



## Staff Report

**TO:** Board of Harbor Commissioners

**FROM:** John Moren, Director of Operations

**DATE:** July 19, 2017

**SUBJECT: Pillar Point Harbor Romeo Pier Demolition Project; Award Demolition Contract to The Dutra Group**

### **Recommendation/Motion:**

**Motion:** (i) Authorize the General Manager to accept the bid amount of \$2,734,350 and award the contract to The Dutra Group for the Romeo Pier Demolition project; (ii) establish a contract contingency in the amount of 10% of the contract amount for unanticipated additional expenses associated with the contract and authorize the General Manager to issue change orders up to the contingency amount.

### **Policy Implications:**

The Project, which involves the removal of the abandoned pier, is consistent with the District's overall goal to provide the public with a clean, safe, well managed and environmentally sound marina, as the pier is currently unsafe and losing large portions into the Pillar Point Harbor (PPH) waters.

### **Fiscal Implications/Budget Status:**

The District's FY 17/18 Budget allocates \$1.5 million for the Project. The May 2014 Board Resolution 11-14 authorized consultant Moffat & Nichol (Consultant) a not-to-exceed contract amount of \$61,200 to provide demolition design and engineering services. Due to unanticipated delays, additional studies required by regulatory agencies and new required permits, Consultant required additional funds in an amount not-to-exceed \$34,700 to complete the design, engineering and construction support portion of the Project.

Approval of this item will be funded in part from District reserves and could result in a maximum decrease of budgeted District reserves by \$1,234,350. This assumes no additional charges or change orders for this Project. Additionally, however, The Dutra

Group and staff have been discussing the project and looking for opportunities for cost reductions; this may reduce the impact of the project on District reserves.

**Alternatives:**

Staff considered recommending that this Commission reject the bid, and then attempt to negotiate a contract with The Dutra Group. This approach presents the risk of protracted negotiations with no resolution, and the necessity for another bid process, which would not necessarily result in lower costs, and would delay completion of the project.

Staff considered recommending that this Commission reject the bid and going straight out for another bid process. Again, there would be no guarantee of lower bids, but there would be a delay in completion of the project.

Further delay may make it difficult to perform the work prior to the onset of winter storms, with the result being further deterioration of the pier and increased cost to the District; Staff therefore does not recommend either of the two alternatives discussed above.

**Background:**

The District purchased Romeo Pier in 1996. In 1998 an evaluation of the pier's structural integrity was conducted, results of which indicated that it would not be cost effective to repair the pier. Numerous immediate safety concerns were addressed and the pier remained operational until eventual shut-down over a decade later.

Romeo Pier is in an advanced state of deterioration. Portions of the pier have already collapsed, causing debris to fall into the water.





Due to the advanced deterioration, the pier was planned for removal. Removal of the pier and disposal upland would reduce the amount of chemically treated wood debris that is entering the ocean, thus alleviating environmental concerns.

The original project was envisioned as being performed as removal under emergency circumstances when the pier deck first started to collapse in early 2014. An emergency permit was acquired from the regulatory agencies and the project schedule was envisioned as taking 34 weeks. The District had several issues that stalled progress, including obtaining the necessary landside access rights for construction vehicles. As time elapsed, the regulatory agencies withdrew the emergency permits and required that new permit applications be submitted. Permits were reapplied for, and during review, the agencies requested additional studies which had not been anticipated, such as a Biological Resources Assessment, Cultural Resources Records Technical Study and Cultural Resources Assessment.

The Consultant completed the regulatory compliance and technical specifications in May 2017 and the Project Invitation to Bid was promptly publicized. Three contractors attended a mandatory Pre-Bid Conference on June 7, 2017 and only one contractor submitted a Project bid on June 30, 2017. The Dutra Group was the sole responding Project bidder and the bid amount was \$2,734,350.00. Staff has reviewed the bid and determined that it is responsive to the solicitation's requirements and that the Dutra Group is a responsible bidder, qualified to perform the work.

- Dutra's bid price exceeds the budgeted amount by \$1,234,350 and is over \$2,000,000 greater than the District's original 2014 estimate for an emergency permit. The 2014 estimate is obviously outdated, and did not take into account additional costs necessitated by the additional permitting requirements. If the

Commission approves this item, Staff has determined some opportunities for cost savings that might be obtained through an efficient administration of the Contract after award. These include timing of the project to work within Dutra's schedule of work, rather than issuing the Notice to Proceed at the earliest possible time; reviewing the costs for mobilization and demobilization; and discussion with the Dutra Group of the means and methods for performance of the work. The Dutra Group has expressed willingness to work with the District on these items in order to achieve the most cost effective project possible, with the possibility of a reduction to its bid price.

**Summary/Recommendation:**

Staff recommends this Commission authorize the General Manager to award the contract to The Dutra Group, and establish a contingency as set forth above. Staff will continue to seek potential cost savings after Contract award.

**Attachments:**

[The Dutra Group Romeo Pier Demo Bid Submittal](#)