



# **Report to the Business Administration Committee**

## **Recommendation to Award a Contract for Natural Gas Supply Service at Ronald Reagan Washington National Airport September 2017**



# Purpose

Staff requests the Business Administration Committee approve and recommend to the Board of Directors that the Airports Authority enter into a contract with WGL Energy Services of Vienna, Virginia (WGLE) to supply natural gas to Ronald Reagan Washington National Airport (Reagan National) effective December 1, 2017. The proposed contract will have a term of three years and eight months.



# Background

- Reagan National consumes approximately 1.8 million therms of natural gas per year. Natural gas is the primary fuel source for heating facilities and domestic hot water on the airport.



## Background - continued

- Section 1.3.1 of the Contracting Manual permits the Airports Authority to use, when appropriate, contracts competitively procured by other governmental entities.
- The procurement of natural gas with other local agencies allows the Airport to take advantage of economies of scale pricing at favorable rates. To continue to obtain favorable pricing, staff researched existing government contracts.



## Background - continued

- On June 13, 2016, the County of Fairfax, Virginia issued a joint Invitation for Bid for natural gas for Fairfax County Government and Fairfax County Public Schools and awarded one contract each to Colonial Energy Inc. and WGLE.



## Discussion

- Colonial Energy, Inc. is not able to guarantee supply of Reagan National's monthly demand. WGLE can guarantee supply of Reagan National's total monthly demand.



## Discussion - continued

- The anticipated WGLE natural gas supply rate is \$0.441 per therm. The actual rate will be based upon the NYMEX market index price on the day of contract award. Prices will be firm for the contract term with an anticipated not to exceed cost of \$3,500,000.
- Based on current market research, utilizing the contract procured by Fairfax County results in pricing comparable to or lower than pricing Reagan National could expect to achieve by soliciting based solely on its requirements.



## Discussion - continued

- A three-year eight-month contract term provides the opportunity for Reagan National to participate in the next planned natural gas procurement by other governmental entities (including Fairfax County Government, Fairfax County Public Schools, Loudoun County, the City of Alexandria and Alexandria Renew Enterprises), scheduled for July 2021.



# Recommendation

Staff requests that the Business Administration Committee approve and recommend to the Board of Directors that the Airports Authority enter into a contract with WGL Energy Services of Vienna, Virginia, to supply natural gas to Ronald Reagan Washington National Airport for a period of three-years eight-months beginning December 1, 2017.



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## Proposed Resolution

### Selecting a Firm to Provide Natural Gas Supply Services at Ronald Reagan Washington National Airport

WHEREAS, Ronald Reagan Washington National Airport (Reagan National) uses natural gas as the primary fuel source for heating its facilities and domestic hot water on the Airport;

WHEREAS, Paragraph 1.3.1 of the Airports Authority's Contracting Manual permits the Airports Authority to use, when appropriate, contracts competitively procured by other governmental entities;

WHEREAS, On June 13, 2016, the County of Fairfax, Virginia, issued a joint Invitation for Bid for natural gas for Fairfax County Government and Fairfax County Public Schools and awarded one contract each to Colonial Energy, Inc. and WGL Energy Services of Vienna, Virginia;

WHEREAS, Colonial Energy, Inc. is not able to guarantee the natural gas supply of Reagan National's monthly demand;

WHEREAS, Based on current market research, utilizing the WGL Energy Services contract procured by Fairfax County will result in pricing comparable to or lower than pricing Reagan National could expect to achieve by soliciting based solely on its requirements; and

WHEREAS, A three-year and eight-month contract with WGL Energy Services, beginning December 1, 2017, with an anticipated not-to-exceed cost of \$3.5 million provides the opportunity for Reagan National to participate in the next planned gas procurement by other governmental entities, scheduled for July 2021; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into a contract for a three-year and eight-month period with WGL Energy Services, consistent with the terms presented to the Business Administration Committee at its September 20, 2017 meeting.

*For Consideration by the Business Administration Committee and  
Board of Directors on September 20, 2017*