



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6e

ACTION ITEM

Date of Meeting July 24, 2018

DATE: July 11, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Indefinite Delivery Indefinite Quantity (IDIQ) Service Agreement for Vertical Conveyance Design Services

Amount of this request: \$0

Total estimated contract cost: \$5,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute one professional services indefinite delivery, indefinite quantity contract for vertical conveyance design services for a total maximum value of \$5,000,000 with a maximum contract ordering period of five years. There is no funding request associated with this authorization; funding to utilize this contract will come separately from individual project authorizations from the Aviation and Maritime Divisions.

EXECUTIVE SUMMARY

This procurement will serve as a pilot project for the “Diversity in Contracting” program and have an MWBE aspirational goal.

The Aviation Project Management Group (AV/PMG) anticipates \$2,000,000 to \$3,000,000 in vertical conveyance design service fees over the next few years. In addition, the Seaport Project Management and Marine Maintenance have expressed an interest in utilizing this IDIQ contract for various vertical conveyance projects to support Maritime and Economic Development portfolios, including north harbor properties associated with the Northwest Seaport Alliance. Evaluation of the options resulted in an IDIQ contract being selected by staff as the best method to secure the required vertical conveyance design services.

The Port of Seattle (Port) utilizes IDIQ contracts to meet highly variable workload projections for design services. Based on current workload projections, this contract will provide the necessary vertical conveyance design services to meet Port project needs for the next three to five years.

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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

The workload demands for delivery of vertical conveyance projects at the Port are increasing. To support the increasing and dynamic business requirements of Sea-Tac Airport, Maritime, and Economic Development, staff requires flexibility. 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 one contract for a value of \$5 million. The contract will have a three-year ordering period with two, one-year options for a total ordering period of up to five years. Service directives may be issued at any time during the contract-ordering period. Ongoing work may be performed to completion after expiration of the ordering period. The total value of all service directives issued on a contract will not exceed the contract value.

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 minorities and women (MWBE firms).

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Procure separate design service agreements for each project.

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

Pros:

- (1) Separate contracts would allow consulting firms multiple 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) This alternative is an inefficient use of Port resources, staff time, and does not leverage the Port's contracting methods.
- (2) This alternative will 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 would impact the 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.

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This is not the recommended alternative.

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

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) 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 is highly specialized 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.
- (4) The design of vertical conveyance systems is a highly specialized field and is currently in high demand. Staff with these skills sets may be difficult to attract, hire and retain.

This is not the recommended alternative.

Alternative 3 – Procure one design services agreement (IDIQ).

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 vertical conveyance design services.

Pros:

- (1) This alternative reduces overhead costs for each project requiring vertical conveyance design services; the solicitation, negotiations and contracting for vertical conveyance design is completed onetime for all projects.
- (2) This alternative reduces the schedule for each project requiring these services because the solicitation, evaluation and selection for design services has already been completed. Typically, this process consumes approximately 3 to 4 months.
- (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 leverages the Port's contracting methods.
- (5) This alternative more effectively provides for the "consistency" of parallel projects that may utilize the same consultant.

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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 this contract 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 vertical conveyance design services under this contract will not exceed \$5,000,000. No work is guaranteed to the consultant 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