

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson
William F. Sherry
James R. Helmer

SUBJECT: SEE BELOW

DATE: June 10, 2005

Approved

Date

6/13/05

Council District: Citywide

SUBJECT: PROCUREMENT STRATEGY FOR SAN JOSE INTERNATIONAL AIRPORT NORTH CONCOURSE IT SYSTEMS

RECOMMENDATION

Accept this Procurement Strategy that outlines the process to be used for selecting contractor(s) for the successful implementation of the technology and systems in the Norman Y. Mineta San José International Airport North Concourse facility and direct the City Manager to proceed with the procurement process and schedule as outlined.

BACKGROUND

The City of San José is in the process of designing and constructing a state-of-the-art North Concourse facility at the Norman Y. Mineta San José International Airport. When completed, this facility will consist of nine gates and will be designed to maximize flexibility of use over its life span. Of the nine gates, one will service international flights and interconnect with the existing two international gates at the International Arrivals Facility.

The base IT systems deployed in an Airport shall consist of a set of IT functionalities that enhance the traveler's experience at the airport and operational functionalities necessary to support the airport's business environment. These IT functions must be sufficiently integrated to facilitate day-to-day business operations to run transparently and efficiently from a customer impact perspective. The integrated and base IT functions in the North Concourse project include:

- a. The data and telecommunications transport functions that allow the transfer of data, voice and video. Physical cabling and conduit is included under another procurement as part of the base building.

- b. Visual information displays – These provide the public and tenant operations with displays showing times and locations of flights and baggage for all airlines.
- c. Dynamic signage – These are various information display points identifying flight, gate, time and status information. Dynamic (as opposed to static) signage allows the airport to maintain flexibility in resource utilization over time.
- d. Visual paging – To address the needs of the disabled community, public pages will also be displayed visually.
- e. Planning and resource allocation tools to assist Airport operations in managing their day-to-day business needs – This is primarily a suite of software tools facilitating airport planning, design and allocation of gate, ticket counter and baggage belt needs based on airline-driven, best-fit scenarios.

In addition, in a dynamic airport environment as proposed for the North Concourse, two additional functionalities may be required:

- a. Shared use equipment – shared use self-service kiosks and the peripherals (PCs, printers, etc.) deployed at shared use gate and ticket counter positions.
- b. Local Departure Control System (LDCS) – software package for airlines that do not have a reservation system of their own.

On March 1, 2005, Council directed staff to submit to Council for review and approval a plan for shared use airline gates at the Airport, and Council further directed that the shared use plan come back to Council prior to Council consideration of the Procurement Strategy for the North Concourse IT systems. Airport staff has proceeded in engaging the community relative to shared use gates at the Airport and will submit a report for Council action in the near future. Depending on the Council's decision and direction relative to shared use, the Airport will engage the airlines and work collaboratively in establishing the operating parameters for North Concourse gate utilization and operations. For these reasons, the shared use equipment and the IT functionality associated with shared gate operations have been designated as optional elements in this procurement and will only be deployed in support of Council and Airport decisions regarding the proposed shared use of airline gates at the Airport.

Therefore, due to the possible changing nature of the airport operating environment the North Concourse IT systems must be designed, procured and constructed in a way that provides the flexibility required to implement any combination of exclusive use, preferential use and non-preferential/shared use. In addition, because implementation of North Concourse IT infrastructure and systems will most effectively and economically be achieved during construction, the procurement timeline for the North Concourse IT systems has been set to align with and support the North Concourse construction schedule. In short, the goal of the Airport's procurement strategy and the timeline being followed is to procure only what is needed but to do so in the optimum time frame.

ANALYSIS

The Purchasing Division in the Finance Department will lead the procurement ensuring that the process will incorporate Council directions and recommendations from audits of recent City procurements and will allow the City adequate flexibility to select a contractor who will deliver the best overall value to the Airport and its tenants. The recommended procurement process for the North Concourse project is devised to be open, fair, and inclusive. This procurement will be solicited with a Request for Proposals (RFP). The discussion below outlines the specification development, the submission, the evaluation, the award process, and the procurement timeline.

The procurement process has followed all applicable components of City Council's January 25, 2005 direction related to IT purchases. Specific components of the Council directive have been cited as addressed.

Specification Development: This effort was initiated several years ago and at that time, the City determined that the Airport did not have the staff or expertise to develop the IT strategic plan or write the functional specifications needed to obtain these systems. PB Aviation, a consultant working as part of the Airport Master Plan Team (MPT) coordinating the North Concourse project, was directed to contract with an independent 3rd party consultant to establish the IT strategic direction and write the functional specifications. The MPT selected an airport industry-leading firm (Convergent Strategies Consulting, Inc. (CSC)) to assist Airport stakeholders in identifying and developing these functional specifications while avoiding vendor-specific or sole-source language and to determine the structure and resources required to successfully solicit proposals.

Directive #6 of the City Council's Jan. 25, 2005 direction related to future IT purchases states:

"Direct the City Manager to develop a form for technology standardization that must include appropriate signatures verifying that the City's standardization process has been followed and be attached to any Council memos that contain purchase or RFP recommendations that contain a standardized product.

Only functional specifications are included in the RFP technical sections and no City standardized products are specified. In accordance with Council directive, appropriate technology standardization compliance forms will be submitted with any Council memo requesting contract award.

CSC, an independent airport IT systems design firm working as a content-area specialty sub-contractor to PB Aviation, has directed this portion of the North Concourse design effort. CSC employees have complied with City requirements for full disclosure of any conflicts of interest.

The process to identify the IT needs of the North Concourse and the development of the Requests for Proposals was initiated well in advance of directive #3 of the City Council's January 25, 2005 direction related to future IT purchases, which states:

"3. Direct the City Manager to provide to the Council an outside independent assessment of the staffing and expertise needs in the development of Requests for

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Proposals or project management before proceeding with any IT (or other complex) purchase or contracts exceeding \$1 million.”

In recognition of this and in order to ensure that the process being followed aligns with and supports the intent of recommendation #3, Purchasing and the Airport propose to engage an independent third party entity to review the process, examine the role and functions of the participating entities and reaffirm the validity of all actions. This validation effort will occur during the time period allocated for vendors to respond to the RFP and will predate any approval or award actions brought forward to Council.

Submission Process: The City will post the RFP on the City’s intranet and issue it via the DemandStar bid notification system in addition to directly notifying firms who are known to be capable of responding to the RFP or who expressed interest in the procurement over the last few months.

After the issuance of the RFP, Purchasing will hold a pre-proposal conference and allow for a subsequent submission of questions, in writing, to allow for adequate communication between Proposers and the City. Throughout the submission process, the City will issue addenda with responses to questions submitted and/or changes to the RFP document.

The proposal submission process will be divided into two stages. During the first stage, proposers will submit a complete technical proposal. After Purchasing’s review of the proposals to determine that they meet the minimum qualifications as outlined in the RFP, the proposals of qualified Proposers will be released to the Technical Evaluation Committee (TEC). Proposers who do not meet minimum qualifications will be offered a debriefing session with the Purchasing representative.

During the second stage of the proposal submission process (after debriefs with Proposers who do not meet the minimum qualifications), the Purchasing representative will release the necessary detailed drawings to qualified Proposers for submission of a price proposal. Due to security concerns, these drawings will only be available to qualified Proposers and will not be included in the initial RFP distribution.

Before the technical proposals are submitted for evaluation to the TEC, Purchasing will ensure that evaluation factors identified in the Request for Proposal (RFP) are consistent with the evaluation criteria for the technical proposals.

Evaluation Process: The Purchasing representative will brief the TEC, discuss the roles and responsibilities of the committee, and provide copies of the technical proposals. The TEC, consisting of both City and non-City members, will evaluate all proposals. The TEC will have technical input from the MPT design team, the Airport staff, the IT Department, Finance Department, and will have the City Attorney’s Office available for consultation on legal issues.

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The TEC will consist of the following members:

- One (1) Airport IT Division representative
- One (1) IT Department representative
- One (1) Airport Operations Division representative
- One (1) Airport Properties Division representative
- One (1) airline technical representative
- One (1) peer airport IT manager

Directive #7 of the City Council's Jan. 25, 2005 direction related to future IT purchases states:

"Direct the Manager to include a list of evaluators and description of their expertise when subjective evaluation is used for vendor or product selection."

In accordance with this directive, evaluator's names and resumes will be included with any Council memo requesting contract award.

All members of the TEC will sign and abide by strict rules of confidentiality. Evaluators will comply with City requirements for full disclosure of any conflicts of interest. Each member of the committee will first rate the proposals in accordance with the developed and approved evaluation forms. All qualified Proposers will be invited to participate in oral interviews. The information gathered through oral interviews will be incorporated in the individual technical committee member rating. After the individual rating is complete, the committee will arrive at a consensus rating and submit its recommendation for award based on the review of technical proposals to Purchasing.

After review of the pricing and technical proposals, the TEC and the Purchasing representative will establish the competitive range, a set of proposals which reasonably can achieve award of contract. The City will reserve the right to invite Proposers in the competitive range to submit a Best and Final Offer (BAFO) or to proceed with negotiations with the finalist.

After receipt of BAFO submissions, Purchasing will review and provide them to the TEC. The Committee may adjust the ranking of each proposal in the competitive range together with a written description of the reasons for the adjustments.

After a finalist is recommended by Purchasing and the TEC, Purchasing will form a negotiation team, which may enter into negotiation regarding terms and conditions of the contract. After agreement is reached, Purchasing will debrief with unsuccessful Proposers in the competitive range. Proposers who do not score favorably in the technical evaluation will receive the final ranking and will be offered a debriefing session with Purchasing.

Award Process: After reaching agreement on the contract with the successful Proposer, the City will announce its intent to award the contract with sufficient time to allow for protest to the Chief Purchasing Officer (CPO). If no protests are filed with the CPO, Finance and Airport will bring forward a Council Memo recommending the execution of contract. If protests are filed, after the discussion with the Purchasing representative and the technical evaluation committee, the CPO will respond to the protesting party, in writing, outlining the City's decision. With this RFP, the

City reserves the right to award only part of the contract, award the contract to one or several contractors, or to cancel the RFP in its entirety.

Procurement Timeline: The procurement timeline is integrated with the overall North Concourse construction schedule (see attached schedule). Milestones on the procurement timeline include:

Task	Start	End
Procurement Strategy to Council	6/21/2005	6/21/2005
Publish RFP	6/29/2005	6/29/2005
Pre-proposal Conference	7/12/2005	7/12/2005
Technical Proposal Due Date	8/10/2005	8/10/2005
Proposal review	8/11/2005	9/15/2005
Price Proposals Due	9/5/2005	9/5/2005
Proposer Presentations	9/12/2005	9/13/2005
Contract Negotiations	9/16/2005	9/26/2005
Protest Period	9/26/2005	10/7/2005
Council Award	10/18/2005	10/18/2005

This schedule adheres to direction contained in Directive #8 of the City Council's Jan. 25, 2005 direction related to future IT purchases, which states:

"8. Direct the City Clerk and City Manager that on all RFP's with values exceeding \$1 million the staff recommendation must be received no later than the Rules committee meeting two weeks prior to consideration, unless the Rules committee approves a specific exception and that a timeline for approval be two weeks after the first hearing for final adoption if necessary to allow time for potential Council changes."

OUTCOMES

This methodology will help ensure a highly competitive process that will select the contractor who will deliver the best overall value to the Airport and its tenants. This relates directly to recommendation #4 of the Mayor's memo presented to Council Jan. 25, 2005, which states:

"Direct the City manager to provide detailed cost estimates for all aspects of any IT purchase exceeding \$1 million, including costs for RFP development and costs of project implementation and management."

Cost estimates have been developed by the MPT and substantiated by third party review for the following subcomponents:

Component	Estimated Cost
Design fees	\$243,000.00
Systems procurement and installation (including contingency)	\$8,206,243.00
Implementation oversight and construction administration	\$1,818,000.00
Operation and maintenance (5 yrs)	\$1,875,000.00
Third Party Process Review	\$10,000.00
Purchasing Office Soft Costs	\$21,000.00
System Total	\$12,173,243.00

All anticipated costs have been budgeted and appropriate resources have been allocated.

PUBLIC OUTREACH

A public meeting was held in March to describe the design at a high level and to provide a first opportunity for local/small businesses to establish relationships with potential prime contractors.

A Notice to Vendors RFP will be posted on the City's Bid Line and the Demand Star system to provide advance notice of the City's intent to release RFP documents and the anticipated schedule for procurement. In addition, notice will be sent to interested vendors who have previously contacted the City regarding this RFP.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office. Informational presentations have been made to, and input derived from Airport Senior Staff and IT Division, the Information Technology Planning Board, SJC airline representatives, and the Mayor's Task Force on ADA issues.

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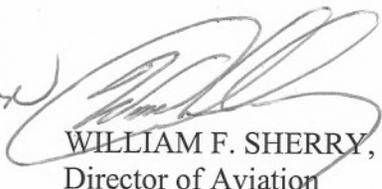
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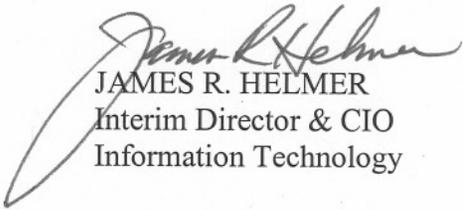
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