



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Frank Kirkbride
Katy Allen

SUBJECT: SEE BELOW

DATE: 01-27-05

Approved

Date

1/28/05

Council District: Citywide

SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT – CARGO SECURITY AND TAXIWAY IMPROVEMENTS PROJECT AND SKYPORT DRIVE GRADE SEPARATION PROJECT

RECOMMENDATION

- a. Approval of Contract Change Order No. 12 for the Norman Y. Mineta San José International Airport-Cargo Ramp Security and Taxiway Improvements Project in the credit amount of (\$219,774.24) for a total contract amount of \$9,693,638.48. CEQA Resolution No. 67380 and 71451, PP 05-013.
- b. Approval of Contract Change Order No. 30 for the Norman Y. Mineta San José International Airport-Skyport Drive Grade Separation Project in the credit amount of (\$78,458.03) for a total contract amount of \$10,512,314.92. CEQA Resolution No. 67380 and 71451, PP 05-013.

BACKGROUND

(A) On June 17, 2003, Council awarded a construction contract to R&L Brosamer Inc. in the amount of \$9,664,860 for the construction of Cargo Ramp Security and Taxiway Improvements (CRSTI) Project. Construction began in August 2003 and was completed in July 2004. The scope of the project included construction of two new apron areas for cargo operations and improvements to existing Taxiway Z.

(B) On January 14, 2003, Council awarded a construction contract to R&L Brosamer Inc. in the amount of \$9,885,321 for the Skyport Drive Grade Separation (Skyport) Project. The Skyport Project consists of a depressed structure for Airport Boulevard and ramps connecting Airport Boulevard to the existing Skyport Drive Bridge over the Guadalupe River. Construction began in March 2003 and was completed in July 2004.

Both projects were constructed in accordance with an accelerated schedule in order to minimize inconvenience to airport access and operations. Final change orders are now necessary to close out the remaining issues and accept the projects.

ANALYSIS

(A) Contract Change Order No. 12 for the CRSTI Project provides for resolution of the cost for unforeseen conditions encountered by the contractor and for savings that occurred during construction.

The construction of the CRSTI Project posed several impacts to the airfield. In order to minimize disruptions to airport tenants, the project was based upon a fast track schedule that had minimal allowance for delays. However, the contractor was delayed at the start of construction to accommodate several unforeseen conditions:

- Extended review of the contractor's security plan
- Changes to the haul route requirements
- Unforeseen length of time by the San Jose Water Company to relocate a water line

Based upon the three delays identified above, the contractor was behind 21 working days but still had to complete the project within the deadlines identified in the contract documents. In order to meet the contract requirements, the contractor was forced to accelerate the original schedule and provide additional equipment, staff, and overtime work that was unforeseen when the project was bid. In addition, change orders extended the contract by 20 working days.

Based on these conditions, the contractor filed a notice of potential claim for approximately \$375,000 for project delays and the unforeseen work resulting from the above-described changes in project requirements. After several negotiating sessions and meeting with a dispute resolution facilitator, the contractor agreed to accept \$220,599.50 in full settlement of its claims. Staff agrees that this settlement is fair and reasonable. The cost of the facilitator for Change Order No. 12 is being split between both parties and the City's cost is \$500.

Offsetting this, significant project cost savings were realized that more than offset the cost of the changes noted above. During construction, the project management team was able to make adjustments to reduce many of the bid items that were shown in the original contract. The most significant of these changes included:

- Reuse of an existing field office rather than providing a new facility
- Reduction in quantities for stabilizing fill/import
- Reduction in quantities of unsuitable excavation/export
- Reduction in quantities of apron light fixtures
- Reduction in the cost for water line relocations
- Reduction in quantities for 2-inch conduit, concrete encased

- Reduction in quantities for electrical handholes
- Minimizing the wear and tear of the haul routes

All of the adjustments that were made are consistent with the original project scope. These adjustments resulted in a net project cost reduction of \$440,873.74.

Change Order No. 12 reflects the total credit amount of (\$219,774.24) relating to the reduction in cost for the adjusted quantities of work and the negotiated settlement of all outstanding issues. The total cumulative value of the change orders for the project is \$28,778.48, which is .3% of the original contract amount.

(B) Contract Change Order No. 30 for the Skyport Project resolves issues resulting from unforeseen delays encountered by the contractor at the beginning of the project and accounts for savings that occurred during construction.

When construction began on the project, the contractor's access to the site was restricted for several months so the original project schedule could not be maintained. Full access to the Skyport Project was obtained once the One Way Loop contractor finished work. Change Order No. 11, which was previously approved, formally acknowledged delay in obtaining unrestricted access and increased the number of working days allowed for completion of the contract. However, issues of extended overhead, overtime and inefficiencies resulting from the delay in obtaining full access to the site were left unresolved.

The contractor submitted a notice of potential claim of \$675,000 for the increased costs due to the delays. After several negotiation sessions and meeting with a dispute resolution facilitator, the contractor agreed to accept \$275,000 in full settlement of its claims. Staff agrees that this settlement is fair and reasonable. The cost of the facilitator for Change Order No. 30 is being split between both parties and the City's cost is \$500.

Offsetting this, the project management team was able to make adjustments to many of the bid items that were shown in the original contract. The most significant of these changes included:

- Reduction in the amount of dewatering and testing
- Reduction in quantities for potholing
- Reduction in quantities of stockpiled material
- Reduction in quantities of electrical conduit

All of the adjustments that were made are consistent with the original project scope. These adjustments resulted in a net project cost reduction of \$353,958.03.

Change Order No. 30 reflects the credit amount of (\$78,458.03) relating to the additional costs for delays and the reduction in cost for the adjusted quantities of work and the negotiated settlement of all outstanding issues. The total cumulative value of the change orders for the project is \$626,993.92, which is 6.3% of the original contract amount.

PUBLIC OUTREACH

Not applicable.

AIRPORT MASTER PLAN CONSISTENCY

(A) The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The Taxiway Z Extension is explicitly identified as a part of "Project A-28," the Interim North Cargo Ramp Extension is explicitly identified as a part of "Project C-1," and the Interim Southeast Cargo Ramp is a related component of the Central Terminal construction program (amended "Project T-5"). The overall project is therefore consistent with the adopted Airport Master Plan pursuant to Municipal Code Sections 25.04.210(B)(1) and 25.04.210(B)(2).

(B) The Airport Boulevard/Skyport Drive Grade Separation Project is expressly identified in the Airport Master Plan, as amended in November 2001, and is therefore consistent with the Airport Master Plan under Municipal Code Section 25.04.210(B)(1).

COORDINATION

These projects have been coordinated with the City Attorney's Office, the City Manager's Budget Office, Caltrans, and the Airport, Transportation, Finance and Planning, Building and Code Enforcement Departments.

COST IMPLICATIONS

(A)

1. COST OF RECOMMENDATION: (\$219,774.24)

2. COST OF PROJECT:

Project Delivery	\$3,225,400.00*
Construction	\$9,732,340.00**
Previous Change Orders	\$248,552.72
Change Order No. 12	(\$219,774.24)
Remaining Contingency	\$937,221.52
TOTAL	\$13,923,740.00

*Portion of the costs were included in prior years. The amount includes utility fees.

**Includes a separate construction contract for demolition of existing facilities.

3. SOURCE OF FUNDING: 526-Airport Revenue Improvement Fund
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

(B)

1. COST OF RECOMMENDATION: (\$78,458.03)

2. COST OF PROJECT:

Project Delivery	\$4,473,300.00
Construction	\$10,271,861.00*
Previous Change Orders	\$705,451.95
Change Order No. 30	(\$78,458.03)
Remaining Contingency	<u>\$362,006.08</u>
TOTAL	\$15,734,161.00

* This amount includes costs for the construction contract, utility agreements and permits

3. SOURCE OF FUNDING: 527 - Airport Renewal and Replacement
529 - Airport Passenger Facility Charge Fund
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

(A)

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	FY 2004-05 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
526 (548)	4715	Cargo Ramp Security & Taxiway Improvements 2003	128025 128035 128045	\$1,097,000	(\$219,774.24)	V-33	10/12/04 Ord. No. 27267
		Total		\$1,097,000	(\$219,774.24)		

(B)

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract Change Order	FY2004-05 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
527	6740	Skyport Grade Separation	116323	\$569,000	(\$78,458.03)	V-32	10/12/04 – Ord. No. 27267
529	6740	Skyport Grade Separation	116323	\$70,000		V-32	10/12/04 – Ord. No. 27267
		Total		\$639,000	(\$78,458.03)		

CEQA

(A) Resolution No. 67380 and 71451, PP 05-013.

(B) Resolution No. 67380 and 71451, PP 05-013.



FRANK KIRKBRIDE
Acting Director of Aviation
Airport Department



KATY ALLEN
Director, Public Works Department