

PORT OF SEATTLE
MEMORANDUM

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COMMISSION AGENDA

ACTION ITEM

Item No.

Date of Meeting

June 08, 2010

DATE: May 28, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Darlene Robertson, Director, Harbor Services, Real Estate Division
Melinda Miller, Director, Portfolio Management, Real Estate Division

SUBJECT: Real Estate Services Security Contract for Fishermen's Terminal, the Maritime Industrial Center and Shilshole Bay Marina

Amount of This Request: \$750,000. **Source of Funds:** Real Estate Operating Budget

Est. Workers Employed: 3 Full-Time Equivalents.

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute a one (1) year contract, with up to four (4) one (1) year extension options to renew, for security services to be performed at Fishermen's Terminal, the Maritime Industrial Center, and Shilshole Bay Marina with an estimated annual value of \$150,000. The contract will be competitively bid and the maximum contract term will be five years with a total estimated value of \$750,000.

SYNOPSIS:

The purpose of this contract is to provide after-hours security staffing and operational support services for Fishermen's Terminal, the Maritime Industrial Center, and Shilshole Bay Marina. These three facilities are open to the public on a 24/7 basis. Service delivery, safety, and environmental stewardship require on-site security presence during non-business hours.

Since 2004, the Port has utilized contracted security services at these locations on a month-to-month basis because it is both more expensive and less efficient for Port staff to perform these functions, but it is appropriate to switch to a competitively-bid contract to handle this work. Contracted security personnel have provided valuable services in the form of emergency call-outs for vessel fires and sinkings, police call-outs for criminal activity, and hazardous spill response. First responder representation has resulted in thousands of dollars in asset preservation at each of these facilities. Security staff also conduct daily upland after-hours office security.

The scope of security services has increased over the last few years with increased oversight, and assistance with operational roles and responsibilities. The total cost for security services for the

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year of 2009 was approximately \$148,000, and we are estimating an annual cost of \$150,000 (total cost over five years of \$750,000) under this contract.

BACKGROUND:

Harbor Services and Portfolio Management have utilized contracted security services at Fishermen's Terminal, the Maritime Industrial Center and Shilshole Bay Marina to perform after-hours security and operational support services since 2004. The transition to contracted security services in 2004 was a result of operating cost reductions, and the understanding that overnight coverage primarily consisted of security and not primarily operational services. We are seeking to award a contract for up to five years to the successful bidding security services provider.

Fishermen's Terminal, homeport of the North Pacific Fishing Fleet, encompasses approximately 75 acres of land and moorage for up to 600+ fishing, commercial, and recreational vessels. The uplands at Fishermen's Terminal consist of roughly 158,000 square feet of office, warehouse and retail space for approximately 60 tenants. Also included on the uplands are the net lockers which consist of 247 lockers totaling over 101,000 square feet. The Maritime Industrial Center encompasses 6.4 acres. The uplands consist of approximately 38,000 square feet of office and warehouse space for eleven tenants.

Shilshole Bay Marina, the largest marina in Seattle and home to the largest liveaboard community in Washington State, encompasses approximately 125 acres and provides approximately 1,500 recreational and commercial slips for sail and power boats. The uplands consist of roughly 21,000 square feet of office, retail, and restroom building space. Additionally there are other tenant occupied buildings such as a boatyard, restaurant and yacht club.

The scope of security services has increased over the last few years with increased oversight, and assistance with operational roles and responsibilities. The total cost for security services for the year of 2009 was approximately \$148,000.

JUSTIFICATION:

Transitioning to contracted security services in 2004 resulted in operating cost savings and has provided needed security oversight for the facilities. Since contracting out the security, valuable services have been provided in the form of emergency call-outs for vessel fires and sinkings, police call-outs for criminal activity, and hazardous spill response. Daily upland after-hours office security checks are conducted and first responder representation has resulted in thousands of dollars in asset preservation at each of these facilities.

COST ESTIMATE:

The estimated contract amount for the security services defined in the contract is based on the hourly rate of pay paid in 2009 for security services, less some one-time costs, plus assuming an

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annual 3% increase. In support of the current preferred alternative, Port staff estimates that the cost for services to be received under this new service contract will be approximately \$150,000 per year. The new contract would be executed for the initial term of one year and can be renewed on an annual basis, at the Port's discretion, for a maximum term of five years. The approximate cost for five years is estimated at \$750,000. The annual operating budget will include the amount expected for services for that year.

SCOPE OF WORK AND SCHEDULE:

The Central Procurement Office (CPO) has drafted a Request for Proposal (Bid No. 10-23 for Security Guard Services at Fishermen's Terminal, The Maritime Industrial Center and Shilshole Bay Marina). By limiting services to the aforementioned buildings, the Port has structured the contracts so that small businesses can effectively compete for this contract. There are no subcontracting opportunities as small businesses can provide this service directly. Accordingly, the Office of Social Responsibility has not established any small business subcontracting goals for this procurement.

The tentative schedule is to advertise by June 10, 2010. We estimate bids will be received mid-to-late July 2010 with final contract execution following selection of the successful bidder.

STRATEGIC OBJECTIVES:

This contract will be conducted in accordance with Harbor Services and Portfolio Management objectives and will be in full compliance with Port of Seattle procurement policies.

BUSINESS PLAN OBJECTIVES:

Proceeding with this contract in accordance with Harbor Services and Portfolio Management operational and service objectives will allow continued safe and productive use of these Real Estate facilities in the future.

FINANCIAL IMPLICATIONS:

Source of Funds:

The 2010 Real Estate operating budget included \$150,000 for Fishermen's Terminal, Maritime Industrial Center, and Shilshole Bay Marina contract security services.

Financial Analysis Summary:

Key risk factors:

Destruction/damage to customer and Port owned property/assets.

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Undetected/unreported criminal activity.
Undetected/unreported environmental events.

Business Unit (BU):

Harbor Services/Portfolio Management.

Effect on business performance:

The 2010 Real Estate operating budget included \$148,000 for Fishermen's Terminal, Maritime Industrial Center and Shilshole Bay Marina contract security services.

For the years 2011-2015 of this proposed contract the operating budget will include the amount expected for security services for each year, in order to maintain these facilities in a safe and secure manner.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- The alternative of having Port staff added to perform these functions is possible but more expensive and less efficient. Harbor Services and Portfolio Management are not currently staffed to effectively perform this work. This is not the preferred alternative.
- Hiring an outside contractor has worked well since 2004 and competitively procuring these services is the preferred alternative.