



## Recommendation for Action

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**File #:** 22-2030, **Agenda Item #:** 17.

6/16/2022

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### **Posting Language**

Authorize negotiation and execution of a Construction Manager-at-Risk Agreement with Hensel Phelps Construction Co. for preconstruction and construction services for the Barbara Jordan Terminal Optimization project in an amount not to exceed \$46,000,000.

[Note: This contract will be awarded in compliance with 49 CFR Part 26 DBE Procurement Program and City Code Chapter 2-9A of the MBE/WBE Procurement Program by meeting the goals with 22.33% DBE participation.]

### **Lead Department**

Financial Services Department

### **Managing Department**

Public Works Department

### **Fiscal Note**

Funding is available in the Capital Budget of the Department of Aviation.

### **Purchasing Language:**

Best Value to the City of Austin of six offers received.

### **Prior Council Action:**

January 27, 2022 - City Council authorized negotiation and execution of a Construction Manager at Risk Agreement with JE Dunn/Clark BJT Optimization, a Joint Venture.

July 29, 2021 - City Council authorized use of Construction Manager-at-Risk alternative delivery procurement method.

### **For More Information:**

NOTE: Respondents to this solicitation, and their representatives, shall direct inquiries to Rolando Fernandez, 512-974-7749, Beverly Mendez, 512-974-3596, or the Project Manager, Robert Mercado, 512-530-2515.

### **Council Committee, Boards and Commission Action:**

To be reviewed by the Airport Advisory Commission on June 14, 2022.

### **Additional Backup Information:**

This project is to optimize the Barbara Jordan Terminal (BJT) to design and build additional gates to the existing facility and to modify the BJT to support remote passenger hardstands (Bus Gates) to safely meet the evolving needs of airlines and the travelling public. The project schedule requires designing and starting construction concurrently to meet the expectation of airport tenants and stakeholders. Construction will take place in highly secure areas regulated by the Federal Aviation Administration, U.S. Department of Homeland Security, and the Transportation Security Administration. This project is on a critical path for building aircraft

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gates that are in immediate demand by airlines. This is a complex renovation and expansion project in an existing terminal and is the initial investment in Austin's Airport Expansion and Development Program (AEDP). The complexity of this project being constructed in operating airport terminal locations will require a phased approach to the work to integrate the systems of existing facilities located in highly secured areas. This project requires collaboration between the design team and a highly qualified construction manager who have successfully constructed renovations in fully operational airport facilities. Due to the complexity, constraints, and renovation options available, the scope of this project will need to change and evolve as new information, regulatory requirements, and tenant expectations are clarified. The expected changes to scope require a flexible approach to project delivery.

On January 27, 2022, Council approved the negotiation and execution of a Construction Manager-at-Risk services agreement with JE Dunn/Clark BJT Optimization, a Joint Venture. The City and JE Dunn/Clark BJT Optimization, a Joint Venture, were unable to negotiate a satisfactory agreement. In accordance with Government Code 2269, the City formally ended negotiations with JE Dunn/Clark BJT Optimization, a Joint Venture and, upon Council approval of this request, the City will attempt to negotiate an agreement with the next most qualified firm, Hensel Phelps Construction Co.

Prior to entering into the Construction Phase, the City will establish Disadvantaged Business Enterprise goals for pre-construction and the Construction Manager-at-Risk firm will submit a Compliance Plan meeting the construction goals or documentation detailing their good faith effort(s) to meet the established goals.

Additional subcontracting opportunities will also arise during the Construction Phase of this project; however, the specific scopes and magnitude of the construction work cannot be determined until design has been sufficiently completed.

The construction manager at risk method is a project delivery method where the City will contract with an architect/engineer to perform design services and separately contract with a Construction Manager-at-Risk firm to perform preconstruction and construction phase services. The role of the Construction Manager-at-Risk firm goes beyond performing general contractor services. The Construction Manager firm is under contract early in the design process to perform key preconstruction phase services such as collaborating with the City and the design team on scope and constructability to optimize the design and control costs and budgets, and to provide quality assurance-quality control. After design, and before the Construction Manager firm begins construction, the City will negotiate and execute a Guaranteed Maximum Price for the remainder of the work, including actual construction.

The Construction Manager firm is recommended by a City-staffed evaluation panel that evaluated and scored proposals based on published evaluation criteria to determine the highest ranked proposer. As set forth in Government Code Chapter 2269, the City selects the construction manager firm that offers the "best value" to the City for preconstruction and construction services for the project.

The contract allows 760 calendar days for completion of this project. This project is located within zip code 78719 (District 2).

**Strategic Outcome(s):**

Safety, Mobility, Government that Works for All