



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 10, 2012

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ -
AWARD OF CONSTRUCTION CONTRACT
CONTRACTOR: REYES CONSTRUCTION, INC.
BERTH 100 WHARF SOUTH EXTENSION AND
BACKLAND DEVELOPMENT
SPECIFICATION NO. 2626**

SUMMARY:

The Berth 100 Wharf South Extension and Backland Development project will provide approximately 375 feet of additional berthing facility and an additional 18 acres of adjacent backland at the China Shipping terminal. The lowest responsive and responsible bidder is Reyes Construction, Inc. located in Pomona, CA 91766. The contract amount including a 5% contingency is for a total of \$33,719,186. The contract time is 480 calendar days.

RECOMMENDATION:

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

1. Find that in accordance with the City Charter Section 1022, work under the subject contract can be performed more feasibly by an independent contractor rather than by City employees;
2. Authorize the Executive Director to execute and the Board Secretary to attest to this contract for and on behalf of the Board;
3. Award the above mentioned contract for Item Nos. 1 through 62 of the proposal schedule to Reyes Construction, Inc in the amount of \$32,113,510; that a 5% contingency, not included in the original contract amount be applied for a total authorization of \$33,719,186; and authorize payment from the City of Los Angeles Harbor Department Construction Account. The contract time for performance of the work will be 480 calendar days from the Notice to Proceed;
4. In accordance with City Charter 655 (g), delegate and authorize the Executive Director to adjust final bid quantities and accept the construction contract upon its completion; and

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5. Adopt Resolution No. _____.

DISCUSSION:

Previous Board Actions – The Board certified the Berths 97-109 (China Shipping) Container Terminal Project Environmental Impact Statement/Environmental Impact Report (EIS/EIR) on December 18, 2008. The Board also approved a level III Coastal Development Permit for this contract on April 16, 2009, authorizing the Berth 100 South Wharf and Backland Development project to move forward.

Project Description – This project consists of construction of a reinforced concrete container wharf and backland. The work includes construction of a rock dike, an engineered fill, installation of wick drains, and a surcharge. The work also includes demolition, driving approximately 200 precast concrete piles, wharf deck, fenders, crane rails, utilities, electrical system, Alternative Maritime Power (AMP) system, water system, transtainer runways, grading, asphaltic and Portland cement concrete paving, striping, signage, and fencing (Transmittal 3).

Construction Award Process – City of Los Angeles Charter Section 371, Subdivision A – Competitive Bidding sets forth the procedure staff followed to award this contract. For construction contracts such as this one, the City of Los Angeles Harbor Department (Harbor Department) publishes the Notice Inviting Bids in daily newspapers and trade publications circulated in the City of Los Angeles, as well as on the Port of Los Angeles website. The Harbor Department conducts a pre-bid conference and a job walk to familiarize the prospective bidders with the jobsite and to answer questions related to the construction contract.

Following submittal to the Harbor Department, the bids are publicly opened and the apparent lowest bidder is declared. Bid documents, Small Business Enterprise (SBE) and Very Small Business Enterprise (VSBE) participation, and other required documents are reviewed for compliance with Harbor Department requirements. Once all information is verified and if the lowest bidder is deemed responsive, recommendation for award of the construction contract is made. If the apparent lowest bidder is found non-responsive, the next lowest bidder is reviewed.

The Notice Inviting Bids concerning Specification No. 2626 was advertised on February 22, 2012, on the Port of Los Angeles website, and in the Dodge Construction News "Green Sheet", LA Sentinel, Hoy, Southside Journal, and Metropolitan News Company.

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As authorized by the Executive Director on June 9, 2011, the Chief Harbor Engineer received 5 bids for the subject contract on April 19, 2012. The Analysis of Bids (Transmittal 1) lists the companies that submitted bids and their respective bid amounts. The bids received were opened and Reyes Construction, Inc. was declared the apparent lowest bidder at the time of the bid opening.

Construction staff has verified Reyes Construction, Inc.'s state license and project references. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that Reyes Construction, Inc. has executed and filed an Affirmative Action Plan with their bid. A notification letter has been sent to the City Office of Contract Compliance as required in the ordinance. As such, Reyes Construction, Inc.'s bid has been found responsive. A 5% contingency totaling \$1,605,676 is recommended based on a qualitative review of project specific risks due to potential unforeseen conditions that may arise during demolition, utility conflicts, and design and scope changes to accommodate field conditions and/or tenant's needs.

Reyes Construction, Inc. has provided the required documents regarding SBE and VSBE participation. Their SBE subcontracting participation level is 25.68%, and their VSBE subcontracting participation level is 17.31% (Transmittal 2). The Harbor Department had set a minimum participation level of 19% for SBE, and 5% for VSBE for this project.

This contract is consistent with State of California Prevailing Wage provisions. This project is subject to the terms of Project Labor Agreement No. 11-2955 as approved by the Board on March 17, 2011 and the Los Angeles City Council on May 11, 2011.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an award of contract for construction of the Berth 100 Wharf South Extension and Backland Development project, which was included as part of the China Shipping EIR/EIS. As an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the California Environmental Quality Act (CEQA) guidelines, 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:

Approval of the proposed construction contract authorizes a total of \$33,719,186 (inclusive of \$1,605,676 contingency amount) through Fiscal Year 2013/2014. Funds for these improvements in the amount of \$23,009,000 have been requested to be budgeted in the Fiscal Year 2012/2013 Capital Budget, Account No. 54510, Center No. 1042.

Funds are expected to be expended as follows over the next two fiscal years:

Fiscal Year 2012/2013	\$23,009,000
<u>Fiscal Year 2013/2014</u>	<u>\$10,710,186</u>
Total	\$33,719,186

Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. The baseline construction budget for this project was approved by the Board on April 19, 2012 and is \$41,500,000. The overall China Shipping Terminal cost is \$211,856,753 of which \$171,076,753 has been expended and authorized for expenditure to date inclusive of this project. It is anticipated that all the China Shipping Projects will be completed by early 2015.

Through Fiscal Year 2013/2014, based on current assumptions of operating revenues, expenses, capital expenditures (including this proposed contract award), it is expected that the Harbor Department will continue to operate within the parameters of its Financial Policies.

Although Reyes Construction, Inc. (Contractor) is not obligated to perform any work under the contract in any fiscal year in which no appropriation for the contract has been made, the Contractor agrees to resume performance of the work required by the contract on the same terms and conditions for a period of 60 days after the end of the fiscal year if an appropriation is approved within that 60-day period. The Contractor is responsible for maintaining all insurance and bonds during this 60-day period. The time for performance shall be extended during this period until the appropriation is made; however, such extension of time is not compensable.

If, in any subsequent fiscal year, funds are not appropriated for work required by the contract, the contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligation previously incurred.

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ECONOMIC BENEFITS:

It is estimated that this construction spending will create the equivalent of 272 direct and 176 secondary (indirect and induced) one-year full-time equivalent jobs within the five-county region.

CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2626 as to form and legality on February 21, 2012.

TRANSMITTALS:

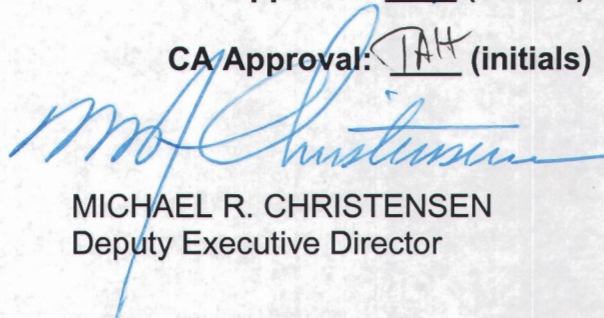
1. Analysis of Bids
2. Contractor and Subcontractor List
3. Aerial Site Map and Project Site Map

FIS Approval: WR (initials)

CA Approval: TAH (initials)

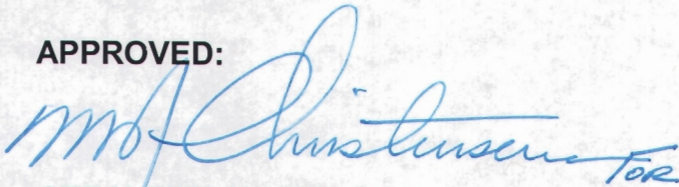


SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

2626B01
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