




MEMORANDUM

January 10, 2025

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Gail Gilman, Vice President
Hon. Willie Adams
Hon. Stephen Engblom
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request for authorization to modify Construction Contract No. 2796R, South Beach Marina Repairs, to retroactively extend the substantial completion date and increase the authorized not-to-exceed contract amount.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-03

EXECUTIVE SUMMARY

Port staff requests that the Port Commission authorize a contract modification of Construction Contract No. 2796R, South Beach Marina Repairs (the "Project"), to retroactively extend the substantial completion date by an additional 474 calendar days and increase the authorized not-to-exceed contract amount from \$2,328,711 to \$4,028,711 to complete contract work and additional repairs at South Beach Marina.

The Project scope is for general repairs and improvements to the floating dock system that includes wooden waler replacement, installation of supplemental floatation to restore freeboard, and new power pedestals to maximize their remaining service life. Construction is being performed by an LBE general contractor based in Bayview, Yerba Buena Engineering and Construction, Inc. (the "Contractor"). During construction, additional repairs were identified that are vital to maintaining a safe and operable marina.

The requested time extension of 474 days is in addition to the authorized contract duration of 220 calendar days plus the 10% contingency of 22 days. A total of 716 days is estimated for substantial completion of the work due to the additional repairs identified and unforeseen delays beyond the control of the Contractor.

The requested increase in funding of \$1,700,000 to the authorized contract value of \$2,117,010, plus the 10% contingency of \$211,701 for a total not-to-exceed amount of \$4,028,711.

Under Section 6.22 of the San Francisco Administrative Code, time extensions and funding in excess of 10% of the original contract are subject to Port Commission approval. The requested increase is to account for vital additional repair work within the original limits of work.

STRATEGIC OBJECTIVE

This Project supports the goals of the Port's Strategic Plan as follows:

Economic Growth:

The Project will preserve and enhance the marina used by recreational boaters by addressing deferred maintenance at South Beach Marina. The Project maximizes the available berths for rent to generate revenue from the recreational boating community.

BACKGROUND

Port Commission Resolution 24-07 on January 23, 2024, authorized Port staff to award construction Contract No. 2796R, South Beach Marina Repairs, to the Contractor, the lowest responsive and responsible bidder, for \$2,117,010 and further authorized staff to increase the Contract amount, as necessary for unanticipated contingencies, by an additional amount of \$211,701 (10% of \$2,117,010) through contract modifications or change orders. Exhibit A presents the Project location.

The Contract Notice to Proceed was issued on April 24, 2024, with a Substantial Completion date of November 22, 2024. During the performance of this Contract, there have been additional repairs identified and delays preventing the Contractor from completing the work by the Substantial Completion date. The Contractor and its subcontractors have worked cooperatively with the Port through several challenges that have delayed Substantial Completion. These items include:

- *Unforeseen Additional Repairs.* While performing work included in the original contract, additional adjacent repairs were identified by the Contractor and Port staff. These included items such as additional repairs to wooden walers and through-rods to address nearby damage. Port staff asked the Contractor to perform these repairs because it was more efficient to utilize the mobilized contractor rather than defer the work to another project or request Port Maintenance to perform the work.

South Guest Dock Replacement. Only once demolition began were the extent of additional repairs exposed and could not have been foreseen during the design phase. While performing concrete spall repairs at the South Guest Dock, the Contractor discovered that the embedded steel mesh used to provide structural integrity to the concrete surface had completely disintegrated caused by rust and corrosion. The same issues were found at every scheduled repair location of the South Guest Dock. Additionally, some of the identified repairs may be due to damage sustained and caused during storm events after the project designs were completed and advertised. Port staff recommended that floats should be fully replaced instead of performing interim repairs to continue safe operations on the docks.

Section 6.22(h) of the City Administrative Code allows staff to grant schedule increases up to 10% of the original contract amount and to seek approval of time extensions above 10%. To address the delays due to unforeseen conditions and additional repairs, Port staff request authorization to execute a contract modification to extend the original contract duration as described below.

The Project costs to date have not exceeded the authorized contract value and 10% contingency. Throughout this process, despite the schedule delays and modifications to scope, the Port and the Contractor worked to leverage efficiencies to complete additional scope more quickly and for less overall cost to the Port. The total change orders are currently less than the 10% authorized contingency. However, the remaining contract work is not yet complete and additional unforeseen repair work is anticipated. To allow the remaining work to continue efficiently and uninterrupted, Port staff requests that the Port Commission authorize staff to increase the contract amount by an additional \$1,700,000 through contract modification or change order. This request would raise the total authorized not-to-exceed amount by \$1,700,000, from \$2,117,010 to \$4,028,711.

BENEFITS OF A NEW SOUTH GUEST DOCK

Below is a list of benefits that support the full replacement of the South Guest Dock:

Economic Significance:

- The South Guest Dock is important to our economy, supporting small commercial charters, recreational boaters, and excursion operators.
- The current disrepair is a deterrent to visitors, which means reduced revenue for the harbor and nearby businesses.
- Replacing the dock will make us more attractive to visitors, which should lead to higher revenue and support economic activity around Pier 40.

Financial Implications:

- Initial Investment: Although replacing the dock requires upfront capital, it's a proactive approach to avoid the higher costs of emergency repairs and unexpected shutdowns.

- Long-Term Savings: A new dock will reduce maintenance expenses, creating more predictable budgeting over the years.
- Revenue Enhancement: Upgraded infrastructure will bring more visitors and boats, creating a reliable source of increased revenue over time.

Operational Benefits:

- Sustained Operations: A new dock will ensure steady, reliable service, avoiding the revenue loss that would come from emergency closures.
- Pump-Out Facility: This dock includes one of the few pump-out stations on this side of the bay, which supports eco-friendly boating and environmental compliance.
- Amenities: With a replacement, we can offer enhanced amenities like power and water, adding value for boaters and additional berthing options.

SAN FRANCISCO LOCAL BUSINESS ENTERPRISE REQUIREMENT

The Contract Monitoring Division (CMD) enforces the City's Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance. The ordinance establishes bid discounts for Local Business Enterprise ("LBE") prime contractors and empowers CMD to set LBE subcontractor participation goals based on the availability of LBE firms to complete the type of work included in the Contract. As documented in Resolution 24-07, CMD established a 3% LBE subcontractor participation goal for this project. This percentage was set lower than some other recent contracts due to the specialized nature of overwater work. The Contractor is a certified LBE, and their total original LBE subcontractor percentage is above 3%.

SCHEDULE

Port staff request authorization to execute a retroactive time extension of 474 days in addition to the authorized contract duration of 220 calendar days plus the 10% contingency of 22 days. A total of 716 days is estimated for substantial completion of the work due to unforeseen delays beyond the control of the Contractor. The modified Project completion schedule is noted below:

| | |
|--|-------------------|
| Executive Director Authorization to Award | January 23, 2024 |
| Notice to Proceed | April 17, 2024 |
| Original Substantial Completion | November 22, 2024 |
| Revised Substantial Completion | April 01, 2026 |

The request to replace the South Guest Dock rather than repair it is the main cause of the increase in the contract duration. Only performing the repairs included in the original contract on the South Guest Dock would not be sufficient and would require further regular maintenance by Port staff. Deferring the replacement of the South Guest Dock could become a safety and maintenance liability for the Port.

Approximately 425 days or 14 months out of the 474 requested days of the time requested for this contract extension is due to the replacement of the South Guest Dock as shown below:

| Item | Full Replacement Schedule | |
|------|--|------------------|
| 1 | Design of floats by Port consultant | 2 months |
| 2 | Shop drawings prepared by float fabricator | 4 months |
| 3 | Fabrication of floats | 6 months |
| 4 | Installation time by Contractor | 2 months |
| 5 | Total Time | 14 months |

FUNDING

The total change orders are currently less than the 10% authorized contingency. However, the remaining contract work is not yet complete. To allow the remaining work, including anticipated additional unforeseen repair work to continue efficiently and uninterrupted, Port staff requests that the Port Commission authorize staff to increase the contract amount by an additional \$1,700,000 through contract modification or change order. The contract details and requested modifications are shown below.

| | |
|--|--------------------|
| Awarded Contract Value: | \$2,117,010 |
| Authorized 10% Contingency: | <u>\$211,701</u> |
| Total Authorized Contract Value: | \$2,328,711 |
| Total Approved Change order amount to date: | \$156,892 |
| Remaining Authorized Contingency: | \$54,809 |
| Requested Increase of Contract Value: | <u>\$1,700,000</u> |
| Revised Total Not-to-Exceed Contract Value: | \$4,028,711 |

To date, the Project has spent approximately \$165,000 of funds on work related to the South Guest dock. \$89,300 of that total is from performing original contract work and \$75,700 of contingency funds to perform additional repairs.

The additional requested amount will be funded by the South Beach Harbor funds.

SUMMARY

The Contractor experienced unforeseen delays in the field and additional work directed by the Port which caused delays in contract completion beyond the authorized 10% contingency of the contract duration for the Project and Port Maritime staff have requested to fully replace the South Guest Dock.

Additional work to date has been completed within the authorized 10% contingency. However, contract work is still ongoing and additional unforeseen repair work is anticipated along with the South Guest Dock replacement. Port staff, therefore, request

Port Commission authorization to increase the not-to-exceed contract value by an additional \$1,700,000 to allow work to proceed efficiently should additional repairs be needed.

RECOMMENDATION

Port staff recommend that the Port Commission approve the attached resolution to increase the contract duration and amount as described above.

Prepared by: Noel Aquino
Project Manager

For: Wendy Proctor
Acting Deputy Director, Engineering

Attachment: Exhibit A – Area of Work Location Map

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 25-03

- WHEREAS, On January 23, 2024, the Port Commission authorized the award of Construction Contract No. 2796R (the “Contract”), South Beach Marina Repairs, to Yerba Buena Engineering and Construction, Inc (“Contractor”); and
- WHEREAS, The contract scope included general repairs and improvements to the floating dock system that includes wooden waler replacement, installation of supplemental floatation to restore freeboard, and new power pedestals to maximize their remaining service life; and
- WHEREAS, During construction, the Contractor encountered issues that required additional time and cost to complete the Contract; and included additional work to address unforeseen conditions to complete the original scope and repair work identified by the staff and full replacement of the South Guest Dock; and
- WHEREAS, Section 6.22(h) of the City Administrative Code authorizes the Port Commission to approve time extensions greater than 10% of the original contract amount or duration; and
- WHEREAS, Port staff retroactively requests authorization of an extension of time of 474 calendar days to the original contract duration of 220 calendar days, which combined with the time extension of 22 days allowed to be granted by Port staff, will extend the original contract's substantial completion date from November 22, 2024 to April 01, 2026; and
- WHEREAS, Port staff requests authorization to increase the contract amount up to an additional \$1,700,000 for a total authorized not-to-exceed contract value of \$4,028,711; now, therefore be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to execute a contract modification to Contract No. 2796R, South Beach Marina Repairs, to retroactively extend the existing substantial completion date by an additional 474 days; and be it further
- RESOLVED, That the Port Commission authorizes Port staff to increase the Contract amount, as necessary for unanticipated contingencies by up to an additional amount of \$1,700,000 through contract modification or change order; and further, the Port Commission hereby ratifies all actions taken by the Port staff in furtherance of the purposes described in this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 14, 2025.

Secretary

EXHIBIT A
Area of Work Location Map

