

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 5d

**Date of Meeting** September 27, 2011

**DATE:** September 19, 2011

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Michael Ehl, Director, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT:** Airline Realignment: Tenant Improvements and Ticket Counter Design Services  
IDIQ 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 Contract:** \$10,000,000

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to execute a professional services Indefinite Delivery Indefinite Quantity (IDIQ) contract for Airline Realignment Tenant Improvements and Ticket Counter Design services totaling \$10,000,000 for four (4) years in support of upcoming improvement projects at Seattle-Tacoma International Airport (Airport). No funding is associated with this authorization.

**SYNOPSIS:**

Over the next few years, significant space changes are in store for the Airport, due to the airline realignment. The total cost of these changes could total approximately \$150M. The airlines have recently requested that the Port of Seattle take over and complete design and construction of airline tenant improvements as part of the Airline Realignment. Further as a means to avoid the high cost of terminal building expansion, the Port of Seattle is working with airlines to develop new ticket lobby arrangements in the south end of the Main Terminal. These arrangements can include new ticketing and baggage drop locations at the west window wall, relocated ticket counters “pushed back” to the east for more lobby space, “flow through” ticketing, and associated airline office relocations. This IDIQ contract would be used for terminal development design at the Airport.

IDIQ contracts provide the Port of Seattle 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

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 19, 2011

Page 2 of 5

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

### **BACKGROUND:**

To fulfill the terminal development/business plan objectives for the Airport, a number of projects are being planned for the future. Of these future projects, some have commonality of scope, which could allow for their designing needs to be met by a single IDIQ contract rather than individual design contracts per project. Combining these individual design efforts into a single IDIQ will improve the integrity of design work where important to the Airport campus. It would also provide more efficient delivery of service by combining these needs into a single procurement process.

The airline realignment is driven by airline mergers and the consolidation needs of Alaska Airlines which necessitates the repositioning of gates, holdrooms, and ticketing positions throughout the Airport. The Airline Realignment program consists of capital improvement projects (CIPs) required to relocate the subject airlines. In addition, Tenant Improvement (TI) work, i.e., the design and construction of airline ticket counters, offices, and gate areas, is required for the operational moves. Previously, the airlines considered executing all TI work themselves with tenant reimbursement agreements. The airlines are now requesting that the Port complete a substantial portion of the airline TI work. The work consists of design and construction of new tenant space for various airlines including: AirTran, Continental, American, Frontier, Hawaiian, JetBlue, United, and Virgin America.

The Airport continues to search for efficiencies in order to maximize utilization of existing terminal facilities and avoid costly expansion programs. With the proposed South End Ticket Counter Modifications, the Port will gain efficiencies through additional passenger processing areas by reallocating space to fit passenger needs. A recent example elsewhere in the terminal was Alaska Airlines' Two-Step ticketing and baggage drop modifications, including flow-through ticket counters. Aviation Planning, with the assistance of the Terminal Development Strategy Planning consultant, is examining modifications to the south end ticket counters. Delta Air Lines, a major tenant in this area, obtained concept approval from the Port to construct a new flow-through ticketing layout. Delta has now requested that the Port construct this flow-through ticketing arrangement. Furthermore, the Port is pursuing development of additional ticketing along the window wall and either flow-through or pushed-back ticketing at other ticket counter locations.

### **PROJECT STATEMENT AND OBJECTIVES:**

The Port will advertise and issue a Request for Qualifications (RFQ) that includes a goal for small contractors and suppliers (SCS) participation of three (3) SCS firms. The contract will have a Contract Ordering Period (during which the design services may be separately authorized) of 4 years. The actual contract duration may extend beyond 4 years in order to complete the work identified in particular service directive(s). Service Directives may be issued during the

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 19, 2011

Page 3 of 5

Contract Ordering Period. The Port will not issue Service Directives in excess of the \$10,000,000 contract value.

Port staff recommends having only one consultant team for this work in order to avoid different design teams designing for overlapping locations; to maximize efficiency and minimize costs associated with a learning curve; and to minimize overhead costs to manage multiple contracts.

The consultant shall provide all required professional services for the Airline Realignment Tenant Improvements & Ticket Counter Design Services contract on an IDIQ basis. The specific scope of work to be accomplished for each project shall be identified in a Service Directive. The Service Directive will also include the schedule and cost of services to be provided by the consultant for each project.

This authorization will only authorize the execution of the contract. Service Directive will be issued following authorization of the project and budget in accordance with Port policies and procedures.

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

Prepare one contract for Airline Realignment Tenant Improvements & Ticket Counter Design Service for the Airport. This will include program definition and comprehensive design work for the components described below:

- Airline Realignment Tenant Improvements: This component is in support of the Airline Realignment.
- South End Ticket Counter Modifications: This component will gain efficiencies through additional passenger processing areas.

It is estimated that the contract will be executed by January 2012 and have a four-year ordering period. The contract duration may extend beyond that period to allow work to be completed.

### **FINANCIAL IMPLICATIONS:**

The total estimated cost for design services will not exceed \$10,000,000. The contract will have a not-to-exceed dollar threshold. No work is guaranteed to the consultants, and the Port is not obligated to pay the consultant until a Service Directive is executed. After receiving Commission authorization for each project in accordance with Resolution 3605, the actual work will be defined and the Port will issue individual project-specific Service Directives.

### **ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:**

Each project will identify environmental sustainability and community benefits as part of its Resolution No. 3605 authorization.

### **TRIPLE BOTTOM LINE SUMMARY:**

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 19, 2011

Page 4 of 5

Each project will identify a triple bottom line summary as part of its Resolution No. 3605, as amended, authorization.

### **ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:**

Alternative 1 - Prepare a single procurement for identified design. This alternative would provide a higher degree of integrity in design for construction 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.

Alternative 3 – Do nothing. –Each airline designs and constructs its own tenant improvements. This will result in more coordination required, more cost, and will be more difficult to manage and schedule. The airlines do not support this alternative. This is not the recommended alternative.

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None

### **PREVIOUS COMMISSION ACTION:**

On September 12, the Port Commission was briefed by staff on the Airline Realignment program.

On June 14, 2011, the Port Commission authorized 1) design of the Airport Signage – Airline Realignment project at Seattle-Tacoma International Airport (Airport). This authorization is for \$238,000 of a total project cost of \$646,000, and 2) execution of a professional services Indefinite Delivery Indefinite Quantity contract for signage design services totaling \$400,000 for four (4) years in support of upcoming capital improvement projects, including the Airport Signage Airline Realignment project at the Airport (CIP #C800474).

On June 14, 2011, the Port Commission authorized Exterior Gate Improvements – Airline Realignment at Seattle-Tacoma International Airport. This authorization is for \$499,000 out of a total project estimated cost of \$2,650,000 (CIP #C800472).

On March 1, 2011, the Port Commission authorized design and some construction of the Baggage Handling System (BHS) Improvements - C22 BHS connection to C1/C1-MK1 Replacement /TC3 Replacement (C800382) in the amount of \$1,731,000.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 19, 2011

Page 5 of 5

On February 22, 2011, the Port Commission authorized design and some construction for the Passenger Loading Bridge Replacement Project - Airline Realignment (C800467) in the amount of \$6,700,000.

On February 22, 2011, the Port Commission authorized Planning for Terminal Realignment in the amount of \$713,000.

On January 25, 2011, the Port Commission authorized design and construction of the Concourse D Common Use Expansion Project (C800455) in the amount of \$4,250,000. Commission was also briefed on the Airline Realignment Program as part of this item.

On June 8, 2010, the Port Commission authorized execution of an IDIQ contract for the Terminal Development Strategy Campus Planning Services IDIQ in the amount of \$1,300,000.