



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano  
John Aitken

**SUBJECT:** SEE BELOW

**DATE:** June 6, 2022

Approved

Date

6/10/2022

**SUBJECT: ACTIONS RELATED TO THE 10038-MINETA SAN JOSÉ  
INTERNATIONAL AIRPORT NEW TAXIWAY VICTOR PHASE 1**

## **RECOMMENDATION**

Report on bids and award and execute a contract for the construction of the 10038 - Mineta San José International Airport – New Taxiway Victor Phase 1 Project (Project) to the low bidder, Granite Construction Company, for the base bid and Add Alternate Nos. 1 and 2 in an amount of \$21,602,842.30, contingent upon the award and execution of an Airport Improvement Program (AIP) or Bipartisan Infrastructure Law grant from the Federal Aviation Administration (FAA), and approve a contingency in the amount of \$2,160,284.23.

## **OUTCOME**

The recommendation provides the most efficient means of awarding and executing a construction contract for the Project and will provide the City of San José (City) with the best opportunity to take advantage of potential FAA grant opportunities that have extremely tight time constraints. Approval of a 10 percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

## **BACKGROUND**

The Norman Y. Mineta San José International Airport (Airport) staff periodically assemble a priority list of capital improvement projects that meet eligibility requirements for FAA's AIP grant funding. This priority list is submitted to the FAA for review and prioritization based on the 16 general requirements for project funding as outlined in the FAA's AIP Handbook. To be justified as eligible for funding, proposed projects must pass three basic criteria:

1. Demonstrate the advancement of one of the following AIP policies: airport safety, airport security, airport capacity, meeting an FAA standard, preserving airport infrastructure

through reconstruction or rehabilitation, protecting and enhancing the environment, minimizing aircraft noise impacts, and airport planning;

2. Be an actual need based off the criteria outlined above; and
3. Have appropriate scope that aligns with the AIP policies listed above.

This Project fits the criteria for FAA AIP grant funding outlined above as it will enhance the safety of the existing runways by preserving airport infrastructure through reconstruction or rehabilitation. The new Taxiway Victor program (Program) will implement airfield safety recommendations from the Runway Incursion Mitigation study by allowing unrestricted Aircraft Design Group III / Taxiway Design Group III (Group-III/TDG-3) aircraft operations by addressing a previous Modification of Standards for the west side of the airfield for insufficient Taxiway Object Free Area. Additionally, the Program will eliminate the Airport's two published hotspots for runway incursions associated with the former Runway 11/29 and address airfield geometry concerns on the west side associated with direct aircraft access from apron to runway.

Award of the Project is contingent upon the execution of the grant from the FAA.

The Project is part of a multi-year Program that replaces former Runway 11/29, determined to officially close as part of the recommendations from the Airport's Runway Incursion Mitigation study completed in 2021. The Program will be a full-length parallel Group-III/TDG-3 taxiway, constructed parallel to the existing Taxiway W. The Program will have six taxiway connectors V1-V6, connecting to a future apron-edge taxi lane and expanded apron.

The Project includes a base bid and two add alternates. The base bid includes the construction of approximately 1,100 linear feet (LF) of new Portland Cement Concrete (PCC) taxiway pavement, as well as one PCC pavement taxiway connector (V6), installation of drainage improvements, grading improvements, and installation of new airfield lighting and signage. The base bid will also include coordination and protection of existing FAA navigational aids, Instrument Landing System, and the existing compass calibration pad.

The two add alternates are as follows:

Add Alternate No. 1 includes the construction of approximately 835 LF of new PCC Taxiway V pavement, approximately 250 LF of new taxiway V5 PCC connector pavement, demolition of existing pavement, drainage improvements, and associated signage and lighting.

Add Alternate No. 2 includes the construction of approximately 805 LF of new PCC Taxiway V pavement, demolition of existing pavement, drainage improvements, and associated signage and lighting.

Pending receipt of the FAA grant funds, the Project is anticipated to begin construction in October 2022 with projected completion by October 2023.

**ANALYSIS**

Bids were opened on March 3, 2022, with the following results:

<b>Bidder's Name</b>	<b>Base Bid</b>	<b>Bid Add Alternate 1</b>	<b>Bid Add Alternate 2</b>	<b>Bid Total</b>	<b>%Variance</b>
Granite Construction Company, Santa Clara, CA	\$9,851,018.60	\$7,238,596.00	\$4,513,227.70	\$21,602,842.30	-3%
Granite Rock Company, San José, CA	\$9,329,526.40	\$7,796,867.40	\$4,837,890.50	\$21,964,284.30	-2%
DeSilva Gates Construction, Dublin, CA	\$10,016,539.00	\$7,453,820.50	\$4,628,827.50	\$22,099,187.00	-1%
<b>Engineer's Estimate</b>	<b>\$9,800,000.00</b>	<b>\$7,600,000.00</b>	<b>\$4,900,000.00</b>	<b>\$22,300,000.00</b>	
OC Jones & Sons, Inc., Berkeley, CA	\$10,337,275.10	\$8,560,591.10	\$5,161,292.70	\$24,059,158.90	8%
A. Teichert & Son, Inc. dba Teichert Construction, Pleasanton, CA	\$12,079,928.00	\$7,910,968.00	\$4,824,992.00	\$24,815,888.00	11%

The Project was bid in accordance with the FAA's AIP program requirements requiring all bids to be valid for a minimum of 120 days. The current bids are valid for 180 calendar days, until August 30, 2022.

Although the bid proposal submitted by Granite Rock Company had the lower base bid amount, Section 3-1.01D of the City of San José Standard Specifications, as amended, stipulates that when there are bid alternates, the low bidder shall be determined using the following criteria:

*"If there are Bid Alternates, the low bid will be determined by adding each of the Bid Alternate Bids to the Base Bid in ascending numerical sequence, until a total is reached to which no further Bid Alternate Bids may be added without exceeding \$22,000,000. The low bidder will be the bidder whose total amount calculated under the preceding sentence (1) includes the greatest number of Bid Alternates, or (2) offers an equal number of Bid Alternates for the lowest price. If the addition of the first Bid Alternate Bid to the Base Bid*

*results in a figure greater than the above-stated dollar amount in the case of every responsive bidder, the low bid will be determined by the Base Bid alone. Once the low bidder has been identified in the preceding manner, the City may elect to award the Base Bid item alone or any or all Bid Alternate items in any sequence to that low bidder, even if the resulting contract amount no longer represents the lowest total price for the particular items chosen.”*

Therefore, based on the criteria specified in Section 3-1.01D of the City of San José Standard Specifications, as amended, staff determined Granite Construction Company to be the low bidder for the project.

The low bid submitted by Granite Construction Company is three percent below the Engineer’s Estimate. Staff considers this reasonable and acceptable for the work involved in the project. The lower than estimated bid can likely be attributed to a competitive bidding environment as well as the apparent low bidder’s familiarity with projects that are similar in scope to this project.

Granite Construction Company successfully completed projects substantially similar to the construction for this project involving airfield aprons, taxiway pavements, and runway pavements, which includes airfield pavement projects for the San Diego County Airport and Los Angeles World Airports.

Additive Alternatives 1 and 2 are recommended for award because the Project budget is sufficient to accommodate this addition to the Project.

The minimum FAA AIP grant application total project cost is \$25,186,316, excluding a project contingency. This amount has been established based on available funds and on FAA’s grant limitations placed on reimbursement for project expenditures. The FAA AIP grant split is typically as 80.59 percent federal share and 19.41 percent grantee share.

The FAA AIP grant application is summarized below:

***AIP Grant Application***

<b>Description</b>	<b>Amount</b>
Federal Share	\$20,297,652
Grantee Share	\$4,888,664
<b>Total Project Costs</b>	<b>\$25,186,316</b>

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 account for unforeseen conditions that might arise in the construction.

### **Project Labor Agreement Applicability**

At the time of bid, the threshold for applying the project labor agreement to Capital Improvement Projects was \$3,000,000. A project labor agreement is applicable to this Project as the total construction cost is over \$3,000,000.

### **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 14,030 vendors, and documents were downloaded by 37 vendors, approximately 10 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**

Based on staff’s evaluation of the bid, staff recommends award of the construction contract to Granite Construction Company, contingent upon the award and receipt of the FAA AIP and Bipartisan Infrastructure Law grants. The proposal from Granite Construction Company is responsive and responsible for the work specified.

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

No additional follow up action with 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 June 21, 2022 City Council meeting.

Since the Project is funded in part with a United States Department of Transportation (USDOT)/FAA AIP grant, the federal Disadvantaged Business Enterprise (DBE) Program regulations found in 49 CFR Part 26 will apply. The City’s current DBE participation goal for its

AIP grant-funded Airport capital projects in Federal Fiscal Years 2020-2022 is 4.1 percent annually. The City's DBE Program for AIP grant-funded Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

Staff performed extensive outreach to encourage DBE participation. Outreach efforts included:

- Identification of potential/ possible subcontracting opportunities – one work area identified;
- Identification of 389 certified DBEs in that one subcontracting work area;
- Emails sent to the 389 certified DBEs;
- Emails to ethnic chambers, San José Chamber of Commerce, and other interested organizations including Minority Business Consortium - providing project information, subcontracting opportunities (NAICS Codes and Caltrans Work Codes), bid date and time, and DBE certification requirements;
- Posting contracting opportunity on Biddingo, FAA Opportunities, AMAC, NATA, ACI-NA, Minority Business Development Agency;
- Sharing Contact Opportunity on Airport's Requests for Information/ Proposal/ Qualification and Bid Notices.

Granite Construction Company has listed the following DBE subcontractors in its bid, which contributes to 2.41 percent of the overall contract:

<b>Contractor</b>	<b>Description of Work to be performed</b>	<b>Cost of Work</b>	<b>% of overall contract</b>
Austin Enterprises	Joint Sealing & Saw Cutting	\$414,601.00	1.92
Super Seal and Strip	Striping	\$105,338.00	0.49

### **COORDINATION**

The Project and memorandum have 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. Per San José Municipal Code Section 25.04.210(B)(1), this project is consistent with the Airport Master Plan, expressly identified as projects A-26 and A-38.

**COST SUMMARY/IMPLICATIONS****1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:**

Project Delivery*	\$ 3,583,474.02
Construction	\$ 21,602,842.30
Contingency	\$ 2,160,284.23
<b>TOTAL PROJECT COSTS</b>	<b>\$ 27,346,600.55</b>

\*Project delivery includes \$2,100,242 for Design Services and \$1,483,232 for Construction Management and Inspection Services.

**2. COST ELEMENTS OF AGREEMENT/CONTRACT:**

Mobilization	\$ 1,251,708.00
Safety and Security	\$ 492,799.00
Demolition and Removal	\$ 4,793,353.50
Excavation	\$ 722,064.00
Lime Treatment	\$ 1,246,929.00
Subgrade and Base Course	\$ 1,367,832.00
Concrete	\$ 5,830,320.00
Bituminous Coating	\$ 2,381,252.80
Pavement Marking	\$ 87,109.00
Electrical	\$ 2,430,662.00
Drainage Facilities	\$ 690,507.00
Other	\$ 308,306.00
<b>TOTAL AGREEMENT/CONTRACT AMOUNT</b>	<b>\$ 21,602,842.30</b>

**3. SOURCE OF FUNDING:** 520 – Airport Capital Improvement Fund  
527 – Airport Renewal and Replacement Fund

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

**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	Total Appn*	Amt. for Contract	2022-2023 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
520	401F	Airfield Configuration Updates**	\$12,603,000	\$17,409,730.61	618	N/A
527	401F	Airfield Configuration Updates**	\$3,036,000	\$4,193,111.69	618	N/A
<b>Total Current Funding Available</b>			<b>\$15,639,000</b>	<b>\$21,602,842.30</b>		

*\*The 2022-2023 Proposed Capital Budget will be adopted by the City Council on June 21, 2022.*

*Additionally, funding in the amount of \$8,617,000 in Fund 520 and \$938,000 in Fund 527 will be rebudgeted into 2022-2023, bringing the total funding available in the 2022-2023 Adopted Budget to \$25,194,000. The contract is anticipated to be encumbered July 1, 2022.*

*\*\* Project retitled from Airfield Geometric Implementation to Airfield Configuration Updates in the 2023-2027 Capital Improvement Program*

**CEQA**

File. No ER22-021 New Taxiway Victor Project at the Norman Y. Mineta San José International Airport.

/s/  
MATT CANO  
Director of Public Works

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

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