



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: November 17, 2008

Approved

Date

11/19/08

SUBJECT: AMENDMENT TO EXTEND THE AGREEMENT WITH URS CORPORATION FOR PROFESSIONAL SERVICES FOR THE BAGGAGE HANDLING AND SECURITY SCREENING SYSTEM DESIGN AND CONSTRUCTION ADMINISTRATION FOR THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Approve the second amendment to the agreement with URS Corporation for professional services for design and construction administration of the Baggage Handling and Security Screening Systems at the Norman Y. Mineta San José International Airport, to extend the term of the agreement from December 31, 2008 to December 31, 2010, with no change to the total compensation amount of \$2,704,118.

OUTCOME

The extension of this agreement will align the term with the revised schedule for the services and allow URS to provide technical support during the implementation of the baggage handling and security screening systems at the Airport.

BACKGROUND

Prior to November 2005, the master plan for the terminal area consisted of a centralized terminal concept. The first project begun under this concept was the North Concourse. The design of the facility incorporated temporary passenger processing functions that would be in place until the future completion of a Central Terminal. To implement this concept, it was necessary to design, procure and install a new baggage handling and security screening system to process passenger luggage. Staff conducted a selection process to procure professional consultant services to assist in the design and procurement of the system. The process was conducted in accordance with the Public Works Consultant Selection Procedures in place at the time. On December 16, 2003, City Council approved an agreement with URS Corporation for professional services for the

development of conceptual design, system functionality and procurement services for new baggage handling and security screening systems at the Airport. After the initial system design was completed, the agreement was amended in March 2005 to add construction administration services to allow URS to continue to provide services during the implementation phase of the system.

In November 2005, prior to procurement of the baggage handling and security screening system, City Council approved changes to the terminal area development including a shift from a centralized terminal concept to a hybrid centralized/unit terminal concept. Construction of the centralized Terminal B was advanced, resulting in a shift to the North Concourse Project scope away from passenger processing functions to strictly concourse use. The program change also resulted in retaining Terminal A as a passenger processing facility.

In October 2006, Council awarded the design-build contract for the Terminal Area Improvement Program to Hensel Phelps Construction to implement the revised terminal area development. Construction on Terminals A and B began in late 2007 and early 2008, respectively. Hensel Phelps is currently in the process of procuring the baggage handling systems for both Terminals A and B.

ANALYSIS

The proposed amendment will extend the term of the agreement to allow URS to provide construction administration services to assist the City to oversee the implementation of the baggage handling and security screening systems. URS will provide technical review of the contractor's submittals, support during system installation and start-up, and oversight of the commissioning and activation of the systems. The amendment is requested due to the extension in the project schedules resulting from the terminal area program changes. The agreement amount is sufficient for the remaining scope of work. The estimated cost of the remaining services is \$125,000.

The staff recommendation to extend the current contract is based on three significant considerations:

- The City needs third party expertise to review the work performed by Hensel Phelps;
- URS is familiar with the system currently being implemented and is well positioned to provide these services;
- URS has performed well and has proven their ability to provide these services.

EVALUATION/FOLLOW-UP

No additional actions are anticipated at this time.

POLICY ALTERNATIVES

Alternative #1: Issue a new Request for Qualifications for consultant services.

Pros: Provides opportunity for other consultants.

Cons: The cost of the staff time and impact to the schedule are likely to be significant.

Reason for not recommending alternative: The estimated value of the work remaining to be performed does not warrant a significant investment in a new consultant selection process. In addition, the current consultant has extensive knowledge of the Airport's systems and needs.

Alternative #2: Direct City staff to perform the design and construction administration services for the Airport Baggage Handling and Security Screening systems.

Pros: Increased work options for current staff.

Cons: Shifting existing City staff resources to this project would delay this or other projects due to insufficient specialized technical expertise within the City, and the varying staffing level demands inherent to the Terminal Area Improvement Program.

Reason for not recommending: City staff is fully utilized on other projects. The automated in-line baggage screening system requires specialized technical expertise. The use of third party administrative consultants ensures that current industry standards will be applied to the project and allows for the flexibility required to meet dynamic staffing requirements.

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 criteria do not apply to the approval of the proposed amendment. This memorandum will be posted on the City's website for the December 9, 2008 Council meeting.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital improvements at the Airport be consistent with the adopted Airport Master Plan. The proposed consultant agreement amendment provides for continued design and construction administration services on components of terminal improvement projects expressly identified in the Airport Master Plan, and is therefore consistent with the Master Plan pursuant to Municipal Code Section 25.04.210(B)(2).

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

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION (AGREEMENT EXTENSION): \$0
2. CURRENT COST OF AGREEMENT: \$2,704,118
- TOTAL AGREEMENT/CONTRACT AMOUNT: \$2,704,118
3. SOURCE OF FUNDING: 520 – Airport Capital Improvement Fund
526 – Airport Revenue Bond Improvement Fund
4. OPERATING COST: The project has been reviewed and staff has determined that it will have no impact on the General Fund Operating Budget.

BUDGET REFERENCE

The table below identifies the funds and appropriations used to fund the agreement with URS Corporation for baggage handling and security screening services.

Fund #	Appn #	Appn. Name	Total Appn	2008-2009 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
520	4657	North Concourse Building	\$14,240,000	V-994	10/21/08 28422
(526) 548	4657	North Concourse Building	\$12,493,000	V-994	10/21/08 28422
(526) 554	5253	Terminal Area Improvement, Phase I	\$135,859,000	V-998	10/21/08 28422
Total Project Costs			\$162,592,000		

HONORABLE MAYOR AND CITY COUNCIL

November 17, 2008

Subject: 2nd Amendment to the Agreement with URS for Baggage Handling & Security Screening

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CEQA

CEQA: Resolution Nos. 67380 and 71451, PP 08-0252

Katy Allen

KATY ALLEN

Director, Public Works Department



WILLIAM F. SHERRY, A.A.E.

Director of Aviation

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.

**SECOND AMENDMENT TO
CONSULTANT AGREEMENT
BETWEEN
THE CITY OF SAN JOSE
AND
URS CORPORATION**

This SECOND AMENDMENT TO AGREEMENT is entered into this ____ day of _____, 2008, by the CITY OF SAN JOSE ("CITY"), a municipal corporation, and URS CORPORATION, dba URS CORPORATION AMERICAS, a Nevada corporation authorized to do business in the state of California, ("CONSULTANT").

RECITALS

WHEREAS, on December 16, 2003, CITY and CONSULTANT entered into an agreement entitled "Agreement for Consultant Services between the City of San Jose and URS Corporation" ("AGREEMENT"); and

WHEREAS, on October 2, 2005, CITY and CONSULTANT entered into a First Amendment to the AGREEMENT to extend the term, increase the compensation and expand the scope of services; and

WHEREAS, CITY and CONSULTANT desire to amend the amended AGREEMENT to extend the term with no increase in total compensation;

NOW, THEREFORE, the parties agree to amend the amended AGREEMENT as follows:

SECTION 1. SECTION 2, "TERM OF AGREEMENT" is amended to read as follows:

"The term of this AGREEMENT shall be retroactive from October 1, 2003 to December 31, 2010, inclusive, subject to the provisions of Section 11 of this AGREEMENT."

SECTION 2. EXHIBIT C, "REVISED SCHEDULE OF PERFORMANCE" is amended to read as shown in SECOND REVISED EXHIBIT C, attached and incorporated into this Second Amendment.

SECTION 3. All of the terms and conditions of the amended AGREEMENT not modified by this Second Amendment shall remain in full force and effect.

WITNESS THE EXECUTION HEREOF on the day and year first written above.

"CITY"

APPROVED AS TO FORM:

CITY OF SAN JOSE, a municipal corporation

KEVIN FISHER
Sr. Deputy City Attorney

By _____
LEE PRICE, MMC
City Clerk

"CONSULTANT"

URS CORPORATION, dba URS CORPORATION AMERICAS, a Nevada corporation

By _____
Name:
Title:

SECOND REVISED EXHIBIT C
SCHEDULE OF PERFORMANCE

Work commenced on October 1, 2003. The estimated time for completion is December 31, 2010.

Description	Dates
BHS Consultant Selection	October 1, 2003
BHS Consultant Prepare Fee Proposal	October 1, 2003 – October 20, 2003
BHS Consultant Notice to Proceed (NTP)	November 1, 2003
BHS Processing Requirement Analysis	November 30, 2003 – June 25, 2004
BHS Conceptual Design	November 21, 2003 – June 1, 2005
BHS Procurement Specification	March 1, 2005 – September 1, 2005
Prepare Pre-Qualification Document	February 9, 2005 – April 30, 2005
Review Submittals (Terminal A)	November 1, 2008 – January 31, 2009
Review Submittals (Terminal B)	November 1, 2008 – February 28, 2009
Baggage Handling Installation (TA)	December 15, 2008 – July 31, 2009
Baggage Handling Installation (TB)	April 1, 2009 – December 31, 2009
Startup, Testing & Commissioning (TA)	June 15, 2009 – October 31, 2009
Startup, Testing & Commissioning (TB)	September 15, 2009 – April 15, 2010
Closeout Support	September 30, 2010
Agreement End Date	December 31, 2010