



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: July 28, 2008

Approved

Date 7/29/08

COUNCIL DISTRICT: Citywide

SUBJECT: FIRST AMENDMENT TO MASTER AGREEMENT WITH KLEINFELDER WEST, INC. FOR SPECIAL INSPECTIONS AND MATERIAL TESTING SERVICES FOR THE TERMINAL AREA IMPROVEMENT PROGRAM AT NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Approval of the First Amendment to the Master Agreement with Kleinfelder West Inc. for the Special Inspections and Material Testing for the Terminal Area Improvement Program (TAIP) at the Norman Y. Mineta San José International Airport, increasing compensation by \$250,000 for a total amount not to exceed \$750,000.

OUTCOME

Approval of this First Amendment will allow the consultant to continue to provide the City on-call special inspections and material testing services related to the TAIP construction projects.

BACKGROUND

The City Council approved the Airport TAIP on November 15, 2005. The TAIP will be constructed in two phases. Phase I 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, will provide for the second phase of Terminal B and a south concourse facility.

In November of 2006 Council awarded the design build contract for the TAIP to Hensel Phelps Construction (HP). The construction of TAIP, Phase I projects is now underway. Special inspections for specific conditions of construction are required per code. On February 26, 2008, City Council approved three Master Agreements for special inspections and material testing services for various City projects. One of those Master Agreements is with Kleinfelder West,

Inc. (Kleinfelder), which specifically provides special inspections and material testing services for the TAIP. Under this agreement, consultant services are initiated by authorized service orders specifying the services to be performed, the schedule and compensation. Services are tailored to complement City staff expertise, which enables effective application of both in-house and out of house resources in the most efficient manner.

ANALYSIS

The menu of services for the master agreement includes but is not limited to special inspection and material testing work for concrete, steel, soil, masonry, wood, and structural and miscellaneous metals as well as archaeological monitoring, fireproofing and waterproofing. To the extent that the City needs special inspections and materials testing services not on the standardized menu, the master agreement permits the traditional approach of drafting a customized scope of services in the service order.

As the design and construction work has progressed on all the various project elements of the TAIP, the need for special inspections and additional materials testing has also increased. Given the size, complexity and amount of construction under the TAIP, the initial amount allocated under the original agreement is not sufficient. Staff assessed options to maintain the consistency and continuity of the special inspections being provided by Kleinfelder. Kleinfelder has worked on numerous Airport projects and has the necessary experience in the unique airport environment. For continuity and consistency, staff recommends amending the current agreement to increase the total not to exceed compensation.

In order not to delay the progress of the TAIP work under a demanding and tight schedule, staff recommends the City Council approve this first amendment to the master agreement with Kleinfelder West, Inc. The \$250,000 amendment is to cover the special inspection services until a new Request for Qualifications process for special inspections and materials testing consultant services is completed. In November 2008 staff anticipates coming back to Council for approval and award of a new master agreement to support the demand for special inspections in 2009.

EVALUATION AND FOLLOW-UP

Quarterly reports to the City Council describing progress with regards to budget and schedules will continue to be produced.

POLICY ALTERNATIVES

Alternative #1: An alternative approach to accomplish this effort would be for all work to be carried out by existing City staff in lieu of contracting with a professional consulting firm.

Pros: The work would be done by City staff.

Cons: In-house staff does not possess the appropriate technical capability, certifications and specialized equipment across the broad range of required expertise to forego outside assistance. Reliance solely on City resources may jeopardize the successful implementation of the TAIP.

Reason for not recommending: The City would need to hire staff to cover diverse areas of professional expertise, because the demand for services in these diverse areas varies, the workload generated in each of these specialties is projected to be intermittent and would not be sustainable throughout the year.

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 above criterion does not apply to this proposed consultant agreement amendment; this item will be posted on the City Council Agenda Website for the August 19, 2008 Council agenda.

COORDINATION

This memorandum was coordinated with the Planning, Building and Code Enforcement Department, the City Attorney's Office and the City Manager's Budget Office. This item was also coordinated with the City's Contracting-In Committee.

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 amendment 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.

The 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 Service.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$250,000

Original Agreement	\$500,000
First Amendment (this action)	<u>250,000</u>
TOTAL	\$750,000

2. COST ELEMENTS OF AGREEMENT:
 - Professional Services: \$750,000

3. SOURCE OF FUNDING: 526 – Airport Revenue Bond Improvement Fund

4. OPERATING COSTS: The amended agreement has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

No funding is needed to approve this master agreement amendment. Available appropriated funds will be utilized as needed when Service Orders are executed.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	2008-2009 Proposed Capital Budget	Last Budget Action (Date, Ord. No.)
526 (554)	5253	Terminal Area Improvement Ph I	\$129,733,000	V-785	6/24/08 Ord. No. TBD
526 (528)	4164	Consolidated Rental Car Facility	\$40,460,000	V-779	6/24/08 Ord. No. TBD
526 (555)	5246	Public Parking Garage	\$ 1,755,000	V-759	6/24/08 Ord. No. TBD
526 (548)	4657	North Concourse Building	\$ 12,212,000	V-761	6/24/08 Ord. No. TBD

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

CEQA

CEQA: Not a project

Katy Allen

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Director of Aviation

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