

COMMISSION AGENDA

Item No: 7A

Meeting: 1/20/22

DATE: January 5, 2022

TO: Port Commission

FROM: Eric D. Johnson, Executive Director

Sponsor: Erin Galeno, Chief Financial and Administrative Officer

Project Manager: Elly Bulega, Engineering Project Manager II

SUBJECT: Administration Building Physical Security Enhancements and Port of Tacoma CCTV Expansion

A. ACTION REQUESTED

As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from the Port Commission.

Requesting project authorization:

1. In the amount \$75,000, for a total authorized amount of \$465,000 for work associated with the Port Administration Building Security Enhancement project, Master Identification No. 101339.05.
2. In the amount \$125,000 for a total authorized amount of \$455,000, for work associated with the Port CCTV Camera Expansion project, Master Identification No. 101503.01.

B. SYNOPSIS

On September 24, 2021, the Port of Tacoma Commission authorized the construction funds for the Port's Administration Building Security Enhancement and the Port's CCTV Camera Expansion projects. Following this authorization, design for the projects was completed. The projects were posted for bid and nine contractors showed interest in the project. On bid opening day (December 14, 2021), only one bid was submitted which came in 38% higher than the Engineer's estimate. After updating the project budget, there was insufficient funding to accommodate the increase in construction cost. Additional funds are needed to proceed with construction.

C. BACKGROUND

On September 24, 2021, the Port of Tacoma Commission authorized the construction funds for the Port's Administration Building Security Enhancement and the Port's CCTV camera Expansion projects. The objective of these projects is to address some of the security deficiencies that were noted during the security assessment conducted at several locations at the Port on April 15, 2019. Some locations at the Port have limited security and protective measures that these projects will address.

Security improvements will be made at three different locations at the Port: (1) The Port Administration site, (2) the LNG site perimeter, and (3) the West Sitcum Terminal. At the Administration Building, security inside and outside the building will be enhanced to meet some of the basic personnel safety, security, and federal law requirements. At the West Sitcum and LNG sites, CCTV cameras will be strategically placed in areas of heightened levels of activity consisting of demonstrations and security breaches, allowing Port security to provide the protective measures needed for those areas.

On April 15, 2019, a security assessment was conducted, and several deficiencies were noted due to limited security and protective measures at a few locations at the Port. The current configuration and security technology of the Administration Building do not meet the basic personnel safety, security, and federal law requirements. The security system both inside and outside needs to be enhanced to meet federal law security requirements. This includes the installation of resistant glass in windows in the vestibule; installation of additional cameras and lighting to the interior and exterior of the building (parking lot, shoreline, and waterway). In addition, cameras shall be equipped with alarm notification and motion detection. Camera installation may or may not be in proximity to the Port's fiber optic network and may require wireless solutions.

Additional cameras need to be strategically installed on the Tideflats along the Port's vital corridors and areas in which there have been heightened levels of activity consisting of demonstrations and security breaches. Expansion of the CCTV cameras will include placement of several high resolution, low-light Pan-Tilt-Zoom (PTZ) cameras, including associated hardware and software, along the LNG site perimeter, and the West Sitcum Terminal Gates 1, 2, and 3.

Port of Tacoma staff applied for and was awarded a US Department of Homeland Security Fiscal Year 2019 Port Security Grant Program (PSGP) grant. The grant was accepted by Commission on October 17, 2019. The grant will cover up to 75% of the eligible costs for these projects, but no more than \$448,856.

Bid Results

The Engineer's estimate was \$156,000 for the Port's Administration Building Security Enhancement, and \$169,000 for the Port's CCTV camera Expansion; a total of \$325,000 for both projects. The low bid was \$123,538 (38%) higher than the combined Engineer's estimate of both projects. There was only one bidder on the projects, despite a high number of contractors showing interest in the projects during the bidding phase. According to the design consultant and the contractor who bid the job, there are five main reasons why the bid came in higher than expected:

1. The electrical construction market is booming right now. There were a lot of higher dollar value projects bidding at the same time as these projects. Some of the contractors decided to concentrate on the larger projects, while others did not want to be general contractors on a small dollar amount job.
2. Installation of additional lighting at the Admin Building shoreline has some access challenges. In the Engineer's estimate, it was assumed that the contractor would access and perform all the lighting work from the building balcony. The contractor believes more effort with challenging access will be required to access and install the shoreline lighting.
3. The contractor's bid includes funds for traffic control if required at some of the busy locations around the terminals. The Engineer's estimate did not include any funds for traffic control because we believed it would not be needed on the terminals.
4. The cost of materials has gone up by 20% in the last six months. Some of the electrical materials have gone up 50% in the last year. The contractor has a conservative escalation number in the bid to account for additional material cost increases. The Engineer's estimate used the current market material prices. It was assumed that material escalation would not be needed because the project was going to proceed to construction in the same quarter the project bid.

5. The contractor's bid and the Engineer's estimate have different labor rates. The contractor anticipates the union labor rates to increase by 5% starting in January 2022. Because of this, the contractor used a conservative escalation percentage number to account for expected increase in labor cost.

The Port's CCTV Camera Expansion project contains the majority of the electrical work, contains all potential traffic control, and also contains more electrical materials than the Administration Building Security Enhancement project. Because of this, Items 3, 4, and 5 above impacted the Port's CCTV Camera Expansion project more than the Administration Building Security Enhancement project. This explains why the price difference between the bid and the Engineer's estimate is much higher for the Port's CCTV Camera Expansion, than the Administration Building Security Enhancement project.

D. PROJECT DETAILS

The objective of these projects is to address some of the security deficiencies that were noted during the security assessment conducted at the Port on April 15, 2019.

Scope of Work

The work required for these projects includes enhancing security at the Port Administration Building, West Sitcum Terminal gates, and LNG site perimeter. The scope of work includes but is not limited to:

1. Installation of 12 cameras inside and outside the Administration Building.
2. Installation of additional lighting at the shoreline of the Administration Building.
3. Demolition and removal of the existing vestibule storefront glass and replacing it with new resistant insulated laminated glass.
4. Installation of seven cameras to provide coverage along the LNG site perimeter on Alexander Ave and 11th Street.
5. Installation of four cameras at the West Sitcum Gates 1, 2, and 3.

Schedule

Construction is scheduled to commence February 2022. Project schedule is as follows:

Project Advertised	October 29, 2021
Opened Bids	December 14, 2021
Notice of Award	January 21, 2022
Substantial Completion	June 27, 2022
Final Completion	July 27, 2022

E. FINANCIAL SUMMARY

Estimated Cost for This Request

The total estimated cost of Design and Construction for these projects is \$920,000. Of this, \$448,856 will be reimbursed by the federal grant. The Port pays the remaining \$471,144. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Grant Budget			
Project Description	MAX Federal Grant Reimbursement	Port Share	Total
POT Admin Bldg Security Enhancements (MID 101339.05)	\$ 253,925.63	\$ 84,641.88	\$ 338,567.51
CCTV Expansion (MID 101503.01)	\$ 194,930.63	\$ 64,976.88	\$ 259,907.51
Total	\$ 448,856.26	\$ 149,618.76	\$ 598,475.02

CIP Budget			
Project Description	CIP Budget 2020 & 2021	CIP Budget 2022	Total
POT Admin Bldg Security Enhancements (MID 101339.05)	\$ 390,000.00	\$ 75,000.00	\$ 465,000.00
CCTV Expansion (MID 101503.01)	\$ 330,000.00	\$ 125,000.00	\$ 455,000.00
Total	\$ 720,000.00	\$ 200,000.00	\$ 920,000.00

Budget Presented to Commission 9/24/21				
Project Description	Budget Presented to Commission	Port's Share \$	Federal Grant %	Port's Share %
POT Admin Bldg Security Enhancements (MID 101339.05)	\$ 390,000.00	\$ 136,074.37	65%	35%
CCTV Expansion (MID 101503.01)	\$ 330,000.00	\$ 135,049.37	59%	41%
Total	\$ 720,000.00	\$ 271,123.74		

New Budget After Bid Opening				
Project Description	New Budget After Bid Opening	Port's Share \$	Federal Grant %	Port's Share %
POT Admin Bldg Security Enhancements (MID 101339.05)	\$ 465,000.00	\$ 211,074.37	55%	45%
CCTV Expansion (MID 101503.01)	\$ 455,000.00	\$ 260,049.37	43%	57%
Total	\$ 920,000.00	\$ 471,123.74		

Estimated Sales Tax

The total estimated sales tax to be paid to local and state governments for these projects is \$52,000.

Cost Details

Location	Design	Construction	Total Project Budget	Previous Requests	This Request	Cost to Date	Cost Remaining
Admin Building Security Enhancement	\$ 78,687.00	\$ 386,313.00	\$ 465,000.00	\$ 390,000.00	\$ 75,000.00	\$ 67,836.00	\$ 397,164.00
Port CCTV Camera Expansion (Various)	\$ 59,391.00	\$ 395,609.00	\$ 455,000.00	\$ 330,000.00	\$ 125,000.00	\$ 34,683.00	\$ 420,317.00
Total	\$ 138,078.00	\$ 781,922.00	\$ 920,000.00	\$ 720,000.00	\$ 200,000.00	\$ 102,519.00	\$ 817,481.00

Source of Funds

The current Capital Investment Plan (CIP) allocates \$920,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated useful life of five years, resulting in annual depreciation expense of \$184,000. Estimated depreciation expense for 2022 will be \$92,000 based on a June 2022 substantial completion date. The 2022 operating budget includes \$117,000 for depreciation expense due to an earlier estimated substantial completion date.

F. ECONOMIC INVESTMENT / JOB CREATION

There will be no permanent jobs created as a result of this project.

G. ENVIRONMENTAL IMPACTS / REVIEW

Permitting / Remediation / Stormwater / Air Quality: Not applicable

H. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
January 29, 2021	Executive Authorization for Preliminary Design for the Administration Building Security Enhancement	\$25,000
January 28, 2021	Executive Authorization for Preliminary Design for the Port's CCTV Camera Expansion	\$25,000
April 5, 2021	Executive Authorization for Full Design of the Port's CCTV Camera Expansion	\$100,000
May 5, 2021	Executive Authorization for 30% Design for the Administration Building Security Enhancement	\$50,000
July 14, 2021	Executive Authorization for Full Design of the Administration Building Security Enhancement	\$50,000
September 14, 2021	Commission Construction Authorization for both Projects	\$470,000
TOTAL		\$720,000

I. ATTACHMENTS TO THIS REQUEST

Computer slide presentation

J. NEXT STEPS

Award construction contract to lowest bidder and proceed with construction.