

## RALEIGH-DURHAM AIRPORT AUTHORITY

April 19, 2012

Chairman Yeargan presided. Present: members Ali; Hunt; Sanders; Teer; Thompson and Weeks. Absent: member Elting. Also present: Airport Director Landguth; Deputy Airport Director, Operations McElvaney; Deputy Airport Director, Information Services Posner; Deputy Airport Director, Finance, Business & Administration Styres; Deputy Airport Director Marketing & Customer Relations Damiano; Executive Assistant Mitchell, Staff Attorney Locklear; Attorney Tatum; other staff members and guests.

**APPROVAL OF AGENDA** – There were no changes to the agenda, and it was approved as submitted.

**APPROVAL OF MINUTES** – There was one typographical change to the minutes of the March 22, 2012 minutes and they were approved as amended.

**CHAIRMAN'S COMMENTS** – Chairman Yeargan commented how exciting the announcement was regarding new air service to San Francisco. He recognized Deputy Airport Director Marketing & Customer Relations Damiano for her work on this project for the last six years. The last of the eight Flights of Honor was hosted on April 18, 2012. The veterans were welcomed home with the largest crowd ever in the atrium. Member Thompson, Staff Attorney Locklear and WRAL-TV Anchor Ken Smith all shared their experiences from the April 18<sup>th</sup> flight. The Annual Special Olympics Plane Pull will be held this Saturday, April 21, 2012 at the UPS tarmac. This year 93 teams will compete. There are three teams from RDU. The festivities begin at 9:30 a.m.

**EMPLOYEE SERVICE AWARDS** – Director of Administration Umphrey presented the following service awards:

Five years of service: Michael Vallely; Ebonee Joyner; James Scott; Rick Rewerts and Charlie Burnette.

10 years: Jan Renaldi; Sanita Lanier; Robert Swanson; Guy Ligon; Steve Golden; Mary Ruth Dana; William Stanley and Robert Swanson.

15 years: James Witherspoon

In the future, service awards will be presented each quarter at the Authority meeting.

**FINANCE COMMITTEE REPORT** – Member Yeargan reported the Finance Committee met on April 19, 2012 and discussed the following item:

1. Consideration of a capital budget adjustment in the amount of \$250,000 to Project #010279, Air Service and Airport Business Marketing; adjusting this capital budget from \$1,828,035 to \$2,078,035 to Authority-managed marketing activities to support nonstop service between RDU and San Francisco. Deputy Airport Director, Marketing & Customer Relations Damiano reported that in a special news conference on April 11, 2012, Governor Bev Perdue announced new non-stop service between the Research Triangle Region and San Francisco. United Airlines will offer the daily service from RDU beginning August 15, 2012 on a Boeing 737-800. As part of the promotion of this new air service, the Authority will conduct marketing activities to support nonstop service between RDU and San Francisco. The Committee recommended the Authority approve the 2012-13 capital budget adjustment of \$250,000, from \$1,828,035 to \$2,078,035 to fund these marketing activities.

Member Yeargan made a motion, seconded by member Ali, to approve a capital budget adjustment in the amount of \$250,000 to Project #010279, Air Service and Airport Business Marketing, adjusting this capital budget from \$1,828,035 to \$2,078,035 to support Authority marketing activities to support nonstop service between RDU and San Francisco. Adopted.

**OPERATIONS COMMITTEE REPORT** – Chairman Hunt reported the Operations Committee met on April 19, 2012 and discussed the following items:

1. Consideration of proposed Amendment to the Agreement with Trustwave Holdings, Inc. for Payment Card Industry Qualified Security Assessor services. Network/Telecommunications Manager Legan reported on the terms of the First Amendment to the Agreement with Trustwave Holdings, Inc. The current Payment Card Industry standards require all merchants to contract with a third party auditor for quarterly vulnerability scans and for service providers to have an external penetration test and on-site assessment to maintain PCI compliance. A one-year agreement with Trustwave Holdings, Inc. was executed by the Authority on December 30, 2011 for these services. This amendment extends the Agreement terms to include a four (4) year extension, expiring December 30, 2016. The fee is \$26,940 per year for a total contract amount of \$134,700. The Agreement may be terminated with a minimum of 30 days' notice at the end of each calendar year. The Authority solicited bids from 10 vendors and based on multiple factors, including cost and experience, selected Trustwave. Trustwave has provided these services to the Authority from 2008 through 2011. The Agreement that expires on December 30, 2012 was 22% over the previous year. Historically, the Authority has seen an annual increase between 11 and 12%. This Amendment extends the current Agreement four (4) years for the fixed rate per year of the current Agreement with no cost increases over the term. Conservatively, this will save the Authority nearly \$30,000 over the term of the Agreement. The Committee recommended the Authority approve the First Amendment to the Agreement with Trustwave Holdings, Inc. for Payment Card Industry Qualified Security Assessor services, and authorization for the Airport Director to execute the Amendment.
2. Consideration of a proposed Agreement with Concourse Communications Group, LLC to provide public Wi-Fi service at the Raleigh-Durham International Airport. Network/Telecommunications Manager Legan reported that staff is in negotiations with Concourse Communications Group, LLC to provide public Wi-Fi service at the Airport. In 2003, in response to customer needs, the Authority entered into the current Wi-Fi Agreement with AT&T and began providing Wi-Fi access for the traveling public. This contract expired on December 31, 2010. The 2003 agreement is a 100% paid model, where the user pays \$7.95. In 2008 the Wi-Fi Agreement was modified to allow for service in Terminal 2. On December 1, 2011, AT&T gave the required 90 days' notice to terminate the current Agreement effectively ending the contract on February 29, 2012. In order to provide time for solicitation and to provide for a smooth transition, subsequent negotiations were conducted with AT&T to modify & extend the current Agreement for several more months. In response to the expiring agreement with AT&T, changes in technology and additional Authority requirements, changes need to be made to the Wi-Fi Program. In response to passenger feedback, expectations and industry trends, the Authority needs to update how it provides Wi-Fi as a service. After researching what other airports are doing, and studying industry trends, it was decided that the Authority needed to implement a "hybrid service model". The hybrid model gives the public two options (i) no cost option, or (ii) premium paid service option. The "no cost" option is a complimentary 45 minute connection for the public to the internet, and will be supported through advertising at the start of the complimentary session. Customers must watch a 30 second paid advertisement prior to each complimentary 45-minute internet service period. The paid option is a premium service for 24 hours of access that will not be subjected to ads and will have a higher speed than the no cost option. The fee for the premium service will remain at the current level of \$7.95. After issuing a Request for

Proposals, three firms responded: AT&T, Advanced Wireless Group, LLC (AWG) and Concourse Communications Group, LLC (Boingo). The contract would provide public Wi-Fi internet access via a Hybrid model consisting of a complimentary option, and a premium paid service option at a cost of \$7.95. The scope of the Agreement includes the following provisions: customer care and billing 24/7 x 365/year; an internet circuit capable of speeds up to 100Mbps; term of three years with two option years; execution of the contract on or before June 1, 2012; with the new Wi-Fi Program beginning July 1, 2012 and to provide a Minimum Annual Guarantee (MAG) based on the greater of \$150,000 or 55% of the gross total revenue collected from all sources. The Committee recommended the Authority approve an agreement with Concourse Communications Group, LLC (Boingo) to provide public Wi-Fi Services, pending final legal review and authorization for the Airport Director to execute the Agreement.

3. Consideration of a proposed Agreement for Continuation of delivery of the Raleigh-Durham Airport Authority's Wellness Program under its Healthcare Benefit Management Policy. Director of Administration Umphrey reported on the Agreement to continue delivery of the Authority's Wellness Program under its Healthcare Benefit Management Policy. The Agreement authorizes Staff and the Consultant to continue implementation of a company-wide Wellness Program. The Agreement provides structured activities of which were summarized for the Committee. This project is included in the fiscal year 2012 – 2013 budget. Health insurance costs decreased 7.7% (\$166,000) last year from the prior year's increase of 5.1% (\$104,000). These savings are in part the result of the Authority's continual support of this structured Wellness Program. The Committee recommended the Authority approve the Agreement for continuation of delivery of the Authority's Wellness Program under its Healthcare Benefit Management Policy, as well as authorize the Airport Director to execute the Agreement, in the amount of \$120,000.
4. Consideration of the proposed procurement by the Law Enforcement Department of five Dodge Charger vehicles to replace four older vehicles and add one new vehicle to its fleet. Purchasing Officer Thompson reported on the Law Enforcement Department's request to replace four of its older vehicles with four new Dodge Chargers. It is also requesting to add an additional vehicle to its fleet to be assigned to the investigators. The current Capital Budget includes funds identified and approved for the purchase of five Dodge Chargers for use by the Law Enforcement Department. Through State contract, the Authority requests to award the purchase of the five vehicles to Ilderton Chrysler, Jeep, Dodge located in High Point, NC. The cost is \$21,930.00 per vehicle, with an additional \$706 for the chrome grill for two vehicles. The total cost is \$110,356. The Committee recommended the Authority approve the purchase of five Dodge Charger vehicles in the amount of \$110,356 from Ilderton Chrysler, Jeep, Dodge.
5. Report on the TSA Explosives Canine Detection Program. Law Enforcement Manager Midgett reported on the Authority's proposed participation in the TSA Explosives Canine Detection Program. For approximately 10 years the Authority Police Department has fielded two explosive detection canine teams. The budgeted amount for maintenance of the canine teams in FY 2011-12 was \$5000 and \$2875 for FY 2012-13. The department currently fields one explosive detection canine team due to the retirement of one of the canines in mid-2011. The estimated cost to purchase a trained replacement canine for the retired canine is \$5000 - \$7000. This replacement cost includes the purchase of the animal and the training of the handler. It does not include the infrastructure and vehicle needed to support the team. One canine is not sufficient for accomplishing the police department's mission to protect and safeguard life and property in our airport community. Ideally, the policy department needs to field no less than four canine teams to ensure rapid response and resolution of suspicious incidents, packages and persons. The need to replace not only the retired canine, but to grow the program from two to four canine teams presents an opportunity for the airport

police to take advantage of the Transportation Security Administration National Explosives Detection Canine Team Program (NEDCTP). The NEDCTP is governed by a Statement of Joint Objectives (SOJO) which in essence is an agreement between the TSA and the Airport Authority. The statement of Joint Objectives defines and specifies the responsibilities, expectations and conditions of both the TSA and the Authority regarding inclusion in the NEDCTP. In return for the Authority's participation in the program the Transportation Security Administration would annually reimburse the Authority \$50,000 for each canine team fielded as part of the NEDCTP. If three canine teams were fielded by the police department as part of the program the expected annual reimbursement would be up to \$150,000. The police department desires to accept three of the "Vapor Wake" dogs, if available. The canines would be trained in the detection of explosive components only. Appropriate department policy would be implemented to intelligently manage the program. Each police officer selected for the program would be required to successfully complete the 10-week NEDCTP training regimen at Lackland Air Force Base in Texas. During the 10-week training regimen the selected officers would be housed, with meals, near the training facility at no expense to the Authority. However, the Authority will continue to pay the salary of the police officer while he/she is being trained at Lackland. The implementation of NEDCTP at RDU would not require additional police officer positions. Existing officer positions would be used to build the teams. Implementation of NEDCTP would require the extended absence of the selected officers while they are being trained at Lackland Air Force Base. However, if the training is distributed over an 18-24 month period the adverse effect of their absences would be greatly lessened. The initial start-up costs of the program are estimated at \$115,062. These costs are mostly for durable items that will likely be in service for many years after initial purchase. Most, if not all, of the costs are eligible for reimbursement by the TSA. After initial start-up costs are satisfied the excess of the reimbursement could be claimed to pay canine police officers' salary costs. The Committee recommended the Authority participate in the National Explosives Detection Canine Team Program and authorized the Airport Director to execute the associated Statement of Joint Objectives.

Member Hunt made a motion, seconded by member Weeks, to approve the recommendations of the Operations Committee. Adopted.

**LAND & DEVELOPMENT COMMITTEE REPORT** – Chairman Teer reported the Land & Development Committee met on April 19, 2012 and discussed the following item:

1. Consideration of a staff recommendation for selection of a firm to provide elevator, escalator and moving walkway maintenance services and award of the contract for the services. Maintenance Manager Bouffard reported on staff recommendation on the selection of a firm to provide elevator, escalator and moving walkway maintenance services to the Authority. The Authority has agreements with two firms for the maintenance and repair of all elevators, escalators, and moving walkways operated by the Authority. Kone, Inc. holds the contract for Terminal 2 and Schindler Elevator Corporation holds the contract for all other locations. The terms of these contracts expire on May 31, 2012. On March 6, 2012, a Request for Proposals was issued and advertised on the Authority's website for elevator, escalator and moving walkway maintenance services. The scope of services covered in the solicitation included the provision of routine preventive maintenance on 52 elevators, 17 escalators, and 16 moving walkways. Also included in the scope of services are on-call services and programmed repairs for escalators and moving walkways that are necessitated by state inspections. The HUB participation goal for this service contract is 10%. A Pre-proposal and HUB Conference was conducted on March 19, 2012. The conference was attended by six firms: Elevator Specialists, Godwin Elevator Company, Kone, Inc., Otis, Schindler and Thyssen Krupp. The conference included a review of the Request for Proposals and proposal process, a review of the Authority's HUB program, an opportunity for potential proposers to ask questions, and a tour of the

RDU facilities. Proposals from the six firms were received on April 6, 2012 and were evaluated by Staff for quality and pricing. A proposal submitted by Elevator Specialists did not include required information and was determined to be unresponsive. Each of the five remaining proposals achieved a good faith effort for HUB participation; however, all stated intentions to perform the services without subcontracting. Based on the responsiveness of the proposal to the submittal requirements in the Request for Proposals, the quality of the proposal, and the proposed pricing, The Committee recommended the Authority award the contract to Schindler as it presented the proposal that is in the best interest of the Authority and authorized the Airport Director to execute the contract with Schindler in the amount of \$801,220, for a 34-month period commencing June 1, 2012.

Member Teer made a motion, seconded by member Thompson, to approve the recommendations of the Land & Development Committee. Adopted.

**MEMBER COMMENTS** – Member Ali commented that he would be attending the AMAC Conference in St. Louis this year; he will be presenting on Mergers and Acquisitions. Member Sanders congratulated Staff on the announcement of new air service to San Francisco, as well as the service award recipients. He also said how great it will be for our customers to have free Wi-Fi options when they travel through RDU. Member Teer commented on the celebration hosted at the Lowes Motor Speedway on March 30 & 31, 2012 by the USO. A ‘Coming Home’ service was held for Viet Nam Veterans, and over 62,500 people attended.

**GENERAL COUNSEL’S REPORT** – Attorney Tatum had no comments at this time.

**AIRPORT DIRECTOR’S REPORT** –

- Enplaned passengers for March 2012 totaled 384,755 versus 372,952 for March 2011 for a 3.2% increase. Year-to-date 2012 passenger enplanements totaled 1,013,025 versus 984,921 for year-to-date 2011 for a 2.9% increase.
- Deplaned passengers for March 2012 totaled 380,983 versus 380,041 for March 2011 for a 0.2% increase. Year-to-date 2012 passenger deplanements totaled 1,019,453 versus 1,006,677 for year-to-date 2011 for a 1.3% increase.
- Enplaned air cargo for March 2012 totaled 6,046,341 lbs. versus 7,346,746 lbs. for March 2011 for a 17.7% decrease. Year-to-date 2012 enplaned air cargo totaled 16,634,509 versus 20,201,479 for year-to-date 2011 for a 17.7% decrease.
- Deplaned air cargo for March 2012 totaled 7,900,227 lbs. versus 9,241,868 lbs. for March 2011 for a 14.5% decrease. Year-to-date 2012 deplaned air cargo totaled 22,022,185 versus 25,304,400 for year-to-date 2011 for a 13.0% decrease.
- Aircraft operations for March 2012 totaled 16,532 versus 16,413 for March 2011 for a 0.7% increase. Year-to-date 2012 aircraft operations totaled 47,534 versus 45,998 for year-to-date 2011 for a 3.3% increase.
- The number of vehicles exiting the terminal area public parking lots during March 2012 totaled 141,235 versus 144,080 for March 2011 for a 2.2% decrease. Year-to-date 2012 number of vehicles exiting the terminal area public parking lots totaled 383,323 versus 391,136 for year-to-date 2011 for a 2.0% decrease.

- The number of taxicab trips taken during March 2012 totaled 29,291 versus 25,691 for March 2011 for a 14.0% increase. Year-to-date 2012 taxicab trips totaled 77,159 versus 68,376 for year-to-date 2011 for a 12.8% increase.
- The number of passengers transported from RDU by SuperShuttle during March 2012 totaled 0 versus 3,837 for March 2011 for a 100% decrease. Year-to-date 2012 passengers transported totaled 5,552 versus 10,218 for year-to-date 2011 for a 45.7% decrease.
- On March 31, 2012, the Authority team held its emergency preparedness exercise, SkyDrill 2012, as well as an Aviation Security exercise that tested its law enforcement response in a security incident. Together, these created a complex event that allowed the Authority to exercise its emergency plan and practice emergency coordination efforts with local mutual aid agencies. The drill also tested all of RDU's procedures, communications and responses in the event of a major aircraft accident at the airport. The drill also allows all participating agencies to practice their emergency plans and to ensure compatibility, increase coordination and demonstrate readiness. This is truly a team effort. In a real emergency everyone from Emergency Services, Operations, Law Enforcement to Customer Relations and Marketing Communications work together to respond to the incident, the passengers' families and the media. This year's exercise went very well by all accounts. In many cases the deputy airport directors and managers deferred to their team members to run the airport's response to the incident. What was learned was that in the case of an emergency, no matter when it may happen and who is here, RDU will always have staff trained to respond to a major incident. Wake County Emergency Services and Emergency Management were here and they agreed that this was one of the best drill responses they had participated in at RDU. For this event, RDU had close to 100 volunteers who had to be transformed to reflect different levels of injuries. There were also responders from Durham and Wake counties. Kudos goes out to Mike McElvaney and his team and all of those who worked with Operations in the preparation and execution of the drill. One can't say it enough. This is how and when one truly sees teamwork and its results. To illustrate just how many people will respond if an incident were to occur at RDU, everyone who participated in the exercise was asked to stand. Thank you. One more thing to note. This is not a one-time thing. The Federal Aviation Administration requires that the Authority conduct a full-size exercise at least once every three years. But RDU also conduct drills and exercises throughout the year.
- Recently, the TSA's internal inspector general commented that the records kept by RDU's part-time law enforcement officers as part of their responsibilities for checking in law enforcement officers from various agencies, such as the FBI, SBI and local police departments, were meticulous. These agency officials often travel on business with their weapons. The internal inspector general said he had never run across such meticulous records. This is a credit to George Cooper, who trains and oversees the program and the officers. Mr. Cooper was asked to stand.
- As you can see, it has been a busy month. Thank you all for your hard work.

Member Teer made a motion, seconded by member Sanders, to adjourn the meeting. Adopted.

Respectfully submitted,

Tommy Hunt, Secretary

CORRECT ATTEST:

Terry K. Yeargan, Chairman