



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean  
Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 09-14-09

Approved

Date

9/18/09

**COUNCIL DISTRICT:** Citywide

**SUBJECT: AWARD OF PROJECT AND ARZINO RANCH DEMOLITION –  
APPROVAL OF PROJECT AND ENVIRONMENTAL MITIGATION  
MEASURES.**

## RECOMMENDATION

- a. Adoption of a resolution authorizing the Director of Environmental Services to:
  1. Award the Contract for the Arzino Ranch Demolition Project to the lowest responsive bidder in an amount not to exceed \$506,000, and approve a ten percent construction contingency, subject to the concurrence of the Treatment Plant Advisory Committee; and
  2. Hear and decide any timely bid protest(s), to make the City's final determination as to lowest responsive bidder, or to reject all bids and re-bid the project.
  
- b. Adoption of a resolution approving the Arzino Ranch Demolition Project and incorporating environmental mitigation measures as set forth in the Mitigation Monitoring and Reporting Program (MMRP) for the project.

## OUTCOME

Approval of this construction contract will, subject to the concurrence of the Treatment Plant Advisory Committee, allow the Arzino Ranch Demolition project to proceed. Approval of a ten percent contingency will provide funding for unforeseen work necessary for the proper completion of the Project. Approval of the project and incorporation of the MMRP will allow the project to satisfy all of the environmental requirements for the project.

## BACKGROUND

The City of San José purchased the Arzino Ranch property, located at 201 Nortech Parkway, on behalf of the Treatment Plant in the early 1970s. The property is located adjacent to the San José Santa Clara Water Pollution Control Plant and is currently

considered to be part of the Plant buffer lands. The property was leased from the City of San José by the Arzino family from about 1978 through 2008 for a horse boarding business. The City terminated the lease with the Arzino family in 2008 in part because of numerous code violations but also because the Water Pollution Control Plant ("Plant") would like to return the property to a semi-natural state as part of the facility Master Plan. The Plant also wishes to remove the improvements because the abandoned structures and other improvements on the site occasionally attract trespassers.

## **ANALYSIS**

The proposed project is to demolish the various ranch buildings and related improvements located at the former Arzino Ranch site. The area to be demolished is approximately ten acres. There are numerous structures on the property that are in various states of disrepair and none of them are considered to be historically significant. As expected with older structures, several of them have either lead or asbestos contamination that will require remediation prior to demolition. The related Hazmat remediation is therefore included in the scope of this proposed project.

Demolishing the structures including removal of concrete slabs followed by soil stabilization measures will return the property to a state similar to surrounding Plant buffer lands and eliminate the current attractive nuisance aspect of the property.

The engineer's estimate for this proposed project is \$506,000 inclusive of all Hazmat remediation, demolition, rough grading and soil stabilization. Due to the limited nature of the project and associated environmental requirements, there are no suitable add-alternates for this project. The engineer's estimate assumes that the current competitive bidding market will result in a minimum of 15% savings over the baseline estimate. With many recent projects bidding at between 20% and 30% or more under engineer's estimates, staff feels that this is a conservative approach.

In order to meet the project schedule and avoid the burrowing owl nesting season, it is imperative that the demolition contract be awarded in October 2009. Bid opening is scheduled on October 1, 2009, and the bid protest period will expire on October 10.

For these reasons staff is asking Council to delegate authority to the Director of Environmental Services to hear and decide any bid protest, to make the City's final determination as to lowest responsive bidder, or to reject all bids and re-bid the project.

The specifications for the project will include the following process regarding bid protest:

1. Bid results and Notification of Intent to Award contract to Apparent Low Bidder by the Director of Environmental Services will be posted on the Department Hotline website.
2. All bidders will be emailed or faxed a copy of the Notification of Intent to Award contract and will have 5 days to file a formal written bid protest.

3. The Director of Environmental Services will then hear any timely bid protests, including and issues of the bidder responsiveness or responsibility and then award the contract after.

### EVALUATION AND FOLLOW-UP

This project is currently in budget and on schedule. No additional follow up action 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 project does not meet any of the above Criteria, but this memorandum will be posted on the City's website for the October 6, 2009 Council agenda. This item is scheduled to be heard at the October 8, 2009 Treatment Plant Advisory Committee meeting.

### COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office. This project and memorandum are scheduled to be considered by the Treatment Plant Advisory Committee on October 8, 2009.

### COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:	<b>Not to exceed \$506,000*</b>
Project Delivery	\$138,000
Construction	506,000
Contingency	50,600
<b>TOTAL PROJECT COST</b>	<b>\$694,600</b>
Prior Year Expenditures	(87,000)
<b>REMAINING PROJECT COSTS</b>	<b>\$607,600</b>

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\* Authorization to Award is being requested for the Director of Environmental Services.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT: A Lump Sum Contract
3. SOURCE OF FUNDING: 513 – San Jose Santa Clara Treatment Plant Operating Fund
4. OPERATING COSTS: Existing funds are available for this project. No additional appropriation action is required within the Treatment Plant Operations & Maintenance Fund; and this project will have no impact on the General Fund.

**BUDGET REFERENCE**

Fund #	Appn #	Appn Name	RC #	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				\$607,600			
<b>Remaining Funding Available</b>							
513	0762	ESD Non-Personal/Equipment	971871	\$36,207,625	\$506,000	VIII-64	6/23/2009, 28593
<b>Total Current Funding Available</b>				\$36,207,625			

\* The 2009-2010 Operating Budget was adopted by Council on June 23, 2009.

**CEQA**

CEQA: Mitigated Negative Declaration, File No. PP08-286

Planning has issued a mitigated negative declaration for this project. The mitigated negative declaration identifies a number of mitigations that need to be implemented in order to address environmental impacts. These mitigation measures and their manner of implementation are identified in the Mitigation Monitoring and Reporting Program for the project. These mitigations will be incorporated into the project design and the construction documents. As part of today's action, staff is requesting Council to approve these mitigations and their manner of implementation, as set forth in the Mitigation Monitoring and Reporting Program, and direct the implementation of these mitigations as part of the project.

/s/  
KATY ALLEN  
Director, Public Works

/s/  
JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please contact Jon Newby, Mechanical Maintenance Division Manager, at 408-945-5160, or Dave Sykes, Assistant Director of Public Works, at 408-535-8300.