



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Albert Balagso
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 07-19-06

Approved

Date

7/25/06

COUNCIL DISTRICT: 5
SNI AREA: Gateway East

SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AMENDMENTS IN THE PARK TRUST FUND AND APPROPRIATION ORDINANCE AND FUNDING SOURCE RESOLUTION AMENDMENTS IN THE CITY-SIDE REDEVELOPMENT AGENCY FUND AND REPORT ON BIDS AND AWARD THE CONTRACT FOR THE PLATA ARROYO RESTROOM PROJECT

RECOMMENDATION

- a. Report on bids and award of contract for the Plata Arroyo Park Restroom Project to the low bidder, ESR Construction, to include the base bid in the amount of \$294,000 and approval of a contingency in the amount of \$30,000.
- b. Adoption of the following Appropriation Ordinance amendments in the Subdivision Park Trust Fund (Fund 375):
 - 1. Increase the appropriation to the Parks, Recreation and Neighborhood Services Department for the Plata Arroyo Park Restroom Project by \$65,000; and
 - 2. Decrease the Reserve: Future PDO/PIFO Projects by \$65,000.
- c. Adoption of the following Appropriation Ordinance and Funding Source Resolution amendments in the Services for Redevelopment Capital Projects Fund (Fund 450):
 - 1. Increase the estimate for Beginning Fund Balance by \$200,000.
 - 2. Establish an appropriation to the Department of Public Works for the Plata Arroyo Park Restroom project (PSM #452) in the amount of \$200,000.
- d. It is also recommended that the Council adopt resolutions making certain determinations regarding the related expenditure of Redevelopment Agency funds on certain public improvements in

connection with the Plata Arroyo Park Restroom project as more specifically described in the memorandum from the Redevelopment Agency, dated May 15, 2006, attached hereto.

CEQA: Exempt, PP03-08-251

OUTCOME

Approval of this construction contract will allow the Plata Arroyo Restroom Project to be built for use by the community. Approval of a ten percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project. Adoption of the appropriation ordinance and funding sources resolution will provide the necessary additional funding.

BACKGROUND

Plata Arroyo Park is an existing 11-acre neighborhood park located in east San José at the intersection of King and McKee Roads. The park is bordered by King Road to the west, McKee Road to the north, Silver Creek to the east, and a residential neighborhood to the south (map attached).

In the 2003 master plan update, an addition was made for a 320 square foot restroom building in response to the park users and community needs. The building consists of ADA compliant toilets, sinks, fixtures and accessories; storage, new installation of sanitary, sewer, electrical and potable water utility lines.

On April 20, 2004, the City Council and Redevelopment Agency Board passed Resolution No. 72068 making certain determinations regarding the expenditure of Redevelopment Agency funds for certain public improvements to Plata Arroyo Park including restrooms in the Gateway East neighborhood in the Strong Neighborhoods Initiative Redevelopment Project Area.

Construction is scheduled to begin in August 2006 with completion in March of 2007.

ANALYSIS

Bids were opened on May 11, 2006, with the following results:

| <u>Contractor</u> | <u>Bid Amount</u> | <u>Variance Amount</u> | <u>Over/(Under) Percent</u> |
|---------------------------------|-----------------------|----------------------------|---------------------------------|
| Engineer's Estimate | \$354,000 | --- | --- |
| Frank Surian & Sons (Gilroy) | 343,000 | 11,000 | (4) |

| | | | |
|--|---------|--------|------|
| Tucker Construction (San José) | 317,000 | 37,000 | (11) |
| Blossom Valley Const., Inc.* (San José) | 306,209 | 47,791 | (14) |
| G. Swanson Const., Inc. (Milpitas) | 302,135 | 51,865 | (15) |
| ESR Construction (San José) | 294,000 | 60,000 | (17) |

* Contractor's bid is nonresponsive because it failed to sign Addendum No. 1.

The low bid submitted by ESR Construction, is 17 percent below the Engineer's Estimate. The Department of Public Works (DPW) engineer's estimate was based on a steady trend of high construction costs experienced over the last several years. Volatile conditions that continue to influence the construction market, such as labor and material shortages are resulting in estimating uncertainty. While all bids came in under the Engineer's Estimate, the fact that there was a 13 percent spread from highest to lowest is an indicator of the accuracy of the results. Staff considers the low bid submitted for this project to be competitive while also legitimate for the work to be performed and recommends award of contract to ESR Construction.

Council Policy provides for a standard contingency of ten percent on public works projects involving the construction of a building. Staff considers the standard contingency appropriate for this project.

Staff recommends the transfer of San José Redevelopment Agency (SJRA) fund in the amount of \$200,000 for construction costs associated with this project as per the finding set forth in the resolution. (See attached memo). The San José Redevelopment Agency (SJRA) has allocated \$200,000 for construction costs associated with this project. Additionally, staff recommends that the Parks, Recreation, and Neighborhood Services Department increase the appropriation in the Subdivision Park Trust Fund by \$65,000 to ensure sufficient funding to complete the project.

POLICY ALTERNATIVES

Not applicable because this action implements previously approved Council policy/actions.

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)**

This action does not meet any of the criteria above. While this project is below the \$1 million threshold for Criteria 1, the award memo is posted on the City's website for the August 8, 2006 Council Agenda. To solicit contractors, this project was also listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all DPW construction projects are provided to various contractor organizations and builder's exchanges. Pursuant to Redevelopment law, a notice of this action was published in the newspaper (notice attached). In addition, the community provided input as part of the master plan update process.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement and General Services, the City Attorney's Office and the San José Redevelopment Agency.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy General Principles and Economic Recovery sections in that it will stimulate local economic growth and recovery. This restroom project, which is included in the 2006-2007 Adopted Capital Budget, is also consistent with the master plan for this park.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/ COST OF PROJECT: \$294,000

| | |
|--------------------------------------|-------------------|
| Project Delivery | \$134,000* |
| Construction | 294,000 |
| Contingency | <u>30,000</u> |
| TOTAL PROJECT COSTS | \$458,000 |
| Prior Year Expenditures | <u>(\$23,000)</u> |
| TOTAL REMAINING PROJECT COSTS | \$435,000 |

*A total of \$23,000 is estimated to be expended/encumbered in 2005-2006 for Project Delivery costs.

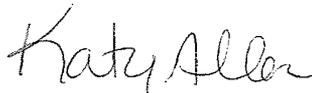
2. SOURCE OF FUNDING: 375 - Park Trust Fund
450 - San José Redevelopment Agency
3. FISCAL IMPACT: The General Fund operating and maintenance costs for the new restroom are estimated at \$15,000 annually. This operating and maintenance funding for this facility, which is scheduled to open in February 2007, is included in the 2006-2007 Adopted Operating Budget.

BUDGET REFERENCE

| Fund # | Appn. # | Appn. Name | RC # | Total Appn. | Amt. For Contract | 2006-2007 Proposed Budget (Page) | Last Budget Action (Date, Ord. No.) |
|--|---------|----------------------------|--------|------------------|-------------------|----------------------------------|-------------------------------------|
| Remaining Project Costs | | | | \$435,000 | | | |
| Current Funding Available | | | | | | | |
| 375 | 5117 | Plata Arroyo Park Restroom | 141893 | \$170,000 | \$50,000 | Page V - 590 | |
| Total Current Funding Available | | | | \$170,000 | | | |
| Additional Funding Recommended | | | | | | | |
| 375 | 5117 | Plata Arroyo Park Restroom | 141893 | \$65,000 | 44,000 | | |
| 450 | TBD | Plata Arroyo Park Restroom | | \$200,000 | \$200,000 | N/A | |
| Total Funding for Remaining Project Costs | | | | \$435,000 | \$294,000 | | |

CEQA

CEQA: Exempt, PP03-08-251.



KATY ALLEN
 Director, Public Works Department



ALBERT BALAGSO
 Acting Director, Parks, Recreation
 and Neighborhood Services
 Department



LARRY D. LISENBEE
 Budget Director

HONORABLE MAYOR AND CITY COUNCIL

07-19-06

Subject: The Plata Arroyo Restroom Project

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I hereby certify that there will be available for appropriation in the Services for Redevelopment Capital Projects Fund (Fund 450) in the Fiscal Year 2006-2007 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$200,000.

A handwritten signature in black ink, appearing to read "Larry D. Lisenbee". The signature is fluid and cursive, with a large initial "L" and "D".

LARRY D. LISENBEE

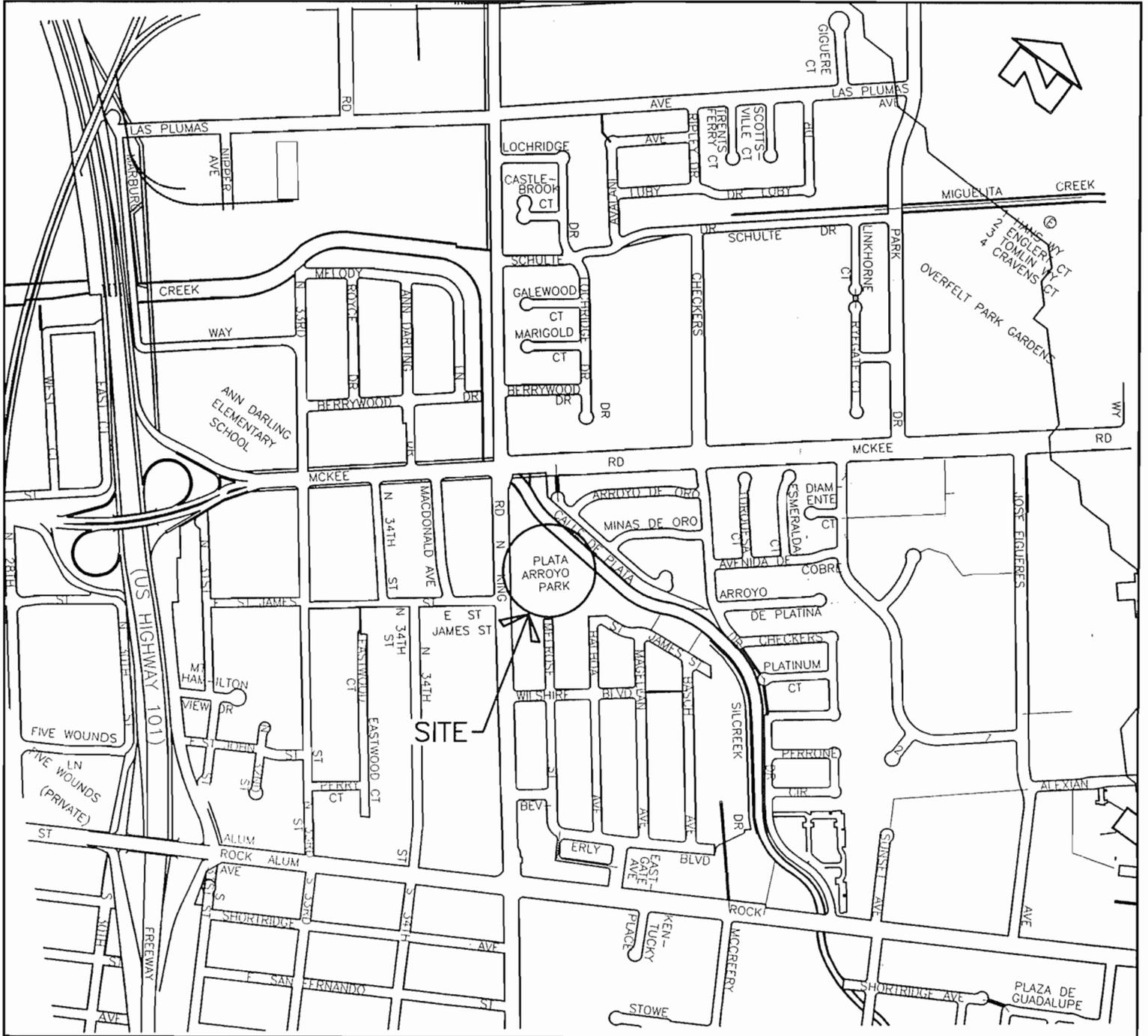
Budget Director

For questions please contact DAVID SYKES, ASSISTANT DIRECTOR, at (408) 535-8300.

KJ:DT:lm

Award Memo 6-30-06

Attachments



PLATA ARROYO PARK

LOCATION MAP
NOT TO SCALE

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

| | |
|--|--|
| TO: MARGARET MCCAHAN PRINCIPAL BUDGET ANALYST | FROM: KARA CAPALDO DEVELOPMENT SPECIALIST |
| SUBJECT: SEE BELOW | DATE: May 15, 2006 |

SUBJECT: DETERMINATIONS REGARDING FUNDS TRANSFERRED TO THE CITY FOR PUBLIC IMPROVEMENT PROJECT

The Redevelopment Agency has transferred \$200,000 to the Department of Public Works for construction of a restroom in the Plata Arroyo Neighborhood in the Strong Neighborhoods Initiative Redevelopment Project Area.

Section 33445 of the Redevelopment Law requires the City Council to make certain determinations with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

1. The project includes the construction of a restroom in the Gateway East neighborhood. All work is within the Strong Neighborhoods Initiative Redevelopment Project Area.
2. This project is not sufficiently funded in the City's Capital Budget and San Jose Redevelopment Agency funds will fund the balance. There are no other reasonable means of financing the project.
3. This project will eliminate blight in the neighborhood by improving the health and welfare of the neighborhood residents by improving the sanitary conditions of the park. This park development will make the neighborhood a more desirable place to live and visit.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of quality parks in Strong Neighborhood areas.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo requesting Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments to the City-side Redevelopment Fund.



KARA CAPALDO
Development Specialist

Attachment

cc: David Baum
Abraham M. Andrade, Jr.
Patricia Deignan

NOTICE OF PUBLIC HEARING

NOTICE OF A JOINT PUBLIC HEARING OF THE COUNCIL OF THE CITY OF SAN JOSE AND THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33679 ON THE USE OF AGENCY FUNDS FOR THE CONSTRUCTION OF A RESTROOM AT THE PLATA ARROYO PARK LOCATED IN EAST SAN JOSE AT THE INTERSECTION OF KING AND MCKEE ROADS

NOTICE IS HEREBY GIVEN that on June 20, 2006, at the hour of 1:30 p.m., or as soon thereafter as the matter can be heard, the Council of the City of San Jose and the Board of Directors of the Redevelopment Agency of the City of San Jose will conduct a Joint Public Hearing in Council Chambers, City Hall, 200 East Santa Clara Street, San Jose, California, 95113, on the use of Agency funds for the construction of a public restroom at the Plata Arroyo Park located in east San Jose at the intersection of King and McKee Roads ("Project").

The Joint Public Hearing will be open to the public. Any person present shall have the opportunity to be heard on the matter of the proposed Project. Any person who wishes to submit written comments may do so by delivering written comments to the offices of the Redevelopment Agency of the City of San Jose located at 200 East Santa Clara Street, 14th Floor, San Jose, California, 95113, Attn: Salvador Alvarez, any time during the hours of 8:00 A.M. to 5:00 p.m., Monday through Friday, prior to June 20, 2006.

California Health and Safety Code Section 33445 authorizes a redevelopment agency, with the consent of the legislative body, to pay for the costs of certain public improvements if the legislative body determines that: 1) the public improvements benefit the project area; 2) no other reasonable means of financing the improvements are available to the community, and 3) payment for the improvements will assist in the elimination of blight in the project area and is consistent with the implementation plan.

Pursuant to California Health and Safety Code Section 33679, a summary that includes an estimate of the amount of taxes proposed to be used for the construction of the publicly owned building, determinations required by Section 33445, and the redevelopment purpose for which the taxes are being used will be available for public inspection and/or for copying (at a cost not to exceed the cost of duplication), at the offices of the Redevelopment Agency of the City of San Jose located at 200 East Santa Clara Street, 14th Floor, San Jose, California, 95113, no later than 1:30 p.m. on Tuesday, May 30, 2006 and any time thereafter during the hours of 8:00 A.M. to 5:00 P.M., Monday through Friday.