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COMMISSION

AGENDA MEMORANDUM Item No. 8d

ACTION ITEM Date of Meeting January 9, 2024

DATE : November 10, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Mike Tasker, Director, Aviation Maintenance

Delmas Whittaker, Director, Marine Maintenance

SUBJECT: Testing, Maintenance and Repair for Escalators, Elevators, and Moving Walkways at Sea-Tac Airport and Maritime Facilities

Amount of this request: \$37,000,000.00

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a testing, maintenance and repair contract for elevator, escalator and moving walkway services at Sea-Tac Airport and Maritime locations for up to seven years with a competitively bid Port contract. The total cost for seven years is estimated to be approximately \$37 million (Airport \$36.1 million; Maritime \$900,000).

EXECUTIVE SUMMARY

The purpose of this request is to provide services that will maintain operational needs at both Airport and Maritime facilities. The current Port wide contract provides testing, maintenance, and repair of the airport and waterfront elevators, escalators and moving walkways. It includes immediate response to issues such as entrapments, safety faults, and falls, and ensures compliance with all sections of the State of Washington Labor and Industries (L&I) elevator code.

JUSTIFICATION

This contract authorization will allow the Airport and Maritime facilities to meet operational needs efficiently throughout its term. It directly supports the Port's century agenda item of Meeting the region's air transportation needs at Sea-Tac Airport and aligns with our "One Port" approach. Facility maintenance is a key component to ensuring safety and compliance, providing good customer service, and meeting the Airport Service Quality (ASQ) targets set in the 2018 Aviation Division Priorities.

Template revised January 10, 2019.

COMMISSION AGENDA – Action Item No. 8d Page 2 of 4

Meeting Date: January 9, 2024

Diversity in Contracting

The contract is not feasible for subcontracting because it does not appear to be a significant number of WMBE firms with the scope. We'll be asking the prime to prioritize reaching out to WMBE suppliers when possible.

DETAILS

On July 1, 2018, the Port Commission authorized a Port-wide contract with the current contractor (Schindler) which will expire on August 31, 2024. Our objective is to competitively bid another Port wide 7-year elevator, escalator and moving walkways testing, maintenance and repair contract for an estimated cost of \$37 million dollars, that includes 6% budgeted inflation.

This contract will ensure that the Port's (131) elevators, (100) escalators, (7) moving walkways receive professional services by a trained and licensed technician.

Elevator, escalator, and moving walk maintenance and repairs require the services of licensed technicians. In the past, in accordance with local and national standards, that work has been performed by a contractor whos' technicians are licensed by the State of Washington and fall under the jurisdiction of L&I.

The selected contractor will also be required to address deficiencies identified by the state or local inspections office.

Scope of Work

Provide State required testing, manufacturer recommended maintenance, and timely repair services on the airport and Maritime elevators, escalators, and moving walkways. The bid shall include monthly service cost broken down by hourly wages for business hours, after-hours, weekends, and holidays.

Schedule

Execute a contract no later than June 1, 2024.

Activity

Commission design authorization 2024 Quarter 1

Procurement Advertisement 2024 Quarter 1

Contract Execution 2024 Quarter 2

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Bid two separate contracts

Request commission authorization to advertise, award, and execute two separate contracts, one for the airport and one for the waterfront. We recommend a 4-year term with three 1-year extensions. The total cost of no less than \$41 million.

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COMMISSION AGENDA – Action Item No. 8d Page 3 of 4

Meeting Date: January 9, 2024

Annual Cost Implications: Airport \$6.1 million; Maritime \$200,000. (Total \$6.3 million)

Pros:

- (1) Response time to Maritime facilities may be faster.
- (2) Possible opportunity for small businesses considering Maritime's limited inventory.

Cons:

- (1) Resources required to execute and manage two separate contracts double.
- (2) Risk of a reduced economy of scale from Maritime exclusion.
- (3) Does not align with our "One Port" philosophy.
- (4) Maritime may receive fewer bids due to a limited inventory.

This is not the recommended alternative.

Alternative 2 – Rebid Port wide contract

Request commission authorization to advertise, award, and execute a Port wide contract. We recommend a 4-year term with three 1-year extensions. The total cost estimated \$37 million.

Annual Cost Implications: Airport \$5.2 million; Maritime \$140,000. (Total \$5.3 million)

Pros:

- (1) Fewer resources spent on execution and management of a single contract.
- (2) Aligns with our "One Port" philosophy.
- (3) Increased opportunity for economy of scale.

Cons:

- (1) All maintenance to be provided with one provider.
- (2) No competition within the airport for dueling contracted companies.

This is the recommended alternative.

FINANCIAL IMPLICATION

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$0 \$37,000,000 \$37,000,000

AUTHORIZATION

Previous authorizations 0 0 0

Current request for authorization 0 \$37,000,000 \$37,000,000

Total authorizations, including this request 0 \$37,000,000 \$37,000,000

Remaining amount to be authorized \$0 \$0 \$0

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COMMISSION AGENDA – Action Item No. 8d Page 4 of 4

Meeting Date: January 9, 2024

Annual Budget Status and Source of Funds

The annual expenses associated with this contract will be included in the annual operating budgets. For 2024, the Aviation Maintenance department's operating budget includes \$3.5 million. Approximately 75% of this annual cost is recovered through terminal rents paid by the airlines.

Future Revenues and Expenses (Total cost of ownership)

By continuing to combine airport and maritime contracts into one, the Port has an increased opportunity of cost reduction for this service.

ADDITIONAL BACKGROUND

None.

ATTACHMENTS TO THIS REQUEST

(1) WMBE Availability Analysis Form

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

February 27, 2018 – Commission authorized the executive director to execute a contract for maintenance and repair for escalators, elevators and moving walks at Sea-Tac airport and maritime facilities.

Template revised June 27, 2019 (Diversity in Contracting).