



COMMISSION
AGENDA MEMORANDUM

Item No. 4c

ACTION ITEM

Date of Meeting May 23, 2017

DATE: May 15, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Architect Services IDIQ Contract

Amount of this request: \$0

Maximum value of contracts: \$12,500,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute four professional services indefinite delivery, indefinite quantity (IDIQ) contracts for architect services in the amount of \$4,000,000 per contract for three contracts, and \$500,000 for one small business set-aside contract, for a total of \$12,500,000. 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 architect services. The existing architect services IDIQ contracts established in 2015, with a total value of \$3,500,000, have been fully committed. We anticipate that this request will provide the necessary architect services to meet AVPMG needs for the next three years.

The demand for design services on airport projects is 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, AVPMG requires flexibility in obtaining design services. The IDIQ contracts provide flexibility through project-specific service directives that allow project architect services, which includes engineer sub consultants as part of the architect team, to be provided on an as-needed basis for a fixed period and a maximum contract amount. These contracts would also be available to other Port departments. Without these IDIQ contracts, individual project procurements would be required, which are less efficient than a single procurement that can serve dozens of projects. Individual procurements would increase costs and add 4 months to each project schedule, which would delay completion of design and construction.

Meeting Date: May 23, 2017

The solicitation will include one \$500,000 contract that is designated for small businesses. This \$500,000 contract will provide a good opportunity for a small business architect firm, and is not so large that it would be challenging for a small firm to successfully complete the work. The other contracts would also include small business requirements.

JUSTIFICATION

IDIQ contracts provide the Port with the flexibility to meet business requirements as they arise by issuing individual service directives to accomplish tasks within a general, pre-defined scope of work on an as-needed basis for a fixed period of time and a maximum contract amount. Competitively bid IDIQ contracts are a widely used public sector contracting tool, consistent with the Port’s General Delegation of Authority, and governed by CPO-1 policy. Representative needs for contract architect services include: Terminal & Tenant projects, Landside, and Infrastructure projects through 2019. We expect that new projects and current projects not yet at the design stage will utilize the contract architects and engineers.

DETAILS

Each contract will have a one-year duration with two one-year options for a total ordering period of up to three 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 contract value.

Budgets to utilize these contracts will come separately from individual project authorizations.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not procure Architect Services IDIQ contracts. Each project would individually procure its own architect services as needed.

Cost Implications: Each project would expend additional administrative costs to procure individual architect services.

Pros:

- (1) Defers the administrative cost of procurement to a later date when individual projects each do their own procurement.

Cons:

- (1) Increased cost for individual project procurements rather than a more efficient single procurement of IDIQ contracts.
- (2) Each individual project would have to procure architect services, which would cost more and add 4 months to each project schedule to complete the procurement process. This would delay completion of design and construction.

This is not the recommended alternative.

Meeting Date: May 23, 2017

Alternative 2 – Hire new full-time architects and engineers as needed to meet project design workload forecasts.

Cost Implications: A potential savings of approximately \$6 million could be realized over a 3-year period, compared with hiring consultants. This potential savings could be offset by other factors that are likely to occur.

Pros:

- (1) Lower cost than consultant architects and engineers.
- (2) Institutional knowledge is built by Port Staff

Cons:

- (1) Consultant architects and engineers with specialized skills might still need to be hired when Port staff skills do not meet the design needs of a particular project.
- (2) Projects that cannot be efficiently scheduled with staff designers would have to be prioritized and wait for staff to become available, or be independently out sourced.
- (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.

Alternative 3 – Prepare a single IDIQ procurement to contract with four architect services firms.

Cost Implications: \$12,500,000 maximum value of 3-year not-to-exceed contracts. This request is for \$0 since the costs would be paid by individual projects that issue Service Directives under the contract.

Pros:

- (1) Ability to balance consultant workload capacity with Port requirements, providing timely completion of projects
- (2) Procurement of IDIQ contracts that can be used by multiple projects avoids additional administrative costs that would otherwise be incurred if each project had to procure individual services contracts.
- (3) Highest level of flexibility – architect teams are added or removed as needed to meet demand
- (4) Provides opportunities to architect services firms
- (5) Provides opportunities to small businesses

Cons:

- (1) Contractors build institutional knowledge, rather than Port Staff.
- (2) Cost is higher for consultants than staff with comparable experience
 - One Port FTE architect/engineer over a 3-year period costs approximately \$450,000.
 - One full-time consultant architect/engineer over a 3-year period costs between approximately \$950,000. This is roughly 50% more expensive than if the work were performed using in-house resources.

This is the recommended alternative.

Meeting Date: May 23, 2017

FINANCIAL IMPLICATIONS

Charges to these contracts will be from projects that will be authorized separately through established procedures. Consequently, there is no funding request associated with this authorization. The total estimated cost for architect services will not exceed \$12,500,000. Each of three contracts will have a not-to-exceed threshold of \$4,000,000 and one small business contract will have a not-to-exceed threshold of \$500,000. 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

- June 9, 2015 – The Commission authorized the execution of three professional services IDIQ contracts for architect services. Maximum combined value of contracts was \$3,500,000.
- May 28, 2013 – The Commission authorized the execution of two professional services IDIQ contracts for architect services. Maximum combined value of contracts was \$3,000,000.
- January 10, 2012 – The Commission authorized the execution of a single professional services indefinite delivery, indefinite quantity contract for architectural services. Maximum value of contract was \$4,000,000.