



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 7, 2012

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ - AWARD OF
CONSTRUCTION CONTRACT
CONTRACTOR: CUPERTINO ELECTRIC, INC.
BERTHS 121-126 AND BERTHS 212-216 ALTERNATIVE MARITIME
POWER
SPECIFICATION NO. 2732**

SUMMARY:

This contract is for the construction of the Berths 121-126 and Berths 212-216 Alternative Maritime Power (AMP) project. This work will provide AMP vaults and outlets at Berths 121-126 (Yang Ming) and Berths 212-216 (Yusen Container Terminal). The lowest responsive and responsible bidder is Cupertino Electric, Inc., located in Santa Fe Springs, California. The contract amount plus a 5% contingency is \$31,290,000 and the contract duration is 450 calendar days. This project is state funded under the Proposition 1B, Goods Movement Emission Program up to \$10,000,000.

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 21 of the proposal schedule to Cupertino Electric, Inc. in the amount of \$29,800,000; that a 5% contingency not included in the original contract amount be applied for a total authorization of \$31,290,000; and authorize payment from the City of Los Angeles Harbor Department Construction Account. The contract time for performance of the work will be 450 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:

Background – The project consists of constructing alternative maritime power (AMP) systems at Berths 121-126 (Yang Ming), and upgrading the Berths 212-216 (Yusen Container Terminal) single AMP facility to a three-berth AMP facility. The AMP systems include the installation of electrical switchgear, underground and underwharf conduit, cables, and AMP outlets, including retrofitting work required to accommodate installation of the AMP systems. Please see Transmittal 3 for an aerial site plan showing the limits of the 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.

This project is state funded under the Proposition 1B, Goods Movement Emission Program up to \$10,000,000, provided by the Air Quality Management District (AQMD) and California Air Resources Board (CARB). Installations of the AMP systems are expected to result in significant emissions reduction throughout the Port of Los Angeles (Port). The project must be completed by December 31, 2013 due to funding deadline requirements.

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 (SBE) and Very Small Business Enterprise (VSBE) participation, and other required documents are reviewed for compliance with Harbor Department requirements. Once

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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. 2732 was advertised on June 5, 2012 on the Port of Los Angeles website, and in the Daily Breeze, La Opinion, Rafu Shimpo, Dodge Construction "Green Sheet", and Metropolitan News Company. As authorized by the Executive Director on May 23, 2012, the Chief Harbor Engineer received 6 bids for the subject contract on July 18, 2012. The Analysis of Bids (Transmittal 1) lists the companies that submitted bids and their respective bid amounts. The bids received were opened, and Cupertino Electric, Inc. was declared the apparent lowest bidder at the time of the bid opening.

Construction staff has verified Cupertino Electric, Inc.'s state license. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that Cupertino Electric, 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 VSBE participation level of 5%. Cupertino Electric, Inc. has provided the required documents regarding their SBE and VSBE participation, and has included nine SBE subcontractors/suppliers combined to achieve a SBE participation level of 17.40%, and two VSBE subcontractor/suppliers to achieve a VSBE participation level of 6.19% (Transmittal 2). 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 approval to award a contract to Cupertino Electric, Inc. for construction of an AMP system at Berths 121-126 and Berths 212-216. As an activity involving installation of equipment involving negligible or no expansion of use as required for health and environmental control and involving additions to underground electricity distribution system facilities the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III, Class 3(4) and 3(8) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Funds for fiscal year 2012/2013 in the amount of \$12,448,750 for the Berths 121-126 and Berths 212-216 AMP project have been included in the Capital Budget in Account No. 54510, Center No. 1186, Program No. 636.

It is anticipated that the funds for this contract will be expended as follows over the next two fiscal years:

Fiscal Year 2012/2013:	\$ 12,448,750
<u>Fiscal Year 2013/2014:</u>	<u>\$ 18,841,250</u>
Total	\$ 31,290,000

Total grant reimbursement under Proposition 1B is \$10,000,000, leaving a Harbor Department cost share amount of \$21,290,000.

Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. Operation and maintenance of Berths 121-126 and Berths 212-216 AMP completed under this project will be borne by the Harbor Department at an annual estimated cost of \$40,000. The baseline construction budget for this project was approved by the Board on April 11, 2012 and is \$19,000,000. However, this baseline budget does not include the cost of Department of Water and Power (DWP) Substations, which was originally contemplated to be constructed by DWP. The decision to have the DWP Substation be part of the Harbor Department work was recently made by DWP, which no longer provides a 6.6 kV Substation. DWP will provide a 34.5 kV service, and the Harbor Department is responsible for stepping it down to 6.6 kV. However, the advantage is a streamlined DWP design and faster delivery of the completed project. Therefore, the revised baseline budget for this project is \$31,290,000.

Through fiscal year 2014/2015, based on current assumptions of operating revenues, expenses, and capital expenditures (including this proposed AMP project), it is expected that the Harbor Department will continue to operate within its Financial Policies.

Although Cupertino Electric, 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;

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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 the proposed contract will support 237 direct and 200 secondary jobs for the five-county region.

CITY ATTORNEY:

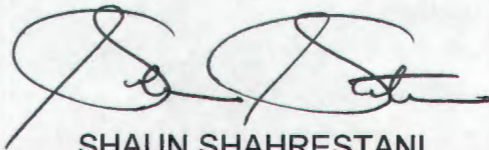
The Office of the City Attorney reviewed and approved Specification No. 2732 as to form and legality on May 1, 2012.

TRANSMITTALS:

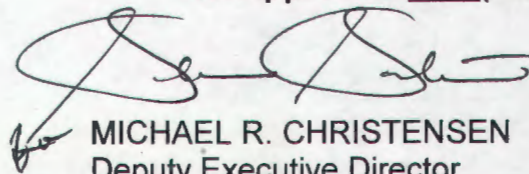
1. Analysis of Bids
2. Contractor and Subcontractor List
3. Location Key Map

FIS Approval: KR (initials)

CA Approval: CRS (initials)



SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.
Executive Director

2732B01
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ADP NO. 110310-032