



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken
Matt Cano

SUBJECT: SEE BELOW

DATE: November 16, 2020

Approved

Date

11/24/2020

SUBJECT: INCREASE AUTHORITY OF THE DIRECTOR OF PUBLIC WORKS FOR THE MINETA SAN JOSE INTERNATIONAL AIRPORT AIRCRAFT RESCUE AND FIRE FIGHTING FACILITY (ARFF) / FIRE STATION 20 PROJECT

RECOMMENDATION

Adopt a resolution

- (a) Authorizing the Director of Public Works to negotiate and execute a First Amendment to the Design-Build Contract with Overaa Construction Company to increase the Contract Price of \$16,150,187 by \$8,256,906 for a total amount not to exceed \$24,407,093 for the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project, and design and construction costs for utilities, intersection and traffic signal upgrades for Facilities and PD Hangar; and
- (b) Authorizing an increase in the amount of the City-controlled contingency of \$1,923,000 by \$1,062,028 for a total contingency amount of \$2,985,028 for the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project, and PD Hangar; and
- (c) Authorizing the Director of Public Works to approve contract changes, project delivery, additions, and contingencies up to the full budget of \$30,088,669 for the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project.

OUTCOME

Approval of the recommendation will allow the Airport and Public Works to utilize the total appropriation of \$30,088,669 for the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project as well as the utility and traffic signal/intersection costs associated with the future Airport Facilities relocation and PD Hangar projects to incorporate enhancements to customer safety and security into the project. These enhancements include:

1. Landside Fire Station component to enhance neighborhood safety and decrease response times to fire events occurring in the North-West area of San Jose.
2. Utilities, traffic signal and intersection improvements associated with the future Airport Facilities Relocation Project, to be located on the site North of the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project.
3. Utilities, traffic signal and intersection improvements associated with the future Police Department Hangar Building Project, to be located on the site South of the Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project.
4. ARFF state of the art Airport Operation Area security gate to improve response times for mutual aid vehicles assisting ARFF apparatus in the event of an airfield incident.

BACKGROUND

On August 28, 2018, Council adopted a resolution that the ARFF Facility Project would exceed \$5,000,000 and that the use of the design-build delivery method process is likely to save money and/or result in faster project completion than if the City used the traditional design-bid-build method for the delivery of the Project. In addition, the Council approved the RFP for the ARFF Facility, and the RFP was advertised on August 29, 2018 with a submittal deadline of October 11, 2018. The RFP included the selection procedures utilized and the information required from the potential Design-Build Entities, description of the Project, the exemplar design-build agreement and the necessary forms for the submittal. A Technical Evaluation Panel (TEP) comprising City staff (Airport, Fire, and Public Works), industry partners, and a representative from the Santa Clara and San Benito Counties Building and Construction Trades Council, evaluated the written submittals and conducted interviews with the most qualified Design-Build Entities.

The City evaluated cost proposals from each Design-Build Entity after the written proposals and interviews to establish the best value for this project. Consideration was given to profit and overhead, general conditions, design fees, project/construction management, construction acceleration concepts, and stakeholder engagement methods. The selection process resulted in the selection of Overaa Construction, a highly qualified Design-Build Entity.

On November 6, 2018, the voters of San José passed ballot Measure T - The Disaster Preparedness, Public Safety, and Infrastructure Bond with over 70 percent of the electorate voting yes. The measure authorizes the City to issue up to \$650,000,000 in general obligation bonds for infrastructure projects.

On May 7, 2019 the City Council authorized the Director of Public Works to award and execute a Design-Build Contract with Overaa Construction for the ARFF Facility Project in an amount not to exceed \$16,940,000. Subsequent negotiations between Overaa Construction and Public Works resulted in a negotiated contract in the amount of \$15,560,000, which was executed by the City on September 3, 2019. Following the execution of the contract, Public Works issued a Notice to Proceed to Overaa Construction on September 19, 2019 to begin the design process for the ARFF Facility Project.

On December 10, 2019 the City Council authorized an increase to the ARFF Project's contingency in the amount of \$383,000 to use Measure T funds for the design of the Landside Fire Station component.

The Mayor's March Budget Message for Fiscal Year 2020-2021, approved by the City Council on March 17, 2020, directed the City Manager to identify \$4.6 million in additional funding to be advanced from the Measure T Program for the expansion of landside operations for Fire Station 20, with corresponding direction to replenish the Measure T Program from other sources as part of a future budget process. This Measure T advance was increased to a total of \$5.7 million as part of the 2019-2020 City Manager's Annual Report approved by the Mayor and City Council on October 20, 2020.

The City has received a total of \$16.97 million in federal funding through two Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants. The first \$10 million in grant funding was awarded on December 20, 2019. The remaining \$6.97 million was awarded on September 3, 2020. Approximately \$765,000 in additional funding through this program is expected in FY 21. The FAA grant funds will be used to reimburse the City for programming, design, project delivery and construction services.

ANALYSIS

On September 19, 2019, Public Works issued a Notice to Proceed to Overaa Construction, enabling the programming and design phase of the Project to commence. During the programming phase of the Project, City staff identified various elements that should be included in the Project to improve the building's life cycle, customer service, safety and security for the traveling public and the neighboring community.

The main elements of these improvements are as follows:

Element	Cost
ARFF Facility upgrades includes but is not limited to: metal roof, metal wall rain screen panels, high speed security gate, etc.	\$2,420,000
Landside Fire Station 20 design and construction costs	\$4,567,000
Facilities design and construction costs for utilities, intersection and traffic signal upgrades	\$970,677
PD Hangar design and construction costs for utilities, intersection and traffic signal upgrades	\$299,229
Total	\$8,256,906

November 16, 2020

Subject: Increase authority of the Director of Public Works for the Mineta San Jose International Airport Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project

Page 4

On June 12, 2020, following several months of programming and design, Public Works and the Airport negotiated a Guaranteed Maximum Price with Overaa Construction for the ARFF Project in the amount of \$17,980,000. Subsequently, on July 24, 2020 Public Works negotiated separately a Guaranteed Maximum Price with Overaa Construction for the construction of the Landside Fire Station 20 component of the project in the amount of \$4,950,000 and finalized the utilities, intersection and traffic signal costs associated with the future Facilities and PD Hangar projects.

Staff is seeking authorization from the City Council to increase the contracting authority of the Director of Public Works in the amount of \$8,256,906 to allow the City to complete the design and construct the Landside Fire Station 20 component of the ARFF Project & make the necessary building life cycle, customer service, safety and security enhancements to the Project.

In addition, staff is seeking authorization from the City Council to increase the owner's contingency of \$1,923,000 by \$1,062,028 for a total contingency amount of \$2,985,028. This contingency increase is necessary to implement certain required EIR mitigation measures and offset unforeseen expenses brought on by the COVID-19 Pandemic.

CONCLUSION

City Council approval of the recommendation would allow the Airport and the City to build an efficient and reliable ARFF and Landside Fire Station which will serve to protect the safety and security of Airport passengers and the neighboring community at large.

EVALUATION AND FOLLOW-UP

Staff does not anticipate any formal follow-up action needed for this item. Staff will communicate with the Council when the ARFF and Landside Fire Station 20 Facility has been completed and is fully operational.

CLIMATE SMART SAN JOSE

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

HONORABLE MAYOR AND CITY COUNCIL

November 16, 2020

Subject: Increase authority of the Director of Public Works for the Mineta San Jose International Airport Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project

Page 5

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 8, 2020 Council Meeting.

City staff did extensive outreach during the Design-Build RFP process to encourage DBE participation. Outreach efforts included:

- Email blast sent to 904-certified DBEs including project scope and subcontracting opportunities (NAICS Codes and CalTrans Work Codes).
- Email blast to ethnic chambers, San Jose Chamber and other interested organizations including Minority Business Consortium including project scope, subcontracting opportunities, pre-bid date and time, bid date and time.
- Posted contracting opportunity on our contracting platform for bids, SJC website, FAA Opportunities, AMAC, NATA, ACI-NA and the Minority Business Development Agency.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Fire Department, 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 Jose Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The development of a new ARFF facility is expressly identified in the Airport Master Plan as "Project S-7" and is consistent with the Airport Master Plan pursuant to Municipal Code Section 25.04.210 (B)(1).

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$9,318,934*

Revised Project Delivery**	\$3,286,735
Revised Construction	\$23,816,906
Revised Contingency	\$2,985,028
REVISED TOTAL PROJECT COSTS	\$30,088,669
Prior Year Expenditure and Encumbrances	(\$2,924,463)
REMAINING PROJECT COSTS	\$27,164,206
Available Funding	\$27,164,206

* Initial Total Project Costs was \$20,070,184. The Revised Project Cost increased by \$10,018,485 to \$30,088,669 which include increases of \$8,256,906 for enhancements, \$1,062,028 for the contingency, and \$699,551 for Project Delivery.

** Project Delivery includes the ARFF of \$2,587,184, Facilities of \$155,308, Landside Fire Station of \$496,367, and PD Hangar of \$47,876 for a total of Revised Project Delivery of \$3,286,735.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Base Bid	\$15,560,000
Contract Change Order Total	\$590,187
EXISTING CONTRACT AMOUNT	\$16,150,187
Contract Increase	\$8,256,906
REVISED CONTRACT AMOUNT	\$24,407,093

3. SOURCE OF FUNDING FOR TOTAL PROJECT COST:

520 – Airport Capital Improvement Fund

527 – Airport Renewal and Replacement Fund

498 – Public Safety and Infrastructure Bond Fund

392 – Construction Tax and Property Conveyance Tax Fund: Fire Protection Purposes

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

Annual maintenance and operations costs for Fire Station 20 will be evaluated during the upcoming budget cycle. While the current staffing plan for Fire Station 20 is to relocate an existing Squad (two-person resource) from Fire Station 5 with minimal to no cost increase, the addition of a new Squad would have an annual cost of \$2 million. The priority for the Fire Department is to add resources for Fire Station 37 and other new fire stations, and thus staffing needs for Fire Station 20 will be prioritized among those needs.

Subject: Increase authority of the Director of Public Works for the Mineta San Jose International Airport Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project**BUDGET REFERENCE**

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

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2020-2021 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs*			\$27,164,206			
520	401D	Aircraft Rescue and Fire Fighting Facility	\$15,981,000	\$2,091,194	V-368	10/20/2020, Ord. No. 30494
527	401D	Aircraft Rescue and Fire Fighting Facility	\$3,304,000	\$328,806	V-368	10/20/2020, Ord. No. 30494
527	422U	Facilities Division Relocation	\$1,126,000	\$970,677	N/A*	10/20/2020, Ord. No. 30494
498	419G	Measure T – Fire Station 20 ARFF	\$5,671,000	\$4,567,000	V-480	10/20/2020, Ord. No. 30494
498	415C	Measure T – Police Air Support Hangar	\$10,075,000	\$299,229	V-487	10/20/2020 Ord. No. 30494
Total Current Funding Available			\$36,157,000**	\$8,256,906		

*Prior Year Cost: ARFF, Facilities Division Relocation, Fire Department Landside Bay, and Police Department Air Support Hangar expenses totaled \$2,924,463. The Remaining Project Cost of \$27,164,206 is the difference between the Revised Total Project Cost of \$30,088,669 and the Prior Year Cost of \$2,924,463.

**Total Available Funding in the appropriations is \$36,157,000, but only \$27,164,206 is needed to complete the remaining work described in this memorandum.

HONORABLE MAYOR AND CITY COUNCIL

November 16, 2020

Subject: Increase authority of the Director of Public Works for the Mineta San Jose International Airport Aircraft Rescue and Fire Fighting Facility (ARFF) / Fire Station 20 Project

Page 8

CEQA

Determination of Consistency with the Final Environmental Impact Report for the San José International Airport (Resolution Nos. 79497), File No. PP18-103.

/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.