



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8b

**ACTION ITEM**

**Date of Meeting** May 25, 2021

**DATE:** May 14, 2021

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

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

**SUBJECT: Project Management and Control Services Indefinite Delivery, Indefinite Quantity (IDIQ) Contracts**

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

**Maximum value of Contracts:** \$60,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute up to six (6) professional services Indefinite Delivery, Indefinite Quantity (IDIQ) contracts to provide project management services, and up to two (2) IDIQ contracts to provide project control services, in support of the Aviation capital programs, tenant improvement, and expense projects, with a total value of \$60,000,000 and a contract ordering period of five (5) years.

**EXECUTIVE SUMMARY**

The 2021-2026 Port of Seattle budget includes the investment of \$3.7 billion in capital projects. The Port has historically utilized a mix of full-time employee (FTE) and consultant Project Managers (PM) to deliver its program. These contracts will allow a continuation of that approach in support of the planned five-year Aviation capital program, as well as tenant improvement and expense projects. No funding authorization is included with this request as the funding for these service directives will come separately from individual project and annual expense budget authorizations.

**JUSTIFICATION**

IDIQ contracts provide the Port with the flexibility to meet business requirements as they arise by issuing individual service directives to accomplish tasks within the general, pre-defined scope of work on an as-needed basis for a fixed period of time and a maximum contract amount.

***Diversity in Contracting***

The project team is working with the Diversity in Contracting Department to determine participation opportunities and set appropriate aspirational goals for women and minority

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business enterprises (WMBE) participation in the Project Management and Control Services contracts.

### **DETAILS**

A total of eight IDIQ professional services contracts are anticipated for project management services. Four of these eight contracts are anticipated to support capital and expense projects or programs for the Aviation Division. Two of these eight contracts are anticipated to support Aviation tenant programs, including Airport Dining and Retail. The remaining two contracts will support all Aviation projects with IDIQ professional services contracts for project controls services such as estimating, scheduling and cost control.

Since 2015, Aviation Project Management (AVPMG) has utilized five Project Management IDIQ contracts totaling \$20M. These contracts have provided PM resources to over 60 capital and expense projects totaling more than \$2B in value.

AVPMG has developed a strategy for use of consultant vs. staff FTE resources, that will be utilized to guide the use of these contracts. These resources are needed to support the current 5-year Capital Improvement Program; tenant, expense, and airport dining and retail projects, and could potentially help to support Sustainable Airport Master Plan Near Term projects pending further approval. Project specific support contracts will continue to be used for megaprojects, such as those contracts recently approved by the Commission for the C1 building expansion and North Main Terminal projects.

Elements of the strategy include:

- Using consultants for one-third to one-half of project manager and project controls staffing needs. Each year AVPMG will evaluate staffing needs to maintain this balance between staff and consultants.
- Appropriate span of control for AVPMG managers (developed with support from Human Resources)
- Appropriate mix of junior and senior positions
- Attract and retain more diverse work force
- Alignment of project controls with project/program management teams

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

### ***Schedule***

It is anticipated that these contracts will be executed in Q4 2021 and Q1 2022 and have a five-year ordering period.

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**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not procure new Project Management Support contracts.

Cost Implications: \$0

Pros:

- (1) Reduced project management support costs for project delivery

Cons:

- (1) Unassigned projects must be prioritized and wait for staff availability, resulting in delays to the delivery of projects
- (2) Project costs will increase due to the schedule delays

This is not the recommended alternative.

**Alternative 2** – Hire new full-time staff to meet the workload forecasts.

Cost Implications: Up to \$30,000,000 over a 5-year period

Pros:

- (1) Less expensive to projects than hiring consultant staff
- (2) Institutional knowledge is built by Port staff

Cons:

- (1) Inability to rapidly match staffing capacity with project requirements and provide timely completion of projects
- (2) Unassigned projects must be prioritized and wait for staff availability
- (3) Limited knowledge of future projects at time of annual budgeting means mid-year budget adjustments may be required
- (4) If project workload decreases the Port may be required to consider staff reductions or carry higher overhead costs

This is not the recommended alternative.

**Alternative 3** – Continue using a mix of staff and consultants to deliver Port projects and meet the needs of the Aviation Division. Prepare multiple procurements to contract the additional project management support services required.

Cost Implications: Up to \$60,000,000 over a 5-year ordering period

Pros:

- (1) Ability to balance skills and capacity with project requirements, providing timely completion of projects
- (2) Consolidating contract procurement decreases administrative costs
- (3) Highest level of flexibility; staff are added or removed as needed to meet demand
- (4) Provides more opportunities to management services firms

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- (5) Provides opportunities to small businesses
- (6) Allows incorporation of Port staffing when available

Cons:

- (1) Contract rather than Port staff build institutional knowledge
- (2) Cost is higher for consultants than staff with comparable experience

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

**FINANCIAL IMPLICATIONS**

The total estimated cost for project management services will not exceed \$60,000,000. Each contract will have a not-to-exceed threshold and 5-year ordering periods. 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 Delegation of Authority, the actual work will be defined, and the Port will issue individual project-specific service directives.

***Annual Budget Status and Source of Funds***

For services in support of capital projects, the costs will be charged directly to Aviation 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 budgets for the Aviation Project Management Group and will be funded by the Airport Development Fund (ADF).

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None