



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8i

ACTION ITEM

Date of Meeting November 9, 2021

DATE: October 19, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Brendalynn Taulelei, Senior Maintenance Manager, Asset Management & Logistics
Valarie Johnson, Planning & Small Works Manager, Aviation Maintenance

SUBJECT: **Seattle-Tacoma International Airport Ramp Snow Removal Contract**

Amount of this request: \$1,200,000

Total estimated project cost: \$4,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the contract value for two existing snow removal contracts by \$1,200,000 to a new contract value of \$4,000,000. These contracts provide snow removal services for the Aircraft Movement Area (AMA) at SEA.

EXECUTIVE SUMMARY

Request Commission authorization for the Executive Director to increase the contract value for two existing snow removal contracts by \$1,200,000 to a new contract value of \$4,000,000. These contracts provide snow removal services for the Aircraft Movement Area (AMA) at the Airport.

JUSTIFICATION

Snow removal is required at Seattle-Tacoma International Airport to sustain commercial airline operations, passenger movements, and air cargo operations during snow and ice conditions. We do not have the internal resources and equipment to accomplish all snow removal requirements during extreme winter snow and ice storms.

The ability to remove snow from the North and South ramp operation areas is crucial to the operation of the Airport; it is important that the Aviation Division has adequate snow removal contract authority in place before the next snow season. We have completed three years in our current contracts which were structured as one-year base agreements with four one-year renewal options to be determined by the Port.

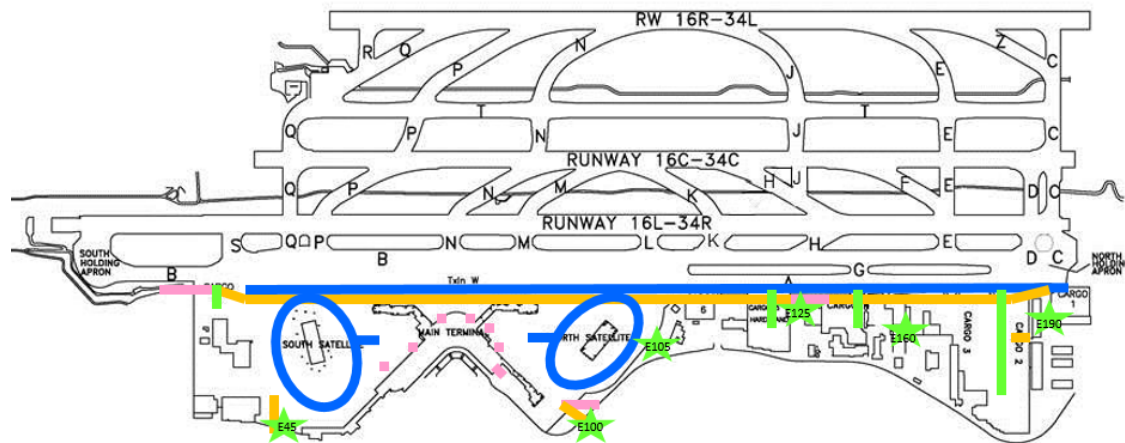
Forecasting for snow events can be volatile, in 2019 we spent \$1.23M for contractor snow removal, in 2020 \$275k, and 2021 \$878k. With an increase in the intensity of storms in recent years, as well as increased demand for these supplemental snow removal services during an

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event, the utilization of these resources has proven to be more intensive than originally forecasted. For example, we may plan for 20 pieces of contractor equipment to be onsite during a snow event, but in extreme snow conditions and extended snow operational periods like the one we had in February 2021, the required number of contractor equipment needed for snow removal can easily double. It is not uncommon to handle large piles of snow several times during an extended snow operational period. Future authorization requests for ramp snow removal will be based on the increased level of need.

POS RAMP Priorities

SEA-TAC INTERNATIONAL AIRPORT



- Priority 1A: Taxilane W, Taxiway A, Taxilanes around the Satellites, ★ Mutual Aid Access Gates/Roads
- Priority 1B: Taxilanes into Hardstand 2/3, 4 and 5; pads for hardstand operations 5 and 7
- Priority 2: Bagwell Ramps and Sloped Roadways
- Priority 3: Vehicle Service Roadways

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Diversity in Contracting

No opportunity available at this time, requesting additional funds for two existing contracts.

DETAILS

Our snow removal contractors provide heavy construction equipment and equipment operators to manage snow removal during peak snow conditions and ice accumulations. Ceccanti Inc. maintains the north side of the Aircraft Movement Area, Gary Merlino Construction maintains the south side of the Aircraft Movement Area. The equipment on these contracts currently includes dump trucks, front loaders, graders, and other support vehicles.

Scope of Work

The scope of work is to replenish funding of the current contracts, this would allow us to continue providing the services necessary for snow removal and transfer within the Aircraft Movement

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Area ramp area as well as the support of Aviation Maintenance airfield staff as needed for clearing snow.

Schedule

Activity

Commission authorization	2021 Quarter 4
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Cost Breakdown

	This Request	Total Project
Total	\$1,200,000	\$4,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not authorize \$1,200,000 for the two current snow removal contracts and increase Port FTE staff, hire seasonal staff, and purchase additional snow removal equipment to meet peak snow and ice conditions.

Cost Implications: \$7 million. The cost estimate includes the purchase of snow removal equipment, the hiring of one mechanic to maintain the equipment, and the hiring of 13 seasonal staff to operate the equipment over the course of five years.

Pros:

- (1) Hiring additional Port staff, seasonal staff, and purchasing new equipment increases the Port’s available resource pool for extended shift rotations during lengthy snow events.
- (2) The additional staff can be deployed to support other Airport operational areas in the event of extreme snow and ice conditions.

Cons:

- (1) The additional FTE adds to the Port’s total staffing levels and will require compensation and benefits which will result in increased costs to the Port.
- (2) Purchasing new equipment to add to the Port’s snow removal fleet is a costly investment.
- (3) The Port runs the risk of investing purchasing heavy equipment that does not get used due to lack of snow and ice.

This is not the recommended alternative.

Alternative 2 – Do not authorize additional \$1,200,000 for the two current snow removal contracts and request authorization to go back out to bid two new contracts.

Cost Implications: \$1,200,000 for two new snow removal contracts for the North and South sides of the Aircraft Movement Area (AMA).

Pros:

- (1) Requesting new authorization ensures the most competitive unit pricing for snow removal services.

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- (2) Purchasing new snow removal equipment is not necessary, therefore saving the Port an investment of \$3.9 million, and not having to add it to our existing fleet to be operated and maintained.

Cons:

- (1) After working two significant snow events over the past three years our current contractors are experienced and well trained in safe snow removal operations and have met all operational requirements.
- (2) It would be difficult to execute new contracts prior to the 2021/2022 snow season.
- (3) Based on past experience, it has been difficult to get contractors to bid on our snow removal contracts.

This is not the recommended alternative.

Alternative 3 – Authorization to approve a total of \$1,200,000 for two current contracts for snow removal services at the Airport.

Cost Implications: \$1,200,000 for two snow removal contracts for the North and South sides of the Aircraft Movement Area (AMA).

Pros:

- (1) This is the current state and has met the operational needs of the Airport.
- (2) With contracted snow removal services in place, existing Port staff can focus on deicing and snow clearing efforts on the Airport Operations Area (AOA) during peak snow events to ensure continuity of operations.
- (3) Contractors are responsible for hiring of operators and for securing the heavy construction equipment required for snow removal.
- (4) Purchasing new snow removal equipment is not necessary, therefore saving the Port an investment of \$3.97 million, and not having to add it to our existing fleet to be operated and maintained.

Cons:

- (1) Total estimated cost is \$1,200,000.
- (2) At this time, it does not give an opportunity for other contractors to go through a competitive process to bid on Port of Seattle snow removal services.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$1,600,000	\$1,600,000
Previous changes – net	0	\$1,200,000	\$2,800,000
AUTHORIZATION			
Previous authorizations	0	\$2,800,000	\$2,800,000

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Current request for authorization	0	\$1,200,000	\$4,000,000
Total authorizations, including this request	0	0	0
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

While the airport is always prepared to deal with a snow event, the airport has not budgeted for snow event costs for many years due to the variability. Over the past five years, the annual cost of snow events (contracted services, de-icing chemicals, staff overtime, etc.) has averaged \$1.7 million, with a high of \$3.6 million in 2019 and a low of \$113 thousand in 2018. So far, the airport has been able to absorb snow event costs within the approved budget. Excluding these costs from the budget has been part of a strategy to tighten the budget by eliminating contingency funds. Most snow event costs are included in the airline rate bases, and any excess costs are recovered through the annual settlement. Given the desire to manage airline costs through the recovery period, staff does not recommend adding snow event costs to the 2022 budget. Still, given the recent history of more regular snow events, staff will revisit the budget strategy for the 2023 budget, and may recommend inclusion of some amount. The funding source will be the Airport Development Fund.

Future Revenues and Expenses (Total cost of ownership)

Future authorization requests for ramp snow removal will be based on the increased level of need.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

June 26, 2018 – The Commission authorized \$1,600,000 for two new snow removal contracts with a duration of up to five years.

November 12, 2019 – The Commission approved an increased contract value for two existing snow removal contracts by \$1,200,000, to a new contract value of \$2,800,000.