

MEMORANDUM

June 8, 2018

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Request authorization to award Construction Contract No. 2786, Pier 94 Backlands Improvement Project to Hoseley Corporation in the amount of \$6,969,003 and authorize a contract contingency fund of 10% for a total authorization of \$7,665,903

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

At its meeting on May 8, 2018, Port staff presented the above request to the Port Commission. The Commissioners had several concerns specifically with regards to the Local Business Enterprise participation goals as well as funding and public outreach. This report provides greater detail than what was presented to the Port Commission at that meeting. Material updates to the memorandum are presented herein as underlined text.

Executive Summary

Port staff requests the Port Commission's authorization to award Contract No. 2786, Pier 94 Backlands Improvement Project ("Project") to Hoseley Corporation ("Hoseley"), the lowest responsible, responsive bidder, in the amount of \$6,969,003 and authorize a contract contingency fund of 10% (\$696,900) for a total authorization of \$7,665,903.

The Project scope includes grading the site, construction of an access road, storm water management system, perimeter landscaping, street lighting, and capping the regulated landfill area at the northeast corner of the site. The Project improvements will turn the vacant land at the Backlands into approximately 16 acres of leasable property. This investment has been contemplated since 2010 and reflects an important improvement to Southern Waterfront property and to the earning potential of these lands. The improvements will prepare the site for leasing opportunities such as construction laydown, vehicle parking and other industrial support uses (See Exhibit "A", Area of Work Location Map).

Strategic Objectives

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

- **Livability:** The Project promotes living wage jobs by providing opportunity for local business enterprises (LBE's) and by meeting mandates for Local Hire in construction projects.
- **Sustainability:** The Project will include best practices for construction.
- **Economic Vitality:** The Project will provide to the Port approximately 16 acres of leasable property in the Pier 94 Backlands.
- **Stability:** The Project improvements will give the Port the opportunity to lease the area to viable, interim and long-term tenants.

Project Description and Background

The Project site is the Pier 94 Backlands area which was created during the 1960s and 1970s by constructing a perimeter debris dike and placing fill on the inboard side of the dike. The fill consists primarily of dredge spoils and clean construction debris. The Project site is in the Southern Waterfront and is located near Amador Street and Cargo Way in San Francisco, California, as shown on the Area of Work Location Map (Exhibit A).

Project improvement plans include grading and placement of existing recycled rock and soil stockpiles and clean fill to establish final project grades, construction of an asphalt-paved access road, repairs and replacement of stormwater drainage infrastructure, and perimeter landscaping and lighting. In addition, a 7.6-acre portion of the Project site is comprised of a former Class III regulated landfill area. As required by the Regional Water Quality Control Board, Project plans also include placement of an engineered cap on this 7.6-acre area of the site to address potential water quality impacts associated with future site development and uses.

The Project improvements will turn this vacant Backlands area into approximately 16 acres of future leasable property, anticipated to include construction laydown and equipment staging, and other industrial support activities.

Project Advertisement and Outreach

On February 13, 2018, the Port Commission authorized staff to advertise for bids of Construction Contract No. 2786, Pier 94 Backlands Improvement Project (Port Commission Resolution 18-14).

The engineer's estimate for the base bid scope as described earlier is \$7,000,000. The bid solicitation included one alternate item, which allows for an alternative storm drain pipe construction method, when the same pipe construction, as per details included in the base bid, would be difficult to perform.

Port organized a Contractor's open house on March 15, 2018. Port's Chief Harbor Engineer made a presentation about upcoming contracting opportunities at the Port. This project was included in this presentation. Project information sheets were made available to all attendees and were also posted on the Port's website. Port staff published the advertisement for bids on March 18, 2018. Project bid solicitation was sent by email

distribution to 220 LBE Certified Contractors as well as all active Chambers of Commerce and San Francisco Public Utilities Contractors' Assistance Center.

There are 36 project plan holders registered on Port's website. Twelve of 36 plan holders are LBE firms. The Port performs outreach to this group on a weekly basis via email regarding Port's upcoming contracts.

On March 29, 2018, an optional pre-bid meeting was held. The pre-bid conference was attended by eight contractors, three of which were LBE Firms. An optional site visit tour occurred same day after the meeting with three contractors participating in the tour.

Evaluation of Bids

On April 17, 2018, the Port received four proposals in response to the Pier 94 Backlands Improvement Project invitation for bids.

Port staff determined that all four bidders met the project's minimum qualifications. The Contract Monitoring Division ("CMD") reviewed the bids for compliance with the project's LBE requirements. The Port's CMD Contract Compliance Officer concluded that all four submittals complied with the LBE subcontracting requirements.

The City's Administrative Code Chapter 14B, the LBE and Non-Discrimination in Contracting Ordinance, establishes bid discounts for LBE firms. One firm, Hoseley Corporation ("Hoseley"), is a certified LBE firm and is therefore entitled to a 10% LBE bid discount. On April 27, 2018, CMD determined Hoseley to be the lowest responsive bidder. The final bid rankings are shown in *Table 1*.

Table 1: Pier 94 Backlands Improvement Project Bid Ranking

<u>Bidder</u>	<u>Base Bid</u>	<u>LBE Bid Discount</u>	<u>Final Adjusted Bid</u>	<u>Rank</u>
<u>Hoseley Corporation</u>	<u>\$6,712,303</u>	<u>10%</u>	<u>\$6,040,983</u>	<u>1</u>
<u>Gordon N. Ball, Inc.</u>	<u>\$6,835,284</u>	<u>0%</u>	<u>\$6,835,284</u>	<u>2</u>
<u>Lonerock, Inc.</u>	<u>\$7,737,223</u>	<u>0%</u>	<u>\$7,737,223</u>	<u>3</u>
<u>Interstate Grading and Paving</u>	<u>\$7,864,279</u>	<u>0%</u>	<u>\$7,864,279</u>	<u>4</u>

Hoseley Corporation submitted the lowest bid, with a base bid price of \$6,712,203 and alternate bid price of \$256,800 for an alternative storm drain pipe construction for a total bid of \$6,969,003.

Hoseley exceeded the project's 20% LBE subcontracting requirement by listing the LBE firms shown in *Table 2*.

Table 2: Pier 94 Backlands Improvement Project LBE Participation

<u>Firm</u>	<u>Type of Work</u>	<u>% of Contract Work</u>	<u>Amount of Contract Work</u>	<u>LBE Type</u>	<u>MBE Ethnicity</u>
<u>Fontenoy Engineering</u>	<u>Wet Utilities</u>	<u>17.25%</u>	<u>\$1,162,900</u>	<u>OBE</u>	
<u>R&S Construction</u>	<u>Apron Concrete Channel</u>	<u>2.27%</u>	<u>\$152,500</u>	<u>MBE</u>	<u>Latino-American</u>
<u>Esquivel Paving & Grading</u>	<u>Paving</u>	<u>4.40%</u>	<u>\$294,686</u>	<u>MBE</u>	<u>Latino-American</u>
<u>Team North</u>	<u>Truck & Street Sweeper Service</u>	<u>4.42%</u>	<u>\$296,870</u>	<u>WBE</u>	
	<u>Total</u>	<u>28.34%</u>	<u>\$1,906,956</u>		

Hoseley’s bid exceeds the 20% LBE subcontracting goal with 28.34% participation for this contract (Attachment B provides the February 2018 letter from Contract Monitoring Division documenting the LBE requirement). In addition, Hoseley will self-perform approximately 61% of the contract work, resulting in nearly 89% of the work performed by certified LBE firms.

Lowest Responsive Bidder

Hoseley is a certified LBE-OBE firm licensed by the California Contractors State License Board (contractor license No 1000494). Hoseley is headquartered on Port property with an office located at Pier 96.

Hoseley has completed 15 civil engineering jobs within the last 3 years including projects for the Public Utilities Commission, Recreation & Park Department, San Francisco International Airport, and the City’s Office of Community Investment and Infrastructure. In September 2017, Hoseley completed a \$3.9 million project to build P23 & P24 Parks (16th Street and Terry Francois Blvd to Illinois St.) at Mission Bay in San Francisco.

The President of Hoseley, Rusty Hoseley, has been performing civil engineering projects for over 36 years and has more than 12 years’ experience as a Principal or Responsible Managing Officer of construction companies.

Port staff reviewed Hoseley’s references and received positive comments from San Francisco Public Works and the Office of Community Investment and Infrastructure.

Regulatory Approvals and Permits

For this project, Port staff secured a Categorical Exemption under the California Environmental Quality Act (CEQA), which was issued by the San Francisco Planning Department on October 12, 2017 (No. 2016-004338ENV).

Port staff has worked with the San Francisco Public Works design team to develop Project plans and specifications for an engineered cap to be placed on the landfill

regulated area of the site, per the Water Board’s approved proposed landfill cover design. As required under Regional Water Quality Control Board Order R2-2003-0055, the Project landfill cap design plans and specifications have been submitted to the Water Board for review and approval prior to construction.

In addition, the portion of the Project to repair and replace existing storm water outfall pipes that lead to an existing outfall at Islais Creek falls within San Francisco Bay Conservation and Development Commission Permit M1977.017, issued March 22, 2012 as Amended on September 2, 2016 (Amendment No. 19), and Regional Water Quality Control Board Order No. R2-2016-0039, Waste Discharge Requirements and Water Quality Certification for Port of San Francisco Maintenance Program issued September 14, 2016.

Climate Action

Sea Level Rise is not expected to impact the Project area during the 30-year design life of the Project.

Funding

Hoseley’s total bid price, and a proposed 10% contract contingency are fully funded by Port Capital account, CPO-923-01, Backlands Project.

Project Scope	Amount
Base Bid	\$6,712,203
Alternate Bid	\$256,800
Total Bid Price	\$6,969,003
10% Construction Contingency	\$696,900
Total Cost with Contingency	\$7,665,903

The Project is fully funded from CPO-923-01, and total budget is \$8,500,000. The total estimated construction cost with contingency, the expended soft cost, the estimated soft cost during construction, and funding source for this Project are noted below, which is within the Project budget:

Project Scope	Fund Allocated	Funding Source
Piers 94 Backlands Improvement Construction Cost	\$7,665,903	CPO-923-01
Soft cost expended including planning, site investigation, design, permitting etc. (<u>Non-Construction Cost</u>)	\$657,302	CPO-923-01
Estimate soft cost for laboratory testing, environmental monitoring, and other services during construction (<u>Non-Construction Cost</u>)	\$170,000	CPO-923-01
Total	\$8,493,205	

Schedule

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

Port Commission Authorization to Award	<u>June 12, 2018</u>
Notice to Proceed	<u>August, 2018</u>
Substantial Completion	<u>December, 2018</u>
Final Completion	<u>January, 2019</u>

Summary

The Project improvements will turn the vacant land in the Backlands into approximately 16 acres of leasable property. Improvements will prepare the site for future leasing opportunities, including interim uses such as construction laydown, vehicle parking and other industrial support uses. This investment has been contemplated since 2010 and reflects an important improvement to Southern Waterfront property and to the earning potential of these lands. Additionally, this is a good project for LBE participation and the winning bidder proposes just under 89% of the work be performed by LBEs.

Recommendation

Port staff recommends that the Port Commission authorize the award of Construction Contract No. 2786, Pier 94 Backlands Improvement Project to Hoseley Corporation, the lowest responsive, responsible bidder in the amount of \$6,969,003. Port staff also recommends that the Port Commission authorize staff to increase the contract amount, if needed for unanticipated contingencies, by an additional \$696,900 (10% of the contract amount), to a total not-to-exceed amount of \$7,665,903. Port staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu
Project Engineer

For: Rod Iwashita
Chief Harbor Engineer

Attachments

- A: Area of Work Location Map
- B: Bid Tabulation
- C: CMD Review Memorandum

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

RESOLUTION NO. 18-35

- WHEREAS, On February 13, 2018, the Port Commission adopted Resolution No. 18-14, authorizing staff to solicit bids for Construction Contract No. 2786, Pier 94 Backlands Improvement Project (the “Project”); and
- WHEREAS, the construction Project scope of work will provide improvements to turn the vacant land at the Pier 94 Backlands into approximately 16 acres of leasable property; 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 October 12, 2017 (No. 2016-004338ENV); and
- WHEREAS, the Project scope includes installation of an engineered cap on the landfill regulated area of the site pursuant to the requirements of Regional Water Quality Control Board Order R2-2003-0055; 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 and Board Order R2-2016-0039 issued by the San Francisco Regional Water Quality Control Board; and
- WHEREAS, Port staff received four bids for the Project on April 17, 2018; and
- WHEREAS, Port Engineering staff and Contract Monitoring Division staff reviewed the bids and determined that Hoseley Corporation, (“Hoseley”) is the lowest responsive, responsible bidder for the Project; and
- WHEREAS, Hoseley’s total bid price for the Project is \$6,969,003 and a recommended 10% contract contingency fund of \$696,900, are fully funded with the Port’s Backlands Project fund; and
- WHEREAS, Hoseley’s bid satisfies the Local Business Enterprise (LBE) subcontracting participation requirement of 20% established by the Contract Monitoring Division; now, therefore, be it
- RESOLVED, that the Port Commission hereby authorizes the award of Construction Contract No. 2786, Pier 94 Backlands Improvement Project, to Hoseley Corporation, the lowest responsive and responsible bidder, for the not-to-exceed amount of \$6,969,003; and be it further

RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, as necessary for unanticipated contingencies, by an additional \$696,900 (10% of \$6,969,003) through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 12, 2018.

Secretary