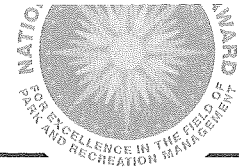




CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE

R-18



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March 17, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the Tenth Amendment to Contract No. 31687 with Bellingham Marine Industries, Inc., for an additional \$15,372,553, plus a \$724,158 contingency, for a total increase of \$16,096,711, for Phase 6 and Phase 7 of the Alamitos Bay Marina rebuild project, for a revised contract amount not to exceed \$66,487,098;

Execute the Second Amendment to Agreement No. 29587 with Concept Marine Associates, a Division of TranSystems Corporation, to increase the contract amount by \$871,489, for a total amount not to exceed \$6,573,489, and extend the term to December 31, 2017, for continued construction management of the Alamitos Bay Marina rebuild project;

Execute all documents necessary to complete Phases 6 and 7, including all documents necessary to accept the Harbors and Watercraft Revolving Fund loan of \$16,900,000, as approved by the State Department of Parks and Recreation, Division of Boating and Waterways; and

Increase appropriations in the Marina Fund (TF 403) in the Parks, Recreation and Marine Department (PR) by \$17,948,033. (District 3)

DISCUSSION

In February 2010, the City of Long Beach (City) embarked on the rebuild of the Alamitos Bay Marina (ABM) following a 2007 Request for Proposal process that resulted in the selection of Bellingham Marine Industries, Inc. (BMI), for the design, engineering, and construction of seven of the eight marina basins. One basin (Basin 8) had been completed earlier in 2002. Due to the magnitude of the ABM rebuild project, the Department of Parks, Recreation and Marine (PRM) and BMI agreed to segregate each basin rebuild into phases. To date, Basin 4 (Phase 1), Basin 1 (Phase 2), and Basin 5 (Phase 3) have been completed. Phase 4 consists of the electrical infrastructure upgrade for Basins 2 and 3, and is scheduled for completion by the end of April 2015.

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On December 20, 2005, the City Council authorized the execution of a construction management agreement with Concept Marine Associates (CMA), a Division of TranSystems Corporation, in the amount of \$5,702,000. Per the terms of Agreement No. 29587 (Agreement), CMA has been instrumental in providing preconstruction and construction services, such as project management, engineering, materials testing, and inspection services for Basins 1, 4, and 5. Additional services are required in order to continue the next phases for rehabilitation of ABM. PRM is requesting authorization to extend the term of the Agreement through December 31, 2017, and increase the contract authority by \$871,489, thus allowing for the completion of Basin 2.

The reconstruction of Basin 2 has been divided into Phases 5, 6, and 7. Phase 5 was approved by the City Council on August 19, 2014, at a cost of \$10,900,000. This included the reconstruction of Docks 11 through 15 in Basin 2. The proposed contract amendment and appropriation increase is for Phase 6 and Phase 7.

Phase 6 includes the reconstruction of Docks 16 through 20 in Basin 2, and will include demolition, dredging, and the manufacture and installation of a concrete dock system. The estimated cost of Phase 6 is \$16,082,133, and includes the following: BMI compensation up to \$15,207,322, which includes a contingency of \$724,158, plus \$874,811 for permits, inspection, and construction management. Funding for this phase will be provided through the approved Division of Boating and Waterways (DBW) loan of \$16,900,000.

Phase 7 consists of the partial demolition and disposal of existing docks in Basin 3, which will provide waterside dredging access into Basin 2. The estimated cost of Phase 7 is \$1,048,033, and includes the following: BMI compensation up to \$889,389, and \$158,644 for permits and construction management. Funding for this phase will be provided by surplus operating revenue in the Marina Fund generated through normal Marine Bureau operations in FY14.

At the direction of the City Council at its April 15, 2014 meeting, the Department of Financial Management (FM) and PRM are exploring a bond issue to complete the outstanding waterside improvements of the ABM rebuild. A status report should be ready for distribution in the following months.

This matter was reviewed by Deputy City Attorney Kendra L. Carney and by Budget Management Officer Victoria Bell on February 25, 2015.

TIMING CONSIDERATIONS

City Council action is requested on March 17, 2015, in order to amend Contract No. 31687 with Bellingham Marine Industries, Inc., and to amend Agreement No. 29587 with Concept Marine Associates, providing contract authority to both firms to ensure the continued progress of the project, and limit both escalation costs and standby expenditures.

FISCAL IMPACT

The estimated cost of Phase 6 is \$16,082,133, which will be funded through the DBW Harbors and Watercraft Revolving Fund loan of \$16,900,000 for 30 years, at an annual interest rate of 4.5 percent, as approved by DBW on November 6, 2014. This leaves an unallocated DBW loan balance of \$817,867. PRM is requesting an appropriation increase for the full loan amount, and expects to seek DBW approval at a later date to allocate the remaining balance to cover ABM project expense that is currently being funded by Marina Fund operating revenue.

In addition to a financial analysis conducted jointly by PRM and FM staff, a financial analysis of the ability of the Marina Fund to finance the loan was prepared by both an independent financial consultant and DBW. It was concluded that ABM has the ability to repay the proposed DBW loan, as long as the slip fees increase at a minimum rate of two percent per year. As a result of these analyses, the contract amendment, loan, and appropriation increase should be approved by the City Council only if the City Council is willing to approve annual slip fee increases, currently estimated at two percent per year.

The estimated cost of Phase 7 is \$1,048,033, which will be funded by surplus operating revenue in the Marina Fund generated through normal Marine Bureau operations in FY14. Additional phases of the ABM rebuild will be subject to funding availability. It is anticipated that annual minimum two percent slip fee increases will be adequate to issue bonds to complete the waterside improvements.

Authorization for the expense is requested through an appropriation increase of \$17,948,033 in the Marina Fund (TF 403) in the Parks, Recreation and Marine Department (PR). The recommended action will result in a positive impact on jobs. Approximately 20 jobs will be created during the course of these phases.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE


JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

GC:JG:EH

APPROVED:


PATRICK H. WEST
CITY MANAGER