

MEMORANDUM

April 4, 2019

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 execute Amendment No. 2 to Contract No. 2790, Marine Structural Project IV, with Power Engineering Construction Co., to increase the contract in excess of the 10% original contract amount by \$2,287,500 due to unforeseen site conditions and for window repairs for tenant occupancy, resulting in an amended contract amount of \$12,075,000, and authorize a contract contingency fund of \$228,750 for a total authorization of \$12,303,750, as well as extend the contract duration until January 31, 2020.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff requests the Port Commission's approval to execute Amendment No. 2 to Construction Contract No. 2790, Marine Structural Project IV ("Project"), with Power Engineering Construction Co. (Power), to increase the existing contract amount to address: 1) unforeseen site conditions at Pier 29, and 2) window repairs at Pier 31 required for tenant occupancy. This proposed increase in the contract amount exceeds 10% of the original contract amount, and therefore requires Commission approval. The amount of the requested amendment is \$2,287,500 and if approved would result in a new contract sum of \$12,075,000. Additionally, Port staff asks the Port Commission to authorize a total contract contingency fund of 10% of the amount to be added under these amendments (\$228,750) resulting in a total authorization of \$12,303,750. To allow the contractor time to complete the additional work, the proposed contract amendment would extend the contract duration by 175 days (until January 31, 2020 from August 9, 2019).

THIS PRINT COVERS CALENDAR ITEM NO. 9B

The original contract was authorized by the Port Commission for the repair of the substructure of Piers 31, 31½ and 33 (for purposes of the staff memorandum and accompanying resolution, these improvements will herein collectively be called Pier 31½ for simplicity; references to Pier 31 shall refer to the specific window repairs that are the subject of this amendment request). Refer to Attachment A for the area of work location map.

Contract Amendment No. 1 was authorized by the Port Commission in August 2018 which added the Pier 29 scope of work to Power from the original bid package. The amendment included scope to “day-light” (cut holes in the deck) and assess areas that were previously inaccessible (“inaccessible areas”) during the engineering assessment and bid phases of the Project. Now that some of the inaccessible areas have been day-lighted, initial assessment has indicated the inaccessible areas need to be repaired. Refer to Attachment B for a map of the Pier 29 scope of work and location of the inaccessible areas.

Contract Amendment No. 2 is needed for additional work in two areas:

1) At Pier 29, for unforeseen conditions to remove impacted soils and repair underdeck substructures (soffits, beams, and piles) of the inaccessible areas. Without repair, the life of the substructure will remain uncertain. This area supports critical electrical equipment for the Pier 29 cruise ship terminal and neighboring piers including the Alcatraz Ferry Landing. The proposed Amendment No. 2 will allow for the safe removal of soil and repair of the substructure to extend the useful life of the structure.

Amending the existing contract to include work on Pier 29, rather than bidding it out separately will result in a significant cost savings (~\$600-800,000). However, existing items of the Pier 29 scope of work will be deferred since they are deemed as a lower structural and leasing priority.

2) At Pier 31, the Port has an incoming tenant, the City Department of Elections (DOE), arriving in the summer of 2019. Fifteen (15) windows in the leasehold are in need of repairs to prevent water intrusion into the future leasehold and to protect DOE’s equipment and records. The upcoming elections calendar requires these repairs to be completed at the earliest possible date in order to facilitate DOE’s move-in schedule.

For clarity, all of the Pier 31½ scope of work will be completed under the existing contract scope without reliance on the proposed Amendment No. 2.

Strategic Objectives

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

- Productive- The project will attract tenants to help build an economically viable port. The Project will rehabilitate an important historic resource in the

Embarcadero Historic District. Pier 29 is currently unoccupied. The project will strengthen the substructure and allow for future use. The window repair will allow for water tight occupancy of the Department of Elections at Pier 31

- Stability- The project will help maintain the Port's financial strength by addressing deferred maintenance, maximizing the value of the Port's property, and increasing Revenue. Repairs to the inaccessible areas will extend the useful life of the structure which supports critical electrical equipment.

Background

On October 24, 2017, the Port Commission authorized Port staff to advertise for construction bids for Contract No. 2790 Marine Structural Projects IV (MSP IV), for Piers 29 and 31½ Substructure Repair (Port Commission Resolution No. 17-56). At that meeting, Port staff informed the Port Commission that contract scope included day-lighting and assessment of inaccessible substructure areas at Pier 29. Refer to Attachment A for a Vicinity Map and B for the relevant scope locations at Pier 29.

On January 25, 2018, in response to the Port's bid solicitation, Port staff received three bids for the scope of work. The lowest responsible, responsive bid was submitted by Power, however, the bid exceeded available funding. Port staff determined that re-bidding the Project was not likely to result in substantially lower bids, and would not be in the Port's best interests. Port staff therefore recommended a phased scope of work to allow the entire Project to proceed in sequence. Power Engineering agreed to accept a contract for the initial and partial scope of work for Pier 31½, while the Port sought additional funding for Pier 29.

Original Contract Award: On March 13, 2018, The Port Commission authorized Port staff to award the contract for the Pier 31 ½ scope of work. (Power Contract \$6,833,425 and a 10% contingency fund of \$683,343 for Total Authorization of \$7,516,768 - Resolution No. 18-21). Port staff recommended awarding the Pier 29 scope of work by future contract amendment if additional funding could be secured. By including the Pier 29 work at a future date, Port staff estimated savings of \$800,000 in indirect costs, in comparison to bidding the work as a separate project and contract. Cost savings were also expected from proximity, concurrence of construction, and similarity of work between the two piers.

In June 2018, Power started work at Pier 31, and completed the scope of work related to Pier 31 in December 2018. This scope had some minor overages and used 2% of the 10% authorized contingency. In late December 2018, Power started the Pier 33 related work. Significantly, Power discovered more substructure spalling in an area that could not be fully inspected prior to construction due to obstructions at Pier 33. This area was deemed critical, in anticipation of the leases connected with the General Agreement with the National Park Service (NPS) for the Alcatraz Embarkation Site, and the remainder of the authorized contingency was applied to finish this work.

Contract Amendment No. 1: Due to an additional funding appropriation for the Project, on August 14, 2018, the Port Commission authorized Port staff to amend the contract with Power Engineering to include the Pier 29 scope of work. The Port Commission's

approval of contract Amendment No. 1 resulted in an amended contract amount of \$10,045,000. The Port Commission authorized a contract contingency fund of 10% for a total current authorization of \$11,049,500 (Resolution 18-47).

Pier 29 Scope and Unforeseen Substructure Conditions: In December 2018, Power began construction on the Pier 29 work, including exposing and day-lighting the inaccessible substructure areas. These inaccessible areas are obstructed by a remnant wall from a 1900's era ferry landing structure. In 1915, the remnant wall was encased in the Pier 29 substructure as we now know it. The remnant wall is completely below deck and periodically submerged which prevented access by boat or other readily available methods for the consulting engineer during the design phase.

After Contract Amendment No. 1 was executed, Power created 5 of the 17 holes and encountered unexpected timber, rock, and soils. Testing of the debris confirmed elevated metals which will require special personnel protective equipment for removal and disposal before the repair work can start. The existing contract budget is insufficient to fund all of the required activities for the repairs. The proposed contract Amendment No. 2 will authorize funding and additional scope of work to complete the assessment, repair this inaccessible substructure area, and dispose of the impacted soil and debris.

Regarding background for window repairs, the window repairs are part of a continued effort to restore Pier 31, a 101 year old Port real estate asset, to a leasable condition. It was red-tagged in 2009. Originally a separate project from MSP IV, the Port Commission Resolution 18-36 authorized advertisement for bids for Pier 31 Shed Window and Wall Repairs. Due to budget and time constraints, the Pier 31 window work will be split into multiple projects. As mentioned above, Port staff recommends adding 15 critical windows under the MSP IV project due to imminent occupation by DOE in advance of the November 2019 election.

Building Uses and Tenants

Refer to Attachment A for a vicinity map of the buildings.

Pier 31 ½ is the site for the Alcatraz Ferry Landing. This scope of work will be completed without the need of Amendment No. 2.

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 recent Request for Interest from potential tenants in the Port's historic piers). The Port Engineering and Real Estate Divisions notes that the substructure repairs 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.

Pier 29 houses critical electrical equipment that serves the Pier 29 Cruise Terminal, Alcatraz Ferry Landing, and the adjacent piers. This equipment is located over the inaccessible areas, which is a contributing factor in seeking this amendment to address the substructure conditions.

A portion of Pier 31 will be leased by the Department of Elections, as mentioned above. A separate window repair project is planned by the Port using a Micro-LBE Set-Aside Contract to repair additional windows in the most critical areas in their leasehold. However, 15 windows were identified as a higher priority in coordination with DOE's move-in and occupancy needs.

Project Description per requested Amendment No. 2

For clarity, all of the Pier 33 ½ substructure repair scope will be completed, without reliance on the proposed contract Amendment No. 2.

As mentioned above, the Project scope, per the requested contract Amendment No. 2, includes underdeck, overwater repairs to soffits, beams, and piles, consisting of local hand application, shotcrete, and cast-in-place concrete methods for Pier 29 inaccessible areas. The scope will include finishing the day-lighting, removal of impacted soil removal, and assessment of the substructure. Port staff will assist with any design changes as needed. Any remaining funds would be used to complete deferred scope of work from Bents 51-47 and A-W as shown in Attachment B. The deferred work was deemed to be of a lower structural and real estate priority. If not completed under this contract, the improvements will most likely be included in the scope of an overall pier rehabilitation project in the future, as described in the recent RFI.

As mentioned above, the Project scope, per the requested Amendment No. 2, will also include rehabilitation of 15 historic windows deemed the highest priority in the Pier 31 DOE leasehold to make the windows watertight.

Regulatory Approvals and Permits

The Pier 29 substructure repairs and Pier 31 window 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 scope is considered ordinary maintenance and repair to keep this historic pier in good repair.

The proposed Project repairs and improvements are consistent with the Port Chief Harbor Engineer Engineering and Facilities Maintenance Directive 2016-01, issued in March 18, 2016 which describes routine repairs and maintenance improvements that the Port may administer for the period from March 2016 to March 2021. A California Environmental Quality Act (CEQA) Categorical Exemption for the Port Maintenance Directive was secured from the San Francisco Planning Department on March 18, 2016 (No. 2016-003866ENV), and no further CEQA environmental review is required for the project

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.

The Project team will secure a Port building permit before the start of construction. Oversight by a third party Certified Lead and Asbestos Consultant will be provided during all hazardous material abatement.

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 the scope of work requires unique safety and soil removal expertise that subcontractors must possess when performing work in confined spaces over water or with impacted soils.

CMD set the LBE subcontracting goal for the Project at 3% as indicated in previous Port Commission resolutions. Power Engineering is not a LBE but its bid exceeded the 3% LBE goal, with 4% participation by LBE subcontractor Yerba Buena Engineering & Construction, Inc. With this proposed Amendment No. 2, the contractor will increase the Project LBE subcontractor participation to 5%.

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 current project budget is \$12,881,673 from the Pier Structure Repair Fund and the Leasing Capital Improvements Fund. The budget for the window repair (\$275,000 including 10% contingency) will come from funding in the Northern Waterfront Historic Pier Repairs Fund previously budgeted for this purpose. Port staff secured an additional \$888,472 from the Leasing Capital Improvements Fund to complete the project total cost of \$14,045,000. The Leasing Improvement Funds were previously programmed for improvements to the exhaust ventilation system at Pier 19 to accommodate more intensive parking at the location, but were deemed no longer necessary due to changes in the leasing plan for the facility.

Remaining funds left after completion of repairs to the inaccessible areas and the 15 windows, if any, will be used to complete the remainder of the Pier 29 original scope of work until the funds are exhausted.

Table 1- Project Current Summary Costs and Request

Current Contract Authorization Including Amendment No. 1	Amount
Total Current Contract Award	10,045,000
Current Authorized Contingency (10%)	1,004,500
Current Total Authorization	11,049,500
Summary of Request	Amount
Estimated Contract Amount if work halted at Pier 29 on areas not yet started (Includes completion of all Pier 33 1/2)	9,787,500
Estimate for Inaccessible Areas	2,037,500
Estimate for Window Repair (Qty 15)	250,000
Additional Scope Request	2,287,500
Contract Amendment No. 2: Total Contract Amount Request	12,075,000
Requested Contingency (10%) for Contract Amendment No. 2	228,750
Contract Amendment No. 2: Total Authorization Request	12,303,750
Soft costs (Engineering, Construction Management, Inspection)	1,741,395
Total Estimated Project Cost After Contract Amendment No. 2	\$14,045,000

Table 2- Project Funding

Funding	Funding Source	Amount
Current Budget for Pier Repair	Leasing Capital Improvement Fund and Pier Structure Repair Fund	12,881,673
Current Budget for Windows	N. Waterfront Historic Pier Repairs Fund	275,000
Additional Appropriation	Leasing Capital Improvement Fund	888,472
Total Budget		\$14,045,000

Schedule

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

Port Commission Authorization to Advertise Pier 31½ & 29 October 24, 2017
 Port Commission Authorization to Award Pier 31½ March 13, 2018

Notice to Proceed- Pier 31½	June 11, 2018
Substantial Completion Pier 31½	July 11, 2019
Estimated Final Completion	September 2019
Notice to Proceed Pier 31 Windows	April 2019
Substantial Completion	July 2019
Estimated Final Completion	December 2019
Notice to Proceed Pier 29	August 2018
Estimated Substantial Completion Pier 29	November, 2019
Estimated Final Completion Pier 29	January 31, 2020

Port staff recommends extending the contract a maximum of 175 days (from the prior August 9, 2019 date to January 31, 2020) and will report retroactively to the Port Commission on the actual days required.

Recommendation

Port staff requests the Port Commission’s approval to execute an amendment (Amendment No. 2) to Construction Contract No. 2790, Marine Structural Project IV (“Project”), with Power Engineering Construction Co. (Power), to include additional work related to the Pier 29 inaccessible area and the Pier 31 window scope of work in the manner and for the reasons described above, and increase the contract amount by \$2,287,500 to the amended contract amount of \$12,075,000, combined with a total contract contingency fund of 10% of the amendment amount (\$228,750) resulting in a total contract authorization of \$12,303,750. To allow the contractor time to complete the additional scope of work, Port staff requests Port Commission approval to extend the contract duration by 175 days (until January 31, 2020 from August 9, 2019).

Prepared by: Jonathan Roman, Project Manager
For: Rod Iwashita, Chief Harbor Engineer

Attachments

- A: Area of Work Location Map
- B: PIER 29 Scope Of Work Summary
- C: CMD Award Memorandum

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

RESOLUTION NO. 19-14

- 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 25, 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 Contract Monitoring Division staff determined Power Engineering to be the sole responsible, responsive bidder for the Project; and
- WHEREAS, as advertised, the Project base scope of work included substructure construction and repairs to structural soffits, beams, and piles for Pier 29, Piers 31, 31½, and 33 as shown in the Project design drawings (Pier 31, 31½ and 33 are collectively referred to herein as Pier 31 ½ with respect to this base scope of work); 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 only had sufficient available funding for an initial and partial scope of work that included the scope of work 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 also 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 the future Pier 29 scope of work for 220 days after the bid opening until September 2, 2018; and
- WHEREAS, on March 13, 2018, the Port Commission authorized the partial contract award (Resolution No. 18-21) of Construction Contract No. 2790, Marine

Structural Projects IV, for Pier 31½ Substructure Repairs to Power Engineering, the sole responsible, responsive bidder, in the amount of \$6,833,425 and the Port Commission further authorized a contingency fund of 10% (\$683,343) for unanticipated contingencies, for a total initial contract authorization of \$7,516,768; and

WHEREAS, The Port's approved Fiscal Year 2018/2019 Capital Budget included \$2,852,174 in additional funding for the repairs of Pier 29, resulting in sufficient budget funds for the Port to amend the existing contract with Power Engineering (through contract Amendment No. 1) to add to the Pier 29 scope of work; and

WHEREAS, Power Engineering has committed to LBE subcontractor participation of 4% which satisfies and exceeds the Project LBE subcontracting goal established by the Contract Monitoring Division; and

WHEREAS, Port staff and Power Engineering recently discovered unforeseen substructure conditions at Pier 29, which, as described in the accompanying staff report, necessitates additional substructure assessment, repairs, and removal of impacted soils and debris in confined underdeck areas that were previously inaccessible during the earlier phases of the Project; and

WHEREAS, Port staff now recommend adding to existing Contract No. 2790, funds and scope of work for the additional substructure assessment, repairs, and removal of impacted soils and debris in confined underdeck areas (the Pier 29 inaccessible area work) arising from the unforeseen conditions, as further described in the staff report accompanying this resolution; and

WHEREAS, Port staff also recommends adding to existing Contract No. 2790, funds and scope of work needed for the proposed for rehabilitation of 15 windows in the Pier 31 shed, as further described in the staff report accompanying this resolution; and

WHEREAS, to accomplish these additional contract scope of work items and to allow Power Engineering sufficient time to complete the additional scope, Port staff recommend that the Port Commission authorize staff to execute Amendment No. 2 to Contract No. 2790, to increase the contract amount as recited below, and to extend the contract duration by an additional 144 days (until January 31, 2020 from August 9, 2019); and

WHEREAS the Port Commission hereby finds that it is desirable and in the Port interests to proceed with the additional contract scope of work for the Pier 29 inaccessible areas and the rehabilitation of windows in the Pier 31 Shed, through an Amendment to Contract No. 2 to Contract 2790 as described herein and in the accompanying staff report; 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; now therefore be it

RESOLVED, the San Francisco Port Commission hereby authorizes the Executive Director to execute Amendment No. 2 to Contract No. 2790, Marine Structural Project IV, with Power Engineering Construction Co., to increase the contract amount by \$2,287,500 and include in the contract scope the Pier 29 inaccessible area work and rehabilitation of 15 windows in Pier 31, as described in the accompanying staff report, resulting in an amended contract amount of \$12,075,000, and the Commission further authorizes a contract contingency fund of 10% of the amendment amount (\$228,750) for unanticipated contingencies, if needed, for contract modifications, for a total authorization of \$12,303,750; and be it further

RESOLVED, that the San Francisco Port Commission further authorizes the Executive Director to include in the contract amendment an extension of the contract duration by an additional 144 days (until January 31, 2020 from August 9, 2019).

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 9, 2019.

Secretary

ATTACHMENT A
AREA OF WORK LOCATION MAP



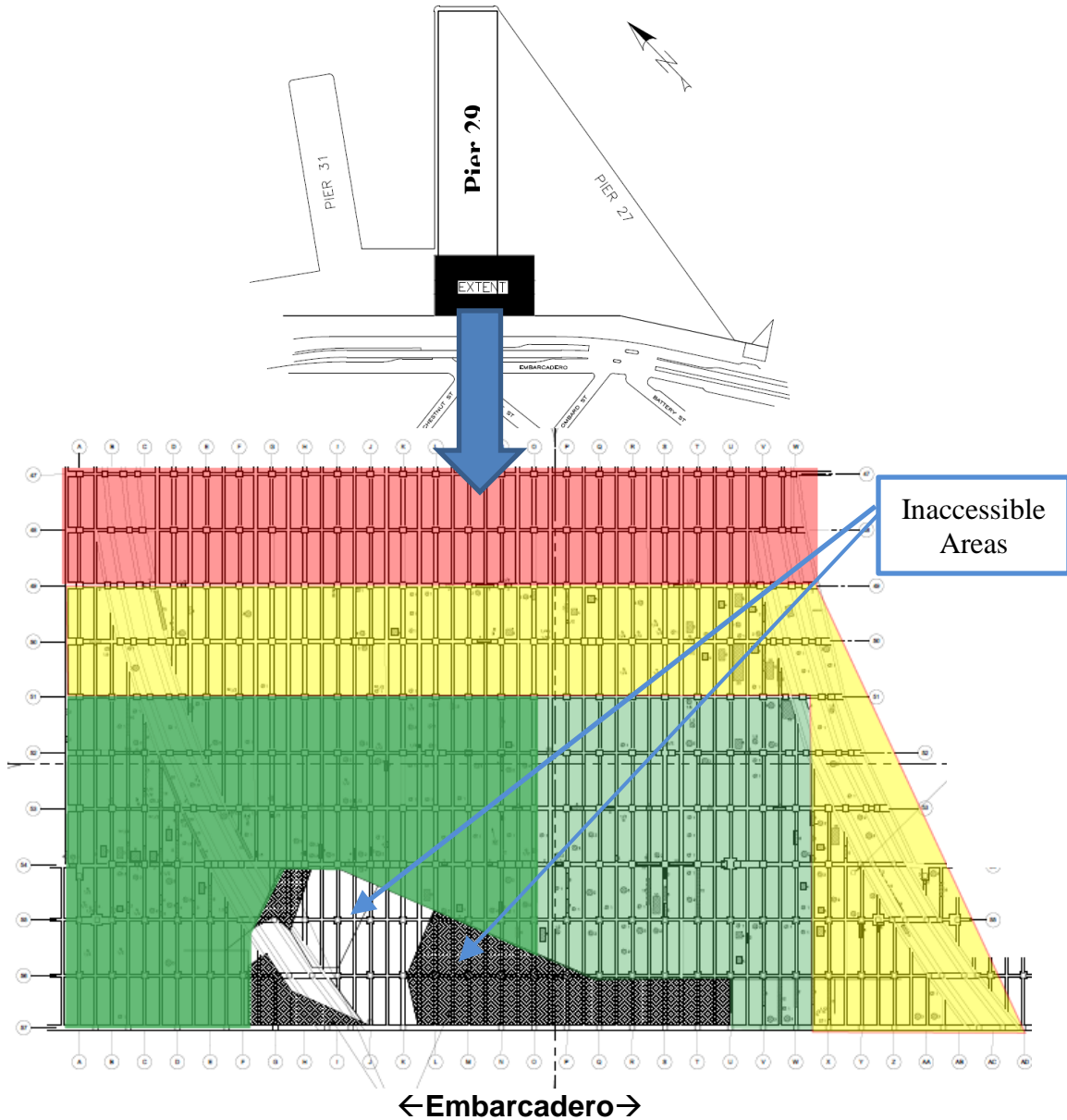
Pier 31
Window
Area of Work

Pier 29
Area of Work
Includes
Inaccessible
Areas

Pier 31½ Area
of Work

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

**ATTACHMENT B
PIER 29 SCOPE OF WORK SUMMARY**



All colors are Pier 29 scope of work of Amendment No 1, except as noted:

1. Dark Green- Work that is already in progress and will be completed without need of Amendment No 2.
2. Uncolored/ Hatching = "Inaccessible Areas"
 - Amendment No 1- Day-light and Asses only
 - Amendment No 2. Repair per Amendment No 2.
3. Light Green- Deferred scope of work that will be repaired if funding allows after inaccessible areas are complete under Amendment No. 2
4. Yellow- Lowest Priority Deferred scope of work that will be repaired if funding allows after completion of light green areas under Amendment No. 2
5. Red- Lowest priority areas that will not be repaired due to lack of funding.