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COMMISSION

AGENDA MEMORANDUM Item No. 8I

ACTION ITEM Date of Meeting November 14, 2023

DATE : October 26, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Karen Goon, Deputy Executive Director

Krista Sadler, Technology Delivery Director

SUBJECT: Specification Document Management System (C801343)

Amount of this project request: \$600,000

Total estimated project cost: \$600,000

Ten-year license and maintenance agreement: \$2,300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to 1) proceed with the Specification Document Management System project; 2) execute contract(s) for software and implementation services; 3) use Port staff for implementation and 4) execute a contract for up to ten years for software license, service and maintenance fees estimated at \$2,300,000. The amount requested for project implementation under this authorization is \$600,000.

EXECUTIVE SUMMARY

The purpose of this authorization request is to competitively procure and implement a Specification Document Management (SDM) software system to support the management of construction specification document templates and project-specific specifications. Central Procurement Office (CPO) and Engineering manage the Construction Guide Specification templates (templates), which include contracting and procurement documents, general requirements for construction, and technical specifications. These templates are then used by CPO, Engineering, Port Construction Services (PCS), Consultants, and other departments to develop construction project-specific specifications (project manuals) that are used to bid out and ultimately are integrated into the contracts, for roughly 50 construction projects annually. These projects range in price from \$300,000 to \$1,000,000,000. A software solution will improve the management of the templates and development and management of project manuals, providing a much more efficient and higher quality process. CPO, Engineering, PCS, and Information & Communications Technology (ICT) will be involved in this project estimated at \$600,000. Software-as-a-service subscription fees and maintenance costs are estimated at \$175,000 annually. Future recurring license costs will be budgeted and by CPO, Engineering and PCS.

Template revised January 10, 2019.

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JUSTIFICATION

The Port of Seattle issues around 50 highly complex construction contracts each year. The current labor-intensive process involves editing hundreds of Word documents in order to develop the Project Manual which is made up of contract documents, the construction general requirements, and design specifications. There are approximately 600 unique templates that are updated often via a manual time-consuming process. For example, one recent change from the FAA resulted in multiple templates being updated and took one staff member 8 hours. The Port staff is looking to improve the process for management and updates of the specification templates as well as management and development of project manuals. Some specific benefits of the SDM software include:

- (1) Efficiency with automated process to better accommodate increase in projects associated with the upcoming \$5.5B Capital Improvement Program.
- (2) Improve accuracy of the design and reduce possibility of change orders or inaccurate bid prices due to conflicting, outdated, or inaccurate information.
- (3) Improve efficiencies and speed in the development of the Project Manual/bid documents.
- (4) Improve communications between Port and Contractors by having Port information updated in one place.

An estimate of the Port efficiency gains in time saved managing the Port's global specifications and project manual development ranges from \$53,000 to \$300,000 annually. This doesn't include reductions in the number of addenda issued due to errors or the number of change orders issued

due to errors.

Diversity in Contracting

Project staff will work with the Diversity in Contracting Department to determine if a direct women-and-minority-owned business enterprise (WMBE) aspirational goal should be assigned.

DETAILS

Scope of Work

(1) Competitively procure and implement new SDM software system to support the management of construction specification document templates and project specifications.

(2) Form an SDM system governance team to manage configuration changes, additions and improvements to the software.

Template revised June 27, 2019 (Diversity in Contracting).

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Schedule

Activity

Commission authorization 2023 Quarter 4

Procurement complete 2024 Quarter 2

In-use date 2025 Quarter 2

Cost Breakdown This Request Total Project

Software and vendor services \$400,000 \$400,000

Port labor \$200,000 \$200,000

Total \$600,000 \$600,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Postpone procurement and implementation of SDM software.

Cost Implications: \$0

Pros:

(1) Capital and operating dollars are available for other projects.

(2) Port staff don't need to tackle the business process changes.

Cons:

(1) Port staff continue with inefficient and error-prone time-consuming manual contracting processes, which fail to meet business demands and increasing contracting requirements.

(2) Does not support the Port's Century Agenda goal to "be a highly effective public agency."

This is not the recommended alternative.

Alternative 2 – Procure SDM software and vendor implementation services.

Cost Implications: \$600,000

Pros:

(1) Provides software to eliminate manual tasks, automate workflows and improve efficiencies in the bid and contracting process for construction projects.

(2) Improves collaboration with design and construction contractors.

(3) Provides improved mechanism to enforce use of correct specifications and consistency across Port contracts.

Cons:

(1) Capital and operating dollars aren't available for other projects.

(2) Business departments will need to tackle several change management challenges and collaborate closely across multiple departments.

Template revised June 27, 2019 (Diversity in Contracting).

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(3) Requires upfront staff time to properly configure the software, which will encourage timely user adoption.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$600,000 \$0 \$600,000

AUTHORIZATION

Previous authorizations \$0 \$0 \$0

Current request for authorization \$600,000 \$0 \$600,000

Total authorizations, including this request \$600,000 \$0 \$600,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

This project was included in the 2023 – 2027 capital budget and plan of finance for \$600,000. The project will be funded 81.3% Airport Development Fund and 18.7% General Fund.

Financial Analysis and Summary

Project cost for analysis \$600,000

Business Unit (BU) Technology

Effect on business performance NOI after depreciation will increase due to inclusion of capital (NOI after depreciation) (and operating) costs in airline rate base.

IRR/NPV (if relevant) N/A

CPE Impact Less than \$0.01 in 2026

Future Revenues and Expenses (Total cost of ownership)

Annual license and maintenance costs estimated at \$175,000 will be budgeted in the CPO,

Engineering and PCS operating budgets.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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