

# Airport

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deployed their team for the \$26-million UPS development, other contractors hungry for airport work are crying foul.

Raleigh Roussell of the Associated General Contractors of Dallas said D/FW administrators "basically have eliminated a lot of competition."

Roussell said local contractors have been grumbling ever since the airport's consortium was assigned last year to build two airport parking garages worth \$30 million.

"The attitude was, well, let's wait and see how they're going to handle things in the future," Roussell said. "I guess UPS is the future."

The Dallas City Council — which last year reaffirmed D/FW's competitive bidding obligations — has granted airport management a waiver for the UPS project.

UPS officials told the *Dallas Business Journal* this week that they plan to accept competing bids for most of their 47-acre development.

But they confirmed that early design work has been assigned to the D/FW team, and that a \$1.5 million earth-moving contract could follow.

One reason for engaging the airport's private consortium, officials said, was to maintain good relations with airport management.

"They, as much as anybody, offered up this team," UPS spokesman Paul Lawrence said.

One D/FW official referred to the airport's team as "in-house consultants."

Airport spokesman Joe Dealey said other publicly owned airports and government agencies across the country have shown an interest in emulating D/FW's new system.

"We've got a pretty good thing going," Dealey said.

D/FW Airport is owned by the cities of Dallas and Fort Worth.

Although it has been in practice less than two years, the idea of keeping a team of contractors on retainer actually evolved from one of the darkest moments in the airport's 20-year history.

During the mid-1980s, a sweeping investigation of corruption and mismanagement in D/FW contracting led to criminal charges against several mid-level managers.

In the wake of that episode, D/FW officials wanted to tighten their control of the contracting process while cutting down the bureaucracy.

They persuaded state lawmakers in 1989 to loosen the requirements on competitive bidding at public airports. Then they assembled their consortium, formally known as the Airport Development Team.

Joe Mattingly, assistant development director for D/FW, said the objective was to establish a more efficient contracting system before the airport embarked on an historic expansion.

Construction of two runways, coupled with the growth of such tenants as American Airlines Inc. and Delta Air Lines Inc., is expected to double the airport's size.

Mattingly said if airport officials had sought strict competitive bidding on every project, tenants would "laugh in our face." Each tenant would insist on handling its own developments, he said, and the airport would lose control.

"The only way the airport can compete with that is using a private sector approach to getting things done," he said. "It's leading-edge activity for a public agency."

Bechtel heads the team, while HCB performs most construction. Corgan Associates handles the architectural work, and Carter & Burgess does the engineering.

Employees from each company keep offices in the airport's administrative head-

quarters.

When airport officials assign the team a project, a guaranteed maximum price is negotiated privately in lieu of competitive bidding.

The team is required to accept competing bids from subcontractors. But it also can perform up to 20% of the work itself, in addition to the fees it receives for managing projects.

Mattingly said airport management has entrusted the team to manage \$75 million worth of federally funded airport improvements.

"The airport does want to regain control of that activity as best we can," he said.

The arrangement is scheduled to expire in 1994, at which time airport officials say they will accept competing proposals from other contractors who want to join the team.

Greg Gammill of Austin Industries Inc., a major Dallas contractor, said the original process involved little competition.

Austin Industries, he said, was part of a team that was invited to bid as the only alternative to the Bechtel-HCB consortium.

Austin Industries already was doing a \$115 million facility expansion for American Airlines — the sort of project that Gammill fears D/FW's team now will control.

"They are locked in to control everything that gets done," he said. "We don't think it's right. It's like being appointed a judge — you don't get fired."

An official at HCB Contractors, however, suggested that the arrangement has not been too profitable.

Jerry Carmichael, project manager for HCB, said the experiment has been disappointing because of tenants' opting to circumvent the airport — like UPS intends to do.

A project planned by Lufthansa Airlines

was postponed after Lufthansa had agreed to utilize the team.

"Nobody's getting rich," Carmichael said. "It's been a little bit of a disappointment."

The Dallas City Council intervened last year by passing a resolution that reaffirmed the city's commitment to competition on airport projects.

The resolution said City Hall "encourages and expects" D/FW to take competing bids on projects "to the same extent required of the city."

City attorney Charles Bierfield said competitive bidding "usually is a pretty darn good process."

But the City Council also gave D/FW management the option of seeking waivers from the policy. Waivers were granted almost immediately on the parking garages, and another was granted this summer on the UPS project.

Bierfield estimated that more than \$6 million in work on the UPS development could be assigned to the development team. He added that the waivers are intended to free D/FW from the time-consuming bureaucracy that can result from competitive bidding.

"Time is money on airport construction," he said.

Roussell said the Associated General Contractors would have opposed D/FW's legal maneuvering had the organization been aware of it.

He said most of the activity that went into forming the Airport Development Team took place "very quietly."

If the team continues to be assigned work that otherwise would be open to competitive bidding, Roussell said, other contractors probably will rise up in public protest.

"It's a very strange situation," he said. "This is how you get yourself in trouble real quick."