



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean  
Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 08-30-10

Approved

Date

9/2/10

**COUNCIL DISTRICT:** 3

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT TO BLOSSOM VALLEY CONSTRUCTION, INC., FOR GUADALUPE REGIONAL PARK AND GARDENS COMMUNITY GARDEN EXPANSION PROJECT.**

## RECOMMENDATION

Report on bids and award of a contract for the construction of Guadalupe Regional Park and Gardens Community Garden Expansion Project to the lowest bidder, Blossom Valley Construction, Inc., to include the base bid and both add alternates in the amount of \$329,832, and approval of a budget contingency of 10% of the contract amount.

## OUTCOME

Award of this contract will allow the City of San José to construct an expansion of the Guadalupe Regional Park and Gardens Community Garden by more than doubling the number of local individuals able to plant and harvest crops for personal use on plots irrigated with recycled water. In addition, award of this contract will enable the City to complete construction of this project which is receiving federal funding through the 2009 American Recovery and Reinvestment Act (ARRA) according to the terms of an agreement with the US Bureau of Reclamation.

## BACKGROUND

In March 2009, the Bureau announced a grant program funded by the American Recovery and Reinvestment Act of 2009 (ARRA). The City of San José submitted an application to the Bureau identifying several recycled water projects which would qualify for federal funding under the program. In April 2010, the City Council adopted a resolution authorizing the City Manager to execute an agreement with the Bureau to accept \$6.46 million in ARRA grant funding towards the design and construction of \$14.8 million in South Bay Water Recycling pipeline extensions and related facilities. The Guadalupe Regional Park and Gardens Community Garden Expansion

Project is one of eight projects defined in the agreement. A cooperative agreement between the City and the Bureau was subsequently executed on April 30, 2010.

The Guadalupe Regional Park and Gardens Community Garden Expansion Project involves the expansion of the existing community garden constructed in 2008, by increasing the amount of plots available for cultivation from thirty-one (31) to seventy-six (76) plots. The community garden is located on a half-acre vacant parcel located at the corner of Walnut and Taylor Streets across from Columbus Park. The project is approximately 26,000 square feet and will be located adjacent to the existing community garden. The Engineer's Estimate for construction of this project based on the current market condition is \$271,000.

The chart below shows the Engineer's Estimate and scope of work for the base bid, as well as two Add Alternate bid items:

<b>Bid Component</b>	<b>Scope of Work</b>	<b>Engineer's Estimate</b>
Base Bid	Expansion of existing community garden	\$271,000
Add Alternate 1	Chain link fence to be replaced with tubular steel fence and a decorative gate.	\$39,000
Add Alternate 2	Phase one chain link fence and gates to be removed and replaced with tubular steel fence and gates	\$41,000
<b>Total:</b>		<b>\$351,000</b>

The total project cost, including project delivery, construction, and contingency is estimated not to exceed \$406,000. Of this, \$16,000 was expended in prior years on project delivery, so the remaining costs are not expected to exceed \$390,000. Pursuant to the cooperative agreement between the City and the Bureau, this project qualifies for funding reimbursement for 44% of the total project cost. The anticipated amount of reimbursement is estimated to be approximately \$171,600.

**ANALYSIS**

The project was advertised for bid and a total of four bids were received and opened on August 27, 2010 with the following results:

<b>Contractor</b>	<b>Base Bid</b>	<b>Add Alt. 1</b>	<b>Add Alt. 2</b>	<b>Total Bid</b>	<b>Variance</b>	<b>Over/(Under) Percent</b>
CF Contracting (Fairfax)	\$294,000	\$68,000	\$48,000	\$410,000	59,000	17
Lone Star Landscape, Inc. (San Martin)	315,500	18,000	35,000	368,500	17,500	5
Golden State General Eng. (San José)	289,035	39,373	33,182	361,590	10,590	3
<b>Engineer's Estimate</b>	<b>271,000</b>	<b>80,000</b>		<b>351,000</b>	<b>---</b>	<b>---</b>

Blossom Valley Constr., Inc. (San José)	\$247,472	\$37,720	\$44,640	\$329,832	(\$21,168)	(6)
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The bid documents submitted by the low bidder, Blossom Valley Construction, Inc., were evaluated and found to be in order. The low bid submitted by Blossom Valley Construction, Inc. in the amount of \$329,832 for the base bid and both add alternates is 6% below the Engineer's Estimate. The average bid amounts are 5% above the Engineer's Estimate. Staff considers the bid proposal submitted by Blossom Valley Construction, Inc. reasonable for the work involved.

Council Policy provides for a standard contingency of 5% on public works projects involving parks. However, staff recommends a 10% contingency for this project. While staff has made efforts during the design phase to locate all existing underground utilities and structures by reviewing existing record drawings and performing site surveillance, experience on recent projects has shown that conflicts with unknown existing utilities can occur. Due to the relatively low construction cost, 5% may not adequately cover the cost of unanticipated work. A 10% contingency is expected to provide enough funding to cover any unanticipated tasks necessary for proper completion of this work.

**EVALUATION AND FOLLOW-UP**

The project is currently within budget and on schedule with a projected construction start date of October 2010, with completion in January 2011. The project will be inspected by City staff prior to acceptance to ensure conformance with the City's project plans and specifications.

**POLICY ALTERNATIVES**

**Alternative # 1:** Reject all bids and drop the project

**Pros:** Capital cost savings

**Cons:** The Guadalupe Community Gardens will not be expanded and no additional residents will grow table crops on plots irrigated with recycled water.

**Reason for not recommending:** Low construction costs due to competitive bidding climate and 44% federal reimbursement of construction costs.

**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 does not meet any of the above criteria. To solicit contractors, this project was advertised in the *San Jose Mercury News*, as well as on the Public Works Bid Hotline. This memorandum is posted on the City's website for the September 21, 2010 City Council agenda.

### **COORDINATION**

This project and memorandum have been coordinated with the Department of Parks, Recreation and Neighborhood Services, Risk Management, Equality Assurance, the City Attorney's Office, and the City Manager's Budget Office and is scheduled to be heard at the September 9, 2010 Treatment Plant Advisory Committee (TPAC) meeting.

### **FISCAL/POLICY ALIGNMENT**

There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principles of the 2010-2011 Mayor's June Budget Message of providing essential public services while valuing financial sustainability and cost recovery.

### **COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION:	<b>\$329,832</b>
2. COST OF PROJECT:	
Construction	\$329,832
Project Delivery	43,000
Contingency	<u>33,000</u>
<b>Total Project Costs</b>	<b>\$405,832</b>
Prior Year Expenditures*	<u>15,970</u>
<b>Remaining Project Costs</b>	<b>\$389,862</b>

\* A total of \$15,970 was expended in fiscal year 2009-2010 for project delivery costs including survey and design.

3. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund

### **BUDGET REFERENCE**

08-30-10

**Subject: Report on Bids and Award of Contract for Guadalupe Regional Park and Gardens Community Garden Expansion Project**

Page 5

The table below identifies the funds and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2010-2011 Proposed Capital Budget (Page)*	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>				<b>\$389,862</b>			
<b>Current Funding Available</b>							
512	6589	Revised SBAP-SBWR Extension	159695	\$9,989,000	\$184,706	V-163	6/29/2010, Ord. No. 28765
512	7161	ARRA-S. Bay Water Recycling Phase 1C	159695	\$5,794,000	\$145,126	N/A	6/29/2010, Ord. No. 28765
<b>Total Current Funding Available</b>				<b>\$15,783,000</b>	<b>\$329,832</b>		

\*The 2010-2011 Adopted Capital Budget was approved by City Council on June 29, 2010, and will be published in fall 2010.

**CEQA**

CEQA: Resolution No. 64667, PP10-019

/s/  
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/s/  
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 Director, Environmental Services

For questions please contact Dave Sykes, Assistant Director, Public Works Department, at (408) 535-8300.