

SUMMARY MINUTES  
STRATEGIC DEVELOPMENT COMMITTEE  
MEETING OF APRIL 20, 2016

Ms. Wells chaired the April 20 Strategic Development Committee Meeting, calling it to order at 8:30 a.m. A quorum was present during the Meeting: Mr. Kennedy, Co-Chair, Mr. Griffin, Ms. Hanley, Ms. Lang, Mr. Mims, Mr. Session, and Mr. McDermott (*ex officio*). Ms. Merrick, Mr. Pozen, and Mr. Williams were also present.

Recommendation to Approve Loudoun County Sanitation Request for Easements across Washington Dulles International Airport for Horsepen Run Parallel Sewer. Johnna Spera, Deputy General Counsel, presented the recommendation to authorize the President and Chief Executive Officer to execute permanent easements across the Authority property at Washington Dulles International (Dulles International) in favor of the Loudoun County Sanitation Authority (LCSA) for the installation of a portion of a new major sanitary sewer line, referred to as the Horsepen Run Parallel Sewer (HRPS) which LCSA is constructing in eastern Loudoun County. The proposed HRPS is a critical new component in the sewer collection system, which is necessary to provide additional sewer capacity in the eastern part of Loudoun County and the Route 28 corridor. Ms. Spera explained that wastewater from Dulles International currently flows through the District of Columbia Water's Potomac Interceptor sewer line, and the new HRPS line will parallel the Potomac Interceptor line as it runs on the Airport. The portion of the proposed HRPS on Dulles International is approximately 16,000 feet in length and ranges in diameter from 30-72 inches with an average depth of 12 feet. Ms. Spera stated that LCSA is requesting a 40-foot-wide permanent easement for the sewer line, as well easements for the shared use of certain roadways and for ingress and egress to the easement area for a total area of approximately 20.26 acres. Additionally, LCSA is requesting temporary easements totaling approximately 7.50 acres for construction purposes, which will expire upon completion of the sewer line construction. Ms. Spera referred to an exhibit which depicted the locations of the Potomac Interceptor sewer line, as well as HRPS and where it would enter Airport property. She reported that Airports Authority staff had worked closely with LCSA and other stakeholders affected by the HRPS. Ms. Spera noted that LCSA has worked to minimize the amount of overlap and will coordinate to minimize construction conflicts between the HRPS project and Phase 2 of the Metrorail Project and Virginia Department of Transportation's (VDOT's)

Route 606 widening project. Since the exact metes and bounds of the permanent easements cannot be determined until the completion of the permitting process, staff recommended the approval of permanent easements of 21.17 acres, which represented an increase of 5 percent over the acreage that the current estimate requires. Ms. Spera reported that if the final permanent easements exceed 21.17 acres, an amended easement request will be submitted to the Committee and Board for review and approval. She stated that consistent with the Airports Authority's longstanding practice, it will not assess a fee for the easements to LCSA because it is a governmental entity.

Ms. Hanley requested clarity regarding LCSA minimizing conflicts. Ms. Spera explained that LCSA has been working with the associated projects and that the construction contract will have requirements that the contractor will need to coordinate regularly. Ms. Hanley inquired whether the proposed LCSA easement would interfere with the construction of Phase 2. Ms. Spera responded that LCSA will have to share road access.

Mr. McDermott asked if the Airports Authority's longstanding policy of not charging government entities for easements is a common law practice or whether a formal resolution had been adopted. Ms. Spera stated that no formal policy or resolution existed. Rather, the practice of not charging government entities for easements had been the precedent since the Airports Authority's inception. Mr. McDermott inquired whether a formal process is needed. Phil Sunderland, Vice President and General Counsel, stated that he did not believe such a process is needed. Mr. Potter noted that the Airports Authority had denied several requests during his tenure because they were not compatible with the Airport's plans, usage or activity. He stated that he believed that the easements are also subject to the Airports Authority's permitting process, to which Ms. Spera agreed.

Mr. Session asked about the easements for which the Airports Authority is charging fees. Mr. Sunderland responded that Dominion Virginia Power pays the Airports Authority fees for its easements. Additionally, Ms. Spera stated that the Airports Authority collects fees for licenses across the Dulles Corridor and Route 28 for fiber optic cables. Mr. Potter stated that the Office of Revenue is exploring potential revenue opportunities regarding the Airports Authority granting easements.

Ms. Hanley inquired as to whether the Airports Authority pays for easements it needs to build the Metrorail Project, to which Mr. Sunderland responded affirmatively. She also asked if the Airports Authority is responsible for payment of easements from VDOT, to which Mr. Sunderland responded negatively.

The Committee approved the staff recommendation. Ms. Wells stated that she would offer a recommendation during the day's Board Meeting.

Mr. Sunderland announced that Ms. Spera had been recently selected as the new Deputy General Counsel, a position formerly held by Monica Hargrove prior to her appointment as Vice President and Secretary. Ms. Spera received a round of applause.

Airline Business Development Information Report. Mike Stewart, Vice President for Airline Business Development, reported that he would present an overview on: U.S.-Cuba allocation proceeding, Essential Air Service (EAS), air service developments and business development activities. As Margaret McKeough, Executive Vice President and Chief Operating Officer, had reported in March, the U.S.-Cuba proceeding is ongoing. The Department of Transportation (DOT) is reviewing 397 requests it received from airlines to provide 30 round trips to Cuba and other destinations.

United Airlines (United) has applied for one round-trip frequency on Saturday only from Dulles International to Havana and other routes. Mr. Stewart stated that the Airports Authority has supported United. Mayor Muriel Bowser of the District of Columbia, Governor Terry McAuliffe of the Commonwealth of Virginia and numerous senators also provided letters of support for United's application. Mr. Stewart noted that tourism is still not an authorized reason to visit Cuba. He explained that unlike before, individuals can now visit Cuba for purposes of education in the arts, Cuban culture and humanitarian efforts.

Mr. Pozen inquired about a timeframe for DOT's decision. Mr. Stewart responded that while a decision is expected by early summer, a definitive timeframe is not known.

Mr. Stewart reported that DOT had issued a Request for Proposals on March 28 for carriers interested in providing EAS to 11 destinations in New York, Pennsylvania, Ohio, Virginia, and West Virginia. He noted that six of the destinations are currently served by Silver Airways from

Dulles International. The carriers' proposals, including the routes they would offer, are due to DOT by May 3.

With regard to air service developments, Mr. Stewart reported that Alaska Airlines and Virgin America announced a merger agreement, under which Alaska Air Group will acquire Virgin America. He noted that both carriers presently serve Ronald Reagan Washington National and Dulles International. Mr. Stewart stated that the merger is conditioned upon the receipt of regulatory clearance, approval by the Virgin America shareholders, and satisfaction of other customary closing conditions. The transaction is expected to be completed no later than January 1, 2017. Mr. Stewart stated that the Airports Authority is cautiously optimistic that the merger will have a positive impact on passenger activity at Dulles International.

Mr. Stewart reported that Frontier Airlines (Frontier) announced a daily flight to Denver from Dulles International effective May 13 to September 5, which will be in addition to the current daily flight to Orlando and three weekly flights to Chicago. Frontier expects that the new Denver flight will result in approximately 15,000 new enplanements.

Mr. Stewart also reported that the Federal Aviation Administration (FAA) announced that it would sunset the slot control program at Newark Liberty International Airport (EWR), which limits operations at the airport to 81 per hour, to open up market access and new entry for carriers this fall and increased competition. He noted that the FAA is inviting carriers to submit their schedules for this winter season, which begins in October. Prior to FAA's announcement, United had planned to purchase EWR slots from Delta Airlines. Mr. Stewart recalled that the Department of Justice had filed a suit to block the purchase citing too much control of market share by United. He reported that it is too early to predict whether Dulles International would be impacted by the recent developments.

Mr. Stewart provided information on the February Routes Americas 2016 and Air Cargo India Conferences where Airports Authority staff had advocated for new or additional air and cargo services from Dulles International. Airports Authority staff also participated in training seminars to Barcelona and Lisbon, as well as a sales mission to Milan and a training seminar to Lima. In March, the Airports Authority co-sponsored a booth with Destination DC and United in Berlin at the world's largest travel and trade show.

In light of United requesting a one-day per week service to Cuba, Mr. Session inquired whether a market to develop service to Cuba presently existed. Mr. Stewart responded that he believed a market existed and that United was being prudent with its approach regarding the Cuba route. Additionally, he believed that there is little doubt that United would be successful if the airline was awarded the route. Mr. Session also inquired why American did not submit an application for consideration of future routes. Mr. Stewart responded that American had submitted an application, but its routes did not include a flight from Dulles International to Cuba.

Ms. Lang inquired whether United's focus for travel to Cuba would be based on tourism and hospitality. Mr. Stewart responded that the only current authorized activity for visits to Cuba was government and business travel. Ms. Lang noted that Mayor Bowser, Montgomery County Executive Ike Leggett, and Maurice Jones, Secretary of Commerce and Trade for the Commonwealth, recently participated in a trade mission to Cuba. With regard to the feedback from the trip, Ms. Lang stated that it was her understanding that a substantial amount of improvements needed to occur with the airport infrastructure before Cuba could be considered a viable market, which may be attributed to the limited carriers interested in providing service at this time. Mr. Stewart agreed with Ms. Lang.

Mr. Session suggested that staff provide the legislative and political context of the EAS, especially since it has been a critical component of the FAA reauthorization in recent years as it relates to service to certain underserved communities. Mr. Stewart stated that the EAS is comprised of primarily-small markets. In an effort to subsidize economic growth, the government guarantees a revenue share to carriers that operate service to these small markets.

Ms. Merrick offered positive comments on the Airports Authority's logo displayed throughout the Airports and commended staff. For the first time during her tenure as a Board Member, Ms. Merrick informed staff that she had received several compliments from a few of her well-traveled professional colleagues about the improved service at the Airports.

The meeting was thereupon adjourned at 9:00 a.m.