



Sent to Council:

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MAY 29 2012

City Manager's Office
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leanna Bieganski

SUBJECT: Early Council Packet

DATE: May 29, 2012

Approved

Date

5/29/12

EARLY DISTRIBUTION COUNCIL PACKET FOR
JUNE 12, 2012

Please find attached the Early Distribution Council Packet for the June 12, 2012 Council Meeting.

3.x Municipal Water System Water Rate Increases for 2012-2013.

Recommendation: Adopt a resolution increasing the San José Municipal Water System potable water rates and charges by 9.5% effective July 1, 2012. CEQA: Not a Project. Council Districts 2, 4, 7 and 8. (Environmental Services)

3.x Approve the 2012-2013 Operating and Capital Budgets for the City of San José and Schedule of Fees and Charges.

Recommendation:

- (a) Adopt a resolution approving the Operating Budget for 2012-2013 for the City of San José, the Capital Budget for 2012-2013 for the City of San José, and the Five Year Capital Improvement Program for 2013-2017 for the City of San José as revised by the Mayor's Budget Message and directing the City Manager to prepare final documents for adoption.
- (b) Adopt a resolution establishing the Schedule of Fees and Charges for 2012-2013.

PREVIOUSLY DISTRIBUTED

5.x Mise Park Sports Field Renovation Project.

Recommendation: Adopt a resolution:

- (a) Authorizing the Director of Public Works to do the following regarding bids for the project:
 - (1) To decide any timely bid protests, including issues of bidder responsiveness or responsibility;
 - (2) To determine the lowest responsive and responsible bidder;
 - (3) To decide whether to award any bid alternate; and

- (4) To award a construction contract for the project to the lowest responsive and responsible bidder in an amount not to exceed \$2,915,000, contingent upon approval and execution of the Agreement with Archbishop Mitty High School for the Renovation, Operation, Maintenance, and Joint Use of John Mise Park, and financial contribution of up to \$375,000.
 - (b) Authorizing the Director of Public Works to reject all bids for any reason and, in the Director's discretion, rebid the project; and
 - (c) Approving a contingency equal to five percent of the amount of the construction contract for the project if one is awarded by the Director of Public Works.
- CEQA: Categorically Exempt, File No, PP12-021. District 1. (Public Works)

9.x Actions Related to the Successor Agency to the Redevelopment Agency.

Recommendation:

- (a) Adopt City Appropriation Ordinance and Funding Sources Resolution amendments to repeal Ordinance No. 29029 and Resolution No. 76133 in the Redevelopment Obligation Retirement Fund.
- (b) Adopt the following City Appropriation Ordinance and Funding Sources Resolution amendments for 2011-2012 in the Low and Moderate Income Housing Fund to amend Ordinance No. 29027 and Resolution 76131 to be effective from July 1, 2011 through January 31, 2012 as outlined in Attachment A of the staff memorandum.
- (c) Adopt resolutions by the City Council in its capacity as the Successor Agency Board and the City Council approving the Cooperation Agreement (Attachment B of the staff memorandum) between the City of San José and the Successor Agency to the Redevelopment Agency of the City of San Jose for Operating Expenses February 2012 through June 2012.

CEQA: Not a Project, File No. PP10-067(b), Appropriations.

TO BE DISTRIBUTED SEPARATELY

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

/s/
LEANNA BIEGANSKI
Council Liaison





Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

SUBJECT: MISE PARK SPORTS FIELD
RENOVATION PROJECT

DATE: May 21, 2012

Approved

Date

5/24/12

COUNCIL DISTRICT: 1

RECOMMENDATION

Adopt a resolution:

- (a) Authorizing the Director of Public Works to do the following regarding bids for the Mise Park Sports Field Renovation Project:
 - i. To decide any timely bid protests, including issues of bidder responsiveness or responsibility; and
 - ii. To determine the lowest responsive and responsible bidder; and
 - iii. To decide whether to award any bid alternate; and
 - iv. To award a construction contract for the project to the lowest responsive and responsible bidder in an amount not to exceed \$2,915,000, contingent upon approval and execution of the Agreement with Archbishop Mitty High School for the Renovation, Operation, Maintenance, and Joint Use of John Mise Park, and financial contribution of up to \$375,000; and
- (b) Authorizing the Director of Public Works to reject all bids for any reason and, in the Director's discretion, rebid the project; and
- (c) Approving a contingency equal to five percent of the amount of the construction contract for the project if one is awarded by the Director of Public Works. .

OUTCOME

Approval of this item will allow the City to award and execute the contract within the timeframes needed to complete the work. Approval of a five percent contingency will provide funding for any work necessary for the proper completion or construction of the project as contemplated in the construction contract.

BACKGROUND

The Community Sports Fields Study (Study), approved on December 2, 2008, by the City Council, provides a strategic framework to support future development and operations of the Citywide Sports Program. In response to the goals of the Study to increase the availability of sports fields for residents of the City, PRNS identified Mise Park as a viable premier sports field project within a specific planning area that should be studied.

Mise Park is an 11.7 acre park located in west San José. The attached map shows the location of the park. The existing park includes a turf softball field with high mast lighting for night use.

The scope of work for the proposed project consists of the demolition of the existing softball field and lighting. The project will construct a new 165 foot by 300 foot dual use synthetic turf soccer and softball field with lighting for night use. A perimeter fence of variable height and a 30 space parking lot will also be installed. The bid document include one add alternate to expand the sports field to 225 foot by 360 foot.

Construction is scheduled to begin in August 2012 with completion in March 2013.

On the May 22, 2012, the Council will hear a recommendation to adopt a resolution authorizing the City Manager to negotiate and execute an agreement with the Roman Catholic Welfare Association of San José, Inc., a non-profit corporation (Archbishop Mitty High School) for the funding, renovation, operation, maintenance, and joint use of John Mise Park.

ANALYSIS

Staff is asking Council to delegate authority to the Director of Public Works for the award of a construction contract for the project to the lowest responsive and responsible bidder in an amount not to exceed \$2,915,000. The delegation would include the authority for the Director to decide any bid protests as part of the determining which bidder is the lowest responsive and responsible bidder. The authority to award a construction contract for the project would be contingent on the City first executing an Agreement with Archbishop Mitty High School for the Renovation, Operation, Maintenance, and Joint Use of John Mise Park, and financial contribution of up to \$375,000.

The delegation also includes the authority for the Director to reject all bids as an alternative to awarding a construction contract and to re-bid the project if the Director determines that doing so is appropriate.

This recommendation is being made because the proposed construction schedule falls within a critical window designed to perform the construction phase of the park during the slower fall and winter seasons and have the field ready for use in the spring and summer 2013 seasons. The intent is to provide more flexibility to maintain that project schedule in the event Council does not award the project before the July recess. The strategy allows the City adequate time to negotiate and execute an agreement with Mitty to respond to bid protests while still meeting schedule goals, should either of these events cause a delay beyond the last Council meeting in June.

Council Policy provides for a standard contingency of five percent on a public works park project to provide funding for any unanticipated work necessary for the proper completion and construction of the project. The recommended resolution would include approval of a contingency in the amount of five percent of the construction contract if one is awarded by the Director.

EVALUATION AND FOLLOW-UP

No subsequent Council action on this issue is necessary. Staff will monitor the impact of this action and communicate any issues to Council through a staff report.

POLICY ALTERNATIVES

Alternative #1: Council could elect not to delegate authority to the Director of Public Works.

Pros: None.

Cons: The purpose of the delegated authority is to take advantage of the slower sports seasons for the construction phase of the project and maximize the ability for the fields to be open during the spring and summer 2013 seasons.

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: Email 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: Email, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 and will be published on the City's website for the June 5, 2012 Council agenda. To solicit contractors, this project was listed on Bidsync and advertised in the *San José Post Record*.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Parks, Recreation and Neighborhood 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 to continue with capital investments that spur construction spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: **(Engineer's Estimate) \$2,850,000**

Project Delivery	\$439,000
Construction	2,850,000
Contingency	143,000
TOTAL PROJECT COSTS	\$3,432,000
Prior Year Expenditures	(13,275)*
REMAINING PROJECT COSTS	\$3,418,725

*A total of \$13,275 has been expended for Design Services.

2. SOURCE OF FUNDING: 375 – Subdivision Park Trust Fund
3. OPERATING COSTS: Contingent upon approval and execution of the Agreement with Archbishop Mitty High School for the Renovation, Operation, Maintenance, and Joint Use John Mise Park, the maintenance costs associated with this sports field will be at Mitty's cost.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amount for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
Available Project Funding						
377	7191	Mise Park Sports Field Development	\$1,563,000	\$1,563,000	V-336	10/18/11 28979
375	7191	Mise Park Sports Field Development	\$1,924,000*	\$1,287,000	V-524	10/18/11 28979
		TOTAL	\$3,487,000*	\$2,850,000		

* A total of \$13,000 was expended in the appropriation in the Park Trust Fund in 2010-2011, bringing the total funding allocated for this project to \$3,500,000 (of which \$1,937,000 is allocated in the Subdivision Park Trust Fund).

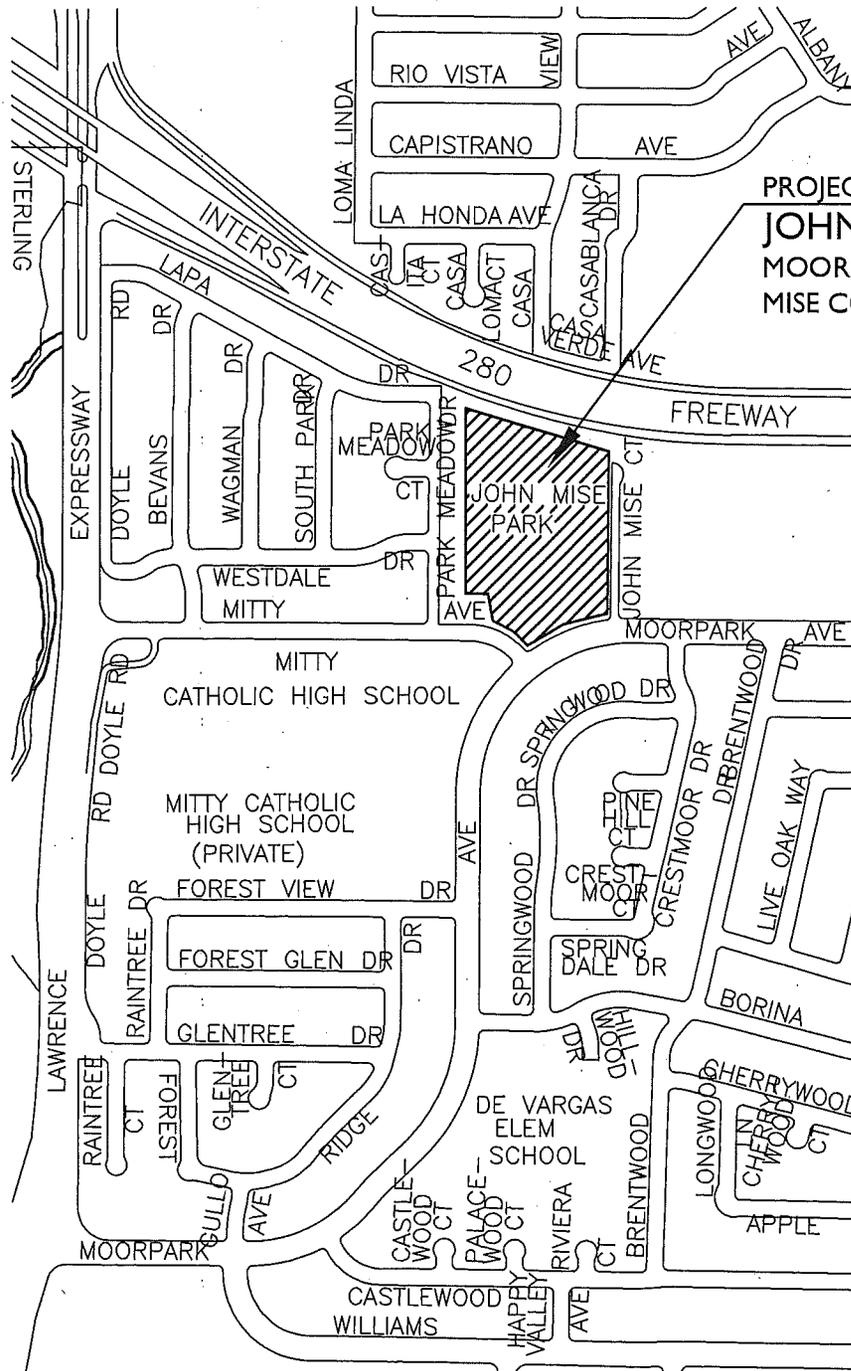
CEQA

CEQA: Categorically Exempt, File No, PP12-021.

/s/
DAVID SYKES
Director of Public Works

For questions please contact Harry Freitas, Assistant Director, Department of Public Works, at 408-535-8300.

Attachment
Mise Park Sports Field Renovation



PROJECT LOCATION
JOHN MISE PARK
 MOORPARK AVE AND JOHN
 MISE COURT

MISE PARK

LOCATION MAP
 NOT TO SCALE





Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

**SUBJECT: MUNICIPAL WATER SYSTEM
WATER RATE INCREASE FOR
2012-2013**

DATE: May 21, 2012

Approved

Date

5/24/12

COUNCIL DISTRICTS: 2, 4, 7, 8

RECOMMENDATION

1. Hold a public hearing on proposed San José Municipal Water System 2012-2013 potable water rates and charges;
2. Adopt a resolution increasing the San José Municipal Water System potable water rates and charges by 9.5%, effective July 1, 2012.

OUTCOME

Approval of these recommendations will allow the San José Municipal Water System (SJMWS) to increase retail water rates and charges by 9.5%, effective July 1, 2012, to increase operating revenues over the current year estimate by approximately \$2,272,000 to partially cover increased wholesale water costs.

BACKGROUND

SJMWS is a rate-funded utility operating at full cost recovery to provide water to 25,300 customer accounts, serving a population of about 115,000 people in the North San José, Alviso, Evergreen, Edenvale, and Coyote Valley areas.

SJMWS purchases water for the North San José/Alviso area primarily from the San Francisco Public Utilities Commission (SFPUC), which delivers treated water through its Hetch Hetchy Aqueduct from the Sierra mountain range. Water for the Evergreen area is purchased from the Santa Clara Valley Water District (SCVWD) and largely comes from the Delta, delivered

through the State Water Project and Federal San Felipe Project. SJMWS supplies water for the Edenvale and Coyote areas from local groundwater sources. SCVWD is the groundwater management agency in Santa Clara County responsible for the management, quality, and supply of the groundwater basin. Overall, SCVWD supplies approximately 76% and SFPUC supplies 24% of the potable water purchased by SJMWS customers.

SFPUC and SCVWD are both implementing major capital improvement programs. These programs include replacing major distribution water lines and upgrading major water facilities to withstand seismic events and meet stricter water quality standards. To fund these programs, both water suppliers are anticipated to increase their wholesale water rates significantly, approximately 55%, over the next five years.

On April 20, 2012, Public Notices were sent to SJMWS customers informing them of a proposed rate increase of up to 9.5%. This rate increase is needed to cover wholesale water rate increases for 2012-2013 from SFPUC and SCVWD of 11.4% and 9.3% respectively.

ANALYSIS

Potable Water Rates

SJMWS's two principal sources of revenue are water sales and fixed monthly meter service charges, and approximately 64% of that revenue is used to purchase wholesale water.

SJMWS estimates that during 2012-2013 total water purchases will reach 20,416 Acre Feet (AF). The wholesale water rate increases will result in an additional cost to SJMWS of \$2,297,000. SJMWS proposes increasing retail water rates by 9.5% for 2012-2013 which will generate approximately \$2,272,000 in additional revenue to partially recover the increase in wholesale water costs and operating expenses. Sufficient ending fund balance is available in 2012-2013 to offset the remainder of the increase in wholesale water costs (\$25,000) and mitigate the need to raise rates further.

Impact on Customers

Under the proposed rates, the monthly water bill for the average SJMWS customer using 15 Hundred Cubic Feet (HCF), or 11,220 gallons, will increase by \$4.27, from \$46.17 to \$50.44. The attachment to this memorandum details proposed meter and quantity charge increases.

Other Water Agencies

Other water agencies within Santa Clara County have also proposed water rate increases effective July 1, 2012, as shown below, to recover wholesale rate increases and other inflationary costs.

<u>City/Water Agency</u>	<u>Current Monthly Bill</u>	<u>Proposed Increase</u>	<u>Proposed Monthly Bill</u>
Palo Alto	\$97.66	15%	\$112.31
Cal Water – Los Altos*	\$58.70	N/A	\$58.70
San José Water Company**	\$60.20	14.7%	\$69.05
Redwood City	\$60.68	12%	\$67.95
Mountain View*	\$61.77	N/A	\$61.77
Milpitas	\$57.27	7.2%	\$61.39
Sunnyvale	\$52.39	7%	\$56.06
City of San José - Muni Water***	\$46.17	9.5%	\$50.44
Santa Clara	\$44.85	8.0%	\$48.45
Great Oaks*	\$35.58	N/A	\$35.58

* Projected rates unavailable

** Proposed 44% increase over a 3-year period beginning Jan. 2013

*** Represents a weighted average. For details see the attachment to this memorandum.

The above figures are for water usage of 15 HCF (11,220 gallons) and 5/8" x 3/4" water meter. Some agencies' proposed rate changes are still pending final water suppliers' wholesale water rates.

Recycled Water Rates

Resolution No. 68377¹ provides that SJMWS's retail recycled water rates will increase automatically to recover increases in wholesale recycled water rates. Furthermore, the wholesale price of recycled water is indexed to the price the SCVWD charges for potable water²; the SCVWD rate is currently set at \$569/AF and is projected to increase to \$622/AF.

¹ Adopted by Council on August 4, 1998.

² See Resolution No. 74448, adopted by Council on June 17, 2008.

Impact on Customers

As shown in the table below, SJMWS's recycled water customers will continue to realize a significant savings over potable water even after the retail rates for recycled water increase. Rate details for recycled water are provided in the attachment to this memorandum.

Proposed 2012-2013 Rates			
	Potable (Zone 1)*	Recycled	% Savings
Irrigation Customer 1,000 HCF/month 2-inch meter	\$2,793.15	\$1,877.16	33%
Industrial Customer 50,000 HCF/month 6-inch meter/	\$137,016.29	\$66,916.29	51%

* Potable water cost will be higher in higher water zones.

Note: 1 AF = 325,829 gallons 1 HCF = 748 gallons

EVALUATION AND FOLLOW-UP

A Supplemental Memo will be submitted to Council before the June 12, 2012 Public Hearing to report on the number of written protests and comments received by the City Clerk's Office.

POLICY ALTERNATIVES

Alternative #1: No SJMWS Rate Increase.

Pros: Customer's water bills will not increase.

Cons: If no rate increase is implemented, the continued escalating wholesale cost of water will deplete reserves and compromise the financial health of the utility.

Reason for not recommending: SJMWS must continue to operate as a cost recovery utility and responsibly invest in the distribution system which includes wells, pumps, and water mains. These facilities are needed to meet water demands that provide fire protection and protect public health. Not recommending a rate increase will jeopardize the availability of funds needed for such an investment.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ✓ **Criteria 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)**
- Criteria 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)**

SJMWS published a notice in the San José Mercury News on May 15, 2012, in advance of Council consideration of the proposed rate increases. On April 20, 2012, SJMWS sent Public Notices directly to all its customers advising them of the proposed rate increase of up to 9.5% and the Public Hearing on the proposed rate increases scheduled for June 12, 2012. As of May 10, 2012, the City Clerk's Office had received 22 letters of protest from SJMWS customers in response to the Public Notices. Written protests have been received by mail, fax, email, and hand delivery to the City Clerk's Office. A Supplemental Memo will be submitted to Council shortly before the June 12 Public Hearing to report on the number of additional protests and comments received by the City Clerk's Office subsequent to May 10, 2012. Additionally, on April 20, 2012, SJMWS sent a direct mailing to all the recycled water customers notifying them of the pending rate increase of up to \$0.121 per HCF and 9.5% increase in the meter charge.

COORDINATION

This memo was coordinated with the City Attorney's Office, Office of the City Clerk, and the City Manager's Budget Office.

COST IMPLICATIONS

A 9.5% increase in potable water rates and charges, effective July 1, 2012, is estimated to generate \$2,272,000 in additional revenue for the Water Utility Fund in 2012-2013, which almost entirely offsets an anticipated cost increase of \$2,297,000 over the 2011-2012 cost estimate of \$24,682,000. The anticipated cost increase is driven by wholesale water rate increases described above but also takes into account slight growth in customer base and anticipated changes in household water usage. The recommended rate increase for 2012-2013 is consistent with Council Policy that programs be self-supporting whenever possible.

HONORABLE MAYOR AND CITY COUNCIL

May 21, 2012

Subject: Municipal Water System Potable Water Rate Increase for 2012-2013

Page 6

CEQA

Statutorily Exempt, File No. PP10-067(a), CEQA Guidelines Section 15273 - Rates, Tolls, Fares, and Charges.

/s/

KERRIE ROMANOW

Acting Director, Environmental Services

For questions please contact Jeff Provenzano, Acting Division Manager, at (408) 277-4218.

Attachment - 2012-2013 Proposed Rate Schedule

ATTACHMENT A

2012-2013 PROPOSED RATE SCHEDULE

Table 1: All Customers

MONTHLY METER CHARGE		
Meter Size	2011-12 Current Charges	2012-13 Proposed Charges
5/8-inch	\$9.531	\$10.436
3/4-inch	\$9.732	\$10.656
1-inch	\$16.933	\$18.541
1.5-inch	\$33.867	\$37.084
2-inch	\$52.198	\$57.156
3-inch	\$98.762	\$108.144
4-inch	\$150.960	\$165.301
6-inch	\$197.525	\$216.289
8-inch	\$282.181	\$308.988
10-inch	\$352.742	\$386.252

Table 2: Potable Residential

RESIDENTIAL MONTHLY QUANTITY CHARGE		
Zones	2011-12 Current Charges (per HCF)	2012-13 Proposed Charges (per HCF)
Zone 1 (Elevation 0 to 275 feet) (63% of the customers in Zone 1)		
Tier 1: 0 to 7 HCF	\$2.171	\$2.377
Tier 2: 7 to 14 HCF	\$2.499	\$2.736
Tier 3: 14 to 21 HCF	\$2.753	\$3.014
Tier 4: >21 HCF	\$3.039	\$3.327
Zone 1 Average Monthly Water Bill	\$44.974	\$49.241
Zone 2 (Elevation 275 to 375 feet) (9% of the customers are in Zone 2)		
Tier 1: 0 to 7 HCF	\$2.287	\$2.504
Tier 2: 7 to 14 HCF	\$2.584	\$2.829
Tier 3: 14 to 21 HCF	\$2.880	\$3.153
Tier 4: >21 HCF	\$3.156	\$3.455
Zone 2 Average Monthly Water Bill	\$46.508	\$50.920
Zone 3/4 (Elevation 375 to 630 feet), (20% of the customers are in Zone 3/4)		
Tier 1: 0 to 7 HCF	\$2.383	\$2.609
Tier 2: 7 to 14 HCF	\$2.690	\$2.945
Tier 3: 14 to 21 HCF	\$2.976	\$3.258
Tier 4: >21 HCF	\$3.262	\$3.571
Zone 3/4 Average Monthly Water Bill	\$48.018	\$52.572
Zone 5/6 (Elevation 630 to 880 feet), (8% of the customers are in Zone 5/6)		
Tier 1: 0 to 7 HCF	\$2.510	\$2.748
Tier 2: 7 to 14 HCF	\$2.817	\$3.084
Tier 3: 14 to 21 HCF	\$3.103	\$3.397
Tier 4: >21 HCF	\$3.346	\$3.663
Zone 5/6 Average Monthly Water Bill	\$49.923	\$54.657

Weighted Average Residential Water Bill:

Current= \$44.974*.627+\$46.508*.091+\$48.018*.203+\$49.923*.08= \$46.17

Proposed= \$49.241*.627+\$50.920*.091+\$52.572*.203+\$54.657*.08= \$50.44

Table 3: Potable Non-Residential

NON-RESIDENTIAL QUANTITY CHARGE		
Zones	2011-12 Current Charges (per HCF)	2012-13 Proposed Charges (per HCF)
Zone 1 (Elevation 0 to 275 feet)	\$2,499	\$2,736
Zone 2 (Elevation 275 to 375 feet)	\$2,584	\$2,829
Zone 3 & 4 (Elevation 375 to 630 feet)	\$2,690	\$2,945
Zone 5 & 6 (Elevation 630 to 960 feet)	\$2,817	\$3,084

Table 4: Recycled Water

Use Type	2011-12 Current Charges (per HCF)	2012-13 Proposed Charges (per HCF)
Irrigation	\$1.699	\$1.820
Industrial	\$1.213	\$1.334
Agriculture	\$1.167	\$1.288
Irrigation Former Well	\$1.059	\$1.180
Industrial Former Well	\$0.877	\$0.998
Agriculture Former Well	\$0.877	\$0.998

1 HCF = 748 gallons