

**MEMORANDUM**

November 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 advertise for competitive bids for Construction Contract No. 2814, Crane Cove Park Building 49

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution

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**Executive Summary:**

Port staff requests that the Port Commission authorize the advertisement for competitive bids for Construction Contract No. 2814, Crane Cove Park, Building 49 (the "Contract" and "Project"). This Contract is one of five contracts associated with Crane Cove Park. Once this Contract is completed, the Port will have fulfilled its commitment to the community for the delivery of Crane Cove Park. Port staff propose to bid this construction Contract as the Port's first "best value" contract as a way to hire a contractor that is not only experienced, but safety-conscious and involved in mentoring the local contracting community.

The Contract scope of work includes partial rehabilitation of a building (cold shell), including installing public restrooms. The Engineer's Construction Cost Estimate including a 10% contingency for this proposed Contract is \$4.3 million. Funding is from multiple sources including the 2012 Clean & Safe Neighborhood Parks General Obligation Bonds and Port Capital.

Building 49 is located in Crane Cove Park project site. See Exhibit "A" for Area of Work Location Map.

**This Print Covers Calendar Item No. 8B**

## **Strategic Objective:**

As part of the larger Crane Cove Park project, this Contract supports the goals of the Port's Strategic Plan as follows:

*Renewal:* The Park will be a major new public open space that preserves historic maritime resources, provides public access and recreation opportunities to the Bay, contributes to a vibrant new Pier 70 neighborhood, and expands the Port's necklace of public open spaces.

*Livability:* The Contract promotes living wage jobs by providing opportunity for local business enterprises (LBE's) and by meeting mandates for Local Hire in construction projects.

*Resiliency:* The Park is designed for 28 inches of Sea Level Rise.

*Sustainability:* Park design and construction include best management practices for storm water management, water efficient landscaping, and energy efficient lighting.

## **Background:**

Crane Cove Park is one of the Port's Blue Greenway projects and will be a major new open space in the Union Iron Works National Historic District located at Pier 70. The Port Commission approved the Park design and California Environmental Quality Act Community Plan Exemption at the October 13, 2015 Commission Meeting<sup>1</sup>.

In March 2017, the Port Commission approved authorization to advertise Crane Cove Park Contract 2781, which included Park Improvements and Building 49. After the contract was bid as Contract 2781, the bids were rejected, and so the contract was broken up into multiple contracts, de-scoped, and value-engineered. This Contract represents one portion of the 2781 contract.

At the September 11, 2018 Port Commission meeting, Port staff presented an overview of project history to date, including the planning, design, funding, permitting and community outreach<sup>2</sup>. At that time, this Contract was presented along with the other bid packages making up the Crane Cove Park project. The Building 49 budget has been updated since that time, and is discussed more in the next section.

Based on feedback from the Port Commission, Port Staff have been investigating alternative project delivery methods as a way to encourage mentorship of local community contractors. Port Staff have researched alternative project delivery methods, including arranging a Public Works staff presentation on "best value" projects. Port Staff feel that this Contract is an excellent pilot project to implement a "best value" contractor procurement approach as it falls within the optimal range of "best value" project execution (approximately \$3,000,000 to \$5,000,000).

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<sup>1</sup> <http://sfport.com/sites/default/files/FileCenter/Documents/10531-Item%20%2010C%20Crane%20Cove%20Park%20Project%20approvalF%20%28clean%20copy%29.pdf>

<sup>2</sup> <https://sfport.com/sites/default/files/Commission/Documents/Item%2012B%20Crane%20Cove%20Park%20Informational.pdf>.

## **Contract Description**

The scope of work for Construction Contract No. 2814, Crane Cove Park Building 49 is as follows:

- Demolition and/or removal of damaged roofing, siding, concrete slab floors
- Concrete pile caps and concrete-filled steel piles for building foundation
- Concrete Work
- Building Shell Work, including structural steel and roofing
- Painting of building exterior and interior
- New restroom installation & plumbing
- HVAC
- Fire Protection & Safety
- Electrical Systems & Lighting
- Hardscape – AC paving outside of building
- Utilities

The final Engineer's construction cost estimate, including a 10% contingency for this proposed Contract, is \$4.3 million. Note that the engineer's estimate came in higher than previously anticipated, due to escalation and a predicted increase in material costs due to recently imposed tariffs. While the engineer's estimate was being evaluated by Port Staff, the Port Real Estate department was also analyzing the option of issuing the Building 49 scope as a development opportunity. At the time of the September 11<sup>th</sup> informational presentation on Crane Cove Park, Port Staff had been using a previous construction cost estimate for Building 49 but were already pursuing methods to reduce the cost of construction. Port engineering staff have heard from Real Estate that the Port should not pursue procuring a developer at this time. Therefore, Port engineering staff have updated the overall project budget to include the latest engineer's estimate for Building 49.

Based on the final engineer's construction cost estimate, funding based on previous project budgets was not sufficient to cover the entire Contract scope. Staff have addressed this concern in two ways:

1) The first method is a revised budget plan to fund this Contract by using Port Staff for construction management (CM) services for this Contract, the Roadway work (Contract No. 2813), and the Park Improvements and 19<sup>th</sup> St Parking Lot contract (Contract No. 2812) ("Park Improvements"). The previous overall budget for Crane Cove Park project assumed Department of Public Works would provide CM, at an additional cost. Using Port Staff for CM for the Park Improvements contract alone will save around \$1.5 million. There is a potential risk that the Port will not have staff available to provide construction management services for the Building 49 and Roadway contracts, but there should be sufficient lead time to plan staff availability for this Contract

2) The second method to potentially save funds and stay within the construction budget is to include bid alternates to the construction contract. Port staff will include the

restrooms as a deductive bid alternate, and will look into structuring the bid specifications to include other design aspects that may be included as alternates.

With the reallocation of construction management funding of \$1.5 million to the budget for Building 49, this Contract is fully funded at \$4.3 million.

### **Local Business Enterprise Role/Opportunities**

The Contract Monitoring Division (CMD) enforces the City's Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance. The ordinance establishes 10% bid discounts for Local Business Enterprise ("LBE") prime contractors and empowers CMD to set LBE subcontractor participation goals based upon availability of LBE firms to complete the type of work included in the Contract. CMD staff have reviewed the Contract scope and funding sources for this Contract, and established a 23% LBE subcontractor participation goal. ( Refer to Exhibit B – CMD Memorandum).

Port staff will work with CMD staff to outreach to construction contractors located in San Francisco to encourage bidding by LBE contractors. This Contract has already been represented at contractor meet and greets in the Bayview neighborhood and Pier 1. Staff's future additional outreach will include phone calls and emails to LBE contractors, newspaper advertisements, posting the bid opportunity at the San Francisco Contractor's Assistance Center, and facilitating introductions at the pre-bid meeting.

Because this Contract will be bid as a best value contract, there is an opportunity to ask the potential contractors specific questions regarding their efforts to mentor and hire local subcontractors and employees in the questionnaire section of the specifications.

### **San Francisco Local Hiring Ordinance**

The proposed Contract will comply with the City's Local Hiring Ordinance which went into effect on March 25, 2011. The mandatory participation level that is currently in effect and applicable for this Contract is 30% of all project hours within each trade performed by local residents, with no less than 15% of all project work hours within each trade performed by disadvantaged workers. The Office of Economic and Workforce Development administers the Local Hiring Ordinance.

### **Regulatory Permits**

All necessary approvals and permits for the Contract will be secured by staff prior to physical start of construction. The major regulatory approvals and current status are shown in Table 1.

**Table 1: Permitting Summary**

<b><u>Major Permit</u></b>	<b><u>Status</u></b>
California Environmental Quality Act (CEQA)	Community Plan Exemption (2015-001314ENV) to the <i>Eastern Neighborhoods Rezoning and Area Plans Final EIR</i> (Planning Department Case No. 2004.0160E) approved by Planning Department on October 5, 2015, adopted by Port Commission on October 13, 2015.
Bay Conservation and Development Commission (BCDC) Major Permit	Major Permit issued October 2017.
United State Army Corps of Engineers, Section 10 & 404	Permit issued
Port of San Francisco Encroachment Permit	Permit to be secured prior to start of work
Port of San Francisco Building Permit	Permit to be secured prior to start of work

**Climate Change**

The Crane Cove Park in general (including Building 49) is designed to remain functional for up to 28 inches of Sea Level Rise (SLR). This amount is based on a 50 year project life and SLR projections of 16 inches at year 2050 and 55 inches in year 2100, which were recommended by the State of California and BCDC at the time of design. These SLR predictions are higher than the City’s current most-likely recommendations of 12 inches in year 2050 and 36 inches in year 2100, but lower than the high projections of 24 inches in year 2050 and 66 inches in year 2100. Adaptation measures will be needed after 28 inches of SLR.

**Funding**

The Contract is funded from the 2012 Clean & Safe Neighborhood Parks General Obligation Bonds and Port Capital.

**Best Value Procurement**

As described in Section 6.74 of the City Administrative Code, “best value procurement is a procurement process for construction services whereby a Contractor is selected on the basis of objective criteria to determine the best combination of price and qualifications.” The difference with the low bid procurement process is that in best value procurement, the bid advertisement also contains a contractor “best value

questionnaire” that includes a section of questions that is scored. The total bid price is divided by the qualification score, and the contractor with the lowest resulting number is the “best value.”

Based on Port staff research, including example specifications from DPW and SFMTA, the contents of the questionnaire typically contain questions regarding safety record, past performance, labor compliance, management competence, financial condition, and relevant experience. Within the questionnaire for this Contract, Port staff plan on including questions regarding project experience, safety record, the contractor’s mentoring efforts in the local contracting community, and its record of meeting LBE goals on previous projects. This is a way in which the Port can encourage growth and experience in the local contracting community.

The best value procurement method does take more time up front than the typical low-bid method. Staff time is required to develop a questionnaire, and then to evaluate the questionnaires during the bid review process. Port staff feel that procuring a high quality contractor for this Contract through the best-value method will offer benefits to the community that will offset the extended procurement time.

**Schedule**

The anticipated Contract schedule is as follows:

Port Commission Authorization to Advertise Contract	November 13, 2018
Advertise for Bids	January 2019
Port Commission Approval of Award of Contract	April 2019
Substantial Completion	March 2020
Final Completion	May 2020

**Summary**

Port staff is prepared to seek bids for this Contract and therefore respectfully asks the Port Commission for authorization to advertise for competitive bids for Construction Contract No. 2814, Crane Cove Park, Building 49.

Prepared by: Erica Petersen  
Project Manager

For: Rod K. Iwashita  
Chief Harbor Engineer

Exhibits:

- A. Area of Work Location Map
- B. CMD Memorandum

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 18-62**

- WHEREAS, Port staff seeks Port Commission authorization to solicit competitive bids for construction Contract No. 2814, Crane Cove Park Building 49 (the “Contract”); and
- WHEREAS, Crane Cove Park (the “Park”) is one of the Port’s Blue Greenway projects and will be a major new open space in the Union Iron Works National Historic District located at Pier 70; and
- WHEREAS, Port Commission approved authorization to advertise the Crane Cove Park Contract 2781 in March 2017; and
- WHEREAS, After bids for contract 2781 were rejected, the scope of work under Contract 2781 was divided into multiple contracts, and this Contract represents one portion of the previous 2781 contract scope; and
- WHEREAS, Port staff propose to bid and procure Contract No. 2814 as a best value contract pursuant to Section 6.74 of the City Administrative Code; and
- WHEREAS, the scope of work for Contract No. 2814 includes demolition, installation of piles, concrete work, building shell work, painting, restrooms, plumbing, HVAC, fire protection, electrical, hardscape, and utilities; and
- WHEREAS, The Engineer’s construction cost estimate, including a 10% contingency, for this proposed Contract is \$4.3 million; and
- WHEREAS, Port staff will structure the bid specifications to include bid alternate items, and plan to use Port staff for construction management services; and
- WHEREAS, the estimated Contract cost for the full bid package, including a 10% contingency, will be funded by Port Capital and the 2012 Clean & Safe Neighborhood Parks General Obligation Bonds; and
- WHEREAS, Port staff have received the required permits with the exception of a Port Building Permit, which staff will submit for review and approval under the Port Building Code once the Contract is awarded; and
- WHEREAS, Port staff will incorporate the subcontracting goal of 23% for Local Business Enterprises (LBEs) as established by the City’s Contract Monitoring Division (CMD) and requirements of the San Francisco Local Hiring Ordinance including the mandatory participation level for each qualifying trade, in the solicitation of bids for this Contract; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for construction Contract No. 2814, Crane Cove Park: Building 49.

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

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Secretary



**EXHIBIT A**  
**AREA OF WORK LOCATION MAP**



CONTRACT NO. 2814 Crane Cove Park Building 49

**EXHIBIT B**  
CMD MEMORANDUM