

**REPORT TO THE
BOARD OF DIRECTORS**

**RECOMMENDATION TO APPROVE A BUSINESS
AGREEMENT FOR THE AIRPORTS AUTHORITY
TO REIMBURSE SOUTHWEST AIRLINES FOR THE
REPLACEMENT OF SEVEN PASSENGER LOADING
BRIDGES IN TERMINAL A**

AT

RONALD REAGAN WASHINGTON NATIONAL AIRPORT

July 2015

PURPOSE

The Business Administration Committee approved and recommends to the Board of Directors that it approve a business agreement for the Airports Authority to reimburse Southwest Airlines (Southwest), an amount not to exceed \$6 million for the replacement of seven Passenger Loading Bridges (PLB) in Terminal A at Ronald Reagan Washington National Airport.

Background

- Terminal A has nine Gates servicing four airlines. Within the last four years two of the nine PLBs were replaced through an approved airline reimbursement agreement with JetBlue when the airline operated in Terminal A.
- This project replaces the remaining seven PLBs which have surpassed their expected useful life in excess of 25 years. Parts for these PLBs are no longer readily available and long lead times can be incurred in obtaining replacement parts.
- Operational reliability is at risk and ongoing maintenance costs are a concern.

Discussion

- Funding is included in the approved Capital Construction Program budget.
- All seven gates are used continually by airline tenants in Terminal A; five are used by Southwest.
- The project footprint and scope is directly impacting the airlines' daily operation. Therefore, staff proposes that the Airports Authority enter a business agreement providing for Southwest to procure and complete design and installation of all seven PLBs.

Discussion (Cont)

- This arrangement is consistent with Section 1.4.1(2) of the Contracting Manual and has been successful in the past at both Airports.
- Southwest has agreed to use full and open competition to procure and complete design and installation of the seven PLBs subject to the Airports Authority's design and construction standards for a reimbursement not to exceed \$6 million.
- Southwest will purchase the PLBs from its existing national contract which was previously competed and offers favorable pricing due to the airline's volume purchase nationally.

Discussion (Cont)

- Southwest will be obligated under the agreement to achieve the Airports Authority's LDBE participation goal of 25%.
- Southwest will be required to obtain full and open competition for the construction services related to installation of the PLBs.
- All costs associated with this project will be reviewed and approved by staff.

Discussion (Cont)

- Southwest will be required to submit originals of all paid invoices with a detailed accounting of the payments before the Airports Authority issues reimbursements.
- Southwest will ensure title to the improvements shall vest in the Airports Authority immediately upon substantial completion and acceptance by the Airports Authority

Recommendation

The Business Administration Committee approved and recommends to the Board of Directors that it approve a business agreement for the Airports Authority to reimburse Southwest in an amount not to exceed \$6 million for the replacement of seven Passenger Loading Bridges in Terminal A at Ronald Reagan Washington National Airport.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

Proposed Resolution

Approving an Agreement for the Airports Authority to Reimburse Southwest Airlines for the Replacement of Seven Passenger Loading Bridges in Terminal A at Ronald Reagan Washington National Airport

WHEREAS, Two of the nine Passenger Loading Bridges (PLBs) in use at Terminal A of Reagan National were replaced by JetBlue pursuant to an approved reimbursement agreement with the Airports Authority when the airline began its operations in Terminal A in 2010;

WHEREAS, Staff has recommended that a similar reimbursement agreement be entered with Southwest Airlines (Southwest) under which the airline will replace the remaining seven PLBs in Terminal A, which have already surpassed their expected useful life of 25 years, whose operational reliability is decreasing by the day, and for which replacement parts are increasingly unavailable;

WHEREAS, Funding for this reimbursement agreement in an amount not to exceed \$6 million, is included in the approved Capital Construction Program budget;

WHEREAS, Southwest has agreed to use full and open competition to procure the design of the bridges and installation of the seven replacement PLBs, subject to the Airports Authority's design and construction standards;

WHEREAS, Southwest will purchase the PLBs under its national contract which was previously competed and offers favorable pricing due to the airline's volume purchases;

WHEREAS, Southwest will be obligated under the agreement to achieve the Airports Authority's Local Disadvantaged Business Enterprise participation goal of 25 percent;

WHEREAS, Southwest will be required to submit originals of all paid invoices with a detailed accounting of the payments before the Airports Authority issues reimbursements;

WHEREAS, Southwest will ensure that title to the improvements will vest in the Airports Authority immediately upon substantial completion and acceptance by the Airports Authority; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into an agreement with Southwest pursuant to which the Airports Authority will reimburse Southwest, in an amount not to exceed \$6 million, for the replacement of seven passenger loading bridges in Terminal A at Reagan National following the completion of the replacement bridges and their acceptance by the Airports Authority.

*Recommended by the Business Administration Committee on June 17, 2015
For Consideration by the Board of Directors on July 15, 2015*