



COUNCIL AGENDA: 10-26-04

ITEM: 8.1

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Ralph G. Tonseth

SUBJECT: SEE BELOW

DATE: 10-04-04

Approved

Date

10/15/04

Council District: Citywide

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT ON-
CALL CONSTRUCTION CONTRACT**

RECOMMENDATION

Report on bids and award of contract for the Norman Y. Mineta San José International Airport – On-Call Construction Contract to the lowest responsive bidder, Granite Rock Co. DBA Pavex Construction Division, in an amount not to exceed \$1,400,000, for a period of two years from the date of award or until expenditures under the contract reach \$1,400,000, whichever occurs first. CEQA: Resolution Nos. 67380 and 71451, PP04-03-087.

BACKGROUND

In 1997 the City of San José adopted the Master Plan for the 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 City is currently working on the first major phase of terminal improvements, the North Concourse Building. This project is being implemented using multiple prime construction contracts.

The scope of the On-Call Construction Contract includes any civil, structural, architectural, electrical, mechanical and other miscellaneous work necessary to supplement the major contract packages for the North Concourse Building. This proposed contract will be for a period of two years from the date of contract award or until expenditures under the contract reach \$1,400,000, whichever occurs first. The bid-proposals are compared on the basis of the lowest percent of overhead and profit and the work is paid on a time and materials basis. This method of contracting provides for rapid response to meet the facility needs of the traveling public.

ANALYSIS

Bids were received on September 16, 2004 with the following result:

<u>Contractor</u>	<u>Bid</u>	<u>Variance</u>	<u>Over/ (Under) Percent</u>
DeSilva Gates Construction (Dublin)	32.89%	17.89%	119.27%
Engineer's Estimate	15.00%		---
Lowery Engineering (Santa Clara)	13.80%	(1.20%)	(8.00%)
Granite Rock Company DBA Pavex Construction Division (Redwood City)	8.00%	(7.00%)	(46.67%)

The lowest responsive bid of 8 percent Overhead and Profit was submitted by Granite Rock Company DBA Pavex Construction Division and it is 46.67 percent less than the Engineer's Estimate. Staff considers this to be a very good percentage of overhead and profit for the construction on this project.

PUBLIC OUTREACH

To solicit contractors, the project bid was listed on the Airport web page, the City Internet Bid Line and advertised in the *San José Post Record*.

AIRPORT MASTER PLAN CONSISTENCY

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. This on-call construction contract for the North Concourse is a supporting component of the Central Terminal project, which is expressly identified in the Airport Master Plan as amended in November 2001, and is therefore consistent with the Airport Master Plan under Municipal Code Section 25.04.210(B)(2).

COORDINATION

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

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$1,400,000

2. COST OF PROJECT:

Project Delivery	\$350,000
Construction	<u>\$1,400,000</u>
TOTAL	\$1,750,000

3. SOURCE OF FUNDING: 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.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	RC #	Total Appn	Amt for Contract	2004-05 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
527	4869	Master Plan Miscellaneous Precursor Projects	13184X	\$449,000	\$116,480	63	6/22/04 Ord. No. 27196
526 (548)	4869	Master Plan Miscellaneous Precursor Projects	13184X	\$4,909,000	\$1,283,520	63	6/22/04 Ord. No. 27196
Total				\$5,358,000	\$1,400,000		

HONORABLE MAYOR AND CITY COUNCIL
10-04-04

Subject: Norman Y. Mineta San José International Airport On-Call Construction Contract
Page 4

CEQA

Resolution Nos. 67380 and 71451, PP 04-03-087.



KATY ALLEN
Director, Public Works Department



RALPH G. TONSETH
Director of Aviation
Airport Department

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On-Call Construction Contract Award.doc