

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No.

6f

ACTION ITEM

Date of Meeting

April 28, 2015

DATE: April 21, 2015

TO: Ted Fick, Chief Executive Officer

FROM: Jasmin Contreras, Property Manager, Seaport, Lease Management
Russ Read, Manager, Security

SUBJECT: Authorization to execute a new service contract for security services at Terminal 5.

Amount of this request: **\$400,000 - \$600,000 per year for up to 5 years**

Source of Funds: **Seaport Operating Expense Budget**

Estimated Workers Employed: **4 Full Time Equivalents**

ACTION REQUESTED

Request authorization for the Chief Executive Officer to execute a contract for security services to be performed at Terminal 5 ranging from approximately \$400,000-\$600,000 annually with a five year estimated value of \$3,000,000. The initial contract will be competitively bid and will be executed for a one year term with (4) four annual renewal options at the discretion of the Port for a maximum term of five (5) years (through April 30, 2020).

SYNOPSIS

The purpose of this contract is to provide perimeter security support services for operational activities at Terminal 5 (T-5), including the following: (1) continual security staffing throughout the year; (2) deterrence of theft, vandalism and property damage and; (3) operational management of security due to T-5 being an multiple-tenant facility for about three years during the T-5 modernization project and until a new container terminal tenant leases the entire terminal; and (4) compliance with U.S. Coast Guard regulations for berthing of Maritime Transportation Security Act (MTSA) vessels (5) provision of a safe working environment for all employees, visitors, and customer/tenants. The contract provides flexibility in terminating the contract early for the Port's convenience at any time and for any reason by giving a written termination notice to the contractor.

BACKGROUND

The Port has utilized contracted security guard services to perform this type of work at T-5 since the lease for the entire facility terminated in September 2014. Actual cost for contracted security services at T-5 for three months in 2014 totaled \$98,250. The Port has also successfully utilized contracted security guard services to perform this type of work at Terminal 91.

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T-5 consists of a 187-acre terminal that is currently leased to an interim tenant until the facility is undergoes proposed improvements to the wharf structure, fender system replacement, berth deepening, slope stabilization, and upgraded electrical supply/distribution (“T-5 Project”), and until the greater part of the terminal is leased to a long-term tenant. T-5 has a gated access that serves as a secured access point 24/7. Under the current interim tenant’s terminal operations, public access into the terminal is not allowed, and access is only permitted to authorized tenants, tenant’s employees, and tenant and Port contractors and agents.

For the Port of Seattle to utilize the facility to berth Coast Guard regulated vessels outside of the current leased areas, security guards are required for compliance with MTSA regulations.

PROJECT JUSTIFICATION AND DETAILS

Terminal security for T-5 was previously handled by the previous long-term tenant leasing the entire facility. That lease terminated in the fall of 2014, and the Port expects to have interim tenants lease different parts of the facility. In order to support business opportunities including berthing of Coast Guard regulated vessels under MTSA, security guards are required for implementation of the Port of Seattle Coast Guard approved Facility Security Plan. Port staff have also determined that it is critical to establish a protected perimeter to prevent vandalism or unauthorized access to the facility. In order to protect the facility and assets from unauthorized persons, the Seaport would like to continue security of the facility; at minimum, secure the T-5 perimeter 24/7 with a minimum of three (3) guards. The contracted security services utilized under this new service contract will provide the minimum personnel necessary to provide security T-5 24/7; personnel to manage terminal access control, and roving security personnel to maintain minimum security of the terminal and compliance with Coast Guard regulations.

Scope of Work and Schedule

Procurement has drafted and issued an Invitation to Bid (Bid No. ITB 15-08). The solicitation was advertised 3/25/15. Submittals are due 4/15/15; the award of contract is scheduled for 4/30/15.

FINANCIAL IMPLICATIONS

Cost Estimate

The estimated contract capacity for the security services defined for this new service contract is based on an estimate using years of actual cost for similar contracted services at Terminal 91 and on Seaport security and operations staff potential needs for the future. 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 in the range of \$400,000 to \$600,000 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 Ports discretion for a maximum term of five years.

Budget Status and Source of Funds

The 2015 operating budget included \$500,000 for contract security services at Terminal 5. Expenses in excess of \$500,000 during 2015 will result in an unfavorable operating expense variance.

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This operating expense will be funded from the General Fund.

Financial Analysis Summary

CIP Category	Major Expense Project
Project Type	Compliance
Key risk factors	None identified
Business Unit (BU)	Lease and Asset Management, Seaport Division
Effect on business performance	<ul style="list-style-type: none">• The 2015 operating budget included \$500,000 for T-5 contract security services. Expenses in excess of \$500,000 during 2015 will result in an unfavorable operating expense variance.• For years 2015-2020 of this proposed contract, the operating budget will include the best estimate each year, within the parameters of this contract, of annual security costs necessary for T-5 to maintain security as determined by the Port.
IRR/NPV	N/A

STRATEGIES AND OBJECTIVES

This contract will be conducted in accordance with the Port's security and operational objectives and the Seaport's goal to protect a valuable asset and maintain compliance with federal regulations.

This contract aligns with the Port's Century Agenda to position the Puget Sound region as a premier international logistics hub. Proceeding with this contract will allow continued safe and productive use of the terminal in compliance with federal regulations during its transition to a prospective new tenant.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

- Discontinue security at T-5. The Port has experienced vandalism, theft, and damage at other terminals such as Terminal 106 and Terminal 104 when they were vacant. Not having minimum security at the terminal is a high risk to the Port and will not allow berthing of MTSA regulated vessels foregoing revenue opportunities. This is not the preferred alternative.
- Procure a security contract for T-5 and continue minimum security and regulatory compliance of the facility. With this alternative, the Port will seek reimbursement for some of the costs for security from the interim tenant(s). The Port is currently recovering approximately 25% of security costs from the current interim tenant. **This is the preferred alternative.**

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None