

RDU

DURHAM

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CHAPEL HILL

UPDATE

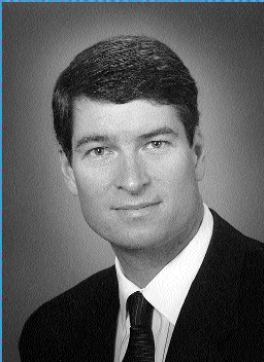
NEWS FROM RALEIGH-DURHAM INTERNATIONAL AIRPORT

RALEIGH



Art Comes to Life at RDU

From the Chairman



Bob Winston

Great planning, hard work and some facility improvements resulted in one of the smoothest holiday travel seasons we've seen in years. With the exception of some flight delays and cancellations due to weather in other parts of the country, holiday operations at Raleigh-Durham International Airport (RDU) went extremely well.

Just prior to the holidays, we announced a massive 10-year redevelopment program that includes, among other things, replacing Terminal A. This terminal, opened in January 1982, no longer can meet the needs of our airlines and passengers. Our plan outlines four phases of construction, which ultimately result in tearing down the current 18-gate, 220,000 square-foot Terminal A and replacing it with a new 35-40-gate, one million square-foot terminal facility. In addition, major roadway work and further parking garage additions are included in this plan, along with development of other facilities within the terminal area complex. This development is critical in preparing RDU to meet future air travel demands. More details on this major effort are included on pages four and five in this issue of Update.

In other RDU news, we're well underway with the process of closing and renovating merchandise shops and food service facilities as part of a major redevelopment of our concession program. In January, some stores closed with new stores opening the same day under new management. The transition is expected to be complete this fall, creating many new concessions and enhanced customer satisfaction.

In mid-Spring, the interim Terminal A south concourse will open with five new aircraft gates to provide relief for some of the carriers currently operating in Terminal A.

Construction of our next parking garage is expected to begin in March. This project will include demolition of two cargo buildings, construction of replacement cargo facilities, and some realignment of the entrance roadway. When complete in more than three years, customers will have 6,150 new parking spaces in a seven-level garage complete with a new 18-booth exit toll plaza, as well as convenient stations where customers can use a "pay-on-foot" automated payment system.

In order to meet demand and provide our passengers with the facilities and services they deserve, RDU will be in a perpetual state of construction and redevelopment over the next decade. Our goal is to effectively manage this growth and development while minimizing inconvenience to the air traveler.

Bob Winston, Chairman
Raleigh-Durham Airport Authority

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*On the cover:
Sculpture by Patrick Dougherty was
inspired by RDU's parking garage.
(See back cover).*



More Airlines mean lower fares at RDU.

Airfares Plummet at RDU

Competition is healthy, particularly at RDU. More airlines are serving the airport, and they are offering more flights, than ever before. As a result, competition has dramatically affected RDU airfares.



The U.S. Department of Transportation's (DOT) July 2000 Domestic Airline Fares Consumer Report featured an analysis of select RDU air travel markets. This report illustrates how competition on routes, particularly that introduced by Southwest Airlines, both stimulates passenger traffic and causes airfares to drop. The most recent data available from the DOT for the second quarter of 2000, compared to the second quarter of 1999, shows that airfares remain low in these same markets while passenger growth continues (see chart below).

The special report lists city-pairs that have experienced at least a 30% drop in average fare compared to the same quarter the previous year. In the fourth quarter of 1999, the airfare between RDU and Baltimore dropped more than twice that amount, or 66%, compared to the fourth quarter of 1998.

In the fourth quarter of 1998, one-way fares to Baltimore-Washington International Airport (BWI) averaged \$205. A year later, with Southwest in the market, average fares dropped to only \$69 one-way. With this dramatic fare reduction, more passengers were able to fly to BWI. The total number

of passengers traveling between RDU and BWI in the last three months of 1999 almost quadrupled from 12,604 to 47,012. In subsequent comparative quarters, fares continued to drop and the annual passenger traffic grew to 51,887. Currently, 10 daily departures to BWI are offered, five by both US Airways Express and Southwest.

Discretionary travel markets with existing low fares saw further reductions following Southwest's initiation of service. Discretionary destinations have fewer business passengers. Markets with more leisure passengers normally have a lower average fare.

For example, the tourist destination of Orlando had an average one-way fare of \$113 in the fourth quarter of 1998. After Southwest's entry into the market, one-way fares dropped 28 percent to \$81. The average one-way fare stayed at about that level in the second quarter of 2000 while the total number of passengers in the market increased by 68 percent to almost 81,000 people.

Aside from the Southwest effect on RDU markets, consumers continue to benefit by the growth of Morrisville-based Midway Airlines, which has almost two dozen more flights today

than a year ago. The use of Boeing 737-700 aircraft flying to half a dozen additional destinations will continue to provide consumers with more choices and better fares.

Airfares in the RDU-Boston market (not a Southwest market) show a moderate change in the time period compared. Currently, there are 14 daily departures to Boston from RDU. During the last two years service has been added by Delta Connection, Midway, US Airways Express, US Airways and MetroJet (later dropped).

For the DOT airfare report with a more complete list of average airfares for RDU markets call (202) 366-2220 or go to: <http://ostpxweb.dot.gov/aviation/domfares/domfares.htm>.

TIPS TO GET THE BEST AIRFARES

- Be flexible and fly at a less favored day or time
- Plan ahead
- Check on alternate routings or airports

Between Raleigh-Durham and	Average One-way Fares				Passengers			
	4th Quarter 1998	1st Quarter 1999	4th Quarter 1999	1st Quarter 2000	4th Quarter 1998	1st Quarter 1999	4th Quarter 1999	1st Quarter 2000
Baltimore, MD	\$205	\$124	\$69	\$75	12,604	24,564	47,012	51,887
Boston, MA	\$187	\$191	\$132	\$151	53,820	59,630	68,172	68,886
Chicago, IL	\$200	\$168	\$102	\$120	66,976	86,330	106,996	116,679
Nashville, TN	\$168	\$135	\$81	\$88	19,872	25,365	47,656	49,662
Orlando, FL	\$113	\$86	\$81	\$88	46,920	69,064	78,844	80,901
Tampa, FL	\$134	\$134	\$89	\$96	28,520	32,129	50,692	51,887
Washington, DC	\$180	\$105	\$98	\$117	38,272	63,012	63,388	59,363

Focus on Customer

Many organizations talk about customer service. It has always been part of the Airport Authority's mission to strive to provide excellent service through development and operation of a safe and efficient airport. A year ago the Authority rededicated itself to this mission and redefined its role in ensuring that each customer has a satisfying experience from the moment they enter the airport to the moment they exit.

Taking a good look at its own organization and its ability to oversee operational and development aspects of the airport was the first step in an ongoing process to ensure that the Authority is a customer-centered organization.

First, divisional units were realigned so that work groups were created to better focus on their roles in building and maintaining the airport and in developing relationships with associated service providers. As an expanding organization, the number one priority for the next several years is on hiring and retaining good employees. Particular emphasis is being placed on supporting and rewarding employees who recognize that individually they can make a difference, but by working collectively they can make good service become great service.

To show its commitment to the effort, the Authority adopted a customer service policy for the organization that embraces a vision statement to "become the best airport in the world known for uncompromising service as judged by

customers, employees and owners." This lofty statement is backed up by two parallel sets of operating principles—one to guide the organization and one to guide the individual employee.

These principles are based on three primary principles:

- 1) knowing the customer
- 2) fostering trust in all relationships; and
- 3) investing in the development of employees.

The Authority also established a customer relations office to work with internal departments and external businesses in the ongoing measurement and development of customer services.

In an effort to fulfill the first principle of knowing the customer, a survey was commissioned to determine the key services valued by customers and to rate performance levels in each of those areas. More than 500 airport users living in Wake, Durham and Orange Counties were surveyed. While there is room for improvement, the survey revealed that users are

RALEIGH - DURHAM AIRPORT AUTHORITY

CITY OF RALEIGH
WAKE COUNTY

CITY OF DURHAM
DURHAM COUNTY

Service

generally satisfied with the services at the airport. (See accompanying story).

There are many facets to ensuring good customer service ranging from the way people work together to assuring the quality of services provided by the Authority and its business partners. Putting a priority on airport passenger satisfaction has become a major emphasis in the management of airports worldwide. And it remains a fundamental part of RDU's mission as the airport embarks upon a new decade of growth and change.

THE AIRPORT IS LISTENING

In order to fulfill the operating principle of knowing its (external) customer, the Airport Authority conducted its first comprehensive customer satisfaction survey this past fall.

The purpose of the effort was to establish a baseline of customer satisfaction data in the key services valued most by the RDU airport customer. The results give an overall indication of satisfaction and point to areas needing attention. An equal number of business and leisure passengers from the Raleigh-Durham region were surveyed in their home by phone last fall.

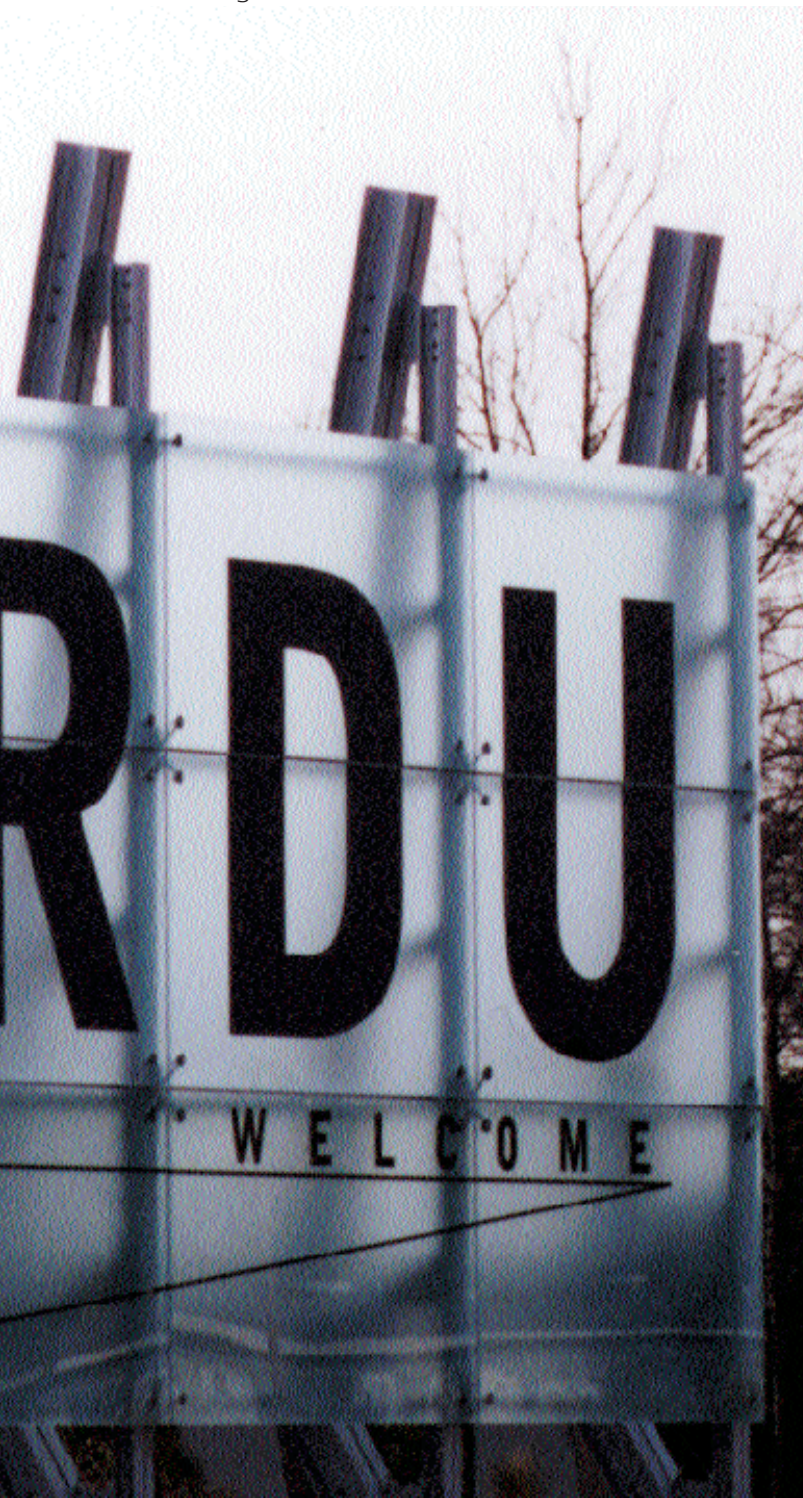
The results show that overall, passengers are generally satisfied with airport services. More parking, as anticipated, was on the passengers' "top priority" list for needed improvement. Improved efficiencies in operation of the security checkpoints and

baggage delivery systems also were areas in which passengers expect better performance.

The delivery of shuttle services, terminal ambiance and exiting the public parking areas all exceeded expectations as rated against their importance to the customer experience.

An additional objective of the study was to identify the best ways to communicate with the customer. An overwhelming 70 percent surveyed are daily Internet users, pointing to the untapped potential of driving customers to the RDU website (www.rdu.com) as a powerful direct communications tool.

Armed with excellent data about who the customers are, what they value and how to reach them, the Authority can better manage existing services while developing facilities as it works on a continual process of enhanced customer satisfaction.



Two new entrance signs have been installed at Raleigh-Durham International Airport (RDU) to greet the more than 11 million passengers expected to fly in and out of RDU this year.

Rebuilding Terminal

To guide facility growth and development, the Airport Authority has been operating under a long-range master plan adopted in January 1995. This comprehensive plan offered a 15-year guide for the Authority to accommodate growth in airport activity and customer demand. During the past three years, however, several components of the 1995 master plan were accelerated to keep pace with growth. And when staff began to see indications of double-digit growth figures on the horizon, a project definition team was formed to further fine-tune the plan for terminal area development.

Dave Powell, Assistant Director for Facilities, knew that even though plans were already underway to add space, major terminal facility improvements take years to plan and build. Airport consultants Leigh Fisher Associates of San Mateo, California were engaged to help Authority staff answer the question of how to build more facilities while maintaining an operable airport.

Project Definition

The first phase of this work involved identifying and retaining representatives from 20 different consulting firms to take a comprehensive, detailed look at the Airport's overall operating demands. This group of airport planners, called the "Project Definition Team," began meeting twice monthly at RDU to explore the best and most cost efficient ways to expand the Airport's facilities.

Team members came with skills ranging from roadway and structural engineering to baggage handling systems and fueling experts. Other firms provided experience with aircraft loading bridges, airport security, signing and cost estimating.

The group started by defining the challenges: RDU's fast growth had outpaced its facilities' ability to handle the additional passenger, vehicle and aircraft use. Vehicle parking, airline support facilities, aircraft parking and roadway usage were other challenges to be analyzed.

Next, the group began brainstorming and considering all potential ideas as they began to formulate a detailed development plan. Their final recommendations combined several ideas to reach a 10-year, multi-phase project that will cost an estimated \$1 billion.

Terminal A Redevelopment Plan

The first part of the plan is to build a two-level roadway in front of Terminal A while constructing a temporary 12-gate modular terminal building. This temporary facility will be located north of existing Terminal A and connect to Terminal A Extension during the initial phase.

Upon completion of the temporary terminal, tenants and airline operations will move from the main Terminal A building. Then, the 20-year old facility will be torn down and be completely rebuilt in the same location.

Once two-thirds of the new Terminal A is complete, tenants will move from the temporary terminal into the new building. The temporary terminal will be razed before building the new terminal's north concourse.

Funding

The Project Definition Team will continue to finalize its plans while a financial team develops funding mechanisms for the massive project.

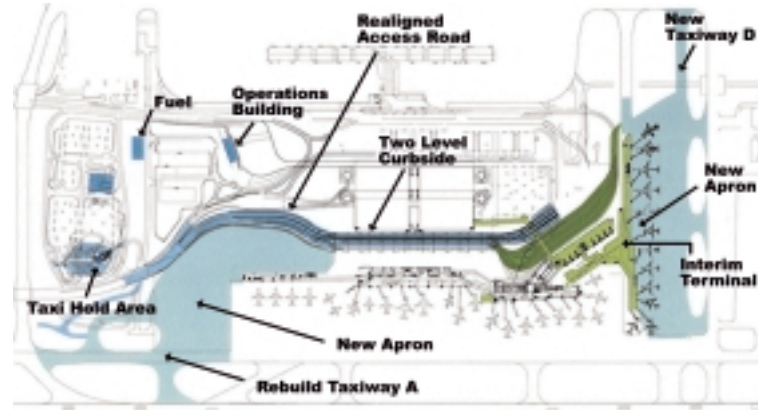
Half of the price tag would pay to build the new terminal with 35-40 gates and one million square feet of floor space. The other half would pay for upgrades to airport

al of and More...

roads, ramps, taxiways and other non-terminal but essential facilities.

Priority issues critical to the terminal area plan are enhanced passenger convenience, airline efficiency and terminal security. The project team's proposal, phasing and costing estimates were presented to Airport Authority during its December meeting.

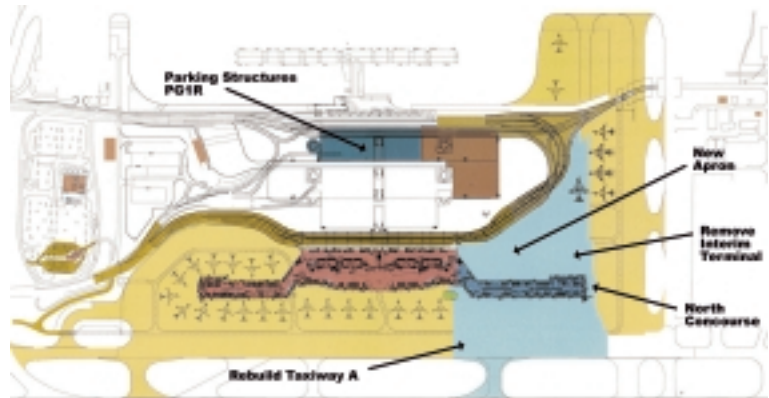
Once financing is in place, construction could begin as early as 2003. At that time the challenge will be to manage this major development effort while simultaneously operating one of the fastest growing airports in the United States.



Phase I will last two years and calls for the construction of an interim terminal and redevelopment of the roadway in front of Terminal A. This new roadway becomes operational at the end of Phase 2.



During the 30 months of Phase 2, passengers and airlines will use the interim terminal and Terminal A extension while the main portion of the existing Terminal A is demolished and rebuilt in the same location.



The third and fourth phases of the terminal redevelopment will last approximately two years. The newly built Terminal A will be used while the interim terminal facility is demolished. Then, the current Terminal A extension will be demolished and rebuilt to connect to the new terminal.

Terminal Area Project Definition Team Members

- **AP Planning, Inc.** - Aircraft loading bridges
- **Aviation Constructors, Inc.** - Constructibility
- **BNP** - Baggage Systems
- **Carter Burgess** - Landside facilities and roadway engineering
- **Cini Little International** - Food and beverage logistics
- **CSC, Inc.** - Communication systems and information technology
- **Corgan Associates** - Terminal building facilities and architecture
- **George Teebay** - Airport Security
- **Hanscomb, Inc.** - Cost estimating
- **Ko & Associates** - Roadway structural engineering
- **M.A. Engineering** - Physical surveying
- **Merrill + Befu Associates** - Landscape design
- **Ove Arup & Partners** - Structures, mechanical, and energy engineering
- **Robert & Company** - Aircraft fueling systems engineering
- **S & ME** - Geotechnical engineering
- **Sanchez Kamps Associates** - Wayfinding design
- **URS** - Airside facilities, drainage and infrastructure engineering
- **Walker Parking Consultants** - Parking structures

Creative Art Comes to Life

Chapel Hill artist Patrick Dougherty has created a whimsical oversized sculpture resembling vase shapes with human gestures. The sculpture will remain near the main vehicle entrance of RDU's new parking garage for the next year.

NEW CONCESSIONS

Concessions at RDU are now under new management. Some stores have been closed and are under renovation. New merchandise shops and food service facilities offering new products will open this summer. At that time, other stores will close for renovation and reopen before Thanksgiving.

Dougherty is known for his talent in creating sculptures from natural materials. He gathered maple and elm saplings on RDU property for three weeks before weaving them into five 18' tall elements. Dougherty was inspired by the architecture of the new parking garage, particularly the large light cones that mark the ramp areas.

Dougherty has created site-specific sculpture around the country and the world including at Atelier 340 in Brussels, Belgium; the Kohler Art Center in Sheboygan, Wisconsin; Swarthmore College in Pennsylvania, and an original opera performed at Duke University.



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