



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting April 24, 2018

DATE: April 16, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Michael Ehl, Director Aviation Operations
Daniel Zenk, Senior Manager Airport Operations

SUBJECT: Contract for Management and Operation of Lost and Found Center at Seattle-Tacoma International Airport

Amount of this request: \$4,500,000

Total estimated project cost: \$4,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract for up to five years for management and operation of the Lost and Found service at Seattle-Tacoma International Airport with an estimated value of \$4,500,000.

EXECUTIVE SUMMARY

The Lost and Found at Seattle-Tacoma International Airport serves a crucial airport operational need and provides a valuable service to airport customers. The single, centralized Lost and Found operation provides a one-stop service for customers and airport employees and eliminates the need for other airport partner organizations, like the Transportation Security Administration, and airlines to offer duplicate services.

Approval of this request will ensure that the Port of Seattle continues to provide a Lost and Found center at Sea-Tac Airport. This request supports the Commission's Century Agenda to create a new business opportunity and job creation.

JUSTIFICATION

In 2017, Sea-Tac's Lost and Found received over 27,000 items. The staff has maintained a positive record to provide outstanding service to customers and has achieved a nearly 50% recovery rate to reunite customers with lost or left-behind items. In compliance with Washington state laws, Lost and Found staff securely stores lost items for 30 days before disposition. Unclaimed items are donated to local registered charitable organizations. 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.

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The Lost and Found office at Sea-Tac Airport complies with the provisions of the revised code of Washington State (RCW), Chapter 63.21 Lost and Found property. The operation consists of the full range of services from finder responsibilities when wishing to claim property if unclaimed by the owner; search for recorded owner; contacting owners and returning lost property to owners, and disposal of unclaimed items if unclaimed by owner. The Lost and Found operation must maintain adequate controls, accountability, and adherence to established state laws, policies and procedures.

DETAILS

YWCA of King County has provided Lost and Found services at Sea-Tac Airport since 2002. On January 1, 2013, the Port of Seattle entered into a contract with the YWCA of King County to operate the Airport Lost and Found center for five years through December 31, 2017, with an option to renew for one five-year period.

In November 2017, the YWCA notified the Port of their decision to conclude the Lost and Found management contract and not to exercise the option to renew the contract for an additional five-year term. Subsequent conversations occurred between the Port and the YWCA to support the continuation of the YWCA partnership. According to the YWCA CEO, the Lost and Found operation no longer aligned with the YWCA's core mission. The YWCA agreed to a three-month contract extension through March 31, 2018 to provide the Port time to establish a continuity of operations plan.

The Port's Small Business and Workforce Development teams have been engaged to help identify potential successor community organizations and small businesses who may be interested in this opportunity. The Central Procurement Office issued a Request for Interest (RFI) on January 8, 2018 to further identify firms who would be able to provide the Lost and Found services at Sea-Tac Airport.

The operation is being managed on an interim basis by Port Emergency Hire employees through August 31, 2018. The new operator is expected to assume the management and operation of the Lost and Found effective September 1, 2018, after the Port completes the competitive process.

Scope of Work

The Lost and Found center receives lost or left behind items found in the airport terminal (including items left at TSA checkpoints), parking garage, on rental car buses, and on the airport drives. The airlines at Sea-Tac Airport manage lost items that are left on aircraft and lost or misrouted baggage.

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Airport Lost and Found staff interact with customers who visit the center in person, on the telephone, and with customers who contact the center through the Port website and through email.

Project Objectives:

- Maintain compliance with RCW 63.21 Lost and Found Property.
- Maintain reliable Lost and Found service to customers and to airport business partners.
- Assist the Transportation Security Administration, Port of Seattle Police Department and commercial airlines at the Airport in handling lost and found items on their behalf.
- Create new operational efficiencies through the use of technology.
- To better serve customers, expand the Lost and Found operating hours from five to seven days a week, 8:00 a.m. to 6:00 p.m.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Operate the airport Lost and Found center seven days a week, with Port staff (9 FTEs).

Cost Implications: \$939,000 per year

Pros:

- (1) It is a standard, successful practice in the airport industry to manage airport Lost and Found centers using airport staff.
- (2) Eliminates the procurement cycle to support continuity of the operation.

Cons:

- (1) Adding new Port FTEs to operate the Lost and Found competes with the staffing needs in other mission-critical areas of the Aviation division.
- (2) Does not provide the Port with a new business contracting opportunity with an outside firm.

This is not the recommended alternative.

Alternative 2 – Invite competitive bids for the management and operation for the airport Lost and Found center.

Cost Implications: \$900,000 per year, (\$4,500,000 five-year contract)

Pros:

- (1) Outsourcing the airport Lost and Found service provides a staffing solution that does not compete with the need to add FTEs for other mission-critical areas.
- (2) Supports the Commission’s goal of job creation.

Cons:

- (1) Potentially more expensive to manage the operation using a for-profit firm.
- (2) There is no established market of suppliers for this kind of service. There is a potential risk that the procurement process may yield vendors who do not possess the desired experience to operate airport lost and found centers.

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

Annual 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 2018 operating budget includes \$299,250 for this service, so the preferred alternative represents a significant annual cost increase. The funding source is the Airport Development Fund. The total contract cost over the requested five-year contract is estimated to be \$4,500,000.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 11, 2012 - The Commission authorized a five-year contract, with an option to renew for one five-year period with the Young Women’s Christian Association of King County (YWCA).

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.