

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** SEE BELOW

**DATE:** April 26, 2024

Approved



Date

5/6/24

**COUNCIL DISTRICT: 3**

## INFORMATION

**SUBJECT: 1300 BERRYESSA SUPPORTIVE PARKING PROJECT**

### BACKGROUND

As part of its diverse portfolio of homelessness interventions, the City of San José introduced supportive parking programs, creating a designated and secure place for vehicle and recreational vehicle (RV) dwellers to park, sleep, and remain on site on a 24/7 basis while seeking housing alternatives and accessing services. This model differs from the overnight-only model that requires RV dwellers to leave each morning and find an alternative street location during the day.

On June 6, 2023, the City Council directed staff to pursue the 1300 Berryessa Road site for a new RV Communities Supportive Parking Program project. On June 15, 2023, a lease agreement between Terreno Berryessa LLC and the City for the Berryessa site was executed with an effective start date of June 30, 2023, for an initial term of 122 months (August 31, 2033). The City did not gain access to begin necessary work until lease execution.

The 1300 Berryessa Supportive Parking Project (Project) will develop a parking lot for 83 occupied RVs and 46 standard vehicles, plus additional space for storage or non-lived in RV parking. The initial scope of work also included the installation of four prefabricated support buildings (kitchen, laundry, restrooms, and office space), storage units, designated outdoor spaces including a dog run and community garden, site security lighting, landscaping, utilities, and other site improvements.

On December 12, 2023, the City Council authorized the Director of Public Works to award and execute a contract for the construction of the Project to the lowest responsive, responsible bidder in an amount not to exceed \$15,000,000. In addition, the City Council directed staff to return to the City Council with a revised construction budget that reduces the total project cost by 25% to 50% and considers a phased approach that prioritizes opening the site sooner, and a timeline

detailing when individuals will be allowed onto the site. The City Council also directed staff to continue to work with the County of Santa Clara on a potential cost-sharing model for operations. Since that time, staff has provided further information to County of Santa Clara staff in Supervisor Lee’s office, at their request, and a site tour of the Santa Teresa RV parking site to enable them to understand how the current site operates as an example. This was done to help show how the Berryessa site might operate so that they could evaluate it in preparation for Supervisor Lee’s Board referral. Staff determined that, although a cost-sharing agreement with the County of Santa Clara for the Berryessa Supportive Parking site is not possible, it continues to pursue other alternatives to offset costs.

**ANALYSIS**

***Cost Analysis***

Prior to bid advertisement, staff reevaluated the proposed scope of work for the Project and assessed opportunities for construction cost savings. Staff identified the greatest cost savings potential in reducing buildings and permanent infrastructure, both of which have high material costs and long lead times. The Project scope was adjusted to include four deductive bid alternates, designed to bring more flexibility to the scope of services provided at the site and reduce the overall cost to develop the site.

The four deductive bid alternates were:

1. Electrical – provide overhead electrical and wooden light poles in-lieu of current design (underground electrical and standard streetlight poles);
2. Special Construction – case management building;
3. Special Construction – community and administrative building;
4. Special Construction – laundry and office building; and,
5. Special Construction – shower and restroom building.

Bids were opened on January 25, 2024, with the following results.

<b><u>Contractor</u></b>	<b><u>Bid Amount (or Base Bid)</u></b>	<b><u>Bid Alt. Total</u></b>	<b><u>Total Bid</u></b>	<b><u>Variance Amount (from total bid)</u></b>	<b><u>Over/ (Under) Percent</u></b>
<b>Engineer’s Estimate</b>	<b>\$7,521,000</b>			--	--
Construction Testing Services (Pleasanton) <i>(non-responsive)</i>	\$81,182	N/A	N/A	(\$7,439,818)	(99)
Azul Works, Inc. (San Francisco)	\$8,878,200	(\$3,670,000)	\$5,208,200	(\$2,312,800)	(31)

SC Builders, Inc. (Sunnyvale) <i>(non-responsive)</i>	\$7,377,000	(\$2,032,000)	\$5,345,000	(\$2,176,000)	(29)
W.E. Lyons Construction Co. (Walnut Creek)	\$8,144,470	(\$2,441,149)	\$5,703,321	(\$1,817,679)	(24)
D.L. Falk Construction, Inc. (Hayward)	\$8,995,000	(\$2,233,000)	\$6,762,000	(\$759,000)	(10)
Gordon N. Ball, Inc. (Alamo)	\$9,325,000	(\$2,077,000)	\$7,248,000	(\$273,000)	(4)

<b><u>Contractor</u></b>	<b><u>Bid Alternate No. 1</u></b>	<b><u>Bid Alternate No. 2</u></b>	<b><u>Bid Alternate No. 3</u></b>	<b><u>Bid Alternate No. 4</u></b>	<b><u>Bid Alternate No. 5</u></b>
Construction Testing Services (Pleasanton) <i>(non-responsive)</i>	N/A	N/A	N/A	N/A	N/A
Azul Works, Inc. (San Francisco)	(\$340,000)	(\$600,000)	(\$1,100,000)	(\$900,000)	(\$730,000)
SC Builders, Inc. (Sunnyvale) <i>(non-responsive)</i>	(\$107,000)	(\$222,000)	(\$622,000)	(\$638,000)	(\$443,000)
W.E. Lyons Construction Co. (Walnut Creek)	(\$190,968)	(\$358,581)	(\$770,929)	(\$583,042)	(\$537,626)
D.L. Falk Construction, Inc. (Hayward)	(\$68,000)	(\$345,000)	(\$740,000)	(\$564,000)	(\$516,000)
Gordon N. Ball, Inc. (Alamo)	(\$400,000)	(\$227,000)	(\$635,000)	(\$490,000)	(\$325,000)

The bid submitted by Construction Testing Services was an incomplete bid, submitted only for a portion of the Project work. The bid package also did not include any of the City’s required forms. As such, it was deemed non-responsive. The bid submitted by S.C. Builders, Inc. was deemed non-responsive for failing to include prices for all of the line items included in the Schedule of Quantities.

In accordance with the procurement documents, Section 3-1.101D of the City of José Special Provisions, “the low bid will be determined by adding each of the Bid Alternative Bids to the Base Bid. The low bidder will be the bidder whose total amount calculated under the preceding sentence is the lowest. Once the low bidder has been identified, the City may elect to award the

Base Bid item alone or any or all Bid Alternate items in any sequence to that low bidder, even if the resulting contract amount no longer represents the lowest total price for the items chosen.” In this instance, the apparent low bidder was determined by adding each of the deductive Bid Alternative bids to create the Base Bid price. The low bid submitted by Azul Works, Inc. is below the Engineer’s Estimate and staff considers this to be reasonable for the work involved.

In coordination with the Housing Department and the City Manager’s Office, the Public Works Department awarded the Base Bid and deductive Bid Alternates No. 1, No. 2 and No. 3 to Azul Works, Inc. for a contract amount of \$6,838,200, a 54% reduction to the estimated construction cost amount. With the award of Bid Alternates No. 1, 2 and 3, the awarded scope of work will reduce from constructing four prefabricated support buildings to constructing two prefabricated support buildings: a laundry/office building and a shower/restroom building. Including these facilities in the contract provides the most cost-effective project delivery model, with the cost of constructing these two buildings being roughly half the cost to rent replicable services through operations. As an additional cost saving measure, the Project will provide overhead electrical and wooden light poles in-lieu of underground electrical and standard streetlight poles. Including these alternatives does not increase the Project schedule and removing them would not shorten the Project schedule.

### ***Schedule Analysis***

Staff has explored a phased project delivery approach and other tools for prioritizing opening the site to participants sooner.

Although currently a vacant lot, the Berryessa site lacks basic infrastructure that must be built as part of this construction contract. Potable water connection, sanitary sewer connection, and installation of a new electrical transformer are a few examples of the basic infrastructure needs that account for the basis of the construction contract duration and make a phased project delivery approach challenging for this site. Bringing participants into the site before these basic infrastructure needs are installed creates construction and operational challenges, and a need for temporary facilities to be brought to the site, driving up operational costs and adding site complexity during construction. Construction of prefabricated buildings is another known long lead item; however, the manufacturing and fabrication work for these buildings may be done in tandem with the site development work, and staff does not anticipate this significantly adding to the overall project delivery schedule.

In addition, phasing construction often results in higher bid costs and longer overall project delivery schedules, as contractors need to account for multiple mobilizations and navigate construction activities around participants living at the site. Similarly, there would be operational challenges with having participants within an active construction zone. Therefore, staff determined that phasing the Project in this way would not be desirable and would not result in an overall faster completion schedule.

Staff finds that the construction contract duration is reasonable for the scope of work included in the contract; however, once the construction contract is fully executed, staff intends to engage with the contractor to explore opportunities on the overall project delivery schedule.

*Next Steps and Project Schedule*

<b>Bid and Award (Director Award):</b>	February 2024
<b>Construction:</b>	May 2024 – December 2024
<b>Participant Move-In:</b>	Anticipated late fall 2024

**COORDINATION**

This Project and memorandum have been coordinated with the City Manager’s Office and the Department of Housing.

/s/  
MATT LOESCH  
Director of Public Works

For questions, please contact Sal Kumar, Deputy Director Public Works, at (408) 535-8300 or [sal.kumar@sanjoseca.gov](mailto:sal.kumar@sanjoseca.gov).