



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

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

**SUBJECT:** SEE BELOW

**DATE:** 05-21-07

Approved

Date

5/21/07

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: AGREEMENT WITH AIRPORT & AVIATION PROFESSIONALS, INC.  
DBA AVAIRPROS FOR CONSULTING SERVICES FOR THE NORMAN Y. MINETA  
SAN JOSE INTERNATIONAL AIRPORT**

**RECOMMENDATION**

- (a) Approval of a Master Services Agreement with Airport & Aviation Professionals, Inc. DBA AvAirPros for consulting services at Norman Y. Mineta San José International Airport, from the date of execution to May 31, 2011, in an amount not to exceed \$1,560,952.
- (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.

**OUTCOME**

Approval of the recommendation will provide resources for the coordination and representation of technical and operational issues with the Airlines serving the Norman Y. Mineta San José International Airport (Airport) during the implementation of the Airport's capital development program.

**BACKGROUND**

On October 17, 2006, Council approved a series of actions that resulted in implementation of the Terminal Area Improvement Program (TAIP). The TAIP is a part of phase one of the Airport's capital improvement program and 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, public parking, and a Consolidated Rental Car Garage. The Airlines are key stakeholders in the TAIP. There are currently seventeen (17) passenger and cargo airlines operating at Norman Y. Mineta San José International Airport.

The Airline technical and operational consultant serves as the single “bridge” between the Airlines and the Airport in the implementation of the capital development program. Its role is to facilitate communication on technical issues between the Airlines and the Airport so that collaboration can take place. Its services are needed to support the implementation of the Airport’s revised capital development program.

The existing agreement with Airport & Aviation Professionals, Inc. (AvAirPros) will expire on June, 30, 2007, and has been amended five times for the continuation of the consultant’s services. Based on the magnitude and nature of the Airport’s revised capital development program, the Airport issued a Request for Qualifications (RFQ) to provide continuous Airline Technical Representative (ATR) services to support the Airport capital development program.

**ANALYSIS**

An RFQ for an Airline Technical Representative was advertised in January 2007. Statements of Qualifications were received from three firms. A five-member interview board consisting of Airport staff, Public Works staff, and representatives from Alaska and Southwest Airlines interviewed the three firms on March 14, 2007. The board scored the firms on the Statement of Qualification and the interview based on the following criteria:

- Experience related to coordinating airline review and providing input and reviewing comments on major airport facility improvements.
- Experience as a liaison between airport, consultants and airlines.
- Experience in reviewing and commenting on airlines’ technical and operational analysis issues at a major airport.
- Experience in construction coordination activities related to development plans at a major airport.
- Strong communications skills and the ability to work with airlines, airport owners, governmental agencies, and other airport stakeholders to meet project goals.
- 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	AvAirPros, Inc.
2	CMTS
3	TranSystems

The board ranked AvAirPros as the best qualified, because of:

- the firm's depth of experience as an Airline Technical Representative
- the qualifications of the proposed team
- their understanding of the Airport's capital development program and proposed approach

TranSystems qualified as a Local Business Enterprise and no firms qualified as a Small Business Enterprise 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 TranSystems did not impact the final ranking of the firms.

The Consultant's services will be provided under a Master Services Agreement, with specific services authorized by separate task order, as they are required. The general types of services that AvAirPros will provide under the agreement include:

- Coordination of Airline review of project designs
- On behalf of the Airlines, provide input and review comments related to Airport facility improvements
- Coordinate, facilitate and document meetings with the Airlines and Airport
- Review and comment on proposed modifications to existing facilities and new facilities to accommodate security requirements
- Prepare briefing papers, memoranda and other correspondence as necessary
- Establish an ATR to manage the interface between the Airport and the Airlines during the design, construction and commissioning phases of the TAIIP implementation
- Maintain meaningful Airline participation and facilitate coordination and communication efforts between the Airlines, the Airport and their contractors and consultants during the implementation of the TAIIP
- Serve as the primary point of contact between Airport staff, their consultants and the Airlines
- Provide ongoing assistance to Airport staff and the Airlines to address Airline/Airport technical and operational issues
- Provide, on an advisory basis, ongoing assistance to the Airport and the Airlines to address technical and Airline/Airport operations issues that arise during construction

The nature of the Airport's capital development program necessitates a multi-year agreement for the proposed services; therefore, the term of the agreement is proposed at four years with two, two-year options to extend the agreement for up to a total of eight years at no increase in total compensation. The agreement is a not to exceed time and materials agreement based on the estimated work effort during the schedule of the TAIIP. The level of work needed from AvAirPros to support the program will be evaluated and adjusted as the TAIIP progresses from design, through construction and start up of operations.

The authorization to allow the City Manager to exercise up to two, two-year options to extend the agreement at no increase in total compensation is being requested to provide the flexibility should Phase II of the capital development program be implemented. Including this flexibility in the agreement avoids future 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. Any options exercised will be reported to Council in an information memo.

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.

### **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 technical and operational issues with the Airlines requires specialized expertise and experience in that area. Existing City staff does not possess expertise in Airlines’ technical or operational issues.

### **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 José Mercury News* and *San José Post Record*. It was advertised on the City’s Internet Bid Line 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 the City Attorney’s Office. The selection of AvAirPros and the proposed

agreement were unanimously approved by the Airport Airlines Affairs Committee, comprised of representatives of the Airlines currently operating at the Airport, at their May 9, 2007 meeting.

### **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 Principals 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**

This project is consistent with the Council approved Budget Strategy, Economic Recovery section in that it will help to stimulate construction spending in our local economy.

1. AMOUNT OF RECOMMENDATION:	<b>\$ 1,560,952</b>
2. COST ELEMENTS OF AGREEMENT:	
Professional Services	\$1,542,952
Reimbursable Expenses	18,000
TOTAL AGREEMENT AMOUNT:	<b>\$ 1,560,952</b>

Labor Rates	2007	2008	2009	2010	2011
Officer	\$186	\$192	\$198	\$204	\$210
Senior Managing Director	\$173	\$178	\$183	\$188	\$194
Managing Director	\$163	\$168	\$173	\$178	\$183
Senior Director	\$152	\$157	\$162	\$167	\$172
Director	\$142	\$146	\$150	\$155	\$160
Manager	\$115	\$118	\$122	\$126	\$130
Administration	\$52	\$54	\$56	\$58	\$60

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 2006-2007 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.

05-21-07

Subject: The agreement with Airport & Aviation Professionals, Inc. DBA AvAirPros for consulting services for the Norman Y. Mineta San José International Airport.

Page 7

**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
520	4635	Taxiway Y Reconstruction	\$1,102,000	V-940	10/17/06 27888
(526) 522	4712	Utility Infrastructure	\$3,376,000	V-991	10/17/06 27888
(526) 522	4717	Electrical Distribution System	\$1,216,000	V-976	10/17/06 27888
527	4712	Utility Infrastructure	\$901,000	V-991	
527	4007	Advanced Planning	\$759,000	V-992	10/17/06 27888
527	4717	Electrical Distribution System	\$110,000	V-976	10/17/06 27888
527	5496	Taxiway Z Alignment	\$553,000	V-941	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	5780	Terminal Area Improvement, Phase II	\$26,799,000		10/17/06 27888
(526) 554	5246	Public Parking Garage	\$8,187,000	V-966	10/17/06 27888
527	5067	Runway 11/29 REIL	\$380,000	V-939	10/17/06 27888
527	5068	Airport Blvd./Airport Pkwy ASTRA Compliance	\$95,000	V-971	
527	5730	Automated People Mover Terminal Zone Refinement	\$184,000	V-972	
527	5072	Part 139 Compliance	\$189,000	V-938	
(526) 554	5279	Warehouse Building Maintenance	\$110,000	V-962	

05-21-07

**Subject: The agreement with Airport & Aviation Professionals, Inc. DBA AvAirPros for consulting services for the Norman Y. Mineta San José International Airport.**

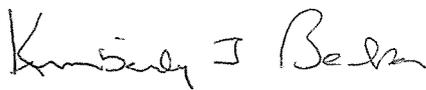
Page 8

527	5254	West Side Airfield Reconstruction	\$87,000	V-942	
(526) 554	5254	West Side Airfield Reconstruction	\$2,363,000	V-942	
(526) 528	4164	Consolidated Rental Car Facility	\$10,242,000	V-963	10/17/06 27888
529	4635	Taxiway Y Reconstruction	\$10,304,000	V-940	
(526) 547	6953	FMC Site Reuse Preparation	\$13,309,000	V-964	10/17/06 27888
(526) 548	4643	Central Plant Expansion	\$5,313,000	V-975	10/17/06 27888
(526) 548	4657	North Concourse Building	\$176,806,000	V-980	10/17/06 27888

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**

Resolution Nos. 67380 and 71451, PP 07-065

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

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