SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF SEPTEMBER 18, 2013

Mr. Session chaired the September 18 Business Administration Committee Meeting. A quorum was present: Mr. Griffin, Ms. Hall, Ms. Lang, Ms. Merrick, Ms. Wells, Mr. Williams and Mr. Curto, ex officio. Mr. Chapman, Mr. Conner, Mr. Davis, Mr. Gates, Ms. McConnell, and Mr. McDermott were also present.

Recommendation to Award Fixed Base Operator Contract for Ronald Reagan Washington National Airport. Paul Malandrino, Vice President and Airport Manager, reported that a Request for Proposal for a new Fixed Base Operator contract had been issued on May 17, 2013; only one proposal from Signature Flight Support had been received. He reviewed the fee structure and business terms required by the Authority, noting that the base term of the contract was ten years, with one five-year option, exercisable at the sole discretion of the Authority. Mr. Malandrino reported that Signature had proposed a Minimum Annual Guarantee (MAG) payment of $24 million for the entire fifteen-year contract term, and $5 million in capital improvements to be completed within the first five years of the contract. The contract would include a 25 percent Local Disadvantaged Business Enterprise (LDBE) participation requirement applicable to the design and construction improvements, and a 20 percent LDBE participation requirement for goods and services.

Ms. Lang inquired about the lack of responses to the RFP and the profitability engagement for the scope of work required. Mr. Malandrino responded that FBO activity and profits had declined dramatically since September 11, 2001 when the Federal government and the Transportation Security Administration (TSA) had eliminated general aviation (GA) operations at Reagan National. He reported that after GA operations had re-opened in October 2005, the imposed restrictions had made it difficult for GA flights to operate to and from the Airport. Ultimately, Mr. Malandrino stated that the lack of responses to the recent RFP is indicative of a profitability issue and the inability to meet the TSA requirements.

The Committee unanimously concurred with the pending procurement.

Recommendation to Award a Sole Source Contract for Maintenance and Technical Services Support. Goutam Kundu, Vice President for Technology, presented a background summary on the critical maintenance and technical services support of the Authority's 800 MHz trunked radio system needed to continually support the daily operations of the Public Safety offices and other mission-critical users. He reported that a study is underway, which may take two years to complete, to replace the 16-year old legacy system. At this time it is necessary to award a contract to Motorola so that it can continue to provide support on the proprietary technology for the existing system. Mr. Kundu reported that the estimated cost for the two-year contract is $850,000.

Ms. Wells inquired why it is anticipated that the study will take two years to complete. Mr. Kundu clarified that it could take two years to complete the study and the process to procure the replacement system. He noted that the Authority planned to advance into an industry standard radio system that would provide the ability to consolidate all of its radios into one system.

Mr. Griffin inquired whether the industry had proven that providers for this type of maintenance and technical services support offered limited competition, to which Mr. Kundu replied affirmatively. Mr. Potter stated that the study would offer an opportunity for the Authority to consolidate the infrastructure, take advantage of new technology and save money. Because there is no opportunity to stop the daily use of the required service, Mr. Kundu stated that the complex transition would have to be seamless.

The Committee unanimously approved the recommendation of the sole source contract award to Motorola.

Quarterly Acquisition Report. Mark Adams, Deputy Chief Financial Officer, stated that the acquisition planning document had resulted from a recommendation included in the Office of Inspector General report. The quarterly procurement report included acquisitions made during the quarter; contract modifications and task order issued during the quarter, including dollar value; contract actions approved by the Board during the quarter; planned procurements for the next quarter; and employees with contracting delegations and any limits to their authorities. Mr. Adams reported pertinent information for the second quarter of 2013 – 59 contracts had been awarded, totaling $1.2 billion; 69 contract modifications had been issued, totaling $76 million; 26 task orders had been issued, totaling $6.2 million; and three contract awards had been approved by the Board, totaling $163.5 million. The planned procurements for the fourth quarter of 2013 included 33 forecast solicitations greater than $50,000; six solicitations that may be $3 million or more and potentially require Board approval after the procurement process had been completed; and no solicitations valued less than $3 million that may impact the traveling public. With respect to the planned procurements for the fourth quarter of 2013, Mr. Adams noted that one solicitation for Liquidity Facility Provider has specifically been reserved by the Board for selection and approval. Additionally, Mr. Adams reported that Reagan National had filled the vacant Lead Purchasing Agent position with purchasing authority of up to $50,000 for goods, services, and equipment.

Concessions Redevelopment Program. Steve Baker, Vice President for Business Administration, acknowledged his staff in attendance at the meeting, who had worked with the concession team. He reviewed the goals and redevelopment process to assist MarketPlace in providing world class services at both Airports. Mr. Baker reported that 156 active concession leases, of which 143 will be a part of the three-year development Program; the remaining leases would be developed as their leases expired. Of the 143 leases, 105 would be extended until December 2014 with an option to terminate earlier, and seven are on a month-to-month lease. Mr. Baker reported that as a result of the lease extension of existing operators, an additional $1.6 million would be generated annually.

Mr. Baker reviewed the phasing plan. At Reagan National, 34 projects would be completed by April 2014 in Phase 1. He noted that Terminal A projects would be completed by the end of 2014. At Dulles International, 26 projects had been identified in Phase 1; they would also be completed by April 2014. Mr. Baker reviewed the results of the Phase 1 packages, including the catalyst project; the packages at both Airports; and the individual opportunities. In addition to the May 16 public meeting, outreach efforts, including publications, associations, conferences and local mall visits, had occurred to ensure the industry was aware of these opportunities. Mr. Baker also reviewed the process for submittal of proposals, evaluation of responses and lease negotiations, architectural design and construction of concepts.

Mr. Baker then announced the selected concepts for those leases that had been signed. At Reagan National, the signed leases included Legal

Sea Foods, Ben's Chili Bowl, Brooks Brothers, Brighton Collectibles, Spanx, Vineyard Vines, Lacoste, America!, American Tap Room and Pinkberry. At Dulles International, the list included Au Bon Pain, The Firkin & Fox, Luv'nberry, Swarovski and Tumi. As a result of the Phase 1 solicitation results, Mr. Baker reported that the current aggregate of the MAG is expected to increase by $5.3 million annually when compared to the awarded aggregate. In terms of the DBE participation with regard to the Phase 1 solicitation results, Mr. Baker stated that the current performance of Phase 1 locations attained a 25 percent rate while the awarded performance of Phase 1 locations was expected to attain a 38 percent rate. He noted that Marketplace had a contractual commitment to achieve a 25 percent LDBE goal for retail and a 35 percent goal for food.

Mr. Baker reported that an outreach event to present the second phase and individual opportunities of the redevelopment plan to the public and get feedback would be held on October 1 at the Renaissance Arlington Crystal City. The three-year process would continue with Marketplace development and staff. Directors congratulated staff and Marketplace on the impressive selections of the redevelopment plan.

As a frequent traveler of US Airways, Mr. Williams observed that the customer area by the gates, specifically the area in which passengers eat, needed to be user friendly. Mr. Baker responded that staff is presently reviewing the issue and is exploring alternatives to simplify offerings an create a better experience for passengers to dine on all three piers.

Mr. Session recognized Juanita Britton, a DBE concessionaire who operates Brooks Brothers and other concessions, who was in attendance at the day's meeting.

The Meeting was thereupon adjourned at 12:40 p.m.