

# Memorandum

**TO:** TRANSPORTATION AND  
ENVIRONMENT COMMITTEE

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

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

**DATE:** August 20, 2008

Approved

Date

8/22/08

## 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 major part of the Airport's capital improvement program and includes the expansion and upgrade of Terminal A, new Terminal B, modification of Terminal C with temporary ticketing/baggage processing center, phased demolition of Terminal C, extensive roadway improvements, public parking, and consolidated rental car garage.

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

## ANALYSIS

This report covers the period from April 1 through June 30, 2008.

KATY ALLEN  
Director, Public Works Department

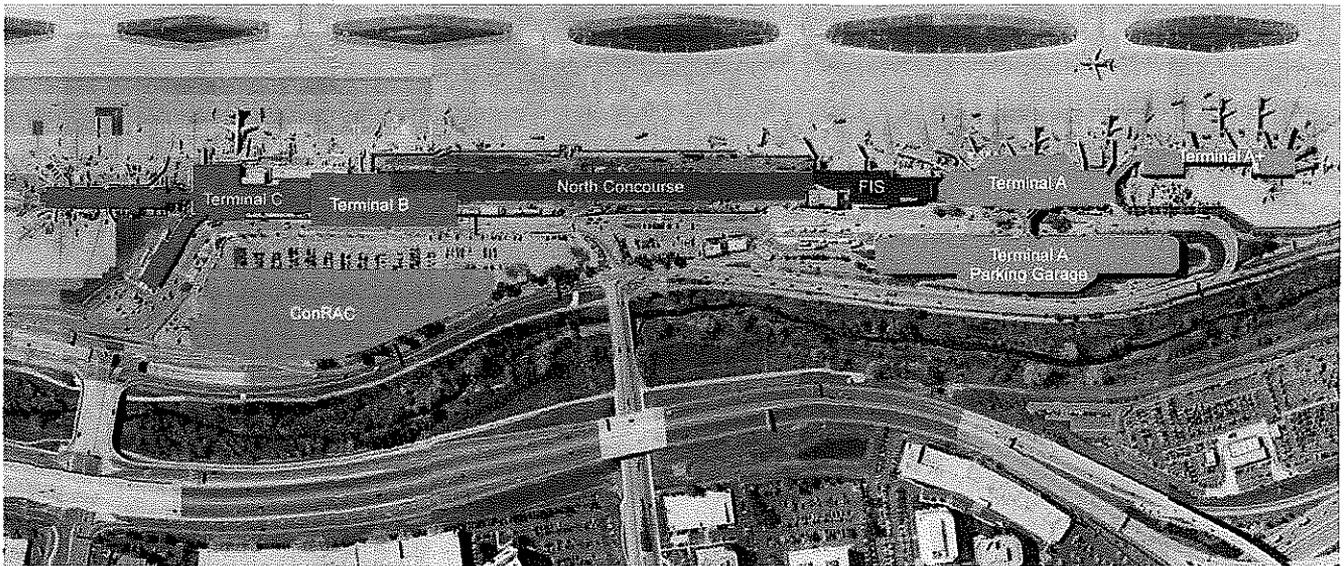
WILLIAM F. SHERRY, A.A.E.  
Director of Aviation

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

Attachment

# The New Airport

A MAJOR UPGRADE FOR SILICON VALLEY



## Terminal Area Improvement Program

Executive Quarterly Report 2Q08



1

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## **Terminal Area Improvement Program 2Q08 Executive Summary Program Status as of June 30, 2008**

### **HIGHLIGHTS**

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

- The design of the major elements in the program was either completed or approached the 100% design mark.
- The overall construction progress has been tracking closely to the master schedule, with 23% actual progress to date compared to 24% planned.
- Significant construction continued on the Terminal A Modifications project, which is now 37% complete. Work included the foundations for the airside expansion, commencement of escalator replacements, and completion of emergency exit stairs.
- The planning and design of the roadway elevation modifications adjacent to Terminal A neared completion. Construction began in June and is scheduled for completion in October.
- The TAIP budget deficit increased to \$9 million, which was mainly attributable to the Terminal A Modifications project due to the upgrades for the new baggage handling systems for both Terminals A and B.
- The Airport was notified by the TSA that significant funding will be approved for portions of the Terminal A baggage system, but funding assistance for the Terminal B baggage system has not yet been secured. Staff continues to work with TSA to secure the necessary funding from TSA for both terminals.
- To date, 55% of the subcontracted value of contracts written by Hensel Phelps has been awarded to either small or local contractors.
- Pile driving for ConRAC and the north by-pass overcrossing was completed with approximately 2,434 piles placed over four months. The pile foundation for the second bridge at the southern end of the roadway reached 30% completion. Only one week of night pile driving was necessary and that operation is now complete. The Airport continues to inform and advise nearby neighborhoods and the community about construction activities that may cause some inconvenience.

- Council approved recommended amendments to the URS and Saylor Consulting Master Agreements and the Hensel Phelps Third Amendment on June 17. With the Third Amendment, the HP contract now allows a greater coordination of the Terminal A Equity Improvement project with the overall TAIP. That greater oversight role by HP will minimize potential inefficiencies in design and construction.
- Staff received three proposals for the Solar Initiative for The New Airport. All of the proposals included power rates that would exceed the cost the Airport is currently paying for electricity, so they were rejected. Staff is re-assessing the RFP criteria for possible changes that could lead to the issuance of another RFP.
- Terminal B and the North Concourse remain on track to achieve a LEED “Certified” rating by the United States Green Building Council, with potential for achieving a LEED Silver rating.

#### **SUMMARY OF PROGRAM ELEMENTS**

##### **Terminal A**

- Hensel Phelps has completed 75% of the foundations for the new airside “bump-out” structure. Both the north and south emergency exit stairs are complete on the landside.
- Steel erection on this project will be prominent during the next quarter.
- The design is now 100% completed for terminal modifications including the new expanded security checkpoints, street-level ticket counters, and expanded concessions and waiting lounges.
- Design advanced to 30% on the Terminal A Equity Improvement project. The scope verification study identified significant opportunities to better coordinate these improvements by incorporating them in the campus-wide design-build program. Installation is now underway of upgraded power supplies, fire suppression system, and paging system.
- Design of the “757 maximization plan” reached 75% completion. This project will improve the Airport’s flexibility to park larger aircraft at additional gates in the new configuration of Terminal B, North Concourse, and Terminal A.
- The design of the new free-standing furniture plans and specifications reached 90% completion.

##### **Terminal B**

- The foundation work and baggage tunnel construction is 70% completed. Steel erection will be prominent during the next quarter.

### **Temporary Terminal C**

- This phase of the Terminal C project was completed in 1Q08. There will no further construction activity until the final phase of the project in fall 2010 when the demolition of the south end of Terminal C, including the baggage claim wing, takes place.

### **North Concourse**

- The North Concourse project reached 92% construction completion. The building construction substantial completion is planned for mid-September followed by commissioning and acceptance in mid-October.
- This schedule will provide the opportunity for the early interim activation of the northern four gates in 2009, if deemed necessary for construction phasing.
- This program is currently trending \$1.8 million over budget. Staff continues to implement cost controls for both hard and soft costs in an effort to mitigate this budget overage.

### **Roadways and Parking**

- Work on the footings and columns for the south bridge continues with an expected completion by December 2008.
- The main concrete structure for the north bridge was poured in June. This bridge will be completed in October 2008. When placed in service, this will represent a major roadway milestone for the new terminal roadway by allowing traffic to use all the lanes of Terminal Drive in front of Terminal B.
- Major roadway construction began in front of Terminal A in June, and design and planning neared 100% completion. This task presents a significant challenge for staging and for maintaining customer service in this constricted area during busy summer travel months. The work will be completed by October 2008 and will provide better customer access to the Terminal A curbside before the holiday travel season.

### **Consolidated Rental Car Garage**

- The overall construction of the new seven-deck, 3,350-space ConRAC Garage reached 6% completion compared to 5% planned. All pile driving and work on the pile caps were completed. Concrete work on the vertical shear walls is ongoing.

### **BUDGET**

- **Budget variance increase.** The higher estimated cost of the Terminal A Modifications and the baggage handling systems for Terminal A and B pushed the projected TAIP overall program deficit of \$5 million reported in 1Q07 to \$9 million this report period. The new

estimated deficit represents 1% of the overall design-build program. Efforts continue to reduce the deficit and contain costs by capturing additional funds from lower GMP prices, future airlines contributions, owner contingency reserve, City support fund, and TSA contributions.

- **Budget reallocation.** There were no budget reallocations within the design-build program that exceeded the 20% threshold.

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

- Hensel Phelps has awarded 81 subcontracts to date, of which 25 were awarded to local contractors and 25 to small contractors; 7 contractors qualified as both local and small. In total, 55% of subcontracted value awarded to date has been to either small or local contractors, 25% and 30% respectively.
- Airport and City staff and Hensel Phelps continue to engage Silicon Valley and ethnic chambers of commerce to increase local bidder interest and participation through its website outreach program.
- All subcontractor packages were sent to local builders' exchanges for bidder convenience, and all subcontract packages were advertised in *Challenge News*, a publication for small businesses.
- An update report to the Small Business Development Commission is scheduled on August 13th.

#### **CUSTOMER SERVICE AND PUBLIC INFORMATION**

- Airport communications efforts continue to keep the public and stakeholders informed about the project, its progress, and traveler impacts via e-mail, the Airport's website ([www.flysanjose.com](http://www.flysanjose.com)), news media, and community and business outreach. Because summer is the busiest travel season and significant construction is under way throughout the airport, efforts to ensure good customer service and effective public information will be a high priority.
- The TAIIP continues to focus on maintaining construction schedules as much as possible, which helps mitigate customer service concerns. Construction is on schedule for Terminals B and C; three weeks ahead for the ConRAC; and three weeks behind schedule for Terminal A.
- Construction for roadways has been carefully phased to reduce impact to airport customers as much as practical. Critical roadwork in front of Terminal A is using an expedited work schedule that includes night shifts six days a week. The 24/6 schedule will enable the contractor to complete this section of roadway entirely before the holiday season, while conducting more disruptive or noisy work at night, when most passengers are not present.

- A critically important key to managing construction impact to the public has been a strong commitment to communication and coordination among Airport and City staff, Hensel Phelps and subcontractors, and airlines and TSA through frequent construction workshops, progress meetings, and advance notifications.

#### **FUTURE COUNCIL ACTIONS**

- **Public Parking Garage.** Staff will return to Council whenever Congress approves legislation that would increase Passenger Facilities Charges that could enable the Airport to fully fund the planned 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 in October as part of the Annual Report.
- **Terminal A Baggage System Funding:** Staff will bring a recommendation to Council on August 19 requesting authorization to enter into an Other Transactional Agreement (OTA) with TSA for reimbursement of the baggage screening system in Terminal A.

#### **CURRENT ISSUES**

- **Funding for Terminal B Baggage Handling System.** Although the current TAIP budget provides funding for a basic baggage handling system for Terminal B, the TSA and the airlines prefer that the Airport install an enhanced system with a fourth Explosive Detection System machine in the new terminal. The enhanced system would provide potential benefits of greater airline efficiency and lower TSA staffing requirements, but would be more expensive than the originally planned system. The TSA has now pledged funding for the security screening portion of the Terminal A baggage handling system. Discussions with TSA (for Terminal B) and with the airlines (for Terminals A & B) are continuing in an effort to gauge their willingness to pay for the enhanced system in order to achieve its full potential benefits.

The New Airport

A MAJOR UPGRADE FOR SILICON VALLEY

Appendix

Terminal Area Improvement Program

Executive Quarterly Report 2Q08



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## 2Q08 Budget Overview

Major CIPs Cost Summaries	Last Period 1Q08	This Period 2Q08	Change	Notes
<b>Design-Build Program</b>				
Funded (Available for Task Order Contracting)	\$733,315,308	\$735,829,308	\$2,514,000	
Committed to Date (Included CO's thru 24)	\$194,098,869	\$548,114,323	\$354,015,454	
Expenditures to Date	\$75,418,503	\$113,296,068	\$37,877,565	
Budget v. Estimate Construction Cost - Under/(Over)	(\$4,671,810)	(\$9,002,362)	(\$4,330,552)	1
<b>North Concourse Program</b>				
Funded (Available for Task Order Contracting)	\$324,689,256	\$324,689,256	\$0	2
Committed to Date (Multiple Prime Contractors)	\$292,870,959	\$297,519,529	\$4,648,570	
Expenditures to Date	\$232,778,017	\$262,403,062	\$29,625,045	
Budget v. Estimate Construction Cost - Under/(Over)	(\$2,278,000)	(\$1,539,880)	\$738,120	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)	\$7,832,160	\$10,144,283	\$2,312,123	
Expenditures to Date	\$975,167	\$2,844,534	\$1,869,367	
Budget v. Estimate Construction Cost - Under/(Over)	\$0	\$0	\$0	
<b>Notes on Variance Changes:</b>				
1 The forecast budget variance coverage has increased by \$4.33M.				
<ul style="list-style-type: none"> <li>• Element budgets overruns are: Terminal A (\$17.1M), Terminal A Inline BHS (\$14.3M), North Concourse (\$8.5M).</li> <li>• Element budget underruns and new fund off-sets totalling \$23.1M are: Terminal B, Terminal C Demo, Roadways &amp; Surface Parking.</li> </ul>				
2 North Concourse budget excludes the art program funds of \$3,416,000; Includes OCIP earned interest.				
3 Variance is lower because unused allowances were credited back to the contract.				

## 2Q08 Schedule Overview

Program/Project Element	Original Completion Deadline	Current Completion Deadline	This Report (Jun 2008)	Ahead (Behind) Schedule	Notes
<b>Design-Build Program</b>					
Terminal A Modifications	30-Jun-09	30-Jun-09	23-Jul-09	(23)	1
Terminal B, Phase 1	30-Jun-10	30-Jun-10	30-Jun-10	0	
Terminal C Renovation	31-Dec-07	31-Dec-07	31-Dec-07	Completed	2.1
Terminal C Demolition	9-Jun-10	8-Jul-10	8-Jul-10	0	2.2
Roadways	29-Sep-10	11-Nov-10	11-Nov-10	0	3
ConRAC Garage	30-Jun-10	30-Sep-10	28-Sep-10	2	4
<b>North Concourse Program</b>					
	6-Jul-08	11-Oct-08	11-Oct-08	0	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 Delay due to unforeseen utility conduits obstruction at South Ticket Lobby. A recovery plan options are being prepared.

2.1 The Terminal C base contract work was completed. However additional change orders were issued after the substantial completion.

2.2 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 was rescheduled due to the revised demolition 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 ConRAC completion deadline date was amended to Sept 30, 2010 during 30% GMP negotiations to reflect larger garage..

5.0 A 90-day time extension was granted in CCO#15 and a 6-day weather time extension was granted in CCO#16.

## **Terminal A Modifications (Design-Build Program)**

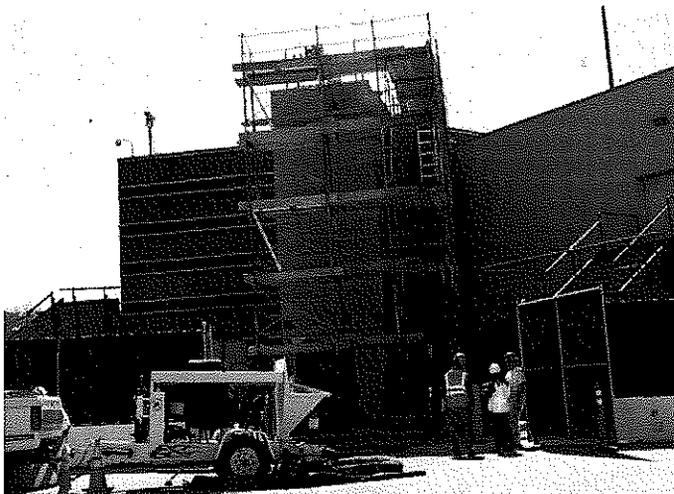
While remaining in operation, Terminal A will be renovated and expanded to address the imbalance that currently exists between the number of aircraft gates and the inadequate number of check-in positions/queuing area, security checkpoints and concessions. When completed the passenger queuing and check-in 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.



**Airside Expansion Foundation Work**



**Airside Expansion Slab Placement**



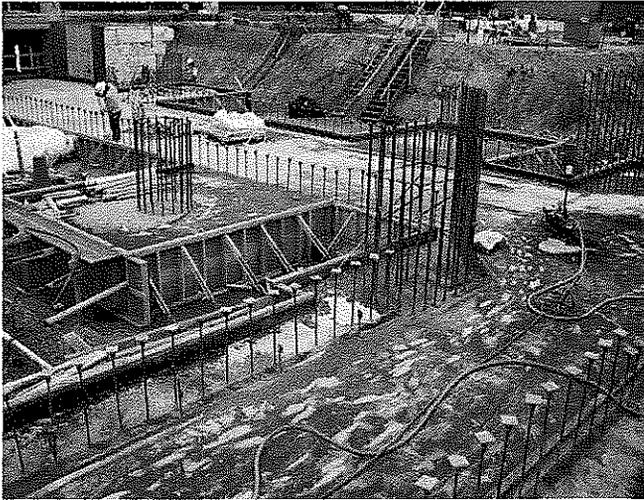
**New Freight Elevator Shaft**



**Terminal A  
North Ticket Lobby Demolition**

## Design-Build Program Terminal B

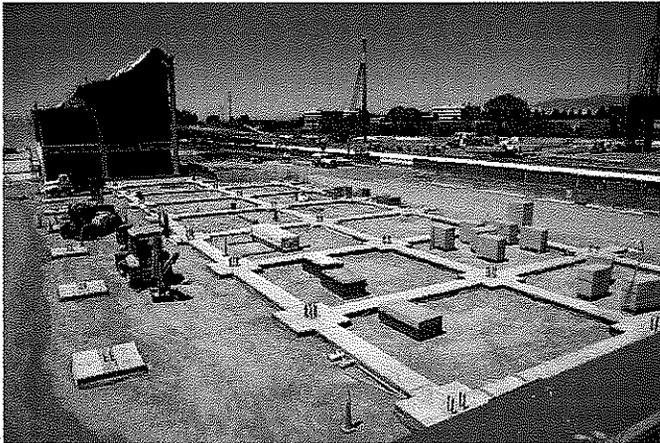
This two-phased project will replace the out-of-date and inadequately sized Terminal C. When completed, Terminal B will provide sufficient passenger queuing at the new staffed and self-service ticket counters, modern and efficient security screening checkpoints, new baggage claim devices, a new in-line 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.



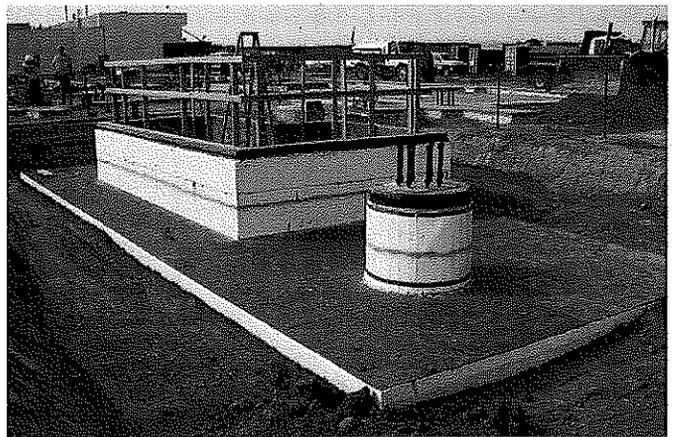
**Baggage Tunnel Foundation Slab**



**Demolition  
North Concourse Basement Wall  
for Baggage Tunnel Tie In**



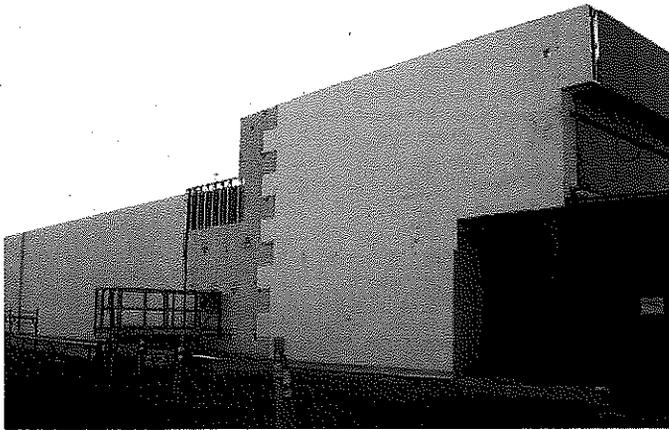
**Footings**



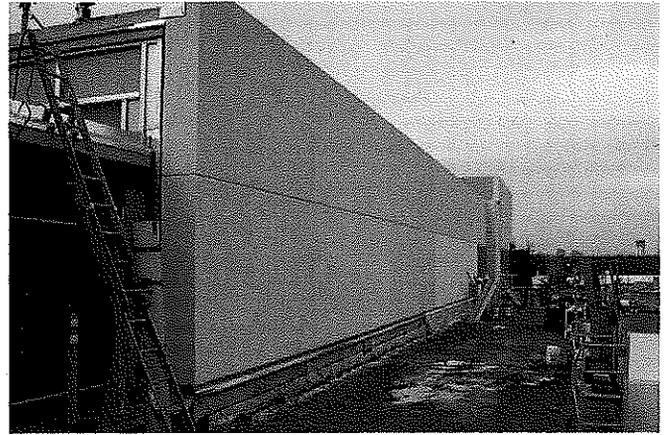
**Elevator Pit**

## **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.



**North End Wall Under Construction**



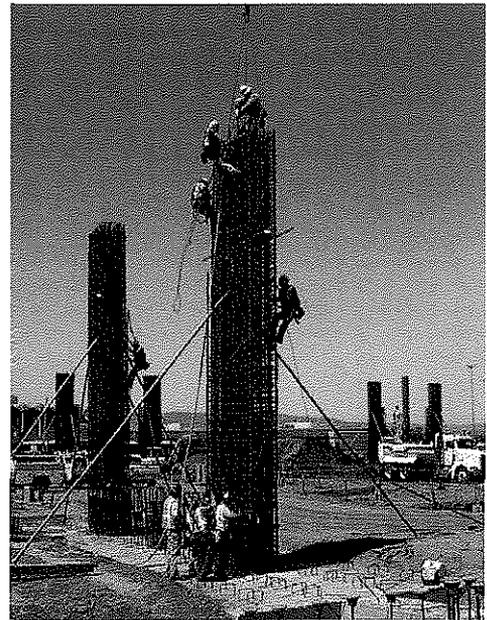
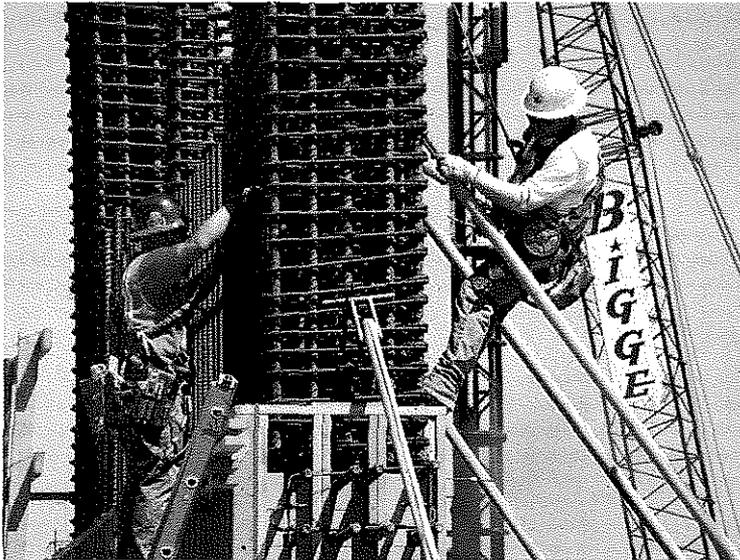
**North End Wall Final Finish**



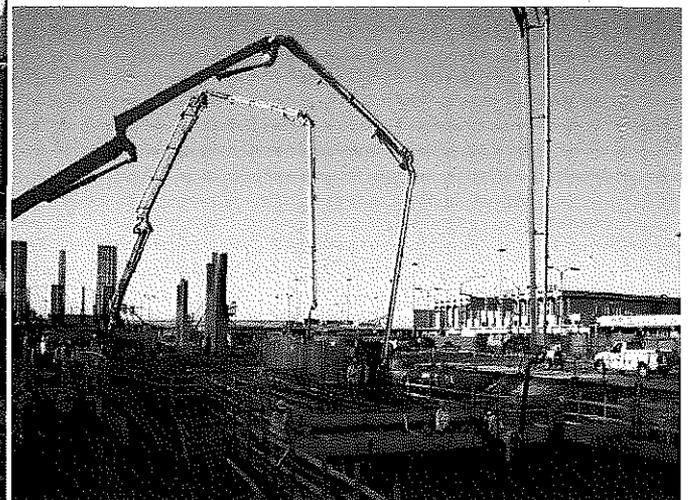
**Ticket Counter Converted from  
United Airlines to  
Self Service Devices**

## 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.



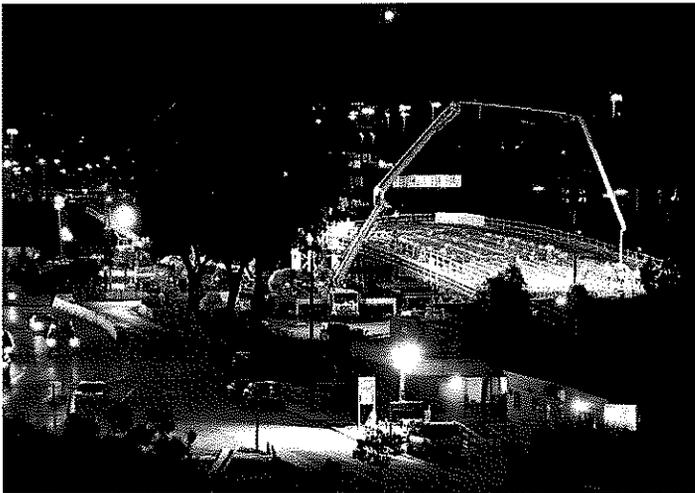
Shearwalls



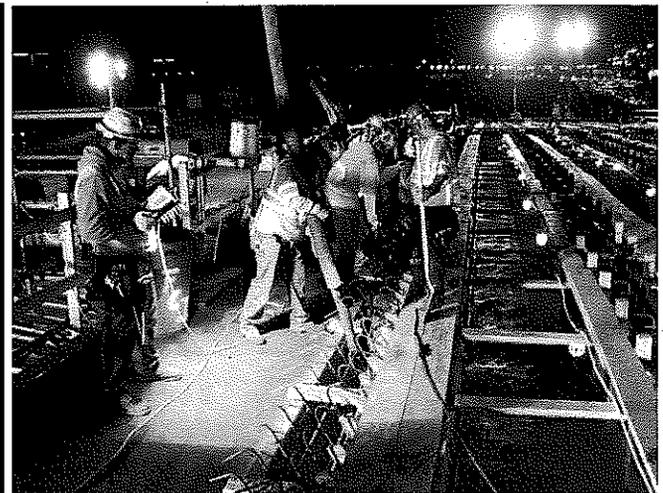
Footings

## 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.



**Bypass Loop Overcrossing  
Concrete Pour**



**Bypass Loop Overcrossing  
Pouring Soffit and Stem Walls**



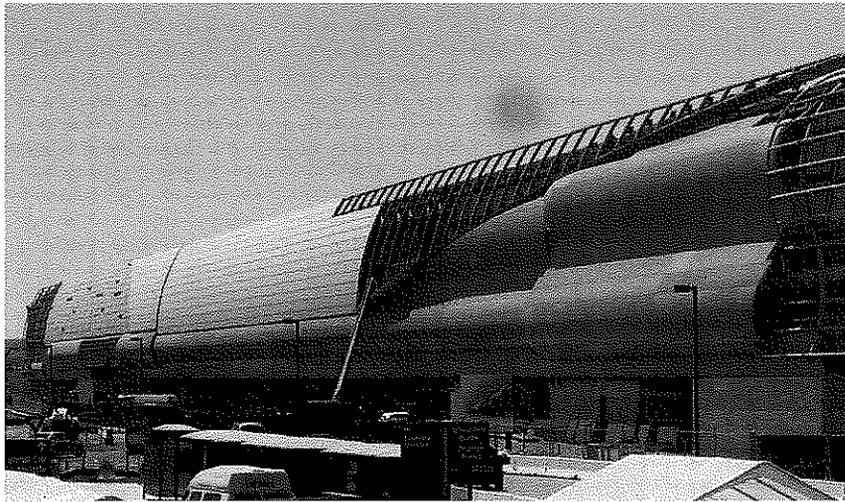
**Paving Outer Terminal Drive  
Falsework Construction - Bypass Loop  
Overcrossing**



**Asphalt Cement Paving  
Inner Terminal Drive**

## 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.



**Landside View**



**Wood Veneer Wall**



**Finished Terrazzo Floor**

