

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	4g
Date of Meeting	June 28, 2016

DATE: June 8, 2016

TO: Ted Fick, Chief Executive Officer

FROM: Tina Soike, Chief Engineer/Director of Engineering Services
Jonathan Ohta, Construction Manager, Engineering Services

SUBJECT: Engineering Construction Management Support, Construction Scheduling, Construction Estimating, Construction Auditing, Cost Claims, Construction Safety, Survey and Mapping Services, and PLA Drug and Alcohol Testing Services IDIQ Contracts

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute up to 17 indefinite delivery, indefinite quantity (IDIQ) service agreements for services related to construction management, construction scheduling, cost estimating, construction auditing, construction claims, construction safety, survey and mapping, and Project Labor Agreement (PLA) drug and alcohol testing in support of all Port of Seattle projects and tasks in a total amount not to exceed \$9.3 million with an ordering period of three years. No funding is associated with this authorization request.

SYNOPSIS

Staff anticipates issuing up to 17 IDIQ contracts to provide eight different types of consultant services to support the Port's Engineering department staff on major construction projects. With the fluctuating project workload, IDIQ contracts provide the Port with the flexibility to meet business requirements as they arise through augmenting Full-Time Employees (FTEs) with outside consultants. Individual service directives are issued to accomplish tasks within a general, pre-defined scope of work on an as-needed base for a fixed period of time and a maximum contract amount. Engineering is coordinating with the small business team in the Economic Development Division, and partnering with the Central Procurement Office and the Procurement Excellence consultant to pilot methods to promote small business opportunities. For example, the services are distributed into various contract sizes in order to increase the participation of small business. In addition, various approaches to outreach, contract packaging, and selection criteria are being considered to enhance participation. It is anticipated that several of these services will have small business set-asides (e.g. Construction Management, Cost Estimating, Scheduling, and possibly others).

Competitively bid IDIQ contracts are a widely used public sector contracting tool, consistent with the Port's Resolution No. 3605, as amended, and governed by CPO-1 policy.

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BACKGROUND

The number of outside technical service agreements that the Port enters into is substantial, and there is a significant amount of time and effort required to process each agreement. These agreements will supplement our staff when the demand of the projects are more than our current staff can provide, or are in need of services that our staff is not able to perform. As an example, some of the administration activities required include long-lead-time advertisements, consultant interviews, consultant selection and negotiation, contract preparation, and insurance requirements. These activities inhibit rapid response and reduce the management and staff time available for other engineering and construction activities. Significant economic efficiencies can be obtained by reducing the number of selection processes.

This authorization will only authorize the execution of the contracts. A service directive will be issued for projects authorizing the consultant to perform a specified scope of work only after staff has received authorization for the project in accordance with Port policies and procedures. The not-to-exceed cost for each contract type is listed below for a three-year contract ordering period.

PROJECT JUSTIFICATION AND DETAILS

Within the next 3 years, over 40 projects have been identified as having construction costs over \$300,000 each, for an overall estimated total construction cost of over \$416 million, the majority for the Aviation division. This excludes the International Arrivals Facility (IAF) and NorthStar Projects which have project specific construction management agreements for their use. Eight requests for proposals (RFP) would be issued to execute a number of IDIQ agreements, allowing consultants to support construction management services, construction scheduling, cost estimating, construction auditing, construction claims, construction safety, survey and mapping, and PLA drug and alcohol testing services. The goal is to have the first of these service agreements in place by October 2016 and stagger the advertisement and execution of the remaining contracts through October 2017. Use of these IDIQ agreements allows greater flexibility to respond to workload variations and reduces the need to hire additional full-time employees.

Contract Service Type	No. of Contracts	Dollar Value Total	Consultant Staff*	FTE Staff*
Construction Management	4	\$5,000,000	17	37
Construction Scheduling	2	\$500,000	1	1
Cost Estimating	2	\$500,000	1	1
Construction Auditing	2	\$500,000	Yes	N/A
Construction Claims	2	\$1,000,000	2	6
Construction Safety	2	\$800,000	4	3
Survey and Mapping	2	\$500,000	3	20
PLA Drug and Alcohol Testing	1	\$500,000	Yes	N/A
Total	17	\$9,300,000	28	68

*excludes IAF and NStar construction management project teams

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Schedule

The goal is to have the first of the service agreements (Construction Management services) in place by October 1, 2016.

FINANCIAL IMPLICATIONS

Source of Funds – There is no funding request associated with this authorization. Individual service directives or agreements will be executed to authorize the Consultant to perform any specific work on the contract against approved project authorizations.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Contract for support services on a project-by-project basis. Under this alternative, the Port's Engineering Department would contract for services on a project by project basis when needed.

Cost Implications: Increase in project costs due to the individualized additional procurements. Cost impact over \$9.3 million.

Pros:

1. Flexible staffing resources.
2. Project specific contracting.

Cons:

1. This alternative would require the lengthy and costly process of selecting consultants for each project, thus requiring increased lead time, additional management oversight, additional administrative preparation, and increased advertising fees.
2. No flexibility to shift project specific consultants to other emerging projects.
3. Consulting companies interested in this work would need to spend more money preparing RFQ proposals as part of the selection process.
4. Project soft costs will be higher as a percentage of hard construction costs especially on smaller projects, potentially prohibitively so.

This is not the recommended alternative.

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Alternative 2 – Delay the advertisement and award of these IDIQ Contracts. Existing contracts have staggered expiration dates, with the first expiring in August 2016. Delays in contract procurement may cause suspension of work assignments, project impacts, schedule delays and increased costs.

Cost Implications: Potential impact to project schedules with a strong likelihood of extremely high delay costs. Cost impact over \$9.3 million.

Pros:

1. None

Cons:

1. Projects may be delayed while waiting for staff support to be available to respond to project needs.
2. Contractor delay claims may rise as a result of Port staff not being able to respond to project needs.

This is not the recommended alternative.

Alternative 3 - Strategically hire FTE's and augment with consultant staff. Advertise and execute IDIQ services agreements to allow efficient and cost effective use of consultants to provide the technical services required by Engineering.

Cost Implications: The estimate for these costs is \$9.3 million.

Pros:

1. This provides the most flexible staffing plan of the alternatives.
2. Reduces the risk of being overstaffed if the future workload is reduced.
3. Allows development of Port staff in core programs (such as Baggage, Infrastructure) for continuity and succession planning.
4. Low risk associated with potential project schedule delay due to an inability to support a construction project.

Cons:

1. Limited staff development and retained project knowledge.
2. This alternative is more expensive than Alternative 5.

This is the recommended alternative.

Alternative 4 –Strategically hire FTE's and augment with consultant staff. Advertise and execute higher value IDIQ services agreements to utilize an increased level of technical services.

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Cost Implications: Estimated at \$12.6M.

Pros:

1. Reduces the risk of being overstaffed if the future workload is reduced.
2. Lowest risk associated with potential project schedule delay due to an inability to support a construction project.

Cons:

1. Limited staff development and retained project knowledge.
2. This is the most expensive option.

This is not the recommended alternative.

Alternative 5 – In lieu of using consultants, hire an additional 28 FTE's to handle the increased workload.

Cost Implications: Estimated at \$4.4M

Pros:

1. Low risk associated with potential project schedule delay due to an inability to support a construction project.
2. Lowest cost of all the alternatives, exclusive of long term staffing commitment costs.
3. Greatest retainage of institutional knowledge.

Cons:

1. Adds 28 FTE's to Port staff. In the event of a decrease in workload, a workforce reduction would be required.
2. Job market availability may not be able to fill all positions.
3. This alternative may require additional staff to manage these FTE positions.

This is not the recommended alternative.

ATTACHMENTS TO THIS REQUEST

NONE

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

NONE