



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 8704-NORMAN Y. MINETA SAN JOSÉ
INTERNATIONAL AIRPORT TSA MAGAZINE RELOCATION PROJECT
AND APPROPRIATION AMENDMENTS**

RECOMMENDATION

- a) Report on bids and award of contract for the 8704 – Norman Y. Mineta San José International Airport TSA Magazine Relocation Project to the lowest responsive bidder, ASG Builders, in an amount of \$1,299,188.
- b) Approve a 10 percent contingency in the amount of \$129,919.
- c) Adopt the following 2022-2023 Appropriation Ordinance amendments in the Airport Renewal and Replacement Fund:
 - 1) Increase the SJPD Magazine Room Relocation appropriation to the Airport Department in the amount of \$1,255,000; and
 - 2) Decrease the Unrestricted Ending Fund Balance in the amount of \$1,255,000.

OUTCOME

Award of the construction contract to ASG Builders enables the 8704 - Norman Y. Mineta San José International Airport's (Airport) TSA Magazine Relocation Project to proceed. Approval of a 10 percent contingency will provide funding for any unanticipated work necessary for the proper completion and construction of the project. Adoption of the appropriation ordinance amendments will provide the additional funding needed for the project.

BACKGROUND

In 2018, the Airport embarked on plans for possible development of the northwest area of its campus, which currently includes a parking lot. The parking lot, commonly referred to as “Orange Lot”, is used for periodic rental car overflow parking and as a construction staging area. Staff plans to develop the Orange Lot for future leased fixed-base operations. This effort would require the relocation of the existing San José Police Department and Transportation Security Administration’s Canine Explosive Training Aid Storage Magazines (CETASM), which is currently housed within the parking lot, to the southwest corner of the Airport’s Economy Parking Lot.

The project scope includes the construction of a new CETASM enclosure and relocating the existing CETASM to the new enclosure. The enclosure will consist of a fence on k-rail with barbed wire topper and vehicle gate, concrete blast walls, a reinforced concrete slab, and a new electrical transformer with power, grounding, and anchors. The project will also include adjustments to the Economy Parking Lot vehicle space layouts to accommodate the new enclosure, including restriping, curb cuts, and new signage. Construction is scheduled to begin in March 2023 with a completion in September 2023.

ANALYSIS

Bids were opened on September 15, 2022. One bid was submitted with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer’s Estimate	\$1,197,128	--	--
ASG Builders (Mountain View, CA)	\$1,299,188	\$102,060	9%

The sole bid was submitted by ASG Builders. Although its bid is 9% over the Engineer’s Estimate, staff considers this reasonable for the work involved, particularly in consideration of the increase in construction costs and inflation observed over the past few years while developing the project scope and design documents. Additionally, the unique nature of work involved with the relocation and installation of the CETASM may have also resulted in the variance. Staff recommends awarding the bid to ASG Builders.

ASG Builders has not previously worked on any City projects but has another active project that has yet to begin construction at the Airport. Staff conducted a reference check and verified that the firm has completed projects of similar scope and magnitude within the county and the region.

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 conditions that might arise in the construction.

Project Labor Agreement Applicability

The Director of Public Works determined that a Project Labor Agreement is applicable to this Project.

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 10,527 vendors, and documents were downloaded by 15 vendors, five of which were located within Santa Clara County and therefore local. The recommended contractor is a local and a small business enterprise. None of the listed subcontractors are local or small business enterprises.

CONCLUSION

Based on staff’s evaluation of the bids, staff recommends award of the construction contract for the project to ASG Builders. The proposal from ASG Builders is responsive and responsible for the work specified.

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 419 certified Disadvantaged Business Enterprises in that one subcontracting work area.
- Emails sent to the 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, FAA Opportunities, Airport Minority Advisory Council, National Air Transportation Association, Airports Council International – North America, and the Minority Business Development Agency.
- Sharing of contact opportunity on Airport’s Requests for Information/ Proposal/ Qualification and Bid Notices.
- 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

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. 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	\$ 1,056,366*
Construction	\$ 1,299,188
Contingency	\$ 129,919
TOTAL PROJECT COSTS	\$ 2,485,473
Prior Year Expenditures	(\$433,881)
REMAINING PROJECT COSTS	\$ 2,051,592

*Project Delivery includes \$499,222 for Design Services and \$557,144 for Construction Management and Inspection Services.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization, Permits, Temp Fence, and other Misc. Work	\$ 250,025
Demolition, Clear and Grub, and Earthwork	\$ 138,345
Concrete and Paving Work	\$ 226,310
Traffic Signage and Striping Work	\$ 195,650
Electrical Work	\$ 244,858
Magazine Relocation and Installation	\$ 244,000

TOTAL AGREEMENT/CONTRACT AMOUNT **\$1,299,188**

3. SOURCE OF FUNDING: 527 – Airport Renewal and Replacement Fund

4. FISCAL IMPACT: There will be no additional operations and maintenance impacts as a result of the project.

BUDGET REFERENCE

The table below identifies the fund 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.	Recommended Budget Action	Amt. for Contract	2022-2023 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
527	4040	SJPD Magazine Room Relocation	\$797,000	\$1,255,000	\$1,299,188	867	10/18/2022, Ord. No. 30833

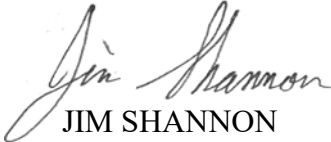
527	8999	Unrestricted Ending Fund Balance	\$2,720,169	(\$1,255,000)	N/A	835	10/18/2022, Ord. No. 30833

CEQA

Categorical Exemption, CEQA guidelines Section 15311, Accessory Structures, File Number ER21-124 (Planning, Building and Code Enforcement Department).

/s/
MATT CANO
Director of Public Works

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


JIM SHANNON
Budget Director

For questions, please contact Katherine Brown, Deputy Director, Public Works Department, at (408) 535-8300.