



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6b

**ACTION ITEM**

**Date of Meeting** July 24, 2018

**DATE:** July 16, 2018

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT:** Indefinite Delivery Indefinite Quantity (IDIQ) Service Agreement for Third-Party Commissioning Agent Services

**Amount of this request:** \$0

**Total estimated contract cost:** \$1,500,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute three consulting services indefinite delivery, indefinite quantity contracts for third-party commissioning agent services for a total maximum value of \$1,500,000 with a maximum contract period of five years. There is no funding request associated with this authorization; funding to utilize these contracts will come separately from individual project authorizations.

**EXECUTIVE SUMMARY**

Third-party commissioning agent services provide verification that the Port's investment in high-performance systems is yielding optimum results, both in long-term cost reductions and operational efficiencies. Third-party commissioning agents represent the Port as subject matter experts, independent of the project designers and the selected construction contractor. Third-party commissioning agents will develop commissioning plans, procedures, conduct field investigations and submit reports that ensure systems and equipment are designed, installed and function in accordance with all code compliance requirements.

The Third-Party Commissioning Agent Indefinite Delivery, Indefinite Quantity (IDIQ) contracts will provide commissioning services for known and potential CIP projects in addition to unknown projects that may occur over the next three to five years. The IDIQ contracts provide flexibility through project specific service directives that allow third-party commissioning services to be provided on an as-needed basis for a fixed period and a maximum contract amount.

Based on the current CIP Program, it is estimated approximately \$80 million in project costs through 2020 will have systems, equipment, and/or facilities that will need to be commissioned

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by a third-party commissioning agent. Based on an industry standard 2% of a project cost for commissioning agent services, we estimate a need for approximately \$1.5 million in commission services.

Mega projects have been excluded from these estimates as they typically utilize a project specific commissioning contract, not this IDIQ.

The Aviation Project Management Group (AV/PMG) utilizes IDIQ contracts to meet highly variable workload projections for projects requiring commissioning agent services. The two-existing third-party commissioning agent services IDIQ contracts (valued at \$2,000,000 each) expire on October 25, 2018. Based on current projections, this request will provide the necessary commissioning agent services to meet project needs for the next three to five 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.

### **JUSTIFICATION**

There are multiple reasons for needing outside consultants for this work. The Port currently does not have the in-house staff to provide commissioning services. Using Port staff would not provide a true third-party commission agent. The National Electric Code, Washington State Energy Code, and the United States Green Building Council require commissioning of certain energy using systems, equipment and facilities. All projects and facilities seeking Leadership in Energy & Environmental Design (LEED) Certification are required to retain the services of a third-party commissioning agent. As such, Port staff recommends executing these three new IDIQ contracts in support of these efforts. This request provides for retaining the services of three third-party commissioning agent firms that will provide commissioning agent services for use by all Port of Seattle Capital Improvement Program projects.

The contracts will be available to meet the needs of the Maritime, Economic Development, and Aviation Divisions. The proposed IDIQ contracts will allow the Port to respond to future service needs efficiently and cost effectively.

### **DETAILS**

This request is to execute up to three contracts: two valued at \$600,000 which will be awarded to the highest ranked firms; the third contract, valued at \$300,000, will be awarded to the highest-ranked small business enterprise firm.

Each contract will have a base contract period of one year and four option years in which the services may be separately authorized. The actual contract duration may extend beyond five years to complete the work identified in a particular service directive. The Port will not issue any service directives in excess of each contract's value or after expiration of the contract ordering period.

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Aviation Project Management has been partnering with the Port's small business group to ensure proper outreach via PortGen to small businesses and those owned by women and minorities (WMBE firms). These activities range from email outreach and presentations to those businesses that may be interested in the opportunities these contracts present.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procure separate commissioning agent contracts for each project that requires an element of commissioning.

Cost Implications: Each project would expend additional administrative costs to procure individual third-party commissioning agent services contracts.

Pros:

- (1) Separate contracts would allow the consulting firms opportunity 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 procurements rather than a more efficient single procurement of one set of IDIQ contracts.
- (2) This alternative is an inefficient use of Port resources; staff time and does not leverage the Port's allowable contracting methods. It would increase overhead and 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.

This is not the recommended alternative.

**Alternative 2** – Hire two new full-time engineers to meet project commissioning requirements.

Cost Implications: A potential savings of approximately \$1 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) Commissioning services is not guaranteed work. Adding full time in-house staff would create long term costs that could potentially be unnecessary during times when the work is not needed.

This is not the recommended alternative.

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**Alternative 3** – Procure three Third-Party Commissioning Agent IDIQ contracts in a single solicitation action.

Cost Implications: No capital costs will be incurred with this procurement. Funding to utilize these contracts will be separately authorized by the individual projects requiring commissioning services.

Pros:

- (1) This alternative reduces overhead costs for each project requiring a Commissioning Agent; the solicitation, negotiations and contracting for the Third-Party Commissioning Agent services is completed one time for all projects.
- (2) This alternative can reduce the schedule for projects requiring Commissioning because the solicitation, evaluation and selection for commissioning services have already been completed. Typically, this process consumes approximately 3 to 4 months.
- (3) The IDIQ will allow the Port to bring the Third-Party Commissioning Agent on board early in the design process without the need for an independent procurement or hiring new staff.
- (4) This alternative is the most efficient use of Port resources and staff time.
- (5) The three contracts provide multiple firms the opportunity to work for the Port of Seattle.
- (6) Port projects seeking a LEED certification will be able to use any of these three firms.

Cons:

- (1) This alternative would limit the number of opportunities available to firms to compete for work.
- (2) This alternative would not build in-house commissioning expertise.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

There is no funding request directly associated with this authorization. No work is guaranteed to the selected consultants and the Port is not obligated to pay a selected consultant until a service directive is executed. The budget for work performed under each agreement will come from individual service directives authorizing the consultant to perform specific work on the contract against approved project authorizations and within the total contract amount.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

May 12, 2015 – Port Commission authorized two Third Party Commissioning Agent IDIQ contracts.