File #: HD-18-670, Version: 1

DATE: 1/14/2019
TO: Board of Harbor Commissioners
FROM: Darrin Lambrigger, P.E., Director of Construction Management
SUBJECT: Middle Harbor Terminal Redevelopment
        Pier E South Administration Building (HD-S2381)
        Professional Services Contract for Construction Management
        Integrated Engineering Management

Executive Summary
Staff solicited for professional construction management (CM) services to manage the Middle Harbor Terminal Redevelopment, Pier E South Administration Building Project (Project). Six proposals were received, and through interviews and scoring the selection panel determined Integrated Engineering Management Inc. (IEM) was the most qualified firm to provide the CM services for the Project. Therefore, staff recommends authorizing a professional services contract with IEM in the amount of $2,494,855 and a term of approximately 24 months.

Key Points
- Based on an analysis of the Port’s Capital Program and internal resources, the Construction Management Division has a need for professional construction management support services to support internal resources in managing the construction of the Port’s ongoing Capital Program.
- Staff is recommending a contract with IEM to provide professional construction management services for the construction of this Project.
- The proposed contract amount is $2,494,855 with a term of approximately 24 months.
- All work under this contract will count as 100 percent VSBE participation, which far exceeds the Port’s goals of 27% SBE/VSBE and 5% VSBE for this solicitation.

Recommendation
It is recommended the Board of Harbor Commissioners authorize the Executive Director to execute a professional services contract with IEM in the amount of $2,494,855 for a term of approximately 24 months for construction management services for the Project.

Financial Impact
The proposed contract amount is $2,494,855 with a contract term of approximately 24 months. Staff conducted negotiations and were successful in reducing the hourly billing rates for several personnel classifications. The final negotiated rates are competitive with rates for similar services from other consultant firms. IEM has agreed to hold its rates for the duration of the 24-month contract. Staff will manage the contract through specific work authorizations. This will be a time and material type contract and the consultant will be paid only...
for the work authorized and completed.

A request for spending authorization and a project budget is being presented to the Board under a separate item on the same agenda (Legistar ID HD-19-019). The value of the proposed contract with IEM is included within the proposed spending and Baseline Project Budget.

**Background**

The Port’s largest capital development, the Middle Harbor Terminal Redevelopment Program, consists of combining Piers D, E, and F to form a modern contiguous 311-acre terminal. Construction of this terminal includes new gates, buildings, wharf structures, rail-mounted gantry cranes (RMG), container and intermodal rail yards, landfill, paving and striping, and utility infrastructure. Phase 3 includes three projects, including the Pier E Berth E22 Wharf and Backlands, the Pier E Terminal Container Yard/Intermodal Railyard, and the Pier E Administration Building. Other projects currently planned but which are not needed to go live with operations for the completed terminal include the Pier E North Gate Extension and the Pier E South Battery Exchange Building.

The Pier E Administration Building project will serve as the primary building for terminal management functions. The project includes construction of a three-story, commercial office building of 20,844 square feet and associated appurtenances. Site work includes utilities, grading, paving, and landscaping. The work also includes construction of terminal monument signage. The Project is targeting the LEED Gold certification by the U.S. Green Building Council, making this the fifth LEED Gold building in the Middle Harbor Terminal.

**Detailed Discussion of Current Issues**

The Pier E Berth E22 Wharf and Backlands project and the Pier E Terminal Container Yard/Intermodal Railyard project are very large, complex projects and will run almost concurrently with the Pier E Administration Building. The two larger projects are the largest of the Phase 3 projects in terms of cost and scope and have a combined value close to $300M. Although every effort is made to staff all projects with in-house staff, this peak in Phase 3 workload along with the other projects in the Port’s Capital Program exceeds in-house resources and therefore, consultant support is required to perform construction management services.

Assignment of in-house staff to projects during this peak work period is performed strategically to continue growing in-house expertise for key types of work. In this case, the Pier E Berth E22 Wharf and Backlands project was selected to place the in-house team and further develop the Department’s expertise in marine construction. In addition, staff analyzed the amount of construction management support services required to support this project compared to the amount of manpower available through in-house staff during the proposed contract period, indicating a gap. For these reasons, consultant services are necessary for the concurrent Pier E Administration Building.

Port Staff issued a Request for proposal (RFP) to provide professional construction management services for the Project. The RFP was posted on the PlanetBids website on March 14, 2018. On April 23, 2018, six proposals were received.

A selection committee consisting of two members from the Construction Management Division and one member from the Program Management Division reviewed the proposals. Due to the reasonable number of firms that submitted a proposal for CM services there was no need to select a smaller pool to move onto the interview and selection of the procurement. These firms were interviewed on June 6, 2018 and June 7, 2018. Based on demonstrated capabilities, experience, and qualifications of the firms and their respective personnel, IEM was determined to be the most qualified to provide construction management services for the Project.
Additional procurement details are provided in the attached Summary of Procurement.

If approved, IEM will provide Construction Management Services for the Project including: participating in constructability reviews, pre-bid, preconstruction and partnering meetings; project administration; conducting weekly construction progress meetings; maintaining project records; administrative and document control; coordination of review of submittals, coordination of requests for information; coordination with Port Risk Management to ensure health and safety requirements are met; coordination with the Middle Harbor Program Level Construction Management Services consultant for schedule reviews, estimating, claims, utility coordination and environmental compliance support to ensure compliance with the contract; coordination of construction activities with contractor, Port staff, tenants, utilities, adjacent construction contractors and activities, and other stakeholders; preparing weekly reports, change orders and Board Memos; review and processing of progress payment requests; construction inspection and testing of materials and work to ensure compliance with permits, plans and specifications; and evaluation of work and recommend courses of action.

The proposed contract term is through December 31, 2020. This duration includes a short period of time for the consultant to deploy their team and a short period of time following construction to perform warranty management. Based on the new VSBE threshold taking effect on January 1, 2019, IEM’s participation will be considered 100 percent VSBE, which exceeds the Port’s requirement for this solicitation.

The proposed contract has been reviewed by Contract Compliance and any questions or concerns have been addressed to their satisfaction.

Attachments:  Contract for Consulting Services - Integrated Engineering Management
Summary of Procurement