

MEMORANDUM

March 9, 2018

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Leslie Katz
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Request authorization to award Construction Contract No. 2790, Marine Structural Projects IV, (Piers 29 & 31½ Substructure Repair) to Power Engineering Construction Co. in the amount of \$6,833,425 and authorize a contract contingency fund of 10% for a total authorization of \$7,516,768

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff requests the Port Commission's authorization to award Construction Contract No. 2790, Marine Structural Projects IV (Piers 29 & 31½ Substructure Repair) ("Project") to Power Engineering Construction Co. (Power Engineering), the only responsible, responsive bidder, in the amount of \$6,833,425 and authorize a contract contingency fund of 10% (\$683,343) for a total authorization of \$7,516,768.

The Project is part of a continued effort to maintain and improve Port real estate assets. The facility location is illustrated in Attachment A: Area of Work Location Map.

The Project base bid scope includes substructure repairs to the underdeck structures (slabs, beams, and piles) of Piers 29 as well as Piers 31, 31½ and 33 (for purposes of the staff memorandum and accompanying resolution will herein collectively be called Pier 31½ for simplicity). The Pier 31½ work scope includes specific substructure repairs for the adjacent aprons, as shown in the project drawings. The Pier 29 work scope includes executing repairs to approximately 20,000 square feet of the western Pier 29 substructure area which includes the area under the Pier 29 Bulkhead building for leasing. The base bid is \$2,528,232 or 33% over the requested authorization because the request reflects the amount budgeted for both projects (more detail below).

THIS PRINT COVERS CALENDAR ITEM NO. 8B

After the Pier 31½ repairs are completed, fuel trucks will be able to access the entire pier, increasing the safety of operations. Under the proposed Project schedule, Pier 31½ will be in operation during the construction to accommodate ferry service to Alcatraz Island.

The proposed contract work will increase allowable live loading on the Pier 29 repaired area from the current rated capacity of 100 pounds per square foot (psf) to 250 psf. An increased live load rating is required to accommodate operational needs of future planned retail leasing of the Pier.

Besides Power Engineering, two other contractors submitted bids. However, those bids did not meet the qualifications set forth in the Advertisement for Bids. As a result, the Port and the Contract Monitoring Division staff determined Power Engineering to be the sole responsible, responsive bidder for the Project.

The revised total installed cost for the entire project would be \$12,436,362—including engineering, construction indirects (construction management and inspection), bids and 10% contingency.

Port staff recommends a contract award for a partial scope of work and partial certification with the expectation that the remaining funds will be appropriated in the next fiscal year budget to fund the remaining contract scope.

Available funding for the Alcatraz Ferry Embarkation Site substructure repair is from the following appropriated sources:

- \$1,120,000 from the Leasing Capital Improvement project. Funds are from a series of prior appropriations going back to FY 2009/10.
- \$8,464,188 from the Pier Structures Repair Project. This includes:
 - \$5,000,000 appropriated in FY 2017/18 for the Alcatraz Ferry Embarkation Site substructure repair project;
 - \$2,452,580 in remaining funding for the Pier 29 substructure repair project which is being redirected at this time to the Alcatraz Ferry Embarkation Site repairs. These were from a FY 2015/16 Capital Budget supplemental appropriation and fire insurance proceeds from the Pier 29 bulkhead fire.
 - \$1,011,608 in available Pier structure repair funding from a series of prior appropriations.

The Port plans to appropriate an additional \$2,852,174 in the FY 18/19 budget, of which \$2,300,000 represents new money and \$552,174 is a re-appropriation. This will enable the Port to award the remainder of the base bid for Pier 29.

Port staff seeks authorization to award the contract to Power Engineering for an initial or partial scope to include Pier 31½ as shown in the project drawings based on available funds of \$6,833,425 plus a 10% contract contingency fund of \$683,343; in mutual agreement with the contractor. This will allow for completion of the initial scope or work at Piers 31½, with the later work at Pier 29 to be completed subject to available funding in the next fiscal year as discussed below.

The Project scope of work involving Pier 29 would be put on “Hold” until additional funding is available. The Port’s Fiscal Year 2018/19 budget submission to the Mayor’s Office includes a request for \$2.3 million in additional project funding for Pier 29. The proposed contract with Power Engineering will include appropriate terms stating that the Port does not guarantee the additional funding will become available. Staff has secured the contractor’s agreement to honor their submitted bid pricing for 220 days, to facilitate completion of the Project based upon available future funds. Subject to funding in the next fiscal year, Staff would return to the commission at the August 14th, 2018 meeting to request award for the Pier 29 scope if funding becomes available for \$3,532,733, which would include a 10% contingency.

Due to a lack of funds, the alternate items in the bid documents will not be awarded at this time. These included portions of the Pier 31 and 33 aprons as shown in the bid documents.

Pier 31½ substructure repairs were approved in the Fiscal Year 2017/18 capital budget.

Pier 29 substructure repairs will be funded with a combination of insurance proceeds from the Pier 29 fire, funds from the Fiscal Year 2015/16 capital budget supplemental appropriation which received final approval from the Board of Supervisors and the Mayor in November 2015, and funds from the Fiscal Years 2014/15 and 2016/17 capital budgets.

Strategic Objectives

This Project supports the Port’s Strategic Plan objectives as follows:

- **Renewal:** The Project will rehabilitate an important historic resource in the Embarcadero Historic District. Pier 31½ is a contributing resource within the San Francisco Embarcadero Historic District which is listed on the National Register of Historic Places. Pier 29 is of a similar design and is currently unoccupied. The Project will strengthen the substructure and allow for future use.
- **Livability:** The Project promotes living wage jobs by providing an opportunity by meeting mandates for Local Hire in construction projects. The Project will repair the Piers 29 and Pier 31½ substructures so they can be maintained for public access.
- **Sustainability:** The Project will include best practices for construction.
- **Economic Vitality:** The Project will contribute to the Port’s ability to develop a long-term lease with the National Park Service supporting the Alcatraz Tour operations at Pier 31½ as well as a potential lease at Pier 29.

- **Stability:** The Project structural improvements will give the Port the opportunity to lease the facilities to viable, long-term tenants.

Background

The Port Commission, at its October 24, 2017 meeting, authorized staff to advertise for construction bids for Contract 2790 Marine Structural Projects IV, (Piers 29 & 31½ Substructure Repair) (Port Commission Resolution 17-56). In response the Port's bid solicitation, Staff received three bids - of which two bidders were disqualified for not meeting criteria set forth in the Advertisement For Bids. The price range of the bids was from \$10,045,000 to \$15,164,400. All base bids exceeded the engineer's estimate of \$8,000,000. Staff evaluated potential causes for the high bids and concluded that the current bidding climate, trade specialty, and difficulty of the project scope are driving the current market values higher than expected.

After consulting with the Chief Harbor Engineer, the Deputy Director of Finance and Administration, as well as Legal Counsel, Port staff determined that re-bidding the Project was not likely to result in substantially lower bids as explained above, and would not be in the Port's best interests. Staff therefore decided to phase the scope of work to allow the Project to proceed. To accomplish that goal, the Port plans to award the contract with a partial scope and certification with the expectation that staff would return to the Commission for further action when and if the remaining funds are appropriated in the Fiscal Year 2018/19 budget. Due to a lack of funds, the alternate items in the bid documents will not be awarded at this time. These included portions of the Pier 31 and 33 aprons.

The lowest bid was submitted by Power Engineering for \$10,045,000. Staff reviewed the bid and determined that the bid is responsive and the contractor and its listed subcontractors are responsible contractors that meet the minimum qualifications. Power Engineering has agreed to proceed with the initial and partial scope of work for Pier 31½ for \$6,833,425 (\$7,516,768 including 10% contingency).

Power Engineering has also agreed to defer the Project scope for Pier 29 and accept the contract award without that scope, subject to additional available funding in Fiscal Year 2018/19 in the amount of \$3,532,733. Power will guarantee this pricing for 220 days after the bid opening. The Port will attempt to appropriate this amount during the current budget process and has informed the contractor that there is no guarantee the funding will become available, but the Port, has every intention to complete the entire scope of work.

The Port did not receive any bid protests following the bid opening.

Pier 29 Background

In 2016, the Port's as-needed engineering consultant, Parsons Brinkerhoff, performed the condition survey and prepared the structural drawings and cost estimate for the Pier 29 substructure repairs. This consultant's contract with the Port has since expired, so

Port engineering staff has made minor revisions to the structural drawings that address specific repair methodologies.

Pier 31½ Background

In 2015, the Port's as-needed architectural and engineering consultant, COWI, performed a condition survey on Pier 31½ and prepared a final design with a cost estimate for the substructure repairs.

Building Uses and Tenants

Pier 31½ is currently the site of the National Park Service's Alcatraz Ferry operations which serves over 1.7 million visitors annually. The site is an important source of revenue to the Port and is a trust-consistent Maritime use. The pier includes a ticket office, waiting and boarding area, interpretive area, parking, and ferry float gangway connection. In addition, there is separate leasehold for the Pier 33 Bulkhead building which uses consist of a ground floor café and office space on the 2nd and 3rd floors. The adjacent Pier 33 area serves as operational space for the Ferry Embarkation and provides restrooms for the public.

Pier 29 is currently vacant. The Port Real Estate and Development Division is evaluating leasing options both on a short-term and long-term basis (in the latter case, in association with the upcoming Request for Interest from potential tenants in the Port's historic piers). The Engineering Division notes that the improvements would benefit any potential short or long-term user of the space, leaving more potential lease value available to support other improvements and, ultimately, rent to the Port.

Project Description

The Port's as-needed consultants and Port Engineering staff prepared project technical drawings and specifications. The Project base bid scope includes underdeck, overwater repairs to slabs, beams, and piles, consisting of local hand application, shotcrete, and cast-in-place concrete methods. The majority of the work is below the deck and over water, out of the view of the public.

Due to a lack of funds, the alternate items in the bid documents will not be awarded at this time. These included portions of the Pier 31 and 33 aprons.

Regulatory Approvals and Permits

The planned repairs have been reviewed for consistency with the historic features of the pier building and the Embarcadero Historic District (Resolution 04-89), which must be consistent with the Secretary of the Interior Standards for Historic Rehabilitation. The Project scope in Piers 29 and 31½ are considered ordinary maintenance and repair to keep these historic piers in good repair.

Port staff confirmed that this Project is eligible for a Categorical Exemption for Port-wide general maintenance and repair projects, under the California Environmental Quality Act (CEQA), which was issued by San Francisco Planning Department on March 18, 2016 (No. 2016-003866ENV). The Project scope also falls within San Francisco Bay Conservation and Development Commission (BCDC) Permit M1977.017 and Regional

Water Quality Control Board (RWQCB) Order No. R2-2016-0039 for Port-wide general maintenance and repair activities.

Climate Action

The design life of this Project is projected to be approximately 30 years. Sea Level Rise is not expected to cause any major issues during the design life of this Project.

Local Business Enterprise (LBE)

The Contract Monitoring Division (CMD) enforces the City's Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance (the LBE Ordinance).

CMD, in consultation with the Port, had determined the city-wide 20% LBE participation requirement cannot be met on this Project because of a number of factors. The Project is primarily an under-deck structural repair project and there are a limited number of experienced LBE subcontractors available to perform this work over water. Furthermore, CMD acknowledges unique safety and environmental issues that subcontractors encounter when performing work in confined spaces over water.

Based on this review, CMD set the LBE subcontractor goal for the project at 3% as approved in the previous Port commission resolution. Power Engineering is not a LBE but its bid exceeded the 3% goal with 4% participation by subcontracting Yerba Buena Engineering & Construction, Inc.

San Francisco Local Hiring Ordinance

The Project contracting requirements complies with the City's Local Hiring Ordinance which went into effect on March 25, 2011. The Ordinance specifies for this Project a 30% mandatory participation level of all project hours within each trade to be performed by local residents, with no less than 15% of all project work hours within each trade performed by disadvantaged workers.

Advertisement

Under the bid solicitation, qualified bidders were required to possess a Class A Contractor's License with at least five (5) years of experience working over water on concrete substructure repair work, including slabs, beams, and piles. Port staff worked with CMD for small business outreach to encourage bidding from local construction contractors. Bids were advertised to reach contractors through the following methods:

- Port Internet
- Direct targeted emails based on location and trade
- Chambers of Commerce and Merchant Associations – Postings and alerts within the traditional and ethnic Chambers
 - Hispanic Chamber of Commerce
 - San Francisco African Chamber of Commerce
 - Chinese Chamber of Commerce
 - LGBT Chamber of Commerce
- Minority/Women Business Enterprise Agencies

- Direct phone calls to targeted individuals and businesses to promote joint ventures
- Contract Monitoring Division list of contractors
- Office of Contract Administration Internet Site
- SFPUC Contractor Assistance Center
- San Francisco Public Library
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- San Francisco Chronicle (or Examiner)
- Community Newspapers:
 - Bay Area Reporter
 - Central City Extra
 - El Mensajero
 - EL Reportero
 - Marina Times/Northside Publications
 - Potrero View
 - San Francisco Bayview
 - Sing Tao Daily
 - Small Business Exchange
 - The Western Edition
 - World Journal
 - Sun Reporter

Funding

The total estimated construction cost for this Project was \$8,000,000 plus a 10% contingency of \$800,000 for a total estimate of \$8,800,000. With required indirect costs and external consultant costs, the total installation cost was estimated to be \$10,136,362—the amount of current available funding.

The bids exceeded the available funding which is not sufficient to fund the entire scope of work. Therefore, Port staff recommends a contract award for a partial scope of work with the expectation that the remaining funds for the remaining project scope will be appropriated in the Fiscal Year 2018/19 budget. The estimated total cost based on the bids, 10% contingency, actuals for engineering, and any other owner related charges (inspection, etc.) is \$12,436,362. The Port staff, therefore, seeks to appropriate \$2,852,174 in Fiscal Year 2018/19; however, this is not guaranteed to become available.

Below is a summary of estimated Project costs and funding:

Project Scope	Bid Amount	Funding Source
Pier 31½ Repairs	\$6,833,425	
10% Contingency	\$683,343	

Total Estimated Cost with contingency to be awarded.	\$7,516,768	
Available Funding	\$9,584,188	See detail below
Surplus from Available Funding	\$1,811,838	

Project Scope	Bid Amount	Funding Source
Pier 29 Repairs	\$3,211,575	
10% Contingency	\$321,158	
Total Estimated Cost with contingency	\$3,532,733	
Surplus from Available Funding	\$1,811,838	
Shortage	\$(913,139)	
Additional Appropriation Fiscal Year 2018/19	\$2,852,174	
Total Project including Appropriation	\$12,436,362	

The current Port budget has sufficient available funding for the Pier 31½ scope of work. Port staff recommends an initial contract award in the amount of \$6,833,425, and staff request authorization to reserve a contract contingency fund of 10% (\$683,343) for a total authorization of \$7,516,768, from the Port Capital Funds CPO778. This leaves a surplus of \$2,619,594; however, this is not sufficient to fund the Pier 29 scope with available funds. The Port will be seeking an appropriation for Fiscal Year 2018/19 for \$2,852,174, however, is not guaranteeing that this will be appropriated. If the later appropriation is approved, Port staff intend to add to the proposed contract for the Pier 29 scope of work for \$3,532,733 which will include a 10% contingency.

The contractor has agreed to this plan and to honor its bid pricing for the deferred Pier 29 scope items for 220 days from the bid opening. The contractor also understands that there is no guarantee that the additional funding for the deferred scope will be secured.

Due to a lack of funds, the alternate items in the bid documents will not be awarded at this time. These included portions of the Pier 31 and 33 aprons.

Available funding for the Alcatraz Ferry Embarkation Site substructure repair is from the following appropriated sources:

- \$1,120,000 from the Leasing Capital Improvement project. Funds are from a series of prior appropriations going back to FY 2009/10.
- \$8,464,188 from the Pier Structures Repair Project. This includes:

- \$5,000,000 appropriated in FY 2017/18 for the Alcatraz Ferry Embarkation Site substructure repair project;
- \$2,452,580 in remaining funding for the Pier 29 substructure repair project which is being redirected at this time to the Alcatraz Ferry Embarkation Site repairs. These were from a FY 2015/16 Capital Budget supplemental appropriation and fire insurance proceeds from the Pier 29 bulkhead fire.
- \$1,011,608 in available Pier structure repair funding from a series of prior appropriations.

The Port plans to appropriate an additional \$2,852,174 in the FY 18/19 budget, of which \$2,300,000 represents new money and \$552,174 is a re-appropriation. This will enable the Port to award the remainder of the base bid.

Schedule

The following is the anticipated Project schedule which is subject to change:

Port Commission Authorization to Award	March 13, 2018
Estimated Notice to Proceed- Pier 31½	May 2018
Estimated Substantial Completion – Pier 31½	April 2019
Estimated Notice to Proceed- Pier 29	August 2018
Estimated Substantial Completion – Pier 29	April 2019
Estimated Final Completion	June 2019

Summary

The Project will implement repair to Pier 31½ to maintain it as revenue generating resources for continued use for the Alcatraz Ferry Embarkation. The Project scope specifies repairs to structural foundation slabs, beams, and piles. Later work at Pier 29, to be completed subject to available funding in the next fiscal year, will return Pier 29 to a revenue-generating light industrial use.

Recommendation

Port staff requests Port Commission authorization to award a contract for Construction Contract No. 2790, Marine Structural Projects IV, (Pier 29 & 31½ Substructure Repair) to Power Engineering Construction Co. in the amount of \$7,516,768 for the Pier 31½ scope of work with condition that if and when future funds are appropriated for the Pier 29 scope of work, the contract will be amended to add those scope items.

Prepared by: Jonathan Roman, Project Manager

For: Rod Iwashita, Chief Harbor Engineer

Attachments

A: Area of Work Location Map

B: CMD Award Memorandum

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 18-21

WHEREAS, the Port Commission, at its October 24, 2017 meeting, authorized staff to advertise for construction bids for Contract 2790 Marine Structural Projects IV, (Piers 29 & 31½ Substructure Repair, the “Project”) (Port Commission Resolution 17-56); and

WHEREAS, in response the Port’s bid solicitation, on January 25th, 2018, Port staff received three bids, and two bidders were disqualified for not meeting criteria set forth in the advertisement for bids; and

WHEREAS, among all the bidders, Power Engineering Construction Co. (“Power Engineering”) submitted the lowest bid for the Project, and after disqualification of the other bidders, the Port and the Contract Monitoring Division staff determined Power Engineering to be the sole responsible, responsive bidder for the Project; and

WHEREAS, as advertised, the Project base bid scope of work included construction work and repairs to structural slabs, beams, and piles for Pier 29, Piers 31, 31½, and 33 as shown in the design drawings (and for brevity Pier 31, 31½ and 33 are collectively referred to herein as Pier 31 ½), and

WHEREAS, Power Engineering’s total bid for the base scope was for \$10,045,000, which exceeded the Port’s available Project funding of \$9,584,188; and

WHEREAS, the Port’s current budget only has sufficient available funding for an initial and partial scope of work that includes the repairs for Pier 31½; and

WHEREAS, Port staff have negotiated, and Power Engineering has mutually agreed to accept, a partial contract award for repairs for Pier 31½; as described in the accompanying staff report, in the amount of \$6,833,425, which, with an additional 10% contingency fund (\$683,343) is sufficiently funded by Port Capital Funds CPO778; and

WHEREAS, Power Engineering has also agreed to defer the Project scope for Pier 29 subject to additional available funding in Fiscal Year 2018/19, and honor its bid price of \$3,321,158, for this deferred scope of work for 220 days after the bid opening; and

WHEREAS, Port staff will seek to appropriate this additional funding amount during the budget process for Fiscal Year 2018/2019, and has informed the contractor that there is no guarantee the future funding will become available; and

- WHEREAS, if Port staff secure the future appropriation for such additional funding, staff intend to seek Commission approval to amend the proposed contract with Power Engineering to add to the Pier 29 scope of work as described in the accompanying staff report; and
- WHEREAS, the Chief Harbor Engineer, as designee by the Executive Director, has determined re-bidding this project would not result in substantially lower bid prices because (a) the original bid qualifications were necessary and not too onerous, and (b) the rejected bids would not be easily cured, and under these circumstances, Administrative Code Section 6.23(c) allows the Port staff, with Commission approval, to negotiate the scope and price with the sole responsible, responsive bidder, Power Engineering; and
- WHEREAS, the Port's as-needed engineering consultants and Port engineering staff have prepared the design drawings and specifications for the entire Project; and
- WHEREAS, the Project scope was determined to be exempt under California Environmental Quality Act (CEQA) pursuant to the Categorical Exemption issued by the S.F. Planning Department on March 18, 2016 (N. 2016-003966ENV); and
- WHEREAS, the Project scope is within the parameters of the Port's permit M1977.019.17 issued by the San Francisco Bay Conservation and Development Commission (BCDC) and Board Order R2-2016-0039 issued by the San Francisco Regional Water Quality Control Board (RWQCB); and
- WHEREAS, Power Engineering bid has committed to LBE subcontractor participation of 4% which satisfies and exceeds the LBE subcontracting goal established by the Contract Monitoring Division; and
- WHEREAS, Port staff recommend and wish to proceed with the recommended contract to Power Engineering, for Pier 31½, 31 and 33 for \$7,516,768, with the partial scope as described in the accompanying staff report, which consists of \$6,833,425 plus a 10% contingency of \$683,343; now therefore be it
- RESOLVED, that the San Francisco Port Commission hereby approves of Port staff's determination to negotiate the scope and price with the sole responsible, responsive bidder, Power Engineering, as described herein; and be it further

RESOLVED, the Port Commission authorizes award of Construction Contract No. 2790, Marine Structural Projects IV, (Piers 29 & 31½ Substructure Repairs) (the “Project”) to Power Engineering Construction Co., the sole responsible, responsive bidder, in the amount of \$6,833,425 and the Commission further authorizes a contingency fund of 10% (\$683,343) for unanticipated contingencies, if needed for contract modifications, for a total authorization of \$7,516,768.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 13, 2018.

Secretary

ATTACHMENT A
AREA OF WORK LOCATION MAP



Pier 31½ Area
of Work

Pier 29
Area of Work

CONTRACT 2790 Marine Structural Projects IV (Pier 29 & 31½ Substructure Repairs)