



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6j

**ACTION ITEM**

**Date of Meeting** January 8, 2019

**DATE:** December 31, 2018

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

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

**SUBJECT:** Cost Estimating Services Indefinite Delivery, Indefinite Quantity (IDIQ) Personal Services Agreement

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

**Maximum Value of Contract:** \$1,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a personal services indefinite delivery, indefinite quantity contract for cost estimating services not to exceed \$1,000,000 with a contract ordering period of three years in support of upcoming capital improvement and major expense projects. There is no budget request associated with this authorization.

**EXECUTIVE SUMMARY**

The Port of Seattle is embarking on several large development programs, along with continuing and expanding the ongoing capital program, at an unprecedented level. Procuring a cost estimating services IDIQ contract will allow the Port to meet the needs of projects in a timely manner. One of the major factors in delivering a successful project is developing accurate cost estimates.

The Port accomplishes estimating tasks with a combination of staff and consultant resources. The proposed contract will enable project management teams to keep pace with the growing capital program. This IDIQ will replace the existing IDIQ set to expire in April 2019.

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

**JUSTIFICATION**

IDIQ contracts provide the Port with the flexibility to meet business requirements as they arise and in a cost-effective way to supplement Port staff with experts, as the capital program grows. Individual service directives can be issued to accomplish tasks within a general, pre-defined scope of work on an as-needed basis for a fixed period and a maximum contract amount. In

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

### **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 proposes to execute an IDIQ contract 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 contract 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 three years. The actual contract duration may extend beyond three years to complete work identified in any given particular service directives. 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, such as for prospective and new projects, to detailed estimates, and may require specialized experience in one or multiple disciplines.

### ***Schedule***

It is anticipated this contract will be executed by April 2019, and have a three-year ordering period. Each service directive will specify the duration and schedule associated with the tasks involved.

### ***Diversity in Contracting (DC)***

In partnership with the Diversity in Contracting Department, staff is focused on continuing the Port's direction to affirmatively expand its effort to increase women and minority business enterprises (WMBE) and other diverse participation in Port contracts. This would involve inclusion plans and efforts to either meet or exceed the Port's WMBE aspirational goals.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Hire additional FTEs to fill current estimating needs.

#### **Cost Implications:**

#### **Pros:**

- (1) Hiring FTEs is less expensive over the length of the anticipated capital program.

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- (2) Additional FTEs allows for more continuity over the long-term capital program.

Cons:

- (1) Finding qualified FTE estimating candidates has been difficult in the current construction market.
- (2) Additional resources would not be available during periods of peak activity.
- (3) The current workload may diminish over time and not support the need for an FTE.

This is not the recommended alternative.

**Alternative 2** – Prepare separate procurements each time additional cost estimating services are required.

Cost Implications:

Pros:

- (1) This approach works well for long-term mega projects such as NorthSTAR and the International Arrivals Facility.
- (2) Targeting cost estimating consultants attracts a greater number of firms that specialize in all disciplines of cost estimating.

Cons:

- (1) Cost estimating services cannot be used across many projects and programs. Limiting to a specific scope each time would reduce efficiency.
- (2) Providing training for each new consultant would be time consuming and costly.
- (3) Additional procurements would increase administrative costs.
- (4) Unanticipated projects requiring an estimating support may be delayed by having to go through a separate procurement process.

This is not the recommended alternative.

**Alternative 3** – Prepare a procurement to contract with a single estimating consultant and use this contract as needs arise.

Cost Implications:

Pros:

- (1) Targeting cost estimating consultants attracts a greater number of firms that specialize in all disciplines of cost estimating.
- (2) Allows for quicker ramp up/ramp down of resources as consultants are used for specific tasks.
- (3) IDIQ contracts work well for short-term, specific tasks and periods of brief peak activity.

Cons:

- (1) Consultant rates are higher than FTEs.
- (2) Use of contracts limits continuity of expertise when the Port transitions to a new contract.

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*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

Utilization of this contract will come from individual projects, authorized separately through established procedures. Additionally, some estimating support is included in the operating budget (reporting, process improvements efforts, etc.). Consequently, there is no specific funding request associated with this authorization. The total cost for this estimating IDIQ will not exceed \$1,000,000. No work is guaranteed to the consultant and the Port is not obligated to pay the consultant until a service directed is executed and work performed.

**ATTACHMENTS TO THIS REQUEST**

None.

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

In November 10, 2015, the Commission authorized a Cost Estimating Services IDIQ Contract for \$1,000,000.