

MEMORANDUM

DEPARTMENT OF AVIATION

RANDALL H. WALKER
Director

ROSEMARY A. VASSILIADIS
Deputy Director

TO: BOARD OF CLARK COUNTY COMMISSIONERS
THROUGH: VIRGINIA VALENTINE, COUNTY MANAGER

FROM: RANDALL H. WALKER, DIRECTOR OF AVIAITON 

SUBJECT: AIRPORT CAPITAL PLAN

DATE: JUNE 11, 2008  July

Attached is a letter I received from Linda Macey, Southwest Airline's Manager of Properties and Chair of the airline affairs committee for McCarran International Airport. Given the tenuous financial condition of the airline business, the airlines are requesting us to reconsider and reevaluate all of the capital improvement projects in our five year plan. The letter asks that we specifically review Terminal 3 and the Heliport projects, recommending we delete the Heliport project and delay all elements of the Terminal 3 project until the Airline Affairs Committee can further discuss this project with us.

Given that we have already awarded three Terminal 3 projects (with two being under construction at this time) and the Board has an agenda item to award the Terminal 3 building at its upcoming meeting (July 15), the timing of this letter is problematic. I recommend we discuss the Terminal 3 issue at the upcoming Board meeting before considering the award of the Terminal 3 building and that we come before you at your first meeting in August to discuss the other elements of the capital plan.

Please feel free to call me if you need additional information.

cc: Rosemary A. Vassiliadis
Alan Stewart
Jim Ryan



SOUTHWEST AIRLINES CO.
Linda Macey
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July 10, 2008

Mr. Randall Walker
Director of Aviation – McCarran International Airport
PO Box 11005
Las Vegas, NV 89111-1005

Re: LAS Five Year Capital Improvement Project (CIP) Proposal

Dear Mr. Walker:

Thank you for taking the time to meet with us on July 7th to discuss the proposed five year LAS Capital Improvement Project (CIP). As we discussed, the current state of the industry is at an all-time low and there is much uncertainty as to what the future holds. As a result, the LAS Airline Airport Affairs Committee (AAAC) would like the Airport to reconsider and reevaluate all of the CIPs currently in your five year plan. Specifically, we request that any non-essential expenditures be deferred and that all remaining projects be reevaluated for any and all cost savings potentials. Only those projects with a current, justifiable need should be funded at this time. Projects that cannot be justified based on substantiated current needs, should be cancelled and/or deferred.

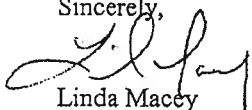
A review of the current CIP reveals two projects that need specific mention. They are the Heliport and Terminal 3. Given that the construction of a heliport is not required by federal mandate and current capacity constraint, we recommend that the \$114M project be removed from the current plan.

Additionally, we ask that the awarding of the bid for construction of Terminal 3 (and all associated projects) be delayed until the Committee can further discuss and evaluate the risks and benefits associated with proceeding with that project at this time. Please note that the Committee does recognize that projects related to construction of Terminal 3 are already underway and that there may be substantial financial risks associated with a lengthy delay of the project. However, we do still request an opportunity to gain a better understanding of those risks by obtaining a delay in the bid award.

The Committee would like to extend our sincerest appreciation for the efforts of Airport staff as they continuously review these and other projects for potential cost savings opportunities. It is a great benefit to be able to work in partnership with the airport towards a common goal of securing the financial viability of McCarran, the airlines, and the industry as a whole.

Once again, we thank you for your support.

Sincerely,


Linda Macey
Manager – Properties

Cc: LAS AAAC