

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken
Matt Cano

SUBJECT: SEE BELOW

DATE: April 15, 2019

Approved



Date

4/25/19

**SUBJECT: APPROVE RANKING AND AUTHORIZATION TO NEGOTIATE AND
AWARD DESIGN-BUILD CONTRACT FOR THE 8963 - MINETA SAN
JOSE INTERNATIONAL AIRPORT AIRCRAFT RESCUE AND FIRE
FIGHTING FACILITY – FIRE STATION NO. 20 (PROJECT)**

RECOMMENDATION

Adopt a resolution:

- (a) Approving the final ranking of the Design-Build (D-B) Entities that responded to the Request for Proposal for the 8963 - Mineta San José International Airport Aircraft Rescue and Fire Fighting Facility – Fire Station No. 20 Project (Project);
- (b) Authorizing the Director of Public Works to negotiate a D-B Contract for the Project, as follows:
 - (1) Begin negotiating with the highest ranked D-B Entity, C. Overaa & Company dba Overaa Construction;
 - (2) Begin negotiating with the next highest D-B Entity, if after having negotiated with highest ranked D-B Entity, the Director determines that the City's interests are best served by beginning negotiations with the next highest ranked D-B Entity;
 - (3) Begin negotiating with the third ranked D-B Entity as the Director determines is appropriate;
- (c) Authorizing the Director of Public Works to award and execute the D-B Contract for the Project in an amount not to exceed \$16,940,000, to the highest ranked D-B Entity that successfully completes D-B Contract negotiations with the City;
- (d) Authorizing the Director of Public Works to negotiate and execute Task Orders up to the D-B Contract not to exceed amount as necessary to meet project completion;
- (e) Approving a D-B contingency in the amount of ten percent of the negotiated D-B Contract not to exceed amount for City-approved changes to the design scope and construction services; and
- (f) Authorizing the Director of Public Works to negotiate and execute any single and/or multiple contract change orders for the Project up to the contingency amount.

OUTCOME

Council resolution authorizing the Director of Public Works to negotiate, award and execute the Design Build contract as described in this memorandum will allow the development of the Project. This resolution will provide the City with the opportunity to start the Design Build services for the project. The City will continue to coordinate with the Federal Aviation Administration (FAA) for grant opportunities. The contingency will provide funding to address any unforeseen conditions to complete the project.

BACKGROUND

On August 28, 2018, Council made findings that the Project will exceed \$5,000,000 and that the use of the design-build delivery method process is likely to save money and/or result in faster project completion than if the City used the traditional design-bid-build method for the delivery of the Project. In addition, the Council approved the Request for Proposal (RFP) for the Airport Aircraft Rescue and Fire Fighting Facility (ARFF Facility), and the RFP was advertised on August 29, 2018 with a submittal deadline of October 11, 2018. The RFP included the selection procedures utilized and the information required from the potential Design-Build Entities, description of the Project, the exemplar design-build agreement and the necessary forms for the submittal. A Technical Evaluation Panel (TEP) comprising City staff (Airport, Fire, and Public Works), industry partners, and a representative from the Santa Clara and San Benito Counties Building and Construction Trades Council, evaluated the written submittals and conducted interviews with the most qualified Design-Build Entities.

The City evaluated sealed cost proposals from each Design-Build Entity after the written proposals and interviews to establish the best value for this project. Consideration was given to profit and overhead, general conditions, design fees, project/construction management, construction acceleration concepts, and stakeholder engagement methods. The selection process resulted in the selection of a highly qualified Design-Build Entity.

This project is in a favorable position to receive discretionary Airport Improvement Program (AIP) funds. The City expects to receive the full 80.59% in grant funding from the FAA through either entitlement or discretionary grants. Some of this grant funding may be received this federal fiscal year and some may be received in subsequent years. The City plans to use cash reserves to fund the project until the FAA grant funds are received. The FAA grant funds will be used to reimburse the City for programming, design, project delivery and construction services.

City Council Resolution Nos. 77967 and 78765 adopted on November 1, 2016 and August 28, 2018 authorized the City Manager to apply for, execute, and accept upon receipt, FAA AIP grant funds for the project. On October 31, 2018, the City submitted the FAA Supplemental Grant application and on December 17, 2018, the City also submitted an FAA AIP Grant application. On August 28, 2018, the Council adopted Resolution No. 67380 adopting an Addendum to the Final Environmental Impact Report for the Norman Y. Mineta San Jose International Airport

Master Plan Update. The ARFF Facility location at the southwest side of the airfield was included as part of this Addendum.

ANALYSIS

On October 11, 2018, the City received three (3) proposals for the ARFF Facility Project. Proposals were received from the following D-B entities:

Proposer
C. Overaa & Company dba Overaa Construction
Swinerton Builders
Gonsalves & Stronck Construction Company, Inc.

The evaluation elements for this RFP were as follows:

Step 1

Submittals that met the RFP minimum qualifications as determined by the Public Works Procurement Team were forwarded to the Technical Evaluation Panel (TEP) comprised of five (5) voting members representing diverse backgrounds and experience relevant to the Project. The TEP reviewed and ranked the proposals independently as described in Step 2.

Step 2

Using the evaluation criteria defined in the RFP each member of the TEP independently evaluated each submittal and scored the submittals per the following categories:

Description	Points Assigned
Minimum Qualifications	Pass/Fail and minimum score for scored criteria
Cover Letter	Pass/Fail
Experience and Qualifications	150 pts
Project Team and Subcontractor List	100 pts
Project Approach	100 pts
Design Narrative	75 pts
Design Rendering	75 pts
Schedule and Phasing	75 pts
Safety and Security Approach	75 pts
MAXIMUM TOTAL	650 pts

The results of the technical evaluation are reflected in the table below:

D-B Entity Name	Score
Swinerton Builders	584.00
C. Overaa & Company dba Overaa Construction	533.00
Gonsalves & Stronck Construction Company, Inc.	431.00

Step 3

Following the evaluation, the City conducted oral interviews on October 29, 2018 with D-B Entities from Step 2 based on the TEP's recommendation. The interviews had a maximum score of 550 points.

The results of the oral interview are reflected below.

D-B Entity Name	Score
C. Overaa & Company dba Overaa Construction	489.75
Swinerton Builders	477.75
Gonsalves & Stronck Construction Company, Inc.	340.00

Step 4

The Public Works Procurement Manager received price proposals for the Project on the day of the interviews. The Public Works Procurement Team evaluated the price proposals by the predetermined RFP criteria. The lowest rough order of magnitude (ROM) price received one hundred percent (100%) of the points assigned to the price proposal (300 points) while the remaining Proposers received a reduction in points equal to the percentage difference between their total ROM price and the lowest ROM as outlined in the RFP price proposal evaluation criteria.

The results of the price proposal are reflected in the following table:

D-B Entity Name	Score
C. Overaa & Company dba Overaa Construction	300.00
Swinerton Builders	241.44
Gonsalves & Stronck Construction Company, Inc.	204.92

Final Ranking

The scores for the Technical Evaluation (Step 2), the Interviews (Step 3), and the Price Proposal (Step 4) were added together to determine the Final Ranking List. FAA regulations prohibit local preferences in FAA AIP grant funded projects; therefore, no preference was given to Small or Local Business Enterprises under the City's Small and Local Business Preference Ordinance.

The Final Ranking results are reflected in the following table:

Rank	D-B Entity Name	Technical Evaluation (650)	Oral Interviews (550)	Price Proposal (300)	Total Points (1500)
1	C. Overaa & Company, dba Overaa Construction	533.00	489.75	300.00	1322.75
2	Swinerton Builders	584.00	477.75	241.44	1303.19
3	Gonsalves & Stronck Construction Company	431.00	340.00	204.92	975.92

Upon Council approval of the final ranking, the Director of Public Works will enter into contract negotiations with Overaa Construction with consideration given to profit and overhead, general conditions, design fees, project/construction management, construction acceleration concepts, and stakeholder engagement methods.

In the event that the Director of Public Works determines that the City and Overaa Construction are not making adequate progress on the negotiations of the contract, the Director of Public Works will begin negotiating with the next highest ranked D-B Entity, and continue with each of the other D-B Entities in order of their ranking as the Director determines is appropriate in order to reach an agreement.

Overaa Construction is currently a design-build partner for the \$97 million dollar Cogeneration Facility at the Regional Wastewater Facility. Their performance has been positive with about 55 percent of construction completed. Overaa Construction has also successfully completed other ARFF Facilities at San Francisco International Airport and Oakland International Airport. Both facilities were referenced in Overaa Construction's technical proposal which demonstrated the construction experience required for the project.

Disadvantaged Business Enterprise

Since this Project is funded in part with a Federal US Department of Transportation/FAA AIP grant, the Federal Disadvantaged Business Enterprise (DBE) Program regulations found in 49 CFR Part 26 apply. The City's current three year DBE participation goal for its US Department of Transportation-funded Airport Improvement Program in Federal Fiscal Years 2017-2019 is 6.3% annually. For reference, the DBE firms in Overaa's subcontractor list included: YamaMar Architecture, Arora Engineers, DeHaro Mechanical, Superior Automatic Sprinkler, and Dinelli Plumbing. The DBE firms in Swinerton Builder's subcontractor list included: MGM Drywall, Inc., Kwan Wo Ironworks, Inc., AJS Painting and Decorating, and GECMS DBA Giron Construction. The DBE firms in Gonsalves & Stronck's subcontractor list included: Alaniz, Half Moon Bay Grading, Golden Bay Fence, Pacific States Insulation, Pioneer Roofing, Kwan Wo Ironworks, Echo Landscape, RMT Landscape, De Haro Ramirez, Landavazzo, ACR Glass, Adolphs Glass, Ironwood Commercial, Superior Contracting Services, Satellite Painting, Apex Mechanical, Jones Tile and Marble, Columbia Electric, and Grand Electric.

City staff did extensive outreach to encourage DBE participation. Outreach efforts include:

- Email blast sent to 904-certified DBEs including project scope and subcontracting opportunities (NAICS Codes and CalTrans Work Codes);
- Email blast to ethnic chambers, San Jose Chamber and other interested organizations including Minority Business Consortium including project scope, subcontracting opportunities, pre-bid date and time, bid date and time.
- Posted contracting opportunity on BidSync, SJC website, FAA Opportunities, AMAC, NATA, ACI-NA and the Minority Business Development Agency;

Green Building

In accordance with the Green Building policy, this project will be designed and built to meet a LEED Silver certification with the goal of a LEED Gold certification.

Project Labor Agreement Applicability

The City's recently executed project labor agreement (PLA) is not applicable to this project, because the advertisement for the project was prior to final execution of the PLA between the City and the Santa Clara and San Benito Building Trades Council.

EVALUATION AND FOLLOW-UP

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

PUBLIC OUTREACH

At the City Council meeting on August 28, 2018, the Airport requested and received approval to advertise a Design-Build RFP for the ARFF Facility Project. The public documents released at this Council meeting included the RFP used to solicit proposals. The RFP was posted on BidSync, SJC website, FAA Opportunities, AMAC, NATA, ACI-NA and the Minority Business Development Agency on August 29, 2018. A non-mandatory Pre-Submittal meeting was held on September 5, 2018 at the Airport for interested proposers. In addition, this memorandum will be posted to the City's website for the May 7, 2019 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

The ARFF Facility was discussed at the August 13, 2018 Airport Commission meeting, which was open to the public.

FISCAL/POLICY ALIGNMENT

The San Jose Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The development of a new ARFF Facility is expressly identified in the Airport Master Plan as “Project S-7” and therefore, is consistent with the Airport Master Plan pursuant to Municipal Code Section 25.04.210(B)(1).

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery*	\$2,587,184
Construction (D-B Engineer’s Estimate)	\$15,400,000
Contingency	\$1,540,000
FF&E	\$0
TOTAL PROJECT COST**	\$19,527,184
Prior Years’ Expenditures/Encumbrances	(\$0)
REMAINING PROJECT COSTS	\$19,527,184

*Project Delivery includes bid/award, project management, inspection, construction management, and consultant fees. If grant offer is awarded, the FAA will reimburse the City for Project Delivery costs.

**If grant offer is awarded, the FAA will reimburse the City for the programming, design and construction services.

2. SOURCE OF FUNDING FOR TOTAL PROJECT COST:

520 – Airport Capital Improvement Fund

527 – Airport Renewal and Replacement Fund

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

BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	Total Appn.	2018-2019 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Available					
520	401D	Aircraft Rescue and Fire Fighting Facility	\$1,612,000	V-710	06/19/2018, 30124
527	401D	Aircraft Rescue and Fire Fighting Facility	\$388,000	V-710	06/19/2018, 30124
Total Current Funding Available*			\$2,000,000		

*Additional funding in the FY 2019-2020 Proposed Capital Budget in the amount of \$17,528,000 (Fund 520 \$14,126,000 and Fund 527 \$3,402,000) is anticipated to be approved by Council on June 11, 2019 and adopted on June 18, 2019.

CEQA

Addendum to the Final Environmental Impact Report for the San Jose International Airport Master Plan Update, as Supplemented, File No. PP18-075.

/s/

MATT CANO
Director of Public Works

/s/

JOHN AITKEN, AAE
Director of Aviation

For questions, please contact John Cannon, Deputy Director, Public Works Department, at 408-535-8300.