



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 4

Agenda Date: December 12, 2023

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorizing the City Manager or Designee to negotiate and execute a Construction Manager at Risk Contract for a New Terminal Facility project at the San Antonio International Airport

SUMMARY:

This ordinance authorizes the City Manager or designee to negotiate and execute a Construction Manager at Risk (CMAR) contract with Hensel Phelps Construction Co. in an amount not-to-exceed \$1,000,000,000 inclusive of contingency in a not-to-exceed amount of 10% of the contract value for the new terminal facility and enabling projects at San Antonio International Airport (SAT) as part of the Terminal Development Project (TDP). Funding for FY 2024 in the amount of \$10,000,000 is available from Interim Airport Financing through the Terminal Development Project for pre-construction services and is included in the FY2024 - FY2029 Capital Improvement Program. Funding for future years is contingent upon City Council approval of the annual budget. The City has and will continue to seek federal funding for this project.

A CMAR contract is comprised of 2 phases: pre-construction and construction. Pre-construction services include coordinating with the Master Architect to further the design constructability in an efficient manner. Construction services involve the CMAR coordinating with the City, Executive Program Manager, Program Manager/Construction Manager, and Master Architect to construct the new terminal facility and enabling projects at SAT. The scope includes:

- 17-gate concourse & associated aircraft apron with New Federal Inspection Service (Customs Area)
- Expansion of elevated roadway
- Central utility plant enhancements
- Multi-story ground transportation center including additional parking
- North ramp remain overnight aircraft parking
- Related demolition/preparation site work
- Utilities improvements

BACKGROUND INFORMATION:

Strategic Development Program/Terminal Development Program

On November 18, 2021, City Council approved the Strategic Development Plan (SDP), a Master Planning process required by the Federal Aviation Administration to take place every eight to 10 years. This process is a comprehensive, long-range study of every physical aspect of an airport to ensure it meets projected demand and serves its designated role within the national airport system. The SDP for the San Antonio International Airport identified airfield, terminal, roadway and supporting infrastructure improvements to support the economic growth of our region. During the B Session presentation on May 18, 2022, the City Council was presented with the major components included in the Terminal Development Program (TDP), which included a new terminal facility and its associated enabling projects and consulting services need to program, develop, design and construct these components.

At the time of the May 2022 B Session, the delivery method for the construction of the new terminal building had not been determined as the City needed to procure a technical team including an Executive Program Manager and Project Management/Construction Management firm to help identify and evaluate the options for the terminal program and help the City in determining the final recommendation. On May 11, 2023, the Airport Department presented to City Council a pre-solicitation briefing on the CMAR solicitation and the reasons for this delivery method. City Council approved moving forward to release the solicitation.

On August 15, 2023, the Airport Department presented the City Council with its FY 2024 Budget which included the FY 2024 - 2029 Capital Improvement Program for the San Antonio Airport System. The largest project within the Capital Improvement Program is the \$1.4 billion identified for the Terminal Development program which includes the new terminal facility and enabling projects.

The San Antonio Airport System has held several outreach efforts within the San Antonio community regarding upcoming solicitations, including those related to the Terminal Development program and other capital improvement projects. These events provided opportunities for local firms to learn about upcoming projects, learn how to be certified in the City's Small Business Economic Development Advocacy Program and the Federal Aviation Administration's Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs, and network with other firms to partner on proposals. These events took place throughout San Antonio:

- Construction Management Association of America on March 20, 2023 which focused on

construction projects

- Industry Day on April 20, 2023 which focused on the Terminal Development Program and its enabling projects with more than 350 individuals attending the event
- Airports Minority Advisory Council conference on June 12, 2023 which focused on construction and other solicitations.
- Pre-submittal conference for the Terminals A and B concessions packages on November 8 and 9, 2023

Additionally, staff reached out to City Council offices to host airport vendor orientations in their districts. The first one was held on November 29, 2023 in District 3.

Procurement of Services:

A Request for Qualifications for the CMAR was released on June 5, 2023, and published in the San Antonio Hart Beat, on the City's website, the Texas Electronic State Business Daily, on TVSA, and through the online bidding website CivCast. Responses were due on July 21, 2023, and three submittals were received. All three submittals were deemed responsive and moved forward to the selection committee for scoring.

A selection committee consisting of representatives from the City Manager's Office, Aviation Department, Anser (the Executive Program Manager), Airport System Development Committee representatives, Hartsfield-Jackson Atlanta International Airport, and SAT's Airline Technical Representative evaluated, ranked and scored the three Request for Qualifications submitted on August 11, 2023. Scoring was based on the published evaluation criteria which included Experience, Background, & Qualifications of respondents including Subcontractors; Qualifications of Key Personnel; and, General Proposed Work Plan/Approach. Based on the initial evaluation of the Statement of Qualifications submitted, the evaluation committee determined all three firms were qualified. The City sent notification to firms requesting they provide additional information to include a Detailed Proposed Work Plan/Approach, Proposed Costing Methodology, and Disadvantaged Business Enterprise (DBE) Program.

On September 26, 2023, the three firms were interviewed and scored based on the published criteria of Detailed Proposed Work Plan/Approach; Proposed Costing Methodology; and Disadvantaged Business Enterprise Program. Based on the scoring, the evaluation committee recommends awarding a CMAR construction contract to Hensel Phelps Construction Co. pending the negotiation of a contract.

Due to the utilization of federal dollars, the solicitation was released under the Federal Aviation Administration Disadvantaged Business Enterprise (DBE) Program; therefore, the DBE Program requirements apply. The Aviation Department established a contract specific goal set at 11.33% for the Pre-Construction Phase costs. Hensel Phelps Construction Co. committed to exceeding this goal. When the design documents are sufficiently complete, the Aviation Department will establish appropriate DBE goals based on the scope of the construction work.

ISSUE:

This ordinance authorizes the City Manager or designee to negotiate and execute a CMAR construction contract with Hensel Phelps Construction Co. in a not-to-exceed amount of \$1,000,000,000 inclusive of contingency not-to-exceed amount of 10% of the contract value for the New Terminal Facility for the San Antonio International Airport as part of the TDP. Funding for FY 2024 in the amount of \$10,000,000 is available from Airport Interim Financing through the Terminal Development Project for pre-construction services and is included in the FY2024 to FY2029 Capital Improvement program. Funding for future years is contingent upon City Council approval of the annual budget.

Hensel Phelps is the largest aviation contractor in the United States with extensive experience in projects similar to the construction of a new terminal facility and the enabling projects at the San Antonio International Airport including projects at Los Angeles International Airport, Seattle-Tacoma International Airport, Miami International Airport, San Jose Mineta International Airport, Houston Airport System and Nashville International Airport.

Hensel Phelps has pledged to participate in the City's Ready to Work Program and already has a well-established Capacity Building/Mentor-Protégé program that allows selected contractors to receive ongoing mentorship on the construction business.

ALTERNATIVES:

While City Council could choose not to approve awarding the agreement, the action would jeopardize the timely delivery of the New Terminal Facility, will impact the expansion of air service capacity, and potentially impact the receipt of grant funds in future years. This solicitation process followed local, state and federal procurement policies and procedures.

FISCAL IMPACT:

This ordinance authorizes the City Manager or designee to negotiate and execute a CMAR contract with Hensel Phelps Construction Co. in a not-to-exceed amount of \$1,000,000,000 inclusive of contingency not-to-exceed amount of 10% of the contract value for a New Terminal Facility at San Antonio International Airport as part of the TDP.

For FY 2024, funding in the amount of \$10,000,000 is available from Airport Interim Financing through the Terminal Development Project for pre-construction services and is included in the FY 2024 to FY2029 Capital Improvement program. Funding for future years is contingent upon City Council approval of the annual budget.

Expenses for this contract may be paid from the Terminal Development Fund and funded through the Terminal Development Project. All expenses for this contract will be in accordance with the appropriations authorized in the Terminal Development Project.

RECOMMENDATION:

Staff recommends authorizing the City Manager or designee to negotiate and execute a CMAR contract with Hensel Phelps Construction Co. for the New Terminal Facility project at San Antonio International Airport.