



**REPORT TO THE
BOARD OF DIRECTORS**

**RECOMMENDATION TO AMEND THE CURRENT
SOLE SOURCE CONTRACT TO PURCHASE ELECTRICITY
FROM DOMINION VIRGINIA POWER
FOR
RONALD REAGAN WASHINGTON NATIONAL AIRPORT,
WASHINGTON DULLES INTERNATIONAL AIRPORT, AND
DULLES TOLL ROAD**

May 2015

Purpose

The Business Administration Committee approved and recommends to the Board of Directors that the Airports Authority amend the existing one-year sole source contract with Dominion Virginia Power (DVP), using a rate schedule it 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 the Metropolitan Washington Airports Authority Enterprises.

Background

- Airports Authority Board of Directors approved a one-year contract with DVP at its May 2014 Meeting (Resolution No. 14-14).
- At that time, the full term and conditions of the contract between VEPGA and DVP were still being negotiated.
- Staff requested that the Board approve a one-year contract pending the resolution of the negotiations.
- As required by the Contracting Manual, notice of the intent to award this sole source contract was posted on April 2, 2014.

Background (Cont)

- The final contract negotiated by VEPGA with DVP ends June 30, 2018.
- As a member of VEPGA, the Airports Authority is required to participate for the term of the contract awarded until the contract has 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.

Background (Cont)

- Airports Authority will spend approximately \$20.4M (\$14M IAD, \$6M DCA and \$350K for the DTR) in the first year of the contract.
- For FY2014, VEPGA rate structure resulted in an annual savings of \$1.9M (10%) to the Airports Authority (vs DVP commercial rate structure).
- Rates for subsequent three years may be adjusted based on Fuel riders each July 1.

Discussion

- Airports Authority's projected cost for second year of contract is \$20.5 million (\$14M IAD, \$6.1M DCA and \$357K for the Dulles Toll Road).
- Budgets for the third and fourth years are estimated at \$21.8 million and \$22.2 million.
- Total for the three remaining years of the contract is approximately \$64.5 million. However, if rates increase significantly, staff will inform the committee.

Recommendation

The Business Administration Committee approved and recommends to the Board of Directors to amend the existing sole source contract with DVP under the VEPGA rate schedule for the purchase of electricity for an additional three-year base period from July 1, 2015 through June 30, 2018.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

Proposed Resolution

Amending Current Sole Source Contract with Dominion Virginia Power for the Purchase of Electricity for Airports Authority Facilities

WHEREAS, The Airports Authority is a member of the Virginia Energy Purchasing Governmental Association (VEPGA);

WHEREAS, The Airports Authority currently purchases electricity for all of its facility needs from Dominion Virginia Power using the rate schedule that VEPGA, on behalf of its members, has negotiated with Dominion Virginia Power;

WHEREAS, The Board of Directors approved a one-year sole source contract with Dominion Virginia Power at its May 2014 Meeting, at which time the term and conditions of the current rate agreement between the Virginia Energy Purchasing Governmental Association (VEPGA) and Dominion Virginia Power were still being negotiated;

WHEREAS, The current rate agreement between VEPGA and Dominion Virginia Power, which was finalized in June 2014, expires on June 30, 2018;

WHEREAS, Under its membership with VEPGA, the Airports Authority is required to participate in the VEPGA-Dominion Virginia Power rate agreement until the rate agreement has expired or been terminated;

WHEREAS, The Contracting Manual, in paragraph 1.4.1(3)(d), authorizes the award of sole source contracts “when utility services or supplies are available from only one actual, or practicable, source”;

WHEREAS, The Airports Authority’s contract with Dominion Virginia Power that utilized the VEPGA-Dominion rate schedule saved the Airports Authority approximately \$1.9 million in Fiscal Year 2014; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to amend the existing sole source contract with Dominion Virginia Power for an additional three-year period for the purchase of electricity at a cost

of \$64.5 million, consistent with the terms presented to the Business Administration Committee at its April 15, 2015 meeting; and

2. That staff will inform the Committee in the event that rates increase significantly.

*Recommended by the Business Administration Committee on April 15, 2015
For Consideration by the Board of Directors on May 20, 2015*

NOTE: Recorded vote required.