



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano
John Aitken

SUBJECT: SEE BELOW

DATE: May 29, 2018

Approved

Date

6/8/18

**SUBJECT: ACTIONS RELATED TO THE 8815 – MINETA SAN JOSÉ
INTERNATIONAL AIRPORT –TERMINAL B SOUTH RAMP
RECONSTRUCTION – PHASES 2 & 3**

RECOMMENDATION

Adopt a resolution authorizing the Director of Public Works to:

- (a) Award and execute the 8815 – Mineta San José International Airport – Terminal B South Ramp Reconstruction – Phases 2 & 3 project to the low bidder, Granite Rock Company for the base bid and Add Alternate No. 1 in an amount of \$10,863,767.20, contingent upon the award and execution of an Airport Improvement Program (AIP) grant from the Federal Aviation Administration (FAA) in a minimum amount of \$10,262,000;
- (b) Establish a construction contingency of ten percent (10%) of the amount of the construction contract for the Project; and
- (c) Issue any change orders up to the amount of the contingency.

OUTCOME

The recommendation provides the most efficient means of awarding and executing a construction contract for the Project and will provide the City with the best opportunity to take advantage of a potential FAA grant opportunity that has extremely tight time constraints. 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 AIP grant funding. This priority list is submitted to the

FAA for review and prioritization based on the 15 general requirements for project funding, as outlined in the FAA's AIP 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 enhancing 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 existing ramp areas at Gate positions 33 and 34 for phase 2 and the removal and replacement of the existing ramp areas at Gate positions 35 and 36 depending on the availability of FAA discretionary grant funding for phase 3 of this project. The existing ramp areas are utilized for aircraft fueling, servicing, remain overnight (RON) positions, loading and unloading both passengers and cargo. The existing pavement areas are reaching the end of their lifespan and in need of new pavement to support current and projected increase in aircraft operations.

The Terminal B South Ramp Reconstruction – Phases 2 & 3 project fits the necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA – AIP grant funding. The award of the Project is contingent upon the execution of the grant from the FAA.

The FAA has given notice to the City that the Terminal B South Ramp Reconstruction – Phases 2 & 3 Project is in a favorable position to receive undistributed discretionary AIP funds this federal fiscal year and to be ready to accept a potential grant offer. When there are available funds for redistribution, the FAA awards grants to sponsors that can submit the grant applications and accept grant offers within hours of notification. The FAA awards AIP grants based on actual bid results, as well as the availability of grant funds, therefore, the award will be contingent upon the award of the AIP grant from the FAA. This Council Memo is a request to take advantage of this potential grant opportunity.

PROJECT DESCRIPTION

The Project includes the removal and replacement of approximately 118,000 square feet of ramp area for Phase 2. In addition to the base bid scope of work, there is one (1) Add Alternate bid items as follows:

Add Alternative 1: Remove and replace an additional 107,000 square feet of ramp area for Phase 3.

Pending receipt of the FAA grant, construction is scheduled to begin in October 2018 and is projected to be completed by October 2019.

ANALYSIS

Bids were opened on April 26, 2018, with the following results:

| <u>Contractor</u> | <u>Base Bid</u> | <u>% + or (-)</u> | <u>Add Alt 1</u> | <u>Total Bid</u> |
|-----------------------------------------|------------------------|--------------------------|-------------------------|-------------------------|
| Granite Rock Company (San José) | \$5,813,880.85 | (11) | \$5,049,886.35 | \$10,863,767.20 |
| De Silva Gates Construction (Dublin) | \$6,592,815.00 | (3) | \$5,284,076.00 | \$11,876,891.00 |
| Engineer's Estimate | \$6,310,000.00 | - | \$5,900,000.00 | \$12,210,000.00 |

The FAA advised Airports to have bids in hand by May 2018 and to allow bids to be valid through August 2018. The Terminal B South Ramp Reconstruction – Phases 2 & 3 project was bid according to the FAA's AIP program requirements allowing all bids to be valid for 120 days. The current bids are valid until August 26, 2018.

The low bid submitted by Granite Rock Company is eleven 11% below the Engineer's Estimate. Staff considers this reasonable for the work involved. Granite Rock Company is very familiar with Airport projects as they have completed several projects at the Airport, including the Taxiway Extension Project, Terminal Roadway Safety Improvements Project, and Southeast Apron Reconstruction Project. This familiarity with construction at the Airport and the ability to supply their own aggregate possibly contributed to Granite Rock Company's low bid.

Staff requests a 10% contingency for this Project, because of the uncertainty of underground utilities and the underlying soil conditions.

The maximum FAA AIP grant application amount is \$12,734,711, excluding project contingency, and has been established based on available funds and on FAA's grant limitations placed on reimbursement for project expenditures.

The Add Alternate is dependent on the amount of funding received from the FAA AIP grant. A minimum grant amount of \$10,262,000 would fund the base bid (Gates 33 and 34) and the Add Alternate 1 (Gates 35 and 36).

The FAA AIP grant application is summarized below:

AIP Grant Application

| Description | Amount |
|--------------------------------------------|---------------------|
| FAA Grant | \$10,262,904 |
| Airport Local Match Funds | \$2,471,807 |
| Total AIP Grant Application Funding | \$12,734,711 |

This project will impact about 400 parking spaces that will be used for much needed aircraft parking. However, there is capacity in the additional Airport parking lots that will be able to consolidate these impacted spaces. Airport will place additional signage encouraging customers to use the other parking lots available at the Airport.

DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION

Since this Project is funded in part with a federal US Department of Transportation/FAA AIP grant, the federal Disadvantaged Business Enterprise (DBE) Program regulations found in 49 CFR Part 26 apply. The City's current DBE participation goal for its US Department of Transportation-funded Airport Improvement Program in Federal Fiscal Years 2017-2019 is 6.3% annually.

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

- Email blast sent to 529-certified DBEs including project scope and subcontracting opportunities (NAICS Codes), pre-bid meeting date and time, bid date and time
- Email blast to ethnic chambers, San José 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 BidSync, SJC website, FAA Opportunities, AMAC, NATA, ACI-NA, Minority Business Development Agency

Granite Rock Company has committed to \$155,049.73 or 1.43% in DBE participation. The DBE-certified subcontractor that will perform on this project is Austin Enterprise (Bakersfield, CA). Austin Enterprise will perform saw-cutting work. Another DBE-certified subcontractor that will perform on this project is Golden Bay Fence plus Iron Works, Inc. They will provide Air Operations Area (AOA) fencing. This Project is not ideally suited to generate strong DBE participation since the major component of the project is concrete placement with complex paving equipment and there are very few DBE-certified concrete contractors, and they do not possess the FAA required concrete paving equipment.

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 June 19, 2018, City Council agenda.

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).

COORDINATION

The project and memorandum have been coordinated with the City Attorney's Office, City Manager's Budget Office, and the City Manager's office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

1. ESTIMATED COST OF PROJECT

| | |
|--------------------------------|-------------------------|
| Project Delivery | \$ 1,870,944.00 |
| Construction Contract | \$ 10,863,767.20 |
| Contingency | \$ 1,086,377.00 |
| TOTAL PROJECT COSTS | \$ 13,821,088.20 |
| FY 17-18 ESTIMATED COST | \$ 144,694.00 |
| REMAINING PROJECT COST | \$ 13,676,394.20 |

May 29, 2018

Subject: 8815 – MSJIA - Terminal B South Ramp Reconstruction – Phases 2 & 3

Page 6

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

| | |
|----------------------------------|-------------------------|
| Mobilization and Traffic Control | \$ 2,166,765.00 |
| Demolition | \$ 1,892,855.00 |
| Drainage Facilities | \$ 159,575.00 |
| Grading and Paving | \$ 741,458.15 |
| Concrete Placement | \$ 5,840,146.80 |
| Electrical | \$ 22,375.00 |
| Other | \$ 40,592.25 |
| TOTAL CONTRACT AMOUNT | \$ 10,863,767.20 |

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

4. FISCAL IMPACT: The 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 fund and appropriations to fund the project recommended as part of this memorandum.

| Fund # | Appn # | Appn. Name | Total Appn. | Amt. For Contract | 2018-2019 Proposed Capital Budget Page* | Last Budget Action (Date, Ord. No.) |
|------------------------------------------|--------|--------------------------------|-----------------------|------------------------|-----------------------------------------|-------------------------------------|
| Remaining Project Costs | | | | | | |
| Current Funding Available | | | | | | |
| 520 | 400M | Terminal B Ramp Rehabilitation | \$7,011,000.00 | \$8,755,109.99 | V-629 | N/A |
| 527 | 400M | Terminal B Ramp Rehabilitation | \$1,689,000.00 | \$2,108,657.21 | V-629 | N/A |
| Total Current Funding Available** | | | \$8,700,000.00 | \$10,863,767.20 | | |

*The 2018-2019 Proposed Capital Budget is anticipated to be adopted by the City Council on June 19, 2018.

**Terminal B Ramp Rehabilitation budget of \$8,700,000 contemplated Phase 2 of the project. A 2018-2019 clean-up request to increase Terminal B Ramp Rehabilitation project from \$8,700,000 to \$13,822,000, or an increase of \$5,122,000, will be submitted to revise the project scope to include Phase 3 based on the availability of Federal grant funding.

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2018

Subject: 8815 – MSJIA - Terminal B South Ramp Reconstruction – Phases 2 & 3

Page 7

CEQA

Resolution Nos. 67380 and 71451, PP 16-113.

/s/

MATT CANO

Director of Public Works

/s/

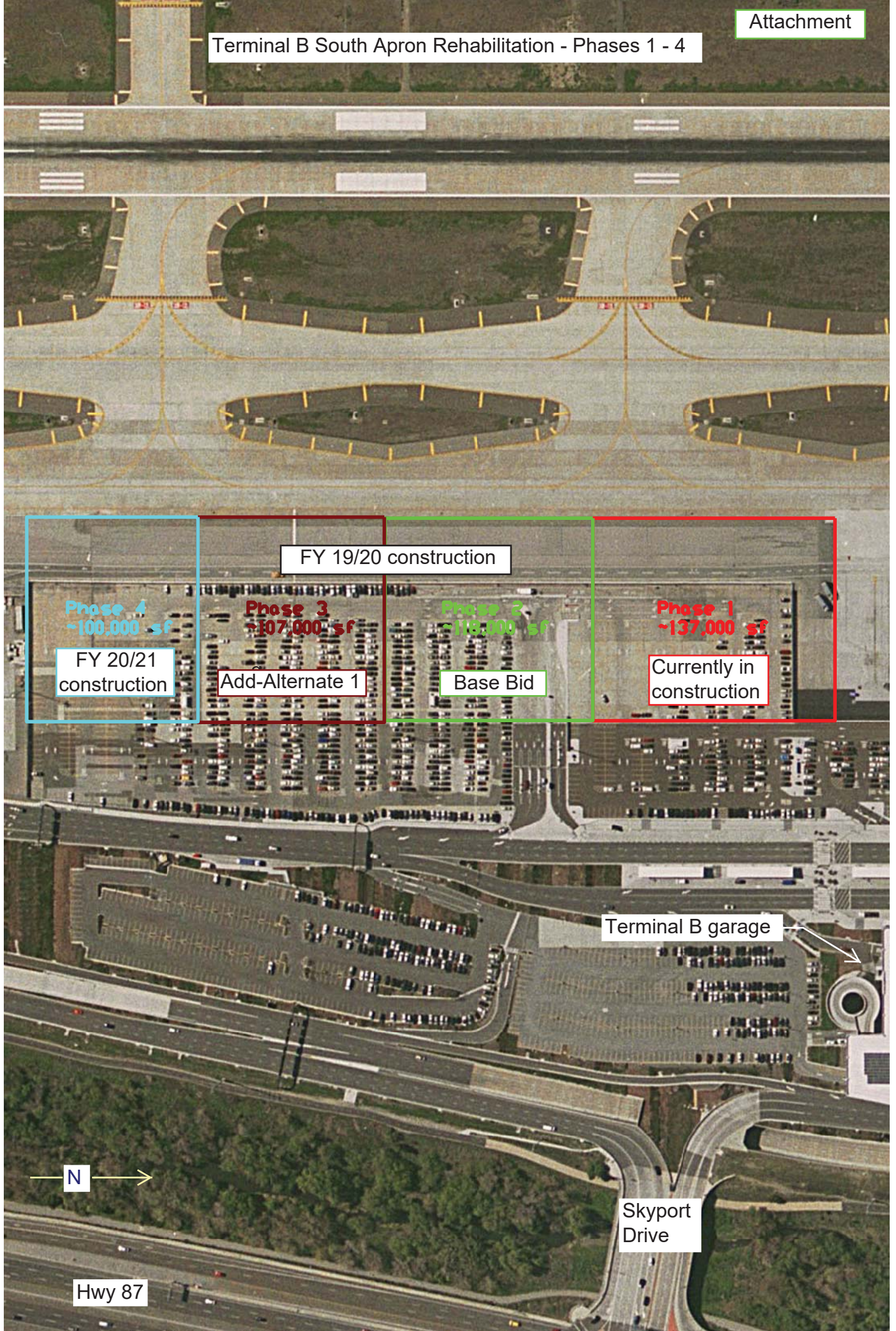
JOHN AITKEN, A.A.E

Director of Aviation

Attachment: Terminal B South Apron Rehabilitation – Phase 1-4

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

Terminal B South Apron Rehabilitation - Phases 1 - 4



FY 19/20 construction

Phase 4
~100,000 sf

FY 20/21
construction

Phase 3
~107,000 sf

Add-Alternate 1

Phase 2
~118,000 sf

Base Bid

Phase 1
~137,000 sf

Currently in
construction

Terminal B garage

N

Skyport
Drive

Hwy 87