14.9 million over 6 years. These benefits are also enhanced through the services of our Workforce Development Bureau, which can provide prescreening, and assessment of potential new hires as well as automatic employee eligibility for Enterprise Zone tax credits.

Additionally, the Long Beach Airport has, as a component of its Business Plan, an objective to provide airport facilities to airlines at a very competitive cost. As such, we have managed to keep our airport-related fees in the low \$4.00 per passenger range, and we have no Passenger Facilities Charge (PFC). This should be very supportive of JetBlue's marketing strategy, as is the fact that the pricing of our public parking is significantly lower than our competing airports. I welcome the opportunity to meet with you and further discuss any aspect of airport improvements or services, as well as further define specific Enterprise Zone benefits available to JetBlue.

Sincerely,



Henry Taboada
City Manager *for*

HT/9/12/12

Attachment