

FILE NUMBER: 2025-102

DATE: Friday, June 6, 2025

SUBJECT: Navy Pier Freedom Park Structural Pier Reinforcement

DESCRIPTION: Resolution Rejecting Bid For Contract No. 2024-24 for the Freedom Park at Navy Pier Structural Pier Reinforcement

EXECUTIVE SUMMARY:

On February 26, 2025, the Navy Pier Freedom Park Structural Pier Reinforcement Project, Contract 2024-24, was advertised for public bidding. The project was advertised for 36 calendar days. The bidding documents include provisions requiring a specialty contractor expert with jet grouting work and an established and documented record of at least five years' experience in performing jet grouting operations.

At the bid opening on April 2, 2025, the District received one (1) bid in the amount of \$2,740,403, which significantly exceeded the Engineer's Estimate of \$1,345,000. The bid amount reflects a combination of market volatility, limited bidder interest due to the project's complexity and constraints, and current material and labor cost escalations. Due to this variance, the USS Midway Museum (Midway), as the financially responsible party (as discussed further below), requested that the bid be rejected.

Port District staff and the Midway thoroughly evaluated the risks associated with rejecting the sole bid and re-advertising, including the potential for continued cost escalation and schedule impacts.

However, after discussing these considerations, the Midway, as the financial sponsor, conveyed its clear preference to reject and thereafter proceed with a rebid. Accordingly, District staff recommends the Board reject the bid for Contract No. 2024-24 for the Navy Pier Structural Pier Reinforcement as permitted by the California Public Contract Code and applicable District policy. Following any Board approved rejection, and in accordance with Section 22038 of the California Public Contract Code, District staff intends to readvertise Contract No. 2024-24.

RECOMMENDATION:

Adopt a Resolution rejecting bid for Contract No. 2024-24 for the Freedom Park at Navy Pier Structural Pier Reinforcement.

FISCAL IMPACT:

There is no anticipated fiscal impact caused by the approval of this action. Rejection of all bids will result in no award. In addition, following any award and per the terms of Contract 2024-24, the Midway is to be responsible for any payments due the contractor.

COMPASS STRATEGIC GOALS:

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

- A vibrant waterfront destination where residents and visitors converge.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work and play.

DISCUSSION:

For many years, the District, the Midway, and the California Coastal Commission collaborated to make the planning goal of turning Navy Pier - located off Harbor Drive between Broadway Pier to the north and the USS Midway to the south (see Attachment A – Project Location Map) – into veteran’s memorial park, which the District and the Midway have agreed is to be known as Freedom Park at Burnham Navy Pier. Within the last three years, two significant milestones have brought the parties closer to the goal of commencing park construction: the Memorandum of Understanding dated April 12, 2022 (MOU) executed between the District and the Midway (see Attachment B), and the issuance of the Coastal Development Permit No. 6-22-1069 on February 9, 2023 (see Attachment C for CDP conceptual plan).

Thereafter, on February 13, 2024, the Board approved the award of Contract No. 2022-26 (Demo Contract) filed in the Office of the District Clerk as Document No. 76463 for the demolition of the headhouse formerly located on the pier’s east end. The Demo Contract, a three-party agreement executed by the District, the Midway, and AMG Demolition (as the winning bidder), governed the first major construction project necessary to prepare the pier for park construction. District staff is pleased to report that the demolition of the headhouse was completed early this year.

The next immediate step consists of structural reinforcement of the east end of the existing pier mole retaining wall under the headhouse’s former location. The methodology to be used is a ground improvement technique that uses high-velocity fluid jets to create cemented soil columns in the ground below the pier deck, thereby stabilizing the soil as the grouted fluid hardens.

The plans and specifications in Contract 2024-24 (Jet Grouting Contract) define the work to include jet grouting along approximately 380 linear feet of retaining wall, including mobilization and demobilization, and other related work. The specifications also require the winning bidder, as well as all subcontractors, to sign a letter of assent to the Project Labor Agreement as authorized by the Board pursuant to Resolution No. 2023-092 approved on October 10, 2023.

Per the Midway MOU, the Midway is responsible for payment of the jet grouting work. The Jet Grouting Contract is a three-party agreement that, following any award, is to be executed by the District, the Midway, and the winning bidder, with Midway as the party responsible for making payments to the bidder/contractor as and when due. As such, Midway’s consent to any award is required.

For more information on the HUD Agreement, please refer to Attachment D.

Procurement Details:

The Jet Grouting Contract documents, including plans EM-2024-04 and specifications 2024-24, were issued for advertisement for a total duration of 36 calendar days starting February 26, 2025, for formal competition through the Port of San Diego's Vendor Portal, PlanetBids®.

On April 2, 2024, the District received one (1) bid in the amount of \$2,740,403. Bid Tabulation (Attachment D to this agenda) contains the bidder's amounts for individual bid line items. Based on a review of the bid by representatives of the District's Procurement Department, Office of the General Counsel, Engineering-Construction, and the Midway, and in accordance with the California Public Contract Code Section 10180, Condon Johnson & Associates submitted a responsive and responsible bid of \$2,740,403. Review of Bid (Attachment E to this agenda) contains the checklist used for bidding qualifications and informalities.

The engineer's construction cost estimate prepared by Rick Engineering was \$1,345,000.00. Upon review of the bid, staff believes that this cost variance may have been caused by various factors, both internal and external to the project, such as market conditions, lack of comparable scope and work conditions, and scarcity of qualified local contractors with the capability of performing this specialized type of work.

District Staff and the Midway discussed three possible options when evaluating the bid: (1) award the Jet Grouting Contract work to avoid potential future higher cost escalation; (2) reject the bid and re-advertise the Jet Grouting Contract; or (3) include the components of the Jet Grouting Contract into the Freedom Park Construction Contract for ultimate park construction anticipated to be advertised later in 2025.

Upon review, Midway expressed concern about the difference between the engineer's estimate and low bid and ultimately requested to reject the bid. Midway, as the financial sponsor of the Freedom Park project, additionally requested that the Jet Grouting Contract be promptly readvertised in an effort to potentially lower costs and minimize delays in ultimate park construction.

Staff, in collaboration with and support of the Midway, recommends the Board reject the bid for Contract No. 2024-24 for the Navy Pier Structural Pier Reinforcement. Following any Board rejection, District staff plans to promptly re-advertise the contract in order to continue making progress toward construction and completion of Freedom Park at Navy Pier.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda and the attachments as presented to it and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation rejecting bid for Contract No. 2024-24 for The Navy Pier Freedom Park Structural Pier Reinforcement, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act which allows the Board to pass resolutions and do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

Due to limited subcontracting opportunities, no SBE goal was established for this opportunity.

PREPARED BY:

Noemi Aquino
Capital Project Manager, Engineering-Construction

Attachment(s):

- Attachment A - Project Location Map for Spec# 2024-24
- Attachment B - MOU between SDUPD & USS Midway
- Attachment C - Freedom Park at Navy Pier CDP Conceptual Plan
- Attachment D – HUD Grant Agreement
- Attachment E - Bid Tabulation for Spec# 2024-24
- Attachment F - Review of Bid for Spec# 2024-24