



**COMMISSION
AGENDA MEMORANDUM**

Item No.

8b

ACTION ITEM

Date of Meeting

June 25, 2019

DATE: June 25, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Jinah Kim, Senior Manager, Aviation Maintenance
Stuart Mathews, Director, Aviation Maintenance

SUBJECT: Airport Janitorial Service – Zone 5

Amount of contract: Up to \$26,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a service contract for Seattle-Tacoma International Airport Janitorial Service in the newly created Zone 5, which includes the new International Arrival Facility (IAF), for a period of up to five years.

EXECUTIVE SUMMARY

In advance of the completion of IAF construction in 2020, Aviation Maintenance is preparing to support the operational needs of the facility. To keep the facility clean, functioning and maintainable 24 hours per day and 7 days per week, janitorial services need to be provided to the new facility.

The total cleanable square footage of the facility is approximately 450,000 sq. ft., which is nearly equivalent to a single zone that exists in current janitorial service contracts. However, due to the size of this new space, rather than add this to an existing contract, the IAF is being separated into a new zone. A cleaning budget and a request for proposal need to be developed and implemented for the new facility.

Approval of this request will allow for the execution of a service contract based on the existing performance-based contracting model used in the balance of the Airport facility, while creating one more area of opportunity for competition.

JUSTIFICATION

The facility needs to be clean and well maintained to meet the Port's customer service and cleanliness standards in support of the Port's Century Agenda goal to advance as a leading tourism and business gateway of choice on the West Coast.

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DETAILS

Aviation Maintenance staff believes the existing model, implemented January 2017, provides benefits to the Airport. Having multiple contractors in place provides continued opportunities for competition, allows Airport staff to see differing strategies and technologies used in the industry and, if necessary, provides multiple resources when dealing with irregular operations or single occasion events. As such, staff proposes to continue utilizing this model, expanding it from the current 4-zone model, to incorporate a 5th zone constituted by the IAF. Procuring this zone separately provides the potential for future staggered expirations of custodial contracts, which is a strategy Airport staff will be pursuing when the existing Zone 1 through Zone 4 contracts are considered for renewal or selected for re-competition.

Currently, each public zone in the terminal costs the Port an average of \$4,774,000, rising to an average of \$4,966,000 in 2020 and \$5,167,000 in 2021. The cost estimated for heavy density terminal zones would be approximately \$26 million for five years for each zone. However, due to the lower passenger density in the IAF, we estimated the staffing level would be lower than other customer-facing zones that consist of Gate Hold Rooms and Hardstand operations. Therefore, the cost to clean the IAF is anticipated to be slightly less than the projected cost for the other customer-facing zones.

In the preferred alternative, the contract will consist of an initial 2-year base contract with 3 options for 1-year renewal at the Port's discretion.

Scope of Work

The scope of work for the preferred alternative is to develop a Request for Proposals (RFP) for the custodial service in Zone 5 and execute the contract by 2nd Quarter in 2020 to prepare for the facility grand opening in 3rd Quarter 2020. CPO will advertise, award and execute a purchase contract for the custodial service at Sea-Tac Airport via the competitive bid process. This purchase contract will have the authority to secure the custodial service in the IAF for up to 5 years.

This contract will support the Commission's Quality Jobs initiative by maintaining labor harmony provisions in our contractual relationship with prospective bidders where appropriate.

Project staff have worked with the Economic Development Division – Diversity in Contracting Department and determined this contract will have a forty percent WMBE aspirational goal and inclusion plans in association with the goal.

Schedule***Activity***

Commission authorization	2019 2 nd Quarter
Execute contract	2020 2 nd Quarter
In-use date	2020 3 rd Quarter

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Add the new facility to Zone 1 that is the closest and connecting to the IAF facility. Utilize the existing custodial contractor and amend the existing janitorial contract.

Cost Implications: Range of \$22 to \$26 million

Pros:

- (1) By utilizing the existing contractor site management team, the Port may save the cost of management team resources and other costs associated with running business at the site that adds to the new contractor cost.
- (2) The business transition would be seamless, since the existing site team is familiar with the facility and POS Rules and Regulations to conduct business at the airport.
- (3) This alternative can incorporate women, minority and/or disadvantaged business enterprise requirements in the contract.

Cons:

- (1) This methodology utilizes the existing custodial services contracts and consumes contracting authority capacity otherwise planned for other custodial work.
- (2) This approach does not allow for a competitive process to take place and may not provide the Port with the most cost-effective and innovative outcome, depending on the results of negotiations.

This is not the recommended alternative.

Alternative 2 – Request proposals from existing contractors to compete for the new facility janitorial service.

Cost Implications: Range of \$22 to \$26 million

Pros:

- (1) This alternative allows some competition amongst the existing contractors.
- (2) By utilizing the existing contractor site management team, the Port can save the cost of a management team and other business cost associated with running business at the site that adds to the new contractor cost.
- (3) The business transition would be low impact since the existing site team is familiar with the facility and POS Rules and Regulations to conduct business the airport.
- (4) This alternative can incorporate women, minority and/or disadvantaged business enterprise requirements in the contract.

Cons:

- (1) This approach significantly limits competition to only those service providers already working on site. This may not result in the most cost-effective and innovative outcome due to the limited competition available.
- (2) This approach may eliminate some service providers that may be able to bring new, innovative and cost-effective service methods to the Airport.

This is not the recommended alternative.

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Alternative 3 – Advertise, award and execute a service contract for Zone 5 Janitorial Services for up to 5 years.

Cost Implications: Range of \$20 to 26 million

Pros:

- (1) This alternative allows for the broadest competitive procurement for IAF custodial service allowing for potential cost savings and innovative solutions relative to the other alternatives.
- (2) This alternative creates an opportunity for the Port to review and evaluate up-to-date market trends and techniques for the work being performed.
- (3) This alternative can incorporate women, minority and/or disadvantaged business enterprise requirements in the contract.
- (4) Performing an overarching, multi-year procurement would be efficient and economical for the Port.

Cons:

- (1) This alternative may result in a new service provider being awarded the work. Onboarding a new service provider requires significant time and effort and the learning curve can be steep. Service may suffer in the short-term during the learning process.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The Zone 5 Custodial Service will be included in Aviation Maintenance’s annual expense budget, so the funding source will be the Airport Development Fund. Janitorial services for the IAF will be charged to the Federal Inspection Services (FIS) costs center and fully recovered through FIS fees from the airlines that use the IAF.

Financial Analysis and Summary

None

Future Revenues and Expenses (Total cost of ownership)

None

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

August 23, 2016 – Commission Briefing “Contract for Janitorial Services at Sea-Tac Airport.”

Meeting Date: June 25, 2019

September 27, 2016 – Commission authorized the Chief Executive Officer to execute up to four contracts for janitorial services for Seattle-Tacoma International Airport.