



Agenda Item No. 2

To: Building and Operating Committee/Committee of the Whole Meeting of March 25, 2010

From: Christian N. Stark, Marine Projects Manager, Ferry Division
James P. Swindler, Deputy General Manager, Ferry Division
Celia G. Kupersmith, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO THE AWARD OF CONTRACT NO. 2010-FT-1, REFURBISHMENT OF THE M.V. NAPA AND THE M.V. CHINOOK FERRIES, TO ICE FLOE, LLC, DBA NICHOLS BROTHER BOAT BUILDERS**

Recommendation

The Building and Operating Committee recommends that the Board of Directors approve actions relative to the award of Contract No. 2010-FT-1, *Refurbishment of the M.V. Napa and the M.V. Chinook Ferries*, as follows:

1. Authorize the award of Contract No. 2010-FT-1 to Ice Floe, LLC, dba Nichols Brothers Boat Builders, in the amount of \$6,910,536, for the refurbishment and repowering of the *M.V. Napa* and the *M.V. Chinook*;
2. Authorize a contract contingency budget of \$414,632, to cover unanticipated items that may be discovered once work commences, and authorize payment of up to \$200,000 for reimbursement of vessel delivery costs consistent with the Invitation for Bid (IFB), and potential sales tax estimated at approximately \$200,000; and,
3. Authorize the General Manager to approve change orders to Contract No. 2010-FT-1, up to the maximum of the available contract contingency, with the understanding that any individual change order exceeding \$100,000 requires the concurrence of the President of the Board and the Building and Operating Committee Chair;

with the understanding that requisite funds are available in the FY 09/10 Ferry Transit Division Capital Budget.

Summary

On December 29, 2009, the District issued Invitation for Bids (IFB) No. 2010-FT-1, *Refurbishment of the M.V. Napa and the M.V. Chinook Ferries*. By the bid opening date of March 9, 2010, the District received the following bids from four Shipyards in response to the IFB and listed are the Category A total bid prices as Category B options were deductions:

1. Ice Floe, LLC, dba Nichols Brothers Boat Builders (NBBB), Freeland, WA	\$6,910,536
2. Vigor Marine, Portland, OR	\$15,165,398
3. Bay Ship and Yacht, Alameda, CA	\$10,663,484
4. Dakota Creek Industries, Inc, Anacortes, WA	\$9,974,185

NBBB's bid was \$3,063,649 lower than the next lowest bid. District Staff, in consultation with the Attorney, reviewed the bids received in response to the IFB, and determined that NBBB, the lowest bidder, was both responsible and responsive to the IFB requirements.

The work under this Contract is to perform the refurbishment and repower of the two vessels, using engines, other propulsion-system components, and furnishings already purchased separately by the District.

Staff proposes a contract contingency of \$414,632, or 6%, of the contract amount be allotted for unforeseen conditions, or changes that may arise during the course of the work. This contingency amount is well within the range of typical for a contingency percentage. In addition to the contingency there are two additional elements which were not included in the base contract price which are: (1) \$200,000, which is the maximum amount designated in the IFB for reimbursable delivery costs; and, (2) approximately \$200,000, representing California sales or use tax. It should be noted that the delivery costs were excluded from the bid price in order to encourage broader competition. In fact, currently the *M.V. Napa* is located in the Bay Area, and the *M.V. Chinook* is located in Washington, so the potential advantage or disadvantage based on shipyard location has been effectively neutralized. The total contract budget, including the contingency, is within the District's Marine Projects Manager's estimate for the work.

District procurement policy ordinarily requires Board approval when any single change order exceeds \$50,000. On a contract of this size, it would not be uncommon for change orders to exceed \$50,000, and it would be desirable to be able to administer change orders promptly to avoid delays and additional costs. As an example, a delay of ten days to process a change order could result in delays to the shipyard and ultimately cost the District several thousand dollars. Staff therefore recommends that the Board delegate authority to the General Manager to execute any necessary change orders within the requested contract contingency, with the understanding that individual change orders in excess of \$100,000 require the prior concurrence of the Board President and the Chair of the Building and Operating Committee. Change orders will be reported to the Finance-Auditing Committee in accordance with existing practice.

As discussed at previous board meetings, the District is striving to exceed clean air standards established by the California Air Resources Board (CARB). To that end, the engines purchased for these two vessels will have emissions that are 20% cleaner than the Tier 2 marine engine required to be installed. Additionally, the District, in partnership with MTU/Detroit Diesel will be conducting a bio-diesel pilot project that is still under development. Costs anticipated for this effort as well as possible additional engineering are not included in the shipyards contract or contingency.

No contract-specific Disadvantaged Business Enterprise (DBE) goal was established for this contract. However, bidders were strongly encouraged to obtain DBE participation and were required to document their activities in the solicitation and selection of subcontractors,

subconsultants, and suppliers to ensure that this process was carried out in a nondiscriminatory manner. The DBE Program Administrator has determined that NBBB has complied with the DBE requirements applicable to the Contract. At this time, no DBE participation is anticipated during the performance of this Contract.

The first vessel, the *M.V. Chinook*, will be delivered by NBBB to their shipyard as soon after the award of the Contract as weather will permit. Work on the *M.V. Napa* will commence when work on the first vessel is complete. The Contract scope of work is estimated to take approximately six months per vessel and a little over a year in total.

The District purchased two vessels, the *M.V. Chinook* and the *M.V. Napa (ex. Snohomish)*, from Washington State Ferries. The vessels were built in 1998-1999. The District intends to refurbish both vessels, in particular repowering them with new engines that exceed Federal and State emission standards, as required by Board policy. In addition to new propulsion systems the interiors and exteriors of the vessels will be fully refurbished to like-new condition.

Fiscal Impact

This project is included in the FY 09/10 Ferry Transit Division Capital Budget at a total cost of \$23,410,000 and is funded with \$8,566,469 ARRA (economic stimulus) funds, \$9,920,000 Federal Transit Administration funds, \$2,116,322 State I-Bond funds, and \$2,807,209 District funds (37% ARRA/42% FTA/9% State/12% District). This budget includes not only the shipyard installation Contract, which is the subject of this item but the purchase of the vessels which was completed last year, procurement of the professional services and all costs necessary to complete the refurbishment of both vessels. Sufficient funds are available to support the award of this Contract.

M.V. Napa & Chinook Project Budget Breakdown			
Contract Number	Contract Title/Item Description	Contract Budget	Expended to Date
2007-FT-8	Project Management	\$274,500	\$ 107,668.55
2009-FT-9	Interior Furnishings (Seating)	\$689,834	\$ 0.00
2009-FT-10	Refurbishment Engineering	\$689,000	\$ 631,418.41
2009-FT-11	Phase 1 Napa Work	\$287,291	\$ 262,876.00
2009-FT-12	Engines, Drivetrain & Gearboxes	\$8,814,068	\$ 5,614,681.94
2009-FT-13	Phase 1 Waterjet Work	\$165,000	\$ 157,261.22
2010-FT-1	Shipyard Installation	\$7,725,168	\$ 0.00
	Misc Labor and Materials	\$300,000	\$ 227,142.83
	Travel Expenses	\$25,000	\$ 0.00
	Staff Time	\$150,000	\$ 33,239.81
	Vessel Procurement	\$4,145,000	\$ 4,145,000.00
Project Total Estimated		\$23,264,861	
Project Total Budget		\$23,410,000	
Project Total Expended to Date			\$11,179,289