

SUMMARY MINUTES
STRATEGIC DEVELOPMENT COMMITTEE
MEETING OF JULY 18, 2018

Ms. Merrick chaired the July 18 Strategic Development Committee Meeting, calling it to order at 10:01 a.m. A quorum was present during the Meeting: Mr. Sudow (Co-Chair), Mr. Adams, Mr. Griffin, Ms. Lang, Mr. Lazaro, Mr. Mims, Mr. Speck, Mr. Tejada, Mr. Uncapher, and Mr. Session (ex officio).

Airline Business Development Information Report. Jerome L. Davis, Executive Vice President and Chief Revenue Officer, was joined by Yil Surehan, Vice President for Airline Business Development. Mr. Surehan provided a summary of activities and successes with the Airports Authority's airline partners. He reported that Airline Business Development Staff (Staff) has been working with United Airlines (United) to develop a plan on how to build and grow the Washington-Dulles hub by shifting connecting traffic over to Washington Dulles International Airport (Dulles International) from Newark. Mr. Surehan stated that the shift allows United to focus on its local New York/Newark market. Effective October 4, United would begin service to three new destinations from Dulles International: Chattanooga, TN; Ithaca, NY; and Scranton, PA. Mr. Surehan advised that United would cancel service between Newark and these three cities.

Mr. Surehan reported that Staff would focus more on airline headquarters' meetings. On May 1, Staff, along with Destination DC, participated in a forum that provided an opportunity to learn more about reaching out to Chinese business and leisure customers through social media platforms, which would help the Airports Authority effectively market its existing services to Beijing on Air China and United, as well as upcoming service to Hong Kong on Cathay Pacific beginning in September, and its continued pursuit to secure service to Shanghai. Mr. Surehan reported that Staff also participated in a three-day familiarization tour with Destination DC and Virginia Tourism Incorporation. He stated that eight of United's planning representatives visited D.C. and Northern Virginia to gain a first-hand experience of the benefits in the region associated with the opportunities for growth and expansion going forward at Dulles International. Mr. Surehan advised that the tour was successful in exposing and educating the representatives on the strength of the regional economy, the breadth of tourism destinations, and the information technology industries.

Mr. Surehan also reported that Cargo Manager Joe Maly traveled to China to meet with 14 companies to discuss air cargo opportunities at Dulles International, which resulted in Mr. Maly securing a couple of follow-on headquarters' meetings. In June, Staff attended the Jumpstart Air Service Development Conference, also known as a speed-dating conference, where staff meets with an airline for 20 minutes to discuss highlights with a goal of scheduling a future meeting at an airline headquarters to discuss current and possible future service at Dulles International and Ronald Reagan Washington National Airport. Mr. Surehan advised that 24 airline headquarters' meetings are scheduled this year. In 2019, Staff will meet with domestic and international airlines a total of 39 times to achieve quality time with the decision-makers in an effort to acquire new and additional service on existing markets at Dulles International.

Information on the Airports' New Customer Mobile App and Demonstration. Gene Sutch, Director, Revenue Strategy and Analysis, was joined by Justin Grasso, UX/UI Developer, to present an informational briefing and demonstration on the mobile app that was created entirely with Airports Authority resources. Mr. Sutch stated that the collaborative efforts of Information Technology with the Offices of Revenue, Marketing and Airport Operations have created a highly-beneficial resource. He reviewed the worldwide mobile app statistics that indicated the amount of time that people spend on different platforms. Overall, approximately 34 percent of people surveyed used their desktops, while the majority retrieved information on mobile devices or on tablets. Mr. Sutch stated that the mobile app downloads are driving the statistics – 149 billion in 2016 and 197 billion in 2017. He advised that an increase of over 352 billion users is expected by 2021. Mr. Sutch reviewed the timeline trend for internet usage worldwide from October 2009 to October 216, noting the decline of desktop usage as the use of mobile devices increased. He advised that the timeline was important because 2007 is when the first iPhone was available. In 2008 the first app store opened with only 500 apps. Currently, more than 2 million apps are available.

Mr. Sutch reviewed a closer look at the travel industry which indicated that 52 percent of people who conduct internet searches use mobile devices. He noted that the Airports Authority's incentive is to communicate efficiently with its customers to satisfy their needs by providing a better airport experience and identifying revenue opportunities. Mr. Sutch advised that three quarters of those who access

the Fly Reagan and Fly Dulles websites use a mobile phone or tablet. Mr. Sutch continued to share details about the many features of the app as an introduction into Mr. Grasso's demonstration of the app's actual capabilities. In an effort to ensure people know about the app, the Airports Authority began a marketing campaign with four main channels: e-mail, website and social media, airport and shuttle bus signage, and an article included in the #FlyWashington magazine, which is distributed quarterly. Mr. Sutch stated that DC Airports App has two taglines -- "Download, Park, Save" for parking options and "Download, Book, Travel" for airline options.

Mr. Sutch reported that during the email marketing campaign more than one million emails were distributed that generated an open rate of 32 percent, which is about double the average open rate. He stated that the email addresses are captured when customers sign onto the Airports Authority Wi-Fi system, noting that the Airports Authority's website and social media channels include a carousel image on the landing page. Mr. Sutch shared examples and locations of the signs and displays about DC Airports App at Dulles International and Reagan National. He reported that the app was launched on May 25, and more than 20,000 people viewed it. Mr. Sutch further reported that daily average installs were 187, noting that the days when emails were sent to customers, more people downloaded the app. Since staff is no longer sending emails to customers, the average daily install is currently 30 to 50. Mr. Sutch advised that staff is able to gain helpful information from customers, including the number of times they accessed it, the type of information they accessed, and where they were located when they downloaded the app, which helps to improve the app features, enhance the customer experience, and identify future revenue opportunities.

Mr. Grasso presented a hands-on demonstration of how the app works for both Airports. He reported that since Airports Authority staff built the app, customers' geolocation will determine whether Reagan National or Dulles International is the closest Airport when they open it for the first time, and the airport selection will provide all the content and features for that airport to the user. Mr. Grasso stated that the home screen has a feature called "quick access," which provides flight status, shop and dine options, as well as park and transit information. As part of the demonstration, Mr. Grasso searched for flights to Chicago, noting the app's ability to allow customers to select departures using filters by city, airline, and flight number. Once a customer identified a flight, the app would take him/her to the flight details page where he/she can get

information on weather, terminal and gate, flight status, as well as additional information on where to park, pet relief areas, activities to do, and travel options to and from the airport. Mr. Grasso reported that customers can save the flight details which would hopefully improve the customer's overall experience at the airport. He demonstrated what occurs when a customer enables push notifications so that updates regarding the flight are provided and readily available on the home screen the next time the customer opens the app.

Mr. Grasso returned to the home screen, noting that customers can access a terminal map and parking options. He stated that customers using the app and traveling from Reagan National are eligible to receive discounted parking by submitting required information. Mr. Grasso advised that the information submitted by the customer is sent to a third-party vendor that provides parking options at a discounted rate.

Mr. Grasso returned to the home screen. He demonstrated how customers can access a list of all vendors in the terminals throughout both Airports. Mr. Grasso advised that priceline integration, which allows searches for flights, hotels, cars or packages according to the customer's preferred airport is another feature of the mobile app. Mr. Speck inquired whether the flight search includes all airlines. Mr. Sutch responded negatively, noting that some airlines, such as Southwest Airlines (Southwest), do not participate in third-party bookings. Mr. Sudow asked if a customer who attempted to access Southwest information using the DC Airports App would be automatically directed to Southwest's website, to which Mr. Sutch responded negatively.

Mr. Sutch reported that Phase II of the mobile app would be introduced later this year, followed by Phase III in 2019. Mr. Grasso reported that the shop and dine screens will be completely changed with the introduction of internal navigation/wayfinding in Phase II. He stated that customers would be able to access turn-by-turn directions to anywhere within the terminals at both Airports. Additionally, customers would have the ability to place orders for food and retail products from their phones and the items would be available for pickup. Mr. Grasso reported that Phase II of the app would also include a flight boarding time reminder, as well as an events calendar, which will allow customers to filter through a list of activities they can do in Washington, D.C. and surrounding areas.

Mr. Grasso reported that Phase III would involve Customer Relationship Management and involve more advertising and coupons. He stated that Phase I of the mobile app is specific to each airport; Phase II would be specific to the customer; and Phase III would consider customers' past selections and preferences and coupons and advertisements would be offered. Mr. Grasso offered an example of how the wayfinding/beacon integration would be used throughout the terminals. He advised that emergency messaging, which is a direct pipeline for Public Safety messaging, would also be implemented during Phase III.

Mr. Sutch reported that Airports Authority staff would distribute information cards about the mobile app and directions to download it at both Airports.

Ms. Merrick advised that she had downloaded the app, which she believes is a great idea. She stated that Phase III should afford lots of additional benefits to the Airports' customers and she would appreciate the Committee receiving an update on Phase III in the future. Mr. Sutch agreed with Ms. Merrick's observation and acknowledged the request.

Mr. Sudow commented that he, too, believed that the app is a great idea. He inquired whether there is a way to assess the frequency of a customer using the Airports Authority's app compared to an airline app. Mr. Sutch stated that that information could not be determined at this time. He advised that the Airports Authority is able to determine how many people are downloading the app, as well as preliminary information on the usage. Mr. Sutch stated that staff would be able to determine more information about the use of the app in the future.

Mr. Sudow suggested that the number of available parking spaces in each garage be added during Phase II. Mr. Sutch stated that the information on available parking spaces in each garage, as well as costs, is already available on the app for Reagan National. He further stated that once the parking system is upgraded at Dulles International to provide information on the number of available parking spaces later this year, it would also be added to the app for Dulles International. Mr. Sudow suggested that parking reminders about the location of a customer's vehicle also be included on the app. Mr. Sutch stated that the capability is currently included.

Mr. Sudow inquired about the monetization opportunities associated with the app. Mr. Davis stated that work is underway to determine next

steps, and he was unable to provide information on the monetization opportunities at this time.

Mr. Adams commented that the app is a great product. He observed that most apps' success is dependent upon the number of people who download them. Mr. Adams inquired if it is possible to structure a process requiring customers to download the DC Airports App when accessing the Airports Authority website or when performing other Airport-related tasks that could increase the number of people who use the app. Mr. Sutch stated that staff had considered making the DC Airports App download mandatory. From a technical point, he explained that it could be done, but Mr. Sutch advised that people do not generally respond as favorably when they are forced to take action compared to being motivated to take action, such as offers for discounted parking and future travel discounts. Mr. Adams agreed with Mr. Sutch's explanation and approach. He stated that the Airports Authority would need to continue its outreach efforts to inform as many people about the app and its value so that more would download it, which Mr. Sutch acknowledged.

Ms. Merrick inquired whether a promotional advertisement is visible when customers logged onto the Airports Authority's Wi-Fi. Mr. Sutch responded affirmatively, noting that a short video is played that advertises the app once customers log onto the website.

Mr. Uncapher observed that the Airports Authority would need to have partners whose content and applications attracted people. He inquired whether staff has a notional list of interested partners, such as Transportation Network Companies (TNCs) and taxicab companies. Mr. Uncapher stated that the parking and transportation section of the app was relative to only Metro and parking facilities. Mr. Sutch stated that information on taxicab companies is also included, but that the Airports Authority would consider including TNCs and airlines later in the app process.

Ronald Reagan Washington National Airport Project Journey (Project Journey). Roger Natsuhara, Vice President for Engineering, was joined by Paul Malandrino, Vice President and Airport Manager, Ronald Reagan Washington National Airport (Reagan National). Mr. Natsuhara provided an update on the Secure National Hall project. He stated that prior month expenditures were approximately \$3.7 million and total expenditures to date were \$33.1 million. Mr. Natsuhara reported that the lane widening on the north side of the arrivals' area and the north

media demolition were complete. He also reported that the installation of the auger piles would begin in a couple of weeks. Mr. Natsuhara advised that the excavation and installation of the box culvert on the north outer roadway would continue through November. He reported that the Lot H sanitary traffic detour for the inner roadway would begin in August, and Mr. Malandrino would provide additional details. Mr. Natsuhara stated that the relocation of communication rooms to ticket level entrances 2 and 5 continues. He reported that the interior work for the entrances to National Hall is also in progress. Mr. Natsuhara advised that the interior work of the baggage claim area for the selective overhead demolition would conclude this month. He stated that maintenance of traffic for Phase 2 of the outer roadway is underway, with completion in November. Mr. Natsuhara reported that the Security Identification Display Area (SIDA) wall mockup of the wire mesh is scheduled to be installed by the end of the month. Mr. Natsuhara shared several slides of the progress thus far on the Secure National Hall project.

Mr. Natsuhara then turned to the New Concourse project and advised that prior month expenditures for the enabling projects were approximately \$640,000 and total expenditures to date were \$37.4 million. He reported that the commissioning/training of the central utility plant modifications is almost completed.

Mr. Natsuhara reported that the New Concourse prior month expenditures totaled \$3.4 million and the total expenditures to date were \$54.5 million. With regard to activities on the apron, Mr. Natsuhara stated that the surcharge settlement period will continue through October. He noted that the Lot H sanitary traffic detour for the inner roadway, which he previously stated would begin in August with regard to the Secure National Hall project, also impacts the New Concourse. Mr. Natsuhara reported that Phase 1 of the electrical and communications construction was complete. He stated that the camera relocation/installation for Phase 1 would conclude in August. The hydrant fueling construction is underway, and it would end in December. Mr. Natsuhara reported that the Phase 1 activities for the final grading and the subbase for Area 1 paving are complete, and the asphalt paving for Area 1 is almost completed. He also reported that the pavement demolition and grading of the next phase would be completed in August. Mr. Natsuhara stated that the test pile program would begin later that month, followed by the production pile installation in August. The foundations and underslab work would begin in September. Mr. Natsuhara reported that Mr. Malandrino would provide additional details

on the construction of the temporary ramp at loading dock C, which would begin later that month. He advised that the temporary chiller installation would conclude later in the month. The north substation enabling and preparatory work are ongoing, and the north substation and transformer yard construction would begin in September. Mr. Natsuhara shared several slides of the progress thus far on the New Concourse project.

Mr. Malandrino reported that he would present information on ongoing roadway changes and road realignments at the north end of Reagan National. He shared a slide to illustrate the roadway changes, including the traffic configuration on the lower level of the road from 9 a.m. to midnight. Mr. Malandrino noted that all of the inner lanes at the north end of the Airport are open. He reported that the overhead shelters on the north end of the North Metro Bridge and on the south end of the South Metro Bridge were being removed from the outer curve, resulting in two lanes entering the outer lanes, as indicated by the two green arrows at the bottom of the shared slide. Mr. Malandrino further reported that the one lane exiting to the north was shown on the bottom left side of the shared slide. He advised that when traffic situations dictate, cut through number 3, which was shown by a pink arrow on the left of the slide, could be used to get traffic from the outer lanes into the inner lanes. Mr. Malandrino reported that all outer lanes would be closed from midnight to 9 a.m., which is the timeframe that most traffic from privately-owned vehicles (POVs) occurred. He shared another slide, noting that all POVs would be diverted to the inner lanes during that time, as indicated by the red-dotted line on the lower bottom right. Using the same slide, Mr. Malandrino referenced cut through number 2, noting that traffic would be diverted into the outer lanes from that cut through so POVs could pick up passengers and exit at the north end at cut through number 3.

As Mr. Natsuhara previously reported, Mr. Malandrino referenced slides distributed for the day's meeting, noting the road alignment before and after completion of the construction of the second vehicle lane at the north end of Thomas Avenue, exiting from the inner lanes. Using the "after" diagram, he stated that the lane on the right would be closed so that pavement and curb work could be performed. Mr. Malandrino reported that both lanes should reopen by the end of the month.

Mr. Malandrino provided information on the planned detour at the north end of the Airport. He referenced the slide that illustrated the current

roadway, as well as the planned detour that would begin in August due to the road closure needed for the installation of a sewer line for the New Concourse. Mr. Malandrino explained the travel pattern that would be used during the detour period.

Mr. Speck stated that he had arrived on a flight at Reagan National the prior day. He observed that there is a great deal of directional signage for TNCs and taxis as passengers proceed to the lower level. However, the directional signage does not identify separate locations for taxis and TNCs once passengers reach the lower level. Mr. Speck stated that he recognized that the signage changes often. Mr. Malandrino advised that changes are made to the signs frequently. He further advised that passengers were initially having a difficult time in finding the TNCs and taxis so additional signage was added near the baggage claim area. Mr. Malandrino stated that Airports Authority staff had recently spoken to staff at the TNC headquarters to advise the drivers to direct their customers at Reagan National to proceed to the green flags towards doors six and seven. Margaret McKeough, Executive Vice President and Chief Operating Officer, noted that the internal signage denotes which door the passengers should exit, depending upon what ground transportation option they choose. She stated that staff would walk through the areas once again to ensure that the signage remains intact. Mr. Malandrino advised that signage would soon be added outside to help passengers to easily identify the areas.

Mr. Tejada stated that he would defer his comments and/or questions until the day's executive session.

Mr. Lazaro commended staff for the great job it is performing on Project Journey. He stated that he recognized the challenges involved and the communication required since he had previously worked for the Long Island Railroad when Penn Station was rebuilt. Mr. Lazaro further stated that the end result would be a world-class terminal with world-class opportunities.

Quarterly Update – Ronald Reagan Washington National Airport Project Journey. Kevin Sharkey and Carolyn Ellison of Turner Construction (Turner) were present to provide the update. Mr. Sharkey stated that Turner's contract for Project Journey consisted of five task orders, all of which had been executed. He reported that Package 1 was the repositioning of parking lot K for American Airlines' operations. Package 2A was the demolition of Hangars 11 and 12 and the Corporate Office

Building. Mr. Sharkey stated that Package 2B would continue throughout the entire project. He advised that Packages 1 and 2 served as enabling projects that would lead to the completion of a connector and the 14-gate New Concourse [Package 3]. The Secure National Hall package would involve the security relocation to secure National Hall.

Mr. Sharkey reported that the preconstruction for all the packages is complete. He also provided a construction status update, noting that Packages 1 and 2A are also 100 percent complete, and the financial aspects of each package should be finalized within the next month. Mr. Sharkey advised that Package 2B, consisting of a great deal of work on the hydrant fueling and glycol recovery systems, storm drainage utility, and paving work, is ongoing and would continue for at least 34 months. He reported that the existing surveys for utility locations for the New Concourse are complete, and Turner is preparing to relocate chillers and the generator at the existing loading dock and remove paving. Additionally, the Secure National Hall ticket counter relocations are complete, and the temporary partition work would continue throughout the project. The Thomas Avenue crossovers, as well as the pile testing, are also complete. As Mr. Natsuhara had previously reported, the installation of the auger piles would soon begin, and the SIDA mock-up is underway.

From a safety standpoint, Mr. Sharkey stated that Turner had completed more than 200,000 hours with no recordable incidents and no lost-time accidents. He advised that Turner had provided safety orientation to more than 12,000 employees.

Ms. Ellison reported that Turner continuously implements and monitors its Community Benefits Plan. During her review of the eight point program, Ms. Ellison advised that the Training and Apprenticeship Program is directly aligned with union shops to perform jobs associated with the North Concourse and Secure National Hall projects. She noted that RM Thornton, with 98 percent of its apprentices coming from the District of Columbia, Maryland, and Virginia, is providing mechanical and plumbing services on both projects. Although RM Thornton is Maryland-based, Ms. Ellison advised that it conducts a significant amount of recruitment and placement of training with apprentices from Virginia and the District of Columbia. She noted that the firm has a program with the District of Columbia titled D.C. Step Up, which consists of an eight-week course where RM Thornton recruits specifically through community-based organizations in the District of Columbia's schools and focuses on math enrichment before placing District

residents into the apprentice programs. Ms. Ellison shared a slide that listed the apprentice activity to date. She observed that approximately 1 percent of the apprenticeship hours are associated with the Secure National Hall project. Ms. Ellison stated that apprenticeship participation is expected to increase to approximately 10 percent of the overall amount once significant hands-on construction begins.

Ms. Ellison also reported on the Veterans Program. In response to an inquiry at the April 2018 Committee Meeting about the veterans who were hired for the Airports Authority's project, Ms. Ellison stated that the Safety Manager [Greg Trojan] and Quality Control Superintendent [Chris Robinson] are both veterans. She further stated that Turner's veteran activity is ongoing, and she reviewed the veteran recruiting efforts that it continues. Ms. Ellison advised that Turner is in partnership with Associated General Contractors to assist in the development of a program for technology and construction for all veterans across the country. She reported on some of the ongoing veteran activity, including the Founder's Day Program, painting the USO Offices at Fort Belvoir, and a new program to assist in home renovations of veterans who were formerly homeless.

Ms. Ellison reported that although Turner had concluded its outreach activities for the Local Disadvantaged Business Enterprise (LDBE) Subcontracting Program, it continues to support the LDBE audience. She advised that Turner recently participated in an event with Gallaudet University that was sponsored by the Airports Authority. Turner representatives participated in a panel discussion and provided information about upcoming opportunities and how to do business with the Airports Authority. Ms. Ellison reported that Turner was excited to partner with the Airports Authority for a recent Turner School graduation event at Reagan National. She stated that Turner is continuing to focus on opportunities to highlight how to do business with the Airports Authority.

With regard to contracts for the five packages for the Airports Authority project, Ms. Ellison stated that the contracting opportunities had concluded. She reported that Turner has an ongoing 28 percent LDBE participation rate. Ms. Ellison provided information on workforce ethnicities. As of May 30, the largest percentage of workers is represented by Hispanic at almost 45 percent, followed by Caucasian at 32 percent, and African American at 15 percent. She stated that the ethnicity information is tracked through Turner's certified payroll, and

she advised of a 30-day delay in reporting. Ms. Ellison reported that Turner is continuing to track where the workers reside. As expected, a significant percentage of the workers reside in Virginia since the contracting work requires that businesses have a Virginia license, followed closely by Maryland and D.C. Ms. Ellison reported that less than 5 percent of the workforce resides outside of the District, Maryland and Virginia, and they provide very specialized trades.

Mr. Speck observed that historically there have been a low number of D.C. residents employed on construction projects associated with the Dulles Corridor because transportation to the jobsites seemed to be an impediment. However, transportation to the existing project's jobsite should not pose much of an issue. Mr. Speck inquired about the reason that there is still relatively low participation from the District, compared to Maryland and Virginia. Ms. Ellison stated that she believed that one of the factors is the requirement for the contractor to be licensed in Virginia, as well as the availability of the workforce. She advised that Turner is continuing its ongoing partnership with the Department of Employment Services and community-based organizations to identify, recruit, and develop a qualified work force from the District of Columbia.

With regard to the Labor by State information that Ms. Ellison presented, Ms. Lang noted that Ms. Ellison had stated that the workforce percentage for Maryland and D.C. followed Virginia closely. Ms. Lang clarified that "closely" should not be used to describe the correlation between the workforce of Virginia and D.C. Ms. Ellison agreed.

Mr. Griffin referenced the Labor by State slide that Ms. Ellison had previously shared and observed that Maryland's workforce percentage is higher than Virginia.

Ms. Merrick stated that progress had occurred as the workforce percentage for D.C. is higher in the report for the day's meeting than the prior quarter. She further stated that she appreciated that a substantial number of available job opportunities existed and that there is a labor shortage in a lot of areas.

Mr. Tejada requested comparative information be provided from large Turner projects in the District of Columbia and Maryland that identifies the number of employees who reside in Virginia. Mr. Sharkey stated that he would include the requested information in the next quarterly report.

Mr. Uncapher requested a benchmarking report identifying where the Turner construction workforce assigned to projects in the Washington, D.C. area reside. Mr. Sharkey stated that he would include the requested information in the next quarterly report.

The meeting was thereupon adjourned at 10:55 a.m.