

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c

Date of Meeting April 5, 2011

DATE: March 24, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Baggage Handling System Design Services IDIQ contract for Seattle-Tacoma International Airport

Amount of This Request: \$0 **Source of Funds:** Current and Future Operating Budgets;
Future Individual Project Authorizations

Maximum Value of IDIQ

Contracts: \$10,000,000

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute up to two (2) professional services Indefinite Delivery/Indefinite Quantity (IDIQ) contracts for the Baggage Handling System Design and Construction Support Services (future CIPs) totaling \$10,000,000 with a Contract Ordering Period of five (5) years in support of upcoming capital improvement projects at Seattle-Tacoma International Airport (Airport). No funding is associated with this authorization.

SYNOPSIS:

These IDIQ contracts would be used for future baggage handling system upgrades of existing systems, design of new systems, and for renewal and replacement projects. Most of these future project have commonality of scope which could allow their design and construction support needs to be met by a single IDIQ contract.

IDIQ contracts provide the Port with the flexibility to meet business requirements as they arise by issuing individual Service Directives to accomplish tasks within a general, pre-defined scope of work on an as-needed basis for a fixed period of time and a maximum contract amount.

Competitively bid IDIQ contracts are a widely used public sector contracting tool, consistent with the Port's Resolution No. 3605 and governed by CPO-1 policy.

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BACKGROUND:

Baggage handling system upgrades and projects are being planned for the future. Of these future projects, most have commonality of scope, which could allow for their design and construction support needs to be met by IDIQ contract rather than individual design and construction support contracts for each project. Combining these individual design and construction support efforts into IDIQ contract(s) will improve the integrity of planning and design. It will also provide more efficient delivery of service by combining these needs into a single procurement process.

The not-to-exceed cost for both contracts is \$10,000,000 for a five year Contract Ordering Period. We anticipate each contract will be \$5,000,000. This authorization will only authorize the execution of the contract. A Service Directive will be issued for each project authorizing the consultant to perform a specified scope of work only after staff has received authorization for the project in accordance with Port policies and procedures.

PROJECT DESCRIPTION/SCOPE OF WORK:

Prepare up to two IDIQ type contracts for Baggage Handling Design Services for the Airport.

1. Airline Realignment: This component is in support of the Alaska Airlines Relocation Plan that consolidates their operations on Concourse C and the North Satellite and relocates affected carriers. In addition, it would support other potential airline realignment requests (such as United with Continental in response to their recent merger) to address their business initiatives.
2. This request will also support the Airport's program to replace baggage handling systems that are in need of upgrade or have reached the end of their useful life. It will support operational upgrades or capital improvements by providing design documents and construction support of baggage handling system projects at up to potentially 20 – 30 different types of identified baggage handling projects, in addition to unknown pop-up projects that may occur over the next five years. Due to the nature of Baggage Handling System projects, the prioritization and timing for future projects is highly unpredictable, and are based on operational, safety and security considerations inherent to baggage handling systems.

The contract is being competitively bid using a Request for Qualifications (RFQ). The RFQ includes a small business participation goal of a minimum of two firms per contract. The contract will have a Contract Ordering Period of five years during which time the Port may issue Service Directives. The actual contract duration may extend beyond five years in order to complete work started or ordered in a Service Directive(s).

The consultant shall provide all required professional services for the Baggage Handling System Design Services contract on an IDIQ basis throughout the term of this agreement. The specific scope of work to be accomplished for each project shall be identified in a Service Directive.

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Service Directives will be based on the contract scope of work. The Service Directive will also include the schedule and cost of services to be provided by the consultant for each project.

FINANCIAL IMPLICATIONS:

The total estimated cost for services will not exceed \$5,000,000 for a total value of \$10,000,000. Each contract will have a not-to-exceed dollar threshold. No work is guaranteed to the consultant, and the Port is not obligated to pay the consultant until a Service Directive is executed. The budget for work performed under this contract will come from separate individual authorizations for capital project work.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

Each future project will identify environmental sustainability and community benefits as part of its authorization.

TRIPLE BOTTOM LINE SUMMARY:

Each future project will identify a triple bottom line summary as part of its authorization.

PROJECT SCHEDULE:

It is estimated that the contracts will be executed by May 2011 and have a five year ordering period. The contract duration may extend beyond that period to allow work to be completed.

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

Alternative 1 - Prepare a single procurement for identified Baggage Handling Systems design work. This alternative would provide a higher degree of integrity in planning for design and minimize the number of procurement processes necessary for timely completion of projects.

This is the recommended alternative.

Alternative 2 - Prepare separate procurements for each project. This alternative would require many more procurement processes, add more time to projects, and increase administrative costs in order to hire consultant design teams for each project. Project integration would be more difficult to achieve. This is not the recommended alternative.

PREVIOUS COMMISSION ACTION:

No previous Commission action.