



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JULY 29, 2014

FROM: ENVIRONMENTAL MANAGEMENT

SUBJECT: RESOLUTION NO. _____ - APPROVAL FOR AWARD OF CONTRACT NO. 39679 TO B&D CONSTRUCTION COMPANY, INC., FOR PHASE I REMEDIATION OF CONTAMINATED SOIL AT THE FORMER SOUTHWEST MARINE PROPERTY, BERTH 240

SUMMARY:

The Environmental Management Division (EMD) requests approval of Contract No. 39679 with B&D Construction Company, Inc. (B&D Construction) in the amount of \$2,291,854 for the removal and off-site disposal of 13,805 tons of excavated non-hazardous and non-Resource Conservation and Recovery Act (non-RCRA) hazardous contaminated soil from the former Southwest Marine (SWM) Site (Berth 240). B&D Construction's bid was the lowest and most responsive and responsible for the required work. The contract term is for a duration of six months (180 days) with no contingencies added.

Remediation of the SWM Site is required to comply with Remedial Action Order No. 08/09-056 (Order) from the Department of Toxic Substances Control (DTSC). A Remedial Action Plan (RAP) for the entire site will be submitted in July 2014 to DTSC. A Removal Action Workplan (RAW) was prepared prior to the RAP for remediation of a portion of the SWM Site (Phase I), in the event that the relocation of the Jankovich Company facility from the San Pedro Waterfront to the SWM property is needed. The RAW was approved by the DTSC on August 13, 2013. This Board Action addresses approval of contract award for remediation of only the Phase I work. Soil excavation, stockpiling, confirmation sampling, and disposal of RCRA-hazardous waste activities for the Phase I work will be conducted by one of EMD's As-Needed Environmental Assessment and Site Restoration Services consultants, the Source Group, Inc. (SGI). The cost for this work is estimated at \$1,299,632 and will be accomplished under a Project Directive and approved by the Executive Director. It is proposed that the loading and removal/disposal of the stockpiled soil will be conducted by B&D Construction in the amount of \$2,291,854. The total cost of the Phase I work (including excavation, required sampling, and soil removal/disposal) is \$3,591,486.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve Contract No. 39679 with B&D Construction Company, Inc. for a total not-to-exceed amount of \$2,291,854 and a contractual term of six months;
2. Authorize the Executive Director to execute and Board Secretary to attest to said Project Directive and Contract, for and on behalf of the Board; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The SWM Site at Berth 240 is currently subject to an Order from the DTSC. The Order directs both the City of Los Angeles Harbor Department (Harbor Department) and BAE Systems San Diego Ship Repair, Inc. (BAE) to remediate soil and groundwater contaminated with polychlorinated biphenyls (PCBs), metals, hydrocarbons, and volatile organic compounds at the SWM Site. The landside soil remediation work will be divided into two phases. With the approval of the proposed contract, the Phase I remediation for the landside soils at the SWM Site can begin in September 2014.

The Phase I work (this contract award) will comprise remediation of soils in the western portion of Parcel 2 and the southern portion of Parcel 3a. The Phase II remediation will comprise the remaining portions of Parcel 3a and all of Parcel 3b with the work anticipated to begin sometime next year. Staff will prepare another request in the future for approval of the Phase II work. As required for the Phase I remediation work, a RAW was submitted to DTSC for their approval. Pursuant to the requirements of the California Environmental Quality Act (CEQA), DTSC prepared an Initial Study (IS) and Negative Declaration (ND). No written or verbal comments were received on the proposed RAW during the CEQA public review period. As such, the RAW was approved and the ND was adopted by DTSC on August 12, 2013. Subsequently, the United States Environmental Protection Agency (U.S. EPA) has determined that any soils at the SWM Site containing PCB concentrations less than 50 parts per million (ppm) will also require special handling and disposal under the Toxic Substances Control Act (TSCA) regulatory requirements. As such, following review of all bids, staff is recommending entering into a contract with B&D Construction, who was the lowest, responsive, and responsible bidder meeting the required specifications for dealing with TSCA-designated wastes as required by U.S. EPA.

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Under the oversight of the DTSC and U.S. EPA, the excavation, stockpiling, and waste characterization of the PCB-contaminated soils for the Phase I remediation work will be conducted by EMD's lead As-Needed Environmental Assessment and Site Restoration Services consultant for the Site, SGI, for a not-to-exceed cost of \$1,299,632. Approximately 13,805 tons of contaminated soil will be excavated and temporarily stockpiled on the SWM Site by SGI, with subsequent removal and disposal by B&D Construction. In addition, approximately 20 tons of PCB-contaminated soil classified as hazardous waste will be directly loaded by SGI and transported to an off-site hazardous waste disposal facility.

Selection Process – The Harbor Department's Contracts and Purchasing Division released and posted the Request for Bid F-836 "Soil Hauling and Disposal from former Southwest Marine Facility" on August 21, 2013, to solicit bids for the removal and disposal of contaminated soil from Berth 240. A mandatory pre-bid meeting and job-walk was conducted on August 28, 2013, to discuss the project and submittal requirements. Three addenda were issued to 1) respond to inquiries from the pre-bid meeting, 2) add the "Local Business Preference Program" language, and 3) include costs for handling soils contaminated with PCBs of less than 50 ppm as a TSCA waste, as required by the U.S. EPA. The addenda were issued on September 4, 2013, September 10, 2013, and September 11, 2013, respectively; and the bid submittal deadline was extended. Twelve bids were received and publicly opened on Tuesday, September 17, 2013. The Bid Recap (Transmittal 1) lists the companies that submitted bids and their respective bid amounts. Note that the Bid Recap identifies the final costs for each bidder after adjustments were made by the Harbor Department's Contracts and Purchasing Division, to account for cash discounts, local business preferences, etc. Staff recommends entering into a contract with B&D Construction (Transmittal 2), the lowest, responsive and responsible bidder meeting specifications. B&D Construction has formally agreed to honor their bid pricing, pending award.

ENVIRONMENTAL ASSESSMENT:

The proposed action is award of a contract to B&D Construction for the Phase I remediation of the former SWM property at Berth 240. Remediation of the property was previously assessed as part of the San Pedro Waterfront Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR) which was certified by the Board in September 2009. Additionally, the DTSC completed and approved a ND for the remediation in August 2013. Therefore, as an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of CEQA, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

In compliance with Governmental Accounting Standards Board (GASB) Statement No. 49, the Board recognized the remediation work on the former Southwest Marine property as a liability on the Harbor Department's financial statements on June 6, 2013. The total liability, to date, is estimated at \$6.0 million for remediation of PCB-contaminated soils in Parcel 1, Parcel 2, Parcels 3 a and b (i.e., Phases I, and II remediation work). The full \$6.0 million has been recorded as an expense with \$5.0 million recognized in Fiscal Year 12/13 and an additional \$1.0 million recognized in Fiscal Year 13/14.

The \$6.0 million liability estimate does not include remediation of subsea sediments, groundwater, or soils at the SoCal Ship Services leasehold, located in the northernmost portion of the SWM Site. The reason for exclusion of these environmental media is the uncertainty as to the nature of the remedial efforts that will be required. Future costs will be recognized in the Harbor Department's financial statements as they become known.

The proposed Phase I excavation, soil hauling, and disposal remediation work is anticipated to cost \$3.6 million. Approximately \$1.3 million for soil excavation, disposal, and confirmation sampling will be conducted by SGI and \$2.3 million for contaminated soil handling and disposal will be conducted by B&D Construction. After completion of the Phase I remediation work, the EMD estimates that approximately \$2.4 million of remediation liability will remain (\$6.0 million minus \$3.6 million) until completion of the Phase II work. The schedule for the Phase II remediation work is dependent on DTSC's approval of the Remedial Action Plan (RAP) for the Site and other technical documents. To date, \$340,237 has been expended.

To undertake the remediation, \$5.0 million is available in Account No. 21995 (Short Term Liability), Center No. 7000, Program No. 000, and \$1.0 million is available in Account 25995 (Long Term Liability), Center 7000, Program 000. The funds under the proposed remediation work (\$3.6 million) will be expended in Fiscal Year 14/15 and reflected as a reduction against the Harbor Department's liability in future financial statements.

ECONOMIC IMPACT:

Spending under the proposed remediation work will temporarily support 17 direct and 13 secondary jobs for the five-county region.

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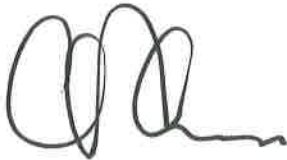
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CITY ATTORNEY:

The Contract with B&D Construction has been approved as to form and legality. BAE Systems San Diego Ship Repair, Inc., the successor of Southwest Marine, Inc., is contesting liability for this environmental remediation. The City of Los Angeles has asserted a claim for reimbursement, among other claims, in an action pending in the U.S. District Court (City of Los Angeles v. BAE Systems San Diego Ship Repair, Case No. 13-cv-8810- CBM (AGRx)).

TRANSMITTALS:

1. Bid Recap
2. Contract No. 39679 with B&D Construction Company, Inc.



CHRISTOPHER CANNON
Director of Environmental Management

FIS Approval:  (initials)

CA Approval:  (initials)



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

AUTHOR: CHRIS FOLEY
BOARD MEETING: 08/07/2014

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