



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 11-26-07

Approved

Date

11/29/07

**COUNCIL DISTRICT:** Citywide

**SUBJECT: REPORT ON BIDS FOR THE INSTALLATION OF THE PASSENGER BOARDING BRIDGES AT THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

## RECOMMENDATION

- a) Approval to reject all bids for the Installation of the Passenger Boarding Bridges Project.
- b) Report on readvertised bids and award of contract for the Installation of Passenger Boarding Bridges Project at the Norman Y. Mineta San José International Airport to the low bidder, Lloyd W. Aubry Co., Inc. in the amount of \$2,367,714, and approval of a contingency in the amount of \$355,157.

## OUTCOME

Approval of this construction contract will enable the replacement of existing 20-year old passenger boarding bridges (PBB's) at Terminals A/A+ and install new PBB's at Terminal B and the North Concourse. Council approved the contract award for the purchase of 23 new PBB's on July 10, 2007. The execution of the PBB procurement will be completed by the Finance Department. The installation will complement the general implementation of the Terminal Area Improvement Program and the Terminal A/A+ Equity Project and will provide new PBB's across the entire Airport campus with the exception of the Federal Inspection Facility (FIS) which has newer bridges.

## BACKGROUND

Council approved the Airport's Terminal Area Improvement Program (TAIP) on June 13, 2006. The TAIP will be constructed in two phases. Phase 1 includes renovation and expansion of the existing Terminal A, construction of a new Terminal B, construction of a new rental car garage, realignment and widening of the airport roadways, and demolition of the existing Terminal C building. Phase 2 of the TAIP, to be constructed upon attainment of passenger volumes required

to fiscally support the construction, consists of the second phase of Terminal B and a south concourse facility.

To further enhance airport amenities and customer services, the Airlines agreed in 2006 to fund the Terminal A/A+ Equity Project. This project will provide improvements to existing Terminal A, A+ and Baggage Claim systems in order to create equitable facilities comparable to the new Terminal and Concourse facilities delivered by the TAIP.

The new PBB's will be installed as part of the improvements to be completed within the TAIP Phase 1 and the Terminal A Equity Project. The existing PBB's at Terminals A and A+ have reached the end of their useful life. Terminal A+ PBB's are owned by American Airlines, whose lease expires in December 2007. American Airlines is willing to accommodate the Airport schedule to replace the bridges.

A previous bid opening for the installation of the PBB occurred on August 30, 2007. During review of the bids, staff determined that bid information requested in the Schedule of Values was in conflict with specification information provided in a PBB installation scoping matrix. The Schedule of Values used a unit price format multiplied by the number of bridges, whereas as the informational matrix was more specific to each gate configuration. This ambiguity apparently materially affected the bidding. The bidders were unclear regarding how to calculate the actual bid amounts in the unit price format given the informational matrix and this was reflected in the bid submittals. In order to assure that all bidders were treated fairly and on a level playing field, staff corrected the ambiguities and re-bid the Project. In an effort to award the contract as soon as possible, staff re-advertised the Project, subject to Council approval of this recommendation to reject all bids.

### **ANALYSIS**

A notice inviting bids was published in the *San José Post Record* starting September 26, 2007, in local and out of state Building Exchanges and the City's Bid Line including telephone calls to out-of-state installation contractors experienced in this specialized installation. Two bidders responded and submitted bids. The bid was structured as follows:

- The contract documents contained revocable contract items to allow for flexibility due to the varied installation conditions at the various terminal gates.
- The documents contained allowances to accommodate for unknown site conditions below grade and modification and enhancement for two existing PBB's to remain at the FIS.
- A requirement that the installation contractor be certified by the PBB manufacturer to install the bridges.

The bids were publicly opened on October 25, 2007, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Percent Over/(Under)</u>
<b>Engineer's Estimate**</b>	<b>\$3,000,000</b>		
FMC Technologies Inc. (Ogden, UT)	\$2,507,844	(\$492,156)	(16)
Lloyd W. Aubry Co. Inc. (Hayward, CA)	\$2,370,564	(\$629,436)	(21)

\*\* Engineer's Estimate is a lump sum.

The low bid submitted by Lloyd W. Aubrey Co., Inc is 21 percent below the Engineer's Estimate. The bid is considered acceptable for the work involved in the project.

The Engineer's Estimate was set as a maximum amount and sufficient to accommodate the unknowns related to the varied installation conditions at each aircraft gate and the volatility of the construction market. The bids did come in under this amount.

Council Policy provides for a standard contingency of ten percent on public works projects involving construction of a building. However, on this project a contingency of 15 percent is recommended for any unanticipated work necessary for the proper completion of this project. The funds budgeted for this project are sufficient to provide for the recommended contingency.

### EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule with a projected completion in 2010. No additional follow up action with the Council is expected at this time.

### POLICY ALTERNATIVES

Not applicable.

### PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council

or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criteria #1. To reach potential bidders, the bid documents were advertised in the *San José Post Record* and on the City's Internet Bid Line. In addition, staff sent emails to specialized installers and to building exchanges nationwide. Two firms responded to the bids including firms from the Greater Bay Area and other in- and out-of-State locations. This memo will be posted on the City's website for the December 18, 2007 Council agenda.

**FISCAL/POLICY ALIGNMENT**

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. This proposed award would support the implementation of the TAIP, the project components of which are expressly identified in the Airport Master Plan as amended on June 13, 2006.

This project is consistent with the Guiding Principals for Budget and Financial Management, Mayor's 2006-2007 Revised June Budget Message, in that it supports economic recovery and job creation.

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with:

- Strategic Initiative #1: Build a World-Class Airport and Air Services, and
- Strategic Initiative #5: Support the Growth (and Start-up) of Local Businesses – Small and Large (5.12 - increase access to City contracting and purchasing opportunities through improvements to communication and the procurement process).

**COORDINATION**

This project and memorandum have been coordinated with the Airport Department, the City Manager's Budget Office, Planning, Finance Department and the City Attorney's Office.

**COST SUMMARY AND IMPLICATIONS**

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	<b>\$3,346,871</b>
	Project Delivery	624,000
	Construction	2,367,714
	Construction Contingency**	<u>355,157</u>
	Total Project Costs	<b>\$3,346,871</b>
2.	COST ELEMENTS OF CONTRACT:	
3.	SOURCE OF FUNDING: 520 – Airport Capital Improvement Fund 526 – Airport Revenue Bond Improvement Fund	

4. OPERATING COST: The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget. Additional operating costs will be paid for in the Airport Operating and Maintenance Fund.

- More than 50 percent of the PBB installations are replacement for existing bridges, therefore project delivery is budgeted at 26% for a renovation project.

\*\* Contingency amount for the renovation project is calculated at 15%

**BUDGET REFERENCE**

The table below identifies the funds and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amount For Contract	2007-2008 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				<b>\$2,366,564</b>		
<b>Current Funding Available</b>						
(526) 548	4657	North Concourse Building	\$25,939,000	\$887,543	V-995	10/16/07 28143
(526) 554	5253	Terminal Area Improvement, Phase I	\$445,839,000	\$1,479,021	V-997	10/16/07 28143
<b>Total Current Funding Available</b>				<b>\$3,346,564</b>		

**CEQA**

CEQA: Resolutions No. 67380 and 71451, PP 07-250.



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For questions, please contact HARRY FREITAS, DEPUTY DIRECTOR, at (408) 535-8300.

HF:mf

