

## AGENDA REPORT

**Resolution:** (1) Approve and Authorize a Budget of \$262,000 for the Design Phase of the Outer Harbor Intermodal Terminal ("OHIT") Phase 2 – Interim Use Yard Paving Project and Authorize the Executive Director to Utilize WSP USA, Inc. for the Design Effort; and (2) Authorize the Executive Director to Utilize O.C. Jones & Sons, Inc. in the Not-To-Exceed amount of \$446,700 for the Former Oakland Army Base Trench Spoils Off-Haul Project and Approve and Authorize the Executive Director to Delegate the Authority to the Director of Engineering to Approve the Project Manual, Plans, and Specifications for this Project. **(Engineering/Maritime)**

**MEETING DATE:** 1/24/2019

**AMOUNT:** \$708,700 Total  
\$262,000 Capital Expenditure  
\$446,700 Operating Expense

**PARTIES INVOLVED:** WSP USA, Inc.  
San Francisco, California  
Ken Jong, Vice President  
  
O.C. Jones & Sons, Inc.  
Oakland, California  
Kelly Kolander, President & CEO

**SUBMITTED BY:** Chris Chan, Director of Engineering  
John C. Driscoll, Director of Maritime

**APPROVED BY:** Danny Wan, Acting Executive Director

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

Outer Harbor Intermodal Terminal ("OHIT") Phase 2 – Interim Use Yard Paving Project: Staff is requesting approval of a capital budget of \$262,000 for the design phase for the OHIT Phase 2 – Interim Use Yard Paving Project. In addition, Staff is also requesting authorization for the Executive Director to utilize WSP USA, Inc. for the design effort. The proposed terms of a lease that is currently being negotiated between Shippers Transport Express ("STE") and the Port would obligate the Port to furnish a paved surface (among other improvements) over an area that is approximately 29 acres at the Former Oakland Army Base ("OAB") by June 30, 2020. Staff intends to present the proposed lease to the Board for approval in February 2019. Staff is requesting to proceed with the design work ahead of the lease approval due to project timing and complexity.

Former OAB Trench Spoils Off-Haul Project: Staff is requesting authorization for the Executive Director to utilize O.C. Jones & Sons, Inc. in the not-to-exceed amount of \$446,700 for the OAB Trench Spoils Off-Haul Project. In addition, Staff is requesting approval and authorization for the Executive Director to delegate the authority to the Director of Engineering to approve the Project Manual, Plans, and Specifications for this project. This project entails removing dirt stockpiles at a 2.3-acre site adjacent to the abovementioned 29-acre site to allow for additional lease revenue opportunities.

## **BACKGROUND**

### Outer Harbor Intermodal Terminal (“OHIT”) Phase 2 – Interim Use Yard Paving Project

On October 13, 2016, the Board adopted Resolution 16-120 that authorized a capital budget of \$6,500,000 and authorization to use a Port on-call grading and paving contractor to crush previously demolished pavement and concrete at a location west of the OHIT Railyard, spread and compact the crushed material for the purposes of using the resulting yard for ancillary maritime use (“Yard”), construct a fire water system, construct yard lighting, and install perimeter fencing (collectively referred to as the “Ancillary Project”). The Ancillary Project was substantially completed on June 30, 2018 and provided 29 usable and leasable acres of land at the Former Oakland Army Base (“OAB”). Of the 29 acres, approximately 50% of the acreage was previously paved and the remaining 50% required the “rocking” as described directly above.

The Ancillary Project was designed as an interim solution to facilitate a relocation of Shippers Transport Express (“STE”) within the Seaport Area in order to preserve revenue and important maritime support, and allow development of a temperature-controlled logistics facility (“CoolPort Oakland Project”) at STE’s former leased site. The 29-acre parcel currently generates \$3.3 million annually in revenue and has provisions for annual rate increases. The Port retains maintenance obligations for the rocked portions of the Yard, which costs \$100,000 to \$150,000 annually.

STE has been using the Yard under a month-to-month space assignment agreement. Staff is currently finalizing negotiations on a long term (about 10 years) lease with STE, which would obligate the Port to furnish a paved surface (among other improvements) by June 30, 2020. Staff intends to present the proposed lease to the Board for approval on or about February 2019. Staff is requesting to proceed with the design work ahead of the lease approval due to project timing and complexity. If negotiations were to be unsuccessful, Staff nevertheless recommends the area be paved for any future tenancy because rocked surfaces have generally performed poorly under heavy loads such as those of container cargo handling.

On September 11, 2014, by Resolution 14-90, the Board authorized entering into agreement(s) with one or more consultants to provide on-call engineering design services for improvement projects at the Maritime areas (and other areas). Subsequently, following a formal selection process, two “on-call” contracts for consulting were awarded to Mott MacDonald LLC and WSP USA, Inc. to provide design services for non-federal projects in the Maritime area.

In November 2018, Staff solicited proposals from the two on-call engineering design services through an informal Request for Proposals (“RFP”). The proposals were evaluated and WSP USA, Inc. was determined to be the most qualified consultant to perform this work.

#### Former OAB Trench Spoils Off-Haul Project

During the construction of the Ancillary Project, trench spoils generated during the installation of the firewater system were stockpiled within the 60’ wide strip between the Yard and the OHIT Railyard to allow the Yard to be constructed. This soil has been tested and classified as Class II contaminated material. This requires special handling and disposal. It is approximately 3,100 cubic yards and renders approximately 2.3 acres non-leasable in its current state. Due to contract limitations, the removal of the stockpile was deferred. Staff is requesting removal of the stockpile, so that the 2.3 acres can be leased to generate revenue. At current tariff rates, this site would generate approximately \$240,000 to \$300,000 in annual revenue.

On September 22, 2016 by Resolution 16-108 the Board authorized entering into agreements with up to four contractors to provide on-call paving and grading for constructing, rehabilitating and repairing pavements at various Port of Oakland facilities. Subsequently, following a formal selection process, four “on-call” contracts for paving and grading were awarded.

Staff prepared an abbreviated project manual, plans, and specifications for the Former OAB Trench Spoils Off-Haul Project. The project was advertised to the Port’s four “On-Call Paving and Grading Contractors” on December 7, 2018. The bids for this project were opened on December 28, 2018. Staff reviewed the bids for completeness, irregularities, and the requirements of the bidding documents. O.C. Jones & Sons, Inc. was determined to be the lowest bidder, with a bid of \$296,700. The breakdown of the bids received is shown below:

On-Call Paving and Grading Contractor	Bid Amounts (high to low)
Oliver DeSilva Inc., dba Gallagher & Burk, Inc.	\$441,520
Beliveau Engineering Contractors, Inc.	No Bid
A. Teichert & Son, Inc., dba Teichert Construction	No Bid
O.C. Jones & Sons, Inc.	\$296,700

#### **ANALYSIS**

##### Outer Harbor Intermodal Terminal (OHIT) Phase 2 – Interim Use Yard Paving Project:

Staff is currently finalizing negotiations for an approximate 10-year lease with STE, which would obligate the Port to furnish a paved surface (among other improvements) by June 30, 2020. More specifically, the lease would obligate the Port to pave approximately 50% of the 29-acre site by June 30, 2020, so that the entire 29-acre site is paved. All of the major improvements required for the proposed lease, except for paving, were constructed as part of the Ancillary Project. The paving was withheld due to cost and timing of lease negotiations.

Upon commencement of the new lease, the 29-acre parcel will continue to generate \$3.3 million annually. Once the site is completely paved, annual revenue will increase to \$3.7 million annually and include annual rate increases. Staff anticipates presenting the STE lease

to the Board for consideration for approval on or about February 2019. Staff is requesting to proceed with the design work ahead of the lease approval due to project timing and complexity.

If negotiations were to be unsuccessful, Staff nevertheless recommends the area be paved for any future tenancy because rocked surfaces have generally performed poorly under heavy loads such as those of container cargo handling. Paving will avoid on-going maintenance of the rocked portions of the Yard, which is costly – as discussed above under Background. Under an alternative leasing scenario, Staff anticipates that annual revenue generated would be about equal to the revenue from STE.

The design work is estimated to cost \$262,000 (See Budget & Staffing Section) and the construction cost, on a very preliminary basis, is estimated to be approximately \$6.7 million. Upon completion of the pavement design work and receipt of construction bids, Staff intends to seek subsequent Board approval for construction of the pavement work. The design effort is estimated to take approximately 4 to 6 months (from issuance of a notice to proceed for design).

Due to limited resources and other priorities, Staff will require the use of a consultant to prepare the necessary design documents. Staff is requesting Board authorization to use WSP USA, Inc. (“WSP”) to prepare the design documents. WSP is the most qualified consultant to perform the work, among the “On-Call Engineering Design Consultants (Non-Federally Funded Projects)”. This consultant was procured as described in the Background Section above. Utilizing an on-call design consultant is estimated to save the Port approximately \$50,000 in procurement cost<sup>1</sup> and 4 to 6 months of time.

Staff estimates that it will take approximately 12 to 15 months overall (from issuance of a notice to proceed for design, including review and approval of a Health and Safety Plan from the Department of Toxic Substances Control) to complete the design and construction. Note that this schedule is dependent on any bid protests, weather at the start of and during construction, construction phasing, and coordination with the adjacent CenterPoint Development.

#### Former OAB Trench Spoils Off-Haul Project:

Staff recommends completing the Ancillary Project as originally scoped by having the trench spoils removed. Removing and disposing the trench spoils will allow Maritime the ability to lease this 2.3-acre site. At current tariff rates, this site would generate approximately \$240,000 to \$300,000 in annual revenue. It is anticipated that the off-haul and disposal will be complete within two (2) to four (4) months after Notice to Proceed (NTP) is issued, depending on weather conditions and coordination with the adjacent CenterPoint Development.

Completing this work will also eliminate on-going resources and costs to maintain the spoils for stormwater compliance. This equates to approximately \$24,000 to \$35,000 (inclusive of

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<sup>1</sup> Estimated staff costs to prepare a new Request for Proposal, advertise, evaluate bids, hold interviews, negotiate and execute a contract, prepare Board agenda report and seek Board approval, award contract and set-up CPA, and perform Oracle functions.

staff time) per year to replace straw wattles, replace filter fabric at the drains, perform any street sweeping, perform any regrading, and remove any garbage or debris from dumping. Furthermore, disposal rather than re-purposing of the trench spoils is recommended, as Staff has not identified any near or long-term project (Port-wide) where this soil could be incorporated. Moreover, Staff does not advise re-purposing this dirt for any project outside of the former OAB due to specific restrictions on handling, use, and reporting that is specific to any dirt on or generated from the former OAB.

Staff proposes to perform the off-haul and disposal of the trench spoils by using O.C. Jones & Son, Inc., (“OC Jones”), an “On-Call Paving and Grading Contractor”. Staff is requesting Board authorization to use OC Jones. OC Jones provided the lowest responsive bid as described in the Background Section above. By using an on-call contractor, the project manual can be abbreviated by not including bid instructions and other sections typically needed for a formal advertisement. This allows Staff to divert resources, that would otherwise be spent for a formal advertisement to other priority projects. Utilizing the on-call contract to perform this specific work will result in an estimated savings of \$50,000 for Port administrative and engineering costs and approximately 4 months in the overall project schedule.

## **BUDGET & STAFFING**

Outer Harbor Intermodal Terminal (OHIT) Phase 2 – Interim Use Yard Paving Project:  
The Fiscal Year 2018-2019 Capital Improvement Plan includes this project as a pipeline project. The design phase is budgeted to cost \$262,000 (as outlined in Table 1) and anticipated to be funded with Port cash.

**Table 1. OHIT Phase 2 – Interim Use Yard Paving Project Budget**

Phase	Consultant	Port Labor	Contractor	Other Costs*	Total Budget**
Design	\$132,000	\$100,000	\$0	\$30,000	\$262,000
Construction	TBD, but preliminary estimated to be \$6.7 million. Upon completion of the pavement design work and receipt of construction bids, Staff intends to seek subsequent Board approval for construction of the pavement work.				

\* Other costs include items such as permitting, legal costs, other consultants, and contingency.

\*\* Staff may exceed the individual category cost in Table 1 if i) the effort is needed and ii) if other cost categories require less effort than estimated. The aggregate of all category costs shall not exceed \$262,000 without Board approval.

## **Former OAB Trench Spoils Off-Haul Project:**

This project cost is estimated to be a \$446,700 (as outlined in Table 2). This amount has been included in the approved Fiscal Year 2018-2019 Operating Budget.

**Table 2. Former OAB Trench Spoils Off-Haul Project Budget**

	Consultant	Port Labor <sup>a</sup>	Contractor	Other Costs <sup>b</sup>	Total Budget <sup>c</sup>
Off-Haul & Disposal	\$0	\$0	\$296,700	\$150,000	\$446,700

<sup>a</sup> Port labor is not included since it is already accounted for in Departmental Operating Budgets.

<sup>b</sup> Other costs include items such as permitting, legal costs, other consultants, and contingency.

<sup>c</sup> Staff may exceed the individual category cost in Table 1 if i) the effort is needed; and ii) if other cost categories require less effort than estimated. The aggregate of all category costs shall not exceed \$446,700 without Board approval.

The proposed actions do not have any staffing impact.

### **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

For the requested actions related to engineering design professional services, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to this professional services contract only to the extent it involves work within the craft jurisdiction of the unions signatory to the MAPLA, such as any field surveying, on-site soils and materials testing and inspection, and geotechnical and exploratory drilling work.

The construction contract (soil off haul) is not part of the Port's Capital Improvement Program (CIP) and therefore, the provisions of the MAPLA do not apply to this work.

### **STRATEGIC PLAN**

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Improve Customer Service
- Goal: Modernize and Maintain Infrastructure

### **LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), will apply to the design effort if the service provider employs 21 or more employees working on Port-related work. In addition, the prevailing wage requirement will apply for related future construction work.

### **SUSTAINABILITY**

Port Staff reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. Port Staff concluded that there are no

sustainability opportunities associated with the Design of Capital Improvements for Outer Harbor Intermodal Terminal (OHIT) Phase 2 – Interim Use Yard Paving or Former OAB Trench Spoils Off-Haul Project.

## **ENVIRONMENTAL**

CEQA Determination: The requested actions were reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) and the Port CEQA Guidelines. In 2002, the City of Oakland approved a reuse plan for the entire Oakland Army Base, and as lead agency certified an Environmental Impact Report. Also in 2002, the Board, acting on behalf of the Port as a responsible agency, adopted findings, a mitigation program, and a Statement of Overriding Considerations. In 2012, City staff, in consultation with Port staff, prepared an addendum to the EIR and Standard Conditions of Approval to mitigate environmental impacts. The Port also filed a Notice of Determination in June 2012. The OAB redevelopment project, as described in the 2002 EIR and 2012 Addendum, includes required infrastructure improvements such as repair of existing pavement and off haul of soil. Impacts from these projects would be the same as those described in the 2002 EIR, as addended, for construction of infrastructure improvements. Project construction will comply with the OAB Standard Conditions of Approval/Mitigation Monitoring and Reporting Program. No new impacts would occur, and no additional environmental review per Section 15162 of the CEQA Guidelines would be required.

## **GENERAL PLAN**

This project involves maintenance of existing facilities being used in conformance with the Oakland General Plan, pursuant to Section 727 of the City of Oakland Charter, and will not change the use of any facility(ies).

## **OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

The design project is not subject to the Port's Owner Controlled Insurance Program (OCIP). Professional service agreements are not subject to the OCIP as professional services are not construction activities.

The construction project (soil off haul) is not subject to the OCIP as it is not a capital improvement construction project.

## **OPTIONS**

Staff has identified the following options for the Board's consideration:

1. Approve the actions outlined in this Agenda Report. This is the recommended option.
2. Direct Staff to formally advertise both projects and do not use WSP for the design work and do not use OC Jones to remove the trench spoils. This will increase the project budgets by approximately \$50,000 each for Staff to formally advertise the

project, and delay completion of the projects by 4 to 6 months. This delay may not be acceptable to STE to enter into a long-term lease.

### **RECOMMENDATION**

Staff recommends that the Board adopts a resolution to:

- 1) Approve and authorize a budget of \$262,000 for the design phase of the Outer Harbor Intermodal Terminal (OHIT) Phase 2 – Interim Use Yard Paving Project and authorize the Executive Director to utilize WSP USA, Inc. for the design effort; and
- 2) Authorize the Executive Director to utilize O.C. Jones & Sons, Inc. in the not-to-exceed amount of \$446,700 for the Former Oakland Army Base Trench Spoils Off-Haul Project and approve and authorize the Executive Director to delegate the authority to the Director of Engineering to approve the project manual, plans, and specifications for this project.