

Business Administration Committee

Pre-Solicitation Terms

for

Fixed Base Operator Contract

Ronald Reagan Washington National Airport

April 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, deicing, and baggage handling;
- aircraft charters and rentals;
- car rentals, hotel reservations, pilot lounges and flight planning facilities.

Request for Action

Request the Business Administration Committee concur with the recommended procurement approach, including evaluation criteria for a new Fixed Base Operator contract at Reagan National.

The current contract with Signature Flight Support expires December 8, 2013. The new contract term is for ten years, with one, five-year option, at the Airports Authority's sole discretion.

Background

The current contract term started November 1, 1998, for a base period of eight years with one, two-year option. Financial terms were the greater of a Minimum Annual Guarantee or Percentage of Gross Receipts in addition to a Capital Improvement Investment.

After September 11, 2001, the federal government mandated closing of GA activity at DCA with the exception of government flights.

The federal government reopened DCA to limited GA flights on October 18, 2005, under new security protocols.



Historical Activity

1999 through 2001 gross receipts ranged from \$14.2 to \$18 million annually and payments to the Airports Authority averaged \$3.7 million annually. GA flights averaged 85 to 90 per day.

2002 through October 18, 2005, there was very little FBO business due to the closing of Reagan National to non-governmental GA.

2006 through 2009, GA activity at Reagan National remained limited due to very strict federal security protocols. FBO gross receipts ranged from \$1.5 million to \$3 million annually; during this time GA arrivals averaged one per day.

2010 through 2012 annual gross receipts averaged \$4.6 million and payments to the Airports Authority averaged \$1.2 million. GA flights averaged five per day.

LDBE Requirements

This contract will have an LDBE requirement of 25 percent participation applicable to the design and construction of capital improvements.

There is also an LDBE requirement of 20 percent participation requirement applicable to goods and services. This goal may be met by inclusion of LDBE joint venture partners or subcontractors.

Proposed Contract Terms

The contractor will pay the Airports Authority the greater of a Minimum Annual Guarantee or a percentage of Gross Receipts.

The contractor will also be required to submit a Minimum Guarantee Capital Improvement Investment with its offer.



Evaluation Criteria

- Operations and Management Plan
- Industry Experience and Qualifications
- Capital Improvements Offer
- Financial Offer (Minimum Annual Guarantee Bid)
- Financial Ability to Perform



Action

Request the Business Administration Committee concur with the issuance of a Request For Proposals and the evaluation criteria for a new Fixed Base Operator contract at Reagan National.