

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6f</u>
Date of Meeting	<u>March 12, 2013</u>

DATE: March 4, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: John Christianson, General Manager Aviation Maintenance
Stuart Mathews, Senior Maintenance Manager Mechanical and Conveyance Systems
SUBJECT: Airport Elevator and Escalator Maintenance and Repair Contract

Amount of This Request: \$ 0 **Source of Funds:** Airport Development Fund

Est. State and Local Taxes: \$164,687

Est. Total Contract(s) Value: \$1,733,549 (2013). Future years to be determined.

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute a contract for elevator and escalator maintenance and repair services for all elevators, escalators, and moving walks at the Seattle-Tacoma International Airport for the period May 1, 2013, through January 1, 2014, in an amount not to exceed \$1,898,236 with the right to extend the contract for an additional six months.

SYNOPSIS:

The annual cost of these services has been included in the 2013 operating budget that was adopted by the Commission on November 27, 2012. On December 6, 2011, the Port Commission authorized the Chief Executive Officer to execute Airport elevator and escalator maintenance contracts via the existing State of Washington Conveyance Maintenance and Repair contract for a five-year period ending December 31, 2016.

In January 2013, Aviation Maintenance was notified that the State of Washington would conduct a re-bid of the State's Conveyance Maintenance and Repair Contract rather than perform an anticipated extension. The current end-date to the existing contract with the current contractor (KONE Inc.) is now April 30, 2013.

This short window of opportunity leaves little time for the Department of Enterprise Services to conduct an appropriate public procurement that will meet the needs of all the agencies using this state service contract. We believe this unanticipated change and the potential for a new contractor with no understanding of the Airport's systems, equipment, and operational

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requirements puts the availability and reliability of the elevators and escalators at risk if staff waits on the outcome of the State of Washington's procurement process. Funds for contract payments for elevator and escalator maintenance through the State of Washington are included annually in the budget as specific expense items and would be used to cover the cost of this contract through January 1, 2014.

BACKGROUND:

The Airport currently has 170 total elevator and escalator conveyances located throughout the Airport. Aviation Maintenance, through a contracted service, is responsible for the maintenance and repair of these elevators and escalators.

The State of Washington issued Contract No. 01507 for Statewide Conveyance Maintenance and Repair. The contract term had an initial term of three years from the date of award (April 17, 2007) with extension options not to exceed 15 years. The Port of Seattle is authorized to access this contract through the Washington State Department of Enterprise Services (DES), of which the Port is a cooperative member.

The extensions are subject to mutual agreement between DES and the contractor, and remain consistent with the current terms and conditions. The current term of the state contract ends on April 30, 2013, and Washington State DES has elected to proceed with a new procurement rather than extend the contract further.

PROJECT JUSTIFICATION:

Project Objectives:

The objective of this request is to allow the Aviation Maintenance Department to continue to maintain the Seattle-Tacoma International Airport Passenger Conveyance Systems in an effective manner, ensuring the Airport continues to operate appropriately.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The scope of work for this contract is to provide all preventive, corrective, emergency maintenance and repairs on the 170 pieces of passenger conveyance equipment (elevators, escalators, and moving walks) at the Airport. Not included in this scope are the elevators and escalators at the Rental Car Facility (RCF). The contract for RCF falls under the responsibility of the Rental Car Company consortium.

FINANCIAL IMPLICATIONS:

Budget Status and Source of Funds:

Contract payments are included annually as specific line items in the Aviation Maintenance Expense budget. The funding source is the Airport Development Fund.

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ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1) Continue to utilize the State Department of Enterprise Services to execute and administer a contract. Stay in the Statewide Conveyance Maintenance and Repair Contract with the expectation that the State will be able to secure procurement by April 30, 2013. The Port staff believes that the State has a tremendous challenge ahead by attempting to execute procurement in such a short period of time. This could leave the Airport vulnerable for several reasons including the following:

- a) The risk of a contract lapse. We are relying on the State to conduct a very complex procurement within an extremely short timeline.
- b) If a new contractor is selected by the State, the contractor must complete Airport-specific security requirements. The badging process will add additional time to the Port-specific portion of the procurement. This could create gaps in service.
- c) The State procurement may result in changes to the contract that may not align with the strategic mission of the Airport. Port staff feels this timeline does not allow the appropriate amount of time to review the contract documents to ensure such appropriateness.

This is not the recommended alternative.

Alternative 2) Execute a maintenance and repair service contract directly with KONE Inc. allowing the Port of Seattle to directly procure elevator and escalator maintenance services with the present contractor for a period of time necessary to execute a new independent competitive procurement for these services. Because of the magnitude of the contract, it is anticipated that it would take approximately nine months to complete this process. This will allow the Airport to retain proven escalator and elevator maintenance services for the duration of the contract development and execution. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- On December 6, 2011, the Port Commission authorized the Chief Executive Officer to execute Airport elevator and escalator maintenance contracts via the existing State of Washington Conveyance Maintenance and Repair contract for a five-year period ending December 31, 2016.