



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT:** SEE BELOW

**DATE:** 02-21-07

Approved

Date

2/26/07

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: AGREEMENT FOR EXECUTIVE PROJECT CONSULTANT TO  
MANAGE THE AIRPORT TERMINAL AREA IMPROVEMENT PROGRAM (TAIP)**

## RECOMMENDATION

- (a) Approval of agreement with David Brush Consulting to provide program management services for the Norman Y. Mineta San Jose International Airport Terminal Area Improvement Program (TAIP) from the date of execution to December 31, 2010, in an amount not to exceed \$1,526,500.
- (b) Adoption of a Resolution authorizing the City Manager to execute up to two, two-year options to extend the term at no increase in total compensation.  
CEQA: Resolutions No. 67380 and 71451, PP 07-015

## OUTCOME

Approval of the recommendation will provide consultant resources and expertise to enable the Airport to manage implementation of the (TAIP), Phase One of the Airport capital improvement program.

## BACKGROUND

On June 13, 2006, Council approved a Major Amendment to the Airport Master Plan that included revisions to the implementation of the Airport's capital improvement program. These revisions include adjusting the year forecast to reach 17.6 million airline passengers per year from 2010 to 2017 and downsizing the scope of the passenger terminal facility projects.

To meet the forecast demand, the Airport capital improvement program consists of several phases that total approximately \$1.5 billion to be completed by 2017. Phase One of the program has a total budget of approximately \$1.0 billion, with a scheduled completion of the second quarter of 2010. It consists of a Terminal Area Improvement Program, completion of the North Concourse currently under construction, completion of airfield projects, and related support projects. The TAIP includes the expansion and remodel of Terminal A, a new Terminal B, a

temporary ticketing/baggage processing center for existing Terminal C, demolition of Terminal C in phases, extensive roadway improvements, a public parking garage, a Consolidated Rental Car Garage, and surface parking. On October 17, 2006, Council approved a series of actions that resulted in implementation of the TAIP using a Design-Build project delivery method under a contract with Hensel Phelps Construction.

Airport capital development programs of this kind present a unique and complex set of challenges. Therefore, an integrated team of Airport and Public Works staff, supplemented by consultants where expertise is needed, is managing the TAIP. The team leader needs a depth of experience and skills in managing large, multi-phased, capital development programs in an airport operating environment, and ideally should be a member of the owner's staff to ensure direct control of the program. However, existing staff do not possess the skills and experience needed, therefore an "owner agent" was sought through an RFP. This Executive Project Management consultant will act as the "owner agent" and team leader, and will report directly to a Deputy Director in the Airport department.

### **ANALYSIS**

The selection process followed the City's Qualifications Based Consultant Selection (QBCS) Policy adopted by Council on December 7, 2004 and the Local Business and Small Business Preference Ordinance. A Request for Qualifications (RFQ) for Executive Project Management Consultant at the Airport was advertised beginning in November 2006. Statements of Qualifications were received from three firms. A five-member interview board consisting of Airport, Public Works, and an airline representative interviewed three firms on December 15, 2006. The board scored the firms on the Statement of Qualification and the interview based on the following criteria:

- Experience related to the planning, design, and construction of Airport terminal, roadway, and parking facilities.
- Experience in managing complex Airport capital improvement projects.
- Track record of successful on time and on budget project delivery.
- Strong communications skills and the ability to work with airport owners, governmental agencies, airlines and other airport stakeholders.
- Ability to lead an integrated team of professionals with diverse backgrounds and interests.
- City's Local Business and Small Business Preference Ordinance.

The Interview Board ranking is summarized below:

#### **Ranked List (as determined by the interview board):**

1	David Brush Consulting
2	Parsons Brinckerhoff, Mr. Jim Goetz
3	Arul Edwin

The board unanimously ranked David Brush Consulting as the best qualified because of his depth of experience and knowledge of the implementation of complex capital development programs at Airports. David Brush, the owner of David Brush Consulting, has extensive experience in large, complex airport capital development programs, including multi-billion dollar programs at Miami International, Boston-Logan International, and Denver International airports. Mr. Brush also possesses unique experience working directly for airports, as well as working directly for the airlines in the implementation of large airport capital development programs. Mr. Brush is familiar with the design build methodology being used to implement the TAIP. His depth of experience as both an owner and airline operator will be of critical importance as the TAIP is constructed while the Airport continues to operate. Lastly, Mr. Brush has worked as the Executive Program Manager for the TAIP since June 2, 2006 as a sub-consultant to Gilbane Building Company, and is intimately familiar with the program.

Parsons Brinckerhoff qualified as Local Business Enterprises and no firms qualified as Small Business Enterprises as determined by the City's Local Business and Small Business Preference Ordinance. The addition of the 5-point Local Business preference to the score received by Parsons Brinckerhoff did not impact the final ranking of the firms.

The general types of services that David Brush Consulting will provide under the agreement include:

- Executive-level leadership and make recommendations to the Director regarding management of the TAIP team to implement the scope, schedule, and budget requirements.
- Reporting to the Deputy Director of Aviation, Planning and Development Division, lead and make recommendations to the Director regarding management of the TAIP implementation team.
- Be the primary point of contact between the Design-Build contractor and the City. Advise, make recommendations, and make presentations to the City on pre-design, and design and construction issues related to the Design-Build Contract.
- Coordinate TAIP activities with other Airport divisions on complex, sensitive projects and issues. Provide analysis, generate recommendations, and make recommendations to various levels of City management, including Airport Senior Staff, City Senior Staff, and City Council.
- Provide expertise in project delivery systems including Design-Build, Guaranteed Maximum Price, and traditional Design-Bid-Build (low bid) methods.
- Provide expertise in renegotiating existing professional services and construction management agreements to reduce costs and to coordinate those agreements with the newly established Design-Build scope and schedule.
- Provide an effective project tracking plan to monitor the Design-Build contractor's on schedule and on budget performance.
- Additional services associated with the above elements as directed by the Director of Aviation.

The amount of the agreement is a not to exceed estimate of the level at which these services may be required. The fees are set at a daily rate based on comparative rates for similar services from other consultants, and considering the unique set of skills and abilities that will be brought to the program. The rate schedule also allows for an hourly rate in the case of partial days, and for a limited set reimbursables.

The City has adopted a policy to ensure that a “contracting-in” analysis is conducted prior to outsourcing work. A contracting-in checklist has been completed for this agreement and has been approved by the Performance Development Manager.

The authorization to allow the City Manager to exercise up to two, two-year options is being requested to provide the flexibility and continuity necessary for successful management of the TAIP Program. As the program develops, it may be in the City’s best interest to achieve efficiency by maintaining continuity of the consultant for a longer duration. Including this flexibility in the agreement avoids procurement costs and schedule delays. The agreement maintains the right of the City to terminate the agreement without cause at any time, providing the flexibility to change consultants if needed. The agreement also allows Brush to terminate the contract with 60 days notice, allowing for an adequate replacement period. If options are exercised it will be reported to Council in conjunction with the quarterly reports concerning the Airport’s capital improvement program.

### **POLICY ALTERNATIVES**

*Alternative: Direct City staff to provide the required services with in-house resources*

**Pros:** Increased work options for current staff.

**Cons:** Existing City staff does not possess the expertise required.

**Reason for not recommending:** The complexity of implementing the TAIP program and use of the Design-Build project delivery method requires specialized expertise and experience in technical program management areas. Existing City staff does not possess expertise in managing large airport projects. The Executive Project Manager requires a higher compensation than what can be provided under City Compensation Structure. The use of an Executive Project Manager results in fresh and innovative ideas being applied to the project, along with the flexibility required to meet changing staffing needs.

### **PUBLIC OUTREACH/INTEREST**



**Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.

**(Required: Website Posting)**



**Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The RFQ was advertised in *the San Jose Mercury News* and *San José Post Record*. It was advertised on the City's Internet Bid Line, which automatically sent emails to the list of pre-qualified consultants, and the Airport's website. The *Engineering News-Record* included the announcement in their publication and on their website. The Airports Consultant Council included the RFQ announcement in their weekly email to members. The American Association of Airport Executives included the announcement in *Airport Report* and *Airport Express*, posted it on their website, and sent an email to interested members. Airports Council International included the announcement on their website.

### COORDINATION

This solicitation, agreement and memo have been coordinated with the Departments of Public Works, Finance, and City Attorney's Office.

### FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. This proposed agreement would support the implementation of the TAIP, the project components of which are expressly identified in the Airport Master Plan as amended 6/13/06.

This project is consistent with the Guiding Principles for Budget and Financial Management, Mayor's 2006-2007 Revised June Budget Message, in that it supports economic recovery and job creation.

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with:

- Strategic Initiative #1: Build a World-Class Airport and Air Services, and
- Strategic Initiative #5: Support the Growth (and Start-up) of Local Businesses – Small and Large (5.12 - increase access to City contracting and purchasing opportunities through improvements to communication and the procurement process).

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION:     **\$ 1,526,500**
2. COST ELEMENTS OF AGREEMENT:
 

Professional Services	\$ 1,396,500
Reimbursable Expenses	\$ 130,000
<b>TOTAL AGREEMENT AMOUNT:     \$ 1,526,500</b>	
3. SOURCE OF FUNDING:   520 – Airport Capital Improvement Fund  
                                   526 – Airport Revenue Bond Improvement Fund  
                                   527 – Airport Renewal and Replacement Fund  
                                   529 – Airport Passenger Facility Charge (PFC) Fund
4. FISCAL IMPACT: The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget. As outlined in the FY2006-2007 Adopted CIP, when fully implemented, the estimated additional operating costs of approximately \$5.5 million will be paid for in the Airport Operating and Maintenance Fund.

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	2006-2007 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
520	4657	North Concourse Building	\$15,988,000	V-980	10/17/06 27888
527	5253	Terminal Area Improvement, Phase I	\$5,303,000	V-985	10/17/06 27888
(526) 554	5253	Terminal Area Improvement, Phase I	\$117,996,000	V-985	10/17/06 27888
(526) 554	New	Terminal Area Improvement, Phase II	\$26,799,000		10/17/06 27890
(526) 554	5246	Public Parking Garage	\$8,187,000	V-966	10/17/06 27890
(526) 528	4164	Consolidated Rental Car Facility	\$10,242,000	V-963	10/17/06 27888
(526) 548	4657	North Concourse Building	\$176,806,000	V-980	10/17/06 27888

HONORABLE MAYOR AND CITY COUNCIL

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The appropriations listed above are included in the 2006-2007 Adopted Budget and will be utilized for the contract in 2006-2007. Funding in the out years is allocated in the 5-year Capital Improvement Program.

**CEQA**

CEQA: Resolutions No. 67380 and 71451, PP 07-015

  
*for* WILLIAM F. SHERRY, A.A.E.  
Director of Aviation  
Airport Department

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.