



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Barry Ng
Angel Rios, Jr.
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: September 18, 2017

Approved

D. D. S. L.

Date

9/21/17

COUNCIL DISTRICT: 6

SUBJECT: ACTIONS RELATED TO THE 8036 - DEL MONTE PARK PHASE II PROJECT

RECOMMENDATION

- (a) Approve a Service Agreement with the San Jose Water Company for the Del Monte Park Phase II project, in the amount of \$142,790.
- (b) Approve an ordinance designating as additional public right-of-way, a 10-foot wide strip on the south side of Auzerais Avenue from Sunol Street to Los Gatos Creek, all of which is currently City-owned property, to accommodate the Del Monte Park improvements.
- (c) Approve an increase to the construction contingency from 5 percent to 10 percent for the Del Monte Park Phase II project in the amount of \$215,840 for a total contingency of \$431,680.
- (d) Adopt the following 2017-2018 Appropriation Ordinance and Funding Sources Resolution amendments in the Construction and Conveyance Tax Fund: Parks Purposes Council District 6:
 - (1) Increase the Beginning Fund Balance by \$3,000; and
 - (2) Increase the Del Monte Park Expansion Phase II Master Plan and Design appropriation to the Parks, Recreation and Neighborhood Services Department by \$3,000.
- (e) Adopt the following 2017-2018 Appropriation Ordinance and Funding Sources Resolution amendments in the Subdivision Park Trust Fund:
 - (1) Increase the Beginning Fund Balance by \$512,000;
 - (2) Increase the Del Monte Park Expansion Phase II appropriation to the Parks, Recreation and Neighborhood Services Department by \$572,000; and
 - (3) Decrease the Future PDO/PIO Projects Reserve appropriation by \$60,000.

OUTCOME

Approval of these recommendations will authorize the execution of a utility agreement with San Jose Water Company to relocate three existing fire hydrants and to abandon existing water services on-site. Approval of the additional right-of-way is required to accommodate the new fire hydrant locations within the City right-of-way. Approval of an increase in the contingency amount will enable staff to authorize and compensate the construction contractor for additional work currently required to complete the project and provide sufficient funding for anticipated change orders for the remaining duration of the construction project. Adoption of the budget actions will rebudget unspent project funds from 2016-2017 to 2017-2018 and add funding to complete the construction of the synthetic sports turf facility.

BACKGROUND

In April 2015, the City acquired two parcels totaling 3.99 acres from Green Valley Corporation (aka Barry Swenson Builder) to expand Del Monte Park with an open, lighted turf area for sports activities. The City acquired these two parcels (830 Auzerais Avenue (Assessors Parcel Number (APN) 264-11-107) and 496 Sunol Street (APN 264-11-108) to expand the park to the west toward Sunol Street (see attached map). City Council approved the purchase agreement with Barry Swenson Builder/Green Valley Corporation for this property on February 24, 2015 (Agenda Item 5.1).

Per the agreement, Barry Swenson Builder was required to remove the two existing warehouse buildings, the railroad loading dock, and other paved areas after its tenant leases expired. Barry Swenson Builder also removed some contaminated soil from the site. By June 1, 2017, Barry Swenson Builder completed the required soil mitigation work under the guidance of the Santa Clara County Health Department.

On December 6, 2016, City Council awarded the construction contract to Goodland Landscape Construction (Goodland) for \$4,316,800 with approval of a five percent contingency in the amount of \$215,840 (Agenda Item 5.2). At that time, the total project was estimated at \$5.5 million, while the total project budget was \$6.1 million (the budget was subsequently reduced by \$175,000 during the 2016-2017 Mid-Year Budget Review to \$5.9 million).

On June 2, 2017, Goodland was issued a Notice to Proceed by the City, which initiated the project to install a synthetic sports turf area that will be lighted for night use.

The project will also enhance the street frontages adjacent to the site on Auzerais Avenue, West Home Street, and Sunol Street to provide parking for 73 vehicles. The site will be fenced with an 8-foot high black vinyl chain-link fence with 12-foot high netting above the fence at the soccer goals. There will be decorative entry gates at the two street intersections and at the two corners with the current park, along with four other openings that will provide additional access to the sports turf field. Trees and shrubs will be planted in the landscape areas surrounding the sports turf field.

ANALYSIS

1. Resolution authorizing the City Manager to execute a service agreement with the San Jose Water Company.

As a part of the design of the project, two existing fire hydrants on Auzerais Avenue and one on West Home Street are slated for relocation by the San Jose Water Company. The proposed utility agreement will compensate San Jose Water Company for its costs related to the retirement of three (3) existing fire hydrants, a private fire protection service, retirement of existing water services, and installation of three (3) new 6-inch fire hydrants and connections. The total cost of the San Jose Water Company work is \$142,790. This relocation effort is needed to avoid impacting the design and function of the new sports turf facility. Their scheduled construction is anticipated to begin in November 2017.

The \$142,790 agreement with the San Jose Water Company is beyond the signing authority of the City Manager and the Director of Public Works as set forth in the San José Municipal Code. Accordingly, staff is recommending that the City Council authorize the City Manager to execute the agreement.

2. Ordinance designating additional public right-of-way.

The existing public right-of-way along the segment of Auzerais Avenue between Sunol Street and Los Gatos Creek is 60 feet wide. In order to accommodate the proposed improvements, the right-of-way needs to be expanded an additional 10-feet to its ultimate width of 70 feet. The additional right-of-way lies entirely on City-owned property, for a total length of 833.50 linear feet.

Designating the City-owned property as public right-of-way will clarify the ultimate location of the public right-of-way, accommodate the proposed improvements, and facilitate construction/relocation of franchised utilities. The construction/relocation of public utilities is much simpler when the City can clearly show that construction/relocation of franchised utilities is within the public right-of-way. Accordingly, the ordinance will both satisfy the needs of the public record and provide the basis for utility construction/relocation requirements in conjunction with the improvements.

3. \$250,000 increase in the project budget for increased costs not related to the Goodland construction contract.

Staff recommends increasing the project budget by \$250,000 to pay for the San Jose Water Company agreement (\$142,790) discussed above, to pay unanticipated additional costs associated with Pacific Gas & Electric (PG&E) work (approximately \$50,000), and to pay for additional staff costs (\$57,210) associated with managing and resolving these utility service provisions.

An additional unanticipated project cost involves having PG&E provide a new 3-inch conduit and conductors from an existing PG&E vault to a new electrical panel for the new sports field lighting. The electrical designer assumed no coordination with PG&E was needed during design. However, during construction, the City's contractor observed there was an existing 2-inch conduit route and asked if that could be utilized. Upon further investigation, the 2-inch conduit was not sufficient for the extra wire conductors to service the new sport lighting. PG&E informed the City that this electrical work will require coordination and engineering drawings.

PG&E is currently working on the engineering drawings and has provided an anticipated schedule of December 2017. The estimated costs for design and installation work by PG&E is approximately \$50,000.

4. Five percent increase in the contingency is needed to pay for the additional costs.

Staff is also requesting an increase to the construction contingency from 5% to 10% (\$215,840 to \$431,680) to pay for additional construction costs associated with work being undertaken by Goodland. Those increased construction costs include the following:

- (1) During the rough grading phase of the project, Goodland discovered buried debris items that remained from the existing warehouse site. The debris included a large concrete slab, abandoned steel piping, and an underground tank. The underground tank is in the process of being removed by Goodland and is being closely coordinated with the City's Environmental Services Department (ESD) and the County. The City has submitted a removal application with the County. The application includes several requirements such as a licensed tank closure contractor certified to remove the tank, and location where the tank will be shipped for disposal. The tank removal process also requires soil samples to be collected and tested, under observation and direction by the County, to determine contamination levels. The City's contractor is tracking the removal of these items on a time and material basis, with costs currently estimated at \$50,000.
- (2) Barry Swenson Builder removed the railroad spur adjacent to an existing warehouse's loading dock and remediated the soil, leaving a large excavated pit. The City's contractor had to fill the pit with approximately 2000 cubic yards of soil, regrade, and re-compact the area. This additional work is approximately \$30,000.

Since the final grading and drainage work has not been completed yet, staff anticipate final grading and drainage work may unearth additional materials that will need to be removed to complete the project. Staff recommends increasing the contingency for anticipated extra work through the remaining duration of the construction project from 5 percent to 10 percent.

Staff will review the terms of the agreement with Barry Swenson Builder to determine if the City can recoup costs incurred to address the buried debris, underground storage tank, and the significant quantity of soil needed to be imported to the former railroad spur location on the site.

5. Ordinances and Resolutions for rebudgets and additional funding.

Per the requests in this memorandum, the total project cost would increase by \$466,000 from \$5.515 million to \$5.981 million. Currently, the project budget totals \$5.925 million, resulting in a project shortfall of \$56,000. The majority of the project funding was spent or encumbered in 2016-2017, leaving a revised remaining project cost for 2017-2018 of \$866,985. The 2017-2018 Adopted project budget is \$296,000. Adjusting for proposed rebudget actions totaling \$515,000, as noted in Item 1 below, the revised budget will be \$811,000, leaving a funding shortfall of \$55,985. The following appropriation adjustments are recommended to provide sufficient funds for the service agreement with San Jose Water Company, an agreement with PG&E, the increased contingency amount for the construction contract with Goodland Landscape Company, and Public Works' costs to manage and inspect the project.

(1) Rebudgets on the Del Monte Park Phase II Project:

- (a) Rebudget \$3,000 of unexpended 2016-2017 fiscal year funds for the Del Monte Park Expansion Phase II Master Plan and Design from the Construction and Conveyance Tax Fund: Parks Purposes Council District 6 into fiscal year 2017-2018.
- (b) Rebudget \$512,000 of unexpended 2016-2107 fiscal year fund for the Del Monte Park Expansion Phase II Project from the Subdivision Park Trust Fund into fiscal year 2017-2018.

(2) To address the remaining shortfall of \$55,985:

- (a) Provide an additional \$60,000 from the Subdivision Park Trust Fund Future PDO/PIO Projects Reserve appropriation to the Del Monte Park Expansion Phase II Project.

The project is approximately 15 percent complete and is scheduled for beneficial use in February 2018.

EVALUATION AND FOLLOW-UP

No follow up action with City Council is anticipated.

PUBLIC OUTREACH

This memorandum will be posted on the City's website as part of the October 3, 2017, City Council agenda.

COORDINATION

This memorandum has been coordinated with the Planning, Building and Code Enforcement Department, Real Estate, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item does not have input from a board or commission.

FISCAL/POLICY ALIGNMENT

The project is consistent with the Council's approved Budget Strategy for Economic Recovery in that it would spur construction spending in our local economy. The proposed project aligns with the Greenprint 2009 Update, the City's Envision 2040 General Plan, and the Community Sports Fields Study, all adopted by City Council.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT

Project Delivery	\$1,039,269
San Jose Water utility agreement	\$142,790
Estimated PG&E agreement	\$50,000
Construction	\$4,316,800
Contingency	\$215,840
Increased Contingency	\$215,840
TOTAL PROJECT COST	\$5,980,539
Prior Years' Expenditures/Encumbrances *	(\$5,113,554)
REMAINING PROJECT COST	\$866,985

*Prior year expenditures, encumbrances, and overhead cost through June 2017

As discussed above, project cost is increasing by \$466,000 to fund the following: service agreement with San Jose Water Company (\$142,790), the PG&E agreement (\$50,000), the increased contingency amount for the construction contract with Goodland Landscape Company (\$215,840), and Public Works' costs to manage and inspect the project (\$57,210).

2. SOURCE OF FUNDING: 375 – Subdivision Park Trust Fund
384 – Construction and Conveyance Tax Fund: Parks
Purposes Council District 6

Budget actions are recommended to rebudget funding from both the Subdivision Park Trust Fund and the Construction and Conveyance Tax Fund: Parks Purposes Council District 6 as well as add funding of \$60,000 from the Subdivision Park Trust Fund to complete the project.

BUDGET REFERENCE

The table below identifies the fund 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 #	Appropriation Name	Total Appn.	Rec. Budget Action	2017-2018 Adopted Capital Budget Page*	Last Budget Action (Date, Ord. No.)
375	7812	Del Monte Park Expansion Phase II	\$296,000	\$572,000	688	6/20/17, 29962
375	R999	Beginning Fund Balance - Unrestricted	\$54,691,459	\$512,000	672	6/20/17, 29962
375	8845	Future PDO/PIO Projects Reserve	\$8,187,459	(\$60,000)	678	6/20/17, 29962
384	4783	Del Monte Park Expansion Phase II Master Plan/Design	N/A	\$3,000	511	6/20/17, 29962
384	R999	Beginning Fund Balance - Unrestricted	\$1,985,912	\$3,000	510	6/20/17, 29962

CEQA

Del Monte Park - Phase II Mitigated Negative Declaration, File No. PP16-023.

/s/
BARRY NG
Director of Public Works

/s/
ANGEL RIOS, JR.
Director of Parks, Recreation and
Neighborhood Services



JENNIFER A. MAGUIRE
Senior Deputy City Manager/
Budget Director

Attachment: Del Monte Park Location Map

For questions, please contact Michael O'Connell, Deputy Director, Public Works Department, at 408-975-7333.

DEL MONTE PARK PH II VICINITY MAP

