

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT ADVISORY COMMITTEE**

**Minutes from the December 4, 2008 meeting
Piedmont Conference Room
8:00 a.m.**

Present

Dr. Henry Nicholson, Chair
Crystal Jackson, Vice Chair
Shawn Dorsch
Andrew Riolo
Stan Campbell
Jeff Hay
Stan Vaughan
Joe Carpenter
Todd Fuller

Staff Present

TJ Orr, Aviation Director
Jennifer Long, Staff Advisor
Erika Helm, Community Outreach Specialist

Absent

Grace Bailey

1. Call to Order

Chair Dr. Henry Nicholson called the meeting to order at 8:00 a.m.

2. Pledge of Allegiance

3. Welcome New Member

The committee's newest member is Todd Fuller. Todd is appointed by City Council for a three-year term. He is self-employed as an Asset Manager and Public Speaker, and is a graduate of North Carolina State University. Todd played professional basketball for 11 years in the NBA, as well as overseas. He is also a private pilot.

4. Approval of the November 6, 2008 Minutes

The minutes were approved as written.

5. Business Agenda

1. Cleaning Service Contract for Airport

Action: Approve a three year contract with Incredible Maintenance, Inc. for cleaning of the airport parking lots, decks, terminal, and other areas.

Background:

- This contract will provide cleaning and trash removal services for the airport's parking lots, parking decks, passenger drop off and pick up areas at the terminal, delivery dock, airport overlook and terminal roadways.
- The contract shall be for a period of three consecutive years beginning January 1, 2009 with a total negotiated cost of \$740,976.00.
- The scope of the services was negotiated to delete the cleaning of the future Business Valet Parking Deck on Wilkinson Blvd. for the second and third years of the contract.
- Incredible Maintenance is the incumbent contractor and has been providing this service for the past five years.
- The current year cost is \$196,492. The new contract scope has additional scheduled pressure washings of the terminal passenger drop off areas along the

Vaughan: So if we approve this we are approving for a two-lane road?

Orr: Yes.

Carpenter: What are the chances of getting the State to put more money into it?

Orr: The next step would be to bring political pressure, but I don't know where that would lead. By approving this agreement, we can go ahead and get moving on opening that interchange, redoing a little piece of Garrison Road where we just built the new road and make a workable solution.

Carpenter: Someone will have to do something to control its usage because the traffic will overflow.

Orr: If you don't do it there, the traffic will just overflow somewhere else. Right now, all the traffic coming from South Carolina and down towards Fort Mill comes up Steele Creek Road. It used to come up Wallace Neel Road. But that road was cut off for the construction of the runway. But prior to that, in the mornings and afternoons, traffic would back-up from the front of the terminal for two miles down the old Wallace Neel Road.

Riolo: The road that is parallel to the new runway is a public access road?

Orr: Yes, it is a public road. We are constructing right now a road that will start by the fuel tanks, cross the railroad on a new bridge, and go over to Wilkinson Boulevard. As soon as that road is open, a lot of this through-traffic can bypass the Airport complex all together and get over to Wilkinson Boulevard.

Carpenter: Is this interchange a part of the Garden Parkway?

Orr: That's an excellent question. The Garden Parkway is a road that is now proposed as a toll-road that would start at I-485, cross the river on two new bridges, go around Highway 321 and back around to I-85 around Cherryville. Our plans were to have the new West Boulevard be a four lane road from Billy Graham Parkway all the way to the bridge where the Garden Parkway would pick-up. The engineers doing then environmental assessment have come up with two alternative routes. One is a north route and the other is a south route. They need to pursue the middle route that goes by the power plant. But they're worried about environmental issues in crossing Duke Power's ponds there at the steam plant. They also show a huge new three-level intersection that's as large as the 1-485/I-85 interchange. But I don't think they will get the funding for that nor do they need it.

VOTING: NCDOT Municipal Agreement

- Motion for Approval: Carpenter
- Second: Vaughan
- All those in Favor: 9
- Opposed: 0

3. Property Transactions

Action: Approve the following property condemnations.

- A. Project: Airport Master Plan Land Condemnation**
Owner(s): BT Property, LLC
Property Address: part of 7101 Wilkinson Boulevard
Property to be acquired: 22.24 acres
Improvements: vacant land
Purchase Price: \$1,000,800
Remarks: Property was valued by tax office at \$16,893 an acre in 2003 which does not reflect the current market values. The purchase price was determined by two independent Member Appraisal Institute (MAI) appraisers and was reviewed by a third MAI appraiser. Each appraisal takes into consideration the specific quality and quantity of the land. The tax value is determined on a more generic basis and will be higher or lower for land/house with certain attributes. Property is acquired per Federal Guidelines 49 CFR Part 24 of the Uniform Acquisition and Relocation Act of 1970. Acquisition costs are eligible for Federal Aviation Administration reimbursement.
Zoned: I1 Use: vacant land
Tax Value: \$1,706,300 (101 acres total land)

Tax Code: 113-021-06

B. Project: Airport Master Plan Land Condemnation

Owner(s): Clark Associates (et al)

Property Address: part of * Wilkinson Boulevard

Property to be acquired: 24.28 acres

Improvements: vacant land

Purchase Price: \$395,000.00

Remarks: Property was valued by tax office at \$6,859 an acre in 2003 which does not reflect the current market values. The purchase price was determined by two independent Member Appraisal Institute (MAI) appraisers and was reviewed by a third MAI appraiser. Each appraisal takes into consideration the specific quality and quantity of the land. The tax value is determined on a more generic basis and will be higher or lower for land/house with certain attributes. Property is acquired per Federal Guidelines 49 CFR Part 24 of the Uniform Acquisition and Relocation Act of 1970. Acquisition costs are eligible for Federal Aviation Administration reimbursement.

Zoned: R4 Use: vacant land

Tax Value: \$269,300 (based on 39.26 acres total land)

Tax Code: 113-331-22

Council Date: December 8, 2008

Carpenter: I see the appraised value for the 22.24 acres. Is that a new appraisal?

Orr: Yes, that is a new appraisal and very generous. This is extremely rough land.

VOTING: Property Transactions

- Motion for Approval: Vaughan
- Second: Dorsch
- All those in Favor: 9
- Opposed: 0

6. 2009 Meeting Schedule

The committee votes on their 2009 meeting schedule. Meetings will continue to remain on the first Thursday of each month, with the exception of the January and July meetings. Those meetings will occur on the second Thursday of the month due to the New Years and July 4th holidays. Meetings will begin at 8:00 a.m. and are open to the public.

7. Status Reports

1. Taxi Service

On November 3, the Aviation Director met with City Council to discuss the Airport's taxi operation in an effort to improve service, create a better impression of the City, enforce fleet restrictions and modernize the current system.

History of taxi operation

- 1985—Chapter 4-104
 - Aviation Director shall have the right to adopt and amend reasonable rules, regulations and procedures applicable to ground transportation services on all Airport roadways.
- 1989 – Council establishes open agreement system
 - Airport enters into Operating Agreement with Company; Open applications for all.
 - Companies allot their permits to drivers
- Originally set up for
 - Maximum of 5-6 companies
 - 60 taxis

- \$1250 annual fee
- Airport has burden of operation
 - Dispatch
 - Maintenance checks
 - Inspections
- 2000—Council adopted the Passenger for Hire Ordinance, which governs taxicab operations throughout the City.

How did the open system work?

- 1989 – 4 companies with 60 permits
- 1996 – 9 companies with 96 permits
- 2004 – 12 companies with 130 permits
- 2008 - 12 companies with 144 permits
- From 1989 – 2008, fees are \$1250/year

What is the current environment?

- Very little has changed to meet the Airport's growing needs. The Airport is spending an extreme amount of resources, including staff time, monitoring and maintaining this system. The companies have no incentive (or no repercussions) to improve on how they are operating.
- There are 12 companies with 144 permits
- Challenging to manage
- System not on par with equivalent cities
- Many cabs have outdated equipment
- Inconsistent customer service
- Lack of pride in appearance
- Frequently run out of cabs or have too many cabs

What is happening in other markets?

- Other Airports in the southeast (Atlanta, Florida, DC, even Raleigh Durham) meet demands by:
 - Exclusive contracts which ensure uniform price and service
 - Requiring a modern and operationally sound fleet
 - Credit card service is standard
 - GPS navigation/fares
 - Uniformed drivers

How do customers think we're doing?

- "I had the misfortune of using an airport taxi on Saturday 8/12."
- "A very bad reflection on our Airport and entry into the City of Charlotte."
- "When I told the driver I was paying with a credit card he said he did not take credit cards. I was not happy with this bad service."
- "Also, I did not feel safe in the taxi because the speedometer was broken and wavering at all times."
- "So my conclusion is that the driver – based on my response to him that I did not live here – was trying to take advantage of my apparent lack of local knowledge and take me the long way – driving up the fare."

What is our goal?

- Provide excellent customer service
- Create positive impression of the City
- Offer modern services – credit card, GPS, environmentally friendly vehicles
- Clean, well maintained, current vehicles

Where do start?

- Airport will take a proactive role
- Work with the cab operators to develop the plans for our new system
- Modernize the current process to meet current demands
- Implement the system in early 2009
- Airport plans to define a cab company as having at least 50 to 60 operating cabs with no multiple ownership
- The company must have a dispatch
- Airport will establish an “A” and “B” level of cab as an incentive
 - “A” level is a cab that is no more than three years old and a full-size sedan, or an alternative fuel vehicle (hybrid or electric). It must accept a credit card within the cab and be GPS-dispatched. The Airport will also push for a GPS fare box in each cab allowing the customer to pay based on the starting point and ending point. The driver will be required to have a uniform and level of knowledge about the City.

Dorsch: I use the taxis here every week. There is an inconsistency in the pricing for going downtown.

Orr: A GPS-fare box would fix that.

Dorsch: In New York, they have GPS and credit card readers.

Carpenter: If I'm at the Westin and want to get to the Airport, how do I know which cabs are allowed to take me?

Orr: Any cab can drop-off, but you must have a permit to pick-up.

Carpenter: How do cab companies outside of Mecklenburg County operate here?

Orr: They can drop-off but they can't pick-up. They can pick-up on a pre-arranged basis.

Riolo: What we're doing is establishing a different standard for cab companies who want to operate at the Airport, than for the City?

Orr: Yes.

Riolo: Do you expect there will be opposition to that from the City since the City issues the permits?

Orr: This has already been approved by the City. If there is any opposition, it will come from the taxi companies.

Dorsch: Will this impact taxi fares?

Orr: There should not be any impact on fares.

Vaughan: Is the limousine service included in that?

Orr: Limousine service is really strong in Charlotte. Those companies use what's called the “black cars.” The better hotels use this too. They offer nice, clean and comfortable cars with a uniform driver.

Gentry: I would like to comment to Drew's question. We already have different standards for our taxi cabs here. To operate at the Airport, they have to have a special inspection sticker.

Orr: We also have a list of drivers who can't operate here based on a three-strike system.

Riolo: The strikes are for what?

Orr: Behavior.

2. Bonds

Orr: The Airport is an enterprise fund and we raise all the money we spend on the Airport, including all of our expenses and never use general fund tax dollars. To fund all of our capital improvements, we sell General Airport Revenue Bonds (GARBs). They are not a debt of the tax payer; they are backed by the general revenue of the Airport. We are rated by all three of the bond rating agencies, Standard & Poors, Moody and Fitch. We also have a bond rating that is different from the City's. The City is AAA and the County is AAA. The highest bond rating we can achieve is AA. We have gotten our bond rating increased by three levels over the last 10 years. Something we have had to overcome is the bond rating agencies wanting to downgrade us because of our high dependence in US Airways for revenue. We have been able to increasingly convince them that US Airways is irrelevant to our financial program. From a purely financial perspective, it doesn't matter if they are here or not or if we are a hub or not. US Airways could go away tomorrow and no one come in to replace the hub, and we could generate enough revenues, without increasing the parking, to pay all of our debt service, pay all of our employees and not lay anyone off. We went to New York last month to meet with all three. We met with

them on the day of one of the big Wachovia announcements, so timing wasn't great. Nevertheless, Standard & Poors raised our bond rating to A+. Based on that, we have some variable rate debt that we are remarketing in order to lower our rate. All of that debt was insured by MBIA. MBIA was AAA rated, which they are no longer. That triggers some events in the bonds that caused most of those to become bank bonds. If they were still being marketed, which about five percent are, we would be paying nine percent. Because they're bank bonds, we're paying four percent. We paid off \$48 million of them and re-issued with Bank of America as the remarketer, guaranteed by an irrevocable letter of credit by Bank of America. We are going to offer to sell another 60+ million on December 17. We have a smaller amount, probably less than \$40 million, that are AMT. There is little if any market for AMT debt right now. We may use some of our reserve cash to go ahead and call those bonds. We may do a short-term financing to call those bonds. Then we have \$268 million in 30-year fixed-rate bonds that we intended to have marketed by now. We are currently scheduled to be in the market sometime in late January with those. We will sell those only if we can get a favorable interest rate. We have no idea where the market will be in February. Some of that goes to pay for the new runway. We have adequate cash reserves so that if we don't sell the bonds this year, it doesn't impact our construction program. Riolo: What's our total bond debt and what do we pay in annual service payments?

Orr: Total debt is about \$516 million and our annual debt service is about \$44 million. Keep in mind that a lot of that debt service is paid by the Passenger Facility Charge (PFC). On November 1, 2004, we started collecting \$3 per boarded passenger through the ticket. We have about \$90 million that we have collected from that.

Riolo: Prior to 2004, we paid the debt service with operating revenue?

Orr: That's right and that's what helps the landing fee be so low here. That's why we can build and open a new runway, and the landing fee rate actually go down.

Riolo: On the new runway, when will that open?

Orr: We will have the new runway open and ready to use in October 2009. That is about six months ahead of schedule and under budget. The FAA will not be ready with the instrumentation.

Riolo: Will the tower be able to handle that traffic?

Orr: Yes, they agree that they can operate the new runway from the existing tower.

Dorsch: If you couldn't sell anymore debt, would you be able to finish the runway?

Orr: Yes, the runway is funded.

Dorsch: If you couldn't sell anymore debt, is there any impact on your projects that you are working on now?

Orr: No. The deck we are currently building is funded. Everything we have under construction is funded. That is State law. A municipality cannot award a contract unless they have funding to pay for that contract.

Carpenter: How much of that runway is funded by federal dollars?

Orr: \$124 million.

Carpenter: How much is funded by the City?

Orr: The rest is City. About 55 percent is funded through federal funding. If airlines were to go away and there was no service at all and no revenues generated, we could pay our debt service and not lay anyone off for five years. I think that is a strong financial program.

Riolo: Can you talk a little about the expansion going on at the Maintenance Facility?

Orr: We are building a 3,200-space parking deck that will be four levels. It will be operated as a Business Valet parking deck. That means you pull right in there, get out of your car, get on a designated bus that will have you to the front of the terminal in three minutes. When you return, that bus will be waiting for you on the curb to take you back and your car will be sitting there waiting for you. The cost will be \$10 per day. It will be immediately adjacent to our Maintenance Facility, which we are upfitting to move all of our employees to. We have also built one ramp to get from that area to Josh Birmingham; we will be starting in the next two months to put a ramp on the other side.

Jackson: When will the new deck be completed?

Orr: Before Thanksgiving of next year.

3. Thanksgiving Travel Recap

Orr: Our Thanksgiving traffic was down, somewhere between five and seven percent. Our parking revenues were actually up and we attribute that to raising the cost of long term parking from \$3 to \$4 per day. We did not have any parking shortages or issues this year and were able to manage it very well.

4. Employee Awards Presented

The Aviation Department held its fourth-annual Employee Celebration on Saturday, November 22 at Harris Conference Center. The Employee Awards Ceremony was also held during the event. This was the eighth year that the department has recognized employees who exhibit outstanding performance, quality customer care and team spirit in three categories: the Rookie Award, the Above and Beyond Award, and the Team Spirit award. This year, 37 employees were nominated by their peers.

This year's winners included:

- Rookie Award: Roy Ivey (Field Maintenance)
- Team Spirit- Individual: Lee Davis (Public Affairs) and David Neal (Operations)
- Team Spirit- Crew: Pavement and Marking Team (Field Maintenance)
- Above and Beyond: Angela Taylor (Building Maintenance)

Orr: Angela Taylor is a plumber here. She came to the Airport through the Job Corp Program. She is a great employee and has a great attitude toward her work. She also has a smile on her face and also speaks to everyone. She is currently working on her plumber's license. We are really proud of her and proud of all of the winners. Lee Davis (who is present at the meeting) is our Team Spirit winner.

8. Director's Report

1. Neighborhood Update Published

Neighborhood Update November 2008

- This issue provides Airport neighbors an FAR Part 150 Update, Runway Update and Parking Deck construction update.
- Neighborhood Update is distributed to residents and businesses in the Airport-area.
- Copies are located in each member's book.

2. Holiday Decorations Installed

- Santa Air & Cargo is a new addition (introduced last year) to CLT's holiday decorations, which include the Airport's signature Poinsettia Trees in the ticketing lobby and in the Atrium.
- Santa Air & Cargo includes a red bi-plane suspended from the Atrium's ceiling along with a variety of brightly wrapped packages suspended from the ceiling as if they have been dropped by the airline and parachuting from the sky.
- There is also a Santa Claus manikin in the cockpit of the airplane.
- Santa himself is also scheduled to be in the terminal on:
 - November 19, 23, 24, 25, 26
 - December 4, 5, 9, 12, 17, 18, 19, 20, 21, 22, 23

Riolo: I think the decorations that started last year and have grown this year are tremendous. I want to thank the staff for that. That Santa driving around the terminal is a real attraction. Santa actually rides around and goes down the concourses and to the gates, sees kids and talks to them. It is really a fun thing offered, just like the Paris event. I want to again compliment the staff on that. It is good to be somewhere where the employees have fun and the customers have fun.

Orr: You can thank Haley for that.

Riolo: It was an enjoyable experience. There was music, food and entertainment. There were dignitaries present as well. The week after this announcement, Delta announced that they were going to fly from Raleigh to Paris and from Pittsburgh to Paris and the way they announced that was through a simple press release. I thought our Airport stepped it up to another level and that was very much appreciated.

3. Aircraft Disaster Drill Scheduled

To maintain the FAA's Airport Certification, Aircraft Emergency Training is held every year through a Table Top Exercise involving the Fire Department, Medic, Police, Red Cross, Medical Examiner and the airlines. Additionally, CLT must hold a full-scale airport emergency plan exercise at least once every 36 consecutive calendar months. The exercise is conducted through a simulated mass casualty incident, which will test the coordination of all emergency responses to an aircraft incident. There will be an exercise conducted on Saturday morning, December 6. The exact start time is not published.

Miscellaneous Discussion

Carpenter: The country is experiencing an economic downturn and I know our finances are in good shape. I know as a manager you are going to be looking at ways to help that.

Orr: I have been dealing with an airline that has had difficulties since 1996. I believe in our two goals, to produce the highest quality product at the lowest possible cost. I want my employees to always strive to do things better and more efficiently. It isn't something you can start and stop doing depending on the environment; it has to always be a focus.

Nicholson: Where do we stand in terms of quality?

Orr: Well, beauty is in the eye of the beholder. Every rating we find we are always in the top percentage.

Meeting adjourned at 9:15 a.m.



T. J. Orr, Aviation Director

Distribution:

Mayor & City Council

Curt Walton, City Manager

Stephanie C. Kelly, City Clerk

Ronnie Bryant, President/CEO, Charlotte Regional Partnership

M. Schuster, UNCC Library

Art Fields, Chamber Av. Committee

Bob Morgan, Charlotte Chamber