



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken

SUBJECT: SEE BELOW

DATE: January 3, 2022

Approved

Date

01/13/22

SUBJECT: FIRST AMENDMENT TO AGREEMENT FOR PROFESSIONAL CONSULTANT SERVICES FOR ON-CALL ARCHITECTURAL AND ENGINEERING SERVICES AT MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute:

- (a) An amendment to the On-Call Architectural and Engineering Consultant Services Master Agreement at Norman Y. Mineta San José International Airport (SJC and Airport) with Kimley-Horn and Associates, Inc.’s to increase the maximum compensation by \$2,300,000; and
- (b) An amendment to the On-Call Architectural and Engineering Consultant Services Master Agreement at Norman Y. Mineta San José International Airport with Jviation to decrease maximum compensation by \$2,300,000.

OUTCOME

The recommendation will enable the Airport to have the new Taxiway V project, as well as, other recommended Runway Incursion Mitigation (RIM) projects shovel ready, with bids, and place these projects in the most favorable position for Airport Improvement Program (AIP) and Supplemental Funds (SF) grant funding, including the Bipartisan Infrastructure Law (BIL).The recommendation will provide continued consultant resources and expertise to enable the Airport to manage the implementation of the Airport’s Capital Improvement Program (CIP) related to Taxiway V and other RIM Implementation projects.

BACKGROUND

The FAA has expressed to staff to be ready for potential funding from the AIP, SF, and the BIL. The grant sources will be highly competitive and the projects that are shovel ready will be viewed as the most favorable for achieving grant awards. The projects the FAA expressly mentioned were the new Taxiway V and the other RIM projects.

To enable the new Taxiway V and other RIM projects to be shovel ready, staff is recommending additional financial contracting capacity to the Kimley Horn and Associates, Inc. (KHA) agreement.

On June 19, 2018, Council adopted a resolution to authorize the City Manager to negotiate and execute two (2) Master Consultant Agreements with 1) KHA and 2) Aviation Inc., (JVA) for On-Call Architectural and Engineering Services at Norman Y. Mineta San José International Airport for a period of five years from execution, in a total amount not to exceed \$6,000,000 for each Agreement.

The Airport's current on-call consultant agreements are scheduled to expire in June 2023. The Airport is proactively working to execute new on-call agreements in order to have a smooth transition when the current on-call agreements expire. This process will take approximately six to nine months to complete. The Airport's master agreement funding capacity with KHA is nearing depletion, with the remaining capacity committed to current CIP projects. KHA has the most experience with taxiway and RIM projects and is in the best position to complete the design work expeditiously.

In order for the Airport to take advantage of the additional grant funding in the AIP, SF, and the recently passed BIL, Airport needs to have "shovel-ready" projects with bids in hand by April 2022. The FAA awards grants based on actual bid results to sponsors that can submit grant applications and accept offers within hours of notification. In addition, having bids in hand for shovel ready projects positions the Airport favorably for grant funding.

One of the projects identified as a candidate for AIP, SF, and BIL grant funding is the new Taxiway (V) project (Project) which is one of the projects in the Airport's RIM Implementation. The Project is a three phase program (Phases 1-3) that replaces former Runway 11/29, determined to officially close as part of the recommendations from RIM Study completed and accepted by the FAA in 2021. Also, the Runway 11/29 closure was approved by City Council as part of the Master Plan Update and associated California Environmental Quality Act on April 28, 2020, item 5.1. The Project will be a full-length parallel Group-III/TDG-3 taxiway parallel to existing Taxiway W and will have six taxiway connectors V1-V6, connecting to a future apron-edge taxi lane and expanded apron. The Project will implement airfield safety recommendations from the RIM by allowing unrestricted Group-III/TDG-3 aircraft operations, addressing a previous Modification of Standards (MOS) for the west side of the airfield for insufficient Taxiway Object Free Area. Additionally, the new taxiway will eliminate SJC's two published

hotspots for runway incursions associated with the former Runway 11/29 as published in the FAA's aeronautical charts. It was also address airfield geometry safety concerns on the airport's west side (general aviation aircraft) associated with direct aircraft access from apron to the runway. The Project includes PCC pavement, installation of drainage improvements, grading improvements, and installation of new airfield lighting and signage.

Airport has engaged KHA to carry out the design and bid support services for Phase 1 of the Project. Phase 1 includes approximately 414,000 square feet of pavement and includes two taxiway connectors, V5 and V6. Upon the FAA's advice the Airport is targeting the BIL grant by completing the design of Phases 2 and 3 of the Project with the same design consultant and having bids in hand by April 2022. The Airport recommends engaging KHA to carry out the design of Phases 2 and 3, but KHA doesn't have enough contract capacity in the existing agreement.

The Project fits the necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA grant funding in the identified funding sources. Award of and construction contact for the Project is contingent upon the execution of the grant from the FAA.

ANALYSIS

This Council memorandum requests to take the opportunity to place SJC in the best position to effectively compete for either AIP, SF and/or BIL grant funding opportunity by engaging KHA to complete the design of Taxiway V and provide bid support services for Phases 2 and 3 of the Project.

Airport is proposing to reduce the contract capacity for JVA by \$2,300,000 and reallocate these funds to increase the contract capacity for KHA. This will increase the contract capacity for KHA by \$2,300,000 which will enable them to complete the design and bid support services for Phases 2 and 3 of the Project.

Despite the decrease in capacity for JVA by \$2,300,000, a \$1,200,000 capacity remains in the agreement to complete the CIP projects that are in process and currently assigned to JVA.

CONCLUSION

San José Municipal Code Section 4.12.210 requires that the City engage in a competitive procurement on all professional services contracts including consultant agreements exceeding \$10,000. Council may make a determination that an unusual or unique situation exists that makes the application of the requirements for competitive procurement of the services included in the consultant agreement amendment contrary to the public interest.

Staff recommends that City Council determine it is not practicable to engage in a new competitive procurement because a continuation of the consultant's services is critical to enable the Airport to be in the best position to compete for the federal funding opportunities and in consideration of the tight timelines.

The increase in compensation for KHA's Master Consultant Services Agreement is requested to enable KHA to continue to provide design and bid support, and construction administration (CA) services for Phases 2 and 3 of the Project. KHA has the experience and ability to expeditiously perform this work in the timeframe the FAA has identified. This will also mitigate additional costs the Airport would incur and related delays by utilizing another on-call consultant.

The increase in compensation to KHA's contract by reallocating funds from JVA's contract will allow the Airport to have bids in hand for the Project and will align the Airport favorably for the grant opportunity.

EVALUATION AND FOLLOW-UP

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

CLIMATE SMART SAN JOSE

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

POLICY ALTERNATIVES

Alternative # 1: Reject increase in the additional contract capacity for KHA.

Pros: None.

Cons: Airport will not be in the best position for available grant funding from either the AIP, SF or as part of the BIL.

Reason for not recommending: An increase in compensation to KHA's agreement will enable the Airport to compete for federal grant opportunities by having shovel ready projects in hand.

Alternative # 2: Direct Airport to solicit for new On-call agreements for Architectural and Engineering design work at the Airport.

Pros: The airport will have new contracts with required contracting capacity for the next 5 years.

Cons: Due to the time to solicit, select, and contracting for the new on call agreements will compromise the ability to have Taxiway V and other RIM projects in a competitive position to receive grant funding this year's cycle, as the FAA has provided guidance for SJC to have shovel ready projects.

Reason for not recommending: Without having Taxiway V and other RIM projects as shovel ready projects for this year's FAA funding cycle, federal funding for these safety enhancing projects will be delayed at least one year.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the January 25, 2022 Council Meeting.

COORDINATION

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

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with:

- Strategic Initiative #1: Build a World-Class Airport and Air Services, and
- Strategic Initiative #5: Support the Growth (and Start-up) of Local Businesses – Small and Large (5.12 - increase access to City contracting and purchasing opportunities through improvements to communication and the procurement process).

HONORABLE MAYOR AND CITY COUNCIL

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Subject: First Amendment to Agreement for Professional Consultant Services for On-Call Architectural and Engineering Services at Mineta San José International Airport

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COST SUMMARY/IMPLICATIONS

1. AMOUNT OF AMENDMENT: **\$2,300,000**

2. COST ELEMENTS OF AGREEMENT:

Professional Services	Per Service Order
Reimbursable Expenses	Per Service Order
Labor Rates	Per Original Contract
TOTAL INCREASE AMOUNT:	<u>\$ 2,300,000</u>

SOURCE OF FUNDING: 527 – Airport Renewal and Replacement Fund

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

CEQA

Not a Project, File No. PP17-002, Consultant services for design/study/ inspection, or other professional services with no commitment to future action.

/s/

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

For questions, please contact Matthew Kazmierczak, Manager of Strategy and Policy, at mkazmierczak@sjc.org or (408) 392-3640.