



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JUNE 23, 2011

FROM: CONSTRUCTION DIVISION

**SUBJECT: RESOLUTION NO. _____ - AWARD OF CONSTRUCTION CONTRACT
CONTRACTOR: ARB, INC.
FIBER OPTIC NETWORK – HORIZONTAL DIRECTIONAL DRILL
SPECIFICATION NO. 2737**

SUMMARY:

This contract will improve the security system along Port of Los Angeles waters in areas of San Pedro and Terminal Island by installing infrastructure by directional drilling across the Main Channel, Consolidated Channel, and Cerritos Channel. Completion of this 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. The lowest responsive and responsible bidder is ARB, Inc., located in Lake Forest, CA. The contract amount plus a 15% contingency is \$6,808,368, and the contract duration is 210 calendar days. This project is federally funded under the 2009 American Recovery and Reinvestment Act (ARRA) Port Security Grant Program up to \$6,000,000.

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 9 of the proposal schedule to ARB, Inc. in the amount of \$5,920,320; that a 15% contingency not included in the original contract amount be applied for a total authorization of \$6,808,368; and authorize payment from the City of Los Angeles Harbor Department Construction Account. The contract time for performance of the work will be 210 calendar days from the Notice to Proceed.

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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
5. Adopt Resolution No. _____.

DISCUSSION:

Previous Board Actions – On February 9, 2011, the Board approved Resolution No. 7077 for prequalification of contractors in accordance with Section 375 of the Los Angeles City Charter.

Background – The project consists of using the horizontal directional drill method to construct the following:

1. Install a new underground fiber optic conduit bundle consisting of a 24-inch outside diameter (O.D.) steel casing with seven 6-inch outside diameter high density polyethylene (HDPE) conduits from Ports O'Call (Berth 82) to Cannery Street and Seaside Avenue (Berths 235-236) on Terminal Island. The directional drill is approximately 2,400 feet long under the Main Channel;
2. Install a new underground fiber optic conduit bundle consisting of six 8-inch outside diameter HDPE conduits from the Wallenius Wilhelmsen Logistics Auto Terminal (Berth 199) to Wilmington Marina (Berth 235) on Terminal Island. The directional drill is approximately 1,200 feet long under the Consolidated Channel; and
3. Install a new underground fiber optic conduit bundle consisting of six 8-inch outside diameter HDPE conduits from Wilmington Marina to Pasha Terminal (Berth 206) on Terminal Island. The directional drill is approximately 1,400 feet long under the Cerritos Channel.

The above work includes installation of vaults, pull boxes and other appurtenant work for a complete installation.

This project has been approved to receive up to \$6,000,000 in federal funds under the 2009 American Recovery and Reinvestment Act (ARRA) Port Security Grant Program. These funds must be spent by August 2012.

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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 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 Program (SBEP) participation, and other required documents are reviewed for compliance with Harbor Department and Federal funding 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.

On February 9, 2011, the Board approved Resolution No. 7077 for prequalification of contractors. Major prequalification criteria included experience with horizontal directional drilling, financial ability to complete the work, and safe work practices.

The Notice of Inviting Contractors to Prequalify for Specification No. 2737 was advertised on February 28, 2011 on the Port of Los Angeles website, and in the Daily Breeze, Chinese Daily News, Dodge Construction news "Green Sheet", Hoy and Metropolitan News Company. The Notice of Inviting Contractors to Prequalify included prequalification criteria to be completed and submitted by the Contractor.

The Chief Harbor Engineer received six prequalification packages on March 10, 2011. The prequalification packages were then analyzed to determine if each bidder had met the prequalification criteria. On April 19, 2011, all six Contractors were deemed to be qualified to perform the scope of work for this project. The Prequalified Contractors are: ARB Inc., Mears Group, Inc., Gabe's Construction Co., Inc., Michels Corporation, Southeast Directional Drilling, Inc., and Henkels & McCoy/King Contracting Joint Venture.

The Notice Inviting Bids concerning Specification No. 2737 was advertised on May 26, 2011 on the Port of Los Angeles website, and in the Daily Breeze, Chinese Daily News, Dodge Construction News "Green Sheet", Hoy, and Metropolitan News Company.

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As authorized by the Executive Director on May 23, 2011, the Chief Harbor Engineer received 2 bids for the subject contract on June 20, 2011. The Analysis of Bids (Transmittal No. 1) lists the companies that submitted bids and their respective bid amounts. The bids received were opened, and ARB, Inc. was declared the apparent lowest bidder at the time of the bid opening.

Construction staff has verified ARB, Inc.'s state license and project references. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that ARB, 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, ARB, Inc.'s bid has been found responsive. A 15% contingency is recommended based on a qualitative review of project specific risks due to the complexity of horizontal directional drilling at three separate locations, including schedule constraints and potential unforeseen conditions that may arise during construction, utility conflicts, and design and scope changes to accommodate field conditions and/or tenant's needs, resulting in a total project authorization of \$6,808,368.

ARB, Inc. has provided the required documents regarding the SBEP. ARB, Inc. is not a Small Business Enterprise (SBE), but their two subcontractors combined to achieve a SBE participation level of 9.9% (Transmittal No. 2). The Harbor Department had set a minimum SBE participation level of 4% and no minimum VSBE participation level.

This contract is consistent with State of California Prevailing Wage provisions.

ENVIRONMENTAL ASSESSMENT:

The proposed action is an award of contract for the installation of the Fiber Optic Network – Horizontal Directional Drill project. 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.

FINANCIAL IMPACT:

Approval of the proposed construction contract would commit the Harbor Department to expending \$6,808,368 on the project discussed herein during FY 2011/2012. Of the contract amount, \$6,000,000 is grant reimbursable. As a reimbursement grant, the Harbor Department must first front fund the project costs before requesting grant

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reimbursement. Funds in the amount of \$3,719,000 for the 2011/2012 fiscal year have been budgeted in Capital Improvement Program Budget, Account No. 54510, Center No. 1179, and Program No. 640. Funding for the remaining \$3,089,368 will come from the Channel Deepening Program Budget. Although the Channel Deepening Program is budgeted in the amount of \$28,800,000, only the amount of \$25,000,000 will be paid to the Corps of Engineers. The proposed contract came in below the Engineer's construction cost estimate of \$7,170,550.

Since the project will only install three HDPE bundles, there will be no ongoing operating and maintenance costs associated with the project. Operation and maintenance of the Fiber Optic Network completed under this and other projects will be borne by the Harbor Department at an annual estimated cost of \$12,000.

Although ARB, Inc. 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.

ECONOMIC BENEFITS:

Spending under this contract will support approximately 47 direct plus 40 secondary (indirect and induced) one-year equivalent jobs in the five-county region.

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CITY ATTORNEY:

The Office of the City Attorney reviewed and approved Specification No. 2737 as to form and legality on May 25, 2011.

TRANSMITTALS:

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

FIS Approval: WR (initials)

CA Approval: MC (initials)

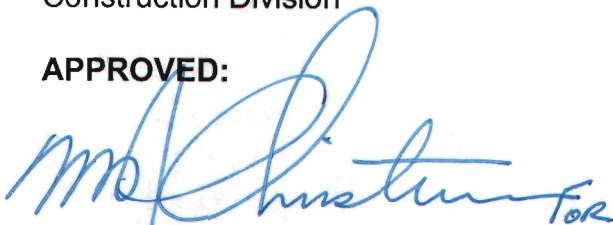


SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

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