



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6e

ACTION ITEM

Date of Meeting July 14, 2020

DATE: June 23, 2020
TO: Stephen P. Metruck, Executive Director
FROM: Laurel Dunphy, Director Airport Operations
SUBJECT: Airport Operations Consolidated Customer Support Services

Estimated amount of this request: \$7,600,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract for Airport Operations Consolidated Customer Support Services at the Seattle-Tacoma International Airport. The estimated amount is \$7,600,000 for a two-year period.

EXECUTIVE SUMMARY

The purpose of this action is to consolidate two existing customer support service contracts expiring in December 2020 into one Airport Operations Consolidated Customer Support Service contract starting January 2021. This new contract assumes that the new International Arrivals Facility (IAF) will be more passenger friendly and provide efficient way finding, requiring a lower level of customer support than the current South Satellite (SSAT) facility. The proposed contract should result in lower costs as it also assumes 30% lower passenger volumes in 2021 in both the Terminal and Landside Operations.

JUSTIFICATION

Currently, in the airport terminal, the Port of Seattle (Port) supports contracted customer services at the Security Checkpoints and in the existing Federal Inspection Services (FIS) facility. In the airport Landside area, the Port of Seattle supports contract customer services in the parking garage and North Employee Parking Lot (NEPL). The table below identifies the existing two individual contracts, scope of work, total budget amount, and annual contract budget amount dedicated to serve the airport.

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Existing Contract Company	Total Contract Budget (\$)	Annual Contract Budget (\$)	2019 Actual Expenses Including YE Accruals
VIP Hospitality (CISS/VIP) <ul style="list-style-type: none"> • Passenger Services (FIS-International customer process assistance) • Baggage Services (FIS-Customs area) 	17,420,000 (over 5 years)	2,903,333	3,314,463
Flight Support Services (FSS) <ul style="list-style-type: none"> • Security Checkpoints • App-Based Ride Share • North Employee Parking Lot • Airport Main Terminal Service Tunnel 	5,000,000 (over 3 years)	1,370,000	2,185,766
TOTAL	22,420,000	4,273,333	5,500,229

The proposed areas of work will remain the same, however, the intent of consolidating multiple service contracts into one larger contract would be to gain flexibility with contract employee staffing during peak seasonal periods, provide a higher caliber of technically proficient employees for tasks such as security checkpoint queue management/TSA supplement staff assistance, as well as the ability to shift contract employee resources to busy “hot spots” during peak hours of the day. Airport “hot spots” are often found in the App-Based Ride Share staging area, the security checkpoints and in the new IAF. The expectation is that with a single service provider more employee resources will be available to shift to busy “hot spots,” the Port will be able to better manage contractor costs, employee resource allocation, and be able to improve customer service. Additionally, in the competitive bid process, there is opportunity for women and minority business enterprises (WMBE) to provide services under the larger contract. This contract will also contain strong customer service standards and the Aviation Customer Service Department will work closely with primary contracted service leads to ensure quality assurance alignment. This approach will enable a shift of Port Customer Service Representatives (Pathfinders) out of the security checkpoints to areas of the terminal where their airport knowledge can be more fully utilized, and they can have greater mobility to provide comprehensive service to customers.

Given the reduced activity due to the COVID19 situation, staff was mindful to evaluate the service required and to analyze each contract developing a very lean cost estimate, in order to maintain a minimal level of service. Additionally, we are making planning assumptions as to how the new bags-first (“simplified arrival”) process will work in the new IAF. The estimated cost is 30% lower than 2019 YE actual cost for the two contracts and is consistent with the Port’s forecast for near future activity. To that end, should passenger activity increase greater than forecast or need to be adjusted to accommodate the new processes in the IAF, staff may return to Commission to

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request additional funds. The solicitation will include a provision that allows the Port to amend the contract significantly to accommodate passenger growth and/or changes in services. The intent of the contract is to attain 2 years’ service and adjust the contract value to accommodate those two years.

Diversity in Contracting

As mentioned in the previous paragraph, in the competitive bid process, there is opportunity for women – and minority-owned business enterprises to provide services under the larger contract. We are currently working with the in Diversity Contracting office to determine if sub-contracting opportunities are available. This contract will have a labor harmony provision.

Schedule

Commission authorization	July 14, 2020
Request for Proposal Advertisement	July 2020
Contract Award	Q4 2020
Start of Service	January 1, 2021

Cost Breakdown

We estimate the contract will provide a minimal level of service for an estimated amount of \$7,600,000 over a two-year period. The Port of Seattle has the ability to work with the contractor to increase or reduce staff levels as demand dictates, and better control costs. This represents a 30% reduction over the 2019 costs for these services. Should passenger volumes increase and/or the Port determines it is appropriate to increase level of service, staff may return to Commission seeing authority to amend the contract to cover the additional cost.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Continue to administer separate contracts for terminal and landside services at the same level of customer service support. Bid contracts for a 2-year period.

Cost Implications: Estimated cost of \$11,000,000 over a 2-year period with a potential for a higher cost to maintain two individual contracts.

Pros:

- (1) Allows for specific and focused services in terminal and landside areas
- (2) Provides employee resources in high demand areas for better customer service

Cons:

- (1) Single management of resources is limited to specific areas
- (2) Separate contracts may yield inconsistent and higher wage rates, overhead and administrative fees overall
- (3) Limits flexibility to shift resources to airport-wide “hot spots” during peak periods

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- (4) Does not provide continuity of service during seasonal peaks and/or flexibility with employee utilization during peak hours of the day to cover “hot spots”
- (5) Request for Proposal (RFP) procurement process required for two separate individual contracts as they expire.

This is not the recommended alternative.

Alternative 2 – Combine terminal service areas (i.e. International Arrivals Facility and Security Checkpoints) and Landside service areas (i.e. parking services and NEPL) into one contract. Reduce level of service and cost by 15% overall.

Cost Implications: Estimated \$9,300,000 over a 2-year period

Pros:

- (1) Provides continuity of service in terminal and landside areas.
- (2) One contract for Terminal and Landside services would yield consistent wage rates, overhead and administrative fees overall.
- (3) Supports airport stakeholders with operational effectiveness and efficiencies
- (4) Allows for flexibility to shift resources to airport-wide “hot spots” in a timely manner
- (5) Provides continuity of service during seasonal peaks and flexibility with employee utilization during peak hours of the day to cover “hot spots”
- (6) Improves situational awareness for better customer service
- (7) May reduce costs due to better efficiency with employee resource allocation and distribution
- (8) Requires one RFP process to cover multiple areas
- (9) Supports one Port/Contractor administration relationship for more effective/efficient facilitation and administration
- (10) Enables Pathfinders to shift away from security checkpoints and to better utilize their airport knowledge to deliver comprehensive services to customers.
- (11) Reduces Operating costs.

Cons:

- (1) Requires a high degree of situational awareness for allocating resources in multiple areas during busy peak periods.
- (2) Potential for cost escalation due to need to cover multiple areas and if activity returns at a greater pace than forecasted.
- (3) Requires relocating resources from other areas to support Cell Phone Lot.

This is not the recommended alternative.

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Alternative 3 – Combine terminal service areas (i.e. International Arrivals Facility and Security Checkpoints) and Landside service areas (i.e. parking services) into one contract. Reduce level of service and cost by 30% overall.

Cost Implications: Estimated \$7,600,000 over a 2-year period

Pros:

- (1) Provides continuity of service in terminal and landside areas
- (2) One contract for Terminal and Landside services would yield consistent wage rates, overhead and administrative fees overall.
- (3) Supports airport stakeholders with operational effectiveness and efficiencies
- (4) Allows for flexibility to shift resources to airport-wide “hot spots” in a timely manner
- (5) Provides continuity of service during seasonal peaks and flexibility with employee utilization during peak hours of the day to cover “hot spots”
- (6) Improves situational awareness for better customer service
- (7) May reduce costs due to better efficiency with employee resource allocation and distribution
- (8) Requires one RFP process to cover multiple areas
- (9) Supports one Port/Contractor administration relationship for more effective/efficient facilitation and administration
- (10) Enables Pathfinders to shift away from security checkpoints and to better utilize their airport knowledge to deliver comprehensive services to customers.
- (11) Reduces Operating costs.

Cons:

- (1) Requires a high degree of situational awareness for allocating resources in multiple areas during busy peak periods;
- (2) Potential for cost escalation due to need to cover multiple areas and if activity returns at a greater pace than forecasted.
- (3) Requires relocating resources from other areas to support Cell Phone Lot

This is the recommended alternative.

FINANCIAL IMPLICATIONS

These costs are very preliminary based on our current contracts and level of service. Staff expects additional needs with the transition to and the opening of the new International Arrivals Facility, as well as new requirements due to COVID19. Physical distancing in the security checkpoint queues will require contract staff to help support, monitor and ensure passengers are adhering to separation standards. This may have cost implications to maintain an identified level of customer service for passenger safety.

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Annual Budget Status and Source of Funds

The annual operating cost associated with this contract will be included in the annual operating budget.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 22, 2018 – The Commission authorized advertising and execution of a contract for up to three years, a one-year base contract with two one-year options of seasonal customer service staffing at Seattle-Tacoma International Airport for an estimated contract value of \$2,740,000.

September 30, 2014 – The Commission authorized execution of a contract for Centralized International Support Services in the Federal Inspection Services (FIS) Facility at Seattle-Tacoma International Airport for up to five years (2015-2019) for an estimated amount of \$8,700,000.