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COMMISSION

AGENDA MEMORANDUM Item No. 8h

ACTION ITEM Date of Meeting September 27, 2022

DATE: September 7, 2022

TO: Stephen P. Metruck, Executive Director

FROM: Dave Soike, Chief Operating Officer

SUBJECT: Independent External Review Panel – Authorization for Competition Exemption and Contract Execution

Amount of this request: \$0

Total estimated project cost: \$300,000

ACTION REQUESTED

Request commission authorization for (1) the commission to determine that a competitive process is not appropriate or cost effective and exempt this contract from a competitive process consistent with RCW 53.19.020(5); and (2) the Executive Director to execute a contract(s) with Okamoto Strategies, LLC., Smithconsult.global, LLC., and Shiels Oblatz Johnsen, Inc., for a not to exceed amount of \$300,000, for the Port's Maritime independent external review panel.

EXECUTIVE SUMMARY

An independent review of project planning and overall delivery capacity and reliability is needed for Maritime, Economic Development, and NWSA capital programs. Staff would like to proceed with professionals who have unique and extensive knowledge of large public works construction programs and relevant experience in port related construction and project management, design, development, and public works contracting. This independent review work requires a comparable level of expertise previously provided for the International Arrivals Facility program and Aviation Capital Program. The same consultant's experience will be leveraged to benefit the Maritime, Economic Development, and NWSA capital programs.

JUSTIFICATION

The capital programs for the three entities identified above are intertwined and are collectively embarking on the largest capital program in history.

These three of four firms originally utilized were selected in 2018 after considering documentation of 14 firms, where 8 received phone or in-person discussion interviews, prior to the selection. That process included the Commission's Chief of Staff, Executive Director, and Chief

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Operating Officer. As a result, we are confident these three firms have only increased their unique knowledge and value since then.

In addition to leveraging previous experience that has already proven valuable, use of this set of consultants is expected to save significant cost for the port by not requiring extensive review of port operations to achieve a similar level of in-depth understanding held by this set of consultants. Also, this set of consultants have a specific knowledge of Port policies and operational parameters to allow them to quickly winnow alternatives and drive to the best solution recommendations. Two of these three sole proprietor firms have been used to support other regional agencies in reviewing efficacy of their capital work. A competitive process is considered neither appropriate or cost effective based on staff's previous extensive outreach to identify and select the unique expertise needed for this purpose.

Two of the original four consultants continue to this day in monitoring mode until the project is complete. In addition, two of the four consultants were selected for 2021/2022 work using prior authorizations to review Aviation's capital program. This request proposes that three of the original four conduct the non-Aviation review-work; and the consultants have indicated they have the available time to do so.

Diversity in Contracting

No goal has been established due to the requested waiver of a competitive process; however, one of the three businesses is a Minority Business and Small Business Enterprise.

DETAILS

Consultant will review background information, conduct interviews, gather benchmarking information, evaluate current project delivery systems, recommend improvements to systems, and develop and support a plan for implementing and monitoring improvements.

Scope of Work

Consultant will summarize and report on detailed findings related to background information, benchmarking, evaluation of current project delivery systems, recommended improvements to systems, and specific plans/timelines for communications, implementing, managing, and monitoring selected improvements. For this to be effective it is necessary to monitor certain projects to their end, and to do so through multiple budget cycles.

Schedule

Timeline for accomplishing the work will commence upon contract execution, currently estimated to occur in early October.

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Activity

Commission authorization 2022 Quarter 3

Draft report 2022 Quarter 4

Final report 2023 Quarter 1

Monitoring 2023 through 2025

Cost Breakdown This Request Total Project

Study and report \$0 \$150,000

Monitoring and adjustments as necessary \$0 \$150,000

Funds are expected to come from expense and/or capital budget overhead depending upon capitalization policy and which projects are selected for review, standard procedures will be reviewed, and because this is an overall capital improvement effort rather than a single specific project or study.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternatives include not doing the work now (Delay), seeking other consultants to conduct this work (Compete), or approving proceeding without a competitive solicitation process (Waive).

Alternative 1 – Delay

Cost Implications: delay of this work will defer the expenses

Pros:

(1) Funds can be used to meet other needs

Cons:

(1) Delayed benefits of independent review

(2) Continued challenges with project delivery capacity and reliability

This is not the recommended alternative.

Alternative 2 – Compete

Cost Implications: competing this work will add costs for solicitation

Pros:

(1) Provide opportunity for other consultants

Cons:

(1) It is anticipated that other firms do not possess the same level of knowledge, speed, or diversity of thought that these three firms can provide.

(2) Delayed benefits could result in larger capital expenditures at a time when the Port needs to be very efficient with its financial resources

This is not the recommended alternative.

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Alternative 3 – Waive

Cost Implications: consultant fees will be expensed

Pros:

(1) Realize benefits earlier

(2) cost savings

(3) Leverage previous proven experience

Cons:

(1) Does not provide opportunity for others

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$0 \$300,000 \$300,000

Annual Budget Status and Source of Funds

Unbudgeted expense will create a variance, of approximately \$50,000 expected in 2022, \$150,000 in 2023, and \$100,000 in 2024 and 2025. Port staff will have the ability to discontinue the contract(s) at any time should the sought results be obtained earlier.

Financial Analysis and Summary

Project cost for analysis \$300,000

Business Unit (BU) Maritime Division

Effect on business performance NA

(NOI after depreciation)

IRR/NPV (if relevant) NA

CPE Impact NA

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 8, 2018 – The Commission approved Motion 2018-07, which delegates authority to the Executive Director to execute up to four personal service agreements (with a maximum compensation not to exceed \$200,000) for members of the IAF Executive Review Panel.

September 11, 2018 – The Commission received a presentation of the IAF Executive Review Panel findings and recommendations.

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September 25, 2018 – The Commission approved Motion 2018-12, which adopted the International Arrivals Facility program recommendations of the Executive Review Panel; directing the Port of Seattle Executive Director to implement the recommendations; providing reporting requirements and deadlines; and authorizing the Executive Director to authorize potential additional service from the members of the Executive Review Panel up to a total cost of \$500,000.

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