

## AGENDA REPORT

**Resolution:** Authorize the Executive Director to Enter into a Contract with Power Engineering Construction Company in an Amount Not-to-Exceed \$921,750 for the Demolition and Removal of Port of Oakland Cranes X402, X403, and X404 At Berths 20 And 21 Project [Re-Bid] and Authorize the Executive Director to Execute Change Orders to the Extent Necessary in an Amount Not-To-Exceed \$200,000.  
**(Engineering/Maritime)**

**MEETING DATE:** 12/17/2020

**AMOUNT:** \$1,121,750 Contract Authority  
(Part of a \$1,356,750 Total Project Cost)  
Non-Operating Expense

**PARTIES INVOLVED:** Power Engineering Construction Company  
David Mik, President  
Alameda, California

**SUBMITTED BY:** Kristi McKenney, Chief Operating Officer  
Bryan Brandes, Director of Maritime

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

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

Staff is requesting authorization for the Executive Director to enter into a contract with Power Engineering Construction Company in an amount not to exceed \$921,750 for the Demolition and Removal of Port of Oakland Cranes X402, X403, and X404 at Berths 20 and 21 Project [Re-Bid] and authorization for the Executive Director to execute contract change orders to the extent necessary in an amount not-to-exceed \$150,000. This project will remove and dispose of cranes X402, X403, and X404 at Berths 20 and 21. The total duration of the project is estimated to be six months.

### **BACKGROUND**

Port of Oakland Cranes X402, X403, and X404 are early generation A-frame cranes from the 1960's with a lift over dock height of 76 feet (ft) and a lifting capacity of 30 long tons (LT). For comparison, modern cranes have lift over dock heights reaching 174 ft with lifting capacities of 65 LT. All three cranes are currently obsolete and not operational and are located in Outer Harbor Berths 20 to 21 west of Maritime Street, refer to Exhibit A (Project Location).

Staff attempted to sell these three cranes through an auction site but received no bids. Staff understands that the auction was not successful due to a low demand in the steel industry and low salvage value of scrap steel. Subsequently, Staff proceeded to produce plans and a project manual for the demolition and removal of the cranes. The Port's plans are not a deconstruction plan and do not prescribe the means and methods for removing these three cranes. The Contractor is required to develop a deconstruction plan that will detail how these cranes will be removed.

On October 24, 2019, the Board of Port Commissioners approved Resolution No. 19-109 to, in part, award this project to Resource Environmental Inc. (REI). After award, REI notified the Port they were unable to perform the work within their bid amount of \$490,000. REI cited that they had difficulty obtaining structural calculations to support the demolition effort. Based on Staff's assessment of the issues and with advisement from Port Legal, Staff determined that it was in the best interest of the Port to enter into a "Mutual Waiver and Release Agreement" with REI and re-bid this project.

## **ANALYSIS**

Staff solicited bids through a formal Public Works construction bidding process. A pre-bid meeting was held on October 22, 2020.

On November 9, 2020 four bids were received. The bids are listed in Table 1 below.

**Table 1. Demolition and Removal of Port of Oakland  
Cranes X402, X403, and X404 At Berths 20 And 21 Project [Re-Bid] Bid Summary**

Bidder	Location	Certified LIA/LBA/SBE/V/SBE	Total Bid Price (Low to High)
Power Engineering Construction Company	1501 Viking Street, Suite 200 Alameda, CA 94501	LIA	\$ 921,750.00
Silverado Contractors Inc.	2855 Mandela Parkway, 2 <sup>nd</sup> Fl. Oakland, CA 94608	LIA	\$ 1,142,916.00
SDV Services, Inc.	2236 Mariner Square Dr. #101 Alameda, CA 94501	LIA/SBE	\$ 1,575,000.00
Demolition Services and Grading, Inc.	281 Generations Court Manteca, CA 95337		\$ 1,845,000.00

The bids were also evaluated in accordance with the Port’s Non-Discrimination, Small and Local Business Utilization Policy. Power Engineering Construction Company, an Alameda based company, was determined to be the lowest responsive, responsible bidder. Of note, the highest bid is approximately twice the lowest bid, however, the second lowest bid is much closer to the lowest bid (23% higher). The current low bid is also almost twice the prior low bid of \$490,000 from Resource Environmental. While these factors cannot assure success, they do increase the likelihood of success compared to the prior bid outcome.

Staff recommends awarding the Demolition and Removal of Port of Oakland Cranes X402, X403, X404 at Berths 20 And 21 Project [Re-Bid] to Power Engineering Construction Company in the amount not to exceed \$921,750. Power Engineering Construction Company is appropriately licensed to perform the work. The work will take approximately 6 months to complete.

In addition, Staff is requesting authorization for the Executive Director to execute change orders to the extent necessary in an amount not-to-exceed \$200,000. This change order amount is reasonable for work of this type where there is potential for unforeseen conditions associated with tenant coordination and/or additional environmental mitigation.

**BUDGET & STAFFING**

Demolition and Removal of Port of Oakland Cranes X402, X403, X404 at Berths 20 and 21 Project were included in the Outer Harbor Terminal Loss Contingency. There is no budget impact.

The Total Project budget requested is as follows:

Table 2. Total Project Budget Summary

	Planning/Design Phase	Construction Phase	Total Proposed Budget
Consultant <sup>1</sup>	n/a	\$10,000	\$10,000 <sup>4</sup>
Construction Award <sup>2</sup>	n/a	\$921,750	\$921,750
Construction Contingency	n/a	\$200,000	\$200,000
Port Labor	\$25,000	\$125,000	\$150,000 <sup>4</sup>
Other Related Costs <sup>3</sup>	n/a	\$75,000	\$75,000 <sup>4</sup>
<b>Totals</b>	<b>\$25,000</b>	<b>\$1,331,750</b>	<b>\$1,356,750</b>

<sup>1</sup> Consultant Costs include Construction Management Services, Materials Testing, and Special Testing.

<sup>2</sup> Contractor’s bid amount.

<sup>3</sup> Other Costs include permitting and agency coordination.

<sup>4</sup> Staff may exceed the individual category cost of Port Labor, Consultants and Other Related Costs if i) the effort is needed and ii) the sum of these three category costs does not exceed the sum of these three category costs as shown in the Table.

There is no anticipated impact to staffing.

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

This contract 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.portoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Grow Net Revenues
- 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 have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. The contractor is expected to recycle the recyclable metals from the demolition. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

### **ENVIRONMENTAL**

There removal of Cranes X402, X403, and X404 would not result in a physical change in the environment, and Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. Therefore, no further environmental review is required.

### **GENERAL PLAN**

Pursuant to Section 727 of the City of Oakland Charter, this project has been determined to conform to the policies for the General Industry and Transportation designation of the Oakland General Plan.

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

This action is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

## **OPTIONS**

The following are options for the Board's consideration:

1. Approve the actions as outlined in this agenda report. This is the recommended option.
2. Do not approve the actions outlined in this agenda report. Reject all bids and direct staff to change the scope of the project and rebid the project. This will delay the work and may result in higher costs if the project is started at a later date. This delay may also negatively affect future lease negotiations.

## **RECOMMENDATION**

Staff recommends that the Board adopt a resolution for the following:

- 1) Authorize the Executive Director to enter into a contract with Power Engineering Construction Company for the related construction in an amount not to exceed \$921,750 for the Demolition and Removal of Port of Oakland Cranes X402, X403, and X404 At Berths 20 And 21 Project [Re-Bid]; and
- 2) Authorize the Executive Director to execute change orders to the extent necessary in an amount not-to-exceed \$200,000 for the Demolition and Removal of Port of Oakland Cranes X402, X403, and X404 At Berths 20 And 21 Project [Re-Bid].

Exhibit A  
Project Location

# SEAPORT FACILITIES

