



SUMMARY REPORT

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**Agenda Date:** 9/1/2020

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**To:** Board of Supervisors

**Department or Agency Name(s):** Transportation and Public Works

**Staff Name and Phone Number:** Johannes J. Hoevertsz 707-565-2231

**Vote Requirement:** Majority

**Supervisorial District(s):** All

**Title:**

Approve Construction Agreement Amendment, Task Orders Related to the Charles M. Schulz - Sonoma County Airport Terminal Modernization Project, and Addendum to the Airport Master Plan Environmental Impact Report

**Recommended Action:**

- 1) Approve and authorize the Chair to execute Amendment 1 to Construction Manager at Risk Agreement between the County and Q&D Construction, for construction services related to the Airport Terminal Modernization Project with a Guaranteed Maximum Price of \$26,561,618.
- 2) Approve and authorize the Director of Transportation and Public Works to execute Task Order #7 for \$949,912 with C&S Engineers, Inc. for Construction Manager Administrative Services for the Airport Terminal Modernization Project.
- 3) Approve and authorize the Director of Transportation and Public Works to execute Task Order #11 for \$1,180,609 with Mead & Hunt, Inc. to provide professional architectural services related to construction activities for the Airport Terminal Modernization Project.
- 4) Delegate authority to the Director of Transportation and Public Works to approve and execute any and all change orders within the scope of the project up to a total of \$766,848 equivalent to 3% of the construction agreement. These changes will not affect the agreed upon design or cause the maximum agreed upon cost to change by more than the approved \$766,848.
- 5) Approve and adopt an addendum to the Airport Master Plan Environmental Impact Report.

**Executive Summary:**

The Department of Transportation and Public Works- Airport Division (Airport) is requesting that the Board approve the amended agreement and associated Task Orders necessary for the Airport Terminal Modernization Project. This project is being undertaken using the Construction Manager at Risk (CMAR) structure which benefits the County by setting a maximum price and makes the construction manager responsible for cost overruns not caused by significant change orders.

Also being requested is delegated authority to the Director of Transportation and Public Works (TPW) to

approve and execute any change orders within the scope of the project up to 3% (\$766,848) that do not affect the agreed upon design or cause the maximum agreed upon cost to change by more than the 3%. As a side note, a standard construction agreement that is not CMAR based usually expects a 10% margin for change orders.

The Board is also being requested to approve and adopt the addendum to the Airport Master Plan Environmental Impact Report.

**Discussion:**

**Background:** The Terminal Modernization Project includes 33,000 square feet of new construction and 7,000 square feet of renovation. The Board approved the Airport Master Plan and Environmental Impact Report for various elements and activities at the Airport in January of 2012. Since that time, passenger traffic at the Airport has increased in line with projections in the Master Plan. In order to address the increased passenger volume, the Master plan anticipated terminal improvements would be needed. Although at present Airport passenger counts have significantly declined resulting from the COVID-19 pandemic experts from the International Air Transport Association and others agree that those numbers will likely return to pre-pandemic levels within 2-3 years creating an optimal time to complete such construction with minimal service impact. The Master Plan included a potential building footprint up to 100,000 square feet to address passenger needs and processing. For the last four years, the Airport has been reviewing terminal options and has been conducting the design process for facilities that would meet current and future demand. The Airport has completed those activities and is now coming to the Board for approval of the construction phase.

Due to the complexities of such a large project with potential impacts to Airport passenger experiences, airline operations and Airport safety and security, the Airport determined a CMAR delivery method would ensure the project's success and provide the best value for the County. The CMAR method entails hiring a Construction Manager (CM) whose team is responsible for the delivery of the project, including constructability review, value engineering during design, and ultimately providing a Guaranteed Maximum Price (GMP). The GMP is a cost-based agreement for a not-to-exceed price. The GMP is based on specifics of the project as detailed in all related construction documents and may include other reasonable items or associated tasks. Benefits of using a CMAR model include developing and maintaining a stronger collaborative relationship between all parties involved, which amplifies positive results such as reduced change orders, a higher quality of construction, improved communication, an accelerated project delivery schedule and increased cost certainty throughout the project. In a typical construction project the normal contingency is 10%, however, under a CMAR construction project the standard contingency is 3%.

On September 13, 2016 the Board awarded an agreement with Mead & Hunt for architect and design services for the terminal improvement and modernization project. After preliminary design and scoping plans, on September 17, 2019, the Board awarded Q&D Construction an agreement for CMAR design and pre-construction services, and authorized the Director of TPW to issue a Notice-to-Proceed to commence design and pre-construction services. The pre-construction phase of work included project development, review and analysis of geo-tech reports, land use issues, design review, licenses, permits, constructability review, and value engineering. This phase of work was completed when the contractor finalized the GMP at \$26,561,618. The Airport is now requesting approval for the construction phase of the project including two related task orders with C&S Engineers, and Mead & Hunt for construction administrative and oversight services. Funding for this project is primarily from Federal Aviation Administration (FAA) grant sources which are outlined in

detail below.

**Scope:** The scope of services of the agreement with Q&D Construction includes relocation of the current security checkpoint, creation of temporary support buildings and connector areas to allow continuous operations, extension of and improvement to utilities necessary for the facility, demolition of Gate 1 modular facility and existing security checkpoint, construction of the building addition which includes the new gate one facility with additional concession space for expanded food and beverage options, new automated passenger exit lane, new two lane Transportation Security Administration check point, two new bag claim systems and bag claim area, relocation of the rental car counter, creation of an outdoor concessions seating area, remodel of existing facilities to include the temporary security checkpoint in Gate 2 for additional seating, creation of new ticketing lobby, creation of a new terminal entry to accommodate automated ticketing kiosks and better passenger flow into and out of the terminal, creation of entry canopies adjacent to expanded entry, and conversion of the ticketing modular to support space.

The requested task order for C&S Engineers, Inc. covers construction management services to include facilitation and coordination of progress meetings, project accountant services, bidding and award services to support the CM through the life of the project, quality control, review of change orders, project wage interviews and verification activities, project coordination between all parties, and act as County's representative for an amount not to exceed \$949,912.

The task order with Mead & Hunt covers project architectural services, coordination of work elements, site visits, punch-list verifications, project inspections, review of requests for information, review of project submittals, redesign services as needed and completion of as-built documents for an amount not to exceed \$1,180,609.

**Impacts:** As part of pre-construction services, Q&D Construction has already completed an open bid for subcontractors, completed on July 9, 2020. There were 150 subcontractors bidding on this project, with bids based on skilled work force and prevailing wage requirements. Though Q&D Construction conducted an organized recruitment for Disadvantaged Business Enterprises (DBE) bidders, the volume of DBE of bidders remained minimal. Subcontractor statistics show the following data:

- Less than 1%% of successful bidders are Disadvantaged Business Enterprises (DBE)
- 62.72% of bidders are local Sonoma County businesses
- 16.91% of bidders are Northern Bay Area businesses
- 20.37% of bidders are other California businesses or outside of California
- 75% of bidders are affiliated with a union
- This project is expected to employ over 1,000 workers through the course of the project

**List of Subcontractors:** The following is a list of all subcontractors:

- F3 Associates

- Concrete North
- DSB Plus
- True North Steel
- Alignment Metalworks
- SMTC Structurlam
- RHI (Richard Hancock Inc)
- Summit Millwork
- Stockham Construction
- OH Door of Santa Rosa
- Progress Glass Co.
- Assa Ahloy
- Sky Design Concepts
- Coast Building Products
- JD Firestop
- Cal Tile
- Bt Mancini
- Nystrom
- KBI Painting
- August Jaye
- Keen Fire Safety
- Knox Company
- Avant-Garde
- Record USA
- G&S Converyors

- Bay Cities Fire Protection
- Person Mech
- Northern Electric
- Ghilotti Bros
- Keller NA
- Vista Landscape
- Crusader Fen

**Timing for this project:** After Board approval, a Notice-to-Proceed would be issued within two weeks of execution of the contract amendment (anticipated by mid-September) with construction estimated to start the week of October 5, 2020. Construction is estimated to take 22 months with completion expected around July 2022 with another four months for project close out and punch list completion.

**Financing for this project:** The total project cost for the terminal improvement project is \$31,346,887 which includes construction, construction/project management, and architect of record services, infrastructure and structural repair work, plus 3% contingency on the construction costs as well as \$1,887,900 for any previously uncovered permit fees, inspection/testing fees, fixtures/finishes and other miscellaneous expenses. Project funding will be sourced through a combination of the following sources:

FAA Supplemental Grant	\$10,000,000
FAA Discretionary Grant	\$10,000,000
FAA Entitlement Funding	\$2,547,386
FAA CARES Act Local Match Funding Grant	\$1,288,789
Airport Operational Funds	\$7,510,712
<b>Total</b>	<b>\$31,346,887</b>

The FAA Supplemental Grant, AIP 57, was awarded on May 6, 2020. Formal approval of the FAA Discretionary Grant is expected the first week of September, 2020. The FAA Entitlement funding becomes available at the beginning of each fiscal year.

Passenger Facility Charges are expected to reimburse \$5 Million of the Airport's \$7.5 Million share of the cost over time (estimated over 10 years).

Originally, the Airport anticipated seeking approval from the Board for an additional iBank loan for approximately \$8,000,000 to cover the Airport share of the project but after receiving the FAA Coronavirus Aid, Relief, and Economic Security Act (CARES) Grant AIP59 for \$19.6 Million, which specifically funds Airport operating expenditures, the Airport will be able to cover the \$7.5 Million local match amount from Airport

operating revenues. The CARES Act grant was approved on May 13, 2020. All FAA funding sources are available for reimbursement once the agreements have been signed.

**CEQA (California Environmental Quality Act) Determination:** The terminal improvements were analyzed based on available information in the Environmental Impact Report (EIR) for the Master Plan Update. The mitigation measures in the EIR continue to apply. Staff has prepared an addendum to the EIR pursuant to CEQA Guidelines sections 15162 and 15164 supplementing the information in the EIR and demonstrating that further environmental review in a subsequent or supplemental EIR is not required. Staff recommends that the Board adopt the findings in the addendum.

The Department of Transportation and Public Works is recommending the Board:

- 1) Approve and Authorize the Chair to execute Amendment 1 to CMAR Agreement between County and Q&D Construction, for phased construction services related to the Airport Terminal Modernization Project with a Guaranteed Maximum Price of \$26,561,618
- 2) Approve and authorize the Director of TPW to execute Task Order #7 for \$949,912 with C&S Engineers, Inc. for Construction Manager Administrative Services for Construction
- 3) Approve and authorize the Director of TPW to execute Task Order #11 for \$1,180,609 with Mead & Hunt, Inc. to provide professional architectural services related to construction activities for the Airport Terminal Modernization Project.
- 4) Authorize the Director of TPW to execute any and all change orders within the scope of the project up to a total of \$766,848 equivalent to 3% of the construction agreement.
- 5) Approve and adopt an addendum to the Airport Master Plan EIR.

**Prior Board Actions:**

September 17, 2019 - Award of Agreement for Construction Manager for the Charles M. Schulz - Sonoma County Airport Terminal Area Redevelopment Project

April 30, 2019 - Board Presentation Future Growth of the Airport;

February 26, 2019 - Mead & Hunt Task Order #9;

January 29, 2019 - Sprung Structure Lease Purchase Option & Sprung Structure Extension Purchase;

May 8, 2018 - Terminal Expansion Update;

May 8, 2018 - Long Term Financing for Terminal Expansion Projects;

February 21, 2017 - Approve Sprung Structures Tent Lease;

February 9, 2016 - Board Presentation Future Growth of the Airport;

February 9, 2016 - Mead & Hunt Master Agreement;

September 13, 2016 - Financing Expansion of Existing Passenger Terminal;

September 13, 2016 - Approve Contracts for Mead & Hunt Terminal Design;

January 27, 2012 - Adoption of Master Plan Amendment.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY20-21 Adopted</b>	<b>FY21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses	\$11,100,000	\$10,058,098	
Additional Appropriation Requested	\$10,188,789		
<b>Total Expenditures</b>	<b>\$21,288,789</b>	<b>\$10,058,098</b>	
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$21,288,789	\$2,547,386	
Fees/Other		\$7,510,712	
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$21,288,789</b>	<b>\$10,058,098</b>	

**Narrative Explanation of Fiscal Impacts:**

This project is funded primarily with FAA funding and the awardee is required to comply with the terms of the grant. The Airport has received a \$10,000,000 FAA Supplemental grant as well as authorization for use of \$1,288,789 in CARES Act funding for use as local match funding with promises for the remaining discretionary and entitlement funding listed above (\$12,547,386). The Airport’s share in cost is \$7,510,712 which would cover the remainder of the 9.34% grant match as well as any ineligible expenses that cannot be submitted for reimbursement. Items such as rental car offices and counters, concessions, storage rooms, security area bag systems, ticketing counters and offices are considered ineligible expenses. At the time the current year budget was prepared COVID had not occurred and CARES Act had not been available. The financing and timeline for this project has since changed. A budget adjustment will be made as part of Q1 Consolidated Budget Adjustments to reflect the increased grant funding available and there no longer being a need for any additional loan. There are no requests for any funding from the general fund.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

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**Agenda Date:** 9/1/2020

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**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

**Related Items "On File" with the Clerk of the Board:**

Q&D Amendment 1 to the CMAR Construction Agreement

Mead & Hunt Task Order #11

C&S Engineers Task Order #7

Addendum to the Airport Master Plan Environmental Impact Report