

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting September 12, 2011

DATE: September 2, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Dave Soike, Director, Aviation Facilities and Capital Program
Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Electrified Ground Support Equipment (EGSE) Vehicles and Charging Units
Contract Authorizations.

Amount of This Request: \$0

Total Estimated Project Cost: \$50 million

Source of Funds: Airport Development Fund
and Grants

ACTION REQUESTED:

Request Commission Authorization to (1) execute contracts to multiple vendors for the EGSE vehicle procurement and (2) execute a contract for EGSE charging units. The maximum value of these contracts over two years could be \$35 million depending upon airline participation.

SYNOPSIS:

This request enables staff to continue proceeding forward on the project to phase out fossil-fueled vehicles such as baggage tugs and aircraft pushback tractors. The Airport intends to replace the fossil-fueled equipment with electric battery-powered vehicles which will help improve air quality and save fuel costs. With full airline participation a fuel savings of \$2.8 million per year is anticipated, with CO2 reduction of 10,000 tons per year (the equivalent of 1,700 cars being removed from local roadways). Airline maintenance costs would also be reduced.

The overall EGSE program consists of 4 major components: procurement of vehicles, procurement of charging units, procurement of long lead-time electrical components, and a major construction contract to install all of the infrastructure. The total estimated cost of the project is \$50 million if airlines participate as indicated on the attached PowerPoint.

The vehicles and chargers are estimated to cost \$35 million, and an approved Department of Energy vehicle grant of \$5 million reduces the Port's total cost to \$30 million if all airlines participate. Staff has advertised the program to the airlines and provided competitive pricing for

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use in placing orders. At this time, we expect airline participation such that over 50% of the current GSE fleet will be replaced. Carriers with fewer operations here at the Airport are less likely to participate initially, as their usage of the vehicles is proportionally smaller, and some use a third party provider for this type of activity.

A leasing contract is being prepared between the Airport and an Airline Consortium that ensures proper maintenance of the vehicles and chargers by the Consortium, rather than by the Airport.

No budget is being requested with this authorization. Staff will return late this year to brief the Commission and request necessary additional authorizations to move forward with final design, leasing arrangements, purchase expenditures, and construction.

EGSE Vehicles:

The Airport is moving forward with the EGSE project to replace fossil-fueled GSE with battery-powered equipment for all of those passenger airlines willing to participate. A request for proposals (RFP) was issued on July 8, 2011, soliciting pricing for the five most common types of EGSE used at the Airport. The Port received five bids, which were opened on August 5, 2011.

The purpose of the procurement is to establish a catalogue of the various equipment makes and models, options, and pricing for each item. The Port compiled the pricing information for the various types of EGSE and distributed the catalogue to the Airline representatives on August 22, 2011.

Staff is requesting authorization to execute a master contract agreement with each vendor, so that when the airlines provide the list of equipment they desire, the Port can order the equipment quickly. The contract does not commit the Port to any purchases.

Airlines are currently scheduled to provide their desired equipment type and quantities by November 15. The Department of Energy has approved a \$5 million grant to offset the increased cost of electrified equipment. The \$5 million grant expires on December 2, 2011. The Airport seeks to capture the grant funding by placing the orders and applying a down payment by the expiration deadline.

The Port will issue purchase orders for the equipment identifying the future delivery dates. The Port will pay the vendors a down payment, with final payment made following delivery of the vehicles. The delivery of the vehicles is anticipated to be staggered over time and may not begin until late 2012.

EGSE Chargers:

Staff is also requesting authority to execute a contract for EGSE chargers. The Port intends to issue an RFP in September and select the most qualified vendor offering the best value to the Port. The charging units must be selected before final design of the infrastructure installation contract can begin.

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The quantities of EGSE and charging units will be determined by airline participation. The Commission authorized \$1,510,000 on October 26, 2010 to: (1) prepare preliminary designs; (2) use Port work crews; and (3) execute and amend contracts for materials, abatement, equipment, work, and services to move the EGSE project forward. Staff will return for Commission authorization late this year for approval of the leasing agreement, design funds, vehicle and charger procurement funds, and construction advertisement, based upon airline participation.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

This project will:

- Replace up to 650 fossil-fueled GSE vehicles (depending upon airline participation)
- Procure the appropriate number of chargers for installation to support the EGSE capability at the Airport
- Procure web-based electric meters that will monitor charger power consumption
- Procure long lead time electrical equipment to reduce the overall construction duration
- Award a major construction contract that will install chargers, meters, and associated infrastructure to increase electrical power to support EGSE

Schedule:

	<u>Start</u>	<u>Finish</u>
Pre-Design	April 2011	September 2011
Design	October 2011	April 2012
Place Vehicle Orders	November 2011	December 2011
Construction	June 2012	September 2013

FINANCIAL IMPLICATIONS:

There is no funding request associated with this authorization. This authorization allows the Airport to enter into contracts. Authorizations allowing expenditures would be requested later in the fall. Ultimately the Airport would recoup vehicle costs and charger costs via lease arrangements, while the electrical infrastructure would be recouped via terminal rates and charges.

The total EGSE project consists of four basic procurements: electrified vehicles, charging units, long lead time electrical equipment, and major construction to perform equipment installations and upgrade power capacity where needed. The total cost of this project will depend upon participation by the passenger airlines, but could be as much as \$50 million if there is 100% participation.

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OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Commission EGSE PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On May 10, 2011, the Commission was briefed regarding progress on the EGSE project prior to soliciting pricing for rolling stock.

On October 26, 2010, the Commission authorized \$1,151,000 for preliminary design, necessary contracts, and work by Port forces to begin to implement the ultimate project; pre-purchase specialized equipment and materials through competitive bid processes; and to authorize Port Construction Services to perform Regulated Materials Management (RMM) investigations and self perform necessary associated work.

On September 28, 2010, the Commission was briefed on the 2011 capital budget that included the above-mentioned EGSE projects.

On September 8, 2005, the Commission was briefed on the benefit of changing from fossil fuel based GSE vehicles to EGSE based vehicles at Seattle-Tacoma International Airport.