

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6e

Date of Meeting November 3, 2009

DATE: October 7, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: John R. Christianson, General Manager Aviation Maintenance

SUBJECT: Authorization to Contract for a Five (5) Year Technical Assistance Agreement with Bombardier Transportation Inc. to support the Underground Train System at the Airport

Amount of This Request: \$1,535,803.32 **Source of Funds: Airport Development Fund**

ACTION REQUESTED:

Request for Port Commission authorization for the Chief Executive Officer to execute a five (5) year sole source personal services contract with Bombardier Transportation Inc. in the total amount of \$1,535,803.32. Justification for entering into a sole source contract has been approved by the Managing Director, Capital Development Division; the Central Procurement Office (CPO); and the General Counsel.

SYNOPSIS

The underground Satellite Transit Train System (STS) is the only way for passengers to be transported between the two satellite terminals and main terminals and has done so since 1973. The old STS system was showing signs of imminent failure in the late 1990's. A competitive process was undertaken to replace the aging system. Bombardier was the selected winner and engaged with Port staff to design a modern replacement train system that met current safety codes and could be expanded in the future to meet airport growth projections. The new STS was opened in 2003, carries 12 million travelers annually, and runs exceptionally well with the aid of a technical assistance contract with Bombardier that ensures on-site presence. It is now time to renew that contract. The contract amount has been accounted for in the annual 2010 budget. The Managing Director, Capital Development Division, the CPO and the General Counsel have determined that the Bombardier contract meets the criteria for a sole source contract.

BACKGROUND

The Port of Seattle Maintenance Department has utilized a Technical/Services & Support agreement annually for the STS throughout its operating tenure at Seattle-Tacoma International Airport (STIA). There are no other sources that could provide the services & support necessary for the safe and reliable operation of the STS. The services provided by Bombardier include: 1)

COMMISSION AGENDA

T. Yoshitani, Chief Executive Officer

October 7, 2009

Page 2 of 5

support for train & system operational controls; 2) a direct factory-approved conduit for overall system & subsystem support; and 3) product safety updates from other Bombardier sites. These specialized tasks are provided by Bombardier at other facilities that use similar train systems.

To budget and pay for the Bombardier Technical support, and other factory supported technical expertise, it is necessary to have in place a long-term Technical Assistance Agreement with Bombardier for this system. Due to the proprietary nature of the system, Bombardier is the only entity that is factory-certified, and thus uniquely qualified to provide these technical assistance services to the Port. Any changes to the Bombardier STS would entail major infrastructure changes and would be cost prohibitive.

Port of Seattle technicians are trained to provide daily maintenance, but still require factory-certified technical expertise to assist with major programming changes and specific maintenance and repair work on this proprietary system. The proprietary controls include a Communication Based Train Control (CBTC), Bombardier CITYFLO 650 Automatic Train Operation and Protection software, supporting equipment, and subsystems.

On-site support has directly contributed to maintaining an operating efficiency of more than 99% during the past 37 years the Satellite Transit System has been in operation. Bombardier's representative has been a resource for parts issues, troubleshooting, providing test procedures, mentoring Port of Seattle mechanics, training new employees, and providing a conduit to receiving support services at Bombardier's home office in Pittsburgh.

SCOPE OF WORK

Bombardier will provide an on-site technical representative to provide services enabling the Port to operate, perform inspections, and complete preventative maintenance and repairs on the STS. Bombardier shall also provide urgent and necessary technical assistance to assist the Port so that it may restore the STS to operational status should significant system failures occur, regardless of the time of day. The essence of this service, provided by Bombardier under this agreement, is technical assistance to aid the Port in minimizing operational cost, improving performance and efficiency, and maintaining safety of the STS.

The following services provided will be dependent upon the Port's direction and the immediate goals of the overall operations and maintenance program. These services should include but are not limited to:

Technical Assistance:

- 1) Provide technical assistance for the Port's operation and preventive maintenance program for the STS system. This program will include monitoring results, reviewing processes, and updating program documentation.
- 2) Provide technical assistance for the Failure Monitoring System (FMS). This service includes data correlation, analysis, and reporting. Review data analysis for any indication

COMMISSION AGENDA

T. Yoshitani, Chief Executive Officer

October 7, 2009

Page 3 of 5

of unsafe operating conditions and provide the necessary feedback to keep the operating and preventive maintenance program current. This feedback results in updates to the formalized preventive maintenance routines as well as recommended changes in operating procedures. Facilitate and interface with Bombardier System Engineers on any recommended changes because of system safety implications or anticipated significant improvements in reliability.

Liaison with Bombardier:

- 1) Interface with Bombardier's Engineering and Technical Support Services at the Pittsburg headquarters so as to advise the Port of changes in operation and maintenance procedures, parts issues, primary and subsystem enhancements, and upgrade opportunities.
- 2) Facilitate and interface with the Bombardier System Engineers for the design, fabrication, testing and application of special test equipment for the long-term maintenance of the system.
- 3) Facilitate and interface with the Bombardier System Engineers and Port of Seattle Maintenance for the review and approval of safety and reliability improvements. Bombardier will review all documentation pertaining to reviewed improvements that have been generated by the Port and maintain controlled records of those improvements.

Training:

- 1) Bombardier will provide the Port with regular inputs on the level of proficiency of the Port's maintenance and operations groups. Recommendations will be made to the Port with Bombardier providing assistance with on-the-job training to upgrade competencies, where required.
- 2) Assist the Port in screening, selection, and training of new personnel and support on-the-job training programs for all present and future maintenance and operations staff.

FINANCIAL IMPLICATIONS

Working with the CPO, the Aviation Maintenance Department has negotiated a contract to meet the needs of supporting the STS, as well as meeting the 5% reduction in current contract rates.

The chart below shows the five-year payment schedule for the proposed contract. Year One commences on December 1, 2009 and reflects the 5% reduction from our last contract. Subsequent years 2-5 include a 2% annual escalation clause.

The first year contract total of \$295,117.50 is 15.2% lower than our 2010 projected budget of \$348,000.

COMMISSION AGENDA

T. Yoshitani, Chief Executive Officer

October 7, 2009

Page 4 of 5

Year	Escalation	Proposed Monthly Payment	Total Annual Payments
1		24,593.13	295,117.50
2	2.00%	25,084.99	301,019.85
3	2.00%	25,586.69	307,040.25
4	2.00%	26,098.42	313,181.05
5	2.00%	26,620.39	319,444.67

FUNDING SOURCE

The annual cost of the Bombardier Transportation Technical Assistance Agreement is included in the Aviation Maintenance Operating Budget. As such, the funding source is the Airport Development Fund.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1 – Do nothing:

Providing service support for the STS with Bombardier's home office in Pittsburg solely through Aviation Maintenance staff could result in delays for service and parts thus affecting operating efficiencies. In the event of a major problem support personnel would have to be scheduled to fly to STIA and the exact nature of system problems may not be fully diagnosed until a factory Bombardier Engineer is made available and arrives on site. This is not a recommended option.

Alternative 2 – Find another source:

There are no other service providers that could provide equivalent support for the specialized requirements of the Bombardier STS. STS operations could be adversely affected without adequate support in place. Due to the proprietary nature of the STS and the specialized technical knowledge required, alternative vendors would be unable to provide the required service level that Bombardier can provide and as a result may be more expensive as they try to achieve the level of support necessary. This is not a recommended option.

COMMISSION AGENDA

T. Yoshitani, Chief Executive Officer

October 7, 2009

Page 5 of 5

Alternative 3 – Receive Port Commission authorization to execute a five (5) year sole source personal services contract with Bombardier Transportation Inc which includes: support for train & system operational controls; a direct factory-approved conduit for overall system & subsystem support; and product/system safety updates from other Bombardier sites.

This is the staff recommendation.

ATTACHMENTS

Competitive Waiver (Sole Source) Determination

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None