

SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF APRIL 15, 2015

Mr. Adams chaired the April 15 Business Administration Committee Meeting, calling it to order at 8:54 a.m. A quorum was present during the Meeting: Mr. McDermott, Co-Chair, Mr. Chapman, Mr. Griffin, Mr. Mims, Mr. Session, Ms. Wells, and Mr. Conner, *ex officio*. Mr. Curto, Mr. Gates, Ms. Hanley, Mr. Kennedy, Ms. Lang and Ms. Merrick were also present.

Recommendation to Amend the Current Sole Source Contract to Purchase Electricity from Dominion Virginia Power (DVP) for Reagan National, Dulles, and the Toll Road. Paul Malandrino, Vice President and Airport Manager, presented the staff recommendation to amend the existing one-year sole source contract with DVP using a rate schedule negotiated with the Virginia Energy Purchasing Governmental Association (VEPGA) for an additional three-year period, from July 1, 2015, to June 30, 2018, to purchase electricity needed for Authority enterprises. He reported that Virginia offers an opportunity for local governments to negotiate their energy rates and VEPGA permits the local governments to take full advantage of this opportunity, resulting in annual savings to Virginia local governments and taxpayers. Mr. Malandrino stated that a one-year contract pending the resolution of the negotiations between VEPGA and DVP had been approved by the Board at its May 2014 Meeting, while the full term and conditions of their contract were still being negotiated. He reported that the final contract negotiated by VEPGA and DVP will end June 30, 2018. Mr. Malandrino explained that as a member of VEPGA, the Authority is required to participate over the contract term until the contract has either expired or been terminated. The rate structure is negotiated by VEPGA for the benefit of its membership by providing cost savings and reduced exposure to fluctuations in DVP commercial rate pricing. The Authority's projected cost for the three remaining years of the contract is approximately \$64.5 million. Mr. Malandrino reported that staff will inform the Committee if the rates increase significantly.

Mr. Chapman inquired about boundaries governing rate increases. Mr. Malandrino stated that rates had fluctuated over the past few years based on fuel costs. He explained that when the market went down and the cost of fuel increased, rates had also increased. Mr. Malandrino

noted that the Authority has continued to save money throughout the contract period with DVP.

Ms. McKeough added that the Authority's executed contract would include fixed rates and staff does not anticipate any changes to those rates. She further stated that the Board would be informed should unforeseen circumstances occur.

The Committee approved the staff recommendation.

Recommendation to Award a Sole Source Contract for Natural Gas Delivery Service from Washington Gas Light for Ronald Reagan Washington National Airport. Mr. Malandrino reported that the provision of natural gas delivery services for the natural gas supply needed for Reagan National would be in accordance with rates approved by the Virginia State Corporation Commission for a five-year base period from May 1, 2015 to April 30, 2020 with a five-year option period. He stated that ten natural gas local distribution companies in Virginia serve customers in assigned territories. Mr. Malandrino reported that the notice of the sole source procurement for the solicitation had been posted on the Authority website on March 4, 2015, in accordance with Section 2.9.3 of the Authority Contracting Manual. He reviewed Reagan National's three rate structures for distribution services. Mr. Malandrino reported that current rates had been established in October 2011 and that no imminent date for application by WGL for a rate increase presently exists. He stated that the estimated cost for natural gas delivery services for Reagan National during the five-year base term of the contract is \$1.074 million. Mr. Malandrino noted that staff would inform the Committee if the rates increased significantly.

Based on the current structure, Mr. Adams asked whether other natural gas delivery options existed to which Mr. Malandrino responded negatively. With respect to rates, Mr. Adams then asked about the Authority's options in the event a rate increase is requested. Mr. Malandrino stated that no options existed.

The Committee approved the staff recommendation.

Pre-solicitation Terms for the Unarmed Security Guard Services Contract at Ronald Reagan Washington National Airport. Mr. Malandrino presented the pre-solicitation terms for the issuance of a full and open

competitive procurement using a Best Value approach. He stated that the contract award would require Committee and Board approval.

Mr. Malandrino reported that the Transportation Security Administration Regulations and Directives require an airport operator to control access to certain parts of the facility. He explained that access to the locations is controlled by identification card readers and unarmed security guards supported by the Authority Police. Mr. Malandrino reported that the existing contract with Master Security, Inc., of Hunt Valley, Maryland, a Local Disadvantaged Business Enterprise firm, will expire on October 31, 2015. The new solicitation will be for a three-year base period with one two-year option at the Authority's sole discretion and will include the minimum living wage rate of \$13.64 per hour. Additionally, the 100 percent LDBE participation requirement will be maintained.

Ms. Merrick inquired how the Authority is able to access the performance of the unarmed security guards. Mr. Malandrino responded that they are monitored daily. He explained that they are responsible for inspecting the deliveries at the loading docks; perform about 80 daily [staff incorrectly stated hourly at the meeting] spot checks of identification cards on the secure area; and assist at special events, as needed. He reported that they submit activity reports on a daily basis, which are monitored and checked by Airport Operations. Mr. Malandrino stated that the guards undergo an independent training process and are trained through the Authority's security program guided by Authority security directives and requirements to obtain an Airport identification badge.

Ms. Wells asked about the number of bids expected on the solicitation. Mr. Malandrino stated that the incumbent had been awarded the last two contracts. However, Ms. McKeough noted that the procurement is normally one of the more competitive service contracts and that numerous bids had been received in prior years. Mr. Potter noted that staff is convinced that the unarmed security guard services contract at Reagan National would be a competitive procurement to warrant a 100 percent LDBE participation requirement.

The Committee concurred with the pending procurement.

Small Business Contracting Summary Year-End 2014. Richard Gordon, Manager, Equal Opportunity Programs, presented the summary of the 2014 Disadvantaged Business Enterprise (DBE) and LDBE Programs as

it pertained to the Aviation Enterprise, the Toll Road and, Phases 1 and 2 of the Dulles Metrorail Project (Project).

Mr. Gordon summarized the Authority's contracting activity with small businesses. He presented the goals/requirements, achievements and award amounts for the Small Business Programs for construction and goods and services contracts for both Airports and the Dulles Toll Road. The DBE goal for both Airports relative to construction and design projects is 25 percent. The LDBE requirement is 20 percent for goods and services and 25 percent for construction and design contracts. Mr. Gordon noted that staff had changed the report format to present a better picture of how the achievements had been performed. He reviewed aggregate achievements and payments for DBEs and LDBEs in construction. Mr. Gordon noted the actual achievement totaling 39 percent for the overall LDBE participation on construction contracts and stated that 41 percent payments had been made. He also reviewed the LDBE achievements and payments for goods and services contracts noting that the Authority had achieved an LDBE participation rate of 23 percent, which had exceeded the 20 percent goal. With regard to the DBE achievement for construction and design contracts at the Airports, Mr. Gordon reported that the overall DBE participation goal achieved had been less than 25 percent. He also reported on the achievements and payments for Phase 1 of the Dulles Corridor Metrorail Project noting that the actual overall achievement totaled 39 percent, which is substantially more than 13.24 percent. The DBE participation goal achieved thus far for the early stages of Phase 2 totaled 16 percent, which is less than the 25 percent goal established.

Ms. Lang asked if the Phase 2 DBE goal would be achieved. Mr. Gordon responded affirmatively and explained that there are three principal contracts on the Project -- three principal construction design-build type contracts and each of the contractors had to present a written DBE plan. He explained that because Packages A and B are long-term projects, the contractors are required to submit an annual plan, which required the Authority's approval, to demonstrate how the goal would be achieved. Presently, Mr. Gordon stated that the Authority expected that the DBE goal would be exceeded.

Ms. Lang inquired about a breakdown according to each jurisdiction to learn if the District of Columbia is making any progress with regard to representation on the workforce. Mr. Potter responded that the

requested information would be presented later that day at the Dulles Corridor Committee Meeting.

Mr. Mims commended staff on its outreach, commitments and goals achieved thus far. As a representative of Maryland, he stated that he was accustomed to aggressive DBE goals ranging from 20 to 30 percent. He observed that staff had demonstrated its capability to attain similar goals and he challenged them to increase DBE goals. Mr. Mims commented that he would explore increasing the goals with the Committee and staff in the future.

Mr. Session referenced a report that Capital Rail Constructors (CRC) would present later that day that included a DBE committed value [against awarded contracts] of approximately \$177 million. Mr. Session reported that CRC had fulfilled its DBE commitment relative to Package A and stated that he had been unable to reconcile the numbers referenced in CRC's report to those that Mr. Gordon had presented. Mr. Gordon responded that CRC's numbers represented a more up-to-date report while the ones that he presented had been based on year-end information. Additionally, Mr. Gordon reported that the numbers he presented are the Project's official numbers, which had been vetted.

With regard to Phase 1, Mr. Chapman asked if staff could provide any insight why the participation rate had far exceeded the original goal. Mr. Gordon stated that he believed that the original goal had been much lower than it should have been which he noted was relative to the history of the project. He also credited the success to the contractor, who had been aggressive with a very good DBE team in place that pursued DBE participation throughout the entire Project.

Ms. Merrick also commended Mr. Gordon and his team for their extraordinary work and results. Steve Baker, Vice President for Customer and Concessions Development, thanked the Contracting Officer's Technical Representatives and the contracting officers for staying apprised of the contracts.

The meeting was thereupon adjourned at 9:25 a.m.