



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** David Sykes  
William F. Sherry, A.A.E.

**SUBJECT:** SEE BELOW

**DATE:** 04-04-11

Approved

Date

4/8/11

**COUNCIL DISTRICT:** Citywide

**SUBJECT:** NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT –  
TAXIWAY W EXTENSION J-L PROJECT

## RECOMMENDATION

- a) Adopt a resolution authorizing the Director of Public Works to determine the lowest responsive and responsible bidder for the Taxiway W Extension J-L Project at the Norman Y. Mineta San José International Airport and to either: (i) award the contract to the lowest responsive and responsible bidder in an amount not to exceed \$11,500,000, contingent upon award and execution of an Airport Improvement Program (AIP) Grant from the Federal Aviation Administration (FAA); or (ii) reject all bids and re-bid the Project.
- b) Approve a contingency equal to fifteen percent of the award amount.

## OUTCOME

Approval of this item will allow the City to award and execute the contract within the timeframes needed to complete the work, minimizing the impact of construction on the operation of the Airport. 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 current Capital Improvement Program. One of the projects included in this program is the extension of Taxiway W. Taxiway W, located on the west side of the Airport, is part of the Non-Terminal Area Improvement Program (NTAIP) and will provide a required connection to Runway 30L – 12R to support the development of new general aviation facilities. Further development of the west side for general aviation uses is anticipated to bring new jobs to the region, new tax revenue to the City, and to support the development of new businesses in San José.

The proposed project includes new construction of Taxiway W, from Taxiway J to Taxiway L as well as the strengthening and widening of existing cross Taxiway J from Taxiway W to Taxiway V for larger aircraft use. It also includes the conversion of Runway 11-29 to Taxiway W1 for the duration of the project. The project scope includes the removal of existing pavement, excavation and hauling, construction of new taxiways and shoulders, site grading, storm drainage, sanitary sewer, airfield signage and airfield lighting.

## ANALYSIS

The FAA awards discretionary AIP grants based on actual bids, as well as the availability of grant funds. For this project, staff will notify the FAA of the bid results and request the funding needed to award the contract. Under the recommended delegation of authority, award of the contract will be contingent upon the award and execution of an AIP Grant from the FAA sufficient to fund the project. Bid opening is scheduled for May 12, 2011.

For this reason staff is asking Council to delegate authority to the Director of Public Works for the award of this contract. Delegation would include the authority to decide any bid protests, to make the City's final determination as to the lowest responsive and responsible bidder, or to reject all bids and re-bid the project.

The specifications for the project will include the following process regarding bid protests:

1. Bid results and a Notice of Intent Regarding Contract Award to Apparent Low Bidder by the Director of Public Works will be posted on the Department of Public Works Bid Hotline.
2. All bidders will be e-mailed or faxed a copy of the Notice of Intent Regarding Contract Award and will have five working days to file a formal written bid protest.
3. The Director of Public Works will then decide any timely bid protests, including any issues of bidder responsiveness or responsibility and will award the contract after receipt of notice from the FAA that funding will be provided for the project.

Staff is requesting an increase in contract authority in excess of the current engineer's estimate due to the unique nature of the FAA AIP grant process, and the narrow time allowances from date of bid to contract award. If Council were to grant contract authority based on the current engineer's estimate of approximately \$9,900,000, and the lowest bid came in above that number, staff would have insufficient time within the FAA time constraints to return to Council, and the City would lose eligibility for FAA grant funds for the project.

This memo recommends that the Council grant the Director of Public Works contract authority of \$11,500,000 for this project. This figure comes from the City's Airport Capital Improvement Program filing with the FAA, and reflects the engineer's estimate at the time of that filing. This figure is also commensurate with the grant authority already delegated to the administration in a previous Council action. The engineer's estimate was reduced to the current amount subsequent to the date of the filing with the FAA, because project scope has been better defined and the bidding environment is now more favorable to project owners.

This recommendation preserves the City's ability to accept grant funding within the administration's existing authority, award the project at an amount higher than the engineer's estimate but within the grant amount, and to meet the requirements of FAA AIP grant conditions.

Staff recommends a 15 percent contingency for this project because of the uncertainty of underground utilities and the underlying soil conditions. Additionally, the project location is subject to changing security requirements that require coordination with the Transportation Security Administration (TSA) and the FAA. A 15 percent contingency should provide funding for any unanticipated work necessary for the timely completion of the project.

### **EVALUATION AND FOLLOW-UP**

No additional follow up action is expected at this time.

### **POLICY ALTERNATIVES**

*Alternative #1:* Council could elect not to delegate authority to the Director of Public Works.

**Pros:** This would preserve the Council's authority to make decisions as to the bids received.

**Cons:** The purpose of the delegated authority is to award the project as soon as possible so that work can begin in August. Staff plans to start the project in August to ensure the best opportunity to complete the first stage of the project before the inclement weather.

### **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 memo will be published on the City's website for the April 26, 2011 Council Agenda.

### **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 José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The Taxiway W Extension J-L Project is expressly identified in the Master Plan as Projects “A-30” (part) and “A-34”, and is thereby consistent with the Master Plan pursuant to Municipal Code Section 25.04.210(B)(1).

This project is consistent with the Guiding Principles 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 (Engineer’s Estimate):	\$ 9,900,000
2. COST OF PROJECT:	
Project Delivery	\$ 2,110,000
Construction	\$ 9,900,000
Contingency (15%)	\$ 1,485,000
TOTAL PROJECT COST:	\$ 13,495,000
 Prior Year Expenditures:	 \$ 0
 REMAINING PROJECT COSTS	 \$ 13,495,000
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 it was determined that it will have no significant adverse impact on the General Fund operating budget.	

**BUDGET REFERENCE**

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

Fund #	Appn #	Appn. Name	Total Appn	Amount For Contract	2010-2011 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			\$			
<b>Current Funding Available</b>						
520	5254	Taxiway W Improvements	\$18,036,000	\$7,978,410	Page V-725	2/08/2011 Ord.28888
526	5254	Taxiway W Improvements	\$3,910,000	\$1,921,590	Page V-725	2/08/2011 Ord.28888
<b>Total Funding for Remaining Project Costs</b>			<b>\$21,946,000</b>	<b>\$9,900,000</b>		

**CEQA**

CEQA: Resolution Nos. 67380 and 71451, PP 11-037

/s/  
 DAVID SYKES  
 Acting Director  
 Public Works Department

/s/ Kimberly B. Aguirre for  
 WILLIAM F. SHERRY, A.A.E.  
 Director of Aviation  
 Airport Department

For questions please contact MICHAEL O' CONNELL, ACTING DEPUTY DIRECTOR, PUBLIC WORKS DEPARTMENT, at 408-975-7333.

MO:CM:el  
 Attachment