

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
DECEMBER 19, 2022**

**AWARD OF REPLACEMENT PASSENGER TERMINAL DESIGN-BUILD AGREEMENT
IMPLEMENTING A PROJECT STUDIED IN A
PREVIOUSLY CERTIFIED ENVIRONMENTAL IMPACT REPORT**

Presented by Frank Miller
Executive Director

SUMMARY

At its meeting on December 7, 2022, the Executive Committee voted unanimously (3-0) to recommend that the Commission: (i) award a Design-Build Agreement to Holder, Pankow, TEC, Joint Venture (“HPTJV”) for the Replacement Passenger Terminal (“RPT”) Project pursuant to a previously certified Environmental Impact Report (“EIR”); (ii) authorize initial funding of \$55,000,000; and (iii) authorize the issuance of a Notice to Proceed. HPTJV is comprised of Holder Construction Group, LLC (“Holder”), Charles Pankow Builders, Ltd. (“Pankow”), and TEC Management Consultants, Inc. d.b.a. TEC Constructors & Engineers (“TEC”).

BACKGROUND

The Commission approved the use of the progressive design-build project delivery method for the RPT Project on May 20, 2019. In accordance with Federal Aviation Administration (“FAA”) requirements and state law, the procurement of progressive design-build services has been conducted as a two-step process consisting of: (1) issuance of a Request for Qualifications (“RFQ”); and (2) issuance of a Request for Proposals (“RFP”) to shortlisted respondents.

On May 12, 2022, Jacobs Project Management Co. (“Jacobs”) assumed program management duties for the RPT Project. As part of the initial effort, Jacobs completed progressive design-build services procurement documents. The RFQ was released on May 20, 2022. A five-member evaluation panel, identified below, reviewed Statement of Qualifications (“SOQ”) submittals and recommended a shortlist of three design-build teams. The Commission approved the shortlist on July 18, 2022.

An RFP was issued to the three shortlisted teams the next day. The RFP requested that each team submit a Technical Proposal and a Cost Proposal in separate packages. On August 16, 2022, a mandatory pre-proposal meeting was held at the Airport. All three shortlisted teams were present with their architects and civil engineers. During the proposal preparation period all three teams interacted with the subtrades and stressed the importance of engaging the sub-trades early in the RPT Project if they were to be awarded the contract. This was done by each team through outreach meetings at local area hotels with invitations to subtrades, including Disadvantaged Business Enterprises (“DBEs”), to learn about the project and subcontracting opportunities. This outreach provided the teams with a database of local subtrades, and provided the subtrades with information needed in order to participate.

On October 11, 2022, the Authority received Technical Proposals and Cost Proposals from all three shortlisted teams. Upon review, all proposals were deemed to be responsive to the RFP.

The three proposers were (listed in alphabetical order):

Proposer	Additional Team Members
Austin Webcor	Fentress – Architect TY Lin – Engineer Granite – Pre-con & Civil Partner
HPTJV (Holder, Pankow, TEC Joint Venture)	Corgan – Architect CannonDesign – Architect Burns & McDonnell - Engineer
Turner Flatiron	HNTB – Civil Engineer

PROPOSAL EVALUATION PROCESS

Staff reconvened the five-member evaluation panel to review and score the Technical Proposals and conduct interviews of the three teams. The evaluation panel membership was constant throughout the procurement process and consisted of the following individuals: Executive Director Frank Miller; Mr. Matt Ross, President, AvAirPros; Mr. Patrick Prescott, Director, Community Development Department, City of Burbank; Mr. Michael Forbes, former Assistant Director, Community Development Department, City of Burbank; and Mr. Geoffery Neumayr, Chief Development Officer, San Francisco International Airport.

The Authority retained the services of Ms. Rebekah Gladson, FAIA, AUA, DBIA of XI-3 Corporation to assist in the coordination of the evaluation panel and provide technical support to the panel. Ms. Gladson has over 30 years of experience with progressive design-build programs and most recently provided similar services to Los Angeles World Airports and the University of California, Irvine where she served as Vice-Chancellor. With her background, Ms. Gladson provided guidance and analysis to the evaluation panel on the technical elements of the proposals. Ms. Gladson also responded to the panel's questions regarding the proposers' approach to schedule, staffing and other related items. To avoid the appearance of bias, Jacobs was not included in the evaluation panel and did not participate in the evaluations due to a previous role (prior to RFQ issuance) on one of the competing teams.

The proposal evaluation process was conducted as follows.

The Technical Proposals were evaluated and scored over a four-week period. The Technical Proposals were scored against the evaluation criteria presented in the RFP and listed in the table below.

Scoring Criteria	Available Technical Points
Management and Staffing Plan	200
Conceptual Project Schedule	400
DB Project Approach	400
Total Technical Proposal	1,000
Oral Interviews	500
Total Available Technical Points	1,500

Following completion of the Technical Proposal evaluation and scoring, team interviews were conducted on November 16 and 17, 2022. Each interview was two hours and focused on the following: the team’s approach to the project; the qualifications and experience of the project team; responses to questions regarding the team’s Technical Proposal; and solution to a scenario problem provided during the interview. As shown above, 500 additional technical points were available through the interview process. Upon completion of the interviews the total technical points, comprised of the Technical Proposal score and the interview score, were calculated and recorded.

Following the recording of the total technical points, the evaluation panel was excused, and the Cost Proposals were opened by Authority staff and Ms. Gladson. The Cost Proposals consisted of pricing for certain elements of the project costs based on Jacobs’ estimated total cost of work of \$715,000,000. An example of the cost proposal form is shown below.



Burbank-Glendale-Pasadena Airport Authority
elevateBUR.com

DESIGN-BUILDER: _____

In accordance with the Request for Proposals (RFP) – Replacement Passenger Terminal Project for this Work in the Cities of Burbank and Los Angeles, California, we offer to furnish all labor, tools, materials, appliances, equipment, insurance, and incidentals necessary and reasonably inferable to complete the Work mentioned in the RFP, at the following prices:

PROPOSED FEES AND PERCENTAGES		
ITEM	DESCRIPTION	PROPOSED FEE
001	Design-Builder’s Fee (Overhead & Profit)	__ . __ %

ITEM	DESCRIPTION	DESIGN SERVICES	PRECONSTRUCTION SERVICES (Including Item 001 Fee)	CONSTRUCTION COSTS
	Cost of Work (Estimated Including Allowances)			\$715,000,000
002	Phase 1 Design Price (Lump Sum)			
003	Phase 2 Design Price (Lump Sum)			
004	Preconstruction Price (Lump Sum)			
005	General Conditions (Lump Sum Based on Estimated Cost of Work)			
006	Extended Fee (Item 001 x (Cost of Work + Item 004 + Item 005))			
007	TOTAL Project Cost (Cost of Work + Items 002 through 006)			

As shown on the form, the shortlisted firms were asked to provide their proposed fee covering overhead and profit (presented as a percentage), the costs for design services for the two phases of the RPT Project, costs for preconstruction services, and estimated general condition costs during construction based on the \$715,000,000 cost of work estimate.

The proposed costs, inclusive of the estimated cost of work, were totaled and defined as the “Total Project Cost” for the purposes of the evaluation. It is important to note that the actual project costs will change as the design progresses and a more detailed estimate of the cost of work is developed during first phase of the project.

Cost Proposals were reviewed after the technical evaluation was completed to ensure that the evaluation of the Technical Proposals was not influenced by a proposer’s price. This is a standard practice for procurements in which selection is based on a combination of qualifications and price. The final evaluation process, inclusive of both the technical scores and proposed costs, was conducted as follows.

The technical scores were converted into an “Efficiency Percentage” by dividing each team’s technical score by the total available points (1,500). This percentage represents how well each proposer addressed the criteria requested in the RFP. The “Total Project Cost” for each team was then divided by their respective efficiency percentage. This step is a means to include the cost as part of the overall evaluation process while allowing demonstrated competence and qualifications to be the primary selection criteria. The resulting quotient represents the “Lowest Ultimate Cost” or best value to the Authority based on the combined Technical Proposal and Cost Proposal, and the FAA approved the use of this method as the basis for the final selection. The calculation is shown below.

$$\text{Lowest Ultimate Cost} = \text{“Total Project Cost \$ / Efficiency Points”}$$

The Lowest Ultimate Cost does not represent the actual total project cost to the Authority. It is a calculation used to determine the proposer presenting the best value to the Authority.

The final results of the proposal evaluation process are shown in the following table.

Proposal Submission Requirements	Available Points	HPTJV	Austin Webcor	Turner Flatiron
Management and Staffing Plan	200	170	169	118
Conceptual Project Schedule	400	294	368	269
DB Project Approach	400	341	339	313
Consent to Design-Build Agreement -Proof of Insurance (Review of Comments)	GC Review	No Score	No Score	No Score
Oral Interviews	500	480	324	214
Total Technical Score	1,500 Possible	1,285	1,200	914
Efficiency Percentage		0.857	0.8	0.61
Total Project Cost		\$ 873,923,382.00	\$ 888,570,378.00	\$ 967,120,000.00
Best Value to Authority		1,019,747,236.9	1,110,712,972.5	1,585,442,622.9
Ranking		# 1	# 2	# 3

In the table on the previous page, the category described as “Consent to Design-Build Agreement – Proof of Insurance” (Review of Comments) is shown as “No Score”. The RFP instructed proposers to confirm acceptance of the sample contract or to submit alternative contract language for consideration. This category was not scored to afford the proposers an opportunity to present issues for discussion regarding the contract without being penalized for their response.

As shown, HPTJV was the number one ranked “Best Value to Authority” proposer with both the highest Technical Proposal score and the lowest Cost Proposal. In addition, HPTJV’s Total Project Cost was under Jacobs’ estimate of \$897,967,874. Neither of the other proposers filed a protest to challenge the results.

HPTJV DISTINGUISHING FACTORS

Each proposer submitted a responsive proposal including the removal of the existing terminal within the timeframe of the Development Agreement (“DA”) with the City of Burbank. In the judgment of the evaluation panel, several factors distinguished HPTJV’s proposal:

1. Experience and commitment of collaboration in working together as a team internally and externally with the owner on complex design-build airport projects.
2. Clear understanding of the Authority’s design charrettes and inclusion of a detailed process for engaging all stakeholders in the design process with appropriate time for input, review and comment.
3. Sustainability was not viewed as simply meeting the RFP requirements, but rather as an opportunity to work together with the Authority to establish broader sustainability goals and make decisions collectively that will achieve these goals.
4. Excellent experience with aligning the design with the project budget (Target Value Budget to Target Value Design).
5. Successful experience and history of working with California subcontractors and incorporating their knowledge early in the progressive design-build process.
6. Proven track record of exceeding DBE participation requirements and local hire goals.
7. Approach to addressing DA requirements and the community’s needs.
8. Experience and success with complex airport approval and funding processes.
9. Solid approach to phasing the design and construction work with component guaranteed maximum prices (“CGMPs”) and corresponding permitting process.
10. Strategy and open book process for development, review, and approval for CGMPs and the guaranteed maximum price (“GMP”).

As previously noted, HPTJV is comprised of Holder, Pankow, and TEC. Holder was established in 1960 and has an annual revenue of approximately \$5,000,000,000. Pankow was established in 1963 and has an annual revenue of approximately \$400,000,000. TEC is a minority owned firm established in 1988 and has an annual revenue of approximately \$35,000,000.

The HPTJV team includes Corgan Associates (“Corgan”) (architect), CannonDesign (design subconsultant), and Burns & McDonnell (engineering subconsultant). Holder and Corgan are leading aviation builders and designers in the country with large, complex projects at

more than 200 airports across the world. They have completed over 120 projects together, totaling more than \$9.0 billion dollars. Below are some of the HPTJV team's recent projects:

Holder:

• SLC Airport ARP (Phase 1A&1B)	\$1,908,288,000
• ATL Intl Terminal F	\$1,190,000,000
• DFW Integrated Operations Center	\$ 31,900,000
• ATL Terminal Pedestrian Bridges	\$ 58,500,000
• ATL West Parking Deck	\$ 181,000,000
• ATL Concourse D Expansion	\$ 36,609,000
• ATL Concourse C Expansion	\$ 41,600,000

Pankow:

• BUR Terminal B Security Checkpoint Renovations (Pankow is recognized as one of the premier parking structure and office building contractors of California and is a Pasadena based company.)	\$ 575,000
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TEC:

• San Diego Airport Improvement Project	\$2,500,000,000
• LAX - Tom Bradley international terminal	\$1,500,000,000
• LAX - People Mover Core Terminal Renovations	\$ 800,000,000

Corgan:

• LAX Midfield Satellite Concourse	\$1,400,000,000
• SMF Central Terminal B	\$1,000,000,000
• BNA Vision: Terminal & Area Landside	\$1,370,000,000
• HOU West Concourse and FIS	\$ 146,000,000
• DAL Love Field Modernization	\$ 514,000,000
• FLL Terminal 1 & FIS Facility	\$ 295,000,000
• PHX Terminal 3 Redevelopment	\$ 560,000,000
• PHX T4 S1 Concourse & Connection Bridge	\$ 250,000,000

Burns & McDonnell:

• ABIA Terminal Exp. Terminal & Apron Expansion	\$ 57,485,000
• Braniff Centre Redevelop Ph 1	\$ 26,877,000
• IAD Polaris C_S/Enabling	\$ 54,698,000
• LAX Delta GSE Maintenance Facility	\$ 17,559,000
• LAX Term 1 Modernization Terminal 1	\$ 38,461,000
• MDAD CBIS/CBRA MIA CBIS/CBRA	\$ 192,852,000
• SAN FIS D/B Design Airside Civil & Special Systems	\$ 101,000,000
• STL Fuel - New Fuel Storage	\$ 84,500,000

DESIGN-BUILD AGREEMENT

The proposed Design-Build Agreement with HPTJV generally divides the work into two phases. Phase 1 (Preliminary Stage) involves: study and report services; drafting of preliminary technical documents; preparation of construction drawings and construction specifications up to 60% percent completion; and construction planning services including preparation of a single GMP proposal and possible CGMP proposals. Phase 2 (Completion Stage) is contingent upon the Authority accepting a GMP and involves: completion of construction drawings and construction specifications based on the preliminary technical documents; construction; start-up, testing, and commissioning; and final corrections. The Authority will be able to terminate the contract for convenience if doing so becomes necessary for some unexpected reason. Moreover, if the Authority and HPTV cannot agree on a GMP at the end of Phase 1, then all design subcontracts will be assigned to the Authority.

If the proposed Design-Build Agreement is approved, then Staff will present a proposed amendment to the Commission in the first quarter of 2023. The amendment will memorialize a decision matrix specifying key RPT Project design issues that must be addressed by the Commission and matters for which the Commission is delegating approval authorization. The amendment also will address the Executive Director's authorization to approve change orders without prior submission to the Commission. These topics have been discussed at several Executive Committee meetings, and it is anticipated that the Committee will make a recommendation to the Commission early next year. The ultimate goal of the amendment will be to allow decisions to be made in a timely manner that keeps the RPT Project on schedule.

BUDGET IMPACT

With a recommendation to award a Design-Build Agreement to a progressive design-build team utilizing the two-step process outlined above, the required funding for Phase 1 of the RPT Project in the amount of \$55,000,000 is requested. These funds will cover the following:

- Design costs to advance the design to 60% completion
 - Phase 1 Design Fees
- Phase 1 preconstruction services provided by the design-builder during design
- Development of the GMP
- Construction of a Project Management Office on the project site.
 - An allowance of \$6.0 million
- Additional design costs to allow design to continue beyond 60% while the GMP is being negotiated.

Based on an estimated schedule to reach Phase 2, the \$55,000,000 is anticipated to be expended between December 20, 2022 and April 1, 2024. The adopted FY 2023 budget included \$26,637,000 in appropriations initially funded through Authority reserves. Additional appropriations will be required to cover the remaining costs from July 1, 2023 through April 1, 2024 and will be included in the FY 2024 budget. This initial use of Authority reserves is intended to be reimbursed through a proposed Interim Financing program (currently under development) utilizing a commercial paper program recommended by the Authority's Municipal Financial Advisor, Public Resources Advisory Group. The Interim Financing, which will be presented to the Commission for approval in the first quarter of Calendar Year 2023, is being programmed to provide funding for the 60% design phase

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to reach a GMP. Source of funds for reimbursement of the commercial paper will be through available grant funds (Bipartisan Infrastructure Law or “BIL”), Passenger Facility Charges and/or Authority Development Reserves. At that point, if the GMP is accepted, Construction Financing to fund the construction will be issued utilizing other sources such as federal grants, a federal loan if approved, Passenger Facility Charges, General Airport Revenue Bonds and Authority cash contribution.

ENVIRONMENTAL REVIEW

On July 11, 2016, the Commission adopted Resolution No. 469 certifying an EIR, adopting findings pursuant to the California Environmental Quality Act, adopting a Mitigation Monitoring and Reporting Program, and adopting a Statement of Overriding Considerations for the RPT Project. There are no substantial changes to the project, no substantial changes in the circumstances under which the project is being undertaken, and no new information of substantial importance that was not known to the Authority at the time the EIR was certified that triggers any of the conditions requiring a subsequent EIR, subsequent negative declaration, or an addendum.

RECOMMENDATION

Staff and the Executive Committee recommend that the Commission: (i) award a Design-Build Agreement to HPTJV for the RPT Project pursuant to the previously certified EIR; (ii) authorize Phase 1 funding of the RPT Project in the amount of \$55,000,000; and (iii) authorize the issuance of a Notice To Proceed.