

## AGENDA REPORT

**Resolution:** Authorize the Executive Director to Enter into a Professional Services Agreement with RS&H California, Inc. to Provide Environmental Planning Services for New Terminal Development at Oakland International Airport in the amount not to exceed \$4,603,083. **(Chief Operating Officer/Aviation)** [Choose an item.](#)

**MEETING DATE:** 9/24/2020

**AMOUNT:** \$4,603,083, Contract Authority (over three Fiscal Years), Operating Expense

**PARTIES INVOLVED:** RS&H California, Inc., San Francisco, CA  
Joe Jackson, Vice President

**SUBMITTED BY:** Kristi McKenney, Chief Operating Officer  
Bryant L. Francis, C. M., Director of Aviation

**APPROVED BY:** Danny Wan, Executive Director

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

The Port of Oakland (Port) is currently evaluating options for new development (Proposed Project) to replace aging facilities and accommodate the forecasted growth at Oakland International Airport (OAK). As the Lead Agency under the California Environmental Quality Act, the Port is required to review the potential impacts to the environment from the Proposed Project. This Agenda Report is requesting the Board of Port Commissioners to authorize the Executive Director to enter into a professional services agreement (PSA) with RS&H California, Inc. to provide environmental planning services for the Proposed Project.

### **BACKGROUND**

OAK has established itself as a reliable, convenient, easily accessible airport serving commercial passengers, air cargo, and business aviation in the Bay Area.

OAK is one of the three Bay Area Airports in the competitive Bay Area region. OAK is geographically well located relative to population centers and will grow as overall Bay Area air traffic grows, especially as other Bay Area airports (i.e., San Francisco International Airport and San Jose International Airport) experience constraints over the long-term.

Enhancing customer experience for air passengers through expanded amenities and working with our airline partners to safely and efficiently accommodate current and future aviation activity are important factors in operating a successful airport. The Airport has experienced a steady growth in domestic and international passengers over the past few years, increasing from 9.7 million annual

passengers (MAP) in 2013 to 13.4 MAP in 2019. The existing terminal facilities at OAK were designed to accommodate 8 to 10 MAP.

At present, activity at OAK, and across the Bay Area and the world is being impacted by COVID-19. Despite the industry-wide decrease in passenger activity beginning in March 2020, resulting from the COVID-19 pandemic, world economies and specifically the aviation industry have proven resilient over time. History has shown aviation activity ultimately recovers from downturns and will continue to be a preferred mode of travel and an economic driver for large municipalities in the mid- and long-term. Despite the current downturn, air traffic activity is forecast to recover at OAK and therefore, the Port needs to prepare to renovate and expand terminal facilities at OAK in order to replace components currently at the end of their useful life; modernize and improve customer amenities; and accommodate future aviation activity.

### Planning Process

The existing terminal facilities (gates, ticketing, and hold rooms) at OAK functioned at capacity in recent years, particularly during the morning peak periods. Additionally, Terminal 1 ticketing and baggage claim building (opened in 1962) does not satisfy current seismic and fire protection requirements. At Terminal 2, Southwest Airlines is experiencing operational constraints because Terminal 2 was not designed to accommodate the larger aircraft fleet and associated passenger loads. These changes in the aircraft fleet are impacting operational efficiencies of aircraft parking positions, hold room areas, inbound and outbound baggage systems, concession space, and airline support space. As passenger traffic has grown since 2013, and existing facilities have become more congested, the Port recognized the need to forecast OAK's future activity levels and to assess the timing and need for new terminal facilities.

Passenger forecasts were developed to establish baseline and future passenger levels, projected based on the Bay Area airport system, socio-economic factors, air carrier networks, and market trends. Prior to finalizing the forecast report, the Coronavirus (COVID-19) pandemic began, which has had an immediate impact of aviation traffic at the Airport. The extent of the impact from COVID-19 on aviation traffic at OAK is not fully understood at the time of this study, but a recovery is anticipated within five years similar to other exogenous shocks to demand for air travel such as those experienced following September 11, 2001. For the purposes of long-term forecasting, it is assumed that activity at OAK will recover within the planning horizon. OAK demand is projected to reach 24.7 MAP by 2035.

The passenger forecasts were used to develop facilities requirements and identify deficiencies. Deficiencies to be addressed in an expanded and new terminal development include: check-in lobbies that consider new technologies and passenger behavior, baggage systems that are configured for efficient operations, hold rooms that are properly sized to accommodate passenger loads and concessions areas, as well as security checkpoints and federal inspection service (FIS) facilities that address updated operations and technologies.

Without new facilities, continued growth will result in severe congestion including gate delays, overcrowding in the hold rooms, extreme crowding in the check-in lobbies, and long security lines. Ultimately additional activity will not be able to be accommodated at acceptable levels of service, leading to delays and poor customer experience. Additionally, the Terminal 1 ticketing and baggage claim building will need to be replaced in order to meet seismic and fire protection codes.

Building on previously prepared terminal planning studies, alternatives were developed to address these deficiencies and provide operational efficiency and passenger amenities in a safe and efficient manner, at industry standard levels of service, to accommodate the market-based planning activity levels forecasted to occur at the Airport by 2035. A key objective is to maximize use of existing facilities.

The project provides new and expanded passenger terminal facilities (buildings, gates and apron area) and new reconfigured airside facilities (taxilanes and off-gate remain overnight aircraft parking positions). The enabling projects (required to clear the new terminal development area) include relocating UPS cargo facilities, belly cargo warehousing and processing, airline provisioning and catering, employee and public parking, other airport and airline support, as well as modifying utility and roadway systems to support the terminal.

## **ANALYSIS**

The Port, as the Lead Agency under the California Environmental Quality Act (CEQA), and the Federal Aviation Administration (FAA), as the Lead Agency under the National Environmental Policy Act (NEPA), must conduct environmental review to address any potential impacts from the Proposed Project, including potential impacts to resource areas such as air quality, noise, and traffic, in order for the project to be approved.

After the Port contracts with an environmental consultant, the key aspects of the environmental review process include:

- Conducting a scoping meeting
- Conducting technical studies (e.g. air quality, noise, and traffic, etc.)
- Preparing a draft environmental document under CEQA and a separate draft environmental document under NEPA
- Posting the draft environmental documents for public review and comment.
- Finalizing the draft environmental documents, including responding to public comments.
- Board certification of the CEQA Environmental Impact Report (EIR) and FAA issuance of a Record of Decision or Finding of No Significant Impact for the NEPA environmental document.

### **Statement of Qualifications (SOQ)**

FAA requires that the planning document (including passenger forecast) be submitted to the FAA for review and approval before the NEPA environmental review process described above can begin. To assist with moving the environmental process forward, while the planning efforts of the new terminal were underway, the Port issued an SOQ seeking qualified consultants for aviation environmental planning services on April 24, 2018. The SOQs were advertised through the Port's website (via Ebidboard.com), the website hosted by Airports Council International – North America, as well as the website hosted by the American Association of Airport Executives. SOQs were due on May 25, 2018; the Port received two SOQs, one from RS&H California, Inc. and a second from Ricondo & Associates, Inc.

### Selection Process

In accordance with FAA Advisory Circular (AC) 150/5100-14E, the FAA must select environmental consultants when preparing an Environmental Impact Statement (EIS). As the specific project components are still being identified, it has not been determined whether an Environmental Assessment (EA) or an EIS will be required. Therefore, the selection process was in accordance with FAA AC 150/100-14E to allow the selected consultant to prepare an EA or EIS for the Proposed Project as required by NEPA. This allows for the Proposed Project to move forward without an additional consultant selection action required for an EIS.

The Port recommended to the FAA that both firms advance to the interview process. The FAA agreed and interviews were held on June 27, 2018. Following the interviews, FAA and Port staff collectively agreed that RS&H California, Inc., was the most qualified firm based on the following:

- Stronger organization/team structure and project management tools and approach,
- Clearer NEPA and CEQA task lead identification,
- More documented experience with environmental review for terminal projects, and
- Demonstrated greater understanding of the importance of a clear project description, purpose and need, etc. during the interview process.

### Scope of Work and Cost Negotiations

The Port completed its general terminal planning for the Proposed Project in December 2019 and, with FAA's concurrence, began negotiating the environmental planning scope of work and cost estimate with RS&H California, Inc. in January 2020. After multiple revisions, which included a review by a third-party consultant to verify the cost estimate to be fair and competitive, the final cost estimate for the environmental review process is recommend at \$4,184,621.

Port staff recommends including a 10% contingency to address unanticipated work or project changes that may occur during the environmental review process. Therefore, Port staff requests the Board to approve entering into a PSA with RS&H California, Inc, in an amount not to exceed \$4,603,083. Port staff will execute the PSA with a budget not to exceed the negotiated cost estimate of \$4,184,621; however, the 10% contingency will provide the Executive Director authority to supplement the contract should it be needed. If additional amount is required beyond the 10% contingency, Port staff will return to the Board for approval.

Note that completing the environmental review process does not commit the Port to build the Proposed Project. The project description analyzed in the environmental document merely sets the maximum parameters of the Proposed Project. A variety of other steps in the process would be conducted prior to a decision on the Proposed Project. Among those steps are community and stakeholder coordination and engagement, additional work on the business plan, airline agreements, funding and plan of finance of the Proposed Project, and continued monitoring of forecast levels. These steps will be critical components that feed into the future decisions regarding the final size, scope, timing, and possible phasing of the Proposed Project. Port staff would like to take the opportunity to progress the environmental planning process now, before OAK reaches critical congestion upon COVID-19 recovery. Completing the environmental planning process, which we anticipate will take approximately 2 to 3 years, will allow the Port to make subsequent and timely decisions about what facilities are needed when the economy, and the airline industry in particular, is no longer impacted by the COVID-19 pandemic. Once the environmental review process is complete, it is anticipated that design and construction of facilities will take several more years.

## **BUDGET & STAFFING**

The total estimated cost for the Environmental Planning Services is in the amount not to exceed \$4,603,083 of three Fiscal Years. The consultant costs have been budgeted in the Aviation Operating Expense budget, including \$1,000,000 in FY 2021, with the remaining to be budgeted during the FY 2022 and FY 2023 budget process. These costs will be recovered through Airline Rates and Charges.

There is no staffing impact.

## **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) does not apply because this contract is for professional services that are not within the craft jurisdiction of the unions that are signatory to the MAPLA.

## **STRATEGIC PLAN**

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Improve Customer Service
- Modernize and Maintain Infrastructure

## **LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), may apply to this agreement because the agreement is for a value greater than \$50,000. However, the condition of the service provider employing 21 or more employees must also be met for the service provider to comply with the living wage requirements and all of its obligations.

## **SUSTAINABILITY**

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities, including adaptation to sea level rise. The consultant will review and recommend sustainability opportunities that could be included with the Proposed Project during the environmental review process.

## **ENVIRONMENTAL**

This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The hiring of a consultant to conduct environmental studies is not a project as defined in the CEQA Guidelines, under Public Resources Code Section 21065 because CEQA defines projects as activities that have the potential for causing a significant effect on the environment. Further, executing a professional services agreement with RS&H California, Inc. to

conduct environmental planning services for the Proposed Project does not commit the Port to a project and as such does not require environmental review under CEQA.

As noted above, following the completion of the environmental review process, Port staff will return to the Board to recommend certification of the CEQA EIR prior to any decisions that may be made with respect to the Proposed Project.

### **GENERAL PLAN**

This project is for professional services and will not directly include any alteration of property. Development projects that result from these professional services will be subject to separate findings of conformity with the City of Oakland General Plan in accordance with Section 727 of the Charter.

### **OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

Professional service agreements are not subject to the Port's Owner Controlled Insurance Program (OCIP) as professional services are not construction activities.

### **OPTIONS**

1. Authorize the Executive Director to enter into a Professional Services Agreement with RS&H California, Inc. to provide environmental planning services for new terminal development at Oakland International Airport in the amount not to exceed \$4,603,083. This is the recommended action.
2. Do not authorize the Executive Director to enter into a Professional Services Agreement with RS&H California, Inc. to provide environmental planning services for new terminal development at Oakland International Airport in the amount not to exceed \$4,603,083, which would negatively impact the Port's ability to accommodate forecast aviation activity at acceptable levels of service.
3. Do not authorize Executive Director to enter into a Professional Services Agreement with RS&H California, Inc. and re-solicit a request for qualifications. This will require additional time and discussion with FAA, further delaying the Port's ability to accommodate forecast aviation activity at acceptable levels of service.

### **RECOMMENDATION**

It is recommended that the Board authorize the Executive Director to enter into a Professional Services Agreement with RS&H California, Inc. to provide environmental planning services for new terminal development at Oakland International Airport in the amount not to exceed \$4,603,083.