



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Report to the Board of Directors
Recommendation to Award
Fixed Base Operator Contract
for
Ronald Reagan Washington National Airport
October 2013



What is a Fixed Base Operator (FBO)

An FBO is an airport service center that provides primary support services for General Aviation (GA) aircraft and passengers. Reagan National's principal general aviation customers are corporate jets and executives of Fortune 500 companies.

FBO Services include:

- passenger handling and customer service;
- aircraft fueling, parking, hangaring, and maintenance;
- ground handling, aircraft towing, de-icing, and baggage handling;
- aircraft charters and rentals; and
- car rentals, hotel reservations, pilot lounges and flight planning facilities.



Request for Action

The Business Administration Committee approved and recommends that the Board approve the award of a new FBO contract to Signature Flight Support – Washington National, Inc., with a base term of ten years, with one five-year option, exercisable at the sole discretion of the Airport's Authority.



Fee Structure

The Contractor is required to pay the Airports Authority the greater of a Minimum Annual Guarantee (MAG) or a percentage of Gross Receipts.

- Fuel Sales - 14% of retail fuel sales
- Hangar Rent - 10% of Gross Receipts
- Aircraft parking - 40% of Gross Receipts
- Other Services - 8% of Gross Receipts
- Landing Fees - 20% contractor, 80% MWAA

In addition, the Contractor must provide a Minimum Guaranteed Capital Investment offer for facility improvements.



Background

In April 2013, the Business Administration Committee reviewed and concurred with the terms for the Request for Proposal (RFP) issuance.

An RFP for a new contract was issued on May 17, 2013, and one responsive proposal was received on June 28, 2013.

The Contracting Officer's review confirmed the low level of GA business activity and Reagan National's TSA security requirements were factors for firms that chose not to submit a proposal.



Business Terms

The RFP required a MAG payment to the Airports Authority of no less than \$400,000 for each Contract Year in addition to a Minimum Guaranteed Capital Improvement Investment Offer to be expended during Contract Years 1 through 5.

Signature proposed a MAG payment for the ten-year base period of \$14,352,340, and \$10,034,029 for the five-year option which totals \$24,386,369 for the entire fifteen-year period.

Revenues to the Airports Authority from the current FBO agreement were approximately \$1 million in 2012.



Capital Improvements Offer

Signature proposed \$5 million in Capital Improvements to be completed within the first five years of the contract:

- Finished Space Improvements
 - Redesigned Passenger Processing/Security Area
 - Enlarged and Updated Customer Lobby
 - Enlarged and Updated Restrooms
- New Exterior Canopies
- HVAC System Updates/Replacement
- Improvements to Customer Parking Area



LDBE Requirements

This contract will have an LDBE requirement of 25 percent participation applicable to the design and construction of capital improvements. Signature will meet this goal in its proposed fixed improvements to the FBO facility at Reagan National.

There is also an LDBE requirement of 20 percent participation applicable to goods and services. Signature will partner with Tradewinds International Holdings, LTD., an Airports Authority LDBE/MBE certified firm with over 23 years of FBO experience, to meet this goal.



Requested Action

The Business Administration Committee approved and recommends that the Board approve award of the contract to Signature Flight Support – Washington National, Inc., for a base term of ten years with one five-year option.

Proposed Resolution

Recommending the Award of the Fixed Base Operator Contract
for Ronald Reagan Washington National Airport
to Signature Flight Support – Washington National, Inc.

WHEREAS, The current contract for the provision of fixed base operations (FBO) services to the General Aviation (GA) market at Reagan National Airport is held by Signature Flight Support – Washington National, Inc. (Signature), and it is scheduled to expire on December 8, 2013;

WHEREAS, The Business Administration Committee in April 2013 concurred in the pre-solicitation terms for the procurement of FBO services at Reagan National;

WHEREAS, Only one responsible proposal was received due partially to the low level of GA business activity and the restrictions the Transportation Security Administration has imposed on GA activity at Reagan National;

WHEREAS, The Business Administration Committee is satisfied with the results of the competitive procurement process, as presented at its September 18, 2013 meeting; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into a 10-year contract, with one five-year option, with Signature, consistent with the terms presented to the Business Administration Committee at its September 18, 2013 meeting.

*Recommended by the Business Administration Committee on September 18, 2013
For Consideration by the Board of Directors on October 16, 2013*