



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: OCTOBER 27, 2011

FROM: CONSTRUCTION

**SUBJECT: RESOLUTION NO. _____ - AWARD OF CONSTRUCTION CONTRACT
CONTRACTOR: JDML, INC. DBA STANDARD INDUSTRIES
BERTHS 70-72 DEMOLITION OF LIQUID BULK TERMINAL
(FORMER WESTWAY TERMINAL)
SPECIFICATION NO. 2723**

SUMMARY:

This contract will remove a variety of tanks and associated pipelines from an existing liquid bulk tank farm. The demolition of the Berths 70-72 Liquid Bulk Terminal, part of the transformation of the LA Waterfront, will begin preparations for future waterfront development. The lowest responsive and responsible bidder is JDML, Inc. dba Standard Industries, located in Ventura, CA 93004. The contract is for a total payment of \$455,000 to the City of Los Angeles Harbor Department (Harbor Department). The contract duration is 365 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 10 of the proposal schedule to Standard Industries in the amount of \$705,000 payment to the Harbor Department; that a contingency in the amount of \$250,000 not included in the original contract amount be applied for a total payment of \$455,000 to the Harbor Department. The contract time for performance of the work will be 365 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 demolition of the Berths 70-72 Liquid Bulk Terminal, part of the transformation of the LA Waterfront, will begin preparation for future waterfront development. The work includes demolition of above-ground structures, including but not limited to, 116 storage tanks varying in size up to 1,000,000 gallon single-tank capacity, buildings and building utilities, masonry containment walls, catwalks, metal stairs, concrete stairs, stair platforms and stair pipe railings, wood sheds, truck scales, loading racks, metal canopies, reinforced concrete pilasters, guard posts, chain link fencing and gates, fence posts, loading racks, piping with associated piping support structures, electrical equipment, conduits, junction boxes, switch boxes, light fixtures, and pump motors; abatement of asbestos containing materials, lead based paint, and other materials; and construction of chain link fencing. The administration building, a small shed and the reinforced concrete pilaster wall facing the waterside of the wharf will remain. Please see Transmittal 3 for an aerial site plan showing the project location and the accompanying map for a close-up view of the job location.

This is a relatively large demolition 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.

The demolition project will generate a significant quantity of materials that have significant salvage value. According to the Specification, ownership of these materials becomes the property of the Contractor. Therefore, the value of the salvageable material was included as a bid item, in addition to bid items for the demolition efforts. The value of the demolition efforts was bid at \$1,107,600. The salvage value of materials that will be generated and will become property of the contractor was bid at \$1,812,600. The combined items result in a payment to the Harbor Department in the amount of \$705,000.

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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 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 a 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 SBE (VSBE) 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 Inviting Bids concerning Specification No. 2723 was advertised on August 10, 2011, on the Port of Los Angeles website, and in the Daily Breeze, Dodge Construction News "Green Sheet", LA Sentinel, Southside Journal and Metropolitan News Company.

As authorized by the Executive Director on June 9, 2011, the Chief Harbor Engineer received 14 bids for the subject contract on September 21, 2011. The Analysis of Bids (Transmittal 1) lists the companies that submitted bids and their respective bid amounts. The bids received were opened and Standard Industries was declared the apparent lowest bidder at the time of the bid opening.

Construction staff has verified Standard Industries' state license and project references. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that Standard Industries 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. As such, Standard Industries' bid has been found responsive. A \$250,000 contingency is recommended based on a qualitative review of project specific risks due to potential unforeseen conditions that may arise during demolition, utility conflicts, and design and scope changes to accommodate field conditions and/or tenant's needs.

Standard Industries has provided the required documents regarding SBE and VSBE participation. Standard Industries is not a SBE. Their two subcontractors combined to achieve a SBE participation level of 32.13% and a VSBE participation level of 9.55% (Transmittal 2). The Harbor Department had set a minimum SBE participation level of

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25% and 5% for VSBE for this project. The aggregate sum of all bid items exclusive of Bid Item No. 2 (the lump sum credit for materials and equipment salvaged from demolition) was used to calculate the participation level.

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

ENVIRONMENTAL ASSESSMENT:

The proposed action is the awarding of a contract to Standard Industries for the removal of tanks and pipelines from the liquid bulk tank farm at Berths 70-72. The demolition of the Liquid Bulk Terminal 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 California Environmental Quality Act (CEQA), the Director of Environmental Management has determined the proposed action is exempt from the CEQA in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

It is anticipated that no payments will be made to the contractor during the demolition work. The cost of this demolition work bid at \$1,107,600, and will be offset against the salvage value bid of \$1,812,600, resulting in a payment of \$705,000 to the Harbor Department. A \$250,000 contingency, not included in the original contract amount, is applied towards the final payment to the Harbor Department, which will range from \$455,000 to \$705,000. The Engineer's construction cost estimate is \$1,490,000.

Although Standard Industries (Contractor) 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.

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ECONOMIC BENEFITS:

Spending under the proposed demolition project will support approximately 9 direct plus 7 secondary one-year equivalent job impacts in the five-county region.

CITY ATTORNEY:

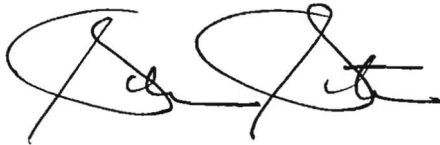
The Office of the City Attorney reviewed and approved Specification No. 2723 as to form and legality on July 13, 2011.

TRANSMITTALS:

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

FIS Approval: EF (initials)

CA Approval: MC (initials)

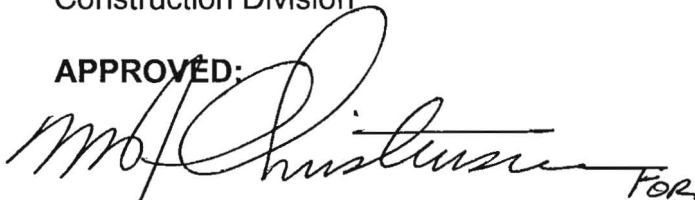


SHAUN SHAHRESTANI
Chief Harbor Engineer
Construction Division



MICHAEL R. CHRISTENSEN
Deputy Executive Director

APPROVED:


FOR

GERALDINE KNATZ, Ph.D.
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