



Agenda Item No. (4)(a)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of August 24, 2018

From: Damon Brewer, Director of Engineering and Maintenance, Ferry Division
James P. Swindler, Deputy General Manager, Ferry Division
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
(a) BUDGET INCREASES IN THE FY 18/19 FERRY DIVISION
CAPITAL BUDGET RELATIVE TO AWARD OF CONTRACT NO.
2018-F-088, M.V. NAPA, M.V. DEL NORTE AND M.V. GOLDEN GATE
SCHEDULED DRY DOCKINGS AND CAPITAL IMPROVEMENTS, TO
NICHOLS BROTHERS BOAT BUILDERS, FREELAND, WA

Recommendation

The Finance-Auditing Committee recommends in concurrence with the Building and Operating Committee at its meeting on August 23, 2018, that the Board of Directors approve actions relative to the award of contract No. 2018-F-088, *M.V. Napa, M.V. Del Norte and M.V. Golden Gate Scheduled Dry Dockings and Capital Improvements*, as follows:

1. Authorize an increase in the FY 18/19 Ferry Division Capital Budget for Project #1941, *M.V. Del Norte Engine Rebuild and Capital Improvement*, in the amount of \$330,630, to be funded with 100% District funds, for a revised total project budget of \$4,875,630;
2. Authorize an increase in the FY 18/19 Ferry Division Capital Budget for Project #1942, *M.V. Napa Engine Rebuild and Capital Improvement*, in the amount of \$804,000, to be funded with 100% District funds, for a revised total project budget of \$5,214,000; and,
3. Authorize an increase in the FY 18/19 Ferry Division Capital Budget for Project #1943, *M.V. Golden Gate Engine Rebuild and Capital Improvement*, in the amount of \$1,145,240, to be funded with 100% District funds, for a revised total project budget of \$4,680,238.31.

This matter will be presented at the Board of Directors at its August 24, 2018, meeting for appropriate action.

Summary

At its meeting on June 21, 2018, the Board of Directors authorized award of Contract 2018-FT-079 to Pacific Power Group (PPG) of Kent, WA, in the amount of \$4,810,774, to complete major overhauls of the engines on the *M.V. Napa, M.V. Del Norte and M.V. Golden Gate* ferries in order

to extend their useful life. The engine overhaul work must be coordinated with the dry dockings of the *M.V. Napa* and *M.V. Del Norte* so as to facilitate the removal and re-installation of the engines during the scheduled hull exams. This process will be performed sequentially for the *M.V. Napa*, *M.V. Del Norte*, and the *M.V. Golden Gate* throughout the Golden Gate Bridge, Highway and Transportation District (District) preferred winter dry-docking window, with a target completion in time for the commencement of the 2019 baseball season. While the engines are removed from the vessels, the District will use the opportunity to accomplish a variety of vessel capital improvements in addition to the U.S. Coast Guard-required inspections and dry-docking, including:

- Removal and installation of **all** driveline and propulsion equipment for overhaul, refurbishment and maintenance (main engines, gearboxes and water jets)
- Repair and replacement of various piping systems
- Renewal of various outfitting equipment, for example, windows, ceilings, etc.
- Hull and superstructure preservation coatings

Upon return to service, the *M.V. Napa*, *M.V. Del Norte*, and the *M.V. Golden Gate* will have complete and warrantied drivelines in like-new condition in addition to new hull coatings. The District expects to see reduced engine loads across the range of vessel transit speeds.

Subsequent to developing the project budgets for the *M.V. Napa*, *M.V. Del Norte*, and the *M.V. Golden Gate*, the U.S. Coast Guard completed its annual Certificate of Inspection and identified additional repair work not included in the original budget. A budget adjustment is necessary to complete all required repairs.

On July 3, 2018, the District issued an Invitation for Bids (IFB) No. 2018-F-088, *M.V. Napa*, *M.V. Del Norte* and *M.V. Golden Gate Scheduled Dry Dockings and Capital Improvements*. By the bid opening date of August 7, 2018, the District received the following bids from four shipyards in response to the IFB:

1.	Nichols Brothers Boat Builders, Freeland, WA	\$8,584,093.31
2.	Marine Group Boat Works, LLC, Chula Vista, CA	\$10,267,612.79
3.	Bay Ship & Yacht Co., Alameda, CA	\$10,739,817.00
4.	Mare Island Dry Dock, LLC., Vallejo, CA	\$12,148,939.00

Nichols Brothers Boat Builders (NBBB), the apparent low bidder, submitted a bid that did not include an equipment certification requested by the solicitation. However, NBBB submitted a sufficient description of its equipment such that District Staff, in consultation with the Attorney, have determined that the omission of the certificate under these circumstances is a waivable minor irregularity. Staff is familiar with NBBB and finds it to be a qualified shipyard and a technically responsible bidder.

Except for delivery and re-delivery costs, which were not included in the District's original project estimate, NBBB's total bid price closely aligns with the District's cost estimates and budget projections. Additionally, the District has analyzed detailed line items in NBBB's bid and finds them similar to what the District has paid for similar work in the past. The District therefore finds NBBB's bid price to be fair and reasonable.

No Contract-specific Disadvantaged Business Enterprise (DBE) or Small Business Enterprise goal was established for this Contract. However, bidders 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. No DBE participation is anticipated during the performance of this Contract.

Fiscal Impact

The *M.V. Del Norte Engine Rebuild and Capital Improvement* (Project #1941), the *M.V. Napa Engine Rebuild and Capital Improvement* (Project #1942) and the *M.V. Golden Gate Engine Rebuild and Capital Improvement* (Project #1943) are included in the FY 18/19 Ferry Division Capital Budget in the amount of \$4,545,000, \$4,410,000 and \$3,535,000, respectively. The projects are presently funded with 20% District reserves and 80% funds from the Federal Transit Administration (FTA).

The total requested increase of \$2,279,870 for the three projects will be funded with 100% District funds, which will change the total project budget and funding split for each project as follows: *M.V. Del Norte Engine Rebuild and Capital Improvement* (Project #1941) total project budget of \$4,875,630 to be funded with \$3,636,000 in federal funds (75%) and \$1,239,630 in District funds (25%); *M.V. Napa Engine Rebuild and Capital Improvement* (Project #1942) total project budget of \$5,214,000 to be funded with \$3,528,000 in federal funds (68%) and \$1,686,000 in District funds (32%); and *M.V. Golden Gate Engine Rebuild and Capital Improvement* (Project #1943) total project budget of \$4,680,238.31 to be funded with \$2,828,000 in federal funds (60%) and \$1,852,238.31 in District funds (40%).

The tables below summarize each project’s budget and show how the \$4.8 million awarded to Pacific Power Group (Prime 2) is split between these projects in addition to the budget adjustments necessary to fully fund a contract to NBBB (Prime Contract).

TABLE 1: PROJECT #1941

Description	Current Budget	Proposed Budget
Staff Labor, Fringe Benefits & Indirect Costs	\$100,000	\$100,000.00
General Project Expenditures	\$50,000	\$50,000.00
Prime Contract	\$2,500,000	\$2,890,480.82
Prime Contract Contingency	\$393,185	\$333,334.18
Prime 2	\$1,501,815	\$1,501,815.00
TOTAL	\$4,545,000	\$4,875,630.00

Fund Source	Current Funding		Proposed Funding	
FTA	\$3,636,000	80%	\$3,636,000	75%
District	\$909,000	20%	\$1,239,630	25%
TOTAL	\$4,545,000	100%	\$4,875,630	100%

TABLE 2: PROJECT #1942

Description	Current Budget	Proposed Budget
Staff Labor, Fringe Benefits & Indirect Costs	\$100,000	\$100,000.00
General Project Expenditures	\$50,000	\$50,000.00
Prime Contract	\$2,200,000	\$3,076,185.89
Prime Contract Contingency	\$405,520	\$333,334.11
Prime 2	\$1,654,480	\$1,654,480.00
TOTAL	\$4,410,000	\$5,214,000.00

Fund Source	Current Funding		Proposed Funding	
FTA	\$3,528,000	80%	\$3,528,000	68%
District	\$882,000	20%	\$1,686,000	32%
TOTAL	\$4,410,000	100%	\$5,214,000	100%

TABLE 3: PROJECT #1943

Description	Current Budget	Proposed Budget
Staff Labor, Fringe Benefits & Indirect Costs	\$50,000	\$50,000.00
General Project Expenditures	\$25,000	\$25,000.00
Prime Contract	\$1,500,000	\$2,617,426.60
Prime Contract Contingency	\$305,520	\$333,331.71
Prime 2	\$1,654,480	\$1,654,480.00
TOTAL	\$3,535,000	\$4,680,238.31

Fund Source	Current Funding		Proposed Funding	
FTA	\$2,828,000	80%	\$2,828,000.00	60%
District	\$707,000	20%	\$1,852,238.31	40%
TOTAL	\$3,535,000	100%	\$4,680,238.31	100%