

REPLACEMENT

COUNCIL AGENDA: 06-23-09
ITEM: 2.32

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
William F. Sherry

SUBJECT: SEE BELOW

DATE: 06-19-09

Approved

Christine F. Shippy

Date

6-22-09

COUNCIL DISTRICT: Citywide

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT –
TERMINAL B APRON RECONSTRUCTION PHASE 1 PROJECT**

REASON FOR REPLACEMENT

This replacement memo ensures nondiscrimination in the award and administration of U.S. Department of Transportation (DOT) assisted contracts. The City of San Jose has established a Disadvantaged Business Enterprise (DBE) Program in accordance with 49 Code of Federal Regulations (CFR) Part 26. The City receives federal financial assistance from the DOT, and as a condition of receiving this assistance, the City assures that it will comply with 49 CFR Part 26.

RECOMMENDATION

- a) Report on bids and award of contract for the Norman Y. Mineta San José International Airport Terminal B Apron Reconstruction Phase 1 Project to the lowest responsive bidder, Granite Rock Company dba Pavex Construction, in the amount of \$5,055,985.
- b) Approve a contingency in the amount of \$758,400, equal to 15 percent of the award amount.

OUTCOME

Award of the construction contract to Granite Rock Company dba Pavex Construction will enable the Mineta San José International Airport Terminal B Apron Reconstruction Phase 1 Project to proceed as scheduled with a targeted completion in Spring 2010. Approval of a fifteen percent contingency will provide funding for any unanticipated work necessary for the proper completion and/or construction of the project.

BACKGROUND

City Council approved a multi-year funding strategy for major airfield improvement projects in the 2009-2013 Airport Capital Improvement Program. One of the projects included in this program is the reconstruction of the apron area adjacent to Terminal B. This apron is used to park aircraft for fueling, servicing, loading and unloading of both passengers and cargo. The existing pavement is reaching the end of its lifespan and new pavement needs to be constructed to support existing and new aircraft operations

The project includes the design and reconstruction of approximately 900 feet of apron adjacent to Terminal B at Taxiway F. The existing asphalt and Portland Cement Concrete apron will be removed and replaced with new Portland Cement Concrete. Completion of this project will provide structurally sound pavement for the new aircraft gates at Terminal B, ensuring increased reliability and reduced maintenance costs. Included in the project scope is the installation of a new storm drain system, utility relocations, and pavement striping.

ANALYSIS

Bids were opened on May 7, 2009 with the following results:

<u>Contractor</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
R&L Brosamer, Inc. (Walnut Creek)	\$7,282,675	\$354,700	5.1
Engineer's Estimate	\$6,927,975	---	
Joseph J. Albanese (Santa Clara)	\$6,863,333	(\$64,642)	(0.9)
O'Grady Paving (Mountain View)	\$6,650,245	(\$277,730)	(4.0)
Top Grade Construction (Livermore)	\$6,591,790	(\$336,185)	(4.9)
Granite Construction (Santa Clara)	\$6,574,640	(\$353,335)	(5.1)
O.C Jones & Sons (Berkeley)	\$6,544,625	(\$383,350)	(5.5)
DeSilva Gates Construction (Dublin)	\$5,984,501	(\$943,474)	(13.6)
Granite Rock Company dba Pavex Construction (San Jose)	\$5,055,985	(\$1,871,990)	(27.0)

The low bid submitted by Granite Rock Company dba Pavex Construction is 27 percent under the Engineer's Estimate. Staff considers this bid a very reasonable price for the work involved. The variance can be attributed to the competitive bidding climate at this time and in the context of the general state of the economy.

A fifteen percent contingency in the amount of \$758,400 is recommended for this project because of the uncertainty of underground utilities and the underlying soil conditions. This project includes the installation of underground utilities which are important and time sensitive portion of the work. The underlying soil conditions also vary in this area and may be negatively impacted by the high water table. The project is also constructed around an active airfield ramp, subject to changing security requirements which require coordination with the Transportation Security Administration (TSA) and the Federal Aviation Administration (FAA). For these reasons, it is requested that fifteen percent contingency be approved.

In accordance with 49 CFR Part 26, no DBE goal was established for this project. Pavex Construction had 0% participation in their bid.

EVALUATION AND FOLLOW-UP

No additional follow up action 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)**

COORDINATION

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

FISCAL/POLICY ALIGNMENT

The San Jose Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The Terminal B Apron Reconstruction Phase 1 Project is expressly identified in the Master Plan as Project “A-35” (part), and is thereby consistent with the Master Plan pursuant Municipal Code Section 25.04.210(B)(1).

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 communications and procurement process).

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION:	\$ 5,055,985
2.	COST OF PROJECT:	
	Project Delivery	\$ 2,060,150
	Construction	\$ 5,055,985
	Contingency	\$ 758,400
	TOTAL PROJECT COST:	\$ 7,874,535
	Prior Year Expenditures:	(12,328)
	REMAINING PROJECT COSTS	\$ 7,862,207
3.	SOURCE OF FUNDING: 520 - Airport Capital Improvement Fund 526 - Airport Revenue Bond Improvement Fund	

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. 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 funds and appropriation proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amount For Contract	2009-2010 Proposed Capital Budget	Last Budget Action (Date, Ord. No.)
520	6254	South Apron Replacement	\$9,099,000	\$6,416,058	Page V-672	N/A
526	6254	South Apron Replacement	\$2,051,000	\$1,446,149	Page V-672	N/A
Total			\$11,150,000	\$7,862,207		

*The 2009-2010 Capital Budget and the implementing appropriation ordinance are scheduled for approval by the City Council on June 23, 2009

CEQA

Resolutions No. 67380 and 71451, PP 09-115.

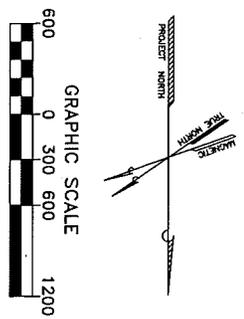
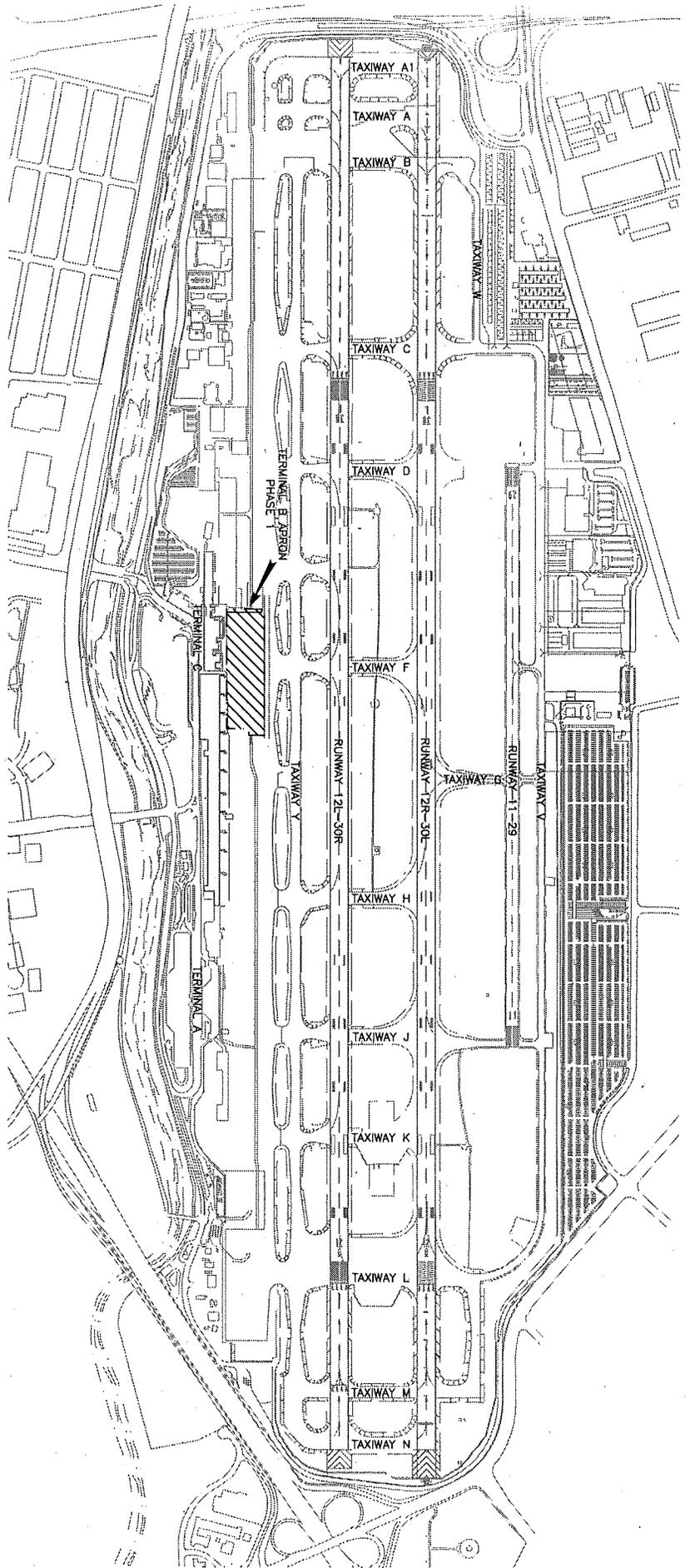


KATY ALLEN
Director, Public Works Department



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.



TERMINAL B APRON - PHASE 1 PROJECT LIMITS

