

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>4f</u>
Date of Meeting	<u>November 4, 2014</u>

DATE: October 27, 2014

TO: Theodore J. Fick, Chief Executive Officer

FROM: Nora Huey, Director Central Procurement Officer
W. Allan Royal, Manager, Real Estate Development

SUBJECT: Authorization to execute two indefinite delivery, indefinite quantity personal service agreements for various real estate services

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute two indefinite delivery/indefinite quantity (IDIQ) contracts for real estate services for the Port of Seattle with a contract ordering period of three years and a combined value not to exceed \$4,000,000.

SYNOPSIS

Staff proposes to execute two IDIQ contracts with qualified firms to provide various real estate services to the Seaport, Real Estate, Aviation and Capital Development Divisions. The contracts will provide a wide variety of services related to all aspects of real estate activities. The contracts will have a three year contract ordering period and the combined value will not exceed \$4,000,000.

IDIQ contracts allow staff to be responsive to real estate business opportunities and needs, within the timelines required, and still maintain the transparency and accountability necessary for a public agency. Due to the intermittent and last-minute need for this expertise, it is neither cost-effective nor customary to complete this work with in-house staff.

In 2011, Commission approved three IDIQ contracts and split the scope of work and funds between the contracts. The three contracts combined had a capacity of \$3,000,000 of which approximately two-thirds was actually utilized in over 70 service directives. Lessons learned tell us that certain services were more highly utilized than others. In addition, there were instances where the needed sub-contractor was not available. Procuring two contracts will provide the Port with a greater depth of consultants and also provide more opportunities for small businesses to participate.

BACKGROUND

The Commission has approved two previous requests for real estate IDIQ contracts. The first contract was in 2009 followed by three related contracts in 2011. The proposed contracts will be the third procurement for real estate services.

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The real estate IDIQ contracts have proven to be very effective in providing real estate services throughout the Port in a timely manner. For instance, the IDIQ was used for the extensive title work required in the disposition of the Eastside rail corridor. Similarly, the current IDIQ contract was used to assist with the federal General Services Administration's solicitation for 300,000 square foot Class A office building to house the regional headquarters for the Federal Aviation Administration.

Like the previous IDIQ contracts, staff was again canvassed to get a realistic expectation of the anticipated real estate work over the next three years. The goal is to ensure that the projected need for real estate services is as accurate as possible and that the IDIQ contracts can meet the Port's needs over the three-year term. Approximately two-thirds of the capacity of the current contracts has been used over a period when the economic recession slowed real estate activity. The real estate market in the Seattle area is well into recovery and there has been a decided upswing in interest in Port property. We expect this enthusiasm to continue and are positioning the Port to be responsive as real estate opportunities and needs arise over the next three years.

The contracts will have a contract ordering period provision that allows the consultant to continue work beyond the three-year term of the contract as long as the service directive was signed during the contract term. Since some real estate services are needed for projects that are phased over several years, such as owner's representatives for development projects, this provision will allow the Port the flexibility to retain consultants and prevent a mid-project switch because of the expiration of the contract.

PROJECT JUSTIFICATION AND DETAILS

The proposed contracts provide a more efficient and rapid way to obtain an array of smaller contract items and specialized services in a time frame that is responsive to the opportunities and needs that emerge. Soliciting individual procurements for the anticipated services is not efficient. Under the current contracts, staff has issued more than 70 service directives.

Project Objectives

To provide a tool that more efficiently responds to required real estate services.

Scope of Work

The scope of work includes a variety of real estate services that will assist with the Port's acquisitions and sales, leasing, property management, planning and development work. These services include: due diligence, feasibility activities, market and financial analyses, appraisals, title research and surveys, environmental assessments; entitlements and permitting activities, NEPA/SEPA reviews; real estate brokerage services for leasing, property management and disposition activities; owner's representative services for development projects; relocation services and facility space planning services.

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Schedule

Finalize contracts by March 2015.

FINANCIAL IMPLICATIONS

Charges to these contracts will be from projects or expenses that have already been authorized by Commission within established procedures. Consequently, there is no funding request associated with this authorization.

STRATEGIES AND OBJECTIVES

The proposed contracts will help the entire organization be more responsive to time critical requirements with our property and tenants. The contracts will also create opportunities for small businesses to provide services to the Port without a lengthy procurement process. The contracts will help further the Century Agenda goal of promoting small business growth and the Aviation goal of increasing non-airline revenue by facilitating real estate development.

TRIPLE BOTTOM LINE

Economic Development

The proposed contracts provide a means to capitalize on fast moving real estate opportunities that may otherwise not be obtainable.

Environmental Responsibility

The proposed contracts have no direct environmental implications.

Community Benefits

The proposed contracts will provide opportunities for small businesses. By splitting the contracts, the opportunity for sub-consultants doubles and creates a greater depth of expertise for Port requirements.

Small Business Participation

The Office of Social Responsibility has determined there is no targeted level of small business participation in the proposed contracts.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Do not create a real estate IDIQ contract. By necessity, contract procurements take time to ensure fairness and transparency, which can be a hindrance in the real estate process. A separate procurement for expertise would have caused the Port to miss the opportunity to participate in the FAA Headquarters project, noted above, because of the extremely aggressive timeline associated with the deal. The current IDIQ contract made it possible for the Port to submit a proposal to the General Services Administration. This is not the recommended alternative.

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Alternative 2) – Proceed to create the proposed contracts and thus provide the needed tools for real estate services. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None