




MEMORANDUM

October 22, 2021

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. John Burton
Hon. Gail Gilman
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request authorization to advertise for competitive bids for a Two-Year Maintenance Dredging Program, Construction Contract No. 2842

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 21-44

EXECUTIVE SUMMARY

Port staff requests the Port Commission's authorization to advertise for competitive bids for a Two-Year Maintenance Dredging Program, Contract No. 2842 ("Contract"). The contract will provide necessary routine dredging maintenance activities at various sites along the San Francisco waterfront starting in 2022 through 2023. The previous five-year maintenance dredging contract ended in 2020. Following contract advertisement, outreach, and evaluation of bids, Port staff intends to request that the Port Commission authorize award of the contract to the lowest responsive, responsible bidder in a not to exceed contract amount of \$10,000,000.

STRATEGIC PLAN OBJECTIVES

This contracting opportunity supports the goals of the Port's Strategic Plan as follows:

Productivity - Attract and retain tenants that build an economically viable Port. Promoting maritime commerce has been a long-standing objective of the Port to contribute to the economic vitality and long-term vitality of the Port and the City. While some of the Port's berths are naturally deep, many of the Port's berths require periodic dredging to support this objective.

Stability - Maintain the Port's financial strength by maximizing the value of Port property and increasing revenue.

BACKGROUND

The previous Five-Year Maintenance Dredging Contract No. 2776 expired on December 31, 2020. The Port Commission in 2016 authorized the award of Contract No. 2776 to Dutra Dredging Company (Port Commission Resolution No. 16-15) in the contract amount of \$25,875,000 with a 10 percent contingency amount for a not to exceed total contract value of \$28,462,500.

This new Contract No. 2842 will continue the Port's maintenance dredging program. During the term of the contract, the Port may perform maintenance dredging at several Port facilities including Pier 27, Pier 35, Pier 80, Pier 92, Islais Creek, Fisherman's Wharf, Piers 94/96, South Beach Harbor and other locations as needed along the San Francisco waterfront. The contract scope will include mobilization and demobilization, dredging, dredge material transportation in-water for in-Bay disposal, ocean disposal, and placement at beneficial reuse sites, and hydrographic surveying as set forth in the construction contract documents.

The Port's not to exceed total cost estimate for this new two-year contract is \$10,000,000 based on an anticipated dredging frequency per berth and estimated volumes to be dredged. Although the Port's Maintenance Dredging Contracts have typically had 5-year contract terms, the Port is recommending a shortened 2-year contract term for the next iteration of this contract to align the Port's dredging contracts with the Port's Racial Equity Action Plan (REAP). The REAP serves as the blueprint for advancing equity in all aspects of the Port organization. Phase 2 of the REAP will focus on external stakeholders, including outside contractors, and is expected to be complete by 2023. As discussed in more detail below, Port staff intends to use this solicitation to help prepare the dredging community for possible future implementation of non-cost selection criteria in order to provide opportunities for the Port to seek dredging contractors with equity and workforce practices that align with the community values of the Port.

The contract cost will be funded from Port capital funds for maintenance dredging as described in the "Funding" section of this report. Port staff intends to request bids on a unit price basis based on the Project Engineer's estimated quantities. The total bid price will determine the lowest bidder. Port staff intends to request that the Port Commission authorize award of the contract to the lowest responsive, responsible bidder following contract solicitation, outreach, and bid evaluation. Consistent with previous iterations of the contract, this contract will be awarded as a not to exceed amount and the Port will direct the contractor to dredge on an as-needed basis each fiscal year depending on Port operational needs, subject to available and appropriated funds. Individual dredge event Notices to Proceed will be issued by the Port's Chief Harbor Engineer to the contractor that include estimated dredging volumes per specific berth based on pre-dredge bathymetric surveys as set forth in the construction contract documents.

Although Port staff plans to award this contract to the lowest responsive, responsible bidder following contract solicitation, outreach, and bid evaluation, Port staff also intends to request supplemental information regarding certain non-cost factors to help the dredging community prepare to align with Phase 2 of the REAP which is expected to be complete in 2023. These factors, while immaterial to the award of this particular contract, will be included in the advertised bid package. Non-cost factors Port requests may include information regarding bidders' community benefit programs, workforce development practices, and education and mentoring programs as further discussed in the "LBE Opportunities" section of this report.

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 and RWQCB under the following permits:

- USACE Permit Order No. 2013-00333S (expires December 31, 2024).
- RWQCB Permit CIWQS Place No. 735444 (expires December 31, 2023).

Port staff are in the process of obtaining a new 10-year BCDC permit which expired in December 2020. The new BCDC permit is expected to be received in 2022.

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%).

Maintenance dredging is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, section 15304(g), minor alterations to land - maintenance dredging.

ADVERTISEMENT

The proposed solicitation will require bidders to possess a Class A General Contractor's License with at least three (3) years dredging experience of similar magnitude and scope as presented in the contract documents. Additionally, Port Staff will screen

bidders for a record of safe performance on construction projects as an element for responsiveness, in accordance with Section 6.1 of the Administrative Code, as amended in 2020. Bids will be advertised to reach contractors through the following methods:

- Port Website
- SF City Partner Website
- Direct targeted emails based on location and trade
- Chambers of Commerce and Merchant Associations
- Minority/Women Business Enterprise Agencies
- Direct phone calls to targeted individuals and businesses to promote joint ventures
- Contract Monitoring Division list of contractors
- SFPUC Contractor Assistance Center
- San Francisco Chronicle (or Examiner)

LBE OPPORTUNITIES

The Contract Monitoring Division (CMD), in consultation with the Port, has determined the city-wide 20% LBE participation requirement cannot be met for this contract because of the type of work to be performed. The scope of work for this contract is limited to dredging, hydrographic surveying, and in-water transportation of dredged sediment to disposal locations in-Bay, deep ocean, or to beneficial reuse sites (i.e., wetlands) and there are a limited number of experienced LBE subcontractors available to perform this work. Because maintenance dredging locations are routinely dredged and the sediment quality is generally known and not contaminated, landfill disposal and trucking for landfill disposal is not included in the scope of work for this contract. Port staff has obtained an LBE subcontracting goal waiver based on CMD's determination that there is a lack of available LBEs to perform the scopes of work required on this project (see Attachment A). An LBE subcontracting goal waiver was approved by CMD for the previous iteration of this contract.

Because it is the goal of the Port to maximize LBE participation in its contracting opportunities, and even though the 20% requirement cannot be met, the Port will evaluate, facilitate, encourage and monitor the utilization of LBE firms for subcontracting during the course of the contract. The successful bidder will be required to work with the Port to identify LBE firms available to perform subcontracting tasks to the extent possible throughout the course of the contract.

CMD will continue to monitor any amendments that meet or exceed 20% of the total value of this contract for LBE opportunities.

As stated above, Port staff recommends a two-year contract term for the next iteration of this contract to align this recurring Port contract with Phase 2 of the Port's REAP. Although Port staff intends to request that the Port Commission authorize award of this two-year contract to the lowest responsive, responsible bidder, Port staff also recommends non-scored factors be included in the advertised bid package for the first

time in the history of this contract. Bidders may be asked to provide supplemental information with their bid regarding their firm’s community benefit programs, workforce development activities, and education and mentoring programs. Although Port staff recommends this supplemental information not be scored for this iteration of the contract, Port staff may notify contractors that future iterations of the contract may include similar scored criteria. Again, the purpose of this non-cost selection criteria is to provide opportunities for the Port to seek dredging contractors with equity and workforce practices that align with the community values of the Port. This provides the Port an opportunity to expand its contract equity practices beyond the LBE program. By providing this notice and soliciting this information, the Port is providing the dredging community two years to explore, plan, and implement equity initiatives and programs that may factor into the award of future iterations of this contract.

FUNDING

The contract cost will be funded from Port capital funds for maintenance dredging allocated on a biennial basis, as approved by the Port Commission, Mayor and Board of Supervisors as part of the Port’s capital budget. The Port will direct the contractor to dredge on an as-needed basis each fiscal year depending on Port operational needs, subject to available and appropriated funds. This approach is consistent with previous iterations of this contract.

The contract duration is two calendar years which includes three fiscal year (FY) budgets, FY2021-22, FY2022-23, and FY2023-24. The current FY2021-22 maintenance dredging funding appropriation in the biennial capital budget is \$7 million. Capital budget planning is currently underway for the FY2022-23 and FY2023-24 Two-Year Future Capital Budget which will be brought to the Port Commission for approval. The FY2022-23 and FY2023-24 maintenance dredging funding amounts are currently listed as \$6.3 million and \$7 million, respectively, in the 10-year Capital Plan. Dredging at South Beach Harbor will be funded using the South Beach Harbor Capital Fund Account which has a current balance of \$5.3 million.

SCHEDULE

The anticipated schedule is shown below:

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Advertise for Bids	October 26, 2021
Advertisement	November 2021
Bid Opening	December 2021
Port Commission Approval to Award Contract	January 2022
Contract Notice to Proceed	February 2022
Contract Completion	December 2023

SUMMARY

The contract will help maintain navigable waterways at Port sites including Pier 27, Pier 35, Pier 80, Pier 92, Islais Creek, Fisherman's Wharf, Pier 94/96, South Beach Harbor and other locations as needed along the San Francisco waterfront by providing necessary maintenance dredging to support the Port's maritime business.

RECOMMENDATION

Port staff requests the Port Commission's authorization to advertise for and accept competitive bids for construction Contract No. 2842 Two-Year Maintenance Dredging Contract. Following contract advertisement, outreach, and evaluation of bids, Port staff intends to request that the Port Commission authorize award of the contract to the lowest responsive, responsible bidder.

Prepared by: Ken Chu, Project Engineer
Engineering Division

and

Shannon Alford, Environmental Planner
Planning & Environment Division

For: Rod Iwashita, Chief Harbor Engineer and Deputy Director
Engineering Division

and

Andre Coleman, Deputy Director
Maritime Division

Attachment

A: CMD Waiver Contract No. 2842

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

RESOLUTION NO. 21-44

- WHEREAS, Port staff seeks authorization to solicit competitive bids for construction Contract No. 2842, Two-Year Maintenance Dredging Program (the “Contract”); and
- WHEREAS, The solicitation will seek a qualified contractor to perform necessary maintenance dredging to provide navigable berths to support the Port’s maritime business; and
- WHEREAS, The contract scope will including dredging at various Port locations, as needed depending on operational needs and sediment accumulation, including Pier 27, Pier 35, Pier 80, Pier 92, Islais Creek, Fisherman’s Wharf, Piers 94/96, South Beach Harbor and other locations as needed along the San Francisco waterfront starting in 2022 through December 2023; and
- WHEREAS, The contract cost will be funded from Port capital funds for maintenance dredging allocated on an annual basis; 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 placement of dredged materials at beneficial reuse sites, as developed by the Dredged Material Management Office (DMMO), a joint program of the San Francisco Bay Conservation and Development Commission, San Francisco Regional Water Quality Control Board, California State Lands Commission, U.S. Army Corps of Engineers, and Region 9 of the U.S. Environmental Protection Agency; and
- WHEREAS, The City’s Contract Monitoring Division (CMD) staff have reviewed the scope 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 mandatory LBE requirement, however, Port staff will evaluate LBE subcontractor participation opportunities and encourage utilization of LBE firms for subcontracting throughout the course of the contract; now; therefore be it
- RESOLVED, That the Port Commission authorizes Port staff to advertise for and accept competitive bids for Contract No. 2842, Two-Year Maintenance Dredging Contract and directs Port staff and the successful bidder to evaluate LBE subcontractor participation opportunities and encourage

the utilization of LBE firms for subcontracting opportunities throughout the course of the contract.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 26, 2021.

Secretary