



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano
John Aitken
Jim Shannon

SUBJECT: SEE BELOW

DATE: November 21, 2022

Approved

Date

12/1/22

SUBJECT: ACTIONS RELATED TO THE 9405-NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT PERIMETER PROTECTION PROJECT RE-BID II PROJECT AND FUNDING SOURCE RESOLUTION AND APPROPRIATION AMENDMENTS

RECOMMENDATION

- (a) Report on bids and award of contract for the 9405 – Norman Y. Mineta San José International Airport Perimeter Protection Project Re-Bid II Project to the lowest responsive bidder, Rosendin Electric, Inc., for the base bid and Bid Alternate No. 1 in an amount of \$2,999,385.75.
- (b) Approve a 10 percent contingency in the amount of \$299,939.
- (c) Adopt the following 2022-2023 Appropriation Ordinance amendments in the Airport Revenue Fund:
 - (1) Decrease the Airline Agreement Reserve by \$1,282,000; and
 - (2) Increase the Transfer to the Airport Surplus Revenue Fund by \$1,282,000.
- (d) Adopt the following 2022-2023 Appropriation Ordinance and Funding Sources Resolution amendments in the Airport Surplus Revenue Fund:
 - (1) Increase the estimate for Transfers and Reimbursements by \$1,282,000; and
 - (2) Increase the Transfer to the Airport Renewal and Replacement Fund by \$1,282,000.
- (e) Adopt the following 2022-2023 Appropriation Ordinance and Funding Sources Resolution amendments in the Airport Renewal and Replacement Fund:
 - (1) Increase the estimate for Transfers and Reimbursements by \$1,282,000; and
 - (2) Increase the Perimeter Security Projects appropriation in the amount of \$1,282,000.

OUTCOME

Award of the contract to Rosendin Electric, Inc. enables the Norman Y. Mineta San José International Airport's (SJC) Perimeter Protection Project to proceed. Approval of a 10 percent contingency provides funding for any unanticipated work necessary for the proper completion and construction of the project. Adoption of the appropriation ordinance and funding sources resolution amendments will provide the additional funding needed to construct the project.

BACKGROUND

The Consolidated Appropriations Act of 2018 directed the Transportation Security Administration (TSA) to develop and execute a multi-year pilot program to analyze and test perimeter intrusion detection and deterrence technologies in partnership with airports.

As part of the pilot program award, TSA selected SJC to receive grant funding towards implementing and testing perimeter intrusion detection and deterrence technologies. SJC was selected based on an assessment of airport perimeter fence, access control, and critical infrastructure carried out in 2015 which identified SJC's vulnerabilities to intrusion incidents.

The City and TSA entered into an Other Transaction Agreement, which expires on September 30, 2024. The City will receive a TSA grant with the condition that the City will implement a program which will include design, installation, integration, operation, testing, and data collection of the new technologies on portions of SJC's existing perimeter fencing.

The program is intended to further enhance SJC's existing intrusion and deterrence technologies at various locations around the airport perimeter, including perimeter infrastructure and fence enhancements which will increase the overall perimeter coverage. In addition, the new security technologies compliment and augment SJC's existing perimeter security system.

The TSA grants are different from the typical Federal Airport Improvement Program grants received as part of the Airport Capital Improvement Plan. While a Federal Airport Improvement Program grants typically provide reimbursements up to 80.59% of the eligible project costs, this TSA funded grant initially contemplated covering 100% of the construction costs associated with the program. However, due to the need to rebid and complete redesigns for the project twice, the remaining available balance in the grant award is not sufficient to cover the full construction bid amount. The TSA grant will provide funding to the City in an amount not to exceed \$2,486,833.84; the remaining funds necessary to complete the project will be provided by the Airport Revenue Fund.

The City has conducted two previous procurements for this project, both of which ended in no award of a contract. The original bid advertisement was on January 27, 2021, with bids opened on March 4, 2021. The lowest bid received for the project was 41 percent over the Engineer's Estimate. On March 19, 2021, due to insufficient funds to award the construction contract, the

City rejected all bids. After significant redesign and value engineering efforts, the project was re-advertised on October 10, 2021, with bids opened on November 4, 2021. On November 18, 2021, the City deemed the bids received as non-responsive and again rejected all bids.

This is the second re-bid for the project, and the scope includes a base bid and one bid alternate. The base bid includes the purchase, installation, and the integration of perimeter security equipment and technology. These technologies and equipment include video cameras to allow operators to assess a situation remotely, analytics software to automate the detection of unauthorized personnel and other potential threats within covered areas, laser sensors useful for securing large, straight sections of a perimeter, and the replacement of one vehicle gate with a new mechanical folding speed gate which has a quicker open/close cycle for improved access control. The scope of the bid alternate includes an additional vehicle gate replacement and additional perimeter fence improvements. Construction is scheduled to begin in March 2023 with completion in October 2023.

ANALYSIS

Bids were opened on September 29, 2022. One bid was submitted with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Alt 1</u>	<u>Total Bid</u>	<u>Total Bid Variance Amount</u>	<u>Over/ (Under) Percent</u>
Engineer's Estimate	\$2,320,000.00	\$480,000.00	\$2,800,000.00	--	--
Rosendin Electric, Inc. (San José, CA)	\$2,447,826.75	\$551,559.00	\$2,999,385.75	\$199,385.75	7%

Section 3-1.01D of the City of San José Special Provisions specifies how the City will determine the low bid when bid alternates are included. The section requires the City to determine the low bid by adding the base bid to any bid alternates until a ceiling price is reached. If, for all the bidders, the addition of the base bid to the bid alternate results in a figure greater than the ceiling, the low bid is determined by the base bid alone. In this instance, only a single bid was received, therefore based on the criteria specified in Section 3-1.01D of the Special Provisions, staff determined Rosendin Electric, Inc., to be the low bidder for the project.

The low bid, as determined by Section 3-1.01D of the City of San José Special Provisions, submitted by Rosendin Electric, Inc., is seven percent over the Engineer’s Estimate. Staff considers this reasonable and acceptable for the work involved in the project, and recommends award of the construction contract to Rosendin Electric, Inc.

Rosendin Electric, Inc. has successfully completed multiple projects of substantially similar scope to that of this project for the City and has extensive experience working at SJC.

San José 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 10 percent of the total contract amount. Staff recommends a 10 percent contingency, which is appropriate for this project and should be sufficient for unforeseen work necessary to for the proper completion and construction of the project.

Project Labor Agreement Applicability

The Director of Public Works determined that a Project Labor Agreement is applicable to this project because the Engineer’s Estimate is over \$1.2 million.

Local and Small Business Outreach

Procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San José 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 13,220 vendors, and documents were downloaded by 21 vendors, approximately nine of which were located within Santa Clara County and therefore local. The recommended contractor is a local, but not a small business enterprise. None of the listed subcontractors are local or small business enterprises.

CONCLUSION

Award of the contract to Rosendin Electric, Inc. and adoption of the appropriation ordinances will allow for the construction of the project to proceed and allow the City to capitalize on the remaining funds available in the TSA grant. Once completed, this project will facilitate the multi-year pilot program with TSA to collect and analyze data and test perimeter intrusion detection and deterrence technologies in partnership with SJC.

EVALUATION AND FOLLOW-UP

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

CLIMATE SMART SAN JOSE

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

PUBLIC OUTREACH

This memorandum will be posted on the City’s website for the December 13, 2022 City Council meeting.

Staff performed extensive outreach to encourage Disadvantaged Business Enterprise participation. Outreach efforts included:

- Identification of potential/ possible subcontracting opportunities – one work area identified;
- Identification of 321 certified Disadvantaged Business Enterprises in that one subcontracting work area;
- Emails sent to the 321 certified Disadvantaged Business Enterprises;
- Emails sent to ethnic chambers, San José Chamber, and other interested organizations including Minority Business Consortium - provided project information, subcontracting opportunities (North American Industry Classification System Codes and Caltrans Work Codes), bid date and time, and Disadvantaged Business Enterprise certification requirements;
- Posting of contracting opportunity on Biddingo, Federal Aviation Administration Opportunities, Airport Minority Advisory Council, National Air Transportation Association, Airports Council International – North America, Minority Business Development Agency;
- Sharing of contact opportunity on Airport’s Requests for Information/ Proposal/ Qualification and Bid Notices; and
- Advertising at the Associated General Contractor - California Airport Showcase, and City of San José ‘Meet the Prime’ event.

COORDINATION

The project and memorandum have been coordinated with the City Attorney’s Office.

COMMISSION RECOMMENDATION/INPUT

This project was presented to the Airport Commission at its November 5, 2018 meeting. No commission recommendations or input are 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. Per San José Municipal Code Section 25.04.210(B)(3), this project is consistent with the Airport Master Plan.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery*	\$ 933,065*
Construction	\$ 2,999,386
Contingency	<u>\$ 299,939</u>
TOTAL PROJECT COSTS	\$ 4,232,390
Prior Expenditures	(\$ 379,036)
REMAINING PROJECT COSTS	\$ 3,853,354

*Project delivery includes \$527,653 for Design Services and \$405,412 for Construction Management and Inspection Services.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization & Misc. Items	\$ 606,706
Gates	\$ 597,382
Equipment	<u>\$ 1,795,298</u>
TOTAL AGREEMENT/CONTRACT AMOUNT	\$ 2,999,386

3. SOURCE OF FUNDING:

- Fund 520 – Airport Capital Improvement Fund: \$2.0 million provided in a grant award from the TSA.
- Fund 527 – Airport Renewal and Replacement Fund: a total of \$1.84 million allocated in 2022-2023, including a Modified Budget of \$555,000 and an additional \$1.28 million recommended in this memorandum.

4. FISCAL IMPACT: No additional operations and maintenance impacts will result from this project.

BUDGET REFERENCE

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

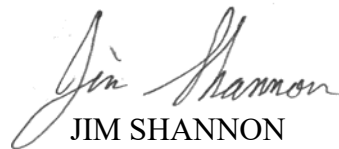
Fund #	Appn. #	Appn. Name	Current Total Appn.	Rec. Budget Action	Amt. for Contract	2022-2023 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
520	411U	Perimeter Security Projects	\$2,017,000		\$2,017,000	861	10/18/2022, Ord. No. 30833
527	411U	Perimeter Security Projects	\$555,000	\$1,282,000	\$982,386	861	10/18/2022, Ord. No. 30833
521	8697	Airline Agreement Reserve	\$100,281,171	(\$1,282,000)		949	10/18/2022, Ord. No. 30833
521	A016	Transfer to the Airport Surplus Revenue Fund	\$71,353,000	\$1,282,000		949	10/18/2022, Ord. No. 30833
524	R003	Transfers and Reimbursements	\$71,353,000	\$1,282,000		950	10/18/2022, Res. No. 80717
524	A014	Transfer to the Airport Renewal and Replacement Fund	\$51,353,000	\$1,282,000		950	10/18/2022, Ord. No. 30833
527	R003	Transfers and Reimbursements	\$51,353,000	\$1,282,000		828	10/18/2022, Res. No. 80717

CEQA

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

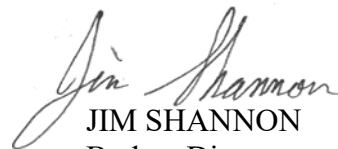
/s/
MATT CANO
Director of Public Works

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


JIM SHANNON
Budget Director

I hereby certify that there will be available funding for appropriation in the designated funds and in the amounts as listed below in 2022-2023, monies in excess of those heretofore appropriated therefrom:

Airport Renewal and Replacement Fund	\$1,282,000
Airport Surplus Revenue Fund	\$1,282,000


JIM SHANNON
Budget Director

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