



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch  
John Ristow

**SUBJECT:** SEE BELOW

**DATE:** June 4, 2024

Approved

Date

6/5/24

**COUNCIL DISTRICT: 6**

## SUPPLEMENTAL

**SUBJECT: ACTIONS RELATED TO THE 8820 – MILLIGAN PARKING LOT PROJECT**

## REASON FOR SUPPLEMENTAL

To provide additional information obtained after bids were opened.

## RECOMMENDATION

- a) Adopt a resolution certifying the Milligan Parking Lot Project Supplemental Environmental Impact Report and making certain findings concerning significant impacts, mitigation measures, alternatives, and adopting a statement of overriding considerations and a related Mitigation Monitoring and Reporting Plan, in accordance with the California Environmental Quality Act.
- b) Adopt a resolution approving an exception to Condition 11 of the Santa Clara Valley Habitat Conservation Plan to allow a reduced riparian setback from 100 feet to 35 feet along the Guadalupe River riparian edge for the 8820-Milligan Parking Lot Project on a 2.5-acre site located on five parcels at the northeast corner of North Autumn Street and West St John Street in Downtown San José (APNs; 259-59-032, -033, -072 and -102).
- c) Report on bids and award of contract for the construction of 8820 – Milligan Parking Lot Project to the lowest responsive, responsible bidder, Joseph J. Albanese, Inc., for the base bid and Bid Alternate in the amount of \$4,077,638.
- d) Approve a 15% contingency in the amount of \$611,646.

## **BACKGROUND**

A memorandum dated May 20, 2024, was forwarded to City Council for the June 11, 2024, City Council meeting. This supplemental memorandum provides additional information obtained after the bid opening for the 8820 – Milligan Parking Lot Project (Project).

One bid alternate was also considered for the inclusion of the Project:

Bid Alternate #1: 40% Electric Vehicle Capable Parking Stalls

## **ANALYSIS**

Bids were opened on May 16, 2024, with the following results:

<b><u>Contractor</u></b>	<b><u>Base Bid</u></b>	<b><u>Bid Alt Total</u></b>	<b><u>Total Bid</u></b>	<b><u>Variance Amount</u></b>	<b><u>Over/(Under) Percent</u></b>
<b>Engineer's Estimate</b>	<b>\$2,734,200</b>	<b>\$485,000</b>	<b>\$3,219,200</b>	<b>-</b>	<b>-</b>
Joseph J. Albanese, Inc., (Santa Clara)	\$3,688,463	\$389,175	\$4,077,638	\$824,038	35
QLM, Inc. (San Jose)	\$7,365,070	\$1,095,000	\$8,460,070	\$5,206,470	169

### *Bid Price Analysis*

Section 3-1.01D of the City of San José Special Provisions (Bid Alternate) specifies how the City will determine the low bid when bid alternates are included. The section requires the City to determine the low bid by adding each of the bid alternate bids to the base bid in ascending numerical sequence until a total is reached to which no further bid alternate bids may be added without exceeding the dollar limit specified in section 3-1.01D of the Special Provisions. However, in this case, a dollar limit was not specified, and therefore, the low bid was determined by the amount of the total bid after adding the bid alternate bid to the base bid.

The total bid submitted by Joseph J. Albanese, Inc. in the amount of \$4,077,638 is 35% above the Engineer's Estimate. Therefore, Joseph J. Albanese, Inc. was determined to be the low bidder.

Potential reasons for the higher bid include increased costs associated with the demolition of historic buildings on the existing site, including disposal of hazardous materials in these buildings. Additionally, work associated with PG&E sub-surface connections, including encased trenching, underground conduit, backfill, and new pavement work is also a potential factor contributing to the higher bid. However, staff considers the low bid submitted for this Project to be competitive and legitimate for the work to be performed.

### *Contractor Responsibility Analysis*

Joseph J. Albanese, Inc. has successfully completed similar projects for government agencies in California involving structural concrete, demolition, expansion and retrofit of structures, and underground utility work for City of Vacaville, City of Sunnyvale, and County of Santa Cruz. Joseph J. Albanese, Inc. recently completed the Sierra Road Landslide Repair Project for the City of San José and is currently working on the 8512 - Tully Road Safety Improvements Project in San José.

### *Contingency*

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10% on all public works contracts except those involving the renovation of a building or buildings. However, for this Project, a contingency of 15% is being requested because of the higher potential to encounter unforeseen conditions during the demolition and construction. The funds budgeted for this Project are sufficient to provide for the recommended contingency.

### *Wage Theft Prevention Policy Check*

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention Policy on May 16, 2024, and again on May 24, 2024. No wage theft issues were identified.

### *Project Labor Agreement Applicability*

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.22 million.

### *Local and Small Business Analysis*

The recommended contractor is a local and a small business enterprise. In addition, two local business enterprises are listed as subcontractors. Bear Electrical Solutions (Alviso) will be performing electrical work valued at approximately \$1,100,000 and Oliveira Fence, Inc. (Santa Clara) will be performing fencing work valued at approximately \$100,000.

## **COST SUMMARY/IMPLICATIONS**

Construction of the interim parking lot near downtown SAP Center, the Santa Clara Valley Transportation Authority's light rail station, and the Diridon Station offers numerous benefits, including easing traffic congestion by providing convenient parking options for stadium events and commuters utilizing public transportation as a Park and Ride facility. It also generates additional revenue for the City through parking fees, supports local businesses by increasing foot traffic, and enhances overall accessibility and convenience for visitors to the area.

The construction of this Project will not result in additional operation and maintenance costs to the City of San José. The Project is funded from the General-Purpose Parking Fund.

1. TOTAL COST OF PROJECT:

Project Delivery*	\$1,572,716
Construction	4,077,638
Contingency	611,646
<b>TOTAL PROJECT COSTS</b>	<b>\$6,262,000</b>
Prior Years' Expenditures and Encumbrances	814,404
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$5,447,596</b>

\* Project delivery cost includes \$1,207,386 for design services and bidding, and \$365,330 for construction management and inspection services.

2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Mobilization and Demobilization	\$ 241,139.00
Demolition	516,840.00
Earth work and infrastructure	125,000.00
Concrete and pavement	1,462,790.00
Signage and painting	70,828.00
Electrical work	1,076,337.00
Fence and barrier	99,879.00
Landscape and irrigation system	95,650.00
Bid Alternate #1: Electric vehicle ready infrastructure	389,175.00

**TOTAL CONSTRUCTION CONTRACT: \$4,077,638.00**

**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	Amt. for Contract	2023-2024 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
559	7885	Greater Downtown Parking Inventory	\$9,365,000	\$4,077,638	917	30966, 10/17/2023

HONORABLE MAYOR AND CITY COUNCIL

June 4, 2024

**Subject: Actions Related to the 8820 – Milligan Parking Lot Project**

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## **COORDINATION**

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

/s/

MATT LOESCH

Director of Public Works

/s/

JOHN RISTOW

Director of Transportation

For questions, please contact Sal Kumar, Deputy Director of Public Works, at [sal.kumar@sanjoseca.gov](mailto:sal.kumar@sanjoseca.gov).