

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 6e

**ACTION ITEM**

**Date of Meeting** March 5, 2013

**DATE:** February 25, 2013

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Michael Ehl, Director Aviation Operations  
Luis Navarro, Director Office of Social Responsibility

**SUBJECT:** Main Terminal Janitorial Services Contract and Contract Extensions with Metropolitan Building Maintenance and Selam Hospitality Services at Seattle-Tacoma International Airport

<b>Amount of This Request:</b>	Main Terminal = \$53,666,100 Selam = \$124,420 MBM = \$276,354	<b>Source of Funds:</b>	Airport Operations  Expense Budget
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<b>Est. State and Local Taxes:</b>	\$0	<b>Est. Jobs Generated</b>	NA
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**Total Project Cost:** \$54,066,874

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to (1) execute a five-year contract to provide janitorial services to Seattle-Tacoma International Airport for an estimated total cost not to exceed \$53,666,100; (2) enter into a nine-month contract extension with Metropolitan Building Maintenance (MBM) in the amount of \$276,354; and (3) enter into a nine-month contract extension with Selam Hospitality Services (Selam) in the amount of \$124,420. The total amount of these contract actions is \$54,066,874.

**SYNOPSIS:**

Port staff intend to issue a request for proposal (RFP) and competitively award a contract for Airport-wide janitorial services to a principal supplier who will be required to use Small Business Enterprises (SBEs) to provide at least 30% of the services. Port staff would also like to extend the MBM and Selam contracts by nine months to align the expiration of their contracts with the prime janitorial contract. Aligning expiration dates allows Port staff to issue an RFP for a single service provider of Airport-wide janitorial services that will be designed to:

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- Provide the highest standard of services to the Airport for the best price;
- Increase opportunities for SBEs above current levels;
- Encourage the prime contractor to develop mentoring and growth opportunities for SBEs; and
- Improve contract management efficiencies.

### **BACKGROUND:**

Airport janitorial services are provided at the following areas: Main and Satellite Terminal Buildings; Airport Office Building; Police, Fire, and Security offices; Parking Garage and associated offices; the Seattle Ramp Tower; Maintenance Distribution Center; Maintenance Facility at Air Cargo 4; the guard shacks at the perimeter fence; and various employee break rooms and rest rooms.

Currently, janitorial services are provided by both large and small businesses. ABM, a large company, holds the main contract and provides the majority of janitorial services in the terminal buildings. The current ABM contract requires that at least 25% of the work must be subcontracted to SBEs. MBM, also a large company, services the Airport Office Building and Police facility. Selam, an SBE, provides services to some outlying buildings. The table below shows the details and annual expenditure.

<i>Supplier</i>	<i>Scope</i>	<i>2012 Expenditure</i>	<i>Status</i>	<i>Subcontractors</i>
ABM	All Terminals	\$9,011,000	Large Company	Five SBEs
MBM	Airport Office Building	\$ 368,000	Large Company	None
Selam	Outlying Buildings	\$ 149,000	Small Business	None

Through the use of SBE subcontractors, ABM has been able to incorporate small businesses into their operation while closely monitoring their performance standards. This prime contractor/subcontractor partnership has worked well with some small businesses gradually increasing their share of work as they gain experience. By having access to the prime contractor's equipment, small businesses have been able to grow without having to make costly capital investments. In one example, use of ABM's comprehensive employee training program and the loan of ABM's equipment enabled a subcontractor to increase their share of business by 300 percent. ABM had the incentive to increase the SBE's work to meet a contractual threshold and the SBE subcontractor benefited by using ABM resources to achieve a high performance level.

In contrast, surprisingly, awarding a relatively small contract directly to a janitorial SBE has not provided the small business with the best opportunity for growth. Selam Enterprises was awarded a stand-alone contract to perform cleaning the outlying buildings around the Airport and airfield in 2007. Without direct support from a large company, Selam has found it difficult to grow. In several instances minor ad-hoc assignments, such as detailed floor cleaning, have been awarded to outside contractors or the larger janitorial service, due to the SBE's lack of basic, but costly, equipment.

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Port staff from Airport Operations, in close coordination with the Office of Social Responsibility (OSR) and the Central Procurement Office (CPO), are currently developing an RFP for a single supplier to provide all janitorial services to the Airport. The contract will specify a 30% level of small business participation and will require the selected vendor to work with OSR staff on a regular schedule to collaborate on small business development and report on a mentorship program that OSR and the prime or subcontractor will jointly develop.

### **PROJECT JUSTIFICATION:**

Authorization of this request will be the first step in the realignment of janitorial services at the Airport that will maintain high standards of performance and increase contract management efficiencies and service levels, while maximizing opportunities for small business participation.

#### ***Key advantages:***

- Ensures through contractual language that small businesses maintain a specified percentage of overall janitorial work.
- Increases SBE participation from 25% to 30% of the main supplier's business.
- Allows SBEs the opportunity to learn and develop under the umbrella of a large, proven, janitorial contractor.
- Reduces overhead costs through shared supplies and equipment programs.
- Provides a single point of contact for performance issues.
- Provides unified purchasing power for supplies and equipment.

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

If the requested action is approved, the existing contracts with MBM and Selam will be extended, and an RFP will be prepared for a single Airport janitorial contract. We anticipate that the new RFP would be awarded in the fall of 2013 with a new contract start date of February 1, 2014.

### **FINANCIAL IMPLICATIONS:**

#### ***Budget Status and Source of Funds:***

The estimated cost of a five-year contract for combined janitorial services for the Airport is \$53,666,100. Cost of MBM extension is \$276,354 and Selam is \$124,420. These amounts are included in the Airport Operations and Airport Office Building annual expense budgets.

### **STRATEGIC OBJECTIVES:**

This project supports the Port's Century Agenda objectives of increasing the proportion of funds spent by the Port with qualified small business firms, increasing workforce training, job and business opportunities for local communities, and meeting the region's air transportation needs at the Airport for the next 25 years.

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### **BUSINESS PLAN OBJECTIVES 2013-2017:**

This service supports the Airport's purpose in "providing an extraordinary customer experience" and in meeting the strategic goals of "operating a world-class international airport by anticipating and meeting the needs of our tenants, passengers and the region's economy" and "becoming one of the top 10 customer service airports in the world by 2015 (measured by the Airports Council International [ACI] Airport Service Quality [ASQ] Survey Index)." Maintaining a clean airport is considered fundamental to our success.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

**Alternative 1)** Continue the current arrangement under which janitorial services are provided by three separate contracts. This would provide less opportunity for small businesses, will not provide combined purchasing power, and is the least efficient method of managing Aviation janitorial services. This is not the preferred alternative.

**Alternative 2)** Unbundle the main contract into a number of small contracts suitable for SBEs. This will not provide opportunities for SBEs to grow and will not provide the benefit of combined purchasing power afforded by the subcontracting opportunities in Alternative 3. This is not the preferred alternative.

**Alternative 3)** Extend MBM and Selam Hospitality Services contracts through January 31, 2014, and issue a five-year contract for consolidated janitorial services with an effective date of February 1, 2014, for the reasons described above. *This is the recommended alternative.*

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

On January 13, 2009, the Commission authorized a contract for Airport janitorial services to the Passenger Terminal Buildings for a three-year period effective February 1, 2009, through January 31, 2012.

On April 8, 2008, the Commission authorized a contract with Metropolitan Building Maintenance Company for janitorial services effective May 1, 2008, with provision for two one-year extensions (through April 30, 2013).

On April 8, 2008, the Port Commission authorized a contract with Selam Hospitality Services Inc. for janitorial services effective May 1, 2008, with provision for two one-year extensions (through April 30, 2013).