



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch  
Jon Cicirelli  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** May 22, 2023

Approved

Date

6/1/23

**COUNCIL DISTRICT: 4**

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE 10221 -  
PARK: BUNDLE - 9140 MERCADO PARK AND 9254 BRUZZONE PARK  
PROJECT**

## RECOMMENDATION

- (a) Report on bids and award of a contract for the construction of 10221 - PARK: BUNDLE - 9140 Mercado Park and 9254 Bruzzone Park Project to the lowest responsive, responsible bidder, Suarez & Munoz Construction, Inc., in the amount of \$3,071,000;
- (b) Approve a 10 % contingency in the amount of \$307,100; and
- (c) Adopt the following 2022-2023 Appropriation Ordinance amendments in the Subdivision Park Trust Fund:
  - (1) Increase the Bruzzone Way Park Development appropriation to the Parks, Recreation, and Neighborhood Services Department by \$232,000;
  - (2) Increase the Mercado Park Development appropriation to the Parks, Recreation, and Neighborhood Services Department by \$162,000; and
  - (3) Decrease the Future PDO / PIO Projects Reserve by \$394,000.

## SUMMARY AND OUTCOME

This memorandum summarizes the bids received and requests award of a contract for the 10221-PARK: BUNDLE - 9140 Mercado Park and 9254 Bruzzone Park Project (Project). The Project was originally part of an executed Turnkey Parkland Agreement with KB Homes. In early 2022, City Council approved the First Amendment to the Flea Market North “Turnkey Parkland and Excess Credit Agreement”, which transferred the land and remaining design and construction responsibility to the City.

Award of the contract to Suarez & Munoz Construction, Inc. will enable the Project to proceed into construction. Approval of a 10% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project. Adoption of the amendments in the Appropriation Ordinance will provide the additional funding needed to construct the Project.

## **BACKGROUND**

The Project is comprised of two individual parks located in the Flea Market North Area. The proposed 3.6-acre Mercado Park is at the southeast corner of Mercado Way and Sierra Road. The proposed 3.4-acre Bruzzone Park is at the northwest corner of Mercado Way and Bruzzone Way. (See **Attachment A** – Location Map for Mercado Park and Bruzzone Park.) Through an executed Turnkey Parkland Agreement, Parks, Recreation, and Neighborhood Services Department (PRNS) and the developer, KB Homes, created a "Phase I" master plan that was to be designed and constructed by KB Homes as a Turnkey Park.

In January 2022, City Council approved the First Amendment to the Flea Market North “Turnkey Parkland and Excess Credit Agreement”, which resulted in the transfer of remaining design and future construction responsibility associated with Bruzzone Park and Mercado Park from KB Homes to the City. KB Homes paid the remaining Park Impact Fees to the City of San José (City) to complete these two parks.

Following the transfer, the Department of Public Works staff worked closely with the PRNS staff and completed several rounds of value engineering studies to meet the available Project budget. Based on the value engineered options selected by the PRNS, the scopes are as follows:

- For Mercado Park, the scope includes demolition, site preparation, grading and drainage, fencing, paving, play equipment, lighting, irrigation, sodding and hydroseeding, planting, and site furnishings.
- For Bruzzone Park, the scope includes demolition, site preparation, grading and drainage, installation of a dog park, paving, irrigation, sodding and hydroseeding, street tree planting, and site furnishings.

PRNS and Department of Public Works agreed to bundle these two projects as one construction contract, to capitalize on efficiencies during the design, bidding, and construction phases. This will reduce the overall estimated project cost to deliver two new parks.

Currently, construction is scheduled to begin in August 2023 with completion in June 2024.

**ANALYSIS**

Bids were opened on March 23, 2023 with the following results:

<b><u>Contractor</u></b>	<b><u>Bid Amount</u></b>	<b><u>Variance Amount</u></b>	<b><u>Over/(Under) Percent</u></b>
Suarez & Munoz Construction, Inc. (Hayward)	\$3,071,000	(\$142,200)	(4)
Marina Landscape, Inc. (Orange) <i>(non-responsive)</i>	\$3,089,300	(\$123,900)	(4)
<b>Engineer's Estimate</b>	<b>\$3,213,200</b>	---	---
Redwood Engineering Construction (Redwood City)	\$3,285,000	\$71,800	2
Robert A Bothman Inc dba Robert A Bothman Construction (San José)	\$3,352,000	\$138,800	4

The bid submitted by Marina Landscape, Inc. was deemed non-responsive for failing to provide the specific bidder's experience information required by the City.

The low bid submitted by Suarez & Munoz Construction, Inc. is four percent under the Engineer's Estimate. Staff considers this reasonable and acceptable for the work involved in the Project and recommends awarding the Project to Suarez & Munoz Construction, Inc.

Suarez & Munoz Construction, Inc. has successfully completed several park projects for the City over the last several years; it was responsible for constructing Welch Park Improvements, Iris Chang Park, Watson Park Renovation, and Tamien Park Phase I and Phase II.

San José Municipal Code Section 27.04.050 provides a standard contingency of 10% on all public works contracts except for those involving the renovation of a building or buildings. The standard 10% contingency is appropriate for this Project.

**Project Labor Agreement Applicability**

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.2 million.

**Local and Small Business Outreach**

Procurement staff used Biddingo to outreach to local and small business enterprises. Chapter 4.12 of the San José Municipal Code defines a "local business enterprise" as one with a

legitimate business presence in Santa Clara County and “small business enterprise” as a local business enterprise with 35 or fewer employees. Procurement staff sent bid invitations to 8,961 vendors, and documents were downloaded by 23 vendors, five of which were located within Santa Clara County and therefore local. The recommended contractor is not a local or small business enterprise. However, Playgrounds Unlimited (Santa Clara) and AAA Fence Co, Inc. (Santa Clara) are local business enterprises listed as subcontractors on the Project. Playgrounds Unlimited will perform the installation of playground equipment and surfacing work valued at approximately \$265,000. AAA Fence Co, Inc. will perform the installation of playground fences and gates and dog park chain link fences and gates work valued at approximately \$109,000.

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

No additional follow up action with the City Council is expected at this time.

### **COST SUMMARY/IMPLICATIONS**

The total contract award is detailed below and an additional \$394,000 is recommended to support the Project’s scope of work from the Subdivision Park Trust Fund. This increase will support sod and associated infrastructure costs at Bruzzone Park (\$232,000) and will support the construction of the irrigation system for proposed and future landscaping at Mercado Park (\$162,000). The annual operation and maintenance cost (Bruzzone Park and Dog Park \$82,000 and Mercado Park \$77,000) was previously funded as part of the 2021-2022 Adopted Operating Budget and both parks will be operational by summer 2024. The construction of these two new parks included in this memorandum will not result in any further increased operation and maintenance costs.

1. TOTAL COST OF PROJECT:

Project Delivery	\$1,072,634*
Construction	3,071,000
Contingency	307,100
<b>TOTAL PROJECT COSTS</b>	<b><u>\$4,450,734</u></b>
Prior Years’ Expenditures & Encumbrances	102,734

**TOTAL REMAINING PROJECT COSTS** **\$4,348,000\*\***

\* Project delivery includes \$273,280 for Design Services, which incorporates costs prior to the transfer for remaining Design Services costs and future construction costs associated with Bruzzone Park and Mercado Park from a residential developer to the City, as approved by City Council on January 25, 2022, and \$799,354 for Construction Management and Inspection Services.

\*\*Amount is rounded

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

<b>MERCADO PARK</b>	
Mobilization	\$80,000
Storm Water Pollution Control Plan	5,000
Emergency Erosion and Sediment Control Allowance	5,000
Utility Conflict Cost Allowance	10,000
Site Preparation/Demolition	40,000
Grading, Drainage, and Utilities	340,000
Rigid Paving	450,000
Decomposed Granite Paving	11,000
Playground Metal Fences and Gates	45,000
Electrical	335,000
Irrigation	235,000
Plants	80,000
Turf	40,000
Hydroseed	10,000
Mulch	56,000
Site Furnishings	30,000
Drinking Fountains	4,500
Playground Equipment and Age-Appropriate Sign	175,000
Playground Protective Surfacing	90,000
Signage	5,000
Operation and Maintenance	2,000
<b>TOTAL BASE BID AMOUNT</b>	<b>\$2,048,500</b>

<b>BRUZZONE PARK</b>	
Mobilization	\$50,000
Storm Water Pollution Control Plan	5,000
Emergency Erosion and Sediment Control Allowance	5,000
Utility Conflict Cost Allowance	10,000
Site Preparation/Demolition	20,000
Grading, Drainage, and Utilities	215,000
Rigid Paving	80,000
Decomposed Granite Paving	75,000
Chain-link Fences with Mow Bands and Gates	64,000
Electrical	30,000
Irrigation	215,000
Plants	115,000
Turf	45,000
Hydroseed	15,000

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Mulch	3,000
Dog Park Surfacing	35,000
Site Furnishings	33,000
Drinking Fountains	4,500
Signage	1,000
Operation and Maintenance	2,000
<b>TOTAL BASE BID AMOUNT</b>	<b>\$1,022,500</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 #	Appn Name	Total Appn	Rec. Budget Action	Amt. for Contract	2022-2023 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
375	432J	Bruzzone Way Park Development	\$1,245,000	\$232,000	\$1,022,500	N/A*	10/18/2022 30833
375	432K	Mercado Park Development	\$2,709,000	\$162,000	\$2,048,500	N/A*	10/18/2022 30833
375	8845	Future PDO / PIO Projects Reserve	18,102,047	(\$394,000)	N/A	512	2/14/2022 30883

\*This Project was originally planned to be built by a residential developer but transferred to the City to finish construction, as approved by City Council on January 25, 2022. Funding for this Project was established as part of the 2021-2022 Annual Report.

**COORDINATION**

This memorandum has been coordinated with the City Attorney’s Office and the Department of Planning, Building, and Code Enforcement.

**PUBLIC OUTREACH**

This memorandum will be posted on the City’s Council Agenda website for the June 13, 2023 City Council meeting.

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**COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

**CEQA**

ER23-094, Determination of Consistency with PDC03-108 (San José Flea Market General Plan Amendment and Planned Development Rezoning Project Final EIR) (see **Attachment B**).

**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/  
MATT LOESCH  
Acting Director of Public Works

/s/  
JON CICIRELLI  
Director, Department of Parks,  
Recreation and Neighborhood Services

  
JIM SHANNON  
Budget Director

For questions, please contact Sal Kumar Interim Deputy Director, Public Works Department, at [sal.kumar@sanjoseca.gov](mailto:sal.kumar@sanjoseca.gov) or (408) 793-5307.

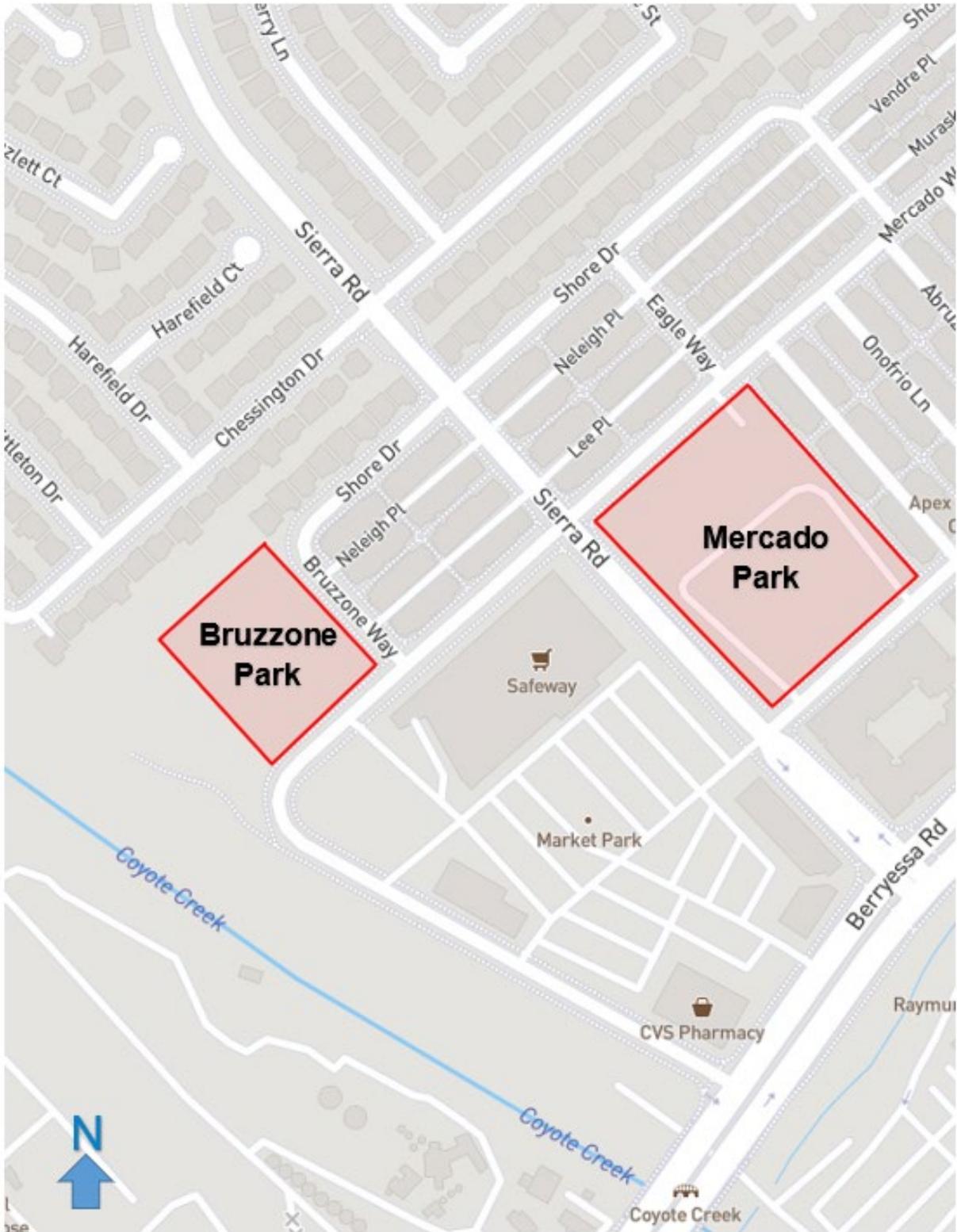
**ATTACHMENTS:**

Attachment A - Location Map for Mercado Park and Bruzzone Park

Attachment B - Determination of Consistency with the [San José Flea Market General Plan Amendment and Planned Development Rezoning] Final Environmental Impact Report

# Attachment A

## Location Map for Mercado Park and Bruzzone Park



DETERMINATION OF CONSISTENCY WITH THE [SAN JOSE FLEA MARKET GENERAL PLAN AMENDMENT AND PLANNED DEVELOPMENT REZONING] FINAL ENVIRONMENTAL IMPACT REPORT

Pursuant to Section 15162 of the CEQA Guidelines, the City of San Jose has determined that the project described below does not involve new significant effects beyond those analyzed in the Final Environmental Impact Report (EIR) for the San Jose Flea Market General Plan Amendment and Planned Development Rezoning Project (File No. PDC03-108). Therefore, the City of San Jose can take action on the project as being within the scope of the San Jose Flea Market General Plan Amendment and Planned Development Rezoning Project EIR.

File Number and Project Name: File. No ER23-094 - Mercado and Bruzzone Parks Bundle

The Project is comprised of two individual parks located in the Flea Market North Area. The proposed 3.6-acre Mercado Park is at the southeast corner of Mercado Way and Sierra Road. The proposed 3.4-acre Bruzzone Park is at the northwest corner of Mercado Way and Bruzzone Way. Through an executed Turnkey Parkland Agreement, Parks Recreation and Neighborhood Services (PRNS) and KB Homes (Developer) created a "Phase I" master plan that was to be designed and constructed by the Developer as a Turnkey Park. In January 2022, Council approved the First Amendment to the Flea Market North "Turnkey Parkland and Excess Credit Agreement", which resulted in the transfer of remaining design and future construction responsibility associated with Bruzzone Park and Mercado Park from the Developer to the City.

The scope of work for the Mercado Park includes demolition, site preparation, grading and drainage, fencing, paving, play equipment, lighting, irrigation, sodding and hydroseeding, planting, and site furnishings.

The scope of work for the Bruzzone Park includes demolition, site preparation, grading and drainage, installation of a dog park, paving, irrigation, sodding and hydroseeding, street tree planting, and site furnishings.

Location: Berryessa Road and Sierra Road. Council District: 4

The environmental impacts of this project were addressed by a Final EIR entitled, " San Jose Flea Market General Plan Amendment and Planned Development Rezoning Project," and findings were adopted by City Council Resolution No. 73956 on August 14, 2007. Specifically, the following impacts were reviewed and found to be adequately considered by the EIR:

- Checkboxes for: Aesthetics, Agriculture Resources, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise, Population and Housing, Utilities and Service Systems, Transportation/Traffic, Energy.

ANALYSIS:

The San Jose Flea Market General Plan Amendment and Planned Development Rezoning Project (previously approved FEIR) would rezone the project site to A(PD) Planned Development Zoning District, which would allow the development of up to 215,622 square feet of industrial and/or commercial building space north of Berryessa, up to 152,700 square feet of commercial space south of Berryessa, and a combined total of 2,818 dwelling units north and south of Berryessa. Conversely, the minimum amount of development that could occur on the project site is a total of 2,580 dwelling units, 71,874 square feet of industrial and/or commercial building space north of Berryessa and a minimum of 91,000 square feet of commercial space south of Berryessa. The only commercial uses proposed south of Berryessa must be incorporated with residential into a mixed-use configuration. The previously approved FEIR also proposes approximately 13 acres of Public Park/Open Space uses on the project site north of Berryessa. Approximately seven acres of these Public Park/Open Space uses would be located within the proposed 100-foot setback from the edge of Coyote Creek

riparian habitat. The FEIR acknowledged that consistent with the City of San Jose Riparian Corridor Study Policy, this would be used as a passive recreation area (e.g., bike and pedestrian trails, park benches, and riparian landscaping) in a manner that would not impact the riparian habitat (e.g., outdoor lighting would not shine into, the riparian habitat). The previously approved FEIR also includes an approximately four-acre park in the northwest corner of the project site and a two-acre "floating" park at an unspecified location. One of the project objectives for the previously approved FEIR is to provide a public park that is large enough to be an active park, including soccer and ball fields, to serve both the project residents and existing adjacent residents.

The proposed Mercado and Bruzzone Parks Bundle project is consistent with the previously approved FEIR as it would result in the development of seven acres of parks and meet the project objective in the FEIR. previously approved FEIR states that should future designs for the public park and open space lands be proposed that are not consistent with the adopted standards and guidelines, subsequent environmental review will be required, consistent with CEQA. Construction of proposed parks would be in conformance with City Design Guidelines, the adopted Riparian Corridor Policy, and the Santa Clara Valley Water District Guidelines & Standards for Land Use Near Streams. Applicable mitigation measures as noted in the previously approved FEIR and City's standard permit conditions would be adhered to for the proposed project. Therefore, the proposed project is consistent with what was analyzed in the previously approved FEIR and is not expected to result in significant impacts different or greater than the overall impacts identified as resulting from the entire proposed project in the previously approved FEIR.

Christopher Burton, Director  
Planning, Building and Code Enforcement

April 26, 2023  
Date

Tina Garg

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Deputy

Tina Garg  
Environmental Project Manager