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COMMISSION

AGENDA MEMORANDUM Item No. 10a

ACTION ITEM Date of Meeting December 12, 2023

DATE : October 5, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Jeffrey Wolf, Director, Aviation Commercial Management

Geoffrey Foster, Sr. Manager, Aviation Commercial Management

Jason Berg, Property Manager, Aviation Commercial Management

SUBJECT: Curbside Management Contract Procurement

Amount of this request: \$14,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director, or designee, to contract for services associated with curbside management of the On-Demand Taxi/Flat-Rate For-Hire (On-Demand or Taxi) program at the Seattle-Tacoma International Airport (SEA or airport) for a total cost of up to \$14,000,000 for a term of up to five years.

EXECUTIVE SUMMARY

The current Curbside Management Services contract associated with managing the curbside and holding lot for the On-Demand services at SEA is set to expire on October 31, 2024. Upon approval, Staff will begin a procurement for continued curbside management services directed by the Port of Seattle's (Port) Central Procurement Office (CPO). Staff anticipates selecting a curbside management provider and completing contract negotiations for a November 1, 2024 start date.

JUSTIFICATION

On February 14, 2023, Commission passed Order 2023-03 which established a more permanent On-Demand program at SEA. Within that same order, Commission directed Staff to continue to contract with and pay for curbside management services designed to continue management of the On-Demand program.

Diversity in Contracting

There will be a 3% WMBE aspirational goal associated with this contract based on an evaluation by Diversity in Contracting staff.

Template revised January 10, 2019.

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DETAILS

The purpose of this procurement is to continue the curbside management function of the On-Demand services at the airport's designated operating area(s) within the parking structure and holding lot.

Contract Components

This contract is primarily comprised of labor-related activities associated with the safe and orderly operation of the On-Demand Taxi curbside at SEA and includes:

- Manage passenger loading into taxi vehicles.
- Dispatching of taxi vehicles, to include charging of the per-trip fee, based on supply and demand to the active pick-up area.
- Management of a taxi vehicle holding lot and operational queueing in operating areas.
- Ensuring the safe and orderly operation of the taxi curbside.

Updates to the Scope of Work for this procurement will also incorporate the following:

- Additional focus on customer service, relationship management and conflict resolution training standards.
- Improved reporting of customer service and conflict resolution training requirements.
- Collaboration with Port on outreach, education, and consultation with taxi driver community.
- Updated standards for maintaining the 160th Street lot facility, which includes cleaning and providing adequate supplies for restrooms and breakroom.

The updates to the contract's scope were developed over the pilot program through on-going feedback and conversations on the On-Demand program with the Voluntary Organization (VO) and the taxi driver community.

Schedule

Activity

Commission authorization 2023 Quarter 4

Procurement RFP released 2024 Quarter 1

Procurement complete 2024 Quarter 3

Curbside Management Implementation 2024 Quarter 4

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Allow current Curbside Management Agreement to expire on October 31, 2024.

Cost Implications: Up to \$14,000,000 in savings over a 5-year period.

Pros:

(1) Contract savings of up to \$14,000,000 over a 5-year period.

Cons:

(1) Discontinued management of On-Demand Taxi/Flat-Rate For-Hire program at the airport that will degrade the customer experience at SEA.

(2) Discontinued management of the 160th Holding Lot, to include the facility, and vehicle queueing operating areas.

(3) Increased staffing needs for ensuring safe and orderly curbside.

This is not the recommended alternative.

Alternative 2 – Transfer Curbside Management function to GT Staff.

Cost Implications: Approximately \$12,000,000 over a 5-year period of pay and benefits for 23

Full-Time Employees (FTEs) to perform the curbside management function and manage the 160th Holding Lot facility for a 24/7 operation.

Pros:

(1) Port would have full operational oversight and management of On-Demand Taxi program without the need to enforce or amend a contract.

(2) Implementation of changes to the operation due to changing needs/requirements would be quicker/easier without having to amend a contract.

Cons:

(1) Requires the need to recruit, hire, train and pay 23 FTEs to fulfill this curbside management role at a cost of approximately \$12,000,000 over a 5-year period. This does not include associated costs for continuous training, hiring, equipment, etc., which would vary year-to-year.

This is not the recommended alternative.

Alternative 3 – Approve authorization to procure Curbside Management services for a term of up to five years at a total cost of up to \$14,000,000.

Cost Implications: Up to \$14,000,000 over a 5-year period

Pros:

(1) Continued management of On-Demand Taxi/Flat-Rate For-Hire curb ensuring passengers are assisted into taxis providing an elevated customer experience at SEA.

(2) Continued management of 160th Holding Lot, to include the facility, and vehicle queueing in operating areas.

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(3) Continued monitoring of vehicles and drivers ensuring compliance with Port rules and regulations.

Cons:

(1) Port would not have direct say over means and methods of curbside management.

(2) Implementation of changes to the operation due to changing needs/requirements may require the need to amend the contract and incur additional costs.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Commission authorized \$12,500,000 back on March 26, 2019, for the current curbside

management agreement. This new Agreement will be in effect from November 1, 2024 to October 31, 2029 with a total estimated five-year cost to the Port of up to approximately \$14,000,000 with anticipated increases mainly due to inflationary impacts on labor costs.

Annual Budget Status and Source of Funds

The Curbside Management Services Agreement budget is included in the 2024 Ground Transportation baseline budget in the amount of \$1,895,460. If this request is approved, the 2025 Ground Transportation baseline budget would be increased to align with the amount authorized in this request.

Financial Analysis and Summary

Contract cost for analysis \$14,000,000 (five years)

Business Unit (BU) Aviation Commercial Management

Effect on business performance No additional revenue will be generated by this service.

(NOI after depreciation) However, the Curbside Management Service is a key

support component of the approximately \$3,500,000 in

non-aeronautical revenue associated with the On-

Demand line of business.

IRR/NPV (if relevant) N/A

CPE Impact N/A

Future Revenues and Expenses (Total cost of ownership)

The Curbside Management Service supports the On-Demand Taxi/Flat-Rate For-Hire program, which yields approximately \$3,500,000 in revenue annually. This Curbside Management Service does not directly generate revenue.

ADDITIONAL BACKGROUND

As part of the continued Curbside Management Services function associated with the On-Demand system, set to begin on November 1, 2024, there may be additional costs associated with an increased scope of work. The costs, which include on-going expense reimbursables, as

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well as a management fee, will be finalized through the procurement process and associated negotiations with the selected provider. Due to the uncertainty of total costs, Staff is requesting authorization of up to \$2,800,000 per contract year. This estimate compares to the current rate of around \$2 million per year for services. The anticipated increase is due to general inflationary impacts, generally associated with the cost of labor. The estimated cost for a two-year procurement with three additional one-year extension options totals up to \$14,000,000. These costs will be included as part of the baseline budget for Ground Transportation.

ATTACHMENTS TO THIS REQUEST

- (1) Motion 2019-03 – Establishment of a Two-Year On-Demand Taxi Pilot Program
- (2) Order 2023-03 – Establishment of On-Demand Taxi/Flat-Rate For-Hire Program for a Period of Up to Five Years
- (3) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

February 14, 2023 – The Commission approved Order 2023-03 establishing a more permanent program for On-Demand service at SEA for a period of up to five years. This Order also directed Staff to contract with and pay for curbside management associated with the On-Demand program.

May 28, 2019 – The Commission approved Motion 2019-03 establishing a two-year pilot program for On-Demand service at SEA. This Motion also directed Staff to contract separately for curbside management services associated with the On-Demand pilot program.

March 26, 2019 – The Commission authorized the Executive Director to execute contract documents for curbside management associated with On-Demand services at SEA for a total cost of \$12,500,000 for a term of two years with three, one-year extension options.

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