



Agenda Item No. 2.c.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of March 27, 2008

From: James P. Swindler, Deputy General Manager, Ferry Division
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
c) **BUDGET INCREASES IN THE FY 07/08 FERRY TRANSIT DIVISION OPERATING AND CAPITAL BUDGETS RELATIVE TO AWARD OF CONTRACT NO. 2008-FT-4, INSTALLATION OF THE FOUR NEW MAIN ENGINES FOR RE-POWERING OF THE M.V. MENDOCINO, AND DRY-DOCKING FOR ROUTINE U.S. COAST GUARD INSPECTION, HULL MAINTENANCE AND REPAIRS, TO BAY SHIP AND YACHT CO.**

Recommendations

This matter is being presented to the Finance-Auditing Committee to receive the Committee's concurrence for a budget increase relative to Contract No. 2008-FT-4, *Installation of the Four New Main Engines for Re-Powering of the M.V. Mendocino, and Dry-Docking for Routine U.S. Coast Guard Inspection, Hull Maintenance and Repairs.*

The Building and Operating Committee recommends that the Board of Directors approve the following actions relative to Contract No. 2008-FT-4:

1. Authorize award of Contract No. 2008-FT-4 to Bay Ship & Yacht Co., Alameda, CA in the amount of \$1,635,600.82, which is a not to exceed price for the work outlined in the Invitation for Bids.
2. Authorize a contingency budget of \$200,000 to cover anticipated sales tax and unanticipated items discovered while the vessel is in dry dock.
3. Authorize an increase in the amount of \$777,000 to the FY 07/08 Ferry Division Capital Budget, to be funded with federal grant funds, and further authorize an increase in the amount of \$70,000 to the FY 07/08 Ferry Division Operating Budget, to be funded from District reserves, subject to the concurrence of the Finance-Auditing Committee at its meeting of March 28, 2008.

Summary

Essential work is required on the M.V. Mendocino. The vessel's existing engines are past their useful life and new engines must be installed in order to comply with current EPA emissions standards. In addition, the vessel's routine U.S. Coast Guard Inspection Certificate expires at the end of March, requiring the vessel to be taken out of service for dry-docking inspection.

This past fall the District issued an Invitation for Bids (IFB) for Contract No. 2008-FT-4, *Installation of the Four New Main Engines for Re-Powering of the M.V. Mendocino, and Dry-Docking for Routine U.S. Coast Guard Inspection, Hull Maintenance and Repairs*. The District advertised widely and took additional measures to ensure as competitive a process as possible. First, when the District became aware that despite widespread advertising there might be no bids received because of scheduling issues, an addendum was issued delaying the bid opening date. Second, while the Contract initially required the contractor to provide all engineering services in addition to the installation work, after the District identified this as a potentially limiting factor on competition, it removed engineering requirements from the Specifications, arranging instead for the separate provision of all engineering plans and specifications by the vessel's original designer, Incat Crowther. Finally, the District attempted to accommodate Bidders' additional requests for changes in scheduling, delivery requirements, and bonding limits.

On Tuesday, March 11, 2008, the District received only one bid in response to the IFB.

The work was divided into four categories, each of which received the following bid price:

Category "A"	\$1,448,900
Category "B"	\$17,694
Category "C"	\$76,924
Category "D"	\$158,082
Total of all Categories:	\$1,701,600

Category "A" items relate to the installation of the new engines. Category "B" items are optional items that Staff has determined will be most economical and efficient to procure and install at this time. Category "C" items relate to essential dry-docking services necessary for the vessel to receive its required U.S. Coast Guard Inspection Certificate. Category "D" items relate to maintenance work that is necessary to be performed on the vessel at this time.

Because this project is funded through the Federal Transit Administration, and only one competitive bid was received, it was necessary to conduct a cost analysis of the sole bid to ensure that the rates and cost structure were justified and reasonable. Staff conducted an audit with the full cooperation of the sole bidder. This process yielded a reduction in the bid price by \$65,999.18. District staff has determined that the reduced bid price of \$1,635,600.82 is fair and reasonable.

Staff also anticipates that a contingency budget of \$200,000.00 will be necessary to cover sales tax, which was not included in the bid price, and any unexpected items discovered during the vessel's dry-docking.

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 Bay Ship & Yacht Co. 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 vessel will be delivered to the Contractor's shipyard in Alameda, CA, on March 30, 2008, and be redelivered to the District on May 12, 2008. This time frame will minimize the impact the loss of the M.V. Mendocino has on baseball season services the District provides. With the successful completion of this Contract, the M.V. Mendocino Repower Project will be complete and no further components of the project will remain to be performed.

Fiscal Impact

Staff recommends award of Contract No. 2008-FT-4 to Bay Ship & Yacht Co., Alameda, CA in the amount of \$1,635,600.82 and the authorization of a contingency budget in the amount of \$200,000. The different categories of work that make up this contract are funded from different budgets, all but one of which will require increases in order to fully fund the Contract.

The engine installation component of this contract (Category "A") is part of the M.V. Mendocino Repower Project which is included in FY 07/08 Ferry Division Capital Budget in the amount of \$2,300,000 and is 100 percent grant funded. Approximately \$1,306,625 of these funds have already been spent on the procurement of the engines and other District-procured materials and staff time, as well as the necessary engineering services to facilitate the subject Contract. A capital budget increase in the amount of \$777,000 is required to fully fund the engine installation portion of the subject contract, as well as the necessary contingency. Federal grant funds in the required amount have been secured and are available for the M.V. Mendocino Repower Project.

The Dry-Docking Maintenance & Repairs component of this Contract (Categories "C" and "D", as well as one item in Category "B") are included in FY 07/08 Ferry Division Operating Budget in the amount of \$400,000 and is 100 percent District funded. Approximately \$141,557 of these funds has already been spent on dry-docking and maintenance for the M.V. Del Norte. An operational budget increase in the amount of \$70,000, to be funded from District reserves, is required to fully fund this portion of the subject Contract, as well as the necessary contingency.

One Optional Category "B" item, a new Ice Maker/Storage Locker that will cost \$11,300, is already included in the FY 07/08 Ferry Division Capital Budget in the amount of \$17,000 and is fully District funded. To date no money has been expended on this capital project. No additional funding is required for this item.

Background

The M.V. Mendocino was originally built in 2001 to supplement the District's high-speed ferry program. The vessel's engines now have in excess of 20,000 hours of operation and no longer meet current EPA emissions regulations. Given these conditions, the District applied for a State Carl Moyer grant to repower the M.V. Mendocino. The Carl Moyer program provides funds to replace older "dirty" marine diesel engines with new environmentally friendly engines meeting current EPA standards. This contract is part of the larger M.V. Mendocino Repower Project that is funded by the Carl Moyer Grant, FTA Grant funds, and the District's own operating funds.

In preparation for this Contract the District has procured four MTU 12V4000M60 EPA Tier II marine diesel engines and has also procured the required engineering services necessary for the proper installation of the engines. In addition the District has purchased all of the long lead time materials required for installation of the engines.