

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6e</u>
Date of Meeting	<u>August 9, 2016</u>

DATE: August 1, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Michael Ehl, Director Aviation Operations
SUBJECT: Airport Hold Room Standardized Seating Procurement

Amount of This Request: \$0
Maximum Value of Contract: \$20,000,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to advertise and execute a long-term contract for up to 10 years for airport seating.

SYNOPSIS

This memorandum requests authorization to execute a long-term, strategic agreement with a manufacturer for airport hold room seating. Purchases will take place over the next 10 years, and the new seating standard will be determined through the competitive solicitation process.

Key Benefits:

- Allows for selection of a new standard based on a holistic assessment of benefits to include: total-cost-of-ownership, aesthetics, comfort, amenities such as electrical power (plugs and/or USB), cup holders, etc. sustainability, durability, and maintainability.
- In support of the Century Agenda Goals for small business, RFP seating specifications will require the vendor/distributor to be a small business. Market research and outreach with manufacturers known for airport seating has indicated that several manufacturers have, or are willing to establish, a relationship with small business vendor/ distributor, in support of Port goals.
- Allows the airport to secure a better price by taking advantage of large planned purchases. Aviation staff have identified a requirement for more than 8,000 seating units over the next 5 to 10 years due to passenger growth, facility development, and expected new facilities.
- Enables the Port to evaluate newest advances in gate seating amenities – including electrical outlets, soft seating options, and the capability to integrate with potential food/retail ordering technology such as tablet devices and durable materials that incorporate recycled and recyclable content.

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BACKGROUND

Since 1973, the airport has purchased Herman Miller Eames Tandem seating as our hold room standard for all airport gates where the Port provides the seating. Airport gate seating is a significant factor in passenger experience. In a 2012 report on Factors Affecting Passenger Comfort in the Waiting/Gate Areas, passengers define seating as not only the availability of a chair but also the location of the chair in relation to their gate, the width of the seat, and the amount of room around the seat for leg room and luggage. Passengers expressed an interest in recliners, cushioned seats, footrests and headrests as well as cup holders. Some mix of seating arrangement or cluster seating was preferred with less of a continuous-row formation. Only about 60% of the seats in the traditional row or straight-line seating arrangement are actually used for seating. This results from the fact that approximately 70% of all airline passengers are travelling alone and prefer not to sit in very close proximity to strangers. Increasingly, access to electrical power is becoming an expectation for passengers, and we currently provide power for 30% of our customers.

PROJECT JUSTIFICATION AND DETAILS

This is the right time to reevaluate the seating standard for four reasons:

- Airport gate seating is critical to customer experience
- Passenger preferences have shifted in regard to demand for a mix of cluster and straight-line seating and access to electrical power
- Significant evolution has occurred in airport gate seating that will enable the Port to select a standard that best meets customer desires while maximizing value
- Over the next 5 to 10 years, the Port will purchase more than 8,500 seats, enabling the Port to lock-in advantageous pricing based on economies of scale

Seattle-Tacoma International Airport lags behind our Airport Service Quality (ASQ) survey scores for gate comfort. Any improvement will be a “win” given the volume of increased passenger traffic and the disruption of various construction projects that are likely to have a particularly negative effect on gate comfort.

The Port will conduct a competitive process to select the manufacturer of the products. The selection of one manufacturer to supply airport-wide hold room seating will ensure the airport adheres to the architecture standards of the facility while staying contemporary, maintaining Americans with Disabilities Act (ADA) compliance, and improving the passenger experience and overall customer service.

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Below is a list of known seating requirements.

Project	Number of Seats	Desired First Seat Delivery Date
B Ramp Level Hold Room	~150	May 2017
Concourses B & C	~3,200	After Contract Execution, no driver
D Hardstand Terminal	~1,100	April 2018
North Satellite	~2,100	November 2018
IAF	<100	Q4 2019
South Satellite	~2,100	2021

Project Objectives

- Improve External Customer Service
- Become one of the top customer service airports in North America
- Improve ASQ survey scores for “Comfort of Waiting/Gate Areas” from 3.85 to our goal of 4.14, and maintain top 5 ranking in comparison with our ASQ panel

Schedule

We intend to execute a contract by December 2016.

FINANCIAL IMPLICATIONS

Budget Status and Source of Funds

Charges to this contract will be from department budgets and projects that will be authorized separately through established procedures. Consequently, there is no funding request associated with this authorization. Individual purchase orders will be executed to authorize each purchase within approved project authorizations and within the total contract amount.

Lifecycle Cost and Savings

The selection criteria will be composed of total-cost-of-ownership (TCO), comfort, maintainability, aesthetics, and Century Agenda environmental goals. A team will evaluate the cost from a lifecycle perspective versus solely an upfront cost perspective and employ a strategic vendor agreement to ensure a negotiated price is reached to guarantee best pricing for all anticipated future purchases.

STRATEGIES AND OBJECTIVES

This request for contract authorization is aligned with the Aviation Division’s goal 1.5.1.1 Improve External Customer Service, and directly supports the Aviation Division’s Goal of becoming one of the top customer service airports in North America, the division objective of improving our ASQ Gate Comfort score from 3.85 to 4.14 by Q4 2021, and the division action to Implement a Gate Comfort Improvement Initiative.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo: Maintain Herman Miller as the airport gate seating standard for Sea-Tac International Airport

Cost Implications: \$22,000,000 (10% higher than the preferred Option 3)

Pros:

- (1) Minimizes time and resources of the Port to go through the full evaluation process
- (2) Ensures a consistent seating standard is maintained

Cons:

- (1) Does not allow assessment of new seating options that may have been introduced since 2003
- (2) Does not allow the Port to negotiate for best pricing through coordinated purchasing

This is not the recommended alternative.

Alternative 2 – Do not establish a new seating standard for Sea-Tac International Airport. Allow discrete projects to determine and incorporate seating individually.

Cost Implications: Likely \$22,000,000 or more

Pros:

- (1) Contractors may be able to obtain better prices for large purchases of gate seating across multiple projects at multiple airports
- (2) Provides individual project designers and architects with more autonomy to use gate seating to sculpt the desired experience

Cons:

- (1) Will result in inconsistency in Airport seating, increasing maintenance and inventory costs
- (2) Likely to have higher costs than using the Port's purchasing power from coordinated purchasing across multiple projects
- (3) Could shift the cost decision to the cheapest upfront cost and reduce our ability to have the lowest seating TCO perspective
- (4) Limits the Port's ability to have consistent Century Agenda environmental goals included in the selection process

This is not the recommended alternative.

Alternative 3 – Execute a long-term contract for airport seating

Cost Implications: \$20,000,000 (10% savings over Option 1)

Pros:

- (1) Allows for rigorous process to determine the optimal seating selection based on balance of cost, passenger experience, maintainability, and green principles.

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- (2) Enables Port to negotiate for best price by using coordinated purchasing for planned purchases over next five years.
- (3) Enables Port to execute the time intensive task of Total-Cost-of-Ownership in order to select the best seat standards.

Cons:

- (1) Increased engagement from Port resources necessary to take full advantage of opportunity and select correct product

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

Computer slide presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None