

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting July 7, 2009

DATE: May 19, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Arif Ghose, Director, Seaport Security
Rod Jackson, Capital Project Manager

SUBJECT: Department of Homeland Security (DHS) Round 7 Seaport Security Grant components for a total authorization of \$1,624,090 (\$873,500 reimbursable grant by DHS and \$750,590 in Port costs).

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to:

1. To perform permitting and in-house design; prepare contract documents, execute service agreements and to perform contract administration for the Transportation Worker Identification Credential (TWIC) Project at Port of Seattle (Port) Waterfront Facilities in the amount of \$227,090.
2. To perform TWIC integration and configuration to support enrollment and access control. ICT will procure and execute service agreements for the TWIC Project in the amount of \$1,103,000 to assist in the design.
3. To perform a series of Port of Seattle and interagency collaborative training and exercises, drills; and response and recovery planning efforts. Also to support mission specific training, such as boat training for the Port of Seattle Police officers, as the security boat equipment purchased through previous grant funding is deployed for a cost of \$294,000.

SYNOPSIS

In an effort to increase security at the nation's strategic and economically important seaports, DHS established a Port Security Grant Program. The Port has applied for and received grant funding through this program in 2002, 2003, 2004, 2006, and 2007 and completed many projects on its own facilities to further the objectives of enhanced maritime security. In addition, the Port has provided Grant Administration services for other ports that were not able to commit their own staff and project management resources to implement the requirements of administering

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federal grants. The Port of Tacoma will administer the Round 8 of the Port Security Grant Program.

The Seaport Division requests approval to perform three DHS Round 7 Seaport Security Grant projects totaling \$1,624,090. These projects involve in-house design of the TWIC card reader infrastructure and the software design, integration and configuration of the TWIC card system, as well as the provision of security training and exercises. The total cost of the two TWIC-related projects is \$1,330,090. Each project is reimbursable by DHS at 75% of allowable costs. The award of the grant from DHS requires a 25% funding match from the Port for the total cost of the Program, less all non-reimbursable Port labor (FTE) and labor contingencies. DHS will reimburse the Port \$873,500, and the Port's matching contribution, including direct costs and FTE, is \$750,590 for all three projects.

It is necessary for the Port to proceed with these two TWIC projects to remain in compliance with DHS security regulations, specifically as enumerated in Title 33, Code of Federal Regulations, Parts 101 and 105. Failure to comply with these regulations would result in the Port's ineligibility to receive certain Maritime Transportation Security Act (MTSA) regulated vessels, and would preclude business at T-91.

The Port is required to conduct or attend regulatory and operational security training and exercises on an on-going basis. This grant finding will help the Port meet its training requirements. The total projected cost of training and exercises is \$294,000 of which \$220,500 is eligible for reimbursement by DHS.

Design of TWIC card reader infrastructure

Design and Construction of the TWIC card reader infrastructure is estimated to be \$1,077,090. Construction is estimated at \$850,000, of which a maximum of 75% (\$637,500) of allowable costs will be reimbursed by DHS. FTE costs of \$227,090 for in-house design are not reimbursable.

Software design and implementation for the TWIC card system

Costs for the TWIC integration and configuration to support enrollment and access control will be in the amount of \$1,103,000. Port FTE and labor contingency costs of \$232,000 are non-reimbursable. Equipment and implementation costs of \$871,000 are reimbursable at a maximum of 75% (\$653,000) by DHS. FTE costs of \$450,000 for in-house design are not reimbursable.

Training and Exercises

Training and exercises will support the Port's security and emergency preparedness planning objectives, as well as promote opportunities for interagency cooperation and collaboration in preparation for the recovery and increased resiliency of the Port facilities and Puget Sound

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Marine Fire Fighting Association infrastructure in response to terrorist attacks. The total project cost is \$294,000 of which a maximum of 75% (\$220,500) is eligible for reimbursement by DHS.

PROJECT DESCRIPTION/SCOPE OF WORK

Project Statement:

This project will complete the TWIC infrastructure no later than December 31, 2010.

Project Objectives:

- Project will be on budget at minimum cost (Life Cycle).
- Project will be delivered on-time to meet schedule milestones.
- Project will use technology to meet future project needs and reduce recurring expenses.
- Project will have seamless operation of the system with no card reader issues.

Scope of Work:

Scopes include the design and preparation of contract documents for cable, conduit, power, fiber optics, card readers and cameras necessary to operate the existing TWIC physical infrastructure systems installed at Port of Seattle waterfront facilities previously funded through the DHS Round 6 grant. The scope also includes the development of the POS network, including infrastructure integration and configuration to support enrollment and access control under the TWIC requirements. The Port has elected to utilize in-house staff to design the project. Port funds will be utilized to cover the FTE costs. FTE costs are not reimbursable for this grant to meet and comply with Federal TWIC regulations. Staff will return to Commission for authorization(s) at a later date to request additional funding for advertisement, bidding and construction including any necessary Port of Seattle cost match (25%).

STRATEGIC OBJECTIVES

This project supports the Port strategy to “Ensure Airport and Seaport Vitality” through enhancing safety by providing an additional level of security to the Port of Seattle Waterfront operations.

ADDITIONAL FUNDING NEEDED

Port staff will return to the Commission for additional funding for the TWIC card infrastructure construction once the design work is completed. We estimate that another \$850,000 will be required, of which an estimated \$637,000 will be reimbursed by DHS. Original expectations for this project included the primary use of consultants and contractors to complete the design. However, utilizing Port FTE staff would allow the project to be completed six months sooner. This would guarantee installation of the work by the federal grant end date and also realize savings from eliminating on-site security guards for those six months.

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FINANCIAL IMPLICATIONS

Budget/Authorization Summary

Original Budget	0
Previous Authorizations for this CIP	0
Current request for authorization	\$1,624,090
Total Authorizations, including this request	\$1,624,090
Remaining budget to be authorized (Estimated Infrastructure Construction Cost)	\$ 850,000
Total Estimated Project Cost	\$2,474,090

Project Cost Breakdown

<u>TWIC Card Reader Infrastructure</u>	<u>This Request</u>	<u>Grant Reimbursement</u>	<u>POS Costs</u>
Design costs (In-house engineering-FTE)	\$128,530	\$0	\$128,530
Design contingency (In-house engineering-FTE)	\$13,060	\$0	\$13,060
ICT costs (Design Review – FTE)	\$20,000	\$0	\$20,000
Seaport PM and soft costs	\$45,500	\$0	\$45,500
Permitting	\$20,000	\$0	\$20,000
Sub-Total	\$227,090	\$0	*\$227,090

*The above FTE costs for the in-house design are not reimbursable. Future construction costs are estimated to be \$850,000 of which approximately \$637,500 of the total estimated construction cost is reimbursable under the Round 7 Grant program. This will be a future Commission Request.

<u>ICT Implementation</u>	<u>This Request</u>	<u>Grant Reimbursement</u>	<u>POS Costs</u>
ICT costs (Network Configuration-FTE)	\$17,000	\$0	\$17,000
ICT equipment (Network)	\$96,000	\$72,000	\$24,000
ICT costs (Integration & Configuration-FTE)	\$215,000	\$0	\$215,000
ICT equipment (Readers & Cameras)	\$340,000	\$255,000	\$85,000
Implementation costs	\$435,000	\$326,000	\$109,000
Sub-Total	\$1,103,000	\$653,000	*\$450,000

*The above FTE costs for the in-house ICT cost breakdown are not reimbursable. Approximately \$653,000 of the above total estimated cost is reimbursable under the Round 7 Grant program.

<u>Training and Exercises</u>	<u>This Request</u>	<u>Grant Reimbursement</u>	<u>POS Costs</u>
Training Exercises	\$294,000	\$220,500	\$73,500
Sub-Total	\$294,000	\$220,500	\$73,500

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Summary of Authorization, Grant Reimbursement and Port Cost	This Request	Grant Reimbursement	POS Costs
Total	\$1,624,090	\$873,500	\$750,590

Source of Funds

The infrastructure and ICT implementation capital projects were included in the 2009 Plan of Finance under CIP #C800165, Seaport Security Grant Round 7. The POS cost portion of these projects will be funded from the General Fund.

The training and Exercises Expense project was included in the 2009 Operating Budget. The POS cost portion of these projects will be funded from the General Fund.

Financial Analysis Summary

CIP Category	Compliance
Project Type	Health, Safety and Security
Risk adjusted Discount rate	N/A
Key risk factors	Final design requires higher expenditures
Project cost for analysis	\$2,474,090
Business Unit (BU)	Seaport Cruise, Docks & Industrial Properties
Effect on business performance	<ul style="list-style-type: none">• The TWIC Card Reader Infrastructure Capital project would add \$215,418 in Depreciation in years 1-5.• The ICT Implementation Capital Project would add \$110,300 in Depreciation in years 1-10.• The Training and Exercises expense project would have grant revenues of \$220,500 and expenses of \$294,000 for a net income of a negative (\$73,500).• Yearly Operations and Maintenance costs of \$71,700.
IRR/NPV	NPV negative (\$1,383,100).

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS

No impact to the environment is anticipated as a result of this project. Upgrades will be constructed with materials that have demonstrated long life and durability.

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PROJECT SCHEDULE:

	<u>Start</u>	<u>Finish</u>
Design	July 14, 2009	December 30, 2009
Bid Advertisement	TBD/ 2010	TBD / 2010
Contract Award		TBD / 2010
Construction Start		TBD / 2010
Construction Complete		TBD / 2010

PREVIOUS COMMISSION ACTION

The Commission authorized \$5,258,078 on November 20, 2007, to receive federal grants, prepare cost estimates, schedules and documents; advertise for, execute and amend outside professional services agreements; execute Memoranda of Agreement with sub-grantees; execute and perform grant administration processes for the Department of Homeland Security Port Security Grant Program (Round 7) and to disburse grant funds.