



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken
Matt Cano

SUBJECT: SEE BELOW

DATE: June 20, 2018

Approved

Date

6/20/18

SUPPLEMENTAL

SUBJECT: APPROVE RANKING AND AUTHORIZATION TO NEGOTIATE AND AWARD DESIGN-BUILD CONTRACT FOR THE INTERIM FACILITY – FOUR GATES AT THE NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT

REASON FOR SUPPLEMENTAL

To provide additional information obtained from the proposals and bids for the Interim Facility – Four Gates project (the “Project”) received on June 1, 2018.

RECOMMENDATION

- a. Adopt a resolution approving an Addendum to the Final Environmental Impact Report for the Norman Y. Mineta San Jose International Airport Master Plan Update, as supplemented and addended, all in accordance with the California Environmental Quality Act, as amended.
- b. Adopt a resolution:
 1. Approving the final ranking of the Design-Build (D-B) Entities that responded to the RFP for the Project.
 2. Authorizing the Director of Public Works to negotiate a D-B Contract in an amount not to exceed \$50,000,000 for the Project as follows:
 - a. Begin negotiating with the highest ranked D-B Entity;
 - b. Begin negotiating with the next highest D-B Entity, if after having negotiated with highest ranked D-B Entity, the Director determines that the City’s interests are best served by beginning negotiations with the next highest ranked D-B Entity; and
 - c. Begin negotiating with each of the other D-B Entities in order of their ranking as the Director determines is appropriate.
 3. Authorizing the Director of Public Works to award and execute the D-B Contract

- for the Project to the highest ranked D-B Entity that successfully completes D-B Contract negotiations with the City.
4. Authorizing the Director of Public Works to negotiate and execute Task Orders up to the Contract not to exceed amount as necessary to meet project completion.
 5. Approving a D-B contingency in the amount of fifteen percent of the negotiated D-B Contract for City-approved changes to the design scope and construction services and authorizing the Director of Public Works to execute Contract Change Orders up to the contingency amount.
- c. Adopt a resolution declaring the City's official intent to reimburse expenditures for the Project from the proceeds of the City of San José, Norman Y. Mineta San José International Airport, Subordinate Commercial Paper Notes.

OUTCOME

Council resolution authorizing the Director of Public Works to negotiate and award the Design Build contract as described in this memorandum will allow the development of the Project.

BACKGROUND

A memorandum dated June 4, 2018, was forwarded to City Council for the June 26, 2018 City Council meeting. The purpose of this supplemental memorandum is to provide additional information obtained after the opening of proposals on June 1, 2018.

ANALYSIS

A. RFP Evaluation and Ranking

On June 1, 2018, the City received three (3) proposals for the Interim Facility – Four Gates project. Proposals were received from the following D-B entities:

| Proposer |
|------------------------------------|
| Hensel Phelps Construction Company |
| Turner Construction Company |
| Skanska USA Building Inc. |

The evaluation elements for this RFP were as follows:

Step 1

Submittals that met the RFP minimum qualifications as determined by Public Works Procurement Team were forwarded to the Technical Evaluation Panel comprised of four (4) voting members representing diverse backgrounds and experience relevant to the Project.

The Technical Evaluation Panel reviewed and ranked the proposals independently as described in Step 2 below.

Step 2

Using the evaluation criteria defined in the RFP, each member of the Technical Evaluation Panel independently evaluated each submittal and scored the submittals according to the following:

| Description | Points Assigned |
|-------------------------------------|------------------------|
| Minimum Qualifications | Pass/Fail |
| Cover Letter | Pass/Fail |
| Experience and Qualifications | 100 pts |
| Project Team and Subcontractor List | 100 pts |
| Project Approach | 100 pts |
| Design Narrative | 75 pts |
| Design Rendering | 75 pts |
| Schedule and Phasing | 75 pts |
| Safety and Security Approach | 75 pts |
| MAXIMUM TOTAL | 600 pts |

The results of the Technical Evaluation are reflected in the table below:

| D-B Entity Name | Score |
|------------------------------------|--------------|
| Hensel Phelps Construction Company | 559.33 |
| Turner Construction Company | 526.00 |
| Skanska USA Building Inc. | 515.67 |

Step 3

Following the evaluation, the City conducted oral interviews with the three (3) highest ranked D-B Entities from Step 2.

The results of the oral interviews are reflected in the table below:

| D-B Entity Name | Score |
|------------------------------------|--------------|
| Hensel Phelps Construction Company | 458.75 |
| Skanska USA Building Inc. | 424.75 |
| Turner Construction Company | 411.25 |

Step 4

The price proposals were evaluated by the Public Works Procurement Team based on the predetermined RFP criteria.

The results of the Price Proposal are reflected in the following table:

| D-B Entity Name | Proposal | Score |
|------------------------------------|-----------------|--------------|
| Skanska USA Building Inc. | \$33,252,603 | 250 |
| Hensel Phelps Construction Company | \$37,992,000 | 214 |
| Turner Construction Company | \$41,384,407 | 189 |

Final Ranking

The scores for the Technical Evaluation (Step 2), the Interviews (Step 3), and the Price Proposal (Step 4) were added together to determine the Final Ranking List. The Final Ranking results are reflected in the following table:

| D-B Entity Name | Technical Evaluation (600) | Interviews (500) | Price Proposal (250) | LBE (75) | SBE (75) | Total Points (1500) |
|------------------------------------|---|-----------------------------|-------------------------------------|---------------------|---------------------|------------------------------------|
| Hensel Phelps Construction Company | 559.33 | 458.75 | 214 | 75 | 0 | 1307.08 |
| Skanska USA Building Inc. | 515.67 | 424.75 | 250 | 75 | 0 | 1265.42 |
| Turner Construction Company | 526.00 | 411.25 | 189 | 75 | 0 | 1201.25 |

Upon Council approval of the final ranking, the Director of Public Works will enter into contract negotiations with Hensel Phelps Construction Company with consideration given to profit and overhead, general conditions, design fees, project/construction management, construction acceleration concepts, and stakeholder engagement methods. For reference, the local business enterprise firms in Hensel Phelps subcontractor list include: Critchfield Mechanical, Rosendin Electric, Graniterock Construction, BT Mancini, Thyssenkrupp, and S.J. Building Maintenance.

In the event that the Director of Public Works determines that the City and Hensel Phelps Construction Company are not making adequate progress on the negotiations of the contract, the Director of Public Works will begin negotiating with the next highest ranked D-B Entity, and continue with each of the other D-B Entities in order of their ranking as the Director determines is appropriate in order to reach an agreement.

Project Description

The contract amount of \$50,000,000 includes the base project and additional modifications to address the relocation of airlines resulting from reallocation of aircraft gates, technology improvements, and other improvements to address the passenger facilitation and capacity challenges. The base project includes a remote holdroom south of Terminal B with connector

bridges and a walkway to Terminal B to allow passengers to move between Terminal B and the Interim Facility. The facility will include a holdroom serving four (4) aircraft gates. The Interim holdroom facility will have four (4) ground loading passenger boarding bridges, code required and ADA accessible public restrooms, and a “grab and go” style food and beverage concession. The additional modifications include building alterations, equipment, landside adaptations, furniture, and technology requirements in Terminal A, Terminal B, and the International Facility to ease passenger and facility capacity challenges. The contract includes Programming, Design Fees, Construction Cost, Construction Contingency, General Conditions, Design-Build Entities Fee, Bonds, Insurance, Contract Overhead and other applicable costs for the Project described.

BUDGET REFERENCE

Funds for the Project were part of the recommended adjustment to the 2018-2019 Proposed Capital Budget adopted by City Council on June 19, 2018.

The table below identifies the fund and appropriation proposed to fund the contract and contingency costs recommended as part of this memorandum.

| Fund # | Appn # | Appn. Name | Total Appn. | Amt. For Contract | 2018-2019 Proposed Capital Budget PagePage | Last Budget Action (Date, Ord. No.) |
|--|--------|---------------------------|---------------------|-------------------|--|---|
| Current Funding Available | | | | | | |
| 527 | NEW | Interim Terminal Facility | \$58,000,000 | \$50,000,000 | N/A | N/A |
| Total Current Funding Available | | | \$58,000,000 | | | |

CEQA

Addendum to the Norman Y. Mineta San José International Airport Master Plan Update Project Environmental Impact Report and Addenda thereto (Resolution Nos. 67380 and 71451), File No. PP18-038.

/s/
MATT CANO
Director of Public Works

/s/
JOHN AITKEN, AAE
Director of Aviation

For questions, please contact Matthew Kazmierczak, Manager of Strategy and Policy for the Airport, at (408) 392-3640