

## AGENDA REPORT

**Resolution:** Approve and Authorize the Executive Director to Amend the Existing Contract with Turner Construction Company, Inc. to add Prime Contractor Services to Replace the Terminal 2 Roof Drainage System at Oakland International Airport for a Guaranteed Maximum Price Not-to-Exceed \$1,433,000. **(Engineering/Aviation)**

**MEETING DATE:** 9/30/2021

**AMOUNT:** \$1,433,000 Contracting Authority, Included in Fiscal Year 21-22 Budget (Part of a \$1,833,000 Total Project Budget) Capital Expenditure

**PARTIES INVOLVED:** Turner Construction Company, Inc., Oakland, CA  
Merrill Bowers, Vice President & General Manager

**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 Terminal 2 roof drainage system for passenger ticketing and security is located inside of the building and has deteriorated causing leaks and now requires replacement. The currently active Turner Construction Company, Inc. (Turner) contract is structured to be able to add projects such as appropriate. Turner's bid includes 94% of the work to be accomplished by Local Business Area or Local Impact Area businesses.

### **BACKGROUND**

The Oakland International Airport (Airport) Building M-130 (Terminal 2) roof drain system is deteriorated and needs replacement to repair leaks into the passenger terminal areas. The roof drain system was originally installed when Terminal 2 was constructed over 30 years ago. The roof drain system consists of horizontal drainpipes at the ceiling that run along the interior of the front facing window wall of the building connecting to vertical drainpipes, which drain to an exterior storm drain line as shown in Photo 1. The pipes are severely corroded as shown in Photo 2, and some pipes are sagging. Port staff have temporarily patched some lines as shown in Photo 3 to address the most severe leaks, but these need repairs are expected to only hold for the short term. The drainpipe system must be replaced to assure that it will not continue leaking into passenger areas of the terminal.

Photo 1: Project Area - Passenger Check-in to Checkpoint



Photo 2: Deteriorated Drain Pipe



Photo 3: Temporary Patch Repair



Port staff prepared construction plans and specifications for this project and solicited bids from the Port's On-call General Building Contractor Services contractors in July 2021. Only one bid was received, which was determined to be unreasonably high. Port staff then solicited a proposal from Turner to construct the improvements for a Guaranteed Maximum Price (GMP) under their current contract for prime builder services and Turner was able to provide a significantly lower bid.

## Turner Contract

On February 11, 2016, the Board of Port Commissioners (Board) approved the selection of Turner Construction (Turner), through a competitive bidding process, to provide prime builder/construction manager at risk services, initially for the International Arrivals Building with options for future similar work. On May 24, 2018, the Board authorized the Executive Director to exercise an option under that contract to negotiate and execute amendments to the contract for a variety of terminal improvement projects. Under this contract, Turner contracts with, coordinates, and manages the work of a pool of subcontractors to perform the needed work. The services provided by Turner include subcontractor outreach with requirements for local business utilization, development of the GMP, and construction phase services for which they are responsible for managing and coordinating project delivery. Under this contract Turner assumes most but not all the risks associated with construction and guarantees a maximum price to perform the work. Only once has a project risk been determined to not be covered by the GMP resulting in only one change order of approximately \$336,000 out of \$52,351,000 of approved work (or .6% of total).

Under this contract, Turner conducts outreach to small and local contractors to perform most of the construction work. This has proven very successful in expanding the participation of small and local businesses on Airport construction projects. Turner has significantly exceeded the total contractual percentages for local and small business participation and in most cases significantly exceeds individual project goals. Turner has attained the Local Business Enterprise and Small Business Enterprise participation on Airport construction projects presented in Table 1.

Table 1. Historical Local Business Enterprise and Small Business Enterprise Usage

Project	LIABE/LBAGE <sup>1</sup> Goal	LIABE/LBAGE <sup>1</sup> Actual	SBE/VSBE <sup>2</sup> Goal	SBE/VSBE <sup>2</sup> Actual
International Arrivals Building	30%	47%	15%	56%
Building M102 Seismic Upgrades	30%	52%	15%	34%
Moving Walkway Removal and Restoration	55%	66%	10%	2%
Terminal 2 Boiler Replacement	55%	91%	10%	28%
Terminal Flooring Project	55%	34%	10%	0%

<sup>1</sup> LIABE/LBAGE - Local Impact Area Business Enterprise/Local Business Area Business Enterprise

<sup>2</sup> SBE/VSBE - Small Business Enterprise/Very Small Business Enterprise

## **ANALYSIS**

Replacement of the Terminal 2 drain project is important to accomplish this year to prevent more significant leak issues. After receiving only one high bid from the on-call building

contractors staff pivoted to determine if using the current Turner contract could provide the Port with a lower cost without a significant impact to the schedule. Port staff solicited a proposal from Turner to perform the work and provide a GMP. The Turner GMP proposal of \$1,433,000 is approximately \$400,000 less than the bid from the on-call contractor. Turner's contract also provides additional services over a traditionally bid project and these result in less staff time for supervision. In addition, Turner has significant experience working within the terminal and has successfully delivered a number of both nighttime and daytime construction working in an active terminal. Turner staff is currently on-site in Terminal 2 where the drainpipe replacement project is located doing night work for the flooring replacement project and will be able mobilize to the project area quickly once materials are procured.

Turner will coordinate and manage the following subcontractors to perform the work. A breakdown of the subcontractors and percentage of the contract is included in Table 2. This project will achieve approximately 94% of LIABE and LBABE participation.

Table 2. List of Subcontractors and Percentage of Contract

Contractor	Duties	Location <sup>3</sup>	Certified LIABE/LBABE <sup>1</sup>	Certified SBE/VSBE <sup>2</sup>	Percent of Contract
Turner Construction Company, Inc.	Construction Management	Oakland, CA	LIA	No	39%
CPM Environmental	Site Demolition	San Francisco, CA	No	No	6%
Enterprise Roofing Service, Inc.	Roofing	Concord, CA	LBA	No	3%
Monticelli Painting	Painting	Richmond, CA	LBA	No	2%
N.V. Heathorn Company	Plumbing	Concord, CA	LBA	No	30%
Performance Contracting, Inc.	Scaffolding	Berkeley, CA	LBA	No	20%

<sup>1</sup> LIABE/LBABE - Local Impact Area Business Enterprise/Local Business Area Business Enterprise

<sup>2</sup> SBE/VSBE - Small Business Enterprise/Very Small Business Enterprise

<sup>3</sup> SRD is in the process of certifying subcontractors that meet Port requirements for LIABE/LBABE and/or SBE/VSBE

Construction would begin in Fall 2021 and be completed in early 2022.

## **BUDGET & STAFFING**

Construction of this project is expected to be completed in fiscal year 2022 (FY 2022). This project is included in the Port's FY 2022 Capital Budget and budgeted for \$1,000,000. The

total project cost is approximately \$729,000 higher than budgeted due to higher material and contractor labor costs. Port staff are recently seeing higher than normal material and labor costs to support projects, particularly those that are smaller in size and require multiple disciplines to complete. There are significant industry-wide fluctuations in material costs and availability. To meet the construction budget for the Project Aviation will reallocate capital budget from the Earhart Road Sanitary Sewer Rehabilitation project to support this project. The total project cost breakdown is presented in Table 3.

Table 3. Building M-130 Roof Drain Replacement Project Budget

Description	Design (FY 2021)	Construction (FY 2022)	Total Budget
Consultants <sup>1</sup>	\$67,000	\$110,000	\$177,000
Construction	-	1,433,000	1,433,000
Port Labor	37,000	138,000	175,000
Other Related Costs <sup>2</sup>	-	48,000	48,000
<b>TOTAL</b>	<b>\$104,000</b>	<b>\$1,729,000</b>	<b>\$1,833,000</b>

<sup>1</sup> – Consultant Costs include Design and Construction Support Services.

<sup>2</sup> – Other Costs include MAPLA and OCIP.

Consultant staff will assist the Port Resident Engineer with required tasks and documentation during project during construction.

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

MAPLA will apply to this contract for all on-site construction work, the inspection and testing of the work as specifically included in MAPLA, and all other work covered by MAPLA. MAPLA does not apply to work performed by non-manual employees and all other work specifically exempted by 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>

- Goal: Improve Customer Service
- Goal: 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"), do not apply because the contract is a construction contract

covered by state prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

## **SUSTAINABILITY**

Port staff have reviewed the Port's 2000 Sustainability Policy and completed a Sustainability Opportunities Assessment Form. This project includes the replacement of existing roof drain components and Port staff will encourage Turner to recycle drainage pipes and reuse construction barriers to the extent possible.

## **ENVIRONMENTAL**

This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The Port has determined that this project is categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15302, Replacement or Reconstruction. Section 15302 exempts from CEQA the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced, including replacement of existing utility facilities involving negligible or no expansion of capacity.

## **GENERAL PLAN**

This project involves maintenance of existing facilities being used in conformance with the Oakland General Plan, pursuant to Section 727 of the City of Oakland Charter, and will not change the use of any facility.

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

As the construction project is a capital improvement project, the applicable Owner Controlled Insurance Program (OCIP) coverages and provisions apply to the construction phase.

## **OPTIONS**

The following options are for the Board's consideration:

- Approve the actions as outlined in this agenda report. Doing so will enable staff to complete the Building M-130 Roof Drain Replacement project. This is the recommended action.
- Do not approve the actions as outlined in this agenda report and direct staff to bid this project as a standard public works contract. This is not recommended because it would delay start of construction to Spring 2022.

## **RECOMMENDATION**

Staff recommends that the Board authorize the Executive Director to amend a Contract with Turner Construction Company, Inc. to add Construction Manager at Risk Construction

Services for a Guaranteed Maximum Price Not-to-Exceed \$1,433,000 to construct the Building M-130 Roof Drain Replacement.