



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4b

ACTION ITEM

Date of Meeting October 10, 2017

DATE: September 11, 2017

TO: Dave Soike, Interim Executive Director

FROM: Ralph Graves, Senior Director, Capital Development

SUBJECT: Project Controls IDIQ

Amount of this request: \$0

Maximum value of contract: \$5,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute one professional services indefinite delivery, indefinite quantity (IDIQ) contract for project control support services for a total amount not to exceed \$5 million and a contract ordering period of five years. There is no funding associated with this request.

EXECUTIVE SUMMARY

The Aviation division's capital program is increasing in complexity. A major factor in the successful delivery of projects is applying the appropriate level of project controls. This IDIQ contract augments existing Port staff in the development, review, and updating of project schedules, cost control/tracking including forecasting and cash flows, and ensuring projects are closed out in a timely fashion.

With the increase in the number of projects within the Aviation division expected to continue, combined with the long duration of projects and the importance of maintaining consistent project teams, a contract with greater capacity and longer duration is needed to maintain continuity of support. A five-year, \$5 million contract is expected to meet the needs of the Aviation Project Management Group for the next three to five years. In consultation with the Port's Small Business Group, a 40% small business goal is proposed to be associated with the procurement of this contract.

As a Port-wide contract, these services will be available throughout the organization.

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.

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Capital Development has utilized project controls contracts for the last ten years to augment existing Port staff. Specialized skills are required for most of the project controls positions. With this type of IDIQ contract, the required experience and expertise will be identified, along with the range of responsibilities or services, but the specific work will not be known until the time it is requested by the project managers or sponsors.

This contract supports the following Century Agenda strategies and objectives:

- Advancing this region as a leading tourism destination and business gateway by supporting the objective to meet the region’s air transportation needs at Sea-Tac Airport for the next 25 years and encourage the cost-effective expansion of domestic and international passenger and cargo service.
- Using our influence as an institution to promote small business growth and workforce development by increasing the proportion of funds spent by the port with qualified small business firms on construction, consulting, goods and services to 40% of the eligible dollars spent.

DETAILS

This request is to execute a single contract valued at \$5 million. The contract duration will be three years, with two one-year renewals for a total ordering period of five years. One or more service directives may be issued at any time during this ordering period with some work possibly occurring after the expiration of the contract. The total value of all service directives issued will not exceed the contract value.

Scope of Work

Project controls services may include any or all of the following elements:

- Scheduling – development, updating, coordination and reporting, including integrated master scheduling, and resource management
- Cost engineering, including cost control, estimate-at-completion development, project risk analysis, cash flow development, and project closeout

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Let existing IDIQ contract expire and utilize Port staff only

Cost Implications: \$3.75 million over five years for additional staff needed to avoid reduced level of controls

Pros:

- (1) \$1.25 million could be used for other initiatives/priorities relative to Alternative 3.
- (2) Least expensive option as consultants are typically more expensive than Port staff.
- (3) Eliminates continuity issues for consultant controls staff supporting projects.

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Cons:

- (1) Additional staff would be needed (estimated cost of \$3.75 million over five years) as existing staff would be insufficient to handle the additional workload.
- (2) Critical scheduling resources would be lost (if additional staff not approved), resulting in inaccurate project reports and schedules.
- (3) Consultants bring an outside perspective/experience that helps improve the Port's project controls processes & procedures.
- (4) Use of a consultant contract allows for easier growth/reduction of resources should the capital program decline.
- (5) Controls positions are difficult for the Port to attract qualified candidates.

This is not the recommended alternative.

Alternative 2 – Multiple IDIQ contracts with multiple firms for five years

Cost Implications: \$5 million for total contract support

Pros:

- (1) Increases the number of opportunities for firms to contract with the Port.

Cons:

- (1) Multiple contracts would significantly reduce continuity of consultant resources as the dollar amount available for each contract may not be enough to cover the entire project duration causing disruptions and delays to the project and potentially increasing project costs.
- (2) Multiple contracts would introduce higher administrative costs in administering multiple contracts with similar scopes of work.
- (3) Rates for consultants are much higher than that of Port staff.
- (4) Differences in rates between/among multiple IDIQ contracts for positions providing similar project controls support among projects may unfairly impact project budgets.
- (5) Can be used to bridge the gap between a vacancy and hiring an FTE.
- (6) Onsite requirement could limit some small firms that lack the resources to dedicate staff 100% to the Port.

This is not the recommended alternative.

Alternative 3 – Single IDIQ contract for one firm for five years

Cost Implications: \$5 million

Pros:

- (1) Single procurement with a 40% small business goal; less administrative work to manage/administer.
- (2) Allows for quicker ramp up/ramp down of consultant resources as needed to support the program.
- (3) Can provide outside experience and knowledge.

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- (4) Can be onsite consultant for maximum integration with other staff or offsite for small, specific tasks.
- (5) Can be used to bridge the gap between a vacancy and hiring Port staff.

Cons:

- (1) Rates for consultants are much higher than that of Port staff.
- (2) Continuity of consultant resources when the Port transitions to a new contract. This is the same with Alternative 2, but the impact is reduced significantly given the length of contract time and total dollar amount on a single IDIQ.
- (3) Onsite requirement could limit some small firms that lack the resources to dedicate staff 100% to the Port.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Utilization of this contract will come from individual projects, authorized separately through established procedures. Additionally, some controls-support work is included in the operating budget (reporting, process improvements efforts, etc.). Consequently, there is no specific funding request associated with this authorization. The total cost for project controls support services will not exceed \$5 million. No work is guaranteed to the consultant and the Port is not obligated to pay the consultant until a service directed is executed and work performed.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 15, 2015 – The Commission authorized a project controls support services IDIQ contract for \$1 million.
- June 25, 2013 – The Commission authorized a project controls support services IDIQ contract for \$1 million.