



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: APRIL 20, 2011**

**FROM: CONSTRUCTION DIVISION**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONSTRUCTION CONTRACT  
CONTRACTOR: SULLY-MILLER CONTRACTING CO.  
SAN PEDRO WATERFRONT ENHANCEMENTS:  
SOUTHERN PACIFIC SLIP  
SPECIFICATION NO. 2701**

**SUMMARY:**

This contract is for the Southern Pacific Slip/Ghost Fish Enhancement project, which is one of the last components of the San Pedro Waterfront Enhancements. Work performed under this contract will improve public access, both pedestrian and vehicular, along the waterfront and provide informational signage to highlight local landmarks and points of interest. A plaza and landscaping will be created to enhance the existing gathering area at the head of the Southern Pacific Slip. The lowest responsive and responsible bidder is Sully-Miller Contracting Company, located in Brea, California. The contract amount plus a 15% contingency is \$6,548,905, and the contract duration is 455 calendar days.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

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. Find that the bid proposal from the apparent low bidder, Pima Corporation, did not include an amount for Bid Item No. 15 in Section 00030.11 of the Specification No. 2701, and therefore is deemed non-responsive;
3. Award the referenced contract, for Item Nos. 1 through 22 of the proposal schedule, to Sully-Miller Contracting Company in the amount of \$5,694,700; that a 15% contingency not included in the original contract amount be added for a total authorization of \$6,548,905; and authorize payment from the City of Los Angeles Harbor Department Construction Account. The contract time for performance of the work will be 455 calendar days from the Notice to Proceed;

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4. Authorize the Executive Director to execute, and the Board Secretary to attest to, this contract for and on behalf of the Board;
5. 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
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – The Southern Pacific Slip/Ghost Fish Enhancement project is one of the last components of the San Pedro Waterfront Enhancements Project and creates connectivity from the Ports O'Call area to the 22<sup>nd</sup> Street Parking. This project consists of demolition and removal work, construction of utilities, site lighting, asphalt concrete and concrete pavements, curbs, gutters, parking area reconfiguration, pavement markings, landscaping and irrigation, hardscape, furnishings, artwork, concrete retaining walls, metal walkways, guardrails, railing, signage, walkway at SP Slip, and other surface improvements. Please see Transmittal No. 3 for an aerial site plan showing the limits of the project and a rendering 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.

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

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The Notice Inviting Bids concerning Specification No. 2701 was advertised on February 3, 2011, on the Port of Los Angeles website, and in the Los Angeles Times, Dodge Construction "Green Sheet", Hoy, Metropolitan News Company, and Rafu Shimpo.

As authorized by the Executive Director on August 10, 2010, the Chief Harbor Engineer received fourteen (14) bids for the subject contract on March 24, 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 Pima Corporation dba Advanced Construction Group (Pima Corporation), was declared the apparent lowest bidder.

Review of Pima Corporation bid documents revealed that Pima Corporation did not fill in Bid Item No. 15 of Section 00030.11. Pima Corporation notified the Harbor Department in a letter dated March 30, 2011 that they "left the bid item blank because they intended to bid the item as zero". However, the bid documents do not indicate zero and is left blank.

In addition, a letter dated March 29, 2011, from Sully-Miller Contracting Company, raised concerns regarding the "*responsiveness*" of Pima Corporation's bid and requested the Harbor Department to disqualify Pima Corporation's bid.

Staff, in consultation with the City Attorney, has reviewed Pima Corporation's bid and has concluded that Pima Corporation's bid is non-responsive for the following reasons:

1. The Bidding Documents/Proposal Schedule Section 0030 indicates that a "bidder must fill in blank spaces..." and the Bidders Checklist indicates "Has bidder filled in a price for each bid item?" Pima Corporation's failure to list an amount for a bid item makes the bid non-responsive to the Harbor Department request for a bid amount.
2. Pima Corporation's failure to provide a price for a bid item directly affects the amount of the bid and provides the advantage of potentially deciding, after opening of bids, whether to move forward with the contract without forfeiting its bid bond. Therefore, this deficiency cannot be waived.

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Based on the above, staff has found that Sully-Miller Contracting Company is the lowest responsive responsible bidder at \$5,694,700. Staff recommends addition of a 15% contingency based on a qualitative review of project specific risks, including schedule constraints and potential unforeseen conditions that may arise during construction (contaminated soil, utility conflicts, unknown substructures impacting pile driving, etc.), and scope and design changes to accommodate field conditions, resulting in a total project authorization of \$6,548,905.

Construction staff has verified Sully-Miller Contracting Company's state license and project references. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that Sully-Miller Contracting Company 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.

Sully-Miller Contracting Company has provided the required documents regarding the SBEP and has included five Small Business Enterprise (SBE) subcontractors combined to achieve an SBE participation level of 27% (Transmittal No. 2). The Harbor Department had set a minimum SBE participation level of 25% for this project.

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

**ENVIRONMENTAL ASSESSMENT:**

The proposed action involves award of a contract to construct surface improvements to improve public access, both pedestrian and vehicular, along the waterfront and provide informational signage to highlight local landmarks and points of interest. A plaza and landscaping will be created to enhance the existing gathering area at the head of the Southern Pacific Slip consistent with the project analyzed in the San Pedro Waterfront Enhancements Project Mitigated Negative Declaration (ADP No. 040511-067), which was adopted by the Board in June 2005. As such, the Director of Environmental Management has determined that the proposed activities were previously assessed under the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (i) of the Los Angeles City CEQA Guidelines.

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**FINANCIAL IMPACT:**

It is anticipated that the funds for this contract will be expended as follows:

Fiscal Year 2011/2012:	\$ 5,239,205
Fiscal Year 2012/2013:	\$ 1,309,700
Total	\$ 6,548,905

Upon Board approval, funds for future fiscal years will be requested to be budgeted as part of the annual budget process. The Engineer's construction cost estimate is \$7,786,250.

Although Sully-Miller Contracting Company 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 39 direct plus 32 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. 2701 as to form and legality on February 3, 2011.

**TRANSMITTALS:**

1. Analysis of Bids
2. Contractor and Subcontractor List
3. Aerial Site Map
4. Pima Corporation Letter dated March 30, 2011
5. Sully-Miller Contracting Company Letter dated on March 29, 2011

FIS Approval: MR (initials)

CA Approval: TR (initials)



SHAUN SHAHRESTANI  
Chief Harbor Engineer  
Construction Division



MICHAEL R. CHRISTENSEN  
Deputy Executive Director

**APPROVED:**



GERALDINE KNATZ, Ph.D.  
Executive Director

MW:be  
2701BO1  
ADP NO. 80326-029