

MEMORANDUM

December 7, 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 for Retroactive Authorization to Modify Construction Contract No. 2791, Roundhouse Two Elevator Modernization Project, to Extend the Substantial and Final Completion Dates

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Executive Summary

Port staff requests that the Port Commission authorize staff to execute a contract modification to extend the substantial completion date of Contract: No. 2791 Roundhouse Two Elevator Modernization Project, by an additional 92 calendar days. The requested time extension is in addition to a prior Port Executive Director-approved extension of 24 days (10% of original contract duration) and hence requires approval of the Port Commission as per Section 6.22 of San Francisco Administrative Code. The original contract provided a duration of 240 calendar days for substantial completion of the work. A total of 356 days was required to substantially complete the work. Due to market conditions and component unavailability, Port staff has found no reason or facts to assess liquidated damages for the delay.

Strategic Objectives

This Project supports the Port's Strategic Plan strategies of Renewal, Livability, Sustainability, and Economic Vitality.

Renewal: The Project rehabilitated an important historic resource in the Embarcadero Historic District.

This Print Covers Calendar Item No. 10A

Livability: The Project provided opportunities for local business enterprises (LBE's) and met mandates for Local Hire in construction projects, which promoted living wage jobs.

Sustainability: The Project included new components that will continue to improve energy efficiency and ensure that the equipment is safe and code compliant. The Project used best practices for construction.

Economic Vitality: The Project contributes to the Port's ability to provide for leasing at this Port facility, and to deepen the Port's revenue base.

Background

The Project scope included modernization work of two existing elevators at 10 Lombard St. (Roundhouse Two). This contract was advertised to a City approved pool of Micro LBE contractors on April 21, 2017. On June 20, 2017, staff received one bid from San Francisco Elevator Services, Inc. ("SFE") in the amount of \$270,000 for the base bid, which is within 10% of the engineering estimate. In addition, SFE bid included \$57,500 for an additive alternative bid item for elevator cabin upgrades and proximity card access controls.

On June 30, 2017, the contract for the Project was awarded to San Francisco Elevator Services Inc. The original Contract amount was \$360,250 (including 10% contingency) with a construction schedule of 240 consecutive calendar days for substantial completion. Section 6.3(a) of the San Francisco Administrative Code states, "The Department Head may award any construction Contract or professional services Contract of less than or equal to the Threshold Amount. For such Contracts, approval of the Mayor, commission or board concerned is not required." Currently, the Threshold Amount under Chapter 6 of the Administrative Code is \$600,000.

Section 6.22(h) of the City Administrative Code allows for Port Commission retroactive approval to increase the contract duration beyond 10 percent of the original contract schedule. This allows staff the flexibility to negotiate modifications to the schedule without causing further delays to the Project, and then to seek Port Commission approval when the work is done and the timeline is known.

There are two reasons for project delay that justify time extension. The first component of the delay is due to a labor shortage in the elevator industry and the second component is associated with a long lead time to obtain specialized elevator components. For the reasons cited above, Port staff has found no reason to assess liquidated damages for the delay. Port staff requests authorization to execute a contract modification to extend the original contract duration of 240 calendar days to substantial completion by an additional 92 calendar days (in addition to a Port Executive Director extension of 24 days), thus extending substantial completion date from June 28, 2018 to October 22, 2018.

San Francisco Local Business Enterprise Requirement

A Micro LBE contractor performed this work.

San Francisco Local Hiring Policy for Construction

This Project is exempt from the San Francisco Local Hiring Policy for construction.

Funding

The final Project expenditure details are shown below-

Contract Award	\$327,500
Contract Change Orders	\$ 12,898
Total expenditure	\$340,398

Total Available Project funding including 10% contingency is as shown below-

Funding Source	Funding Amount
CPO 795-01 Port Elevator/Escalator Upgrade, Replacement	\$360,250

Schedule

The modified Project completion schedule is noted below:

Executive Director’s Approval to Award	June 30, 2017
Award of Contract	July 18, 2017
Notice to Proceed	November 1, 2017
Original Substantial Completion	June 28, 2018
Revised Substantial Completion	October 22, 2018
Revised Final Completion	December 21, 2018

Summary

Due to a limited supply of specialized elevator components for the elevators at Roundhouse Two and unexpected labor shortage, the contractor experienced delays to contract completion beyond 10% of the original contract duration. The circumstances for the delay were beyond the contractor’s control and, as a result, staff finds no basis to assess liquidated damages for such delay. Port staff requests Port Commission authorization to execute a contract modification to extend the original contract duration of 240 days for substantial completion by 92 calendar days, which in addition to the Port Executive Director approved time extension of 24 days, totals 356 calendar days. Port staff determined that the additional time required to complete the Project was reasonable.

Prepared by: Raman Singh, Electrical Engineer

For: Rod K. Iwashita, Chief Harbor Engineer

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

RESOLUTION NO. 18-63

WHEREAS, On June 30, 2017, the Port Executive Director authorized the award of Construction Contract No. 2791, Roundhouse Two Elevator Modernization to San Francisco Elevator Services Inc. (“Contractor”); and

WHEREAS, The Contract scope consisted of modernization of two existing elevators at 10 Lombard St. (Roundhouse Two) and;

WHEREAS, During the course of construction, the contractor encountered unforeseen conditions and unavoidable delay that required additional time to complete the work as defined in the contract; and

WHEREAS, Section 6.22(h) of the City’s Administrative Code authorizes the Port Commission to approve time extensions greater than 10% of the original contract amount or duration, and such a time extension is permissible after completion of the contract when there is no basis to assess liquidated damages for the delay against the contractor; and;

WHEREAS, Port staff requests authorization of an extension of time of 92 calendar days to the original contract duration of 240 calendar days, which combined with Port Executive Director approved extension of 24 calendar days, will extend the contract substantial completion date by 116 days from June 28, 2018 to October 22, 2018; and

WHEREAS, Port staff have determined that the proposed extension in the contract time is warranted due to a labor shortage and a limited supply of specialized elevator components and circumstances beyond the Contractor’s control, as described in the accompanying staff report; now, therefore be it

RESOLVED, That the Port Commission hereby authorizes Port staff to execute a contract modification to Contract No. 2791, Roundhouse Two Elevator Modernization Project, to extend the existing substantial completion date by an additional 116 days, and further, the Port Commission hereby ratifies all actions taken by the Port staff in furtherance of such contract modification.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 11, 2018.

Secretary

EXHIBIT A
LOCATION MAP



Seawall Lot 318 - Roundhouse Two

CONTRACT 2791 Roundhouse Two Elevator Modernization Project