



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen

**SUBJECT:** SEE BELOW

**DATE:** 11/08/2010

Approved

Date

11/10/10

**COUNCIL DISTRICT:** 3

**SUBJECT: SECOND AMENDMENT TO THE MASTER AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF SAN JOSE AND GROUP 4 ARCHITECTURE RESEARCH + PLANNING, INC. FOR THE SAN JOSÉ ENVIRONMENTAL INNOVATION CENTER PHASE II PROJECT**

## RECOMMENDATION

Approval of the second amendment to the Master Agreement for consultant services with Group 4 Architecture Research + Planning, Inc., for the San José Environmental Innovation Center Phase II Project, increasing compensation by \$793,000 for a total agreement amount not to exceed \$2,793,000, expanding the scope of services, and extending the term of the agreement from May 31, 2011 to December 22, 2012.

## OUTCOME

Approval of the second amendment to the Master Agreement for consultant services with Group 4 Architecture Research + Planning, Inc. (Group 4), will allow Group 4 to continue supporting the City with bid and award and construction support services through project close out for the development of Phase II of the San José Environmental Innovation Center (EIC). Approval of this amendment will allow the City to be "shovel ready" for EIC construction and better positioned to take advantage of a currently very favorable construction bidding environment. Developing this facility would provide San José with a clean tech incubator to help drive the City's Economic Development Strategy, progress toward several Green Vision goals, and position the City to attract more federal and state funding and private sector investment.

## BACKGROUND

The San José EIC Project (hereinafter "Project") would develop a 4.2 acre property located at 1608 Las Plumas Avenue. The Project consists of site improvements and renovation and adaptive reuse of a 46,000 square foot existing structure built in 1958, and once used as a wax paper manufacturing plant. The Project is designed to achieve at a minimum a Leadership in Energy and Environmental Design (LEED) Silver Certified rating; and will provide a Clean Technology Development Center, Construction Material Reuse Store, and open office, conference, and public space for environmental programs, incubation, and training. The Project

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also includes the construction of a 10,000 square foot pre-manufactured building to house a permanent Household Hazardous Waste drop-off facility planned to be operated by Santa Clara County. Construction funds currently identified for this project include:

<b>Source of Funding</b>	<b>Amount</b>
Reserve for EIC (Adopted 2010-2011 Operating Budget—Fund 423)	\$6,635,000
ESD Funding for HHW Facility (Adopted 2010-2011 Operating Budget )	\$3,500,000
Pending EDA Funding Assistance	\$4,000,000
<b>Total Required for Base-Level EIC Construction</b>	<b>\$14,135,000</b>

In May 2009, Group 4 was selected through the qualification-based consultant selection process to provide architectural and engineering design services for Phase II of the San José Environmental Innovation Center Project through project completion. On November 17, 2009, the first amendment to the Master Agreement with Group 4 was executed, increasing total compensation to the amount not to exceed \$2,000,000 for conceptual design development, construction documents, and enhanced services; and extending the term of the Master Agreement to November 30, 2010. Some of the enhanced services beyond the typical consultant base fee compensation includes:

- Grant application assistance
- Phase I modifications and coordination
- Design of five additive bid alternatives
- LEED documentation and Commissioning agent
- Historical consulting
- Energy modeling studies and design
- Specialized equipment analysis and design
- Geotechnical engineering
- Design for recycled water system
- Interior design

Subsequent to the first amendment, the term of the Master Agreement was extended by six months, to May 31, 2011, by minor contract amendment. Currently, the project is at 100% design completion and ready for bid.

### **ANALYSIS**

The City entered into an unencumbered Master Agreement with Group 4 to accommodate the various funding sources pursued by the City to complete this project. As funds are realized and the construction budget increases, engineering and architectural services can then be tailored accordingly. This amendment proposes extending the Master Agreement term from May 31, 2011, by 18 months to December 22, 2012, in order to complete the proposed expanded scope of services for bid/award and construction support services. The present amendment also provides an additional \$793,000 of compensation to fund architectural and engineering services. This amount of \$793,000 is not a maximum guaranteed fee, but represents an estimate of total fees to

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be incurred in completing the construction of the project, which fees will be more precisely established as scoping is defined during the Service Order authorization process.

Proceeding with the recommended amendment to the Master Agreement will ensure that the project is positioned from the standpoint of design services to effectively and promptly take advantage of available grant funding and other federal financing solutions currently pursued by staff. Authorization to proceed with construction support services is not anticipated to be issued until this project has gone out to bid and Council has awarded a construction contract for Phase II construction. It is anticipated that the first service order to be authorized under the proposed amended agreement will be for bid and award support services in an amount presently estimated to be \$61,000.

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

It is anticipated that staff will be returning to Council for direction on proposals for finalizing Phase II construction funding by early 2011.

### **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 recommendation does not meet any of the above criteria. This memorandum will, however, be posted on the City's website for the November 30, 2010 City Council Agenda.

### **COORDINATION**

This second amendment to the Master Agreement has been coordinated with the Office of Economic Development, the Departments of Planning, Building and Code Enforcement and Environmental Services, the City Attorney's Office, and the City Manager's Budget Office.

### **COST SUMMARY/IMPLICATIONS**

Staff proposes increasing the original agreement's total compensation by \$793,000, modifying the scope, and extending the term of the agreement. All of the services performed by Group 4 under the Master Agreement are authorized by Service Order.

1.	AMOUNT OF RECOMMENDATION:	\$793,000
	Original Master Agreement	\$1,500,000
	Amount for First Amendment to Master Agreement	\$500,000
	Amount Recommended for Second Amendment	\$793,000
	<b>Total Master Agreement</b>	<b>\$2,793,000</b>

2.	COST ELEMENTS OF SECOND AMENDMENT:	
	Bidding and Award	\$61,000
	Construction Administration	\$646,000
	Record Documents and Project Close-Out	\$86,000
	<b>Total Consultant Contract</b>	<b>\$793,000</b>

3. SOURCE OF FUNDING:  
 Integrated Waste Management Fund: Household Hazardous Waste Las Plumas Facility appropriation. There is currently sufficient funding in this appropriation to fund the first segment of the agreement (\$61,000). Because this is a Master Agreement, the funding for the entire agreement is not required at the time of execution. Each Service Order under the agreement is authorized individually. Staff is currently pursuing grants and other financing mechanisms to fund the remaining \$732,000 of this amendment.

4. OPERATING COSTS: While the completion of the architectural services contract described in this memorandum will have no impact on operating costs, the completion of the construction phase that will follow will have an impact. For a discussion of the total costs associated with this project, please see the May 21, 2010, staff report "Site Development and Programming Update for the San Jose Environmental Innovation Center," heard at the June 7, 2010 Transportation and Environment Committee meeting.

**BUDGET REFERENCE**

The table below identifies appropriations proposed to fund part of recommendation in this agreement. Additional required funding is projected to come from grants and other federal financing mechanisms currently pursued by staff.

Fund #	Appn #	Appn. Name	Total Appn	Possible Funding Sources and Amt. for Agreement	2010-2011 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
<b>Total Funding for Agreement</b>				\$732,000**		
<b>Funding Available</b>						
423	3628	Household Hazardous Waste Las Plumas Facility	\$906,000	\$61,000	XI-47	10/19/2010 Ord.No. 28829
423	0762	ESD Non-Personal/Equipment	\$2,878,867		XI-47	06/29/2010 Ord.No. 28765

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\*\*All services performed by the firm under this agreement will be authorized by Service Order. \$61,000 has been identified as shown above to fund the Bidding and Award portion of this agreement. An appropriation is not required for execution of the Master Agreement, but is required for each Service Order authorized under the agreement.

**CEQA**

A CEQA Negative Declaration for the renovation for the EIC, including the HHW facility, was adopted on December 1, 2009 (PP09-138).

/s/  
KATY ALLEN  
Director, Public Works Department

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

MH:pm:le