



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano  
John Aitken  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** October 19, 2022

Approved

Date

**10/27/2022**

**SUBJECT: ACTIONS RELATED TO THE 10201-SJC AIRPORT ACCESSIBILITY  
UPGRADES PHASE 3A- TERMINAL BUILDINGS RE-BID PROJECT**

## **RECOMMENDATION**

- (a) Adopt a resolution authorizing the Director of Public Works to:
  - (1) Award and execute the 10201 SJC Airport Accessibility Upgrades Phase 3A – Terminal Buildings Re-Bid Project to the lowest responsive bidder in an amount not to exceed \$14,000,000; and
  - (2) Approve a contingency in the amount of 15 percent of the contract amount.
- (b) Adopt the following 2022-2023 Appropriation Ordinance and Funding Sources Resolution Amendments in the Airport Capital Improvement Fund:
  - (1) Increase the estimate for Revenue from Federal Government by \$10,000,000; and
  - (2) Establish the Terminal Accessibility Upgrades appropriation to the Airport Department in the amount of \$10,000,000.

## **OUTCOME**

Approval of the resolution authorizing the Director of Public Works to award and execute a construction contract for the Norman Y. Mineta San José International Airport (Airport) Accessibility Upgrades Phase 3A – Terminal Buildings Re-Bid Project will enable the contract to be implemented and construction started before the end of December 2022, providing the City with the best opportunity to take advantage of a Bipartisan Infrastructure Law Discretionary Grant through the Airport Terminal Program of \$10,000,000 administered by the Federal Aviation Administration. Approval of a 15 percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project. Adoption of the appropriation ordinance and funding source resolutions will provide the necessary budget for the project.

## **BACKGROUND**

In 2018, the Airport retained the professional services of Jensen Hughes to survey its existing facilities to identify accessibility issues in publicly accessible areas. A list of needed accessibility improvements was identified and organized by area/location resulting in an accessibility analysis report dated November 16, 2018, by Jensen Hughes.

The analysis identified accessibility compliance issues located in the parking garages/lots, curbside/roadways, and terminal spaces. The parameters of the compliance issues covered include accessible parking, accessible path of travel, accessible entrances, stairs and ramps, doors, elevators, restroom clearances/accessories, signage, telephones, and drinking fountains.

Due to the COVID-19 pandemic's adverse economic impacts on the Airport's budget, the entire project was separated into four distinct phases, by area, and planned to be bid as stand-alone project(s) as follows:

- Phase 1 – Parking and Roadways.
  - Currently under construction.
- Phase 2 – Terminal A Ground Transportation Island.
  - Currently on hold pending further design work.
- Phase 3A – Terminal Buildings.
  - Current project requesting City Council delegation to the Director of Public Works for award of contract.
- Phase 3B – Consolidated Rental Car Facility.
  - On hold pending further design work.

The Phase 3A project will concentrate on the terminal buildings which consists of modifications to the existing Terminal A, Terminal A-plus, Federal Inspection Service building, and Terminal B, to bring the facilities into compliance with current accessibility code requirements.

The project was initially advertised on September 7, 2022. Bids were opened on September 29, 2022 and the City received two bids for the project. The low bid submitted by S&H Construction, Inc. contained multiple irregularities and, as such, was deemed non-responsive. S&H Construction, Inc. also requested to be relieved of its bid due to a clerical error. The remaining bid from Rodan Builders, Inc. was 99.14 percent over the Engineer's Estimate. On October 3, 2022, pursuant to Section 27.10.530 of the San José Municipal Code, the Director of Public Works rejected all bids.

The project rebid was advertised on October 19, 2022, with bids to open on November 17, 2022. A condition of a \$10.0 million grant award by the Federal Aviation Administration is that construction needs to start by the end of the current calendar year. For this reason, staff recommends City Council authorize the Director of Public Works to award the project to the lowest responsive bidder in an amount not to exceed \$14.0 million, which would enable the Airport to meet the grant requirement. The current engineer's estimate for this project is \$10,500,000. Based off prior bids received as well as the volatility of the current bidding climate,

staff expects that the bids could come in higher than the estimated \$10.5M. A do-not-exceed amount of \$14.0 million should be sufficient to proceed forward with the award of the project.

## **ANALYSIS**

On March 4, 2022, City Council adopted Resolution No. 80428 authorizing the City Manager to apply for, execute, and accept upon receipt, Airport Terminal Program grants from the Federal Aviation Administration under the Infrastructure Investment and Jobs Act of 2021, referred to as the Bipartisan Infrastructure Law, in a total amount not to exceed \$40 million for the Airport Terminal Americans with Disabilities Act projects which included the Airport Accessibility Upgrades Phase 3A – Terminal Buildings project.

The Airport submitted funding application to the Federal Aviation Administration for the Airport Accessibility Upgrades Phase 3A – Terminal Buildings project under the Bipartisan Infrastructure Law - Airport Terminal Program, and was selected to receive a grant in the amount of \$10.0 million with final award occurring once bids are available. A full listing of Bipartisan Infrastructure Law Airport Terminal Program airport projects awarded across the country is available on the Federal Aviation Administration website: <https://www.faa.gov/bil/airport-terminals>.

Once constructed, the accessibility improvements identified in the project would bring the Airport terminal buildings up to current accessibility code requirements. All the items included within the project scope are aimed at achieving compliance with the Americans with Disabilities Act and expanding accessibility for persons with disabilities.

The project is being bid in accordance with the Federal Aviation Administration's Airport Terminal Program requirements, and the City will require bids to be valid for a minimum of 180 days.

### **Project Labor Agreement Applicability**

A project labor agreement is applicable to this project as the engineer's estimate is over \$3.0 million.

### **Local and Small Business Outreach**

Procurement staff will use Biddingo to outreach to local and small business enterprises to encourage participation.

## **CONCLUSION**

City Council resolution authorizing the Director of Public Works to award and execute the construction contract as described in the memorandum will allow for construction to start prior to the end of the current calendar year. A Bipartisan Infrastructure Law Airport Terminal Program grant of \$10,000,000 is anticipated to be awarded by the start of construction, upon contract execution. Adoption of the appropriation ordinance and funding source resolution adjustments will allow the Airport to allocate the necessary budget for the project.

## **EVALUATION AND FOLLOW-UP**

The project is currently on schedule to meet the Bipartisan Infrastructure Law Airport Terminal Program grant deadlines. 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 November 8, 2022 City Council meeting.

To solicit contractors, this project will be listed on Biddingo ([www.biddingo.com](http://www.biddingo.com)) and advertised in the *San José Post Record*. The complete bid package and project information for all Public Works Department construction projects are available on Biddingo for interested contractors, contractor organizations, and builders' exchanges.

Since the project is funded in part with a United States Department of Transportation/Federal Aviation Administration Airport Improvement Program 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 Airport Improvement Program grant-funded Airport capital projects in federal fiscal years 2022-2025 is five percent annually. The City's DBE Program for Airport Improvement Program grant funded Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

Staff will perform extensive outreach to encourage DBE participation. Outreach efforts will include:

- Identification of 412 certified DBEs in multiple subcontracting work areas.
- Emails sent to ethnic chambers, San José Chamber of Commerce, and other interested organizations including Minority Business Consortium - providing project information, subcontracting opportunities (North American Industry Classification System Codes and Caltrans Work Codes), bid date and time, and DBE certification requirements.
- Posting of contracting opportunity on: Biddingo, Federal Aviation Administration Opportunities, Airport Minority Advisory Council, National Air Transportation Association, Airports Council International – North America, and the Minority Business Development Agency.
- Sharing of contract opportunity on Airport's Requests for Information/ Proposal/ Qualification and Bid Notices

### **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**

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).

### **COST SUMMARY/IMPLICATIONS**

#### **1. AMOUNT OF RECOMMENDATION/COST OF PROJECT**

Project Delivery	\$2,843,153
Construction (Engineer's Estimate)	\$10,500,000*
Contingency	\$1,575,000
<b>TOTAL PROJECT COSTS</b>	<b>\$14,918,153</b>
Prior Year Expenditures	\$65,697
<b>REMAINING PROJECT COSTS</b>	<b>\$14,852,456</b>

**2. COST ELEMENTS OF ENGINEER'S ESTIMATE:**

Accessible Routes	3,405,000
Accessible Restrooms	2,350,000
Accessible Telephones	400,000
Accessible Drinking Fountains	590,000
Signage, Parking Storage & Alarms	1,440,000
General Accessibility Requirements	1,000,000
General Conditions/Construction Management	1,315,000
<b>TOTAL ENGINEER'S ESTIMATE</b>	<b>\$10,500,000*</b>

\*Based off prior bids received, as well as the volatility of the current bidding climate, staff expects that bids could be as high as \$14M. As described below, sufficient resources are available for the requested \$14M authorization.

**3. SOURCE OF FUNDING:**

- Airport Capital Improvement Fund (520): \$10.0 million provided through the Bipartisan Infrastructure Law Airport Terminal Program grant
- Airport Renewal and Replacement Fund (527): \$6.3 million is appropriated in 2022-2023 and an additional \$5.9 million is programmed in the 2023-2027 Adopted Capital Improvement Program for 2023-2024, which ensures that the project is fully funded should construction bids come in above the Engineer's Estimate.

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

**BUDGET REFERENCE**

The table below identifies the funds and appropriation to fund the not-to-exceed contract authorization recommended as part of this memorandum. The 2023-2027 Adopted Capital Improvement Program allocates an additional \$5.9 million to complete this project in 2023-2024.

Fund #	Appn. #	Appn. Name	Current Total Appn.	Rec. Budget Action	Estimated Amount For Contract	2022-2023 Proposed Capital Budget Page*	Last Budget Action (Date, Ord. No.)
520	R110	Revenue from Federal Government	\$28,688,000	\$10,000,000	N/A	609	6/21/2022, 80592
520	416O	Terminal Accessibility Upgrades	\$0	\$10,000,000	\$10,000,000	N/A	N/A
527	416O	Terminal Accessibility Upgrades	\$6,312,000	N/A	\$4,000,000	634	6/21/2022, 30790

\*The 2022-2023 Proposed Capital Budget was approved by the City Council on June 14, 2022 and adopted on June 21, 2022.

HONORABLE MAYOR AND CITY COUNCIL

October 19, 2022

**Subject: 10201-SJC Airport Accessibility Upgrades Phase 3A-Terminal Buildings Re-Bid Project**

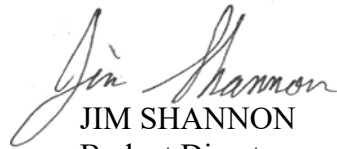
Page 7

**CEQA**

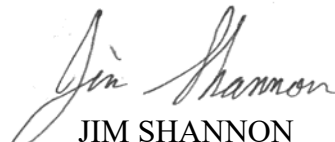
Determination of Consistency with the Final Environmental Impact Report for the Norman Y. Mineta San José International Airport (Resolution No. 79497), File No. PP18-103.

/s/  
MATT CANO  
Director of Public Works

/s/  
JOHN AITKEN, AAE  
Director of Aviation

  
JIM SHANNON  
Budget Director

I hereby certify that there will be available for appropriation in the Airport Capital Improvement Fund in the Fiscal Year 2022-2023, moneys in excess of those heretofore appropriated therefrom, said excess being at least \$10,000,000.

  
JIM SHANNON  
Budget Director

For questions, please contact Katherine Brown, Deputy Director, Public Works Department, at (408) 975-1679.