SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF NOVEMBER 12, 2014

Mr. Session chaired the November 12 Business Administration Committee Meeting, calling it to order at 10:31 a.m. A quorum was present: Mr. McDermott, Co-chair, Mr. Adams, Mr. Carter, Mr. Griffin, Ms. Hall, Ms. Wells, Mr. Williams, and Mr. Conner, *ex officio*. Mr. Chapman, Mr. Curto, Mr. Kennedy and Ms. Lang were also present.

<u>Pre-Solicitation Terms for Management and Operation of the Public Parking Concessions and Shuttle Bus Operations at both Airports</u>. Chris Browne, Vice President and Dulles Airport Manager, reported that presently the passenger and employee parking is jointly performed under separate contracts - one that operates the Airports' shuttle buses (Standard Parking) and the other that manages the parking operations (Five Star U Street Metro Washington Parking).

Mr. Browne stated that based on industry research, previous experience, and changing passenger activity at each Airport, which had been fairly extensive recently, staff recommended that the new contracts at each Airport combine both the parking management and shuttle bus operations under a single provider. He reviewed the advantages associated with combining both contracts, as well as the evaluation criteria. Mr. Browne noted that the best value procurement process would be used for the procurement. The proposed contract term would be a three-year base with two single-year renewal options and include an Airport Concessions Disadvantaged Business Enterprise (ACDBE) goal of a minimum of 25 percent of the management fees received, which may be met by the ACDBE performing as a prime, subcontractor, or joint venture partner.

Ms. Lang inquired whether the incumbents for both of the existing contracts would be able to provide the combined service. Mr. Browne stated that because the proposed contract would offer an opportunity for joint partnering, staff did not believe that the new contract would be exclusive to either incumbent.

Ms. Hall recalled that an earlier procurement had consisted of a single contractor that had provided the services for public parking concessions and shuttle bus operations. She inquired why the Authority had changed the procurement structure to separate the contracts. Mr. Browne stated that the contract at Reagan National had been completely consolidated prior to 2010. He noted that the Authority had gotten smarter since 2010 and believed that the pending procurement structure would be the optimum opportunity for maximizing revenues and creating a common branding process and provide a consistent service level between the two Airports.

Ms. Wells inquired whether an incentive fee would be offered as part of the pending procurement. Mr. Browne responded affirmatively and explained that the fee would be based on the agreed-upon evaluation criteria, which would be known by the contractor. Consistent with the process presently used, the Authority would ultimately decide whether the criteria had been achieved and to determine if it should award the incentive fee.

Mr. Carter asked about the Disadvantaged Business Enterprise participation requirement for the existing shuttle bus contract. Mr. Browne responded that the contract is under a Local Disadvantaged Business Enterprise (LDBE) Program, which is established by the Authority and based on the size of the business. The LDBE participation goal for the existing shuttle bus contract is 40 percent. Mr. Carter stated that if staff planned to combine the public parking concessions and shuttle bus operations, he believed that a 40 percent LDBE participation goal should be used. Richard Gordon, Manager, Equal Opportunity Programs, stated that the DBE goal for the public parking contract had been established some time ago, and it had been included as part of the Authority's three-year goal that had been submitted to the Department of Transportation. He explained that because of the difference in the way the contracts are structured and what can be counted under the LDBE Program versus the DBE Program, the ACDBE goal had been lower. Mr. Carter stated that in terms of the hierarchy of ACDBE participation, the services for the pending procurement could be achieved by the ACDBE performing as a prime, joint venture or subcontractor. Mr. Gordon noted that it was his personal opinion that a joint venture option should precede a subcontractor option. Mr. Carter stated that he hoped that more merit would be given for greater joint venture participation when making the contract award.

Ms. Lang commented that the process of bundling contracts may result in efficiency and greater revenue to the Authority but it is important to ensure that small and/or minority businesses are not impacted as a result of it.

Jerome Davis, Executive Vice President and Chief Revenue Officer, stated that a process is underway to review the existing Equal Opportunity Program approach to determine how it compares with new strategies that the Authority plans to launch in the near future.

Mr. Adams inquired how the evaluation criteria would be evaluated during the best value procurement process. Liz Bryan, Manager, Procurement and Contracts, responded that the criteria would be evaluated in a descending order of importance. With respect to the structure used to achieve the DBE goal, Ms. Bryan clarified that there is no difference in weighing whether a subcontractor has less experience or a prime contractor has more, the experience is counted as a team. Similarly, if one contractor had performance predominantly in shuttle bus operations while another had public parking experience, it would be considered as a joint venture for the past experience and performance. Additionally, Ms. Bryan noted that the DBE goal is applied only to the cost. She explained that as long as an ACDBE participant contributes 25 percent of the overall proposed price, the ACDBE goal is achieved.

The Committee concurred with the pending procurement.

<u>Quarterly Acquisition Report (Quarter Ending September 30, 2014)</u>. Mark Adams, Deputy Chief Financial Officer, and Ms. Bryan reported that for the third quarter of 2014, 26 contracts had been awarded valued at $284.3 million; 55 contract modifications totaled $31.3 million; and 36 task orders had been issued totaling $65.3 million. The Board had approved two contract actions – $130 million for 10 years to Crystal Mover Services for people mover services at Dulles International and the other to Metropolitan Building Services for a custodial contract at Reagan National. Mr. Adams reported that 87 procurements greater than $50,000 are planned for the upcoming quarter, thirteen of which may be $3 million and will require Board approval. He stated that there were no solicitations less than $3 million that impacted the traveling public during the third quarter. Mr. Adams reported that the solicitation for underwriter services for both enterprises is reserved for the Board and would be presented during the first quarter of next year. There had been no changes to the Delegations of Authority.

Mr. Williams referenced the figures for the contract awards, contract modifications and task orders and asked for additional information. Jack Potter, President and Chief Executive Officer, explained that the large totals represented an accumulation of activity. He used the Crystal Mover Services contract award as an example noting that while the total is $130 million, it is a 10-year contract, which equates to $13 million annually. Mr. Potter stated that the sum of an annual contract over the duration of the term of the contract adds up to significant amounts of money. Mr. Williams inquired about the process used to award a contract modification. Mr. Potter stated that some of the technical specifications associated with Phase 2 of the Dulles Corridor Metrorail Project (Project) were being modified so that they would be compatible with the outcome of Phase 1 of the Project. He noted that some of the modifications also resulted from regulatory changes. Mr. Potter reported that staff strived to minimize the amount of modifications required and to ensure that the Request for Proposals are as correct as possible, but that circumstances sometimes occur to warrant a change. Mr. Adams noted that Attachment 2 of the Report identified modifications related to option years and non-option years.

Mr. Williams referenced the number of modifications that had occurred in the third quarter and asked specifically about the Parsons Management Consultants (PMC) modification for $5.3 million. Ms. Bryan explained that the modification had extended PMC's technical and administrative support for an additional year until the Office of Engineering could build its staff and procure task order services. She noted that the 10-year contract with PMC, which had been at a fixed price, had expired. Therefore, the one-year extension required that rates be renegotiated to be consistent with the present industry market. Mr. Potter noted that with the recent addition of Ginger Evans, Vice President for Engineering, and other staff, they had been tasked with reviewing the structure of the Engineering Department. Staff had determined it would bring certain roles and responsibilities in-house with task order contracts, which would take some time to implement. Since he was still unclear, Mr. Williams requested that he meet with staff separately. Mr. Session stated that he would like to join Mr. Williams, and Mr. Kennedy also expressed an interest in attending the separate session when scheduled. For clarification purposes, Mr. Chapman stated that most of the modifications had not occurred as a result of cost overruns and are within budget expectations, to which Margaret McKeough, Executive Vice President and Chief Operating Officer, affirmed. Mr. Potter noted that in the event a modification was not within the budget restraints, a budget reprogramming to move the funds from one line item to another would occur. He stated that the Board had approved all of the required modifications. Mr. Kennedy suggested that the Report be reformatted to easily identify the terms of a contract, including extensions and totals. Since Directors would attend Board training sessions on December 9, Mr. Griffin suggested the separate session also be held that day; staff agreed.

The Meeting was thereupon adjourned at 11:17 a.m.