



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jeffrey Provenzano  
Matt Loesch  
Jim Shannon

**SUBJECT:** See Below

**DATE:** May 6, 2026

Approved

Date:

5/21/26

**COUNCIL DISTRICT:** Citywide

**SUBJECT: Actions Related to the 9885 - Regional Wastewater Facility Security and Access Control - Camera and Card Reader Construction Award**

## RECOMMENDATION

- (a) Report on bids and award of a contract for the construction of the 9885 - Camera and Card Reader Upgrades Project to the lowest responsive, responsible bidder, Blocka Construction Inc., in the amount of \$11,678,000;
- (b) Approve a 10% contingency in the amount of \$1,167,800; and
- (c) Adopt the following 2025-2026 Appropriation Ordinance amendments in the San José-Santa Clara Treatment Plant Capital Fund:
  - (1) Decrease the Preliminary Engineering – Water Pollution Control appropriation to the Environmental Services Department by \$1,000,000;
  - (2) Decrease the Plant Infrastructure Improvements appropriation to the Environmental Services Department by \$1,000,000; and
  - (3) Increase the Plantwide Security Systems Upgrade to the Environmental Services Department by \$2,000,000.

## SUMMARY AND OUTCOME

Award of the contract to Blocka Construction Inc. will allow for the construction and completion of the 9885 - Camera and Card Reader Upgrades Project (Project) at the San José-Santa Clara Regional Wastewater Facility (RWF). The Project will upgrade the card reader, camera, and perimeter monitoring systems for the RWF's main operational and residual solids management areas. Approval of a 10% contingency will

provide funding for unanticipated work that is necessary for the proper completion or construction of the Project.

## **BACKGROUND**

Operation of the RWF is essential to protecting public health and the local environment. A strong security system is crucial to protect the facility's processes and personnel. The RWF's existing security system is outdated and needs upgrades to align with modern security system technologies.

The RWF's main operational area has perimeter fencing with limited entry points (Attachment – Project Location Map). Vehicle access points are guarded by security staff and other entry points are locked and accessible using an older card reader system. Building doors at the RWF are equipped with cyberlocks. Although the system is reliable, it is outdated. The RWF also has a security camera system that provides surveillance coverage inside the facility and along its perimeter. Although the cameras are functional, the system lacks the features of newer technology.

## **ANALYSIS**

The Project will upgrade the card reader, camera, and perimeter monitoring systems for the RWF's main operational and residual solids management areas. Improvements will include:

- New building card readers to replace most of the cyberlocks;
- New proximity card badging stations and security monitoring stations;
- New cameras and electrical panels;
- A new central security server room and upgraded operating software to improve camera footage retention capabilities; and
- New perimeter radar and camera system to detect intrusions along the perimeter fences.

Construction is scheduled to begin in July 2026 with substantial completion anticipated by February 2028.

Bids were opened on March 5, 2026, with the following results:

<b>Contractor</b>	<b>Bid Amount</b>	<b>Variance Amount</b>	<b>Over/(under) Percent</b>
<b>Engineer's Estimate</b>	<b>\$8,565,000</b>	--	--
Blocka Construction Inc. (Sunnyvale)	\$11,678,000	\$3,113,000	36

The single bid received from Blocka Construction Inc. is 36% over the Engineer's Estimate. The Engineer's Estimate, prepared by the project design consultant, was developed based on construction costs from comparable municipal wastewater rehabilitation projects completed in recent years, as well as recent quotations obtained from specialty material vendors. The higher than anticipated bid amount is likely attributable to a combination of the following factors:

1. The Bay Area is currently experiencing a high volume of construction activity, including data center and large municipal wastewater treatment projects. This likely contributed to the low number of bidders, despite outreach to the contracting community. Prior to and during the bidding phase of the Project, staff reached out to contractors to notify them of the Project advertisement to encourage participation. Projects with less than three bidders typically receive bids that exceed the Engineer's Estimate due to reduced competition. According to the City's third-party cost estimate consultant, Leland Saylor Associates, the bid amount can be 25% to 100% higher than the Engineer's Estimate when there is only one bid.
2. Ongoing market volatility remains difficult to predict; accordingly, the bidder has adopted a conservative approach in submitting their bid. Despite recent cost data and vendor quotes being used to prepare the Engineer's Estimate, the continued unprecedented market conditions impacting material costs escalation, labor and equipment likely increased costs. Current material indices in copper, steel, and fuel oil are predicting inflation and material price uncertainty which likely increased the bid.
3. The majority of this Project scope of work is electrical and the number of specialized subcontractors, such as electricians, are limited and in high demand. Availability of specialized labor may also have increased staffing costs. It is likely that general contractors are currently needing to pay a premium for their services due to this demand.

Despite the bid being higher than the Engineer's Estimate, staff is recommending proceeding with the award of Blocka Construction Inc. for the following reasons:

1. The RWF is one of the most critical facilities in the city and ensuring its safety and reliability is a top priority. Any disruption to the services provided by this facility could result in significant public health and safety impacts. The improvements recommended under this Project are intended to strengthen site security and protect the facility from potential intrusion or malicious activity.
2. Re-bidding the Project is not recommended as it is unlikely that future construction prices will be lower. This Project requires general contractors to have experience in the security and electrical field in an operating water or

wastewater facility. The pool of qualified electrical contractors is limited. Re-bidding does not guarantee more competitive market conditions or lower bid amounts.

3. Blocka Construction Inc. has prior experience working with the City and has completed several projects at RWF, including the Cogeneration Facility, Fire Life Safety Upgrades, and Storm Drain System Improvements projects. The completed projects demonstrate the bidder's experience and ability to complete the construction work for this Project. The bidder is also a subcontractor to the Facility-Wide Water Systems Improvements project, which is currently under construction. Blocka Construction Inc. has consistently been a reliable contractor and the City is highly satisfied with the work completed at the RWF.

### *Contingency*

San José Municipal Code Section 27.04.050 provides for a contingency of 10% on all public works contracts except those involving the renovation of a building or buildings. Though this Project is renovating building systems, the design supports a 10% contingency as appropriate for this Project due to allowances amounting to 3% of the construction value included in the contract. These allowances address potential issues identified such as utility conflicts, unknowns, gate adjustments and repairs and handling and disposal of hazardous materials.

### *Project Labor Agreement Applicability*

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$730,000.

### *Wage Theft Prevention Policy Check*

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention Policy on March 5, 2026 and again on March 17, 2026. No wage theft issues were identified.

### *Local and Small Business Outreach*

The recommended contractor is a Local Business Enterprise but not a Small Business Enterprise. No local companies were listed as subcontractors.

## **EVALUATION AND FOLLOW-UP**

No additional follow-up action with the City Council is expected at this time. Quarterly progress reports of the RWF Capital Improvement Program will be submitted to the Treatment Plant Advisory Committee and posted on the City’s website.

## **FISCAL IMPACTS**

This project is funded in the San José-Santa Clara Treatment Plant Capital Fund (Fund 512). There is \$14.3 million set aside for this Project, including \$13.2 million this fiscal year and \$1.0 million for 2026-2027 as displayed in the 2026-2027 Proposed Mid-Biennial Capital Budget Update and the 2027-2031 Capital Improvement Program that was released on May 2, 2026. Any funds not spent in 2025-2026 will be rebudgeted to complete the Project. The recommended budget increase of \$2.0 million will be funded by reducing the Preliminary Engineering – Water Pollution Control and the Plant Infrastructure Improvements appropriations by \$1.0 million each. There are several small projects and/or studies active in these ongoing appropriations, and it was determined that there is enough budgetary capacity to reallocate funds without impacting those efforts. The Project has no ongoing operating or maintenance impacts on the San José-Santa Clara Treatment Plant Operating Fund.

In accordance with the recommendations set forth in the Capital Project Cost Allocations Technical Memorandum (Carollo Engineers, March 2016), this Project is allocated between the four billable parameters relative to the rolling weighted average distribution of all RWF assets. This is the methodology used to determine how much each of the tributary agencies is billed for the Project.

This Project is consistent with the City Council-approved budget strategy to focus on rehabilitating aging RWF infrastructure, improve efficiency, and reduce operating costs. This Project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

### 1. TOTAL COST OF PROJECT:

Project Delivery*	\$6,117,666
Construction	\$11,678,000
Contingency	\$1,167,800
<b>TOTAL PROJECT COSTS</b>	<b>\$18,963,466</b>
Prior Years’ Expenditures and Encumbrances	\$2,679,466
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$16,284,000</b>

**Subject: Actions Related to the 9885-Camera and Card Reader Upgrades Project at the San José-Santa Clara Regional Wastewater Facility**

\*Project delivery includes \$921,052 for feasibility, \$1,853,745 for project management during design, \$227,459 for bid and award, \$2,980,410 for construction management, and \$135,000 for post-construction and project closeout. The project delivery cost is approximately 52% of the construction estimate, which is in line with project delivery costs for similar-sized capital projects in RWF.

**2. COST ELEMENTS OF CONTRACT AS RECOMMENDED AS PART OF THE MEMORANDUM:**

Mobilization and Demobilization	\$800,000
Allowances and Revocable Items	643,000
Card Reader, Cameras, Radar, and Incidentals	\$ 10,235,000
<b>TOTAL CONTRACT AMOUNT</b>	<b>\$11,678,000</b>

**BUDGET REFERENCE**

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

Fund #	Appn. #	Appropriation Name	Total Appropriation	Recommended Budget Action	Amount for Contract	2025-2027 Adopted Biennial Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	426E	Plantwide Security Systems Upgrade	\$14,949,000*	\$2,000,000	\$11,678,000	277	10/21/2025 31252
512	7456	Preliminary Engineering - Water Pollution Control	\$5,002,000	(\$1,000,000)		287	10/21/2025 31252
512	5690	Plant Infrastructure Improvements	\$4,758,000	(\$1,000,000)		286	10/21/2025 31252

\*Although \$15.0 million is available in the appropriation, \$13,243,000 is allocated for the Project and \$1,706,000 is allocated for RWF Main Entrance Improvements project. For 2026-2027, an additional \$1,041,000 is recommended for the Project in the 2026-2027 Proposed Mid-Biennial Capital Budget Update and the 2027-2031 CIP.

HONORABLE MAYOR AND CITY COUNCIL

May 6, 2026

**Subject: Actions Related to the 9885-Camera and Card Reader Upgrades Project at the San José-Santa Clara Regional Wastewater Facility**

Page 7

### **COORDINATION**

This Project and memorandum have been coordinated with the City Attorney's Office, Finance Department, and the Planning, Building and Code Enforcement Department.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the June 9, 2026 City Council meeting.

### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

This item is scheduled to be heard at the May 28, 2026, Treatment Plant Advisory Committee meeting. A supplemental memorandum with the Treatment Plant Advisory Committee's recommendation will be included in the amended June 9, 2026 City Council meeting agenda.

### **CEQA**

Determination of Consistency with the San José/Santa Clara Water Pollution Control Plant Master Plan Final Environmental Impact Report and Addenda thereto (Resolution No. 76858). The project does not involve new significant impacts beyond those analyzed in the above EIR.

### **PUBLIC SUBSIDY REPORTING**

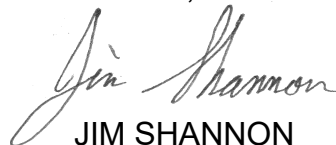
This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

JEFFREY PROVENZANO, P.E.  
Director, Environmental Services

/s/

MATT LOESCH  
Director, Public Works



JIM SHANNON  
Budget Director

HONORABLE MAYOR AND CITY COUNCIL

May 6, 2026

**Subject: Actions Related to the 9885-Camera and Card Reader Upgrades Project at the San José-Santa Clara Regional Wastewater Facility**

Page 8

For questions, please contact Mariana Chavez-Vazquez, RWF General Manager, Environmental Services Department, at [mariana.chavez-vazquez@sanjoseca.gov](mailto:mariana.chavez-vazquez@sanjoseca.gov) or (408) 535-8550.

**ATTACHMENT:** Project Location Map

**ATTACHMENT: Project Location Map**

