

On **THURSDAY, MAY 23, 2013**, the **TSA SERVICES COMMITTEE** met in regular session in the Carl T. Langford Board Room of the Aviation Authority offices in the main terminal building at the Orlando International Airport (OIA), One Jeff Fuqua Boulevard, Orlando, Florida. Chairman Dean Asher called the meeting to order at 1:08 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present,

Dean Asher, Chairman
Domingo Sanchez, Vice Chairman
Richard Anderson
Lucas Boyce
Leslie Komurke (arrived @ 1:35 p.m.)
Thomas Lang
Randy Means

Also present,

Brigitte Goersch, Deputy Executive Director
Doug Starcher, Broad and Cassel
Gina Conte, Recording Secretary (minutes transcribed by Dayci Snyder)

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. As of January 16, 2013, lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. As adopted by the Board on September 19, 2012, lobbyists are now required to sign-in at the Aviation Authority offices prior to any meetings with Staff or Board members. In the event a lobbyist meets with or otherwise communicates with Staff or a Board member at a location other than the Aviation Authority offices, the lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. As of January 16, 2013, Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available in the Aviation Authority's offices and the web site. Please contact the Director of Board Services with questions at (407) 825-2032.

MINUTES

1. Minutes will be corrected to delete Chairman Kruppenbacher as a committee member. Committee members commented on the minutes stating that they were outstanding -- very comprehensive and complete. Upon motion by Mr. Means, second by Mr. Boyce, vote carried to approve the March 21, 2013, minutes as written.

PRESENTATION BY GARY SMEDILE, DIRECTOR OF BUSINESS DEVELOPMENT, FIRSTLINE TRANSPORTATION SECURITY

2. Mr. Gary Smedile began the presentation by providing his personal and business background. Using visual aids (copy on file), Mr. Smedile discussed the Aviation and Transportation Security Act (ATSA) and how it identifies criteria for the Screening Partnership Program (SPP) which includes standard of screening; federal oversight; staff compensation (setting a minimum); and qualified companies. He stated that it was material similar to Ms. Goersch's presentation to the Committee in March.

He then discussed the contract award process. There are time frames on the application that include TSA having 120 days to decide. If denied, TSA has 60 days to advise the airport and Congress. Mr. Smedile stated that the award criteria includes ATSA wage rate compliance; management approach; screening services; security training; pre-transition and transition plans; past performance; and price. Security and customer service are not exclusive - they are intertwined. The key to success is exceptional employees on the job. Firstline knows how to build a great team by recruitment; selection/assessment; training; rewards and reinforcement and as to customer-focused security, Firstline is highly effective in screening, motivation, and customer-oriented; 100% cross-trained (dual function); customized staff; and low workers compensation and absenteeism.

The key elements to the program Screening Partnership Program (SPP) are real partnership; exceptional performance; full accountability; ongoing innovation; and outstanding customer service. The public-private partnership with TSA (regulator; contracts customer; security operational oversight); Security Service Providers (customer-focused security; advocate; private; enterprise advantages; develop; train; and sustain; motivated and stable staff through efficient and progressive business practices; and OIA (key team player and major stakeholder; reap the benefits. Mr. Smedile stated that studies and metrics validate performance and value.

PRESENTATION BY GARY SMEDILE, DIRECTOR OF BUSINESS DEVELOPMENT, FIRSTLINE TRANSPORTATION SECURITY (cont)

There is performance based accountability - business performance; airport and airline responsiveness; and contract metrics. Mr. Smedile stressed that performance based is exceed to succeed with 17 cost and performance metrics. He then touched on the 17 performance based metrics including Threat Image Projection (TIP) Detection Rate; Standard Operating Procedures (SOP) audits; additional layered security hours - BDO's playbook and SPOT; maintenance of screening equipment; recurrent training; Continual certification pass rate; customer service (wait times, passenger claims, and actual costs versus contract/budget); Workforce management (staffing, voluntary attrition, injury rate, absenteeism, and workforce flexibility; Innovations; and Communication (incident issue reporting and responsiveness).

Mr. Smedile then moved on to liability. He said that a company such as Firstline has 2 ways for liability protection. The first is through part of the ATSA. The federal law specifically states that "an airport operator shall not be liable for any claims for damages filed in State or Federal court..." and applies to both an airport's application to opt-out and security activities performed by a qualified passenger and baggage screening company at their airport. The second is the Safety Act of 2002 - Certification and Designation. Screening companies apply for SAFETY Act Coverage. There are stringent criteria to qualify. Designation protection for all stakeholders is as follows - only the seller is subject to litigation; only federal court jurisdiction; limits on liability; no punitive damages; and beneficiaries, vendors, contractors, and customers protected. Certification affords government as contractor liability protection.

Firstline's innovations include - dual functioning security officers; local hiring and training; scheduling tools; recruitment tools; training programs; staff management plans; and customer focus incentives. Firstline is part of the community that includes airport sponsorships; Patriot Appreciation Day; Operation Pink; National Guard; Toys for Tots; Chamber of Commerce; and is active in the industry. Last but not least, Mr. Smedile shared the positive press on Firstline's outstanding customer service.

Chairman Asher thanked Mr. Smedile for his presentation. Mr. Boyce asked Mr. Smedile about Firstline's recruitment and where they find their employees. He responded that they do not have a magic wand and reiterated the minimum standards that TSA specifies, application and interview process, physical requirements that is not specified by TSA, and what is the motivation of a potential employee. The rate of acceptance at Firstline is 1 out of 11 or 1 out of 12 employees. As a follow-up question, Mr. Boyce asked if there were any psychological evaluations performed. Mr. Smedile responded that he cannot share that information with the Committee but there are other questions that address other matters.

Mr. Means referenced the joint majority staff report as distributed by Congressman Mica at the last Committee meeting in April. He asked Mr. Smedile about Firstline's attrition rate. Mr. Smedile responded that it was lower than the 17% as mentioned by Congressman Mica. Firstline is in that area but slightly less. Mr. Means then asked if Firstline was doing anything specifically different at other airports than at OIA. Mr. Smedile responded that Firstline is guided by the airport's program. Mr. Means restated the question for clarification. Mr. Smedile then answered that they are not doing anything different because in that sense Firstline has to adhere to the same Standard Operating Procedures and the same type of equipment that an airport has.

In response to Mr. Means' additional question, Mr. Smedile responded that the employee testing is nationwide. Some of the tests are administered by local testing instructors. Firstline's testing is administered by TSA's national staff. Firstline's performance needs to be higher. Mr. Means asked Mr. Smedile if Firstline has less bureaucracy than the TSA. Mr. Smedile responded that they have a very lean management staff (corporate level) and also in the operation level at an airport.

Ms. Komurke questioned the levels of testing required in order to hire a quality person. She asked about the level of education and if there is a continuing education model available; if credit checks are performed; and if the health and fitness of an individual is reviewed. Mr. Smedile responded that the minimum standards to all the elements Ms. Komurke mentioned are established by the TSA. The

PRESENTATION BY GARY SMEDILE, DIRECTOR OF BUSINESS DEVELOPMENT, FIRSTLINE TRANSPORTATION SECURITY (cont)

minimum education needed is a high school diploma. There are minimum physical standards which are both medical, physical fit, the ability to lift and move certain weights, eye sight and hearing. Firstline has an additional physical capabilities test that they administer. In response to a follow-up question by Ms. Komurke, Mr. Smedile responded that drug and alcohol tests are also conducted. As to consequences, Mr. Smedile responded that it's immediate termination.

Mr. Lang asked about the pre-transition and transition plan. He wanted to know about the challenges OIA faces if it decides to opt-out. Mr. Smedile responded that the most important factor is communication. To ensure that the staff here knows what the process is, what Firstline's (contractor) process is, what the contractors program is, and what options the employee has, which includes first refusal.

In response to Mr. Lang's follow-up question, Mr. Smedile then talked about Firstline's experience in Roswell. He reminded the Committee that it is a small airport.

Mr. Anderson questioned Mr. Smedile on the liability issue with privatization and how the airport seems more liable and wanted to know if Mr. Smedile has seen that in his experience. Mr. Smedile responded that he has seen none especially with the language in the federal law previously mentioned.

Mr. Lang mentioned that Mr. Marchena discussed the liability issue. If we were a joint venture partner then the airport would have some liability. Following discussion, Mr. Smedile confirmed that Kansas City and Roswell are not in a joint venture with Firstline.

Vice Chairman Sanchez asked about the average salary and if Firstline takes over, what does it look like for the agents (salaries). Mr. Smedile responded that it varies from airport to airport. The salary and compensation needs to be, by law, comparable to what a security officer earns on the federal side. Firstline has the right to modify the benefits offered from workforce to workforce. An example is that they pay for employee parking in Kansas City. Vice Chairman Sanchez then asked Mr. Smedile to be specific about the TIP rate when going through security. Mr. Smedile declined to respond because it is considered Security Sensitive Information (SSI). He did offer the fact that Firstline's performance numbers are in the very high percentile nationally. Vice Chairman Sanchez then asked Mr. Smedile to explain what TIP was for the rest of the Committee. Mr. Smedile responded that all the x-ray machines have a computerized system that randomly, periodically, projects an image as a trap. The objective of the TIP's is for that security officer to properly identify the threat. It will tell the screener if they were correct. The x-ray machine keeps score on every security officer that uses that machine. The score is collected and reported in a controlled environment by TSA.

In response to Chairman Asher's question, Mr. Smedile walked the Committee through the transition part of a contract. He said that part of the proposal includes an item-by-item list of every element that needs to be accomplished, accompanied by a timeline. As he previously stated, communication is very important. Chairman Asher asked what the average transition time period is. Mr. Smedile responded 90 days as a good time frame.

As to liability, Chairman Asher asked Mr. Smedile if it was true that there is no liability to the airport. Mr. Smedile responded that as much as he can offer in certainty, that is the case until something happens and you go to court. As to Mr. Smedile's presentation, Chairman Asher picked-up on 3 things - (1) motivated people; (2) customer service; and (3) highly effective screening. He asked Mr. Smedile why he feels that privatizing OIA is better than the current operation with TSA. Mr. Smedile responded that OIA speaks for itself. It is supposed to be a great place, vacation spot, and a location where people want to move and live. They want to have a great experience and the staff at OIA wants them to have a great experience. If the first impression or the last impression of Orlando is what happened at the checkpoint, you can make or break a vacation or a business trip. It's important to Firstline, because it is important to OIA, to provide outstanding customer service. Providing that is key, especially here. To recap, Chairman Asher stated that Firstline believes that they can make the Orlando Experience much better and it can handle OIA.

PRESENTATION BY GERRY BERRY, AVIATION CONSULTANT

3. Mr. Berry introduced himself and talked about his personal and business background. He mentioned how he met Chairman Kruppenbacher and how he ended up presenting at today's Committee meeting.

After sharing a few stories, he provided an overview of the Screening Partnership Program (SPP) - it was mandated by the Aviation and Transportation Security Act of 2001; began as a pilot program in 2002; strengthened by the FAA Modernization and Reform Act of 2012; all 5 pilot airports remain SPP airports; 16 airports currently in SPP; 4 airports awaiting contract award; and 2 airports approved and waiting for RFPs.

Using visual aids (copy on file), he showed John Stossel's Take: TSA Tyranny at <http://www.youtube.com/watch?v=bacR-f3DeyE>. Comparing private screening to TSA screening, he compared attendance; attrition; workers compensation; overtime; efficiency; customer service; employee morale; schedule flexibility; and management responsiveness. Other than Romania, Poland, and Bulgaria, the United States has the only government in the western world that functions as the airport security operator, administrator; regulator, and auditor.

Mr. Berry then talked about the General Accounting Office (GAO) reports on TSA's SPP cost analysis in 2009 and 2011. At a hearing before the House Homeland Security Subcommittee on Transportation Security to discuss the TSA SPP program, the President of the National Association of Security Companies, Mr. Steve Amitay reported: "First, the enormous task of managing 50,000 or so TSA employees involved in airport screening diverts and denigrates TSA's ability to focus critical transportation security related functions such as setting security standards, technology adoption, conducting risk management analyses, performing oversight, enforcing standards and regulations, analyzing intelligence, auditing screening operations, and doing more to stop aviation related terror before the terrorists get to the airport. Second, as the entity conducting both the screening and overseeing the screening, there are inherently greater risks of poor screener performance going uncorrected or even worse being encouraged or covered up by management."

As to contracting options, Mr. Berry said that once an airport makes the decision to apply for SPP, they need to decide what they want for their airport. There are 3 models - (1) standard; (2) airport; and (3) teaming. The level of airport involvement in the proposal process; the level of airport involvement in profits; and the level of airport involvement in management/screening. As to the screener workforce, the incumbent TSA workforce will be given a first right of refusal to accept employment with the private screening company, if found acceptable under the company criteria. Private screening company is responsible for all human resource matters, i.e., unemployment insurance, workers compensation, leave time, insurance and benefits. According to ATSA regulations, the private screening company shall provide compensation and other benefits "that are not less than the level of compensation and other benefits provided to such federal government personnel."

In discussing customer service, Mr. Berry mentioned that private screeners are accountable to the airport; customer service surveys are tracked and acted upon; private screening company is an airport stakeholder; and performance evaluations include customer service. Why opt-out? There is greater involvement in screening management; quick response to meet screening needs; increased morale among employees; profit-sharing under airport or teaming model; quality customer service; and employee satisfaction.

Chairman Asher thanked Mr. Berry for his presentation and commented that the Committee felt his energy and passion for this subject matter.

Mr. Boyce asked Mr. Berry to discuss profit sharing. Mr. Berry stated that Jacksonville does it themselves so profits are not shared. Orlando-Sanford wants to use the teaming model so profits would be shared.

Mr. Means asked if the airport thinks it's following TSA's procedural rule but then say you are not, is there a due process in which another level reviews the procedural issue. Mr. Berry responded no. The SOP's are followed for each airport. He added that it's a great idea though.

PRESENTATION BY GERRY BERRY, AVIATION CONSULTANT (cont)

Mr. Lang asked if Mr. Berry saw different challenges than mentioned by Mr. Smedile regarding transition. Mr. Berry responded no but added that the transitions have been at smaller airports. The most difficult transition was at San Francisco with a shortage of 900 employees.

Ms. Komurke asked if within the 90 day transition period are there check and balances that the TSA and airport would oversee. Mr. Berry responded that it's in the contract. Each proposer has to submit a transition plan. Ms. Komurke then asked about bi-lingual staffing and if a certain percentage of staff is required to be bi-lingual. Mr. Berry responded that San Francisco is probably the most diverse workforce he has ever seen. In answer to her question, it is no.

Mr. Anderson asked if they were to reverse roles right now, what 3 issues would be concerning to him as to the transition. Mr. Berry responded about setting up meetings with all employees; he would want to be reassured that most employees will be kept on staff with the same level of benefits; and for him, he would want to meet management and see who is managing the contract and what their experience is.

To his previous statement on profit sharing, what percentage of the \$100 million of the contract price is considered profit. Mr. Berry responded that it's somewhere in the 5 - 7% range.

Chairman Asher recognized Mr. Brian O'Dell, Director of Operations for Covenant. A few of the committee members are going to visit San Francisco and he thanked Mr. O'Dell for being present today.

Chairman Asher asked if Mr. Berry previously worked for TSA. Mr. Berry responded in the positive, having worked for them for 1 year. Following discussion, Mr. Berry mentioned that the atmosphere at TSA has changed in the past few years.

Referencing the "Dare to Compare" chart, Chairman Asher asked how you are effectively able to screen more people 16,113 passengers per private screener versus 9,765 with TSA screeners. Mr. Berry said its employee attendance. He does not know what the attendance is at OIA because that information is SSI.

Discussion ensued as to the fact that it does not matter what the size of the airport is, it has to do with how the company can handle it. Mr. Berry gave examples of some airports and certain issues addressed.

Chairman Asher reiterated the importance of customer service and that the people using this facility have to want to come back. That is what it's all about. Following discussion, Mr. Berry stated that it's a give and take between the company and employees.

Vice Chairman Sanchez asked about the training schedule on an annual basis and the continual customer service training. It's roughly 4 hours a week across the board.

Vice Chairman Sanchez stated that he keeps hearing about SSI. He asked how the Committee can go about getting that information. Ms. Goersch responded that it's on a need to know basis. It cannot be discussed in a public forum. If the Committee chooses in their evaluation that they would like to get exposure to some things because they have a need to know, it would have to be in a closed session. Vice Chairman Sanchez suggested a closed session to evaluate as much information as possible before a decision is made.

Ms. Goersch stated that she had previously discussed this with Mr. Marchena and he is looking into the matter.

Chairman Asher stated that since the last meeting he had a conversation with Mr. Phil Brown, Executive Director, and FSD Jerry Henderson will be attending a future meeting along with Congresswoman Brown.

Mr. Means would like to receive the SSI information prior to FSD Henderson's presentation to the Committee. Discussion ensued as to a closed session within the next few weeks. Chairman Asher responded that it can be looked into with the possibility of having a closed session in the morning and then reconvene the sunshine meeting in the afternoon. It will be discussed with Mr. Marchena.

ADJOURNMENT

4. There being no further business to be considered, Chairman Asher adjourned the meeting - 3:03 p.m.

(Digitally signed on July 10, 2013)



Dayci S. Burnette-Snyder
Director of Board Services



Dean Asher
Chairman