



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6f

**ACTION ITEM**

**Date of Meeting** January 8, 2019

**DATE:** November 30, 2018  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Stuart Mathews, Director, Aviation Maintenance  
Benny Austin, Senior Maintenance Manager, Facilities, Fleet, Systems and Grounds  
**SUBJECT:** Procurement of Cobus Factory Original Equipment Manufacturer (OEM) Parts

**Amount of this request:** \$0  
**Total maximum estimated Contract cost:** \$500,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a contract for the purchase of Original Equipment Manufacturer (OEM) Cobus parts for maintenance and repair of the Cobus fleet at Seattle-Tacoma International Airport. The contract will be structured as a one-year agreement with up to four one-year renewal options. Only contracting authority is being requested at this time. There is no budget request associated with this authorization and any necessary costs are in 2019 budget and future operating budgets.

**EXECUTIVE SUMMARY**

The Port of Seattle currently has a fleet of nine Cobus 3000 buses and is in the process of procuring four more buses of the same model to support hardstand operations. The Port of Seattle purchases Original Equipment Manufacturer (OEM) parts directly from the Cobus manufacturer in Wiesbaden, Germany. We anticipate these costs to level out at approximately \$90,000 to \$100,000 per year after all thirteen busses are in service. In an effort to reduce processing time for the ordering of essential parts, Aviation Maintenance is requesting the creation of an open vendor contract to eliminate the need to issue purchase orders for routine purchases.

**JUSTIFICATION**

Aviation Maintenance currently maintains nine Cobuses with another four Cobuses on order. Cobuses are produced in Europe and require support through Cobus Industries. Cobuses are critical to hardstand operations which are anticipated to grow to almost one million passengers for 2019. With the large passenger volume increase, the need for bus availability is anticipated to increase. Engaging in this contract will help the repair process by allowing the Aviation Maintenance Distribution Center to order parts directly from Cobus industries. Many of the major component parts for these buses are not available from any third-party replacement part

Meeting Date: January 8, 2019

vendor and must be purchased from the Original Equipment Manufacturer (OEM). Currently we procure parts utilizing direct purchase orders, which are time consuming and can extend the lead time for components necessary to keep the Cobus fleet at a high level of operational readiness. This contract will simplify the parts ordering process and reduce the processing time for orders from 14 days to 3 days, which helps busses in operation rather than in shop waiting for parts.

**DETAILS**

Original Equipment Manufacturer (OEM) parts are necessary to ensure compliance with warranties, compatibility with existing equipment and to maintain equipment properly. Aviation Maintenance uses alternative parts when there are no warranty/compatibility issues with existing equipment, which is cost effective and makes business sense. Consumable parts such as light bulbs are available from other vendors and this contract would not normally be utilized for these types of parts.

***Scope of Work***

This contract is for the purchase of Original Equipment Manufacturer (OEM) Cobus parts to support the maintenance of the Cobus fleet used for SeaTac Airport Hardstand Operations.

Contract Issuance	2019 Quarter 1
Potential Contract Extension Execution	2020 Quarter 1

***Schedule***

This contract is not replacing any current contracts. The Port will pursue negotiating the contract with Cobus Industries in as expeditious manner as possible.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not execute a contract for Cobus OEM parts. Continue to purchase parts using direct buy purchase orders as needed.

Cost Implications: \$500,000 over 5 years. Expenditure is the same for both contracting methods.

Pros:

- (1) No contract negotiations are required, freeing procurement resources to perform other work.

Cons:

- (1) Potential for extended down time of buses supporting hardstand passenger loading and unloading when unique, non-stock bus components and repair parts items are required. This will potentially reduce fleet availability and negatively impact processing times.

Meeting Date: January 8, 2019

This is not the recommended alternative.

**Alternative 2** – Authorization to execute a new contract for the purchase of Cobus OEM parts.

Cost Implications: \$500,000 over 5 years. Expenditure is the same for both contracting methods.

Pros:

- (1) Reduce the potential down-time for Cobus buses when non-stock parts are required.
- (2) Aviation Maintenance purchaser would be able to engage directly with the vendor which decreases the time it takes to order parts and improves our ability to ensure the right parts get ordered.
- (3) Potential for better pricing than the list price we pay with one-off direct buy purchase orders.

Cons:

- (1) Requires the time of CPO resources to negotiate the contract requirements for this contract. These resources would not be available for other activities.

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

**FINANCIAL IMPLICATIONS**

The 2019 operating Aviation Maintenance baseline budget includes \$100,000 for Cobus OEM parts. The future annual contract amounts will be included in annual operating budgets. The expenses relating to maintaining the Cobus fleet are recovered from the airlines through charges to the Sea-Tac Airline Consortium, which runs the hardstand bus operations.

***Future Revenues and Expenses (Total cost of ownership)***

Expenses under this contract are fully recovered from the airlines through chargers to the Sea-Tac Airline Consortium.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None