

## MEMORANDUM

May 3, 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 award Construction Contract No. 2786, Pier 94 Backlands Improvement Project to Hoseley Corporation in the amount of \$6,969,003 and authorize a contract contingency fund of 10% for a total authorization of \$7,665,903

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

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### **Executive Summary**

Port staff requests the Port Commission's authorization to award Contract No. 2786, Pier 94 Backlands Improvement Project ("Project") to Hoseley Corporation ("Hoseley"), the lowest responsible, responsive bidder, in the amount of \$6,969,003 and authorize a contract contingency fund of 10% (\$696,900) for a total authorization of \$7,665,903.

The Project scope includes grading the site, construction of an access road, storm water management system, perimeter landscaping, street lighting, and capping the regulated landfill area at the northeast corner of the site. The Project improvements will turn the vacant land at the Backlands into approximately 16 acres of leasable property. This investment has been contemplated since 2010 and reflects an important improvement to Southern Waterfront property and to the earning potential of these lands. The improvements will prepare the site for leasing opportunities such as construction laydown, vehicle parking and other industrial support uses (See Exhibit "A", Area of Work Location Map).

### **Strategic Objectives**

This Project supports the Port's Strategic Plan objectives as follows:

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

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- Sustainability: The Project will include best practices for construction.
- Economic Vitality: The Project will provide to the Port approximately 16 acres of leasable property in the Pier 94 Backlands.
- Stability: The Project improvements will give the Port the opportunity to lease the area to viable, long-term tenants.

## **Background**

On February 13, 2018, the Port Commission authorized staff to advertise for bids of Construction Contract No. 2786, Pier 94 Backlands Improvement Project (Port Commission Resolution 18-14). Port staff published the advertisement for bids on March 18, 2018, conducted an optional pre-bid meeting on March 29, 2018, and opened bids on April 17, 2018. The Port received four bids (See Exhibit “B”, Bid Tabulation).

The Project was advertised with a base bid scope, as described in Executive Summary above. The engineer’s estimate for the base bid was \$7,000,000. The bid solicitation included one alternate item, which allows for an alternative storm drain pipe construction method, when the same pipe construction, as per details included in the base bid, would be difficult to perform.

Hoseley submitted the lowest bid, with a base bid price of \$6,712,203 and alternate bid price of \$256,800 for an alternative storm drain pipe construction. Staff reviewed and determined that the bid is responsive, and the contractor and its listed subcontractors are responsible contractors that meet the minimum qualifications.

Among all bidders, the prices of the base bids ranged from \$6,712,203 to \$7,864,280. The Port did not receive any bid protests following the bid opening.

## **Project Description**

The Project site is the Pier 94 Backlands area which was created during the 1960s and 1970s by constructing a perimeter debris dike and placing fill on the inboard side of the dike. The fill consists primarily of dredge spoils and clean construction debris. The Project site is in the Southern Waterfront and is located near Amador Street and Cargo Way in San Francisco, California, as shown on the Area of Work Location Map (Exhibit A).

Project improvement plans include grading and placement of existing recycled rock and soil stockpiles and clean fill to establish final project grades, construction of an asphalt-paved access road, repairs and replacement of stormwater drainage infrastructure, and perimeter landscaping and lighting. In addition, a 7.6-acre portion of the Project site is comprised of a former class III regulated landfill area. As required by the Regional Water Quality Control Board, Project plans also include placement of an engineered cap on this 7.6-acre area of the site to address potential water quality impacts associated with future site development and uses.

The Project improvements will turn this vacant Backlands area into approximately 16 acres of future leasable property, anticipated to include construction laydown and equipment staging, and other industrial support activities.

## **Regulatory Approvals and Permits**

Port staff secured a Categorical Exemption under the California Environmental Quality Act (CEQA), which was issued by the San Francisco Planning Department on October 12, 2017 (No. 2016-004338ENV).

Port staff has worked with the San Francisco Public Works design team to develop Project plans and specifications for an engineered cap to be placed on the landfill regulated area of the site, per the Water Board's approved proposed landfill cover design. As required under Regional Water Quality Control Board Order R2-2003-0055, the Project landfill cap design plans and specifications have been submitted to the Water Board for review and approval prior to construction.

In addition, the portion of the Project to repair and replace existing storm water outfall pipes that lead to an existing outfall at Islais Creek falls within San Francisco Bay Conservation and Development Commission Permit M1977.017, issued March 22, 2012 as Amended on September 2, 2016 (Amendment No. 19), and Regional Water Quality Control Board Order No. R2-2016-0039, Waste Discharge Requirements and Water Quality Certification for Port of San Francisco Maintenance Program issued September 14, 2016.

## **Climate Action**

Sea Level Rise is not expected to impact the Project area during the 30-year design life of the 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 ordinance establishes **10%** bid discounts for Local Business Enterprise (LBE) prime contractors and empowers CMD to set LBE subcontractor participation requirements based upon availability of LBE firms to complete the type of work included in the contract. CMD staff reviewed the Project scope and funding sources for this contract and determined a 20% LBE subcontractor participation requirement based on the Project scope of work.

On April 27, 2018, CMD staff determined that Hoseley's bid satisfied the LBE subcontracting requirement and is eligible for the award of the contract (Exhibit "C"). Hoseley's bid exceeds the 20% LBE subcontracting goal with 28.34% participation for this contract. In addition, Hoseley is a certified LBE prime contractor who will self-perform approximately 61% of the contract work, resulting in nearly 89% of the work performed by certified LBE firms. Hoseley is an OBE-LBE (not minority or women owned).

The Table below describes the LBE subcontractors.

Firm	Type of Work	% of Contract Work*	Amount of Contract Work	LBE Type	MBE Ethnicity
Fontenoy Engineering	Wet Utilities	17.25%	1,162,900	OBE	
R&S Construction	Apron Concrete Channel	2.27%	152,500	MBE	Latino
Esquivel Paving & Grading	Paving	4.40%	294,686	MBE	Latino
Team North	Truck & Street Sweeper Service	4.42%	296,870	WBE	
Total		28.34%	1,906,956		

\*% of contract is based on CMD's calculation of the credited amount.

### **Funding**

Hoseley's total bid price, and a proposed 10% contract contingency is fully funded by Port Capital account, CPO-923-01, Backlands Project.

Project Scope	Amount
Base Bid	\$6,712,203
Alternate Bid	\$256,800
Total Bid Price	\$6,969,003
10% Construction Contingency	\$696,900
Total Cost with Contingency	\$7,665,903

The total estimated construction cost with contingency, the expended soft cost, the estimated soft cost during construction, and funding source for this Project are noted below:

Project Scope	Fund Allocated	Funding Source
Piers 94 Backlands Improvement Construction Cost	\$7,665,903	CPO-923-01
Soft cost expended including planning, site investigation, design, permitting etc.	\$657,302	CPO-923-01
Estimate soft cost for laboratory testing, environmental monitoring, and other services during construction	\$170,000	CPO-923-01
Total	\$8,493,205	

The Project is fully funded from CPO-923-01, and total budget is \$8,500,000.

## **Schedule**

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

Port Commission Authorization to Award	May 8, 2018
Notice to Proceed	June, 2018
Substantial Completion	November, 2018
Final Completion	December, 2018

## **Summary**

The Project improvements will turn the vacant land in the Backlands into approximately 16 acres of leasable property. Improvements will prepare the site for future leasing opportunities such as construction laydown, vehicle parking and other industrial support uses. This investment has been contemplated since 2010 and reflects an important improvement to Southern Waterfront property and to the earning potential of these lands. Additionally, this is a good project for LBE participation and the winning bidder proposes just under 89% of the work be performed by LBEs.

## **Recommendation**

Port staff recommends that the Port Commission authorize the award of Construction Contract No. 2786, Pier 94 Backlands Improvement Project to Hoseley Corporation, the lowest responsive, responsible bidder in the amount of \$6,969,003. Port staff also recommends that the Port Commission authorize staff to increase the contract amount if needed for unanticipated contingencies by an additional \$696,900 (10% of the proposed contract amount), to a total not-to-exceed amount of \$7,665,903. Port staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu  
Project Engineer

For: Rod Iwashita  
Chief Harbor Engineer

## **Attachments**

A: Area of Work Location Map

B: Bid Tabulation

C: CMD Review Memorandum

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

**RESOLUTION NO. 18-29**

- WHEREAS, On February 13, 2018, the Port Commission adopted Resolution No. 18-14, authorizing staff to solicit bids for Construction Contract No. 2786, Pier 94 Backlands Improvement Project (the “Project”); and
- WHEREAS, the construction Project scope of work will provide improvements to turn the vacant land at the Pier 94 Backlands into approximately 16 acres of leasable property; 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 October 12, 2017 (No. 2016-004338ENV); and
- WHEREAS, the Project scope includes installation of an engineered cap on the landfill regulated area of the site pursuant to the requirements of Regional Water Quality Control Board Order R2-2003-0055; 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 and Board Order R2-2016-0039 issued by the San Francisco Regional Water Quality Control Board; and
- WHEREAS, Port staff received four bids for the Project on April 17, 2018; and
- WHEREAS, Port Engineering staff and Contract Monitoring Division staff reviewed the bids and determined that Hoseley Corporation, (“Hoseley”) is the lowest responsive, responsible bidder for the Project; and
- WHEREAS, Hoseley’s total bid price for the Project is \$6,969,003 and a recommended 10% contract contingency fund of \$696,900, are fully funded with the Port’s Backlands Project fund; and
- WHEREAS, Hoseley’s bid satisfies the LBE subcontracting participation requirement of 20% established by the Contract Monitoring Division; now, therefore, be it
- RESOLVED, that the Port Commission hereby authorizes the award of Construction Contract No. 2786, Pier 94 Backlands Improvement Project, to Hoseley Corporation, the lowest responsive and responsible bidder, for the not-to-exceed amount of \$6,969,003; 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 \$696,900 (10% of \$6,969,003) 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 May 8, 2018.***

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Secretary

