

SUMMARY MINUTES  
BUSINESS ADMINISTRATION COMMITTEE  
MEETING OF APRIL 18, 2018

Mr. Adams chaired the April 18 Business Administration Committee Meeting, calling it to order at 9:49 a.m. A quorum was present during the Meeting: Mr. Lazaro (Co-Chair), Mr. Griffin, Ms. Hanley, Ms. Lang, Mr. Mims, Mr. Pozen, Mr. Speck, Mr. Sudow, Mr. Tejada Mr. Uncapher, Ms. Wells, Mr. Williams, and Mr. Session (ex officio).

Recommendation to Award Contracts for Electronic Security Systems Maintenance, Support, and Network Administration at Washington Dulles International Airport and Ronald Reagan Washington National Airport. Mike Stewart, Vice President and Airport Manager, presented the staff's requests to award contracts to M.C. Dean, Inc. of Tysons, Virginia (MC Dean), to provide maintenance, support and network administration of the Electronic Security Systems (ESS) at both Airports. The award would be for two contracts, each with a two-year base term, with two one-year option periods.

Mr. Stewart reported that Transportation and Security Administration (TSA) regulations and directives require airport operators to control access and to prevent and detect unauthorized entry, presence, and movement within the secure areas of the airport. He advised that Washington Dulles International Airport (Dulles International) and Ronald Reagan Washington National Airport (Reagan National) each have a complex ESS to achieve a safe and secure operating environment at the Airports. Mr. Stewart reported that TSA routinely conducts inspections and assessments to the ESS for regulatory compliance. He noted that ESS components include identification badging systems, card readers, access control and alarm monitoring, cameras and video management, and all the associated hardware and equipment that allows for an integrated operation of the systems.

Mr. Stewart stated that the selected contractor will provide equipment maintenance, product support, and systems and network administration services under the direction of the Airports Authority. In May 2017, the Committee concurred with the pre-solicitation terms for a full and open competition, which included a 20 percent Local Disadvantaged Business Enterprise (LDBE) participation requirement. The Request for Proposals was issued on September 27, 2017 and technical proposals were received from three firms on October 31, 2017. Mr. Stewart reviewed the criteria

that the Evaluation Committee used when reviewing the proposals. He advised that one proposal lacked a demonstrated understanding of the technical requirements and failed to meet the standards of the evaluation criteria; therefore, it was eliminated from consideration. The remaining offerors were then required to sign and return a Non-Disclosure Agreement for Sensitive Security Information (SSI) and were given 15 days to submit updated technical and price proposals taking into account the SSI. Mr. Stewart reported that updated technical proposals were received on January 26, and the Evaluation Committee determined that both offerors provided equally acceptable technical proposals for the performance of the services. He further reported that price proposals were separately evaluated by the Contracting Officer, and it was determined that MC Dean provided the lowest price for the requirements.

Mr. Stewart shared that the annual cost of each contract depends upon actual expenses incurred as a result of the system maintenance and repairs at both Airports. Based on historical data, the cost of the two-year base term is estimated not to exceed \$9.9 million for Dulles International and \$6.3 million for Reagan National. Mr. Stewart reported that the combined value of both contracts, including the base terms and the two one-year option periods, is estimated not to exceed \$30.7 million.

Mr. Stewart reviewed MC Dean's experience in providing ESS services for more than 30 years at many regional and national facilities, including various airports, the United States Air Force and Navy, the Pentagon Reservation, and many others. He noted that MC Dean also has direct experience designing, installing and integrating ESS infrastructure at Dulles International and Reagan National over the years as a result of the Airports' expansions. Mr. Stewart advised that MC Dean has proposed to meet the 20 percent LDBE participation requirement with LDBE firms.

Ms. Wells observed that the two-year base term is estimated not to exceed \$9.9 million at Dulles International and asked if actual expenses are incurred based on time and materials. She also inquired whether it is beneficial to continue allocating funds to the aging system. Mr. Stewart explained that the systems are constantly evaluated and sometimes require updates or repairs as a result of the TSA directives. He further explained that the award amount for the pending procurement is based on the historical expenses incurred for maintenance and administration requirements. Margaret McKeough, Executive Vice President and Chief Operating Officer, advised that the

contract included a fixed base component to maintain the system on a day-to-day basis, and laborers would be hired that will be on the Airports for 24 hours a day, 7 days a week. She explained that when TSA presents a new regulation that requires adjustments to the system, the scope of the new services would be priced and a modification would be executed to activate the supplemental services.

Ms. Wells clarified that during the competitive bidding process the fixed base component was used as the basis for deciding the more competitive bid, to which Ms. McKeough affirmed.

Mr. Uncapher observed that there were only two qualified bidders for the pending procurement and inquired whether more bidders were initially expected. Based on the history of the types of companies and services required to handle the Airports' systems, Mr. Stewart stated that there are typically three or four players in the market. Mr. Uncapher then asked if MC Dean is the incumbent, to which Mr. Stewart responded negatively. He advised that the incumbent is Tyco Systems, which has provided great service since 1999 as a result of a couple of mergers. The most recent contract had been awarded in 2012.

Mr. Sudow asked if the basic system is capable of being supplemented and upgraded for ESS improvement options without replacing the entire system. Mr. Stewart stated that there are a number of systems included in the ESS at each Airport, but that the pending procurement is only for the maintenance and upkeep. Due to the number of components in the ESS systems, there are varying ages. One of the components that Mr. Stewart identified is technology. He stated that because the Airports Authority has a strong Information Technology security and infrastructure group, appropriate staff is involved in the process of evaluating what needs to occur. Mr. Stewart noted that although the systems' equipment evolves over time, it is still capable of handling all the necessary security aspects, as needed. Ms. McKeough reported that a substantial number of security systems existed throughout both Airports. Over the years, the security camera system has been upgraded from an analog system to a digital system. When future upgrades are required, the Airports Authority could use the resources of the pending contract. Additionally, the card readers that are used throughout the Airports have to be maintained constantly because of their continuous use on the security doors. In terms of developing the platform, as well as determining, maintaining and upgrading software platforms and hardware replacement, the Airports Authority directs what needs to

occur and the pending labor contract will be used for the associated implementation.

Mr. Potter advised that if Directors had other questions regarding the security system and its various functions that they be tabled for an off-line discussion.

With regard to the 20 percent LDBE requirement, Mr. Session observed that MC Dean is a well-known contractor in the District of Columbia and is experienced in working with small businesses. He asked about the type of skill sets that LDBE(s) would be required to provide as part of the MC Dean contract. Mr. Potter advised that the names of the proposed LDBEs were included in the [confidential] paper.

The Committee approved the recommendation.

Information Report on the Information Technology Network Modernization Strategy. Goutam Kundu, Vice President for Technology and Chief Information Officer, presented a briefing on how the Airports Authority plans to modernize its Information Technology (IT) network, enhance security, and reduce the total cost of ownership of networks for the future. He provided a recap of the 2013 IT strategy highlighting the four key drivers: 1) Security – for 35 networks with secure applications; 2) Reliability – speed, capacity, bandwidth and redundancy for current and future applications to support the growing need with some of the new technologies for more than 46 million passengers; 3) Capability – in-house leadership and flexibility to scale for future growth; and 4) Costs – the ability to manage costs below budget and contribute to Cost per Enplanement reduction goals.

Mr. Kundu advised that the strategy for these four key drivers is to consolidate and standardize the Airports Authority's IT assets in all four areas. He thanked the Board for its approval of a secondary data center which is currently being launched. Mr. Kundu stated that the Board's approval had resulted in the Airports Authority having a robust Wi-Fi system at both Airports. He noted that the software applications, including Workday and all of the cloud applications that would be Workday compatible, would soon be launched.

With regard to the communication network, Mr. Kundu reported that there are more than 35 local intercampus networks that will be consolidated into one campus network. He used a diagram to describe

the system in three parts – intercampus network, campus networks and local networks. Mr. Kundu presented several diagrams showing how each network environment would be connected using a schematic of the Reagan National campus. He provided a brief overview of five of the 35 networks including MUFIDS, vMUSE, baggage handling systems, SECnet and parking. Mr. Kundu reported that the upcoming two solicitations [that he would soon present] address the campus network. He provided an overview of the existing networks. Mr. Kundu reported that staff is proposing to standardize and consolidate the Airports Authority’s intercampus networks. He further reported that the campus network is the fiber backbone that connects the Airports Authority’s campuses. It is the [IT Department’s ] intent to build this part of the network once, reuse it, and share it among all of the different 35 applications resulting in a centralized security system that connects and reduces redundancy. He explained that the networks that are currently underway with the primary data center will connect the Airports’ data centers, the campuses, and the internet. The secondary data center consists of industry-grade, high-performance, reliable, secure connections that provide for disaster recovery and the Business Continuity Plans. Mr. Kundu reported that the future state of the local networks creates a plug and play capability that gives the Airports Authority an opportunity for revenue generation. He summarized the presentation with a recap of the benefits of the standardized, centralized network with stronger access controls. Mr. Kundu stated that there will be reliable, industry-grade, high-performance, connectivity and redundancy with internal leadership that is essential to moving forward. He further stated that there will be the flexibility of scale for future growth and low total cost of ownership through consolidation and reuse.

In an overall update, Mr. Kundu reported that the new network architecture has been designed to accommodate capacity and growth. As a part of the primary data center implementation, the majority of the intercampus networks have already been established. Mr. Kundu reported that the plan is to build the campus networks using internal resources supported by equipment and cabling contracts. He noted that there will be two solicitations to provide the equipment and cabling services for the campus network – Cisco Network Equipment and Cabling Installation Services. Mr. Kundu further noted that the local networks will be completed based on the prioritization of various applications as they become eligible for upgrades.

Mr. Tejada observed that there are enormous risks associated with the use of technology. He inquired about the vulnerability of the network security system with fewer networks if the system is compromised. Mr. Kundu explained that more networks make it difficult to secure and control access. He further explained that unauthorized access allows for the possibility of information to be shared externally; therefore, a consolidated environment is achieved through software. Mr. Kundu added that a consolidated large network can provide the ability to create smaller virtual entries as isolated pathways that are completely independent from other paths.

Mr. Tejada shared that the use of public Wi-Fi had been an unpleasant experience on his most recent trip and that he appreciated the Airports Authority's efforts to improve the quality of the Wi-Fi service for the general public. He noted that a great deal of the improved technology is for Airports Authority staff, and he asked about the benefits for the general public. Mr. Kundu proudly reported that 6.5 million square feet of public Wi-Fi upgrades had been completed throughout the Airports. He confidently stated that the Airports Authority's public Wi-Fi is likely to be one of the fastest in North American airports.

Jack Potter, President and Chief Executive Officer, stated that the challenge has already been met with all in-house staff completing the work, except cabling, to create a world-class Wi-Fi system that continues to be free at both Airports. He further stated that the staff looks forward to the Board's support in taking the next step in achieving the ability to continue modernizing all of the IT systems and requirements needed for the four main components of the communications network. Mr. Potter noted that the Airports Authority continues to be in a much more secure posture for the institution by consolidating these networks.

Mr. Speck inquired about the needed increase for charging station locations. Ms. McKeough reported that charging station locations is a service that can never be too abundantly available. She shared that these stations are currently located in every hold room, on every concourse, baggage claim level and in common areas [at both Airports]. Ms. McKeough stated that the Airports Authority continues to evolve to keep up with the pace and observed that there will be a noticeable change as aircraft become equipped with in-flight charging options, which will soon become more of the normal routine instead of charging devices at airports. With the evolving technology and the need of more wireless charging, Mr. Speck requested a general overview of the Airports

Authority's plan for increasing the Airports' charging station locations and how Directors should respond when questions are presented. Ms. McKeough acknowledged the request and agreed to provide the information at a subsequent meeting.

Mr. Adams asked if a general cyber assessment of the total network had been performed. Mr. Potter suggested that the discussion occur offline [given the security sensitivity of the information], and Mr. Adams agreed.

Mr. Adams recalled that the Airports Authority's transition from outside contractors to in-house staff [on technology matters]. He asked about the number of employees who currently work in the IT Department. Mr. Kundu stated that there are currently 78 employees, compared to 11 employees and more than 200 consultants five years ago. Mr. Adams noted that the transition was a well-spent expenditure in order to build up the current status. He further noted that the comparison is not to demonize the notion of having external consultants and contractors because there are benefits associated with such services.

With regard to IT, Mr. Adams asked about the plans to enable staff to continue to lead the way, be innovative and receive training opportunities. Mr. Kundu advised that during the last three years there was no baseline to determine what was needed to run a multitude of application networks. He stated that in assuming the responsibility of a lot of the operations, a strategy was developed to bring the top leadership in-house and standardize and consolidate the systems. Mr. Kundu reported that the savings provided the opportunity to build a website, move the data centers and transition to digital displays. He explained that as the organization continues to mature and standardize its IT needs, there will be two sets of needed skills – those to support existing operations and those for the ability to explore new areas. Mr. Kundu stated that technology does not change as rapidly as applications, websites, and mobile services, which will be a challenge. He noted that there has been a lot of collaboration with the Human Resources team to ensure the IT Department is able to retain staff in these areas and begin benchmarking efforts to determine what is needed to sustain the necessary skills moving forward.

Mr. Adams inquired how the local network will increase revenue generation opportunities. Mr. Kundu stated that other forward-thinking airports allow for an infrastructure to be built with excess capacity to grow a Wi-Fi network which is an area that will always be in demand.

He further stated that the Airports Authority needs a fast, reliable, highly capable Wi-Fi system for the traveling public. The infrastructure has been built and tenants now have a demand for Wi-Fi. Mr. Kundu advised that Delta Airlines and Scandinavian Airlines have signed up to buy Wi-Fi from the Airports Authority, and Air France is also interested in buying Wi-Fi for its lounges. He noted that purchasing Wi-Fi from the Airports Authority provides a Comcast or Cox Cable connection with fast and reliable Wi-Fi service. Mr. Kundu advised that the same concept will also be used in future networks as a reliable infrastructure is built for internal consumption and excess capacity can be cultivated as a revenue generation opportunity for tenants.

Mr. Adams hypothetically inquired whether a passenger in the American Airlines (American) lounge is able to access the public Wi-Fi at no cost, or if Wi-Fi access would only be available to American's passengers by accessing it as a service offered by the airline. Mr. Potter responded that the airline contracts enable them to have their own Wi-Fi in their areas. He stated that now the Airports Authority has the capability of offering Wi-Fi services to the airlines in their lounges. As the airlines begin using biometrics at their ticket counters, the Airports Authority will have an opportunity to offer them Wi-Fi services there. Mr. Potter explained that the airlines will pay for the Wi-Fi installation and pay a monthly fee for access. He stated that the airlines are now using scanning devices on the tarmac, and the Airports Authority can make Wi-Fi service available on the ramp area. Mr. Potter advised that the Airports Authority sized Wi-Fi services for future growth and revenue opportunities.

Mr. Potter shared that the system for telecommunications and the intercampus network provide revenue opportunities since the Airports Authority sells telephone service to all of its vendors. He stated that the Airports Authority is transforming the current antiquated system to a modern system that will lower costs and improve revenue margins on the service that is offered. Mr. Potter advised that the Airports Authority will be the best alternative for the provision of fiber-optic service to its tenants.

Mr. Uncapher stated that he and the Ethics Officer had determined that he has an apparent conflict of interests in the upcoming agenda item (Pre-Solicitation Terms for Information Technology Network Equipment) because he owns a Substantial Financial Interest in Cisco Systems, Inc., the manufacturer of the equipment that the Airports Authority will be purchasing. He further stated that the Airports Authority decided to

standardize its network equipment some time ago and chose to use Cisco equipment at that time. The procurement that the Airports Authority is now beginning would be to purchase equipment from one or more resellers, thus the Committee's decision whether to concur in the pre-solicitation terms would not directly affect Cisco. Mr. Uncapher stated that he believed that, notwithstanding this apparent conflict, he is able to participate fairly and objectively in the interests of the Airports Authority in the Committee's consideration of whether to concur in the pre-solicitation terms for information technology network equipment. He reported that he had consulted the Ethics Officer who concurs in this course of action.

Pre-Solicitation Terms for Information Technology Network Equipment. Mr. Kundu presented the staff request for Committee concurrence with the issuance of a pre-solicitation for Cisco IT network equipment and its associated software licenses to support construction of the campus network at Reagan National and Dulles International. He stated that the solicitation will result in the award of one or more contracts. The proposed contract terms will consist of a two-year base term and three one-year option periods.

Mr. Kundu reported that the existing airport security network infrastructure was built 20 years ago and was not designed to handle the existing demand so a replacement is required. He stated that a strong campus communication network is a critical component of a secure, capable, reliable and cost efficient IT system as it supports mission critical business systems, such as radio, telephone, application data, security, internet access, and the 911 system across more than 6.5 million square feet of space servicing all tenants at both Airports. Mr. Kundu reported that the Airports Authority has recently embarked on an effort to modernize and upgrade its network infrastructure, which would support current and future needs, enhance organization security posture, and improve operational costs and efficiency. The proposed solicitation would allow the Airports Authority to acquire Cisco network equipment for the campus portion of the network infrastructure to be installed using in-house resources. Mr. Kundu advised that Cisco equipment is primarily sold through its network of wholesalers and resellers.

Mr. Kundu shared a diagram of telecom rooms at Reagan National that identified the location of boxes that house Cisco network equipment. He advised that these boxes are connected to security devices which are

similar to firewalls. Mr. Kundu reported that the Airports Authority had standardized on Cisco equipment as its network technology manufacturer and has invested in this technology. Mr. Kundu noted that the Airports Authority's public Wi-Fi infrastructure that was implemented in 2017 uses Cisco equipment. He advised that the proposed solicitation will allow the Airports Authority to acquire Cisco network equipment such as routers, switches, access points, and network security devices and the associated software licensing through resellers.

Mr. Kundu reported that over the term of the contract, the selected contractor will be issued delivery orders to provide required Cisco network equipment as the Airports Authority's network cabling installation is underway. The Department of Supplier Diversity (DSD) had reviewed the Statement of Work (SOW) and established a 100 percent Local Disadvantaged Business Enterprise (LDBE) requirement for the pending solicitation based on the availability of certified hardware wholesaler and resellers. Mr. Kundu reported that the basis of award would be achieved through an Invitation for Bid (IFB) procurement. He explained that the solicitation may result in the award of one or more contracts. The contract award(s) will be recommended to the bidders who offer the most competitive pricing for one, all, or a combination of categories of equipment.

The Committee concurred with the pending procurement.

Pre-Solicitation Terms for Information Technology Network Cabling Installation Services. Mr. Kundu presented the pre-solicitation terms for information network cabling installation services. He reported that the proposed contract will consist of a two-year base term, and three one-year option periods. Mr. Kundu advised that the proposed solicitation will allow the Airports Authority to acquire cabling installation services needed for the network infrastructure modernization project as described in the day's previous presentations. He referenced the same diagram used in the previous presentation, but focused on network cabling. Mr. Kundu stated that the required amount of cabling would cover 6.5 million square footage on Dulles International and Reagan National. Over the term of the contract, the selected contractor would be issued task orders to install cabling throughout both Airports. The DSD had reviewed the SOW and established a 100 percent LDBE participation requirement for the solicitation based on the availability of certified network cabling installation service providers.

Mr. Kundu reported that the full and open competition would be achieved through the use of a two-step IFB. The technical proposals would be evaluated based on the offerors' technical experience and past performance and staffing plan. Mr. Kundu stated that only those offerors who submit acceptable technical proposals would be invited to submit price bids. He reported that the contract award will be recommended to the offeror that provides a technically acceptable proposal at the lowest responsive price.

The Committee concurred with the pending procurement.

The meeting was thereupon adjourned at 10:38 a.m.