



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

**DATE: JUNE 1, 2011**

**FROM: CONSTRUCTION DIVISION**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONSTRUCTION CONTRACT  
CONTRACTOR: S.H.E. ENGINEERING &  
CONSTRUCTION GROUP, INC.  
FIBER OPTIC NETWORK – PHASE 1 AND  
VINCENT THOMAS BRIDGE  
SPECIFICATION NO. 2720A**

**SUMMARY:**

This contract will improve the security system along Port of Los Angeles waters in areas of San Pedro and Terminal Island by installing fiber optic conduit and cable to create a redundant system configuration. The lowest responsive and responsible bidder is S.H.E. Engineering & Construction Group, Inc., a Very Small Business Enterprise located in Reseda, CA. The contract amount plus a 20% contingency is \$2,227,868, and the contract duration is 240 calendar days. This project is federally funded under the California Port and Maritime Security Grant Program up to \$2,200,000.

**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 of Harbor Commissioners;
3. Award the above mentioned contract for Item Nos. 1 through 10 of the proposal schedule to S.H.E. Engineering & Construction Group, Inc. (S.H.E.) in the amount of \$1,856,556; that a 20% contingency not included in the original contract amount be applied for a total authorization of \$2,227,868; and authorize payment from the City of Los Angeles Harbor Department Construction Account. The contract time for performance of the work will be 240 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 March 17, 2011, the Board rejected all bids received on January 13, 2011 for this project under Specification No. 2720, and requested that the project be re-bid.

Background – This project consists of communication installations and improvements at several sites within San Pedro and on Terminal Island. Work includes, but is not limited to, trenching and backfilling; installation of pull boxes, termination boxes and junction boxes; installation, termination and splicing of fiber optic cables; and installation of underground conduit. Please see Transmittal No. 3 for an aerial site plan showing the limits of the project.

This project has been approved to receive up to \$2,200,000 in federal funding under the Fiscal Year 2008 California Port and Maritime Security Grant Program (CPMSGP). These funds must be spent by June 2012 making timely contract award and performance critical.

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.

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The Notice Inviting Bids concerning Specification No. 2720A was advertised on April 6, 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.

As authorized by the Executive Director on April 25, 2011, the Chief Harbor Engineer received ten bids for the subject contract on May 19, 2011. The bids received were opened and S.H.E. was declared the apparent lowest bidder at \$1,856,556. The Analysis of Bids (Transmittal No. 1) lists the companies that submitted bids and their respective bid amounts.

Construction staff has verified S.H.E.'s state license and project references. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that S.H.E. 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. A 20% contingency is recommended based on a qualitative review of project specific risks, 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 \$2,227,868.

S.H.E. has provided the required documents regarding the Small Business Development Program. S.H.E. is a Small Business Enterprise (SBE) and a Very Small Business Enterprise (VSBE), and therefore, achieved an SBE and VSBE participation level of 100% (Transmittal No. 2). The Harbor Department had set a minimum SBE participation level of 11% and a minimum VSBE participation level of 2% for this project.

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 fiber optic conduit in areas of San Pedro and Terminal Island. 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.

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**FINANCIAL IMPACT:**

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

FY 2010/2011:	\$	0
FY 2011/2012:	\$	2,227,868
Total	\$	2,227,868

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 was \$2,285,250.

After project completion, it is estimated that the annual operating and maintenance costs will be \$9,000, and will be paid by the Harbor Department.

Although S.H.E. 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 15 direct plus 12 secondary (indirect and induced) one-year equivalent jobs in the five-county region.

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**CITY ATTORNEY:**

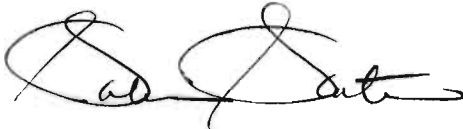
The Office of the City Attorney reviewed and approved Specification No. 2720A as to form and legality on April 19, 2011.

**TRANSMITTALS:**

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

FIS Approval: WP (initials)

CA Approval: in (initials)



SHAUN SHAHRESTANI  
Chief Harbor Engineer  
Construction Division



MICHAEL R. CHRISTENSEN  
Deputy Executive Director

**APPROVED:**



GERALDINE KNATZ, Ph.D.  
Executive Director

CT:lm2720ASHEB02

ADP NO. 080326-029