

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott Johnson

SUBJECT: SEE BELOW

DATE: September 8, 2009

Approved

Date

9/11/09

**SUBJECT: FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF
SAN JOSE AND SIGNATURE TECHNOLOGIES INC. DBA COM-NET
SOFTWARE**

RECOMMENDATION

Adopt a resolution:

- i. Authorizing the Director of Finance to execute the First Amendment to the Public Address System Agreement with Signatures Technology Inc., dba Com-Net Software (COM-NET) to expand the system into Terminals A+ and the Terminal A Baggage Claim area at the Norman Y. Mineta San José International Airport (SJC) and to increase the total compensation by an amount not to exceed \$623,464 from \$1,652,805 to \$2,276,269 including all hardware, software, sales tax and the first year of support and professional services.
- ii. Increasing the contingency amount by \$100,000 from \$330,560 to \$430,560 and authorizing the Director of Finance to execute change orders as required; covering unanticipated changes in the system design and/or installation.

OUTCOME

Approval of this recommendation will expand the public address system (the "System") into Terminal A+, which includes the eight northern gates, the Concession airside expansion area and the Baggage Claim area located in the Terminal A Parking Garage. In addition, this work will bring the public address system into full compliance with current fire and life safety codes with a fully integrated state-of-the-art public address system that will provide equity for all of the airlines operating at SJC.

BACKGROUND

On March 4, 2008, City Council authorized the Director of Finance to execute an agreement with COM-NET to purchase a public address system for the Airport. COM-NET was selected under a publicly noticed, competitive selection process meeting the City's requirements for procurements of this type. The agreement provides for the purchase, design, configuration, installation and support of a fully integrated system in the new Terminal B (including the North Concourse) and portions of Terminal A. At the time of the execution of the Public Address System Agreement, the Airport's evaluation of the need and requirements necessary to expand into Terminal A+, the concession airside expansion area, and the baggage claim area were not fully defined, and staff anticipated the need for an amendment to the Agreement. This information was included in the 'Evaluation and Follow Up' comments in staff's original contract recommendation.

The original Agreement required COM-NET to maintain the existing gate paging systems used by the airlines, as well as the terminal-wide public address emergency alerts and announcements used by the Airport while the new system was being installed. The new public address system in Terminals A and B was to be integrated with the remaining portion of the existing "legacy system" in Terminals A+ Concession airside expansion area, and the Terminal A Baggage Claim area during the phased implementation of the Terminal Area Improvement Program (TAIP) construction.

As noted in the original contract award memo, staff evaluated the need for expansion of the paging system into Terminal A+ and it was determined to be necessary to meet code requirements. Code requirements also necessitate the expansion of the new paging system into the Terminal A Baggage Claim area. These new areas are undergoing major remodeling under the TAIP, triggering the need to comply under federal law with requirements related to the audibility of announcements that are part of the fire alarm system. Extension of the new system into these spaces will provide for compliance with these legal requirements.

In addition to the new areas discussed above, the construction design documents for Terminals A and B increased the scope of the COM-NET contract as follows:

- Increased the area to be covered by speakers when Fire Marshall deemed Terminal A, the concession airside expansion area venues to be "public space".
- Added design requirements between the time COM-NET contracted for the work (60% design level for Terminal A and 30% for Terminal B) and the final 100% construction documents.
- Made changes to ceilings and walls in concourses and hold rooms during construction, which frequently required additional and new types of speakers and equipment to reconfigure the entire system to provide the required level of paging functionality.
- Changed architectural wall and ceiling finishes in the high bay Terminal B Baggage Claim area necessitated by unanticipated equipment and labor costs during the purchase and construction phases.

To accommodate these construction scope changes, it is now necessary to do the following:

- Design an expanded public address system.
- Undertake the redesign of certain elements of the work, including the planned integration with the legacy system.
- Purchase more components and re-scoped equipment and speakers.
- Increase professional services, including project management, component installation and configuration, and system balance and tuning.

ANALYSIS

The TAIP design-build team and SJC have completed design and begun construction on the remaining elements of the construction. The proposed Amendment includes the purchase of system components such as, speakers, amplifiers and additional software; including installation to expand the system into the newly identified areas of the Airport. The components and peripherals were identified in the original Agreement and line item pricing was negotiated in anticipation of future expansion. These prices have been used to arrive at the requested amendment amount of \$623,464 for system components, installation, warranty and peripherals. Additionally, this action recommends increasing the contingency amount by \$100,000 to cover unanticipated changes in the system design and/or installation.

The expansion of the System to Terminals A+ and Baggage Claim area will increase support and maintenance costs by \$23,327 per year. This additional cost was established by determining the additional time required to support the expanded system and extended by the labor rates as established in the original agreement. Maintenance and support pricing for each additional year beyond the current year have been itemized in the *Cost Summary/Implications* section below.

The deployment of peripherals will be phased to coordinate with the TAIP construction schedule. All hardware and installation pricing is fixed, and COM-NET will be compensated by the City upon completion and City acceptance of each phase. In addition, there will be a 10% payment retention as each phase is completed. Each retention will be added to the final payment milestone. The proposed amendment will allow for the new scope of work to be completed on schedule with the rest of the TAIP program.

Staff recommends amending the current Agreement based on the following significant considerations:

- City desires a fully integrated public address system at the Airport that complies with current fire and life safety codes.
- COM-NET is best positioned to install the added equipment and complete the new public address system at the Airport because COM-NET is familiar with the “legacy” system and is the designer of the new public address system currently being installed.
- COM-NET can provide these services without any impact to airport operations or the program’s construction schedule.

- COM-NET has performed well and has proven their ability to provide these services on time and within budget.

EVALUATION/FOLLOW-UP

Staff does not anticipate any follow-up regarding this contract at this time.

POLICY ALTERNATIVES

Alternative #1 Continue with the original Agreement without Amendment.

Pros: Save \$722,057 in costs.

Cons: The Airport will not be able to support Terminal A+, baggage claim and expanded areas for public addressing, and will not comply with current fire and life safety codes.

Reason for Not Recommending: The Amendment for expansion of the base system is critical for operation of the existing and new Terminal A+ and baggage claim and expansion areas, and will bring these new areas into full compliance with current fire and life safety codes.

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 this recommendation. This memorandum will be posted on the City's website for the September 29, 2009 City Council agenda.

COORDINATION

This memorandum has been coordinated with the Airport Department, 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 (FIRST AMENDMENT): \$723,464

2. COST ELEMENTS OF AMENDMENT:

Equipment and installation	\$623,464
Contingency (if required)	<u>100,000</u>
Amendment Total (including contingency)	\$723,464

3. SOURCE OF FUNDING:

526 – Airport Revenue Bond Improvement Fund

4. MAINTENANCE AND SUPPORT YEAR 2-5 OF THE AMENDED AGREEMENT:

Year 2	\$100,857
Year 3	\$100,857
Year 4	\$100,857
Year 5	\$100,857

OPERATING COST: The project has been reviewed and staff has determined that it will have no impact on the General Fund Operating Budget.

September 8, 2009

Subject: First Amendment to the Agreement with Com-Net Agreement

Page 6

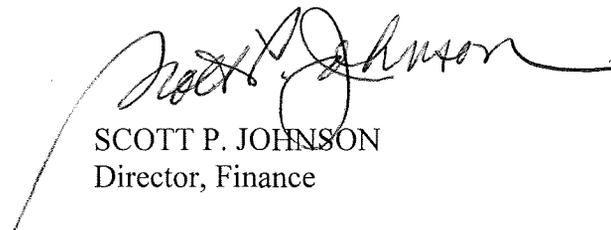
BUDGET REFERENCE

The table below identifies the funds and appropriations used to increase the contract authority of the agreement between Com-Net and the City for the purchase and installation of a public address system.

Fund #	Appn #	Appn. Name	Total Appn	Amount for Contract	2009-2010 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
526 (554)	5253	Terminal Area Improvement, Phase I	\$80,584,000	\$723,464	V690	6/23/09
Total Project Costs			\$80,584,000	\$723,464		28593

CEQA

Resolution Nos. 67380 and 71451, PP 09-160



SCOTT P. JOHNSON
Director, Finance

For questions please contact Scott P. Johnson, Director of Finance, at (408) 535-7001.