



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch  
John Aitken  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** August 15, 2023

Approved

Date

8/17/23

**COUNCIL DISTRICT: 6**

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 10232 –  
SAN JOSE MINETA INTERNATIONAL AIRPORT TERMINAL A  
BAGGAGE CLAIM ESCALATOR REPLACEMENT RE-BID  
PROJECT**

## **RECOMMENDATION**

- (a) Report on bids and award of a contract for the construction of 10232 – San José International Terminal A Baggage Claim Escalators Replacement Re-Bid Project to the lowest responsive, responsible bidder, Schindler Elevator Corporation, in the amount of \$1,379,164.
- (b) Approve a 15% contingency in the amount of \$206,875; and
- (c) Adopt the following 2023-2024 Appropriation Ordinance amendments in the Airport Renewal and Replacement Fund:
  - (1) Decrease the Terminal Roofing appropriation by \$500,000;
  - (2) Decrease the Ending Fund Balance appropriation by \$238,000; and
  - (3) Increase the Escalator Replacement appropriation by \$738,000.

## **SUMMARY AND OUTCOME**

The SJC Terminal A Baggage Claim Escalators Replacement Re-Bid Project (Project) supports San José Mineta International Airport's goal to maintain public mobility throughout the Airport facilities. The construction of the Project will provide reliable and convenient mobility from Terminal A to the baggage claim area.

Award of the construction contract to Schindler Elevator Corporation will enable the Project to

August 15, 2023

**Subject: Report on Bids and Award of Contract for 10232 - San José Mineta International Airport Terminal A Baggage Claim Escalator Replacement Re-Bid Project**

Page 2

proceed into construction. Approval of a 15% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project. Adoption of the appropriation ordinance amendments in the Airport Renewal and Replacement Fund will provide additional funding needed to construct the Project.

## **BACKGROUND**

The Project is located in the Terminal A Baggage Claim area of the San José Mineta International Airport. Escalators typically have a useful life of 25 to 30 years. Since the two existing escalators in the Terminal A Baggage Claim area were installed in 1990 and already exceeding the average useful life expectancy, in October 2020, staff felt it was necessary to conduct a condition assessment. The two escalators, one up and one down, were in operation at the time of the assessment so staff could evaluate their functionality.

The two escalators were found to be in good to fair condition for their age, but at approximately 32 years old, it was apparent that the level of preventative and corrective maintenance on the two escalators was becoming more frequent. Additionally, major components needed for the basic functionality of the escalators are becoming obsolete causing lengthier downtimes for repairs. Based on the current condition, the availability of major components, and current usage, the remaining life expectancy of the two escalators was estimated to be two to three years.

Based on the assessment and evaluation, it was recommended to completely replace the two existing escalators. This Project will remove the existing escalators and replace them with new modern transportation grade escalators, engineered and designed to fit into the existing cavity and truss structure. The new escalators will be more energy efficient, code compliant, and contain modern operational features.

Construction is scheduled to begin in October 2023 with substantial completion by August 2025.

The Project was originally advertised on February 1, 2023, with the bids being opened on March 2, 2023. The City received one bid, which was deemed non-responsive because it included additional terms and conditions.

**ANALYSIS**

New bids were opened on June 22, 2023, with the following results:

<b><u>Contractor</u></b>	<b><u>Bid Amount</u></b>	<b><u>Variance Amount</u></b>	<b><u>Over/(Under) Percent</u></b>
<b>Engineer’s Estimate</b>	<b>\$1,312,568</b>	---	---
Schindler Elevator Corporation (Morristown, NJ)	\$1,379,164	\$66,596	5

The bid submitted by Schindler Elevator Corporation is 5% above the Engineer’s Estimate. Staff considers the amount acceptable for the work involved.

Schindler Elevator Corporation has not completed a construction contract with the City in the past but has been awarded several maintenance agreements for the Airport and Citywide facilities. The two most recent agreements were the Agreement for Elevator and Escalator Maintenance Services for the San José Mineta International Airport and Elevator Maintenance Services for Citywide Locations. Schindler has also completed escalator projects, similar in size and scope, for several businesses in the Bay Area.

**Contingency**

San José Municipal Code Section 27.04.050 provides for a standard contingency of 15% on public works contracts involving the renovation of a building or buildings. The standard 15% contingency is appropriate for this project.

**Project Labor Agreement Applicability**

The City’s Project Labor Agreement is applicable to this project because the Engineer’s Estimate is over \$1.22 million.

**Local and Small Business Analysis**

Airport staff conducted outreach to ethnic chambers, the San José Chamber of Commerce, the Minority Business Consortium, in Federal Aviation Administration Matchmaker, Airport Minority Advisory Council, National Air Transportation Association, Airports Council International - North America, and the Minority Business Development Agency. The recommended contractor is not a local or a small business enterprise. However, Rosendin Electric (San José) is listed as a subcontractor. Rosendin Electric is a local business enterprise and will be performing electrical work valued at approximately \$50,000.

**EVALUATION AND FOLLOW-UP**

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

**COST SUMMARY/IMPLICATIONS**

This Project supports San José Mineta International Airport’s goal to maintain public mobility throughout the Airport facilities. The construction of the Project will provide reliable and convenient mobility from Terminal A to the baggage claim area. The source of funding is the Airport Renewal and Replacement Fund. Additional funding of \$738,000 is required to complete the Project, which is recommended to come from Terminal Roofing project and Ending Fund Balance.

The Terminal Roofing project has not yet begun and the project bid process is anticipated to take place in October 2024; after which, a budget adjustment will be submitted that aligns the project budget with the total anticipated project costs. Therefore, this appropriation can be reduced by \$500,000, from \$2.5 million to \$2.0 million, to offset this higher priority project. The remaining \$238,000 needed for this project will come from Ending Fund Balance. With the recommended budget action in this memorandum of \$738,000, and after including \$4,000 of savings from 2022-2023 that will be recommended to be rebudgeted to 2023-2024 as part of the 2022-2023 Annual Report, the total budget amount in 2023-2024 will be \$1,985,000.

1. TOTAL COST OF PROJECT:

Project Delivery*	\$529,332
Construction	1,379,164
Contingency	206,875
<b>TOTAL PROJECT COSTS</b>	<b>\$2,115,371</b>
Prior Years’ Expenditures and Encumbrances**	130,371
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$1,985,000</b>

\* Project delivery costs of \$529,332 include design, project management, inspection services, construction management, commissioning, and project closeout costs.

\*\* Prior Years’ Expenditures and Encumbrances of \$130,371 for Consultant Design Services funded in the Terminal A Baggage Claim Escalators project (\$57,680) and Escalator Replacement project (\$72,691).

2. COST ELEMENTS OF CONTRACT:

In-Truss Escalator Replacement	\$1,179,164
Allowance for Structural Modifications Work	150,000
Allowance for Electrical Modifications Work	50,000
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$1,379,164</b>

**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract amount recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

<b>Fund #</b>	<b>Appn #</b>	<b>Appn Name</b>	<b>Current Total Appn</b>	<b>Rec. Budget Action</b>	<b>Amt. for Contract</b>	<b>2023-2024 Proposed Capital Budget Page*</b>	<b>Last Budget Action (Date, Ord. No.)</b>
527	433X	Terminal Roofing	\$2,500,000	(\$500,000)		661	6/20/2023, Ord. No. 30933
527	8999	Ending Fund Balance	\$470,925	(\$238,000)		640	6/20/2023, Ord. No. 30933
527	426Y	Escalator Replacement	\$1,243,000	\$738,000**	\$1,379,164	638	6/20/2023, Ord. No. 30933

\* The 2023-2024 Adopted Capital Budget was approved on June 13, 2023 and adopted on June 20, 2023 by the City Council.

\*\* 2022-2023 unexpended budget of \$4,000 will be recommended to be rebudgeted to 2023-2024 as part of the 2022-2023 Annual Report, eventually bringing the total budget to \$1,985,000. The Annual Report is scheduled to be reviewed by the City Council on October 17, 2023.

**COORDINATION**

This memorandum has been coordinated with the City Attorney’s Office.

**PUBLIC OUTREACH**

This memorandum will be posted on the City’s Council Agenda website for the August 29, 2023 City Council meeting.

**COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

August 15, 2023

**Subject: Report on Bids and Award of Contract for 10232 - San José Mineta International Airport Terminal A Baggage Claim Escalator Replacement Re-Bid Project**

Page 6

**CEQA**

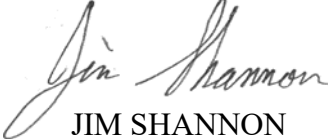
Determination of Consistency with the Norman Y. Mineta San José International Airport Master Plan Amendment Environmental Impact Report, File No. ER22-279.

**PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/  
MATT LOESCH  
Director of Public Works

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

  
JIM SHANNON  
Budget Director

For questions, please contact Sal Kumar, Interim Deputy Director, Department of Public Works at [sal.kumar@sanjoseca.gov](mailto:sal.kumar@sanjoseca.gov) or (408) 921-3488.