



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Ralph G. Tonseth  
Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 09-30-04

Approved 

Date 9/30/04

Council District: Citywide

**SUBJECT: APPROVAL OF THE NINTH AMENDMENT TO THE AGREEMENT WITH PB AVIATION, INC. FOR PROGRAM MANAGEMENT CONSULTING SERVICES FOR THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT AND EXTENDING THE TERM OF THE AGREEMENT TO JULY 1, 2006**

## RECOMMENDATION

Adoption of a resolution to approve the ninth amendment to the consultant agreement with PB Aviation, Inc. for consulting services for the Airport Master Plan, increasing the compensation by \$11,126,000 from \$48,840,000, for a total agreement amount not to exceed \$59,966,000, and extending the term of the agreement to July 1, 2006.

## BACKGROUND

On March 3, 1998, Council adopted the Implementation Program for the Airport Master Plan and approved an agreement with PB Aviation, Inc. (PB) that provides for program management and related consulting services for the implementation of the Airport Master Plan. PB Aviation was selected in accordance with the City's adopted qualifications based consultant selection process in place at the time.

When the agreement was initially negotiated, it was anticipated that services would be needed for at least seven years. However, the agreement is structured so that it is to be evaluated each year and, if appropriate, renewed by amendment. Council has previously approved eight amendments in accordance with this policy in order to renew the funding and extend the term of the agreement. The current term of the agreement extends through December 1, 2005. The eighth and latest amendment was approved by Council on April 15, 2003. The previous amendments provided funding for the following major tasks: program management, construction management of the extension to Runway 12L/30R, construction management for the reconstruction of Runway 12R/30L, construction management for the Interim Federal Inspection Services (FIS) Building, support for airfield and terminal design, programming and planning

analyses related to specific Aviation and Transportation Security Act (ATSA) regulations affecting the program, and design management, planning and oversight of the North Concourse architectural approval process.

PB Aviation has maintained a team of aviation and construction experts that provide professional expertise and staff augmentations to the City's established team. The PB Aviation team continues to integrate small, local and MBE/ WBE/ DBE sub-consultants into the Master Plan Team.

PB Aviation supports the integrated team of Airport and Public Works staff established for the implementation of the master plan. The Airport program is unique in its scope, complexity, and requirement for construction to take place concurrent with a fully operational airport. PB Aviation provides the additional expertise and experience necessary to successfully implement an airport development program of this magnitude. The proposed amendment continues this programmatic approach to the implementation of the Airport's development program.

## **ANALYSIS**

The Airport's overall development program has the potential to exceed one billion dollars. PB Aviation has provided program management services on other airport programs of this magnitude, and will provide expertise to assist staff in the programming, design management, and program management functions associated with the City's program. Examples of other airport development programs where PB Aviation has provided these services are Sacramento, Atlanta, Washington National, New Orleans, Portland, Seattle Tacoma, Calgary and Anchorage.

The original staffing concept for the program was for a split between City and consultant staff, with City staff providing management and oversight and consultant staff implementing the program. This method was intended to provide for flexible responses to program needs, for the timely application of resources and to gain professional expertise not currently available on staff. Accordingly, when determining staffing requirements for the program management and project management activities associated with the program, careful consideration is given to the availability and qualifications of City staff to fulfill these needs. Overall staffing levels for the program are kept within industry standards, and the rate structure used in the PB agreement is consistent with rates of similar professional consultants.

For the work to be covered under the proposed amendment, PB Aviation will provide staffing and expertise in program management, design management, project management, and special studies. PB Aviation will also continue to perform overall program coordination with the Federal Transportation Security Administration (TSA). Program management for the Airport Master Plan includes developing implementation alternatives and phasing plans, developing strategic project plans, coordination and liaison with affected outside organizations, coordination between design contracts, oversight of program budget/cost estimates and schedules. PB Aviation's design management personnel will provide planning and design oversight services

that involve detailed facility programming; oversight of design consultants where needed; coordination of multi-disciplinary design activities; collecting, analyzing and disseminating analytical data for design alternatives; establishing design basis data; and coordinating directly with federal government organizations (TSA/FAA). PB Aviation will continue to provide project controls personnel that monitor and report on program budget and cost information; perform scheduling support for program management; and provide reporting needed for management of the program. Also, PB Aviation's information technology and document control personnel will continue to maintain the master plan program systems that include the document control system and cost control system.

Shown below is an estimate of the allocation of funds provided in this ninth amendment to the major tasks to be accomplished.

• Program management support and controls.	\$4,500,000
• Provide planning, programming and design support services.	2,420,000
• Maintain IT, database and document control services.	526,000
• Airside planning, programming and design support services.	330,000
• Transportation Security Administration facility modifications support and coordination.	550,000
• Program level studies.	1,800,000
• Additional Services	1,000,000

PB Aviation currently fills a critical role in assisting staff with the implementation of the North Concourse building, and in providing program management service for the development of the Airport program. However, as the Airport program progresses, staff will continue to evaluate PB Aviation's program management role. A new RFQ will be conducted during the term of this amendment, to ensure continuous services if outside program management is still needed.

### **PUBLIC OUTREACH**

The solicitation for consultants for this project included a formal advertising and widespread distribution of the Request for Proposals in accordance with the City's adopted policy for consultant selection. An extensive outreach program was conducted to solicit qualified and experienced consultants, including but not limited to disadvantaged and minority businesses to participate as sub consultants. Continued stakeholder input will be sought as part of the programming efforts on the North Concourse to ensure that this facility reflects the unique nature of the City of San José and the region.

## **AIRPORT MASTER PLAN CONSISTENCY**

The agreement for services with PB Aviation provides consultant services for projects identified in the Airport Master Plan, and is therefore consistent with the Master Plan pursuant to Section 25.04.210 (B)(2) of the municipal code.

## **COORDINATION**

This consultant agreement and memo have been coordinated with the City Manager's Budget Office, the City Attorney's Office and the Department of Planning, Building and Code Enforcement.

## **COST IMPLICATIONS**

### **Budget Strategy**

Development and construction of the North Concourse and associated projects support economic recovery while having little or no effect on the General Fund. Operating and maintenance costs are recovered from Airport revenues.

1. **COST OF RECOMMENDATION: \$11,126,000**
2. **COST OF AGREEMENT: (through the ninth amendment):**

Original agreement	\$2,500,000
First amendment	1,950,000
Second amendment	250,000
Third amendment	0
Fourth amendment	5,800,000
Fifth amendment	7,950,000
Sixth amendment	11,100,000
Seventh amendment	5,290,000
Eighth amendment	14,000,000
Ninth amendment	11,126,000
<b>TOTAL</b>	<b>\$59,966,000</b>

\*This agreement spans multiple fiscal years.

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 Fund
4. **FISCAL IMPACT:** This project is consistent with the Council-approved Budget Strategy Economic Recovery section, as it will spur construction spending in our local economy. The project has been reviewed and was determined to have no significant adverse impact on the General Fund operating budget.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2004-05 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
527	5497	ACM Site Preparation/RTR Demolition		\$245,000	\$14,150	V-42	6/22/04 Ord. No. 27196
527	4007	Advanced Planning		\$700,000	\$492,218	V-76	6/22/04 Ord. No. 27196
526	4644	Airline Maintenance Facility		\$11,628,000	\$344,384	V-59	6/22/04 Ord. No. 27196
527	4065	Airport Parkway/Airport Boulevard Grade Separation		\$166,000	\$5,026	V-66	6/22/04 Ord. No. 27196
548	5329	Airport Warehouse Demolition		\$86,000	\$1,648	V-60	6/22/04 Ord. No. 27196
526	4643	Central Plant Expansion		\$5,488,000	\$69,558	V-61	6/22/04 Ord. No. 27196
526	4717	Electrical Distribution System		\$1,305,000	\$3,983	V-62	6/22/04 Ord. No. 27196
527	4717	Electrical Distribution System		\$118,000	\$30,792	V-62	6/22/04 Ord. No. 27196
526	5426	Extend and Strengthen Runway 30L		\$4,442,000	\$434,749	V-43	6/22/04 Ord. No. 27196
526	4869	Master Plan Miscellaneous Precursor Projects		\$4,909,000	\$139,068	V-63	6/22/04 Ord. No. 27196
527	4869	Master Plan Miscellaneous Precursor Projects		\$449,000	\$12,094	V-63	6/22/04 Ord. No. 27196
520	4657	North Concourse Building		\$17,269,000	\$657,083	V-64	6/22/04 Ord. No. 27196
526	4657	North Concourse Building		\$212,258,000	\$7,386,331	V-64	6/22/04 Ord. No. 27196
526	5383	North Concourse Roadway Mitigation		\$1,937,000	\$254,316	V-67	6/22/04 Ord. No. 27196
526	5473	Relocate Parking Control Buildings		\$2,582,000	\$71,872	V-58	6/22/04 Ord. No. 27196

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526	5496	Taxiway Z Alignment		\$717,000	\$116,505	V-44	6/22/04 Ord. No. 27196
526	4712	Utility Infrastructure		\$9,156,000	\$293,129	V-65	6/22/04 Ord. No. 27196
527	4712	Utility Infrastructure		\$831,000	\$26,647	V-65	6/22/04 Ord. No. 27196
526	4650	Baggage Screening Phase II		\$1,285,000	\$201,869	V-31	6/22/04 Ord. No. 27196
526	4708	Central Terminal Building		\$120,000	\$26,135	V-31	6/22/04 Ord. No. 27196
527	4708	Central Terminal Building		\$11,000	\$2,513	V-31	6/22/04 Ord. No. 27196
526	4652	Checkpoint Terminal A		\$1,587,000	\$201,189	V-32	6/22/04 Ord. No. 27196
526	4653	Checkpoint Terminal C		\$1,435,000	\$201,189	V-32	6/22/04 Ord. No. 27196
526	4715	Cargo Ramp Security and Taxiway Improvement		\$790,000	\$21,764	V-31	6/22/04 Ord. No. 27196
526	4642	Elements of the Master Plan Studies		\$1,192,000	\$38,198	V-35	6/22/04 Ord. No. 27196
527	4642	Elements of the Master Plan Studies		\$580,000	\$14,073	V-35	6/22/04 Ord. No. 27196
526	4655	Gate A1-C Relocation		\$348,000	\$21,932	V-32	6/22/04 Ord. No. 27196
526	4646	North Concourse Site Facility Relocations		\$150,000	\$5,026	V-32	6/22/04 Ord. No. 27196
527	5928	Remote Transmitter Receiver		\$121,000	\$6,031	V-30	6/22/04 Ord. No. 27196
527	6740	Skyport Grade Separation		\$600,000	\$1,950	V-30	6/22/04 Ord. No. 27196
527	4635	Taxiway Y Reconstruction		\$595,000	\$12,860	V-28	6/22/04 Ord. No. 27196
527	5710	Terminal C Apron Lighting		\$300,000	\$17,718	NA	6/22/04 Ord. No. 27196
		<b>Total</b>		<b>\$282,802,000</b>			

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**CEQA**

Resolution Nos. 67380 and 71451, PP 04-08-243.

*Frank Kirkbride*

*for*

RALPH G. TONSETH  
Director of Aviation

*Katy Allen*

KATY ALLEN

Director, Public Works Department

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