



Sent to Council:

Distributed on:

MAR 13 2012

City Manager's Office
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leanna Bieganski

SUBJECT: Early Council Packet

DATE: March 13, 2012

Approved

Date

3-13-12

EARLY DISTRIBUTION COUNCIL PACKET FOR
MARCH 27, 2012

Please find attached the Early Distribution Council Packet for the March 27, 2012 Council Meeting.

3.x Report on Request for Proposal for Landscape and Maintenance Services for General Fund and Special Districts.

Recommendation: Report on Request for Proposal for Landscape Management and Maintenance Services for the Public Right-of-way Locations in the General Fund and Special District Landscape Areas and adopt a resolution authorizing the City Manager to:

- (a) Execute an agreement with City II Enterprises, Inc. doing business as FloraTerra Landscaping Management (San José, CA) for Landscape Management and Maintenance Services for the Public Right-of-way Locations in three General Fund and three Special District landscape areas, for an initial two-year term ending March 31, 2014 for a cumulative total amount not to exceed \$1,042,960 as follows:
 - (1) Execute five one-year options to renew the agreement, subject to the appropriation of funds.
 - (2) Execute amendments as required to add or delete service area locations, or change service levels due to budget constraints, subject to the appropriation of funds.

CEQA: Categorically Exempt, File No. PP12-034. (Finance)

4.x Hearing on a Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan to Reserve Home Investment Partnership Program Funds.

Recommendation:

- (a) Hold a public hearing on a Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan (ConPlan) to reserve up to \$3,700,000 of Home Investment Partnership Program (HOME) funds to supplement the City's NSP2 Home Acquisition and Rehabilitation Program; and
- (b) Adopt a resolution to approve the Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan.

CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance. (Housing)

7.x Report on Bids and Award of Contract for the Myrtle Avenue Sanitary Sewer Improvements Project.

Recommendation: Report on bids and award of contract for the Myrtle Avenue Sanitary Sewer Improvements Project to the low bidder, Mountain Cascade, Inc., in the amount of \$1,109,135, and approval of a contingency in the amount of \$110,000. CEQA: Exempt, File No. PP11-088, dated October 12, 2011. Council District 9. (Public Works)

These items will also be included in the Council Agenda Packet with item numbers.



LEANNA BIEGANSKI
Council Liaison





Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: March 5, 2012

Approved

Date

3/13/12

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR LANDSCAPE
MANAGEMENT AND MAINTENANCE SERVICES FOR THE PUBLIC
RIGHT-OF-WAY LOCATIONS IN GENERAL FUND AND SPECIAL
DISTRICT LANDSCAPE AREAS**

RECOMMENDATION

Report on Request for Proposal for Landscape Management and Maintenance Services for the Public Right-of-way Locations in the General Fund and Special District Landscape Areas and adopt a resolution authorizing the City Manager to:

- (a) Execute an agreement with City II Enterprises, Inc. doing business as FloraTerra Landscaping Management (San José, CA) for Landscape Management and Maintenance Services for the Public Right-of-way Locations in three General Fund and three Special District landscape areas, for an initial two-year term ending March 31, 2014, for a cumulative total amount not to exceed \$1,042,960 as follows:
 - (1) Execute five one-year options to renew the agreement, subject to the appropriation of funds.
 - (2) Execute amendments as required to add or delete service area locations, or change service levels due to budget constraints, subject to the appropriation of funds.

OUTCOME

Continue with the maintenance and preservation of citywide landscape locations so that these areas continue to be clean, green and safe for the community.

BACKGROUND

The Department of Transportation Infrastructure Maintenance Section is responsible for maintaining landscape for public right-of-way areas (public thoroughways) located within the City of San José's General Fund and Special District landscape areas that include areas such as street median islands, parkstrips, and frontages planted with enhanced landscaping for turf, trees, shrubs, and annual plants. Currently, there are 19 special assessment districts throughout the City, ranging in size from one to 205 acres.

The City has contracted for these services for 15 years. In the past, General and Special District landscape areas were bid individually or in smaller lots (fewer landscape areas per bid), and there have been as many as six agreements on different terms with four different vendors to provide these services. As a means to streamline the bidding process and leverage the City's spend, Staff identified six areas (demonstrated below) that were consolidated in one Request for Proposal (RFP):

General Fund

- 1. Type I Turf Median Islands for the maintenance of trees and surface treatments, such as decorative rock or mulch at the following locations:** (Zanker Road from Trimble to Bering, Palm Haven Drive, 5th Street from Julian to Empire, Almaden Avenue from Santa Clara to Hwy 280, Park Avenue from Delmas to Market, University Avenue at Dana, First Street at Keyes, Camino Verde from Santa Teresa to Sorrento and VTA Station Plaza on San Fernando at Gifford)
- 2. Light Rail Transit (LRT) Median Islands and Frontages at the following locations:** (Light Rail Transit medians at W. San Carlos from Almaden to Market, North First Street from Tasman to George, Tasman Drive from the center of the Guadalupe River bridge to center of Coyote Creek bridge and Capitol Avenue from Milpitas limit to Capitol Expressway. Frontages on N. Second Street on west side from Julian to Devine and Tasman Drive from Guadalupe River Bridge to Renaissance.
- 3. Type II Median Islands for the maintenance of trees, shrubs and groundcover at the following locations:** (Berryessa Road from Hwy 680 to Piedmont, Santa Teresa Blvd. from Hwy 85 to Cahalan, Blossom Hill Road from Santa Teresa to west of Winfield, Hostetter Road from Capitol Avenue to Stubbins Way, Alum Rock from 34th to Capitol Avenue, Eden Avenue from Moorpark to Payne, Monterey Road from Goodyear to Curtner, Almaden Road from Almaden Expressway to McKean, Story

March 5, 2012

Subject: Report on RFP for Landscape and Maintenance Services for General Fund and Special Districts

Page 3

Road from Roberts to McGinness, West San Carlos from Bird to Winchester, Winchester Avenue from Steven Creek Blvd. to Impala Drive and frontage on the northeast corner at Monterey Road)

Special District

- **Maintenance District 8 at the following locations:** (Plumeria Drive from N. First Street to Montague Expressway, Zanker Road from Trimble Road to Montague Expressway, Daggett Drive pork chop median islands, Montague Expressway from North First Street to Trimble Road)
- **Community Facilities District 1 at the following locations:** (Capitol Auto Mall median and pork-chop islands on Capitol Expressway and Hillsdale Avenue between Highway 87 and Gardendale Drive, the frontage and native grass slope at the southwest corner of Highway 87 and Capitol Auto Mall Parkway)
- **Community Facilities District 12 at the following locations:** (East side of Basking Ridge Avenue from Danna Court to Wild Horse Court, west side of Basking Ridge Avenue from Danna Court to the end of the cul-de-sac and north side of Wild Horse Court from Basking Ridge Drive to end of cul-de-sac.)

ANALYSIS

On October 27, 2011, the Finance Department released a RFP for Landscape Management and Maintenance Services for the Public Right-of-Way Areas located in General Fund and Special District landscape areas on the City's e-procurement system. The RFP required proposers to submit a technical proposal and a fixed price cost proposal for each landscape area they wanted to bid on. The RFP was structured to allow for multiple awards with up to six separate awards; one for each public right-of-way area. The firm scoring the highest in each area would be recommended for award.

26 companies downloaded the RFP and five companies submitted proposals by the November 22, 2011, due date as demonstrated below:

- Bayscape Landscape Management, Inc, (San Jose (Alviso), CA)
- Commercial Environment Landscape, Inc, (Gilroy, CA)
- City II Enterprises, Inc, dba FloraTerra Landscaping Management (San Jose, CA)
- Jensen Landscape Services, Inc. (San Jose, CA)
- New Image Landscape Company, Inc. (Fremont, CA)

Jensen Landscape, Inc. did not bid on the three general fund landscape areas and therefore were not considered for those areas.

March 5, 2012

Subject: Report on RFP for Landscape and Maintenance Services for General Fund and Special Districts

Page 4

Evaluation Process:

Minimum Qualifications: The initial review consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that all proposals were complete. All proposals were deemed responsive and passed this phase.

Technical Evaluation: A three-member evaluation team with representatives from the Department of Transportation (DOT) and Public Works independently evaluated and scored the technical proposals for experience, capacity, and capabilities.

Cost Proposals: Cost proposals were opened and scored at the conclusion of the technical proposal evaluation.

Environmental Stewardship: Proposers were required to specifically address how their proposals would support the goals and objectives of the City's EP3 program.

Local and Small Business Preference: Pursuant to City policy, ten percent of the total points were reserved for local and small businesses. Bayscape, FloraTerra and Jensen requested and were granted local business preference. The preference was a factor in the final scoring and ranking of the proposals. Had FloraTerra not been granted five points as local business, they would not have received the highest score in the following landscape areas: Turf Median Island, Maintenance District 8, Community Facilities District 8, and Community District 12.

Protests: Pursuant to City policy, the RFP process included a ten-day protest period. No protests were received.

Award Recommendation Summary: The final scores for each area are summarized in Attachment A to this memorandum. As previously stated, the RFP was structured to allow for up to six separate awards, one for each area of the public right-of-way. The evaluation team recommended FloraTerra as the most advantageous or "best value" solution for each landscape area evaluated based on the evaluation criteria set forth in the RFP. FloraTerra's proposal met or exceeded all the RFP requirements, provided the most detailed and comprehensive proposal, and demonstrated a superior understanding of the City's requirements. FloraTerra's proposal was found to be superior in the following key areas:

- The lowest overall cost for both General Fund and Special District landscape areas.
- Experience doing similar work for the City on previous contracts was evident as they demonstrated an excellent understanding of the City's requirements.
- A comprehensive management and staffing plan ensuring optimal maintenance levels and cost efficiencies.
- A transition plan that minimizes service interruptions transitioning in and out of the agreement

March 5, 2012

Subject: Report on RFP for Landscape and Maintenance Services for General Fund and Special Districts

Page 5

Wage Requirements: For work such as mowing, edging, hedge and tree trimming, irrigation repair and application of pesticides, FloraTerra will be required to pay the State of California's established prevailing wage rates. The Department of Industrial Relations prevailing wage rates include a basic hourly rate as well as an hourly dollar value for health and welfare, pension and vacation and holiday.

The City's living wage will be required for work involving landscape clean-up, using rakes, brooms, hoses and leaf blowers. FloraTerra estimates that 50% of the labor expended on this project will be subject to living wage.

Paid Time Off: For its full time employees, FloraTerra provides six paid holidays and five personal days (sick leave or vacation) per year, and ten personal days after five years of service. FloraTerra provides health insurance benefits to its full-time employees paying 50% for single coverage.

Summary of Agreement: FloraTerra will provide all management personnel, supervision, labor, material and equipment. The initial term of the agreement will be for two years with five one-year options to renew. Compensation shall be fixed for the initial two year term and paid monthly in arrears upon City's inspection and acceptance of work performed. After the initial two year term, prices may be adjusted a maximum of 3%, subject to approval by the City. The agreement will include a termination for convenience clause that will allow the City to terminate the agreement at any time and for any reason with 30 days written notice.

EVALUATION AND FOLLOW-UP

The recommended agreement concludes the RFP process which will allow the maintenance and preservation of citywide landscape locations. No additional follow up actions with Council are expected at this time.

POLICY ALTERNATIVES

Alternative #1: Bid each landscape area individually.

Pros: Multiple opportunities for vendors to bid.

Cons: Unable to leverage City spend and streamline the bidding process.

Reason for Not Recommending: Unable to realize potential savings from leveraging City spend and additional City resources required to issue multiple bids and manage multiple agreements.

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 and will be posted on the City’s website for the March 27, 2012 City Council meeting.

COORDINATION

This memorandum was coordinated with the Department of Transportation, the Public Works Office of Equality Assurance, the City Manager’s Budget Office, and the City Attorney’s Office.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, “We must focus on protecting our vital core City services for both the short and long term and we must continue to streamline, innovate and simplify our operations, so that we can deliver services at a higher quality level with better flexibility, at a lower cost.”

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/CONTRACT:

Landscape Management & Maintenance Services	Year One Cost	Two Year Max. Compensation
General Fund:		
Turf Median Islands	\$103,640	\$207,280
LRT Median Islands	88,160	176,320
Type II Median Islands	106,760	213,520
Subtotal (General Fund)	\$298,560	\$597,120

March 5, 2012

Subject: Report on RFP for Landscape and Maintenance Services for General Fund and Special Districts

Page 7

Landscape Management & Maintenance Services	Year One Cost	Two Year Max. Compensation
Special Districts:		
Maintenance District 8	\$54,220	\$108,440
Capitol Auto Mall (CFD 1)	92,320	184,640
Basking Ridge (CFD 12)	76,380	152,760
Subtotal (Special Districts)	\$222,920	\$445,840
Total (GF & SD Landscape Areas)	\$521,480	\$1,042,960

2. SOURCE OF FUNDING:

DOT	General Fund 001
DOT	Maintenance Assessment District 8 (Fund 361)
DOT	Community Facilities District 12 (Fund 376)
DOT	Community Facilities District 1 (Fund 371)

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Year One of Contract*	2011-2012 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
001	0512	DOT – Non Personal	\$9,991,815	\$298,560	VIII-387	10/18/11, Ord. No. 28979
361	0512	DOT – Non Personal	\$95,929	\$54,220	XI-59	10/18/11, Ord. No. 28979
371	0512	DOT – Non Personal	\$124,627	\$92,320	XI-18	2/14/12, Ord. No. 29036
376	0512	DOT – Non Personal	\$146,234	\$76,380	XI-22	10/18/11, Ord. No. 28979
Total (Year One)				\$521,480		

* Year two of the contract is subject to the appropriation of funds.

HONORABLE MAYOR AND CITY COUNCIL

March 5, 2012

Subject: Report on RFP for Landscape and Maintenance Services for General Fund and Special Districts

Page 8

CEQA

Categorically exempt, File No. PP12-034.

/s/

JULIA H. COOPER

Acting Director of Finance

For questions please contact Mark Giovannetti, Purchasing Division Manager (408) 535-7052.

Attachment

Attachment A – Evaluation Summary by Landscape Area

General Fund:

Turf Median Island

Evaluation Criteria	Max Pts.	Bayscape	Cel	FloraTerra	New Image
Experience	15	12	3	13	13
Technical Capabilities	15	12	3	13	9
Environmental Stewardship	5	4	1	4	3
Cost	55	51	40	55	46
Local	5	5	0	5	0
Small	5	0	0	0	0
TOTAL	100	85	47	90	71

LRT Median Islands

Evaluation Criteria	Max Pts.	Bayscape	Cel	FloraTerra	New Image
Experience	15	12	3	13	13
Technical Capabilities	15	12	3	13	9
Environmental Stewardship	5	4	1	4	3
Cost	55	39	55	55	51
Local	5	5	0	5	0
Small	5	0	0	0	0
TOTAL	100	72	62	90	76

Type II Median Islands

Evaluation Criteria	Max Pts.	Bayscape	Cel	FloraTerra	New Image
Experience	15	12	3	13	13
Technical Capabilities	15	13	3	13	9
Environmental Stewardship	5	4	1	4	3
Cost	55	32	55	45	35
Local	5	5	0	5	0
Small	5	0	0	0	0
TOTAL	100	66	62	80	60

Special Districts:

Maintenance District 8

Evaluation Criteria	Max Pts.		Bayscape	Cel	FloraTerra	Jensen	New Image
Experience	25		21	5	21	25	22
Technical Capabilities	25		21	5	21	11	13
Environmental Stewardship	5		4	1	4	3	3
Cost	35		32	5	35	30	32
Local	5		5	0	5	5	0
Small	5		0	0	0	0	0
TOTAL	100		83	16	86	74	70

Community Facilities District 1 (Capitol Auto Mall)

Evaluation Criteria	Max Pts.		Bayscape	Cel	FloraTerra	Jensen	New Image
Experience	25		21	5	21	25	22
Technical Capabilities	25		20	5	21	11	13
Environmental Stewardship	5		4	1	4	3	3
Cost	35		26	35	26	25	26
Local	5		5	0	5	5	0
Small	5		0	0	0	0	0
TOTAL	100		76	46	77	69	64

Community Facilities District 12 (Basking Ridge)

Evaluation Criteria	Max Pts.		Bayscape	Cel	FloraTerra	Jensen	New Image
Experience	25		21	5	21	25	22
Technical Capabilities	25		21	5	21	11	13
Environmental Stewardship	5		4	1	4	3	3
Cost	35		33	35	35	33	34
Local	5		5	0	5	5	0
Small	5		0	0	0	0	0
TOTAL	100		84	46	86	77	72



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: March 5, 2012

Approved

Date

3-13-12

COUNCIL DISTRICTS: 2, 3, 4, 5, 6, 7, 8, and 10

SNI AREAS: 13th Street, Washington,

University, Greater Gardner, K.O.N.A., Mayfair, Tully/Senter, Gateway East, West Evergreen, Spartan Keys, Hoffman/ViaMonte, East Valley/680 Communities, Edenvale/Great Oaks,

SUBJECT: SUBSTANTIAL AMENDMENT TO THE 2011-2012 CONSOLIDATED ANNUAL ACTION PLAN TO RESERVE UP TO \$3,700,000 OF HOME FUNDS FOR NSP2 HOME ACQUISITION ACTIVITIES FOR THE NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2).

RECOMMENDATION

- (a) Hold a public hearing on a Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan (ConPlan) to reserve up to \$3,700,000 of Home Investment Partnership Program (HOME) funds to supplement the City's NSP2 Home Acquisition and Rehabilitation Program; and
- (b) Adopt a resolution to approve the Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan.

OUTCOME

Approval of the recommended action will allow the City to utilize HOME funds in conjunction with federal Neighborhood Stabilization Program 2 (NSP2) Funds in order to meet the NSP2 Program goal of having 64 homes purchased, rehabilitated and resold by February 11, 2013.

March 5, 2012

Subject: Amendment to the 2011-2012 ConPlan to Reserve \$3,700,000 of HOME Funds for NSP2 Home Acquisition Activities for the NSP2 Program

Page 2

BACKGROUND

In early 2009, the City of San José, along with the Housing Trust of Santa Clara County and Neighborhood Housing Services of Silicon Valley, formed an "NSP 2 Consortium" to apply for a federal grant under the American Recovery and Reinvestment Act (ARRA) of 2009. In late 2009, the Consortium was awarded a \$25 million grant to implement the funding strategies outlined in the Consortium's funding application. The overall objective of this grant is to restore neighborhood stability and eliminate blight in the areas severely affected by foreclosure.

The activities outlined under the Consortium's Program Agreement executed with the Department of Housing and Urban Development (Program Agreement) include: (1) provide homeownership assistance to low and moderate-income homebuyers purchasing foreclosed homes in the NSP designated areas; and (2) acquire and develop or rehabilitate foreclosed properties in the designated census tracts to be either rented or resold to income eligible households. In accordance with the funding application and Program Agreement, the Housing Trust is responsible for implementing and managing the NSP2 funded homebuyer program under the grant, while the City's Housing Department is responsible for implementing and managing the acquisition, rehabilitation and resale program.

Under the Program Agreement, the Consortium is required to meet a combined goal of 205 assisted units. Under the acquisition, rehabilitation and resale activities, the Housing Department has implemented two programs to meet the NSP2 goals: (1) utilization of 25% of the total grant to assist individuals or families meeting the very low-income category through the acquisition and rehabilitation of multi-family rental units restricted to very low-income renters; and (2) purchase and rehabilitation of distressed foreclosed and vacant properties which are sold to low or moderate-income homebuyers ("San José Dream Home Program").

The programmatic goal of the San José Dream Home Program is to purchase 64 foreclosed and vacant properties within the San José neighborhoods hardest hit by the foreclosure crisis. To date, 100% of NSP2 funds for the San José Dream Home Program have been spent with 33 properties having been purchased and 12 properties having been resold to eligible households.

ANALYSIS

Meeting the production goal of 64 properties is predicated on the recycling of Program Income from the sales of these properties. When the properties are sold, the funds (Program Income) from the sale return to the Program, and are then recycled to purchase more properties.

The process of purchasing, rehabilitating and reselling these properties that were purchased with NSP2 funds has taken longer than anticipated. There is not enough Program Income currently returning to the Program which is hampering the ability to purchase the remaining 31 properties in order to reach the Program goal of 64 properties by the NSP2 deadline of February 11, 2013.

March 5, 2012

Subject: Amendment to the 2011-2012 ConPlan to Reserve \$3,700,000 of HOME Funds for NSP2 Home Acquisition Activities for the NSP2 Program

Page 3

By using HOME funds to fund loans to the program developers to acquire NSP2 properties for rehabilitation, the City can accelerate the purchase of the final 31 properties, providing sufficient time to rehabilitate and resell them to income eligible households. Under this proposal, HOME funds will be used to augment NSP2 funds in the acquisition of properties under the Dream Home Program. A subsidy layering analysis will be completed to ensure compliance with HOME subsidy limits and to prevent any losses to the HOME fund.

Any HOME funds that are not committed by June 30, 2012 will be carried over to the next fiscal year for use until the Program goal of 64 units is attained. As these properties sell, the HOME fund will be made whole (i.e., the \$3,700,000 committed from HOME to NSP2 will be returned to the HOME program). By the time the Program Income returns to the HOME fund, the Housing Department should have a major rental project identified that will be "shovel-ready" to which those HOME funds can be committed.

In order to allocate the \$3,700,000 to the NSP2 Program, it is necessary to reduce HOME funds budgeted to other activities. These adjustments are reflected in the Attachment "Substantial Amendment to 2011-2012 Consolidated Annual Action Plan."

EVALUATION AND FOLLOW-UP

Results of the Recommendation will be reported in the Consolidated Annual Performance and Evaluation Report (CAPER) submitted to Council in September.

POLICY ALTERNATIVES

Alternative #1	<i>Do not use HOME funds for assisting NSP2 to acquire properties.</i>
Pros:	\$3,700,000 would be available to reserve for a Community Housing Developer Organization (CHDO) for a "project to be named later."
Cons:	There are no major rental projects that are shovel-ready.
Reason for not recommending:	There is an immediate need to purchase the final 31 homes with sufficient time to rehabilitate them and resell them by the February 11, 2013 deadline set by HUD. HOME funds are the most readily available to accomplish this mission.

March 5, 2012

Subject: Amendment to the 2011-2012 ConPlan to Reserve \$3,700,000 of HOME Funds for NSP2 Home Acquisition Activities for the NSP2 Program

Page 4

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 report will be posted on the website for the Council's March 27, 2012 meeting, and:

- The Substantial Amendment to the ConPlan was the subject of a public hearing before the Housing and Community Development Advisory Commission on March 8, 2012.
- The public hearings at both the Commission and Council were noticed by being published in the San José Mercury-News, in Vietnamese-, Spanish-, and Chinese-language newspapers on February 24, 2012.
- Notices of the two public hearings were sent by e-mail and the U.S. Postal Service on February 28, 2012 to approximately 400 individual addresses.

FISCAL/POLICY ALIGNMENT

The expenditure of the recommended HOME funding for NSP2 Dream Home Single-Family Acquisitions implements:

- The 2010-2015 Consolidated Plan goal of supporting activities that provide basic services, eliminate blight, and/or strengthen neighborhoods by supporting the City's Neighborhood Stabilization Program to strengthen neighborhoods affected by foreclosures; and
- The 2010-2015 Consolidated Plan goal of assisting in the creation of affordable housing for lower income and special needs households by supporting affordable ownership housing.

COORDINATION

Preparation of this report was coordinated with the City Attorney's office.

HONORABLE MAYOR AND CITY COUNCIL

March 5, 2012

Subject: Amendment to the 2011-2012 ConPlan to Reserve \$3,700,000 of HOME Funds for NSP2 Home Acquisition Activities for the NSP2 Program

Page 5

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to supplement the City's NSP2 Home Acquisition and Rehabilitation Program as recommended in this memo.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2011-2012 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
445	0070	Multi-Family Loans and Grants	\$9,699,051	\$3,700,000	N/A	10/18/2011 Ord. No. 28979

CEQA

Not a project, PP10-067(b) Appropriation.

/s/
LESLYE CORSIGLIA
Director of Housing

Attachment

For questions please contact Leslye Corsiglia, Director of Housing, at (408) 535-3851.

**SUBSTANTIAL AMENDMENT TO THE
2011-2012 CONSOLIDATED ANNUAL ACTION PLAN
FOR THE CITY OF SAN JOSE
March 2012**

1. On page 8 of the approved 2011-2012 Consolidated Annual Action Plan, replace the "HOME" section and table summarizing "Proposed Uses of New HOME funds for FY 2011-12 with the following:

Proposed Uses of New HOME funds for FY 2011-2012

Of the total expected grant amount of \$4,156,100 plus approximately \$4,708,145 of previously uncommitted HOME funds (EN, AD, PI), the City of San José plans to budget HOME funds in the following manner:

	Total Funding Available for 2011-12
Homebuyer Program: Down Payment Asst. ("Welcome Home")	\$ 900,000
Homebuyer Program: NSP2 Down Payment Assistance	\$ 908,702
Home Acquisition for NSP2 Properties	\$3,700,000
Rehabilitation of SFD	\$1,000,000
Tenant Based Rental Assistance	\$ 843,000
Project Development (Rental Housing/New Construction)	\$ 336,973
CHDO Operating Expenses	\$ 200,000
Administrative Costs	\$ 875,570
<i>Totals</i>	\$8,864,245

2. On page 9 of the approved 2011-2012 Consolidated Annual Action Plan just below the table, make the following (additions and/or deletions):

Approximately, ~~\$1,047,000~~ \$336,973 of ~~CHDO set-aside funds and any other uncommitted funds~~ will be committed to Project Development for the purposes of developing more affordable rental units in the City of San José.

3. On page 9 of the approved 2011-2012 Consolidated Annual Action Plan under the heading "Homeownership," make the following (additions and/or deletions):

Homeownership – Consistent with the City's goal to assist lower-income households in becoming homebuyers, the City proposes to use HOME funds for down payment assistance under the City's Homebuyer programs.

- Approximately ~~\$750,000~~ \$908,702 of HOME funds ~~budgeted, but not committed, from FY 2010-2011~~ will be used to assist NSP2 Homebuyer Program clients by providing down payment assistance as described in the City of San José's NSP2 agreement with HUD.
- ~~\$1,000,000~~ \$900,000 of HOME funds ~~budgeted but not committed from FY 2010-11~~ will be used to provide deferred payment acquisition financing for lower-income households for the City's "Welcome Home" Homebuyer Assistance Program.

4. On page 9 of the approved 2011-2012 Consolidated Annual Action Plan, add the following section after "Homeownership" and before "Tenant-Based Rental Assistance (TBRA)" sections:

- NSP2 Home Acquisition Assistance – Up to \$3,700,000 of HOME funds will be used to supplement the NSP2 Home Acquisition/Rehabilitation/Resale Program. Funds will assist the NSP 2 program in its efforts to acquire single-family/foreclosed homes for subsequent rehabilitation and resale to low-income homebuyers. The resulting program income from the sale of the properties will be returned back to the HOME program to be used for other HOME eligible projects.

5. On page 10 of the approved 2011-2012 Consolidated Annual Action Plan, in the paragraph just before "Rehabilitation" section, make the following (additions and/or deletions):

~~Approximately \$823,710 of previously committed HOME funds will be carried over to spend in 2011-12. Approximately \$436,000 in 2011-2012 HOME funds is being proposed for the continuing operation of the City's TBRA program \$843,000 of HOME funds will be spent on the City's Tenant Based Rental Assistance (TBRA) Program for 2011-2012.~~

6. On page 10 of the approved 2011-2012 Consolidated Annual Action Plan, under the section "Planning and Administration," make the following (additions and/or deletions):

~~Up to 10% of the total HOME grant allocation will be used for reasonable planning and administrative costs associated with the administration of the HOME program and other related federal requirements. Approximately, \$459,960 of previously committed administrative monies will be carried over to spend \$875,570 (including \$459,960 of carried over administrative monies from the previous year) will be available to spend in fiscal year 2011 2012.~~

7. On page 13 of the approved 2011-2012 Consolidated Annual Action Plan, under the section "Neighborhood Stabilization Program (NSP2)," make the following (additions and/or deletions) at the end of the section, and before the section "Section 108 Program":

Due to an unforeseeable slow down in the resale of the initial 33 properties, this has caused a delay in program income returning to the program in order to purchase the remaining homes to complete the program's goal of 64 total homes purchased, rehabilitated, and resold to income eligible home buyers by February 11, 2013. To resolve this issue, up to \$3,700,000 of HOME funds will be used to supplement funds for the acquisition of the remaining homes in order to meet program deadlines.

8. On page 31 of the approved 2011-2012 Consolidated Annual Action Plan, under the sub-section "WelcomeHome Program" (second paragraph), make the following (additions and/or deletions):

~~In 2011-2012, the City of San José will continue to administer the program which is designed to assist approximately eighty low-income first-time home buyers purchase new or resale homes. The Program will have a budget of approximately \$2 million~~ \$1,900,000 of HOME dollars, jointly funded by Proposition 1C money and federal HOME funds.

9. On page 32 of the approved 2011-2012 Consolidated Annual Action Plan, under the sub-section "Neighborhood Stabilization Program," add the following (additions and/or deletions) at the end of the sub-section:

When HOME funds used to assist in the acquisition of a property, that property will be resold to income eligible homebuyers earning no more than 80% of area median income as required by HOME regulations.

10. On page 66 of the approved 2011-2012 Consolidated Annual Action Plan, in Table 2A under the "HOME" heading in the "Year 2 (2011-12)" column, add the following (additions and/or deletions) at the end:

<u>NSP2 Acquisition Assistance</u>			<u>31</u>			
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11. On page 70 of the approved 2011-2012 Consolidated Annual Action Plan, add the following (additions and/or deletions) to "Action 3D.1":

Action 3D.1. Purchase of foreclosed properties and subsequent rehab and resale as affordable units (<u>HOME funds to be used for acquisition only</u>)	<u>NSP/HOME</u>	# units assisted	32 <u>31</u>	DH-1,2,3
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END OF SUBSTANTIAL AMENDMENT



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

SUBJECT: SEE BELOW

DATE: March 5, 2012

Approved

Date

3/13/12

COUNCIL DISTRICT: 9

SUBJECT: MYRTLE AVENUE SANITARY SEWER IMPROVEMENTS

RECOMMENDATION

Report on bids and award of contract for the Myrtle Avenue Sanitary Sewer Improvements Project to the low bidder, Mountain Cascade, Inc., in the amount of \$1,109,135, and approval of a contingency in the amount of \$110,000.

OUTCOME

Approval of the construction contract to Mountain Cascade, Inc. will enable the Myrtle Avenue Sanitary Sewer Improvements Project to proceed on schedule with the replacement of the existing sanitary sewer.

Approval of a ten percent contingency will provide funding for any unanticipated work or unforeseen conditions during the construction of this project.

BACKGROUND

The Myrtle Avenue Sanitary Sewer Improvement is located along Myrtle Avenue from Cherry Avenue to Jarvis Avenue and Jarvis Avenue from Myrtle Avenue and Jacob Avenue (see attached map).

This project was developed to provide the necessary capacity in the sewer system identified by the Sanitary Sewer Master Plan Capacity Assessment Phase II Study. The study is based on Envision 2040 General Plan and identified this sewer main for up-sizing primarily to address the

existing capacity needs of the drainage shed, with a small increment attributable to future growth upstream of this location.

The recommended improvement for the existing 10-inch sanitary sewer main is to upsize the sewer to 18-inches. Approximately 3,310 linear feet of sewer main will be upsized by open-cut excavation construction.

Construction is scheduled to begin in June 2012 with substantial completion in August 2012.

ANALYSIS

Bids for this project were opened on February 9, 2012, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Stoloski & Gonzalez, Inc. (Half Moon Bay)	\$1,410,000.00	\$40,000.00	3
Shaw Pipeline, Inc. (San Francisco)	1,375,320.00	5,320.00	0.4
Preston Pipelines (Milpitas)	1,374,271.00	4,271.00	0.3
Engineer's Estimate	1,370,000.00	---	---
Pacific Underground Construction, Inc. (San José)	1,327,985.00	(42,015.00)	(3)
J&M, Inc. (Livermore)	1,281,655.00	(88,345.00)	(6)
Darcy & Harty Construction, Inc. (San Francisco)	1,213,340.00	(156,660.00)	(11)
Granite Construction (Santa Clara)	1,193,087.00	(176,913.00)	(13)
Monterey Peninsula Engineering, Inc. (Monterey)	1,175,670.00	(194,330.00)	(14)
Ranger Pipelines, Inc. (San Francisco)	1,169,640.00	(200,360.00)	(15)
Mountain Cascade, Inc. (Livermore)	1,109,135.00	(260,865.00)	(19)

A discrepancy was found with the proposal submitted by Stoloski & Gonzalez, Inc. for the item, "Temporary Trench Pavement (Revocable)." Per Section 2-1.05 of the City's Standard

Specifications, the extended corrected price shall prevail and the sum of the extended prices of all items shall prevail. This correction increased Stoloski & Gonzalez, Inc.'s total bid amount by \$80. The total corrected bid amount is reflected in the table above.

Submitted bids varied from three percent over to 19 percent under the Engineer's Estimate. The low bid submitted by Mountain Cascade, Inc. is 19 percent below the Engineer's Estimate. The low bid may be attributed to the current competitive nature within the open excavation construction industry. This competitive bidding environment is demonstrated by the high number of bids submitted (ten total qualified bids). Staff considers the low bid submitted for this project acceptable for the work involved in the project and recommends award of contract to Mountain Cascade, Inc.

Council Policy provides for a standard contingency of ten percent on public works projects involving utilities. The standard contingency is appropriate for this project.

EVALUATION AND FOLLOW-UP

This project is currently within budget and expected to be completed by August 2012. No additional follow up action with the Council is expected at this time.

POLICY ALTERNATIVES

Since the low bid is within 19 percent of the Engineer's Estimate and is deemed reasonable, no alternative is considered 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 Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors, this project was listed on the Bidsync and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builders' exchanges. This memorandum will be posted on the City's website for the March 27, 2012 Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building, and Code Enforcement, Transportation, Finance, 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 IMPLICATIONS/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: **\$1,109,135**

Project Delivery	\$271,400*
Construction	1,109,135
Contingency	110,915
TOTAL PROJECT COSTS	\$1,491,450
Prior Year Expenditures	\$71,493
REMAINING PROJECT COSTS	\$1,419,957

* Project delivery includes \$84,700 for Design Services, \$61,000 for Construction Management, and \$125,700 for Inspection Services.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT: Lump sum contract.

3. SOURCE OF FUNDING: 540 - Sewer Service Connection Fee Fund
545 - Sewer Service and Use Charge Capital Improvement Fund

4. OPERATING COST: The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2011-2012 Adopted Budget (Page)	Last Budget Action (Date, Ord.No.)
Remaining Project Costs				\$1,419,957			
Current Funding Available							
540	7244	Myrtle Avenue Sanitary Sewer Improvements	164485	\$1,712,000	\$140,000	Capital V-72	06/21/11, Ord. No. 28928
545	4272	Miscellaneous Projects	164485	\$2,730,000	\$969,135	Capital V-80	06/21/11, Ord. No. 28928
Total Current Funding Available				\$4,442,000	\$1,109,135		

CEQA

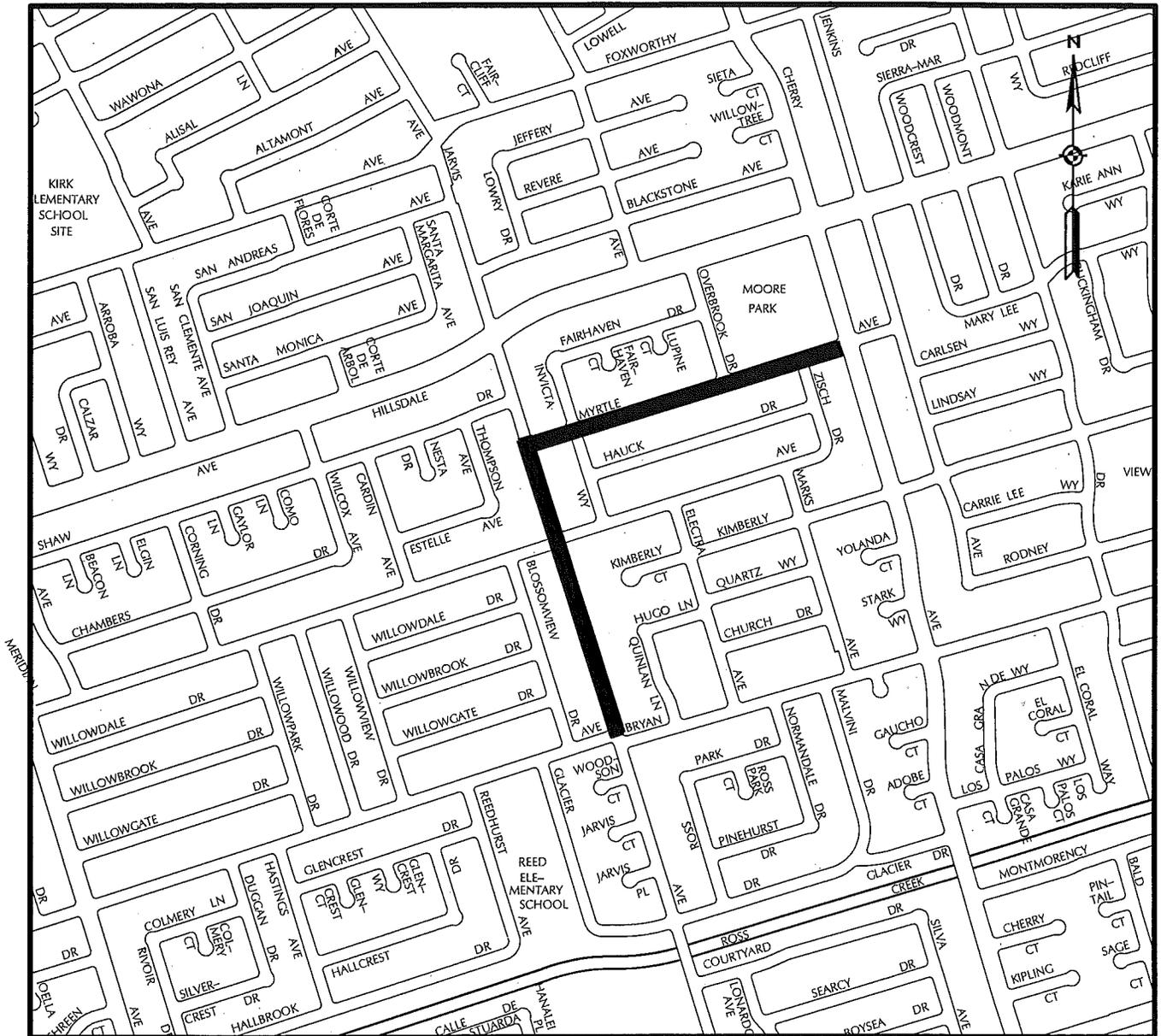
CEQA: Exempt, PP11-088 dated October 12, 2011.

/s/
 DAVID SYKES
 Director of Public Works

For questions please contact Michael O'Connell, Deputy Director, at 535-8300.

Attachment
 Location Map
 Project ID # 6423

MYRTLE AVENUE SANITARY SEWER IMPROVEMENT



LOCATION MAP
N.T.S.