



**DATE: JANUARY 14, 2014**

**FROM: ENVIRONMENTAL MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT NO. 39679 TO B&D CONSTRUCTION COMPANY, INC., FOR REMOVAL AND DISPOSAL OF CONTAMINATED SOIL FROM THE FORMER SOUTHWEST MARINE PROPERTY, BERTH 240**

**SUMMARY:**

The Environmental Management Division (EMD) requests approval of Contract No. 39679 with B&D Construction Company, Inc. (B&D Construction) of Upland, California, for the removal and off-site disposal of approximately 13,500 tons of contaminated soil from the former Southwest Marine property (SWM Site) at Berth 240. The contract amount is \$2,291,854, and the contract duration is six months (180 days). This is a fixed fee contract with no contingencies.

**RECOMMENDATION:**

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

1. Approve Contract No. 39679 with B&D Construction Company, Inc. for a total not-to-exceed amount of \$2,291,854 for a maximum term of six months;
2. Authorize the Executive Director to execute and Board Secretary to attest to said contract, for and on behalf of the Board;
3. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – SWM Site at Berth 240 is currently subject to Remedial Action Order No. 08/09-056 (Order) from the Department of Toxic Substances Control (DTSC). The Order directs the Harbor Department and BAE Systems San Diego Ship Repair,

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Inc. to remediate soil and groundwater contaminated with polychlorinated biphenyls (PCB), metals, hydrocarbons, and volatile organic compounds. To support the Ports O' Call redevelopment project, the Harbor Department's Real Estate Division requested that remediation in a portion of the SWM Site be expedited to allow for the relocation of the Jankovich Company (Jankovich) facility from the San Pedro Waterfront to a new proposed location at the SWM Site. Remediation of the impacted landside soils at the SWM Site (excluding the area beneath the SoCal Ship Services area located in the northernmost portion of the SWM Site) is currently on target to begin in early 2014.

The landside soil remediation work has been divided into two phases; Phase I comprises the Jankovich relocation area in the western portion of Parcel 2 and the southern portion of Parcel 3a. Phase II comprises the remaining portions of Parcels 3a and Parcel 2, and all of Parcel 1. EMD has been working with DTSC and the United States Environmental Protection Agency (U.S. EPA) for Phase I of soil remediation, to facilitate an expedited remedial schedule to support the Harbor Department's redevelopment efforts. A Removal Action Workplan (RAW) for the Phase I work was prepared and submitted to DTSC. DTSC, as lead agency for the removal action, prepared an Initial Study (IS) and Negative Declaration (ND) pursuant to the requirements of the California Environmental Quality Act (CEQA). DTSC did not receive any written or verbal comments on the proposed RAW during the CEQA public comment period. As such, the RAW was formally approved, and the ND was adopted by DTSC on August 12, 2013, thus allowing the work to commence. Subsequently, EMD has worked with the U.S. EPA to obtain approval to proceed with the removal of soils containing concentrations of PCB's. U.S. EPA has determined that any soils at the SWM Site containing PCB concentrations less than 50 parts per million (ppm), will require handling and disposal under the Toxic Substances Control Act (TSCA) regulatory requirements. As such, following review of all bids, staff is recommending entering into a contract with B&D Construction, who is the lowest, responsive and responsible bidder meeting the required specifications for TSCA wastes.

The excavation, stockpiling, and waste characterization of the contaminated soils will be conducted by the Source Group, one of EMD's As-Needed Environmental Assessment and Site Restoration Services subcontractors previously approved by the Board, under the oversight of the DTSC and U.S. EPA. The excavated soil will be temporarily stockpiled on the SWM Site, with subsequent removal and disposal by B&D Construction.

Selection Process - The Contracts and Purchasing Division released and posted the Request for Bid F-836 "Soil Hauling and Disposal from former Southwest Marine Facility" on August 21, 2013, to solicit bids for the removal and disposal of soil from Berth 240. A mandatory pre-bid meeting and job-walk was conducted on August 28,

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2013, to discuss the project and submittal requirements. Three addenda were issued to: 1) respond to inquiries from the pre-bid meeting, 2) add the "Local Business Preference Program" language, and 3) include costs for handling soils with PCB's less than 50 ppm as a TSCA waste, as required by the U.S. EPA. The addenda were issued on September 4, 2013, September 10, 2013, and September 11, 2013, respectively; and the bid submittal deadline was extended. Twelve bids were received and publicly opened on Tuesday, September 17, 2013. The Bid Recap (Transmittal 1) lists the companies that submitted bids and their respective bid amounts. Note that the Bid Recap identifies the final costs for each bidder after adjustments were made by the Harbor Department's Contracts and Purchasing Division, to account for cash discounts, local business preferences, etc. Staff recommends entering into a contract with B&D Construction (Transmittal 2), the lowest, responsive and responsible bidder meeting specifications.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a contract with B&D Construction for the removal of contaminated soil and off-site disposal services related to the remediation of a portion of the former SWM Site. The impacts of the removal action and disposal of contaminated soil were previously assessed in an IS/ND and approved by DTSC as the CEQA lead agency. Therefore, as an activity for which the underlying project had previously been evaluated for environmental significance and processed according to the requirements of CEQA, the Director of Environmental Management has determined that the proposed action to enter into a contract with B&D Construction to provide soil removal and disposal services is exempt from the requirements of CEQA under Article II, Section 2 (i) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Remediation work to be done at the SWM Site is currently estimated at \$5,000,000. The revised total does not include remediation costs for subsea sediments, groundwater, or soils at the SoCal Ship Services area due to the uncertainty as to the need and timing of such remedial efforts. However, such costs will be requested to be recognized by the Board in a future separate action as they become known.

The remediation work described above consists of Phases I and II (Transmittal 3). This Board action focuses on Phase I as the soil remediation contemplated is the first step in preparing Berth 240 for the relocation of Jankovich from the Ports O' Call Village site. Phase I cost, in relation to the total remediation cost, is summarized in the table below:

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Vendor Phase	Phase I (Parcels 2 & 3a)	Phase II (Parcels 1, 3a, & 3b)	Total
B&D Construction	\$2,291,854	\$0	\$2,291,854
The Source Group	\$1,000,000	\$0	\$1,000,000
To be Determined*	\$0	\$1,708,146	\$1,708,146
<b>Total</b>	<b>\$3,291,854</b>	<b>\$1,708,146</b>	<b>\$5,000,000</b>

\*As of yet identified service provider(s). Additional, unknown, remediation costs not included in table above.

Phase II remediation will be required at the SWM Site pending DTSC's future approval of relevant technical documents associated with the site. However, precisely when this additional Phase II remediation will occur has not yet been determined.

It should be noted that the Phase II part of the above table shows the remaining portion of the \$5,000,000 estimate for remediation of the SWM Site. However, due to increased disposal costs associated with PCB-containing soils, it is anticipated that an additional \$700,000 will be recognized during the annual reporting for the SWM Site, which would result in a revised total remediation cost of \$5,700,000. If additional budgetary funds are needed, the request will be submitted to the Board for approval.

The additional \$700,000 in remediation costs mentioned above, if needed, would increase Jankovich's relocation cost from \$12,000,000 to \$12,700,000 and would bring the total contemplated Ports O' Call Village total cost estimate to \$171,700,000.

The proposed fixed-fee agreement with B&D Construction in the amount of \$2,291,854 (with no contingency) will fund a portion of the remediation work contemplated for Phase I. The funds for the work performed by B&D Construction and The Source Group, Inc. totaling \$3,291,854 is available in Account 21995, Center 7000, Program 000.

**ECONOMIC IMPACT:**

Spending under the proposed contract will support 17 direct and 13 secondary jobs for the five-county region.

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**CITY ATTORNEY:**

BAE Systems San Diego Ship Repair, Inc., the successor of Southwest Marine, is contesting liability for contamination of the soil, groundwater, and subsea sediments at the SWM Site. The City of Los Angeles filed suit in U.S. District Court in November 2013 to resolve responsibility and to recover the cost of investigation and remediation.

**TRANSMITTALS:**

1. Bid Recap
2. Contract No. 39679 with B&D Construction Company, Inc.
3. Former Southwest Marine Facility Phases I and II Excavation Map

FIS Approval:  (initials)  
CA Approval:  (initials)

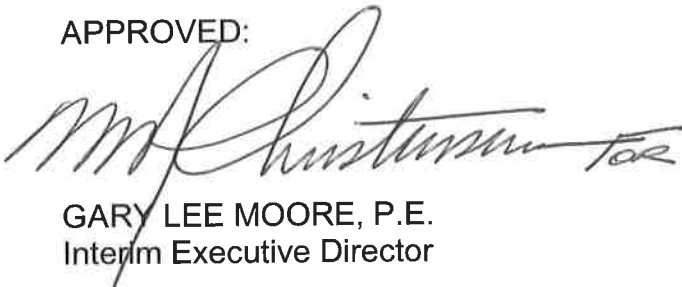


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BOARD MEETING: 01/23/2014

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