



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6e

ACTION ITEM

Date of Meeting March 27, 2018

DATE: March 19, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Indefinite Delivery Indefinite Quantity (IDIQ) Service Agreements for Mechanical and Electrical Engineering Design Services

Amount of this request: \$ 0

Maximum Value of Contracts: \$10,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute up to five professional services indefinite delivery, indefinite quantity (IDIQ) contracts for mechanical and electrical design services for a total maximum value of \$10,000,000. There is no funding request associated with this authorization.

EXECUTIVE SUMMARY

The Aviation Project Management Group (AV/PMG) utilizes IDIQ contracts to meet highly variable workload projections for design services. The existing mechanical and electrical design services IDIQ contracts, valued at \$6,000,000, have been fully committed. Based on current projections, this request will provide the necessary mechanical and electrical design services to meet project needs for the next three years.

Competitively procured IDIQ contracts are widely used public-sector contracting tools, consistent with the Port's General Delegation of Authority, and governed by CPO-1 policy. The solicitation will include requirements to utilize small businesses.

The Aviation Project Management Group has identified nearly \$90 million in capital improvement projects that will require the services of a mechanical/electrical design consultant over the next three years. While larger projects will be designed with individually procured consulting agreements, the majority of the remaining projects may be designed utilizing the IDIQ contracts described herein. Evaluation of the options resulted in IDIQ contracts being selected as the best method to secure the required services.

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JUSTIFICATION

The workload demands for delivery of electrical and mechanical projects at Seattle-Tacoma International Airport are increasing. To support the increasing and dynamic business requirements of Sea-Tac Airport, the Aviation Project Management Group requires flexibility. The IDIQ contracts provide flexibility through project-specific service directives that allow engineering design services to be provided on an as-needed basis for a fixed period and a maximum contract amount.

DETAILS

This request is to execute up to five contracts: the first three will be valued at \$3 million each, and will be awarded to the highest-ranked qualified firms; the fourth and fifth contracts, valued at \$500,000 each, will be awarded to the highest-ranked qualified Small Business Enterprises. A small business goal will be included in the solicitation in support of our program. In the event the Port does not receive sufficient number of qualified proposals, the Port may award fewer contracts and increase capacity of the awarded contracts to the selected firms, for a total capacity not to exceed \$10 million.

Each contract will have up to a three year ordering period. Service directives may be issued at any time during the contract-ordering period. Work may be performed after expiration of the 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 – Procure separate design contracts for each project.

Cost Implications: Each project would expend additional administrative costs to procure individual engineering design services contracts.

Pros:

1. Separate contracts would allow the consulting firms opportunities to compete for each individual project.
2. 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 one set of IDIQ contracts.
2. This alternative is an inefficient use of Port resources and staff time and does not leverage the Port's allowable contracting methods. It would increase overhead and

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administrative costs to the Port, as we would need to manage more procurement processes and contracts.

3. This alternative will add time to each project schedule to complete the procurement process for each individual project and will impact our ability to meet project and customer needs.
4. Costs to the consulting companies may increase as they would be responding to multiple procurements.
5. Integration among related projects would be more difficult to achieve.

This is not the recommended alternative.

Alternative 2 – Hire 13 new full-time engineers to meet project design workload forecasts.

Cost Implications: A potential savings of approximately \$6 million could be realized over a three year period, compared with hiring consultants.

Pros:

1. Lower hourly cost than the use of consultant engineers.
2. Institutional knowledge is built by Port Staff.

Cons:

1. Consultant engineers with specialized skills might still need to be hired when Port staff skills do not meet the needs of a particular project.
2. Time to build up adequate staff with the necessary and specific skill sets would take approximately 18 to 24 months. This would substantially delay our current backlog of projects.
3. The type of work needed has an expected lifespan and is not guaranteed. Adding full time in-house staff would create long term costs that could potentially be unnecessary during times when that work is not needed.

This is not the recommended alternative.

Alternative 3 - Procure several design services IDIQ agreements in a single solicitation action.

Cost Implications: None

Pros:

1. This alternative reduces costs in staff time and overhead for each project involved - the solicitation, evaluation and selection process for design services is completed upfront for multiple projects.
2. This alternative reduces the schedule for subsequent projects involved because the solicitation, evaluation and selection for design services have already been completed. Typically, this process consumes approximately 3 to 4 months.

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3. This alternative allows the Port to utilize the consultant at an earlier stage of project development. Under a typical project specific solicitation, the consultant cannot come on board until after the planning phase has been completed.
4. This alternative more effectively provides for the “consistency” of parallel projects that may utilize the same consultant.

Cons:

1. This alternative would limit the number of opportunities available to firms to compete for work.

This is the recommended alternative.

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 cost for mechanical/electrical design services under these contracts will not exceed \$10,000,000. No work is guaranteed to the consultants and the Port is not obligated to pay the consultant until a service directive is executed. 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

None