

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4c
Date of Meeting November 10, 2015

DATE: November 2, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Project Controls and Cost Estimating Services Indefinite Delivery, Indefinite Quantity (IDIQ) Professional Service Agreements

Amount of This Request: \$0
Maximum Value of Contracts \$2,000,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute two professional services indefinite delivery, indefinite quantity (IDIQ) contracts for project control services in the amount of \$1,000,000 for full-service project controls and \$1,000,000 for cost estimating services with a contract ordering period of three years in support of upcoming capital improvement and major expense projects. There is no budget request associated with this authorization.

SYNOPSIS

The Port of Seattle is embarking on several large development programs, along with continuing and expanding the ongoing capital program, at an unprecedented level. Procuring project controls services IDIQ contracts will allow the Port to meet the needs of the planned projects in a timely manner. One of the major factors in delivering a successful project is applying the appropriate level of project controls. Elements of project controls include cost control, scheduling, cost estimating, risk analysis, reimbursable agreement tracking/invoicing, and project reporting.

Budget to utilize these contracts will come separately from either annual operating budget or individual project authorizations.

BACKGROUND

In June 2013, the Commission authorized a Project Controls Services IDIQ Contract for Airport, Seaport and Real Estate Divisions for a total of \$1,000,000. This contract is nearing capacity and will likely expend all of its value early in the second quarter of 2016. Due to expected increase in workload and cost escalation, it is anticipated that we would spend up to \$2 million on the two new contracts, over the life of the proposed contracts.

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REQUEST JUSTIFICATION AND DETAILS

Request Objectives

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. In addition, this type of contract provides flexibility of securing the necessary project controls resources during periods of short, but increased activity.

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.

Scope of Work

Staff would like to execute two separate IDIQ contracts, one for all project controls services identified in the scope of work below, and the second specifically for cost estimating services as identified below. Two separate contracts will provide for more competition and additional capacity with a more direct focus on specialized estimating while still maintaining other aspects of project controls. This will be achieved under two separate procurement processes.

The IDIQ contracts will be procured according to Port policies and procedures in accordance with the General Delegation of Authority and procurement policy CPO-1. The Port will advertise and issue a request for qualifications (RFQs). The contracts will be written with specific not-to-exceed amounts and identify the services required. Each contract will have a contract-ordering period (during which the services may be separately authorized) of three years. The actual contract duration may extend beyond three years in order to complete work identified in particular service directives. Service directives may be issued during the contract-ordering period and within the total original contract value.

Project Controls Services include tasks related to scheduling, cost control/engineering, claims review, reimbursable agreement tracking/invoicing, risk analysis, cost estimating, and project reporting. Project Controls is an area of core competency where expertise is needed for the long term. Staff is working with Human Resources to develop a business case to evaluate changes needed to enable the Port to attract and retain qualified individuals in specialized project controls areas that are also in high demand in the local construction market and thereby reduce the need for contracting for such work.

Cost Estimating Services include the development of cost estimates that could range from conceptual estimates, such as for prospective and new projects to detailed estimates, and may require specialized experience in one or multiple disciplines.

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Schedule

It is anticipated these contracts will be executed by April 2016, and have a three-year ordering period. Each service directive will specify the duration and schedule associated with the tasks involved.

FINANCIAL IMPLICATIONS

An analysis of the current project controls contract expenditures shows an average monthly spending of more than \$37,000 during 2015. Projecting this out over three years at a similar spending rate would equal approximately \$1.4 million. The total estimated cost for both contracts will not exceed \$2,000,000. No work is guaranteed to the consultants and the Port is not obligated to pay the consultant until a service directive is executed.

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 project authorizations and within the total contract amount.

STRATEGIES AND OBJECTIVES

This project supports the Century Agenda strategy of “advancing this region as a leading tourism destination and business gateway” by providing project support during design and construction.

The project manager will coordinate with the Office of Social Responsibility to determine the opportunities for small business participation in accordance with Small Business Resolution No. 3618.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Hire additional FTEs to fill all current and projected project controls needs.

Pros:

- On a position-by-position basis, hiring FTEs would be less expensive over the length of the anticipated capital program.
- Additional FTEs would allow for more continuity over the long-term capital program.

Cons:

- Attracting qualified FTE project controls candidates to Port staff positions has been very difficult and the local market for these positions is very strong given the level of construction activity.
- For project controls, each position requires specialized expertise (e.g., cost estimating is a different set of skills from scheduling); there is generally not an overlap in skills, responsibilities, and expertise. Therefore, it would be necessary to hire more resources to fill all of the needs, versus using part-time contracted positions, as needed.

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- Additional resources would not be available during periods of peak activity.
- Some additional FTE staff may be needed to support the capital program, but not to the point of negating these IDIQ capabilities.

This is not the recommended alternative.

Alternative 2) – Prepare a single procurement to contract with a project controls consultant for needs as they arise.

Pros:

- Allows for quicker ramp up/ramp down of resource as consultants are used for specific tasks.
- Single procurement requires less administrative work to manage/administer.
- Consultant contract works well for short-term, specific tasks (such as estimating) and periods of brief peak activity.

Cons:

- Limited to a single firm that may not have the all of the resources or exact skillsets required for controls positions.
- Rates for consultants are higher than that of FTEs.
- Use of contracts limits continuity of expertise when the Port transitions to a new contract.

This is not the recommended alternative.

Alternative 3) – Prepare separate procurements each time additional project controls service are required.

Pros:

- This approach works well and has been used for long-term mega projects (such as NorthSTAR and the International Arrivals Facility).
- Consultant contract works well for short-term, specific tasks (such as estimating) and periods of brief peak activity.

Cons:

- Project controls positions can be utilized across many projects and programs. Limiting to a specific scope would reduce efficiency.
- Providing training for every new consultant would be expensive and time consuming.
- Consultant turnover would result in loss of knowledge when the specific project ended.
- Rates for consultants are higher than that of FTEs.
- Additional procurements would increase administrative costs.
- Pop-up projects requiring project controls support would be delayed by having to go through a separate procurement process.
- Since estimating and scheduling resources are often used for capital planning, long before a project is approved, this alternative would create inefficiencies in the use of consultant resources.

This is not the recommended alternative.

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Alternative 4) – Prepare two separate procurements to contract with (1) a project controls consultant and (2) estimating consultant for needs as they arise.

Pros:

- Separating out cost estimating from the main project controls contract allows for attracting a wider range of firms that specialize in all disciplines of cost estimating.
- Allows for quicker ramp up/ramp down of resources as consultants are used for specific tasks.
- Consultant contract works well for short-term, specific tasks (such as estimating) and periods of brief peak activity.
- This alternative would minimize the number of procurement processes necessary for timely completion of projects versus Alternative 3.

Cons:

- Rates for consultants are higher than that of FTEs.
- Use of contracts limits continuity of expertise when the Port transitions to a new contract.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None