



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: 11-10-08

Approved

Date

11/10/08

COUNCIL DISTRICT: Citywide

SUBJECT: MASTER AGREEMENT WITH CONSTRUCTION TESTING SERVICES, FOR SPECIAL INSPECTIONS AND MATERIAL TESTING SERVICES FOR THE TERMINAL AREA IMPROVEMENT PROGRAM AT NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute a Master Services Agreement with Construction Testing Services for Special Inspections and Material Testing Consultant Services for the Terminal Area Improvement Program (TAIP) at the Norman Y. Mineta San José International Airport in an amount not to exceed \$1,000,000. and authorize the City Manager to negotiate with lower ranked firms in order of their ranking should the City not be able to negotiate favorable terms with Construction Testing Services.

OUTCOME

Approval of the recommendation will ensure the continuity of special inspections and materials testing consultant services when the term of the Master Agreement with Kleinfelder is expired.

BACKGROUND

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.

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. To

accommodate this increased need, the Master Agreement with Kleinfelder was amended on August 19, 2008, increasing the compensation for that agreement from \$500,000 to \$750,000. However, given the size, complexity and amount of construction of the TAIP, staff anticipated that this increased allotment would be depleted by the end of 2008. Therefore, the memo supporting the August 19 action also indicated staff's intention to issue an RFQ and return to Council in November 2008 with a recommendation to approve and award a new Master Agreement to support the demand for special inspections and material testing in 2009.

ANALYSIS

The field of special inspections and material testing services is extremely specialized and City staff does not have the expertise and/or equipment needed to perform a variety of these services. In order not to delay the progress of the TAIP work under a demanding and tight schedule, staff recommends the City Council approve a new Master Agreement to ensure that the airport improvements are constructed per code. The new solicitation also provides an open opportunity for the consultant community to compete for work on the large Airport capital improvement program.

The selection process followed the City's Qualifications Based Consultant Selection (QBCS) Policy adopted by City Council on December 7, 2004 and the Local Business and Small Business Preference Ordinance. A Request for Qualifications (RFQ) for special inspections and material testing consultant services was advertised July 23, 2008. Statements of Qualifications (SOQ) were received from eight firms. A screening panel selected the top five ranking firms for interview. The selection board interviewed the five firms on September 29, 2008. The selection board consisted of three City staff and a representative from Hensel Phelps. The selection board scored the firms' respective Statements of Qualifications and interviews based on the following criteria:

- Qualifications of the lead personnel;
- Experience (past and present) with the variety of special inspections and material testing consulting services;
- Acceptance of City's contractual procedures;
- Approach to cost control, management of given budget and quality control of work;
- Availability and ability to respond to on-call needs.

The selection board ranked the top five respondents as follows:

1. Construction Testing Services
2. Kleinfelder
3. Consolidated Engineering Laboratories
4. URS / Signet Testing Laboratories
5. Inspection Services, Inc. / Critical Weld Inspections, Inc., a Joint Venture

Only two firms qualified as Local Business Enterprises and no firms qualified as Small Business Enterprises as determined by the City's Local Business and Small Business Preference Ordinance. The board ranked Construction Testing Services (CTS) first, because of their outstanding presentation, their responses to the interview questions, and the quality of their Statement of Qualifications.

The Master Agreement with CTS is still under negotiation at the time of this writing. A resolution authorizing the City Manager to negotiate and execute the Master Agreement is requested to meet the schedule demands of the TAIP projects. Should the City not be able to come to agreeable terms with CTS the resolution also authorizes the City to terminate negotiations with CTS and negotiate with lower ranked firms in order of their ranking.

Under this agreement, consultant services are initiated by authorized service orders specifying the services to be performed, the schedule and compensation. Agreement will expire December 31, 2010 or when the allocated funds are depleted.

EVALUATION AND FOLLOW-UP

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

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)**

This item will be posted on the City Council Agenda Website for the December 2, 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.

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. As the proposed agreement would support the implementation of the TAIP, the project components of which are expressly identified in the Airport Master Plan, it is consistent with the Master Plan pursuant to Municipal Code Section 25.04.210 (B)(2).

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: \$1,000,000
2. COST ELEMENTS OF AGREEMENT:
Professional Services: \$1,000,000
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. Available appropriated funds will be utilized as needed when Service Orders are executed.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	2008-2009 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
526 (554)	5253	Terminal Area Improvement Ph I	\$129,733,000	V-998	
526 (528)	4164	Consolidated Rental Car Facility	\$40,460,000	V-986	
526 (555)	5246	Public Parking Garage	\$ 1,755,000	V-988	
526 (548)	4657	North Concourse Building	\$ 12,212,000	V-994	

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: Resolution Nos. 67380 and 71451, PP 08-235

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