SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF MARCH 18, 2015

Mr. McDermott chaired the March 18 Business Administration Committee Meeting, calling it to order at 10:11 a.m. A quorum was present: Mr. Chapman, Mr. Mims, Mr. Session, Ms. Wells, Mr. Williams, and Mr. Conner, *ex officio*. Mr. Caputo, Mr. Curto, Ms. Hanley, Mr. Kennedy and Ms. Lang were also present. Mr. Griffin joined the Meeting by phone.

<u>Recommendation Paper for Aircraft Deicing Fluid Recovery, Disposal and Recycling Services Contract at Dulles International and Reagan National</u>. Chris Browne, Vice President and Airport Manager, was joined by Mark Adams, Deputy Chief Financial Officer, to address any procurement inquiries. Mr. Browne reported that the proposed term for the contract with Inland Technologies International, Ltd. (Inland) would consist of a five-year base with five single-year options totaling approximately $44 million. He explained that during inclement weather the air carriers applied deicing fluid to their aircraft to remove hazardous ice and contaminants from the wings and flight control surfaces. Under federal and state stormwater discharge regulations, airports are required to minimize the amount of stormwater containing deicing contaminates from entering local waterways. To accomplish this at Dulles International and Reagan National, the contractor used vacuum trucks and special equipment. Historically, the Authority had selected a qualified contractor to provide this specialized equipment and labor needed to perform this critical function, including the proper disposal of all recovered glycol. Additionally, the incumbent has provided the opportunity to recycle the recovered material and share the resulting revenues with the Authority.

Mr. Browne reported that the Business Administration Committee had concurred with the business terms in the Request for Proposals (RFP) for the provision of these services. The Authority's Equal Opportunity Programs Office had established a Local Disadvantaged Business Enterprise goal of zero percent due to the specialized nature of this service. Mr. Browne reported that the RFP had been issued in July 2014, and three firms had attended the pre-proposal conference in August. However, only one proposal from Inland, the incumbent, had been received and evaluated using the Best Value methodology for price and non-price factors. The proposal had met or exceeded every criterion.

Additionally, the contractor's proposal includes a rebate to the Authority for an expanded recycling program at Dulles International, estimated to result in a revenue credit of $138,000 next season, increasing incrementally each year to $186,000 by the fifth year of the base contract.

Mr. Mims inquired about staff's reasoning for including five single-year options as part of the terms of the contract. Mr. Browne responded that because of the specialized equipment required, any contractor would have to amortize considerable costs over the term of the contract. Therefore, staff had elected to extend the contract period to incent more participation so that a potential vendor could amortize its costs over a longer period of time. Mr. Browne stated that if the Authority is not satisfied with the contractor's performance at the end of the five-year base term contract, the option years would not be executed.

Margaret McKeough, Executive Vice President and Chief Operating Officer, recalled the quarterly comprehensive procurement report that staff presents to the Committee, which includes information about recent procurements, as well as option clauses that are under consideration to be exercised. She explained that the Authority did not have to exercise those option clauses at the end of the five-year base contract if staff determined that the market had changed or the procurement was no longer in the Authority's best interest. Ms. McKeough stated that staff would identify these types of procurement issues when it presented the quarterly procurement report to the Committee.

Mr. Potter stated that he believed Mr. Mims had inquired about the justification staff had used to include five one-year options as part of the terms of the contract. He explained that when the last procurement for these services had been advertised, only one contractor had responded. The lack of interest in the solicitation had been associated with the cost of the equipment so staff included the five single-year options in an effort to create competition.

Ms. Wells inquired about the process used to determine best value of a contract if only one contractor submitted a proposal. Mr. Adams responded that staff conducted due diligence to review past expenditures associated with all contracts prior to awarding them. With regard to the Inland contract award, Mr. Adams noted that Mr. Browne and Paul Malandrino, Vice President and Airport Manager, had also prepared an Independent Cost Estimate (ICE) and reviewed the Consumer Price Index to ensure that the bid was in line with the indices. Staff had also reached out to another airport to compare the pricing for specialized equipment and some of their services.

Mr. Browne noted that the two biggest cost components of the proposed contract are equipment and labor. Although the actual cost of the equipment under the proposed contract would be less than the existing one, a marginal increase had occurred with the labor costs. Additionally, staff had negotiated a rebate of $.40 per gallon for the recovered glycol, which represented a $.15 per gallon increase compared to the existing contract.

Mr. Adams reported that once the base contract term of five years expired, staff would prepare another ICE to ensure the costs are still consistent with the industry prior to awarding the single-year options.

Mr. Caputo recalled a recent incident whereby a glycol collecting truck had clipped a plane's wingtip at Dulles International. He inquired whether the Authority was liable in any way, to which Mr. Brown responded negatively.

The Committee approved the recommendation.

<u>Recommendation to Proceed with Phase 2 of the 800 Megahertz Radio Refresh Project</u>. Goutam Kundu, Chief Information Officer, reported that the Board had approved the award of a Radio System Refresh contract to Motorola in January 2014. He stated that the Committee had requested staff to provide updates on each phase of the multi-phase technology refresh strategy prior to initiating subsequent phases of the Project.

Mr. Kundu reported that Phase 1 addressed the foundational aspects of the Project and primarily involved replacing the core of the radio system. Approximately $6.8 million had been spent to replace the master site, the critical component of the infrastructure. Mr. Kundu noted that staff had completed Phase 1 in February, which had resulted in mitigating the risk in terms of some of the end-of-life equipment and had increased interoperability with the Authority's mutual aid partners. Phase 2, projected to cost approximately $12.9 million, would increase and enhance coverage, capacity and redundancy of the system. Mr. Kundu reported that the Project cost had been revised and that the forecasted cost for Phases 1 and 2 is $19.7 million. He stated that Phase 3 would address future capabilities of the radio system.

Ms. Hanley inquired whether the revised Project cost had resulted in an increased or decreased amount. Margaret McKeough, Executive Vice President and Chief Operating Officer, responded that the Authority's capital budget approved by the Board of Directors as part of the annual budget had allocated $33 million for the Refresh Project. She stated that when staff presented its recommendation to approve the Project using the intergovernmental contract, it anticipated that the total cost of all three phases would not exceed $20 million. At that time, staff had also explained that certain costs associated with the scope of the contract had not been finalized. Ms. McKeough stated that staff believed the forecast to complete Phase 2 may represent a high estimate; however, staff would request additional funding if Phase 2 exceeded $12.9 million.

Ms. Hanley inquired whether the Radio Refresh Project is compatible with the region’s public safety systems, to which Mr. Kundu responded affirmatively. He reported that Phase 2 would enhance the Authority’s coverage or capacity with a focus on interoperability. Mr. Kundu stated that encryption requirements ensure that the specifications of interoperability conform to those of the national capital region. He confirmed that the Authority had used a competitively-procured Prince William County contract with Motorola for the purchase of the radios required for the Refresh Project.

The Committee approved the recommendation.

The meeting was thereupon adjourned at 10:33 a.m.