



SUPPLEMENTAL

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry

SUBJECT: SEE BELOW

DATE: 10-12-06

Approved

Katy Allen

Date

10/13/06

COUNCIL DISTRICT: Citywide

**SUBJECT: APPROVAL OF A CONTRACT WITH HENSEL PHELPS
CONSTRUCTION FOR THE DESIGN AND CONSTRUCTION OF THE AIRPORT
TERMINAL AREA IMPROVEMENT PROGRAM**

REASON FOR SUPPLEMENTAL MEMORANDUM

To provide the Council with the named subcontractor list, emerging budget information, additional contract terms and conditions, result of the Airport Commission Meeting and delete recommendation - (f) Approval of a sublease agreement between the City and Hensel Phelps for up to 15,288 square feet of space in the Airport administrative offices at 1732 No. First Street on a year-to-year term through December 31, 2009.

ANALYSIS

Subcontractor List

Attached is the subcontractor and subconsultant list for the Hensel Phelps design-build contract. The contract stipulates that named subconsultants must be used on the project or a substitute subcontractor be approved by the City. Named construction subcontractors may only be substituted pursuant to the subcontractor substitution procedures under the City's Standard Specifications. Any first tier construction subcontractors not named on the subcontractor list will be bid and awarded to the lowest responsive bidder. Further, Hensel Phelps has agreed to prequalify any subcontractors over \$250,000. Outreach to the small and local business community is continuing. City staff and Hensel Phelps presented the small and local business outreach plan to the Small Business Development Commission on October 11, 2006. Outreach to the various Chambers' of Commerce is being scheduled.

Budget Information

Staff is continuing to evaluate the scope and budget for the project. Further evaluation of the budget by Hensel Phelps has revealed that potential budget challenges may exist. As part of the process of preparing for implementing the Terminal Area Improvement Program (TAIP), Hensel

Phelps developed conceptual level estimates based on the project concepts included in the program.

These estimates are at a program level, as design has not yet commenced. Preliminary cost estimates by Hensel Phelps indicate that the cost could be up to \$150 million higher than the current budget. The primary difference between these estimates and the budget are escalation estimates. During the course of design development budget thresholds will govern decisions on scope. It is unlikely cost will go down, therefore staff recommends award of the contract to allow the commencement of design. Progression of the design will allow for refinement of the cost estimates. As indicated in the staff report dated September 27, 2006, staff will be preparing frequent reports so Council and other stakeholders are well informed of the projects status. Budget issues will be a key component of those reports.

Contract Terms and Conditions

During the course of the negotiations, Hensel Phelps requested that the City agree to hold Hensel Phelps harmless from any claims that the City might otherwise have against Hensel Phelps for damage to the TAIP or the Airport as a result of a terrorist attack. As a general matter, damage to the TAIP during construction would be covered under the Owner Controlled Insurance Program (OCIP) Builder's Risk Policy. However, the current OCIP Builder's Risk Policy for the North Concourse does not include terrorism coverage. Pursuant to the terms of the Contract, the City will procure a separate Builder's Risk Policy under the OCIP for the TAIP prior to the start of construction. If Builder's Risk terrorism coverage is available at the time staff procures coverage for the TAIP, staff will price terrorism coverage and make a determination regarding terrorism coverage based upon available coverages and price. In the event that the Builder's Risk Policy for the TAIP does not include terrorism coverage, any losses incurred to the TAIP during construction as a result of a terrorist attack would be uninsured.

The City's Standard Specifications, as incorporated into the Design-Build Contract, provide that an act of a public enemy or a terrorist attack is a force majeure event that relieves Hensel Phelps of its responsibility to perform the Work to the extent impacted by the terrorist attack. Further, consistent with the City's Standard Specifications, the Contract provides that Hensel Phelps will be entitled to an extension of time and delay damages to the extent its Work is impacted by a force majeure event such as a terrorist attack. Consistent with the City's standard force majeure provisions that relieve contractors from responsibility for the Work to the extent impacted by a terrorist attack, staff recommends inclusion of a provision in the Contract that expressly provides that the City will hold Hensel Phelps harmless from any claims that the City might otherwise have against Hensel Phelps for damage to the TAIP or the Airport as a result of a terrorist attack. In consideration of this provision, Hensel Phelps has agreed to hold the City harmless from any loss or damage to its property and the property of its subcontractors that results from a terrorist attack.

Airport Commission

The Airport Commission voted in support of staff's recommendation to award the contract to Hensel Phelps at its October 2, 2006 meeting.

Sublease Recommendation

During the course of discussions with Hensel Phelps regarding its use of space at the Airport Offices located at 1732 North First Street, staff determined that a separate sublease agreement with Hensel Phelps is not necessary and that the terms of the City's current office lease for the space at 1732 North First Street allows for the use of space by the City's contractors. Since Hensel Phelps will be charging the City for all costs associated with the TAIP and the cost of office space sublease was to be a reimbursable item in the Contract, it is more efficient for the City to allocate the portion of the rent currently being paid by the City for the space to be occupied by Hensel Phelps to the TAIP funds.



KATY ALLEN
Director, Public Works Department



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

For questions please contact KATY ALLEN, DIRECTOR, PUBLIC WORKS DEPARTMENT, at 408-535-8300.

Attachment

Attachment A

**San Jose International Airport
Terminal Airport Improvement Program
Listed Consultants/Subcontractors**

<u>Design Services Terminals A, B, C</u>		
<u>Trade</u>	<u>Subconsultants</u>	<u>Contracted Under</u>
Airport Design/Programming	Leigh Fisher Associates	FBA (Fentress Bradburn)
Architectural Design	Fentress Bradburn	Hensel Phelps
Sustainable Design	Fentress Bradburn	FBA
Interiors	Fentress Bradburn	FBA
Lead Civil Design	DMJM	Granite Construction
Roadway Engineering Design	DMJM	Granite Construction
Structural/Curtainwall/Blast Design	Martin & Martin	FBA
Structural/Curtainwall/Blast Design	Magnusson Klemencic Associates	FBA
Waterproofing/Roofing Consultant	Wiss, Janney, Elstner Associates	FBA
Geotechnical Engineer	Kleinfelder (Local)	Hensel Phelps
Landscape Design	Orsee (Local/Small)	FBA
Signage/Wayfinding	Carter Burgess	FBA
Architectural Lighting	Horton Lees Brogden Design	FBA
Acoustical Engineering	VSA	FBA
Passenger Conveyance	Hesselberg, Keesee & Associates	FBA
Mechanical System Program Design	DMJM	FBA
Electrical System Program Design	DMJM	FBA
Fire Alarm Program Design	DMJM	FBA
Telecommunications Design	DMJM	FBA
Security Design	DMJM	FBA
Fire/Life Safety Engineer	Rolf Jensen	FBA
Code/ADA Compliance	Rolf Jensen	FBA
Commissioning	TBD	Hensel Phelps
Professional Surveyor	Nolte (Local)	Hensel Phelps
Baggage Handling Consultant	BNP	FBA
Abatement Identification Services	Ninyo and Moore	Hensel Phelps
<u>Design Services Garages</u>		
<u>Trade</u>	<u>Subconsultants</u>	<u>Contracted Under</u>
Garage Consultant	TranSystems	FBA
<u>Design Services In Line Baggage EDS at Terminal A</u>		
<u>Trade</u>	<u>Subconsultants</u>	<u>Contracted Under</u>
Architectural Design Services	Carter Burgess	FBA

Design Services Roadways

<u>Trade</u>	<u>Subconsultants</u>	<u>Contracted Under</u>
Sustainable Design	DMJM	Granite Construction
Lead Civil Design	DMJM	Granite Construction
Roadway Engineering Design	DMJM	Granite Construction
Structural / Blast Design	DMJM	Granite Construction
Geotechnical Engineer	Kleinfelder (Local)	Granite Construction
Landscape Design	Orsee (Local/Small)	Granite Construction
Signage/Wayfinding	Carter Burgess	Granite Construction
Acoustical Engineering	VSA	Granite Construction
Mechanical System Program Design	DMJM	Granite Construction
Electrical System Program Design	DMJM	Granite Construction
Professional Surveyor	Nolte (Local)	Granite Construction

Construction Terminal C

<u>Trade</u>	<u>Subcontractors</u>	<u>Contracted Under</u>
Structural Building Concrete	Hensel Phelps (Local)	Hensel Phelps
Rebar	Select Bid List	Hensel Phelps
Mass Excavation	Select Bid List	Hensel Phelps
Pre-engineered Structure	Select Bid List	Hensel Phelps
Metal Deck	With Pre-engineered Structure	Hensel Phelps
Roofing	With Pre-engineered Structure	Hensel Phelps
Miscellaneous Steel	Select Bid List	Hensel Phelps
Metal Stairs	Select Bid List	Hensel Phelps
Casework	Select Bid List	Hensel Phelps
Precast or Masonry	Select Bid List	Hensel Phelps
Exterior Doors, Windows, Curtainwall	Select Bid List	Hensel Phelps
Fire Protection	Trans Bay (Design Build)	Hensel Phelps
Mechanical	Critchfield Mechanical, Inc. (Design Build)	Hensel Phelps
Electrical	Rosendin Electric, Inc. (Design Build)	Hensel Phelps
Special Systems	Assigned to electrical	Hensel Phelps
Baggage Handling System	TBD	Hensel Phelps
Other Trades not listed	Select Bid List	Hensel Phelps

Construction Terminal A, In-line Baggage at A and Terminal B

<u>Trade</u>	<u>Subcontractors</u>	<u>Contracted Under</u>
Structural Building Concrete	Hensel Phelps (Local)	Hensel Phelps
Rebar	Select Bid List	Hensel Phelps
Mass Excavation	Select Bid List	Hensel Phelps
Structural Steel	Select Bid List	Hensel Phelps
Metal Deck	Select Bid List	Hensel Phelps
Roofing	Select Bid List	Hensel Phelps
Miscellaneous Steel	Select Bid List	Hensel Phelps
Metal Stairs	Select Bid List	Hensel Phelps
Casework	Select Bid List	Hensel Phelps
Precast or Masonry	Select Bid List	Hensel Phelps
Exterior Doors, Windows, Curtainwall	Select Bid List	Hensel Phelps
Fire Protection	Trans Bay (Design Build)	Hensel Phelps
Mechanical	Critchfield Mechanical, Inc. (Design Build)	Hensel Phelps
Electrical	Rosendin Electric, Inc. (Design Build)	Hensel Phelps
Special Systems	Assigned to Electrical	Hensel Phelps
Baggage Handling System	TBD	Hensel Phelps
Other Trades not listed	Select Bid list	Hensel Phelps

Construction Activities - Roadways

<u>Trade</u>	<u>Subcontractors</u>	<u>Contracted Under</u>
Site Utilities	Granite Construction (Local)	Hensel Phelps
MSE Walls	Granite Construction (Local)	Hensel Phelps
Site Paving (concrete/asphalt)	Granite Construction (Local)	Hensel Phelps
Bridge Structure/Tunnel Structure	FCI Constructors, Inc.	Granite Construction
Site Demolition	Granite Construction (Local)	Hensel Phelps
Road Striping/Signage	Select Bid List	Granite Construction
Site Minor Concrete (sidewalks / CNG)	Select Bid List	Granite Construction
Overhead Signage Structures	Select Bid List	Granite Construction
Concrete Barrier Structures	Select Bid List	Granite Construction
Landscape / Irrigation	Select Bid List	Granite Construction
Other Trades not listed	Select Bid List	Granite Construction