

MEMORANDUM

August 10, 2018

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

FROM: Elaine Forbes
Executive Director

SUBJECT: Request approval to amend Contract No. 2790, Marine Structural Project IV, with Power Engineering Construction Co., to increase the contract amount by \$3,211,575 to include the Pier 29 substructure repair scope of work, resulting in an amended contract amount of \$10,045,000 and authorize a contract contingency fund of 10% (\$1,004,500) for a total authorization of \$11,049,500

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff requests the Port Commission's approval to execute an amendment to Construction Contract No. 2790, Marine Structural Project IV ("Project"), with Power Engineering Construction Co. (Power), to include the Pier 29 scope of work and increase the contract amount by \$3,211,575 to \$10,045,000 and authorize a total contract contingency fund of 10% (\$1,004,500) for a total authorization of \$11,049,500, per previous discussions with the Port Commission on March 13, 2018.

The amendment scope of work is for the repair of underdeck substructures (soffits, beams, and piles) at Pier 29 as detailed in the project bid documents. This fulfills the original scope of work authorized to advertise by the Port Commission. Due to funding constraints, only a portion of the original scope of work was awarded while additional funding was secured for the remainder of the scope, as explained later in the summary. The Project is part of a continued effort to maintain and improve Port real estate assets.

The Project repairs for Pier 29 will assist the Port in the renting of the vacant space. 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

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increased live load rating is required to accommodate operational needs of future planned retail leasing of the Pier. The repairs will also minimize further damage of the decayed portions of the substructure.

Strategic Objectives

The proposed contract amendment supports the Port's Strategic Plan objectives as follows:

- **Renewal:** The Project will rehabilitate an important historic resource in the Embarcadero Historic District. 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 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 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 No. 2790 Marine Structural Projects IV, for Piers 29 and 31½ Substructure Repair (Port Commission Resolution No. 17-56). On January 25, 2018, in response to the Port's bid solicitation, staff received three bids, of which two were disqualified for not meeting criteria set forth in the Advertisement For Bids. The Port did not receive any bid protests following the bid opening. The facility locations are illustrated in Attachment A: Area of Work Location Map for Pier 29 and Piers 31, 31½ and 33 (for purposes of the staff memorandum and accompanying proposed resolution, the locations Piers 31, 31½ and 33 will be collectively referred to as Pier 31½ for simplicity).

The sole responsive bid was \$10,045,000. The base bid exceeded the engineer's estimate of \$8,000,000 and available Project funds (\$9,328,406) at that time. The responsive bid was submitted by Power Engineering. Port staff reviewed the bid and determined that the bid was responsive and the contractor and its listed subcontractors were responsible contractors that met the minimum qualifications. Port staff evaluated potential causes for the high bids and concluded that the current bidding climate, trade specialty, and difficulty of the project scope were 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 due to the reasons detailed above, and would not be in the Port's best interests. By including the Pier 29 work in the scope, the

Port will save an estimated \$800,000 of indirect costs, in comparison to bidding the work as a separate project. Cost savings will be realized from proximity, concurrence of construction, and similarity of work between the two piers.

Port staff therefore decided to recommend a phased scope of work to allow the Project to proceed. Power Engineering agreed to accept a contract for the initial and partial scope of work for Pier 31½, for \$6,833,425 and a 10% contingency fund of \$683,343 (Total Authorization of \$7,516,768 - Resolution No. 18-21).

Power Engineering agreed to defer the Project scope for Pier 29 and accept the contract award without that scope, subject to possible additional funding in FY 2018/19 in accordance with its base bid prices. Power guaranteed this pricing for 220 days after the bid opening (until September 2, 2018). The Port has since appropriated the additional funds for the Pier 29 scope during the current budget process.

Building Uses and Tenants

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 Port 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 Project base bid scope for the additional Pier 29 work includes underdeck, overwater repairs to soffits, 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. The Port's as-needed consultants and Port Engineering staff prepared project technical drawings and specifications.

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 is considered ordinary maintenance and repair to keep this historic pier 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 due to 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 indicated in the previous Port commission resolution. Power Engineering is not an LBE but its bid exceeded the 3% LBE goal with 4% participation by subcontractor 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.

Funding

Please refer to Table 1 and 2 for a summary of the costs and funding.

The bid for work on Piers 29 and 31½ exceeded the original available funding. Therefore, Port staff recommended and received Port Commission authorization to award the contract (Resolution No. 18-21) for a partial scope of work (\$6,833,425) with the expectation that the funds for the remaining project scope would be appropriated in the FY 2018/19 Capital Budget. The estimated total cost to complete the work for Piers 29 and 31½ is \$12,180,580, which includes the total bid price of \$10,045,000 combined with a 10% contingency (\$1,004,500) and soft costs (\$1,131,080- Engineering, Construction Management, Inspection).

Port staff secured \$2,852,174 in the FY 2018/19 Capital Budget to add to the available funding of \$9,328,406 for a total of \$12,180,580 to complete the Project.

Table 1- Project Costs.

Project Scope	Amount	Subtotal/Total
Pier 31½ Repairs Current Contract Award	\$6,833,425	
Pier 29 Repairs to be included by Contract Amendment	\$3,211,575*	
Total Award including Contract Amendment		\$10,045,000
Pier 31½ 10% Contingency	\$683,343	
Pier 29 10% Contingency	\$321,158	
Total Contingency (10%)	\$1,004,500	
Total Contract Authorization Requested		\$11,049,500
Soft costs (Engineering, Construction Management, Inspection)	\$1,131,080	
Total Project		\$12,180,580

Table 2- Project Funding.

Funding	Amount	Funding Source
Original Funding	\$8,208,406	Pier Structure Repair Project
Original Funding	\$1,120,000	Leasing Capital Improvement Project
Subtotal	\$9,328,406	
Additional Appropriation FY 2018/19	\$2,852,174	Pier Structure Repair Project
Total Project including Appropriation	\$12,180,580	

*The contractor has agreed to this contract amendment price and to honor its bid pricing for the deferred Pier 29 scope items for 220 days from the bid opening, subject to Port Commission approval.

Schedule

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

Port Commission Authorization to Advertise- Piers 31½ & 29 October 24, 2017

Port Commission Authorization to Award- Pier 31½	March 13, 2018
Notice to Proceed- Pier 31½	June 11, 2018
Estimated Substantial Completion – Pier 31½	June 10, 2019
Estimated Notice to Proceed- Pier 29	August 2018
Estimated Substantial Completion – Pier 29	June 10, 2019
Estimated Final Completion	August, 2019

Summary

Through this Project, the Port is currently implementing repairs to Pier 31½ to maintain it as a revenue generating resource for continued use for the Alcatraz Ferry Embarkation. The overall Project scope specifies repairs to structural foundation soffits, beams, and piles. The base bid scope of work for Pier 29 was previously deferred, but can now be added to the existing Project contract due to available funding in the current fiscal year. This proposed work for Pier 29 will return the Pier to a revenue-generating light industrial facility. Amending the existing contract to include work on Pier 29, rather than bidding it out separately will result in a significant cost savings.

Recommendation

Port staff requests the Port Commission’s approval to execute an amendment to Construction Contract No. 2790, Marine Structural Project IV (“Project”), with Power Engineering Construction Co. (Power), to include the Pier 29 scope of work and increase the contract amount by \$3,211,575 to \$10,045,000 and authorize a total contract contingency fund of 10% (\$1,004,500) for a total authorization of \$11,049,500.

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. 18-47

- WHEREAS, the Port Commission, at its October 24, 2017 meeting, authorized staff to advertise for construction bids for Contract 2790 Marine Structural Project 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 soffits, beams, and piles for Pier 29, Piers 31, 31½, and 33 as shown in the Project design drawings (and for brevity Piers 31, 31½ and 33 are collectively referred to herein as Pier 31½); and
- WHEREAS, Power Engineering’s total bid for the base scope was for \$10,045,000, which, at the time exceeded the Port’s available Project funding of \$9,328,406; and
- WHEREAS, at the time of receipt of bids, the Port’s budget then only had sufficient available funding for an initial and partial scope of work that included the repairs for Pier 31½; and
- WHEREAS, Port staff negotiated, and Power Engineering previously agreed to accept, a partial contract award for repairs for Pier 31½, in the amount of \$6,833,425, which, with an additional 10% contingency fund (\$683,343) was sufficiently funded by Port Capital Funds; and
- WHEREAS, Power Engineering previously agreed to defer the Project scope for Pier 29 subject to possible additional available funding in Fiscal Year 2018/2019, and honor its original bid price of \$3,321,158, for this Pier 29 scope of work for 220 days after the bid opening until September 2, 2018; and
- WHEREAS, The Port’s recently-approved Fiscal Year 2018/2019 Capital Budget includes \$2,852,174 in additional funding for repairs of Pier 29, resulting in

sufficient budget funds for the Port to amend the existing contract with Power Engineering to add to the Pier 29 scope of work as described in the accompanying staff report; 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, on March 13, 2018, the Port Commission previously authorized award (Resolution No. 18-21) of Construction Contract No. 2790, Marine Structural Projects IV, for Pier 31½ Substructure Repairs (the "Project") to Power Engineering Construction Co., the sole responsible, responsive bidder, in the amount of \$6,833,425 and at that time the Commission further authorized a contingency fund of 10% (\$683,343) for unanticipated contingencies, for a total contract authorization of \$7,516,768; and.

WHEREAS, Port staff recommend adding the Pier 29 scope of work to existing Contract No. 2790, and the Port Commission hereby finds that it is desirable and in the Port interests to proceed with the Pier 29 scope of work that was previously deferred and excluded from the initial award of Contract No. 2790, due solely to lack of funds which are now available; now therefore be it

RESOLVED, the Port Commission hereby authorizes the Executive Director to execute an amendment to Contract No. 2790, Marine Structural Project IV, with Power Engineering Construction Co., to increase the contract amount by \$3,211,575 and include the Pier 29 scope of work, resulting in an amended contract amount of \$10,045,000 and the Commission further authorizes a contract contingency fund of 10% (\$1,004,500) for unanticipated contingencies, if needed, for contract modifications, for a total authorization of \$11,049,500.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 14, 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)