

AGENDA REPORT

Resolution: Budget Approval and Related Authorizations for Construction of Rental Car Center Improvements, Oakland International Airport **(Aviation)**

MEETING DATE: 12/15/2016

AMOUNT: \$6,723,000
Capital Expenditure

PARTIES INVOLVED: Construction Contractor:,
TBD

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation
Chris Chan, Director of Engineering

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

This agenda report seeks budget approval and related authorizations for construction of Rental Car Center improvements at the Oakland International Airport (OAK). The recommended actions include:

- (1) Approval of \$6,723,000 in construction budget for construction, consultant design and construction support services, Port labor during construction, and change order authority.
- (2) Authorization for the Director of Engineering to approve Project Plans and Project Manual.
- (3) Authorization for Executive Director to execute contract with the lowest responsible bidder in an amount not to exceed \$5,270,000.
- (4) Authorization for the Executive Director to resolve any bid protests in accordance with the Port Purchasing Ordinance.

BACKGROUND

In the past 10 years, the Airport and the on-airport rental car companies have experienced significant changes. The Airport's passenger traffic and customer profiles have changed and there is an increasingly competitive environment to meet customer needs while maintaining and/or growing individual market share amongst the group of existing on-airport rental car companies. The existing on-airport rental car companies have consolidated into 3 nationally recognized companies that control eleven (11) "brands", including a couple of smaller operators (Firefly and Zipcar), that have co-located their operations at the Consolidated Customer Facility and ready/return spaces (Rental Car Center) at the North Field of Oakland International Airport.

The Existing Space Use Permit (SUP) for Non-Exclusive Rental Car Concession that is in place with six (6) on-airport rental car companies is scheduled to expire on June 30, 2017. The Port intends to issue a Request for Bids (RFB) for a new Non-Exclusive Rental Car Concession in early 2017. In order to address current and anticipated operational needs, the proposed capital improvements are needed to develop a larger Rental Car Center site that can serve more customers in a more efficient manner while generating additional land rent revenue for the Port.

On July 28, 2016 the Board approved a \$700,000 design budget for the project. At that time Staff indicated that it would return to the Board for construction budget authorization, approval of plans and specifications, and award of the construction contracts. The plans and project manual are being finalized and staff anticipates completing the improvements on the contiguous parcels in time to be included in the forthcoming RFB.

ANALYSIS

Staff has assessed the Rental Car Center and identified needed improvements to make available more leasable land to the rental car companies. These proposed capital improvements are shown on Figure 1 below and are summarized as follows.

- Demolition of Building L-825 and site preparation would provide improvements to accommodate the rental car companies burgeoning demand, and additional leasable area to generate more revenue for the Rental Car Center.
- Construction of a new ingress from Earhart Road to Customer Service Building and adjacent facilities and widening of Fairchild Road to serve as egress onto Earhart Road to better accommodate shuttle bus and vehicular traffic.
- Construction of a new parking lot across from the Customer Service Building to provide more parking for customers and visitors to the Rental Car Center and adjacent facilities.

- Construction of new improvements at the Ryan Street lot to provide additional parking capacity (vehicular storage and employee parking) to better serve rental car operations on a contiguous site.
- Realignment of the northeast corner of the intersection of Earhart Road and Langley Street to provide a much larger turning radius for rental car shuttle buses and other large vehicles without interfering with the south-bound left turning lane on Earhart Road.
- Construction of Bioswales along the perimeter of L-825 and Ryan Street sites to meet the California Stormwater regulations.

Figure 1. Location of Rental Car Center Improvements



BUDGET & STAFFING

The Rental Car Center Improvement projects was included in the Port's financial planning in the 5 –year Capital Improvement Program (CIP) with a preliminary estimated project cost of \$4 million planned to be 100 % funded using Customer Facility Charges (CFCs) that are collected by the rental car companies. The Port uses CFCs to reimburse the RAC shuttle bus expenses and is obliged to spend remaining balance on eligible capital projects. With the completed design, the project is now estimated at \$7.4 million and the

additional \$3.4 million budget will be funded with CFCs, therefore not impacting other Aviation projects. As of October 2016, there were \$9.3 million in CFC collections available.

The current authorized budget for design is \$700,000. To date, approximately \$104,000 has been spent on Port labor and \$306,000 on consultant support. The requested budget authorization of \$6.723 million is to costs associated with the construction of this project, for a total project budget of \$7.423 million. Table 1 summarizes staff budget requests and the total estimated project budget.

Table 1. Total Estimated Project Budget

Description	Port Labor	Consultants	Construction ¹	Total Budget
Previous Budget Request	\$200,000	\$500,000	\$0	\$700,000
Current Budget Request	\$381,000	\$62,000	\$6,280,000	\$6,723,000
Total Project Budget	\$581,000	\$562,000	\$6,280,000	\$7,423,000

1) The estimated construction cost includes bid award, change order authority, permitting, MAPLA, agency construction, and OCIP costs.

There is no anticipated staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The requested action is for construction services. The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) will apply to this construction services contract.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port’s Strategic Plan (<http://www.portoakland.com/pdf/about/strategicPlan2011-2015.pdf>)

Goal A: Create Sustainable Economic Growth for the Port and Beyond

- Goal A: Objective 1: Maximize the use of existing assets.

Goal B: Maintain and Aggressively Grow Core Businesses

- Goal B: Objective 1: Retain existing customers and tenants.
- Goal B: Objective 2: Market strategically and aggressively to attract new customers and tenants.

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 requested action is for construction

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

ENVIRONMENTAL

CEQA Determination: As part of the entitlement process, the Port evaluates environmental impacts of projects pursuant to the California Environmental Quality Act (CEQA). The Port's plan to demolish Building L-825 is categorically exempt from CEQA pursuant to Section 15301 Existing Facilities (l) 3 demolition of a small commercial structure. The improvements to the Rental Car Center to ameliorate operations and increase leasable land for parking is categorically exempt pursuant to Section 15303 New Construction or Conversion of Small Structures (e) accessory structures such as garages and carports.

Stormwater Quality: This project will treat stormwater runoff from paved surfaces using vegetated swales in compliance with the State Water Resources Control Board's Phase II Small MS4 General Permit, and the Port's Post Construction Stormwater Design Manual.

Cultural Resources: Building L-825 was constructed more than 50 years ago; therefore, a cultural resources assessment was conducted to determine whether the building has historic significance. The building was found to lack historic significance.

GENERAL PLAN

This project is for construction services and authorizing budget to proceed with the construction of the improvements at the RAC site to provide more leasable land to the rental car companies. These improvements will not directly include any alteration of the property. Pursuant to Section 727 of the City of Oakland Charter, this project has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)/ PROFESSIONAL LIABILITY INSURANCE PROGRAM (PLIP)

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

OPTIONS

Following are options for the Board's consideration:

1. Approve the actions as outlined in this Agenda Report. This is the recommended option.

2. Do not approve the actions as outlined in this Agenda Report. This action could jeopardize the ability of OAK to improve rental car services and accommodate potential growth of the rental car revenue from adding leasable property.

RECOMMENDATION

Staff recommends that the Board approve the following actions for the Construction of Rental Center Improvements at OAK:

- (1) Authorization of of \$6,723,000 for construction, consultant design and construction support services, Port labor during construction, and change order authority.
- (2) Authorization for the Director of Engineering to approve Project Plans and Project Manual.
- (3) Authorization for Executive Director to execute contract with the lowest responsible bidder in an amount not to exceed \$5,270,000.
- (4) Authorization for the Executive Director to resolve any bid protests in accordance with the Port Purchasing Ordinance.