



COUNCIL AGENDA: 6/6/23
FILE: 23-835
ITEM: 5.1

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch
John Aitken

SUBJECT: SEE BELOW

DATE: May 15, 2023

Approved

Date

5/18/23

**SUBJECT: ACTIONS RELATED TO THE 10266 - SJC NEW TAXIWAY V PHASE 1B
AND ALTERNATE PHASE 1C PROJECT AT THE SAN JOSE MINETA
INTERNATIONAL AIRPORT**

RECOMMENDATION

Adopt a resolution authorizing the Director of Public Works to:

- (a) Award and execute the contract for the construction of the 10266 - SJC New Taxiway V Phase 1B Project to the lowest responsive, responsible bidder, Granite Rock Company, for the base bid (Phase 1B) and Add Alternate No. 1 (Phase 1C) in the amount of \$13,702,268 contingent upon the award and execution of an Airport Improvement Program grant from the Federal Aviation Administration, and;
- (b) Approve a 10 % contingency in the amount of \$1,370,227.

SUMMARY AND OUTCOME

The 10266 - SJC New Taxiway V Phase 1B Project (Project) is one of several projects that the San José Mineta International Airport (Airport) staff submitted to the Federal Aviation Administration (FAA) for potential award of an Airport Improvement Program (AIP) grant. Award of the project is contingent upon the execution of the grant from the FAA.

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 potential FAA grant opportunities that have tight time constraints for grant acceptance. Should the AIP grant be executed, award of the construction contract to Granite

Rock Company will enable the Project to proceed. (See **Attachment** – SJC New Taxiway V Phase 1B and 1C). Approval of a 10 % contingency will provide funding for any unanticipated work necessary for the proper completion or construction 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 project prioritization is based on the 16 general requirements for project funding, as outlined in the AIP handbook. To be justified as eligible for funding, proposed projects must pass three basic criteria:

1. Demonstrate the advancement of one of the following AIP policies: airport safety, airport security, airport capacity, meeting a FAA airport standard, preserving airport infrastructure through reconstruction or rehabilitation, protecting and enhancing the environment, minimizing aircraft noise impacts, and airport planning;
2. Be an actual need; and
3. Have appropriate scope.

The Project fits the safety and necessary preservation of airport infrastructure through reconstruction or rehabilitation criteria for FAA AIP grant funding. Award of the Project is contingent upon the execution of the grant from the FAA.

The Project is part of a multi-year Taxiway V Program that replaces former Runway 11/29, determined to officially closed as part of the recommendations from Airport's Runway Incursion Mitigation study completed in 2021. The Taxiway V Program will be a full-length parallel Group-III/Taxiway Design Group-3 taxiway adjacent to the existing the Taxiway W. The Program is divided into three phases, Phases 1, 2 and 3, with these phases further broken into sub-phases such as 1B, 1C, etc. The Program will have six taxiway connectors V1-V6, connecting to a future apron-edge taxi lane and expanded apron. The new Taxiway V will implement airfield safety recommendations from the Runway Incursion Mitigation study by allowing unrestricted Group-III/Taxiway Design Group-3 aircraft operations, addressing a previous Modification of Standards for the west side of the airfield for insufficient Taxiway Object Free Area. Additionally, the Taxiway V Program will eliminate the Airport's two published hotspots for runway incursions associated with the former Runway 11/29 and address airfield geometry concerns on the west side associated with direct aircraft access from apron to runway. Phase 1A of the Project was awarded in October 2022 and construction commenced in May 2023.

The Project includes a base bid and one Bid Alternate. The base bid (Phase 1B) includes the construction of approximately 835 linear feet of new Portland Cement Concrete or Blended Cement Concrete Taxiway V pavement, approximately 250 linear feet of new Taxiway V5

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Portland Cement Concrete or Blended Cement Concrete connector pavement, demolition of existing pavement, drainage improvements, and associated signage and lighting.

The Bid Alternate No. 1 (Phase 1C) includes the construction of approximately 805 linear feet of new Portland Cement Concrete or Blended Cement Concrete Taxiway V pavement, demolition of existing asphalt pavement, drainage improvements, and associated signage and lighting improvements.

Pending receipt of the FAA grant, staff anticipates awarding the Project to the low bidder, Granite Rock Company, around August 2023, and construction is estimated to begin in October 2023 with projected completion by October 2024.

ANALYSIS

Bids were opened on March 16, 2023 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Alt.</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Granite Rock Company (San José)	\$9,129,929	\$4,572,339	\$13,702,268	(\$2,093,732)	(13)
DeSilva Gates Construction (Dublin)	\$9,422,184	\$5,256,494	\$14,678,678	(\$1,117,322)	(7)
Granite Construction Company (Santa Clara)	\$10,891,848	\$4,483,843	\$15,375,691	(\$420,309)	(3)
Brosamer & Wall (Walnut Creek) (non-responsive)	\$9,983,802	\$5,767,015	\$15,750,817	(\$45,183)	(0.3)
Engineer's Estimate	\$9,911,000	\$5,885,000	\$15,796,000	--	--

The bid submitted by Brosamer & Wall was deemed non-responsive for failing to include the two required federal certification forms that were updated via addendum during the advertisement period.

Section 3-1.01D of the City of San José Special Provisions (Bid Alternate) specifies how the City will determine the low bid when bid alternates are included. The section requires the City to determine the low bid by adding the Engineer's Estimate base bid to any bid alternates until a ceiling price is reached. If, for all the bidders, the addition of the base bid to the bid alternate results in a figure greater than the ceiling, the low bid is determined by the base bid alone. In this

instance, the ceiling price was set at \$15,796,000, and the low bid was therefore determined by adding the base bid to bid alternates. Based on the criteria specified in Section 3-1.01D of the Special Provisions, staff determined Granite Rock Company to be the low bidder for the project. Section 3-1.01D of the City of San José Special Provisions further specifies that once the low bidder has been identified based on the preceding paragraph, the City may elect to award the Base Bid item alone or any or all Bid Alternate items in any sequence to that low bidder, even if the resulting contract amount no longer represents the lowest total price for the particular items chosen. In this instance, the City may choose to award the base bid (Phase 1B) item alone, or the base bid (Phase 1B) and bid alternate 1 (Phase 1C) to the low bidder, Granite Rock Company, contingent upon federal funding.

The Project was bid in accordance with the FAA's AIP requirements requiring all bids to be valid for a minimum of 120 days. The current bids are valid for 180 calendar days, until September 12, 2023.

The lowest total bid submitted by Granite Rock Company is 13 % below the Engineer's Estimate. Granite Rock Company's base bid is eight % below the Engineer's Estimate and the Bid Alternate No. 1 is 22 % below the Engineer's Estimate. An analysis of the bids determined that the variance was mainly due to two bid items (1-Airport Safety and Security and 3-Mobilization) having a higher variance than expected at 15 % and 40 % lower compared to the Engineer's Estimate, respectively. Other bid items had greater percent variances, but they were lower in dollar value and had less impact on the overall construction costs. Staff considers Granite Rock Company's bid reasonable for the work involved.

Granite Rock Company has successfully completed multiple airfield pavement projects substantially similar to the construction for this project involving airfield apron, taxiway, and runway pavement. Examples of projects completed by Granite Rock Company include the Terminal B South Ramp at the San José Airport and Infield and Taxiway Improvements at Monterey Airport.

The minimum FAA AIP grant application total project cost is \$16,263,918, excluding project contingency. This amount has been established based on available funds and on FAA's grant limitations placed on reimbursement for project expenditures. The FAA AIP grant split is typically as 80.59 % Federal Share and 19.41 % Grantee Share.

The FAA AIP grant application is summarized below:

<i>AIP Grant Application</i>	
Description	Amount
Federal Share	\$13,107,092
Grantee Share	\$3,156,826
Total Project Costs	\$16,263,918

As the AIP grant will be applied to the total bid, the contract award and contingency amounts between the Federal share and the Grantee share are shown below:

<i>AIP Grant Construction Award and Contingency</i>	
Description	Amount
Base Bid - Federal Share	\$11,042,658
Base Bid - Grantee Share	\$2,659,610
10% Contingency - Grantee	\$1,370,227
Total Contract and Contingency Costs	\$15,072,495

Contingency

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10 % on all public works contracts except those involving the renovation of a building or buildings. The standard 10 % contingency is appropriate for this project.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this project as the Engineer's Estimate is over \$1.2 million.

Local and Small Business Outreach

Procurement staff used Biddingo to reach out to local and small business enterprises. Chapter 4.12 of the San José Municipal Code defines a "local business enterprise" as one with a legitimate business presence in Santa Clara County and "small business enterprise" as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 15,642 vendors and documents were downloaded by 38 vendors, approximately eight of which were located within Santa Clara County and therefore local. The recommended contractor is a local but not a small business enterprise. None of the listed subcontractors are local or small business enterprises.

EVALUATION AND FOLLOW-UP

No additional follow up action with the City Council is expected at this time. Upon award and acceptance of the federal grant, the Director of Public Works will award and execute the construction contract.

COST SUMMARY/IMPLICATIONS

1. TOTAL COST OF PROJECT:

Project Delivery	\$2,561,650*
Construction	\$13,702,268
Contingency	\$ 1,370,227
TOTAL PROJECT COST	\$17,634,145

*\$169,565 for Design Services, and \$2,392,085 for Construction Management and Inspection Services

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Mobilization	\$	535,000
Safety and Security	\$	400,000
Demolition and Removal	\$	3,578,987
Excavation	\$	736,425
Lime Treatment	\$	575,857
Subgrade and Base Course	\$	462,800
Concrete	\$	2,291,520
Bituminous Coating	\$	1,548,250
Pavement Marking	\$	70,511
Electrical	\$	1,412,874
Drainage Facilities	\$	23,400
Other	\$	2,066,644
TOTAL AGREEMENT/CONTRACT AMOUNT	\$	13,702,268

3. SOURCE OF FUNDING:

- Airport Capital Improvement Fund (520): \$13.1 million currently allocated for the grant-funded portion of this capital project
- Airport Renewal and Replacement Fund (527): \$4.5 million for the Grantee share of this capital project

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

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BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs. The FAA AIP grant funding portion is included in the 2023-2024 Proposed Capital Budget.

Fund #	Appn #	Appn Name	FY 2023-2024 Appn*	Amt. For Contract	2023-2024 Proposed Capital Budget Page
520	401F	Airfield Configuration Updates	\$21,302,000	\$11,042,657	641
527	401F	Airfield Configuration Updates	\$5,131,000	\$2,659,611	641
		Total	\$26,433,000	\$13,702,268	

*The 2023-2024 Proposed Capital Budget is scheduled for City Council adoption on June 20, 2023. The contract is anticipated to be encumbered in July/August 2023, contingent upon grant approval.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 6, 2023 City Council meeting.

Since the Project is funded in part with a United States 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 AIP grant funded Airport capital projects in Federal Fiscal Years 2023-2025 is 5% annually. The City's DBE Program for AIP grant funded Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

Staff performed extensive outreach to encourage DBE participation. Outreach efforts included:

- Identification of potential/ possible subcontracting opportunities – one work area identified;
- Identification of 389 certified DBEs within that one subcontracting work area;
- Email blast sent to the 389 certified DBEs;
- Email blast to ethnic chambers, San José Chamber, and other interested organizations, including Minority Business Consortium - provided project information, subcontracting opportunities (North American Industry Classification System Codes and Caltrans Work Codes), bid date and time, and DBE certification requirements;
- Posted contracting opportunity on Biddingo, Federal Aviation Administration Opportunities, Airport Minority Advisory Council, National Air Transportation Association, and Airports Council International – North America, Minority Business Development Agency;
- Shared contact opportunity on Airport's Requests for Information/ Proposal/ Qualification and Bid Notices.

Granite Rock Company listed the following DBE subcontractor in its bid, which contributes to .5% of the overall contract:

Contractor	Description of Work to be performed	Cost of Work	% of overall contract
Super Seal and Stripe	Striping	\$70,511.45	0.5

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

File No. ER22-021 New Taxiway V Project at San José Mineta International Airport.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

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/s/

MATT LOESCH

Acting Director of Public Works

/s/

JOHN AITKEN, A.A.E.

Director of Aviation

For questions, please contact Sal Kumar, Interim Deputy Director, Public Works Department, at (408) 793-5307.

Attachment – SJC New Taxiway V Phase 1B and 1C

Legend

- Taxiway V Phase 1B
- Taxiway V Phase 1C
- Taxiway V Previous Phases (1A)

De La Cruz Blvd

Martin Ave

Coleman Ave

Highway 101

Terminal A

Terminal B

12R

12L

Twy M

Twy L

Twy W

Twy V

Twy K

Twy J

Twy H

Twy F

Twy D

Twy C

Twy B

Twy A

Twy Y

Twy Z

30L

30R

Airport Pkwy

Skyport Dr

I-880

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