

SUMMARY MINUTES
BUSINESS ADMINISTRATION COMMITTEE
MEETING OF APRIL 19, 2017

Ms. Merrick chaired the April 19 Business Administration Committee Meeting, calling it to order at 8:30 a.m. A quorum was present during the Meeting: Mr. Session, Co-Chair, Ms. Hanley, Ms. Lang, Mr. Mims, Mr. Speck, Mr. Sudow, Mr. Tejada, and Mr. McDermott (*ex officio*). Mr. Adams, Mr. Griffin, Mr. Lazaro, Mr. Pozen, Mr. Uncapher, Ms. Wells, and Mr. Williams were also present.

Recommendation to Amend the Reimbursement Agreement with American Airlines for the Design and Construction of Improvements to the Baggage System in Terminal B/C at Ronald Reagan Washington National Airport. Paul Malandrino, Vice President and Airport Manager, reviewed the staff recommendation to approve an amendment to the existing agreement to include additional scope to the agreement and increase the reimbursement amount by \$3.3 million for a revised total of \$40.2 million. He advised that in July 2015, the Board of Directors had approved the execution of an agreement to reimburse American Airlines (American) an amount not to exceed \$36.9 million for improvements to connect the existing baggage system supporting the North and Center Piers in Terminal B/C at Ronald Reagan Washington National Airport (Reagan National). The Airports Authority is also designing the baggage system to support the New North Concourse (NNC) that will connect into the system on the North Pier under construction by American. Mr. Malandrino explained that as the design for the NNC progressed, two changes had been identified requiring additional funding beyond the initial \$36.9 million agreement. A recommendation had been made that a portion of the bag belt scope currently in the NNC scope of work be transferred to American to accommodate the optimum connection point between the NNC and North Pier baggage system. Mr. Malandrino advised that the additional funding for the change in scope for the bag belt design and construction is approximately \$2.5 million. Additionally, he reported that the alternative for accommodating American's commuter flight baggage transfer functions displaced by construction of the NNC had been re-evaluated. Mr. Malandrino explained that American had planned to tug the baggage to a sortation location by the Center Pier, which would increase the volume of tug vehicle movements in a congested area of the airfield. He advised that an alternative costing approximately \$0.8 million had been developed for American to construct a temporary transfer function in the current North Pier bag room to

reduce the volume of bag tug truck traffic on the airfield impacting airfield safety. Mr. Malandrino stated that funding for this work is available within the current Reagan National Capital Construction Program (CCP). The Office of Engineering staff reviewed and approved the cost estimate for the project. Mr. Malandrino reported that all other terms of the reimbursement agreement with American will be consistent with the original terms, including the requirements for competitive bidding and achieving 25 percent Local Disadvantaged Business Enterprise participation, presented at the July 2015 meeting.

The Committee approved the recommendation. Ms. Merrick stated that she would present a resolution later in the day's Board Meeting.

Recommendation to Award a Sole Source Contract for Maintenance and Technical Support of the Central Heating and Cooling Plant's Distributed Control System at Ronald Reagan Washington National Airport. Mr. Malandrino introduced Richard Golinowski, Manager of the Engineering and Maintenance Department at Reagan National. Mr. Golinowski reviewed the staff recommendation for the Airports Authority to enter into a sole source contract with Schneider Electric Systems USA, Inc. (Schneider) for a five-year period, which would align with the forecasted remaining useful life of the Central Heating and Cooling Plant (Central Plant) equipment. He advised that the Central Plant at Reagan National provides chilled water and high-temperature hot water for the heating and cooling requirements for the majority of the buildings at the Airport. The Foxboro system provides control, monitoring, and reporting of the equipment and processes at the Central Plant. Mr. Golinowski advised that Schneider is the sole provider of the proprietary hardware and software of the Foxboro system, and it is the only authorized service provider of preventive and corrective maintenance for the system. The current contract with Schneider will expire on June 30, 2017. Mr. Golinowski reported that the proposed contract award, which would become effective July 1, 2017, would not exceed \$400,000. He advised that the proposed contract would be awarded as a sole source contract, as permitted with proper justification under the Contracting Manual Section 1.4.1(3)(c) regarding Proprietary Equipment and Software, since there is only one actual source available to provide the service. Mr. Golinowski reported that the intent to award a sole source contract had been published on the Airports Authority's website, and no firm other than Schneider had offered a statement of capabilities to provide the service.

Mr. Sudow referenced the five-year contract term for the proposed contract and inquired about future plans for the Central Plant. Mr. Golinowski stated that the Airports Authority is presently considering options to either substantially rebuild the boilers, which had been installed in 1994, or to totally replace them. Since it will take several years to finalize its consideration process, the Committee would likely consider a staff recommendation within the next year or soon thereafter.

Mr. Speck inquired as to whether the Airports Authority had any leverage on pricing with regard to Schneider. Mr. Golinowski responded that while the Airports Authority will likely be subject to Schneider's influence, other companies would be interested in providing a new system in future years. He advised that other companies are not interested at this time because it would be cost-prohibitive since the Foxboro system is heavily embedded into the Airports Authority's equipment.

The Committee approved the recommendation. Ms. Merrick stated that she would present a resolution later at the day's Board Meeting.

The meeting was thereupon adjourned at 8:40 a.m.