

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4d
Date of Meeting September 8, 2015

DATE: August 31, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Michael Ehl, Director Aviation Operations
SUBJECT: Pest Control Services to Support the Seattle-Tacoma International Airport's Unified Pest Management (UPM) Program

Amount of This Request: \$1,200,000 **Source of Funds:** Airport Development Fund
Est. Total Project Cost: \$1,200,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a contract for commercial pest management services at Seattle-Tacoma International Airport's main terminal, North and South satellites, parking garage and several other Port-owned buildings at the Airport. The total estimated cost of the contract(s) is \$1,200,000 for a 5-year contract.

SYNOPSIS

This memorandum requests Commission authorization of costs and contract execution associated with competitively bidding a new contract to continue the Airport's Unified Pest Management Program (UPM), a highly successful approach to integrated pest management that began in 2013. Improvements were needed as both passenger and employee complaints of pest problems became frequent by 2010. Unique to Seattle-Tacoma International Airport, the UPM Program coordinates the efforts of its tenants located on and near the main terminal complex using a single pest control company to increase the effectiveness of control practices while reducing chemical pesticide use and total costs airport wide by leveraging economies of scale.

The Port is responsible for providing integrated pest management services to airlines per Section 12.2 and 12.6 of Signatory Lease and Operating Agreement (SLOA) III, and to Transportation Security Administration (TSA), Customs and Border Protection, and the Airport Dining and Retail tenants per their leases which state, "*The Port shall provide pest control services to all Premises.*" Prior to the UPM Program, pest control was the tenant's responsibility. Costs for Airport wide pest control were higher and its effectiveness was poor. On multiple occasions the Washington State Department of Labor and Industries and the King County Department of Health sent the Port unsatisfactory conditions reports for pest issues.

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The Port's existing pest management program costs \$250,000 per year. We expect that the annual costs will decline slightly in the future due to increased program efficiencies even though passenger volumes are expected to increase.

BACKGROUND

The Puget Sound's mild climate is conducive to pests year-round, requiring vigilant monitoring and trending to predict and work preemptively. For decades, commercial pest control services were successfully provided by multiple Airport tenant contractors using a few pest control companies. As passenger volumes, the amount of food being vended, and the number of pest control companies grew, so did the number of pest related complaints. By 2000 the Airport's pest management program was largely reactive, responding primarily to the growing number of pest complaints in its common use areas and to its tenants who were still responsible for hiring their own pest control contractors. At that time, the Port infrequently inspected tenant spaces for pest activity, pest attractants or the small pathways that pests use to move about via the spaces around electrical conduits and water pipes, for example. The lesson learned was that effective pest control is difficult, at best, when a contractor treats a space independently without the coordination of the other pest control companies operating in the neighboring lease areas. These small scale treatments also enable pests to flee to adjoining areas which rapidly led to additional complaints.

The UPM Program was implemented in 2013. The current contract is used to coordinate pest treatment efforts and to improve communication between tenants for more effective pest control. It was quickly confirmed that a single contract improves communication, decreases response time and reduces pesticide use. Pest complaints are now routed through the Airport Hazard Hotline, 787-SAFE, available 24/7 to Airport employees and tenants. Today the UPM contractor responds to emergencies 24/7 and is on-site for inspections and treatment 40 hours per week Monday through Friday. The UPM contractor also coordinates the treatment of multiple tenant spaces concurrently to effectively eradicate rather than to simply control pests. The expanded oversight of the existing program also enables the inspection and treatment results to be electronically recorded so attractants (unsealed food containers, filth) and issues (holes in walls) can be more easily communicated to the responsible party and the time to resolution can be tracked. The results of the now mature UPM Program are exemplary. The number of complaints over human health concerns from county and state agencies has decreased to zero.

Pest issues are never solved, however, as pests will continue to immigrate into the Airport via vendor suppliers, Airport workers and passengers. The systematic monitoring of employee practices and the inspections of tenant lease areas now becomes exceptionally important to reduce the number of pest issues throughout the year.

PROJECT JUSTIFICATION AND DETAILS

The purpose of this request is to continue to provide uninterrupted pest management services to the Airport tenants.

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Project Objectives

- Inspect tenant spaces for compliance with Airport Rules and Regulations to ensure ongoing compliance with public health and safety rules, requirements, and best management practices.
- Provide education and outreach to Airport employees and tenants to eliminate pest attractants.
- Monitor sanitation and structural integrity of shared and tenant areas to evaluate and improve spaces to prevent pest infestations at the Airport.
- Reduce pest immigration through enhanced monitoring and trapping (e.g., security checkpoints, loading docks, etc.).
- Trend pest activity to identify hot spots and seasonality to assist in proactive pest management.

Scope of Work

One commercial pest control contractor will regularly monitor and, as needed, treat the Main Terminal, Parking Garage, Port-operated outbuildings, and multiple lease areas within the main terminal complex. The pest control contractor will also provide pest control services to the airlines under SLOA III, and the Airport Dining and Retail and other tenants under current individual leases and agreements.

Schedule

An RFP for these services will be issued October 10, 2015. The procurement is expected to be completed by December 1, 2015.

FINANCIAL IMPLICATIONS

The total 5-year contract is estimated at \$1,200,000 (2016–2020). We anticipate the initial 3-year contract may cost \$250,000 per year, and estimate a lower cost of \$225,000 in the remaining two years. All taxes are included in the contract amount. The annual operating budget is unchanged.

Lifecycle Cost and Savings

Because the UPM Program focuses on the pest prevention through site inspections and pest elimination rather than merely pest control, costs are expected to be lower in the future. Even with the expected growth in passenger numbers, the employee population, and food sales, we expect the annual contract cost to decrease by at least a total of 10% annually during the 4th and 5th years of the contract (\$225,000 per year). Cost recovery from SLOA III and tenant charges result in direct cost offsets for the program while retaining a single contractor to conduct pest control at the Airport provides an economy of scale savings for the tenants.

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Budget Status and Source of Funds

The costs for the contracted Integrated Pest Management (IPM) services will continue to be funded from the existing Aviation Operations annual operating budget.

STRATEGIES AND OBJECTIVES

The Unified Pest Management (UPM) Program supports Aeronautical goals to “*operate a world-class international airport by ensuring safe and secure operations.*” We will also provide aeronautical partners with the capacity, services and cost saving strategies that help them to run a profitable operation at the Airport. The UPM will provide the “service” of reducing cost by leveraging an economies of scale approach with a better managed, large-scale, coordinated pest control service at a “cost savings” to Airport tenants. This project supports Port of Seattle’s goal of being the “greenest and most energy-efficient port in North America” by emphasizing enhanced sanitation at the Airport and the use of Green Pest Management (GPM) approaches.

The unification of airport tenants and the contracting of a single pest control company has resulted in a dramatic decrease in pest numbers at a fraction of the cost of tenants independently contracting their own services. The cost to tenants in the Program is a fraction of the cost of services independently contracted (e.g., \$15/month versus \$180/month for 1,000 sq. ft. unit). For years before the UPM began, several adjoining restaurants in the main terminal were living with a chronic cockroach issue. Today the cockroach infestation is a problem of the past that is managed at one-twelfth of the cost. A similar situation existed in the loading dock and janitorial facilities before treatments were coordinated through UPM. Today the few cockroaches detected since the original eradication event are likely due to those that enter the Airport via vendor suppliers, Airport employees and passengers.

Project Statement

Continue the UPM Program, a Continual Process Improvement initiative, to effectively eliminate commercial pest issues at the Airport’s main terminal, North and South satellites, parking garage and several other Port-owned buildings at the Airport.

TRIPLE BOTTOM LINE

Economic Development

Even though the Port recovers the costs by incorporating into the rental rates, most tenants will decrease their monthly expenditures for pest control services in their lease areas.

Environmental Responsibility

The Port’s UPM Program will base its approach off of Green Pest Management (GPM) principles. GPM is a variation of Integrated Pest Management (IPM) with the goal to use fewer resources and chemicals using IPM practices. IPM focuses on pest prevention by eliminating pest attractants and resources through better waste management and sanitation. IPM also works by educating and modifying employee behaviors to decrease pest access and attractions. Pests

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will always have access to the airport via passengers and vendors, but chemical use will be limited and coordinated to maximize pest elimination at hot spots and infestations while reducing potential environmental impacts. Increasing sanitation standards through updating and enforcing compliance with the Airport Rules and Regulations will result in fewer pest related attractants, fewer issues, and a reduced need for chemical control. Identifying and trending problem locations is expected to further reduce the future use of chemicals and associated control costs.

Community Benefits

Public health and safety will improve and the welcoming front door image of the Airport will be maintained. Improved communications with tenants and coordination with a single pest control contractor will aid in realizing our ultimate goal of total pest elimination at the Airport.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Revert to pre-Unified Pest Management Program pest control when the Port serviced mostly the common-use areas and each tenant was responsible for their leased areas. This is not the recommended alternative.

Pros:

- Some short-term cost savings will be realized for the Port during 2016 only, and three additional full-time equivalent (FTE) Port employees would not need to be hired.
- The contractor is responsible for pesticide certification, licensing and chemical storage, application, and disposal.

Cons:

- King County and State Public Health and Safety laws will likely be violated again in the near future.
- The Port will be unable to honor Section 12.2 or 12.6 under SLOA III, and the language under the leases for Airport Dining and Retail and other tenants: “The Port shall provide pest control services to all Premises.”
- Unable to maintain a unified approach for treating and removing pests.
- No 40-hour a week full-time Integrated Pest Management Specialists would be available on site and the 24/7 emergency response and call-out would be limited.
- No large-scale monitoring for pests and pest attractants or trending of pest complaints would be possible.
- Occurrences of pest sightings will increase (e.g., cockroach exiting a pizza box, passenger chasing rat down concourse with a trash can, etc.) and damage the Port image.

Alternative 2) – Hire three (3) FTE Integrated Pest Management (IPM) Specialists and provide pest services in-house without contracting a pest control company. This is not the recommended alternative.

Pros:

- The Port will honor Section 12.2 or 12.6 under SLOA III, and the language under the leases for Airport Dining and Retail and other tenants: “The Port shall provide pest control services to all Premises.”

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- Full-time Integrated Pest Management specialists on-site Monday through Friday.
- The Port will have the ability to inspect the Airport for deficiencies and pest attractants.
- Proactive rather than reactive pest control.
- Active monitoring and trending of pest complaints and pest activity.
- Able to continue unified approach to treating and eliminating pests.

Cons:

- Three (3) FTEs will require compensation and benefits for a cost estimated at \$300,000 per year.
- The Port must maintain Federal, State, and local certification and licenses for IPM Specialists to legally treat the premises.
- The Port is liable for all pesticide applications to the premises.
- The Port is responsible for employee pesticide certification, licensing and chemical storage, application, and disposal.

Alternative 3) – Continue the Unified Pest Management Program under the current budget allowance. This is the recommended alternative.

Pros:

- The Port will continue to honor Section 12.2 or 12.6 under SLOA III, and the language under the leases for Airport Dining and Retail and other tenants: “The Port shall provide pest control services to all Premises.”
- Full-time Integrated Pest Management specialists will continue to be on-site Monday through Friday.
- 24/7 emergency response and call-out is available.
- The Port will have the ability to inspect the Airport for deficiencies and pest attractants and remain proactive.
- Active monitoring and trending of pest complaints and pest activity.
- Able to continue unified approach to treating and eliminating pests.
- The contractor is responsible for certification and licenses for Integrated Pest Management Specialists to use pesticides on premises.
- The contractor is responsible for storage, application, and disposal of pesticides.

Cons:

- The estimated cost of the contract(s) would be \$250,000 per year for each of the first 3 years. However, the costs for the optional year 4 and 5 of the contract are expected to be at least 10% lower as the longer term benefits of a more mature program are realized.

ATTACHMENTS TO THIS REQUEST

- None

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 13, 2012 – Authorization to execute a contract to conduct commercial pest management at the Airport's Main Terminal, North and South satellites, parking garage, and several other Port-owned buildings at the Airport. The total estimated cost of that contract will not exceed the requested \$750,000 (\$250,000 per year for 3 years) for the three-year ordering period which ends in December 2015.