



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano
John Aitken

SUBJECT: SEE BELOW

DATE: July 23, 2018

Approved

D. DSYL

Date

8/3/18

**SUBJECT: ACTIONS RELATED TO THE 8393 – MINETA SAN JOSE
INTERNATIONAL AIRPORT – AIRFIELD ELECTRICAL SYSTEM
REHABILITATION**

RECOMMENDATION

Adopt a resolution authorizing the Director of Public Works to:

- (a) Award and execute the 8393 – Mineta San José International Airport – Airfield Electrical System Rehabilitation Project to the low bidder, St. Francis Electric, LLC in an amount of \$5,296,591.50, contingent upon the award and execution of an Airport Improvement Program grant from the Federal Aviation Administration in a minimum amount of \$5,293,000;
- (b) Establish a construction contingency of 10% of the amount of the construction contract for the Project; and
- (c) Issue any change orders up to the amount of the contingency.

OUTCOME

The recommendation provides the most efficient means of awarding and executing a construction contract for the 8393 – Mineta San José International Airport – Airfield Electrical System Rehabilitation Project (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 10% 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 15 general requirements for project funding, as outlined in the FAA's AIP Handbook. To be eligible for funding, proposed projects must demonstrate the advancement of one of the following AIP objectives: airport safety, airport security, airport capacity, meeting FAA standards, preservation of airport infrastructure through reconstruction or rehabilitation, protection and enhancing the environment, minimization of aircraft noise impacts, and airport planning.

One of the projects included in the City Council approved multi-year funding strategy is a rehabilitation of the airfield electrical system that will enhance reliability of an aging system. It will address rehabilitating and upgrading existing facilities to newer technology and installation of new facilities and equipment within the airfield.

The Airfield Electrical System Rehabilitation project fits the necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA – AIP grant funding. The award of the Project is contingent upon the execution of the grant from the FAA.

The FAA has given notice to the City that the Airfield Electrical System Rehabilitation project may be in a position to receive undistributed discretionary AIP funds this federal fiscal year and has asked the City to be ready to accept a potential grant offer. When there are available funds for redistribution, the FAA awards grants to sponsors that can submit the grant applications and accept grant offers within hours of notification. The FAA awards AIP grants based on actual bid results, as well as the availability of grant funds, therefore the award will be contingent upon the award of the AIP grant from the FAA. The staff recommendation is a request to take advantage of this potential grant opportunity.

Project Description

The Project includes the rehabilitation and replacement of airfield lighting circuit cables, lighting, transformers and consolidation of circuits to improve efficiency in existing and new constant current regulators. This project will improve circuitry routes and includes conversion of existing incandescent lights to LED technology.

Pending receipt of the FAA grant, construction is estimated to begin in February 2019 and is projected to be completed by October 2019.

ANALYSIS

Bids were opened on May 4, 2018, with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>% + or (-)</u>
Vellutini Corporation dba Royal Electric Company	\$3,194,194.00	(43.3)
St. Francis Electric, LLC	\$5,296,591.50	(6)
Engineer's Estimate	\$5,635,799.00	

The FAA advised Airports to have bids in hand by May 2018 and to allow bids to be valid through August 2018. The Airfield Electrical System Rehabilitation project was bid according to the FAA's AIP program requirements allowing all bids to be valid for 120 days. The current bids are valid until August 31, 2018.

The lowest responsive and responsible bidder was determined to be St. Francis Electric, LCC after the apparent low bid submitted by Vellutini Corporation dba Royal Electric Company was deemed non-responsive by Staff and the City Attorney's Office due to missing Addendum No. 1 and incorrect completion of the bid sheets. Staff and City Attorney's Office determined that Addendum No. 1 made changes to the original bid items that would have affected the overall bid prices. In addition, Staff determined that the changes made in Addendum No. 1 were not otherwise reflected in Royal Electric Company's submitted bid price.

The bid submitted by St. Francis Electric, LLC is 6% below the Engineer's Estimate. Staff considers this reasonable for the work involved.

Staff requests a 10% contingency for this Project, because of the uncertainty of underground utilities.

The maximum FAA AIP grant application amount is \$6,569,046, excluding project contingency, and 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 application is summarized below:

AIP Grant Application

Description	Amount
FAA Grant	\$5,293,994
Airport Local Match Funds	\$1,275,052
Total AIP Grant Application Funding	\$6,569,046

DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION

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 Code of Federal Regulations Part 26 apply. The City's current DBE participation goal for its US Department of Transportation-funded Airport Improvement Program in Federal Fiscal Years 2017-2019 is 6.3% annually.

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

- Email blast sent to 82-certified DBEs including project scope and subcontracting opportunities (NAICS Codes), pre-bid meeting date and time, bid date and time.
- Email blast to ethnic chambers, San José Chamber Minority Business Consortium and other interested organizations. This included 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, Minority Business Development Agency.

St. Francis Electric, LLC committed \$355,315.69 (6.7%) in DBE participation. The DBE-certified subcontractor who will perform on this project is Rhapsody Communications (Campbell, CA). Rhapsody Communications will supply #8 AWG L-824 Type C XLPE 5KV (Color) Cable #6 Insulated safety Ground Stranded Conductor.

EVALUATION AND FOLLOW-UP

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

PUBLIC OUTREACH

To solicit contractors, this project was listed on BidSync for 29 days and advertised for one day in the *San José Post Record* to meet the Federal Economic Development Administration Grant Criteria. The complete bid packages and project information for all Department of Public Works construction projects is available on BidSync for interested contractors, contractor organizations and builders' exchanges. This memo will be posted on the City's website for the August 14, 2018, City Council meeting.

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The proposed improvement project would be a minor alteration of existing Airport facilities and is therefore consistent with the adopted Airport Master Plan pursuant to San José Municipal Code Section 25.04.210(B)(4).

COORDINATION

The project and memorandum have been coordinated with the City Attorney's Office and City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

1. ESTIMATED COST OF PROJECT

Project Delivery	\$	1,272,454
Construction Contract	\$	5,296,592
Contingency	\$	529,659
TOTAL PROJECT COSTS	\$	7,098,705
FY 17-18 ESTIMATED COSTS	\$	853,000
REMAINING PROJECT COSTS	\$	6,245,705

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization and Traffic Control	\$	1,042,400
Demolition	\$	1,467,600

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Electrical	\$	311,000
Equipment	\$	2,431,592
Drainage Facilities	\$	23,000
Other	\$	<u>21,000</u>
TOTAL CONTRACT AMOUNT	\$	5,296,592

3. SOURCE OF FUNDING: 520 – Airport Capital Improvement Fund
527 – Airport Renewal and Replacement Fund
4. 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 appropriations to fund the project recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount For Contract	2018-2019 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$6,245,705			
Current Funding Available						
520	401E	Airfield Electrical Circuit Rehabilitation	\$9,672,000	\$4,268,523	V-619	6/19/2018, Ord. No. 30124
527	401E	Airfield Electrical Circuit Rehabilitation	\$1,421,000	\$1,028,069	V-619	6/19/2018, Ord. No. 30124
Total Current Funding Available			\$11,093,000	\$5,296,592		

*The 2018-2019 Proposed Capital Budget was adopted by the City Council on June 19, 2018.

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CEQA

Resolution Nos. 67380 and 71451, File No. PP17-079.

/s/
MATT CANO
Director of Public Works

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

For questions please contact Michael O'Connell, Deputy Director, Public Works Department, at (408) 535-8300.

Attachment: Site Map

SITE MAP

8393 - Mineta San Jose International Airport - Airfield Electrical Systems Rehabilitation

Attachment

