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**Title:** Approve use of Fresno Municipal Code Section 4-502(d), Design Build Qualification Method of procurement for the FATforward Terminal Expansion and Parking Structure Projects at Fresno Yosemite International Airport

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**REPORT TO THE CITY COUNCIL**

**June 20, 2019**

**FROM:** KEVIN R. MEIKLE, Director of Aviation  
Airports Department

**SUBJECT**

Approve use of Fresno Municipal Code Section 4-502(d), Design Build Qualification Method of procurement for the FATforward Terminal Expansion and Parking Structure Projects at Fresno Yosemite International Airport

**RECOMMENDATION**

Staff recommends City Council approve the use of Fresno Municipal Code (FMC) Section 4-502(d), Design Build Qualification Method of procurement for the Terminal Expansion and Parking Structure Projects at Fresno Yosemite International Airport (FAT).

**EXECUTIVE SUMMARY**

The successful execution of FAT’s FATforward projects is based on obtaining cost and schedule certainty. Delivering the FATforward projects on time and within budget are critical due to the financial capability of the airport. In addition, airport Terminal and structured parking work is very

complex and requires highly specialized knowledge and experience to successfully implement. The Design Build Qualification Method of procurement, commonly known in the industry as Progressive Design Build, will provide the best opportunity to successfully execute these projects, which are key to growing the airport in a fiscally responsible manner, and fostering economic activity and jobs.

This procurement process will allow the Airports Department (Airports) to define FATforward's goals and select the best design-build teams to meet those goals through a solicitation process based on qualifications, capabilities and experience. Utilizing this competitive procurement method, the design-build teams (one each for the parking structure and Terminal) will be selected to work collaboratively with all stakeholders early in the life of the Projects providing Airports with a design and guaranteed maximum price (GMP) prior to committing to a construction contract. This approach takes advantage of the builders' expertise during all stages of design, facilitates ownership and commitment by all parties involved, provides a high degree of cost and schedule certainty and serves to maximize performance.

## **BACKGROUND**

Qualification based design-build project delivery methods have been successfully used on similar projects with and without Project Labor Agreements at numerous municipally owned airports including San Francisco, San Jose, San Diego and Nashville. In review of these projects Airports has identified the following similarities and challenges with the FATforward Terminal Expansion and Parking Structure Projects that are best resolved through the use of a Progressive Design Build procurement method:

- Design and construction complexities inherent with expansion of a 50 year old Terminal Facility
- Qualifications of the construction team required for specialized work involved with parking structures, international arrival facilities, baggage handling equipment, security checkpoints, passenger boarding bridges and Airport security requirements
- Schedule and construction phasing to meet Airport growth demands while optimizing cost, ongoing operations and customer service
- Total project cost certainty early in the process
- A high level of collaboration between the airport, designer, builder and numerous critical stakeholders (airlines, FAA, TSA and CBP) to ensure consideration and coordination throughout the design-build process and a sense of project team ownership and trust

Upon completion of the solicitation process and design/preconstruction contract negotiations with the most qualified design-build entity for each Project, Airports will request Council approval to execute a contract for Phase One Preliminary Services which includes budget-level design development, preconstruction services and the development of a firm construction price and schedule. After completion of approximately 80% design and establishment of a Guaranteed Maximum Price (GMP) in Phase One, Airports will come back to Council for approval to execute a contract for Phase Two Services, also called Final Design and Construction Services. Phase Two completes the final design and construction of the Project for the agreed upon contract price and schedule.

The qualifications-based design build procurement method will provide Airports with the best opportunity to deliver FATforward projects on time and within budget, provides for the highest possible level of collaboration and incorporates additional attributes such as, (i) ongoing cost estimating and value engineering during the design process to ensure the projects stay within

prescribed budget and schedule constraints, (ii) the ability to exercise an “off ramp” if cost and terms cannot be met, and, (iii) reduction in claims and delays due to the high level of collaboration from project inception.

As with any design-build, the fundamental procurement objective is to select the right team that will, (i) work collaboratively with Airports, (ii) offer the best chance to meet Airports project goals and required outcomes, and, (iii) is trustworthy, fair, qualified and transparent. The use of a qualification based design-build project delivery method for the FATforward Terminal Expansion and Parking Structure Projects will help Airports meet those objectives.

## **ENVIRONMENTAL FINDINGS**

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, this is not a “project” as defined by CEQA.

## **LOCAL PREFERENCE**

Local preference does not apply because approval of a design-build entity selection process does not include a bid or award of a construction or services contract.

## **FISCAL IMPACT**

The execution of FATforward through the use of a Design Build Qualification Method of procurement will have no fiscal impact to the General Fund. Projects delivered using a progressive design-build approach, which is focused on achieving a desired outcome within budget, will likely see a significant reduction in cost and schedule overruns.