

## AGENDA REPORT

**Resolution:** Approve and Authorize the Executive Director to Execute a Change Order with Silman Industries in an Amount Not-To-Exceed \$64,028 for the 31 Webster Street Siding Replacement Project **(CRE)**

**MEETING DATE:** 2/13/2020

**AMOUNT:** \$64,028 Contract Authority  
Capital Expenditure

**PARTIES INVOLVED:** Silman Industries  
San Leandro, CA

**SUBMITTED BY:** Pamela Kershaw, Director of Commercial Real Estate

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

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

Staff is requesting authority for the Executive Director to execute a contract change order in an amount not-to-exceed \$64,028 for the 31 Webster Street Siding Replacement Project to address unforeseen conditions related to areas of dry rot in the building framing.

### **BACKGROUND**

The site located at 31 Webster Street is a single-story structure of approximately 3,800 square feet, built in the 1970's and located in Jack London Square just south of Kincaid's Seafood Restaurant. Previously, the building was leased to Il Pescatore Ristorante and their lease expired in February 2017. Since Il Pescatore's departure, staff has been pursuing a new tenant to lease the building and in December of 2019 the Board approved a lease with a new tenant, which commences in February of 2020. The building is approximately 50 years old and many of its major exterior components have exceeded their design (useful) life and are in need of replacement or repair.

A project including both repairing and painting the exterior siding was advertised and bid (the "Original Project") on June 3, 2019. Four contractors attended the pre-bid meeting and went on the site walk. However, at bid opening on June 28, 2019, no bids were received. Based on feedback received from the contracting community, staff researched an alternative scope option and solicited a quote to replace the siding altogether from existing Port on-call contractors, instead of repairing and painting the existing siding ("Siding Replacement Project"). The scope generally includes removing and disposing of the siding, fixing areas of dry rotted sheathing, furnishing and installing new siding, along

with repairs to trim, building a facade around the HVAC equipment, new paint, and replacing exterior lighting. On November 19, 2019, under the Executive Director's contracting authority in the Purchasing Ordinance, the Siding Replacement Project was awarded in an amount not to exceed \$248,851.14 to Silman Industries ("Silman"). Silman is an experienced on-call vendor for the Port, affiliated with Millwright Local 102, Electrician 595, Carpenter's 713, and Laborer's 302.

## **ANALYSIS**

The Siding Replacement Project was estimated to take approximately 8 weeks to complete; however, while removing the deteriorated siding, Silman discovered a need for mold remediation and additional dry rot repair to sections of the framing of the building, which was not included in the original contract scope. Silman has issued a proposal in the amount of \$55,676.57 to address mold remediation and dry rot repairs to the framing, which were previously unforeseen building conditions discovered after work commenced and the exterior siding and sheathing was removed.

The additional work requires approval to increase the award amount, as the proposed cost to repair the rotted framing exceeds the Executive Director's authority limit of \$250,000. Staff is requesting authority for the Executive Director to execute contract change orders from Silman to the extent necessary in an amount not-to-exceed \$64,028. This amount includes the change order proposal of \$55,676.57 plus an additional 15% over the proposal for a contingency to address any additional framing rot or mold cost, as shown in Table 1 below. Although Silman reviewed the project site prior to submission of its bid, Silman was unable to fully inspect the structure without removing all the siding as part of the actual contract work. Upon notification that this additional work was necessary to repair the framing, staff scheduled the matter for Board consideration as soon as possible. Photos of the building location and condition are included as Exhibit A.

Based upon the analysis above, staff believes that the additional repairs are necessary to preserve the structural integrity of a portion of the building framing that has rotted over time, likely due to the close proximity of the structure to the water and water intrusion from the former roof above. Staff also believes that these conditions could not reasonably be foreseen by Silman but should to be addressed as soon as possible to protect the integrity of the building, and recommends approval of the contract change order to complete the framing repairs.

Table 1. Construction Summary

<b>Item</b>	<b>Amounts</b>
Executive Director's Contracting Authority	\$250,000.00
<b>Construction Award – Silman Industries – San Leandro, CA</b>	<b>\$248,851.14</b>
Change Order Submitted by Silman for Framing Mold and Dry Rot Repairs	\$55,676.57
Contingency Amount Requested for Framing Mold and Dry Rot Repairs	\$8,351.43
<b>Total Requested Construction Award to Silman Industries</b>	<b>\$312,879.14</b>

## **BUDGET & STAFFING**

The 31 Webster Street Siding Replacement Project is included in the Port's FY 2020 Capital Budget and there is no budget impact.

There is no anticipated impact to staffing.

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

The work performed under this contract is in the Port's Commercial Real Estate area and is not within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA). 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>

- 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"), do not apply because the contract is a construction contract covered by state prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

## **SUSTAINABILITY**

Port staff completed the Sustainability Opportunities Assessment form for this action pursuant to the 2000 Sustainability Policy and updated procedures. This action requires the contractor to comply with the City of Oakland Waste Reduction and Recycling requirements as applicable, with City building permits. Replacing the siding provides opportunities for energy efficiency, and improvement for water and air quality. The previous siding was composed of wood shingles containing lead paint, which will be replaced with cement board siding installed over an air and water barrier wrap, which in addition to extending the life of the asset and eliminating hazardous materials, results in an improved R-value rating for the energy efficiency of the building.

## **ENVIRONMENTAL**

This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The Port has determined that this project is

categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities. Section 15301 exempts from CEQA the repair, maintenance, and minor alteration of existing structures and facilities that involve negligible or no expansion of existing or former use. No significant changes to the premises or use are proposed, only exterior refurbishment and repairs.

### **GENERAL PLAN**

The project appears to conform to the policies of the General Plan. The project is within City of Oakland planning jurisdiction, and they will make an official finding as part of the zoning approval, if applicable.

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

While the purchase order terms allow for enrollment in the OCIP, Risk Management does not believe such enrollment is necessary. The purchase order terms give the option for enrollment, but do not include the full OCIP participation obligations outlined in document 700 of the Port's standard contracting provisions. The program's high retentions warrant careful consideration of enrolling a purchase order. The contractor's bid did not include any discount for OCIP, and the contractor's \$10 million in liability insurance provides sufficient coverage for this scope of work.

### **OPTIONS**

The following are options for the Board's consideration:

1. Approve the actions outlined in this Agenda Report to provide the authority for the Executive Director to execute a contract change order with Silman Industries to the extent necessary for the 31 Webster Street Siding Replacement Project in an amount not-to-exceed \$64,028. This is the recommended action.
2. Do not approve the actions outlined in this Agenda Report, which will leave the building with potential structural deficiencies.

### **RECOMMENDATION**

Staff recommends that the Board adopt a resolution to approve and authorize the Executive Director to execute a change order to the extent necessary in an amount not-to-exceed \$64,028 for the 31 Webster Street Siding Replacement Project, as described within this Agenda Report subject to the approval of the Port Attorney as to form and legality.

Attachment: Exhibit A – Site Map and Building Condition