



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.  
Larry D. Lisenbee

**SUBJECT:** SEE BELOW

**DATE:** May 3, 2006

Approved

Date

5/10/06

Council District: Citywide

**SUBJECT: FIRST AMENDMENT TO THE AGREEMENT WITH CARTER & BURGESS, INC.**

## RECOMMENDATION

- a. Adoption of a resolution authorizing the Director of Aviation to negotiate and execute the first amendment to the Agreement with Carter & Burgess, Inc. for consultant design services related to the Airline Maintenance Facility project, adding design services for the Terminal A In-Line Baggage Screening Facility, and increasing the compensation by \$629,500 from \$750,000, for a total agreement amount not to exceed \$1,379,500, and extending the term of the agreement from December 31, 2007 to June 30, 2009.
- b. Adoption of the following Appropriation Ordinance Amendments in the Airport Capital Improvement Fund:
  1. Establish the In-Line Baggage Screening Facility appropriation in the amount of \$1,198,000.
  2. Decrease the Ending Fund Balance by \$1,198,000.
- c. Adoption of the following Appropriation Ordinance Amendments in the Airport Renewal and Replacement Fund:
  1. Establish the In-Line Baggage Screening Facility appropriation in the amount of \$262,000.
  2. Decrease the Ending Fund Balance by \$262,000.

CEQA: Resolution Nos. 67380 and 71451, PP06-062

## **OUTCOME**

Approval of the proposed amendment would provide for the completion of the design for the Terminal A In-Line Baggage Screening Facility by August 31, 2006, which complies with the FAA grant conditions.

If funding is secured for construction, staff will return to Council for another amendment to this agreement, for construction support services.

## **BACKGROUND**

To accommodate security baggage screening requirements imposed after 9-11 that could not be accommodated within the existing terminal facilities, the Transportation Security Administration (TSA) built three temporary baggage-screening areas ("pods"). Although the pods solved the immediate need, they are extremely labor intensive to operate. Without inbound and outbound conveyors to transport the baggage, all bags must be manually fed into the explosive detection system and manually removed from the machine and delivered to a bag make-up area. It is estimated that it costs each of the airlines in excess of one million dollars annually to operate in this manner. Additionally, this manual system can result in delays during peak periods.

Recognizing that the pods are not a viable long-term solution, the TSA contracted with the architectural design firm of Carter & Burgess, Inc., to design an In-Line Baggage Screening Facility at Terminal A. The facility would replace the pods, and would increase capacity and efficiency of the baggage security system for Terminal A. TSA tasked Carter & Burgess to develop the project to a 30% design development level. The TSA has been unsuccessful at identifying additional funding for the project.

Because continued lack of funding will delay the completion of the project and continue the subsequent burden to the airlines, Airport staff has been pursuing funding for the completion of design and for construction at several levels from the Department of Homeland Security and the Federal Aviation Administration.

## **ANALYSIS**

In March, the Federal Aviation Administration (FAA) agreed to fund the completion of the In-Line Baggage Facility design using Airport Improvement Program grant funds. One condition of the grant is that all funding must be expended by August 31, 2006. This requirement does not allow time to pursue a new RFQ process.

On December 14, 2004, Council Agenda Item 8.2, the City Council approved an agreement with Carter and Burgess, Inc. for architectural consultant services related to the Airline Maintenance Facility project. At the 30% development stage, the Airport determined that this project is not economically feasible at this time and suspended further work on the project. However, Carter & Burgess is a nationally recognized architectural and engineering firm specializing in all

aspects of aviation facility design. Carter & Burgess were selected for the existing Airport architectural design agreement through the City's Qualification Based Selection Process. It is staff's recommendation that the City utilize this existing contract to complete the In-Line Baggage Facility design.

Utilization of this existing contract offers several advantages to the City and the project. As the TSA's contractor for the 30% design project, Carter & Burgess is intimately familiar with the project requirements, the site, the project team, and the approval process. Additionally, by modifying the existing contract, the City will be able to preserve eligibility for the FAA grant funds by meeting the timing conditions for the grant, as stipulated by the FAA.

### **ALTERNATIVES**

There are alternatives to this recommendation. The first would be to continue to wait for TSA funding to complete the project. TSA has no funds available through the end of this fiscal year, and, especially given recent cuts to airport security funding, cannot say if or how much might be available in future funding cycles. A second alternative would be to pursue the City's Qualification Based Selection process to secure a new contract. To do so, however, would not allow completion of the project in time to receive the federal grant monies, and, although the City would have a contractor on board, there would be no funds available to pursue the project.

### **COMPLIANCE WITH LOCAL PREFERENCE ORDINANCE**

The City's Local Preference Ordinance (Municipal Code Chapter 4.06) requires that the City obtain three competitive proposals, if practicable, on all professional services contracts with a payment amount exceeding \$5,000. For professional services contracts where price is not the determinative factor, proposers that qualify as local business enterprises are to be given a credit equal to five percent of the total points used to determine the most advantageous proposal to the City. Local business enterprises that also qualify as small business enterprises are to be given an additional credit equal to five percent of the total points used to determine the most advantageous proposal to the City.

Unless Council determines that it is not practicable for the City to obtain three competitive proposals, the Local Preference Ordinance requirements apply to consultant agreement amendments such as the proposed First Amendment to increase the compensation and amend the Scope of Services to add the design services for the Terminal A In-line Baggage Screening Facility project. Staff recommends that Council determine that it is not practicable to obtain three competitive proposals for the additional consultant services included in the proposed Third Amendment, because Carter & Burgess preparation of the design for this project to the 30% design development level makes the firm best qualified to complete the design work for the project. In addition, the City's Qualification Based Selection process does not allow sufficient time to meet the FAA condition that grant funds for the design of this project be expended by August 31, 2006. If the City were to procure these design services following the City's Qualification Based Selection process, preparing the request for qualifications, advertising the

project, and selecting the consultant would take approximately 20 weeks. The consultant will need approximately 15 weeks to complete the design. If the City were to process this project as a new RFQ, the City would not be able to meet the August 31, 2006, deadline for the grant and, as a result, would forfeit the grant.

### **PUBLIC OUTREACH**

The solicitation for the original consultant agreement included formal advertising and widespread distribution of the Request for Qualifications in accordance with the City's adopted policy for consultant selection. Advertisements were placed in the *San Jose Mercury News*, *San Francisco Chronicle* and *Post Record*. The RFQ for the original consultant agreement was also posted on the City's Internet Bid Line.

### **AIRPORT MASTER PLAN CONSISTENCY**

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. As the Terminal A In-Line Baggage Screening Facility is a supporting component of the revised terminal development program conceptually approved by Council on November 15, 2005, this proposed consultant agreement amendment for project design services is consistent with the Airport Master Plan pursuant to Municipal Code Section 25.04.210(B)(2).

### **COORDINATION**

This amendment has been coordinated with the Finance Department, the City Manager's Budget Office and the City Attorney's Office.

### **COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$629,500

2. COST OF PROJECT:

Project Delivery	\$ 242,000
Original Agreement	\$750,000
Payments to consultant for original project	(161,500)
First Amendment	<u>\$629,500</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$1,460,000</b>

3. SOURCE OF FUNDING: 520 – Airport Capital Improvement Fund  
527 – Airport Renewal and Replacement Fund

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4. **FISCAL IMPACT:** The funding required for this contract amendment will be provided from the ending fund balances in the Airport Capital Improvement Fund and the Airport Renewal and Replacement Fund. 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.

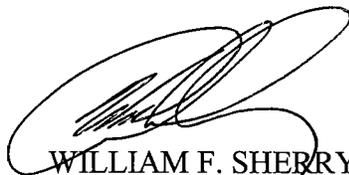
**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Amount for Project	Amount for Contract	2005-2006 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
<b>Total Project Costs</b>				<b>\$1,460,000</b>			
<b>Funding Recommended</b>							
520	7999	Ending Fund Balance	\$36,301,522	\$1,198,000	\$1,198,000	V-39	10/18/2005 Ord No. 27580
527	7999	Ending Fund Balance	\$2,847,168	\$262,000	\$20,000	V-39	2/14/2006 Ord No. 27665
<b>Total Funding Recommended</b>				<b>\$1,460,000</b>	<b>\$1,218,000*</b>		

\*The original agreement of \$750,000 was partially expended by \$161,500 on the preliminary design of the Airline Maintenance Facility, leaving \$588,500. The amendment to the agreement adds an additional \$629,500, for a total of \$1,218,000 for this design effort.

**CEQA**

CEQA: Resolution Nos. 67380 and 71451, PP06-062



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 Airport Department



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 Budget Director

For questions please contact William F. Sherry, Director of Aviation, at (408) 501-7669.