



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6h

ACTION ITEM

Date of Meeting April 23, 2019

DATE: April 16, 2019
TO: Stephen P. Metruck, Executive Director
FROM: Michael Ehl, Director Aviation Operations
Mark Coates, Senior Manager Airport Operations
SUBJECT: Unified Pest Management (UPM) Contract Increase

Amount of this request: \$7,000,000
Increase since previous authorization: \$2,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a new contract for an estimated value of \$7,000,000 for Unified Pest Management at Seattle-Tacoma International Airport. This action requests increased contract authority compared to the \$5,000,000 Unified Pest Management authorization of November 13, 2018.

EXECUTIVE SUMMARY

This request is to increase existing authorization for the new Unified Pest Management requirement prior to contract award. Commission previously authorized a 5-year contract (commencing on or about July 1, 2019) for \$5,000,000 consisting of a base year and four additional 1-year options.

In developing the solicitation the Port increased scope to include new airport facilities (e.g., North Satellite (North Star) and International Arrivals Facility (IAF), additional Cargo facilities, increased technical support, and addition of a dedicated sanitation specialist to conduct regular night sanitation audits of tenant spaces. The drivers behind the additional scope were identified in working group meetings. Sanitation audits were identified as one of the greatest needs to improve conditions to decrease future pest control needs. Further, the North Satellite and IAF added significant square footage beyond the original estimate. The cost for this increased scope was not included in the original Commission action.

Competitive price proposals submitted for the new contract reflected pricing higher than anticipated. The higher-than-anticipated pricing requires funding exceeding the amount previously authorized by the Commission on November 13, 2018.

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JUSTIFICATION

In January 2019 Port staff issued a competitive pest control procurement that was approved by Commission on November 13, 2018. The existing authorization request was estimated using the actual Unified Pest Management contract that was in place in late 2018 after increasing services, but prior to expanding the scope to include sanitation audits and airport growth. Based on received competitive price proposals, the requested funding authorization is insufficient to execute a new contract for the full 5 years. Utilizing the average prices received in response to the UPM RFP the current authorized funding amount of \$5,000,000 will allow for 3 years of contract performance. Additional funding authorization would be needed to allow for 5 years of performance (see table below). This request for additional funding authorization will allow contract performance for up to 5 years with sufficient contingency to address unforeseen pest issues resulting in increased contract costs (i.e., unforeseen 2018 cost increases). Authorization does not stipulate the Port spend all funding authorized, only that the Port will have sufficient funding for all 5 years of contract performance and will further be prepared to mitigate any unforeseen circumstances if needed.

Current UPM Authorization and Contract Execution Schedule					
Current UPM RFP 19-01	Base Year	Year 2 Option	Year 3 Option	Year 4 Option	Year 5 Option
Annual Cumulative Estimated Price (Current Authority)	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000
Annual Average Cumulative RFP Pricing	\$1,270,000	\$2,550,000	\$3,820,000	\$5,110,000	\$6,390,000
Amount Requiring Additional Authorization				(\$110,000)	(\$1,390,000)

Increased passenger volume, construction activity, and building square footage at Sea-Tac Airport will continue to drive the need for an intensive pest management program to maintain a healthy and safe environment. Sanitation challenges and pest access have been aggressively addressed by the Port Unified Pest Management Working Group and the Port’s pest control contractor, but there is still much work to do to correct all conditions that support pest populations and eliminate all rodent access. We expect to maintain a high level of service as the airport continues to grow and will evaluate the program’s effectiveness annually for potential cost savings. The UPM Tariff was adjusted January 1, 2019 to provide cost recovery for services rendered in tenant locations for tenants whose lease language directs the tenant to pay for pest control services via tariffs (e.g., Airport Dining and Retail tenants), and the airlines pay for their pest control services via Signatory Lease and Operating Agreement (SLOA).

UPM will continue to transition to more preventive measures compared to the mostly reactive measures previously employed. Preventive measures include routine sanitation audits, active inspections of all interstitial spaces and wall voids, and sealing all access points. Reactive

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measures (such as trapping or baiting) only correct the symptoms (pests), rather than the underlying issues (e.g., sanitation and pest access). UPM effectiveness will be re-evaluated at the end of each contract year based on pest activity, increased passenger volumes, increased square footage, and compliance of higher sanitation standards and updated Rules and Regulations.

DETAILS

Prior to the implementation of the UPM program in 2013, airport tenants contracted their pest control services independently, with little information available to the Port by which to determine the type and magnitude of concerns the tenants faced or what kind of control methods their contractors were using to address them. Today the UPM program has 100% enrollment of all Airport Dining and Retail and airline tenants. UPM gives the Port the ability to track all pest reports and activity at the airport to better manage the needed actions and oversee pesticide use. UPM is able to work with many airport departments (Airport Dining and Retail, Port Construction Services, Aviation Maintenance, etc.) to better remediate pest issues by addressing items that contribute to the problem, such as inadequate sanitation or small openings that need to be sealed off to prevent pest access. Pest issues are reported to UPM through a safety hotline. Call-in data are used to assist in identifying problem areas and monitoring contractor response times. Consequently, the Port has been successful in tracking and identifying pest hotspot locations by using call-in data combined with pest data collected by the vendor (e.g., rodent captures, bait consumption, and activity), and what contributing factors need to be addressed promptly.

In early 2018, it was necessary for the pest contractor to respond to many more emergency call outs rather than the proactive work they had been doing. By May 2018 it became clear that one technician per day could not handle all pest management needs and 24/7 coverage was justified and prudent. With a rise in pest complaints/sightings by the public in early 2018 and an increase of complaints to King County Public Health and Washington Department of Labor and Industry it was urgent that the contractor increase resources and technologies immediately, raising the cost of the contract well past its original scope and budget.

For the areas serviced today, rodent numbers are expected to stabilize then decline under the higher level of control efforts and the more recently implemented sanitation audits. The existing level of effort is required to reach greater than 90 percent eradication, our goal to prevent another population uptick due to the high reproduction rate of rodents. Concurrently the Port will audit tenant spaces to further improve sanitation and seal off all pest entry points. Sanitation audits have been added to the scope of the new pest control contract. Tracking call-in data, pest data, and condition data (collected from sanitation audits and other Port inspections) will allow the Port to more efficiently allocate resources to eliminate conditions conducive to pests. The goal is to eventually reduce costs of the UPM program over time even with additional building square footage over the next 5 years.

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UPM Efforts to Date

- Created Port UPM Working Group to focus on identifying and correcting pest-related issues
- Increased pest control vendor presence to 24/7
- Equipped more areas above drop ceilings with additional control methods
- Identified and expanded efforts inside the interstitial spaces between the ceilings and the roof that support hidden reservoir rodent populations
- Pest contractor and Port Construction Services have been sealing off entry points in spaces to prevent access
- Aviation Maintenance is securing/replacing ceiling tiles
- More intensive sanitation audits of lease spaces
- Hired an independent consultant to evaluate the Port's UPM program and the Port's pest control contractor
- Provided guidance and training on best practices to reduce opportunities for pests
- Updated construction specifications to seal all access points during construction activities

Scope of Work

The scope of work requires the contractor to provide 24/7 coverage and additional use of monitoring and capture technologies to help identify and monitor rodent movements and to more efficiently remove them from the airport. These additional resources will maintain the quick response times to urgent events called into the safety hotline at all hours and will help technicians access the hard-to-reach interstitial spaces above ceilings that are crucial for effective rodent management. When not trapping or responding to callouts, technicians can continue to use their time sealing off access points, inspecting vendor equipment, and addressing sanitation concerns. These technicians will also monitor new construction sites for pest activity prior to construction and verify that new construction has no access points for rodents. The new contract's scope of work includes performing night sanitation audits, more square footage, and ornamental pest control so that all pest issues can be resolved using the same vendor.

Schedule

The UPM RFP is being evaluated and the contract will be executed before July 2019.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not approve request for increased funds associated with the updated scope of work and its related costs

Cost Implications: At minimum, 6 months’ time frame and +/- 500 staff hours, estimated \$30,000 to procure a new UPM contract.

Pros:

- (1) Opportunity to review qualified pest control vendors, prices, and technologies sooner than under other alternatives.

Cons:

- (1) The new contract will run out of funds well before the proposed 5-year contract term. Utilizing the average proposal price submitted in response to the UPM RFP, the Port will only be able to fund 3 of the potential 5 years of performance previously authorized by Commission. If additional funding is not authorized, there will be a need to return to Commission for additional authority and initiate a new UPM procurement (see table on page 2) up to 2 years earlier than would otherwise be required if additional funding authorization is obtained now.
- (2) Any gap in pest control service will compromise the integrity of the UPM program by allowing pest numbers to again increase unmitigated thereby jeopardizing the health and safety of the airport’s occupants and the airport’s reputation.

This is not the recommended alternative.

Alternative 2 – Allow tenants to contract their own pest control to meet increasing rodent numbers.

Cost Implications: Incalculable/Unknown

Pros:

- (1) None

Cons:

- (1) This was the procedure prior to the creation of UPM in 2013 and pest numbers and controls activities, including pesticide application at the airport, could not be easily monitored.
- (2) Pests could compromise the health and safety of passengers.
- (3) The Port will lose control over coordinated pest remediation treatments and its ability to identify and correct root causes.
- (4) Pest sightings and concerns from tenants and the public will increase thereby jeopardizing the reputation of the airport.

This is not the recommended alternative.

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Alternative 3 – Increase the authorized amount to fund the full 5-year term of the new contract commencing on or about July 1, 2019.

Cost Implications: \$2,000,000 (for total contract authorization of \$7,000,000)

Pros:

- (1) No interruption of service.
- (2) Accommodates increased airport growth.
- (3) Airport will maintain oversight of pest control actions which is necessary for monitoring and reducing the use of pesticides, as an example.
- (4) The Port will have access to all UPM data to make the best management decisions and track successes and emerging issues.
- (5) No need to re-procure within the next 5 years, reserving CPO and Wildlife Management resources for other activities.
- (6) Though tenant costs (tariffs and rates used for UPM cost recovery) may increase and will continue to be high for the duration of the contract term, they are likely to be even higher if the Port fails to address all conditions conducive to pests through increased pest control efforts. The current procurement consists of a base year and four additional 1-year options (potential 5-year contract). The long-term goal is to reduce costs by eliminating conditions conducive to pests and by maintaining a low pest population.

Cons:

- (1) Tenant costs (tariffs and rates used for UPM cost recovery) may increase to recover UPM costs and will continue to be high for the duration of the contract term.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The preliminary 2019 budget anticipates spending \$1,055,000. Contingency will be needed to execute the new contract and the 2020 budget will be adjusted. The UPM Tariff was adjusted January 1, 2019 to provide cost recovery for services rendered in tenant locations and the airlines pay for their pest control services via SLOA.

ATTACHMENTS TO THIS REQUEST

- (1) UPM Request for Proposals (RFP) Scope of Work

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 13, 2018 – The Commission authorized to: (1) increase the value of the current Unified Pest Management contract at Seattle-Tacoma International Airport by \$550,000 to continue current services from January 2019 through June 2019; and (2) competitively bid and execution of new 5-year follow-on contract (commencing on or about July 1, 2019, and continuing through June 30, 2024) for 5 years for a base year and additional four 1-year options for an estimated amount of \$5,000,000.

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September 8, 2015 – The Commission authorized execution of 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) was \$1,200,000 for a 5-year contract.