

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: 03-23-09

Approved

Date

3/30/09

COUNCIL DISTRICT: Citywide

**SUBJECT: CONSTRUCTION CONTRACT FOR THE AIRPORT AND AIRLINES
TENANT IMPROVEMENTS PROJECT AT THE NORMAN Y. MINETA SAN JOSE
INTERNATIONAL AIRPORT**

RECOMMENDATION

Report on bids and take appropriate action based on the evaluation of bids for the construction of the Airport and Airlines Tenant Improvement Project at the Norman Y. Mineta San José International Airport.

OUTCOME

Approval of the recommendation will support the effort to complete the Airport and Airlines operational spaces within schedule.

BACKGROUND

Construction of the Terminal Area Improvement Program (TAIP) continues, on time and on budget. Construction of the North Concourse is complete and construction of Terminal B is nearing completion; the program schedule calls for the demolition of the remaining portions of Terminal C in July 2010. To ensure that the program stays on target, the City must now prepare the tenant spaces within the North Concourse and Terminal B so that the airport services, airlines and other tenants currently located in Terminal C can move into the new terminal facilities.

Over the past year, while the North Concourse and Terminal B were under construction, staff has worked with the airlines and other tenants to identify specific space and operational needs, and to complete the tenant-specific design for construction in each terminal.

ANALYSIS

Approximately 50,000 square feet of tenant improvement area in Terminal B and the North Concourse has been identified. This area includes space for Airport Operations, including security badging and parking services, Airport Properties, the USO, various airlines and other airport tenants. The proposed contract will provide for the construction of office and storage space and the installation of mechanical and utility systems required for each tenant's operational needs; it may also include elements of program planning and coordination with the tenants to ensure a smooth transition into the new facilities.

The notice inviting bids was published on March 4, 2009. The pre-bid meeting was held on March 18, 2009; bid opening is anticipated for April 2, 2009. Project completion is scheduled for September 2009.

A supplemental memo will be provided after bids are opened on April 2, 2009.

EVALUATION AND FOLLOW-UP

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)**

Criterion 1 applies to this recommendation. To reach potential bidders, the bid documents were advertised in the *San José Post Record*, in *Building Exchanges* and on the City's Internet Bid Line. This memo will be posted on the City's website for the April 14, 2009 Council agenda.

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 award 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.

This project is consistent with the Guiding Principals 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 City Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

The following information is based upon the Engineer's Estimate, and is subject to revision based on actual bid.

1.	AMOUNT OF RECOMMENDATION:	\$ 8,507,674
2.	COST ELEMENTS OF PROJECT:	
	Project Delivery	\$1,020,920
	Contingency	\$850,767
	Construction (Engineer's Estimate)	<u>\$8,507,674</u>
	TOTAL PROJECT COSTS	\$10,379,361
	Prior Year Expenditures	\$0
	REMAINING PROJECT COSTS	\$10,379,361

3. PROPOSED ALLOCATION

	<u>Airport TI*</u>	<u>Airlines TI</u>	<u>PARCS</u>
Project Delivery	\$ 582,124	\$ 335,596	\$ 103,200
Contract	\$ 485,104	\$ 279,663	\$ 86,000
Construction	\$ 4,851,037	\$2,796,637	\$ 860,000
	\$ 5,918,265	\$3,411,896	\$1,049,200

* Funding for the Airport Tenant Improvements is provided by the Director's Program Reserve and will be applied for after the bid opening anticipated for April 2, 2009.

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

5. 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 contract(s) recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract	2008-2009 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$10,379,361			
Current Funding Available						
526	5253	Terminal Area Improvements, Ph 1	\$115,549,000	\$8,507,674	V998	2/10/09 Ord. No. 28492
Total Funding for Remaining Project Costs			\$115,549,000	\$8,507,674		

HONORABLE MAYOR AND CITY COUNCIL

03-23-09

Subject: Construction Contract Award for Airport Tenant Improvements

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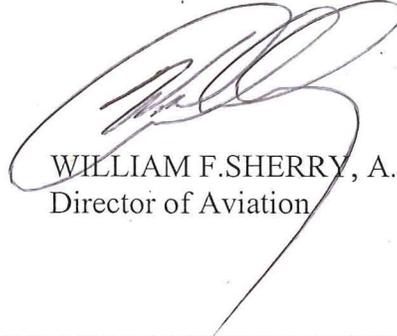
CEQA

Resolution Nos. 67380 and 71451, PP 09-045



KATY ALLEN

Director, Public Works Department



WILLIAM F. SHERRY, A.A.E.

Director of Aviation

Please direct questions to HARRY FREITAS, PUBLIC WORKS DEPUTY DIRECTOR, at (408) 535-8300.

HF:mf