

FILE NUMBER: 2025-104

DATE: Friday, June 6, 2025

SUBJECT: TAMT Post Indicator Valve Replacements at Warehouses B and C, San Diego, California

DESCRIPTION:

- A. Resolution Finding the Board Action Exempt Under the California Environmental Quality Act (CEQA), Including, But Not Limited to CEQA Guidelines Sections 15301, 15302, 15304, and 15311.**
- B. Resolution Approving the TAMT Post Indicator Valve Replacements at Warehouses B and C, San Diego, California Project and Approving Plans and Specifications and Awarding Contract No. 2025-01 to Granite Construction Company in the Amount of \$2,053,000, as Authorized By The Board In The FY 2025 Major Maintenance Program.**

EXECUTIVE SUMMARY:

Staff recommends that the San Diego Unified Port District Board approve plans and specifications and award a \$2,053,000 construction contract to Granite Construction Company for the TAMT Post Indicator Valve Replacements at Warehouses B and C. This new project incorporates the critical replacement of the post-indicator valves used for fire suppression in Warehouse B and C. Multiple valves have failed at these warehouses over the last two years and have required immediate repair. These valves are situated underneath the loading dock pavements.

The original Loading Dock Improvements project at Warehouse B, advertised on September 19, 2024, received only one bid from Aster Construction Services for \$4,234,710, significantly above the engineer's estimate. To seek more competitive bids, the District rejected all bids and adjusted the scope of work. On November 13, 2024, the Board approved the rejection of these bids. Subsequently, staff evaluated the project and opted to separate the post-indicator valve assembly work into a new project due to multiple valve failures requiring urgent repair. This project will be prioritized before starting the Loading Dock Improvements.

Design was completed by February 26, 2025, with bids solicited from March 11, 2025, closing on April 15, 2025. The District received 2 bids ranging from \$1,825,000 to \$2,053,000. The bids are detailed on Attachment A. The bid submitted by PK Mechanical Systems, Inc. was deemed non-responsive for its failure to comply with Technical Specifications Section 01 27 00 – Measurement and Payment, Subsection 1.5 D, which requires that "Mobilization and Demobilization costs shall not exceed 3% of the total contract cost". In violation of this requirement, PK's bid amount of \$137,000 for Bid Item 2 - Mobilization and Demobilization, is approximately 7.5% of its total Bid amount of \$1,825,000.

Therefore, Staff recommends that the Board approve the new project and the plans and specifications, and award Contract No. 2025-01 to Granite Construction Company in the amount of \$2,053,000 for the construction of the TAMT Post Indicator Valve Replacements at Warehouse B and C project.

RECOMMENDATION:

- A. Adopt a Resolution Finding the Board Action Exempt Under the California Environmental Quality Act (CEQA), Including, But Not Limited To CEQA Guidelines Sections 15301, 15302, 15304, and 15311.
- B. Adopt a Resolution Approving the TAMT Post Indicator Valve Replacements at Warehouses B and C, San Diego, California Project and Approving Plans and Specifications and Awarding Contract No. 2025-01 to Granite Construction Company in the Amount of \$2,053,000, as Authorized by the Board in the FY 2025 Major Maintenance Program.

FISCAL IMPACT:

There is no fiscal impact caused by approval of this action.

The FY 2026 project funds required for construction will be included in the FY 2026 Major Maintenance Program as part of the overall FY 2026 District Budget, which will be subject to Board approval.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A thriving and modern maritime seaport.

DISCUSSION:

Staff recommends the San Diego Unified Port District (District) Board of Commissioners (Board) approve plans and specifications and authorize the award of the construction Contract to Granite Construction Company in the amount of \$2,053,000 for the construction of the TAMT Post Indicator Valve Replacements at Warehouses B and C, San Diego California.

Initially, the Loading Dock Improvements at TAMT Warehouse B project was advertised, solicited, and bid on by the construction community on September 19, 2024. The District received a single (1) Bid from Aster Construction Services, Inc. for \$4,234,710.00, far exceeding the engineer's estimate. In order to receive more cost-effective public, competitive bids, the District elected to reject all Bids and adjust the Contractor's Scope of Work. On November 13, 2024, the BPC approved Resolution 2024-105 which rejected all bids for Contract No. 2023-21, Loading Dock Improvements at Tenth Avenue Marine Terminal (TAMT) Warehouse B.

District Staff elected to extract the post-indicator valve assembly components of the work to create a separate project called “TAMT Post Indicator Valve Replacements at Warehouse B and C”. This new project incorporates the critical replacement of the post-indicator valves used for fire suppression in Warehouse B and C. Multiple valves have failed at these warehouses over the last two years and have required immediate repair. These valves are situated underneath the loading dock pavements. Staff have determined that the valve repair work should proceed first as a separate project and will ensure completion prior to the commencement of the Loading Dock Improvements at Tenth Avenue Marine Terminal (TAMT) Warehouse B project.

The Design was completed in February 26, 2025 and advertisement of construction bid documents started on March 11, 2025. On April 15, 2025, the solicitation was closed, and two bids were received.

Approval of these actions will allow the District to take the next steps toward the successful completion of the project as planned.

A breakdown of the project budget is provided below:

Tasks	(Proposed) FY 2026 Budget
Construction Support	\$200,000.00
Construction Contract	\$2,053,000.00
Construction Contingency (15%)	\$307,9500.00
Remaining Project Budget	\$2,560,950.00
Total Budget	\$ 2,600,000.00

Procurement Details:

The Contract Documents including Plans No. TA-2025-01 and Specifications No. 2025-01 were issued for advertisement on March 11, 2025. On April 15, 2025, two (2) bids were received ranging from \$1,825,000 to \$2,053,000. The bid amounts are as shown in the table below.

Company	Total Bid for Contract	Location
PK Mechanical Systems, Inc. *	\$1,825,000	Wildomar, CA
Granite Construction Company	\$2,053,000	Carlsbad, CA

*PK Mechanical Systems, Inc. was deemed non-responsive.

Based on a review of the bids, PK Mechanical Systems, Inc’s bid was determined to be non-responsive due to its failure to comply with Technical Specifications Section 01 27 00 – Measurement and Payment, Subsection 1.5 D, which requires that “Mobilization and Demobilization costs shall not exceed 3% of the total contract cost”. In violation of this requirement, PK’s bid amount of \$137,000 for Bid Item 2 - Mobilization and

Demobilization, is approximately 7.5% of its total Bid amount of \$1,825,000. Therefore, the lowest responsive and responsible bid was determined to be submitted by Granite Construction Company at \$2,053,000. The engineer's construction cost estimate was \$2,300,000.

Upon Board authorization, construction is expected to commence in July 2025 and be completed by September 2025.

Conclusion

Staff recommends that the Board find this action exempt under the California Environmental Quality Act (CEQA), approve the new project and plans and specifications, and award Contract No. 2025-01 to Granite Construction Company in the amount of \$2,053,000 for the construction of the TAMT Post Indicator Valve Replacements at Warehouse B and C project.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda and proposed resolutions, as presented, as to form and legality.

Environmental Review:

The proposed Board actions, including without limitation a resolution approving the TAMT Post Indicator Valve Replacements at Warehouses B and C, project, and approving plans and specifications and awarding Contract No. 2025-01 to Granite Construction Company in the amount of \$2,053,000, are categorically exempt pursuant to CEQA Guidelines Sections 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15311 (Accessory Structures), and Sections 3.a., 3.b., 3.d., and 3.i. of the District's Guidelines for Compliance with CEQA because the project would consist of the replacement of existing warehouse post indicator valve assemblies that would involve no expansion of use beyond that previously existing, would not result in a significant cumulative impact due to the continuation of use, would be located on the same site as the structure replaced and would have substantially the same purpose and capacity, and would result in no permanent effects on the environment or involve the removal of mature, scenic trees. The District has determined none of the six exceptions to the use of a categorical exemption apply to this project (CEQA Guidelines Section 15300.2).

The proposed Board actions comply with Section 87(a)(2) of the Port Act which allows for all commercial and industrial uses and purposes, and the construction, reconstruction, repair and maintenance of commercial and industrial buildings, plants, and facilities. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board actions are consistent with the Public Trust Doctrine.

The proposed Board actions are considered excluded development pursuant to Sections 8.a. (Existing Facilities), 8.b. (Replacement or Reconstruction), and 8.d. (Minor Alterations to Land) of the District's Coastal Development Permit Regulations because the project would consist of the replacement of existing warehouse post indicator valve assemblies that would involve no expansion of use beyond that previously existing, would be located essentially on the same site and will have substantially the same purpose and capacity as the structure replaced, and would not involve the removal of mature, scenic trees. If the Board approves these actions, District staff would notify California Coastal Commission (CCC) staff in accordance with Coastal Act Section 30717. The approval would become effective after the 10th working day after notification to CCC staff, unless an appeal is filed with the CCC within that time frame.

Diversity, Equity, and Inclusion Program:

A 3% SBE goal was established for this opportunity. The achievement is 13.27%.

PREPARED BY:

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Attachment(s):

Attachment A: Bid Tabulation