



Report to the Board of Directors

**Recommendation to Award a Sole Source Concession
Contract for a Third-Party Provided Registered Traveler
Program at Washington Dulles International and
Ronald Reagan Washington National Airports**

April 2016

Purpose

That the Business Administration Committee approved and recommends that the Board of Directors approve the award of a Sole Source Concession Contract to Alclear LLC (CLEAR), for a third-party provided Registered Traveler (RT) passenger screening program at Washington Dulles International and Ronald Reagan Washington National Airports. The requested contract term will consist of a one year base with four one-year options.

Background

The Transportation Security Administration (TSA) has implemented Registered Traveler (RT) as a means of expediting passenger screening through the use of enhanced technologies and biometric data. Passengers seeking to participate in the RT program may do so by voluntarily using any of the four options. Enrollment costs are borne by the traveler. The available options are:

- Participate in an approved airline frequent flyer program
- Enroll in the Customs and Border Protection's (CBP) "Global Entry" program
- Enroll in the TSA's "Pre-Check" program
- Enroll in an approved third-party program

Background (continued)

The objective of the RT program and the options it provides is to:

- *Help the TSA identify passengers who are not a risk to the aviation system,*
- *Verify passengers' identities through biometric technology and vet them against a government-managed threat database, and*
- *Expedite the security screening process for participating members.*

The RT program is open to all U.S. citizens and lawful permanent residents.

Fourteen airlines and 175 airports currently offer at least one of the four RT options. At Dulles International and Reagan National, travelers have the option of participating in three of the four RT Options, with the exception being the one provided by an approved third-party company.

Background (continued)

While the TSA is encouraging third party providers to submit applications for increasing participation in the RT program, only CLEAR is certified to perform these functions in accordance with the Federal SAFETY Act (Support Anti-Terrorism by Fostering Effective Technologies Act of 2002). The technology solution offered by CLEAR provides their members with an automated check of their ticket documentation, a function normally performed by a TSA Officer. This function minimizes line waits and expedites the overall screening process. In addition, it provides added predictability and reliability to the traveler's airport experience.

Background (continued)

Thirteen airports have executed agreements with CLEAR for third-party RT services, including:

- Baltimore Washington International
- Dallas-Ft. Worth
- Denver
- Las Vegas
- Miami
- Orlando
- Houston Bush
- Houston Hobby
- San Antonio
- San Francisco
- San Jose

Discussion

CLEAR's business model is based upon membership enrollment and renewal. It then offers participating airports a revenue share based upon the number of members residing within the Airport's catchment area.

Currently there are over 26,000 CLEAR members enrolled in the Washington catchment area, who are renewing their annual membership at a 90 percent rate.

CLEAR has over 475,000 members nationwide, and is partnering with Alaska Airlines, three major league baseball teams and numerous other businesses on various biometric solutions to enhance their respective business and security needs.

Discussion (continued)

CLEAR has proposed to the Metropolitan Washington Airports Authority (Airports Authority) the execution of a five-year contract (one base, four one-year options), with a minimum annual guarantee (MAG) of \$300,000 in the first year, and \$400,000 in each option year thereafter. A contract signing bonus of \$250,000 in the first year, along with the stated MAGs, ensures a guaranteed total of \$2.15 million over the entire term of the contract. To the extent it exceeds the MAG, CLEAR will pay a 10 percent annual revenue share of the enrollment fees received from members residing in the Airports Authority catchment area.

Discussion (continued)

Under this recommended agreement, CLEAR will:

- Recruit, vet, and enroll new members in accordance with TSA security directives and policies,
- Provide dedicated screening queues that include the “ticket document-check” procedure normally performed by TSA Officers, and
- Direct members through the Pre-Check or normal screening lanes, dependent upon their approved status.

Discussion (continued)

In accordance with Airports Authority Contracting Manual, Section 6.2.3., public notice advising of the intent to award a sole source contract to CLEAR was posted for 15 days on the Airports Authority's website prior to request for Committee approval. During that period no firm offered a capability statement for performing third-party Registered Traveler services.

Recommendation

That the Business Administration Committee approved and recommends that the Board of Directors approve the award of a Sole Source Concession Contract to Alclear LLC (CLEAR), for a third-party provided Registered Traveler (RT) passenger screening program at Washington Dulles International and Ronald Reagan Washington National Airports. The requested contract will consist of a one year base with four one-year options.



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Proposed Resolution

Authorizing a Sole Source Contract for a Third-Party Provided Registered Traveler Program at Washington Dulles International and Ronald Reagan Washington National Airports

WHEREAS, The Transportation Security Administration (TSA) has implemented Registered Traveler (RT) as a means of expediting passenger screening through the use of enhanced technologies and biometric data;

WHEREAS, The objective of the RT program is to help the TSA identify passengers who are not a risk to the aviation system, verify passengers' identities through biometric technology and vet them against a government-managed threat database, and expedite the security screening for participating members;

WHEREAS, Passengers seeking to participate in the RT program at Dulles International and Reagan National may use one of the following options: participate in an approved airline frequent flyer program, enroll in the U.S. Customs and Border Protection's "Global Entry" program, enroll in the TSA's "Pre-Check" program, or enroll in an approved third-party program; however, the latter "third-party program" option is not currently available at the Airports;

WHEREAS, Alclear LLC (CLEAR) is the only entity currently authorized to operate a RT "third-party program," having been certified under the Federal SAFETY Act (Support Anti-Terrorism by Fostering Effective Technologies Act of 2002);

WHEREAS, Staff has recommended that the Airports Authority enter a sole source contract with CLEAR under which CLEAR would provide an additional option for passengers at Dulles International and Reagan National to obtain expedited screening and, further, that the Board of Directors authorize the award of this contract on a sole source basis;

WHEREAS, In accordance with the Airports Authority Contracting Manual, Section 6.2.3, public notice advising of the intent to award a sole source contract to CLEAR was posted for 15 days on the Airports Authority's website prior to presenting this matter for Committee approval, and during that period no firm offered a capability statement for performing third-party RT services;

WHEREAS, The proposed contract with CLEAR includes a five-year contract (one-year base and four one-year options) with a Minimum Annual Guarantee (MAG) of \$300,000 in the first year and \$400,000 in each option year thereafter;

WHEREAS, The proposed contract also includes a payment of \$250,000 to the Authority at the time of contract signing, which along with the stated MAG, will ensure the Airports Authority a guaranteed total revenue of \$2.15 million over the entire term of the contract;

WHEREAS, Under the proposed contract, CLEAR will recruit, vet, and enroll new members in accordance with TSA security directives and policies, provide dedicated screening queues that include the "ticket document-check" procedure normally performed by TSA Officers, and direct members through the Pre-Check or normal screening lanes, dependent upon their cleared status; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized to enter into a sole source contract with CLEAR for a third-party RT passenger screening program at Dulles International and Reagan National Airports, consistent with the terms presented to the Business Administration Committee at its March 16, 2016 meeting.

*Recommended by the Business Administration Committee on March 16, 2016
For consideration by the Board of Directors on April 20, 2016*

NOTE: Recorded vote is required.