



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 04-06-09

Approved

Date

4/10/09

**COUNCIL DISTRICT:** 3

SNI: Thirteenth Street

**SUBJECT: WATSON PARK REMEDIATION AND PHASE I IMPROVEMENTS**

## RECOMMENDATION

Report on bids and award of contract for the Watson Park Remediation and Phase I Improvements project to the low bidder, Joseph J. Albanese, Inc., for the base bid and Add Alternate Nos. 1-5 in the amount of \$4,829,000, and approval of a contingency in the amount of \$966,000.

## OUTCOME

Approval of this construction contract to Joseph J. Albanese, Inc. will allow the Watson Park Remediation and Phase I Improvements project to be built for use by fall 2010. Approval of a 20 percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project.

## EXECUTIVE SUMMARY

The purpose of this memorandum is to report on bids and recommend award of a contract to the low bidder, Joseph J. Albanese, Inc.

## BACKGROUND

Watson Park is a community park of approximately 35 acres located along Coyote Creek within the 13th Street Strong Neighborhood Initiative (SNI) area in Council District 3 in central San José. Watson Park is bordered by 22nd and Jackson Streets to the west, State Highway 101 to the north, Coyote Creek to the east, and a school and private property to the south. Access to the site is from 22<sup>nd</sup> Street with a secondary access off Taylor Street to the Umberto Abronzino Soccer Bowl (map attached).

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The property was originally acquired in 1959 and dedicated as a park in honor of former Mayor Fred Watson in 1961. Watson Park was developed in various stages throughout the 1960's. The 1970 Master Plan envisioned an open park character that emphasized the riparian edge along Coyote Creek.

In May 2004, the City began construction on the Watson Skate Park. During excavation activities for the concrete skate park, the contractor uncovered refuse materials indicative of an old burn dump site. Following preliminary evaluations of the soil conditions, the City took the precautionary action of closing the park pending further study. The park remains fenced and closed.

The City subsequently entered into a Voluntary Cleanup Agreement with the State of California, Department of Toxic Substances Control (DTSC) for the characterization and cleanup of the Watson Park site. In September 2005, the City contracted with URS Corporation to prepare a Preliminary Waste Characterization Study (PWCS), and a Removal Action Plan (RAP). The RAP identified a preferred alternative for remediating the burn ash and dump debris identified at the site.

In the fall of 2005, a Capital Project Advisory Committee (CPAC) was formed to work with City staff on park planning efforts on behalf of the larger Watson Park neighborhood. A decision was made to prepare an updated Master Plan for Watson Park that would incorporate site remediation efforts and reflect the program needs of the community. The updated master plan, approved by Council in September 2008, consists of two soccer fields with a field house, community garden, dog park, group picnic areas, skate park, basketball and volleyball courts, tot and youth play lots, open turf areas, pathways, senior area with gazebo and labyrinth, restroom, parking, pedestrian and bicycle trail and a bridge over Coyote Creek.

In August 2006, a project was completed to remove and replace contaminated soil in the back yards of nine residences on Terrace Drive which borders the southern portion of the park. In June 2008, in preparation for the remediation portion of the work, the community center and restroom buildings were removed.

The Master Plan will be implemented in phases, with Phase I construction occurring simultaneously with the site remediation. The subsequent phases have not been identified or scheduled at this time. As an interim, the remaining areas will be developed as open meadows with temporary irrigation.

The base bid scope of work for this project includes demolition, remediation earthwork and grading, site preparation, installation of storm drainage and sanitary sewer, soccer field, dog park, pathways, parking lot, picnic areas, basketball courts, open turf and meadow areas, fencing and gates, parking lot and pathway lighting, recycled water irrigation system, planting, and other miscellaneous site amenities. Construction is scheduled to begin in May 2009, with completion in August 2010.

In addition to the base bid scope of work there are five Add Alternate bid items as follows:

Description

Add Alternate No. 1: Restroom Building

Add Alternate No. 2: Soccer Field Amenities

Add Alternate No. 3: Dog Park Amenities

Add Alternate No. 4: Tot and Youth Play Lot

Add Alternate No. 5: PCC Paving Pathways in Lieu of Decomposed Granite Paving

ANALYSIS

Bids were opened on February 26, 2009 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alt. Total</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
<b>Engineer's Estimate</b>	<b>\$8,170,000</b>	<b>\$1,865,000</b>	<b>\$10,035,000</b>	---	---
Pavex Construction Division (San José)	4,893,075	1,091,000	5,984,075	(4,050,925)	(40)
HSR, Inc. (Santa Clara)	4,737,000	1,066,000	5,803,000	(4,232,000)	(42)
McGuire and Hester (Oakland)	4,746,868	1,028,250	5,775,118	(4,259,882)	(42)
Interstate Grading & Paving, Inc. (South San Francisco)	5,035,000	607,000	5,642,000	(4,393,000)	(44)
Goodland Landsc. Constr., Inc. (Tracy)	4,549,642	1,045,979	5,596,621	(4,439,379)	(44)
Robert A. Bothman, Inc. (San José)	4,528,986	1,032,400	5,561,386	(4,473,614)	(45)
Suarez & Munoz Constr., Inc. (Hayward)	4,295,000	985,000	5,280,000	(4,755,000)	(47)
O.C. Jones & Sons, Inc. (Berkeley)	4,336,000	890,000	5,226,000	(4,809,000)	(48)
Galeb Paving, Inc. (Saratoga)	4,221,700	783,000	5,004,700	(5,030,300)	(50)
Top Grade Construction, Inc. (Livermore)	3,932,299	1,025,700	4,957,999	(5,077,001)	(51)
Joseph J. Albanese, Inc. (Santa Clara)	\$3,960,000	\$869,000	\$4,829,000	(\$5,206,000)	(52)

Contractor	Add Alt No. 1	Add Alt No. 2	Add Alt No. 3	Add Alt No. 4	Add Alt No. 5
<b>Engineer's Estimate</b>	<b>\$465,000</b>	<b>\$350,000</b>	<b>\$220,000</b>	<b>\$650,000</b>	<b>\$180,000</b>
Pavex Construction Division	213,000	249,000	103,000	426,000	100,000
HSR Inc.	225,000	250,000	72,000	492,000	27,000
McGuire and Hester	249,000	225,000	130,000	405,000	19,250
Interstate Grading & Paving	115,000	120,000	100,000	180,000	92,000
Goodland Landsc. Constr., Inc.	238,380	246,183	140,778	399,363	21,275
Robert A. Bothman, Inc.	225,700	198,600	105,800	461,300	41,000
Suarez & Munoz Constr., Inc.	193,000	251,000	110,000	400,000	31,000
O.C. Jones & Sons, Inc.	200,000	230,000	105,000	400,000	-45,000
Galeb Paving, Inc.	210,000	223,000	100,000	217,000	33,000
Top Grade Construction	206,000	248,000	170,000	375,000	26,700
Joseph J. Albanese, Inc.	200,000	220,000	130,000	288,000	31,000

The low bid submitted by Joseph J. Albanese, Inc. is 52 percent under the Engineer's Estimate and is considered acceptable for the work involved. The Engineer's Estimate was based on trends of high construction costs experienced with this type of project resulting in anticipated higher costs for demolition, remediation earthwork and grading, and underground utilities. The recent downturn in the construction market resulted in the City receiving 11 very competitive bids. This favorable bidding climate is reflected in the overall lower than anticipated bids.

On March 5, 2009, a letter of protest was received from HSR, Inc., the tenth lowest bidder. On March 10, 2009, a letter of withdrawal of bid protest was received from HSR, Inc.

Based upon the above information, it is the recommendation of staff to award the project to Joseph J. Albanese, Inc. Council policy provides for a standard contingency of five percent on public works parks projects. However, on this project, a contingency of 20 percent is recommended. The precise extent of remediation grading is unknown due to the limited number of soil borings to determine the limits of the burn ash and debris associated with the former dump site.

The Mayor's 2008-2009 June Budget Message (approved by the City Council on June 17, 2008) directed that \$2 million be provided in the RDA Budget to pay for the remaining costs associated with the remediation. While this funding has not yet been received, the City is currently working with the Redevelopment Agency to process a Project Services Memorandum (PSM) to transfer this funding.

#### **EVALUATION AND FOLLOW-UP**

No additional follow-up with the Council is expected at this time.

**PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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 item meets Criterion 1 above. This memorandum will be posted on the City's website for the April 28, 2009 Council agenda.

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects were provided to various contractor organizations and builder's exchanges.

In addition, an extensive community outreach effort included frequent meetings with the CPAC, community newsletters and community-wide meetings to solicit input, address concerns, and validate the project approach. Project information and studies were posted on the City's internet.

**COORDINATION**

This project and memorandum have been coordinated with the Departments of Parks, Recreation and Neighborhood Services, General Services, Planning, Building and Code Enforcement, Environmental Services, the 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 spur construction spending in our local economy.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$4,829,000
Consultant Services	\$3,130,755 *
Land Acquisition	359,000
Terrace Drive remediation and building demolition	496,146
Construction	4,829,000
Construction Contingency	966,000
Project Delivery	3,138,556 **
Planting Mitigation Maintenance	380,000
<b>TOTAL PROJECT COST</b>	<b>\$13,299,457</b>

Prior Year Expenditures	4,046,144 ***
<b>REMAINING PROJECT COSTS</b>	<b>\$9,253,313</b>

\* \$350,000 of the total consultant services is budgeted for the construction phase of the project. The remaining \$2,780,755 was expended for project development, preliminary engineering, environmental engineering and other consulting services relating to previous soil remediation on the site and surrounding properties on Terrace Drive.

\*\* \$2,225,376 is the budgeted project delivery costs for this award. An additional \$913,180 was expended during the Terrace Drive remediation and building demolition.

\*\*\* A total of \$ 4,046,144 was expended in prior fiscal years for project costs including project development, preliminary engineering, survey, Terrace Drive Remediation, Community Center and Restroom buildings demolition, environmental and engineering consultant services, and state and federal regulatory permits associated with the environmental investigation and waste site characterization reports and DTSC regulatory oversight agreement.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

1. Mobilization, Traffic Control, Storm Water and Utility Conflict	\$595,000
2. Demolition and Earthwork	968,000
3. Concrete	581,000
4. Storm and Sanitary Sewer	451,000
5. Irrigation	415,000
6. Asphalt Concrete	354,000
7. Electrical	179,000
8. Planting and Landscape Maintenance	328,000
9. Misc. Site Furnishings	120,000
10. Restroom Building	200,000
11. Soccer and Dog Park Amenities	350,000
12. Tot and Youth Play Areas	<u>288,000</u>
<b>TOTAL</b>	<b>\$4,829,000</b>

3. SOURCE OF FUNDING:

- 001 – General Fund: Capital Improvements
- 425 – Civic Center Construction Fund
- 433 – Civic Center Parking Fund
- 375 – Subdivision Park Trust Fund
- 450 – Redevelopment Agency Funding
- 380 – Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District 3
- 390 – Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund
- Grant from California Integrated Waste Management Board

4. **OPERATING COST:** This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The proposed operating and maintenance costs of this project have been reviewed and estimated to be \$32,000 beginning in 2010-2011. This funding was included in the 2010-2014 General Fund Forecast, released on February 27, 2009.

A planting mitigation cost estimated at \$380,000 for 10 years (\$50,000 per year for the first five years and \$130,000 total for the next five years) will be incurred to comply with the Regional Water Quality Control Board (RWQCB) and the California Department of Fish and Game (CDFG) requirements to maintain and monitor the mitigation planting areas. The 10 year period starts after completion of the project. The City is required to provide CDFG and RWQCB with annual status reports of the mitigation areas. This report will describe how and when all criteria were met. Funding for the planting mitigation is included in the total project costs as detailed above.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the construction contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, contingency costs and planting mitigation costs required by the RWQCB and the CDFG.

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2008-09 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				<b>\$9,253,313</b>			
<b>Current Funding Available</b>							
001	5715	Greater Terrace Drive Soil Testing		\$100,000			10/21/2008 Ord. No. 28422
001	5110	Watson Site Planning and Remediation Contingency	144291	\$538,000		V-1280	10/21/2008 Ord. No. 28422
001	6696	Watson Site Clean-Up and Restoration *	137611	\$8,632,000	\$4,829,000	V-380	10/21/2008 Ord. No. 28422
001	6167	Watson Park		\$200,000			
375	6402	Watson Park Minor Improvements		\$10,000			
375	5791	Watson Park Expansion Land Acquisition		\$2,000			
425	6696	Watson Site Clean-Up and Restoration	137611	\$40,000		V-1279	10/21/2008 Ord. No. 28422
380	7023	Watson Site Clean up and Restoration **		\$2,967,300			01/27/09 Ord. No. 28487
<b>Total Current Funding Available</b>				<b>\$12,489,300</b>	<b>\$4,829,000</b>		

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Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2008-09 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
<b>Future Funding</b>							
450	TBD	Watson Clean-Up and Restoration***		\$2,000,000			
<b>Total Funding</b>				<b>\$14,489,300</b>			

\* The Watson Site Clean-Up and Restoration allocation in the General Fund includes the anticipated receipt of a State grant totaling \$750,000 from the California Integrated Waste Management Board.

\*\* The Watson Site Clean up and Restoration allocation in the Council District 3 Construction and Conveyance Tax Fund totals \$3,297,000. However, since this funding is actually being received through a PDO requirement, a 10%v administration fee must be deducted from the allocation, bringing the available funding for the project down to \$2,967,300.

\*\*\* The Parks, Recreation & Neighborhood Services Department is completing a Project Services Memorandum (PSM) with the San José Redevelopment Agency to transfer funding of \$2,000,000 to the City of San José for costs associated with the Watson Park project..

**CEQA**

CEQA: Mitigated Negative Declaration, PP 07-130, September 2008.

*Katy Allen*

KATY ALDEN

Director, Public Works Department

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

KJ:lnr:jb  
Attachment  
Watson Ph. I award

# PROJECT SITE

WATSON PARK  
JACKSON STREET AND N. 22ND STREET



# WATSON PARK

## PROJECT LOCATION MAP

NO SCALE

