



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6a

ACTION ITEM

Date of Meeting September 26, 2017

DATE: September 7, 2017

TO: Dave Soike, Interim Executive Director

FROM: Lance Lyttle, Managing Director Aviation

SUBJECT: Executive Program Management Services IDIQ Contract

Amount of this request: \$15,000,000

Total estimated project cost: \$15,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a consulting contract for Executive Program Management Services for up to 5 years in the not-to-exceed amount of \$15,000,000.

EXECUTIVE SUMMARY

The purpose of this request is to augment Port staff to improve the efficiency and effectiveness of project delivery for the airport's complex and growing capital program. The Executive Program Management support services will assist with the formulation of an airport-wide capital improvement program, program controls, program risk management, and design and construction coordination.

This request authorizes the advertisement and execution of an Executive Program Management Services contract to:

1. Formulate and coordinate delivery of the Airport's capital development program (program coordination focus rather than individual project management focus)
2. Working with Capital Development Department (CDD), Port Construction Service (PCS) and Information and Communications Technology (ICT), and other Port business units to manage the interrelationships between individual projects as the overall program evolves
3. Ensure that impacts of individual project delivery (schedule, budget, operational disruption, etc.) are coordinated with wider Airport priorities.

JUSTIFICATION

The Seattle-Tacoma International Airport operates in a very constrained environment and as passenger levels increase, this constraint is expected to continue in the foreseeable future. With this in mind there is a need to procure the services of experienced consultants to ensure the proper planning, execution and delivery of the critical facilities to not only meet the Port's Century Agenda but also to provide the level of service expected by our customers.

Upcoming major development requires integrated management of multiple individual projects – *program focus vs project focus*. Effective delivery of Aviation's expanding capital program requires enhanced coordination capability – not just in terms of planning, design and construction, but also of financial strategy, risk management, operational impacts of construction, commercial and customer service implications, and consistency with Aviation Division strategic priorities. There is limited capability to plan or review progress on the program as a whole, or to understand the impact of changes to program scope or schedule – for example, how adding a new project impacts deliverability of existing projects.

Currently the Aviation division's Capital Programs department is staffed with a talented group of FTE's that focus primarily on program formulation and construction coordination. However to improve the effectiveness of the delivery of all the airport's capital projects, there is a need to augment that staff with persons experience in program controls, risk management, design coordination and Operational Readiness and Airport Transfer (ORAT, aka Activation).

The EPM consultant is expected not only to execute work in these key functional areas, but also ensure that through a process of knowledge transfer, the Port's staff is trained and be capable of assuming these functions at the end of the contract period.

DETAILS

Scope of Work

The Executive Program Management consultant staff will be integrated into the existing Aviation Capital Programs staff creating a combined section of both Port and consultant staff. Primary responsibilities of the consultant staff will be in the following areas that are not currently performed by existing Port staff.

1. Executive Program Management

This includes, but is not limited to the following:

Leadership of the Executive Program Management (EPM) group to: direct formulation, coordination and delivery of the Airport's capital development program and to ensure timely and on-budget completion of individual program elements, while maintaining continuity of Airport operations.

2. Program Controls

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Program controls is the assembly of cost, scheduling, reporting program wide during the CIP formulation, scoping, design, construction and close-out, monitoring, utilizing management, systems and analytical processes to predict, the outcome of the program in terms of cost, scope and schedule, communicating the information to constructively influence effective management and decision making.

Scope includes, but is not limited to the following:

- Definition and development of regular management reporting concerning the progression of capital programs, interactions between individual project elements, key issues, priorities for action and related initiatives.
 - Definition of information requirements to report on progress of overall program, assembling information on individual projects provided by CDD and others
 - Design of mechanisms for program reporting and control to ensure timely and on-budget completion of individual program elements
 - Consolidation and rationalization of individual reporting efforts
 - Regular preparation of program reports

- Ongoing action to monitor and control program progress, to include monitoring and analysis of the progress of individual program elements and the program as a whole

3. Risk Management

- Identification, assessment and reporting of program risks, based on project risk information supplied by CDD and other project managers
- Development and implementation of mitigation measures to manage program risks
- Ongoing assessment of potential impacts of individual projects on other projects and overall program objectives, and on wider Airport priorities such as continuity of operations (in conjunction with the Project Controls Manager)
- Development of plans to mitigate project impacts, and coordination of mitigation actions with other Aviation staff and CDD
- Coordination of Operational Readiness and Activation (ORAT) programs to ensure operability of facilities after commissioning

4. Design Coordination

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- Ensure the design as developed by CDD and other Port staff are consistently applied throughout the Airport capital program
- Management and coordination of the design review process for individual projects, and coordination with CDD and others to carry forward design review recommendations as necessary
- Periodic review and improvement of the process for design review
- Support to CDD design managers as required during the design process

Small Business Opportunities for this procurement

We will work with the Disadvantaged and Small Business office to identify possible opportunity.

Schedule

We estimate that this contract will be executed in December 2017/January 2018 for a maximum period of 5 years, initial base term 3 years duration with an additional two (2) one year options.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not procure EPM Services contract and continue to manage aviation capital programs with existing FTEs

Cost Implications: \$0

Pros:

- (1) No additional cost
- (2) Develop organic skills and institutional knowledge that will likely be retained

Cons:

- (1) Not enough resources to deliver the large capital development program necessary to meet the needs of growing passenger levels and high volume of capital projects
- (2) Lack of experience, in some areas, in completing multi-billion dollar programs

This is not the recommended alternative.

Alternative 2 – Augment existing Port staff with four (4) additional FTE's

Cost Implications: \$5.4 million for 5 years

Pros:

- (1) Least expensive option

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Cons:

- (1) Difficulty attracting and hiring experienced personnel
- (2) Does not provide the flexibility to adjust staffing levels to match workload

This is not the recommended alternative.

Alternative 3 – Procure a single EPM Services IDIQ contract

Cost Implications: \$11.9 M - \$15 million for 5 years

Pros:

- (1) Provides the expertise and consultant experience gained from managing similar multi-billion aviation capital programs
- (2) Provides the flexibility to decrease staffing levels to match workload
- (3) Provides the ability to improve organic knowledge through knowledge transfer from experienced and seasoned consultants
- (4) Develop organic skills and institutional knowledge that will likely be retained

Cons:

- (1) Requires the most capital outlay

This is the recommended alternative.

Annual Budget Status and Source of Funds

There is no funding request associated with this authorization. Individual service directives will be executed to authorize the consultant to perform any specific work on the contract against approved budget authorizations and within the total contract amount. On an annual basis, the Port will estimate the cost of services, and the likely split between capital and expense. The portion expected to be accounted for as expense will be included in the annual operating budget. Any amounts charged to capital will be included within the authorized project budgets.

ADDITIONAL BACKGROUND

Sea-Tac Airport current 10 year CIP is estimated at \$3.8B is expected to grow substantial when the much need projects for new facilities from the Sustainable Airport Master Plan (SAMP) as well as those for renewable and replacement generated by the Asset Management program. The EPM consultant will augment current Aviation Capital Programs staff in key functional areas that are required to develop the program necessary to provide the physical assets, both new and replacement to meet the forecasted demand at Seattle-Tacoma International Airport.

The proposed EPM contract will not allow for any cost growth beyond the budgeted amount of \$3M per year will be structured in such a way that the consultants will train Port staff to assume the responsibilities and functions performed by the consultants at the end of the contract period.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None