

**COMMISSION
AGENDA MEMORANDUM**

Item No. 4e

CORRECTED ACTION ITEM

Date of Meeting February 28, 2017

DATE: February 28, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Wayne Grotheer, Director, Aviation Project Management Group *WGG*

SUBJECT: Project Management Services IDIQ Contract

Amount of this request: \$0

Maximum value of contracts: \$15,000,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute three professional services indefinite delivery, indefinite quantity (IDIQ) contracts for Project Management Services in the amount of \$5,000,000 per contract for a total of \$15,000,000. There is no budget request associated with this authorization.

EXECUTIVE SUMMARY

The Aviation Project Management Group (AVPMG) utilizes IDIQ contracts to meet highly variable workload projections for project management services. The existing project management IDIQ contracts, valued at \$5,000,000, have been fully committed. This request will provide the necessary project management services to meet AVPMG needs for the next 5 years.

The workload demands on AVPMG are increasing; the Airport is adding approximately twenty-four new capital projects each year. To support the increasing and dynamic business requirements of Sea-Tac Airport the project management group requires flexibility. The IDIQ contracts provide flexibility through project specific service directives that allow project management services to be provided on an as-needed basis for a fixed period and a maximum contract amount.

Competitively procured IDIQ contracts are widely used public-sector contracting tools, consistent with the Port's Master Delegation of Authority contained in Resolution No. 3605, as amended by Resolution No. 3628, and governed by CPO-1 policy. The solicitation will include requirements to utilize small businesses.

JUSTIFICATION

Representative needs for contract project management services include: Terminal & Tenant projects, Airport Dining & Retail tenant Projects, Landside, NorthStar and Infrastructure projects through 2019. We expect that other unidentified projects will come forward between 2017 and 2022 requiring the use of contract Project Managers.

DETAILS

Each contract will have a three year duration with two one-year options for a total ordering period of up to five years. Service directives may be issued at any time during the contract-ordering period. The total value of all service directives issued on a contract will not exceed the \$5,000,000 contract value.

Budgets to utilize these contracts will come separately from either annual operation budgets or individual project authorizations.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo – Do not hire additional Project Managers

Cost Implications: \$0

Pros:

- (1) No costs

Cons:

- (1) Unassigned projects have to be prioritized & wait for staff availability

This is not the recommended alternative.

Alternative 2 – Hire new full time Project Managers as needed to meet workload forecasts.

Cost Implications: \$803,000 for one PM3 over a 5 year period

Pros:

- (1) Allows incorporation of pending AV staffing analysis (results expected 4/17)
- (2) Institutional knowledge is built by Port Staff

Cons:

- (1) Inability to rapidly match AVPMG capacity with Airport requirements and provide timely completion of projects
- (2) Unassigned projects have to be prioritized and wait for staff availability
- (3) Limited knowledge of future projects at time of annual budgeting means mid-year budget adjustments may be required

This is not the recommended alternative.

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Alternative 3 – Prepare a single procurement to contract with three project management services firms.

Cost Implications: \$15,000,000 (5 year not to exceed contract)

Pros:

- (1) Ability to balance AVPMG skills and capacity with Airport requirements, providing timely completion of projects
- (2) Single contract procurement decreases administrative costs
- (3) Highest level of flexibility - PMs are added or removed as needed to meet demand
- (4) Provides more opportunities to management services firms
- (5) Provides opportunities to small businesses
- (6) Allows incorporation of pending AV staffing analysis

Cons:

- (1) Contract rather than Port Staff build institutional knowledge.
- (2) Cost is higher for consultants than staff with comparable experience
 - One Port FTE PM3 over a 5 year period cost ~~\$783,000~~ **\$803,000**
 - One consultant PM3 over a 5 year period cost \$2,255,000

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The total estimated cost for project management services will not exceed \$15,000,000. Each contract will have a not-to-exceed threshold of \$5,000,000. No work is guaranteed to the consultants and the Port is not obligated to pay the consultant until a service directive is executed. After receiving authorization for each project in accordance with the Master Delegation of Authority, the actual work will be defined and the Port will issue individual project-specific service directives.

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- September 22, 2014 – The Commission authorized the execution of two professional services IDIQ contracts for project management services. Total estimated cost was \$5,000,000
- March 8, 2011 – The Commission authorized the execution of two professional services IDIQ contracts for project management services. Total estimated cost was \$3,000,000

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