

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS ITEM

PREPARED BY: Jeffrey Thomas Chief Engineer August 24, 2021

SUBJECT: Consider and Approve Updated Pier Improvements Budget as required by the Development Rider to the Ground Lease By and Between the Board of Trustees of the Galveston Wharves and Galveston Cruise Terminal, LLC

BACKGROUND: To comply with the requirements of the Development Rider, Westco Construction Company, Inc. (Westco), acting on behalf of the Galveston Cruise Terminal, LLC Tenant, hired Jacobs Engineering Group (Jacobs), to design and prepare specifications for the construction of the Pier Improvements. Westco and Jacobs, then worked with Port Staff to develop a solicitation for the Construction of the Pier Improvements which complied with the public purchasing requirements. The solicitation was developed to rank the proposals received based on price (45%) and technical score (55%). On June 23rd, 2021, seven proposals were received from Contractors. Jacobs reviewed the Proposals for compliance with the project specifications and scored the proposals accordingly. On August 11th, Westco submitted an updated budget to the Wharves to review and approve. Along with the Updated Budget, Westco submitted supporting documentation including Jacob's review of the Proposals. Staff reviewed the updated budget and supporting documentation submitted. Staff are still discussing the updated budget with Westco and Tenant, however, Staff are in agreement and recommend that the Pier Improvements Budget should be updated to \$14,679,822.09. If the actual costs of the Pier Improvements are expected to exceed \$14,679,822.09, Staff will bring the Updated Budget back to the Board.

RECOMMENDATIONS: The Board of Trustees is respectfully requested to listen to the briefing of the Port Director and Approve the Updated Pier Improvements Budget of \$14,679,822.09 as required by the Development Rider to the Ground Lease By and Between the Board of Trustees of the Galveston Wharves and Galveston Cruise Terminal, LLC.

Respectfully Submitted By:


Rodger Rees, Port Director/CEO

DATE ACTION TAKEN: _____

Approved: _____	Motion By: _____
Disapproved: _____	Seconded By: _____
Deferred To: _____	Unanimous: Yes _____ No _____
Incorporated into Minutes: _____	By: _____

PORT OF GALVESTON
**CONSIDER AND APPROVE UPDATED PIER IMPROVEMENTS BUDGET AS
REQUIRED BY THE DEVELOPMENT RIDER TO THE GROUND LEASE BY AND
BETWEEN THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES AND
GALVESTON CRUISE TERMINAL, LLC**

Background

At the April 2021 Board meeting, the Board approved an amendment to the Ground Lease (Lease) between the Board of Trustees of the Galveston Wharves (Wharves) and Galveston Cruise Terminal, LLC (Tenant) which identified the new timeline for the Cruise Terminal 3 (CT3) project which was delayed by COVID-19. Royal Caribbean has developed their construction site and is currently working to meet their target completion date of September 1, 2022.

As part of the requirements of the Development Rider to the Lease, Tenant must Develop and Construct the Project, including the Pier Improvements which will improve Pier 10 to allow the ICON Class Vessel to berth at Pier 10. Section 4 in the Development Rider "Project Financing" established the Pier Improvements Budget which is allocated for the Pier Improvements. The Pier Improvements Budget is initially set at \$8,000,000.00. If it is anticipated that the cost of the Pier Improvements will exceed the Pier Improvements Budget, the Tenant must submit an updated budget to the Wharves for review and approval since the Wharves is responsible to reimburse tenant for the actual cost of the Pier Improvements up to the maximum Budget of \$16,000,000.00. Any cost over \$16,000,000.00 will be split 50-50 between the Tenant and the Wharves. The Development Rider also states that if the Wharves is expected to have to reimburse the Tenant for a portion of the cost of the Pier Improvements, the tenant shall be required to publically bid the contracts for the project.

Current Situation

To comply with these requirements of the Development Rider, Westco, acting on behalf of the Tenant, hired Jacobs Engineering Group (Jacobs), to design and prepare specifications for the construction of the Pier Improvements. Westco and Jacobs, then worked with Port Staff to develop a solicitation for the Construction of the Pier Improvements which complied with the public purchasing requirements. The solicitation was developed to rank the proposals received based on price (45%) and technical score (55%). On June 23rd, 2021, seven proposals were received from Contractors. Jacobs reviewed the Proposals for compliance with the project specifications and scored the proposals accordingly.

On August 11th, Westco submitted an updated budget to the Wharves to review and approve. Included with the Updated Budget, Westco submitted supporting documentation including Jacob's review of the Proposals. Staff reviewed the updated budget and supporting documentation submitted. Staff are still discussing the updated budget with Westco and Tenant, however, Staff are in agreement and recommend that the Pier Improvements Budget should be updated to \$14,679,822.09. If the actual costs of the Pier Improvements are expected to exceed \$14,679,822.09, Staff will bring the Updated Budget back to the Board.

Fiscal Impact

The cost to the Galveston Wharves for the Updated Pier Improvements Budget is not expected to exceed \$6,679,822.09. This will be funded out of the Series 2011 Revenue Notes and Operating Revenue.

Staff Recommendation

The Board of Trustees is respectfully requested to listen to the briefing of the Port Director and Approve the Updated Pier Improvements Budget of \$14,679,822.09 as required by the Development Rider to the Ground Lease By and Between the Board of Trustees of the Galveston Wharves and Galveston Cruise Terminal, LLC.

PORT OF GALVESTON PIER 10 PIER IMPROVEMENTS UPDATED BUDGET
August 24 2021

Description	Updated Budget
Engineer of Record Ranked Contractor	
RUSSELL MARINE	
Base Bid	\$ 13,869,435.47
Add unit prices	\$ 810,386.62
Total	\$ 14,679,822.09



445 Challenger Road
Suite 130
Cape Canaveral, FL 32920
United States

www.jacobs.com

July 16, 2021

Attention: Jonathan Ruiz
Royal Caribbean Group
1050 Caribbean Way
Miami, FL 32132

Project Name: Berth 10 Marine Improvements
Project Number: EGXL6400

Subject: Recommended Respondent

Dear Jonathan,

This letter is to inform you of our recommended respondent for the Berth 10 Marine Improvements Project at Galveston Wharves. We are recommending award to Russell Marine. Our recommendation is based upon our review of all seven proposals received.

The evaluation included adjustments to the proposal prices to compare equally. Proposal prices were adjusted to compare use of all domestic pipe vs all foreign pipe. Therefore, two scoring matrices are presented below.

According to our evaluation, we have calculated the following scores for use of all US pipe:

Respondent	Technical Score (Out of 55)	Financial Score (Out of 45)	Total Score (Out of 100)
Russell	51.2	45.0	96.2
Orion	54.4	41.4	95.8
Cajun	52.8	35.6	88.4
Texas Gulf Coast Construction	41.8	44.8	86.6
McCarthy	46.2	36.6	82.8
Bo-Mac	51.7	30.0	81.7
Callan	24.2	43.2	67.4

According to our evaluation, we have calculated the following scores for use of all foreign pipe:

Respondent	Technical Score (Out of 55)	Financial Score (Out of 45)	Total Score (Out of 100)
Russell	51.2	44.3	95.5
Orion	54.4	40.2	94.6
Cajun	52.8	34.6	87.4

Jacobs

July 16, 2021

Subject: Recommended Respondent

Texas Gulf Coast Construction	41.8	45.0	86.8
McCarthy	46.2	34.6	80.8
Bo-Mac	51.7	28.4	80.1
Callan	24.2	43.0	67.2

In both scenarios, Russell obtains the highest rated respondent.

Please let me know if you have any questions or would like any further clarifications. Thank you.

Yours sincerely



Melyne Chiariello

Senior Project Manager

561-891-1389

melyne.chiariello@jacobs.com

Copies to: Dave Whelpley (Wesco)
Anthony Caputo (Ceres Terminals)
Tim Berget (Wesco)
Chris Dorang (Jacobs)
Max Mozo (Jacobs)

**Berth 10 Marine Improvements
Galveston Cruise Terminals
Price Evaluation**



Per Bid Form

Company	Sub- Total Lump Sum	Sales Tax	Total Lump Sum
Bo-Mac	\$ 22,617,752	\$ 1,106,000	\$ 23,723,752
Cajun	\$ 19,032,500	\$ 943,750	\$ 19,976,250
Callan	\$ 13,246,006	\$ 689,176	\$ 13,935,182
McCarthy	\$ 15,047,230	\$ 596,000	\$ 15,643,230
Orion	\$ 14,580,820	\$ 769,206	\$ 15,350,026
Russell	\$ 13,869,435	\$ 726,484	\$ 14,595,919
Texas Gulf Coast Construction	\$ 14,672,680	\$ 1,210,496	\$ 15,883,176

<u>Adjusted Total Lump Sum Price - US Pipe</u>	Adj Price/ Lowest Adj Price	Score
Bo-Mac \$ 23,723,752	66.6	30.0
Cajun \$ 19,976,250	79.1	35.6
Callan \$ 16,468,232	96.0	43.2
McCarthy \$ 19,431,980	81.4	36.6
Orion \$ 17,202,030	91.9	41.4
Russell \$ 15,810,138	100.0	45.0
Texas Gulf Coast Construction \$ 15,883,176	99.5	44.8

<u>Adjusted Total Lump Sum Price - Foreign Pipe</u>	Adj Price/ Lowest Adj Price	Score
Bo-Mac \$ 21,694,065	63.1	28.4
Cajun \$ 17,811,250	76.8	34.6
Callan \$ 14,303,232	95.7	43.0
McCarthy \$ 17,808,230	76.8	34.6
Orion \$ 15,350,026	89.1	40.1
Russell \$ 13,892,294	98.5	44.3
Texas Gulf Coast Construction \$ 13,681,891	100.0	45.0