

**COMMISSION
AGENDA MEMORANDUM**

Item No.

8c

ACTION ITEM

Date of Meeting

November 18, 2025

DATE : September 25, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Mike Tasker, Director AV Maintenance
Erik Knowles, Assistant Director AV Maintenance

SUBJECT: Onsite Daifuku Baggage Controls Technician

Amount of this request: \$3,400,000

Total estimated project cost: \$3,400,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an agreement to Daifuku Services America Corporation, in accordance with RCW 39.04.280 competition waiver, for rapid, technical onsite services for three years with two additional option years, for a not to exceed amount of \$3,400,000, to troubleshoot, make program modifications, provide guidance, assist AVM, and resolve problems within minutes.

EXECUTIVE SUMMARY

The new Daifuku control system for the new baggage handling system is a very complex system that requires Daifuku-specific technical knowledge, know-how, and experience to optimize the baggage handling system uptime. The baggage handling system (BHS) is being replaced and includes new controls by Daifuku Services America Corporation (formerly known as Jervis B. Webb). Aviation Maintenance (AVM) renews a technical, 100% remote, support contract (TSP) annually that provides the Port with priority access to Daifuku's call center; however, the call center can only guarantee a one-hour response time. The AVM baggage team must respond and identify a problem within minutes. Waiting up to an hour is a significant risk to the operation and our customers/airlines/passengers; having a Daifuku technician onsite mitigates that risk and contributes to the Customer Experience as identified in the 2025 Aviation Business Plan.

Although the Daifuku control system was selected through an open, competitive procurement process with the Baggage Optimization Phase I and II project, in accordance with RCW 39.04.280, a competition waiver, #2025-010, was approved for this on-site service due to its propriety baggage system services.

Meeting Date: November 18, 2025

JUSTIFICATION

- 1) Quick response times on the order of minutes is required to ensure proper baggage system operations.
- 2) This action will reduce baggage system interruption durations that otherwise impact airline operations or passenger experience.
- 3) This contract includes an onsite and on-call response requirement, which eliminates the need for the remote support contract (TSP).
- 4) This work is included in the 2025 AV Business Plan and will contribute to the upcoming five business cycles (three business cycles with options to extend two years.)

Diversity in Contracting

Diversity in Contracting has not been contacted due to an active competition waiver for Daifuku.

DETAILS

This work provides a Daifuku technician and uninhibited access to the baggage control system during peak startup hours on the weekdays resulting in real-time troubleshooting and resolution. Total costs are estimated to be \$3,400,000.

Scope of Work

The onsite technician will be providing instant troubleshooting, program modifications, problem resolution, and reporting ensuring optimal system operation, configuration, and after-action reporting.

Activity

Commission authorization	2025 Quarter 4
Procurement complete	2026 Quarter 1
Vendor technician training at headquarters	2026 Quarter 1
Vendor technician onsite	2026 Quarter 2

Cost Breakdown

	This Request	Total Project
First three years	\$2,046,000	\$2,046,000
Year 4	\$649,000	\$649,000
Year 5	\$672,000	\$672,000
Total	\$3,366,000	\$3,366,000

Meeting Date: November 18, 2025

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Hire and train a baggage controls engineer

Cost Implications: \$150,000 - \$250,000 a year (burdened)

Pros:

- (1) Company staff will have a vested interest in quality and response

Cons:

- (1) Market and access to training for proprietary products is not available.
- (2) A Port controls engineer will not be available 24/7.
- (3) This alternative will require the Port to renew the technical services contract with Daifuku keeping the one-hour response time and is a risk to the operation.
- (4) All additional work requires separate purchase orders and delays improvements.
- (5) A full-time employee is not in the staffing model.

This is not the recommended alternative.

Alternative 2 – Use existing baggage controls contractor, Daifuku, to be onsite and support the Daifuku baggage controls system.

Cost Implications: \$3,400,000

Pros:

- (1) Instantaneous response when on-site. There are peak passenger times when baggage can back up to the ticket counters in less than 2 minutes.
- (2) Provides the reliability and capacity needed for critical airport and airline baggage operations.
- (3) Eliminating purchase orders improves timeliness of system improvements.
- (4) Cost recovery from discontinuing the technical support contract and additional purchase orders.

Cons:

- (1) Using non-Port staff risks institutional knowledge and continuity.
- (2) Costly

This is the recommended alternative.

Meeting Date: November 18, 2025

FINANCIAL IMPLICATIONS***Cost Estimate/Authorization Summary***

Capital

Expense

Total

COST ESTIMATE			
Original estimate	0	\$3,400,000	\$3,400,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	\$3,400,000	\$3,400,000
Total authorizations, including this request	0	\$3,400,000	\$3,400,000
Remaining amount to be authorized	\$0	\$3,400,000	\$3,400,000

Annual Budget Status and Source of Funds

This item is approved for the 2026 budget.

Financial Analysis and Summary

Project cost for analysis	\$3,400,000
Business Unit (BU)	Aviation Maintenance
Effect on business performance (NOI after depreciation)	No depreciation
IRR/NPV (if relevant)	NPV
CPE Impact	

Future Revenues and Expenses (Total cost of ownership)

There are no revenues. Expenses are not tied to assets.

ADDITIONAL BACKGROUND

The Baggage Optimization Project is broken into three phases with the first two completed as of 2024. The first two phases included the Daifuku baggage handling system which went live in April 2020. It is an essential operational component of the passenger experience and used throughout the airport to move passenger's bags from the ticket counter, through TSA screening, and sorting to the appropriate airline lease area.

ATTACHMENTS TO THIS REQUEST

- (1) Competition Waiver
- (2) Daifuku Proposal
- (3) PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None