



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano  
John Aitken

**SUBJECT:** SEE BELOW

**DATE:** August 7, 2018

Approved

Date

8/9/18

**SUBJECT: ACTIONS RELATED TO THE MINETA SAN JOSE INTERNATIONAL AIRPORT - INTERIM TERMINAL FACILITY DESIGN-BUILD CONTRACT WITH HENSEL PHELPS**

## **RECOMMENDATION**

- a) Approve a First Amendment to the Design-Build Contract with Hensel Phelps Construction Co. to modify the Interim Terminal Facility project to include up to six gates at no increase in the total value of the not-to-exceed Contract amount of \$50,000,000.
- b) Adopt a resolution approving a Revised Addendum to the Environmental Impact Report for the Norman Y. Mineta San José International Airport Master Plan Update, as supplemented and amended, all in accordance with the California Environmental Quality Act, as amended.

## **OUTCOME**

Approval of this amendment will allow the Interim Terminal Facility project to proceed on an accelerated schedule.

## **BACKGROUND**

On May 1, 2018, Council approved the use of the design-build project delivery method, and the criteria and process for the selection of a design-build contractor for the Interim Terminal Facility. Additionally, Council found that the Airport traffic and transit improvement conditions have met Part 4 of Chapter 25 of the San José Municipal Code and the City may expand the number of air carrier gates at the Airport beyond the existing 30 gates, as provided in the Airport Master Plan.

On June 26, 2018, Council adopted a resolution that approved an Addendum modifying the Airport Master Plan Final Environmental Impact Report, as well as, authorizing the Director of

Public Works to negotiate, award and execute a design-build contract for the project, negotiate and execute all Contractor Task Orders up to the not-to-exceed amount of \$50,000,000, and to execute all Change Orders up to the contingency amount. The approved Resolutions allowed for construction of the Interim Terminal Facility, which included four additional gates with accompanying hold room space, restrooms, and concession spaces.

Hensel Phelps Construction Co. was selected as the design-build contractor for the Interim Terminal Facility. On June 26, 2018, staff negotiated with Hensel Phelps Construction Co. on the contract amount, and Hensel Phelps Construction Co. committed to delivering the Interim Terminal Facility construction of four additional gates by June 15, 2019.

On July 9 and 10, 2018, Hensel Phelps Construction Co. conducted a two-day workshop at the Airport offices to validate the City's basis of design document. In attendance were representatives from the Airport, airlines, Public Works, and Fire Department, where Hensel Phelps Construction Co. presented their approach, proposal, and cost estimate. The design concepts presented received broad support from the Airport and stakeholders.

## **ANALYSIS**

The First Amendment to the Design-Build Contract is the result of a continued increase in demand for additional gate facilities beyond what was originally contemplated under the original scope of the four gate project. Air carriers have notified the Airport that an additional nine daily flights are now being scheduled for November 2018 - with a request to the Federal Aviation Administration for additional flight services to Hawaii. To accommodate this growth, the First Amendment to the Design-Build contract will increase the number of gates for up to six at the Interim Terminal Facility. These additional gates will help alleviate some of the current congestion and provide the airlines with increased flexibility for existing and new flights. The Airport industry standards average seven flights per gate per day, whereas currently it is common for a single gate at the existing facility to be utilized for as many as 11 flights per day.

To meet the increased demand the First Amendment will include jet bridges and hold rooms for five of the gates and a ground boarding option for the sixth gate. The five gates with jet bridges will also accommodate ground boarding which allows for boarding from the front and rear of the aircraft simultaneously to expedite the boarding process.

The San Jose Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The six additional gates at the Interim Terminal Facility address the current challenge the Airport is experiencing until the construction of the larger permanent build-out of the Terminal Area Improvement second phase identified in the Airport Master Plan (Project T-13).

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### **EVALUATION AND FOLLOW-UP**

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the August 21, 2018, 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 Airport Commission will be briefed on this issue at the regularly scheduled meeting on August 13, 2018.

### **COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$5,001,000

Project Delivery	\$5,555,268*
Construction	37,992,000
Amendment #1	5,001,000
Contingency	<u>5,698,800</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$54,247,068</b>

\* Project delivery includes \$150,000 for Design Review and Construction Support Services, \$4,608,699 for Construction Management and Inspection Services, and \$796,569 for Special Testing and Inspection Services

2. COST ELEMENTS:

Original Hensel Phelps Construction Co. Guaranteed Maximum Price is the negotiated Contract Amount to construct the Interim Terminal Facility with four ground loading passenger boarding bridges.

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Rough Order of Magnitude to add one ground loading passenger boarding bridge and build a ground boarding option for the sixth gate for the Interim Terminal Facility is \$5,001,000. City is currently negotiating with Hensel Phelps Construction Co. for a not-to-exceed of this amount.

3. SOURCE OF FUNDING: 527 - Airport Renewal and Replacement Fund
4. FINANCIAL CONSIDERATIONS: The proposed capital budget for this project remains unchanged. The Airport will accommodate all additional gate construction under the same financing as adopted in the Airport Renewal and Replacement Fund (527) Appropriation 408I, Ordinance No. 30124, June 19, 2018.

**CEQA**

Resolution Nos. 67380 and 71451, with Revised Addendum, PP18-070.

/s/  
MATT CANO  
Director of Public Works

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

For questions, please contact Matthew Kazmierczak, Manager of Strategy and Policy for the Airport, at (408)392-3640.

Attachments: Resolution 78706 and 78707, Revised Environmental Impact Report

**CITY OF SAN JOSÉ**  
**REVISED ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT**  
**REPORT FOR THE SAN JOSÉ INTERNATIONAL AIRPORT**  
**MASTER PLAN UPDATE, AS SUPPLEMENTED (SCH #95073066)**

Pursuant to Section 15164 of the CEQA Guidelines, the City of San José has prepared an Addendum to the Final Environmental Impact Report (EIR) identified below because the proposed project will not result in new significant effects beyond those analyzed in the Final EIR, an increase in severity of previously identified impacts in the Final EIR, nor are there changes in respect to the circumstances under which the project is undertaken to indicate the project's impacts will be greater than those previously analyzed. Therefore, the City of San José can take action on the project as being within the scope of the Final EIR as supplemented and addended.

**PROJECT DESCRIPTION AND LOCATION: PP18-038PP18-070, A PUBLIC PROJECT** located at the Norman Y. Mineta San José International Airport on a 1,000-gross-acre site in the HI Heavy Industrial Zoning District for actions related to the development of ~~four~~ six additional temporary gates on the south side of Terminal B, including issuance and approval of Request for Proposals for Design/Build contracts by City Council. Project components include the following:

- 1) An enclosed walkway between the south end of Terminal B and the proposed passenger hold room, including stairs from the Terminal B departures level and the ground level;
- 2) A ground-level covered arrivals walkway between the passenger hold room and the existing Terminal B baggage claim facility;
- 3) A single-story hold room of about ~~8,300~~ 12,500 square feet in size, including seating areas, departure counters, and restrooms;
- 4) ~~Four~~ Six radial boarding bridges between the hold room and the ~~four~~ six aircraft parking positions; and
- 5) Removal of approximately ~~400~~ 200 temporary automobile parking spaces on the aircraft apron to accommodate the aircraft boarding positions, including relocation of the secure boundary fences.

**Council District: 3.**

The environmental impacts of this project were addressed by a Final EIR entitled, "San José International Airport Master Plan Update," and findings were adopted by City Council Resolution No. 67380 on June 10, 1997; and by a Final Supplemental EIR entitled, "Norman Y. Mineta San José International Airport Master Plan Update," and findings were adopted by City Council Resolution No. 71451 on March 18, 2003. Specifically, the following impacts were reviewed and found to be adequately considered by the EIR, as supplemented:

Cultural Resources  
Aesthetics  
Noise  
Public Services and  
Utilities

Air Quality  
Air Safety  
Biological Resources  
Hazardous Materials  
Land Use

Geology & Seismicity  
Energy Supply & Natural Resources  
Transportation & Circulation  
Hydrology & Water Quality

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## ANALYSIS

The Final EIR, as supplemented and addended, analyzed the environmental impacts of the 1997 Airport Master Plan, which consists of a comprehensive and integrated package of improvements to airside and landside facilities at the Airport, such improved facilities having the design capacity to fully accommodate the 2027 forecast demand for air passenger, air cargo, and general aviation services (resulting in capacity for up to 17.6 million annual passengers). The approximately 70 capital improvement projects identified in the Master Plan, many subsequently completed, include the reconstruction and lengthening of the Airport's two main runways, numerous taxiway improvements, new air cargo and general aviation facilities, several multi-story parking garages, a new fuel storage facility, and new/reconstructed passenger terminals with up to 49 passenger gates.

The proposed interim gates, walkways, and passenger holding area will bring the total number of passenger gates from 30 to ~~34~~ 36. The interim gates will be constructed on the aircraft apron and future site of a permanent ten-gate expansion of Terminal B contemplated in the 1997 Master Plan.

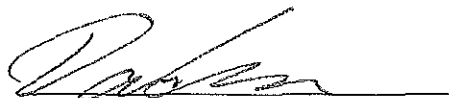
As discussed in the attached analysis, the development and operation of the ~~four~~ six interim gates will not result in any new significant impacts not previously disclosed in the Final EIR, nor would they result in a substantial increase in the severity of a previously identified significant impact in the Final EIR as supplemented and addended, because the project is within the scope of development anticipated in the Final EIR. For these reasons, a supplemental or subsequent EIR is not required.

This Addendum will not be circulated for public review, but will be attached to the 1997 San Jose International Airport Master Plan Update Final EIR, as supplemented and addended, pursuant to CEQA Guidelines section 15164(c).

David Keyon  
Planner IV

Rosalynn Hughey, Acting Director  
Planning, Building and Code Enforcement

7/25/18  
Date

  
Deputy

c: Cary Greene, Airport

DK/04-04-18

**Attachment:** Analysis supporting the Revised Eleventh Addendum to the 1997 San Jose International Airport Master Plan Update Final EIR, dated July 24, 2018.