



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Waive Formal Competitive Procurement Procedures, Solicit Design-Build Services for the San Francisco Bay Oakland International Airport Substation SS-1 Replacement Project and the Substation SS-EV1 Construction Project Using Competitive Design Build Procurement Procedures, and Resolve Any Protests Resulting from the Process.

(Engineering/Aviation)

Submitted By: Emilia Sanchez, Director of Engineering; Craig Simon, Director of Aviation; Danny Wan, Executive Director

Parties Involved: TBD

Amount: Not Applicable

EXECUTIVE SUMMARY: The replacement of Substation SS-1 and construction of the new Substation SS-EV1 are critical projects for advancing Zero Emissions initiatives and ensuring power reliability at the San Francisco Bay Oakland International Airport (OAK or Airport). Due to the unique challenges posed by these projects, including long lead time equipment, using a design-build process for delivery will serve the Port of Oakland (Port) best to reduce risk and schedule delays. A competitive Request for Proposals (RFP) will be issued for the selection of the design-build team however the Port Administrative Code requires approval to waive traditional design-bid-build delivery before issuing the RFP.

BACKGROUND & ANALYSIS

The Port has been proceeding with two electrical substation Projects at OAK: 1) the Substation SS-1 Replacement Project which will replace the existing SS-1 unit - the main PG&E connection point providing electric power to OAK and 2) the Substation SS-EV1 Construction Project which will build a new substation to power future bus charging stations and other Zero Emission equipment at the Airport. The Board previously authorized professional services agreements for design services for each project.

The projects are at the 60 percent design stage and the intention was to continue with traditional design-bid-build delivery. While designing the projects and the specific preferred components and equipment were being determined, it became clear that even longer than expected lead times would be required for procuring key project equipment. Port Staff evaluated using separate procurements for equipment and construction, however, this would introduce complicated contracting and construction mechanisms and introduce additional risk to the Port regarding several factors including schedule, disputes, and change orders.

Design-Build Delivery Strategy

Given the complexity and capital-intensive nature of the two projects, Port Staff considered design-build as an alternative project delivery method. With design-build, the Port contracts with one entity that is responsible for design and construction, including procurement. California public entities—including other airports—are increasingly using design-build methodology to deliver similar capital projects effectively and efficiently. Design-build enables accelerated project completion because design, procurement, and construction stages can overlap. In addition, project owners can realize cost savings through consolidating risk into one contracted entity.

Design-build delivery would address project challenges, including the following:

- **Coordination between equipment manufacturers and contractors:** Due to the long lead times for key equipment, currently estimated to be between 18 months and 2 years, procurement would either need to begin before awarding the construction contract under the traditional design-bid-build approach or significantly extend project costs and schedules by waiting until design is completed the project is bid and the construction contract in place. Early procurement is occasionally a beneficial approach, however, given the complexity of the equipment in a full large substation development, this could expose the Port to risks if there are issues with equipment misaligning with construction contract documents, leading to disputes between the equipment manufacturer and the contractor. Additionally, misalignments in equipment delivery timing and construction activities can occur, requiring the Port to store, secure, and maintain the equipment in the interim. Conversely, with a design-build contract, the design-build team is solely responsible for coordinating equipment procurement and construction.
- **Sequencing of design, procurement, and construction:** A design-build team can overlap design, procurement, and construction activities in a way that standard bidding procedures do not allow. This enables the design-build entity to potentially move faster, shortening schedule and saving costs.
- **Limiting constructability and field issues:** Since the designer and builder are on the same team under a single Design-Build contract, it is expected there will be fewer coordination issues for Port Staff. This can lead to significantly fewer requests for information that Port Staff need to process and coordinate. The design-build approach will allow the Port to assign the risk and responsibility for addressing these to the design-build entity.

Competitive Design Build Procurement Procedures

Port of Oakland Administrative Code (POAC) Chapter 5.12 generally provides for the design-bid-build delivery of public works projects—essentially separate and distinct formal competitive procurement procedures for design and construction. POAC Section 5.12.070.B, however, authorizes the Port to waive formal competitive procurement procedures upon the Board of Port Commissioners' (Board) adoption of an alternative competitive procurement procedure that “is in the best interests of the Port considering the complexity, value, and timeline as well as other factors of the contract.”

Port Staff recommend the Board waive formal competitive procurement procedures and authorize and adopt competitive design-build procurement procedures to deliver the projects. Under these procedures, the Port will issue an RFP for Design-Build services and award a contract to the design-builder using best value selection. Best value selection enables the Port to consider price and schedule among other qualitative and technical criteria weighted according to project importance. Regarding local and small business utilization, Part III.A of the Non-Discrimination and Small Local Business Utilization Policy (NDSLBU) requires Port Staff to determine whether the NDSLBU or the NDSLBU for Alternative Project Delivery Approaches is most appropriate for design-build projects. Port Staff have determined that the NDSLBU is best suited for these projects, therefore, the Port will award up to 15 preference points pursuant to NDSLBU Regulations, Section 3.1. Note that while MAPLA does not apply to the authorization to use an alternative delivery method, MAPLA will apply to the construction of the capital projects under the agreement. Port Staff envision one design-builder team may be recommended to deliver both projects; given the similarities in the projects this could be the most efficient and effective approach. However, it is possible that after the RFP submissions are reviewed that it may be in the best interest of the Port to execute two separate agreements, one for each project. The Board will approve the award of the contract(s) at a future meeting and Port Staff will provide the recommendation and rationale at that time. The total value for both projects as this stage of design is estimated in the \$75 million to \$80 million range.

Staff propose proposals be evaluated using the following weighted criteria:

Evaluation Criteria	Maximum Score
Responsiveness - this criterion will evaluate Minimum Qualifications (MQ) with regards to financial capability and legal status of the team and will be scored on a Pass/Fail basis. Teams not meeting the MQs will be disqualified from further consideration.	Pass/Fail
Prime and Subcontractor Firm Qualifications, Experience, and References—demonstration of experience in delivering similar projects of equal complexity, as well as customer satisfaction.	25
Proposed Project Personnel – demonstration of project management excellence including qualifications and specialized experience on design-build projects by key team members.	15
Project Approach – assessment of how the team demonstrates best value to the Port by balancing the technical approach, project schedule, and project cost. This criterion will also evaluate proposed project team organization structure, policies, and procedures to be used to ensure successful project delivery.	45
Approach to compliance with Port Non-Discrimination and Small/Local Business Utilization Policy (NDSLBP).	15
TOTAL	100

If the Board approves the proposed action, Port Staff will work with its current design consultant, Burns and McDonnell (B&M), to issue the RFP. B&M will develop technical criteria for the RFP based on the projects' existing approximately 60% designs. The Port has developed a standard design-build agreement that will be tailored for the projects. Port Staff anticipate completing the competitive process by early 2025 and will present the Board with a proposed contract(s) award thereafter.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
Choose an item.
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes: This action, to approve an alternative project delivery approach, is not a project under CEQA. However, any subsequent actions such as approving a design build contract, will require separate environmental review

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: There is no immediate fiscal impact associated with the approval of the request. However, implementation of the projects using design-build delivery may result in additional capital expenditures. The projects are included in the approved FY25-29 Capital Improvement Plan (CIP).

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

Additional Notes: The requested action does not apply. However, the resulting projects are capital improvement projects and MAPLA will apply.

LIVING WAGE (City Charter § 728):

Applies?

No (Other) – see explanation below.

Additional Notes: Living Wage does not apply for the current action

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

Reason: No proposed development for the current action.

No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility or create a new facility.

STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:

- | | |
|--|---|
| <input type="checkbox"/> Grow Net Revenues | <input checked="" type="checkbox"/> Modernize and Maintain Infrastructure |
| <input checked="" type="checkbox"/> Improve Customer Service | <input type="checkbox"/> Pursue Employee Excellence |
| <input checked="" type="checkbox"/> Strengthen Safety and Security | <input type="checkbox"/> Serve Our Community |
| <input type="checkbox"/> Care for Our Environment | |