MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Approving the award of Contract No. HPS 01-14 to Azul Works, Inc., a California corporation, as the lowest responsive and responsible bidder, pursuant to the California Public Contract Code, for an amount not to exceed $263,000, plus a contingency of $26,000, for a total aggregate amount not to exceed $289,000 for construction of an art installation project on the Hunters Point Shipyard and authorizing the Executive Director to execute Contract No. HPS 01-14 for a 165 day period, with time extensions up to May 31, 2015 to be exercised at the Executive Director’s discretion; and adopting environmental findings pursuant to the California Environmental Quality Act; Hunters Point Shipyard Project Area

EXECUTIVE SUMMARY

On May 18, 2010, the San Francisco Redevelopment Agency (“SFRA”) Commission authorized Personal Services Contracts (“Contracts”) with nine different artists selected to design and fabricate public art pieces (“Public Art Project”) in the first phase of development at the Hunters Point Shipyard (“Shipyard”). These art pieces are an important element of the broader Cultural Historic Recognition Program (“CHRP”) and will be installed in a variety of park locations in Phase 1 (see Attachment A for those locations). The CHRP is one of eleven community benefit programs included in the Community Benefits Agreement of the 2003 Shipyard Phase 1 Disposition and Development Agreement (“DDA”) between the Office of Community Investment and Infrastructure (“OCII”) as the successor to SFRA and HPS Development Co., LP (the “Developer” or “Lennar”).

The CHRP aims to create an art program that identifies opportunities for recognizing cultural components of the Shipyard and surrounding community in the development of the Shipyard. CHRP also aims to integrate cultural features and facilities throughout the Shipyard, and to provide opportunities for local artists to participate in creating public art for the Shipyard. The art works’ design, fabrication and installation are being funded with a grant from the United States Department of Commerce, Economic Development Administration (“EDA”). EDA requires a 10 percent local match from grantees and OCII is using tax increment to fund the required match. The grant schedule anticipates the Public Art Project to be completed by May 2015. OCII’s obligation is to install eight of the art pieces, and Lennar is responsible for installing the ninth art piece.

As required under the state Public Contract Code, the art installation project is to be competitively bid and awarded to the lowest responsive and responsible bidder. OCII staff has prepared the bid documents, performed outreach to Small Business Enterprises (“SBE”), and received five bids to install the art pieces. Azul Works, Inc., (“Azul Works”) submitted the lowest responsive and responsible bid and staff recommends approving a construction contract (“Contract”) for a total amount not to exceed $263,000 and with an additional $26,000 programmed for construction contingencies, for a total aggregate Contract amount not to exceed $289,000.

Staff anticipates the art installation work could be completed within six months if all of the installation sites are ready, however the Developer is still in the process of securing contracts for
construction of the parks. Therefore staff is recommending that the Executive Director be authorized to extend the Contract time up to May 31, 2015 in order to synchronize the work with the schedule for the EDA grant as well as the Developer and its schedule for the parks construction and accommodate any construction delays.

Staff recommends approving the award of contract to Azul Works, Inc. for an amount not to exceed $263,000, plus a contingency of $26,000 for a total aggregate amount not to exceed $289,000 for construction of the Shipyard Art Installation project on the Hunters Point Shipyard and authorizing the Executive Director to execute the Contract.

BACKGROUND

Hunters Point Shipyard and Candlestick Point Overview and Summary

The Hunters Point Shipyard and Candlestick Point areas (together the “Project”) are comprised of approximately 780 acres along the long-neglected waterfront lands of southeastern San Francisco. These lands will be developed and transformed into productive areas for jobs, parks, and housing, including affordable housing through public-private partnerships. The Project will be implemented in two phases by affiliated but separate developers managed by Lennar under separate DDAs.

The Project will deliver over 12,000 new homes, approximately 32 percent of which will be below market rate and will include the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program, up to 3 million square feet of research and development space, and more than 350 acres of new parks in the southeast portion of San Francisco. In total, the Project will generate over $6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately $90 million in community benefits. The Project’s full build out will occur over 20 to 30 years, but over 1,000 units of housing and 26 acres of parks will be completed over the next five years in the first phase of the Shipyard.

Cultural Historic Recognition Program

One of the community benefits of the DDAs is the Cultural Historic Recognition Program. The CHRP aims to create an art program that identifies opportunities for recognizing cultural components of the Shipyard and surrounding community in the development of the Shipyard. The Public Art Project and the art are important elements of the broader CHRP. The art pieces are being installed within the parks of the first phase of development at the Shipyard (see Attachment “A”). The art pieces are engineered and designed to last for decades in this marine environment and will be maintained as part of the overall maintenance program of the parks, funded through an existing Community Facilities District (“CFD”). The funding of the CFD is set aside from the EDA grant.

Outreach

The Contract to install the eight public art pieces were advertised in the San Francisco Chronicle, the City’s Bid and Contract website, OCII’s website, and local outreach newspapers. Complimentary copies of the stabilization plans and specifications were sent to various plan rooms (centers that have bid documents available for contractors to review), including Lennar’s Construction Assistance Program to encourage the participation of small, minority and women-owned contractors, and an Invitation to Bid was sent to OCII certified SBE contractors as well as Local Business Enterprises (LBE)’s on the City certified list. In accordance with the OCII’s SBE and EDA’s local labor policies, the selected firm will have to make affirmative efforts to utilize small business enterprises to the maximum extent feasible.
Contract Award

On May 28, 2014, the OCII received five submittals in response to the bid solicitation. The names of the bidders and the bid amounts are below in ascending order:

1. Azul Works ................................................. $263,000
2. Anvil Builders ........................................... $319,999
3. Alta Engineering ........................................... $321,409
4. Pilot Construction ......................................... $364,000
5. Angotti & Reilly ........................................... $797,224

Consistent with the OCII procurement policies, OCII staff determined that Azul Works provided the lowest responsible bid in the amount of $263,000. Additionally, staff recommends authorizing an approximately 10 percent contingency budget of $26,000 to be used by OCII staff in the event unanticipated items of work arise. The total combined authorization is $289,000. The expense is approved on line HPSY 61 of the Recognized Obligation Payment Schedule for the period of July to December 2014 (“ROPS 14-15A”), which was approved by the Oversight Board and the State Department of Finance.

Azul Works is a Small, Minority and Women-owned Business Enterprise located in the Bayview Hunters Point area and has been in business since 2000. Azul Works has successfully completed more than 15 projects with other City departments and is able to bid on projects valued up to $20 million. Azul Works has the necessary experience to perform the work under the Contract and will be able to complete the work within the projected schedule. Although the OCII has not had previous direct work experience with Azul Works, their work appears to be of good quality. OCII staff will closely monitor the construction effort. OCII staff will work with Azul Works and Citybuild to maximize local workforce participation in the construction contract.

Schedule

Following is the anticipated schedule for the installation of each art piece:

<table>
<thead>
<tr>
<th>ART PIECE</th>
<th>READY FOR INSTALLATION</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayview Horn</td>
<td>August 2014</td>
<td>451 Galvez (Sustainability Center)</td>
</tr>
<tr>
<td>Butterfly Girl</td>
<td>September 2014</td>
<td>Pocket Park 16</td>
</tr>
<tr>
<td>Gigantry</td>
<td>October 2014</td>
<td>Innes Court</td>
</tr>
<tr>
<td>Hale Konon</td>
<td>October 2014</td>
<td>Innes Court</td>
</tr>
<tr>
<td>Frame/Refrain</td>
<td>February 2015</td>
<td>Hill Point Park</td>
</tr>
<tr>
<td>Visions of the Past</td>
<td>February 2015</td>
<td>Hill Point Park</td>
</tr>
<tr>
<td>Nautical Swing</td>
<td>February 2015</td>
<td>Hill Point Park</td>
</tr>
<tr>
<td>Flotilla</td>
<td>February 2015</td>
<td>Hill Point Park</td>
</tr>
</tbody>
</table>

The Contract is for a 165 day period that is anticipated to begin by September 2014. However, OCII staff is recommending that the Executive Director be authorized to extend the Contract for an additional period of time up to May 31, 2015, in order to synchronize with the schedule for the EDA grant, and also because the Developer has not secured contracts for completion of all the park areas. The Developer intends to solicit bids for these areas in late July 2014, with construction in the fall. Except for Bayview Horn, the remaining six art pieces are dependent upon the parks being at a stage ready for installation. Since these construction activities in the parks have not yet begun, staff is recommending this authorization so the work can be
synchronized accordingly and accommodate any construction delays. Lastly, the expenditures related to the project would be placed on a future ROPS if delays occurred.

**Small Business Enterprises Participation**

The OCII SBE Program construction participation goal of 50 percent SBE applies to this Contract. Azul Works' bid includes 96 percent in SBE participation, 86 percent Minority Business Enterprise ("MBE") participation, and 69 percent Woman-owned Business Enterprise ("WBE") participation.

<table>
<thead>
<tr>
<th>Business Name</th>
<th>Scope of Work</th>
<th>Contract Amount</th>
<th>SBE</th>
<th>SBE / BVHP</th>
<th>MBE</th>
<th>WBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azul Works</td>
<td>General contractor</td>
<td>$183,000</td>
<td>$183,000</td>
<td>$183,000</td>
<td>$183,000</td>
<td>$183,000</td>
</tr>
<tr>
<td>De Haro Ramirez</td>
<td>Concrete</td>
<td>$45,000</td>
<td>$45,000</td>
<td>$45,000</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>Atthowe Fine Art</td>
<td>Art handling</td>
<td>$25,000</td>
<td>$25,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tol Turf</td>
<td>Rubber surfacing</td>
<td>$10,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>$263,000</strong></td>
<td><strong>$253,000</strong></td>
<td><strong>$228,000</strong></td>
<td><strong>$228,000</strong></td>
<td><strong>$183,000</strong></td>
</tr>
</tbody>
</table>

% of Total Bid       | 96%          | 88%           | 86%   | 69%        |

In addition to the SBE contracting participation as shown above, this Contract is also subject to the EDA’s Equal Opportunity Program goals of 25.6 percent for minority group persons and 6.9 percent for female workers. Staff and CityBuild will conduct a pre-construction meeting with Azul Works prior to construction to discuss their workforce obligations and ensure payment of prevailing wages.

**NEXT STEPS**

The next steps are to award the contract to Azul Works, obtain the required bonds and insurance, execute the Contract, then begin the installation work by September 2014. The work is anticipated to be completed no later than May 2015.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The SFRA Commission and the San Francisco Planning Commission certified the Final Environmental Impact Report for the Hunters Point Shipyard Redevelopment Plan in 2000 ("Shipyard Plan EIR"). The SFRA Commission adopted California Environmental Quality Act ("CEQA") findings, including a mitigation monitoring and reporting program and a statement of overriding considerations, in support of its approval of the Shipyard Plan, by Resolution No. 11-2000; subsequently the SFRA Commission issued two addenda to the Shipyard Plan EIR to support approval of the Shipyard Phase 1 Development in 2003, and revisions to the Shipyard Phase 1 Design for Development ("D for D") in 2005 by Resolution 7-2005 and further Amended on June 3, 2010 by Resolution 62-2010 and on July 2, 2013 by Resolution No. 33-2013, in each case adopting CEQA findings that no supplemental environmental review was required beyond the Shipyard Plan EIR and the addenda to support these approval actions.

In 2010, the SFRA Commission and the Planning Commission certified the Final EIR for the Candlestick Point-Hunters Point Shipyard ("CP-HPS") Phase 2 Development Project ("Phase 2 EIR") and by Resolution No.58-2010, the SFRA Commission in support of its approval of the Phase 2 Development Project adopted CEQA findings, including a mitigation monitoring and reporting program and a statement of overriding considerations (the Phase 1 EIR and the addenda, and the Phase 2 EIR, together, are referred to as the "EIR Documents"). The Phase 2 EIR updated the transportation analysis and transportation plan, including the transportation system management plan for the Shipyard Phase 1 development.
The OCII staff has reviewed the Contract with Azul Works which provides for excavation and construction of footings and foundations, assembly of art pieces, and then installation of the art pieces at the Hunters Point Shipyard and finds it to be within the scope of the Shipyard Phase 1 Development and CP-HPS Phase 2 Development projects analyzed in the EIR Documents. The EIR Documents, including the CEQA Findings adopted by the SFRA Commission by Resolutions No. 11-2000 and 58-2010 are on file with the Secretary of the Commission for its review and consideration.

STAFF RECOMMENDATION

Staff recommends approving the award of Contract to Azul Works, Inc. for an amount not to exceed $263,000, plus a contingency of $26,000 for a total aggregate amount not to exceed $289,000 for construction of the Shipyard Art Installation Project on the Hunters Point Shipyard and authorizing the Executive Director to execute the Contract and to extend the Contract for a period up to May 31, 2015 if needed.

(Originated by Kevin Masuda, Senior Civil Engineer)

Attachment A: Public Art Installation Locations

Attachment B: Form of the Construction Contract (drawings are not included)