



MEMORANDUM

April 4, 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 authorization to advertise for competitive bids for a low-bid Maintenance Dredging Project, Construction Contract No. 2885 with a five-year term.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-19

EXECUTIVE SUMMARY

Port staff requests the Port Commission authorize the advertisement for competitive bids for a low-bid Maintenance Dredging Project, Construction Contract No. 2885 (Contract) with a five-year term. The Contract facilitates maintenance dredging at several Port facilities including Pier 27, Pier 35, Pier 80, Pier 92, Islais Creek, Fisherman's Wharf, Piers 94/96, South Beach Harbor, and other locations along the San Francisco waterfront. The goal of the maintenance dredging program Contract is to provide vital support to the Port's Maritime facilities.

On November 22, 2024, staff presented the results of the Port's Request for Interest from Maritime Dredging and Construction Firms and the Port Commission directed staff to pursue its three recommendations summarized below. This request for contract advertisement represents a key step towards completion of the second of the three recommendations. With respect to the third, Port staff will return to the Port Commission

later this calendar year to request separate authorization to advertise an As-Needed Marine Construction Contract in the near future. This future advertisement will meet the Port's needs for maintenance and repair of our waterfront infrastructure and will incorporate categories of work that allow for Local Business Enterprise (LBE) participation and local workforce development opportunities.

STRATEGIC PLAN OBJECTIVES

The request to advertise this contracting opportunity supports the goals of the Port's Strategic Plan as follows:

Economic Growth:

Contributes to the economic vitality and long-term vitality of the Port and the City.

Sustainability:

Creates and restores habitats when sediments can be beneficially re-used.

Equity:

Create a diverse, equitable, and inclusive organization and waterfront, and empower Black, Indigenous, and other People of Color (BIPOC) in Port Maritime operations and opportunities by dredging Port facilities/infrastructure/portfolio.

BACKGROUND

Maritime commerce is central to the Port's mission, and contracting for dredging services is critical in achieving that mission. The Port has limited naturally deep berths and much of its maritime operations depend on the annual dredging program to maintain safe depths for continuous maritime activity.

The annual maintenance dredging program provides vital support to the Port's Maritime industry, including cruise calls at the Terminals, cargo delivery in the Southern Waterfront, commercial fishing in Hyde Street Harbor and Fisherman's Wharf, water taxis, commuter ferries, excursion vessels, recreational boating, and waterside disaster response, enabling agencies such as SF Bay Ferry, San Francisco Police Department (SFPD) Marine Unit, and San Francisco Fire Department (SFFD) Station No. 35 Fireboats to assist the City with evacuation and transport of post-disaster supplies and first responders, search and rescue, and access to the emergency fire water suppression systems at multiple locations. The maintenance dredging program supports approximately \$33 million of the Port's total Maritime annual operating revenues of \$38 million.

The current contract authorized by the Port Commission, Contract No. 2842 in 2022 (Resolution No. 22-49) expires July 13, 2025. As amended per Port Commission

Resolution 24-23, the contract is for a two-and-a-half-year term with a total value of approximately \$9.96 million.

In April 2024 Port staff sought and received Port Commission approval of Resolution 24-23 to amend Contract No. 2842 to add term and spending authority to perform mission-critical dredge events at Pier 35, Fisherman's Wharf, and South Beach Harbor. In connection with that approval, Port staff recommended and the Port Commission authorized the issuance of a Request for Interest from Maritime Dredging and Construction firms (the RFI) so the Port could tailor future contracting efforts to achieve the Port Commission's small business inclusion goals. Port staff issued the RFI on August 8, 2024 and returned to the Port Commission on November 25, 2024 to summarize the results. At that hearing the Port Commission directed staff to pursue the three recommendations set forth in the November 25, 2024 staff report:

1. Advertise a General As-Needed contract for deep-water and shallow-water dredging (including limited marine construction services to the extent feasible). The LBE subcontracting requirement will be established at the contract level.
2. As a subsequent step, advertise for multiple Master As-Needed contracts for marine construction services, including shallow dredging. The LBE subcontracting requirement for these contracts will be applied at the task order level, maximizing LBE participation and allowing LBEs opportunities to join during the life of the contract.
3. Separate from those two efforts, publish general qualifications for performing near and over-water work outside of the contracting process and match pathways to becoming certified, where applicable. Work with the Contract Monitoring Division (CMD) and partners to provide technical assistance, information, and visibility to over-water work to encourage contractors, especially LBEs, to consider marine construction work.

Of these, Port staff has completed recommendation number 3; the published qualifications are attached to this staff report as Attachment A for the Port Commission's information.

Staff worked towards bringing recommendation number 1 to the Port Commission. However, after discussions among Maritime and Engineering staff, the City Attorney's office, and the Contract Monitoring Division, Port staff concluded that the additional complexity of a General As-Needed contract would not result in a more positive outcome than a low-bid contract solicitation, insofar as CMD has again determined that there are no subcontracting opportunities for LBEs for a contract for dredging services and in-water transportation of dredging equipment.

Accordingly, Port staff are today proposing to advertise the Contract for dredging services to address the Port's maritime portfolio needs, while reiterating our intent to return to the Port Commission later in 2025 to pursue recommendation number 2 in an

effort to maximize LBE participation and “build up the bench” of firms with experience performing marine construction work at the Port.

With respect to the request for authorization to advertise bids proposed here, maintenance dredging is performed during the in-water work window from mid-June to the end of November. Exemptions can be obtained with environmental permissions, but this results in higher costs due to mandatory removal of sediments to a beneficial reuse location, the most expensive disposal option. The seasonal nature of dredging work in the SF Bay means that contractors and their workforce must find other opportunities between December and May. Staff propose a five-year term for a new Contract to create predictability and allow the contractor to better plan for the availability of specialized equipment and staff, increasing overall efficiency.

PROJECT SCOPE

A five-year Contract will facilitate Port maintenance dredging at several Port facilities including the Cruise Terminals at Pier 27, Pier 35, and cargo operations at Pier 80, Pier 92, and Piers 94/96, navigational access in Islais Creek, and the marinas in South Beach Harbor and Fisherman’s Wharf, and other locations as needed along the San Francisco waterfront to maintain transit and access for emergency response vessels. The scope of work will include contractor mobilization and demobilization, hydrographic surveying as set forth in the construction contract documents per location, excavation of sediment and other materials from the water environment (dredging), transportation of the extracted dredge material in-water (on a barge) for in-Bay disposal, ocean disposal, and placement at beneficial reuse sites.

ADVERTISEMENT AND AWARD

The proposed solicitation will require bidders to possess a Class A General Contractor’s License as a minimum qualification for award. Additionally, Port staff will screen the bidders’ work history for a record of safe performance on construction projects as an element of responsiveness, and in accordance with Section 6.1 of the Administrative Code. Bids will be advertised to reach contractors through the following methods:

- SF City Partner Website
- Direct targeted emails based on location and trade
- Chambers of Commerce and Merchant Associations
- Minority/Women Business Enterprise Agencies
- Contract Monitoring Division list of contractors

Port staff will request bids on a unit-price basis (e.g., dredging and disposal per cubic yard of dredged material depending on characterization of material and disposal site, mobilization type, etc.), based on Port Project Engineer’s estimated quantities. The total bid price will determine the lowest bidder. Port staff will return to request authorization to

award the Contract to the lowest-price, responsive, and responsible bidder as a not-to-exceed amount. Port staff will issue individual dredging event notices to proceed for the contractor to dredge areas each fiscal year depending on Port operational needs, and subject to available and appropriated funds.

LOCAL BUSINESS ENTERPRISE

The Contract Monitoring Division enforces the City's Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance. The ordinance establishes 10% bid discounts for LBE prime contractors and empowers CMD to set LBE subcontractor participation goals based upon availability of LBE firms to complete the type of work included in the contract.

The scope of work in this advertisement for bids is limited to dredging and in-water transportation of dredging equipment. As noted above, CMD staff have reviewed the Project scope and anticipated funding sources for the Contract and determined that there are no subcontracting opportunities for LBEs as part of the proposed Contract. Port & CMD staff have worked closely together and an LBE subcontracting goal waiver was issued on March 14, 2025 for this project, based on CMD's determination that there are no LBE subcontracting opportunities.

Also as noted above, Port staff and CMD will establish an LBE goal in the ensuing As-Needed Marine Construction Contract that will be advertised for small to mid-sized marine repairs.

REGULATORY APPROVALS

The Port is authorized to conduct maintenance dredging under 10-year permits from the U.S. Army Corps of Engineers (USACE), San Francisco Bay Conservation and Development Commission (BCDC), and the San Francisco Regional Water Quality Control Board (RWQCB). For each dredging episode, all material proposed to be dredged is tested (chemically and biologically) as per regional and federal guidance. Authorization to dredge is contingent on the Dredging Material Management Office's (DMMO) approval. The DMMO determines the suitability of sediment for various disposal options based on the quality of the dredge material tested. The DMMO includes representatives from the U.S. Environmental Protection Agency, BCDC, RWQCB, and USACE.

Regulatory approval from USACE, BCDC, and RWQCB was previously documented through the following permits:

- USACE - Permit Order No. 2013-00333S
- BCDC - Permit Order No. M02-71
- RWQCB - Permit CIWQS Place No. 735444

However, these permits have expired since the issuance of Contract No 2842. Port staff have submitted applications for new permits which are currently under review by USACE, BCDC, and RWQCB. Approval and permit issuance is anticipated ahead of the 2025 dredge in-water work window, which runs from June 1 to November 30.

The proposed Contract will incorporate the dredging and disposal requirements noted in the “Long Term Management Strategy for the San Francisco Bay (LTMS)” and implemented by DMMO, including provisions for meeting volume percentage allocations to place dredge material at various permitted disposal sites: in-Bay disposal (20%), ocean disposal (40%), and beneficial reuse sites (40%).

Maintenance dredging is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, section 15304(g), minor alterations to land - maintenance dredging.

SCHEDULE

The anticipated schedule for the Contract is shown below:

| <u>Activity</u> | <u>Target Date</u> |
|---|--------------------|
| Port Commission Authorization to Advertise for Bids | April 8, 2025 |
| Advertisement | April 2025 |
| Bid Opening | June 2025 |
| Port Commission Approval to Award Contract | July 8, 2025 |
| Anticipated Contract Notice to Proceed | September 2025 |
| Anticipated Contract Completion | December 31, 2030 |

FUNDING

The Contract will be funded by the Port Harbor Funds for maintenance dredging allocated on a biennial basis, subject to approval by the Port Commission, Mayor, and Board of Supervisors as part of the Port’s capital budget.

The current engineer’s estimate for the scope of work in the advertisement for bids for the Contract is \$32 million based on the anticipated dredging frequency per berth and estimated volumes to be dredged.

The Port will direct the contractor to dredge each fiscal year depending on the Port's operational needs to maintain Maritime agreements and to facilitate access for emergency response and transit vessels. The dredging program will also be subject to the available annual appropriated funds. This approach is consistent with previous Port maintenance dredging contracts. The Contract duration is five calendar years which includes six fiscal year (FY) budgets, which will be brought to the Port Commission for review and approval.

SUMMARY

The annual maintenance dredging program provides vital support to the Port's Maritime industry and Port operations. The Contract will facilitate Port maintenance dredging at several Port facilities to ensure adequate berth depths and clear navigational waterways. The Contract will be advertised for award to the lowest, responsive, and responsible bidder and based on an engineer's cost estimate of \$32 million for a scope of work over five years. The Contract will be funded by the Port Harbor Funds for maintenance dredging allocated on a biennial basis. In addition, Port staff will return to the Port Commission later this year to seek authorization to advertise for a Master As-Needed contract for marine construction services, including shallow dredging, with the goal of generating additional small business contracting opportunities in marine construction.

PORT STAFF RECOMMENDATION

Port staff requests the Port Commission's authorization to advertise for and accept competitive bids for one low-bid Maintenance Dredge Project, Contract No. 2885 with a five-year term.

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Matthew Bell, Senior Structural Engineer
Matthew Dea, Civil Engineer

For: Andre Coleman, Deputy Director
Maritime Division

Wendy Proctor, Interim Deputy Director
Engineering Division

Attachment: General Qualifications for Marine Construction and Dredging

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

RESOLUTION NO. 25-19

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the area within Port jurisdiction; and
- WHEREAS, Dredging and related construction services provide vital support to the Port's Maritime industry, which includes cruise visits, fishing boats, water taxis, commuter and pleasure ferries, recreational boating, and emergency response vessels; and
- WHEREAS, Port staff seek Port Commission authorization to solicit competitive bids for one low-bid Maintenance Dredging Project, Construction Contract No. 2885 (the Contract) based on a Project Engineer's estimate of \$32,000,000 over a five-year term that includes a 10% contingency, as further described in the memorandum accompanying this Resolution, and which Contract will be subject to approval by the Port Commission and Board of Supervisors; and
- WHEREAS, The Contract scope of work will include dredging at various Port locations, including Pier 27, Pier 35, Pier 80, Pier 92, Islais Creek, Fisherman's Wharf, Piers 94/96, South Beach Harbor, and other locations along the San Francisco waterfront starting in 2025; and
- WHEREAS, The Contract cost, including a 10% contingency, will be funded from Port Harbor Funds or other capital improvement project-specific funding sources, and would be appropriated by the Port Commission on a biannual basis, subject to approval by the Board of Supervisors; and
- WHEREAS, Contract Monitoring Division (CMD) staff have reviewed the Contract scope and anticipated funding sources for the Contract and determined that there are no subcontracting opportunities for local business enterprises (LBEs) due to the specialized equipment required to perform the excavation, transport, and disposal work in the water, and CMD has provided a subcontracting goal waiver; and
- WHEREAS, The Contract will incorporate the dredging and disposal requirements identified in the "Long Term Management Strategy for the San Francisco Bay" including provisions for in-Bay disposal, ocean disposal, and placement of dredged materials at beneficial reuse sites, as developed by the Dredged Material Management Office (DMMO), which is a joint program of the San Francisco Bay Conservation and Development Commission, San Francisco Regional Water Quality

Control Board, California State Lands Commission, U.S. Army Corps of Engineers, and Region 9 of the U.S. Environmental Protection Agency; now, therefore be it

RESOLVED, That the Port Commission authorizes Port staff to advertise and accept competitive bids for one, low-bid Maintenance Dredging Project, Construction Contract No. 2885, as described in this resolution and accompanying memorandum.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2025.

Secretary