

DC Council Performance Oversight Hearing Questions – Second Round

1. Please provide a chart detailing procurements over \$10,000 and the total dollar amount of the contract. Also, include where the contractor is based (e.g. the District of Columbia, Maryland and Virginia).

Please see Attachment 8a – Contracts Awarded in 2013

2. Please provide a copy of MWAA's updated contracting manual.

The fourth edition of the Contracting Manual is available on MWAA's website at <http://www.mwaa.com/352.htm>. We will provide a hard copy to the chairman.

3. With regards to DBE's and LDBE's, what steps are being taken to ensure that DBE's and LDBE's are able to compete for contracts?

The Metropolitan Washington Airports Authority (Airports Authority) actively encourages the participation of DBEs and LDBEs in all its contracting and business opportunities. In 2013 the Airports Authority issued 154 solicitations for construction, and goods and services opportunities at the Airports and the Dulles Toll Road; of the 154 solicitations, DBE/LDBE participation goals and requirements were placed on 66 solicitations or 43% of all solicitations; 44 solicitations or 29% of all solicitations were assigned 100% LDBE participation requirements. The 2013 combined estimated value of these solicitations is \$79,291,602 with projected DBE/LDBE participation of \$37,753,966 or 48%. The Airports Authority has established a 25% DBE participation goal for Phase 2 of the Dulles Corridor Metrorail Project which will translate into projected DBE participation of at least \$230,662,500.

To improve and increase communications with DBE/LDBE firms, the Airports Authority's Equal Opportunity Programs Department sent 37,621 e-mails to these firms notifying them of contracting opportunities specific to the types of work the firms perform and soliciting their participation in the 154 solicitations mentioned previously. Of the 37,621 e-mails, 5,099 or 13% percent were to DC based firms, 14,638 or 39% percent to MD based firms, 15,711 or 42% percent to VA based firms and 2,173 or 6% percent to firms in other jurisdictions. The email distributions are based on firms currently certified with the Airports Authority and the types of work that they are certified to perform as related to the services required in the solicitations.

Additionally, the Airports Authority conducted specialized DBE/LDBE outreach (business opportunity) events for the DCA Custodial Services contract, Dulles Corridor Metrorail contract, and the DCA and IAD concessions redevelopment program.

4. Please submit your current Business Plan.

The 2014 Budget is available on MWAA's website at http://www.mwaa.com/file/2014_Budget.pdf. We will provide a hard copy to the Chairman.

5. Please describe any initiatives MWAA has implemented in 2013 and 2014 to date to improve the internal operation of MWAA or the interaction of MWAA with outside parties.

MWAA has taken the following actions:

- **Adopted Fourth Edition Contracting Manual**
- **Developed new Procurement policies and procedures**
- **Adopted Code of Ethics for Board Members**
- **Adopted Code of Ethics for Employees**
- **Implemented Procurement Integrity Training for the Acquisition Workforce**
- **Revised the Financial Disclosure Process for Board Members and Employees**
- **Implemented Recurrent Ethics Training for Board Members and Employees**
- **Established Role of Ethics Officer**
- **Revised Hiring and Compensation Policy**
- **Revised Student Employment Program**
- **Revised Policies for Hiring Bonuses and Cash Awards Programs**
- **Developed and Implemented new Healthcare Benefits Eligibility Requirements**
- **Adopted Revised Travel Policy for Board Members and Employees**
- **Revised Board's Bylaws to Clarify Actions to Be Taken in Executive Session**
- **Adopted Business Expense Policy for Board Members and Employees**
- **Adopted Amendment to the Freedom of Information Policy**
- **Established and Completed Staffing of the Internal Controls and Compliance Division**
- **Established Monthly Rail Project Expenditure Review Meetings between Corporate Accounting and the Project Office**
- **Implemented Enhanced Controls over Future FTA Grant Draws**
- **Added Finance Staffing, including Metrorail Project Controller, Lead Accountant, Grants Accountant, and Dedicated Internal Controls and Compliance Analyst to the Rail Project**
- **Centralized Supporting Documentation for all FTA Grant Draws in Electronic Data Repository**
- **Implemented Oracle Financials as the Single System of Record for Phase 2 of the Metrorail Project**
- **Developing new policies and procedures to further strengthen invoice review and project coding processes**
- **Undertook second, independent review of all historical FTA Grant Draws to ensure appropriate supporting documentation and cost allowability**

6. Please provide as an attachment the following policies for MWAA:

- (a) Travel
- (b) Hiring
- (c) Ethics

(a) The MWAA travel policy is available on MWAA's website at http://www.mwaa.com/file/Board_of_Directors_Travel_Policy.pdf. We will provide a hard copy to the Chairman.

(b) Please see Attachment 8b – Hiring and Promotion Policy and Procedures

(c) The Code of Ethics for both employees and the Board of Directors are available on the MWAA website at http://www.mwaa.com/file/Employee_Code_of_Ethics_-_Effective_Jan._1._2013.pdf, <http://www.mwaa.com/file/CodeofEthicsDirectors.pdf>. We will provide hard copies to the Chairman.

7. Please describe the progress of the internal control group.

The Internal Controls and Compliance (ICC) Division was established in May 2012. The ICC's primary focus has been staffing the Division (after creating new job descriptions and competitively recruiting, the Lead Analyst was hired in February 2013, the Division Manager in May 2013, and the ICC Analyst in December 2013), assisting management with the implementation of corrective actions to address the DOT OIG's Reports of November 2012 and January 2014, and validating the implementation of these corrective actions. Management has taken action to address all twelve recommendations made by the DOT OIG in the November 2012 Report, and to date, the Airports Authority has received concurrence from the OIG that 7 of these 12 recommendations have been closed. The ICC Division has been working with Management to address the OIG's additional feedback in the areas of Procurement policies, procedures, and further Contracting Manual revisions in order to close out the remaining recommendations.

The ICC Division has also been working to address recommendations noted in the DOT OIG's January 2014 Report. Specifically, the Division has been working to validate the allowability of expenditures charged to FTA grants and to consolidate all supporting documentation in a single, electronic repository. The ICC is developing a corrective action plan to address all findings noted in the OIG's January 2014 Report, and will provide this to FTA by March 31, 2014. Going forward, the Division will focus on ensuring the corrective action plan submitted to FTA is fully implemented, while also ensuring continued compliance with the organization's newly adopted policies as a result of both audits.

8. Please give a detailed update on the progress of Phase 1 of the Dulles Corridor Metrorail. When is Phase 2 Scheduled to begin? Please give a projected timeline for the completion of the entire project.

The Airports Authority is constructing a 23-mile extension of the existing Metrorail system, which will be operated by the Washington Metropolitan Area Transit Authority (WMATA) from East Falls Church to Washington Dulles International Airport west to Ashburn.

The Dulles Corridor Metrorail Project includes 11 new stations. It will be built in two phases. Phase 1 will run from East Falls Church to Wiehle Avenue on the eastern edge of Reston. It will include four stations in Tysons Corner-McLean, Tysons Corner, Greensboro and Spring Hill and Wiehle-Reston East station, located at Wiehle Avenue in Reston. Construction began in March of 2009. Phase 1 is nearing completion and will soon be transferred to WMATA. The opening date will be scheduled by WMATA and is anticipated to take place in 2014.

Phase 2 will run from Wiehle Avenue to Ashburn in eastern Loudoun County. On July 9, 2013, the Airports Authority issued a Notice of Proceed to Capital Rail Constructors, a joint venture of Clark Construction Group and Kiewit Infrastructure South, to begin construction of Phase 2. Preliminary geotech work began in the last quarter of 2013, and heavy construction is anticipated to begin in Spring/Summer 2014. Phase 2 will serve Reston Town Center, Herndon, Washington Dulles International Airport, Route 606 and Ashburn.

The entire project to Dulles Airport and Loudoun County is scheduled to be completed in 2018.

9. What economic impact has the Dulles Corridor Metrorail project had to date on jobs in the Washington, D.C. region? What is the projected impact?

The Dulles Corridor Metrorail project generated 14,597 total jobs and \$681.3 million in labor income in the Washington metropolitan region in 2012.

The projected impact can best be described by Dr. Stephen S. Fuller, Director of the Center for Regional Analysis at George Mason University, in his comments on the Airports Authority's 2012 Economic Impact Study, which will be released shortly. According to Dr. Fuller: "Looking forward, as the Washington regional economy shifts from a federally dependent economic base to a global business center, connectivity to the primary business centers elsewhere in the world will determine which of today's major business centers will become dominant global centers. While air service connectivity will be critical – more international flights and non-stop intra-national routes - what will have very immediate and long lasting economic impact will be the inter-modal connectivity provided with completion of Silver Line Metrorail service to Dulles connecting it via rapid rail to the remainder of the regional economy. The Washington metropolitan area is forecast to experience strong economic growth into the future with this forecast premised on the achievement of global connectivity through the expansion potential of Dulles International Airport and its integration into the regional multi-modal transportation network with the completion of the Silver Line serving Dulles and extending into Loudoun County."

10. How many District residents are employed as contactors, subcontractors, or consultants working on the Dulles Corridor Metrorail project?

Approximately 676 District residents were directly employed by contractors, subcontractors, or consultants working on the Dulles Corridor Metrorail project in 2012.

11. How many District-based businesses are working as contractors, subcontractors, or consultants on the Dulles Corridor Metrorail project?

Please see Attachment 8c – District-based Businesses Working on the Dulles Corridor Metrorail Project

12. How many passengers use Reagan National and Dulles International Airports on an annual basis? It would be useful if this data was provided in an historical context, i.e. providing passenger data going back for a period of time, with projections, too.

The Airports Authority served 42.3 million domestic and international passengers in 2012, compared to 43.4 million in 2007. This change reflects a steady increase in international traffic at Dulles International and increasing domestic activity at Reagan National, with a corresponding decline in domestic traffic at Dulles Airport.

Please see Attachment 8d – Passenger Activity for the Historical Context

13. How much does MWAA spend annually on the operation and maintenance of Reagan National Airport? Dulles?

The 2014 budget for operations and maintenance of Reagan National and Dulles International is \$650.6 million, which includes \$337.1 million for operating expenses and \$133.4 million for debt service. Of the \$337.1 million, \$82.4 million will be spent on Reagan National, \$163.9 million on Dulles International, with the remainder budgeted for Consolidated Functions that serve both airports.

14. Do you have data estimating the economic impact of passengers' spending on the District?

Based on the 2012 airport user survey data, visitors departing through Dulles International and Reagan National spent \$5.8 billion in 2012 on lodging, food, car rentals, entertainment, retail, and ground transportation in the District of Columbia during their visit. The District surpassed Maryland and Virginia in 2012 visitor spending, when looked at on a jurisdictional basis.

15. Do you have data estimating the impact of the Airports Authority's operations (airports, toll road and Dulles Metrorail project) on the District's Collection of personal income taxes and local corporate incomes taxes?

- (a) **The Airports Authority's combined operations generated approximately \$26.3 million in personal income taxes in the Washington metropolitan area in 2012.**
- (b) **The Airports Authority's combined operations generated approximately \$106.4 million in local corporate income taxes in the District of Columbia in 2012, due in large part to the substantial contribution of visitor spending to District-based businesses.**

16. (a) Where is the Airports Authority in complying with the recommendations of the USDOT Inspector General's audit issues 2-3 years ago?

Management has taken action to address all twelve recommendations made by the DOT OIG in the November 2012 Report, and to date, the Airports Authority has received concurrence from the OIG that 7 of these 12 recommendations have been closed. The Internal Controls and Compliance (ICC) Division is validating the implementation of these corrective actions. The ICC Division has been working with Management to address the OIG's additional feedback in the areas of Procurement policies, procedures, and further Contracting Manual revisions in order to close out the remaining recommendations.

(b) Please summarize the most recent audit issued last month. What action(s) is MWAA taking in response?

The Department of Transportation's Inspector General issued a report in 2014 on the record-keeping processes of the Dulles Rail Project, covering a period between 2009 and 2011. Many of the issues cited mirror the findings of a 2012 independent audit commissioned by the Airports Authority Board, and actions to address those findings are either complete or are well underway.

The IG report focuses on Federal Transit Administration (FTA) oversight of the Rail Project, particularly on whether some reimbursements for federal funds were appropriate or were properly documented. The report includes a response letter from the FTA, which emphasizes that the Airports Authority is working well with FTA on addressing and rectifying these administrative issues, including moving from largely paper-based systems to a more-modern record-keeping system.

The Airports Authority's Internal Controls and Compliance Division is developing a corrective action plan to address all findings noted in the OIG's January 2014 Report, and will provide this to FTA by March 31, 2014. Going forward, the Division will focus on ensuring the corrective action plan submitted to FTA is fully implemented, while also ensuring continued compliance with the Airports Authority's newly adopted policies as a result of both audits. Controls have already been established to ensure that future draws on the FTA grant are reviewed by the Internal Controls and Compliance Division to confirm that all supporting documentation for eligible expenses is maintained in a centralized, electronic documentation repository. In fact, the Airports Authority has volunteered to the FTA to process all future

draws under a restricted draw format, which would require submission of supporting documentation prior to receipt of any grant funding.

The Airports Authority's Board of Directors and senior management are committed to completing the project in an expeditious and cost-effective way that fully complies with all rules and regulations – and to providing the resources necessary to assure that compliance. In the past six months, the Airports Authority has added dedicated finance staffing for the Metrorail Project – including a controller, lead accountant, grants accountant, and an Internal Controls and Compliance analyst dedicated to strengthening the project's financial oversight.