



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

SUBJECT: TERMINAL AREA
IMPROVEMENT PROGRAM
QUARTERLY REPORT

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

DATE: November 14, 2008

Approved

Date

11/17/08

RECOMMENDATION

Staff recommends acceptance of the attached Terminal Area 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 July 1 through September 30, 2008.

KATY ALLEN
Director, Public Works Department

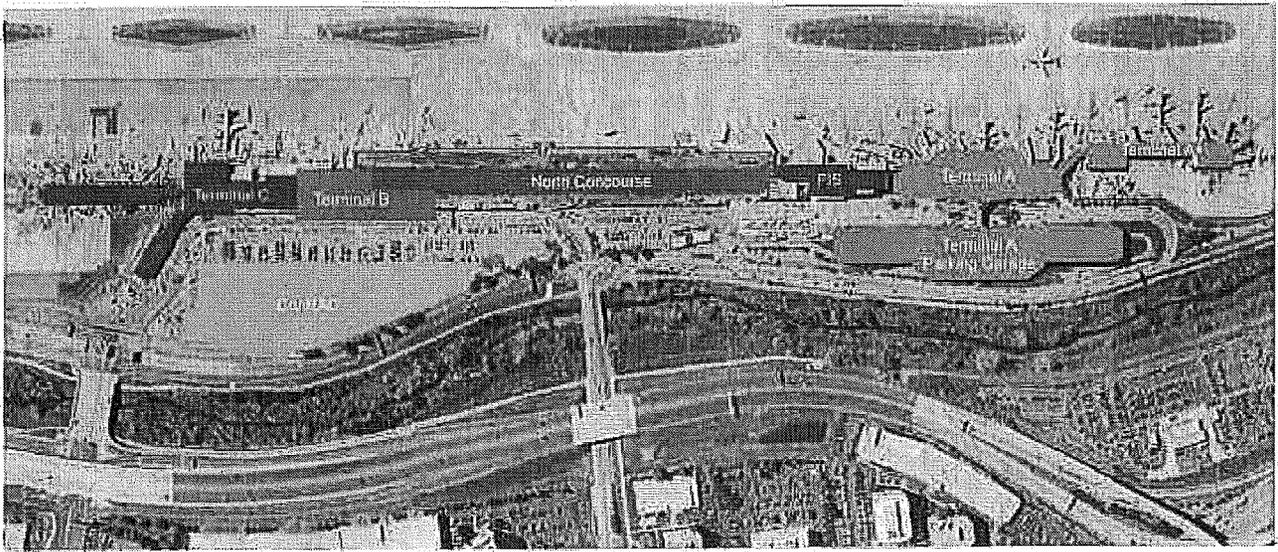
WILLIAM F. SHERRY, A.A.E.
Director of Aviation

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

Attachment

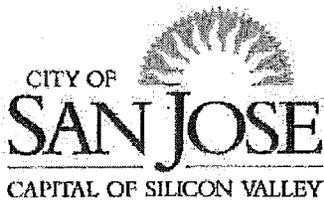
The New Airport

A MAJOR UPGRADE FOR SILICON VALLEY



Terminal Area Improvement Program

Executive Quarterly Report 3Q08



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Terminal Area Improvement Program 3Q08 Executive Summary Program Status as of September 30, 2008

HIGHLIGHTS

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

- The design of the major program elements reached 97%.
- The overall construction progress is tracking very closely to the master schedule with actual progress to date at 30.6% compared to 32.5% planned.
- The design-build GMP commitments to date total \$624 million.
- The TAIP budget deficit was increased from \$4.9 to \$5.4 million due to extra cooling and emergency power requirements.
- Airport secured \$18 million from TSA to support the Terminal A Baggage Handling System. Negotiations to secure similar funding for the Terminal B Baggage Handling System are being planned. City Council approved the "Other Transactional Agreement" (OTA) with TSA.
- Airport Staff reassessed the Airport's Request for Proposal criteria for a public-private partnership solar initiative and decided to wait to see the results of the City of San Jose recently advertised RFP solar initiatives before re-advertising.
- 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

- Significant construction continued on Terminal A Modifications, and the project is now 38% complete.

- Hensel Phelps completed the concrete foundations and erected the structural steel on the new airside “bump-out” structure that will provide space for concessions and waiting lounges.
- Steel erection was completed at the North Ticket Lobby and at the end of September steel erection work commenced at the South Ticket Lobby.
- Design advanced to 95% on the Terminal A Equity Improvement Project. Installation continues for the upgraded power supply, fire suppression system, and paging system.
- Design of the “757 Maximization Plan” reached substantial completion. This project will provide the Airport greater flexibility for assigning aircraft gate parking positions and will add one additional gate in Terminal B and North Concourse for a total of twelve.
- The plans and specifications for the new free-standing furniture were completed and the procurement package RFP will be advertised next quarter.

Terminal B

- The foundation work and baggage tunnel construction is 100% completed. The main activities this quarter were the steel erection and installation of metal decking.

Temporary Terminal C

- This phase of the Terminal C project was completed in 1Q08. There will be no further construction activity until the terminal is vacated and demolished in the fall 2010.

North Concourse

- The North Concourse Project reached 99% construction completion. The building construction reached substantial completion in mid-September followed by the start of commissioning activities. Punch list work is ongoing with acceptance expected at the end-October 2008.
- The October 2008 completion will afford the opportunity for an early activation of the northern five gates in mid-2009 that will facilitate the overall construction phasing of the program and ease operations for Terminal A carriers during construction.
- The budget overrun for the \$324 million North Concourse project was increased from \$600,000 to \$837,574 during this quarter. 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 structure for the South Bridge continues with an expected completion by December 2008.

- The North Bridge was completed and opened to traffic on September 24, 2008. This marked a major roadway milestone in the new terminal roadway schedule. Traffic has now been re-routed onto the lanes of Terminal Drive in front of Terminal B. The Ground Transportation Island in front of Terminal B was also completed and opened.
- Major roadway construction was completed in front of Terminal A and opened to traffic on August 25, 2008. Customer impact during this period of challenging road construction was minimal through excellent coordination among contractors, carriers, and the Airport.

Consolidated Rental Car Garage (ConRAC)

- The overall construction progress on the new seven-deck, 3,350-space ConRAC Garage is tracking close to plan. It has reached 17% completion compared to 18.4% planned. Shear wall placement, slab-on-grade placement, and foundation work are complete except for access block outs. Pre-cast columns and beams will be erected early next quarter.
- All pile driving for ConRAC and North Bypass Overcrossing was completed this quarter. The placement of the shear walls was substantially completed and the pouring of the slab on grade is expected to be completed by early October 2008.
- Work on the ConRAC North Helix advanced to 75% completion and work on the South Helix commenced in late August 2008.

SMALL AND LOCAL BUSINESS UPDATE

- To date, Hensel Phelps has awarded 108 subcontracts of which 31 were awarded to local contractors; 32 to small contractors; 8 contractors qualified as both local and small. In total, 51% of subcontracted value awarded (\$347 million) to date including design-build subcontractors have been to either small or local contractors.
- 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 November 12, 2008.

CUSTOMER SERVICE AND PUBLIC INFORMATION

- Customer service continues to be the Airports main focus during of all the TAIP construction work. Customer service representatives and the Airport Communications Director continue to keep the public informed via e-mail, bulletins posted on the Airport website, www.flysanjose.com as well as news releases provided to Bay Area media.
- Our summer months were a big challenge with the construction of the roadway in front of Terminal. All our energy was focused on this huge endeavor and we were able to accomplish this task with minimal impact on our customers. In order to maintain construction schedules traffic lanes switched overnight, almost on a daily basis. The combined efforts of customer service representative and Parking and Traffic Control Officers were effective to successfully avoid public inconvenience. All involved rose to the occasion and many kudos' were given by passengers as they were escorted from curbside drop-off areas to the skycaps at the terminal.
- Major portions of the new roadway have opened in these past quarter. The North Overcrossing and Ground Transportation area are now operational and working as planned. New road work in front of Terminal B is working as projected.
- Weekly workshops continue with the airlines, TSA, vendors and other stakeholders to assure that everyone is being kept up to date on all new construction issues to minimize customer impacts.

FUTURE COUNCIL ACTIONS

- **Public Parking Garage.** Staff will return to Council whenever Congress approves reauthorization of FAA that could include a increase in Passenger Facilities Charges, which would enable the Airport to fully fund the planned public parking garage. This legislation likely will not occur until 2009 or 2010.
- **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 go to Council in October as part of the Annual Report.

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, 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. TSA now has committed \$18 million for funding for the security screening portion of the Terminal A baggage handling system. Discussions with TSA for Terminal B and with the airlines are continuing in an effort to obtain support for the enhanced system in order to achieve the baggage system's full potential benefits.

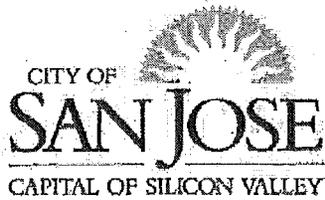
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Appendix

Terminal Area Improvement Program

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3Q08 Budget Overview

Major CIPs Cost Summaries	Last Period 2Q08	This Period 3Q08	Change
Design-Build Program			
Funded (Available for Task Order Contracting)	\$735,829,308	\$750,219,896	\$14,390,588
Committed to Date (Included through CO 47)	\$548,114,323	\$624,664,022	\$76,549,699
Expenditures to Date	\$113,296,068	\$167,064,624	\$53,768,556
Budget v. Estimate Construction Cost - Under/(Over)	(\$9,002,362)	(\$5,431,542)	\$3,570,820
North Concourse Program			
Funded (Available for Task Order Contracting)	\$324,689,256	\$324,689,256	\$0
Committed to Date (Multiple Prime Contractors)	\$297,519,529	\$303,226,052	\$5,706,523
Expenditures to Date	\$262,403,062	\$279,161,330	\$16,758,268
Budget v. Estimate Construction Cost - Under/(Over)	(\$1,539,880)	(\$837,574)	\$702,306
Terminal A Equity Improvements Program			
Funded (Available for Task Order Contracting)	\$40,285,000	\$42,106,948	\$1,821,948
Committed to Date (Multiple Prime Contractors)	\$10,144,283	\$12,524,473	\$2,380,190
Expenditures to Date	\$2,844,534	\$3,250,365	\$405,831
Budget v. Estimate Construction Cost - Under/(Over)	\$0	\$0	\$0

3Q08 Schedule Overview

Programs	Original Completion Deadline	Current Completion Deadline	This Report (Sep 2008)	Ahead (Behind) Schedule	Notes
Design-Build Program	29-Sep-10	30-Dec-10	30-Dec-10	(92)	1
North Concourse Program	6-Jul-08	26-Oct-08	26-Oct-08	0	
Terminal A Equity Improvements Program	30-Jun-09	30-Jun-09	30-Jun-09	0	

Notes to Explain Changes in Scheduled Completion

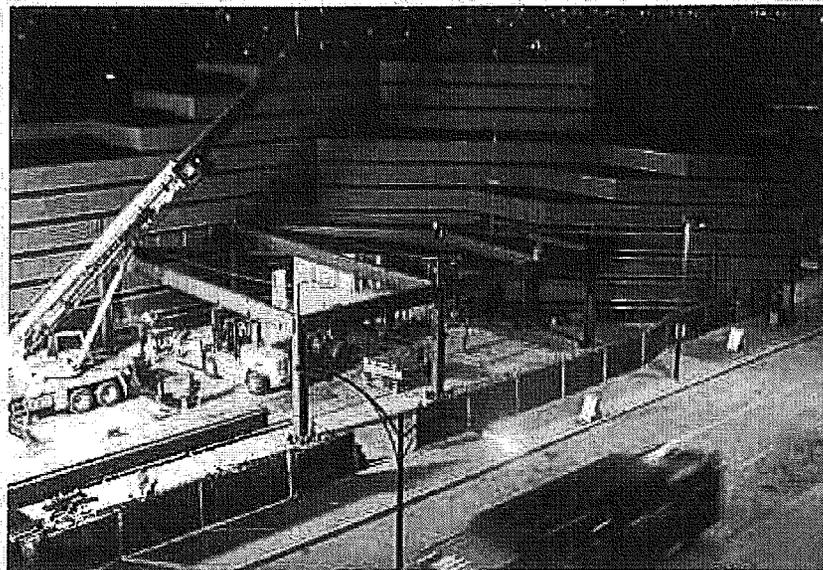
1. Completion of final road section.

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.



North Ticket Lobby Shell Complete



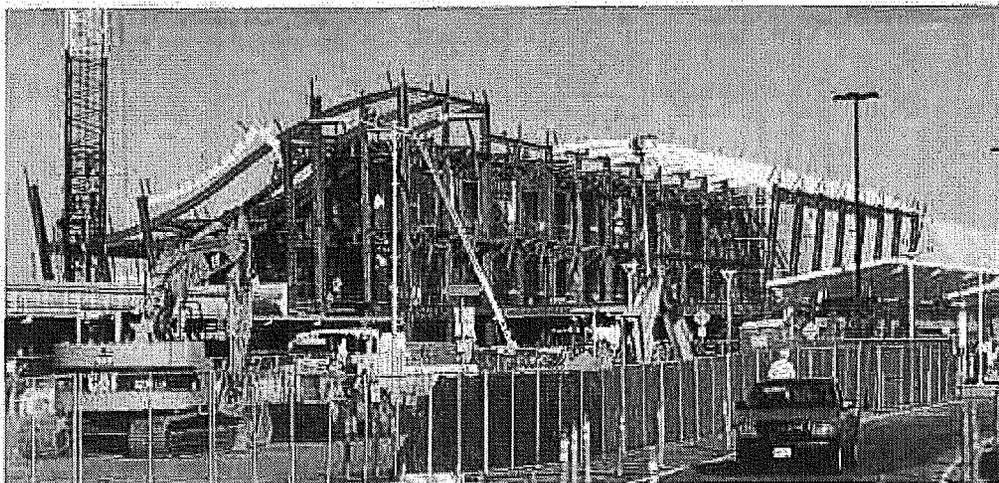
South Ticket Lobby Steel Work

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.



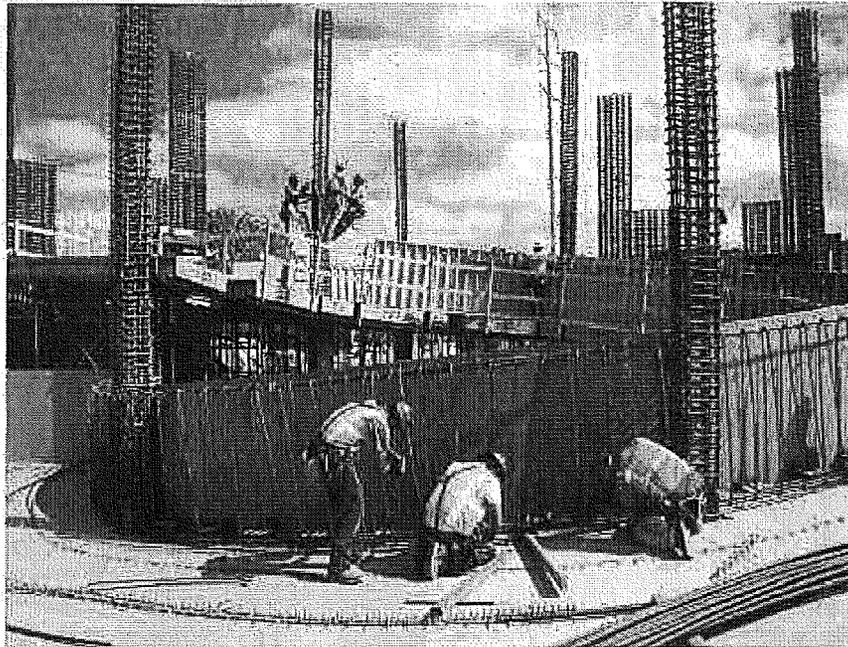
Steel Workers Await Beam Placement



Structural Steel Erection 50% Complete

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

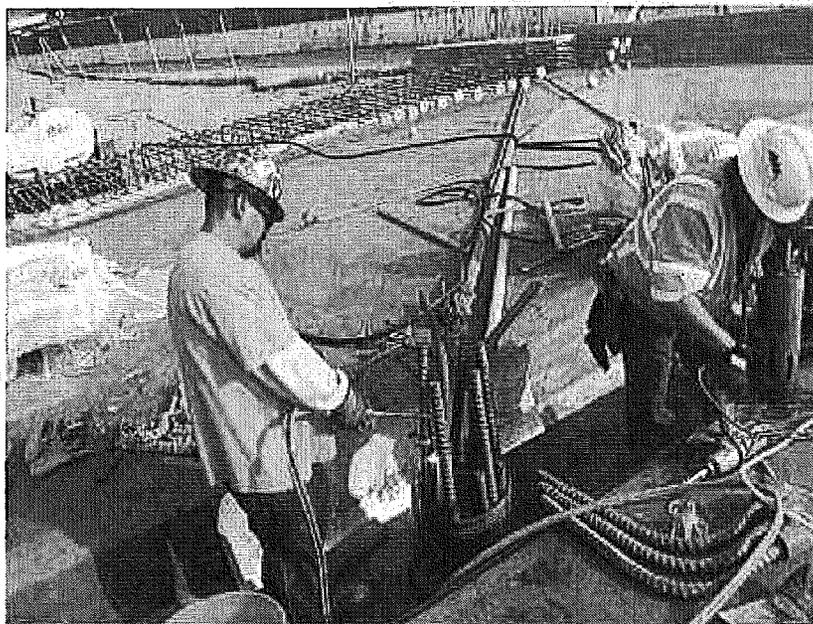
The opening of this 3,350 car full-service facility is scheduled to coincide with the opening of the first phase of Terminal B. The new ConRAC will provide passengers more convenient access to rental car facilities and reduce traffic on airport roadways. The garage also includes 350 public parking spaces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



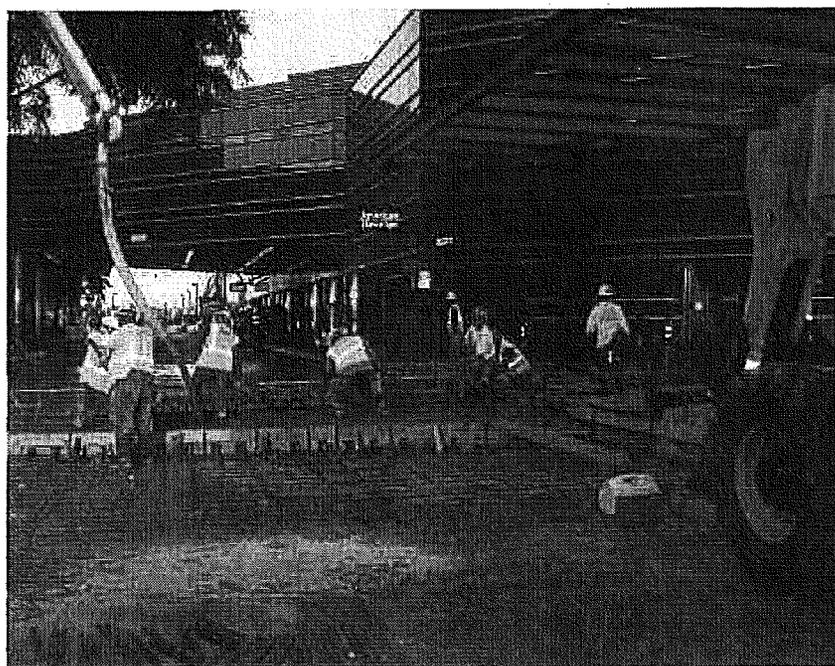
Helix Construction

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.



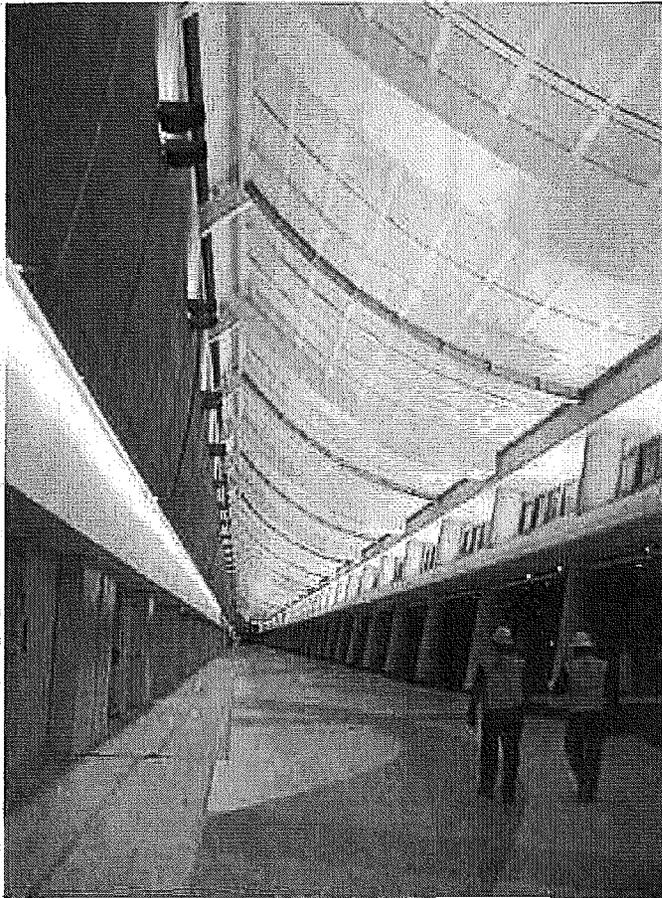
South Loop Overcrossing Steel Placement



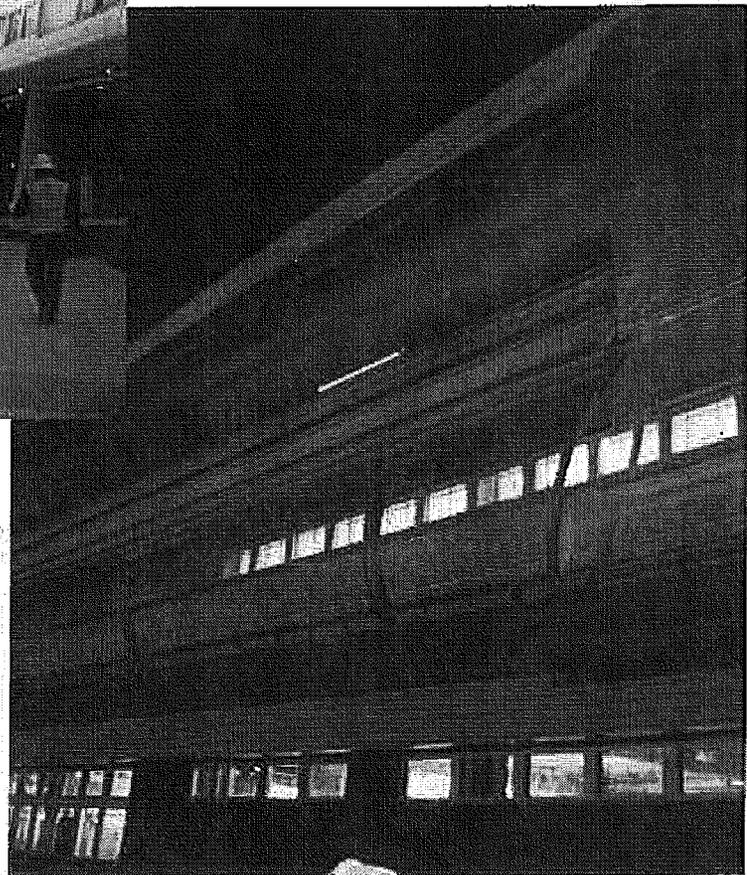
Terminal A Roadway Concrete Pour

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.



Interior at Night



Concourse Facade

Terminal A/A+ Equity Upgrade Program

To further enhance Airport amenities and customer services, in 2006 the airlines agreed to fund the Terminal 'A' Equity Project as part of the Airport's overall capital improvement program. This project will provide improvements to the existing Terminal A/A+ and the Terminal A Garage in order to create equitable facilities comparable to the new Terminal facilities delivered by the TAIP. The equity project has been divided into five smaller projects: General Improvements, Replacement of Passenger Boarding Bridges (PBB), Furniture, Furnishings and Equipment (FFE), Technology Improvements, and Airlines Tenant Improvements.

