SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF JANUARY 21, 2015

Mr. McDermott chaired the January 21 Business Administration Committee Meeting, calling it to order at 9:30 a.m. A quorum was present: Mr. Adams, Co-Chair, Mr. Chapman, Mr. Mims, Mr. Session, Ms. Wells, Mr. Williams, and Mr. Conner, *ex officio*. Mr. Curto, Mr. Gates, Ms. Hanley, Mr. Kennedy, Ms. Lang and Ms. Merrick were also present.

Pre-Solicitation Terms for Fuel Retailing and Convenience Concession at Dulles International. Jerome Davis, Executive Vice President and Chief Revenue Officer, introduced Jim Poff who is responsible for the Authority's real estate business. Mr. Davis reported that extra attention would be dedicated to real estate at the February 18 Board Meeting.

Mr. Davis reported that the Authority had received only one response as a result of a Request for Proposals (RFP) issued in 2012 for a second refueling station. He noted that a substantial cost of approximately $3.5 million had been required to address utility improvements on the 2.5 acre-lot across from the existing Exxon at Dulles International. As a result of the findings, a new RFP had been developed.

Mr. Poff reported that the Best Value method would be used to evaluate responses to the new RFP to replace, relocate and expand the fuel retailing and convenience concession at Dulles International. He noted that the current concession contract with the existing Exxon would expire December 31, 2016. Mr. Poff reported that because the current site is constrained that some of the services and revenues had been restricted. He stated that the proposed site is north of the lake at Dulles International. Mr. Poff noted that the offeror would be responsible for the construction of the utility infrastructure as part of its development costs and that the Authority would pay for the costs to bring the utilities to the site. The new RFP would include a Local Disadvantaged Business Enterprise (LDBE) goal of 20 percent for the design and construction aspects of the project. The Airport Concessions Disadvantaged Business Enterprise (ACDBE) goal is 15 percent. Mr. Poff reviewed the proposed evaluation criteria for the solicitation.

Ms. Wells inquired about the contract's term, to which Mr. Poff responded 20 years.

Mr. Adams inquired about participation goals for the incumbent and asked the process staff had used to establish the LDBE and ACDBE goals for the pending solicitation. Richard Gordon, Manager of Equal Opportunity Programs, responded that the current contract has a 10-percent ACDBE goal. He explained that the ACDBE goal is associated with the Subway shop located inside of the Exxon station. While the gross receipts for the sandwich shop had fluctuated over the years, Mr. Gordon reported that the highest ACDBE goal had been 15 percent. Mr. Gordon stated that because of the possibility of the new fuel retailing and convenience concession being a larger operation with the potential for more opportunities for food services inside the station and potentially generating more revenue, staff believed that 15 percent would be a reasonable ACDBE goal. He noted that the LDBE goal only pertained to the construction and design of the station itself.

Ms. Wells inquired about the number of bidders expected to respond to the RFP. Mr. Poff stated that three responses had been received as a result of a Request for Information (RFI) and that he anticipated that the Authority would receive approximately six responses to the RFP.

Mr. Adams commended staff for issuing an RFI. He stated that he had some experience with this particular industry, which was very unique. Mr. Adams inquired about the amount of flexibility the Authority would have to restructure the RFP dependent upon the feedback received from the industry. With regard to financing, Mr. Poff responded that the Authority would follow industry practice and use four different income categories, two of which would be determined by the Authority and the other two would be bid on by the offeror.

Mr. Curto stated that the materials provided for the day's meeting indicated that it would be in the Authority's best interest to have the storage tanks removed while Exxon is still liable for them. Since it appeared that the tanks are near the end of their lifetime use, Mr. Curto inquired how staff would ensure that the correct protocol would be followed to address any environmental concerns.

Mr. Poff responded that four 10,000-gallon tanks were located on the premises, where Exxon is located. Exxon would have 30 days after it vacated the premises to remove the tanks, piping and dispensers; other existing components on the premises would remain in place. Mr. Poff stated that he had reviewed the details with Authority counsel and had obtained a letter from Exxon confirming its liability through the end of its contract.

Ms. Merrick inquired about the completion of the new fuel retailing and convenience concession. Mr. Poff responded that the Authority anticipated that the concession would be completed by November 2016 which could result in a brief overlap of services being provided by two facilities.

The Committee concurred with the pending procurement.

The meeting was thereupon adjourned at 9:45 a.m.