



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting December 8, 2020

DATE: November 25, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Cost Estimating Services Indefinite Delivery, Indefinite Quantity Personal Services Contracts

Amount of this request: \$0
Maximum Value of Contracts: \$3,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute two consulting indefinite delivery, indefinite quantity (IDIQ) contracts for cost estimating services for a total amount not-to-exceed \$3 million and a contract ordering period of five years. There is no funding associated with this request.

EXECUTIVE SUMMARY

The Port of Seattle is continuing to invest in capital facilities at an unprecedented level. A major factor in the successful delivery of projects is providing accurate and timely estimates. This Portwide IDIQ contract supplements existing Port staff and consultant personnel in the development, review, and updating of project estimates.

Along with current estimating responsibilities, independent estimates are being implemented in accordance with previous discussions with the Commission in 2020 regarding utilizing more third-party/independent estimate reviews to validate the design team's estimates. These contracts are expected to provide support for project management to carry out current duties and supplemental resources to provide continued estimate support.

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

JUSTIFICATION

IDIQ contracts provide the Port the flexibility to meet business requirements and adjust to fluctuating needs 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.

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

Diversity in Contracting

There will be a 10% WMBE aspirational goal for this IDIQ contract.

DETAILS

Specialized skills are required for cost estimating 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 IDIQ contracts for cost estimating services as identified below. The IDIQ contract 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 (RFQ's). The contracts will be written with specific not-to-exceed amounts and identify the services required. The contract will have a contract-ordering period (during which the services may be separately authorized) of five years. Service directives may be issued during the contract-ordering period and within the total original contract value.

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

Schedule

It is anticipated that these contracts will be executed in 2021 and have a 5-year ordering period.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Let existing IDIQ contract expire and utilize FTEs only

Cost Estimate: \$3,750,000

Pros:

- (1) FTE's are typically less expensive than consultants.
- (2) Eliminates continuity issues for consultant estimating staff supporting projects.

Cons:

- (1) Full time additional staff needed (estimated cost of \$3.75 million over five years) to address anticipated peak workload would remain constant, regardless of lulls in work assignments.
- (2) Consultants bring an outside perspective/experience that helps improve the Port's

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project controls processes and procedures.

- (3) Recruiting qualified FTE estimators has been a long, and sometimes unsuccessful undertaking for the Port. A minimum of six FTE's will be needed to meet the peak anticipated workload. Based on past experience, it would be extremely difficult for the Port to fill this number of FTE estimating positions.
- (4) Our current FTE resources are inadequate to fulfill the current workload and perform independent estimates.

This is not the recommended alternative.

Alternative 2 – Single IDIQ contract for one firm for five years

Cost Estimate: \$3,000,000

Pros:

- (1) Allows for quicker ramp up/ramp down of resource as consultants are used for specific tasks.
- (2) Less administrative work with one contract.
- (3) Can be used to bridge the gap between a vacancy and hiring an FTE.

Cons:

- (1) Consultant rates are much higher than Port staff.
- (2) Continuity of consultant resources when the Port transitions to a new contract.
- (3) Onsite requirement could limit some small firms that lack the resources to dedicate staff 100% to the Port.
- (4) We rely on our estimating consultant to assist in all design phases of our projects. It is likely this firm will have had some involvement in projects valued over \$50m. With pre-planning we can limit the consultant's involvement; however, this puts a greater burden on our FTE's and will negatively impact the timeliness of our deliverables.

This is not the recommended alternative.

Alternative 3 – Two \$1.5 million contracts

Cost Estimate: \$3,000,000

Pros:

- (1) Increases the number of opportunities for firms to contract with the Port. Increases opportunities for WMBE firms to participate.
- (2) Up to three firms would be available until 2022, ensuring independence from design team.
- (3) Consultant contract allows for easier growth/reduction of resources as workload fluctuates.
- (4) Better availability and quicker response with multiple firms to choose from.
- (5) Competition between firms when requesting a Level of Effort estimate for work.
- (6) Could break up trades between firms if needed to expedite deliverable.

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Cons:

- (1) Multiple contracts would introduce higher administrative costs in administering multiple contracts with similar scopes of work.
- (2) Consultant rates are much higher than Port staff.
- (3) Differences in rates between/among multiple IDIQ contracts for positions providing similar project controls support among projects may unfairly impact project budgets.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The current estimating contract averages \$25,000 per month in spending. Projecting this out over 5 years would amount to \$1,500,000. The number of independent estimates will drive this average up; however, assuming the work split between firms, the cost should not exceed \$3,000,000.

Annual Budget Status and Source of Funds

For services in support of capital projects, the costs will be charged directly to capital projects and included in the authorized budgets and will use the designated funding sources for the individual projects. For services in support of expense projects, the costs will be included in the annual operating budget for Aviation Project Management Group and will be funded by the Airport Development Fund (ADF).

ADDITIONAL BACKGROUND

None.

ATTACHMENTS TO THIS REQUEST

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None.