

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5d

Date of Meeting April 12, 2011

DATE: March 30, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Arif Ghouse, Senior Manager Seaport Security
Russ Read, Seaport Security Program Manager
Kate Deaver, Capital Project Manager III

SUBJECT: Department of Homeland Security Round 7 Seaport Security Grant Construction Funding, Seaport Security Grant Round 7: Terminal 91 TWIC Implementation (CIP #C800165)

Amount of This Request: \$953,000

Est. State and Local Taxes: \$69,000

Est. Construction Jobs Generated: 7

Total Capital Project Cost: \$2,283,090

Source of Funds: General Fund

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to advertise for construction bids, award and execute the contract and construct the final phase of the Transportation Worker Identification Credential (TWIC) infrastructure and implementation at Terminal 91. The amount of this request is \$953,000 bringing the total authorized amount of this project to \$2,283,090. (An additional \$294,000 was previously authorized under this grant for training but is not tied to this CIP.)

SYNOPSIS:

In an effort to increase security at the nation's strategic and economically important seaports, Department of Homeland Security (DHS) established a Port of Seattle ("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. This project is being done as part of the Round 7 Grant. Round 7 provides for the automation of the gates and integration of the TWIC readers into the Port's security system to assist in compliance with Title 33, Code of Federal Regulations Parts 101.514 and 105.255.

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The in-house design of the Round 7 grant work, 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 totaling \$1,624,090, was authorized by the Commission on July 7, 2009. This request is for the construction of the infrastructure necessary for the installation and implementation of the TWIC readers and cameras in the amount of \$953,000. Of that amount, \$568,000 will be reimbursed by the Round 7 grant and the remainder of \$385,000 will be the Port's responsibility.

PROJECT JUSTIFICATION:

Later in 2011, DHS is expected to publish new security rules requiring the use of automated TWIC readers. It is necessary for the Port to proceed with this project to be in compliance with the new TWIC security regulations, specifically as enumerated in Title 33, Code of Federal Regulations, Parts 101.514 and 105.255. 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 Terminal 91 (T-91).

PROJECT STATEMENT AND OBJECTIVES:

Project Statement:

This project will complete the construction and implementation of the TWIC infrastructure by December 2011.

Project Objectives:

- This project will provide automated access to the Port's controlled TWIC restricted areas.
- This project will keep impacts to ongoing operations at the facility to a minimum.
- This project will utilize grant funding and Port funding in the most economical manner.
- Project will be completed within budget.
- Project will be completed within grant allowable timeframe.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The scope of this project includes all aspects of construction, including trenching, cabling, equipment installation, software integration, to automate the TWIC facility requirements.

Schedule:

	<u>Start</u>	<u>Finish</u>
Bid Document Prep	April 1, 2011	May 1, 2011
Bid Period (bid, submittals and award)	May 1, 2011	August 1, 2011
Construction	August 2011	November 2011
ICT Integration	November 2011	December 2011

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FINANCIAL IMPLICATIONS:

Budget/Authorization Summary

Previous Authorizations	\$1,330,090
Current request for authorization	\$953,000
Total Authorizations, including this request	\$2,283,090
Total Estimated Project Cost	\$2,283,090

Project Cost Breakdown

	This Request
Construction	\$701,000
Project Management & Other Soft Costs	\$183,000
State & Local Taxes (estimated)	\$69,000
Total	\$953,000

Project Cost Breakdown with Grant Funding

<u>Grant</u>	<u>Project</u>	<u>Total Cost</u>	<u>DHS Funding 75%</u>	<u>Port Match 25%</u>	<u>Ineligible Costs</u>	<u>Total Port Costs</u>	<u>Port Cost as a % of Proj</u>
Round 7 Constructi on Only (This Request)	TWIC Infrastructure and Implementation Construction	\$953,000.00	\$568,000.00	\$189,000.00	\$196,000.00	\$385,000.00	40%
Previous Request	T-91 TWIC Infrastructure Design and TWIC Enrollment Projects	\$1,330,090.00	\$653,000.00	\$218,000.00	\$459,090.00	\$677,090.00	51%
Round 7 Total	TWIC Infrastructure and Implementation	\$2,283,090.00	\$1,221,000.00	\$407,000.00	\$655,090.00	\$1,062,090.00	47%

Source of Funds

The funds for this capital project were partially included under committed CIP #C8000165, Seaport Security Grant Round 7 in the 2011 Plan of Finance. The amount not included, approximately \$897,000, will be available due to expected cost savings in other committed 2011 Plan of Finance projects (e.g. #C800121 T18 S. End Fendering). The Port of Seattle portion of these project costs will be funded from the General Fund.

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Financial Analysis Summary:

CIP Category	Compliance
Project Type	Health, Safety and Security
Risk adjusted Discount rate	N/A
Key risk factors	Key risk factors include potential cost overruns due to project complexity or unidentified additional changes needed
Project cost for analysis	\$953,000
Business Unit (BU)	Seaport Security
Effect on business performance	This request will result in additional annual depreciation of \$190,600 for 5 years.
IRR/NPV	NPV: (\$953,000)

ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:

Proceeding with this project, in compliance with Federal Security Regulations, allows the Port to maintain operations necessary for the cruise and other TWIC regulated areas for which the Port is responsible.

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.

ENVIRONMENTAL SUSTAINABILITY AND COMMUNITY BENEFITS:

- The original project included extensive trenching for the installation of the infrastructure for electrical and telecommunications. During design, wireless connectivity for the readers and cameras was proposed and the trenching for the telecommunications installation was greatly reduced. As a result, the risk of disturbing contaminated ground soil is minimized.
- If contaminated material is found, it will be removed and replaced with “clean” fill.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- Alternative #1. Complete the construction for the automation of the TWIC regulated areas. This alternative allows the Port to maintain compliance with the current and future Federal Regulations and reduces cost to Port operations by limiting or eliminating the need for manned guard gates at the TWIC regulated areas. **This is the preferred alternative.**
- Alternative #2. Do not move forward with the construction for the TWIC areas. This alternative would require that guards remain at all TWIC areas when they are in operation

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and would not meet the future TWIC requirements. The Port would be required to refund expenses to date to Federal Emergency Management Agency (FEMA). This is not the preferred alternative.

- Alternative #3. Delay construction until automation is required at the TWIC areas. Grant funding would not be available at a later date so the full cost of construction would fall to the Port. Additionally, the Federal Security requirements can change with very little notice and the Port may be required to expedite the construction process to meet a short deadline resulting in even greater costs. The Port would be required to refund expenses to date to FEMA. This alternative is not the preferred alternative.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- On November 20, 2007, the Commission authorized the acceptance, use and disbursement of Round 7 Grant Funding.
- On July 7, 2009, the Commission authorized funding for design, TWIC integration and configuration, and perform interagency training and exercises.