

Report of the Ad Hoc Labor Committee
To
The Metropolitan Washington Airports Authority Board of Directors
December 2019

Committee Members

David Speck, Chair

Earl Adams

Kate Hanley

Brad Mims

Thorn Pozen

Walter Tejada

Mark Uncapher

Joslyn Williams

Warner Session, *ex officio*

Background

On April 19, 2017, the Metropolitan Washington Airports Authority (“Airports Authority”) Board of Directors (“Board”) passed Resolution No. 17-8, which amended the Airports Authority’s existing Living Wage Program covering labor intensive contracts let directly by the Airports Authority and created a new Airport Workers Wage Policy (“Policy”) setting a minimum hourly wage for workers of covered, in-terminal concessions; contracted airline support providers; or on-airport airline catering companies¹.

In creating the Policy, the Board determined that an “increase in compensation to low-paid employees working at the Airports for Airline Support Providers and Concessionaires...will generate significant benefits for the Airports Authority and the Airports’ workplace including: by reducing employee turnover; by producing over time a more stable on-Airport workforce consisting of longer-term, more experienced employees; by growing employees’ understanding of and familiarity with the Airports’ workplace; by improving employees’ job skills and knowledges, performance and productivity, and the quality of service they deliver to the airlines and the traveling public; and by increasing employees’ commitment to the Airports’ workplace.”²

The Airport Workers Wage Policy, as adopted, primarily included three actions. First, it set forth a schedule for the base wage rate of covered employees at \$11.55 beginning January 1, 2018, and increasing to \$12.15 on January 1, 2019, and \$12.75 on January 1, 2020. Beginning on January 1, 2021 the minimum hourly wage for covered employees was set to increase to reflect the annual change in the Consumer Price Index (“CPI”)³. Additionally, the Policy directed the

¹ Resolution No. 17-8 is included in Addendum A and can be found at https://www.mwaa.com/sites/default/files/BOD/2016-04/res_17-8.pdf - [approving amendment to mwaa living wage program and adopting an airport workers wage policy for certain businesses operating on the airport.pdf.pdf](#)

² Resolution No. 17-8, p. 2, para. 5

³ Airports Authority Orders and Instruction 5-4-1 sets forth the calculation of the relevant Consumer Price Index to be used in the calculation of the wage increase in Section II.C.1(d) as “the change over the prior twelve (12) months in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the Washington-Baltimore, DC-MD-VA-WV metropolitan statistical areas, published by the U.S. Department of Labor, Bureau of Labor Statistics.” Orders and Instruction 5-4-1 can be found at

Airports Authority President to create such rules, requirements or procedures as necessary to implement and ensure compliance with the aforementioned rates. Finally, the Policy set forth a requirement that, no later than December 31, 2019, the Board “shall review the Airport Workers Wage Policy...and determine whether revisions to the Policy, or to the rules, requirements or procedures issued by the President...are warranted.”⁴

Pursuant to the third requirement above, on June 19, 2019, the Chairman of the Board of Directors established an Ad Hoc Labor Committee (“Committee”) to review the impact of the existing policy and, if necessary, recommend changes to the Board to update the Policy. The Chairman appointed eight members to the Committee—David Speck, chair, and Earl Adams, Kate Hanley, Brad Mims, Thorn Pozen, Walter Tejada, Mark Uncapher, and Joslyn Williams.⁵

The consensus of the committee following its analysis of the initial effects of the Policy, including recommendations to the Board for amendments to the Policy, is included in this report.⁶

Summary of Committee Recommendations

1. The Committee recommends that the Board amend the Policy’s definition of “Covered Business” to include any business that operates a fast food restaurant within Dulles International Airport, at a location outside an airport terminal, and pursuant to a concessions contract with the Airports Authority, the solicitation for which is issued within six months of the date set out in the following sentence. The Committee also recommends that the Policy amendment proposed in this paragraph 1 become effective on January 1, 2020.

https://www.mwaa.com/sites/default/files/orders_instructions_no.5-4-1_-_administrative_rules_for_mwaa_airport_workers_wage_policy_1.pdf

⁴ Resolution No. 17-8, p. 7, para. 3

⁵ In addition to these Board members, the Chairman served as an ex officio member of the committee. Additional Board members were invited to participate in Committee meetings if they so wished.

⁶ In the course of its review, the Committee was assisted by Airports Authority staff, including from the Office of General Counsel. Guidance provided by the Office of General Counsel was considered by the Committee in determining the recommendations included in this report.

2. The Committee recommends that the Board (i) amend the Policy’s definition of “Covered Business” to include any business that prepares airline in-flight meals at an off-airport location for delivery to airlines operating at Reagan National or Dulles International Airport; (ii) amend the Policy’s definition of “Covered Worker,” as it applies to a business addressed in clause (i), to include only those employees of the business who deliver prepared meals to airlines operating at Reagan National or Dulles International Airport and who possess all authorizations required by the Airports Authority to enter the airports for the purpose of making such deliveries; and (iii) amend further the Policy’s definition of “Covered Worker” to exclude the employees addressed in clause (ii) from the provision in the definition that limits Covered Workers to employees “who work[s] on” an Airport. The Committee also recommends that the Policy amendment made by this paragraph 2 become effective on July 1, 2020.
3. The Committee recommends that the Policy’s schedule of Base Wage Rates be amended to provide that the Base Wage Rate will increase on January 1, 2021, to \$13.50, on January 1, 2022, to \$14.25, and on January 1, 2023, to \$15.00. The Committee also recommends that the Policy amendment made by this paragraph 3 become effective on January 1, 2020.
4. The Committee recommends the Board initiate a further review of the impacts of the Policy in calendar year 2022 and, based upon the results of that review, and no later than July 1, 2023, consider establishing new Base Wage Rates for calendar year 2024 and following years.
5. The Committee recommends that Airports Authority staff develop and implement a program of information gathering and analysis that will enable the Airports Authority to understand the impacts of the Airport Workers Wage Program upon (i) the safety and security of the airports, (ii) the services performed and delivered to users of the airports by Covered Businesses and their employees, and (iii) the financial ability of Covered Businesses to operate and maintain their on-airport business.

Discussion

I. Expansion of Covered Businesses and Employees

The Committee began with an analysis of the types of businesses covered by the Airport Workers Wage Policy and the activities those businesses conduct. As stated in the background, the Airport Workers Wage Policy covers Airline Support Providers, which encompasses those businesses contracted by the airlines to provide operational support to flight activities; and Concessions operating in the Airports’ terminals or concourses, which encompasses retail, newsstand, and food and beverage providers.

Staff analyzed existing airport census information, as well as non-Sensitive Security Information (“SSI”) from the airport badge systems to understand the number and types of businesses and workers covered by the Policy definition.

Covered Businesses and Workers			
Business Type	Total Covered Businesses	Total Covered Workers	% of Airport Workforce
Airline Support Providers	44	3,886	9%
In-Terminal Concessions	46	3,044	7%
On-Airport Airline Catering	2	1,213	3%
Total	92	8,143	19%

As of the second quarter 2019, 41,890 individuals worked at Reagan National and Dulles International airports. Of the remaining individuals working on the airports, the largest groups of workers are from the airlines, which make up 30% of those individuals (12,579); other non-concession tenants or service providers (such as utility employees), which make up 16% (6,570); ground transportation providers, which make up 15% (6,470), including Transportation Network

Companies⁷ and limo drivers 10% (4,323), and taxis 5% (2,157); and state and local governments, which make up 9% (3,737). The remaining groups are Cleaning and Janitorial Services, Airport Volunteers, Rental Car Companies, Non-TSA Security, Parking and Shuttle Operators, Fixed Base Operators, Corporate Hangar Tenants, and Other Transportation, none of which make up more than 3%. Additionally, the majority of workers in the Cleaning and Janitorial Services, Non-TSA Security, and Parking and Shuttle Operator groups are covered by the Airports Authority's Living Wage Program.

The consensus of the Committee, in light of the above data, was that the Airport Workers Wage Policy generally covered the appropriate businesses in order to meet the Policy goals stated on page 1. The Committee, however, undertook a review to identify businesses that were substantially similar to those covered under the Airport Workers Wage Policy but, whether due to the location of their primary businesses activities or slight differences in specific operation, were not currently covered by the wage program.

Staff identified two potential business types that meet such criteria: off-airport airline catering companies that regularly and routinely deliver to the airport, and competitively-procured, fast food restaurants operating outside a terminal and selling primarily to airport customers. In each case, the businesses' primary operation is to service airport passengers or airlines, and the businesses are competing with on-airport businesses that are subject to the Policy. The consensus of the Committee was that, in the interest of fairness to the covered businesses with whom they compete, the Policy should be extended to these two business types.

As to off-airport catering businesses, the intention of the Committee is that the Policy extend only to those employees of such businesses who deliver prepared meals to airlines operating at Reagan National or Dulles International Airport and who possess all authorizations required by the Airports Authority to enter the airports for the purpose of making such deliveries. This distinction is in keeping with the original intention of the Airport Workers Wage Policy to enhance the security of the airports.

⁷ This number includes administrative personnel for Transportation Network Companies, but does not include drivers for Transportation Network Companies that have picked up or dropped off passengers at the airports.

II. Adjustment of the Wage Schedule

In addition to reviewing the Policy's scope of coverage, the Committee reviewed the wage schedule to understand its impact on workers and the broader airport community. In furtherance of this review, the Committee requested staff a) to conduct a survey of covered businesses to better understand the Policy's effects on workers and employers during the first 18 months of operation, b) review payroll data the Policy requires covered businesses to prepare and maintain⁸ and, data submitted by in-terminal concessionaires as part of a request for a lease extension to alleviate the impacts they incurred from their implementation of the Policy.

The survey was distributed to 90 businesses⁹ on August 22, 2019, with a requested completion date of August 29, 2019. Twenty-six businesses, or 29%, completed the survey, with responses evenly split between in-terminal concessionaires and airline support providers. Further, 6 of the 13 (or 46%) in-terminal concessionaires that responded are certified as Airport Concessions Disadvantaged Business Enterprises,¹⁰ providing a good cross section of respondents for analysis. Responses to the survey indicated general improvement in employee engagement and competitiveness in the hiring market, along with confirmation, as expected, of increased labor costs to businesses as a result of wage increases.

Analysis of the payroll submissions, particularly via a comparison of 2017 payroll to 2018 payroll for in-terminal concessions, indicated a sizeable population of airport workers benefited from the Policy in the form of increased hourly wages.

The analysis also identified that, though the legal minimum wage for both airports is \$7.25¹¹, the arithmetic mean of in-terminal concessions' average, paid hourly rate¹² was \$11.78, already

⁸ Compliance reporting requirements are laid out in Orders and Instructions 5-4-1, Section III.C.

⁹ 46 in-terminal concessionaires; 44 Airline Support Providers as identified by those companies holding a Commercial Aviation Services Permit at either airport.

¹⁰ More information on the federal Airport Concession Disadvantaged Business Enterprise program and the Airports Authority's implementation of the program can be found at <https://www.mwaa.com/business/airport-concession-disadvantaged-business-enterprise-policy-statement>

¹¹ Both airports are in Virginia. Virginia's minimum wage, statewide, is set at the federal minimum wage rate of \$7.25.

above the 2018 Policy minimum rate. By 2018, following the implementation of the Policy, the mean had risen 9% to \$12.86, which is above the 2019 Policy minimum rate. Businesses where the average hourly wage was at the bottom of the scale showed an 11% increase between 2017 and 2018, moving from \$10.56 to \$11.71. The businesses with the highest average hourly rate actually showed the largest increase between 2017 and 2018, increasing 14% from \$13.56 to \$15.40. The implication, reinforced by survey responses, is that in addition to increasing wages for workers to comply with the Policy minimums, businesses are also raising wages for workers making more than the minimum.¹³ This finding is in keeping with broader wage trends in the labor market, as reported by the U.S. Department of Labor.

The Committee recognizes that, given the short time that the Policy has been in effect and the limited amount of full year-over-year data available for review, the above analysis is preliminary. For instance, initial analysis indicates cost impacts from the programs may be more burdensome for some concessions businesses based on type or structure. Additionally, analysis indicates some cost mitigation efforts from businesses in conjunction with wage increases, such as a reduction in overall worker hours.¹⁴ However, it is too early to draw a definitive conclusion about such cost mitigation efforts to understand if they are one-time change or part of a longer-term operational adjustment to the changes mandated by the Policy. Further analysis against a broader data set is required for more definitive statements of the full effects of the program, which should be conducted on an ongoing basis.

¹² Calculated by averaging the wage rate of all hourly-paid workers for every lease operated by a covered business, then taking the mean of those average hourly rates. In order to ensure an apples-to-apples comparison, this analysis was only conducted for businesses reporting full year wage data for both 2017 and 2018. Leases that included concessions that were not operating for a portion of either year, for any reason, were excluded.

¹³ No definitive reason was given for all wages increases beyond the Policy minimum, but at least some survey results indicated businesses chose to raise additional wages in order to maintain gradation between workers and avoid additional turnover at levels with greater seniority.

¹⁴ Staff was able to gather before and after data from 45 airport concession leases, operated by 40 of 92 total covered businesses. Analysis of 2017 and 2018 payroll data for those leases indicated that 96% increased average hourly rate. However, the hourly wage rate increases also apparently impacted employment levels. Looking specifically at the 35 leases that operated for the entirety of 2017 and 2018 for full year-over-year analysis, 57% percent showed a decrease in total work hours, ranging to as much as a 39% reduction. Sixty-six percent showed a reduction in total number of employees. The reductions were as high as 45%. Thirty-one percent included a reduction total payroll.

Notwithstanding the need for continued analysis, the Committee concluded that the Policy, as adopted, has likely had a generally positive impact upon its on-airport covered workers and, as such, contributes to the improved security of the facilities and customer service of its passengers through a more engaged and committed worker base.

The Committee also requested staff to review the Policy in comparison to other, large airports. Such analysis, below, indicated that the 2019 Airport Workers Wage of \$12.15 was essentially in the middle compared to 28 other airports which apply minimum wage requirements to their workforces (Figure 1).

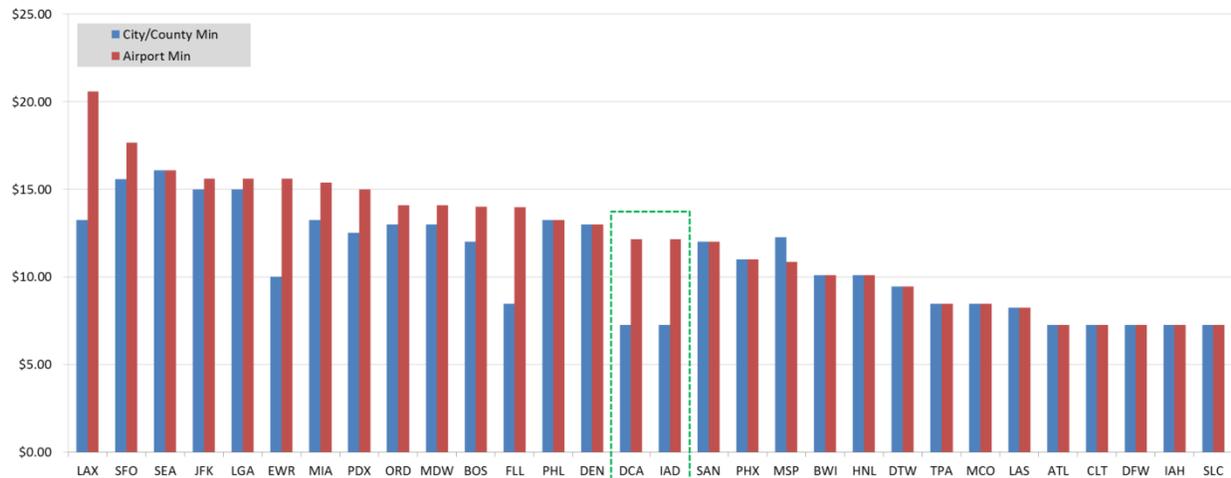


Figure 1: Comparing Airport Minimum Wage Rates to Corresponding Jurisdictional Minimum Wage Rates

However, it is worth noting that, when compared to the minimum wage established by law in the jurisdictions in which airports sit, the Airports Authority’s wage spread of 68% above Virginia’s legal minimum wage in 2019 makes it first among its peer airport operators (Figure 2).

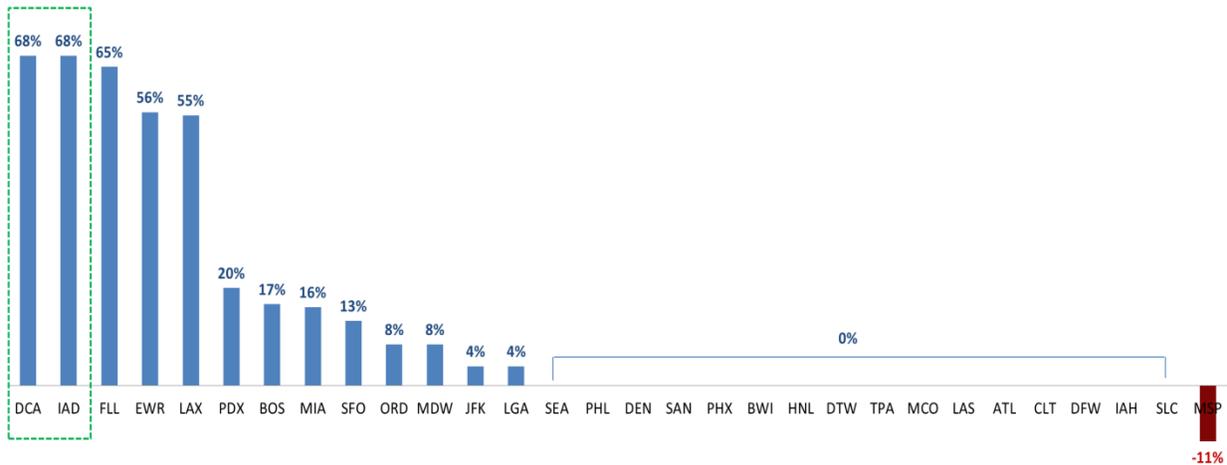


Figure 2: Comparing Airports by Spread in Airport Specific Minimum Wage Against the Corresponding Jurisdictional Minimum Wage

The Committee recognizes the important role the Airports Authority maintains in the broader airport community and the region due to its position of prominence in serving the nation’s capital. The Committee also acknowledges the high cost of living in the Washington, D.C. region and the steps by governments in the region to raise their legal minimum wage to \$15 and beyond in the coming years¹⁵. As such, the Committee consensus was to more quickly reduce the gap between the Airports Authority’s minimum wage rate and the minimum rates set applicable in the region. In particular, the Committee consensus was to more quickly reach Base Wage Rate of \$15 for businesses covered by the Policy.

In order to accomplish this acceleration, the Committee recommends an amendment of the Policy’s existing wage schedule for the years 2021, 2022, and 2023 beginning on January 1 of each year. Rather than based on the annual adjustments based upon the CPI-U standard, the Committee recommends the annual adjustment more closely reflect the wage schedule in place for the initial years of the Policy, which included an increase of \$0.60 on January 1, 2019, and January 1, 2020. However, this existing schedule still lags the Base Wage Rate behind regional jurisdictions, such as the District of Columbia, and requires an adjustment in order to achieve the acceleration contemplated by the Committee. As such, the Committee recommends that the

¹⁵ See Washington, D.C., minimum wage declaration; Montgomery County, MD, minimum wage declaration; and Alexandria, VA, living wage declaration

Airport Workers Wage minimum annually increase by \$0.75, beginning January 1 for each of the 3 years specified above. The adjustment will more quickly align the Policy minimum wage rate with rates set by governments in the Washington, D.C., region.

The revised rate schedule, assuming an annual \$0.75 increase is as follows:

Comparison of Wage Schedule Before and After Recommended Adjustment						
	<i>2018</i>	<i>2019</i>	<i>2020</i>	2021	2022	2023
Original Schedule (CPI)	<i>\$11.55</i>	<i>\$12.15</i>	<i>\$12.75</i>	CPI-U	CPI-U	CPI-U
Recommended Schedule (\$0.75)	<i>\$11.55</i>	<i>\$12.15</i>	<i>\$12.75</i>	\$13.50	\$14.25	\$15.00

Conclusion

Based on its review of the Airport Workers Wage Policy, the Committee is confident the Policy is working as intended, with an overall positive impact on the airport community, airport workers, and airport customers. The minimal adjustments to the Policy recommended by the Committee, as outlined above, are an effort to ensure the Policy is implemented equitably and in keeping with the Policy’s stated over-all goals. The Committee’s decision to make adjustments to the Policy is consistent with and in furtherance of the Board’s original intent that “an increase in compensation to low-paid employees working at the Airports will generate significant benefits for the Airports Authority and the Airports’ workplace...”, which benefits are enumerated in Resolution No. 17, p. 2, para. 5.

Addendum A

RESOLUTION NO. 17-8

Approving Amendment to Airports Authority Living Wage Program and Adopting an Airport Workers Wage Policy for Certain Businesses Operating on the Airports

WHEREAS, Under the Airports Authority's current Living Wage Program, businesses that are under certain specified contracts with the Airports Authority to provide services which are delivered by employees of the businesses are required to pay all employees performing those services at no less than a "living wage" hourly rate that is set by the Airports Authority (currently, \$14.27), which rate is to be paid whether or not the business employers provide health or other benefits to the employees;

WHEREAS, In late 2015, the Airports Authority received a proposal from the Service Employees International Union ("SEIU") that the Airports Authority establish a set of minimum wage requirements that would apply to businesses delivering various support services to airlines operating at Reagan National and Dulles International Airport ("Airports");

WHEREAS, In late 2015, the Airports Authority also received a proposal from another labor organization, Unite Here, that the Airports Authority establish a requirement that, as a condition to doing business at the Airports, businesses operating retail, food and beverage, and other concessions enter a "labor peace agreement" with any labor organization seeking to organize employees of the businesses;

WHEREAS, Following receipt of the SEIU and Unite Here proposals, the Chairman of the Board of Directors established an Ad Hoc Committee on Labor Issues ("Ad Hoc Committee"), consisting of six Board members, and requested that the Ad Hoc Committee (i) review the SEIU and Unite Here proposals and report to the Board the results of its review and the actions, if any, it recommended the Board consider taking in connection with the SEIU and Unite Here proposals, and (ii) review the Airports Authority Living Wage Program and report to the Board the results of its review and the actions, if any, it recommended the Board consider taking to modify the program;



WHEREAS, In response to the Chairman's request, the Ad Hoc Committee has conducted an extensive review of the SEIU and Unite Here proposals and the Airports Authority Living Wage Program;

WHEREAS, During this review, the Ad Hoc Committee, among other activities, met with representatives of SEIU and Unite Here, with representatives of airlines and concessionaires operating at the Airports, and with Airport workers, reviewed correspondence from many of these parties and other entities and individuals, including those presenting the views of the broader business community such as chambers of commerce, and received multiple briefings from staff;

WHEREAS, The Ad Hoc Committee has submitted a report to the Board ("Ad Hoc Committee Report") in which it presents the results of its review, and recommends: (i) that the Board expand the Living Wage Program to apply to all contracts entered by the Airports Authority under which a business delivers services to the Airports Authority that are performed by its employees ("Personnel-Based Service Contracts"); (ii) that the Board adopt an "Airport Workers Wage Policy" for those businesses operating on the Airports that provide support services to the airlines pursuant to a permit issued by the Airports Authority ("Airline Service Providers") or deliver concession services to the traveling public under a lease or other form of authorization executed by the Airports Authority or an agent of the Airports Authority ("Concessionaires"), all as outlined in the Ad Hoc Committee Report; and (iii) in large part due to recommendation in clause (ii), that further consideration not be given to the SEIU or Unite Here proposal;

WHEREAS, In its report, the Ad Hoc Committee explains in detail the reasons for and purposes of its recommendations;

WHEREAS, In particular, with respect to its recommended Airport Workers Wage Policy and the payment of increased compensation to low-paid employees working at the Airports for Airline Support Providers and Concessionaires, the Ad Hoc Committee determined that this increased compensation will generate significant benefits for the Airports Authority and the Airports' workplace, including: by reducing employee turnover; by producing over time a more stable on-Airport workforce consisting of longer-term, more experienced employees; by growing employees' understanding of and familiarity with the Airports' workplace; by improving employees' job skills and knowledges, performance and productivity, and the quality of service they deliver to the airlines and the traveling public; and by increasing employees' commitment to the Airports' workplace;

WHEREAS, The Ad Hoc Committee also determined that these beneficial consequences of providing increased compensation to low-paid employees are of critical importance to the Airports Authority and the Airports because Reagan National and Dulles International Airports, due in significant part to their location in relation to the nation's capital, (i) face continually a unique set of potential security threats and dangers which pose significant risks to the safety of the thousands of passengers who pass through the Airports every day; (ii) are governed by an intricate set of security rules and procedures designed to thwart these security threats and dangers; and (iii) demand that all workers within the Airports' workplace be aware at all times of the threats and dangers at which these rules and procedures are directed, and be prepared at all times to identify and respond in accordance with such rules and procedures to any threat or danger which may present itself at an Airport;

WHEREAS, The Ad Hoc Committee further determined that it is essential to the security of the Airports and the safety of passengers who travel through the Airports that all individuals who work at the Airports, whether pre- or post-security, recognize the unique nature and characteristics of the Airports' workplace environment and the security challenges the Airports face, understand and comply with all security rules and procedures applicable to the Airports, and are capable of recognizing and properly responding to any abnormal or questionable circumstances that pose an imminent threat to the Airports' security or otherwise warrant alerting appropriate authorities;

WHEREAS, The Ad Hoc Committee also determined that a workers wage compensation program which would provide for reasonable increases in the level of compensation earned by currently low-paid workers employed at the Airports by Airline Service Providers and Concessionaires can be expected over time (i) to reduce the worker turnover rates experience by many Airlines Service Providers and Concessionaires; (ii) to deliver a long-term, more stable and experienced on-Airport workforce whose members, due to their longer tenure and enhanced on-Airport experience, will possess the critical worker characteristics and traits described in the Ad Hoc Committee Report and prior paragraphs of this Resolution; and (iii) to produce an overall improvement in the job performance of these workers and in the quality of service they deliver to passengers and other patrons of the Airports;

WHEREAS, The Ad Hoc Committee further determined that a workers wage compensation program providing for reasonable increases in the level of compensation earned by low-paid workers employed at the Airports by Airline Service Providers and Concessionaires can be expected over time to lead to significant enhancements in the security and safety of the Airports and of the

passengers and other individuals using the Airports, and in the level of Airport patron satisfaction;

WHEREAS, The Board concurs in these determinations and findings of the Ad Hoc Committee, as well as the reasoning which underlies them, as set out in the Ad Hoc Committee Report and prior paragraphs of this Resolution, all of which demonstrate the substantial benefits the Airports Authority would derive from the establishment of a workers wage policy, as recommended by the Committee;

WHEREAS, The Board believes and determines that the workers wage program consisting of (i) the "Airport Workers Wage Policy" recommended by the Committee and (ii) a set of rules, requirements and procedures prepared by the President and Chief Executive Officer's ("President") for the implementation and administration of the Airport Workers Wage Policy will significantly enhance the security and safety of the Airports, will improve the quality of services received by Airport passengers, airlines operating at the Airports and other Airport patrons, and will meaningfully advance the interests and mission of the Airports Authority as the sole entity responsible for the operation of the two Airports serving the nation's capital; and

WHEREAS, The Board expresses its appreciation to the members of the Ad Hoc Committee for their substantial work and valuable contributions; now, therefore, be it

RESOLVED, That the Report of Ad Hoc Committee be and hereby is accepted by the Board of Directors;

2. That the Airports Authority Living Wage Program be and hereby is expanded to apply to all Personnel-Based Service Contracts executed by the Airports Authority, as recommended by the Ad Hoc Committee and described in the Ad Hoc Committee Report, and that the President be and hereby is authorized and directed to take all necessary and appropriate actions to implement this expansion of the Living Wage Program;

3. That the Airport Workers Wage Policy which has been recommended by the Ad Hoc Committee, and is described in the following subparagraphs (a) through (e), be and hereby is adopted and established as a policy of the Airports Authority:

- (a) Base Wage Rate. Any business covered by the Airport Workers Wage Policy (defined below as a "Covered Business") must pay its workers who are employed and work at Reagan National or Dulles

International Airport (defined below as a "Covered Worker") no less than the following hourly wage rates:

- (i) \$11.55 starting on January 1, 2018;
- (ii) \$12.15 starting on January 1, 2019;
- (iii) \$12.75 starting on January 1, 2020; and
- (iv) starting on January 1, 2021, and on January 1 of each subsequent year, a rate equal to the prior year's rate adjusted to reflect the change over that prior year in an appropriate Consumer Price Index selected by the President.

These wage rates will apply whether or not a Covered Business provides health or other benefits to its Covered Workers;

- (b) Covered Business. A business covered by the Airport Workers Wage Policy is (i) any business providing support services on Reagan National or Dulles International Airport to one or more airlines and operating on the Airport pursuant to a Commercial Aviation Services Permit (or similar authorization) issued by the Airports Authority or pursuant to a lease with the Airports Authority, and (ii) any business providing concession services on Reagan National or Dulles International Airport (e.g., the sale or provision of retail goods, food and beverages on an Airport to Airport patrons, and the sale or provision to airlines operating at an Airport of catered meals or food prepared on the Airport) pursuant to a lease with or other authorization from the Airports Authority or a lease with a concessions program manager under contract with the Airports Authority;
- (c) Covered Worker. A worker covered by the Airport Workers Wage Policy is any worker employed by a Covered Business who works on Reagan National or Dulles International Airport for the Covered Business, whether on a full-time (i.e., 40 hours per week) or part-time basis. Covered Workers will be compensated at no less than the applicable hourly rates in subparagraph (a) for all work performed on the Airport; provided, that "works on . . . an Airport" shall not include the making of deliveries on an Airport or performing similar irregular or occasional "on Airport" work for a Covered Business;
- (d) Tipped Worker. A Tipped Worker is a Covered Worker who customarily and regularly receives more than \$30 a month in tips while working on Reagan National or Dulles International Airport for a Covered Business and whose tips are considered by the Covered Business as part of the worker's wages; and
- (e) Wage Payments to Tipped Workers. A Covered Business shall pay its Tipped Workers no less than \$2.13 an hour in direct wages for hours

worked and shall be able to demonstrate that the Tipped Workers receive on average in any pay period at least the applicable base hourly wage rate set out above in subparagraph (a) when the direct wages and tips they receive during the period are combined. When the combined direct wages and tips received in a pay period by a Tipped Worker produce an average hourly rate of compensation during the period that is less than the applicable base hourly wage rate in subparagraph (a), the Covered Business employer of the worker shall make up the difference;

4. That the President be and hereby is authorized and directed to prepare a set of rules, requirements and procedures for the implementation and administration of the Airport Workers Wage Policy addressed in paragraph 3 of this Resolution, which may be published in an Orders and Instructions at each Airport and whose terms may be incorporated into Commercial Aviation Services Permits, Concessionaire leases and other authorizations issued by the Airports Authority permitting a Covered Business to operate on Reagan National or Dulles International Airport; and, further, that the President be and hereby is authorized, in the course of preparing and administering these rules, requirements and procedures, to make minor adjustments to the provisions in subparagraphs (b) through (e) of paragraph 3 of this Resolution, so long as the President finds the adjustments to be necessary or appropriate for the effective and efficient implementation and administration of the Airport Workers Wage Policy and provides notice of such adjustments to the Board Chairman and Vice Chairman at least 30 calendar days prior to their becoming effective;

5. That, in adopting the Airport Workers Wage Policy addressed in paragraph 3 of this Resolution and in providing for the policy's implementation and administration by Airports Authority management in paragraph 4, the Board (i) is acting pursuant to its proprietary rights and powers as the operator of Reagan National and Dulles International Airports and (ii) is not enacting any law, regulation, rule, requirement or other provision having the force and effect of law;

6. That this Resolution shall be effective upon its adoption, except as follows:

- (a) Resolved paragraph 2, and the expansion of the Airports Authority Living Wage Program it authorizes, shall be effective upon the adoption of this Resolution, but such expansion shall not apply to any Airports Authority Personnel-Based Service contract the solicitation for which was first publicly noticed before the adoption of this Resolution, unless the party contracting with the Airports

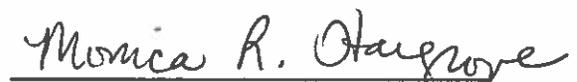
Authority agrees in the contract to comply with the expanded program;

- (b) Resolved paragraph 3, and the Airport Workers Wage Policy it adopts and establishes, shall become effective on January 1, 2018; and
- (c) Resolved paragraph 4, and its authorization of the President to prepare a set of rules, requirements and procedures for the implementation and administration of the Airport Workers Wage Policy, shall be effective upon the adoption of this Resolution, and the rules, requirements and procedures prepared by the President pursuant to such authorization shall become effective on the date or dates established by the President;

7. That, during calendar year 2019, and in no event no later than December 31, 2019, the Board shall review the Airport Workers Wage Policy established by this Resolution and the Airports Authority's experience under the Policy, and determine whether revisions to the Policy, or to the rules, requirements or procedures issued by the President pursuant to paragraph 4 of the Resolution, are warranted; and

8. That the Board conveys its appreciation to SEIU and Unite Here for having presented their proposals to the Airports Authority and for the assistance they provided the Ad Hoc Committee in the course of its work; to airlines, concession businesses and Airport workers for the various forms of input and assistance they provided the Committee during its work; and to all other entities and individuals who provided information and presented their views to the Committee.

Adopted April 19, 2017


Monica R. Hargrove, Secretary