



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: FEBRUARY 9, 2011

FROM: CONSTRUCTION DIVISION

**SUBJECT: RESOLUTION NO. ____ - PROPOSED RESOLUTION FOR
PREQUALIFICATION OF BIDDERS FOR FIBER OPTIC NETWORK –
HORIZONTAL DIRECTIONAL DRILL
SPECIFICATION NO. 2737**

SUMMARY:

Staff recommends that the installation of fiber optic network conduit by directional drilling across the Main Channel, Consolidated Channel, and Cerritos Channel under the Fiber Optic Network – Horizontal Directional Drill Project, City of Los Angeles Harbor Department (Harbor Department) Specification No. 2737 (Project), be performed by a prequalified contractor. Completion of this fiber optic conduit installation is critical to port security in order to create a secure and redundant pathway of communication in the event of an emergency or a failure in the existing wireless communication system.

Section 375 of the Los Angeles City Charter allows prequalification of bidders for construction contracts if the Board of Harbor Commissioners (Board) finds that utilization of such a process would benefit the City of Los Angeles (City).

This report identifies characteristics of the Project that require specialized expertise, equipment, personnel, and experience of the contractor and provides justification for utilizing the prequalification process to attain benefits for the City.

This \$6,000,000 Project is federally funded under the American Recovery and Reinvestment Act of 2009 (ARRA). This ARRA funding requires completion by August, 2012. Failure to meet this deadline will jeopardize this Project funding.

Prequalification of contractors will promote the safe, timely, and cost-effective delivery of this critical and technically-challenging Project. Timely delivery of this Project will not only provide the earliest possible implementation of the communication system security and redundancy critical to port security but will also insure that the essential ARRA grant funding is not jeopardized.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Adopt the Resolution for Prequalification of Bidders (Transmittal No. 1), finding that utilization of the bidder prequalification process for installation of the fiber optic conduit by directional drilling would benefit the City of Los Angeles pursuant to Section 375 of the Los Angeles City Charter and Section 10.18 of the Los Angeles City Administrative Code for the Fiber Optic Network – Horizontal Directional Drill project; and
2. Adopt Resolution No. _____.

DISCUSSION:

Background - The Fiber Optic Network - Horizontal Directional Drill Project (Project) will bore and install conduit bundles, using horizontal directional drilling methods, at three locations (Transmittal No. 4):

At the first location, a 24-inch inner diameter (I.D.) steel casing with an 18-inch outer-diameter (O.D.) high density polyethylene (HDPE) conduit bundle will be installed across the Main Channel. This directional drill is approximately 2,400 linear feet.

The second location, across the Cerritos Channel, consists of an encased 24-inch O.D. HDPE bundle from Pasha Terminal (Berth 206) to the intersection of Shore Drive and Anchorage Road (Berth 204). This directional drill is approximately 1,450 linear feet.

The third location, across the Consolidated Channel, consists of an encased 24-inch O.D. HDPE bundle at the north end of Shore Drive (Berth 201) to the WWL Terminal (Berth 199). This directional drill is approximately 1,200 linear feet.

The estimated constructed cost is \$6,000,000, and is ARRA grant funded. Construction is anticipated to begin in October 2011 and be completed by July 2012.

The project will be constructed in compliance with the Harbor Department's new Small Business Enterprise / Very Small Business Enterprise Program.

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Prequalification Process - City Charter Section 375 allows the prequalification of bidders if the process is clearly described and the contracting authority, the Board, makes a written finding that utilization of such process would benefit the City. The Fiber Optic Network – Horizontal Directional Drill Project has certain characteristics described below that staff believes justify the utilization of a prequalification process for this contract. To ensure the safe, timely, and cost effective completion of the project, contractors bidding on this project should have experience with horizontal directional drilling.

Prequalification criteria will also verify the financial ability to complete the work, bonding capability, safe work practices, and prior contracting performance with other governmental agencies. The specific criteria to be applied and the submittal requirements are identified in the draft prequalification package for the Fiber Optic Network - Horizontal Directional Drill – Specification No. 2737 (Transmittal Nos. 2 and 3).

Minor modifications to the prequalification requirements may be made during the advertising phase (before submittal of prequalification packages) to address questions received from contractors during this period. Any modifications will be issued by addendum to all potential bidders. In accordance with Section 10.18 of the Administrative Code, the prequalification criteria will include verification of relevant experience with similar specialized services, including experience with horizontal directional drilling and installation of fiber conduit and air blown fiber. Specific quantities used in the criteria were determined by considering the actual quantities required for the Project, and arriving at a reasonable lower quantity that has been successfully performed, demonstrating that the contractor or subcontractor is capable of achieving the actual required quantities at minimal-to-no risk to the Harbor Department. This adjusted criteria allows additional qualified contractors and subcontractors to be eligible to compete to perform on this Project.

Prequalification Justification – The Project has certain characteristics that the staff believes justify utilization of prequalification for this contract. Horizontal drilling is the method that is required and will be best performed by contractors with substantial prior experience in the construction methods, practices, and the procedures for the installation of conduit bundles, steel casings and pipelines. The contractors must accurately perform and complete work on time with minimal impact to the environment. Control of drill alignment and exit location must be accurate to avoid damage to existing facilities and substructures in the area.

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The directional drill string must exit thousands of feet from the drill site in an area less than two feet by two feet to avoid damaging existing utilities and pipelines where the exit is to occur. The new conduit bundle is then pulled through the drilled hole, thousands of feet from the exit point to the entrance point. The Contractor's experience and familiarity in performing horizontal directional drilling projects will insure that the level of accuracy desired is met or exceeded.

The horizontal directional drilling will require expertise in a marine environment in and around operating terminals, and an understanding that Port environment is unpredictable and busy. Excess pressure on the drilling fluids can cause a blowout of drilling fluid into Port waters. The resulting pollution can result in the Harbor Department being assessed fines and penalties by governing agencies. There is also a potential of sinkholes forming in backland areas due to excessive drilling fluids. Experienced horizontal directional drilling contractors will employ necessary measures to prevent blowouts and sinkholes.

The scheduled performance time established for the Project is sufficient for completion of the work by a qualified contractor with the necessary experience, but timely completion may be jeopardized if the work is undertaken by a contractor lacking the required experience in the specialized construction work. ARRA grant funding may also be jeopardized by a late completion. To qualify, bidders must have acquired satisfactory prior experience within the past ten years in the construction of similar projects as described in the attached Request for Prequalification of Bidders. Only those entities successfully meeting all the prequalification criteria (Transmittal No. 3) will be invited to submit bids for the work.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the bidder prequalification process for installation of the fiber optic conduit by directional drilling at the Main Channel, Consolidated Channel, and Cerritos Channel. The Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines for administrative actions and Article III Class 3(8) as an activity involving the construction of underground electric utility distribution system facilities such as cables, conduits, and vaults.

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FINANCIAL IMPACT:

Federal Funding – This project is federally funded under the ARRA. The Contractor will be required to comply with all requirements of sub grantees and/or contractors specified in the ARRA.

Costs and/or Revenue Impact: There are no financial impacts associated with prequalifying bidders. In a future Board action, staff will present to the Board the results of this prequalification along with the recommended bidder to construct the Project. It is contemplated that the development of this project will have an estimated construction cost of \$6 million with ongoing operating and maintenance costs of \$12,000 annually.

ECONOMIC BENEFITS:

This Board action will have no direct job impact for the five-county region.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Resolution for Prequalification of Bidders, Notice Inviting Contractors to Prequalify, and Prequalification Instructions and Information as to form and legality.

TRANSMITTALS:

1. Resolution for Prequalification of Bidders
2. Notice Inviting Contractors to Prequalify
3. Prequalification Instructions and Information
4. Aerial Site Map



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FIS Approval: MR (initials)


MICHAEL R. CHRISTENSEN
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APPROVED:



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