



# Memorandum

**TO:** T & E COMMITTEE

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

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

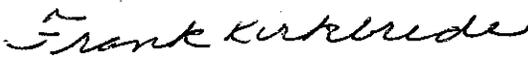
**DATE:** May 21, 2008

Approved 

Date 5/23/08

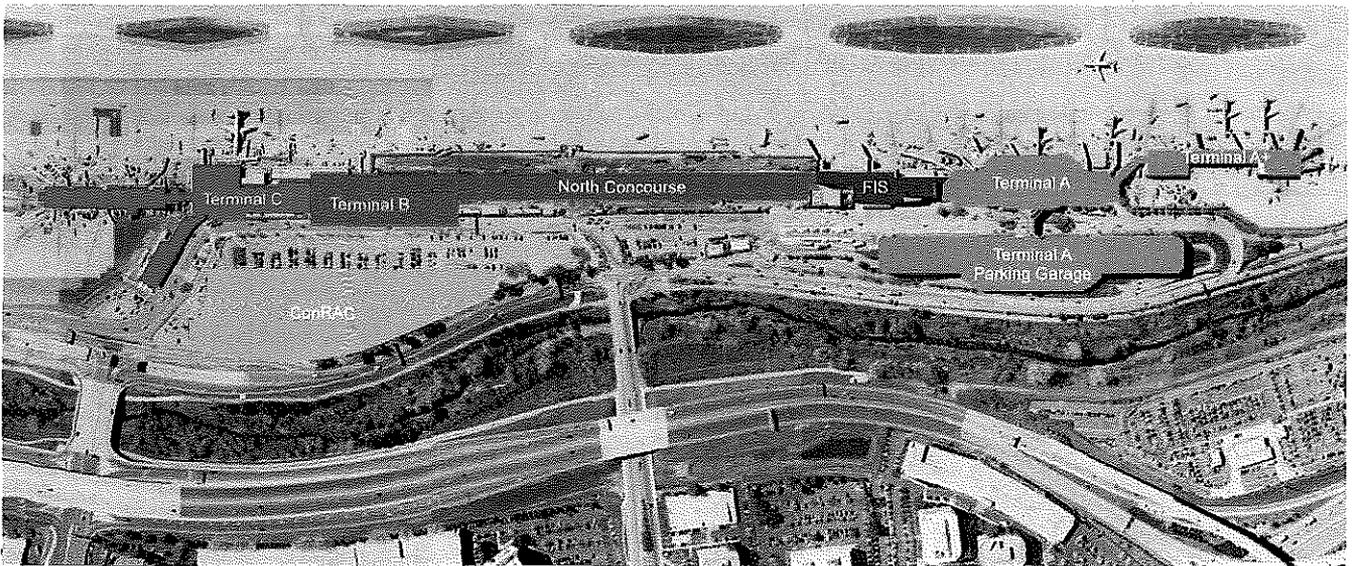
Staff recommends acceptance of the attached Airport Capital Improvement Program Quarterly Status Report. This report covers the period from January 1 through March 31, 2008.

  
KATY ALLEN  
Director, Public Works Department

  
for WILLIAM F. SHERRY, A.A.E.  
Director of Aviation

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

Attachment



## Terminal Area Improvement Program

Executive Quarterly Report 1Q08

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## **Terminal Area Improvement Program 1Q08 Executive Summary Program Status as of March 31, 2008**

### **HIGHLIGHTS**

**During this quarter the Terminal Area Improvement Program continued to make good progress:**

- ❑ Design of most major elements in the program either was completed or approached the 100% design mark during the quarter.
- ❑ Significant construction continued on Terminal A improvements and planning advanced for Terminal A roadway modifications to be done this summer.
- ❑ Remodeling of Terminal C was completed, and the north end was demolished to clear the site for Terminal B. Once Terminal B is in service this building will be totally demolished in 3Q10 to clear the site for completion of the roadway and future terminal expansion.
- ❑ The TAIP budget has improved from the projected deficit of \$8 million reported in 4Q07 to less than \$5 million this reporting period. This compares with the program deficit of more than \$130 million 4Q06, and now represents about 0.6% of the overall budget of \$771 million.
- ❑ To date, 55% of all subcontracts awarded by Hensel Phelps have been to either small or local contractors.
- ❑ Pile driving for the two roadway bridges was completed, and the ConRAC pile driving operation reached 20% completion. The Airport has continued to do outreach to inform nearby neighborhoods about potential construction impacts, including several days of night work for pile driving in March.
- ❑ Funding assistance from the TSA for the Terminal A and B baggage systems still has not been secured. If TSA funding is not secured the result will be increased costs to the airlines. This needs to be resolved by 3Q08. Staff is working to secure the funding and phase work to maintain the opportunity for that funding.
- ❑ Council approved recommended amendments to the URS and Carter Burgess Master Agreements in the first quarter of 2008 to provide additional funding.

- Council approved recommended amendments to the ConRAC agreement and amended the Hensel Phelps contract, increasing the contract by \$13 million. The total budget was increased from \$251 million to \$275 million for the rental car areas and the ground floor public parking.
- Staff continues to advance the Solar Initiative for The New Airport, and succeeded in securing a \$2.8 million rebate (26 cents per kilowatt hour) from PG&E that will be used to attract potential solar power providers. Staff finalized the necessary Request for Proposals seeking a solar provider along with the exemplar Power Purchase Agreement that the successful vendor will sign with the City. Proposals are due on May 15, 2008.
- Terminals B and the North Concourse remain on track to become at least LEED "Certified" by the United States Green Building Council, with potential for achieving a LEED Silver rating.

#### **SUMMARY**

- **Terminal A.** Hensel Phelps started the temporary baggage screening pod and preliminary construction of Terminal A Modifications in December, and work rapidly expanded in 1Q08 to include both the north and south emergency exit stairs on the landside and the large concession/holdroom "bump-out" on the airside. At the same time, design has continued to progress on a second project, the Terminal A Equity. We have now identified significant opportunities to coordinate these improvements with the comprehensive design-build program for the rest of the Airport to provide greater schedule coordination, consistency, and flexibility across the entire Airport campus. Examples include maximizing the flexibility of parking aircraft; design and installation of power supplies, fire suppression, and paging systems; achieving design consistency for all new free standing furniture in the entire terminal area; and consistency of finish of airline tenant spaces regardless of terminal location.
- **Terminal B.** The Guaranteed Maximum Price (GMP) agreement for \$76.46 million for the balance of the Terminal B project was successfully negotiated with Hensel Phelps, the design-build contractor. Foundation work and steel erection will be prominent during the first half of 2008.
- **Temporary Terminal C.** We demolished the north end of Terminal C, clearing the way for the start construction of Terminal B. This phase of the Terminal C project is now being closed-out. Demolition of the south end of Terminal C, including the existing baggage claim wing, will not occur until 2Q10.
- **North Concourse.** The North Concourse project reached 80% construction completion this quarter. It is currently on track to have the building construction substantially complete in mid summer, with commissioning and acceptance this fall. This schedule is well ahead of the planned early activation of the northern four gates in early 2009 and the integration of the building with Terminal B in the second quarter of 2010. The program is currently trending \$2.3 million over budget, with staff implementing cost controls for both hard and soft costs in an effort to mitigate the overage.

- **Roadways and parking.** The footings and columns for the north and south bridges of the terminal roadway that will separate traffic for the Terminal B bypass and for return to terminal are completed. Decking for the elevated roadway surface will proceed throughout 2Q08. In addition, the \$48.45 million GMP for the completion of the roadways system was successfully negotiated with the design-build contractor.
- **Consolidated Rental Car Garage.** The construction of the new ConRAC Garage, which includes 3350 spaces (3000 for rental cars and 350 spaces for public parking) is well underway. The pile driving operation reached 20% complete this period and will be completed in June. Concrete foundation work is following immediately behind the pile crews. The placement of the piles has been planned to provide a future right-of-way for a below-ground Automated People Mover to link the airport with mass transit.

#### **BUDGET**

- **Budget variance reduced.** The budget trends for TAIIP improved from the projected deficit of \$8 million reported in 4Q07 to less than \$5 million this reporting period, out of a total program budget of \$711 million. We achieved this reduction by continually refining the scope and phasing options, and we will continue to strive to reduce the gap further before the final design-build GMP contracts for Terminal A is executed with Hensel Phelps. (In 4Q06 the early deficit projection was more than \$130 million.)
- **Budget reallocation.** There were no budget reallocations within the design-build program during this reporting period. Reallocations do not increase the overall program budget, and staff has routinely reported any reallocation that exceeded 20%.

#### **SMALL AND LOCAL BUSINESS UPDATE**

To date, Hensel Phelps has awarded 58 subcontracts, of which 16 were awarded to local contractors and 20 to small contractors; four contractors qualified as both local and small. In total, 55% of subcontracted value awarded to date has been to either small or local contractors. This information is the same as contained in the last report. Hensel Phelps did not award new contracts in the past quarter. A significant number of contracts will be awarded in the next reporting period 2Q08.

- Airport and City staff and Hensel Phelps continue to engage Silicon Valley and ethnic chambers of commerce to increase local bidder interest and participation.
- All subcontractor packages are sent to local builders' exchanges for bidder convenience, and all subcontract packages are advertised in *Challenge News*, a publication for small businesses.
- An update report to the Small Business Development Commission is scheduled on May 14.
- A procurement opportunities session was held for interested subcontractors on February 27 at the San Jose Marriot Hotel. A total of 47 contractors attended the event.

**CUSTOMER SERVICE AND PUBLIC INFORMATION**

- As the programs have transitioned from design to full construction, the Airport continues to keep the public and customers informed about TAIP activities with regular construction updates sent to stakeholders via e-mail, postings on the Airport's website ([www.flysanjose.com](http://www.flysanjose.com)), news releases to local media, and community outreach presentations.
- Construction of the roadways is being phased to reduce impact to our airport customers as much as possible. An open line of communication with the airlines, TSA and other vendors is being maintained on an ongoing basis. Weekly construction workshops, progress meetings, and advance notices help ensure minimal impact during construction. The Stakeholder Advocacy Board meets regularly with the contractor and stakeholders to insure the success of this effort.
- During pile driving operations for roadway bridges and the ConRAC, Hensel Phelps and the Airport have rerouted roadway traffic to minimize the impact on customers. Almost all pile driving has taken place during the day, and the Airport has continued to reach out to inform nearby neighborhoods about potential construction impacts. The only night pile driving planned for the entire program took place during five nights in March, with minimal complaints. The Airport also provided free earplugs to customers and employees who have come near the pile driving operations.

**FUTURE COUNCIL ACTIONS**

- **Transfer of Work from Terminal A Equity Program to the Design-Build Program.** Both the Design-Build and Terminal A Equity Programs will be active in Terminal A at the same time. Public and tenant areas being upgraded by these two different programs do not overlap, but terminal-wide mechanical/electrical systems are interconnected across both programs. Staff will be recommending to Council that the re-engineering and upgrading of these systems within Terminal A should be undertaken by Hensel Phelps as part of the design-build contract. This will ensure that design and construction of the interconnected systems are efficiently coordinated to improve effectiveness and reduce potential cost.
- **Additional Contract Language.** Staff will be recommending to Council that the design-build contract be amended to modify the contract provision dealing with the timing of the release of retention.
- **Public Parking Garage.** Staff will return to Council when Congress passes increased PFC legislation to fully fund the Public Parking Garage.
- **Transfer of FY08-09 Operating Budget Funds to the Design-Build Program.** The Airport's FY08-09 forecast anticipates a \$6.6 million transfer from the Operating Budget to the TAIP capital budget. This plan was approved by the SJC Airline Airport Affairs Committee. The amount is subject to further refinement and will be reflected in the FY08-09 Airport budget that will come to Council for approval in June.

- **Transfer of Project Delivery to Design Build Contract.** Within the TAIP budget are costs outside of the design build contract for procurements, insurance, professional services, and project delivery. After analyzing costs to date and future cost projections, staff recommends \$2,100,000 from current funding be allocated for construction and amended into the HP contract. This action will be presented for Council approval in June.

#### **CURRENT ISSUES**

- **Funding for Enhanced Baggage Handling System.** The current Design-Build Program budget provides funding for a basic and acceptable baggage handling system for both Terminals A and B. TSA and some airlines prefer that the Airport install an enhanced system and a fourth EDS machine that would add up to \$4.7 million more to program costs and is not funded. The enhanced system would provide potential benefits of greater airline efficiency and lower TSA staffing requirements. Discussions with TSA and the airlines are continuing to explore their willingness to pay for the enhanced system and its benefits

The New Airport

A MAJOR UPGRADE FOR SILICON VALLEY

## Appendix

### Terminal Area Improvement Program

Executive Quarterly Report 1Q08

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## 1Q08 Budget Overview

Major CIPs Cost Summaries	Last Period	This Period	Change	Notes
	4Q07	1Q08		
<b>Design-Build Program</b>				
Funded (Available for Task Order Contracting)	\$709,050,000	\$733,315,308	\$24,265,308	
Committed to Date (Included CO's thru 24)	\$143,832,000	\$194,098,869	\$50,266,869	
Expenditures to Date	\$50,499,000	\$75,418,503	\$24,919,503	
Budget v. Estimate Construction Cost - Under/(Over)	(\$7,600,000)	(\$4,671,810)	\$2,928,190	1
<b>North Concourse Program</b>				
Funded (Available for Task Order Contracting)	\$324,456,000	\$324,689,256	\$233,256	2
Committed to Date (Multiple Prime Contractors)	\$286,680,000	\$292,870,959	\$6,190,959	
Expenditures to Date	\$192,339,524	\$232,778,017	\$40,438,493	
Budget v. Estimate Construction Cost - Under/(Over)	(\$1,393,000)	(\$2,278,000)	(\$885,000)	3
<b>Terminal A Equity Improvements Program</b>				
Funded (Available for Task Order Contracting)	\$40,285,000	\$40,285,000	\$0	
Committed to Date (Multiple Prime Contractors)	\$7,371,000	\$7,832,160	\$461,160	
Expenditures to Date	\$519,000	\$975,167	\$456,167	
Budget v. Estimate Construction Cost - Under/(Over)	\$0	\$0	\$0	
<b>Notes on Variance Changes:</b>				
1 The budget variance increased when two change orders (19 and 20) were withdrawn, thereby increasing the variance by \$1,144M. Element budgets overruns are: Terminal A (\$18.2M), Terminal A Inline BHS (\$3.5M), North Concourse (\$6.1M). Element budget underruns and new fund off-sets totalling \$23.1M are: Terminal B, Terminal C Demo, Roadways & Surface Parking.				
2 North Concourse budget excludes the art program funds, i.e. \$3,416,000; includes OCIP earned interest.				
3 Variance is higher because of increased change orders, pending change orders and changes made to the estimate to completion.				

## 1Q08 Schedule Overview

Program/Project Element	Scheduled Completion Date	Prior Report (Dec 2007)	This Report (Mar 2008)	Ahead (Behind) Schedule	Notes
<b>Design-Build Program</b>					
Terminal A Modifications	30-Jun-09	30-Jun-09	28-Sep-09	-90	1
Terminal B, Phase 1	30-Jun-10	17-Jun-10	29-Jun-10	1	
Terminal C Renovation	31-Dec-07	31-Dec-07	31-Dec-07	0	
Terminal C Demolition	9-Jun-10	24-Jun-10	7-Jul-10	-28	2
Roadways	29-Sep-10	25-Oct-10	4-Nov-10	-36	3
ConRAC Garage	30-Sep-10	30-Jun-10	29-Sep-10	1	4
<b>North Concourse Program</b>					
	7-Jul-08	22-Aug-08	16-Sep-08	-71	5
<b>Terminal A Equity Improvements Program</b>					
	30-Jun-09	30-Jun-09	30-Jun-09	0	

### Notes to Explain Changes in Scheduled Completion

- 1.0 The build-out of concessions shell space at existing security checkpoint is 3 months behind schedule due to a delayed completion in bump-out and ticket lobby construction.
- 2.0 The Terminal C baggage claim demolition was rescheduled later to give more time to build out airline tenant spaces in Terminal A.
- 3.1 The completion date for the last Terminal drive section has been rescheduled due to the updated forecast completion date of the Terminal C Baggage Claim.
- 3.2 In addition the planned duration was increased by two weeks for the final road section and overall roadway acceptance.
- 4.0 The new ConRAC completion deadline-September 30, 2010 was revised from June 30, 2008 when the 30% GMP was established.
- 5.0 The North Concourse has been delayed by slower than planned progress plus addition of new scope.

## Terminal A Modifications (Design-Build Program)

While remaining in operation, Terminal A will be renovated and expanded to 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. When completed the passenger queuing and check-in counters will be increased by 60%; the two existing security checkpoints will be consolidated into one central location with double the number of passenger screening lanes; the size of the airside concessions will be doubled; pre-security concessions which do not exist today will be constructed; and a new in-line outbound baggage handling system will be installed.



**Construction on South Egress Stairs**



**Construction on North Egress Stairs**



**Granite Removal for New  
Freight Elevator**



**Concrete Apron Demolition**

## Design-Build Program Terminal B

This two-phased project will replace the out-of-date and inadequately sized Terminal C. When completed, Terminal B will provide sufficient passenger queuing at the new staffed and self-service ticket counters, modern and efficient security screening checkpoints, new baggage claim devices, a new in-line outbound baggage handling system, and increased concession locations. The plan for Terminal B also provides for efficient building systems and addresses a full array of sustainable design issues. Phase 1 (the northern portion Terminal B which includes the North Concourse) is fully funded and will be constructed as part of the current Council-approved project. Phase 2 (the southern portion or South Concourse) has been designed to the 30% level and can be constructed at a future date—a date triggered by pre-determined passenger demand and flight activity.



**Final Site Clearing Prior to  
Utility Work**



**Site Utility Work for 12kv  
PG&E and Fiber Relocation**



**Rough Grading Complete**

## Temporary Terminal C (Design-Build Program)

The existing terminal will be temporarily reconfigured to consolidate airline and concession operations to allow the demolition of the northern portion of the facility so work on Terminal B can commence. Once Terminal B, Phase 1 is completed the balance of existing Terminal C will be demolished to allow the final stage of the enhanced (and straightened) Roadway system to be constructed.



**Construction of New  
Permanent North End Wall**



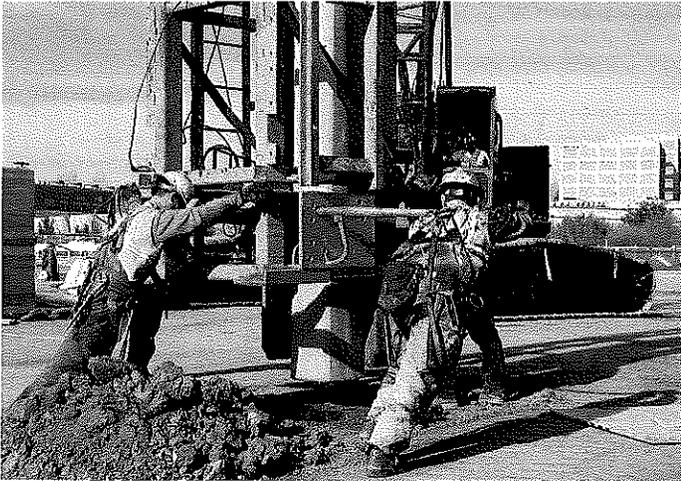
**Construction of New  
Permanent North End Wall**



**Pod Demolition**

## **Consolidated Rental Car (ConRAC) Garage (Design-Build Program)**

The opening of this 3,350 car full-service facility is scheduled to coincide with the opening of the first phase of Terminal B. The new ConRAC will provide passengers more convenient access to rental car facilities and reduce traffic on airport roadways. The garage also includes 350 public parking spaces on the ground floor.



**Indicator Pile Placement**



**Site Grading**



**Production Pile Placement**



**Night Time Pile Driving**

## Roadways (Design-Build Program)

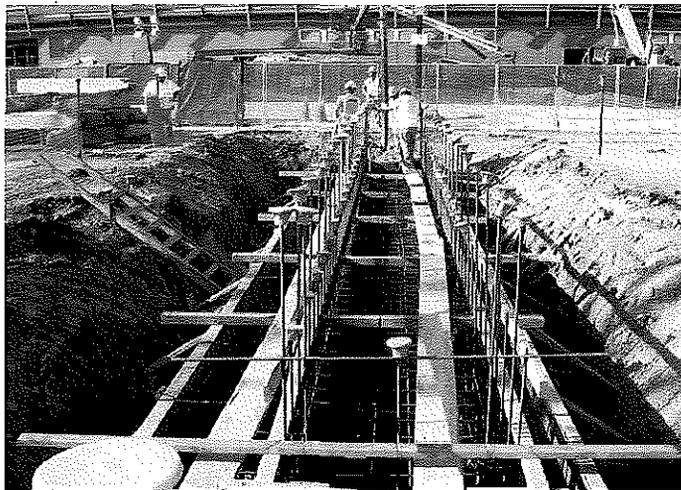
The existing roadway system is being reworked to increase roadway capacity by adding vehicle lanes; to reduce traffic conflicts by constructing two bridges; to provide direct access to each terminal; to improve the ground transportation system; and to enhance motorist way-finding by straightening the roadway's alignment and introducing better signing. This infrastructure project will also modernize and improve water lines, storm drains and sanitary sewers.



**Grading Outer Terminal Drive**



**Sanitary Sewer Installation**



**Foundation Formwork at North Bridge**



**Piles North Bridge**

## North Concourse Program

This project is a three level concourse building that will provide for 9 new commercial aircraft gates. It is 376,000 square feet and has a program budget of \$324 million. The project is being delivered through a multi-prime contracting method where multiple low-bid packages are constructed and the City acts as the construction manager. Three contracts have been completed and the fourth is currently under construction. Future packages include furniture, fixtures and equipment, security, and paging.



**Paseo Roof Gutter**



**Airside View**



**Concourse Looking North**

