

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: December 3, 2009

Approved

Date

12/3/09

**SUBJECT: FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF
SAN JOSE AND ELECTRONIC TECHNOLOGIES CORPORATION USA
(DBA INGERSOLL RAND SECURITIES TECHNOLOGIES)**

RECOMMENDATION

Adopt a resolution authorizing the Director of Finance to:

1. Negotiate and execute the First Amendment to the Access Control System Agreement with Electronic Technologies Corporation USA dba Ingersoll Rand (Ingersoll Rand) to increase the compensation up to \$450,000 for a revised not to exceed amount of up to \$792,712 in order to:
 - a. Upgrade the existing access control system at the Norman Y. Mineta San José International Airport (approximately \$400,000) and,
 - b. Increase maintenance time and materials by \$50,000 to \$100,000 for the initial two year term of the agreement.
2. Increase the contingency amount by \$50,000 from \$51,407 to \$101,407 to cover unanticipated changes in the system design and/or installation.

OUTCOME

The approval of this recommendation will allow for the timely completion of the Access Control System (ACS) that meets security requirements, and brings the ACS into full compliance with the Norman Y. Mineta San José International Airport (SJC) security protocols.

BACKGROUND

On June 23, 2009, the City Council authorized the Director of Finance to execute an agreement with Ingersoll Rand to design, purchase and install all components necessary to expand the

Airport ACS into the areas of the airport under construction, i.e., the North Concourse (also referred to as the Terminal B Concourse), Terminal B Phase I, portions of Terminal A impacted by the modifications and equity projects, and the Consolidated Rental Car Facility (ConRAC).

The agreement also included performing a complete survey of the existing ACS that was already in use in those areas of the Airport that are not under new construction, primarily located in areas of Terminal A not impacted by the modernization and equity projects, and airfield access points. Upon conclusion of the survey, the submission of a detailed report was required listing recommendations to upgrade the existing system to current industry standards and to bring the system into parity with the new system installation.

At the time the original agreement was approved, staff could not predict the extent of the upgrades required for the existing system. Therefore, the scope of work for the upgrades and the related funding were not included in the original agreement. Ingersoll Rand is nearing completion of the survey, and has made a preliminary report to the Airport's Terminal Area Improvement Program (TAIP) staff. It was anticipated that upgrade work would be required, and adequate funds were included in the program budget to cover these costs.

ANALYSIS

Based on preliminary findings reported to TAIP staff, the Ingersoll Rand recommendations include:

- Replace power supply units at access control panels. Current units are undersized and represent a potential point of failure.
- Update firmware on access control panels to current version to facilitate compatibility with current software release.
- Upgrade access control panels that are old and no longer supported by the manufacturer and have known compatibility issues with the current system software release.
- Replace power supplies for magnetic locks as required to maintain serviceability.
- Label, re-terminate and/or re-install cabling in places where past emergency repairs have been made in order to meet acceptable access control industry standards.

Staff recommended award of contract to Ingersoll Rand because they proposed the best solution based on the original specifications of the RFP and the unsurpassed value which included a Best and Final Offer (BAFO). The preliminary estimate for the supplemental work is \$400,000 which is based on Ingersoll Rand's contract pricing for both parts and installation. Staff has reviewed the preliminary scope of recommended general work tasks and recommends that Council grant the Director of Finance the authority to negotiate final pricing and execute an Amendment to the City's Agreement with Ingersoll Rand to perform these services upon receipt and validation of their final recommendations in order to assure the timely implementation of these improvements. The work is required in order to ensure the reliable operation of the access control system at the

December 3, 2009

Subject: 1st Amendment to the Agreement with Ingersoll Rand for the Access Control System

Page 3

Airport, and utilizing Ingersoll Rand to complete this job secures the maintenance and warranty provisions of the contract for all parts of the access control system.

The amendment will include fixed pricing for all professional services, required components, software, hardware and installation, a detailed statement of work defining all deliverables, and a compensation schedule with payments contingent upon the successful completion and City's acceptance of key milestones. In addition, all parts, labor and installation will be under warranty for a period of one-year from the City's acceptance.

The time and material maintenance service was approved previously for the first of the initial two year term, and option years however; the second year of the initial term was inadvertently omitted. Therefore, staff recommends that this provision be clarified in the proposed amendment and the \$50,000 time and material funds be added to the total compensation.

Manager's Budget Addendum #38 (Renegotiation of Contract Pricing): The terms of this contract were negotiated in the spring of 2009 and subsequently awarded by Council on June 23, 2009. Accordingly, rates reflective of the current state of the economy are already included in the agreement and are, by extension, included in the proposed amendment.

EVALUATION/FOLLOW-UP

This memo will not require any follow-up from staff.

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)**

Although the above criteria do not apply to this item, this memorandum will be posted on the Council Agenda for the December 15, 2009 Council meeting.

COORDINATION

This memorandum was coordinated with the Airport, 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

Funding for the additional scope of work is included in the Airport Capital Improvement Program; funding for the repair and maintenance remains, as in the original contract, subject to the annual appropriation of funds.

1. AMOUNT OF RECOMMENDATION (FIRST AMENDMENT): \$450,000
2. COST ELEMENTS OF AMENDMENT:
 - Contingency (if required) \$50,000
 - Amendment Total (including contingency) \$500,000
3. SOURCE OF FUNDING: 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.

December 3, 2009

Subject: 1st Amendment to the Agreement with Ingersoll Rand for the Access Control System

Page 5

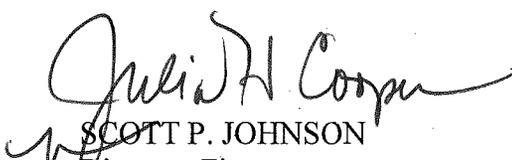
BUDGET REFERENCE

The table below identifies the funds and appropriations used to increase the contract authority of the agreement between Ingersoll Rand and the City for the purchase and installation of an Access Control system.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Contract	2009-2010 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
526	5253	Terminal Area Improvement, Phase I	\$83,453,000	\$300,000	V-850	10/20/09, 28653
526	4657	North Concourse Building	\$ 5,150,000	\$100,000	V-847	10/20/09 28653
526	4164	Consolidated Rental Car Facility	\$19,783,000	\$100,000	V-838	10/20/09 28653
Total Project Costs				\$500,000		

CEQA

CEQA: Resolutions Nos. 67380 and 71451, PP 09-195


 SCOTT P. JOHNSON
 Director, Finance

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