



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry, A.A.E.

SUBJECT: SEE BELOW

DATE: 05-27-08

Approved

Date 5/30/08

COUNCIL DISTRICT: Citywide

SUBJECT: AMENDMENT TO LELAND SAYLOR ASSOCIATES MASTER AGREEMENT FOR COST ESTIMATING CONSULTANT SERVICES TO SUPPORT IMPLEMENTATION OF THE AIRPORT TERMINAL AREA IMPROVEMENT PROGRAM

RECOMMENDATION

Approval of the first amendment to the agreement with Leland Saylor Associates for cost estimating consultant services to support the Airport Terminal Area Improvement Program, increasing the compensation by \$340,000, for a total maximum compensation not to exceed \$840,000.

OUTCOME

Approval of this Amendment will continue availability of on-call resources for cost estimating to support the Airport Terminal Area Improvement Program.

BACKGROUND

The Design-Build Contract with Hensel Phelps Construction Co. for the Terminal Airport Improvement Program (TAIP) was approved by Council in October 2006. Work has progressed well on an extremely aggressive schedule, and the City is on-target to deliver the completed project in the summer of 2010. The on-call cost estimating consultant, Leland Saylor Associates (LSA), provides expertise that is not available within City staff, with the flexibility and efficiency of short-term staffing that meets the variable demands and assures the availability of special skills needed to support the TAIP implementation.

The original selection process followed the City's Qualification Based Consultant Selection Policy and the Local Business and Small Business Preference Ordinance, and met the requirements of the City's Contracting-in review process.

ANALYSIS

The City is nearing the \$500,000 maximum compensation allowed under the existing Agreement. Staff recommends increasing compensation by \$340,000, for a total not-to-exceed amount of \$840,000, to allow for services during construction of the TAIP improvements. This proposal is based on an estimated need for 86 staff hours per month to support construction cost estimating and to provide cost estimating support as necessary during any change order negotiations.

LSA has proven to be a valuable resource in task order price negotiations under the Design-Build Contract, and they have provided valuable cost alternative ideas in the areas of Architectural and Mechanical/Electrical/Plumbing cost pricing. With the assistance of LSA staff, the City has realized \$120 million in actual reductions to the task order price proposals negotiated with Hensel Phelps under the Design-Build Contract to date.

Continued access to the expertise and advice of LSA staff, as well as to LSA reference tools and models, such as their database of current market prices, represents a considerable benefit to the City in on-going TAIP cost management and control.

EVALUATION AND FOLLOW-UP

This item will require no further follow-on Council action.

POLICY ALTERNATIVES

Alternative # 1 Direct staff to provide the required services with in-house resources.

Pros: Increased work options for current staff.

Cons: TAIP projects could be delayed due to lack of required expertise and inability to flexibly shift and scale resources.

Reason for not recommending: The complexity and the scale of work required to implement the TAIP program does not lend itself to utilization of existing City staff.

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)**

The criteria listed above do not apply to this recommendation. This memorandum will be posted on the City's website for the June 17, 2008 Council meeting.

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 agreement would support the implementation of the TAIP, the project components of which are expressly identified in the Airport Master Plan as amended June 13, 2006.

This project is consistent with the Guiding Principles 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, Building and Code Enforcement Department and the City Attorney's Office.

COST SUMMARY AND IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: **\$ 340,000**

2. COST ELEMENTS OF AGREEMENT:

Professional Services	Per Task Order
Reimbursable Expenses	None
Labor Rates	See Attachment
TOTAL AGREEMENT AMOUNT:	\$ 840,000

3. SOURCE OF FUNDING:
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.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the agreement amendment recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	2007-2008 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
526	4657	North Concourse Building	\$32,044,000	V-995	02/12/08 28241
526	5253	Terminal Area Improvement, Phase I	\$442,832,000	V-997	02/26/08 28247
526	5246	Public Parking Garage	\$12,974,000	V-985	02/26/08 28247
526	4164	Consolidated Rental Car Facility	\$244,368,000	V-983	02/26/08 28247

* Services performed by the firm under this agreement will be authorized by Task Order. An appropriation is not required for execution of the Master Agreement, but is required for each Task Order authorized under this agreement.

CEQA

Resolution Nos. 67380 and 71451, PP 08-066

Katy Allen
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Director of Aviation

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