

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT ADVISORY COMMITTEE**

**DRAFT Minutes from June 6, 2013
Charlotte Douglas International Airport
Bellanca Conference Room
8:00 a.m.**

Present

Peter Acker
Pamela Bennett
Todd Fuller
Stephen Gedney
Morgan Edwards
Crystal Jackson
Russ McMillan

Staff Present

T. J. Orr, Aviation Director
Kari Lazaroski, Executive Assistant
Brent Cagle, Asst. Aviation Director-Finance & Admin
Jack Christine, Asst. Aviation Director-Development
Haley Gentry, Asst. to the Aviation Director
Herbert Judon, Asst. Aviation Director-Operations
Mark Wiebke, Asst. Aviation Director-Facilities
Jennifer Long, Passenger Experience Manager

Absent

Scott Culpepper
Drew Riolo, Vice Chair

1. CALL TO ORDER

Pamela Bennett called the meeting to order at 8:00 a.m.

2. PLEDGE OF ALLEGIANCE**3. APPROVAL OF MAY 2, 2013 MINUTES**

Minutes were approved as written.

4. BUSINESS AGENDA**1. Airport Grant Acceptance****Action:**

- A. Adopt a resolution accepting a Federal Aviation Administration (FAA) grant in the amount of \$12 million for Airport projects related to the third parallel runway,
- B. Adopt a budget ordinance appropriating \$12 million in FAA grant funds, and
- C. Adopt a budget ordinance transferring \$12 million in 2010 Series 'C' General Airport Revenue Bonds to the Debt Service Fund.

Explanation

- In December 2006, the Federal Aviation Administration issued its Letter of Intent (LOI) to provide \$80 million dollars over 8 years in discretionary federal funds to be applied towards the cost of constructing the third parallel runway.
- The FY2013 allocation of this LOI is \$12 million dollars. This is the seventh installment of the LOI, which funds a portion of the paving and lighting of the runway.
- The financial plan for the construction of the runway included the issuance of short term, variable rate General Airport Revenue Bonds that are callable upon the receipt of federal grant funds. This grant will allow the City to redeem \$12 million of these variable rate bonds.

Funding

Aviation Capital Investment Plan – 2091/554.12

Council Date:

June 10, 2013

Fuller: Jerry, it was clearly not 8 equal installments of \$10 million each.

Orr: It's a total of \$80 million over 8 installments, but they're not equal installments. The last installment next year is \$6 million.

Fuller: Do you know what that will be for?

Orr: For the same project.

Fuller: Drilling down, that's just for paving and lighting, mostly. Will the eighth one also be for paving and lighting?

Orr: Yes. That's because you do the grading first and that's the natural flow of things.

Fuller: That's the last thing, paving.

Orr: Paving is the last thing.

Motion: Fuller

Second: Jackson

Vote: 7-0

2. Airport Escalator/Elevator Maintenance Services

Action:

- A. Approve a 5-year contract with Schindler Elevator of Charlotte, NC for maintenance services on the Airport's Escalators and Elevators.
- B. Authorize the City Manager to approve two additional annual renewals as stipulated in the contract.

Explanation

- This contract will provide labor and parts to maintain and repair the Airport's 75 moving sidewalks, escalators and elevators. They will also perform inspections per the state elevator codes. The contract provides for rapid maintenance response to any breakdowns or failures, between the hours of 6 am and 9 pm, seven days a week and covers any call backs labor between 9 pm and 6 am, for units which have been designated as "Critical Use Units". The contract includes 240 additional labor hours at the annual cost of \$36,480 for any maintenance or repairs not included as part of the contract, i.e. damage from misuse and or abuse of the equipment.
- Invitation to Bid was issued on April 12, 2013. Otis Elevator, Schindler Elevator, and ThyssenKrupp Elevator were pre-qualified to Bid.
- On May 14, 2013, bids were received from all pre-qualified bidders.
- The contract has a (30) days termination clause without cause.
- The total contract amount is estimated to be \$2,807,400.00 for the five year term.

Small Business Opportunity

No SBE goal was set for this contract because there are no SBE subcontracting opportunities (Part C: Section 2.4 of the SBO Policy)

Funding

Airport Operating Fund - 7402/576.84

Summary of Proposals

Schindler	\$2,807,400.00
Otis Elevators	\$3,325,696.65
ThyssenKrupp	\$4,089,521.14

Council Date:

June 10, 2013

Edwards: Do they have an on-site maintenance standby staff? I know when you have an escalator down

it creates a lot of havoc. Is there someone here or do you have to call each time?

Orr: Actually, both. They have someone here during the peak hours and then someone on call the rest of the time. It's a graduated response time based on the priority of the particular device that is down.

Motion: McMillan

Second: Jackson

Vote: 7-0

3. Airport Advertising Concession Agreements

Action:

- A. Approve a concession agreement with Titan Outdoor, LLC for management of the Airport's on-property advertising program.
- B. Approve a concession agreement with Advanced Wireless Group, LLC for management of the Airport's WiFi advertising program.

Explanation

- On February 8, 2013 the Airport published a Request for Proposals ("RFP") for an advertising concession agreement in an effort to maximize advertising revenues. This RFP requested proposals on both advertising on Airport property, as well as advertising on the free public WiFi system.
- The Airport received four proposals total, two for the on-property advertising and two for the WiFi advertising. The Charlotte Regional Visitors Authority, the previous advertising manager, elected not to propose.
- A Selection Committee, consisting of three members from the Airport Advisory Committee (Morgan Edwards, Pam Bennett and Pete Acker), Terri Pope, US Airways' Vice President of Hub Operations at CLT, and Jerry Orr, Aviation Director, met on April 22, 2013 to review the proposals. The Selection Committee opted to interview three companies.
- Upon completion of the interviews, the Selection Committee selected Titan Outdoor, LLC as the new on-property advertising concessionaire and Advanced Wireless Group, LLC as the new WiFi advertising concessionaire.

Action A:

- On September 24, 2007, City Council approved a management agreement with the CRVA to manage the Airport's advertising program and to operate the Airport Welcome Center.
- Following discussions with the CRVA, the Airport carried out a competitive process for the advertising program component to maximize advertising revenues.
- On November 12, 2012, City Council approved a month-to-month extension with the CRVA for the same services for up to six months. This agreement expired April 30, 2013.
- On April 22, 2013, City Council approved a new contract with CRVA to continue managing the welcome center. This agreement began on May 1, 2013.
- The new agreement will begin July 1, 2013 and will last for five years. Each year, Titan will pay the Airport 65% of the static display gross revenues and 55% of the digital display gross revenues; or they will pay a Minimum Annual Guarantee (MAG) calculated based on the number of annual passenger enplanements, whichever is higher.
- Titan is guaranteeing a minimum of \$1,500,000 in revenues to the Airport for the first year, a capital investment of \$1,493,000, and estimating revenues to the Airport of \$14,692,000 for the term of the agreement.
- Titan has reached out to four disadvantaged businesses to utilize their services under the terms of the agreement: 1.) Kellee Communications; 2.) Absolute Cleaning & Restoration; 3.) Sign, ETC of Charlotte and 4.) W.E.G. Electrical
- Titan Outdoor, LLC is the current advertising manager for CATS where they have had a successful relationship, including beating revenue guarantees for every year of the contract thus far.

Action B:

- The Airport's free WiFi system is owned and operated by the Airport. The maintenance is provided in-house by the Airport's IT Department.
- Currently, the Airport's WiFi advertising is handled like standard inventory of the overall advertising program. The advertisements use an outdated "redirect model" which limits the functionality of the site.
- In order for the Airport to host the desired Airport-branded splash page that features advertising, the Airport elected to move away from the current redirect model and use an interactive splash page that features Airport information in addition to advertisements.
- The new agreement will begin July 1, 2013 and will last for five years.
- Each year, Advance Wireless Group will pay the Airport 55% of the gross revenues or a Minimum Annual Guarantee (MAG), whichever is higher.
- Advanced Wireless Group is guaranteeing a minimum of \$425,000 in revenues to the Airport for the first year and a capital investment of \$30,000.
- Each contract year's MAG will be equal to 80% of the revenues paid in the previous year to the Airport.

Small Business Opportunity

Action A:

Contracts subject to Federal ACDBE contract requirements are exempt (Appendix Section 23.5 of the SBO Policy). However, the Airport required an ACDBE goal of 23.5% and Titan committed to meet this goal.

Established ACDBE Goal: 23.5%

Committed ACDBE Goal: 23.5%

Action B:

Contracts subject to Federal ACDBE contract requirements are exempt (Appendix Section 23.5 of the SBO Policy). No ACDBE goal was set for this contract because there are no ACDBE identified opportunities.

Council Date:

June 24, 2013

Jackson: Were these lowest bid?

Orr: It was a request for proposal. The subcommittee reviewed the proposals and selected the one that most closely meets what we think our needs are.

Edwards: This more or less follows the practice on engineering projects rather than a low bid situation. I would like to add that it was a unanimous consent to make this recommendation.

Orr: These are the people from Titan (recognizes audience members). If you have any questions for Titan, they would be more than happy to answer those.

Long: Jerry, we also have a representative from Advanced Wireless Group.

Motion: Edwards

Second: Acker

Vote: 7-0

4. Airport Rental Car Facility Design Services

Action:

- A. Approve a contract of \$234,563 for professional design services to Talbert, Bright & Ellington, Inc., and
- B. Adopt a budget ordinance appropriating \$234,563 from the Contract Facility Charge (CFC) Fund to the Aviation Capital Investment Plan.

Explanation

- On May 29, 2007, Council adopted an ordinance imposing a CFC on vehicles rented at the Airport to fund construction, maintenance, and operation of current and future rental car facilities.

- On November 14, 2011, Council approved a contract for the construction of the new Airport parking deck, including a consolidated rental car facility.
- This contract with Talbert, Bright & Ellington will provide design for grading and paving a 70-acre site on Wilkinson Blvd to be used by the rental car companies for the storage and service of their vehicles.
- Talbert, Bright & Ellington was selected based on their qualifications as submitted through a Request for Qualifications process conducted by the Airport for various airfield projects on December 21, 2010.
- This investment will be repaid with CFC funds.

Small Business Opportunity

For professional services based contracts, the City negotiates SBE goals during the contract negotiation process (Part C: Section 2.2 of the SBO Policy). On this contract, Talbert, Bright & Ellington committed 5% (\$11,728.15) of the total contract amount to the following SBE firm: Flehan Engineering, Inc. (engineering).

Funding

Airport Capital Investment Plan – 2093/556.02

Council Date:

June 24, 2013

Motion: Acker

Second: Fuller

Vote: 7-0

5. Airport Hangar Additions

Action: Approve the low bid contract of \$375,300 with Edison Foard Construction Services for renovations to a corporate hangar at the Airport.

Explanation

- United Technologies Corporation leases a hangar in the Corporate Aviation area from the Airport for the storage and maintenance of their corporate aircraft.
- They have requested fifteen hundred square feet of office space and new restrooms. Also being installed is fall protection for the airplane mechanics and overhead air circulation fans.
- On May 9th, invitations to bid were advertised. Four were received.
- This project will be funded by the Airport and repaid by the tenant through hangar rents.

Small Business Opportunity

Established SBE Goal: 10%

Committed SBE Goal: 20.08%

Edison Foard Construction Services exceeded the established SBE goal, and committed 20.08% (\$72,473) of the base bid amount to the following SBE firms: Gastonia Iron Works (structural steel), Stencos Interiors (drywall/ceiling), PWP (HVAC).

Funding

Airport Operating Fund – 7402/57696

Summary of Bids

Edison Foard Construction Services	\$375,300
Encompass Building	\$382,500
Randolph and Sons Builders	\$404,100
The Bowers Group, LLC	\$412,900

Council Date:

June 24, 2013

Fuller: Can you give more details about what you mean by the fall protection for the A&P's?

Orr: OSHA requires fall protection for people who are working above a certain height. This is a rail system that's hooked up to the structure with a harness that you put on when you're working on top of the airplane or on top of the wings.

Fuller: So it's not anything specific to aviation, it's just height above the ground?

Orr: Right.

Fuller: By the way, for those that are newer members, an A&P is Airframe and Powerplant. The FAA designates and mechanics usually call themselves A&P for Airframe and Powerplant, the Airframe being the body of the airplane and the Powerplant being the engine of the jet, turbine, etc.

Edwards: I know we used to have First Union and Duke Power and several other operations based at this Airport. How many do we have now?

Orr: We have a long list. All of the Fortune 500 companies that operate airplanes are based here except for Lowe's. They're in Statesville.

Acker: How long do we expect these renovations to take?

Orr: Less than 90 days, after an appropriate period for permitting.

Bennett: Will the cost be covered by an increase in their rent?

Orr: These costs are paid out of cash in the excluded cost center and then the rent they pay will amortize these costs.

Jackson: What are the rent ranges for those spaces? I'm assuming there's probably a range?

Orr: \$15 per square foot for office space and then, on the corporate hangars, we charge based on the shadow of the airplane. The reason for that is that we want to treat everyone on an equal basis. By doing it that way and averaging all of our investment, it makes it easier for corporations to move from one hangar to another when they buy bigger airplanes or decide to get rid of an airplane.

Motion: Fuller

Second: McMillan

Vote: 7-0

6. Contract Extensions for Airport Parking Services Staffing**Action:**

- A. Approve a one-year contract extension with Park, Inc. of Charlotte NC for the management of the valet parking operation at the Airport.
- B. Approve a nine-month contract extension with EJ Services, Inc., d/b/a Customer Driven Staffing Services (formerly Balance Staffing) of Charlotte NC for providing parking cashiers and support personnel services at the airport.

Explanation**Action A:**

- In July 2003, Council approved a five-year management contract with Park, Inc. (formerly Parking Solutions) to manage the curbside valet parking at the Airport.
- On February 26, 2007, Council approved a contract amendment to add Business Valet, a remote valet service, on Wilkinson Boulevard in anticipation of the construction of a parking deck.
- In July 2012, council approved a contract extension until June 30, 2013.
- Valet operations are interdependent with CLT's parking deck structures and access roadways. With the current construction cycle, continuity with the existing provider is critical to maintain seamless customer service.
- The Airport needs to extend this agreement for an additional year.
- Park, Inc. is paid a flat fee of \$900 per month and is eligible for an incentive fee of 5% of annual profits. Additionally, Park, Inc. is reimbursed for allowable expenses according to an annual budget approved by the Aviation Director in advance.

- The approved operating budget for FY14 is \$2,167,735.00 with gross revenues estimated at \$9.5 million.

Action B:

- The Aviation Department manages the public parking operation at the airport utilizing temporary personnel to provide labor for various activities.
- Since 1982, the airport has staffed parking cashiers, customer service reps, taxi starters, and other parking support services through a temporary services contract.
- In February 2005, after a competitive process, Council approved a contract with EJ Services, Inc., d/b/a Balance staffing.
- In July 2012, council approved a contract extension until June 30, 2013.
- On April 8, a Request for Proposal was issued for Parking Services Staffing and eleven proposals were received. Most proposers were unable to provide guaranteed pricing for the duration of the contract due to anticipated changes in federal requirements for temporary workers. On this basis, the Airport chose to cancel this RFP.
- The current construction cycle and the implementation of a new revenue control system makes continuity with the existing provider critical to maintain seamless customer service.
- This action extends the existing contract until March 31, 2014, which will allow the Airport to time to complete another competitive process and to finish the implementation of the new revenue control system.
- The estimated extension expenditure is \$1,700,000.00.

Small Business Opportunity

No SBE goal was set for this contract because subcontracting opportunities were not identified (Part C: Section 2.4 of the SBO Policy).

Funding

Action A:

Park Inc. – 7402/57695

Action B:

Customer Driven Staffing – 7402/57686

Council Date:

June 24, 2013

Motion: Edwards

Second: Gedney

Vote: 7-0

7. Airport Business Valet Parking Deck II

Action:

- A. Approve the low bid contract of \$37,212,000 with Shelco, Inc. to construct a 3,000 space parking deck for the Airport's Business Valet product.
- B. Approve a contract of \$324,980 with PSI, Inc. for construction testing services for the project.
- C. Adopt a budget ordinance appropriating \$37,536,980 from the Airport Discretionary Fund.

Explanation

- In 2010, the Airport constructed a 3,200 space parking on the corner of Wilkinson Blvd and Harlee Ave for the Business Valet Parking product.
- Since the Business Valet Deck opened in 2010, the Airport has seen steady demand for Business Valet parking.
- On November 12, 2012, City Council approved a \$2,410,200 design contract with LS3P Associates for the design of a new parking deck.

- The new parking deck will provide 3,000 additional spaces for Business Valet Parking, with the ability to expand to 5,000 spaces as needed.
- On April 19th, invitations to bid were advertised. 5 bids were received
- These contracts will provide for the construction of the parking deck and the materials testing services during construction.
- Funding for these contracts will come from future General Airport Revenue Bond Proceeds. The debt service will be paid by non-airline revenues.

Small Business Opportunity

Action A:

Established SBE Goal: 9%

Committed SBE Goal: 15.14%

Shelco, Inc. exceeded the established SBE goal, and committed 15.14% (\$5,608,700.00) of the base bid amount to the following SBE firms: Southern Concrete Services (Post tension and rebar), A1 Precision Fence (fencing), and Harco Development (electrical ductbank).

Action B:

Committed SBE Goal: 10%

For professional services based contracts, the City negotiates SBE goals during the contract negotiation process (Part C: Section 2.2 of the SBO Policy). On this contract, PSI, Inc. committed 10% (\$32,498) of the total contract amount to the following SBE firm: On-Spec Engineering, PC (testing)

Funding

2810/558.01

Summary of Bids

Shelco, Inc.	\$37,212,000
China Construction	\$37,577,000
Edifice Construction	\$38,002,000
PCL Construction	\$39,764,640
Archer Western Contraction	\$39,898,600

Council Date:

June 24, 2013

Fuller: In 2010, shortly after the Business Valet deck opened, what was the average occupancy rate of those 3,200 parking spaces?

Orr: On the day it opened, it was probably 1%, but it's grown very rapidly.

Fuller: And do you know what that percentage would be now?

Orr: It depends a bit on the day of the week, but it's full on Tuesday and Wednesday. On average, I would say it's around 90%.

Fuller: Now that's growth.

Orr: Losing the 2,700 spaces in front of the terminal building put a lot of pressure on it.

Edwards: Have you studied why Tuesday and Wednesday are so busy? Most people come in on Monday and leave on Thursday.

Orr: Business travelers.

Edwards: Are they not using it as much as the people who go out one day and come back the next?

Orr: My observation is that I have never heard anybody use the Business Valet product and say "I don't like this." Everyone I've heard says "This is the best thing since sliced bread." People that use Curbside complain about having to wait. Curbside is a very high quality product but, in most high quality products, you're limited in how much of that you can do. We're really trying to do a lot more Curbside than we have the capability to do. I'm always hesitant to encourage people to use a product that generates half the revenue of another product but, in my view, Business Valet is a higher quality service than Curbside.

Jackson: What is the construction time period?

Orr: It'll take a little less than a year.

Motion: Gedney

Second: Fuller

Vote: 7-0

FOR INFORMATION ONLY:

The following actions were approved at the May 28, 2013 Council Meeting. However, they were not reviewed with this committee at the May meeting.

8. Airport Corporate Terminal Parking Canopy

Action:

- A. Approve the low bid contract of \$359,900 with Randolph & Son Builders, Inc. for the installation of a canopy, and
- B. Adopt a budget ordinance appropriating \$359,900 from the Aviation Excluded Fund Balance to the Aviation Capital Investment Plan.

Explanation

- In 1983 the Airport constructed a corporate terminal building for non-commercial airline use. That facility is now operated by Wilson Air Center under a management contract with the Airport.
- The terminal has pickup/drop lanes with a canopy for customer convenience. The pickup/drop-off area was expanded in 2012 and the existing canopy does not cover the full drive lanes.
- In November 2012, Pease Engineering Architecture, PC was issued a purchase order in the amount of \$25,000 for the design of the replacement canopy.
- This new canopy will fully cover the pickup/drop area for the terminal.
- On February 22, 2013, invitations to bid were advertised, we did not receive the required minimum of three bids and the project was re-advertised on March 19, 2013. Two bids were received for the second bid.
- Investment will be repaid from revenues generated by the corporate facility.

Small Business Opportunity

Established SBE Goal: 8%

Committed SBE Goal: 14.2%

Randolph & Son Builders exceeded the established SBE goal, and committed 14.2% (\$51,160) of the base bid amount to the following SBE firm: Union Paving Contractors (site paving), Treadway & Sons Painting (painting), Co-Ed Electrical Services (electrical).

Funding

Aviation Capital Investment Plan - 2073/56254

Summary of Bids

Randolph & Son Builders, Inc.	\$359,900
Edison Foard Construction Services	\$364,475

Council Date:

May 28, 2013

Edwards: Is it wind resistant?

Orr: Building code requires everything we build to be wind resistant.

9. Airport Runway and Taxiway Rehabilitation Design Services

Action:

- A. Approve a contract of \$170,000 for professional design services to W.K. Dickson & Co., Inc., and
- B. Adopt a budget ordinance appropriating \$170,000 from the Airport Discretionary Fund to the Aviation Capital Investment Plan.

Explanation

- Runway 18L is one of the original runways at the Airport and is an asphalt pavement. It was last repaved in 2007. The runway is connected by Taxiway 'D', an asphalt taxiway which runs parallel to the runway and provides access to the corporate aviation and military facilities on the Airport.
- Daily inspections of the runway and taxiway have shown that some areas of the pavement surface are exhibiting signs of stress that need to be repaired.
- This contract with W.K. Dickson will provide design, bidding, and construction administration services for repairing the pavement on the runway and taxiway.
- W.K. Dickson was selected based on their qualifications as submitted through a Request for Qualifications process conducted by the Airport for various airfield projects on December 21, 2010.
- This investment will be repaid from the Passenger Facility Charge revenues once approved by the FAA.

Disadvantaged Business Opportunity

Contracts subject to Federal DBE contract requirements are exempt (Appendix Section 23.5 of the SBO Policy); however, WK Dickson has committed 10% to Accutech Surveying and Mapping, LLC (survey and mapping).

Funding

Airport Operating Budget - 2084/52981

Council Date:

May 28, 2013

Fuller: Was it Taxiway C that was extended to Runway 36L in the last few years?

Orr: No, not in the last few years. It was extended a long time ago when we extended the runway.

This taxiway, D, is currently being extended and we extended the north end two years ago.

Fuller: Will the part that was extended two years ago be affected?

Orr: No.

10. Airport Passenger Boarding Bridge Replacement

Action:

- A. Approve a contract in the amount of \$184,614 to Ameribridge, LLC of Indianapolis, Indiana for the purchase and installation of a refurbished passenger boarding bridge, and
- B. Adopt a budget ordinance appropriating \$184,614 from the Airport Discretionary Fund Balance to the Aviation Capital Investment Plan.

Explanation

- In April 2012, the Airport hired DK Consultants to provide a full condition assessment of all 58 of the Airport-owned Passenger Boarding Bridges (PBB).
- Based on the assessment, the PBB at Gate A6 has exceeded its useful and economic life and is in need of replacement.
- The Airport identified two companies who refurbish used PBBs, and each company has proposed to provide the Airport with a PBB approximately 20-years old. With the refurbishment, the Airport expects to use this bridge for another 10 years.
- After review and assessment of each proposal, the Airport selected the PBB from Ameribridge due to shipping costs and price of the used PBB. This PBB was formerly in service at the

Greenville-Spartanburg Airport. The quote includes a Payment and Performance Bond for this work.

- The cost of a new PBB is approximately \$500,000 installed with a useful life of 20 years.
- The procurement of a used bridge is economically justified as the simple annualized cost is \$18,461/year compared to \$25,000/year for a new PBB.

Small Business Opportunity

Construction contracts under \$200,000 are considered informal with regard to the SBE subcontracting goal setting process, therefore establishing SBE goals are not required (Appendix Section 29.1 of the SBO Policy)

Funding

Airport Operating Budget - 2084/52980

Council Date:

May 28, 2013

Jackson: Is there a warranty with that?

Orr: Yes, a one-year warranty.

Edwards: This is not climate controlled, just like other bridges.

Orr: In this picture, you can see the big air conditioning unit which pumps into the yellow tube into the airplane. When the airplane comes in, you shut the motors down, turn on the air conditioning unit and it conditions the airplane. Then on this side is the building, which is also air conditioned.

11. Airport Use Agreement with Southwest Airlines

Action:

- A. Approve a lease with Southwest Airlines for space at Charlotte Douglas International Airport,
- B. Approve a lease amendment with all signatory airlines to recognize existing conditions, and
- C. Authorize the Aviation Director to execute any lease-related documents.

Explanation

- In 1985, when the City first issued General Airport Revenue Bonds (GARB), airlines that operated at the Airport were given the opportunity to enter into a long-term lease agreement called an Airline Use Agreement.
- Airlines that have signed the Airline Use Agreement are eligible to rent space at the terminal and to share in a percentage of Airport revenues. In return, the signatory airlines guarantee jointly and severally payment of all GARB debt service in the event the Airport is not able to pay from its non-airline revenues.
- The current signatory airlines are American, Delta, jetBlue, United, and US Airways.
- Southwest has expressed interest in becoming a signatory airline. As a result, it will pay a fixed rent, even if it decreases its operation at the Airport, and it will become a guarantor of the GARB debt service.
- The other signatory carriers will also sign an amendment to the lease to reflect existing conditions:
 - Reflect issuance of City Council approved airport revenue bonds used to construct certain facilities leased by the airlines at the Airport;
 - Revise terminal schematics depicting areas leased to the airlines to reflect the actual use of these spaces which has changed since the last Amendment; and
 - Recover the cost of the Airport's cash investment used to fund certain facilities at the airport.
- The Airline Use Agreement expires on June 30, 2016. Neither the Southwest Agreement nor the signatory amendment will change the length of the lease.

Council Date:

May 28, 2013

Edwards: What's the time period?

Orr: The lease expires in 2016.

5. STATUS REPORTS/DISCUSSION

Construction Updates

- New Hourly Parking Deck and Rental Car Facility

Bennett: Can you remind us of that completion date?

Orr: A little over a year from now.

Fuller: Will the wet spring threaten to extend the deadline?

Orr: No.

- Airport Entrance Road

Edwards: Does the rain help to settle the soil?

Orr: No, it just makes mud. It does keep the dust down, though.

- Charlotte Regional Intermodal Facility at CLT

Edwards: Will it be continuous weld on the tracks?

Orr: Yes.

Gedney: Will the intermodal allow for anything other than intermodal transfers? Will they be able to put reload facilities in there?

Orr: It was designed as an intermodal facility and typically today intermodal trains are just that. It's all designed around containers.

Edwards: You talked about the weld on the rail which makes it continuous rail. Was that designed to accommodate high-speed passenger rail or is that being considered?

Orr: My guess is probably not.

Edwards: Normally when you're using high speed trains, you try to use continuous rail.

Orr: You do and you use it in a different location.

Gedney: Intermodal trains go 79 miles an hour.

- Taxiway D South Extension
- Terminal Westside Expansion

Land Acquisition

This is 370 acres. This land lies immediately to the south of the runway that we opened two years ago. It includes about 100 homes and vacant land. When we did the environmental studies for that new runway, we anticipated offering to buy the homes that are in the northern part of this property because the closest of them are less than a mile from the end of the runway. These people experience noise from an airplane right over their house. But when the FAA issued their Record of Decision, they did not approve that specifically, so we've been bickering with them for two years now. Back in February, they agreed that the 370 acres was needed for future expansion of the Airport. The significance of this is it would make acquisition in that area eligible for federal funding. Based on that, we have asked and Council has agreed to appropriate \$35 million. We are proceeding with offering to acquire homes and/or land in that area. Ultimately, we would have the right of eminent domain since it is land needed for Airport purposes. We don't intend to pursue that track in the short term. We held a public meeting at Steele Creek Presbyterian Church on May 21st and had a good turnout. Tried to explain everything to people who were interested and I think we have about 65% of them so far that have expressed interest in being acquired. We are moving forward with that project and, certainly for the time being, it will be voluntary on the part of the homeowner. I would point out that the same processes applied to the acquisition of Moores Park where we're now building the Rental Car facility, that we started acquisition there in 1989 and there's still one property to acquire. It takes a while to do this and that's ok because we plan way out in front.

Parking Update

- Nine new shuttle buses were added to the fleet in April
- There have been 17 shuttle bus drivers hired
- Commercial lane assistants have been put into place to assist customers in boarding the correct

shuttle

- The construction of overflow parking on Old Dowd Road will add 400 parking spaces
- Additional Cell Phone parking is also being added in the North section of the Red Lot
- Dynamic message signs are in place on Wilkinson Boulevard and Josh Birmingham Parkway to advise which parking lots are open
- To increase awareness, press releases have been sent out, website has been updated and social media outlets have been utilized to disperse info
- Parking lots are being constructed and temporary parking lots are being installed as well:
 - A new temporary employee parking lot will hold 4,200 cars once complete
 - Current employee lots will be converted to public parking lots which will add 3,000 parking spaces
 - Long Term Lot 2 will use fill from the Hourly Parking deck demolition to expand by 1,200 parking spaces
 - Construction of the second Business Valet deck will begin soon

NCAA Annual Conference

- Held Wednesday, April 17 – Friday, April 19 in Raleigh.
- Russ McMillan attended.
- The workshops this year centered on grant writing for federal funds, EPA issues and resolutions and working with the Department of Wildlife Management to resolve wildlife conflicts with airport expansion.

Nominating Committee

Edwards: Given the current state of uproar, I would like to suggest that we table that until the end of the legislative session. I'll make a motion for it.

Bennett: Can we do that with our bylaws that say officers will be elected?

Edwards: The bylaws don't cover the situation we have here.

Fuller: Do we have to amend the bylaws?

Bennett: We have to have officers in place. Are you saying to keep the status quo until after?

Jackson: For 30 days.

Bennett: The way it is now, the nominating committee would present candidates at the July meeting, which is July 11th. Do you want to hold off on even having the nominating committee discussed?

Edwards: I think you can wait and see what outcome is going to happen.

Bennett: Jerry, I know we spoke briefly about this. The officers would take office at the August meeting and we would still continue to operate as a committee until told not to. Can you give us some detail on what would happen if this airport authority would pass in the next 30 days? What would happen to this group?

Orr: This group would remain intact until the people that the legislation designates to appoint new members have done that. The Advisory Committee would act as the board until such time as the new board is in place.

Bennett: I think we do have a motion on the floor. And your motion is to...

Edwards: Table it until the next meeting. I think we would have clearer direction at that point in time. If it doesn't clear the General Assembly during this session, then we would continue to operate until the next session. If it does clear, then we'll be in a different situation.

Bennett: So, table the meeting of the nominating committee until the next meeting?

Edwards: Basically until we have further direction.

Bennett: Which would then put our election of officers out one month, correct? Do we have any discussion of the motion that is on the floor?

Gedney: From a procedural standpoint, if the process in place is set up to have a nominating committee to poll the members to see who would be willing to serve in the various positions, regardless of whether it goes forward or not, I don't see why that shouldn't just continue. I don't see any need to postpone that. At such time that the Advisory Committee is no longer needed, it's no longer needed, but I think we have to go forward as if it's in place and it will stay in place until such time that it's not.

Acker: I would agree with Steve's point in that, with the transition, it could either be a quick transition or

it could be not quick. Whether it's two weeks or two months, I think we would still need to have officers.

Edwards: It was just a suggestion.

Bennett: Do we need to vote on this?

Edwards: No, I withdraw the motion.

Bennett: Currently, Drew has asked a few folks, myself, Crystal and Pete, to serve on the nominating committee. Anyone else is welcome to join with us to have a discussion. If anyone is interested in that, just let us know. The thought is that we would meet one time prior to the July meeting to come up with names to present at the July meeting which is July 11th. Then we would have the election and the officers would take office at the August meeting. That's the current plan.

5. DIRECTOR'S REPORT

Aircraft Landing Incident

As I'm sure you know, we had a small airplane land short of the runway a week or so ago. The response was appropriate and good and we towed the airplane over to Wilson. The Fire Department was involved.

Fuller: Was the pilot a retired NASA engineer?

Christine: He was a flight instructor.

Fuller: Do they always foam the plane?

Orr: No, there was fuel dripping from the wing.

USO of North Carolina, Charlotte Center

- In May, at the first ever TellUSO Awards, the USO of North Carolina, Charlotte Center received the top award for a USO in the large airports category
- The awards honor USO Centers for their commitment and service to America's troops and military families
- Award winners received highest overall scores in satisfaction, value, staff helpfulness, friendliness and knowledge in their category.

Annual Volunteer Celebration

- Airport hosted the Annual Volunteer Celebration on Tuesday, May 21
- "Connecting the Carolinas to the World" was the theme
- Volunteers enjoyed a presentation from Aviation Director Jerry Orr about CLT's future growth
- In 2011 – 2012, Volunteers...
 - Donated 8,866 hours of service
 - Assisted 251,040 passengers

Explorers Program

- Aviation Exploring Post 747 concluded its 16th year with a ceremony and dinner for 17 students and their guests on Wednesday, May 15
- The ceremony marked the conclusion of another successful year where participants met about twice a month, from September to May, with representatives from the various companies and organizations at CLT
- Post Partners include: the Aviation Department, Carolinas Aviation Museum, Federal Aviation Administration, HMSHost, N.C. Air National Guard, TSA and US Airways. These organizations allowed participating students to spend time with professionals from various occupations associated with the aviation industry

Miscellaneous

- Beaudevin was named best new airport bar by Entrepreneur magazine's 2013 Business Travel Awards
- Beaudevin, loosely translates to "the beauty of wine." In addition to a wide variety of red, white and sparkling wines, Beaudevin offers charcuterie and cheese plates, along with other small dishes
- In May, CLT was listed as the second most crowded US airport by Forbes magazine
- To determine rankings, Forbes looked at the 20 largest airports in the US in terms of 2012

passenger traffic and then compared that traffic to each airport's available terminal space and gates

- According to Forbes, the top five most crowded US airports are:
 1. Hartsfield-Jackson Atlanta International Airport
 2. Charlotte Douglas International Airport
 3. Los Angeles International Airport
 4. O'Hare International Airport
 5. Seattle-Tacoma International Airport

6. MISCELLANEOUS DISCUSSION

Fuller: Two broad areas, Jerry. This one goes back in time, I apologize. I've just learned things about it recently, in quite a bit of detail. On November 15, 2010, the Tisdale incident date. The perimeter security at that time, what share of that was a direct function of the Aviation Department, CMPD, TSA the FAA.

Orr: In airport security, the TSA has an unusual role. They make the rules, they enforce the rules, but they also execute some of the rules. TSA is responsible for security at the checkpoint and perimeter security is the responsibility of the airport. We have an Airport Security Plan which we submit to TSA and they approve and then the airport is responsible to execute it. The TSA judges the quality of that execution and can fine you for not appropriately executing it and there are other enforcement actions.

As to who has the most of the pie depends on specifically what you're talking about. CMPD, at that time it was Airport police or a part of the Airport's responsibility and their duties are defined in Airport Security Plan which, for obvious reasons, I can't enumerate.

Fuller: Will that also apply the same general formula to the Airport facilities themselves? That the Airport was responsible for securing those facilities as you were saying they are with the perimeter itself?

Orr: All of that is delineated in the Airport Security Plan in great detail which is classified.

Fuller: For the event itself, the NTSB never investigated because there was no damage to the airplane, is that correct?

Orr: That's correct.

Fuller: So, basically, the only body that did any analytical investigation was the CMPD.

Orr: And the TSA.

Fuller: The TSA was directly involved? The CMPD report is three pages, but it's heavily redacted and the Airport's response is actually longer than the report itself and somewhat redacted. Both seem to suggest that TSA handed it off to CMPD to do the analytics. Is that a correct conclusion?

Orr: It's complicated. They didn't exactly hand it off, they also participated in it.

Fuller: Is it fair to say that it would be tough to have any hard answers? They found fingerprints, or handprints in the wheel well, but they also found handprints in the wheel well in the Miracle on the Hudson when it was pulled out. There was no positive match. So is it fair to say that, at this point, it would be impossible to determine a positive match between the young man and the airplane?

Orr: There are people both here and on the other end who have put an extensive amount of effort into trying to do that and have apparently been unable to.

Fuller: The NTSB has some really good investigators. It's too bad they can't get involved, or won't. It's probably too late at this point.

Edwards: Is this still under litigation?

Orr: There is no active litigation at this time.

Fuller: The last area was, changing gears, our Airport GA is about 5% of aircraft operations, is that right?

Orr: Out of 552,093 operations, 23,400 were GA in 2012.

Fuller: So it's by operations, not passengers?

Orr: Passengers would be much lower.

Fuller: GA, by the way for the newer members, is General Aviation, like corporate, small airplanes. To get to my question, if you look at this new authority that's being proposed, like RDU has been one for a while. Here in Charlotte we have one FBO called Wilson and Raleigh has two, Tac Air and Landmark. FBO is a fixed base operator; it's kind of like a truck stop for small airplanes. The difference is, when you're driving, you don't have to stop at a truck stop to get gas or park, but if you come to a busy airport

in a small plane or corporate, you have to go the FBO. You can't just park off to the side anywhere. In Raleigh they have two, so you would think that the competition would hold jet fuel and av gas down, parking fees and rates, but actually they're quite a bit higher. If you were to come to CLT and go to Wilson and just drop someone off and leave, they won't charge you. Is that a function of the management, or in Raleigh, is it the authority that's not really checking that? What's happening in Raleigh is that the two FBO's are fighting each other to see who can have the higher fees and each year they seem to have a new fee. Particularly Landmark, although I'm not bad mouthing anybody. It seems like from a GA side of things, Raleigh is becoming privatized. When you're trying to land, you have to park at one of those two places and they're fighting to add fees, so I don't want to blame one party up there. Here that doesn't happen, we only have one FBO. Is that because of something you've done or, in Raleigh, is it something their director hasn't done or their aviation authority has overlooked?

Orr: Todd has been quite successful in life because he's very competitive. I'm a lot older and I've learned that sometimes there are penalties for being overly competitive. We had that situation in Charlotte where we had two FBO's, Thurston and Butler. We had a marketplace that was shrinking because the commercial side of the Airport was growing. We had two people trying to be responsive to their stockholders by being profitable and a marketplace that wasn't big enough to support two. That's what drives that need to raise prices. We dealt with that by, when that concession expired, we took over the entire operation which means that we own all the facilities, we determine the business plan and then we contract with Wilson who executes our business plan. They hire the people and it's their efforts who determine that quality of service. Based on that, last year we were 8th out of 3,000 according to Plane and Pilot. The pricing regimen, they have to submit to us for approval. We want to provide the gas to local corporations as cheap as we can and still make enough money to pay the bills. We take that into consideration and our fuel pricing is very favorable. That works for us.

Fuller: So it's a public/private partnership?

Orr: It is very much a public/private partnership.

Fuller: Why doesn't Raleigh have a similar model?

Orr: That would be a good question for the Raleigh board.

Edwards: Jerry, if I can reflect on history for a bit. One of the impetuses for building the Concord airport and not utilizing Monroe was to create a reliever situation for this airport as it grew in commercial capacity. Concord was built specifically to do that.

Fuller: It's true that most GA's will likely go to Concord, Monroe or Rock Hill, maybe even Gastonia. You have options.

Edwards: That was by design.

Fuller: Yes, but there still is a GA presence on the airfield.

Orr: We were going to take a tour of the corporate facilities some time ago but ran out of time. We'll get that back on the schedule.

Fuller: On my last overseas trip, which was just a month or two ago, I went through four US airports and three in Europe and I was struck by the flip-flop. It seemed like things were much more efficient in Europe and it could've just been a bad day, not in Charlotte. I thought things went well in Charlotte, the TSA lines were long, but that's TSA, not us. Then I got home and a few months later I read a report about a professional pilot who noticed the same thing. In your mind's eye, what's the biggest threat to US airports and US based airlines with respect to having the world's best and most efficient airports, fastest growing airlines and most convenience for air travelers over the next decade or two and what can we do to mitigate those risks? How can we make ourselves more competitive?

Orr: I think our two goals of the highest quality product and lowest possible cost are the right two goals to get us where we want to be and where we need to be. I think that service with a smile doesn't cost very much and it is appreciated by all consumers. It doesn't cost any more for my people to treat you nicely than to treat you abruptly. If you're like me, I'd rather be treated nicely, especially when I'm spending huge sums of money. That's how you get there, by getting everyone involved and on the same sheet. Assuming we could find somebody foolish enough to loan us that kind of money, we could spend a couple of billion dollars and build a massive palace here like some of the foreign airports. Those airports are paid for by their governments. If we were to do that, it would force our costs way up and the airlines would then say "I'm out of here." You really have to balance those things, just like you have to do in any business. Our goal is to be the best and do it in a way that doesn't run the prices up so high

that we run people off.

Fuller: Twenty years from now, we could have planes that can go direct from here to Asia and we don't want a situation where the airlines are saying darn, I could now base my hub in Abu Dhabi or the United Arab Emirates instead of Charlotte because the technology is there to do that. It sounds like you're saying they're not likely to do that, at this point, because it would be such a higher cost per passenger for the airlines.

Meeting adjourned at 9:20 a.m.

Motion: Edwards

Second: McMillan

Vote: 7-0



T. J. Orr, Aviation Director

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