

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT ADVISORY COMMITTEE**

**Minutes from the February 5, 2009 meeting
Piedmont Conference Room
8:00 a.m.**

Present

Dr. Henry Nicholson, Chair
Jeff Hay
Todd Fuller
Andrew Riolo
Stan Campbell
Joe Carpenter
Stan Vaughan
Shawn Dorsch
William Taylor

Staff Present

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

Absent

Crystal Jackson, Vice Chair

Guest Speaker

Col. Tony E. McMillan, Wing Commander for the North Carolina Air National Guard

1. Call to Order

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

2. Pledge of Allegiance

3. Introduction of New Member

The committee's newest member is William Taylor. Mr. Taylor is recommended by the Executive Board of the Charlotte Regional Partnership and is appointed by City Council for one two-year term. He is the President and CEO of The Springs Company, located in Lancaster, SC.

4. Approval of the January 8, 2009 Minutes

The minutes were approved as written.

5. Business Agenda

1. FAA Grant Acceptance

- Action:**
- A. Adopt a resolution accepting a Federal Aviation Administration (FAA) grant in the amount of \$14,340,842 for Airport projects related to the new runway; and**
 - B. Adopt a Budget Ordinance appropriating \$14,340,842 in FAA grant funds.**

Background:

- Each year, the Airport qualifies for FAA entitlement funds based on passenger enplanements under the Airport Improvement Program. The Airport's FY2009 entitlement funds currently available are \$3,340,842. Additional entitlement funds may be available later in the year.
- In December 2006, the FAA issued its Letter of Intent (LOI) to provide \$80 million dollars over 8 years in federal funds to be applied towards the cost of constructing the new runway. The FY2009 allocation of this LOI is \$11 million dollars and is included in the \$14,340,842 grant offer. This is the third installment of the LOI.
- This grant will be used to fund a portion of the costs associated with the following project elements:
 - Runway Grading & Drainage

- Runway Paving & Lighting
- Runway Construction Administration
- Runway Utilities Relocation
- Old Dowd Road Relocation
- Navigational Aid Design

Council Date: February 9, 2009

Carpenter: Is some of that money already bonded?

Orr: We are fairly well along in the project, and as you know, a contractor won't work long unless they get paid. What we do is borrow money by issuing bonds. We pay the debt service on those bonds with the Passenger Facility Charge, which is \$3.00 per boarded passenger, and we use that money to pay the contractors to do the work. Then as the grant funds come in over that eight year period, we can replace those bonds. They're variable rate, callable bonds, so we can call them whenever the grant funds come in.

Carpenter: So A. and B. is a combination?

Orr: It's a combination of half of our entitlements, plus our LOI payment.

Fuller: What will the grant be used on?

Orr: Everything on the runway is eligible. This is just a mechanism of where we apply the grant where we have already expended funds so that we can draw down the grant immediately. It all goes into the runway costs and 75% of the runway cost will be eligible for federal funding. The amount of federal funding we'll get is something on the range of 60%.

VOTING: FAA Grant Acceptance

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

2. Airport Runway Project - Old Dowd Road Relocation Change Order

- Action:**
- A. Approve change order #1 with Crowder Construction in the amount of \$TBD for additional work needed to complete the construction of two bridges on Old Dowd Road.**
 - B. Adopt a budget ordinance in the amount of \$TBD from the Airport Discretionary Fund to be repaid with future FAA grants and General Airport Revenue Bond proceeds.**

Background:

- In September 2008, City Council awarded a contract to Crowder Construction Company in the amount of \$7,243,723 for construction of two new bridges on the relocated Old Dowd Road and a new portion of road to connect Old Dowd Road to Wilkinson Boulevard.
- This change order includes the following items:
 1. Pre-cast concrete culvert installed over the existing Duke Energy transmission line currently running in the path of the Connector Road in order to maintain required capacity of the line under the road fill dirt.
 2. Installation of additional drainage structures in the vicinity of the connector road bridge.
 3. Lengthened approach slabs for each bridge as directed by NC Department of Transportation engineers.

Disadvantaged Business Enterprise

Established DBE Goal: 14%

Committed DBE Goal: 10%

Crowder Construction committed to 10% DBE participation with the original contract. They maintain that commitment with the addition of this change order.

Council Date: February 23, 2009

Carpenter: Just interested in the size of that culvert.

Orr: It's about 20+ feet wide and 10 feet high.

Carpenter: Could it be used for other utilities?

Orr: It could be used if you had the need. You could hang conduits on the wall.

Vaughan: You do not know the amount of this change order?

Orr: We do not know the exact amount, but it is over \$1 million.

Fuller: When do you think you might know that?

Orr: In a couple of days.

VOTING: Airport Runway Project - Old Dowd Road Relocation Change Order

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

3. Airport Property Exchange

Action: Recommend approval of a resolution authorizing a land exchange between the City and Crescent Resources, LLC.

Background:

- The City of Charlotte owns 13.31 acres of land on West Boulevard, tax parcels 143-111-01 and 143-101-01. The City plans to retain 1.305 acres of these parcels to accommodate the West Boulevard relocation.
- Crescent Resources, LLC owns 30.59 acres of land, tax parcel 143-091-03 at the southwest corner of Billy Graham Parkway and West Boulevard. The Airport has surveyed this parcel and developed a track which contains 11.23 acres of land.
- The City desires to exchange its property, which has been appraised by an independent MAI appraiser. The City's property was appraised for \$1,266,000 and the Crescent Resources property was appraised for \$1,267,000.
- Future plans for West Boulevard should include an enlarged intersection at Billy Graham and West Boulevard. The exchange of land would facilitate future plans for that area.
- The City has plans to relocate part of West Boulevard. In that regard, the City will retain 1.305 acres of the exchange parcels to accommodate the current relocation plans

Benefits to the City are:

- When the future intersection of West Boulevard and Billy Graham is developed, this land will accommodate an intersection at that location.
- The City will be retaining 1.305 acres of land that is currently a part of the parcels we are exchanging to accommodate the current project to relocate West Boulevard.
- Appropriately restructuring of property lines allows maximum utilization of the property currently owned by Crescent Resources LLC and will maximize property taxes to the City.

Council Date: February 23, 2009

Carpenter: Why not just purchase it? The land we are giving up, doesn't that impact a future location for a runway?

Orr: The proposed location for a future runway would not effect this.

VOTING: Airport Property Exchange

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

4. Sale of Easement to Piedmont Natural Gas Company

Action: Recommend approval of a resolution authorizing an easement be granted to Piedmont Natural Gas to cross City owned property.

Background:

- The City of Charlotte owns tax parcel 141-181-41 which has 3.16 acres
- Piedmont Natural Gas Company wishes to purchase an easement across the eastern side of this parcel to accommodate their natural gas pipeline for \$25,800.00.
- The easement will be 50 feet wide and encompass .516 acres, more or less

Benefits to the City are:

- Will allow Piedmont Natural Gas to provide natural gas along the western side of I-485, west of the Airport.

Council Date: February 23, 2009

VOTING: Sale of Easement to Piedmont Natural Gas Company

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

6. Status Reports

1. North Carolina Air National Guard

Col. Tony E. McMillan, Wing Commander for the North Carolina Air National Guard, gives a brief overview presentation about the guard to the committee.

McMillan: I am the commander of the Airlift Wing here at Charlotte Douglas. We have had a more than 60-year relationship with the Airport. Our chain of command is essentially under the Governor. In a weekend, we have about 1,500 members that show up, that includes about 1,200 across the runway and another 300 or so in Stanley County. We have various functional areas including a medical group that clears physicals, dental and eye exams. It's not for medical appointments but for screening. There are 65 members in the medical area. We also have an Operations Group, Maintenance Group, Mission Support Group and Combat Operations Group. There are three units locally, the unit here at Charlotte Douglas, Stanley County Airport and the Badin NCANG Base. The Charlotte base consists of 99 acres and 359,313 square feet of facilities. We also have 10 C-130s that are assigned to Charlotte making us one of the largest C-130 units. A normal size unit is eight. Our unit here is pretty large. Most people are unaware of what we have here. You can think of it as a full-on air force base right here in Charlotte. We

are always ready to deploy. Unlike what you may see in the news where an Army Guard Unit is alerted and called-up, then trains for 60 to 90 days, and then deploys. Our contract with the Airport is 72 hours. That's why we fly each day and train each day, allowing us the capability to deploy within 72 hours. Over the last several years, we have been very busy with deployments to the Afghanistan area. Our guys will go in for about 60 days and then come back. What we are doing in Afghanistan is precision airdropping. These are steerable palettes that parachute to set locations- by using a GPS mechanism in the palette. This allows the Army to not have to carry all of their stuff with them. (Col. McMillian shares a short video which demonstrates the palette drops). On any given day, I have about 80 members that are deployed somewhere. There is never a time that all of our members are back home. Our mission for homeland defense is firefighting mission. It is called the Modular Airborne Fire Fighting System (MAFFS). There are only four military bases in the country that have the capability to drop the flame retardant, which is orange. The reason it is orange is so that we can paint a line of the retardant in front of the fire; we don't drop it on the fire. Then the fire burns to it and goes out. (Col. McMillian shares a short video which demonstrates MAFFS). Another partnership we have on the Airport is the fire station which is a blend of the Charlotte Fire Department, military and State employees. Another area we have is called Starbase, which is a kids program for at-risk youth. We have a couple civilian instructors, who are paid separately, to teach math and how it relates to aviation, as well as tours of the facility. We also have a Medical Evacuation Squadron which is used daily, worldwide. We also have a responsibility for a Quick Reaction Force Deployment, which carries the Army Guardsmen if they need to go somewhere for a hurricane or aftermath security. We are on-call for that also. Twenty-five percent of our people are fulltime and the other 75 percent are traditional guardsmen. This is really just a quick overview.

Carpenter: Afghanistan is a long ways away, what's the range of your aircraft?

McMillan: I have taken off from here and gone directly to Germany, nonstop. That's about 11 ½ hours. That's about the range.

Vaughan: Do the planes you fly have the capability to refuel in the air?

McMillan: No, they do not. Some of the C-130s do, but ours do not. Our planes do hold 10,000 gallons of fuel.

Orr: We will arrange for a tour on a different day for this group to tour their facilities.

Nicholson: I would recommend that each of you participate in the tour.

Orr: The Guard is a great resource to us and I will talk about that further at a later meeting. Especially with respect to fire protection.

2. Air Service Update

Orr provides the members an air service update.

- In May 2009, JetBlue Airways will add a second nonstop flight between Charlotte and Boston.
- The merger between Northwest Airlines and Delta Air Lines was approved in October 2008. The new airline will operate under Delta's name.
- US Airways will begin nonstop service between CLT and Paris beginning April 21st.
- US Airways recently filed an application with the Department of Transportation to operate one daily nonstop flight between Charlotte and Rio de Janeiro, Brazil.

3. Year-End Figures

Orr presents the Airport's year-end figures for Calendar Year 2008.

- Local Boardings (Estimate): 4,699,118 (-2.8% over 2007)
- Total Boardings: 17,357,993 (+5% over 2007)
- Aircraft Operations: 536,253 (+3% over 2007)
- Parking Transactions (Does Not Include Valet Services): 2,285,129 (-7% over 2007)
- Passenger Totals: 34,739,020 (+5% over 2007)
- Parking Sales: \$34,056,515.22
- Rental Car Sales: \$103,711,878
- Food & Beverage Sales: \$93,887,360
- Retail Sales: \$46,901,643

- Advertising Sales: \$2,774,270

4. Taxi Service

The Airport is currently working on redoing its taxi cab procedures here at the Airport. Orr shares a short video clip from the January 26th Citizen's Forum meeting. The video shows William Dobbins, President of the Airport's Taxi Drivers Association, addressing the Mayor and City Council. Copies of letters exchanged between Dobbins and the Airport were provided to the committee.

Orr: We are currently working on redoing our taxi procedures here at the Airport. Remember, in Charlotte, by City Ordinance, every taxi cab has to work for a taxi cab company. Therefore, we cannot do what Mr. Dobbins is requesting, which is to deal directly with the taxi cab drivers, unless the City Ordinance is changed. We have interviewed taxi cab owners. We are going to send out a letter to the drivers so that they have the opportunity to provide us with their comments.

Dorsch: What's their issue? Do they just not want to spend the money on new equipment?

Orr: That's part of the issue. Their issue, as I understand it, is that they don't want to work for the taxi cab company owners. They want to form some sort of association who would contract with the Airport to provide taxi service to the Airport.

Dorsch: I use a taxi cab every week when I come home to get downtown. There is supposed to be a set rate for going downtown, but they do it both ways. I just get tired of arguing with the drivers about how there is supposed to be a set fee, as opposed to running the meter. It is just all over the place.

Orr: Our goal is to make the taxi system at the Airport very uniform and professional so that when you use a taxi week by week, your experience is nearly the same. We will talk more about this next time.

5. Airport Bonds

Orr: We sold some more bonds yesterday. The market was good on Tuesday; it was not good on Wednesday. We are not used to the market changing so quickly. This sale was \$51 million, fixed rate. The longest term bonds were six years. The retail sales, were about 50 % of the total sales by mid-morning. To sell all the bonds we were pretty much at the mercy of the institutional investors. We could have withdrawn the issue or stayed open another day, but we elected to take what we could get. It is not a bad deal for us. It was 3.40% and they are fairly short term. It is a significant improvement over the bonds that these bonds will replace. We had to replace those bonds because they were tied up in a swap and the insurer lost their rating. It was the first time we have ever sold bonds without an insurer or letter of credit. We are pleased that we were able to do that and we think the amount of retail we were able to pull in rather quickly was really promising. It is just a very difficult market.

Dorsch: Did you think about going longer than six?

Orr: That was all we could do because we were using these bonds to call bonds that were already in place. The termination of those bonds was 2016. Right now the short market is much more attractive than the long market, particularly with Airport debt.

Dorsch: What's going to happen with this? Is it going to need to be refinanced?

Orr: No, we are good to go on this. This reduces our debt service considerably which is a benefit also to the airlines. Next time we go into the market will be our big issue of new money that pays for the runway. That's something north of \$200 million.

Dorsch: When do you expect to need to go to the market for that?

Orr: Well, we wanted to go to the market back in September. But we can put that off until we get a favorable rate.

Dorsch: What kind of maturity are you going to try and get on that?

Orr: I don't know yet, it will be whatever the market dictates to us.

7. Director's Report

1. New Volunteer Uniforms

- The Airport's Volunteer Program began in May 2005 with 20 volunteers. To date the program has more than 70 volunteers and continues growing.

- The program kicked-off at the same time the City of Charlotte was in competition for the NASCAR Hall of Fame, and it seemed only fitting to theme the program around the City's racing heritage. As a result, volunteers were outfitted in "pit-crew" inspired shirts.
- However, the particular shirt and color currently worn by volunteers is no longer available and the Airport therefore changed the program's uniform, effective January 1.
- In an effort to keep the volunteers in an easily identifiable uniform, a yellow oxford shirt is worn by all volunteers. Each volunteer also has a logoed-lanyard and "Ask Me" nametag.
- The bright color allows each volunteer to stand-out in a sea of passengers, resulting in better customer service. No other airport tenant uses the color yellow for its employee uniform.

Drew Riolo addresses the committee regarding US Airways Flight 1549 and shares a PowerPoint presentation along with two video clips, recapturing what occurred with the flight. One video clips shows a demonstration of an aircraft engine being hit by an object, similar to what happened to Flight 1549, while the second video clip is from a security camera which captured the aircraft's water landing.

Riolo presented to the committee information that's available publicly and spoke to the committee from the perspective of an attorney and pilot, but not as a representative of US Airways.

Meeting adjourned at 9:28 a.m.



T. J. Orr, Aviation Director

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