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Evolution of State of the Art Airports and the Role of Public Private Partnerships: Squire Patton Boggs

Walking through LaGuardia Airport in 2023, you might forget that just a few years ago the terminals were woefully out of date. Featuring leaky roofs and cramped waiting areas, the Wall Street Journal commented that the old terminal B at LaGuardia was "possibly the worst major airport in the world." To combat its woeful reputation, in 2015, the Port Authority of New York and New Jersey (the "Port Authority") unveiled a Vision Plan for its redevelopment that included two new state-of-the-art terminals and significant public and private cooperation. Eight years and $8 billion later, LaGuardia now gleams as a beacon of modernity. In 2023, LaGuardia Airport's Terminal B was named the world's best new terminal and achieved the highest global 5-Star Airport Terminal Rating from Skytrax, the international transport rating organization.

LaGuardia's transformation is just one of several new airport "glow ups" that are largely the product of the industry's growing embrace of public private partnerships (also known as "P3s"). For instance, LaGuardia's Terminal B, commenced in June 2016 and completed in January 2022, was part of a P3 between the Port Authority and LaGuardia Gateway Partners ("LGP") through a Design-Build-Finance-Operate-Maintain model. The $4 billion Terminal B included 35 gates, two island concourses and dual pedestrian sky bridges, and was financed through a mix of approximately $2.5 billion special facilities revenue bonds issued by New York State Transportation Development Corp. ("TDC"), $1.5 billion in Port Authority funds and $200 million in equity from LGP. LaGuardia's Terminal C, which replaced Delta Air Lines' ("Delta") existing C and D Terminals, broke ground in July 2017 and was opened in June 2022 through a P3 between the Port Authority and Delta. Terminal C included 37 gates across four concourses and the largest Delta Sky Club within the airline's system. Terminal C's $4 billion price tag was financed through approximately $2.89 billion in TDC's special facilities revenue bonds, $500 million from the Port Authority and the remainder financed by Delta. In addition, the Kansas City International Airport recently unveiled a new, 40-gate terminal featuring a modern environment with dedicated arrival and departure levels, covered parking in an adjacent garage, moving walkways and consolidated security checkpoints. This $1.5 billion project is the result of a design-build joint venture team including The Weitz Company and Clarkson Construction Company. In addition, there are several P3s that are currently under construction including, the Los Angeles International Airport Automated People Mover Project ("LAX APM") and the ongoing transformation of JFK Terminal 1, Terminal 4 and Terminal 6.

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