

MEMORANDUM

April 7, 2016

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Eleni Kounalakis
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Interim Executive Director

SUBJECT: Request for authorization to Award Construction Contract No. 2776, Five Year Maintenance Dredging Project, to The Dutra Group, in the amount of \$25,875,000 and authorization for a contract contingency fund of 10% of the contract amount (or \$2,587,500) for unanticipated contingencies, for a total authorization not to exceed \$28,462,500

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff requests the Port Commission's authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project (the "Project"), to The Dutra Group, the lowest responsive and responsible bidder. The Project provides for dredging at various sites along the San Francisco waterfront from calendar Year 2016 through calendar Year 2020. The dredging is necessary to maintain the depths required by vessels that support the Port's maritime business.

Strategic Objective

The proposed contract will support the *Economic Vitality Strategy*, which is to promote maritime commerce throughout its portfolio. While certain of the Port's berths, such as the east face of Piers 30-32 are naturally deep, many of the Port's active berths require periodic dredging to support the mission.

Background

On November 10, 2015, the Port Commission authorized staff to advertise for bids for this Project (Port Commission Resolution 15-39). Port staff published the advertisement for bids in January 2016, conducted an optional Pre-Bid Meeting on February 2, 2016, and opened bids on March 1, 2016.

THIS PRINT COVERS CALENDAR ITEM NO. 10C

The engineer's estimate is \$26,000,000 for the Project. Port staff received two bids for this Project. A summary of the bids is attached (see Attachment A, Bid Tabulation). The Dutra Group is the lower bidder, with a total bid price of \$25,875,000, which is in line with engineer's estimate. The Dutra Group is a California corporation in San Rafael. The Dutra Group has successfully performed maintenance dredging for the Port since 1998, and completed the last Port's Maintenance Dredging 2011-2015 contract. The Dutra Group also performed dredging for other Bay area agencies, such as Port of Oakland's 50' Deepening, and Brisbane Marina Entrance Channel Maintenance Dredging. R. E. Staite Engineering, Inc. is the higher bidder, with a total bid price of \$37,623,250, which is 45% higher than The Dutra Group. R. E. Staite Engineering, Inc. is a California corporation in San Diego. This is the first time that we have had another bidder competed with Dutra since 2001. Port Engineering staff reviewed the bid and determined that The Dutra Group is the lowest responsive, responsible bidder.

The Project requires a contract with a five-year term, and consists of approximately ten dredge events. Each dredge event includes a separate mobilization, and may require dredging and disposal of material from one or more dredge sites. The first phase of this contract is estimated to cost \$4,152,000, which will cover first dredging event at Pier 35 and Pier 27 in summer 2016. A tentative dredging schedule from year 2016 to 2020 is attached as Attachment B.

Funding

The first phase of the proposed contract will be awarded using funds from FY 2015-16, and funds remaining from FY 2014-15. Port staff intends to fund the future phases of the project with FY 2016-17 through 2019-20 Port capital funds for dredging, subject to approval by the Port Commission, Mayor and Board of Supervisors as part of the Port's biennial budget.

The first phase is funded through CPO 625, Cargo Maintenance Dredging \$4,152,000.

Regulatory Approvals

The Port is authorized to conduct maintenance dredging under 10-year permits from the U.S. Army Corps of Engineers (USACE), San Francisco Bay Conservation and Development Commission (BCDC), and the San Francisco Regional Water Quality Control Board (RWQCB). For each dredging episode, all material proposed to be dredged is tested (chemically and biologically) as per regional and federal guidance. Authorization to dredge is contingent on the Dredging Material Management Office's (DMMO) approval. The DMMO determines the suitability of sediment for various disposal options based on the quality of the dredge material tested. The DMMO includes representatives from the U.S. Environmental Protection Agency, San Francisco Bay Conservation and Development Commission, San Francisco Bay Regional Water Quality Control Board, and the U.S. Army Corps of Engineers.

Regulatory approval has been documented by the issuance of an authorization to commence work by the USACE, BCDC, and RWQCB under the following permits:

- USACE Permit (Order No. 2013-00333S (expires December 31, 2024)).

- RWQCB Permit CIWQS Place No. 735444 (EAC) (expires December 31, 2023).
- BCDC Permit (Order No. M02-71) (expires October 29, 2019).

The contract will incorporate the dredging and disposal requirements noted in the “Long Term Management Strategy for the San Francisco Bay (LTMS)” and implemented by DMMO, including provisions for meeting volume percentage allocations to place dredge material at various permitted disposal sites: in-Bay disposal (20%), ocean disposal (40%), and beneficial reuse sites (40%).

Climate Action

The LTMS EIS-EIR (Environmental Impact Statement / Environmental Impact Report) addressed air quality impacts related to maintenance dredging. In general, the LTMS dredging of navigational channels and harbors provides for more fully loaded ships. As a result, fewer ships would be required to transport the same amount of cargo compared to the existing fleet, and fewer emissions would be produced over the long term. Sea Level Rise is not expected to cause any major issue for this Project.

Local Business Enterprise

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 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. The scope of work for the proposed dredging contract is limited to dredging, hydrographic surveying, and in water transportation. CMD staff have reviewed the Project scope and funding sources for this contract, and determined that there are no subcontracting opportunities for LBEs as part of the proposed contract. Port staff has obtained an LBE subcontracting goal waiver based on CMD’s determination that there are no LBE subcontracting opportunities on this project.

Schedule

The anticipated project schedule is as follows:

Port Commission Approval to Award the Construction Contract	April 12, 2016
Estimated Notice to Proceed (NTP)	May, 2016
Substantial Completion	December, 2020

Summary

The Project will help maintain navigable waterways at Port sites including Pier 27, Piers 30/32, Pier 35, Pier 80, Pier 92, Islais Creek, Central Basin, Fisherman’s Wharf, Piers 94/96 and others along the San Francisco waterfront by providing necessary maintenance dredging to support the Port’s maritime business.

Recommendation

Port Staff recommends that the Port Commission authorize the award of Contract No. 2776, Five Year Maintenance Dredging Project, to The Dutra Group, the lowest responsive responsible bidder, for the amount of \$25,875,000 based upon and subject to available funding, and further authorize staff to increase the contract amount, through contract modification or change order, if needed for unanticipated contingencies, by an additional \$2,587,500 (10% of the proposed contract amount), to a total not to exceed amount of \$28,462,500.

Staff also recommends the Port Commission authorize the Executive Director to accept the work once it is complete.

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Project Engineer

John Davey
Assistant Deputy Director Maritime

For: Eunejune Kim
Chief Harbor Engineer

Attachments:

Attachment A - Bid Tabulation

Attachment B - Tentative Schedule: Calendar Year 2016 to 2020

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

RESOLUTION NO. 16-15

- WHEREAS, the Port Commission previously authorized the advertisement of the Contract No. 2776, Five Year Maintenance Dredging Project (the "Project"), at its meeting on November 10, 2015; and
- WHEREAS, Port staff received two bids for this Project on March 1, 2016; and
- WHEREAS, Port Engineering staff reviewed the bid and determined that The Dutra Group is the lowest responsive, responsible bidder for the Project; and
- WHEREAS, The Dutra Group's total bid price is \$25, 875,000; and
- WHEREAS, Port staff recommends the award of the Contract to the Dutra Group as the lowest responsive, responsible bidder, with dredging work in future fiscal years to be subject to available and appropriated funds; and
- WHEREAS, the contract will incorporate the dredging and disposal requirements noted in the "Long Term Management Strategy for the San Francisco Bay" – including provisions for in-bay disposal, ocean disposal, and upland disposal of dredge materials – developed by the Dredging Material Management Office (DMMO), a joint program of the San Francisco Bay Conservation and Development Commission (BCDC), San Francisco Bay Regional Water Quality Control Board (RWQCB), California State Lands Commission (CSLC), the U.S. Army Corps of Engineers (USACE), and Region 9 of the U.S. Environmental Protection Agency (EPA); and
- WHEREAS, the City's Contract Monitoring Division (CMD) staff have reviewed the Project scope and funding sources for this contract, and determined that there are no subcontracting opportunities for Local Business Enterprises (LBEs) as part of the proposed dredging contract and have waived any LBE requirement; now, therefore be it
- RESOLVED, that the Port Commission hereby authorizes the award of construction Contract No. 2776, Five Year Maintenance Dredging Project (the "Project"), to The Dutra Group, for the not-to-exceed amount of \$25,875,00 subject to available and appropriated funds; 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 \$2,587,500 (10% of \$25,875,500) 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 April 12, 2016.

Secretary