



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Barry Ng  
John Aitken

**SUBJECT:** SEE BELOW

**DATE:** October 2, 2017

Approved

D. DSYL

Date

10/12/17

**SUBJECT: 8463 – MINETA SAN JOSE INTERNATIONAL AIRPORT – TERMINAL B SOUTH RAMP RECONSTRUCTION – PHASE 1**

## RECOMMENDATION

Report on bids and award of contract for the 8463 – Mineta San José International Airport Terminal B South Ramp Reconstruction – Phase 1 Project to the low bidder, Graniterock Company in an amount of \$6,247,416, and approve a ten percent contingency in the amount of \$624,742.

## OUTCOME

Approval of this construction contract allows the Airport to proceed with the project due to the receipt of a Federal Aviation Administration (FAA) grant which provides 80% of the project funding. The ten percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project.

## BACKGROUND

Airport staff periodically assembles a priority list of capital improvement projects that meet eligibility requirements for the FAA’s Airport Improvement Program (AIP) grant funding. This priority list is submitted to the FAA for review and prioritization based on 15 general requirements for project funding, as outlined in the FAA’s Airport Improvement Program Handbook. To be eligible for funding, proposed projects must demonstrate the advancement of one of the following AIP objectives: airport safety, airport security, airport capacity, meeting FAA standards, preservation of airport infrastructure through reconstruction or rehabilitation, protection and enhancement of the environment, minimization of aircraft noise impacts, and airport planning.

One of the projects included in the City Council approved multi-year funding strategy for major airfield improvement projects is the reconstruction of the apron adjacent to future Gate 31 and 32

(formerly a portion of automobile Parking Lot 6). This apron is currently being used to park aircraft for fueling, servicing, loading, and unloading of both passengers and cargo. The existing pavement is reaching the end of its lifespan and new pavement needs to be constructed to support aircraft operations.

The Terminal B South Ramp Reconstruction – Phase 1 project fits the necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA AIP grant funding. Through Council Action on November 1, 2016 (Resolution No. 77967), the project was offered an FAA AIP grant on September 12, 2017 and it was accepted on September 18, 2017.

The project includes reconstruction of approximately 6,360 square yards of apron adjacent to future Gate 31 and 32. Construction is projected to begin December 2017 and be completed June 2018.

### ANALYSIS

The FAA advised the Airport to have bids in hand by the first week of May 2017 and to keep them open for a potential award. Bids were opened on May 4, 2017, with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>% + or (-)</u>
Graniterock Company (San José)	\$6,247,416	(16.7)
Granite Construction Company (Santa Clara)	\$6,692,298	(10.8)
Teichert Construction (Roseville)	\$6,813,888	(9.2)
<b>Engineer's Estimate</b>	<b>\$7,500,000</b>	-

The Terminal B South Ramp Reconstruction – Phase 1 project was bid in accordance with the FAA's initial correspondence requiring all bids to be valid for 150 days. The current bids are valid until September 30, 2017. Since the project will not be awarded until October 24, 2017, Graniterock has submitted a letter to the Director of Public Works stating that they will still honor their bid that was submitted on May 4, 2017.

The low bid submitted by Graniterock Company is 16.7 percent under the Engineer's Estimate. Staff considers this reasonable for the work involved. Graniterock Company is very familiar with Airport projects as they have completed several similar projects including the Taxiway W Extension projects and are currently finishing both the Terminal Roadway Safety Improvements and Southeast Apron Reconstruction projects. This familiarity with the construction at the Airport and ability to supply their own aggregate contributed to Graniterock Company's low bid being 16.7 percent under the Engineer's Estimate.

Staff requests a ten percent contingency for this project because of the uncertainty of underground utilities and the underlying soil conditions.

The FAA has offered and the City has accepted the FAA AIP grant for the Terminal B South Ramp Reconstruction – Phase 1 project which places this contract ready to award to the lowest responsible bidder.

The maximum project cost of \$9,430,094 has been established based on available funds and on FAA's grant eligibility placed on reimbursement for project expenditures.

***Project Funding Sources:***

<b>Description</b>	<b>Amount</b>
FAA Grant	\$7,096,233
Airport Local Match Funds	\$2,333,861
<b>Total Project Funding</b>	<b>\$9,430,094</b>

**DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION**

To be eligible for the federal U.S. Department of Transportation/FAA grant, the City's procurement process complied with the federal Disadvantaged Business Enterprise (DBE) Program regulations found in 49 CFR Part 26. The City's current (FY 2017 – 2019) DBE participation goal for its U.S. Department of Transportation-funded Airport improvement program is 6.3% annually.

City staff did extensive outreach to encourage DBE participation. Outreach efforts included:

- Identification of potential/possible subcontracting opportunities – 8 work areas identified
- Identification of 64-certified DBEs in those 8 subcontracting work areas
- Email blast to 64-certified DBEs
- Email blast to ethnic chambers, San Jose Chamber and other interested organizations including Minority Business Consortium – information provided project information, subcontracting opportunities (NAICS Codes and CalTrans Work Codes) bid date and time and DBE certification requirements
- Posting project on Airport's website, FAA DBE Opportunities website, Airport Minority Advisory Council and ACI-NA

Graniterock Company committed to \$148,882 (2.38%) in DBE participation. The DBE-certified subcontractors who will perform on this project are Austin Enterprise (Bakersfield) and Golden Bay Fence plus Iron Works, Inc. (Stockton). This project is not ideally suited to generate strong DBE participation since the major component of the project is concrete and there are very few DBE certified concrete contractors.

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

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

### **PUBLIC OUTREACH**

To solicit contractors, this project was listed on *BidSync* for 29 days and advertised on one day in the *San José Post Record* to meet the Federal Economic Development Administration (EDA) Grant Criteria. The complete bid packages and project information for all Department of Public Works construction projects is available on *BidSync* for interested contractors, contractor organizations and builders' exchanges. This memo will be posted on the City's website for the October 24, 2017, City Council agenda.

### **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 was notified of the project at the August 14, 2017, Airport Commission meeting.

### **FISCAL/POLICY IMPACT**

The services covered under this agreement support the ongoing operation and development of the Airport and are consistent with the goals and policies of the City of San José General Plan and Airport Master Plan.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT

Project Delivery*	\$1,901,259
Construction	6,247,416
Contingency	<u>624,742</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$8,773,417</b>
Prior Expenditures	(580,539)
<b>REMAINING PROJECT COSTS</b>	<b>\$8,192,878</b>

\*Project Delivery includes \$705,487 for Design Services and \$1,195,772 for Construction Management and Inspection Services. In 2016 – 2017, \$580,539 was expended on project delivery.

2. COST ELEMENTS OF CONTRACT:

Mobilization and Traffic Control	\$ 443,200
Demolition	877,770
Drainage Facilities	123,840
Grading and Paving	679,601
Concrete Placement	3,197,712
Electrical	189,670
Other	<u>735,623</u>
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$ 6,247,416</b>

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

4. FISCAL IMPACT: The proposed operating and maintenance costs of this project have been reviewed and will have no impact on the General Fund operating budget.

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**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the project recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. For Contract	2017-2018 Proposed Capital Budget Page**	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>			<b>\$8,192,878</b>			
<b>Current Funding Available</b>						
520	400M	Terminal B Ramp Rehabilitation	\$6,321,000	\$5,034,793	851	6/20/2017, 29962
527	400M	Terminal B Ramp Rehabilitation	\$1,436,000	\$1,212,623	851	6/20/2017, 29962
<b>Total Current Funding Available</b>			<b>\$7,757,000*</b>	<b>\$6,247,416</b>		

\* It is anticipated this appropriation will have funding sufficient to fund all remaining project costs once Council approves Annual Report on 10/17/17.

\*\* The 2017-2018 Proposed Capital Budget was adopted by the City Council on June 20, 2017.

**CEQA**

Determination of Consistency with the Final Environmental Impact Report for the San José International Airport Master Plan Update, as supplemented (Resolution Nos. 67380 and 71451), File No. PP15-129.

/s/  
BARRY NG  
Director of Public Works

/s/  
JOHN AITKEN  
Director of Aviation

For questions please contact Michael O’Connell, Deputy Director, Public Works Department, at 408-535-8300.

Attachment: Site Map

ATTACHMENT  
Site Map

8463 – San José International Airport Terminal B South Ramp Reconstruction – Phase I

