

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>5i</u>
Date of Meeting	<u>June 26, 2012</u>

DATE: June 15, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: John Christianson, General Manager Aviation Maintenance

SUBJECT: Maintenance Service Contract for Sea-Tac Airport Heating Ventilation & Air Conditioning (HVAC) System Chillers

Amount of This Request: \$0 **Source of Funds:** Airport Development Fund

Est. Jobs Created: NA

Maximum Value of Contract \$1,970,000

ACTION REQUESTED:

Authorization for the Chief Executive Officer to prepare, advertise, award, and execute appropriate contract documents to procure an HVAC system maintenance service agreement for chillers at Seattle-Tacoma International Airport. The agreement would be structured to execute a one-year contract with four one-year service options to be determined annually by the Port. Total contract cost over the requested five-year period is not to exceed \$1,970,000.

SYNOPSIS:

The Port of Seattle historically has performed chiller maintenance services through a contract with Carrier Corporation. This contract has expired and the existing warranties on the Airport's chillers have expired as well. Aviation Maintenance desires to solicit requests for proposal for a five-year full service contract on the Airport's chillers in order to competitively procure this maintenance service.

BACKGROUND:

The chillers at the Airport provide cold water for the HVAC systems, which in turn provide cool air for critical equipment, passengers, tenants, and employees throughout the passenger terminal complex.

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Chiller maintenance and repairs require the services of specially trained and licensed technicians. The maintenance service work associated with this equipment is highly specialized and lies outside the skills of our internal workforce.

This work has historically been performed by a maintenance contractor specializing in chiller maintenance and repair. This is the standard process in the industry both locally and nationally.

Until October 2011, the Port of Seattle contracted this work with Carrier Corporation under a competition waiver agreement. The competition waiver was in place as the chillers were covered under an extended warranty program. All warranties on the chillers have expired and, as such, Aviation Maintenance wishes to procure these maintenance and repair services through a competitive process.

Each of the major manufacturer's equipment is somewhat proprietary, but not to an extent that would exclude other service providers from submitting a competitive proposal. All major service providers for chiller maintenance (Trane, Carrier, York, and others) have access to each other's components. The Airport possesses chiller equipment from all three manufacturers.

PROJECT JUSTIFICATION:

Project Objectives: The objective of this chiller maintenance service agreement is to allow the Aviation Maintenance Department to contract to maintain the Airport's chiller systems in an effective and efficient manner, ensuring the Airport's HVAC system continues to operate as designed.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work: The scope of work for this RFP is to provide preventive, predictive, corrective, and emergency maintenance and repairs on the ten (10) chillers presently installed and operational at the Airport. With the completion of the Pre-Conditioned Air Project, four (4) additional chillers will be coming into service to provide cooling for the aircraft at the Airport. We plan to maintain those chillers under the contract executed as a result of this procurement as well.

Schedule:

Commission Approval	June 26 2012
RFP to Vendors/Suppliers	July 2012
Proposals Received/Evaluated	July 2012
Service Contract Executed	August 2012

FINANCIAL IMPLICATIONS:

Budget Status and Source of Funds:

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Contract payments are to be included in the annual operating budgets as specific line items in the Aviation Maintenance Department budget. The funding source is the Airport Development Fund. The total contract cost over the requested five year contract duration period is not to exceed \$1,970,000.

STRATEGIC OBJECTIVES:

This chiller maintenance service contract supports the Portwide business strategy to “ensure Airport and Seaport vitality.”

ENVIRONMENTAL SUSTAINABILITY:

By properly maintaining our chillers, we maximize the efficiency of our equipment and minimize the potential for environmental impacts associated with chiller refrigerants escaping into the atmosphere.

BUSINESS PLAN OBJECTIVES:

Executing this procurement will support multiple business plan strategic objectives for the Airport. Operating a world-class international airport by managing our assets to minimize the long-term cost of ownership is supported by this effort.

This maintenance service procurement also supports the Aviation Division’s strategic goal of leading the airport industry in environmental innovation and minimizing the Airport’s environmental impact by reducing the potential for chiller equipment failures and unintended releases of refrigerants into the atmosphere.

By competitively bidding this maintenance contract, the Airport will also be working to reduce airline costs per enplanement (CPE) as far as possible without compromising operational and capital needs.

TRIPLE BOTTOM LINE SUMMARY:

Execution of the chiller maintenance service contract will help the environment by reducing the Port’s energy consumption. By competitively bidding this work, we will be ensuring the most efficient use of Port funds as well as supporting on-going local employment for the successful service provider.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1) Do not proceed with the RFP to execute the requested service contract and call for outside service as necessary. Because the equipment requires specialized technicians and the Port does not presently employ any of those technicians directly, we will be unable to maintain

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the system as it should properly be maintained. Equipment failures will eventually occur and procurement of repair services would be made on an “as-needed” basis as failures occurred.

Alternative 2) Purchase limited inspection services on a month-to-month basis. Due to the short-term nature of this type of procurement, overall costs can be higher, and availability of service technicians can be highly variable.

Alternative 3) Authorize the Chief Executive Officer to execute appropriate contract documents to procure a chiller maintenance service contract through a competitive process for all chillers at the Airport. The agreement would be structured to execute a one-year contract with a four one-year service option to be determined annually by the Port. Total authorized contact cost over the requested five-year period is not to exceed \$1,970,000. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

None.