

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 8b

Date of Meeting January 13, 2009

DATE: December 31, 2008

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director, Airport Operations

SUBJECT: Award of Contract for Janitorial Service for Seattle-Tacoma International Airport, RFP 08-26 Contract for Janitorial Services

REQUEST

Request for Port Commission authorization to execute a contract for the provision of janitorial services to Seattle-Tacoma International Airport (Airport), for a three-year period effective February 1, 2009 through January 31, 2012, for an initial annual contract amount of \$7,988,737, and a total estimated value of \$39,943,685 for the five-year term.

SYNOPSIS

The Airport has historically contracted with a third-party vendor for the provision of janitorial services. This contract award covers the main terminal complex and satellites, comprising approximately 94 percent of total janitorial expenditures. This contract includes a requirement that the prime contractor subcontract a minimum of 25 percent of the work to small businesses. For purposes of this contract, small businesses are those whose annual revenue does not exceed \$7,500,000, which is 50 percent of the maximum annual revenue used by the U.S. Small Business Administration (SBA) to define a small business. This requirement results in approximately \$2,000,000 per year value of work being performed by small business firms within this contract. The successful bidder is ABM Industries Incorporated (ABM).

BACKGROUND

Prior to 2008, all janitorial service to the airport was provided by a single supplier.

In September 2007 a Request for Proposals (RFP) was issued for janitorial services that contained two major changes from the previous agreement. It separated the services into one major and two minor contracts; and it reserved the two minor contracts for Small Business Enterprises (SBEs). Following the notice of award to the three selected vendors, two protests were received. One was received from an unsuccessful bidder in the main contract and the other from one of the two minor contract proposals. An internal Port of Seattle panel reviewed the protests and evaluated the selection process.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

December 31, 2008

Page 2 of 3

The major contract protest was partially upheld on the basis that the evaluation of bids had been performed in a manner inconsistent with the RFP. The minor contract protest was denied. Both the smaller contracts were awarded.

The panel recommended two courses of action on the major contract: Either the bids should be re-evaluated or all bids should be rejected and the contract re-bid. Port staff decided that it would be best to re-bid the contract. As a result of the protest and Port's decision to re-advertise these services, the Port executed an amendment in December 2007 extending the then-current contract for another year (through December 31, 2008).

Discussions between Airport Operations, Central Procurement Office, Legal and the Office of Social Responsibility (OSR) resulted in recommendations for the new package, the most significant being to lower the eligible small business revenue threshold to \$7,500,000 or 50 percent of the SBA definition. The second recommendation was to include a mandatory requirement that the prime contract include a minimum of 25 percent SBE subcontracting. The contract was re-bid in September 2008 with the OSR sending bid notices to 29 organizations within the local community. The RFP process included a SBE/prime contractor job fair at the Airport, followed by a mandatory pre-proposal conference and tour. This conference attracted 15 would-be prime contractors and 20 SBE sub-contractors.

Eight prime janitorial contractors responded to the bid. An evaluation committee reviewed the bids and the Central Procurement Office informed the successful bidder that their proposal was accepted pending Commission authorization and execution of contract documents by both parties. The successful bidder is ABM Industries Incorporated (ABM).

To allow completion of the selection, contract award, and the transition to a new agreement an amendment was issued extending the contract through January 31, 2009. Pending Commission approval of this request, a new agreement will be signed effective February 1, 2009.

PROJECT DESCRIPTION/SCOPE OF WORK

Project Statement: This project is to deliver janitorial services to the Passenger Terminal Buildings.

Project Objectives: The janitorial services shall be such as to provide and maintain a level of cleanliness ordinarily associated with the highest industry standards for major airports.

Scope of Work: The furnishing of all labor, equipment, supplies and materials required to provide complete janitorial services for the Passenger Terminal Buildings.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

December 31, 2008

Page 3 of 3

STRATEGIC OBJECTIVES

- **Small Business Participation.** If this contract is awarded, SBE companies contributing to janitorial work under this contract through their work as subcontractors will amount to 25 percent of the total value of the work performed. This is the first time the amount of SBE involvement has been formally tracked.
- **Environmental.** The successful bidder's cleaning program has received the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) certification, ensuring that all products and procedures used will comply with the most environmentally friendly standards, consistent with the Port's "greenest" objective.

FINANCIAL IMPLICATIONS

To meet overall Aviation Division budget targets for 2009, the janitorial budget was reduced by approximately 10 percent from 2008. Strict oversight of the contract will be required to maintain standards as close as possible to current levels.

The resulting reduction of janitorial expenditures is approximately \$900,000 in 2009. This is equivalent to a reduction in Cost Per Enplanement of approximately \$0.06.

The contract exceeds the amount allocated in the total 2009 janitorial budget by \$205,147 or 2.48 percent. Variations in numbers of passengers traveling, and changes in areas leased by airlines, such as gate holding lounges, typically lead to periodic changes in janitorial service level. Such changes during 2009 are anticipated to result in the contract falling within budget by the end of 2009. If such changes do not happen, the cost of the variance will be paid from the expense contingency fund of the Airport Director's Office.

The total value of the three-year contract, plus provision for two one-year extensions, is \$39,943,685.

PROJECT SCHEDULE

The new janitorial service contract is effective February 1, 2009 for a period of three years, with the provision for two one-year extensions.

PREVIOUS COMMISSION REVIEW/ACTION

This contract was last awarded on January 1, 2003.