



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE:** DECEMBER 12, 2012

**FROM:** CONSTRUCTION

**SUBJECT:** RESOLUTION NO. \_\_\_\_\_ - AWARD OF  
CONSTRUCTION CONTRACT  
CONTRACTOR: SULLY-MILLER CONTRACTING CO.  
LA WATERFRONT DOWNTOWN HARBOR LANDSIDE AND RAIL  
IMPROVEMENTS - SPECIFICATION NO. 2739

**SUMMARY:**

This contract is for construction of the LA Waterfront Downtown Harbor Landside Improvements, the second phase of the Downtown Harbor project which contains surface improvements, including a town square for public gatherings, an outlook pier, and waterfront access. The first phase, currently under construction with a completion date of February 2013, is the Downtown Harbor Water Cut, which will reconfigure the landscape and water's edge to create space for a public marina. The lowest responsive and responsible bidder is Sully-Miller Contracting Co. (Sully-Miller) located in Brea, California. The contract amount, plus a 15% contingency, is \$22,647,330. The contract duration is 455 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. Award the above mentioned contract for Item Nos. 1 through 36 of the proposal schedule to Sully-Miller Contracting Co. in the amount of \$19,693,330; that a 15% contingency not included in the original contract amount be applied for a total authorization of \$22,647,330; 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;
3. In accordance with City Charter Section 655 (g), delegate and authorize the Executive Director to adjust final bid quantities and accept the construction contract upon its completion;

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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; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context - On September 29, 2009, a special Board meeting was held to certify and approve the Final Environmental Impact Report for the San Pedro Waterfront Program, which includes the revitalization of the Downtown Harbor located between 5<sup>th</sup> and 6<sup>th</sup> Streets along the main channel (Transmittal 1). The majority of public comments at this meeting stated the need to have the Downtown Harbor Cut and Landside Improvements be the first project to be completed as part of the overall San Pedro Waterfront Program.

The construction of the Downtown Harbor consists of two phases. Phase 1, the Downtown Harbor Cut, is currently under construction and is anticipated to be completed in February 2013. This initial phase modified the water's edge between Fire Station 112 and the Maritime Museum by dredging out the existing parking lot to create space for a public marina. The second phase of this project, the Downtown Harbor Landside Improvements, includes underground utility work, surface improvements, including but not limited to, a town square for public gathering, an outlook pier for views of the main channel, a Waterfront Promenade with public access to new floating docks, and a security system to ensure the safety of the public. To create the open space necessary for these improvements, the existing rail system between 5<sup>th</sup> Street and 6<sup>th</sup> Street will be re-aligned. Additionally, a new Heating, Ventilation and Air Conditioning (HVAC) system will be installed for the Maritime Museum.

This project will be constructed in compliance with the City of Los Angeles Harbor Department's (Harbor Department) Small Business/Very Small Business Enterprise Program (SBE/VSBE). This contract is consistent with State of California Prevailing Wage provisions. This project will be performed under a Project Labor Agreement. The contract duration is 455 calendar days. Construction is anticipated to start in February 2013 and be completed in May 2014.

This construction contract requires specific experience and equipment to perform the work. This contract is also temporary in nature. As such, it is not feasible for the City of Los Angeles (City) to hire employees and purchase equipment to perform the work under this contract.

Construction Award Process - City of Los Angeles Charter Section 371 (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

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daily newspapers and trade publications circulated in 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 the submittal to the Harbor Department, the bids are publicly opened and the apparent lowest bidder is declared. Bid documents, SBE and 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 low bidder is found non-responsive, the next lowest bidder is reviewed.

In conformance with the City section for competitive bidding as stated above, on October 15, 2012, the Notice of Inviting Bids for Specification No. 2739 was advertised on the Port of Los Angeles website, and in the LA Watts Times, Eastside Journal, Chinese Daily News, Dodge Construction "Green Sheet", and Metropolitan News Company to reach out to as many potential bidders as possible.

As authorized by the Executive Director on October 15, 2012, the Chief Harbor Engineer received five bids for the subject contract on December 6, 2012. The Analysis of Bids (Transmittal 2) lists the companies that submitted bids and their respective bid amounts. The bids received were opened, and Sully-Miller was declared the apparent lowest bidder at the time of the bid opening with a bid of \$19,693,330.

Construction staff has verified Sully-Miller Contracting Co.'s state license. In conformance with Section 10.8.4 of Ordinance No. 143429, certification is hereby made that Sully-Miller 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 16%, of which 4% shall be VSBE participation. Sully-Miller has provided the required documents regarding their SBE and VSBE participation, and has included 20.66% SBE subcontractors/suppliers of which 6.67% is VSBE subcontractor/suppliers (Transmittal 3).

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.

This contract is also subject to the local business preference ordinance adopted by the Board on April 5, 2012. However since Sully-Miller is local and qualifies for the preference, the ordinance does not affect the award.

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**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the awarding of a contract to Sully-Miller for construction of the Downtown Harbor Landside Improvements. Construction of the Downtown Harbor Landside Improvements 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:**

This project was not originally funded for in the current fiscal year; however, \$3,000,000 was re-allocated from the contingency fund to Account No. 54510, Center Nos. 1183 and 1001, Program Nos. 624 and 000 to cover the costs in the current fiscal year 2012/2013.

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

Fiscal Year 2012/2013:	\$ 3,000,000
Fiscal Year 2013/2014:	\$18,647,330
Fiscal Year 2014/2015	\$ 1,000,000
<b>Total</b>	<b>\$22,647,330</b>

Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. The total baseline budget for the Downtown Harbor Cut and Landside Improvements is \$38,300,000 and was approved by the Board on April 19, 2012. Approval of this contract will not require an increase in the total baseline budget. The average annual maintenance cost is estimated at \$60,000 per year over the life of this facility.

Although the 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

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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 the proposed contract will support 157 direct and 132 secondary one-year equivalent jobs for the five-county region.

**CITY ATTORNEY:**

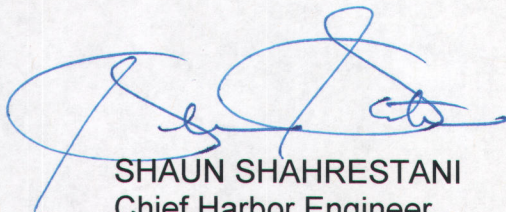
The Office of the City Attorney reviewed and approved Specification No. 2739 as to form and legality on April 25, 2012.

**TRANSMITTALS:**

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

FIS Approval: ef (initials)

CA Approval: efb (initials)

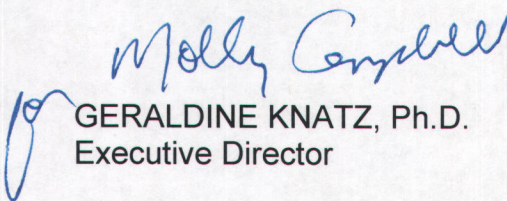


SHAUN SHAHRESTANI  
Chief Harbor Engineer  
Construction Division



MICHAEL R. CHRISTENSEN  
Deputy Executive Director

**APPROVED:**



GERALDINE KNATZ, Ph.D.  
Executive Director

JS:lh/lm  
S2739B01  
ADP NO. 041122-208