



**SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
STAFF REPORT**

**Item No.  
10**

Meeting Date: **JANUARY 5, 2012**

**Subject:**

**Award a Contract to PAL General Engineering, Inc., to Construct Improvements for the Relocation of DHL Aircraft at San Diego International Airport**

**Recommendation:**

Adopt Resolution No. 2012-0007, (1) relieving the apparent lowest bidder, Carolino Construction Corporation, from its bid, and (2) awarding a contract to PAL General Engineering, Inc., in the amount of \$378,548.56, for Project No. 104143, "DHL Relocation" at San Diego International Airport ("SDIA").

**Background/Justification:**

To improve airside operational safety at SDIA, staff is proposing to relocate the Vehicle Service Road ("VSR") located between the VSR gate 02 and the Fixed Base Operator ("FBO") leasehold approximately 30 feet to the north of its current location. With this relocation, the FBO and the DHL cargo operations will be impacted. To minimize the impact to the FBO operations, it is essential that the DHL cargo operation be relocated prior to relocating the VSR. The proposed new DHL location is planned for an area north of the VSR 02 gate and immediately east of the intersection of Taxiways "F" and "C4" (see "Exhibit 1").

Because the proposed new DHL site is not structurally adequate to support the anticipated aircraft loads, it is imperative that the pavement at the site be reinforced to accommodate aircraft operations. This project is specific to the pavement reinforcement of the proposed DHL site. The VSR relocation project will be completed under a separate project.

This Project was solicited for bids on October 5, 2011, and bids were opened on November 15, 2011. The following bids were received: (See Attachment "A").

<b>Company</b>	<b>Total Bid</b>
Carolino Construction Corporation	\$ 339,037.23
Hazard Construction Company	\$ 371,345.50
PAL General Engineering, Inc.*	\$ 378,548.56
Fordyce Construction, Inc.	\$ 413,028.80
Flatiron West, Inc.	\$ 419,842.00
Xing, Inc.	\$ 453,205.30

\*Small Business Preference applied

Engineer Estimate is \$302,269.07 (See Attachment "A").

At the bid opening, Carolino Construction Corporation ("Carolino") was the apparent lowest bidder. Following the bid opening, Carolino submitted an letter to the Authority requesting to be relieved from its bid on the basis of a material mistake in its bid (i.e., a failure to include a line item for approximately \$86,000 for electrical work). Authority staff and General Counsel investigated the alleged mistake and confirmed that a mistake was made in the bid. It is recommended that the Board relieve Carolina of its bid because of the mistake in accordance with Public Contract Code §§ 5100 *et seq.*

The next lowest bidder (total bid amount) for the Project was that submitted by Hazard Construction Company ("Hazard") in the amount of \$371,345.50. However, after application of the Authority's Small Business Preference Policy 5.12 (which provides up to a 5% preference to small businesses in the award of certain contacts), staff determined that PAL General Engineering, Inc.'s ("PAL") bid of \$378,548.56, adjusted by 5% to \$359,621.13, was the next lowest bidder per the bid specifications.

During the bid review period, Hazard submitted a bid protest claiming PAL General Engineering, Inc. ("PAL") was a non-responsive and non-responsible bidder because it failed to submit required bid documents and information, including its (1) Statement of Financial Responsibility; (2) Workers' Compensation Experience Modification Rating ("EMR") (i.e., a rating not exceeding 1); and (3) Non-discrimination Certificate for its subcontractors. Staff reviewed the protest and determine that the bid was proper. Hazard filed an appeal of the staff finding.

Upon completion of the appeal process and a review of the facts, documents and bids, the following determinations with regard to PAL were made: (1) Hazard's allegations in the protest and appeal letters have no merits based on the Authority's contract requirements in combination with the documentation provided by PAL; (2) PAL submitted a responsive bid and is a responsible bidder in all material aspects; (3) PAL is a small business certified by the Department of General Services; (4) PAL is considered the lowest responsible bidder based on eligibility for the small business preference program, in accordance with Authority Policy No. 5.12 – Preference to Small Businesses. In short, Authority Policy 5.12 provides for a bid adjustment by multiplying the lowest responsive and responsible bid received by five percent (5%) and applying this preference percentage to the lowest responsive and responsible bid submitted by a small business. At the time of bid, Hazard was the second lowest bidder having submitted a responsive and responsible bid and its bid was used to determine the five percent (5%) preference percentage applied to the third lowest bidder, a small business contractor, in accordance with Authority Policy 5.12.

In conclusion, after applying the small business preference percentage, the bid submitted by PAL appears to be the lowest responsive bid by a responsible bidder. It is recommended that the Board approve award of the contract to PAL in the amount of \$378,548.56.

**Fiscal Impact:**

Adequate funds for the contract with PAL General Engineering, Inc., are included within the FY2012-FY2016 Capital Budget in Project No. 104143, "DHL Relocation". The source of funding for this project is Airport cash.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. This Board action approves a construction contract for an aircraft apron pavement project that was determined to be in a class of projects not having a significant effect on the environment (§15301, Existing Facilities – Class 1), and a categorical exemption was prepared in accordance with the California Environmental Quality Act (CEQA).
- B. This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

**Equal Opportunity Program:**

The Authority's small business program promotes the utilization of small, local, disadvantaged, and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communication through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has a Disadvantaged Business Enterprises ("DBE") Plan as required by the Department of Transportation, 49 CFR Part 26. The DBE Plan calls for the Authority to submit an annual overall goal for DBE participation on all federally funded projects.

This project does not utilize federal funds; therefore, it will not be applied toward the Authority's over-all DBE goal.

**Prepared by:**

IRAJ GHAEMI  
DIRECTOR, FACILITIES DEVELOPMENT

BIDS OPENED: November 18, 2011 at 3:30pm

ENGINEER'S ESTIMATE: 1040269.J7

BID ITEM NO.	TITLE	QUANTITY	UNIT ITEM	ENGINEER'S ESTIMATE		UNIT PRICE		TOTAL		UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
				(In Figures)	(In Figures)	(In Figures)	(In Figures)								
1	P-100-3.1 Mobilization (from 10% of total bid)	1	L8		\$ 22,400.00				\$ 22,400.00						
2	P-100-3.2 Contractor's Storage and Storage Area	1	L8		\$ 2,400.00				\$ 2,400.00						
3	P-100-3.3 Insurance and Bonds	1	L8		\$ 1,000.00				\$ 1,000.00						
4	P-101-4.1 Joint and Gasket Placement	20	L8		\$ 2,400.00				\$ 48,000.00						
5	P-101-4.2 Joint and Gasket Sealant, Type 1	20	L8		\$ 2,400.00				\$ 48,000.00						
6	P-101-4.3 Joint and Gasket Sealant, Type 2	20	L8		\$ 2,400.00				\$ 48,000.00						
7	P-101-4.4 Joint and Gasket Sealant, Type 3	20	L8		\$ 2,400.00				\$ 48,000.00						
8	P-101-4.5 Formwork (10.5' x 10.5')	20	L8		\$ 2,400.00				\$ 48,000.00						
9	P-101-4.6 Formwork (10.5' x 10.5')	20	L8		\$ 2,400.00				\$ 48,000.00						
10	P-105-3.1 Contractor Utility Verification	1	L8		\$ 2,000.00				\$ 2,000.00						
11	P-148-4.1 Airfield Traffic Control	1	L8		\$ 10,000.00				\$ 10,000.00						
12	P-148-4.2 Dual and FOD Control	1	L8		\$ 10,000.00				\$ 10,000.00						
13	P-148-4.3 Dual and FOD Control	1	L8		\$ 10,000.00				\$ 10,000.00						
14	P-152-4.1 Unexcavated Excavation	20	L8		\$ 10,000.00				\$ 200,000.00						
15	P-152-4.2 Unexcavated Excavation	20	L8		\$ 10,000.00				\$ 200,000.00						
16	P-152-4.3 Backfilled Fill Placement	20	L8		\$ 10,000.00				\$ 200,000.00						
17	P-152-4.4 Backfill Preparation (18-inches)	20	L8		\$ 10,000.00				\$ 200,000.00						
18	P-152-4.5 Backfill Preparation (18-inches)	20	L8		\$ 10,000.00				\$ 200,000.00						
19	P-152-4.6 Backfill Preparation (18-inches)	20	L8		\$ 10,000.00				\$ 200,000.00						
20	P-156-4.1 Temporary Erosion Control	1	L8		\$ 3,000.00				\$ 3,000.00						
21	P-204-4.1 Cement Treated Base	740	SY		\$ 19.40				\$ 14,356.00						
22	P-204-4.1 Cement Treated Base	21	TON		\$ 175.75				\$ 3,690.75						
23	P-201-4.1 Portland Cement Concrete Pavement, Unexcavated	687	SY		\$ 88.08				\$ 60,511.56						
24	P-201-4.2 Portland Cement Concrete Pavement, Reinforced	79	SY		\$ 117.48				\$ 9,280.92						
25	P-203-4.1 Existing Utility Migration, 12-18" W/6"	350	LF		\$ 2.45				\$ 857.50						
26	P-203-4.1 Existing Utility Migration, 12-18" W/6"	350	LF		\$ 2.45				\$ 857.50						
27	D-701-5.1 8 Inch Schedule 40 PVC	1	L8		\$ 13,200.00				\$ 13,200.00						
28	D-701-5.1 8 Inch Schedule 40 PVC	1	L8		\$ 13,200.00				\$ 13,200.00						
29	Dry Utility Services Connection	1	L8		\$ 67,070.00				\$ 67,070.00						
Total Bid Estimate:					\$392,499.87				\$392,499.87						
ADDITIONAL INFO:															
NOTED BY BIDDERS ON THEIR SUBMITTED BID SCHEDULE:															

6	Xing, Inc. 9800 Galinborough Ave. San Diego, CA 92129 American Safety Casualty Insurance Company	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 173.81	\$ 115,531.27	\$ 173.81	\$ 115,531.27

5	Flatten West, Inc. 1770 La Costa Meadows Drive San Marcos, CA 92078 Liberty Mutual Insurance Company	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 180.00	\$ 126,720.00	\$ 180.00	\$ 126,720.00

4	Fordyce Constructors, Inc. 5902 Prospect Ave. #138 San Diego, CA 92071 First National Insurance Company of America	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 180.00	\$ 126,720.00	\$ 180.00	\$ 126,720.00

3	PAL General Engineering, Inc. 2615 Camino Del Rio South, Ste. 300 San Diego, CA 92108 The Hanover Insurance Company	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 98.47	\$ 69,348.49	\$ 98.47	\$ 69,348.49

2	Hezard Construction Company 6465 Mainway Place San Diego, CA 92121 Travelers Casualty and Surety Company of America	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 150.00	\$ 105,300.00	\$ 150.00	\$ 105,300.00

1	Caroline Construction Corporation 3035 East 9th Street National City, CA 91950 First Standard Surety, Inc.	UNIT PRICE (In Figures)	TOTAL (In Figures)	UNIT PRICE (In Figures)	TOTAL (In Figures)
		\$ 200.00	\$ 140,000.00	\$ 200.00	\$ 140,000.00

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RESOLUTION NO. 2012-0007

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY (1) RELIEVING THE APPARENT LOWEST BIDDER, CAROLINO CONSTRUCTION CORPORATION, FROM ITS BID, AND (2) AWARDING A CONTRACT TO PAL GENERAL ENGINEERING INC., IN THE AMOUNT OF \$378,548.56, FOR PROJECT NO. 104143, "DHL RELOCATION" AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, the staff of the San Diego County Regional Airport Authority ("Authority") has determined that the airport Vehicle Service Road ("VSR") located between VSR 02 gate and west side of the Fixed Base Operator ("FBO") leasehold must be relocated 30 feet to the north of its current location in order to improve airside operational safety; and

WHEREAS, this relocation will impact the FBO and DHL cargo operations at their current locations; and

WHEREAS, it is essential to relocate the DHL cargo operation prior to relocating the VSR; and

WHEREAS, pavement at the proposed new DHL site must be reinforced to support the anticipated aircraft loads; and

WHEREAS, the Authority issued a bid solicitation package for this proposed project on October 5, 2011; and

WHEREAS, on November 15, 2011, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, Carolino Construction Corporation ("Carolino") was the apparent low bidder; and

WHEREAS, after bids were opened, Carolino submitted a letter to the Authority requesting to be relieved from its bid on the basis of a material mistake within its bid; and

WHEREAS, after investigating Carolino's allegations, staff substantiated that the bid contained a material mistake which constituted a legal basis to relieve Carolino of its bid in accordance with Public Contract Code §§ 5100 *et seq.* and recommends that the Board relieve Carolino of its bid; and

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WHEREAS, the apparent second low bidder, Hazard Construction Company ("Hazard"), submitted a bid protest claiming the third low bidder, PAL General Engineering, Inc. ("PAL"), was a non-responsible bidder and its bid was non-responsive; and

WHEREAS, after bids were submitted, staff determined that before applying Board Policy 5.12 to the remaining bids that Hazard submitted the next low bid after Carolina; and

WHEREAS, Authority Policy 5.12 provides for a bid adjustment for small businesses which is calculated by multiplying the lowest responsive and responsible bid received by five percent (5%) and then applying this preference percentage to the lowest responsive and responsible bid submitted by a small business; and

WHEREAS, after applying Board Policy 5.12, PAL becomes the low bidder; and

WHEREAS, staff reviewed the bid protest filed by Hazard, the bids, and the related documents and made the following determinations for recommendation to the Board:

(1) Hazard's allegations in the protest and appeal letters have no merits based on the Authority's contract requirements in combination with the documentation provided by PAL; and

(2) PAL submitted a responsive bid and is a responsible bidder in all material aspects; and

(3) PAL is a small business that is eligible to receive the benefits of the small business preference program in accordance with Authority Policy No. 5.12 – Preference to Small Businesses; and

(4) PAL submitted a bid of \$378,548.56, which after deducting the 5% small business preference (\$18,567.27) reduces its bid for determining low bid to \$359,981.29, making the bid the lowest bid; and

WHEREAS, the Board of San Diego County Regional Airport Authority ("Board") believes that it is in the best interest of the Authority and the public that it serves for the Board to award PAL the contract for DHL Relocation project, upon the terms and conditions set forth in the Bid Solicitation Package, the contract and the specifications.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby (1) relieves the apparent lowest bidder, Carolino Construction Corporation, from its bid, and (2) AWARDS a contract to PAL General Engineering, Inc., in the amount of \$378,548.56 for Project No. 104143, "DHL Relocation" at San Diego International Airport, upon the terms and conditions as set forth above, with such minor changes or modifications as Authority's President/CEO or designee may deem to be in the best interests of the Authority and the public that it serves; and

BE IT FURTHER RESOLVED that Authority's President/CEO or designee is hereby AUTHORIZED to execute and deliver such contract to PAL after approval as to legal form by the General Counsel; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are AUTHORIZED and DIRECTED to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolutions; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority FINDS that this Board action is for a project determined not to have a significant effect on the environment (§ 15301, Existing Facilities – Class 1) and a categorical exemption was prepared in accordance with the California Environmental Quality Act; and that this project is not a "development" as defined by the California Coastal Act. Pub. Res. Code § 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5<sup>th</sup> day of January, 2012, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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BRETON K. LOBNER  
GENERAL COUNSEL