

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry

SUBJECT: SEE BELOW

DATE: 07-28-08

Approved

Date 7/29/08

COUNCIL DISTRICT: Citywide

SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT NORTH CONCOURSE GENERAL BUILDING (PACKAGE 4)

RECOMMENDATION

Increase the contingency budget for the Norman Y. Mineta San José International Airport North Concourse General Building, Package 4 in the total amount of \$1,699,975, utilizing unspent allowances for Bid Items 2 and 3, at no increase in the total contract amount.

OUTCOME

Approval will provide, by way of fund reallocation, increased funding to complete construction that is currently underway related to Package 4. This additional contingency will allow staff to negotiate and execute change orders on the remaining extra work for the project. The funds to accomplish this work are within the current appropriated contract amount. There will be no additional funds appropriated nor will there be any extension to completion time.

BACKGROUND

On November 27, 2007, the City Council approved the award of the subject construction contract to Clark Construction in the amount of \$144,082,025. The project scope for Package 4 includes the construction and delivery of the Airport North Concourse Building Enclosure, Utilities Infrastructure, Fit Out and General Trades. The North Concourse is being constructed as part of the Airport Master Plan. Facilities in the North Concourse will include holdrooms and gates with jet bridges. The project totals 380,000 square feet of space with nine new commercial aircraft gates.

The North Concourse Project is being constructed utilizing separate construction packages. This method of project delivery is commonly referred to as Multi-Prime contracting. Packages 1 and 2, "Site Preparation and Excavation" and "Foundation Piles," respectively, are completed. The scope of Package 02A, "Foundations and Utility Tunnel Concrete," encompasses construction of

the foundation and utility tunnel concrete including waterproofing and is substantially complete. Package 02C, "Structural Steel," encompasses the fabrication and erection of structural steel and metal decking and is complete. Currently underway is Package 4, "General Building," which encompasses the construction of the exterior envelope including the curtainwalls, glazed roofing, underground utilities, mechanical, electrical and related systems.

During construction of this project, the Airport Capital Improvement Program was restructured and modified from a central terminal to a concourse building. As a result of the reprogramming effort, the project schedule was extended to allow for redesign.

ANALYSIS

In anticipation of possible changes, such as necessary design modifications and various value engineering efforts which have been undertaken, this contract was structured with allowances. Allowances for bid items 2 and 3 were originally established to facilitate extra work payments for building enclosure, utilities infrastructure, fit out and general trades (general building). With the project nearing completion, these allowances are no longer needed. Staff recommends aligning the allowances with the needs of the remaining Package 4 extra work. This allows staff the flexibility needed to respond to construction issues expeditiously, efficiently and responsively. Under this recommendation, no additional funding is required.

The City's construction manager, Gilbane Building Company, will negotiate the costs of the extra work with Clark Construction, the Package 4 contractor. There are no added days to the contract time.

EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule. 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)**

The Sunshine Reforms Work Plan criteria above do not apply to the approval of this allowance conversion. This memorandum will be posted to the City's website for the August 19, 2008 Council agenda.

COORDINATION

This memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, the City Manager's Budget Office and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST /IMPLICATIONS

- | | | |
|----|---------------------------|--|
| 1. | AMOUNT OF RECOMMENDATION: | \$0 |
| 2. | COST OF PROJECT: | |
| | Project Delivery* | \$52,427,830 |
| | Construction | \$152,808,447 |
| | Change Order Nos. 1-17 | \$ 8,702,471 |
| | Contingency Balance | <u>\$ 1,383,271</u> |
| | TOTAL** | \$215,322,019 |
| 3. | SOURCE OF FUNDING: | 526 – Airport Revenue Bond Improvement Fund |
| 4. | OPERATING COSTS: | Review of the project determined no significant adverse impact on the General Fund Operating Budget. |

* A total of \$25,595,840 was expended through May 2008 for Project Delivery Costs.

** A total of \$160,321,210 was expended through May 2008.

07-28-08

Subject: Norman Y. Mineta San Jose International Airport North Concourse

General Building (Package 4)

Page 4

BUDGET REFERENCE

The table below identifies the fund and appropriations that fund the contract referenced as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Contract Change Order	2008-09 Proposed * Budget Page	Last Budget Action (Date, Ord. No.)
526	4643	Central Plant Expansion	\$492,000	\$0	V-760	06/24/08 Ord# 28349
526	4657	North Concourse Building	\$12,212,000	\$0	V-761	06/24/08 Ord# 28349
526	4172	Utility Infrastructure	\$283,000	\$0	V-761	06/24/08 Ord# 28349
526	4717	Electrical Distribution System	\$154,000	\$0	V-760	06/24/08 Ord# 28349
		Total	\$13,141,000	\$0		

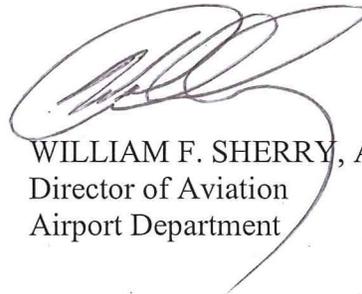
* The 2008-2009 Adopted Capital Budget and the implementing appropriation ordinance were approved by Council on 06/24/08.

CEQA

CEQA: Resolution Nos. 67380 and 71451, PP 08-135.

Katy Allen

KATY ALLEN
Director, Public Works Department



WILLIAM F. SHERRY, A.A.E.
Director of Aviation
Airport Department

For questions please contact HARRY FREITAS, DEPUTY DIRECTOR, PUBLIC WORKS DEPARTMENT, at 408-535-8300.

HF:el