

SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF MARCH 16, 2016

Mr. Session chaired the March 16 Business Administration Committee Meeting, calling it to order at 10:00 a.m. A quorum was present during the Meeting: Ms. Merrick, Co-Chair, Mr. Gates, Ms. Hanley, Mr. Kennedy, Ms. Lang, Mr. Mims, Mr. Pozen, Mr. Williams, and Mr. McDermott (*ex officio*). Mr. Adams, Mr. Caputo, Mr. Chapman, Mr. Conner, Mr. Curto, Mr. Griffin, and Ms. Wells were also present.

Recommendation to Award a Sole Source Contract for a Registered Traveler Program at Washington Dulles International and Ronald Reagan Washington National Airports. Chris Browne, Vice President and Airport Manager, presented the recommendation to award a sole source concession contract to Alclear LLC (CLEAR) to provide Registered Traveler (RT) passenger screening services at both Airports. The contract terms include a base of one year with four one-year options.

Mr. Browne reported that the Transportation Security Administration (TSA) had implemented the RT program as a means of expediting passenger screening through the use of enhanced technologies and biometric data. He stated that enrollment costs are borne by the traveler and the following four options are available:

- 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

Mr. Browne stated that the RT program is open to all U.S. citizens and lawful permanent residents. He noted that 14 airlines and 175 airports offer at least one of the four RT options. At Dulles International and Reagan National, travelers have the option to participate in three of the four RT options, with the exception of the one provided by an approved third-party company. Mr. Browne noted that 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). He reported that thirteen airports had executed agreements with CLEAR for

third-party RT services. He stated that 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. Additionally, the contract included a signing bonus for the Authority of \$250,000 in the first year, along with the stated MAGs, to ensure a guaranteed total of \$2.15 million over the entire term of the contract. Mr. Browne reported that if the MAG is exceeded, CLEAR will pay a 10 percent annual revenue share of the enrollment fees received from members that reside in the Authority catchment area.

Mr. Browne reviewed CLEAR's screening process that will include the "ticket document-check" procedure and direct members through Pre-Check or normal screening lanes dependent upon their approval status.

Ms. Wells noted the sole source contract and inquired whether there would be future opportunities for other companies to compete. She also asked about the recruiting techniques and fees associated with CLEAR. Mr. Browne stated that CLEAR is the only company that has developed the required software and is certified in accordance with the Federal SAFETY Act. He reported that CLEAR had submitted an application in response to TSA's active procurement to provide enhanced service for a third-party company to provide Pre-Check clearance. Mr. Browne explained that a decision to offer a one-year base had been made so that a new contract could be competed in the event a newer version of the product is required. He stated that enhanced service would take precedence over exercising another base option for the new contract. Mr. Potter reported that exclusivity would not be guaranteed.

Mr. Browne reported that the fee for a renewal enrollment is \$179. Each additional family member older than 18 would pay \$50, and fees for family members under 18 would be complimentary. He stated that CLEAR is marketing its product in venues other than airports, including major league sports teams and venues with certain security protocols. Mr. Browne noted that the Authority can leverage the marketing efforts in those venues to its benefit. For example, CLEAR is currently engaging the Washington Nationals and Baltimore Orioles in terms of providing season ticket holders with enrollment, which would provide an opportunity for the Authority to collect revenues from the teams' fans when they participate in CLEAR at both Airports.

Mr. Pozen inquired about a previous effort to market a similar product. Mr. Browne stated that the service previously offered at both Airports did not include the superior biometric capability that would be provided by CLEAR.

Ms. Merrick inquired about locations at both Airports where CLEAR customers could be recruited. Mr. Browne stated that one of the goals is to establish enrollment centers at each Airport. Ms. Merrick asked if advertising opportunities would exist. To the extent that Reagan National and Dulles International benefit from CLEAR, Mr. Browne stated that the service would provide security enhancements to expedite passenger processing, as well as offer potential business attributes. He noted that the vetting process would consist of fingerprinting and identification verification to provide a level of background information to satisfy TSA to allow passengers to access the CLEAR lane.

Mr. Mims inquired about other entities providing a similar service for lesser fees. Mr. Browne stated that TSA had hired Morpho Trust to perform registered traveler services with limited capability.

Mr. Caputo asked about the process passengers used once they received a CLEAR card and checked their baggage at the airline counter. Mr. Browne explained that signage would direct passengers to the co-located Pre-Check lanes on the departure levels at Dulles International. He noted that a separate que would be identified specifically for CLEAR card holders. Upon completion of a fingerprint check and a review of the boarding pass, passengers would be permitted to proceed to either the Pre-Check or regular screening lane, whichever they prefer. Mr. Potter noted that the screening process would not eliminate passengers from undergoing the security scanning process. Ms. McKeough added that the federal process is being enhanced by the self-serve process for customers with the mobile app capability.

Mr. Kennedy asked if the CLEAR product works in lieu of Global Entry. Mr. Brown stated that the CLEAR product works in addition to Global Entry. He explained that travelers will benefit by having CLEAR and Global Entry because the options would allow you to proceed quickly through Pre-Check lanes.

The Committee approved the staff recommendation.

The meeting was thereupon adjourned at 10:20 a.m.