

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4d
Date of Meeting October 13, 2015

DATE: October 6, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Baggage Handling System Design Services IDIQ contract for Seattle-Tacoma International Airport

Maximum Value of Contracts: \$10,000,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute up to two indefinite delivery, indefinite quantity (IDIQ) contracts for Baggage Handling Design Services totaling no more than \$10,000,000 with a five-year contract ordering period. No funding is associated with this authorization.

SYNOPSIS

These IDIQ contracts would be used for future baggage handling system upgrades of existing systems, design of new systems, and for renewal and replacement projects. Most of these future projects have commonality of scope that could allow their design and construction support needs to be met by IDIQ contracts.

Aviation Project Management analyzed a number of potential projects expected within the next few years. Several projects were identified with estimated design costs ranging from \$100,000 to \$2,500,000. The Airport is realizing unprecedented airline and passenger growth, which is driving many near-term baggage projects in advance of completion of a comprehensive baggage optimization project. Our evaluation concluded that IDIQ design contracts would be the best method to secure Baggage Handling System design and other associated team disciplines, such as electrical, mechanical and structural engineering, for these projects.

The service agreements resulting from this request will allow the Port to respond to a range of design needs. The contract will be available to meet the needs of the Aviation Division. Exact scope and timing of these projects are subject to immediate and future baggage handling needs.

BACKGROUND

In April 2011, the Commission authorized two Baggage Handling System Design and Construction Support Services IDIQ contracts for a total of \$10,000,000. These current contracts

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are nearing capacity. Over the next few years, a number of baggage projects are being planned that will increase capacity, efficiency and reliability within the existing baggage systems. Procuring up to two additional Baggage Handling System Design IDIQ contracts will allow the Port to meet the needs of the planned projects in a timely manner. The number of consulting firms who perform this specialized design service is limited. The Port intends to enter into up to two contracts; however, because the number of qualified consulting firms that perform this specialized service is very limited, the Port may elect to execute only one contract or move money between contracts depending on the results of the competitive process and performance of services.

PROJECT SCOPE OF WORK AND SCHEDULE

The IDIQ contract(s) will be procured according to Port policies and procedures in accordance with the General Delegation of Authority and procurement policy CPO-1. The Port will advertise and issue a solicitation that will include a goal for small business participation. The contracts will be written with specific not-to-exceed amounts and identify the services required. Each contract will have a contract-ordering period (during which the services may be separately authorized) of five years. The actual contract duration may extend beyond five years in order to complete work identified in particular service directives. Service directives may be issued during the contract-ordering period and within the total original contract value.

This request will also support the Airport's program to replace baggage handling systems that are in need of upgrade or have reached the end of their useful life. It will support operational upgrades or capital improvements by providing design documents and construction support for up to 15 baggage handling projects, in addition to unknown pop-up projects that may occur over the next five years. Due to the nature of Baggage Handling System projects, the prioritization and timing for future projects is highly unpredictable, and are based on operational, safety and security considerations inherent to baggage handling systems.

Schedule

It is estimated that contracts will be executed by January 2016 and have a five year ordering period. The contract duration may extend beyond that period to allow work to be completed.

FINANCIAL IMPLICATIONS

Charges to these contracts will be from projects that will be authorized separately through established procedures. Consequently, there is no funding request associated with this authorization. The total cost for the Baggage Handling System Design Services IDIQs will not exceed \$10,000,000. No work is guaranteed to the consultants and the Port is not obligated to pay the consultants until a service directive is executed. Financial implications will be included in the Commission authorization requests for individual projects when brought forward.

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BUDGET STATUS AND SOURCE OF FUNDS

There is no funding request associated with this authorization. Individual service directives will be executed to authorize the consultant to perform any specific work on the contract against approved project authorizations and within the total contract amount.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternatives analysis will be included in the Commission authorization requests for individual projects when brought forward.

Baggage handling system design is highly specialized; there are only six firms nationally that are capable of doing this work. There is a small amount of work (about 10%) that can be subcontracted to small businesses and we will encourage this in the procurement process.

Alternative 1) – Separate procurement for each project

Pros:

- Separate contracts would allow more opportunities for consulting firms to compete for each individual project.

Cons:

- This alternative would increase overhead and administrative costs to the Port, as the Port would need to manage more procurement processes and contracts.
- This alternative may add 4 months to each project schedule to complete the procurement process for each individual project and would impact the ability to meet project and customer needs.
- Costs to the consulting company may increase as they would be responding to multiple procurements.

This is not the recommended alternative.

Alternative 2) – Prepare a single procurement contract

Pros:

- Prepare a contract for up to two firms for design needs as they arise. This alternative would ensure the Port has the necessary professional and technical resources available to assist in time-critical evaluations and delivery of future projects, and that small business participation is part of the criteria.
- This alternative would minimize the number of procurement processes necessary for timely completion of projects and reduce overhead and administrative costs to the Port.

Cons:

- This alternative would limit the number of opportunities available to firms to compete for work.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- April 5, 2011 – The Commission authorized two Baggage Handling System Design and Construction Support Services IDIQ contracts for a total of \$10,000,000.
- July 28, 2009 - The Commission authorized one Baggage Handling System Design and Construction Support Services IDIQ contract for a total of \$3,000,000.