



COUNCIL AGENDA: 03-18-08

ITEM: 6.2

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry

SUBJECT: SEE BELOW

DATE: 02-25-08

Approved

Date

2/28/08

COUNCIL DISTRICT: Various

SUBJECT: AGREEMENT FOR ARCHITECTURAL CONSULTANT SERVICES TO SUPPORT IMPLEMENTATION OF AIRPORT AND AIRLINES TENANT IMPROVEMENTS PROJECT AT THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Approval of a master agreement with M. Arthur Gensler, Jr. & Associates, Inc., for architectural consultant services for the Airport and Airlines Tenant Improvements Project at the Norman Y. Mineta San José International Airport from the date of execution through December 31, 2010 in an amount not to exceed \$3,000,000.

OUTCOME

Approval of a master agreement with Gensler provides architectural consultant resources to manage the implementation of the Airport and Airlines Tenant Improvement Project.

BACKGROUND

The City Council approved the Airport Terminal Area Improvement Program (TAIP) on November 15, 2005. The TAIP will be constructed in two phases. Phase 1 includes renovation and expansion of the existing Terminal A, construction of a new Terminal B, construction of a new rental car garage, realignment and widening of the Airport roadways, and demolition of the existing Terminal C building. Phase 2 of the TAIP, to be constructed upon attainment of passenger volumes required to fiscally support the construction, will provide for the second phase of Terminal B and a south concourse facility.

At specific milestones during TAIP Phase 1, airport operations and tenants will be relocated to permanent office and operation spaces. This will require programming, configuration of new space or reconfiguration and upgrade of existing ramp offices and operations space. Work to be performed by the City includes design and installation of new walls and ceilings, finishes,

electrical/lighting/low voltage, mechanical and plumbing, restrooms, signage, etc, and possible move coordination.

The Architectural design services requested include but are not limited to, tenant improvements to be constructed by the City in Terminal A, Terminal A+, Terminal B, the North Concourse, and Terminal A Garage. The total project cost is estimated to be \$32 million.

The varied nature of the improvements to be constructed by the City will require a multidisciplinary consultant team headed by the architectural consultant to provide quality and consistency.

In anticipation of providing consultant assistance for the Airport and Airlines Tenant Improvements Project, on November 19, 2007, the staff initiated the process to obtain consultant services for architectural design services.

ANALYSIS

The selection process followed the City's Qualification Based Consultant Selection Policy and the City's Local Business and Small Business Preferences. The Request for Qualifications (RFQ) was advertised starting November 19, 2007. Statements of Qualifications (SOQs) were received from five architectural consulting firms. A seven-person screening/interview panel was instituted to evaluate the SOQs and a follow-up oral presentation and question/answer session. The panel included staff from the City of Cupertino, AvAirPros, Inc. (representing SJC airlines), and staff from the City of San José Airport and Public Works Departments. The SOQs were evaluated on January 10, 2008, and the top four firms were selected for interview. The panel interviewed the firms on January 25, 2008. The interview format consisted of an oral presentation by the firms and a follow-up question/answer session with each. The firms were scored on the following criteria:

- Experience on past projects as relevant to services requested in the RFQ;
- Experience on current projects from conceptual design to construction completion within the last five years;
- Budget, Schedule and Quality – challenges presented, solutions offered for past and present projects;
- Delivery of Services – organizational structure, qualification of key personnel and availability of staff;
- Qualification to meet requirements of the City of San Jose Local and Small Business Preference Ordinance.

The evaluation outcome of the combined SOQ and interview process is summarized in ranked order below.

Ranked List

1. Gensler
2. Fentress Architects
3. Steinberg Architects
4. Pollack Architecture

City staff has negotiated the contract terms with Gensler. The agreement includes the following key components:

- Fixed price billing consistent with industry standards;
- Meetings and all related coordination, with City staff, from conceptual design to construction completion;
- Key staff members, including the identified Principal and Project Manager and sub-consultants named in the agreements, will not be substituted without prior approval of the City;
- Reimbursable expenses for any travel outside the immediate San Francisco-Oakland Bay Area;
- Contract amount not to exceed \$3,000,000 for a term lasting through December 31, 2010;
- Agreement can be terminated by the City upon seven days' written notice at any time without cause.

The consultant services will be provided under a single Master Agreement with specific services authorized by separate task orders as required. The general types of services that will be provided include but are not limited to:

- Prepare Project Criteria Document and Conceptual Design;
- Provide plans, specifications and estimates through various design phases cumulating in construction bid documents;
- Provide value engineering and scope prioritization at various phases of design and construction;
- Undertake constructability and coordination analysis, focusing on efficiency of construction;
- Assist the City in construction change order negotiations.

The City has adopted a policy to ensure that contracting-in analysis be conducted prior to outsourcing work. All the requirements for the "Contracting-In" checklist have been reviewed and approved by the Human Resources Department and the Director of Public Works. Staff will continue to work with City employee unions regarding the specific task orders, to ensure that work in the task orders cannot be performed by City staff.

EVALUATION AND FOLLOW-UP

Quarterly reports to the City Council describing progress with regards to budget and schedules will continue to be produced.

POLICY ALTERNATIVES

Alternative #1: An alternative approach to accomplish this effort would be for all work to be carried out by existing City staff in lieu of contracting with a professional consulting firm.

Pros: This would increase work options for current staff.

Cons: Negative impact to the schedule and workload of the staff currently assigned to the project. Shifting existing staff resources to this project at this time could potentially delay this or other projects and could jeopardize the successful implementation of the TAIP.

Reason for not recommending: Staff is being fully utilized on this and other projects resulting in no available staffing resources to take over this work. Using an architectural design consultant to complete this work will result in savings of time and funds. It is recommended that the proposed agreement with the consultant firm be approved to assure efficient and timely accomplishment of these services.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

City staff employed Criteria #1 requirements in order to solicit proposals from an enlarged pool of consultants.

The RFQ was advertised in the *San José Post Record*, *McGraw-Hill Construction Publications* and on the City's *Internet Bid Line*. In addition, staff sent emails to the list of pre-approved consultants currently listed in the Department of Public Works website. Five firms responded to the RFQ; these included firms from the Greater Bay Area, California, and out-of-state locations. This memo will be posted on the City's website for the March 11, 2008 Council agenda.

COORDINATION

This memorandum was coordinated with the Planning, Building and Code Enforcement Department, the City Attorney's Office and the City Manager's Budget Office. This item was also coordinated with the City's Contracting-In Committee.

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 award would support the implementation of the TAIP, the project components of which are expressly identified in the Airport Master Plan as amended on June 13, 2006.

The 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: \$3,000,000

2. COST ELEMENTS OF AGREEMENT:

Professional Services	Per Task Order
Reimbursable Expenses	Per Task Order
Labor Rates	<u>Under Negotiation</u>
TOTAL AGREEMENT AMOUNT	\$3,000,000

3. COST ELEMENTS OF CONTRACT:

Phase 3 – Design	\$ 2,250,000
Phase 5 – Construction Administration	\$ 750,000

4. SOURCE OF FUNDING: 526 – Airport Revenue Bond Improvement Fund

5. OPERATING COSTS: The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget. Additional operating costs will be paid for in the Airport Operating and Maintenance Fund.

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for the TAIP Airport and Airlines Tenant Improvements Project**

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BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	2007-2008 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
526 (548)	4657	North Concourse Building	\$25,939,000	V-995	10/16/07 28143
526 (554)	5253	Terminal Area Improvement, Phase I	\$445,839,000	V-997	10/16/07 28143
		Total	\$471,778,000		

* All services performed by the firm under this agreement will be authorized by Task Order. An appropriation is not required for execution of the Master Agreement, but is required for each task order authorized under the agreement. The appropriations listed above are included in the 2007-2008 Adopted Budget and may be utilized for the contract in 2007-2008. Funding in the out years is allocated in the 5-year Capital Improvement Program.

CEQA

CEQA: Resolution No. 67380 and 71451, PP 08-019.



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For questions please contact HARRY FREITAS, DEPUTY DIRECTOR, at (408) 535-8300.