

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT ADVISORY COMMITTEE**

**Minutes from the February 4, 2010 meeting
Piedmont Conference Room
8:00 a.m.**

Present

Stan Vaughan, Chair
Drew Riolo, Vice Chair
Joe Carpenter
Crystal Jackson
Jeff Hay
Colvin Edwards
Todd Fuller
Shawn Dorsch
Ed McMahan
William Taylor

Staff Present

TJ Orr, Aviation Director
Jennifer Long, Customer Relations Specialist
Erika Helm, Community Outreach Specialist
Haley Gentry, Public Affairs Manager

Absent

Russell McMillan

1. Call to Order

Chair Stan Vaughan called the meeting to order at 8:00 a.m.

2. Pledge of Allegiance

3. Approval of the January 7, 2010 Minutes

The minutes were approved as written.

4. Business Agenda

1. AeroClinic Office Upfit

Action: Approve a contract with The Bowers Group, LLC. in the amount of \$208,000 for the construction of the AeroClinic medical office in the terminal building.

Background:

- On July 27, 2009, City Council approved a concession agreement with Americorp, Inc., d/b/a AeroClinic, to operate a medical center in the terminal in conjunction with Presbyterian Health Care Associates.
- Under this agreement, AeroClinic will operate a medical office offering the following services at the Airport:
 - Minor Ill Care
 - Well Care and Screenings
 - Specialty-focused Preventive Care
 - Vaccinations
 - Prescriptions and Pre-packaged Medications
 - X-Rays in Conjunction with First Aid
- This contract will remodel approximately 1,000 square feet of office space on the third floor of the terminal building and 360 square feet in the ticket lobby for AeroClinic to conduct their business.
- This project was bid as an informal project. An estimate was provided by the Architect, McCulloch England Associates Architects, they estimated the project at \$185,000 which is within the informal dollar range not to set an SBE goal.
- Four companies were solicited two SBE companies and two non-SBE companies.

Contract Terms

- This contract duration is 45 calendar days.
- The project was bid on a lump-sum basis.

Small Business Opportunity

Established SBE Goal: 0%

Committed SBE Goal: 0%

The project cost was estimated to be less than \$200,000 so an informal bid process was conducted and an SBO goal was not established (appendix 29.1 of the SBO policy).

Summary of Bids

The Bowers Group	\$208,000
Edison Foard, Inc.	\$212,000
*C.A. Scism Construction	\$215,940
*Camps Construction	\$219,700
<i>*SBE Company</i>	

Council Date: February 8, 2010

Motion: Edwards

Second: Carpenter

Vote: 9-0 (Fuller absent for vote)

2. North Carolina Department of Transportation Grants

- Action**
- A. Adopt a resolution accepting a North Carolina Department of Transportation (NCDOT) grant in the amount of \$750,000 for FY 2010, and**
 - B. Adopt a budget ordinance to appropriate funds received from the North Carolina Department of Transportation (NCDOT) grants in the amount of \$750,000, which will displace a like amount of 2004 General Airport Revenue Bond proceeds.**

Background:

- Each year, the NCDOT Division of Aviation allocates funds for the State's Aid to Airports grant program to the state's airports.
- NCDOT has incorporated funds from both FY09 and FY10 into this grant.
- Charlotte, Raleigh, and Greensboro Airports' allotment from this fund is \$500,000 for FY09 and \$250,000 for FY10.
- This grant will fund a portion of the grading and drainage for the Third Parallel Runway.
- The FAA grants provide 75% funding for the project. The remaining 25% is funded with 2004 General Airport Revenue Bond (GARB) proceeds.
- This grant will displace 2004 GARBs previously allocated to the project.

Council Date: February 22, 2010

Edwards: Is all this State money based on our fuel taxes?

Orr: I have never been able to really determine that.

Edwards: There used to be an 80-10-10 split for Federal, State and Local.

Orr: The bulk of this comes from fuel taxes. The commercial airlines pay a fuel tax.

Edwards: Is it State fuel tax money or Federal fuel tax money?
Orr: State.

Motion: Carpenter
Second: Taylor
Vote: 10-0

3. Change Order for Emergency Procurement of Airfield Pavement Deicing Fluid

- Action**
- A. Adopt a Resolution finding the procurement of airfield deicing fluid to be an emergency.**
 - B. Approve a change order to an existing purchase order with Clariant Corporation in the amount of \$80,000.**

Background:

- Pricing for 13,200 gallons was obtained from three suppliers of potassium acetate in September 2009 and a purchase order issued to Clariant Corporation in the amount of \$84,600.
- The airport utilizes potassium acetate as a liquid deicing agent for the airfield pavement.
- Annual usage from past years has averaged 9,000 gallons.
- The Charlotte area has had two significant weather events so far this season, the most recent on January 29-31. During this latest storm, the airport used 12,400 gallons of the potassium acetate to deice the airfield pavements and keep the airfield open and operational.
- This change order would provide an additional supply of 12,800 gallons of potassium acetate for any future winter event.

Council Date: February 22, 2010

Motion: McMahan
Second: Carpenter
Vote: 10-0

4. Concourse 'E' Expansion Action

Approve a contract with LS3P Associates LTD in the amount of \$125,000 for architectural and engineering design services for an expansion to Concourse 'E'.

Background:

- In November 1999, City Council approved a contract in the amount of \$2,568,000 with LS3P Associates LTD to design the initial 21-gate phase of E-Concourse.
- In August 2005, City Council approved a change order in the amount of \$675,000 with LS3P Associates LTD to design a 6-gate addition for E-Concourse.
- In April 2007, City Council approved a change order in the amount of \$124,375 with LS3P Associates LTD to design a 120-foot expansion to the 6-gate addition for E-Concourse.
- The hub operation includes 8 to 9 "banks" of aircraft that arrive and depart the Airport each day.

- US Airways has informed the Airport it will add 6 additional aircraft to each bank using Concourse 'E' starting in March.
- In order to accommodate the additional aircraft, the Airport must immediately add another 120-foot section to concourse to provide hold room space for the additional passenger load.
- This contract will provide architectural and engineering design, bidding, and construction administration services for the expansion project.
- The contract will be funded with proceeds of the 2004 General Airport Revenue Bonds, the debt service of which is paid for by Passenger Facility Charge funds.

Contract Terms

- This contract amount is a negotiated fee based on a scope of work.
- The contract duration is 60 calendar days for design services and 300 calendar days for bidding and construction administration services.

Council Date: February 22, 2010

Riolo: If all of Concourse E is single level, why are we going to have a two-level at the end?

Orr: The ramp slopes up. It is a one level concourse but we want the concourse to be up a couple feet because we intended to have jetways off of all these gates. To have a jetway off of a building, you have to have some space under it for the jetway to operate. That is one reason we need to get up higher and we could do that with a sloping floor, but we designed this concourse back when US Airways said they were going to fill it with the 50-seat CRJs. That is not what happened because the regional jets are now up to 100 seats. The 170s and 190s are really high off of the ground and larger. So we need some gates at the end where we could have second level boarding. The last reason is to add a bag room. Currently, there is no bag room; it is just out in the open. We will also have the capability of making these two end gates A330 capable. We could then build an auxiliary international arrival area beneath it and we have Custom's clearance to do that.

Riolo: So you can put mainline jets on the end of Concourse E, not just regional?

Orr: Yes.

Edwards: Are there any jetways on Concourse E now?

Orr: We currently have 16 jetways on E. That's 16 out of 32 gates. We are capable of placing more jetways, but the airline parks more airplanes than gates available and you can't park two airplanes on one gate if it has a jetway.

Carpenter: Will this be built so that it is incorporated into the future expansion?

Orr: Yes.

Fuller: What's the final completion date?

Orr: We will have it built in less than a year.

Motion: McMahan

Second: Dorsch

Vote: 10-0

5. Ramp Information Display System Upgrade

Action: Approve a sole-source contract with Signature Technologies, Inc., d/b/a Com-Net, in the amount of \$1,354,403 for the installation of a new Ramp Information Display System (RIDS) without competitive bidding as authorized by the Sole Source Exemption under NCGS 143-129(e)(6).

Background:**Sole Source Exemption**

- G.S. 143-129 (e) (6) (ii) provides that formal bidding requirements do not apply when:
 - Performance or price competition are not available
 - A needed product is available from only one source of supply
 - Standardization or compatibility is the overriding consideration
- Com-Net software and components are proprietary and only available from one source.

Explanation

- In July 1998, City Council approved a contract with Com-Net Software Specialist for the installation of a Ramp Information Display System (RIDS) for the gates leased by US Airways.
- US Airways has requested the Airport replace the existing RIDS displays and add RIDS displays for new gates constructed since the initial deployment of the system.
- The system is designed by Com-Net and includes specific components and proprietary software to feed flight information to the RIDS displays that is used by ground crews to prepare the aircraft for departure.
- This contract will replace the existing RIDS displays on the gates leased to US Airways and add displays on City-owned gates on Concourses 'D' & 'E', which are used on a regular basis by US Airways.
- Funding for this contract comes from Special Facility Revenue Bond proceeds, the debt service of which is paid for by US Airways.

Contract Terms

- This is a lump-sum contract based on the scope of the project.
- The contract duration is 180 calendar days.

Small Business Opportunity

Sole source contracts are exempt (Appendix Section 23.2 of the SBO Policy).

Council Date: February 22, 2010

Riolo: These displays are outside of the terminal. Next time you fly, just before you step onto the airplane from the loading bridge, look to the left and look on the terminal building itself. There will be a display that indicates the type of aircraft, flight number, the destination, flight time and a countdown. If it gets past the flight time, it will alert the employees on the ramp to help them remain on schedule. It will also indicate if another flight is waiting on that gate.

Carpenter: This is just on US Airway's gates?

Orr: Yes. This will add them on Concourses D and E. We will also replace the ones on Concourses B and C because they are about 10 years old.

Motion: Carpenter

Second: Dorsch

Vote: 10-0

FOR INFORMATION ONLY

The following actions were approved at the January 25th City Council meeting.

1. Airport Parking and Ground Transportation Services

Action: Approve a month-to-month contract extension with EJ Services, Inc., d/b/a Balance Staffing Services for temporary personnel services for no longer than 24 months in a total amount not to exceed \$5,520,000.

Background:

- After a competitive process, Council approved a contract with EJ Services, Inc. ("Balance Staffing") in January 2005 to provide various temporary personnel services as required to operate the Airport's parking lots.
- The contract was for three years, with two one-year extensions at the City's sole discretion, and expires January 31, 2010.
- The Airport is in the process of redesigning aspects of the parking operation and will be putting out a bid for a new parking revenue control system soon. The new system will take 18 months to install and implement.
- A month-to-month contract extension will allow the Airport flexibility as the new parking revenue control system is installed without the additional cost of bidding and training a new provider for a short period of time.
- Once the new parking revenue control system is in place, the Airport will initiate a competitive process for the personnel services required.
- The total airport parking revenue in FY2009 was \$33 million. This contract represents .84% of that annual revenue.

Contract Terms

- Balance Staffing will provide personnel services on a man hour basis as required by the Airport.
- The term is month-to-month but for no longer than 24 months.
- Hourly rates are set by the Airport and vary from \$22.22 to \$9.57.
- Balance provides the employee's:
 - Earned wages
 - Holiday pay
 - Vacation pay
 - Limited health benefits
- Total compensation under the contract is not to exceed \$5,520,000 over 24 months.

Small Business Opportunity

Established SBE Goal: 0%

Committed SBE Goal: 0%

Pursuant to Section 5 of the SBO Program, no SBO utilization goal was set for this contract because subcontracting is not anticipated.

Council Date: January 25, 2010

2. Airport Fire Truck Acquisition

Action: A. Approve the acquisition of a remanufactured airport fire truck from Company Two in the amount of \$351,750.

B. Adopt a budget ordinance in the amount of \$351,750 from the Airport

Discretionary Fund to be replaced with future grant proceeds, future General Airport Revenue Bond proceeds, and/or Passenger Facility Charge (PFC) revenues.

Background:

- The Airport is required by Federal Aviation Regulations (FAR) to provide Aircraft Rescue and Fire Fighting (ARFF) equipment on the airfield for aircraft operations.
- The amount of ARFF equipment required is determined by an index based on the size of aircraft operating at the airport. CLT is an Index D airport.
- Index D requires the Airport to have three (3) ARFF vehicles with a combined water capacity of at least 4,000 gallons and 500 lbs. of extinguishing agent. In an emergency, the first vehicle must arrive at the scene within 3 minutes and the other two vehicles within 4 minutes.
- The five (5) ARFF vehicles currently on the Airport include equipment owned by the Airport and other equipment owned by the North Carolina National Guard.
- The equipment is stored in the fire station on the east side of the airfield.
- The opening of the new runway on the west side of the airfield requires an additional fire station that must have a compliment of three (3) ARFF vehicles in order to comply with the response time requirements in the FAR regulations.
- This action will acquire a remanufactured 1992 E-1 Titan fire truck with a water tank capacity of 3,000 gallons. It will supplement two (2) pieces of ARFF equipment that will move to the new station.
- Company Two is a quality company that specializes in remanufacturing fire equipment. This truck has been remanufactured from the chassis up and is in excellent condition at 1/3 the cost of a new truck and is available now. As a general rule, airport fire equipment gets very limited use because it stays on the airfield.

Contract Terms

- The cost of this truck was negotiated by the Charlotte Fire Department on behalf of the Airport based on the condition of the vehicle. The truck was inspected and tested by the Fire Department prior to negotiating the price.

Disadvantaged Business Opportunity

Established DBE Goal: 0%

Committed DBE Goal: 0%

The Federal DBE Program neither requires nor permits goals for every contract. The City must meet its overall goal by using a mix of contract goals and race-neutral means.

Council Date: January 25, 2010

Dorsch: Do you need any more fire trucks for this station or is this all you need?

Orr: This is all we need. We have about seven pieces of equipment that belong to the Air National Guard. We have more equipment available here than any other airport around, besides Atlanta.

3. Airport License with MEDCENTER AIR

Action: Approve a license for hangar, office and warehouse facilities between the City and the Charlotte-Mecklenburg Hospital Authority D/B/A MEDCENTER AIR.

Background:

- February 1, 2005 the Airport entered into a five-year Lease with the Charlotte-Mecklenburg Hospital Authority (MEDCENTER AIR) for hangar space totaling 17,957 square feet, which includes 2,094 square feet of office space. Its termination date was January 30, 2010.
- MEDCENTER AIR desires more office space and is in need of additional storage space.
- This one-year license combines the currently occupied hangar and office space at Wilson Air North plus an additional 1,294 square feet of office space at Wilson Air North and 2,412 square feet of storage space at the Wilson Air maintenance hangar.
- A license is a form of agreement that a governmental agency can grant. It provides a limited scope of tenant property rights and privileges.

Contract Terms

- The rent for aircraft at hangar is \$7,196.04 per month and office rent at the hangar is \$2,617.50 per month plus utilities; rent for the additional office space at Wilson Air North is \$1,617.50 per month; and storage space rent is \$904.50 per month.

Small Business Opportunity

Established SBE Goal: n/a

Committed SBE Goal: n/a

The SBE program does not apply to real estate leases in which the City is the landlord.

Council Date: January 25, 2010

Edwards: Has the Air National Guard given any indication if they plan to grow and expand over the next few years?

Orr: Historically, this has always been a very aggressive air guard unit and is highly rated based on performance. They have done a great job of continually expanding the base. The new hangar they built a couple years ago is designed to handle two C130s or one C17. Their mission will probably continue with the C130s and supporting the 82nd Airborne in Ft. Bragg. Their base works very well here and they are a great tenant. We work together very closely. We continue to provide room for them as needed for expansion.

Edwards: How many C130s do they have?

Orr: Thirteen. They are not all there usually, but are out on missions.

Edwards: What are their missions?

Orr: They have three missions. One is delivering the 82nd Airborne, one relates to dropping the fire retardant, the other is a medevac.

6. Status Reports**1. Passenger Survey Results**

- Beginning in FY09, the Airport contracted with Phoenix Marketing International (PMI), a market research company based in New York, to develop and implement a customized passenger survey.
- Using a complete random approach, passengers are asked to participate in a 10 to 15 minute survey which evaluates their experience in all aspects of their trip including parking, check-in, security, terminal amenities, signage, cleanliness, concessions, baggage delivery and more.
- The surveys are conducted twice monthly in the gate area. The surveyors alternate between all five of the Airport's concourses and are here throughout the day (mornings, afternoons and evenings).
- Four-hundred completed surveys are conducted during a 12-month period.
- The Airport is now into its second full year with PMI and recently received the results for the first six months of FY10 (July 2009 - December 2009.). Those results are compared

to the same time last year for a year-over-year comparison. (The results chart was shared with the members).

- The results show that the Airport received its highest scores among passengers, 95 percent, in terminal facilities. Overall satisfaction was rated highly by 93 percent of passengers. The biggest jump in scores occurred in the Airport's gate area, which rose from 77 percent in July 2008 - December 2008, to 85 percent in July 2009 - December 2009. On average, all categories surveyed received slight gains when compared year-over-year.
- PMI's Travel Research Group works with Airports, Airlines (including US Airways), TSA, Hotels, Convention and Visitors Bureaus, Car Rental Companies and more. Some of the Airport's PMI has worked with include Boston-Logan, Denver, Dallas Fort Worth, Los Angeles, La Guardia, Newark, Miami, Seattle and Chicago-O'Hare to name a few.
- The purpose of the survey is to learn what CLT passengers think of their entire Airport experience as well as learn what areas CLT performs well in and what areas CLT needs to focus on. The survey helps the Airport prioritize its resources by focusing on areas which are lowest performing.

2. Yearend Figures

Orr shares with the committee some of the yearend figures for Calendar year 2009.

- Parking Revenues: \$33,967,353 (-0.9% when compared to Calendar Year 2008)
- Rental Car Sales: \$ 94,825,357.84 (-9.4% when compared to Calendar Year 2008)
- Food & Beverage Sales: \$92,387,034 (-1.6% when compared to Calendar Year 2008)
- Retail Sales: \$44,347,337 (-5.8% when compared to Calendar Year 2008)
- Advertising Revenues: \$2,327,117 (-16% when compared to Calendar Year 2008)
- Local Boardings FY09 (*CY09 results are not yet available*): 4,490,090 (-8% when compared to Fiscal Year 2008)
- Total Boardings: 17,246,594 (-1% when compared to Calendar Year 2008)
- Aircraft Operations: 509,4408 (-5% when compared to Calendar Year 2008)

Riolo: Can you expand on why advertising is down so much?

Orr: As you know, the economy is not as good as it has been in previous years. Advertising is normally one of the first things to go when companies adjust their budgets and staff. Advertising is a grueling business and one of the first things to feel a recession and one of the last things to recover. The bad news is that our revenues are down. But the good news is that the difference in our revenues versus expenses is constant. When we sense are revenues decreasing, we control our costs very quickly and effectively.

3. FAR (Federal Aviation Regulations) Part 150 Public Hearing Update

- The FAR Part 150 Program is the federal regulation that supports the Airport's noise program. The program allows the FAA to give the Airport 80% of the costs to purchase homes, relocate homes, insulate homes, etc.
- The Airport is supposed to update the program every five years. CLT's last update was performed in 1997. The update was stretched out because the Airport's 1996 noise contours were as large as they will ever get. After 2000, they shrunk considerably. This is due to the fleet being replaced with Stage-Three aircraft, which are much quieter. The Airport wanted to offer insulation to everyone that qualified.
- A Public Hearing was held on January 27th at Olympic High School, and approximately 150 citizens were in attendance to review noise and land use graphics.
- The purpose of the public hearing was to give the public an opportunity to make official comments for inclusion in the final program update document.
- During the public hearing, 18 citizens made official comments to be documented. Comments will be received until March 1st. Once all comments have been received, they will be included

- in the final document, along with an official response from the Airport.
- The next step will include reviewing the final document and submitting it to the FAA for approval. The FAA will have nine months to respond.
- The Airport is asking the FAA to approve its noise contours, which define what people are eligible for. The Airport is also asking the FAA to approve a flight track monitoring system. This is a computer system in which you are able to plot out the flight track of each aircraft, vertically and horizontally. This helps the Airport identify problem areas and how to fix them. The Airport had a system, but when the FAA updated its radar system, it no longer allowed the Airport's system to function properly.

4. Merchandise RFP

- The Airport is currently in an RFP (Request for Proposals) process for the retail concessions in the terminal.
- There are approximately 34 retail locations in the terminal.
- Back in June, the committee approved an extension to HMS Host's food and beverage contract, in exchange for them relinquishing their rights to retail.
- The first proposal documents were submitted on October 28 with a mandatory pre-proposal meeting that required all interested proposers to attend. Over 60 companies were represented.
- Based on the first meeting, the Airport took in all the proposers' questions and provided answers by issuing a second RFP, making the first RFP null and void.
- The final proposals are due February 25.
- The Airport recently issued an Addendum and will probably issue a second Addendum.
- The RFP does establish, in writing, that all affiliates or persons acting on their behalf or parties otherwise interested in the RFP are prohibited from contacting elected or appointed City officials, officers or employees, including Airport Advisory Committee members, regarding the RFP.

Riolo: What determination will be used to select vendors?

Gentry: We will have a process that does that. It will consist of a panel. We are currently working through that with the City Manager's office. Eventually it will come through this committee and then go for City Council approval.

Riolo: So we will look at the variety of the merchandise and also the level of service?

Orr: You may recall that when we extended the food and beverage contract with HMS Host, we changed the mechanism of our relationship. Typically in the industry, a concessionaire pays you a percentage of their gross revenues, backed up by a guarantee. We changed the contract with HMS Host where they now pay us approximately \$60 per square foot of space, which covers our costs on providing that space. Then we will share their profit 50-50. We will make more money under the new contract this year than we would have under the old format. We negotiated that with them and have set forth the same format for the merchandise proposals. The difference in a Request for Bids is you say exactly what you want them to do and the bidder tells you what it will cost. In a Request for Proposals, you give them a general outline and they tell you precisely what they will do. We will review all the proposals and it will be our business plan. We will pick and choose a selection of those that in our opinion gives us the merchandise we want and maximizes profits to us. This means the DBE and control of that is on us. It will be up to us to select a mixture of concessionaires that meets our DBE goal, which is 20%. Each of the proposers knows that. So each of the incumbent DBE's has the opportunity to submit on their own and the opportunity to submit as a sub-contractor to any of the bigger operations that are submitting. It's in the best interest of the bigger operations to get as many DBE subcontractors as they can. That makes them more attractive to us.

Edwards: How will you determine the product mix? Is there an industry standard?

Orr: We have a lot of experience in this. Many airports just contract with a company and that's the end of it. We work very closely with our concessionaires here. We get into their business and meet with them once a month. We review their sales in each unit for the month, sales per square foot and the

sales per enplaned passenger. We then compare that with the previous month and the same month from the previous year. Therefore we can see who is generating the most sales and who is generating the lowest sales. For example, a few years ago we removed a candy store, which generated \$500,000 in sales per year and replaced it with Airport Wireless, which generates \$2,500,000 in sales per year.

McMahan: Do a large number of the expected proposers operate in a lot of airports?

Orr: Yes. There are national and even some international companies. This is a difficult business for local operators because this is a very unique environment.

Vaughan: Are you interested in using any of this committee's members in the evaluation and selection process?

Orr: Yes, we will request a couple of members.

5. Director's Report

1. North Carolina Airports Association Conference

- This year's conference will be held April 21 – 23 at Sunset Beach, NC
- Please contact Jennifer Long if you are interested in attending.
- A copy of the conference agenda is in each member's book.

Miscellaneous Discussion

Vaughan: I would like to remind everybody about the Runway Commissioning event on Friday, February 12.

Gentry: The Mayor will have a private tent behind the ceremony tent and all of you are invited to come by his tent. I wanted to share that with you while you are all here. That invite will be shared with a selected group at his request this week.

Meeting adjourned at 8:45 a.m.



T. J. Orr, Aviation Director

Distribution:

Mayor & City Council

Curt Walton, City Manager

Stephanie Kelly, City Clerk

Jeanne Peek, City Boards and Commissions Clerk

Ronnie Bryant, President/CEO, Charlotte Regional Partnership

Bob Morgan, Charlotte Chamber