

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	5e
Date of Meeting	July 9, 2013

DATE: June 28, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: John Christianson, General Manager Aviation Maintenance
SUBJECT: 2014 Elevator Escalator Maintenance and Repair Service Contract

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

Est. State and Local Taxes: \$253,000 (2014) **Est. Jobs Created:** N/A

Est. Contract Value: \$2.7 million for 2014; \$15,000,000 (5 years)

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute a contract to provide elevator and escalator maintenance and repair services at the Seattle-Tacoma International Airport for up to five years in an amount not to exceed \$15,000,000.

SYNOPSIS:

Commission authorization is requested to execute a contract for elevator and escalator maintenance services for up to five years either with the State of Washington's Department of Enterprise Services, another governmental purchasing program, or with a competitively bid Port contract. The decision on which contracting mechanism is most suitable for the Port will be based on a comparison of the contracts.

The budgeted cost of this service for the year 2013 is \$2.7 million, including tax. Funds for elevator/escalator contract payments are not expected to escalate for 2014 based on current information; however, future requirements implemented by the Department of Labor and Industries (L&I) may increase the cost of this service. Accordingly, we are estimating an annual cost for these services at \$3,000,000 and seeking approval to execute a contract for one year with 4 one-year options. Estimated total value of the contract if the four option years are included is \$15,000,000.

BACKGROUND:

Elevator, escalator, and moving walk maintenance and repairs require the services of specifically trained and licensed technicians. Historically, according to local and national standards, that work has been performed by a maintenance contractor specializing in this type of work. Elevator and escalator maintenance and repair technicians are licensed by the State of Washington and fall under the jurisdiction of the Department of Labor and Industries.

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Until 2009, the Port of Seattle acted independently to procure these services through a competitive bidding process. In 2009, Aviation Maintenance in conjunction with the Central Procurement Office (CPO) elected to utilize the services of the State of Washington Department of General Administration, now the Department of Enterprise Services (DES), and become a partner in the State of Washington Statewide Conveyance Maintenance and Repair Contract. We have continued to purchase services in this fashion annually since 2009.

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 by April 30, 2013, rather than perform an anticipated extension. As a result, Port staff felt it was necessary to terminate its membership in the State contract in the interest of protecting existing service levels for the critical Airport conveyances.

On March 12, 2013, the Port Commission authorized a contract with the current contractor (Kone), thus allowing time to execute a new independent competitive procurement for these services. This contract expires December 31, 2013, with an option to extend for up to 6 months, allowing Port staff sufficient time to determine the appropriate contracting method. Subsequently, the State of Washington has extended the existing contract to an end date of October 31, 2014. DES has begun a new procurement for elevator and escalator services. Staff plans to engage with DES to determine whether the Port's self-procurement or the State's procurement is the better contracting mechanism for the Port. Port staff wants to retain the ability to utilize the State of Washington DES contract or other governmental purchasing program, such as U.S. Communities, if either proves to be more favorable for the Port.

PROJECT JUSTIFICATION:

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 and in compliance with Washington State Labor and Industries requirements.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The scope of work for this contract is to provide all preventive, corrective and emergency maintenance and repairs on all passenger conveyance equipment (elevators, escalators and moving walks) at the Airport terminal facilities. The current number of conveyance units is 169 with additional units to be added over the next few years as current and anticipated projects add conveyance units. Not included in this scope are the elevators and escalators at the Rental Car Facility (RCF). The contract for the RCF falls under the responsibility of the Rental Car Company consortium.

The schedule for this work is ongoing, and will continue to be so for the foreseeable future.

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FINANCIAL IMPLICATIONS:

Budget Status and Source of Funds:

The forecasted budgeted cost of this service for the year 2014 is \$2.7 million. Authorization is also requested to execute a contract for up to five years of service with costs determined annually and included in each forthcoming annual budget.

Contract payments are included annually as specific line items in the Aviation Maintenance Expense budget. The funding source is the Airport Development Fund. Funding for future years will be included in future Aviation Maintenance annual expense budgets as specific line items.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- Alternative 1: Do Nothing. Do not execute a contract. Because the equipment requires licensed technicians, and the Port does not presently employ any of those technician directly, we will be unable to maintain the system as it should be. Equipment failures will eventually occur. This is not the recommended alternative.
- Alternative 2: Execute a contract for one year with four one-year options. Maintain the ability of the Aviation Maintenance Department, in conjunction with the Central Procurement Office, to evaluate alternative contracting opportunities such as the State of Washington's new Conveyance Maintenance and Repair Contract when that procurement is completed, and determine the most appropriate contracting method for future years. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- March 12, 2013 – Commission authorized the Chief Executive Officer to exercise options and otherwise proceed with a direct contract with elevator escalator service contractor Kone for the duration of 2013, with a six month option to extend.
- December 15, 2009 – Commission authorized the Chief Executive Officer to exercise options and otherwise proceed with existing goods and purchased services agreements needing renewal prior to January 31, 2010, a total of six contracts. The Elevator, Escalator and Moving Walk Maintenance and Repair contract for 2010 was included in that authorization.