



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano  
John Aitken

**SUBJECT:** SEE BELOW

**DATE:** October 4, 2021

Approved

Date

10/08/21

**SUBJECT: AUTHORIZATION TO AWARD DESIGN-BID-BUILD CONTRACT FOR  
THE 9295 – SJC AIRPORT ACCESSIBILITY UPGRADES – PHASE 1  
PARKING AND ROADWAYS RE-BID (PROJECT)**

## **RECOMMENDATION**

Adopt a resolution authorizing the Director of Public Works to:

- (a) Award and execute the Design-Bid-Build Contract for the Project to the lowest, most responsible bidder Strawn Construction, Inc. in an amount of \$5,536,371;
- (b) Establish a construction contingency of 15 percent of the amount of the construction contract for the Project; and
- (c) Negotiate and execute any single and/or multiple contract change orders for the Project up to the contingency amount.

## **OUTCOME**

Council resolution authorizing the Director of Public Works to award and execute the Design-Bid-Build contract as described in this memorandum will allow for the construction of the Project. This resolution will provide the City with the opportunity to start the Design-Bid-Build services for the Project. The fifteen (15) percent contingency will provide funding to address any unforeseen conditions to complete 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. All issues included references to the 2016 California Building Code and the relevant code sections.

The analysis report inspected parking garages/lots, curbside/roadways, and terminal spaces and identified specific needed improvements to accessible parking, accessible path of travel, accessible entrances, stairs and ramps, doors, elevators, restroom clearances/accessories, signage, telephones, and drinking fountains.

The design consultant, Jviation Inc. (Consultant), worked from 2018 – 2020 on providing design solutions, assisted with procurement and was contracted to assist in construction administration services. The Consultant provided design solutions for all accessibility compliance issues, aligning plans with the adopted 2019 California Building Code in a single set of Construction Documents.

Due to the pandemic's adverse economic impacts to the Airport Budget, the entire project was separated into four distinct phases by area as follows:

- Phase 1 Parking and Roadways
- Phase 2 Terminal A Ground Transportation Island Package
- Phase 3a Terminal Package
- Phase 3b ConRAC Package

The general phasing of the project was coordinated with Public Works and consistent with accessibility code priorities identified in the California Building Code Chapter 11B.

The Phase 1 Parking and Roadways project encompasses accessibility improvements along curbsides, parking lots/structures, and path of travel between accessible parking and building entrances. The project currently includes the following scope: Upgrade of accessible loading zones at all building entrances/ground transportation stops, path of travel slope alterations at sidewalks, curb cut alterations, parking layout adjustments, and parking/curbside signage.

### **First Procurement Process**

The project was initially advertised on January 20, 2021 with a bid opening of February 18, 2021. The City received a single bid from Granite Rock Company.

<b>Bid Results</b>	<b>Engineer's Estimate: \$3,557,050</b>	
Bidder's Name	Base Bid Amount	% Variance
Granite Rock Company (Sole Bidder)	\$5,767,500	62.1%

Per Airport Senior Staff's direction on February 3, 2021, the Airport elected to terminate the procurement process and explore and identify the causal factors contributing to receipt of a single proposal at significantly higher than the Engineer's Estimate (EE). Accordingly, Public Works issued a Notice to Reject All Bids (NORAB) on February 23, 2021.

The Airport and Consultant interviewed the sole proponent Granite Rock Company and a handful of the General Contracting companies who downloaded the project Bid Documents from the City's Procurement Platform (Biddingo). The Airport engaged the General Contracting companies along with the Airport's design consultant after the first procurement phase was formally terminated. Provided below are the key items learned:

- The scope of work contains approximately 50% work more oriented towards production or unit based "flat-work" contractors and approximately 50% scope of work more towards vertical construction "building" contractors.
- Contractor licensing requirements in the first procurement set of documents were limited to Class A (Civil Type contractors).
- Logistical and production constraints are significant based on a 24/7 operational Airport environment.
- Consultant's subtiered estimating consultant confirmed their estimate did not need to be revised.

### **Second Procurement Process (Re-Bid)**

Based on the results of the engagement the Airport and Consultant began working on a second procurement package which included the following modifications:

- Extend after-hours work period from 11 pm – 5 am to 11 pm – 7 am. This change, increased work hours mitigating some of the inherent lost productivity, to potentially lower proposal dollar amounts.
- Modified the contractor licensing requirements originally limited to Class A licenses expanding it to Class A or B licenses broadening the pool of potential contractors that could participate to encourage greater contractor participation.
- Removed Record Drawing scope as that is in the scope of the Consultant (eliminating duplicity).

### **ANALYSIS**

The project for the second procurement process was advertised on April 28, 2021 and bids were opened on July 1, 2021 with the following results. In addition to the base bid scope of work, there is one Bid Alternate item as follows – Alternate 1: Terminal A Garage Stairway Railing Alternate Design.

<b>Bid Results</b>		<b>Engineer's Estimate (EE): \$3,557,050.</b>	
Contractor	Base Bid	Variance Amount	Over/Under Percentage
Strawn Construction, Inc.	\$5,536,371	\$1,979,321	55.65
Granite Rock Company	\$6,203,328	\$2,646,278	74.40

The low bid submitted by Strawn Construction, Inc. is 55.65 percent higher than the Engineer's Estimate. Staff considers the Strawn Construction, Inc. proposal to be the lowest bid, while also responsive and responsible for the work specified. Bid Alternate 1: Terminal A Garage Stairway Railing Alternate Design is not recommended for award because the bids received were higher than the Engineer's Estimate and Airport/Public Works intends to award on Base Bid only.

The Airport began an additional effort to understand the bid to estimate variances via Bid Leveling analysis and additional meetings with the Consultant. Findings were as follows:

- The Engineer's Estimate was compared in a format to align with the Bidder's Cost Breakdown where it became apparent the Engineer's Estimates omitted a significant amount of scope. More specially these omissions were in the Accessible Routes category, Terminal A Garage Stair Guard Rail quantity and also omitted an entire area in Parking Areas in Lots #1, #4, and #5 which contained extensive asphalt and concrete pavement replacement. The total for these combined Consultant omissions equal approximately \$1.2M.

Staff acknowledges the need to ensure an enhanced review of Consultant estimates by conducting a high-level quantity validation of quantities prior advertising future bid packages to avoid repeating. Similarly, Staff will strive to have estimates in a Construction Specifications Institute (CSI) format, which is a standardized industry best practice which isolates scopes of work and quantities by trade which in this instance would have identified the Consultant's error earlier in the process.

- The following table illustrates the Accessible Routes category:

<b>Accessible Routes</b>	<b>Dollar Amount</b>	<b>% Variance</b>
Engineer's Estimate (Consultant)	\$412,596	-
Strawn Construction, Inc. – Apparent low bidder	\$1,670,000	405%
Granite Rock Company	\$1,840,655	446%

The above table indicates bids received were relatively close within 10% of one another for this category or portion of work however greatly varied from the Engineer's Estimate necessitating a

deeper dive into this category with the Primary and Estimating Consultants. The Consultants acknowledged the estimating errors and generated a revised Engineer's Estimate of \$6,042,556, dated August 6, 2021. The revised and final estimate was the result of a comprehensive reevaluation of the project scope.

Based on the revised and corrected Engineer's Estimate, the bids received appear to be in line and within a competitive range sufficient to be able to facilitate award of a contract. Provided below are the bid results when compared to the revised and corrected Engineer's Estimate for this project:

<b>Bid Results</b>	<b>Revised/Corrected EE: \$6,042,556</b>	
Contractor	Base Bid Amount	% Variance
Strawn Construction, Inc. – Apparent low bidder	\$5,536,371	-8.37%
Granite Rock Company	\$6,203,328	2.66%

Strawn Construction, Inc. has been in construction business for over 19 years and has completed numerous projects such as Palo Alto Fire Station #3, Eastside Union High School District Campus Wide Pools, Menlo Atherton High School, and Franklin Elementary School Modernization.

San Jose Municipal Code Section 27.04.050 provides that, except where Council approves a high contingency amount, the contingency for Public Works contracts involving the renovation of a building or buildings cannot exceed fifteen percent of the total contract amount. The fifteen percent contingency is appropriate for any unanticipated work necessary for the proper completion of the project.

#### **Project Labor Agreement Applicability**

A project labor agreement (PLA) is applicable to this project as the Engineer's Estimate is over three million dollars.

#### **CONCLUSION**

Based on staff's evaluation and analysis of the bids, staff considers the low bid acceptable and can be awarded to Strawn Construction, Inc. in the amount of \$5,536,371.

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

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

### **CLIMATE SMART SAN JOSE**

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

### **PUBLIC OUTREACH**

To solicit contractors, this project was listed on Biddingo for 65 calendar days. The complete bid packages and project information for all Department of Public Works construction projects are available on Biddingo for interested contractors, contractor organizations, and builders' exchanges.

The project was also shared for posting to the following organizations: AMAC, ACI, NATA, FAA, Minority Business Development Agency, various Chambers of Commerce and Civic Organizations, and more.

City staff also did extensive outreach to encourage DBE (Disadvantaged Business Enterprise) participation and sent an email blast to 563 DBE. The City's current DBE participation goal for Fiscal Years 2020-2022 is 4.1% annually. The City's DBE Program for Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

In Strawn Construction's List of Subcontractors, they identified seven firms. Three of those firms are local (Santa Clara or Alameda County). Five of the firms are small businesses (fewer than 35 employees).

### **COORDINATION**

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

### **COMMISSION RECOMMENDATION/INPUT**

The SJC Airport Accessibility Upgrades Project – Phase 1 Parking and Roadways project was discussed at the February 8, 2021 Airport Commission meeting, which was open to the public. Those attending the meeting were notified that the bid opportunity is publicly available on Biddingo.

### **FISCAL/POLICY ALIGNMENT**

The San Jose 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 Jose Municipal Code Section 25.04.210(B)(4).

### **COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$5,536,371

2. COST ELEMENTS OF AGREEMENT/CONTRACT

Mobilization	\$250,000
Demolition	\$500,000
Concrete	\$700,000
Pipe and Tube Railings	\$1,300,000
Hollow Metal Doors and Frames	\$40,000
Paint	\$150,000
Signage and Specialties	\$40,000
Countertops	\$180,000
Electrical	\$280,000
Communications	\$25,000
Asphalt	\$150,000
Pavement Markings	\$270,000
Curb Ramps/Detectable Warning Panels	\$40,000
Fire Alarm	\$40,000
General Conditions	\$940,793
Bonds	\$55,000
Insurance	\$60,000
Overhead and Profit	\$515,578
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$5,536,371</b>

**Subject: Award Design-Bid-Build Contract for the 9295 – SJC Airport Accessibility Upgrades – Phase 1  
Parking and Roadways Re-bid**

Project Delivery*	\$	1,717,729
Construction	\$	5,536,371
Contingency (15%)	\$	830,456
<b>TOTAL</b>	<b>\$</b>	<b>8,084,556</b>

Prior Year Expenditures \$ (1,073,428)

\*\$1,073,428 of the Project Delivery costs were expended during prior fiscal years.

**REMAINING PROJECT COSTS \$ 7,011,128**

Reflects the amount of remaining project costs in the current and future fiscal years.

3. SOURCE OF FUNDING: 527 – Airport Renewal and Replacement Fund
4. 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 fund and appropriation used to fund the contract recommended as part of this memorandum and remaining projects costs, including project delivery, construction, and contingency costs.

<b>Fund #</b>	<b>Appn #</b>	<b>Appn. Name</b>	<b>Total Appn.</b>	<b>Amt. for Contract</b>	<b>2021-2022 Proposed Capital Budget Page*</b>	<b>Last Budget Action (Date, Ord. No.)</b>
527	415T	Parking Accessibility Upgrades	\$8,258,000	\$5,536,371	V - 512	6/22/2021, Ord. No. 30621
<b>Total Current Funding Available</b>			<b>\$8,258,000</b>	<b>\$5,536,371</b>		

\*The 2021-2022 Adopted Capital Budget was adopted by the City Council on June 22, 2021.



HONORABLE MAYOR AND CITY COUNCIL

October 4, 2021

**Subject: Award Design-Bid-Build Contract for the 9295 – SJC Airport Accessibility Upgrades – Phase 1  
Parking and Roadways Re-bid**

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**CEQA**

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

/s/

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/s/

JOHN AITKEN, AAE  
Director of Aviation

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