



**AVIATION DEPARTMENT - Fort Lauderdale/Hollywood International Airport**  
100 Aviation Boulevard • Fort Lauderdale, Florida 33315 • 954-359-6100

**MEMORANDUM**

**DATE:** June 16, 2011

**TO:** Broward County Board of County Commissioners

**FROM:** K.G. George, Director of Aviation

**SUBJECT:** Self-Service Baggage Cart Performance Report

On November 9, 2010 (Agenda Item No. 43), the Broward County Board of County Commissioners (Board) approved the Self-Service Baggage Cart Agreement (Agreement) with Smarte Carte, Inc. (Smarte Carte). At that time, the Board requested staff to provide a report in six (6) months regarding the performance and expenses related to this Agreement. This memorandum provides the information requested for the period from contract inception, December 1, 2010, through May 26, 2011.

The table below shows the free (Federal Inspection Service Facility) and paid usage of self-service baggage carts between December 1, 2010 and May 26, 2011:

Month	Free Cart Usage	Paid Cart Usage	Total Cart Usage
December	17,195	21,431	38,626
January	28,974	21,991	50,965
February	20,613	17,531	38,144
March	21,042	20,371	41,413
April	23,083	18,269	41,352
May	20,825	12,550	33,375
Total	131,732	112,143	243,875

## Report on 6-Month Self-Service Baggage Cart Concession Performance

Concession sales and revenue to the County for the paid cart usage is as follows:

Month	Paid Cart Usage	Total Revenue	Revenue to the Airport from Paid Cart Usage
December	21,431	\$69,849.89	\$17,462.47
January	21,991	\$73,937.04	\$18,484.26
February	17,531	\$57,156.45	\$14,289.11
March	20,371	\$63,491.35	\$15,872.84
April	18,269	\$60,904.51	\$15,226.13
May	12,550	\$41,213.93	\$10,303.48
Total	112,143	\$366,553.17	\$91,638.29

Note: Total Revenue is income from cart usage less returns and sales tax.  
Revenue to the Airport is Total Revenue times 25%.

On October 5, 2010, Item No. 11, the Board directed staff to negotiate an Agreement that allowed baggage carts to be provided free of charge to arriving international passengers in the Federal Inspection Service (FIS) Facility. The County is required, pursuant to the Agreement, to remit to Smarte Carte \$1.50 per free usage of a baggage cart in the FIS facility. The amount owed to Smarte Carte for each month of the contract is as follows:

Month	Free Cart Usage	Amount Due to Smarte Carte for Free Cart Usage
December	17,195	\$25,792.50
January	28,974	\$43,461.00
February	20,613	\$30,919.50
March	21,042	\$31,563.00
April	23,083	\$34,624.50
May	20,825	\$31,237.50
Total	131,732	\$197,598.00

## Report on 6-Month Self-Service Baggage Cart Concession Performance

The net amount owed to Smarte Carte for the operation of the baggage cart service at the Fort Lauderdale-Hollywood International Airport (FLL) is as follows:

Month	Amount Due to Smarte Carte for Free Cart Usage	Revenue to the Airport from Paid Cart Usage	Net Amount Due to Smarte Carte
December	\$25,792.50	\$17,462.47	\$8,330.03
January	\$43,461.00	\$18,484.26	\$24,976.74
February	\$30,919.50	\$14,289.11	\$16,630.39
March	\$31,563.00	\$15,872.84	\$15,690.16
April	\$34,624.50	\$15,226.13	\$19,398.37
May	\$31,237.50	\$10,303.48	\$20,934.02
Total	\$197,598.00	\$91,638.29	\$105,959.71

Therefore, the net amount owed to Smarte Carte for the operation of the baggage cart service at FLL is \$105,959.71 over the first six (6) months of this Agreement.

### Staff Recommendation

Based on the above information, staff recommends that FLL discontinues the provision of free carts in the FIS Facility as this service results in a net amount owed to Smarte Carte. Since Smarte Carte currently earns \$1.50 per cart used in the FIS Facility, staff recommends that the charge for usage in the FIS Facility be at least that amount, in order to mitigate the cost of the program to the County. If the Board permits a higher charge, such as \$2.00 per usage or more, then this will result in additional revenue to the County.

In order to estimate potential revenue to the County, the following table compares the current County expense with estimated revenues under three scenarios:

- Scenario 1: Smarte Carte charges \$1.50 per cart usage in FIS Facility (no revenue from cart usage, but no cost to the County).
- Scenario 2: Smarte Carte charges \$2.00 per cart usage in FIS Facility (BCAD receives 25% of revenue from cart usage, but usage in the FIS Facility decreases by 50% from current levels).
- Scenario 3: Smarte Carte charges the same price (\$4.00) per cart usage throughout the Airport. (BCAD receives 25% of revenue from cart usage, but usage in the FIS Facility decreases by 75% from current levels.)

## Report on 6-Month Self-Service Baggage Cart Concession Performance

Month	Current BCAD Revenue/(Expense)	Scenario 1	Scenario 2	Scenario 3
December	(\$8,330.03)	\$17,462.47	\$21,761.22	\$23,910.60
January	(\$24,976.74)	\$18,484.26	\$25,727.76	\$29,349.51
February	(\$16,630.39)	\$14,289.11	\$19,442.36	\$22,018.99
March	(\$15,690.16)	\$15,872.84	\$21,133.34	\$23,763.59
April	(\$19,398.37)	\$15,226.13	\$20,996.88	\$23,882.25
May	(\$20,934.02)	\$10,303.48	\$15,509.73	\$18,112.86
Total	(\$105,959.71)	\$91,638.29	\$124,571.29	\$141,037.79

Based on the above analysis, in August, the Aviation Department intends to submit a "Motion to Discuss" to obtain Board direction regarding whether BCAD should maintain the status quo or enter into negotiations with Smarte Carte to modify the financial parameters of the current Agreement. In support of such Motion, staff will provide an overview of the financial arrangements at other major Florida and US airports. Please let me know if you have any questions.

KGG/AG/ml

C: Bertha Henry, County Administrator  
Pam Madison, Deputy County Administrator  
Joni Armstrong-Coffey, County Attorney  
Evan Lukic, County Auditor  
Yasmi Govin, Director, Business and Properties Management Division, Aviation  
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