



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Execute a Construction Phase Work Authorization for the Oakland San Francisco Bay Airport Terminal 1, Building M103 Roof and Air Handling Unit Replacement Project with Turner Construction Company for a Guaranteed Maximum Price of \$30,921,057; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Engineering/Aviation)**

Submitted By: Craig Simon, Director of Aviation; Emilia Sanchez, Director of Engineering; Kristi McKenney, Executive Director

Parties Involved: Turner Construction Company, San Leandro, CA

Amount: Not to exceed \$30,921,057 (part of a \$38,452,000 Construction Budget and \$43,688,000 Total Project Budget) (Capital Expense)

EXECUTIVE SUMMARY: The roof system and four air handling units (AHUs) serving Terminal 1, Building M103, of the Oakland San Francisco Bay Airport have been in service for more than 42 years and have reached the end of their useful life. As a result, maintenance costs have increased, replacement parts are increasingly difficult to obtain, and reliability risks continue to increase. The proposed roof and AHU replacement project incorporates enhanced safety features and an energy efficient design to support the Port’s long-term sustainability and resilience goals.

BACKGROUND & ANALYSIS

On July 7, 2022, the Board of Port Commissioners (Board) approved issuance of a Request for Qualifications (RFQ) for On-Call Prime Builder Services at Oakland San Francisco Bay Airport (OAK), and on February 23, 2023, awarded a contract to Turner Construction Company for these services in an amount not to exceed \$60,000,000 over a five-year term with two one-year extension options. On December 14, 2023, the Board also authorized the Executive Director to execute work authorizations under the contract with a Guaranteed Maximum Price (GMP) of up to \$10,000,000; projects exceeding this threshold require separate Board approval. The proposed GMP for the following Project is \$30,921,057.

The Port conducted a scoping study to evaluate the heating ventilation and air conditioning (HVAC) needs and the roof conditions for Terminal 1, Building M 103. The study revealed the scope of the Project to be the replacement of four AHUs and the existing roof membrane. In addition, the design associated with this work will include

opportunities to improve the roof and AHU system's overall safety and energy performance.

Bidding and Guaranteed Maximum Price for the Project

Under the Prime Builder Model projects can be divided into a larger number of smaller packages for bidding by various trades which increases opportunities, particularly for smaller and local businesses to be a successful at participating in Port projects. Turner conducted extensive outreach efforts to potential bidders in advance, including local, small, and very small businesses, through various Port and Turner database lists, virtual and in-person outreach events, phone calls, and emails. On January 5, 2026, Turner advertised the Project to solicit and obtain bids from contractors. The Port and Turner conducted a Pre-Bid meeting on January 13, 2026, with 52 attendees representing 45 potential bidders.

The 16 trade packages advertised for the Project generated interest from 57 bidders. Turner evaluated the bids received, identified the lowest responsible bidder for each trade package, and combined the trade package bids with Turner's costs to formulate the GMP.

The GMP reflects the following considerations:

- need to phase the Project to maintain acceptable passenger service levels;
- multiple mobilizations of individual trades for each phase;
- night work for certain work scope to minimize disruption to terminal passenger operations; and
- current market conditions for construction of this type of project within an active airport passenger terminal.

Turner's GMP was submitted to the Port on March 11, 2026, and Port Staff finds the negotiated GMP in the amount of \$30,921,057 to be reasonable for the current construction market and construction conditions.

Local Business Utilization

It is the Port's policy to encourage and facilitate full and equitable participation by local and small local businesses in contracting opportunities to construct non-federally funded Port development projects approved by the Board for completion by alternative delivery approaches. Under the Port's Non-Discrimination and Small Local Business Utilization Policy (NDSLBU) for Alternative Project Delivery Approaches (APDA), Turner has the primary responsibility for its application to the Project. As such, the Port and Turner seek to maximize the participation from contractors located in the local business area (LBA) and local impact area (LIA); and small business enterprise (SBE) and very small business

enterprise (VSBE) contractors. As part of the Prime Builder selection process the Port and Turner have set an overall program goal of 70% LIA/LBA/SBE/VSBE participation of which 30% is LIA/LBA, 20% SBE, and 20% VSBE for projects on Turner’s contract.

Turner, in coordination with Port Social Responsibility Division (SRD), implemented a multi-phase, proactive outreach strategy for the Project beginning early in pre-construction phase. These efforts were designed to maximize awareness of upcoming opportunities, expand the pool of certified trade partners, and support the Port’s LIA/LBA/SBE/VSBE participation goals. This effort included engaging these businesses in advance of and during solicitation process using strategic outreach efforts, holding pre-qualification sessions, and advertising with partner community-based organization to share information about project bid opportunities. Turner also utilized multiple databases and past interested parties lists to solicit LIA/LBA, SBE, and VSBE firms by scope and qualifications.

Turner reached out to 192 subcontractors to gauge their interest in bidding on this Project. Based on those responses, Turner solicited bids from 57 subcontractors and ultimately received bids from 41 of them. Turner’s outreach and bidding results are shown in Table 1.

**Table 1
Results from Outreach Efforts**

	Total Firms Contacted	Number of Firms Solicited	Number of Bids Received	Number of Subcontracts To Be Awarded
Overall Firms	192	57	41	12
Local Impact Area/ Local Business Area (LIA/LBA)	85	57	41	11
Small Business Enterprise (SBE)	14	13	9	5
Very Small Business Enterprise (VSBE)	10	6	2*	1

*Note: 2 bids were received from VSBE subcontractors for the same scope of work

Table 2 summarizes the overall program utilization goals for the Project:

**Table 2
Local Business Utilization Summary**

Category	Program Goal	Project Utilization	Remark
LIA/LBA	30%	55%	25% above goal
SBE	20%	13%	7% below goal
VSBE	20%	2%	18% below goal
Program overall (LIA/LBA/SBE/VSBE):	70%	71%	1% above goal

Although the SBE and VSBE utilization percentages on the Project are below goals, the Project exceeds the overall LIA/LBA/SBE/VSBE program utilization goal of 70%. The Port and Turner will continue to seek ways to maximize SBE and VSBE participation in future projects.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15302 (Replacement or Reconstruction)
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

BUDGET

Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

Operating

Non-Operating

Capital

Analysis: The M103 Roof and AHU project is included in the current 5-year Capital Improvement Program (CIP) and the construction budget for this project will be included and updated in the proposed FY2027-2031 CIP. Construction of this Project will span multiple fiscal years and is expected to be completed in FY 2028. The overall total construction budget is \$38,452,000, for a total Project budget of \$43,688,000, as shown in Table 3: Building M103 Roof and AHU Budget Summary.

Table 3
Building M103 Roof and AHU Budget Summary

Description	Design and Pre-Construction Budget	Construction Budget	Total Budget
Consultants ¹	\$1,920,000	\$4,543,000	\$6,463,000
Construction ²	\$2,483,000	\$30,921,000	\$33,404,000
Port Labor	\$667,000	\$1,828,000	\$2,495,000
Other Related Costs ³	\$166,000	\$1,160,000	\$1,326,000
TOTAL	\$5,236,000	\$38,452,000	\$43,688,000

¹ Consultant Costs include Design and Construction Support Services

² Construction Costs include Turner Pre-Construction Phase GMP and Turner Construction Phase GMP

³ Other Costs include building permit fee, MAPLA, and OCIP

This Project is anticipated to be partially funded using Passenger Facility Charge (PFC) collections (approximately 60% of total costs), and the project will be included in an upcoming PFC application. Remaining funding will be Port cash, which may be partially recovered through airline rates and charges.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? Yes (CIP) – proposed action entails covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?
No (Public Works) – proposed action is a construction contract covered by state or federal prevailing wages that are higher than those under the Living Wage requirements.

Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **Yes.**

Reason: The contractor will establish goals for waste reduction and will track progress during demolition and construction. The completed Project will result in a reduction of energy use and improved indoor air quality. Project design follows LEED principles.

GENERAL PLAN (City Charter § 727):

Conformity Determination:
Maritime/Aviation – proposed action conforms to policies for transportation designation of the General Plan.

STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan:

- Capture Our Market and Grow the Economic Base
- Modernize and Upgrade Infrastructure
- Transition to Zero-Emissions and Build Climate Resilience
- Maximize Land Use Value and Revenues
- Workforce Training and Jobs Development
- Create Opportunities for Local Businesses and Community Economic Development