



# Memorandum

**TO:** TRANSPORTATION AND ENVIRONMENT COMMITTEE

**FROM:** Katy Allen  
William F. Sherry, A.A.E.

**SUBJECT:** AIRPORT CAPITAL IMPROVEMENT PROGRAM QUARTERLY REPORT

**DATE:** 11-19-07

Approved

Date

11/21/07

## RECOMMENDATION

Staff recommends acceptance of the attached Airport Capital Improvement Program Quarterly Status Report.

## BACKGROUND

On October 17, 2006, Council approved a series of actions that resulted in implementation of the Terminal Area Improvement Program (TAIP), and included the award of a design-build contract for \$513 million to Hensel Phelps Construction for the majority of this work. The TAIP is a part of phase one of the Airport's capital improvement program and includes the expansion and remodel of Terminal A, a new Terminal B, a temporary ticketing/baggage processing center for existing Terminal C, demolition of Terminal C in phases, extensive roadway improvements, public parking, and a Consolidated Rental Car Garage.

At the time of award, staff committed to provide to Council a quarterly report including information on budget and schedule status, overall progress of the program and the use of the program reserve, as well as any planned budget shifts of over 20% from one project element.

## ANALYSIS

This third quarterly report provides an executive level overview and status of the program for the period of July 1, 2007 through September 30, 2007.

KATY ALLEN  
Director, Public Works Department

WILLIAM F. SHERRY, A.A.E.  
Director of Aviation, Airport Department

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.

Attachment

# Airport Capital Improvement Program

## Norman Y. Mineta San José International Airport

Crane Leaving North Concourse Jobsite



Asphalt Paving on Skyport Connector  
Nearing Completion

## Table of Contents

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### Preface

### Section 1: Executive Summary

- Program Status Overall
- Accomplishments This Quarter
- Planned for Next Quarter
- Local Business/Customer Service
- Program Schedule Summary
- Schedule Forecast

### Section 2: Budget

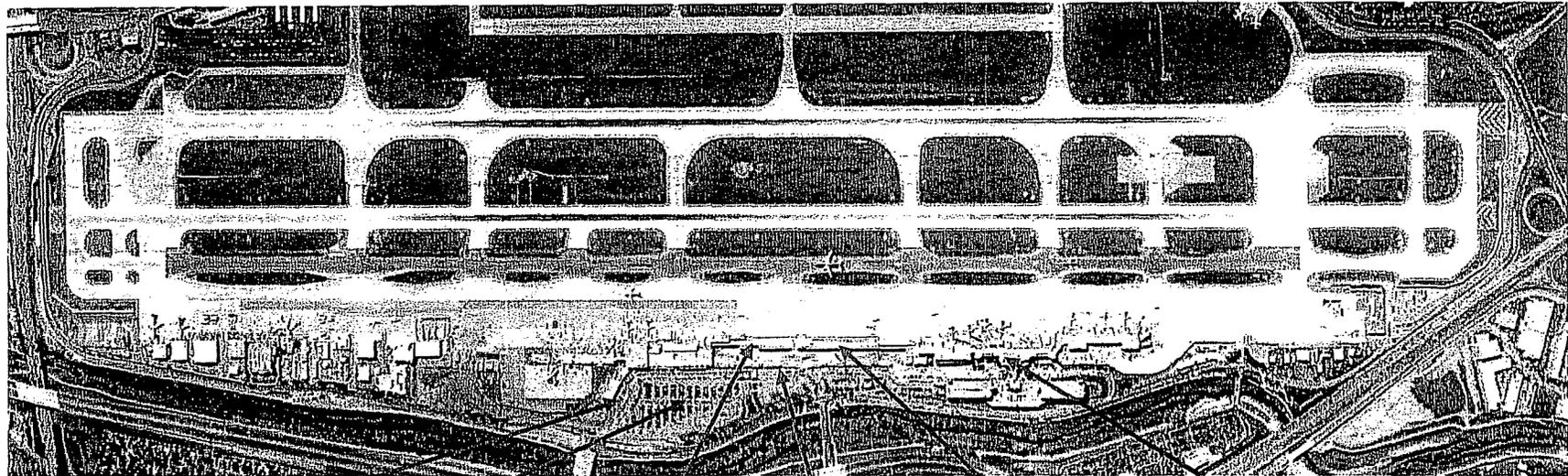
- Design-Build Program Project Elements
- Design-Build Budget Reallocations
- Use of Program Reserves
- Use of Owner's Contingency
- Use of City Manager's Contract Authority

### Section 3: Renderings & Photos

### Section 4: Appendix

- Program Description
- TAIP Budget/Funding Summary

## Preface



Temporary  
Terminal C

CONRAC Garage &  
Public Parking

Terminal B  
Phases 1

Roadways  
Upgrades & 2  
Bridges

North Concourse Building  
(FFE, Signage, IT)

Terminal A & A+  
Modifications /  
In-line EDS upgrades

This report provides an executive level overview of the status of the Airport's Terminal Area Improvement Program (TAIP) which is comprised of three major elements, Design-Build Program, North Concourse Program and Terminal Equity Improvements. The overall capital program for the Airport was revised during fiscal year 2005-06 in order to provide the facilities needed to meet projected passenger demand while charging fees to the tenants that are consistent with industry standards. City Council amended the Airport's Master Plan in June of 2006 to reflect these changes, and awarded a design-build contract with Hensel Phelps construction in October of 2006 to construct the majority of the projects within the TAIP.

This report follows a traditional and customary capital improvement program reporting format which monitors project performance against a fixed approved program budget and an established multi-year schedule. This report does not compare directly to the Airport's fiscal year budget which is based on a one-year timeframe and varies from year to year due to the annual budget closeout and re-budget process.

The data included in this report reflects information available as of the end of the calendar quarter being reported. These quarterly reports provide a general understanding of the program, but are only "snapshots in time." To evaluate longer-term budget and schedule trends these reports must be evaluated in the aggregate, not individually.

## Schedule Status

- Elements of the Design-Build Program are now under construction. Work on Temporary Terminal C is well underway and the preliminary work that will enable follow-on projects on the Roadways and in Terminals A and C has commenced. The design of Terminals A and B, the Roadways and the ConRAC Garage have passed the 30% design level and are now advancing to the 60% design milestone although some of these elements are behind the original schedule by four to six weeks. However, the original Design-Build Program completion date is still expected to be achieved.
- The North Concourse Program building structure and exterior envelop are nearly complete. Roofing work has progressed sufficiently far to permit the interior mechanical/electrical/plumbing (MEP) work to begin. The total actual progress on this project is approximately 58%. The North Concourse Program completion is expected to be achieved on August 01, 2008--one month later than the original July 07, 2008 contract completion date.
- The Equity Improvement Program is just getting under way. The first task order will be issued next month to advance the design and specifications to 60%. The scheduled start of construction is 1Q08.

## Budget

- The current contract value for the Design-Build Program is \$644,013,000 which includes Change Orders 1 thru 13. Commitments made to date total \$95,003,000 and billings paid to date total \$33,848,000. The design-builder's estimate based on the 31% to 60% design drawings exceeds the budget by \$34 million. Terminal A and the Roadways contribute \$22 million and \$7 million, respectively, to that budget shortfall. This negative variance is being monitored very closely and it is believed that those cost estimates will trend downward as the design advances to 100%. To the extent that does not fully resolve the variance, the available remaining contingency would be adequate to cover the shortfall after some scope reductions.
- The current contract value for the North Concourse Program is \$324,456,000. Commitments made to date total \$287,759,000 and billings paid total \$166,617,000. The forecast cost at completion is approximately equal to the current contract amount, however there are many open issues that could effect the end-of-project cost result. To date, the North Concourse contractors have submitted over 750 Requests for Information (RFIs) for clarification of design details and/or intent, which once answered by the architect, has given rise to Contractor requests for change orders due to conflicts and/or discrepancies on the drawings. The estimated cost for these pending/unresolved change orders is \$3.2 million with an available contingency of \$10 million.
- The current budget for the Equity Improvement Program is \$40,285,000. Commitments to date total \$6,237,000 and the billings paid to date total \$240,000.

**Program Wide**

- Staff and Hensel Phelps participated in an outreach and procurement fair on September 19, 2007 targeted to Small and Local business for Terminals A and B construction.
- Validated business flow models within the City's new Skier Unifier cost system.
- Updated Hensel Phelps' baseline master schedule to incorporate actual construction progress. That schedule continues to validate work will be completed on the original schedule.
- Established summary progress chart to track schedule performance deadline dates as stipulated in the Design-Build Contract.
- Prepared and submitted the Council Memorandum for the expanded ConRAC.
- Commenced a Solar Initiative aimed at identifying potential Airport sites for the placement of photo voltaic cells and the development of a Power Purchase Agreement RFQ.

**Terminal A**

- Negotiated and executed 30-60% Design Task Order.
- Negotiated and executed the GMP Design-Build Task Order for Interim TSA Baggage Screening Pod #2.
- Negotiated and executed Design-Build Task Order for Transport Conveyor Design for Southwest Airlines run-out belt.
- Negotiated and executed the design Task Order for 757 Maximization Plan, to reconfigure aircraft parking layout.
- Negotiated and executed the GMP Design-Build Task Order to Relocate Southwest Airline from Gate A5 to Gate A9.
- Executed the memorandum of Agreement (MOA) and Other Transactional Agreement (OTA) with the TSA to allow TAIP work on TSA facilities at Terminals A and C and the Federal Inspection Facility (FIS).
- Started construction on Southwest move from Gate A5 to Gate A9..

**Terminal B**

- Completed work on the 0-30% Design Task Order.
- Completed Structural Steel and Metal Decking Bid Package and received subcontractor bids.
- Received 30% GMP submittal and began negotiation at the 30% GMP pricing with Hensel Phelps.
- Continue work authorized under the 30-60% Design Task Order.

**Terminal C**

- Negotiated and approved the GMP Design-Build Task Order for Terminal C on 7/19/07.
- Terminal construction commenced on 7/24/07.
- Safety and Training Offices were relocated 8/6/07.
- Ground Transportation was relocated 8/16/07.
- Badging Office was relocated 9/14/07.
- Shared-use equipment deployment at gates is 85% complete.
- MPOE Relocation work reached the 75% completion level.

**Roadways/Surface Parking**

- Issued a GMP Design-Build Task Order for the construction of the Skyport Connector, Shuttleport Relocation, ACM Temporary Parking Lot, Waterline Relocation and Asphalt Crushing Facility at FMC.
- Completed the 90% design review for Outer Terminal Drive and the two overcrossings (bridges) .
- Completed the 90% design review for the temporary Surface Parking Lot.
- Finished potholing work for utilities on the project site.
- Finalized geotechnical field work and reports for roadways and bridges.
- Relocated Shuttleport to a new facility that was constructed in the Orange Lot.
- Closed Cell Phone Lot and opened an alternative site along Airport Boulevard.
- Closed Blue Lot.

### Public Parking Garage

- Completed the work authorized under the 0 to 15% Design Task Order and received all project deliverables.
- Developed three viable alternative schemes and cost models for garages varying in size between 1,740 and 1,790 spaces on seven levels. All schemes allow for floor-to-floor linkage with the ConRAC and maintain dedicated clearance zones for two optional/discretionary people moving systems (moving walkways or APM's).

### ConRAC Garage

- Secured the governor's signature on the new CFC legislation.
- Finalized design of the garage floor plates.
- Completed the cost and schedule reviews of alternate foundation systems (pressure grouted auger displacement pile versus driven precast pile) and superstructure systems (precast versus cast-in-place / post-tensioned concrete).
- Proceeded with the 0 to 30% design phase which includes 100% foundations and superstructure plans. (This anticipates an approved GMP allowing for early construction release in January 08. Preparing bidding documents for both systems alternates to ensure competitive pricing evaluation.)
- Continued monthly meetings with the rental car companies (RAC's) to keep both their facilities and properties representatives updated and involved in the design of the project.
- Developed scope-of work criteria for RAC Technical Rep and solicited proposals from three separate firms. Selection is pending completion and review of their proposals.
- Prepared an amendment for the first change order to HPCC to increase the project cost from \$128M to \$251 million.
- Finalized options for inter-connecting floors between the future public parking and the rental car parking to allow the unrestricted reallocation (balancing) of spaces based upon market conditions. (See Public Parking Garage.)
- Expanded the investigation of on-site and off-site fueling options for the ConRAC operation taking into account the risk analysis of both environmental and vulnerability issues in addition to cost and operational conditions.

### North Concourse Program

- Completed erection of steel structure.
- Conducted a topping out ceremony August 10, 2007.
- Began construction of building enclosure (column lines 1 to 15).
- Continued MEP installation in utility right-of-way, apron, concourse and mezzanine levels.
- Continued installation of building fire proofing (column lines 1 to 54).
- Began construction of interior wall framing (column lines 1 to 15 at apron, concourse and mezzanine levels).
- Began construction of curtain wall at concourse level.

### Terminal Equity Improvements

- The 757 Maximization Plan Design Task Order was approved and a Notice To Proceed issued to the Design-Builder.
- Requested a Task Order from Hensel Phelps to provide program verification for the General Improvements under the Equity Program.
- Requested a Task Order from Hensel Phelps to provide a materials specification for the loose furniture across the TAIP including A+.
- Requested Bids on the replacement and installation of Passenger Boarding Bridges.

## Program Wide

- Host a procurement fair for the Consolidated Rental Car Facility targeting Small and Local Business planned for October 17, 2007.
- Load test data into the new Skier cost system and prepare the initial draft standard cost report.
- Evaluate City support planned costs as compared to actual costs for the second half of FY 06-07.
- Receive Council approval and additional funding for the expanded ConRAC.
- Finalize the Solar Initiative Power Purchase Agreement RFQ.
- Resolve budget deficit for Terminal A and the Roadways in the amount of \$29 million. Contingency is being reviewed as a solution to this problem.

## Terminal A

- Continue work on 30-60% Design Phase Task Order for TAM-003 & TAB-003.
- Negotiate GMP for Exterior Exit Stairs & Loading Dock package.
- Negotiate GMP at 60% design level for balance of construction work in Terminal A.
- Relocate Southwest from Gate A5 to Gate A9.

## Terminal B

- Complete work on the 30-60% Design Task Order.
- Award Structural Steel & Metal Decking Bid Package.
- Release second bid package for Concrete & Reinforcing Steel Materials, Miscellaneous Metals, Foundation Waterproofing, Elevators and Escalators.
- Begin work on the 60-100% Design Task Order.

### **Terminal C**

- Complete and open the new consolidated passenger screening area prior to the late November through December holiday travel period.
- Complete shared-use deployment at gates and ticket counters.
- Complete airside gate relocations.
- Complete baggage screening system relocations and changes.
- Complete telecommunication relocation work.

### **Roadways/Surface Parking**

- Issue the 31-60% Roadway Design Task Order.
- Issue a GMP Design-Build Task Order for Outer Terminal Drive and the two overcrossings (bridges).
- Issue a GMP Design-Build Task Order for the temporary Surface Parking Lot.
- Receive a 30% Roadway GMP for review and negotiation.
- Begin construction on Outer Terminal Drive and the two overcrossings (bridges).
- Begin construction on the temporary Surface Parking Lot and close the Red Lot.
- Complete the 30% design review for the Roadways.
- Receive a 60% design submittal for the Roadways.

### **Public Parking Garage**

- Closeout the Project including wrap-up of cost review and status of future funding.

### **ConRAC Garage**

- Evaluate and approve/disapprove the Design-Builder's GMP for the early release of key project elements to meet project construction schedule. (Alternate systems for both the foundation & superstructure will be bid.)
- Negotiate/approve the 30 to 60% Design Task Order.
- Finalize retail agreement with the RAC's.
- Finalize studies for best location and method for fueling storage and delivery, and make recommendations for appropriate policy determination, if required.

### **North Concourse Program**

- Continue installation of MEP.
- Continue construction of curtain wall.
- Continue installation of building fire proofing.
- Continue installation of building enclosure.
- Continue installation on interior wall framing.
- Connect building electrical service to PGE power source.
- Begin building system commissioning.
- Connect building systems to Central Plant.
- Complete MDF room for IT access.

### **Terminal Equity Improvements**

- Council Award of Passenger Boarding Bridges replacement and installation contract.
- Negotiate with Hensel Phelps to perform part of the Terminal Equity Improvement work.
- Provide scope verification for Terminal A and A+.
- Negotiate Task Order for 60% specifications for Fixtures, Furniture and Equipment (FF&E) for terminal buildings.

## Small and Local Business Utilization

In order to solicit interest and inform small and local businesses of opportunities at the Airport, City staff and Hensel Phelps developed an outreach program consisting of communication and strategic bid packaging. To date, the outreach program has consisted of contacting all of the ethnic Chambers of Commerce as well as the Silicon Valley Chamber of Commerce and informing the Chambers' staff of contracting opportunities. In addition, on several occasions Staff and Hensel Phelps have presented the outreach program to the Small Business Development Commission.

The Office of Economic Development has been engaged and the City has provided Hensel Phelps with its database of local contractors and suppliers.

Activities this Quarter included an outreach and procurement fair on September 19, 2007 targeted to Small and Local business for Terminal A and B construction. The Fair was attended by 56 contractors of which 27 were local. Upcoming activities include a procurement fair for the Consolidated Rental Car Facility on October 17th. This fair will also target Small and Local business.

In addition to the communications with local businesses, Hensel Phelps and the City will, when feasible, employ a strategy to package subcontract work in a manner that allows smaller contractors to bid the work. To the extent prudent, this will consist of breaking larger bid packages into smaller jobs that are more attractive to small contractors.

## Maintenance of Customer Service Levels During Construction

The Customer Service Representative (CSR) and the Airport Communications Director continue to keep the public informed about TAIP activities with updates sent to stakeholders via e-mail and bulletins posted on the Airport website, [www.flysanjose.com](http://www.flysanjose.com). Airport Media Relations keep the community informed by providing Bay Area media with news releases to communicate construction projects.

The Stakeholder Advocacy Board has been focusing on transitioning from design to construction as more elements of the design come on-line. Particular attention is focused on keeping the Airlines, TSA and other vendors up to date on with advance notices issued to assure minimal impact to end users during construction activities. Weekly meetings with the contractor and stakeholders facilitate this effort.

# Executive Summary

# Program Schedule Summary

San Jose Airport TAIIP Design-Build Schedule & Progress Summary Chart			2007												2008												2009												2010								
			YR			QTR			MTH			YR			QTR			MTH			YR			QTR			MTH			YR			QTR			MTH											
			Critical Dates			C1			C2			C3			C4			C5			C6			C7			C8			C9																	
Status On: 01 OCTOBER 2007	Job % Comp																																														
	Plan	Actual																																													
Design Phase (All Elements)	8.0%	6.7%	Plan Date																																												
Pre-Design Phase	1.24%	1.2%	05-Apr-07	25 75 100 (A) 15 65 95 100 5 10 15 35 55 70 85 92 100																																											
0% - 30% Design Phase	3.88%	3.7%	02-Oct-07	22 31 46 61 76 92 96 5 10 15 35 55 65 75 85 92 100																																											
30% - 60% Design Phase	2.10%	1.6%	02-Jan-08	3 9 16 27 42 55 2 6 10 15 35 45 55 65 75 85 88 92 96 100																																											
60% - 100% Design Phase	0.68%	0.2%	12-Jun-08	2 6 8 9																																											
Construction Elements	2.5%	2.4%	Deadline																																												
Terminal C Modification/Demo	1.6%	1.4%	31-Dec-07	Permits 1 7 15 25 35 45 55 60 65 GMP Agreed 2 10 13 22 Demo T/C North End Only 5 25 55 85 100																																											
Surface Parking Lot	0.0%	0.0%	21-May-08	2 3 5 2 6 9																																											
Utilities/Roadway	1.0%	1.0%	29-Sep-10	2 3 5 2 6 9																																											
Terminal A Modification	0.0%	0.0%	30-Jun-09	2 5 9 15 22 27 32 37 43 48 56 62 67 73 79 84 88 92 96 100 100 100																																											
CONRAC Parking Structure	0.0%	0.0%	30-Jun-10	0 Permits 4 6 9 12 16 21 24 26 29 32 34 38 40 45 50 60 69 76 79 82 83 86 90 92 95 100 100 100 Excav & Piling A.P.																																											
Terminal B New Facility	0.0%	0.0%	30-Jun-10	0 Permits Procurement 0 1 2 3 6 8 9 11 13 14 16 20 25 35 45 51 55 61 68 75 80 85 90 92 95 97 98 99 100 100 100 A.P.																																											
North Concourse Packages: FF&E, BHS, Signage, Modify ACC	0.0%	0.0%	03-Dec-09	0 Procurement 7 15 23 31 FF&E & Signage 34 43 50 59 67 75 83 92 99 100 Package BHS																																											
Total Cum. Progress % Comp.	10.6%	9.1%																																													
PERCENT OF PROGRESS			YR 2007 2008 2009 2010																																												
PLANNED			MTH J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S																																												
ACTUAL			0.5 1.3 2.0 2.9 3.8 5.2 6.7 8.5 10.4 12.3 14.1 16.0 18.0 19.9 21.9 24.1 26.4 28.8 31.1 33.6 36.3 39.1 41.7 44.5 47.8 51.7 56.0 60.1 63.8 67.1 70.9 75.1 79.3 82.8 85.9 88.1 89.9 91.6 93.6 95.8 97.5 98.8 99.7 100																																												
PROGRESS BEHIND PLAN BY 30%			0.3 0.9 1.5 2.1 2.7 3.5 4.6 7.5 9.1																																												
Cumulative Variance Trend			-0.2 -0.4 -0.5 -0.8 -1.1 -1.7 -2.1 -1.0 -1.3																																												
C1 - 16JUL07 - Terminal C 30% GMP Submission			C5 - 02JAN08 - 60% Design Complete of All Elements																																												
C2 - 20JUL07 - Roadway Package #1 Submission			C6 - 12JUN08 - 100% Design Complete of All Elements																																												
C3 - 18OCT07 - Terminal A 60% GMP Submission *			C7 - 10DEC08 - CONRAC Slab-on-Grade Complete																																												
C4 - 14DEC07 - Terminal B 60% GMP Submission *			C8 - 28OCT09 - CONRAC Structural Top-Out (Roof Seal)																																												
* Based on HP 7/16/07 Procurement Summary			C9 - 03DEC09 - North Concourse BHS Complete (Based on HP Schedule)																																												

**STATUS EXPLANATIONS**

① 0-30% design phase: 4 out of 6 elements - Roadway, ConRAC, Terminal B Phase 2, and North Concourse were not completed on time due to prolonged review period to select a final Terminal concept. The new projected completion date is November 2, 2007. There is a small schedule affect on the next phase. However there is available float for the overall program completion to be maintained as planned.

② 30-60% design phase: Terminal A and Terminal B Phase 1 are in progress but behind schedule by four to five weeks. Terminal C is complete while the other elements have not begun and are five weeks behind schedule. There is a small schedule affect on the next phase. However there is available float for the overall program completion to be maintained as planned.

③ 60-100% design phase: Terminal C is complete. The other 5 elements have not started yet and are six weeks behind schedule. This last phase still has available float and therefore this resultant status is not impacting the overall program completion yet because the most critical tasks are being achieved. However Terminal B foundation construction and structural steel fabrication should commence by February 08 in order to keep the complete program on schedule.

## Executive Summary

## Schedule Forecast

DESIGN PHASE BY ELEMENTS (Hensel Phelps Target Completion Dates)	BASELINE (Mar 2007)	FORECAST (Sep 2007)	ACTUAL (Sep 2007)	VARIANCE (in days)	Remark
Design Start	17-Oct-06		17-Oct-06	0	
Terminal A Mods / Inline Baggage	21-Dec-07	27-Feb-08		-68	Time extension for 30% & 60% phases.
Terminal B, Phase I	28-Jan-08	07-Feb-08		-10	
Terminal B, Phase II (30% Design only)	02-Jul-07	04-Oct-07		-94	Time extension for task order TB2-002.
Terminal C	10-Jul-07		31-Aug-07	-52	
Utilities Feasibility	29-Apr-07		29-Apr-07	0	
Surface Parking	02-Jul-07		12-Sep-07	-72	
Roadways	07-Apr-08	23-May-08		-46	
Public Garage (15% Design only)	09-Jul-07		31-Aug-07	-53	
ConRAC	30-Apr-08	18-Aug-08		-110	Design option evaluations of added scope.
North Concourse Items	29-Nov-07	19-Jun-08		-203	Rescheduled 0% to 30% to 2 Nov 2007.

CONSTRUCTION PHASE BY ELEMENTS (Hensel Phelps Target Completion Dates)	BASELINE (Mar 2007)	FORECAST (Sep 2007)	ACTUAL (Sep 2007)	VARIANCE (In days)	Remark
Construction Start-up	22-Jun-07		24-Jul-07	-32	Deferred Actual Start due to Final Concept Design.
Terminal A Mods / Inline Baggage	30-Jun-09	30-Jun-09		0	
Terminal B, Phase I	30-Jun-10	14-Jun-10		16	
Terminal C	31-Dec-07	31-Dec-07		0	New Check Point Deferred 2 weeks; float available.
Surface Parking	05-Mar-08	28-Nov-07		98	
Roadways	09-Jun-10	24-Jun-10		-15	Reschedule completion; float available.
ConRAC	30-Jun-10	28-May-10		33	
North Concourse Items	03-Dec-09	13-Nov-09		20	
Program Final Completion	29-Sep-10	19-Oct-10		-20	
Program Close-Out					

**Budget**

**Design-Build Program  
Project Elements**

Project Element	Budget with Owner's Contingency & City Support Costs	Committed to Date	Remaining Budget
Terminal A Modifications	\$ 73,785,154	\$ 8,728,399	\$ 65,056,755
Terminal A Inline Baggage System	\$ 30,000,000	\$ 3,085,824	\$ 26,914,176
Terminal B, Phase 1 & Utility, Phase 2	\$ 164,598,246	\$ 18,979,383	\$ 145,618,863
Terminal B, Phase 2	\$ 8,455,452	\$ 3,123,504	\$ 5,331,948
Terminal C + Building Demolition	\$ 35,906,625	\$ 17,804,204	\$ 18,102,421
North Concourse: FFE, IT & Equipment	Included in NC Cost Report	NA	NA
ConRAC Garage	\$ 237,700,000	\$ 15,179,993	\$ 222,520,007
Public Garage	\$ 15,000,000	\$ 3,580,168	\$ 11,419,832
Roadways & Utilities	\$ 134,598,872	\$ 22,226,054	\$ 112,372,818
Surface Parking	\$ 3,487,308	\$ 938,445	\$ 2,548,863
Utility Feasibility, Phase 2	\$ 1,700,017	\$ 90,008	\$ 1,610,009
Tenant Relocation	\$ 1,541	\$ 81,216	\$ (79,675)
Design-Build Miscellaneous Expenses	\$ (12)	\$ 1,186,040	\$ (1,186,052)
<b>Total Less Reserves</b>	<b>\$ 705,233,203</b>	<b>\$ 95,003,238</b>	<b>\$ 610,229,965</b>

### 20% Shift of Project Element Budgets

Each quarterly report identifies shifts of more than 20% in the Design-Build contract. Since 2Q07 report, there was only one shift of more than 20% that resulted from the re-distribution of \$7.5 million from the Public Parking garage to Terminals A, and Roadways on a split basis of 50% and 50% respectively. This action was taken because there was available unused budget upon completion of the design stage for the Public Garage. The budget was moved to these elements because they have the most cost trend increase.

The shifts shown in the table below are consistent with the directive that budget and schedule would not exceed the overall targets and that the only variable would be scope. The fifth column indicates those budgets that exceeded a 20% shift of funds since last quarter. This reallocation of funds did not increase the overall Design-Build Program budget.

All figures in (million \$)		Element Budgets Excludes Change Orders			
Element Budgets	Initial Budget	2Q-07	3Q-07	20% Change Since Last Q	Comment
Terminal A Modifications	37.7	51.7	56.0		
Terminal A Inline Baggage	26.5	26.5	26.5		
New Terminal B Phases 1	105.9	134.2	134.2		
New Terminal B Phases 2	21.9	7.6	7.6		
Roadway Improvements	110.8	114.1	117.3		
Temporary Terminal C	5.7	26.7	26.7		
Terminal C Demolition	8.2	with T/C	with T/C		
Surface Parking Lot	3.0	3.0	3.0		
Tenant Relocations	0.8	0.0	0.0		
Consolidated Rental Car Garage	101.6	101.6	101.6		
Public Parking Garage	66.2	8.6	1.1	-87%	Element 100%; unused \$ to Term. A & Roadway
North Concourse Completion Items	23.0	23.0	23.0		
Utilities Feasibility	1.4	1.4	1.4		
Set aside budget for Phase 2 design	0	14.3	14.3		
Base Contract prior to Change Orders	512.793	512.75	512.76		

## Use of Design-Build Program Reserves

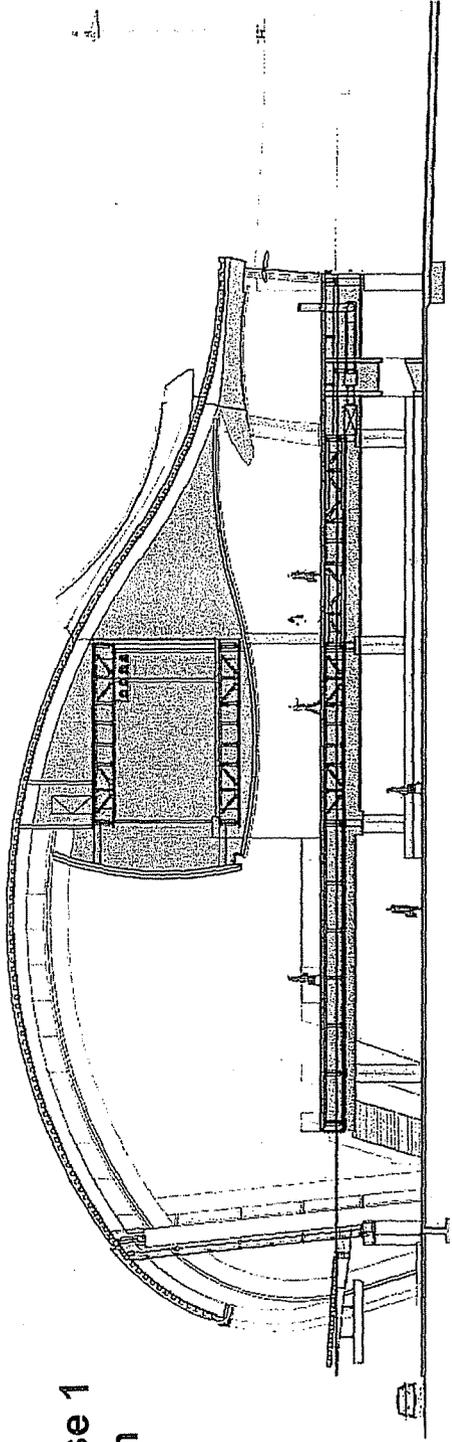
Amount	Description/Justification	Date
\$ 55,965,000	Design-Build starting balance reported in 1Q07 Report.	03/30/07
\$ (466,236)	Reduced reserves by \$466,235 & reallocated it to the North Concourse contract	03/31/07
\$ 1,639	Adjusted to increase 1Q07 to the full correct reserve amount \$55,500,391	06/30/07
\$ (11,687,376)	Released the full ConRAC Program Reserve of \$11,687,377 since these funds can only be spent for the ConRAC.	02/05/07
\$ (13,500,000)	Release program reserve to fund the Public Parking costs associated with the ConRAC.	05/29/07
\$ (3,200,000)	Release program reserve to fund the B-757 Maximization Plan associated with the Terminal A.	07/20/07
\$ (200,000)	Release program reserve to fund the Inter-Terminal Connections associated with the ConRAC.	07/19/07
\$ (85,674)	Release program reserve to fund the design costs associated with the Southwest Baggage Conveyor at Terminal A.	07/31/07
\$ (738,000)	Bag Drop at Level 2 and Make Up Units in Terminal A. This will allow passengers to check in bags on the second floor without having to go to ticketing on the first floor.	09/14/07
\$ 26,089,353	Current Balance	

### Use of Design-Build Owner Controlled Contingency

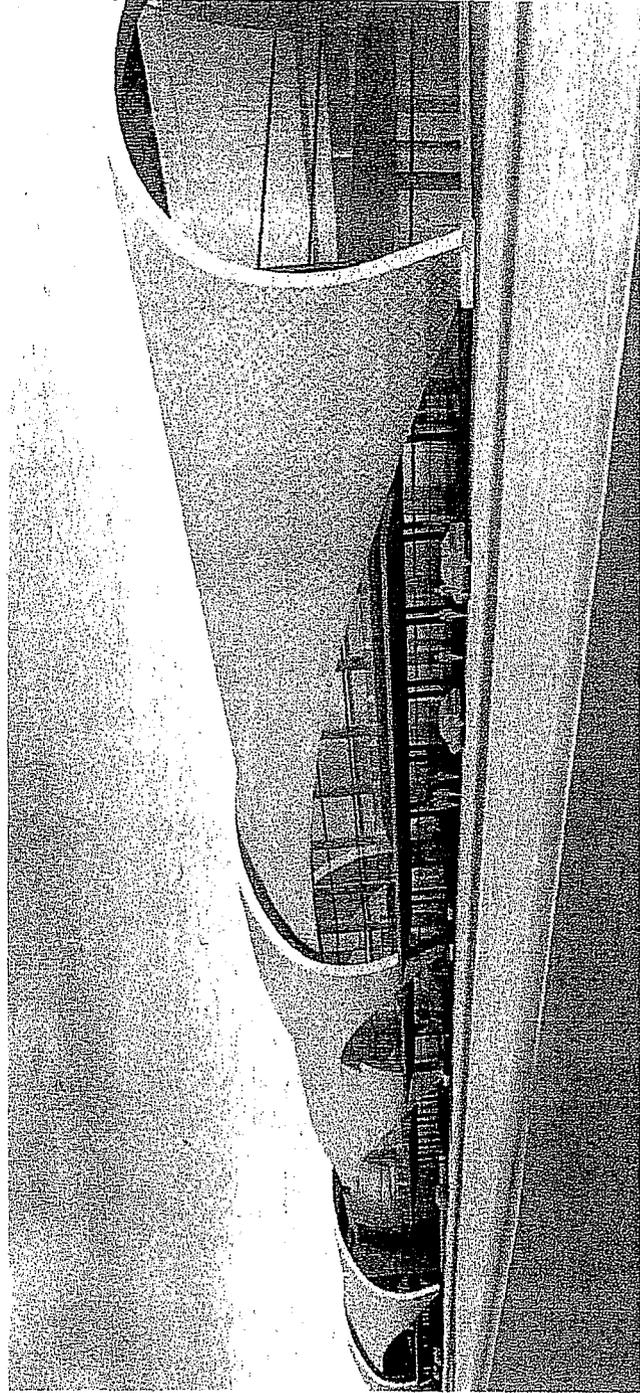
Amount	Description/Justification	Date
\$ 24,560,000	Design-Build Owner Contingency starting balance.	10/17/06
\$ 441,000	Release of Program Reserve for ConRAC. Portion allocated to Owner's Contingency within the Hensel Phelps contract.	02/05/07
\$ 296,600	Release of Program Reserve for Public Parking component of ConRAC. Portion allocated to Owner's Contingency within the Hensel Phelps contract.	05/29/07
\$ (297,000)	Adjustment from Owner's Contingency to Hensel Phelps contract to reflect proper Owner Contingency balance for the ConRAC.	10/02/07
\$ (541,000)	Roadways - Bus Pad Reconstruction, Provide a new loading dock at Belly Freight, Temporary Parking Lot at ACM.	09/14/07
\$ (250,000)	Evolve the design of the interface between the Roadways and Terminal A to allow a safe, seamless transition for the passengers from vehicle to curbside.	09/14/07
\$ 24,209,600	Design-Build Owner Controlled Contingency Balance	

## Use of Design-Build Contracting Authority

Amount	Description/Justification	CCO #	Funding Source	Funding Increased:	Date
\$ 80,525,000	Design-Build Contracting Authority Starting Balance. (Program Reserves plus Owner's Contingency)				10/17/06
\$ (8,820,000)	Released the full ConRAC Program Reserve of \$11,687,377 since these funds can only be spent for the ConRAC. The amount allocated to Hensel Phelps contract was \$8,820,000.	1	Program Reserves	Contract Value	02/05/07
\$ (12,260,000)	Release program reserve to fund the Public Parking costs associated with the ConRAC. The amount allocated to Hensel Phelps contract was \$12,260,000.	2	Program Reserve	Contract Value	05/29/07
\$ (2,900,000)	Release program reserve to fund the B-757 Maximization Plan associated with the Terminal A. The amount allocated to Hensel Phelps contract was \$2,900,000.	4	Program Reserve	Contract Value	07/20/07
\$ (200,000)	Release program reserve to fund the Inter-Terminal Connections associated with the ConRAC.	5	Program Reserves	Contract Value	07/19/07
\$ (85,674)	Release program reserve to fund the design costs associated with the Southwest Baggage Conveyor at Terminal A.	6	Program Reserves	Contract Value	07/31/07
\$ (738,000)	Bag Drop at Level 2 and Make Up Units in Terminal A. This will allow passengers to check in bags on the second floor without having to go to ticketing on the first floor.	7	Program Reserves	Contract Value	09/14/07
\$ (204,000)	Expanding the development of a Landscape Concept Plan to include areas adjacent to the Terminal Zone to improve the Airport and enhance passenger experience.	8	Landscaping	Contract Value	09/14/07
\$ (85,000)	Provide sidewalk sections for the Emergency Generator Fueling Pads.	9	North Concourse	Contract Value	09/14/07
\$ (503,000)	Install fire hydrants on the Roadway General Transportation Island.	10	North Concourse	Contract Value	09/14/07
\$ (173,167)	Relocate Southwest Airlines from Gate A5 to A9 in order to commence work on the Interim EDS Pod #2.	11	Terminal A Equity	Contract Value	09/14/07
\$ (541,000)	Roadways - Bus Pad Reconstruction, Provide a new loading dock at Belly Freight, Temporary Parking Lot at ACM.	12	Owner Contingency	DB Budget	09/14/07
\$ (250,000)	Evolve the design of the interface between the Roadways and Terminal A to allow a safe, seamless transition for the passengers from vehicle to curbside.	13	Owner Contingency	DB Budget	09/14/07
\$ 53,765,159	Design-Build Contracting Authority Balance				

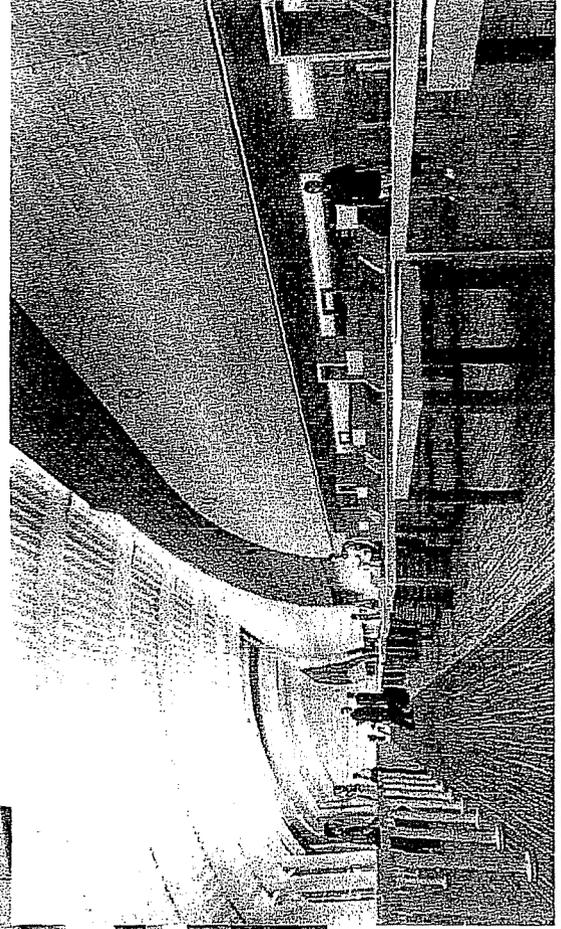
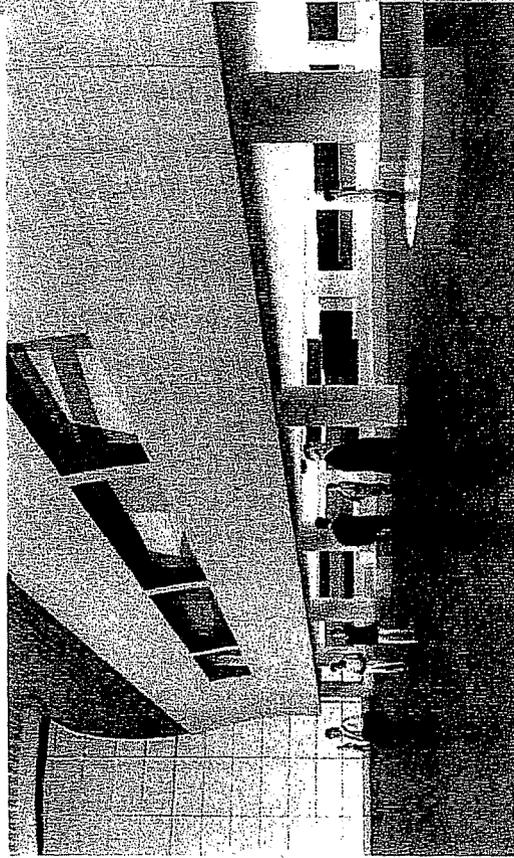
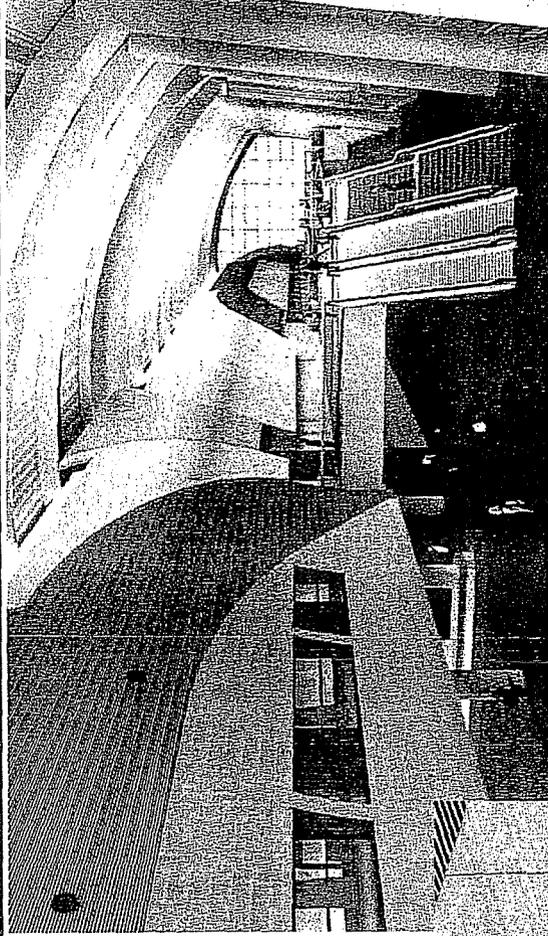


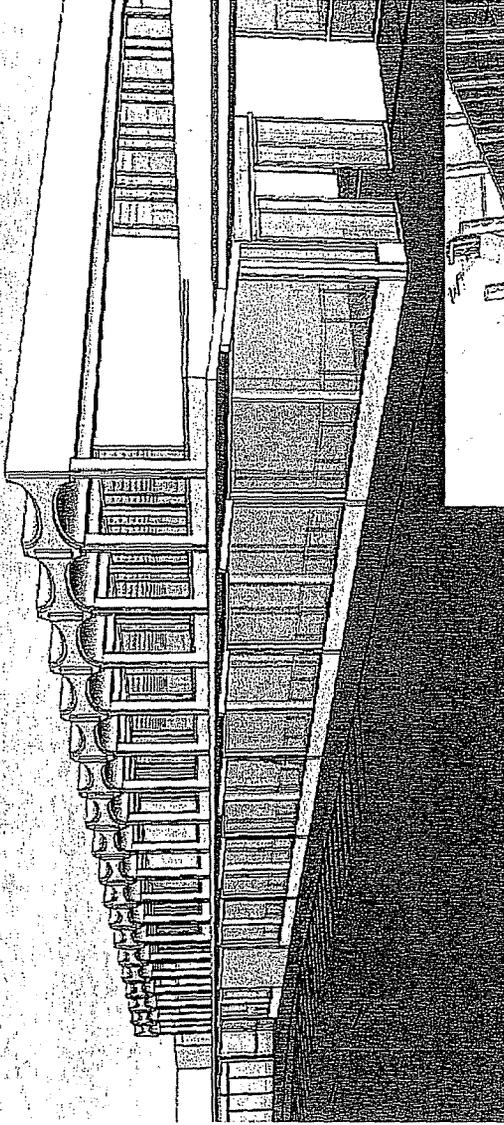
Terminal B Phase 1  
Cross Section



Terminal B  
Phases 1 & 2

### Terminal B Perspectives

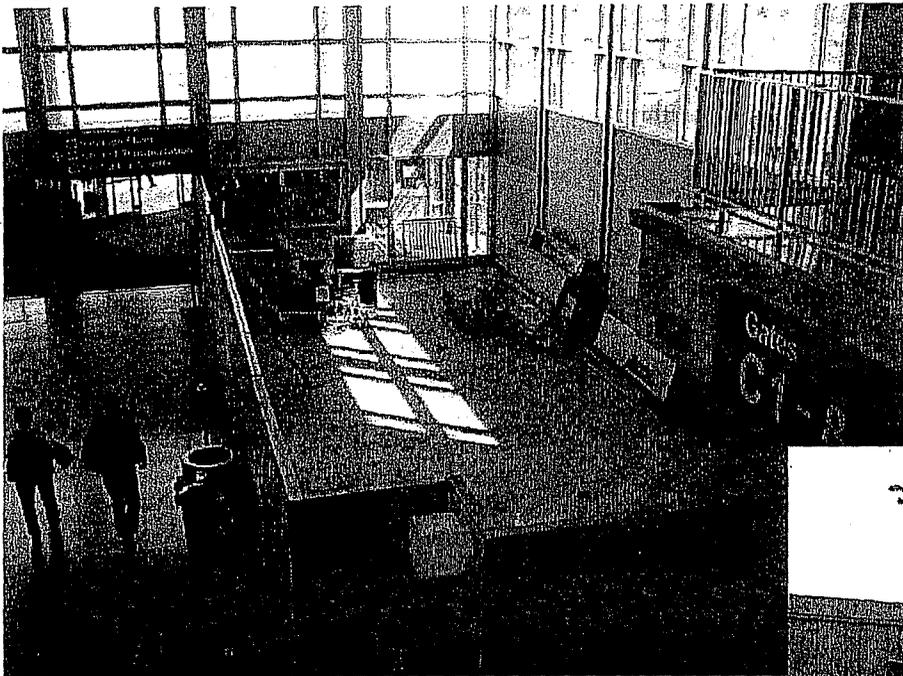




**Terminal C  
New Passenger Corridor**



**Terminal C  
New Passenger  
Screening Area**



**Terminal C  
New Exit Lane**

**Relocation of Badging and  
Ground Transportation**



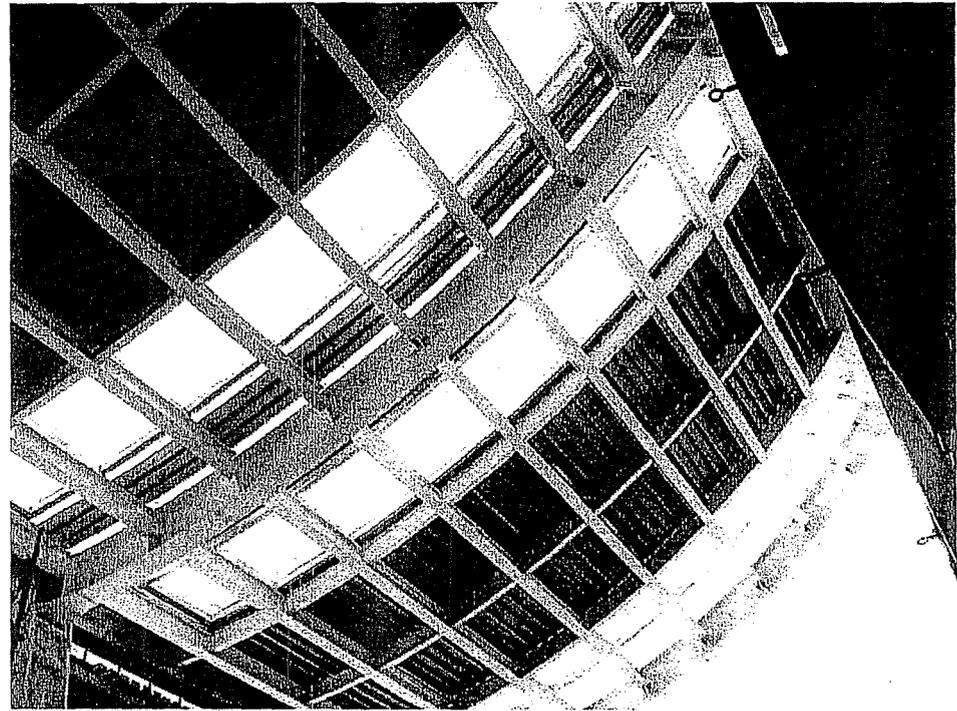
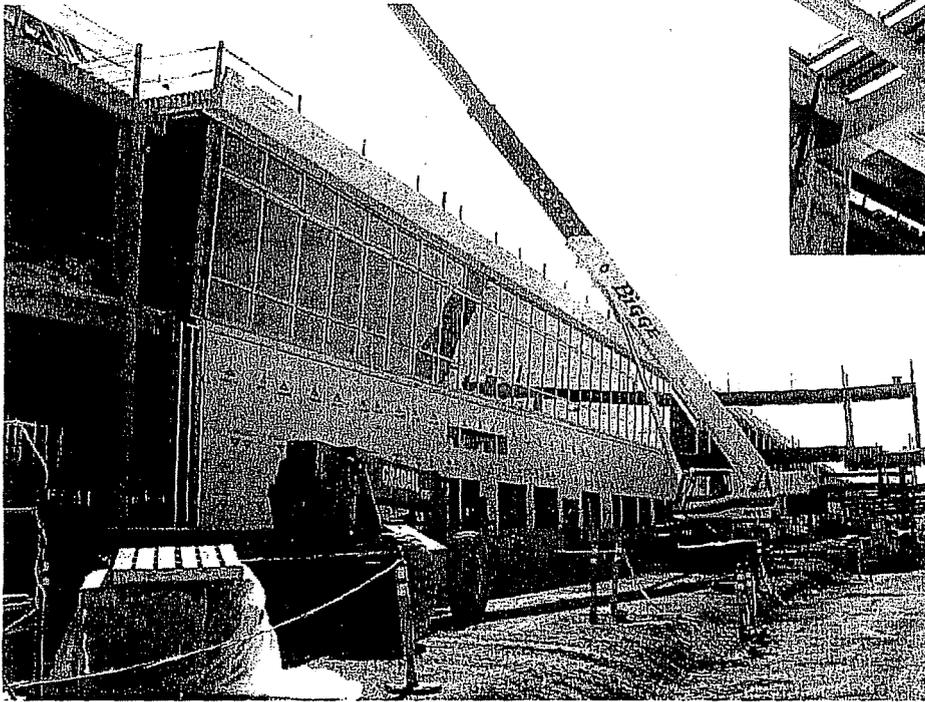


**Completed Skyport Connector,  
return to Terminal section**

**Skyport Connector tie-in  
to Airport Boulevard**



North Concourse (Airside)  
glass curtain wall installation



North Concourse  
Paseo roof glass (Skylights) installation

## Project Approval & Delivery Approach

In November 2005, Council approved a revised Capital Improvement Program (CIP) Master Plan for the Norman Y. Mineta San José International Airport. That approval authorized the use of the Design-Build project delivery approach for a \$663 million component of the \$849 million Terminal Area Improvement Program (TAIP). Design-Build has three key advantages: 1) contracts a prime contractor to perform both the design and construction; (2) provides greater schedule flexibility over the traditional Design-Bid-Build approach by affording the City the opportunity to complete the terminal modifications and roadway improvements within a shorter time, and 3) minimizes

potential conflicts during the construction phases of the various Project Elements and thereby lessens impacts to customers.

On October 17, 2006, Council approved a \$513 million Design-Build contract with the Hensel Phelps team including: Fentress Bradburn Architects, Granite Construction, DMJM Transportation Engineers and TranSystems. Within this budget, \$25 million was provided for (and is controlled by) the City for its Construction Contingency. That approval also established a budget for Airport Reserves and City Support Costs.

## Program Overview

The Airport Master Plan Improvement Program runs the full gamut of work from constructing and renovating new terminals; to expanding existing building systems; to demolishing obsolete facilities. All of this work will be accomplished while working within the active terminal and roadway areas. During Phase 1 of the Terminal Improvement portion of construction the current aircraft gate count will reduce from 32 to 28. Yet the existing customer services or air carrier operations will not only be maintained but enhanced by modernizing ticket counters

and installing Self-Service Ticket Devices strategically positioned in the Terminals' queuing lines.

At the completion of the second phase of Terminal B, the number of gates will increase to 40. The Design-Build contract has been divided into eight major Project Elements. In addition to the TAIP the Airport program includes the North Concourse projects and the Terminal Equity Improvement projects. The overall duration of the Design-Build Program is 3-1/2 years (second quarter 2010).

## Design-Build Program

1. Terminal A Modifications – During the renovation and expansion of Terminal A this structure will remain a fully functioning passenger processing facility for American, American Eagle, Hawaiian, Mexicana and Southwest Airlines. Work includes a new In-Line Baggage Handling and Screening System.

The Terminal A Modifications project will address the imbalance that currently exists between the number of aircraft gates and the inadequate number of check-in positions/queuing area, security checkpoints and concessions. **These customer service and operational enhancements are being targeted:**

- Move the passenger ticketing function to the ground level which affords the opportunity to expand the counters and queuing area by 60% and permits passengers to check-in international, over-sized and out-of-gauge bags at the ground level rather than having to carry them to the second level for check-in.
  - Consolidate the two existing security checkpoints and double the number of passenger screening lanes available for queuing and processing.
  - Double the size of the airside concessions and provide new (non-existent) landside concessions.
2. Terminal B – This project will be implemented in phases. The northern portion (Phase 1) is fully funded and will be constructed as part of the current Council-approved project. The southern portion (Phase 2) will be constructed at a future date triggered by passenger demand and flight activity.

This project will allow the demolition of the out-of-date and inadequately sized Terminal C. **These customer service and operational enhancements are being targeted:**

- Provide a full compliment of staffed and self service ticket counters, including sufficient queuing, security checkpoint screening lanes, baggage claim devices and concessions.
- Modern and efficient building systems.
- The opportunity to address a full array of sustainable design issues.

3. Temporary Terminal C – The existing terminal will be reconfigured to allow the demolition of the north portion of the facility. This work will require re-sizing the spaces used by nine airlines and three of the concessionaires currently operating in that facility. The work enables construction to commence on the new Terminal B. Once Terminal B Phase 1 is completed; the remaining portion of existing Terminal C will be demolished to allow the final stage of the enhanced (and straightened) Roadway system to be completed. Terminal C is currently utilized by Alaska, Continental, Delta, Frontier, JetBlue, Northwest, USAir, and United Airlines. After the completion of Terminal B, the present airline operations will be re-distributed between Terminals A and B.
4. Public Parking Garage Pre-design – This master planning effort is required to ensure the future (deferred) Public Parking Garage will function with the Consolidated Rental Car Garage since both facilities share a common site.
5. Consolidated Rental Car (ConRAC) Garage – Scheduled to coincide with the opening of the first phase of Terminal B, the ConRAC will provide passengers more direct access to rental car facilities.

**These customer service and operational enhancements are being targeted:**

- Provide amenities for visitors and business travelers using the Airport that are comparable and competitive with those of other major airports to which they travel.
  - Relocation of rental cars to the “terminal zone” – clearly a competitive advantage over other Bay Area airports that rely on remote and inconvenient rental car check-in facilities. This new garage will permit direct access for passengers from Terminal B.
6. Roadways – An enhanced roadway system that will provide greater vehicle capacity via more lanes, direct access to each terminal, a straighter alignment and better ground transportation options which will improve the way-finding geometry that exists today. When completed, the new roadway system will eliminate the “bottlenecks” and “choke points” that exist today. This infrastructure project will also modernize and improve the existing utilities that run both above and below the ground within the boundaries of the landside work site.
  7. Surface Parking – Existing surface parking associated with Terminal C will be reconfigured throughout the construction period to maintain adequate parking.
  8. North Concourse (FF&E, Signage and IT) – In order to ensure consistency, this project will provide all new furniture, fixtures and equipment (FF&E), direction and information signage and information technology (IT) systems in both the new Terminal B and the North Concourse.

## North Concourse

The North Concourse is currently under construction and when completed will:

1. Add nine new gates and hold rooms.
2. Provide enhanced security via a permanent in-line explosive detection system (EDS) for baggage screening which replaces the existing temporary facilities.
3. Provide passenger amenities, e.g. retail, food and beverage concessions.
4. Expand the Central Plant.

## Terminal Equity Improvements

The Terminal Equity Improvements project includes: the Parking Garage, Terminal A not covered by Hensel Phelps contract, Rehab of Terminal A+ and Baggage Claim.

The project's objective is to upgrade and improve existing facilities to render them comparable to the new Terminal facilities implemented under the Design-Build and North Concourse Programs.

The scope of the work includes new furnishings and furniture, signage, painting, new carpet, new and upgraded restrooms, roof replacement, mechanical, electrical, fire alarm/security and technology improvements.

<b>Airport Capital Projects</b>	<b>Funded</b>
Design-Build Program (1)	\$ 747,900,000
Terminal Equity Improvement Projects	\$ 52,215,000
Other TAIP Funds	\$ 48,450,000
<b>Subtotal - TAIP Projects</b>	<b>\$ 848,565,000</b>
North Concourse, Central Plant Expansion & Public Art (2)	\$ 243,555,000
Prior expenses not in 2005 Ricondo model for North Concourse	\$ 80,901,000
<b>Subtotal - North Concourse Program</b>	<b>\$ 324,456,000</b>
<b>Other CIP Projects</b>	<b>\$ 221,421,000</b>
<b>Total - Airport Capital Program + Prior Expenses</b>	<b>\$ 1,394,442,000</b>

**Information Only:**

<b>Total - Airport Capital Program Since 2006</b>	<b>(3)</b>	<b>\$ 1,313,541,000</b>
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**Notes:**

1. This number excludes \$18,851 million reflects the work Hensel Phelps will perform in the North Concourse.
2. This number Includes \$18,851 million in North Concourse work to be performed under the Hensel Phelps design-build contract.
3. This number includes all funding in Ricondo Model less expenses prior to 2005 when Ricondo was implemented.