File No. 120560

Committee Item No. 2
Board Item No. 32

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Land Use and Economic Development **Date** June 11, 2012

Board of Supervisors Meeting **Date** 6/26/12

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Completed by: Derek Evans **Date** June 8, 2012
Completed by: Alisa Miller **Date** June 13, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Administrative Code - Port of San Francisco Pier Repair and Replacement Work]

Ordinance amending the San Francisco Administrative Code by adding Section 6.71 to Article IV of Chapter 6 to allow the Port of San Francisco to use Port of San Francisco employees to perform demolition, repair and replacement work on piers under the jurisdiction of the San Francisco Port Commission.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) In 1968, the State of California transferred its responsibilities for the San Francisco waterfront to the City and County of San Francisco ("City") under the Burton Act, California Statutes of 1968, Chapter 1333 (the "Burton Act"); and

(b) The Port of San Francisco ("Port"), which is an enterprise department of the City governed by the San Francisco Port Commission, is responsible for seven and one-half miles of waterfront property from Hyde Street Pier in the northeast to India Basin in the southeast. The Port's responsibilities include the maintenance of a number of capital assets, including 39 pile-supported pier structures, 80 substructures (of both piers and marginal wharves between piers), 245 commercial and industrial buildings, over three miles of streets and sidewalks, and elements of the utility infrastructure that supports them, as well as pile-driving rigs, drydocks, cargo cranes and heavy equipment used by the Port's Maintenance Division; and

(c) Most of the Port's finger piers and wharves are approximately 100 years old and the piers located along the northeast waterfront are within the Embarcadero Historic District that is

listed on the National Register of Historic Places. The Board of State Harbor Commissioners, the predecessor entity to the Port, first began pile work in 1888 to build, maintain and repair the Port's assets. Since 1924, the Port has maintained a continuous staff of pile workers and pile-driving equipment. The pier structures, which are susceptible to environmental degradation due to their age and exposure to the Bay water, are in varying degrees of disrepair and require significant maintenance and repair work. Many of the piers were dilapidated and in a state of disrepair at the time they were transferred from the State to the City. Some piers are so dilapidated they must be removed from the Bay, often at the direction of the San Francisco Bay Conservation and Development Commission; and

(d) San Francisco Charter Sections 4.114 and B3.581 and the Burton Act grant the San Francisco Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction, including the exclusive power to perform or accomplish the construction, reconstruction, repair, operation and use of all works, buildings, facilities, utilities, structures and appliances incidental, necessary or convenient for the promotion and accommodation of commerce and navigation, or located within the Port area; and

(e) The Port's Maintenance Division is responsible for maintaining the Port's property, including the pile-supported pier structures, substructures, aprons, wharves, decks, fenders and associated utilities. The Port owns two pile-driving rigs and currently employs a 16 person pile crew consisting of 11 line-staff pile workers (including certified divers), 2 pile engine operators and 3 supervisors, who are uniquely qualified to perform pier demolition, maintenance, repair and replacement work due to their long standing familiarity with the unique characteristics of the Port's pier structures, the Bay environment and other conditions impacting the pier structures; and

(f) Because much of the piers' structural damage is hidden, often a pier's condition can only be assessed through costly investigation work that includes creating openings in the pier structures to perform testing and then closing the openings until the repair work is ready to be performed. In cases where it is not cost effective to perform extensive investigation work, the extent of the structural damage may not be discovered until demolition of the pier structures is commenced. As a result, it is very difficult for Port staff to describe the necessary scope of work and prepare structural engineering drawings with enough specificity and certainty to allow contractors to submit accurate and reliable bids for pier demolition, repair and replacement work; and

(g) Contracts for pier demolition, repair and replacement work are often challenging to manage due to frequent and large change orders resulting from hidden structural damage to the piers that may not be discovered until after the contract is awarded and the work has commenced. These change orders increase the cost of the work and/or the construction schedule, and often include significant demobilization and remobilization costs relating to the need to stop work in order to analyze and address newly discovered conditions; and

(h) San Francisco Administrative Code Section 6.23(A) allows any public work or improvement estimated to cost less than or equal to the Threshold Amount (which, under Administrative Code Section 6.1(M), is currently $400,000) to be performed by the employment of necessary labor and purchase of the necessary materials and supplies directly by the City. Under Administrative Code Section 6.20(A), public works in excess of the Threshold Amount must be publicly bid, although Administrative Code Section 6.23(B) describes the terms upon which City departments may file sealed bids to perform the work; and

(i) Because the cost of piles and other materials for pier repair and replacement work comprises such a large percentage of the total cost of a pier repair project, a typical pier

project could exceed the $400,000 Threshold Amount and require public bidding even though the Port's Maintenance Division has experienced and qualified pile crews, pile-driving rigs and other specialized equipment available to perform the work; and

(j) The Port wishes to use the Port's Maintenance Division employees and equipment to perform demolition, repair and replacement work estimated to cost in excess of the Threshold Amount on piers under the jurisdiction of the Port Commission, including pile-supported pier structures, substructures, aprons, wharves, decks, fenders and associated utilities, without having to solicit bids under Administrative Code Section 6.20(A) and submit its own bid to perform such work under Administrative Code Section 6.23(B); and

(k) Allowing the Port's Maintenance Division to self-perform the pier demolition, repair and replacement work is in the best interests of the Port and the City because it enables the Port to manage and perform pier demolition, repair and replacement work in a manner similar to a design build construction contract in order to achieve anticipated cost savings and/or time efficiencies. Utilizing the Port's Maintenance Division employees with the specific expertise and qualifications to perform the work allows the Port to mobilize its workforce and equipment in a cost-effective and efficient manner and provides the Port with flexibility to respond to newly discovered conditions in the most cost effective and efficient means possible, including redeploying staff to routine maintenance projects while newly discovered conditions are being analyzed.

Section 2. The San Francisco Administrative Code is hereby amended by adding Section 6.71 to Article 4 of Chapter 6, to read as follows:

SEC. 6.71 Pier Repair Work.

(A) The Port is authorized to use the Port's Maintenance Division employees and equipment to perform demolition, repair and replacement work on piers under the jurisdiction of the Port Commission, including pile-supported pier structures, substructures, aprons, wharves, decks, fenders

and associated utilities. The competitive bid requirements of Sections 6.20(A) and 6.23(B) shall not apply to the Port's self-performance of such pier demolition, repair and replacement work.

(B) All actions previously taken by the Port consistent with this section are hereby approved.

(C) Nothing in this Section 6.71 shall prohibit the Port from using the procedures described elsewhere in this Chapter for the performance of pier demolition, repair and replacement work.

Section 3. Effective Date. This ordinance shall become effective 30 days from the date of passage.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: Cayl Arch for
EILEEN M. MALLEY
Deputy City Attorney

FILE NO. 120560

LEGISLATIVE DIGEST

[Administrative Code - Port of San Francisco Pier Repair and Replacement Work]

Ordinance amending the San Francisco Administrative Code by adding Section 6.71 to Article IV of Chapter 6 to allow the Port of San Francisco to use Port of San Francisco employees to perform demolition, repair, and replacement work on piers under the jurisdiction of the San Francisco Port Commission.

Existing Law

Section 6.23(A) of the San Francisco Administrative Code allows public works estimated to cost less than or equal to $400,000 to be performed by City employees. Administrative Code Section 6.20(A) requires that public works estimated to cost more than $400,000 be publicly bid. Administrative Code Section 6.23(B) describes the terms upon which City departments may file sealed bids to perform public works estimated to cost more than $400,000.

Amendments to Current Law

The ordinance amends the Administrative Code to authorize the Port to use the Port's Maintenance Division employees and equipment to perform demolition, repair and replacement work on piers under the jurisdiction of the Port Commission, including pile-supported pier structures, substructures, aprons, wharves, decks, fenders and associated utilities, and exempts such work from the competitive bidding and solicitation requirements of Administrative Code Sections 6.20(A) and 6.23(B).

Background Information

In 1968, the State of California transferred its responsibilities for the San Francisco waterfront to the City under the Burton Act, California Statutes of 1968, Chapter 1333. The Port of San Francisco, which is an enterprise department of the City governed by the San Francisco Port Commission, is responsible for maintaining the Port's capital assets, including 39 pile-supported pier structures, many of which were dilapidated and in a state of disrepair at the time they were transferred from the State to the City. The Port's Maintenance Division is responsible for maintaining the Port's property, including the pile-supported pier structures, substructures, aprons, wharves, decks, fenders and associated utilities.