



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6c

**ACTION ITEM**

**Date of Meeting** February 11, 2020

**DATE:** December 2, 2019  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Jinah Kim, Senior Manager, Aviation Maintenance  
Stuart Mathews, Director, Aviation Maintenance  
**SUBJECT:** Airport Janitorial Service – Zone 1

**Contract Amendment:** \$341,740  
**Total Amount of Contract:** \$4,843,681

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to amend the service contract for Seattle-Tacoma International Airport Janitorial Service in the existing Zone 1, consisting of Concourse A, Concourse B, and South Satellite, increasing the contract value by \$341,740.

**EXECUTIVE SUMMARY**

December 2019 marked the end of the second year of the four current custodial contracts at the Seattle-Tacoma Airport (Airport). This also marks the end of the initial contract commitment period on behalf of the contractors and the Port of Seattle. This two-year period, in combination with passenger growth beyond 10% of the 2016 passenger enplanement levels, also triggered an opportunity for the contractors and the Port to request adjustments to the contract values in each of the zones.

Over the past nine months, Port staff has been working with our service providers to address their ability to meet the elevated standards implemented in the newest RFP, as well as the challenges created by the continued strong growth in passenger traffic at the Airport. Through these discussions and negotiations, Port staff and our Zone 1 contract service provider, C&W services, have reached an agreement on a recommended increase in the value of the contract for the year 2020 of \$341,740. Most of the increase in funding is for additional staff and wage adjustments. A small portion, approximately 5%, is for additional custodial supplies.

Airport Staff is only requesting additional funding for 2020 while they continue to evaluate options for 2021 and beyond. Staff may return at a future date to request contracting authority to execute a 2021 contract extension or may determine the execution of a new RFP for Zone 1 for 2021 and some years beyond is most appropriate.

Meeting Date: February 11, 2019

Approval of this request will allow for the extension of the service contract for the full year of 2020 based on the current performance-based contracting model used in the balance of the Airport facility. The amendment allows staff to adjust the value of the contract to better align with actual costs, both wage and materials, necessary to meet the Airport's contractual standards under these increased passenger demands.

### **JUSTIFICATION**

The facility needs to be clean and well maintained to meet the Port's customer service and cleanliness standards in support of the Port's Century Agenda goal to advance as a leading tourism and business gateway of choice on the West Coast.

### **DETAILS**

On September 27, 2016, Commission authorized the then CEO to execute up to four contracts for custodial services at the Airport for up to five years, with an estimated total cost of \$80,000,000. From January 2018 through December 2019, approximately \$33,400,000 has been spent on the custodial contracts. Following that 2016 Commission approval, an extensive RFP process was conducted to solicit bid for custodial services in each of the four zones. The result of this process generated four contracts providing custodial services, spread amongst three contractors. These contracts were executed in the fourth quarter of 2017, with a starting date of January 1, 2018. This procurement methodology was significantly different from the previous methods. Previously a single contractor was responsible for the entire facility. The new methodology was intended to provide continued competition. In addition, significantly more stringent cleanliness standards and a larger small business element was incorporated.

The original procurement provided the four contracts to have a two-year initial contract duration with the opportunity to renew any of the contracts for up to an additional three years in one-year increments. In addition, the RFP provided methodology to allow the Airport to transition from one of the initially selected contractors to another at the time of contract renewals if deemed necessary and appropriate. This initial procurement resulted in three prime contractors being awarded the four zone contracts.

As a result of that competitive process, C&W Services was awarded the contract for custodial services in what has been identified as Zone 1, consisting of Concourses A and B and the South Satellite.

Through growth related triggers incorporated into the RFP, the opportunity was afforded to the contractors after the initial two-year contract, and an enplanement growth of greater than 10% from year end 2016, to request contract value adjustments. C&W Services elected to make the request to adjust the contract value for Zone 1.

With now nearly two years of experience under this contracting model, both Airport staff and C&W staff have more information available to quantify and justify the need for any adjustments

Meeting Date: February 11, 2019

to the contract value. C&W services has been very transparent as to what adjustments in staffing and materials they determined would be necessary to allow them to meet the Airport standards while allowing them a reasonable profit. Airport staff has worked with C&W staff to evaluate and adjust the request. Through this lengthy negotiation process, staff determined the most reasonable path forward for the Airport, for 2020, would be to renew with C&W Services for Zone 1. The value of the increase negotiated for Zone 1 is in the amount of \$341,740. As this is an amendment to an existing contract, and the value exceeds \$300,000, the request exceeds the delegation of authority for the Executive Director and requires Port Commission approval.

**ADDITIONAL INFORMATION**

Adjustments in Zones 2 and 3 were also necessary, but due to their size, or contracting mechanisms built into the original contract, those changes do not require Commission action. One of the levers built into the original RFP provided the Airport to transition from one of the existing contractors to another existing contractor at time of renewal. This was intended to provide staff with the flexibility necessary to make contractor changes when appropriate. In the interest of transparency, however, Airport Staff is including information about those changes.

In accordance with the original Commission authorization of September 27, 2016, and the solicitation published in 2016 for janitorial services, the Port did not exercise the option term for the Zone 2 contractor and awarded a new Zone 2 contract on December 24, 2019 to C&W Services. This did not result in an increase in the contracting authority approved by Commission.

As a result of the competitive process, C&W Services was also awarded the contract for custodial services in Zone 3, consisting of the non-secure public areas of the facility including the curbsides to the checkpoints on the ticketing level and the curbsides through the baggage claim level.

Through growth related triggers incorporated into the RFP, the opportunity was afforded to the contractors after the initial two-year contract, and an enplanement growth of greater than 10% from year end 2016, to request contract value adjustments. C&W Services elected to make the request to adjust the contract value for Zone 3.

The value of the increase negotiated for Zone 3 is \$290,100 and falls within the delegation of authority for the Executive Director to execute this amendment. As such, no Commission action is required.

Through the competitive process, Whayne Enterprises, a Small Business Partner, was awarded the contract for Zone 4, which consists primarily of non-public spaces such as the Airport Office Building, remote port facilities, and the back-of-house areas such as the bagwell. There was no adjustment required for Zone 4.

Airport staff will be returning to Commission in the near future to request authorization for future procurements for each of the four zones contracted through the initial 2017 four-zone

Meeting Date: February 11, 2019

procurement. Staff anticipate staggering those procurements through 2020, 2021 and potentially 2022.

***Scope of Work***

The scope of work for the Zone 1 custodial services contract with revisions includes all elements of the original RFP executed in 2017, adjusted for the actual increase in labor and materials cost as a result of inflation, alignment with current labor rates, and passenger growth.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not provide the additional \$341,740 for the additional labor and material resources for Zone 1. Utilize the existing value of the contract without amendment for growth and changed business conditions.

Cost Implications: Zero additional dollars for Zone 1.

Pros:

- (1) This alternative saves the Airport \$341,740.
- (2) No contract amendment is required.

Cons:

- (1) The contractor will be unable to enlist additional staff deemed necessary to meet the quality standards of the Airport. As a result, the customer experience will be negatively impacted.
- (2) This alternative would eliminate an existing lever used by Airport staff to drive performance in a positive quality direction.

This is not the recommended alternative.

**Alternative 2** – Execute a multi-year change order for Zone 1.

Cost Implications: Range of \$600,000 to \$800,000 cost increase for Zone 1 over multiple years.

Pros:

- (1) This alternative provides more time to execute a new RFP for Zone 1, if the airport chose to do so.
- (2) This alternative could eliminate a need for a future necessary Commission action, if Airport staff determined the best approach for 2021 was to renew with the current contractor for Zone 1.

Cons:

- (1) While Airport cleanliness has improved despite increased demands, the Airport cleanliness level expected has not yet been achieved in any of our zones. As such, staff do not yet feel it is appropriate to commit to a contractor beyond 2020.
- (2) This alternative is the highest cost of the alternatives identified.

This is not the recommended alternative.

Meeting Date: February 11, 2019

**Alternative 3** – Execute a contract amendment for \$341,740 for Zone 1 custodial services.

Cost Implications: \$341,740.23

Pros:

- (1) This alternative allows for continuity of service with the service provider for Zone 1, limiting the complexities of multiple transitions in a short period of time.
- (2) This alternative provides the level of financial resources identified by the service provider that they feel will allow them to properly resource Zone 1 and meet the Airport’s standards.
- (3) With this mutually agreed upon increase, a lever is provided to Airport staff to hold the service provider accountable to meeting the Airport standards. This increase eliminates barriers and excuses the contractor may otherwise leverage to explain away poor performance.

Cons:

- (1) This alternative only addresses a contract increase for one year. If it is determined in 2020 that this approach is a successful one, a negotiation and potential Commission action may be required to execute an amendment for 2021. This will require some level of duplication of effort.
- (2) This alternative is more costly than Alternative 1.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

***Annual Budget Status and Source of Funds***

Janitorial costs are included in Aviation Maintenance’s annual operating budget, so the funding source will be the Airport Development Fund. The increases discussed in this memo were not known when the 2020 budget was developed and therefore not included. The contract amendment amount (\$341,740) and the other adjustments for 2020 (not requiring Commission action) total approximately \$1.79 million. The Aviation division will strive to absorb these additional costs within the 2020 approved operating budget.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

June 25, 2019 – Commission authorized the Executive Director to execute a contract for janitorial services for Zone 5, consisting of the IAF new construction facilities for Seattle-Tacoma International Airport.

September 27, 2016 – Commission authorized the Chief Executive Officer to execute up to four contracts for janitorial services for Seattle-Tacoma International Airport.

Meeting Date: February 11, 2019

August 23, 2016 – Commission Briefing “Contract for Janitorial Services at Sea-Tac Airport.”