



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 02-28-07

Approved

Deanna Aakre

Date

3/5/07

COUNCIL DISTRICT: 7

SUBJECT: CONSTRUCTION AGREEMENT WITH TWN INVESTMENT GROUP, LLC FOR THE CONSTRUCTION OF A SANITARY SEWER MAIN ON STORY ROAD TO BE REIMBURSED 50% BY THE CITY OF SAN JOSE

RECOMMENDATION

Adoption of a resolution to authorize the Director of Public works to negotiate and execute a Construction Agreement with TWN Investment Group, LLC ("Applicant") for the construction of a sanitary sewer main on Story Road with a reimbursement to the Applicant of an amount not to exceed \$195,000 for additional capacity.

OUTCOME

Approval of this construction contract will allow TWN Investment Group, LLC to construct a sanitary sewer main on Story Road (map attached) that will have enough capacity to serve the site at 915 Story Road and fulfill the conditions of approval set forth by the PD and PT permits associated with the Vietnam Town commercial condominiums. The agreement will allow the City to reimburse the Applicant 50%, not to exceed \$195,000 of the construction cost.

BACKGROUND

On March 15, 2005, Council approved the Planned Development Rezoning (PDC 04-045) that proposed up to 305,000 square feet of retail uses on a 19.59 gross acre site. At this time, Public Works identified the possibility of inadequate sanitary sewer capacity for this project. During the Planned Development Permit (PD05-016) stage, it was determined by City staff that one of the mitigations for this project would be to remove and replace the existing sanitary sewer main and reverse the direction of the flow on Story Road between Lucretia Avenue and Roberts Avenue into a larger main on Roberts Avenue.

ANALYSIS

Since the construction of this sanitary sewer main will also benefit the City by re-routing some existing flow into the 48-inch main, staff recommends that the City reimburse the Applicant 50%, not to exceed \$195,000 (based upon the Applicant's preliminary engineer's estimate) of the construction cost. City staff will review the actual construction costs and invoices upon completion and acceptance of the improvements and reimburse the Applicant its actual expenditures in an amount not to exceed the Council-authorized \$195,000.

Under San José Municipal Code Title 14, the Director of Public Works has the authority to approve City-private developer agreements that are exempted from public bidding requirements for up to \$100,000. Since this reimbursement exceeds the authority of the Director of Public Works, it is necessary to have Council grant the Director authority to execute this agreement. This agreement will include language requiring the private developer to go through the public bid process and to pay prevailing wages.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this action does not meet any of the criteria above, this memorandum will be posted on the City's website for the March 20, 2007 Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Departments of Transportation, and Planning, Building and Code Enforcement, City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council approved Budget Strategy Economic Recovery section in that it will allow the development of 279,200 square feet of commercial condominiums that will spur consumer spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. COST OF AGREEMENT: Not to exceed \$195,000

2. COST ELEMENTS OF AGREEMENT:

Mobilization, Cleaning, Demolition and Excavation	\$ 74,956
Sanitary Sewer Materials	212,921
Shoring	20,000
Bus Pad, Ramps	10,308
Traffic Signal Equipment	10,000
Contingency	<u>21,403</u>
TOTAL CONSTRUCTION CONTRACT	\$349,588

3. SOURCE OF FUNDING: 540 – Sanitary Sewer Connection Fee Fund

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant impact on the General Fund operating budget.

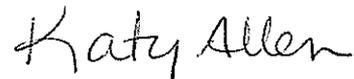
BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2006-2007 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
540	4272	Miscellaneous Projects	146499	\$853,000	Not to exceed \$195,000	Capital V- 64	10/17/06, Ord. No. 27888
Total Current Funding Available				\$853,000	\$195,000		

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CEQA

CEQA: Mitigated Negative Declaration, PDC04-045.



KATY ALLEN
Director, Public Works Department

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, at 408-535-8300

PD:VT:des
(CM_Sani_Reimb_020707)
Attachments

LOCATION MAP

SHOWING THE CONSTRUCTION OF SANITARY SEWER ON STORY ROAD



PROJECT LOCATION

