



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6c

**ACTION ITEM**

**Date of Meeting** March 24, 2020

**DATE:** February 21, 2020

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Stuart Mathews, Director, Aviation Maintenance  
Jinah Kim, Senior Manager Janitorial Services, Aviation Maintenance

**SUBJECT:** Airport Custodial Service – Zone 1 through 4

**Amount of this request:** \$95,000,000  
**Total estimated project cost:** \$95,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to advertise, award, and execute service contracts for Seattle-Tacoma International Airport Janitorial Service in the existing Zones 1 through 4. Each executed contract will consist of a 5-year contract term. It is anticipated the dates of execution of each contract award will be staggered during the 2020 through 2022 timeframe. The total cumulative estimated value of all contracts is \$95,000,000.

**EXECUTIVE SUMMARY**

In January of 2018 the Airport executed four contracts for custodial services at the Airport with three different prime contractors. This initiated a significant change in how custodial services were executed at the Airport. Historically, a single contractor had provided services for the entire Airport.

In an effort to improve custodial performance and ensure continued competition, the Airport was divided into four zones, and each zone was competed simultaneously. One challenge this created was the resulting execution of four contracts simultaneously.

As Airport staff move forward in preparing for the next phase of custodial contract competition, one key element of the next phase of procurements is to develop a process to allow the custodial contracts to be staggered to level out the demand on Port staff and proposing contractors and minimize the disruptions that inevitably come with any transition.

As such, Airport staff are pursuing a Commission authorization to solicit proposals for Zones 1 through 4 in this single commission request, staggering the solicitations for those proposals across 2020, 2021 and 2022, starting with the North Satellite (NSAT) Zone 2 contract, to coincide with the completion of the NSAT Expansion project in Q3 2021.

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It is anticipated that each individual zone contract would have a maximum duration of five years from the date of execution. The last contract, however, being executed in 2022, would have a duration that could last until 2027.

Staff intends to advertise and procure 5 custodial contracts over the course of the next 3 years. This includes the previously authorized Zone 5 custodial services contract, as well as the Zone 1 through 4 scopes of work which are the subject of this authorization request. Staff wish to gain Commission authorization at one time for all 4 zones to provide flexibility in the procurement process and ensure control over the timing of the execution of the contracts.

### **JUSTIFICATION**

Approval of this request will allow the Port to procure market value contracts through multiple competitive processes. New procurement of the service contracts based on the current performance-based contracting model used, while adjusting the contracting authority to better align with actual costs experienced, will aid the Airport in meeting the standards set under increasing passenger demands.

### **DIVERSITY IN CONTRACTING**

Aviation Maintenance Custodial Services staff is working with the Diversity in Contracting Department regarding setting the women and minority business enterprise (WMBE) aspirational goals for contracted work. A 20% WMBE goal has been set by the Diversity in Contracting Department for Zone 5 (IAF). While Zone 5 is not a part of this contracting authorization, based on that determination we anticipate achieving a similar aspirational goal in each custodial zone, Zone 1 through Zone 4.

### **DETAILS**

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

Starting in January 2018, the Airport transitioned to the performance-based zone model of four contracts covering the then identified four zones at the Airport. The original procurement provided for 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. This initial procurement resulted in three prime contractors being awarded the four zone contracts.

Subsequent to the four-zone procurement, a fifth zone has been developed to incorporate the facilities generated by the building of the International Arrivals Facility (IAF).

If this authorization request is approved, a new RFP for Zone 2 will be the first to be issued in 2020, in order to create a competitive opportunity for the custodial services in this part of the facility. The square footage of the new NSAT increases significantly as a result of the expansion

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and as such greatly increases the square footage for Zone 2. A new competitive process is required to provide the custodial service and maintain the cleanliness in the expanded Zone 2.

Port staff anticipate incorporating Labor Harmony language into the RFP’s for each of these zones. Aviation Maintenance staff have been coordinating with Labor Relations staff and Legal staff on the specific language as each RFP is developed.

***Schedule***

The following schedule represents the key areas and dates for each of the existing zone contracts:

- (1) Zone 1: consisting of Concourses A, B and the South Satellite, a new amended contract for 2020 has been executed and will expire in December 31, 2020. Two additional one-year renewal options are available if deemed appropriate to execute.
- (2) Zone 2: consisting of the Central Terminal, Concourses C, D and the North Satellite, a new contract will expire in December 31, 2020. Due to the expansion of the North Satellite, and the significant increase in square footage to be incorporated in the zone, a new RFP is necessary.
- (3) Zone 3: consisting of Ticketing, Baggage Claim, Curbside, and Garage elevators and escalators. One of three one-year extension options has been executed for 2020. The future of the contractor’s successful performance is not guaranteed at this time, and the Port may or may not exercise its option to extend another year in 2021. If Airport staff chose not to exercise the option, staff will work with the Central Procurement Office (CPO) to make a request for proposals in 2020.
- (4) Zone 4: consisting of the Bagwell, AOB, POSPD, POSFD, Toll Plaza, and outlying buildings. One of 3 one-year extension options has been executed for 2020. The future of the contractor’s successful performance is not guaranteed at this time, the Port may or may not exercise its option to extend another year in 2021 or 2022. If Airport staff chooses not to exercise the option(s), staff will work with CPO to issue a request for proposals in 2020 or 2021.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Continue extending the contracts with existing contractors with negotiated scope, wage, benefits and materials increases each year until janitorial contracting authority is exhausted.

Cost Implications: See table below for estimated 2021 cost implications.

	2020 Contract Price	2021 Estimated Price	Approximate Increase
Zone 1	\$4,843,681.00	\$5,034,000.00	\$190,000.00
Zone 2	\$7,295,640.31	\$7,586,000.00	\$290,000.00
Zone 3	\$4,553,840.92	\$4,734,000.00	\$180,000.00

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Zone 4	\$2,733,876.76	\$2,815,893.00	\$0.00
<b>TOTAL</b>		<b>\$20,169,893.00</b>	

Pros:

- (1) This alternative avoids the transition process that will take a significant amount of resources for Airport staff in order to on-board a new company.

Cons:

- (1) This alternative would eliminate a motivational lever available to the Airport staff to drive performance in a positive direction in terms of service quality.
- (2) This alternative delays the next round of competition for at least one and potentially more zones. It would put the Port in risk of paying the contractor above market price due to the lack of competition.

This is not the recommended alternative.

**Alternative 2** – Execute a multi-year change order for all existing Zones 1 through 4.

Cost Implications: \$97,000,000 to \$118,000,000 total for all Zones over five years, 2023-2027.

Pros:

- (1) This alternative provides more time to execute a new RFP, 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 and beyond was to renew with the current contractor for all Zones.

Cons:

- (1) While Airport cleanliness has certainly improved despite the increased demands, we have not yet achieved the quality standards we have targeted in any of our terminal Zones 1 through 3. As such, we do not yet feel it is appropriate to commit to a contractor beyond 2020.
- (2) This alternative has the highest cost potential of the alternatives identified.

This is not the recommended alternative.

**Alternative 3** – Advertise, award and execute up to four new contracts for Zones 1 through 4 by 2022.

Cost Implications: Estimated \$95,000,000 for all four with a 5-year contract for each.

Pros:

- (1) This alternative allows for the Port to explore and pay fair market price determined through a competitive process for each of the four Zones.
- (2) This alternative provides opportunities to revise the current contract terms with enforcement and incentives to hold the contractor more accountable to meet the Airport standards.
- (3) Staggering the RFP’s for the new contracts would provide different contract periods, load leveling the work load for Airport and Contractor staff. Four smaller scale

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transitions over multiple years can more manageably be accomplished. Transitioning all four zones at one time has a high risk of service quality degradation.

Cons:

- (1) The alternative brings the complexities of multiple transitions.

***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. The funding source will be the Airport Development Fund.

**ATTACHMENTS TO THIS REQUEST**

Graphic of the SEA Zones 1 through 5.

**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.

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