



SUPPLEMENTAL

**COUNCIL AGENDA: 04-11-06
ITEM: 6.2b**

Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

**FROM: Katy Allen
William F. Sherry**

SUBJECT: SEE BELOW

DATE: 04-04-06

Approved

Date

4/6/06

COUNCIL DISTRICT: Citywide

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT NORTH
CONCOURSE BUILDING CURTAIN WALL AND GLAZED ROOFING (Package 4A)**

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

Approval to reject the sole bid for the Norman Y. Mineta San José International Airport North Concourse Building Curtain Wall and Glazed Roofing (Package 4A) Project.
CEQA: Resolutions No. 67380 and 71451, PP 06-028.

OUTCOME

Rejection of the sole bid will enable staff to evaluate and identify cost savings in this work scope. It is anticipated that this work will not be rebid as a separate contract, but will be included in the future general trades construction package.

BACKGROUND

The North Concourse Building Project is the first in a series of planned terminal and concourse improvements at the Airport. Located between the existing Terminals A and C, the project will construct an approximately 380,000 square foot concourse building with passenger holdrooms, concession areas, airline operations and administrative spaces.

The construction of the North Concourse is being implemented using multiple construction contracts/packages. Package 1, Site Preparation and Excavation, which is complete, included demolition, grading, excavation, shoring, dewatering, relocation of security fence and other associated miscellaneous work to prepare the site for subsequent contracts. Package 2, Foundation Piles, is currently in progress. Package 2A will construct the concrete work from the foundation to ground level including waterproofing. The scope of Package 4A included fabrication and installation of the airside curtain wall and glazed roofing.

Three contractors were pre-qualified according to the City of San José policy.

ANALYSIS

Bids were received on March 16, 2006 with the following results:

<u>Contractor</u>	<u>Base Bid</u> <u>Amount</u>	<u>Variance</u> <u>Amount</u>	<u>Over/(Under)</u> <u>Percent</u>
Enclos Corp. (Pleasanton)	\$23,316,000	\$5,996,000	34.6
Engineer's Estimate	17,320,000	---	---
<u>Contractor</u>	<u>Deduct</u> <u>Alt. No. 1</u>	<u>Deduct</u> <u>Alt. No. 2</u>	
Enclos Corp. (Pleasanton)	(996,922)	(572,202)	
Engineer's Estimate	(444,915)	(825,200)	

The Engineers Estimate was increased from \$13,500,000 to \$17,320,000 to incorporate changes to design as directed in addenda that were issued. These design modifications were necessary in order to comply with Council direction in November 2005.

The sole bid submitted by Enclos Corp. is 34.6 percent above the Engineer's Estimate and is not considered a reasonable price for the work to be performed. Staff has analyzed the bid and identified a number of potential reasons for the high bid. They include: 1) the non-competitive bid environment (sole bid), 2) recent increases in material prices, 3) current low capacity of curtain wall contractors, 4) markup of the subcontract trades for metal panel, studs, and closures, and 5) markup of contract requirements associated with the curtain wall contractor taking general contracting responsibilities.

Council always has discretion to reject bids. Because the sole bid received is not a reasonable price for the work to be performed, staff recommends that Council reject the sole bid on this Project.

Rejecting this bid will not cause a delay to the completion of the project. The curtain wall was packaged separately from the general trades package in order to take advantage of the next dry construction season and enclose the building before next winter. An alternative method of temporarily enclosing the building will be included with this work in a subsequent bid package.

Staff will continue to review the scope of the project, pursuing value engineering options in order to lower the cost of the curtain wall and glazed roofing work. At this time, it is expected that the curtain wall and glazed roofing work will not be rebid as a separate contract package, but will be incorporated in the future general trades construction bid package. This should result in a lower cost for the curtain wall since the contractor will not have to supply bonds as a general contractor. In addition, some of the non-curtain wall work will be shifted to other subcontractors, which will make the curtain wall more attractive to bidders. Staff also expects the bidding environment to be competitive, since we have pre-qualified five contractors for the general trades package.

PUBLIC OUTREACH

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges. In addition, directed outreach to curtain wall contractors was conducted to generate additional bidder interest.

AIRPORT MASTER PLAN CONSISTENCY

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The North Concourse curtain wall and glazed roofing work was a component of the Central Terminal project expressly identified in the Airport Master Plan as Project "T-5", and remains a component of the revised terminal development program providing for a new Terminal B, as conceptually approved by Council on 11/15/05, and is therefore consistent with the Airport Master Plan pursuant to Municipal Code Section 25.04.210(B)(2).

COORDINATION

This project and memorandum have been coordinated with the City Attorney's Office, the City Manager's Budget Office and the Department of Planning, Building and Code Enforcement.

HONORABLE MAYOR AND CITY COUNCIL

04-04-06

Subject: SJC North Concourse Building Curtain Wall and Glazed Roofing (Package 4A)

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CEQA

Resolutions No. 67380 and 71451, PP06-028.



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