

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch
Mukesh Patel
Jim Shannon

SUBJECT: SEE BELOW

DATE: May 6, 2024

Approved



Date

5/9/24

**SUBJECT: ACTIONS RELATED TO THE 9405 – SJC PERIMETER PROTECTION
RE-BID II PROJECT**

RECOMMENDATION

- (a) Approve an increase in the construction contingency from 10% to 30% for the 9405 – SJC Perimeter Protection Re-Bid II Project in the amount of \$600,000 for a total contingency of \$899,939.
- (b) Adopt the following 2023-2024 Appropriation Ordinance amendments in the Airport Renewal and Replacement Fund:
 - (1) Decrease the Ending Fund Balance appropriation by \$600,000; and
 - (2) Increase the Perimeter Security Projects appropriation to the Airport Department by \$600,000.

SUMMARY AND OUTCOME

Approval of an increase in the construction contingency will provide the additional funding needed to complete the construction of the 9405-SJC Perimeter Protection Re-Bid II Project (Project) at San José Mineta International Airport (Airport) and provide sufficient funding for any future unanticipated contract change orders for the remaining duration of the project.

BACKGROUND

On December 13, 2022, City Council awarded a contract to Rosendin Electric, Inc., for the construction of the Project in the amount of \$2,999,385.75 with a standard 10% contingency in the amount of \$299,939. A notice to proceed was issued on June 5, 2023 and construction began on June 16, 2023, with an original beneficial use date scheduled for December 9, 2023. The scope of work for the Project includes the purchase, installation, and integration of perimeter security equipment and technology. The security technology and equipment include video cameras to allow operators to assess situations remotely, analytics software to automate the

detection of unauthorized personnel or other potential threats within the covered areas, laser sensors useful for securing large, straight sections of a perimeter, and the replacement of two vehicle gates with a new mechanical folding speed gate which has a quicker open/close cycle for improved access control.

During construction, the proposed underground pathways to connect several perimeter security equipment components in Airport's network to a satellite node cabinet needed to be verified to determine power and fiber cable quantity. Despite preliminary investigation, the pathways could not be confirmed using above-ground utility locating techniques. Further exploration revealed a longer pathway than anticipated, and the additional cables needed were not considered in the initial bid. City staff and the design consultant recommended further investigation to address these discrepancies.

The Project incurred additional time to review submittals of the perimeter security equipment, address unforeseen site conditions, and resolve underground utility conflicts, leading to further investigations, responses to requests for information design changes, and plan revisions. In addition, value engineering solutions were proposed requiring additional days for investigation, design, review, and approval. The additional time caused delays and inefficiencies in the Project schedule resulting in a compensable delay in completing the project.

ANALYSIS

Upon evaluation, the design consultant proposed installing new above ground pathways to connect security equipment to the Airport network. The solution will result in cost-savings from reducing further underground investigation, additional power, and fiber cable utilizing the longer underground pathways. The solution, which includes additional above ground conduit, power, and fiber cables, was evaluated and is acceptable to the City.

The Project is approximately 80 percent complete and is projected to be finished by July 2024. To date, the City has expended 92 percent (\$275,550) of the original \$299,939 construction contingency. This expenditure was necessary for procuring additional network components, addressing security concerns along perimeter fencing, handling unforeseen site conditions, dealing with deficient capacity in existing conduit pathways and enclosures, and mounting of security equipment.

Considering the issued and expected change orders, increasing the project contingency by \$600,000 (from \$299,939 to \$899,939) will guarantee the project has sufficient funds to accommodate the extra work needed for installing perimeter security equipment and cover additional expenses linked with compensable delays.

EVALUATION AND FOLLOW-UP

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

COST SUMMARY/IMPLICATIONS

The completion of this Project supports the Airport's goal to enhance existing intrusion and deterrence technologies at various locations around the airport perimeter. Funding for this project is provided in the Airport Capital Improvement Fund (520) from a grant award of \$2.5 million from the Transportation Security Administration and in the Airport Renewal and Replacement Fund (527) in the amount of \$1.9 million. Funding to increase the contingency by \$600,000, from \$299,939 to \$899,939 is funded from the Airport Renewal and Replacement Fund. There will be minimal operating and maintenance costs, which can be absorbed by the Airport's operating budget.

1. TOTAL COST OF PROJECT:

Project Delivery*	\$1,055,980
Construction	\$2,999,386
Contingency	\$299,939
Recommended Contingency Increase Amount	\$600,000
TOTAL PROJECT COSTS	\$4,955,305
Prior Year Expenditures and Encumbrances**	\$3,616,305
REMAINING PROJECT COSTS	\$1,339,000
Available Funding	\$739,000
Project Shortfall	\$600,000

*Project delivery includes \$470,000 for design services, \$585,980 for construction management, and inspection services.

**Prior Years Expenditures and Encumbrances include consultant design costs and construction of \$2,918,448, and Public Works Department expenses of \$697,857 for construction and management.

BUDGET REFERENCE

The table below identifies the fund and appropriations to offset the costs of increasing the contingency as recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Current Total Appn.	Rec. Budget Action	2023-2024 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
527	411U	Perimeter Security Projects	\$739,000	\$600,000	864	10/17/2023, Ord. No. 30966
527	8999	Ending Fund Balance	\$5,469,919	(\$600,000)	838	2/13/2024, Ord. No. 31040

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 21, 2024, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

The Airport Commission received a briefing on this project at their August 14, 2023 meeting. No commission recommendation or input is associated with this action.

CEQA

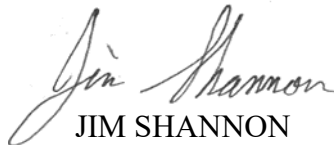
File No. PP18-103: Environmental Impact Report for the Amendment to the Norman Y. Mineta San Jose International Airport Master Plan (Resolution No. 79497).

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.

/s/
MATT LOESCH
Director of Public Works

/s/
MUKESH PATEL
Director of Aviation


JIM SHANNON
Budget Director

For questions, please contact Sal Kumar, Deputy Director of Public Works, at sal.kumar@sanjoseca.gov.