



Agenda Item No. (7)

To: Building-Operating Committee/Committee of the Whole
Meeting of August 22, 2019

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

Subject: **APPROVE ACTIONS RELATIVE TO THE M.V. DEL NORTE, M.V. NAPA
AND M.V. GOLDEN GATE MAIN ENGINE OVERHAUL, SCHEDULED DRY
DOCKINGS AND CAPITAL IMPROVEMENTS PROJECT**

Recommendation

The Building and Operating Committee recommends that the Board of Directors approve actions relative to the *M.V. Del Norte, M.V. Napa and M.V. Golden Gate Main Engine Overhaul, Scheduled Dry Dockings and Capital Improvements Project*, as follows:

1. Ratify the General Manager's authorization of Change Order #2 to Contract No. 2018-F-088, *M.V. Napa, M.V. Del Norte and M.V. Golden Gate Scheduled Dry Dockings and Capital Improvements* and payment of same in the amount of \$892,095;
2. Authorize an increase to the contract contingency for Contract No. 2018-F-088, in the amount of \$1,350,000, from \$1,000,000 to \$2,350,000; and,
3. Authorize an increase in the FY 19/20 Ferry Division Capital Budget for Project #1941, *M.V. Del Norte, M.V. Napa and M.V. Golden Gate Main Engine Overhaul, Scheduled Dry Dockings and Capital Improvements Project*, in the amount of \$738,241, which, along with a reduction in the contract contingency for Contract 2018-FT-079 discussed in this report, will fund completion of the project, including the increased contingency in Contract No. 2018-F-088.

This matter will be presented to the Finance Committee for concurrence at its meeting on August 22, 2019, and to the Board of Directors at its August 23, 2019 meeting for appropriate action.

Summary

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) were included in the FY 18/19 Ferry Division budget as three separate capital projects. The Board authorized a project consolidation of all three projects to one capital project #1941, *M.V. Del Norte, M.V. Napa and M.V. Golden Gate Main*

Engine Overhaul, Scheduled Dry Dockings and Capital Improvements, during the March 22, 2019 Board meeting.

The purpose of the consolidation was to improve project management and create administrative efficiencies associated with managing multiple vessels through shipyard periods and multiple contracts across three capital project budgets. The two contracts associated with the work across the three vessels are Contract 2018-F-079 with Pacific Power Group (PPG) for engine rebuild parts and services, and Contract 2018-F-088 with Nichols Brothers Boat Builders (NBBB) for shipyard services.

In awarding Contract 2018-F-088 to NBBB, the Board established a contingency of \$1,000,000 to address unexpected items that could be encountered once the three vessels were dry-docked. During the work, after spot blasting and pressure washing, it was determined that replacement and/or repair of the hull coatings and paint throughout the exterior of the vessels was needed. Additionally repair and replacement of piping, hull structure and other miscellaneous systems were necessary as well. One change order within the contingency has been issued under the General Manager's authority for \$480,121. A second change order, in the amount of \$892,095, has also been issued but exceeds the Board-approved contingency. This change order involved and resulted in some challenging analysis and discussions to determine the extent and cost of the work necessary to renew structure and replacement of certain material and components. Once the extent of the work was determined, negotiations ensued between the shipyard and District to determine a fair and reasonable cost. So as not to significantly delay this project and incur financial penalties, the General Manager authorized execution of the second change order. The *M.V. Golden Gate* is currently in the shipyard and staff anticipates change orders similar to the other vessels will be necessary. Staff therefore recommends increasing the contract contingency from \$1,000,000 to \$2,350,000 to complete work under the Contract.

In awarding Contract 2018-F-079 to PPG, the Board established a contingency of \$1,837,559 in case, after removal of the engines, it was discovered that there was a need to purchase new engine parts instead of re-using existing parts. During the engine rebuild process, additional parts were necessary to bring the engines back to OEM specifications. However, approaching the completion of the rebuild project, staff anticipates the approved contingency is more than what is actually needed to complete the work. Approximately \$900,000 of this contingency will be unused and could be applied to the budget for Contract 2018-F-088.

Fiscal Impact

The consolidated project budget for project #1941 titled *M.V. Del Norte, M.V. Napa and M.V. Golden Gate Main Engine Overhaul, Scheduled Dry Dockings and Capital Improvements Project* is \$16,607,425. This reflects the Prime 1 (NBBB shipyard contract) contract contingency in the amount of \$1,000,000 and the Prime 2 (PPG engine parts and services contract) contract contingency in the amount of \$1,837,559. The revised project budget adjusts the Prime 2 contract contingency downwards to \$900,000 and shifts the funds to Prime 1 contract contingency, and increases the total contingency for the Prime 1 contract to \$2,350,000. General Project Expenditures is increased to \$350,000. The total budget adjustment is \$738,241. With the approval of the budget increase, the project will be funded with 20% District reserves and 80% Federal funds (FTA).

TABLE 1: EXISTING PROJECT BUDGET #1941

Description	Current Project Budget
Staff Labor, Fringe Benefits & Indirect Costs	\$250,000
General Project Expenditures	\$125,000
Prime 1 Contract	\$8,584,091
Prime 1 Contract Contingency	\$1,000,000
Prime 2 Contract	\$4,810,775
Prime 2 Contract Contingency	\$1,837,559
TOTAL	\$16,607,425

TABLE 2: PROPOSED PROJECT BUDGET #1941

Description	Proposed Project Budget
Staff Labor, Fringe Benefits & Indirect Costs	\$250,000
General Project Expenditures	\$350,000
Prime 1 Contract	\$8,584,091
Prime 1 Contract Contingency	\$2,350,000
Prime 2 Contract	\$4,810,775
Prime 2 Contract Contingency	\$900,000
TOTAL	\$17,244,866

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