



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano
John Aitken

SUBJECT: SEE BELOW

DATE: June 2, 2021

Approved

Date

06/03/21

**SUBJECT: ACTIONS RELATED TO THE 9699 - MINETA SAN JOSÉ
INTERNATIONAL AIRPORT GENERAL AVIATION RUN-UP PAD
RELOCATION**

RECOMMENDATION

Adopt a resolution authorizing the Director of Public Works to:

- (a) Award and execute the 9699 - Mineta San José International Airport - General Aviation Run-Up Pad Relocation Project (Project) to the low bidder, Granite Rock Company, in an amount of \$1,209,566, contingent upon the award and execution of an Airport Improvement Program (AIP) grant from the Federal Aviation Administration (FAA);
- (b) Establish a construction contingency of 10% in the amount of \$120,957.

OUTCOME

The recommendation provides the most efficient means of awarding and executing a construction contract for the Project and will provide the City with the best opportunity to take advantage of a potential Federal Aviation Administration (FAA) grant opportunity that has extremely tight time constraints. The ten percent contingency will provide funding for any unanticipated work necessary for the proper completion of the Project.

BACKGROUND

Airport staff periodically assemble a priority list of capital improvement projects that meet eligibility requirements for the FAA's Airport Improvement Program (AIP) grant funding. This priority list is submitted to the FAA for review and prioritization based on the 16 general requirements for project funding, as outlined in the FAA's AIP Handbook. To be justified as eligible for funding, proposed projects must pass three basic tests: 1) Demonstrate the

advancement of one of the following AIP policies: airport safety, airport security, airport capacity, meeting an FAA standard, preserving airport infrastructure through reconstruction or rehabilitation, protecting and enhancing the environment, minimizing aircraft noise impacts, and airport planning; 2) Be an actual need; and 3) Have appropriate scope.

The Project fits the necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA AIP grant funding. Award of the Project is contingent upon the execution of the grant from the FAA.

The Project will improve airfield safety by eliminating a designated airfield incursion hotspot at the intersection of Taxiway D and Taxiway W by relocating the existing run-up pad to the apron area between Taxiway B and Taxiway C on the southwestern end of the airport. The scope of work includes removal of existing pavement and tie-downs, excavation and stabilization of the subgrade and base course and the addition of a new bituminous surface course. The Project also includes drainage improvements, pavement striping, airfield signage and associated electrical work. The existing run-up pad will be decommissioned following the completion of the Project.

Pending receipt of the FAA grant, construction is estimated to begin in August 2021 and is projected to be completed by January 2022.

ANALYSIS

Bids were opened on March 18, 2021 and a single bid was received with the following results:

<u>Contractor</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Granite Rock Company (San Jose)	\$1,209,566	\$296,325	32
Engineer's Estimate	\$913,241		

The Project was bid in accordance with the FAA's AIP program requirements requiring all bids to be valid for a minimum of 120 days. The current bids are valid for 180 calendar days, until September 14, 2021.

The bid submitted by Granite Rock Company (Granite Rock) is thirty-two (32) percent over the Engineer's Estimate (EE).

Bid evaluation revealed the following variances between the EE and the bid, with the electrical components having the largest deltas:

Bid Item	Engineer's Estimate	Granite Rock Company	Delta	
	Amount	Amount	\$	%
Items 1-27 (Civil)	678,893	\$710,461	31,568	5
Items 28-42 (Electrical)	234,348	\$499,105	264,757	113

Based on staff analysis of the electrical components of the bid, below are reasons staff have identified for the variances:

- A vast majority of the airfield electrical items are experiencing supply chain pressures, for example PVC conduit has seen a price increase of 450%-675%. This is attributed to the recent freeze in Texas where there has been an extreme shortage in the resin used to manufacturer PVC. Additionally, the feedback from manufacturers and the electrical subcontractor have indicated higher costs of the airfield electrical equipment and lighting as well as the electrical conductors, all of which is due to material shortages related to the supply chain delays caused by the pandemic.
- One bidder – seeing multiple bidders helps paint a better picture of the bidding economy, especially related to specialized work such as at the Airport. The EE prices are based on expected range of conditions and are sensitive to large deltas due to less bids being received.

Given the disruptions to supply chains and price variances attributed to the pandemic, staff will work with the Design and Estimating Consultants to obtain updated quotes of key elements of work, equipment, and materials with intent to produce estimates more closely matching the current bidding environment. Similarly, staff will conduct more robust outreaches to the contracting community to increase the number of competitive bids.

Staff considered rebidding the Project, but the potential grant opportunity has an extremely tight time constraint. The additional time needed to successfully rebid the Project would jeopardize the potential award of the grant funds. In order for the City to be in a favorable position to receive undistributed discretionary AIP funds, the City must be ready to accept a potential grant offer within hours of notification. The award of these funds is based on actual bid results. Furthermore, based on staff analysis, it is unlikely that a rebid would result in lower bid prices or additional bidders.

The minimum FAA AIP grant application total project cost is \$1,815,671 excluding project contingency. This amount has been established based on available funds and on FAA’s grant limitations placed on reimbursement for project expenditures. The FAA AIP grant split is typically as 80.59% Federal Share and 19.41% Grantee Share. The American Rescue Plan Act of 2021 (H.R. 1319, Public Law 117-2), signed into law by the President on March 11, 2021, increases the Federal Share to 100 percent.

The FAA AIP grant application is summarized below:

AIP Grant Application

Description	Amount
Federal Share	\$1,463,248
Grantee Share (Funded by the American Rescue Plan Act)	\$352,423
Total Project Costs	\$1,815,671

Based on staff’s evaluation of the bid, staff recommends award to Granite Rock Company, contingent upon the award and receipt of the FAA AIP Grant. The proposal from Granite Rock is responsive and responsible for the work specified.

San Jose Municipal Code Section 27.04.050 provides that the contingency for all public works contracts (except those involving the renovation of a building or buildings) cannot exceed ten percent of the total contract amount. Staff recommends a ten percent contingency, which should be sufficient to account for unforeseen conditions that might arise in the construction.

Project Labor Agreement Applicability

A project labor agreement is not applicable to this project as the total construction cost is below three million dollars.

Local and Small Business Outreach

Procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San Jose Municipal Code defines a “local business enterprise” as one with a legitimate business presence in Santa Clara County and “small business enterprise” as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 3,524 vendors, and documents were downloaded by 31 vendors, approximately 10 of which were located within Santa Clara County and therefore local. The recommended contractor is a local (but not a small) business enterprise.

In addition, Granite Rock has listed six subcontractors, of which one is a local contractor.

CONCLUSION

Based on staff’s evaluation of the bids, staff recommends award to Granite Rock Company, contingent upon the award and receipt of the FAA AIP Grant.

EVALUATION AND FOLLOW-UP

No additional follow up action with the Council is expected at this time.

CLIMATE SMART SAN JOSÉ

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memo will be posted on the City’s website for the June 15, 2021 City Council meeting.

Since the Project is funded in part with a Federal United States Department of Transportation (USDOT)/FAA AIP grant, the Federal Disadvantaged Business Enterprise (DBE) Program regulations found in 49 CFR Part 26 apply. The City’s current DBE participation goal for its AIP grant funded Airport capital projects in Federal Fiscal Years 2020-2022 is 4.1% annually. The City’s DBE Program for AIP grant funded Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

Airport staff performed extensive outreach to encourage DBE participation. Outreach efforts included:

- Identification of potential/ possible subcontracting opportunities – 1 work area identified;
- Identification of 389 certified DBEs in that 1 subcontracting work area;
- Email blast sent to the 389 certified DBEs;
- Email blast to ethnic chambers, San José Chamber, and other interested organizations including Minority Business Consortium - provided project information, subcontracting opportunities (NAICS Codes and Caltrans Work Codes), bid date and time, and DBE certification requirements;
- Posted contracting opportunity on Bidding, FAA Opportunities, AMAC, NATA, ACI-NA, Minority Business Development Agency;
- Shared Contact Opportunity on Airport’s Requests for Information/ Proposal/ Qualification and Bid Notices.

Granite Rock has listed the following DBE subcontractors in their bid and committed \$21,052 (1.7%) in DBE participation:

Contractor	Description of Work to be performed	Value of Work	Percent of overall bid	DBE
Austin Enterprises	Joint Sealing & Saw Cutting	\$8,658	0.7	Yes
Surface Prep & Maintenance	Striping Removal	\$12,394	1.0	Yes
Total		\$21,052	1.7	

COORDINATION

The Project and memorandum have been coordinated with the City Attorney’s Office and the City Manager’s Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The project is consistent with the adopted Master Plan pursuant to Municipal Code Section 25.04.210(B). The Project is expressly identified in the Master Plan as Project "A-41".

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery*	\$	485,148
Construction	\$	1,209,566
Contingency	\$	120,957
TOTAL PROJECT COSTS	\$	1,815,671
(Reflects the amount of remaining project costs in the current and future fiscal years)		

*Project delivery includes \$270,474 for Design Services and \$208,294 for Construction Management and Inspection Services. There are no prior year expenditures.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$	62,830
Safety and Security	\$	55,500
Demolition and Removal	\$	103,212
Excavation	\$	28,867
Lime Treatment	\$	88,814
Subgrade and Base Course	\$	56,168
Bituminous Coating	\$	149,683
Pavement Marking	\$	54,987
Electrical	\$	499,105
Drainage Facilities	\$	63,600
Other	\$	46,800
TOTAL AGREEMENT/CONTRACT AMOUNT	\$	1,209,566

3. SOURCE OF FUNDING: 520 – Airport Capital Improvement Fund

4. FISCAL IMPACT: This project has been reviewed and was determined that it will have no significant impact on the Airport operating budget.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2020-2021 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
520	401F	Airfield Geometric Implementation	\$5,960,000	\$1,209,566	V-548	10/20/2020, Ord. No. 30494

HONORABLE MAYOR AND CITY COUNCIL

June 2, 2021

Subject: 9699 – Mineta San José International Airport – General Aviation Run-Up Pad Relocation

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CEQA

PP18-103: Environmental Impact Report for the Amendment to the Norman Y. Mineta San José International Airport Master Plan (Resolution No. 79497).

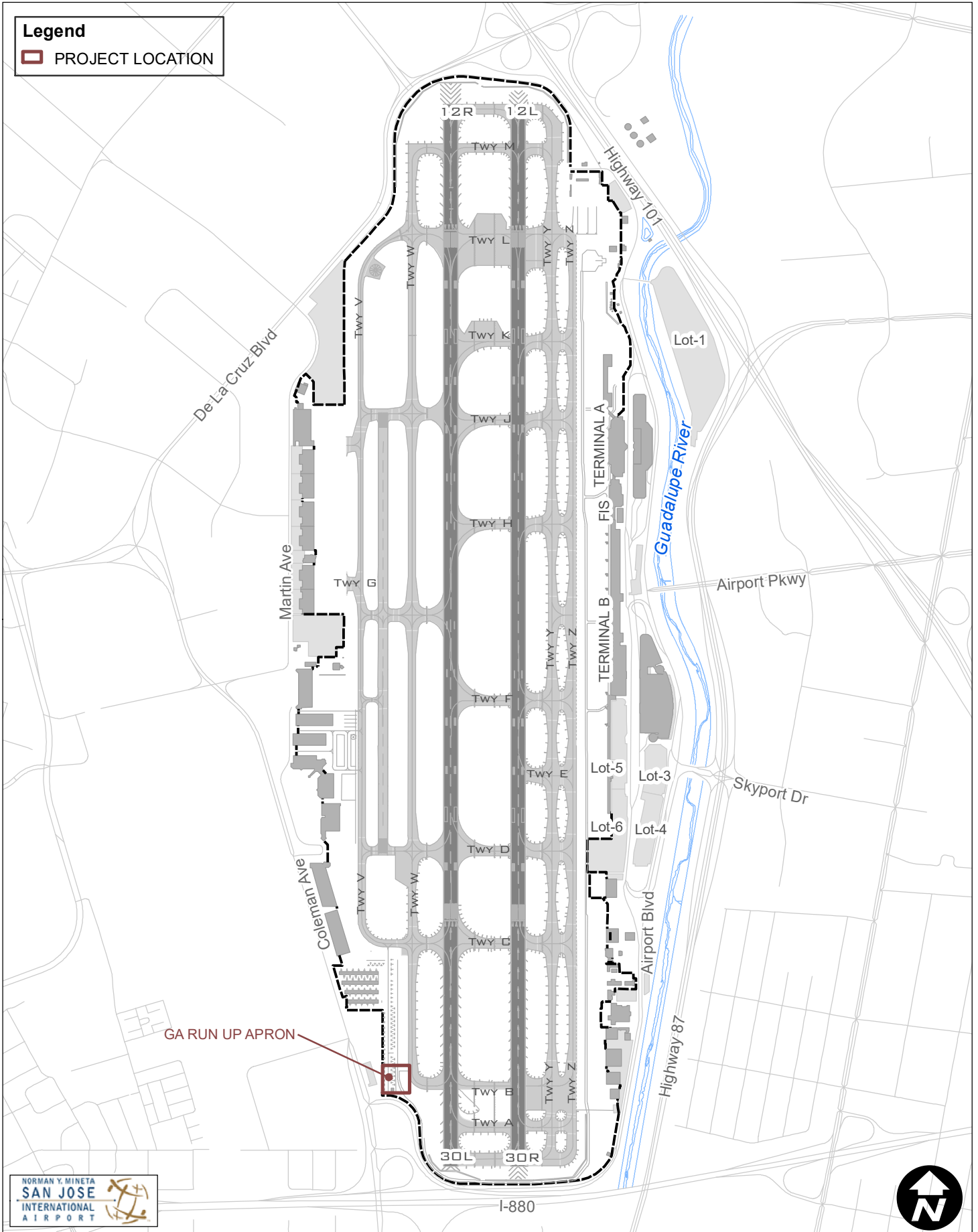
/s/
MATT CANO
Director of Public Works

/s/
JOHN AITKEN, A.A.E.
Director of Aviation Department

For questions, please contact Katherine Brown, Deputy Director, Public Works Department, at (408) 795-1679.

Attached: Airport CIP Map

San José International Airport GA RUN UP APRON FFY2021 AIRPORT CAPITAL IMPROVEMENT PLAN



Legend
PROJECT LOCATION

