



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry, A.A.E.

SUBJECT: SEE BELOW

DATE: 06-16-06

Approved

Date

6/19/06

Council District: Citywide

SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT NORTH CONCOURSE BUILDING UNDERGROUND UTILITIES (Package 2B)

RECOMMENDATION

Approval to relieve Pacific Underground Construction, Inc., of its bid for a mistake and to reject the sole remaining bid for the Norman Y. Mineta San José International Airport North Concourse Building Underground Utilities (Package 2B) Project.
CEQA: Resolutions No. 67380 and 71451, PP 06-045.

OUTCOME

Approval of the recommendation will enable the underground utilities work to be incorporated into 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. Prior packages have included site preparation, utility relocations, excavation, shoring, dewatering, foundation piles, and foundation/lower level concrete including waterproofing. Package 2B was to construct/install building site utilities including water/fire service, storm sewer, sanitary sewer, and electrical/communications vaults and conduit.

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

ANALYSIS

Bids were received on May 25, 2006 with the following results:

<u>Contractor</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
McGuire and Hester (Oakland)	\$6,191,191	\$2,287,741	59
Pacific Underground Construction (San José)	\$4,895,450	\$992,000	25
Engineer's Estimate	\$3,903,450	---	---

Pacific Underground Construction, the firm with the lowest responsive bid, requested to be relieved of its bid due to a clerical error that resulted in a significantly lower bid amount than the contractor intended. Pursuant to the City's Standard Specifications, a bidder may be relieved of a bid only if they demonstrate the following four items: (1) a mistake was made; (2) the contractor gave the City written notice within five working days after the opening of bids of the mistake, specifying in detail in the notice how the mistake occurred; (3) the mistake made the bid materially different than the contractor intended it to be; and (4) the mistake was made in filling out the bid and not due to an error in judgment or to carelessness by the contractor in inspecting the site of the work, or in reading the plans or specifications.

Pacific Underground submitted its request to be relieved from its bid within the required five working day period. The basis of Pacific Underground's request was that the preparer of the contractor's bid worksheets misplaced a decimal during the calculation of the contractor's overhead and profit. Specifically, the bid worksheets provided to staff by Pacific Underground indicated that overhead and profit was calculated at a markup of .15% rather than the intended markup of 15%. Based on the supporting information provided by Pacific Underground, staff has determined that Pacific Underground adequately demonstrated that it made a clerical error in the calculation of its overhead and profit on this project and that Pacific Underground should therefore be relieved of its bid.

The bid submitted by McGuire and Hester is 59% higher than the Engineer's Estimate. Staff recommends rejection of the McGuire and Hester bid and incorporation of the underground utilities scope of work into the future general trades construction package. The general trades construction package is currently advertised. Bids for this project are scheduled to open on July 20 with a Council approval in late July or early August.

ALTERNATIVES

The underground utilities construction package could be rebid as a separate contract; however, the scope can easily be incorporated into the general trades construction package that is currently scheduled for bid opening in late July. Rebid of the separate underground utilities contract could have a negative impact on the overall North Concourse project schedule.

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.

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 underground utilities 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 approved by Council on June 13, 2006, 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.

CEQA

CEQA: Resolutions No. 67380 and 71451, PP 06-045.



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Director, Public Works Department



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

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