



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Ralph G. Tonseth
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 06-03-04

Approved

Date

Council District: Citywide

SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT NORTH CONCOURSE BUILDING SITE PREPARATION AND EXCAVATION (Package 1)

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

- a. Report on bids and award of contract for the Norman Y. Mineta San José International Airport North Concourse Building Site Preparation and Excavation (Package 1) Project to the low bidder, DeSilva Gates Construction, in the amount of \$10,189,750 and approval of a contingency in the amount of \$1,019,000.
- b. Adoption of the following Appropriation Ordinance Amendments in the Airport Revenue Bond Improvement Fund:
 1. Increase the North Concourse Site Facility Relocations appropriation in the amount of \$500,000.
 2. Decrease the Gate A1-C Relocation appropriation in the amount of \$500,000.

CEQA: Resolution Nos. 67380 and 71451, PP 04-03-092.

BACKGROUND

In June 1997, the City of San José adopted the Airport Master Plan for Norman Y. Mineta San José International Airport, which consists of a phased program of facility improvements designed to fully accommodate commercial aviation demand for the year 2010. The Federal

Aviation Administration (FAA) approved the Master Plan in December 1999. The Airport Master Plan includes the replacement of existing Terminals A and C with a new Central Terminal, including a new North Concourse Building.

Construction of the North Concourse Building, beginning with this recommended contract award, follows Council's March 16, 2004 approval of Airport Security and Traffic Relief Act (ASTRA) compliance findings, a prerequisite to proceeding with terminal construction. In addition to ASTRA, the Municipal Code sets forth a number of conditions for terminal development. As discussed in the May 5, 2004 memorandum to the Mayor and Council requesting approval to reject all bids and readvertise and rebid this project (Council Agenda: 5/18/04, Item 8.1), all Municipal Code conditions for terminal construction have been met.

The City plans to implement the construction of the North Concourse Project in phases using a separate construction contract for each phase. The Site Preparation and Excavation Package is the first major construction package for the North Concourse Project. The scope includes demolition, grading, excavation, shoring, dewatering, relocation of security fence and other associated miscellaneous work. This work will prepare the site for subsequent contracts. General Contractors and subcontractors for the specialties of electrical, utilities and telecommunications were required to pre-qualify prior to bidding on the project.

The City first accepted bids for this project on April 15, 2004. On May 18, 2004 the Council rejected all bids.

ANALYSIS

Bids were received on May 27, 2004 with the following results:

<u>Contractor</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$16,000,000	---	---
Granite Rock dba Pavex Construction (Redwood City)	\$11,775,500	(\$4,224,500)	(26)
RGW Construction, Inc. (Livermore)	\$10,558,000	(\$5,442,000)	(34)
DeSilva Gates Construction (Dublin)	\$10,189,750	(\$5,810,250)	(36)

The low bid submitted by DeSilva Gates Construction is 36 percent below the Engineer's Estimate. The lower than anticipated bid is attributed to a competitive economic climate for this type of construction. Staff considers this bid to be a good price for the work to be performed.

In accordance with Federal Regulations, 49 CFR Part 26 and Resolution No. 69095, a DBE goal of 8% was established for this project. DESILVA GATES CONSTRUCTION, LP did not meet

the DBE goal and attained 6.2% DBE participation. However, DESILVA GATES CONSTRUCTION, LP submitted documentation that demonstrates that good faith effort was made to solicit DBE participation.

Council policy provides for a standard contingency of 10 percent on public works projects involving utilities. The standard contingency is appropriate for this project.

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.

COORDINATION

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

COST IMPLICATIONS

1. COST OF RECOMMENDATION: \$10,189,750

2. COST OF PROJECT:

Project Delivery*	\$ 6,051,318
Construction**	11,783,570
Contingency	<u>1,019,000</u>
TOTAL	\$18,853,888

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

4. FISCAL IMPACT: 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.

* Cost includes geotechnical and environmental investigations and reports for the entire North Concourse project as well as developing the construction management sections of the specifications for the entire project and additional design and related management costs for utilities and other miscellaneous design changes.

** Includes the following estimated costs: \$10,189,750 for construction; \$126,120 for PG&E construction services; \$600,000 for the Package 1 portion of OCIP, \$810,000 estimated for the cost of electricity during construction which will be paid by the City and \$57,700 for installation of a fire hydrant and supply line by SJWC.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amount for Contract	2003-04 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
520	4657	North Concourse Building	12744X	\$21,989,000	\$801,778	Page 65	10/14/03-Ord. No. 26997
526 (548)	4657	North Concourse Building	12744X	\$242,309,000	\$8,834,972	Page 65	10/14/03-Ord. No. 26997
526 (548)	4646	North Concourse Site Facility Relocations	12697X	\$507,000	\$258,000	Page 66	10/14/03-Ord. No. 26997
526 (548)	4655	Gate A1-C Relocation	12701X	\$1,942,000	N/A	Page 62	10/14/03-Ord. No. 26997
527	4869	MP Misc Precursor Projects	13250X 13251X	\$292,000	\$24,544	N/A	2/17/04-Ord. No. 27074
526 (548)	4869	MP Misc Precursor Projects	13250X 13251X	\$3,208,000	\$270,456	N/A	2/17/04-Ord. No. 27074
Total				\$270,247,000	\$10,189,750		

Note: An appropriation adjustment in the amount of \$500,000 is recommended as part of this memorandum to provide additional funding necessary to complete the project.

HONORABLE MAYOR AND CITY COUNCIL

06-03-04

Subject: SJIA North Concourse Building Site Preparation and Excavation (Package 1)

Page 5

CEQA

Resolution Nos. 67380 and 71451, PP 04-03-092.

KATY ALLEN
Director, Public Works Department

RALPH G. TONSETH
Director of Aviation
Airport Department

LARRY D. LISENBEE
Budget Director

TF: CT:mm
pack1supme3.doc