

**Recommendation Paper**  
**Business Administration Committee**  
**Third Edition of Contracting Manual**  
**May 2012**

- The Business Administration Committee is requested to approve and recommend Board of Directors' approval of the Third Edition of the Metropolitan Washington Airports Authority's (Airports Authority) Contracting Manual at the July 18 Board Meeting.



- During a Procurement System Review conducted in 2011, the FTA requested that the Airports Authority update and revise its Contracting Manual to address FTA grant requirements.
- This process is now complete and the FTA has approved the Contracting Manual's provisions relating to FTA grant-funded contracts. In addition, changes have been made to reflect procurement process changes due to ERP and to bring the Manual into compliance with current Airports Authority FOI policy.
- The proposed Third Edition also includes the solicitation requirements changes approved by the Board in February 2012 to address Phase 2 of the Rail Project.
- If approved by the Committee, the revised Contracting Manual will be made available for public comment.

# Manual Approval Schedule

- Anticipated Schedule:
  - 5/16/12 - Committee Approval
  - 5/18/12 - Open Comment Period
  - 6/18/12 - Close Comment Period
  - 7/18/12 - Board Approval
  - 8/15/12 - Staff Training

- The FTA also requested that the Airports Authority update its (small purchases) Airport Purchasing Policies and Procedures Manual to address grant requirements. That document provides guidance for purchases less than \$50,000 and is included in this request for informational purposes.

## **REPORT TO THE BUSINESS ADMINISTRATION COMMITTEE**

### **RECOMMENDED REVISIONS TO AUTHORITY CONTRACTING MANUAL AND THE AIRPORT PURCHASING POLICIES AND PROCEDURES MANUAL**

**MAY 2012**

#### **ACTION REQUESTED**

The Business Administration Committee is requested to approve and recommend Board of Directors' approval of revisions to the Metropolitan Washington Airports Authority's (Airports Authority) Contracting Manual. In addition, while not requiring approval, a revised Airport Purchasing Policies and Procedures Manual is provided for the Committee's information.

#### **BACKGROUND**

In December 2008, the Board of Directors approved issuance of the Contracting Manual's Second Edition. Updates to this Second Edition recently were approved by the Board of Directors in February 2012 to enable issuance of a Request for Proposals (RFP) for the Phase 2 Rail Design/Build project. This update was effective March 1, 2012 and was issued as a Supplement to the Contracting Manual's Second Edition.

Over the past few months, staff has also been coordinating proposed changes to the Contracting Manual and the Airport Purchasing Policies and Procedures Manual with the Federal Transit Administration (FTA) to address FTA grant program requirements that apply to the Dulles Rail project. The FTA has now issued its approval of these proposed changes. In addition, staff has also been revising both the Contracting Manual and the Airport Purchasing Policies and Procedures Manual to address changes, primarily administrative in nature, necessitated by the Airports Authority's Enterprise Resource Planning Program.

#### **DISCUSSION**

The Airports Authority's Contracting Manual was last updated on December 3, 2008. This update was published as the Second Edition (the first edition of the Contracting Manual was effective March 1, 2003.) While the Second Edition of the Contracting Manual did not address the Dulles Rail Project, the Airports Authority has followed the contracting requirements of FTA Circular 4220.1F with respect to the federally-funded

Phase 1 Dulles Rail project work. Pursuant to a 2011 FTA review of Airports Authority rail project procurement, the FTA requested that the Contracting Manual be revised and supplemented to include specifically the requirements of Circular 4220.1F. The Airports Authority's proposed changes have been reviewed and approved by the FTA.

During the course of revising the Contracting Manual, it also became apparent that the Airport Purchasing Policies and Procedures Manual, which addresses purchases below \$50,000 and which was last issued in October 1994, would also have to be updated to reflect FTA requirements and other necessary changes. The proposed changes to the Airport Purchasing Policies and Procedures Manual are provided to the Committee for its information only and do not require Board approval. The Contracting Manual establishes that the Manager of the Procurement and Contracts Department is responsible for the development of the Airport Purchasing Policies and Procedures Manual. In addition, the Chief Operating Officer has been delegated the authority to establish the maximum commitment level and exceptions for purchases subject to the Airport Purchasing Policies and Procedures Manual.

Attached to this Report are the proposed new Manuals, each of which highlights the proposed changes.

#### Highlights of the Proposed Changes to the Contracting Manual

The primary change to the Contracting Manual is the addition of Chapter 10, "Federal Transit Administration Requirements," that addresses the FTA's requirements for Airports Authority procurements funded, in whole or in part, with Federal funds provided by the FTA. Chapter 10, which incorporates the FTA's requirements embodied in FTA Circular 4220.1F as well as other applicable FTA guidance, will apply to all procurement matters relating to FTA-funded projects on and after the effective date of the new Contracting Manual Third Edition.<sup>1</sup> In addition, until it is determined that no FTA or other Federal financial assistance will be available for Dulles Rail Project's second phase, this Chapter 10 will be applicable to Airports Authority procurements undertaken in connection with the Project's second phase.

The Airports Authority procurement requirements in Chapters 1 through 5 and Chapters 7 through 9 of the Contracting Manual also will apply to procurements conducted under new Chapter 10 except to the extent such requirements conflict with requirements in this chapter, are expressly modified, replaced or superseded by provisions in this chapter, or are prohibited by the FTA's requirements.

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<sup>1</sup> As noted above, the first phase of the Dulles Rail Project was conducted in accordance with the FTA's procurement requirements, even though not formally incorporated into the Contracting Manual.

Sections 2.13.6 and 6.2.10 of the Contracting Manual relating to public release of proposal and contract information have also been revised so that they more clearly state what information will be released and when. Another area of change to the Contracting Manual is Appendix C, "Requisition Procedures." This has been updated to reflect the automated procedures that resulted with the Airports Authority's implementation of ERP.

The remaining changes to the Contracting Manual include minor updates to procedures and policies, cross-references to the new Chapter 10, as well as inclusion of the supplemental changes that were approved by the Board in February 2012.

#### Highlights of the Proposed Changes to the Airport Purchasing Policies and Procedures Manual

Because the FTA's contracting procedures apply even to small purchase procurements associated with FTA grant-funded projects, the Airport Purchasing Policies and Procedures Manual was required to be updated to cross-reference the new Chapter 10 in the Third Edition of the Contracting Manual.

Additional changes to this Manual reflect updates to Purchasing Office purchase limits, which have not been changed since 1994.

Upon approval by the Committee, the proposed Third Edition of the Contracting Manual will be issued immediately for a public comment period. Unless material changes to the draft Manual are necessary to respond to public comments, staff requests that the Committee recommend Board approval of the Third Edition of the Contracting Manual at the Board's July meeting.

#### **RECOMMENDATION**

Staff recommends that the proposed Third Edition of the Contracting Manual be approved by the Committee and recommended to the full Board for approval after completion of a public comment period.

Prepared by  
Office of Business Administration  
Procurement and Contracts Department  
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