

**REPORT TO THE
BOARD OF DIRECTORS**

**RECOMMENDATION TO APPROVE A BUSINESS
AGREEMENT FOR THE AIRPORTS AUTHORITY
TO REIMBURSE AMERICAN AIRLINES FOR INSTALLATION
OF TWO SECONDARY LOADING BRIDGES ON THE NORTH
PIER AND TO MAKE IMPROVEMENTS TO THE OUTBOUND
BAGGAGE SYSTEM IN TERMINAL B/C**

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 American Airlines (American): an amount not to exceed \$7 million to design, procure and install a new secondary Passenger Loading Bridge (PLB) on Gate 43, and relocate and install an existing secondary PLB from Gate 33 to Gate 44; and an amount not to exceed \$36.9 million to design and construct necessary modifications to current outbound baggage systems in Terminal B/C at Ronald Reagan Washington National Airport.

BACKGROUND

Secondary PLBs

- The two secondary PLBs are an enabling project to start construction of the New North Concourse.
- American currently occupies 14 aircraft Hardstand parking Positions on the commuter ramp.
- During construction of the New North Concourse, only 12 aircraft hardstand parking positions can be accommodated on the ramp.
- The displaced aircraft hardstand parking positions can be replaced by modifying current Gates 43 and 44 bridges with two secondary PLBs allowing two regional jet aircraft to occupy a single gate concurrently.

BACKGROUND (Cont)

Secondary PLBs

- Before the installation of the two secondary PLBs, site preparation, including installation of fuel pits, additional power and concrete work is required.
- After completion of the New North Concourse American is responsible for removal of the secondary bridge on Gate 44.

BACKGROUND (Cont.) Outbound Baggage System

- The current outbound baggage system was commissioned in 1997 when Terminal B/C opened. The baggage belt conveyor lines are dedicated from each ticket counter location and feed into separate center or north pier baggage make-up systems. A system reconfiguration is needed to enable baggage transfer between piers now that airlines operate from multiple pier locations.
- The outbound baggage system project will provide flexibility by connecting the center and north pier baggage makeup areas and the future New North Concourse baggage makeup room.



DISCUSSION

- Funding for the projects is included in the approved Capital Construction Program budget.
- American is in a better position to manage the projects since the scope impacts its daily operations.
- Reimbursement for the secondary PLB project will not exceed \$7 million, and the outbound baggage system will not exceed \$36.9 million. Costs associated with both projects were developed by the Office of Engineering.

DISCUSSION (Cont)

- This agreement is consistent with Section 1.4.1 (2) of the Contracting Manual which allows airlines to deliver specifically identified and approved improvements to airport facilities.
- American will be obligated under the agreement to obtain full and open competition and to achieve the Airports Authority's LDBE participation goal of 25%.

DISCUSSION (Cont)

- All costs associated with this project will be reviewed and approved by staff.
- American will be required to submit originals of all paid invoices with a detailed accounting of the payments before the Airports Authority issues reimbursements.
- American 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 American an amount not to exceed \$7 million to design, procure and install a new secondary Passenger Loading Bridge on Gate 43, and relocate and install an existing secondary Passenger Loading Bridge from Gate 33 to Gate 44; and an amount not to exceed \$36.9 million to design and construct necessary modifications to current outbound baggage systems in Terminal B/C 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 American Airlines for Two Secondary Loading Bridges on the North Pier and Improvements to the Outbound Baggage System in Terminal B/C at Ronald Reagan Washington National Airport

WHEREAS, American Airlines currently utilizes 14 aircraft hardstand parking positions on the commuter ramp located to the north of the Terminal B/C North Pier at Ronald Reagan Washington National Airport (Reagan National);

WHEREAS, Construction of the New North Concourse project, which is a major component of the current Capital Construction Program at Reagan National, will require the removal of two of these 14 hardstand parking positions;

WHEREAS, The two removed hardstand parking positions can be, in effect, replaced by supplementing the current Passenger Loading Bridges (PLB) on Gates 43 and 44 in the North Pier of Terminal B/C with a secondary PLB which will allow two regional jet aircraft to occupy each of these gates at the same time;

WHEREAS, A secondary PLB is currently in use on Gate 33 on the Middle Pier of Terminal B/C, and it can be relocated to Gate 44, while a secondary PLB at Gate 43 will need to be purchased;

WHEREAS, The current outbound baggage system in Terminal B/C was constructed in 1997;

WHEREAS, The current system's baggage conveyor lines take baggage from ticket counters in Terminal B/C to one of three separate baggage make-up areas, one located in the North Pier, another in the Center Pier and a third in the South Pier, and the transfer of baggage from one of these make-up areas to another must be done manually;

WHEREAS, A reconfiguration and reconstruction of the outbound baggage system in Terminal B/C is required to enable baggage originating at any ticket counter in the North or Center Pier to be sent via the system to any baggage make-up area in those two piers and to the new baggage make-up area within the New North Concourse, without manual transfer;

WHEREAS, Staff has recommended that a reimbursement agreement be entered with American Airlines under which the airline will relocate the existing secondary PLB on Gate 33 to Gate 44, will acquire and install a new secondary PLB on Gate 43, and will design and construct the necessary modifications to the current outbound baggage system in Terminal B/C;

WHEREAS, Funding for this reimbursement agreement in amounts not to exceed \$7 million for the secondary PLB project and \$36.9 million for the outbound baggage system project is included in the approved Capital Construction Program budget;

WHEREAS, American Airlines will be obligated under the reimbursement agreement to achieve a Local Disadvantaged Business Enterprise participation goal of 25 percent;

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

WHEREAS, American will be required to convey title to these improvements to Airports Authority upon their 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 American Airlines pursuant to which the Airports Authority will reimburse American Airlines in amounts not to exceed \$7 million for the secondary PLB project and \$36.9 million for the outbound baggage system project in Terminal B/C at Reagan National.

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