



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry A.A.E.

SUBJECT: SEE BELOW

DATE: May 23, 2011

Approved

Date

5/31/11

Council District: Citywide

SUBJECT: THIRD AMENDMENT TO THE AGREEMENT WITH JEFFERSON WELLS INTERNATIONAL FOR AUDIT CONSULTANT SERVICES TO SUPPORT IMPLEMENTATION OF THE TERMINAL AREA IMPROVEMENT PROGRAM AT THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Approve the Third Amendment to the agreement with Jefferson Wells International for continuation of on-call audit consultant services for the Terminal Area Improvement Program (TAIP) at the Norman Y. Mineta San Jose International Airport, increasing the total compensation by \$100,000 to a total not to exceed fee of \$600,000, and extending the term of the agreement to December 31, 2011.

BACKGROUND

On May 1, 2007 Council approved a master services agreement with Jefferson Wells International to provide professional audit consultant services related to the TAIP. Under master services agreements specific services are authorized by separate task orders as required. The general types of services provided under the existing agreement include, among other services, performing bi-annual audits of the TAIP design-build contractor. The agreement was amended on April 13, 2009 to allow for changes in consultant personnel to work on task orders, and was subsequently amended on December 17, 2010 to extend the term to June 30, 2011.

The main facilities constructed under TAIP were opened for operation at the end of last fiscal year, and Hensel Phelps, Inc. (HP), the design-build contractor, has been completing punch list and close out work since that time. Other project work completed under the TAIP contract by HP in this fiscal year includes construction of the Airport offices in Terminal B, demolition of Terminal C, completion of parking facilities, and completion of the roadway and landscaping.

ANALYSIS

It was anticipated that the majority of billings from HP and its subcontractors would be submitted by the end of calendar year 2010. As such, in December 2010 Jefferson Wells completed close out audits covering work completed through October of 2010 for HP and several subcontractors. The City has processed several payment requests from HP and its subcontractors since the close out audit was completed, and it is prudent to audit these payment requests. The existing agreement with Jefferson Wells does not have sufficient available funds to complete the desired audits, and it is anticipated that the audits cannot be completed by the expiration date of the agreement. Staff is therefore recommending that additional funds in the amount of \$100,000 be added to the agreement and that the expiration date be extended to December 31, 2011 to allow adequate time to complete the audits.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

- Criteria 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)**

- Criteria 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 above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the June 14, 2011, City Council Meeting.

COORDINATION

This project and memorandum have been coordinated with the City Manager's Budget Office and the City Attorney's Office.

CEQA

Not a project, File No. PP10-066(d), Consultant Services for Design/Study/Research/Inspection.

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Subject: 3rd Amendment to the Agreement with Jefferson Wells for Audit Consultant Services

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COST SUMMARY AND IMPLICATIONS

- 1. AMOUNT OF RECOMMENDATION: \$100,000
- 2. COST ELEMENTS OF AGREEMENT:
 - Original Agreement \$500,000
 - Third Amendment (pending) \$100,000
 - TOTAL AGREEMENT AMOUNT: \$600,000
- 3. SOURCE OF FUNDING: 526 – Airport Revenue Bond Improvement Fund
- 4. FISCAL IMPACT: The amended agreement will have no 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.

Fund #	Appn. #	Appn. Name	Total Appn. 2010-2011	Amt. for Contract	2010-2011 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
526	5253	Terminal Area Improvement, Phase I	\$66,222,000	\$100,000	V-745	2/8/11 28888

/s/
William F. Sherry A.A.E.
Director of Aviation

For questions, please contact William F. Sherry, A.A.E., Director of Aviation, at (408) 392-3611.