



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 8, 2011

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ - AWARD OF CONSTRUCTION CONTRACT
CONTRACTOR: REYES CONSTRUCTION, INC.
LA WATERFRONT - DOWNTOWN HARBOR - WATER CUT
SPECIFICATION NO. 2722**

SUMMARY:

This contract is for the construction of the waterside portion of the Downtown Harbor Water Cut project, which is part of the LA Waterfront program. This work will demolish the existing Downtown Harbor parking lot, excavate, dredge, and provide sheet pile walls and soil stabilization in preparation for the future LA Waterfront - Downtown Harbor - Landside project. The lowest responsive and responsible bidder is Reyes Construction, Inc., located in Pomona, CA. The contract amount plus a 10% contingency is \$13,513,347, and the contract duration 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 27 of the proposal schedule to Reyes Construction, Inc. in the amount of \$12,284,861; that a 10% contingency not included in the original contract amount be applied for a total authorization of \$13,513,347; 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 Action - The Board certified the San Pedro Waterfront Environmental Impact Study/Environmental Impact Report (EIS/EIR), which includes the LA Waterfront - Downtown Harbor - Water Cut project, on September 29, 2009. The Board also approved a Level III Coastal Development permit for the San Pedro Waterfront Downtown Harbor project on August 18, 2011.

Background – The LA Waterfront - Downtown Harbor - Water Cut project consists of demolishing the existing surface improvements within the work area, removing or relocating existing utilities, installing a sheet pile wall system, soil stabilization behind the sheet pile wall, extending the existing Berth 85 tugboat wharf by 25 feet, demolishing approximately 200 linear feet of timber wharf, concrete pile cap construction, and soil excavation and dredging. Please see Transmittal 3 for an aerial site plan showing the limits of the project and a project rendering.

This work is part of the LA Waterfront Program and will accommodate construction of the LA Waterfront - Downtown Harbor - Landside project, which involves construction of a promenade, floating docks, and landscaping. This work will be performed under a separate construction contract at an estimated cost of \$25 million and will be performed after completion of this project.

This project will generate approximately 80,000 cubic yards of excavated and dredged material. This material will be transported and stockpiled for beneficial re-use as fill material for the upcoming Berth 200 Rail Project. The Berth 200 Rail Project is scheduled to start construction in early 2012. Using the Berth 200 site as a disposal area for the excavated and dredged material provides for a substantial cost savings on the Downtown Harbor Water Cut project. At this time, there are no other sites identified within the Port that could accept or utilize this material. Without a designated disposal site, the contractor would be required to take possession of the material and haul it off of Port property. By providing the Berth 200 site as a disposal area, it reduced the overall estimated project cost for the Downtown Harbor Water Cut project by as much as \$8 million. In addition, the stockpiled dredged and excavated fill material will eliminate the need to import fill material from off-site locations for the Berth 200 Rail Project.

This is a relatively large construction contract requiring specific experience and equipment to perform the work. This contract is also temporary in nature. As such, it is not feasible for the City to hire employees and purchase equipment to perform the work under this contract.

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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 (Port) 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 (SBE) 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 of Inviting Bids concerning Specification No. 2722 was advertised on July 28, 2011 on the Port of Los Angeles website, and in the Los Angeles Times, Rafu Shimpo, Dodge Construction News, Hoy, and Metropolitan News Company.

As authorized by the Executive Director on July 26, 2011, the Chief Harbor Engineer received four (4) bids for the subject contract on October 6, 2011. 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.

The Harbor Department had set a minimum SBE participation level of 12% and a minimum Very SBE (VSBE) participation level of 4%. Reyes Construction, Inc., has provided the required documents regarding their SBE participation and has included three SBE subcontractors combined to achieve a SBE participation level of 22.52%, and one VSBE subcontractor to achieve a VSBE participation level of 4.99% (Transmittal 2). This contract is consistent with State of California Prevailing Wage provisions.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is the awarding of a contract to Reyes Construction for construction of the Downtown Harbor Water Cut. Construction of the Downtown Harbor Water Cut was included as part of the San Pedro Waterfront EIR/EIS which was certified in 2009. 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 the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Funds for the Downtown Harbor Water Cut are available in Capital Budget Account No. 54510, Center No. 1183, Program No. 624. It is anticipated that the funds for this contract will be expended as follows:

Fiscal Year 2011/2012:	\$ 3,000,000
<u>Fiscal Year 2012/2013:</u>	<u>\$10,513,347</u>
Total	\$13,513,347

We have reviewed the overall cost of this project and evaluated project costs as part of our 10-year Capital Improvement Program. The cost of this project falls within our financial policy guidelines of debt service coverage factor.

Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. This work is part of the LA Waterfront Program and will accommodate construction of the upcoming LA Waterfront - Downtown Harbor – Landside project, which involves construction of a promenade, floating docks, and landscaping at an estimated construction cost of \$25 million.

Although Reyes Construction, 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.

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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 98 direct plus 82 secondary one-year equivalent jobs in the five-county region.

CITY ATTORNEY:

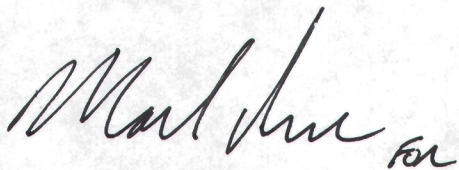
The Office of the City Attorney reviewed and approved Specification No. 2722 as to form and legality on June 23, 2011.

TRANSMITTALS:

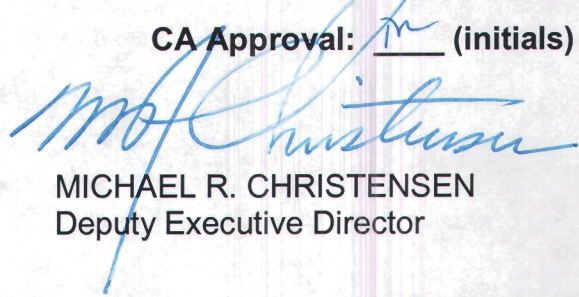
1. Analysis of Bids
2. Contractor and Subcontractor List
3. Location Key Map and Project Rendering

FIS Approval: Eg (initials)

CA Approval: MC (initials)

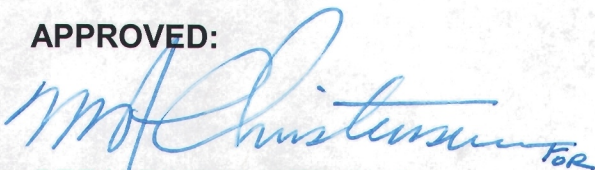


SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

2722B01
ADP NO. 040511-067

Author: Mahsa Hematabadi