

**MAYOR SYLVESTER TURNER
TRANSITION COMMITTEE ON HOUSTON AIRPORT SYSTEM (HAS)**

**Claudia Williamson, Chair
Danny R. Perkins, Co-Chair**

Transition Team, Executive Committee:

David Mincberg, Chair
Debra Tsuchiyama Baker
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Stephen Costello
Maya Ford
Ginny Goldman
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For media inquiries, please contact David Mincberg.

CITY OF HOUSTON

Houston Airport System Transition Committee Report

Prepared for

Mayor Sylvester Turner



March 1, 2016

Houston Airport System
Transition Committee

Committee Members

Claudia Williamson, Chair
Director of Business Development

Danny R. Perkins, Co-Chair
Transportation Planner

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Design Builder

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HR Professional

Ryan Lindsay
Art Gallery Owner

Ginny McDavid
Flight Attendant

Jose Medrano
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Engineer

Lynn Munford
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Goodwille Pierre
Business Development

Anthony Shepherd
Attorney

Earnest Wotring
Attorney

Jason Yoo
Concession Operator

EXECUTIVE SUMMARY

One of the first priorities of Mayor Sylvester Turner's Administration was to assemble a Transition Team for the purpose of reviewing current policies and operations of key City departments and other entities on which the City depends for special services. The assessment process was not designed nor intended to represent an in-depth audit or procedural analysis of each entity. Rather, it was intended to identify opportunities for improvement on essential policy issues. In part, the focus of the review centered on the City's oversight role and responsibilities, as opposed to an analysis of the department itself.

The City of Houston (City) is one of the most economically, geographically, and ethnically diverse metropolitan cities in the United States. The Houston Airport System (HAS) is a key component of the City's economic success. The HAS enables businesses, large and small, to compete nationally and internationally. Further, the HAS, by virtue of its size and ongoing expansion projects, provides opportunities for businesses to provide goods and services to HAS.

A City enterprise fund, the HAS operates the aviation facilities at George Bush Intercontinental Airport, William P. Hobby Airport, and Ellington Field Airport. In 2015, these facilities handled 796,228 departures/landings, over 55 million passengers and over 409,000 metric tons of airfreight, all of which represent significant growth, approximately 3.7%, over 2014. The airport system has enormous impact on the City and region in economic, social and cultural terms.

HAS Transition Committee Approach

The HAS Transition Committee received a "Policy Background and Framing Document," which provided general guidance on issues for committee consideration. The committee approached its task through a sub-committee structure which identified three priority policy issues for further review:

- **Community Engagement**
- **Contracting and Compliance**
- **Economic Growth and Expansion**

A detailed issue analysis follows this summary.

Community Engagement

The Community Engagement sub-committee was led by chair, **Elsa Caballero**. Members included **Ryan Lindsay, Ginny McDavid, Jose Medrano, Lynn Munford, and Earnest Wotring**.

As the governing board of the HAS, the Mayor and City Council should review and approve the HAS Mission Statement or appoint a task force to do so. While it is beyond the scope of this report to recommend changes, if any, to the HAS Mission Statement, the Mayor and City Council may want to consider the following elements in reviewing the HAS Mission Statement, Vision, and Strategic Priorities¹:

- Contributing to the economic development of the Houston community and supporting local businesses

- Commitment to transparency and informing the public about its decisions and decision-making processes
- Stewardship of community resources, protecting the environment, contributing to the positive public image for the Houston community (including civic art), and minimizing the adverse effects on neighborhoods near the airport
- Furthering employee development and diversity in the workplace

Contracting and Compliance

The Contracting and Compliance sub-committee was led by chair, **Goodwille Pierre**. Members included **Elsa Caballero, Johnny Garza, Robbi Jones, Carla Lane, Anthony Shepherd, and Jason Yoo**.

The HAS is an important local driver of contracting, vendor and concession opportunities, and therefore, it is important to ensure that the HAS contracting process is fair, efficient and a true benefit to the City. The Contracting and Compliance sub-committee reviewed the HAS procurement process and gathered information and input from the local contracting community and HAS-related service groups through public forums and focus groups.

The sub-committee focused on transparency, bureaucracy and the effective utilization of local, small, minority and women-owned businesses, with recommendations aligned with these categories, including:

- Implement a formal de-briefing process for all unsuccessful bidders who wish to participate
- Implement the use of a HAS ombudsman to assist prospective bidders with information and resources
- Assign a HAS liaison to assist with business-related disputes between primes and sub-consultant, post-award, with helpful communication and information to speed conflict resolution
- Survey prime contractors for “best practices” to develop a blueprint for successful prime/sub-consultant working relationships
- Provide specific procurement training and guidance to prospective bidders
- Review the practice of bundling projects and assess effectiveness as related to opening opportunities for local and small businesses
- Consider providing opportunities for local firms to deliver goods and services on a stand-alone basis, when deliverable effectiveness is not compromised

Economic Growth and Expansion

The Economic Growth and Expansion sub-committee was led by chair, **Chris Canonico**. Members included **Marcelo Moacyr, Lynn Munford, Goodwille Pierre, Claudia Williamson, Earnest Wotring**.

The sub-committee explored the HAS’s role in expanding the City’s economic growth and development, particularly in areas immediately adjacent to the airports. This review resulted in four fundamental recommendations for the HAS to initiate to support the greater Houston economy.

- Develop available HAS real estate surrounding the three airport facilities

- Simplify and optimize the permitting process for transportation service providers
- Extend light rail service to IAH and Hobby airports
- Consider Public Private Partnership (P3) opportunities for HAS to implement the *Airport City* concept

ISSUE ANALYSIS

Community Engagement

As part of its work for the HAS Transition Committee, the Community Engagement sub-committee solicited information from a number of different constituent groups within the Houston community. In the course of those discussions, the sub-committee heard a wide variety of opinions regarding the proper role of the HAS within the Houston community. It also received a number of opinions regarding the different priorities that the HAS should have, from operational policies that would affect few to strategic decisions that would affect the entire Houston community. In short, there is a difference of opinion in the Houston community on the Mission Statement for the HAS.

The current HAS Mission Statement is, “We exist to connect the people, businesses, cultures and economies of the world to Houston.”¹ The sub-committee was unable to determine if that Mission Statement has ever been submitted to, or reviewed by, the Mayor and City Council. Regardless of whether the Mission Statement was previously approved by the Mayor and City Council, the Community Engagement sub-committee recommends that the Mission Statement be reviewed at this time to ensure that it reflects and represents the City’s priorities and desired mission of the HAS.

The current HAS Mission Statement is narrowly focused on those outside Houston. We believe the HAS mission should reflect the priorities of the local community as well as the travelling public, and would ask that the Mayor and City Council pay particular attention to the impact of the HAS as a community partner on the communities in which the airports are located and the greater Houston region, in particular, how it should interact and relate to its immediate surrounding neighborhoods as well as to members of the public who utilize the airport system for travel and as a place of employment. The sub-committee does believe that the HAS should provide a safe, comfortable environment for the tens of thousands of people who frequent our airports and supporting facilities on a daily basis and that the word “people” in this context should include ALL stakeholders, including passengers, employees, contractors, vendors, and the neighboring community.

The Community Engagement sub-committee is not recommending that the Mission Statement be changed. However, as the governing body of the HAS enterprise fund, it is the proper responsibility of the Mayor and City Council to approve the HAS Mission Statement, Vision, and Strategic Priorities¹.

The sub-committee recommends that the Mayor and City Council consider the following issues in reviewing and approving the HAS Mission Statement, Vision, and Strategic Priorities¹:

¹ The HAS also provided to the HAS Committee the following statements: “Vision: Establish Houston as a five-star global air service gateway where the magic of flight is celebrated” and “Strategic Priorities: 1. Make our passengers happy; 2. Maintain assets in ‘opening day fresh’ condition; 3. Build capacity for future success; 4. Build strong relationships with our partners.”

- Contributing to the economic development for the Houston community and supporting local businesses.
- Commitment to transparency and keeping the public informed about its decisions and decision-making processes.
- Stewardship of community resources, protecting the environment, contributing to the positive public image of the Houston community (including implementing civic art), and minimizing the adverse effects on neighborhoods near the airports.
- Furthering employee development and diversity in the workplace.

The sub-committee researched the mission statements of other United States international airport systems - included as an appendix to this report. They serve to illustrate how other airport systems view their role in the communities in which they serve.

Contracting & Compliance

The Contracting and Compliance sub-committee conducted a top-level review of the successes of the HAS's procurement process, as well as ways in which the procurement system may be improved.

The sub-committee provided several forums through which the concerns of all contractors, whether prime or sub, DBE, WBE, SBE, or local, were addressed. Our sub-committee is providing recommendations for operational and administrative improvement in the procurement process, based not only upon these forums, but also focus groups and presentations to the HAS committee.

We are presenting recommendations which we believe will facilitate the Mayor's vision of increasing opportunities for all businesses wishing to provide goods and services to the HAS. THE HAS is an important local driver of contracting opportunities. With ongoing expansion plans, including the construction of a new Terminal at IAH; vendor and concession opportunities; and daily airport operations, it is important to ensure that the contracting process is fair, efficient, and a true benefit to Houston.

Overall, the participants in the forums were pleased with the opportunity to provide goods and services to the HAS. The Contracting and Compliance sub-committee has explored several opportunities that exist to improve the HAS's contracting outcomes. The sub-committee has also researched possible improvements.

Our findings are categorized as follows:

- Transparency
- Bureaucracy
- Utilization of Local, Small, Minority, and Women Owned Businesses
- Additional Recommendation

Transparency

Several of the individuals, corporations, professional associations, affinity groups, and chambers of commerce with whom the sub-committee interacted cited the lack of transparency as an impediment to gaining and maintaining strong business relationships with the HAS. In addition, these entities also expressed concerns that MWBE goals are only reflective of an award, and are not necessarily evidence of actual utilization. The lack of transparency was mentioned whether the topic of discussion was pre-, or post, award. Specific examples include:

- The perceived lack of adherence to City of Houston procurement goals, policies, and guidelines.
- The perceived ambiguity in the scoring methodology (for RFP and RFQ processes).
- Post award, the perception exists among some business owners that the HAS does not consistently monitor contract compliance; specifically with respect to the usage of sub-contractors.

- Several contractors complained of the lack of debriefing for firms that were unsuccessful in their attempts to provide goods or services to the HAS; others reported requesting de-briefs with no response.

Although the sub-committee garnered a significant amount of anecdotal evidence of complaints and kudos, we were unable to obtain a similar amount of statistical data. The sub-committee presented members of the HAS staff with a detailed request for statistical information regarding the use of contractors. However, after several attempts, the sub-committee was unable to obtain the information requested. In other words, the lack of transparency affected our sub-committee as well.

Recommendations:

1. The Office of the Mayor should continue to review and audit the procurement and reporting processes at the Houston Airport System.
2. The Office of the Mayor should continue to review and audit, on a post-award basis, the utilization of local, small, minority, and women owned firms by prime contractors.
3. Consider implementing an on-line “report card” to highlight City departments whose vendors are consistently paid within City guidelines.
4. The HAS should implement a formal de-briefing process for all unsuccessful bidders that wish to participate. An objective debriefing session should explain why a proposal was not selected, provide an overview of the selection process, as well as provide the bidder with details of the amount of resources expended by the evaluation committee. A successful debriefing will minimize the possibility that a rejected contractor will present their complaints to the Director, members of City Council, or the Mayor. Most importantly, a successful debriefing should assist bidders in submitting stronger proposals in the future, which will in turn lead to more successful contractors.

Bureaucracy

A consistent complaint from several participants was the amount of bureaucracy which exists within the HAS. There is a sense among many contractors that the key to a successful bidding process is not only a transparent process, but also an organization which is easily navigated. The HAS does not unilaterally enjoy such a reputation amongst many contractors, both current and hopeful.

The HAS has demonstrated transparency in many of its endeavors, and the Director and other members of the executive team make themselves available to many stakeholders. Unfortunately, the perception amongst some participants in the procurement process continues to be that of a multi-layered bureaucracy.

Recommendations:

1. The HAS should implement the use of an ombudsman to assist prospective bidders. This individual, or individuals, could serve as a “one-stop shop” of information.

2. In addition, many participants in our forums expressed a need for a HAS liaison to address business disputes between primes and subs, post award. The liaison would not be responsible for solving problems or resolving conflicts, but would provide support. A good liaison is aware of issues, trends, and needs, and engages in continuous dialogue and information exchanges will play a valuable role in alleviating the perception of bureaucracy hurdles.
3. Several vendors cited their positive relationships between prime contractors and sub-contractors as a strong contributing factor towards their relationship with the HAS. The HAS might consider surveying those firms (which consistently receive accolades) and distribute a “Best Practices” document to highlight the results. In this manner, all primes, subs, and the HAS itself, could utilize this document as a blueprint.
4. The HAS could consider implementing an “Office of Support Services” to provide training and guidance to prospective bidders.

Utilization of Local, Small, Minority and Women Owned Businesses

Many prospective bidders, especially concessionaires, expressed frustration with the HAS’s practice of bundling large portions of vending contracts. They indicate that, from a practical standpoint, this drastically reduces the opportunities for small vendors to successfully bid for concessions.

Recommendations:

1. The HAS should consider conducting a review of the practice of bundling projects. Further, the HAS should consider establishing a financial value, under which the practice of bundling would receive additional scrutiny.
2. The City should encourage the use of local firms to deliver goods and services on a stand-alone basis, when deliverable effectiveness is not compromised.

Additional Recommendation

The City might consider conducting an availability study and/or disparity study, in addition to a series of stakeholder sessions, in order to accurately gauge the availability and capacity of local contracting firms within the City. This study should be conducted across all product and service areas.

Economic Growth & Expansion Sub-Committee

The Economic Growth & Expansion Sub-Committee explored areas where Mayor Turner can focus to further enhance the HAS role in expanding Houston's economy. The results of the review by the sub-committee revealed four fundamental ways that HAS can help expand the Houston Economy.

First and foremost, economic growth at the airports is driven by maximizing throughput of passenger and cargo airplanes landing in Houston. Over the last few years, HAS worked diligently to increase flight counts, passenger counts, destinations available through increased foreign carriers, and expanded to twin international terminals that further unlocked air travel to the Americas. Through discussions with industry representatives, we believe HAS's vision is aligned to maximize its potential in serving those customers who desire to make Houston their preferred destination, whether for business, pleasure and/or cargo.

With the global energy market downturn extending into 2016, HAS needs to monitor industry trends and work with the carriers to maintain Houston's competitive position, fostering the demand for travel through Houston to counterbalance any decline in air travel from a suppressed energy market. When the energy market rebounds and travel to Houston returns to the growth rates experienced during the past recent years, we would encourage the City to support and lobby for federal approval to increase, or at least index, the maximum Passenger Facility Charges (PFCs) such that revenue generation keeps pace with increased costs of capital improvements as economic conditions improve. This would allow HAS additional revenue generation capacity in the likely event upgrades to airport facilities are continued to be required to meet the expected demand.

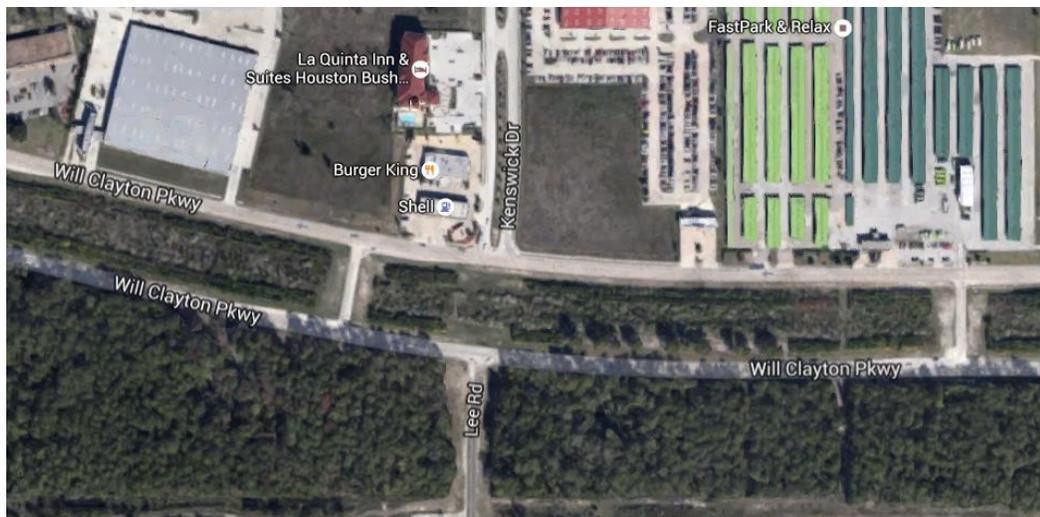
Outside of this economic revenue option requiring federal approval, the Growth and Expansion Subcommittee evaluated intergovernmental opportunities to improve the efficiencies within the HAS facilities and development options that could enhance HAS's role in expanding Houston's economy.

Recommendations:

1. **Develop available HAS real estate surrounding the three airport facilities.** Options to maximize use of these assets include the following:
 - a. HAS owns a parcel of land in Waller County that was previously slated for a fourth airport. While it is currently used as a wetlands bank, HAS could evaluate whether sale of this property provides value, or if this property can be repurposed for City benefit (perhaps regional wetlands bank, regional storm water detention, or partnership with Waller or Harris County, or one of the regional Water Authorities as park or amenity), or if the property should be maintained as is.
 - b. At Ellington Field, the initiative of the Spaceport has created positive economic conditions for growth on the land owned by HAS, but also for surrounding private development on the open and/or underutilized properties surrounding Ellington. To increase HAS's ability to serve as an economic engine in bringing businesses onto the Ellington Field where infrastructure development is required, the City and HAS should evaluate creating a Local Government Corporation (LGC) with the powers to partner with the entities moving onto Ellington (or IAH) and develop non-airport related facilities on available properties quickly. This LGC strategy would better accommodate the needs of a potential investor that wishes to quickly relocate a major manufacturing or job

intensive operation onto Ellington Field, by eliminating the bureaucratic barriers usually associated with the City having to plan, design, and construct streets, electric, gas, water, and sewer to serve the on and off-airport developments. These normal private land development tasks are not typically undertaken on City owned lands. A separate LGC may be able to respond quicker than the normal City development avenues such that Houston's offerings to business to relocate to Ellington (or IAH) could be coupled with "fastest time to market" offering in development the City owned, but vacant acreage. A similar strategy could also be evaluated for specific opportunities at Intercontinental and Hobby

- c. The City should continue to look at 380 (with joint County 381) agreements with potential businesses to develop desired corridors adjacent to each of the three airports with business supporting the airport community. It may be worth exploring if the City (with County participation) could look at designated areas and issue a global open Request For Development to create the incentive to develop airport related facilities (along Airport, Aldine Westfield, Spaceport Boulevard, or other desired corridor) and improve the image of Houston as passengers deplane in Houston and travel from IAH or Hobby through our City.
- d. With respect to Hobby, the HAS is evaluating a rental car facility on the north side of Airport Boulevard with the desire that this modern facility can be co-located with a private development for hotel and conference facilities. We encourage this development and believe a partnership with Houston First could be developed to evaluate if a public private partnership, with the City maintaining control over the assets similar to the downtown Hilton and Marriot Marquis, could allow development of a signature facility that could couple with the influx of passengers from the new Southwest Airlines International Terminal.
- e. Development for Airport Support Facilities surrounding IAH would be encouraged with the improvement of Kenswick Drive and Will Clayton Parkway intersections such that mobility through the intersection eliminated four circuitous U-turns. This project could be funded through a 380/381 agreement with a potential developer building along either road. The existing intersection is shown on the following photo.



2. **Simplify and optimize the permitting process for transportation service providers.** With the expansion of transit options to and from the airport, current Transportation Network Companies are required to permit both through City of Houston ARA for permits to operate in the City and at the HAS for permits to operate on HAS property. We have spoken to both HAS and ARA and believe both directors are open to ways to optimize and simplify the permit process for operators with a desired result to maintain the security protocols of permitting, lower cost to the City to issue and manage these permits, while expediting the permit process for those using the system. We believe this is similar to Dallas Love Field, where permitting is done at one central City location and dual permit centers.

3. **Extend light rail service to IAH and Hobby.** As a major economic engine for Houston, it is imperative that the HAS look to improve how customers feel as they leave the airport property. As most major international cities have robust public rail options, Houston should continue to evaluate ways to economically extend commuter rail service to IAH and Hobby. As FAA rules limit Airport Revenues to be solely expended on airport property, Houston should look for partnerships to further this development. These could possibly include:
 - a. Airport property could be extended such that airport funds could be used to build “the last mile connection” to each airport, even if that last mile extends beyond the current airport property boundaries.
 - b. HCTRA could be approached to partner by providing land within the Hardy Toll Road ROW to build a 33’ corridor of rail from IAH to downtown or a transfer stop near I-610/I-45.

4. **Consider Private Partnership (P3s) opportunities for HAS to implement the Airport City concept.** The aviation industry worldwide has been experiencing a growing trend towards the concept of Airport Cities, driven by the following basic factors:
 - a. Airports need to create new non-aeronautical revenue sources to enhance their competitiveness and better serve their traditional aviation functions.
 - b. The commercial sector’s pursuit of affordable and accessible land.
 - c. Increased passenger and cargo traffic generated by gateway airports.
 - d. Airports serving as catalysts and magnets for landside business development.

Members of the growth and expansion sub-committee believe there could be opportunities for HAS to implement the Airport City concept, particularly at IAH. To that effect, a P3 approach engaging with private developers could be beneficial to leverage HAS’ assets and quicken the time to market for new world-class facilities.

ADDITIONAL ISSUES

The HAS Transition Committee's work as a whole uncovered certain common themes and issues, some unique to a particular division or group. These represent issues of major importance, are in areas over which the City has some direct control, and should receive significant and, in some cases, immediate attention by the Administration. It is the committee's recommendation that an ongoing task force be established to further review these issues:

1. **Senior Staff Turnover** - The number of staff changes in key positions at the HAS is unprecedented in the history of the HAS. In a City department long known for low turnover rates, there have been numerous changes in senior management in the past five years: four interim or permanent CFO's in five years, four permanent Chief Development Officers in five years, five interim or permanent IAH General Managers in five years, three interim or permanent HOU General Managers in five years, and two permanent Ellington Airport General Managers in five years.
2. **Procurement** - Recent changes in the way the HAS procures professional services and other service contracts have resulted in a general opinion that the process is seriously flawed. The interpretation of recent events and data supports the perception that the procurement process is shrouded in secrecy and subject to manipulation that generates speculation that the process is no longer fair and unbiased.
3. **Transparency** - There is an increasing perception that the HAS lacks transparency in its business and management practices, primarily in the procurement process. Selection notes and ratings are often unavailable or non-existent thus giving the appearance of potential impropriety. Other issues of transparency concern lack of public outreach during planning processes that would impact surrounding communities. There have been examples of the HAS being forced to open up planning processes for public comment, which is a departure from the HAS policies in prior years. This apparent lack of transparency should be reviewed with the HAS to identify improvements that can be implemented to ensure transparency in the procurement process and other business practices.
4. **Timely Payment of Invoices** – The committee received comments from various stakeholders that invoice payments by the HAS have routinely exceeded 30 days with 60 and 90-days payments being the norm. While our committee did not delve into the details, it may be advisable to bring the stakeholders and the HAS together to further research the process of invoicing and payments such that everyone feels each side is following the correct procedures to review, approve, and pay invoices as quickly as possible to help all businesses manage the cash flow on these projects. If payments are lagging, one additional option may be to consider a small bank program to help bridge the gap between invoicing and payment similar to what has been offered at PWE for their recent small business road repair contractor program. In addition, previous administrations established prompt payment (payment within 30 days without returns for corrections) as a performance metric for the HAS and a reestablishment of this performance metric may reassure vendors that the process of payment is actively managed by the HAS and that no payments of approved invoices extend beyond normal times. We strongly recommend this issue be studied further so that everyone working for the HAS feels that payments are approved and paid as expeditiously as possible.

SUPPLEMENTAL INFORMATION

During the course of gathering information and visiting with airport and airline workers, the following ideas and suggestions were presented. Although these are not part of the committee's official recommendations, we have included them in this report for further thought and consideration as valid and viable solutions for enhancing the experience of the travelling public and improving quality of life for airport employees:

1. **Expedite badging process.** *The committee heard numerous complaints from vendors and airline employees that the HAS badging process is slow and cumbersome, sometimes taking up to 3 weeks. Food vendors making a low wage may not be able to wait and are forced to take other jobs.*
2. **Expedited passage through Immigration and Customs Enforcement.** *There is room for improvement for HAS to interface with ICE, DHS, and Customs & Border Protection to ensure passengers and crewmembers have a quick and timely passage through Immigration and Customs to catch connecting flights or return home in an expeditious manner. Currently, there is no Crew Line for airline crew in Immigration (although there is in Customs), and crewmembers arriving late to their next aircraft could delay departures for passengers with connecting flights.*
3. **Improve HAS signage and wayfinding along major freeways.** *Apparently, signage with airport symbol has been fabricated and remains in storage at IAH. Contact for this signage location is Bill Zrioka, 281-233-1364.*
4. **Contracting with an Urgent Care Clinic for medical services on airport grounds.** *Currently, paramedics from the Fire Department administer medical care to sick or injured passengers, but seriously ill patients have to travel offsite to a nearby hospital for more extensive care. An onsite pharmacy in the airport would also help passengers and employees with their medical needs.*
5. **Playscapes in the concourses for small children.** *Airports within the DFW Airport Authority system and cities in Florida offer play areas for children to burn off energy before boarding a flight requiring sitting still for long periods of time.*
6. **Restaurants & bars outside of security.** *Currently, practically all locations to eat or drink are inside security. The HAS Information Booth volunteers indicated they get many inquiries and complaints about this issue. Many individuals and families may want to eat before leaving airport grounds or meet someone from town who is not travelling. The City of Houston is missing a major economic opportunity to add restaurants, bars and shopping outside of security. Other global cities' airports are booming entertainment centers that provide jobs and a powerful revenue center for the city from taxes.*
7. **Restrooms on the Ticket/Passenger Drop-off level.** *Currently, passengers who have not yet cleared security have to go downstairs to Baggage Claim/Customs to use a lavatory.*
8. **More transportation options.** *Light Rail should be a high priority for connecting IAH and HOU to downtown and other Houston business districts. The only Metro route to IAH is to Terminal C, which zigzags through the Greenspoint District. Vans such as SuperShuttle could be contracted to provide airport service from the Park & Rides so that Houstonians can avoid driving to and parking at the airport. Consider employee parking discount at the airport terminals, as the Employee Parking Lot is on Greens Road, a 20-minute shuttle ride away.*
9. **Other issues for improving employee work life** *include getting dropped off at the terminal where they report to work (i.e., some employees report that HAS won't permit employee drop-offs at Terminal C) and organizing access in the terminals for leafleting and other employee activities.*
10. **Better training for subcontractors providing services to airlines and HAS** *(i.e., wheelchair workers) to enhance security (i.e., spotting unaccompanied bags, noticing individuals in unsecured areas without proper badging)*

RESOURCES

Interviews & Meetings

Mario Diaz, Director, and executive staff, HAS

Jack Drake, (retired) President, Greenspoint District

Linda Head, Associate Chancellor, Workforce Education & Corporate Partnerships,
Lone Star College System

Andy Icken, Chief Development Officer, City of Houston

Debbie McNulty, Director, Mayor's Office of Cultural Affairs, City of Houston

Gavin Molloy, VP Corporate Real Estate, United

R. Bruce Rieser, President/CEO, SKR Consulting (representing Foreign Flag Carriers)

MWBE/Prime Stakeholder Meeting – February 10, 2016 – 77 attendees

Chambers of Commerce and Associations represented at MWBE/Prime and HAS committee meetings:

Government Procurement Connections, Inc.

Greater Houston Business Procurement Forum Houston

Houston Black Chamber

Houston Hispanic Chamber of Commerce

Houston Minority Supplier Development Council

Houston Women Contractors Association

Indo-American Chamber of Commerce, Houston

Intercontinental Chamber of Commerce, Houston

National Association of Minority Contractors, Houston

Native American Chamber of Commerce, Houston Tri-County

North Houston Association

Women's Business Enterprise Alliance

Reports and Other Documents

Transition Committee on Houston Airport System Policy Background Framing Document (Attached)

HAS Director's Response to Framing Document and HAS Transition Committee's Written Inquiries (Attached)

HAS Office of Business Opportunity Proposed ACDBE Goals FY 2015-2017

Office of the City Controller, City of Houston, Memorandum dated December 22, 2015 (Attached)

City of Houston, *Artist Selection Process* - provided by Debbie McNulty

Civic Art Capital Improvement Plan, 2016-2020

**MAYOR SYLVESTER TURNER
TRANSITION COMMITTEE ON HOUSTON AIRPORT SYSTEM
POLICY BACKGROUND AND FRAMING DOCUMENT**

The Houston Airport System (HAS), consisting of George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU), and Ellington Airport (EFD), is a major component of the local and regional economy, with a regional impact of over \$27.5 billion in a 2010 economic impact study.¹ The system is currently undergoing a series of significant expansions, specifically:

- a \$1.5 billion terminal construction project at IAH,
- the addition of an international terminal at HOU, and
- the construction of an FAA-approved commercial space-flight center at EFD.

Given the clear economic importance of the Houston Airport System, the Transition Committee on the Houston Airport System may choose to explore the following issues:

Growth and Expansion. The Houston Airport System is currently implementing growth and expansion initiatives at each of its airports.

- What opportunities exist to improve the master-planning process for each of the HAS airports? According to what standards should the planning process be evaluated? Are there any efficiencies of scale or coordination that can be achieved?
- What opportunities exist to improve business growth at HAS airports, including job creation? What obstacles exist to these improvements?
- Do opportunities exist to more effectively leverage business growth at HAS to grow other area businesses?

Security.

- Given the ongoing concern regarding possible security issues at public spaces and transportation centers, what additional resources or policies have the HAS identified that the City can address?

¹ "Houston Airport System Economic Impact Study: Final Report." GRA, Inc., with Dr. Steven Craig, Department of Economics, University of Houston, p.4, June 2011.

Contracting. Houston Airport System is an important local driver of contracting opportunities. With ongoing expansion plans, including the construction of a new Terminal at IAH; vendor and concession opportunities; and daily airport operations, it is important to ensure that the contracting process is fair, efficient, and a true benefit to Houston.

- Do opportunities exist to improve the Houston Airport System's contracting outcomes with respect to local businesses? Small businesses? Minority and Woman-owned Business Enterprises? By what standards should improvement be measured?

Partnerships. The expansion activity and robust economy of HAS make it a natural potential partner for a variety of community initiatives. For example, with respect to workforce development, a partnership was announced in January 2015 with the City of Houston, HAS and three local community college systems to build and operate a training center both for basic contracting skills and for the more-technical skills needed for career advancement. With respect to the arts, HAS facilities continuously display large-scale art exhibitions, and HAS plans to allocate approximately \$20 million for civic art through 2019, according to the City of Houston's most recent Capital Improvement Plan.⁷

- What opportunities exist to improve how HAS interfaces with existing community partners and inspires new partnerships in neighborhoods? Can the potential benefits of such changes be quantified?

Environmental.

- Are there any longstanding environmental issues that may pose an obstacle to the effective expansion of the HAS that the City needs to address?

Additional issues as deemed appropriate by the Committee.

⁷ 2015-2019 Capital Improvement Plan, City of Houston, p. 9.

MAYOR SYLVESTER TURNER
TRANSITION COMMITTEE ON HOUSTON AIRPORT SYSTEM
POLICY BACKGROUND AND FRAMING DOCUMENT
[Director's Reponse]

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- the construction of an FAA-approved commercial space flight center at EFD.

Given the clear economic importance of the Houston Airport System, the Transition Committee on the Houston Airport System may choose to explore the following issues:

Growth and Expansion. The Houston Airport System is currently implementing growth and expansion initiatives at each of its airports.

- **What opportunities exist to improve the master-planning process for each of the HAS airports?**
 - The master planning process for airports is largely governed by Federal Aviation Administration Advisory Circulars (namely FAA AC 150/5070-6B Change 2).
- **According to what standards should the planning process be evaluated?**
 - The master planning process should be evaluated against best practices for planning in the aviation industry. United, Southwest, the FAA, CBP, TSA, local community leaders, and other stakeholders are closely involved in the planning process. HAS works with these stakeholders on a weekly and sometime a daily basis. These stakeholders ensure that HAS will have facilities and other infrastructure that meet current and future demand. HAS not only coordinates with stakeholders on a local level but also on regional, national and corporate level. HAS leadership meets with executives from United and Southwest headquarters on a monthly basis. Meeting are also held with the FAA Southwest

Regional Administrator and his staff on a quarterly basis. Finally meetings are held several times per year with federal agency leadership from Washington, D.C. to discuss pressing HAS issues such as CBP staffing or FAA policies or regulations.

HAS is well served through the high performing staff of planners and industry-leading consultant resources engaged to lead various planning efforts at all three airports.

- **Are there any efficiencies of scale or coordination that can be achieved?**

- Each of the three airports in the HAS have unique operating environments. As such, each airport master plan is specific to the airport and, despite having similar elements within the plan, they are unique in their recommendations. Efficiencies are found between the airports in that each airport provides a set of facilities that are complementary. For example, Hobby is attractive to low cost international airlines due to its comparative cost structure and corporate aviation users due to its close-proximity to downtown, which preserves capacity at Bush Intercontinental for commercial and cargo purposes.

- **What opportunities exist to improve business growth at HAS airports, including job creation?**

- Both Bush Intercontinental and Ellington Airport have space to accommodate large-scale development(s). Specific to Ellington Field, there are over 800-acres that can be used for development, of which, 400-acres is targeted for the Houston Spaceport and the remaining acreage targeted for additional Spaceport development or other private investments. Large-scale developments would generate additional jobs.
- Phase one of the Spaceport development includes a 53K sq. ft. high bay/office facility which currently is 100% leased to the Boeing Company. The same facility becomes available July 2016 and on-going talks with United Technologies, Intuitive Machines, Boeing and the first international potential partner UK based Catapult Satellite applications are prospects to support further growth of the aerospace sector in Houston.

In addition, plans are underway to develop the rest of phase one, which covers a 90 acres site that HAS intends to develop with infrastructure such as roads and utilities. An 80,000 Sq. ft. incubator facility is being planned for construction

before 2018. This development will open 70 acres of leasable space with a potential of \$200M building value which will can be developed using several models including private-public partnerships.

We have also created partnerships with local and State Universities, NASA-JSC, Sierra Nevada Corporation, The Aerospace Company, The State of Texas and several others, which all have tremendous potential for Houston's aerospace sector.

- The HAS established a collaborative agreement, known as the Houston Area Construction Education Collaborative (HACEC) with three local community colleges (Lone Star College System, Houston Community College, and San Jacinto College) to provide craft skills training and OSHA-certified safety training to contractor employees engaged in designated HAS capital projects as a means of providing greater opportunities for the local community to participate in jobs growth as a result of the upcoming large-scale construction projects and to improve job safety on the project sites. The training program is proceeding towards achieving operation during Spring 2016.
- In addition to the HACEC, the HAS is developing a formal entrepreneurial mentoring program to assist local small consulting and construction firms in developing sound business plans and practices such that they may more effectively compete, be awarded, and successfully execute HAS capital projects. The program, in its infancy, is envisioned to partner large and successful consulting firms and local small firms during project execution, and will provide an opportunity to provide formal business training in an office environment as well as practical hands-on training during project execution.
- To support continued growth of the IAH campus, improve operational resilience and to implement natural resources sustainable, best management practices, HAS completed an extensive Utilities Master Plan (UMP). The UMP provides a road map towards achieving improved life cycle maintenance of critical infrastructure systems, as well as identifying opportunities for implementing best management practices for sustainable and renewable natural resources. Implementation of these strategies will reduce the cost of energy services and reduce air emissions while simultaneously improving the Airport's

resilience. At present, the HAS is developing a formal procurement solicitation to design and construct a combined heat and power cogeneration plant on the IAH campus to implement these innovative and sustainable energy strategies.

- HAS is working closely with United Airlines on a project to double the size of their IAH aircraft maintenance facility to meet growing demand.

- **What obstacles exist to these improvements?**

- The Houston Spaceport has undergone a Federal-level Environmental Assessment and received a Finding of No Significant Impact (“FONSI”) from the FAA. The FONSI is the culmination of efforts necessary to meet National Environmental Protection Act (“NEPA”) requirements. However, wetland mitigation, drainage improvements – both on and off airport, and general economic conditions that may deter private investments are the primary obstacles to these improvements.

- **Do opportunities exist to more effectively leverage business growth at HAS to grow other area businesses?**

- As the HAS continues to develop and grow to meet additional demand for our facilities, we will continue our long tradition of reaching out and engaging local businesses. We monitor the local participation on planning, design, and construction contracts in addition to the DBE/MWBE participation rates.

Security.

- **Given the ongoing concern regarding possible security issues at public spaces and transportation centers, what additional resources or policies have the HAS identified that the City can address?**

- 3 Year Security Master Plan
 - Establish and implement core policies and procedures
 - Enhance endpoint application whitelisting
 - Implement laptop encryption solution
- Back flow prevention technology
- Access Control: We recently moved to a touch and pin
- Airport Perimeter Security: City Council approval for purchase requirements
- Open Carry and Firearms Policies: Continued support and communication with Legal and HPD.

- Emergency Responder Training:
 - Maintain adequate budget for EMS/HFD/HPD to conduct recurrent training, i.e. Tabletop, Workshops, and Full Scale Exercises, in mass casualty events, specifically aviation related.
 - Continue to coordinate efforts and conduct training on Aviation facilities with the Department of Aviation and its business partners.
 - Continued OEM support and coordination in providing training/certification courses in Incident Management for grant and reimbursement eligibility (FEMA).

Contracting. Houston Airport System is an important local driver of contracting opportunities. With ongoing expansion plans, including the construction of a new Terminal at IAH; vendor and concession opportunities; and daily airport operations, it is important to ensure that the contracting process is fair, efficient, and a true benefit to Houston.

- **Do opportunities exist to improve the Houston Airport System’s contracting outcomes with respect to local businesses? Small businesses? Minority and Woman-owned Business Enterprises? By what standards should improvement be measured?**
 - The Houston Airport System (HAS) recognizes the importance of Small and Minority participation on airport contracts. To improve participation of Small and Minority business HAS pioneered various outreach events that are focused on project updates and future contracting opportunities. Going forward, HAS will focus on working with subcontractors to prepare them for prime contracting opportunities. Future success for the COH should be measured by the number of new MWSBE participants on airport contracts and continuing the positive reputation HAS currently has in the contracting community. Below are highlights from the past 24 months.
 - Won Champion of Diversity award from OBO in 2015
 - Won the Pinnacle award for minority inclusion in contracting from the Houston Black Chamber of Commerce in 2015
 - HAS has held eight industry days to educate and promote business contracting opportunities to prime contractors, MWBE’s, and concessionaires.
 - Generated the highest level of minority participation among all COH Departments in 2015.

- The Houston Airport System is the only department in the City of Houston that has centralized procurement to include construction and non-construction services. By centralizing procurement, the HAS is able to ensure transparency as well as compliance with COH, State and Federal procurement guidelines, as well as accomplish greater efficiencies through standardization, and providing a single Point of Contact accountable for procurement, purchasing and contracting to the Strategic Procurement Division (SPD).

Informal bids of \$50,000 and less will be posted on HAS's website in the future to provide notice of opportunities to local and small businesses and MWBE enterprises.

The HAS will advertise 70 or more formal solicitations by the end of December 2016, which will provide contracting opportunities for construction, concession and service contracts. This information will be posted on HAS's website and broadcast to various companies. HAS hosted multiple Industry Days, along with OBO, to outline future projects and procurements. Several hundred people attended each of these events. By hosting these events at least a year out, it provides businesses the time needed to cultivate relationships that lead to joint ventures.

Partnerships. The expansion activity and robust economy of HAS make it a natural potential partner for a variety of community initiatives. For example, with respect to workforce development, a partnership was announced in January 2015 with the City of Houston, HAS and three local community college systems to build and operate a training center both for basic contracting skills and for the more—technical skills needed for career advancement. With respect to the arts, HAS facilities continuously display large— scale art exhibitions, and HAS plans to allocate several millions of dollars for civic art through 2019, according to the City of Houston's most recent Capital Improvement Plan.

- **What opportunities exist to improve how HAS interfaces with existing community partners and inspires new partnerships in neighborhoods? Can the potential benefits of such changes be quantified?**
- The HAS formed a partnership with the Texas A&M University, Energy Systems Laboratory, to assist in the identification and implementation of effective energy management strategies to reduce the costs of operation and deployment of

sustainable energy resource strategies. To date the combined efforts have resulted in significant energy costs savings at each of the three airports. The Texas A&M University, Energy Systems Laboratory also assisted in the commissioning of the new International Terminal at Hobby Airport.

- The Spaceport development at Ellington has allowed HAS to create and develop community partnerships such as the case of Intuitive Machines a Houston start- up company created just three years ago. Since its start Intuitive Machines and HAS have been working together to promote and develop their business as well as ours. From a base of 12 original jobs, Intuitive Machines has grown to more than 60 jobs in Houston and plans are to double that number within the next two years. Intuitive Machines is one of the companies that will be using space at the existing spaceport facility and plans to become also a tenant of the incubator space, and to eventually build their own facility within the spaceport's phase one.
- NASA partnership where they provide training to Spaceport employees

Environmental.

- **Are there any longstanding environmental issues that may pose an obstacle to the effective expansion of the HAS that the City needs to address?**

Following issues are both longstanding and could extend the time required to develop HAS projects:

- Wetlands at IAH – will require permitting and serious consideration of alternatives, may limit the type of development that could be acceptable in some places. The City (HAS) should continue developing wetland mitigation banks. HAS should consider working with the USACE to obtain an IAH-wide permit.
- Air quality – the Houston/Galveston/Brazoria area has improved to marginal non-attainment status, but the new Ozone standard will probably put it back in moderate or severe status. At some point, in the not-too distant future, TCEQ will develop a new State Implementation Plan SIP. The City (HAS) needs to ensure that the SIP budget has sufficient room to cover forecast growth through the end

of the SIP period. It might also help to get airport development for all HAS airports incorporated in the Transportation Improvement Plan (TIP) assembled by HGAC as the Metropolitan Planning Organization (MPO). Getting HAS projects in the TIP exempts them from the need to demonstrate construction conformity with the SIP. HGAC would probably require construction emissions estimates for any projects HAS wish to include in the TIP. The combined IAH heat and power cogeneration plant project that was mentioned earlier has the potential to greatly reduce the airport's carbon emissions.

- Floodplains at IAH and HOU – while this is not currently a serious problem, it may become a more significant problem if the City does not stay ahead of its flood storage requirements.

Supplemental Questions.

- **What are specific steps you plan to implement to deliver your vision for the HAS, as presented at the 2015 GHP State of the Airport – in particular, (a) preservation of the current international flights, (b) growth of new international and domestic routes, and (c) the successful delivery and operation of the spaceport – considering the impact of oil & gas downturn on the Houston economy?**
 - Strategy, planning, and management (Refer back to Strategic Plan booklet)
 - **Mission:** We exist to connect the people, businesses, cultures, and economies of the world to Houston
 - **Vision:** Establish Houston as a five-star global air service gateway where the magic of flight is celebrated
 - **Strategic Priorities**
 1. Make our passengers happy
 2. Maintain assets in “opening day fresh” condition
 3. Build capacity for future success
 4. Build strong relationships with our partners
- **What are other major impediments to economic growth at the HAS?**
 - There is an impediment in attracting executive talent that is experienced and understands the industry.
- **What are the key areas that HAS staff will focus on to promote economic growth for the HAS?**

- Refer back to Strategic Plan booklet.
- **Are you considering ways in which the HAS can be leveraged as a local economic development tool with surrounding airport communities, utilizing existing land use, cultural and scenic values, and sustainable and innovative industries? Please explain your thoughts on the topic/concept and your strategy for achieving.**
- Aviation Club
- HACEC
- Collaborative efforts at EFD with NASA, Rice University, and Lone Star Museum
- HOU with SWA
- MLIT with United and the foreign flag carriers
- Security—partnering with companies that will help us develop the “outer layer”
- Beautification project at airports
- Signage
- Sustainability
 - Water reuse
 - Net Zero Energy Growth and production of energy
 - Solid Waste Recycle (all waste)
- **What are the major environmental issues (i.e., contamination problems) facing the HAS and what are the challenges, if any, in addressing them? Specifically, is there any groundwater contamination that will require clean-up and remediation?**
- None.
- **Are there any known threats to the security system in or around the HAS airports that need to be addressed and how immediate are such threats?**
- We are working with HPD on interoperability to communicate with police and TSA on the same frequency.
- **Please describe the HAS policy or procedures regarding the assignment of public demonstrations or other First Amendment protected activities to certain physical locations at the airports?**
- Provide copy of solicitation policy.

- **What amount of discretion do the HAS employees have in deciding where public demonstrations and other First Amendment activities can take place and what guidance and training do they receive in exercising that discretion?**
 - As there are single locations within the terminals and as the process provides for a first come-first served basis there is very limited discretion.

- **If an individual or group is not satisfied with the location that they are assigned to demonstrate or exercise their First Amendment rights, what is the procedure for requesting a different location?**
 - Provide copy of solicitation policy.
 - The policy operates on a first come-first served basis. If a location is not satisfactory to a group, they need only get on line for the next location that becomes available.
 - The policy only applies to terminals operated by HAS, and do not include exclusive use terminals under lease to airlines.
 - There are limited assigned slots in which permits are issued and designated locations at IAH and HOU (i.e. Terminal A Baggage Claim and curbside).

- **What is the HAS recruiting and hiring policy for senior management positions?
Please provide a list of all senior management positions/individuals hired since 2010, including their previous employment.**
 - The COH's policy is HAS policy for all hiring.
 - A list of senior management positions/individuals is being developed.

- **Please provide the dollar amount of MWBE/DBE/ACDBE awards and utilization for the PMSS contracts.**

Parsons	
Chaves & Associates	\$868,268.80
Leibowitz & Horton	\$1,066,640.96
Impact Strategies	\$253,036.80
Sunland	\$946,756.29
Stellar 4U	\$944,592.52
	\$4,079,295.37 or 48.20%

JAT Consulting Services, Inc.	\$ 590,153.46
Taylor Construction Management	\$ 1,186,806.60
Gunda Corporation, LLC	\$ 357,925.00
	\$ 2,134,885.06 or 51.49%

- **Please provide a list of the MWBE utilized on projects (Construction, Good and Services, IT, Professional Services and Concessions) since 2010.**

- A list of the MWBE utilized on projects since 2010 is being developed.

- **How many contracts does the HAS OBO oversee? What is the ratio of OBO Compliance Officer (or similar responsibility but different title) to number of contracts currently at HAS?**

- HAS OBO has two compliance officers that actively oversee:

- 33 construction contracts that require daily monitoring

- The same two compliance officers spot audit the following:

- 61 professional services
- 8 goods & services contracts
- 13 maintenance contracts

- HAS OBO has one staff analyst that spot audits:

- 60 concessions contracts

Awards.

- Upgrade of HAS's subordinate lien issuer rating by Moody's from A2 (A equivalent) to A1 (A+ equivalent) in October 2015
- Won department of the year award from OBO in 2015
- During December 2015 at an annual Clean Air Through Energy Efficiency (CATEE) conference, the HAS was awarded the Texas A&M University, Energy Systems Laboratory, "Energy Partner of the Year" award in recognition of HAS' efforts to improve and implement energy-related best management practices.
- Houston Spaceport – Houston Business Journal "Deal of the Year" and "Economic Development of the Year."
- Champions of Diversity Award/ Houston's Office of Business Opportunity Advisory Board
- Energy Partner of the Year/ Texas A&M University
- Outstanding Customer Service Program/ Airports Council International – North America
- Air Service Development – Routes Americas Marketing Award
- Airports Going Green Award/ Honorable Mention
- Mario Diaz – "Public Official of the Year"/University of Houston, Airport Director of the Year/ Airport Revenue News, Finalist for "CEO of the Year" award from Houston Business Journal
- Greater Houston Women's Chamber Breakthrough Woman of the Year
- STEAM Role Model/Greater Houston Women's Chamber of Commerce
- Property Manager of the Year/Airport Revenue News
- Top 30 Influential Women of Houston/ D-Mars.com
- Women in Transportation Society – "Woman of the Year"
- Top 40 Under 40/ Airport Business Magazine
- The IAH Central Plant Control Building was the first COH building to be awarded a LEED Platinum Rating.



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

RONALD C. GREEN

To: Chris B. Brown
City Controller - Elec;

From: Ronald C. Green
City Controller

Date: December 22, 2015

cc: Mayor Annise Parker
City Council Members

Subject: HAS PROCUREMENT -
12-22-2015 Agenda Items
20, 21, 22, 23 & 24

As you are aware, this office has withheld certification of several agenda items related to the IAH Terminal Redevelopment Program (ITRP). The items originally appeared on the December 1 & 2, 2015 City Council Agenda as items 41, 42, 43, 44 and 45. On the December 15 & 16, 2015 Agenda, the proposed contracts were listed as items 44, 45, 46, 47 and 48. On today's Agenda, the proposed contracts are items 20, 21, 22, 23, and 24. The proposed contracts were not on the December 8 & 9, 2015 Agenda. Although on today's Agenda, the proposed items will not be certified for vote. It is my understanding these items will be presented to you, in current form, in the near future. To that end, elucidation of the position of this office is in order.

On, or about, November 21, 2015, this office received notification of potential fraud regarding the ITRP procurement process. Along with that notification, I obtained an HAS Interoffice Memorandum written by Justina Mann, HAS Chief Procurement Officer addressed to Mario Diaz, HAS Executive Director dated November 13, 2015. (See Exhibit 1) The memorandum clearly delineated changes in scores from the first and second rounds of the evaluation process. As you know, a change in score and vendor displacement in a two-step process, on its face, does not automatically cause this office to sustain a complaint as fraud. However, in an effort to ensure the then-upcoming request for certification of funds was in the best interest of the city, I requested, from Justina Mann certain documents, including the original proposals for each procurement. I also informed the Operations Division of this office to hold all airport contracts for my original signature until I completed my review of the request for certification of these items. (See Exhibit 2, page 21; email from me to Justina Mann (6:27 PM)) It should be noted that on this date, Ms. Mann informed me the November 13th memorandum was a draft.

On November 25, 2015, the day before Thanksgiving, I received six boxes containing the submittals for each of the ITRP solicitations. According to Ms. Mann's November 13, 2015, the solicitation for Design Build Services for the ITRP Program Management Office was cancelled due to a technical lack of compliance by the MWBE firms. The solicitation is scheduled to be reissued in January 2016. On November 30, 2015, I sent Ms. Mann

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an email verifying whether the information I received was true and correct. Ms. Mann confirmed the information was accurate and unaltered.

Although there were five proposed contracts presented to this office for certification, it is indisputable that I started with the proposed contract that is the most egregiously suspect and contains the biggest elephant in the room: Houston Airport System (HAS) Request for Proposal solicitation No. HGH-OCIP-2015-028 Owner Controlled Insurance Program (OCIP). The proposed awardee is Marsh USA, the employer of a sitting council member, and Boris Miles Insurance Agency is the proposed MWBE subcontractor. Based on the proposals and evaluation process, this team initially came in third place of the short listed finalists and proposed a price that was almost twice the price of the first place proposer (\$6,400,000 vs. \$3,250,577). The price was subsequently negotiated to \$5,500,000 "based on clarification of the scope of the engagement." (See Exhibit 2, page 16, Mann email to Green, 12/1/2015, 6:52 PM) I also noticed the MWBE Participation Plan that was voted upon by the evaluation committee consisted of a joint venture between Marsh USA Inc., Boris Miles Insurance Agency and Protectors Insurance and Financial Services (owned by Howard Jefferson), with a 49.98% MWBE participation rate. (See Exhibit 1) It should be noted that a 58% MWBE participation plan was presented to the Budget and Fiscal Affairs committee on November 19, 2015. (See Exhibit 3) The MWBE participation plan, as presented on today's agenda and the November 25, 2015 Memorandum from Justina Mann to Mario Diaz and distributed to Council, lists an MWBE participation plan of 31.23% and Protectors Insurance is noticeably absent. An MWBE plan that has been presented differently three times surely raises more questions than answers for this office and council members.

On December 1, 2015, I further queried Ms. Mann about the MWBE participation plan. Ms. Mann responded, "There is no joint venture mentioned in the documents provided. There is a prime, Marsh, with subcontractors. Marsh plans to honor the participation they presented. However, they disclosed during negotiation that they were reconsidering the second firm, Protectors Insurance, and they would get back to us but still honor the goal." On December 4, 2015, Mayor Parker called me to inquire whether I only had an issue with the OCIP and whether I would certify the other four contracts. I informed Mayor Parker that I had many questions regarding the underlying procurement process for all five contracts. I also asked Mayor Parker about the changes in the OCIP MWBE participation plan and why Protectors Insurance was no longer included. Mayor Parker informed me that Howard Jefferson's interest in the proposed contract had been bought by Eric Boutté and that Protectors Insurance was still part of the proposed contract. This is not reflected in the current RCA and Ms. Mann continues to conceal the same. Once again, more questions than answers surround this procurement.

Over the course of the next several days, I asked more questions regarding the OCIP contract. Ms. Mann's answers became more ambiguous and evasive. As a result, I moved on to the other four contracts. On December 11, 2015, I sent questions to Ms. Mann regarding the other four contracts (East Aircraft Parking Hardstand, A&E Design Services, Construction Management at Risk and Enabling Utilities). Once again, I

noticed several proposed vendors had moved up and down in rankings after the second round of scoring and there were several price variations between the proposals and RCAs. I also asked about preexisting relationships between evaluation team members and an individual who was a part of the Austin-Gilbane oral presentation for the proposed CMAR contract. (See Exhibit 2, pages 3-5) Once again, there are questions regarding these relationships and the influence they had on the evaluation process.

Clearly, there are disgruntled vendors' rumors and allegations surrounding the ITRP procurement process and this office's subsequent review of the requests for certification. In an effort to dispel those rumors and to preserve the integrity of those individuals involved in this process, pursuant to Article VIII, Section III, I have requested sworn affidavits attesting to the correctness of these requests for certification of funds. I have requested affidavits from Justina Mann, Mario Diaz, Andy Icken, Council Member Martin and Mayor Parker. (See Exhibit 4) In the interest of transparency, my signed affidavits are attached. (See Exhibit 5) As of the date of this correspondence, my affidavits are the only signed and notarized documents attesting to the accuracy of my actions. As it relates to the statements in the affidavits, yesterday I was informed by City Attorney, Donna Edmondson, that "the underlying factual bases for the statements must be verified. Given the volume of documents, there is no way to verify the information and confer with all the affiants before tomorrow's Council meeting." In all fairness Council Member Martin's affidavits were sent last Thursday, Justina Mann's were sent Friday and Mario Diaz', Andy Icken's and Mayor Parker's affidavits were sent yesterday. However, some of the affidavits are simple attestations that no laws were broken and no improper meetings or discussions occurred.

Many questions remain unanswered regarding the ITRP procurement process. The questions and responses contained in the email chain clearly raise questions regarding HAS procurement practices; hence, my reason to issue affidavits. You should know there is no shortage of employees and vendors coming forth daily to apprise this office of potential irregularities. I am sure this office will be busy in the foreseeable future investigating the same.

I hope this correspondence provides insight into the current status of today's agenda items. Please do not hesitate to contact me, if you have questions.

APPENDIX

Airport mission statements

Atlanta Department of Aviation

(Hartsfield-Jackson Atlanta International Airport)

Mission: Our mission is to provide the Atlanta region a safe, secure and cost-competitive gateway to the world that drives economic development, operates with the highest level of customer service and efficiency, and exercises fiscal and environmental responsibility.

<http://www.atlantaga.gov/index.aspx?page=184>

Chicago Department of Aviation

(O'Hare and Midway International Airport)

The Chicago Department of Aviation (CDA) administers all aspects of Chicago's two major airports – O'Hare and Midway International Airports. In addition to managing world class airports in Chicago, CDA is one of the regional leaders in business, employment and sustainability. The CDA has made a commitment to the Chicago area community to be a steward to residents, visitors and the environment.

The CDA's central purpose is to:

- Ensure safe and efficient travel through O'Hare and Midway International Airports
- Successfully implement the O'Hare Modernization Program (OMP)
- Enhance economic activity and job creation of O'Hare and Midway International Airports
- Manage airport tenant and concessions license agreements; ground transportation facilities; financial administration; research, planning and development activities
- Integrate airport-specific, sustainable planning and practices in design, construction, operations, maintenance and daily airport functions

<http://www.flychicago.com/business/en/CDA/About-CDA.aspx>

Port Authority of NY and NJ

(John F. Kennedy International Airport, LaGuardia Airport, Newark Liberty International Airport, Stewart International Airport, Teterboro Airport)

Mission: Meet the critical transportation infrastructure needs of the bistate region's people, businesses, and visitors by providing the highest-quality and most-efficient transportation and port commerce facilities and services to move people and goods within the region, provide access to the nation and the world, and promote the region's economic development.

<http://www.panynj.gov/corporate-information/pdf/annual-report-2014.pdf>

Port of Seattle

(Sea-Tac)

MISSION:

The Port of Seattle is a public agency that creates jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development.

VISION:

Over the next 25 years we will add 100,000 jobs through economic growth led by the Port of Seattle, for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.

VALUES:

- We conduct business with the highest ethical standards.
- We honor our commitments to one another, the community, and our customers.
- We are capable, high-performing people who appreciate the privilege of public service.
- We embrace the richness of a diverse workplace and support employee development.
- We are responsible stewards of community resources and the environment

<https://www.portseattle.org/About/Pages/default.aspx>