

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 5c

**Date of Meeting** February 9, 2010

**DATE:** January 29, 2010

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs  
David Kleiber, Seaport Environmental Finance Manager  
Kathy Bahnick, Manger, Environmental Program Manager

**SUBJECT:** Professional Service Contracts for Environmental Finance Services

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to execute two Port-wide IDIQ contracts for consultant support for Environmental Finance Services (EFS) (cost estimating, project cost controls and environmental liability and strategic support) up to \$600,000 per contract not to exceed \$1,200,000 for both. No funding is associated with this request although the work, when it is performed, will be funded out of Environmental Reserves.

**SYNOPSIS**

Environmental contracts range in value from a few thousand dollars to \$20±million. According to the “CPO-1 Training Guide and Reference Manual”, when service directives are in amounts greater than \$300,000, the Project Manager must prepare cost estimates before contracting for these services. The Port does not have the internal capacity to prepare detailed cost estimates for the remedial investigation, feasibility study and cleanup work associated with the complex federal and state cleanup sites. This contract will allow us to obtain external resources to perform this cost estimating to comply with CPO-1. In addition, this cost-estimating support will strengthen Port staff’s ability to negotiate with environmental service providers for fair and reasonable prices.

In addition to the cost estimating needs, this IDIQ procurement will also provide access by both Seaport and Airport environmental staff to on-call consultants available to provide site strategic planning on complex cleanup sites as well as *ad-hoc* financial services related to environmental finance and accounting. Because different firms may excel at different parts of the overall scope of the procurement, the Port will execute two contracts. The Commission has been briefed on the Port’s overall environmental program of which these contracts are a part. This is one of nine Category III environmental IDIQ procurements initiated in 2009.

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### **BACKGROUND**

Previously, Environmental Risk and Communications Inc. (ERCI) was contracted to use their licensed software to provide site strategic planning support services for cleanup projects, as well as ad-hoc financial services related to environmental finance, account and liability reporting.

In November 2009, the Commission approved a separate sole source contract with ERCI for the software licensing and support. The site strategic planning for complex cleanup sites, as well as *ad-hoc* financial services related to environmental finance and accounting services have been unbundled. The work not associated with the ERCI sole source will now be procured through open competition under this procurement. The cost estimating is a new service to support Port staff in compliance with CPO-1.

IDIQ contracts provide the Port with the flexibility to meet regulatory 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 Resolution 3605 and governed by CPO-1 policy.

Utilizing IDIQ contracts allows a more efficient, cost effective way to respond to service requests. This type of open order contract is commonly used among many public agencies such as the Corps of Engineers, US Navy, Coast Guard, King County, and the Washington State Department of Transportation.

This request is only for contracting authority – funding will generally be authorized under the environmental reserves authorization or from the operating budget.

We are working with Office of Social Responsibility (OSR) to determine small business availability for these contract(s).

### **PROJECT SCOPE OF WORK AND SCHEDULE**

The intent of this proposed professional service contract is to provide timely, cost efficient consulting services needed to perform environmental cost estimating required for contracted work greater than \$300,000, environmental strategic analysis, ten-year cost forecasting, project controls and other environmental finance and accounting services. The requested services and activities include, but are not limited to:

1. Provide Seaport Environmental Program Managers cost estimating for remediation projects and provide negotiation support. Seaport Environmental will hire a consultant to prepare cost estimates for Service Agreements, Amendments, Service Directives, and Service Directive Modifications for work greater than \$300,000.

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2. Provide environmental site strategic planning assistance in the selection of remedial strategies, by providing risk quantification and analysis to achieve less costly cleanups. The consultant will support Port staff in developing project management and cost recovery scenarios, and evaluating alternatives that best meet the cleanup goals at the site while supporting the Port's business interests. This includes financial forecasting of the life cycle of environmental liabilities; financial modeling of both estimated costs and potential cost recovery; and environmental liability exposure identification and measurement.
3. Assist staff in developing ten-year forecasts of estimated future cleanup costs for use in internal communications and submittals to the Department of Ecology.
4. Develop appropriate programmatic project control tools and systems for environmental liabilities and cost recovery to be used by staff. Train staff on its use and implement systematic services, tools, labor and other resources to plan, schedule, budget, and measure the performance of a Port project or program. Provide project as well as contract cost, budget, and schedule reviews. Support internal auditing of services provided by professional service providers (e.g., project technical consultants), particularly focused on monthly and quarterly utilization and invoicing efforts, provide consultant compliance, and audit services.
5. Provide other financial advisory services, including but not limited to claim management support for grants and insurance.

## COST ESTIMATE

The estimated cost for this procurement is \$1,200,000. This covers two contracts for a period of three years.

## ALTERNATIVES CONSIDERED/RECOMMENDED ACTION

1. Port staff would conduct the EFS. This is not a viable alternative, as the Port does not have the resources to perform this work in-house.
2. Combine the efforts of in-house resources with a consultant, resulting in lower procurement costs. This is not a viable alternative, as the Port does not have the resources to perform any of this work in-house.
3. Procure the services of consultants to conduct the EFS. This is the preferred alternative.

## FINANCIAL IMPLICATIONS

There is no funding request associated with this authorization. Individual Service Directives (SDs) will be executed to authorize the Consultant to perform any specific work on the contract against approved project authorizations under the Environmental Reserves Budget or from the operating budget.

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### **PROJECT SCHEDULE**

This authorization enables initiation of a Category III procurement process in the first quarter of 2010. After execution of the Service Agreements, individual SDs will specify schedule, scope and budget for assigned tasks.

### **PREVIOUS COMMISSION ACTION**

At the November 10, 2009 meeting, the Commission granted an exemption from competition for procuring semi-annual environmental liability support using Environmental Risk Communication, Inc. Defender File or ProForm software, and authorized the Chief Executive Officer to execute and administer a contract for the software upgrade and maintenance.