



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: August 31, 2009

Approved

Date

9/4/09

COUNCIL DISTRICT:

**SUBJECT: PURCHASE OF OFFICE FURNITURE FOR THE NORMAN Y. MINETA
SAN JOSE INTERNATIONAL AIRPORT**

RECOMMENDATION

Award the purchase of office furniture to Western Contract Interiors (San José, CA) for a total amount not to exceed \$384,150.01, including: delivery, assembly, installation and all applicable sales taxes, based upon a previously awarded bid that contained additional quantity pricing; and authorize the Director of Finance to:

1. Execute purchase orders as required to meet the Airport's timeline for staff relocation to the North Concourse.
2. Approve a contingency in the amount of \$38,415 for any unforeseen changes or requirements.

OUTCOME

Furnish the Norman Y. Mineta San José International Airport with free-standing and systems (modular) furniture for airport staff.

BACKGROUND

In 2006, City Council approved the Terminal Area Improvement Program (TAIP) at the Norman Y. Mineta San José International Airport. The TAIP is being constructed in two phases. Phase 1 is currently under construction and includes renovation and expansion of the existing Terminal A, construction of a new Terminal B, construction of a new rental car garage, realignment and widening of the airport roadways, and demolition of the existing Terminal C building. Phase 2 of the TAIP, to be constructed upon attainment of passenger volumes required to fiscally support



August 31, 2009

Subject: Report on Bids for hold room furniture for the Norman Y. Mineta International Airport

Page 2

the construction, consists of an additional phase for the completion of Terminal B and a new South Concourse facility.

The demolition of the existing Terminal C building in 2010 requires the relocation of Airport staff to newly constructed space on the first level of North Concourse. The construction of this space is scheduled to be completed in September 2009. The Airport requested the purchase of office and systems furniture to be installed beginning in October 2009. This includes furniture for Airport Operations, Airport Properties, the Airport Communication Center and the Airport Badging Office. The existing furniture has either reached the end of its service life, or will be reused by other employees moving into these work spaces. Locating these services in the center of the Airport complex will contribute to providing ease of use, maintenance, and improved customer service.

ANALYSIS

This procurement recommendation leverages a Request for Bid (RFB) that the Finance Department issued in April 2009 to purchase office furniture for the new Police Substation. The terms of the bid required pricing to remain fixed through September 30, 2010.

The San José Municipal Code allows the City to purchase off of cooperative agreements that were competitively procured by another public agency. In the interest of saving time and maximizing cost savings, Staff issued the RFB directly to three manufacturers - Hermann Miller, Knoll, and Hayworth - all of which have agreements with U.S. Communities, a non-profit organization that assists local and state government agencies in reducing the cost of purchased goods by pooling the purchasing power of public agencies nationwide. These agreements were competitively procured by the County of Fairfax, Virginia.

Each of the three manufacturers worked with their local dealer to respond to the bid. Two bids were received from Western Contract Interiors (San José) representing the Hermann Miller product line, and Contract Office Group (Milpitas, CA) representing the Hayworth product line. Western Contract Interiors submitted the low bid for \$909,701.58 and was awarded the purchase order.

Approximately \$750,000 of the procurement for the police department was funded by a Supplemental Law Enforcement Services (SLES) grant from the State of California. In order to meet the grant encumbrance deadline and not jeopardize this funding, the Director of Finance awarded the bid and issued a purchase order for the police department's furniture in accordance with Council Resolution # 64250, which authorizes the City Administration to award contracts during periods of official Council recess under conditions where it is determined that "immediate action is necessary and the City would suffer detriment should the action be delayed." In this case, the City could have jeopardized the grant funds if it had not awarded the contract before June 30, 2009.

Because the RFB for the police substation was recently bid and resulted in very favorable pricing to the City, staff determined that it was in the best interest of the City to take advantage of the

August 31, 2009

Subject: Report on Bids for hold room furniture for the Norman Y. Mineta International Airport

Page 3

provision to purchase additional quantities at the same pricing and terms for the purchase of the furniture for the Airport.

This purchase is subject to the Airport Living Wage Ordinance. The Contractor has agreed that with respect to the Airport purchase, they will comply with the applicable Ordinance requirements and they will be incorporated in the Purchase Order.

EVALUATION AND FOLLOW-UP

This memorandum will not require any further follow-up from staff.

POLICY ALTERNATIVES

Alternative # 1: Reject the recommendation and issue a separate RFB for the Airport

Pros: This alternative may result in more bids.

Cons: The time required to do an RFB would delay delivery and installation and would negatively impact the Airport's timeline. In addition, pricing may not be as favorable because the bid would be based on a substantially lower volume of business.

Reason for not recommending: Staff determined that the PD and Airport furniture requirements were similar and decided to take advantage of a competitive bid that leveraged volume pricing from cooperative agreements.

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 does not meet the Criterion above, but this Council Memorandum will be posted on the September 22, 2009 Council Agenda.



COORDINATION

This memorandum has been coordinated with the Aviation Department, City Manager’s Budget Office, Office of Equality Assurance, and the City Attorney’s Office.

FISCAL/POLICY ALIGNMENT

This action is consistent with the following General Budget Principles, “We must focus on protecting our vital core city services for both the short- and long-term”.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:
Total Project Cost: **\$384,150.01**

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

<u>Description</u>	<u>Cost</u>
Furniture:	\$298,014.32
System Furniture Assembly and Installation	\$32,631.00
Estimated Sales Tax	\$30,584.69
Delivery	\$22,920.00
Total (Not to Exceed Contract Amount)	\$384,150.01
Contingency	\$38,415.00
Total Including Contingency	\$422,565.01

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

4. FISCAL IMPACT: FY 09-10 **\$384,150.01**



August 31, 2009

Subject: Report on Bids for hold room furniture for the Norman Y. Mineta International Airport

Page 5

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the agreement recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	Amt. of Agreement	2008-2009 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
526 (554)	5253	Terminal Area Improvements, Ph 1	\$80,584,000	\$422,565.01	V-690	6/23/09 28593
		TOTAL:	\$80,584,000	\$422,565.01		

CEQA

Not a project.


SCOTT P. JOHNSON
Director, Finance

For questions please contact Mark Giovannetti, Division Manager, Purchasing at (408)535-7052.

