

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c

ACTION ITEM

Date of Meeting December 11, 2012

DATE: December 4, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director Aviation Operations
Ralph Graves, Managing Director Capital Development

SUBJECT: Award of Contract for Seattle-Tacoma International Airport Lost and Found Services

Amount of This Request: \$2,992,500 **Source of Funds:** Airport Operations Expense Budget

Est. State and Local Taxes: \$0 **Est. Jobs Generated:** 4

Total Project Cost: \$2,992,500

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to enter into a five-year contract with the Young Women's Christian Association of King County (YWCA) from January 1, 2013, through December 31, 2017, with an option to renew for one five-year period at the discretion of the Port to perform management and operation of the Airport Lost and Found for an estimated total cost, if both options are exercised, of \$2,992,500.

SYNOPSIS:

The Airport Lost and Found handles approximately 30,000 items a year that are separated from the traveling public, which represents 1 in 1,000 passengers who had an article that ended up in the Lost and Found. The Port has a long-time partnership with the YWCA that provides excellent customer service to the traveling public and valuable community service to King County by offering employment opportunities for young women making the transition from welfare to work. The Lost and Found contract is managed by the Customer Services department within Airport Operations and handles lost and found items on behalf of Police, the Transportation Security Administration (TSA) and the airlines (except lost and misrouted baggage, which is handled by the airlines themselves). Having a single, centralized Lost and Found provides a one-stop service for public and Airport employees and obviates the need for other organizations to offer duplicate services. The current annual contract price has been held for five years at \$285,000. This request contains an increase of five percent per year bringing the requested annual contract amount to \$299,250.

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BACKGROUND:

The Airport pioneered non-profit community service partnerships when it contracted the operation of the Lost and Found to Washington Works in October 1998. The YWCA of King County has subsequently operated the Airport Lost and Found contract since it was assigned to them by Washington Works in June 2002. The current five-year agreement ends on December 31, 2012.

The Lost and Found handles over 2,000 items a month, many of them left at the security checkpoints. Approximately half of all items turned in are returned to their owners. The Lost and Found staff have an outstanding record of locating owners of lost or left-behind items. Unclaimed items are donated to Children's Hospital, a local registered charitable organization. High-value unclaimed items are transferred to the Port of Seattle Police Department who auction them off and deposit proceedings in the Port's Airport Development Fund.

The YWCA provides a full-time manager for the Lost and Found. Most of the staff are women making the transition from welfare dependency to employment and self-sufficiency. These employees use their time at the Lost and Found to develop computer skills and build references while providing excellent service to the traveling public. Staff and management have been recognized in media stories in such outlets as King 5 TV, KCPQ Channel 13 TV and Seattle Magazine. An internal audit issued in June 2011 concluded that the program had adequate controls, was in compliance with all legal and contract requirements and noted no issues of significance. The operation and management of the Airport Lost and Found is fully compliant with RCW 63.21 (Lost and Found Property).

PROJECT JUSTIFICATION:

Authorization of this request will ensure continuation of reliable management and operation of an essential Airport service. Over 32,000,000 passengers passed through the Airport last year, and approximately 1 in 1,000 had an article that ended up in Lost and Found. The YWCA has a proven record of providing excellent customer service skills at a reasonable rate. The contract price represents wages and benefits for a manager and 3.5 full-time equivalent staff plus an overhead of approximately 11 percent. There is no established market for supplying lost and found services. The Port executed a policy waiver authorizing direct contract with YWCA on November 5, 2012. Staff recommends that the public and the Port's best interests are served by executing a contract with YWCA because it has done an outstanding job meeting a key customer service need of the Airport while also providing valuable community service.

Project Objectives:

- Maintain compliance with RCW 63.21 Lost and Found Property.
- Maintain reliable Lost and Found service to the traveling public and workers at the Airport.

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- Assist the Transportation Security Administration, Port of Seattle Police Department and the commercial airlines at the Airport in handling lost and found items on their behalf.
- Provide incidental service to the community of King County by supporting the Welfare-to-Work program operated by YWCA.

PROJECT SCOPE OF WORK AND SCHEDULE:

If the requested action is approved, a new contract will be awarded to YWCA before the end of 2012, and Lost and Found service will be continued without interruption.

FINANCIAL IMPLICATIONS:

Budget Status and Source of Funds:

Contract payments are to be included in the annual operating budget as specific line items in the Aviation Operations Department budget. The 2013 operating budget includes \$299,250 for this service. The funding source is the Airport Development Fund. The total contract cost over the requested five-year contract and five-year extension period is not to exceed \$2,992,500.

STRATEGIC OBJECTIVES:

The requested action supports the Port's Century Agenda objective of meeting the region's air transportation needs at Sea-Tac Airport for the next 25 years. Lost items are inevitable and the number will grow as the passenger levels increase. Having a quality lost and found service is important to maintaining customer service.

This project also supports the Century Agenda objective of increasing workforce training, job and business opportunities for local communities in trade, travel and logistics.

BUSINESS PLAN OBJECTIVES 2013-2017:

This service supports the Airport's purpose in "providing an extraordinary customer experience" and in meeting the strategic goals of "operating a world-class international airport by anticipating and meeting the needs of our tenants, passengers and the region's economy" and "becoming one of the top 10 customer service airports in the world by 2015 (measured by the Airports Council International [ACI] Airport Service Quality [ASQ] Survey Index)." It also supports the Port's commitment to the community by providing valuable work experience to women making the transition from welfare to work.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS: Alternative 1) Invite competitive bids for the management of Lost and Found. There is no established market of suppliers for this kind of service, and an invitation to bid is not likely to bring responses that offer better value and service than the current supplier.

Alternative 2) Operate the Lost and Found with Port administrative staff. This would cost more than the existing arrangement and would not provide the community benefits that exist with the proposed supplier.

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Alternative 3) Operate the Lost and Found with Port Police Department staff. This would cost more than the existing arrangement and would not provide the community benefits that exist with the proposed supplier.

Alternative 4) Award a contract to the YWCA of King County. *This is the recommended alternative.*

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Attachment A, Lost and Found monthly expense details from YWCA November 2012.
- Attachment B, Lost and Found estimated costs if operated by the Port of Seattle.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On June 7, 2011, the Port Commission Audit Committee was briefed on Internal Audit Report No. 2011-07 on Third-Party Arrangements Operational Audit on Airport Lost and Found.

On November 13, 2007, the Port Commission authorized a five-year Agreement with YWCA to operate the Airport Lost and Found.

On May 28, 2002, the Port Commission authorized Assignment of Contract for the management of the Airport Lost and Found and extended the contract through December 31, 2007.