

## SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

CHUCK REED, CHAIR  
JOSE ESTEVES, MEMBER  
PAT KOLSTAD, MEMBER  
JAMIE MATTHEWS, MEMBER  
MADISON NGUYEN, MEMBER

CHUCK PAGE, MEMBER  
JOHN GATTO, MEMBER  
ED SHIKADA, MEMBER  
KANSEN CHU, MEMBER

### AGENDA/TPAC

1:30-2:30p.m.

March 25, 2013

Room 1734

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1. **ROLL CALL**
2. **APPROVAL OF MINUTES**
  - A. February 14, 2013
3. **UNFINISHED BUSINESS/REQUEST FOR DEFERRALS**
4. **DIRECTOR'S REPORT** (verbal)
  - A. **Directors Verbal Report**
  - B. **PowerPoint Presentation-San Jose-Santa Clara Water Pollution Control Plant Capital Improvement Program Financing**
5. **AGREEMENTS/ACTION ITEMS**
  - A. **San Jose/Santa Clara Water Pollution Control Plant-Name Change**

**Staff Recommendation:** Accept staff report and refer to Council for approval of staff recommendations:

1. Approve identifying the San Jose/Santa Clara Water Pollution Control Plant (Plant) as the **San José-Santa Clara Regional Wastewater Facility** in future communications and public outreach regarding this facility and;
2. Approve a corresponding logo for the Plant's proposed new name, San José-Santa Clara Regional Wastewater Facility, for use in future communications and public outreach.

The San Jose/Santa Clara Water Pollution Control Plant-Name Change was heard by the Transportation and Environment Committee on March 4, 2013 and is scheduled to be considered by the San Jose City Council on March 26, 2013.

B. Report on Request for Proposal for Citywide Security Guard Services

**Staff Recommendation:** Approve the report on Request for Proposal (RFP) for Citywide Security Guard Services and adoption of a resolution authorizing the City Manager to:

1. Execute agreements with First Alarm Security & Patrol, Inc.(San Jose, CA), Cypress Private Security (San Jose, CA), and National Security Industries & Services (San Jose, CA) for Security Guard Services for an initial five year term ending March 31, 2018, and maximum compensation for all of the agreements not to exceed \$3,209,864 for the period April 1, 2013 through March 31, 2014 as follows:

<u>Department</u>	<u>Maximum Compensation (year 1)</u>
Aviation/Airport (First Alarm)	\$2,002,750
ESD/Water Pollution Control Plant (First Alarm)	395,905
Office of Economic Development/Work2Future (National)	160,598
Parks, Recreation & Neighborhood Services (Cypress)	120,704
Public Works (First Alarm)	51,554
Transportation (First Alarm)	478,353
<b>Total</b>	<b>\$3,209,864</b>

2. Execute amendments and change orders as required to add or delete facilities, or change service levels due to seasonal changes or budget constraints, subject to the appropriation of funds.
3. Execute up to five one-year options to extend the term of the agreements, subject to the appropriation of funds.
4. Adjust the maximum compensation annually consistent with the terms of the agreements not to exceed 3% or the percentage adjustment to the City's Living Wage, whichever is greater, subject to the appropriation of funds.

The Report on Request for Proposal (RFP) for Citywide Security Guard Services and adoption of a resolution is scheduled to be considered by the San Jose City Council on March 26, 2013.

C. Agreement For Executive Program Advisor Services For The San Jose/Santa Clara Water Pollution Control Plant Capital Improvement Program

**Staff Recommendation:** Adoption of a resolution to authorize the City Manager to:

1. Execute an agreement with Michael Gritzuk, P.E. to provide executive program advisor services for the San Jose/Santa Clara Water Pollution Control Plant Capital Improvement Program from the date of execution to

June 30, 2014 in an amount not to exceed \$345,000, and to provide for up to four one-year options to extend the term through June 30, 2018, subject to appropriation of funds.

2. Execute amendments as required to adjust the compensation consistent with negotiated rates for each option term, subject to the appropriation of funds.

The Agreement for Executive Program Advisor Services for The San Jose/Santa Clara Water Pollution Control Plant Capital Improvement Program is scheduled to be considered by the San Jose City Council on March 26, 2013.

6. **OTHER BUSINESS/CORRESPONDENCE**

7. **STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC**

- A. Amendments to extend Master Agreements for Engineering Services Between the City of San Jose and Various Firms for the San Jose/Santa Clara Water Pollution Control Plant Capital Improvement Program

**Staff Recommendation:** Approve the first amendments to the CIP master agreement with AECOM and Brown & Caldwell, and the first amendments to the Electrical master agreements with Black & Veatch, Carollo Engineers, and CH2M Hill, to extend the terms from June 30, 2013 to June 30, 2015, for a engineering consultant services to support the San Jose/Santa Clara Water Pollution Control Plant (Plant) Capital Improvement Program, with no increase to the maximum compensation.

The first amendments to the CIP master agreement was approved by the San Jose City Council on February 26, 2013.

- B. Report on Bids and Award of Contract for the 6631 – Dissolved Air Floatation Dissolution Improvements Project

**Staff Recommendation:**

- 1) Award the construction contract for the Dissolved Air Flotation Dissolution Improvements Project to the low bidder, Monterey Mechanical Co., Oakland, CA in the amount of \$535,000.
- 2) Approve a 15% contingency in the amount of \$80,000.

The Report on Bids and Award of Contract is scheduled was approved by the San Jose City Council on February 26, 2013.

- C. Agreement to provide temporary staffing at the water pollution control plant

**Staff Recommendation:**

1. Authorize the City Manager to execute an agreement with HKA Enterprises, Inc. to provide Plant Operators and Plant Mechanics temporary staffing resources for the Water Pollution Control Plant (WPCP), for the term beginning March 1, 2013 through March 1, 2014 , in

an amount not to exceed \$1,500,000, subject to the appropriation of funds and;

2. Authorize the City Manager to exercise up to four additional one-year options to extend the term of the agreement through March 1, 2018, subject to the appropriation of funds.

The Agreement to provide temporary staffing was approved by the San Jose City Council on February 26, 2013.

## 8. **REPORTS**

### A. **Open Purchase Orders Greater Than \$100,000**

The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1 million and of services between \$100,000 and \$250,000.

## 9. **MISCELLANEOUS**

- A. The next TPAC meeting is April 11, 2013, at 4:30 p.m. City Hall, City Manager's Office, 17<sup>th</sup> Floor, Room 1734.

## 10. **OPEN FORUM**

## 11. **ADJOURNMENT**

NOTE: If you have any changes or questions, please contact Monica Perras, Environmental Services, 408-975-2546.

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please call Monica Perras at (408) 975-2546 or (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting/event.

**Availability of Public Records.** All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at San Jose City Hall, 200 East Santa Clara Street, 10<sup>th</sup> Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

**DRAFT**  
**AMENDED-MINUTES OF THE**  
**SAN JOSE/SANTA CLARA**  
**TREATMENT PLANT ADVISORY COMMITTEE**  
City Hall, City Manager's Office, 17<sup>th</sup> Floor, Room 1734  
Thursday, February 14, 2013 at 4:30 p.m.

**1. ROLL CALL**

Minutes of the Treatment Plant Advisory Committee convened this date at 4:30 p.m. Roll call was then taken, with the following members in attendance:

Committee members: John Gatto, Jamie Matthews, Jose Esteves, Pat Kolstad, Madison Nguyen, Chuck Reed, Ed Shikada, Chuck Page

Staff present: Linda Charfauros, Joanna De Sa, Rene Eyerly, Ashwini Kantak, Monica Perras, Kerrie Romanow, Rosa Tsongtaarii

Others present: Chris de Groot (City of Santa Clara), Kathleen Phalen (City of Milpitas), Nina Grayson, Mike O'Connell (City of San Jose/Public Works), John Newby(West Valley Sanitation), Madison Casserly (Kennedy/Jenks Consultants), Surendra Thakral (Parsons), David Wall (member of the public).

**2. APPROVAL OF MINUTES**

**A. January 10, 2013**

**Item 2.A was approved.**

**Committee Members Esteves, Kolstad and Page abstain.**

**David Wall presented a speaker card on this item.**

**3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS**

**4. DIRECTORS REPORT**

Kerrie Romanow, Director of Environmental Services spoke about the flaring at the Plant due to the ongoing challenges of the fuel cells ability to operate on bio gas, the 25% vacancy rate for critical job functions and continuing to work on our ongoing compensation challenges, rate flows study update and the Plant name change. Committee member Gatto asked to consider using Resource Recovery in the new Plant name.

**5. AGREEMENTS/ACTION ITEMS**

**A. Amendments to extend Master Agreements for Engineering Services Between the City of San Jose and Various Firms for the San Jose/Santa Clara Water Pollution Control Plant Capital Improvement Program**

**Staff Recommendation:** Approve the first amendments to the CIP master agreement with AECOM and Brown & Caldwell, and the first amendments to the Electrical master agreements with Black & Veatch, Carollo Engineers, and CH2M Hill, to

extend the terms from June 30, 2013 to June 30, 2015, for a engineering consultant services to support the San Jose/Santa Clara Water Pollution Control Plant (Plant) Capital Improvement Program, with no increase to the maximum compensation.

The first amendments to the CIP master agreement will be considered by the San Jose City Council on February 26, 2013.

**Item 5.A was approved unanimously.**

**David Wall presented a speaker card on this item.**

B. Report on Bids and Award of Contract for the 6631 – Dissolved Air Flootation Dissolution Improvements Project

**Staff Recommendation:**

- 1) Award the construction contract for the Dissolved Air Flootation Dissolution Improvements Project to the low bidder, Monterey Mechanical Co., Oakland, CA in the amount of \$535,000.
- 2) Approve a 15% contingency in the amount of \$80,000.

The Report on Bids and Award of Contract was considered by the San Jose City Council on February 26, 2013.

**Item 5.B was approved unanimously.**

C. Agreement to provide temporary staffing at the water pollution control plant

**Staff Recommendation:**

- A. Authorize the City Manager to execute an agreement with HKA Enterprises, Inc. to provide Plant Operators and Plant Mechanics temporary staffing resources for the Water Pollution Control Plant (WPCP), for the term beginning March 1, 2013 through March 1, 2014 , in an amount not to exceed \$1,500,000, subject to the appropriation of funds.
- B. Authorize the City Manager to exercise up to four additional one-year options to extend the term of the agreement through March 1, 2018, subject to the appropriation of funds.

The Agreement to provide temporary staffing was considered by the San Jose City Council on March 5, 2013.

**Item 5.C was approved unanimously. Members of TPAC did express concern that the use of temporary services will result in increased costs over the long term. TPAC will receive updates regarding expenditure for temp services as part of the budget process, and the quarterly updates on Plant staffing levels. David Wall presented a speaker card on this item.**

6. **OTHER BUSINESS/CORRESPONDENCE**

7. **STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVED BY TPAC**

- A. Report on Bids and Award of Contract for the 6900-Los Esteros Road Zanker Road Service Lateral Project

**Staff Recommendation:** TPAC recommendation to Council acceptance of:

- 3) Award the construction contract for the Los Esteros Road – Zanker Road Service Lateral Project to the lowest bidder, Northern Underground Construction, Inc., in the amount of \$663,308.
  - 2) Approve a contingency in the amount of \$100,000.
- The Report on Bids and Award of Contract was approved by the San Jose City Council on January 15, 2013.

**Item 7.A was approved to note and file.**

**8. REPORTS**

- A. Open Purchase Orders Greater Than \$100,000  
The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1 million and of services between \$100,000 and \$250,000.

**Item 8.A was approved to note and file.**

**9. MISCELLANEOUS**

- A. The next TPAC meeting will be March 14, 2013 at 4:30p.m., City Hall, City Manager's Office, 17<sup>th</sup> Floor, Room 1734.

**10. PUBLIC COMMENT**

**David Wall presented a speaker card on this Item.**

**At this point in the meeting, a motion was made by Committee Member Page and seconded by Committee Member Nguyen to have a discussion on how to create rate stabilization for the tributary agencies prior to approval or recommending a budget or financing to Council.**

**11. ADJOURNMENT**

- A. The Treatment Plant Advisory Committee adjourned at 5:00 p.m.

Chuck Reed, Chair  
Treatment Plant Advisory Committee

# Memorandum

**TO:** TRANSPORTATION &  
ENVIRONMENT COMMITTEE

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** 02-20-13

Approved

Date

*Kerrie Romanow*

*2/21/13*

**SUBJECT: SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT –  
NAME CHANGE**

## RECOMMENDATION

Accept staff report and refer to Council for approval of staff recommendations:

1. Approve identifying the San Jose/Santa Clara Water Pollution Control Plant (Plant) as the **San José-Santa Clara Regional Wastewater Facility** in future communications and public outreach regarding this facility and;
2. Approve a corresponding logo for the Plant's proposed new name, San José-Santa Clara Regional Wastewater Facility, for use in future communications and public outreach.

## OUTCOME

Four positive outcomes are envisioned to follow the approval of this recommendation:

- The new name allows for better recognition of the regional nature of the wastewater facility while preserving acknowledgement of ownership by the cities of San José and Santa Clara.
- The new name and logo acknowledge a new era for this facility as implementation of the Plant Master Plan and related capital improvement projects begins.
- The proposed logo incorporates the graphic element of the Plant Master Plan logo for visual continuity with this highly publicized plan.
- The proposed name correctly incorporates the accent on San José (the original name predated the City's decision to use the accent).

## BACKGROUND

The Plant is jointly owned by the cities of San José and Santa Clara with San José's Environmental Services Department (ESD) serving as the facility's operator and administrator. In addition to serving these two cities, the Plant contracts wastewater treatment service to other "tributary agencies," listed as:

- City of Milpitas
- Cupertino Sanitary District (Cupertino)
- West Valley Sanitation District (Campbell, Los Gatos, Monte Sereno and Saratoga)
- County Sanitation District No. 2-3 (unincorporated)
- Burbank Sanitary District (unincorporated)

When first constructed in 1956, the facility was named the San Jose Sewage Treatment Plant. In 1959, the City of Santa Clara helped fund upgrades, thereby becoming part owner, and the facility was renamed as the San Jose/Santa Clara Water Pollution Control Plant. Over the ensuing decades, the Plant continued to be upgraded, and neighboring cities contracted for wastewater treatment service. Today, the Plant stands as the largest tertiary facility in the western United States, serving more than 1.4 million residents and 7,000 businesses across eight cities.

Between 2008 and 2011, ESD developed a Plant Master Plan with significant public and stakeholder input to address the aging facility's needs for rehabilitation. Outreach for this process included the development of a Plant Master Plan logo. The final Plant Master Plan preferred alternative was approved by the cities of San José and Santa Clara in early 2012, and an Environmental Impact Report (EIR) is currently underway on that decision. In coordination with this new chapter in the Plant's history, ESD invited its employees to brainstorm on a new name for the facility. After vetting a final selection internally and holding informal discussions with staff at the City of Santa Clara and the Plant's Technical Advisory Committee, ESD is now proposing that the San José and Santa Clara city councils consider a new name and identity to better represent the facility (see Attachment A). The proposed new logo preserves the graphic elements of the Plant Master Plan logo.

## ANALYSIS

The Plant is a critical facility that protects public health, the environment, and the economy of the South Bay. Outreach to the Plant's eight-city service area is regularly conducted to promote understanding of the facility's role and to engage residents and businesses in helping the Plant do its job by preventing the pollution of wastewater. The Plant's name, as is, does not convey this regional service area. The proposed new identity, **San José-Santa Clara Regional Wastewater Facility**, is seen as providing four benefits:

- It preserves the identity of the facility's ownership, but also expands that identity by introducing the word "regional."
- The timing of the name change acknowledges a new era for this facility with the anticipated rollout of the Plant Master Plan and related capital improvement projects.

- The proposed logo incorporates the graphic element of the Plant Master Plan logo for visual continuity with this highly publicized plan (see Attachment A).
- The new name corrects the facility's name to incorporate the accent on San José (the original name pre-dated the City's decision to use the accent).

### ***Legal Issues, Implementation, and Cost***

*Legal Issues.* The Plant's legal name (San Jose/Santa Clara Water Pollution Control Plant) is embedded in tributary agency contracts and the facility's five-year discharge permit. At this time, the proposal is not an official name change but rather an identity change to benefit public-facing outreach and communications about this regional facility. At a later date, when contract amendments are being pursued and the NPDES Permit is renewed, staff may propose a legal name change process. All official reports and memoranda related to the Plant will continue to reference the legal name in addition to the proposed new name.

*Implementation.* The announcement of the new identity would be timed with the approval of the final alternative of the Plant's EIR (anticipated for summer 2013). This would include media outreach, website postings, and neighborhood e-blasts to publicize the EIR decision and the Plant's new name; council offices would also be invited to publicize the decision in their respective newsletters. From that point forward, public documents and outreach about the facility would include the new name and logo.

*Cost.* Using the proposed name will incur no additional costs than would otherwise occur for future communications and outreach about the Plant. Signs that have already been planned for the Plant lands but have been on hold pending the approval of the proposed name will move forward with the new proposed name and logo, if approved by TPAC, Santa Clara and San Jose city councils. Bundling the announcement of the new name with communications about the Plant Master Plan in summer 2013 enables an efficient use of communication resources. The cost for graphic design services for developing the proposed logo is approximately \$400; a nominal additional cost would follow approval for the provision of final art files.

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

Staff plans to submit this recommendation to the Treatment Plant Advisory Committee (TPAC) on March 14, 2013 and thereafter to the Santa Clara and San Jose city councils for consideration.

### **POLICY ALTERNATIVES**

*Alternative #1: Engage other stakeholders including the tributary agencies in the naming effort*

**Pros:** Would engage a broader set of stakeholders and may result in an identify that better reflects the facility use as well as its regional nature

**Cons:** Could result in added costs due to a larger outreach and engagement effort; would negatively impact the grassroots nature of this effort

**Reason for not recommending:** A broader naming effort would result in additional costs and would diminish the value added by this employee driven effort.

*Alternative #2: Make no changes to the existing Plant name and logo*

**Pros:** Avoids duplicate referencing of names in all official Plant documents, no added costs

**Cons:** Does not reflect the regional nature of the Plant and describes only the wastewater treatment function

**Reason for not recommending:** The existing Plant name and logo do not capture the regional nature of the Plant. The existing name describes wastewater treatment as the only function of the Plant and does not reflect the broader role the Plant plays in the region's public health, environment, and economy.

### PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This report does not meet the criteria above.

### COORDINATION

This report has been coordinated with the City Attorney's Office and will be presented to TPAC at its March 14, 2013 meeting.

### CEQA

Not a Project, File No. PP10-069 (a) Staff Reports.

/s/

KERRIE ROMANOW

Acting Director, Environmental Services

For questions, please contact Ashwini Kantak, Assistant Director at (408) 975-2553.

## ATTACHMENT A

### Current Plant Logo

SAN JOSE/  
SANTA CLARA  
WATER POLLUTION  
CONTROL PLANT

### Plant Master Plan Logo



### Proposed New Logo with New Name





# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** March 8, 2013

Approved

Date

3/11/13

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL AND AWARD OF  
CONTRACTS FOR CITYWIDE SECURITY GUARD SERVICES**

## RECOMMENDATION

- (a) Consider the appeal by National Security Industries and Services, Inc. regarding the Report on Request for Proposals for Citywide Security Guard Services and adopt a resolution setting forth the decision of the City Council.
- (b) Report on Request for Proposal (RFP) for Citywide Security Guard Services and adoption of a resolution authorizing the City Manager to:
  - (1) Execute agreements with First Alarm Security & Patrol, Inc.(San Jose, CA), Cypress Private Security (San Jose, CA), and National Security Industries & Services (San Jose, CA) for Security Guard Services for an initial five year term ending March 31, 2018, and maximum compensation for all of the agreements not to exceed \$3,209,864 for the period April 1, 2013 through March 31, 2014 as follows:

<u>Department</u>	<u>Vendor</u>	<u>Year 1 Maximum Compensation</u>
Aviation/Airport	First Alarm	\$2,002,750
Office of Economic Development/Work2Future	National	160,598
Parks, Recreation & Neighborhood Services	Cypress	120,704
Public Works	First Alarm	51,554
Transportation	First Alarm	478,353
ESD/Water Pollution Control Plant and San José Municipal Water	First Alarm	<u>395,905</u>
<b>Total</b>		<b>\$3,209,864</b>

- (b) Execute amendments and change orders as required to add or delete facilities, or change service levels due to seasonal changes or budget constraints, subject to the appropriation of funds.
- (c) Execute up to five one-year options to extend the term of the agreements, subject to the appropriation of funds.
- (d) Adjust the maximum compensation annually consistent with the terms of the agreements not to exceed 3% or the percentage adjustment to the City's Living Wage, whichever is greater, subject to the appropriation of funds.

### **OUTCOME**

To provide the highest quality and cost effective security guard services to meet the service needs of City departments contracting for security services.

### **EXECUTIVE SUMMARY**

The memorandum reports on the Request for Proposal process for citywide security guard services and recommends the award of contracts to three security firms located in San José. The agreements require that specific duties be performed at a fixed price and are in compliance with the City's Living Wage Policy. In addition, each agreement includes an optional provision for contract amendments to require mandatory compensated time off to their employees if the Council adopts a change to the City's Living Wage Policy.

### **BACKGROUND**

The City of San José utilizes vendors to perform security guard services at various City facilities and locations. Security services are required to help safeguard City facilities and are essential to ensure that the Airport is operated in accordance with the requirements of the Transportation Security Administration, and other federal laws.

In 2008, the City Council approved two agreements with First Alarm Security and Patrol to provide security guard services for the Departments of Aviation, Transportation, General Services/Public Works, and Parks, Recreation and Neighborhood Services. Both agreements were issued through a competitive RFP and the term of these agreements end on March 31, 2013.

In the summer of 2012, staff developed one comprehensive RFP that included security service requirements for all City departments.

## **ANALYSIS**

On September 13, 2012, the Finance Department released the RFP for Citywide Security Guard Services on the City's e-procurement system. The RFP included a unique scope of services for each City Department. A total of 96 companies viewed the RFP, and eight proposals were received by the November 2, 2012 deadline as follows:

- Black Bear Security, Inc. (San Francisco, CA)
- Command Security Corp. (Milpitas, CA)
- Cypress Private Security (San José, CA)
- First Alarm Security & Patrol, Inc. (San José, CA)
- Monument Security, Inc. (McClellan, CA)
- National Security Industries & Services (San José, CA)
- Security Code 3, Inc. (San José, CA)
- Universal Protection Service (San José, CA)

### **Evaluation Teams**

Six evaluation teams were formed for each department represented in the RFP as follows: Public Works, Airport, Environmental Services (Water Pollution Control Plant and San José Municipal Water), Parks, Recreation and Neighborhood Services, Transportation and the City Manager's Office of Economic Development. Proposals were independently evaluated and scored by each team. Each evaluation team was allowed to recommend one proposer for award of contract.

### **Evaluation Criteria**

- ***Minimum Qualifications:*** The initial review consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that all proposals were complete. One proposal from Command Security Corporation was deemed non-responsive for not providing a required Proposal Certification Form and meeting the minimum criteria of providing previous customer reference information.
- ***Technical Evaluation (65%):*** The technical evaluation consisted of a thorough review of each company's written proposal for company experience and technical capabilities.
- ***Cost Proposals (20%):*** Cost proposals were opened and scored at the conclusion of the technical proposal evaluation.
- ***Environmental Stewardship (5%):*** Proposers were required to specifically address how their proposals would support the goals and objectives of the City's EP3 program.

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**Subject: Report on RFP and Award of Contracts for Citywide Security Guard Services**

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- **Local and Small Business Preference (10%):** Pursuant to City policy, ten percent of the total evaluation points were reserved for local and small business preference. Three Proposers requested consideration for the City's local business preference. Although Cypress Private Security is located in San José, they did not submit the required documentation to earn the local preference.

The application of the local preference had an influence the final outcome and award recommendation for the Environmental Services Department (Treatment Plant and Municipal Water) agreement. If First Alarm had not earned five points for the local preference, then the award recommendation would have been for Cypress Private Security.

**Protest and Appeal:** The RFP process included a ten-day protest period in accordance with City purchasing rules. National Security Industries & Services ("National") submitted a protest (Attachment 3) contending that First Alarm Security & Patrol, Inc. ("First Alarm") did not accurately or fully disclose certain information regarding the firm's agreements with other customers, and that the cost proposal scores may not have been calculated correctly.

The Purchasing Officer reviewed the protest and determined that the re-stated cost and total scores had been distributed to all participants, and that the final award recommendation is based on the corrected cost scores. (Attachment 4)

National asserts that First Alarm's failure to disclose violates the City's Process Integrity Guidelines. *Council Policy 0-35 - Procurement and Contract Process Integrity and Conflict of Interest* - provides that the City may disqualify a proposer for failure to disclose a material fact during the evaluation process. In determining whether the nature of the information omitted was material, the Purchasing Officer contacted First Alarm and learned the following:

- First Alarm's contract with CEMEX Davenport Plant was terminated in 2009 due to a temporary shutdown and installation of an automatic gate obviating the need for security guard service. (Attachment 5) First Alarm also had a \$200 month to month agreement with the Shelter Lagoon Homeowners Association for periodic guard drive-bys of the housing complex. Shoreline Property Management, the property management firm for Shelter Lagoon terminated the service but still uses First Alarm as a preferred vendor to provide services on behalf of other homeowners associations Shoreline represents. (Attachment 6) Finally, a complaint filed by Skyview Drive-in Theatres in 2007 was dismissed by the court within six months for Skyview Drive-in Theatres' failure to pursue the case. Skyview Drive-in Theatres is a tenant on a commercial property for which First Alarm has provided services since 1989 and continues to provide services to date. The underlying dispute between First Alarm and Skyview Drive-in Theatres involved an unpaid 2004 insurance claim for loss incurred when one of First Alarm's guards was robbed at gunpoint while the guard was delivering theater receipts during the performance of his duties. Skyview Drive-in Theatre sought to collect from First Alarm when their claim to the insurer was rejected.

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- In response to the City's inquiry, First Alarm explained any company that has been in business for 46 years will have had agreements cancelled or disputes but they decided not to disclose these instances because they were not due to performance issues. Based on a review of the information available, the Purchasing Officer determined that the additional prior history would not have been material to evaluating First Alarm's qualifications or ability to perform their required duties for the City. The Purchasing Officer also determined that First Alarm submitted a responsive proposal.

On February 7, 2013, National filed an appeal of the Purchasing Officer's decision. (Attachment 7) National and First Alarm will be notified when this item is placed on the Council Agenda. The protest and appeal, as well as the City's response to the protest are attached to this memorandum. (Attachments 3, 4 and 7)

**Recommendation Summary:** Scores from each Department's evaluation team are summarized in Attachment 1 to this memorandum. As previously stated, proposals were independently evaluated and scored by each evaluation team. First Alarm was recommended by the Departments of Public Works, Aviation, Environmental Services and Transportation; Cypress is recommended by Parks, Recreation and Neighborhood Services, and the Office of Economic Development selected National for services at their Work to Future sites.

**Wage Requirements:** The City's Living Wage Policy applies to all of the agreements and will require the payment of the City's Living Wage which is currently at \$14.73 per hour, with health benefits, and \$15.98 per hour without health benefits. The living wage rates will be adjusted annually on the anniversary date of the contracts.

**Labor Peace:** All three vendors met the requirement to submit policies or employee guides that address labor disputes or unrest.

**Worker Retention:** A provision of the Living Wage Policy is a requirement that on certain contracts over \$50,000, the new vendor(s) must retain workers who have been performing the services under the previous vendor. Due to the change in vendors in two of the agreements, the Office of Equality Assurance will oversee the worker retention process between First Alarm, Cypress and National.

**Summary of Agreement:** As previously discussed in this memorandum, service levels are unique for each department. Therefore, six separate agreements, one for each department, are recommended. Each agreement will have identical business and legal terms and conditions, but the scope of service, schedule of performance and compensation schedule are specific to each agreement.

Each agreement includes a detailed scope of services, schedule of performance and a fixed price compensation schedule contingent on the successful completion of work. Pricing shall be firm fixed for the first year of the agreements. All payments shall be made in arrears, after the work

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is performed. After the first year, price adjustments may be considered if companies can demonstrate to the satisfaction of the City that a price increase is warranted. Increases shall not exceed 3% annually, unless the City's living wage increases are greater than 3%.

All of the agreements have provisions that allow staff to request additional non-scheduled services. In addition, staff will be able to add, delete and change scheduled services through a change order, in order to meet the security guard service needs of the organization.

***Compensated Time Off:*** On June 12, 2012, Council provided direction to staff regarding compensated time off on City living wage contracts. Staff is currently developing compensated time off requirements to include in the City's Living Wage Policy and will bring recommendations for City Council discussion and action prior to the end of the fiscal year. In the event Council approves policy revisions and elects to require the change on these security agreements moving forward, each agreement includes an optional provision for adjusting the maximum compensation by the additional number of compensated time off that may be required. This schedule of additional costs is provided in Attachment 2 along with a summary of paid time off days currently provided by each of the recommended vendors.

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

This memorandum will not require any follow-up from staff. If Council approves amendments to the City's Living Wage Policy which impact these agreements, amendments will be brought forward for City Council review and approval.

### **POLICY ALTERNATIVES**

***Alternative #1: Issue six separate RFP's, one for each Department.***

**Pros:** A smaller RFP might make it easier for a smaller vendor to qualify for the requirement and submit a proposal.

**Cons:** One RFP is more efficient to complete, requires less staff time, and makes it possible to receive more favorable pricing.

**Reason for Not Recommending:** The responses to this RFP indicate that the RFP was competitive in that it was viewed and considered by many potential proposers. Staff carefully reviewed and set minimum qualifications to not be unnecessarily restrictive, allow for wider competition, and the process allowed for multiple awards.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 and will be posted on the Council Agenda for March 26, 2013.

### **COORDINATION**

This memorandum was coordinated with the Departments of Public Works, Aviation, Environmental Services, Parks, Recreation and Neighborhood Services, Transportation, Office of Economic Development/Work2Future, City Manager's Budget Office, and City Attorney's Office.

This item will be presented to the Treatment Plant Advisory Committee (TPAC) at its March 2013 meeting.

### **FISCAL/POLICY ALIGNMENT**

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

**COST SUMMARY/IMPLICATIONS**

The following outlines the elements of the contract.

1. AMOUNT OF RECOMMENDATION/CONTRACT:

<b><u>Description</u></b>	<b><u>Year One Max. Compensation *</u></b>	<b><u>Five Year Max. Compensation**</u></b>
Aviation	\$2,002,750	\$10,632,875
Environmental Services	395,905	2,101,920
Office of Economic Development (Work2Future)	160,598	852,640
Parks, Recreation & Neighborhood Services	120,704	640,839
Public Works	51,554	\$273,713
Transportation	<u>478,353</u>	<u>2,539,647</u>
<b>Total</b>	<b>\$3,209,864</b>	<b>\$17,041,634</b>

\*Includes base annual rate plus 15% to cover supplemental services and additional paid days off as may be approved by City Council.

\*\*Assumes a 3% annual increase will be allowed for price adjustments to vendors' pricing for years 2 through 5.

2. SOURCE OF FUNDING:

Aviation	Airport Maintenance and Operation Fund (523)
Environmental Services	San José/Santa Clara Treatment Plant Operating Fund (513); Water Utility Fund (515)
Office of Economic Development (Work2Future)	WIA Fund 290
Parks, Recreation & Neighborhood Services	Fund 001
Public Works	Fund 001, Service Yards Fund 395
Department of Transportation	Funds 001, General Purpose Parking Fund 533

March 8, 2013

Subject: Report on RFP and Award of Contracts for Citywide Security Guard Services

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**BUDGET REFERENCE**

The table below identifies the fund and appropriation to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Year One of Contract*	2012-2013 Adopted Budget Page**	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	\$34,316,753	\$2,002,750	XI-5	6/19/12, Ord. No. 29102
513	0762	ESD Non-Personal Equipment	\$30,754,290	\$379,345	XI-85	10/16/12, Ord. No. 29613
515	0762	ESD Non-Personal Equipment	\$22,002,747	\$16,560	XI-98	6/19/2012 Ord. No. 29102
290	2505	Adult Workers	\$3,274,430	\$52,997	XI-100	10/16/12, Ord. No. 29613
290	2364	Youth Workers	\$3,747,928	\$54,604	XI-100	10/16/12 Ord. No. 29163
290	2530	Dislocated Workers	\$5,054,853	\$52,997	XI-100	10/16/12, Ord. No. 29613
001	0642	Parks, Recreation, & Neighborhood Services Department Non-Personal/ Equipment	\$14,144,032	\$120,704	VIII-220	10/16/2012, Ord. No. 29163
395	4276	Roof Replacement, Parking, and Supplemental Needs	\$375,000	\$33,090	Cap. V-953	6/19/2012 Ord. No. 29102
001	0572	PW Non-Personal	\$9,931,291	\$18,464	VIII-291	10/16/2012 Ord. No. 29163
533	0512	DOT – Non-Personal/ Equipment	\$4,699,933	\$400,000	XI - 43	6/19/2012 Ord. No. 29102
001	0512	DOT – Non-Personal/ Equipment	\$10,590,661	\$78,353	VIII - 323	6/19/2012 Ord. No. 29102
<b>Total (Year One)</b>				<b>\$3,209,864</b>		

\*Years two through five of the contract are subject to the appropriation of funds.

HONORABLE MAYOR AND CITY COUNCIL

March 8, 2013

**Subject: Report on RFP and Award of Contracts for Citywide Security Guard Services**

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**CEQA**

Not a Public Project, File No. PP10-066(e), Services that involve no physical changes to the environment.

/s/  
JULIA H. COOPER  
Director of Finance

For questions please contact Mark Giovannetti, Purchasing Division Manager (408) 535-7052.

Attachments:

1. Evaluation Summary by Department
2. Additional Annual Cost for Each Additional Paid Day(s) Off
3. Protest Letter from National Security dated December 21, 2013
4. City's response delivered on January 29, 2013
5. Termination letter from CEMEX to First Alarm dated January 26, 2009
6. Termination letter from Shoreline Property Management dated May 29, 2008
7. National's appeal dated February 7, 2013, and February 20, 2013

**Attachment 1  
Evaluation Summary by Department**

**Department of Aviation (Airport):**

	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities (30%)	7	12	14	8	11	4	13
Experience (35%)	15	17	20	15	16	9	17
Environmental Stewardship (5%)	2	2	3	2	2	1	2
Cost (20%)	16	19	20	17	19	19	19
Local (5%)	0	0	5	0	5	5	0
Small (5%)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>40</b>	<b>50</b>	<b>62</b>	<b>42</b>	<b>53</b>	<b>38</b>	<b>51</b>

**Environmental Services (Water Pollution Control Plant):**

	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities (30%)	16	21	24	13	20	9	22
Experience (35%)	24	30	29	22	26	13	26
Environmental Stewardship (5%)	3	4	3	1	4	2	3
Cost (20%)	3	20	18	18	18	19	18
Local (5%)	0	0	5	0	5	5	0
Small (5%)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>46</b>	<b>75</b>	<b>79</b>	<b>54</b>	<b>73</b>	<b>48</b>	<b>69</b>

**Office of Economic Development (Work2Future):**

	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities	26	23	21	19	25	2	25
Experience	27	27	25	21	30	5	29
Environmental Stewardship	3	3	2	1	5	0	4
Cost	15	20	19	19	19	20	17
Local	0	0	5	0	5	5	0
Small	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>71</b>	<b>73</b>	<b>72</b>	<b>60</b>	<b>84</b>	<b>32</b>	<b>75</b>

**Attachment 1  
Evaluation Summary by Department**

**Parks Recreation & Neighborhood Services (PRNS):**

	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities (30%)	20	22	19	15	18	13	21
Experience (35%)	23	25	22	19	25	18	21
Environmental Stewardship (5%)	4	3	3	2	2	3	3
Cost (20%)	12	20	18	8	19	19	8
Local (5%)	0	0	5	0	5	5	0
Small (5%)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>59</b>	<b>70</b>	<b>67</b>	<b>44</b>	<b>69</b>	<b>58</b>	<b>53</b>

**Public Works:**

<b>Evaluation Criteria (weight)</b>	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities (30%)	15	23	25	10	21	10	19
Experience (35%)	21	24	30	12	26	14	23
Environmental Stewardship (5%)	3	3	4	1	4	2	2
Cost (20%)	12	19	20	13	18	18	13
Local (5%)	0	0	5	0	5	5	0
Small (5%)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>51</b>	<b>69</b>	<b>84</b>	<b>36</b>	<b>74</b>	<b>49</b>	<b>57</b>

**Department of Transportation:**

	<b>Black Bear</b>	<b>Cypress</b>	<b>First Alarm</b>	<b>Monument</b>	<b>National</b>	<b>Security Code 3</b>	<b>Universal</b>
Technical Capabilities (30%)	13	20	21	11	20	2	20
Experience (35%)	20	22	23	17	21	11	21
Environmental Stewardship (5%)	3	3	2	1	4	1	2
Cost (20%)	13	20	17	14	16	18	18
Local (5%)	0	0	5	0	5	5	0
Small (5%)	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>49</b>	<b>65</b>	<b>68</b>	<b>43</b>	<b>66</b>	<b>37</b>	<b>61</b>

**Attachment 2**

**Additional Annual Cost for Each Additional Paid Day(s) Off**

The table below provides a summary of the additional annual costs to the City if the City Council approves amendments to the City's Living Wage Policy regarding paid days off that would be applicable to the security guard service agreements. As noted in the memorandum, each agreement includes an optional provision for adjusting maximum compensation by the additional number of compensated time off that may be required by an amendment to the City's Living Wage Policy.

<b>No. of Paid Days Off</b>	<b>Airport</b>	<b>ESD</b>	<b>OED</b>	<b>PRNS</b>	<b>Public Works</b>	<b>DOT</b>	<b>Total for all Departments)</b>
<b>1</b>	\$4,876.26	\$799.28	\$1,397.71	\$159.05	\$125.52	\$1,164.68	\$8,522.50
<b>2</b>	\$10,623.28	\$1,741.29	\$2,794.22	\$318.09	\$273.46	\$2,537.35	\$18,287.69
<b>3</b>	\$15,499.54	\$2,540.56	\$4,190.74	\$477.14	\$398.98	\$3,702.03	\$26,808.99
<b>4</b>	\$21,246.56	\$3,482.57	\$5,587.25	\$636.18	\$546.92	\$5,074.69	\$36,574.17
<b>5</b>	\$26,122.82	\$4,281.85	\$6,983.76	\$795.23	\$672.44	\$6,239.38	\$45,095.48
<b>6</b>	\$31,521.54	\$5,166.76	\$8,380.27	\$948.38	\$811.41	\$7,528.85	\$54,357.21
<b>7</b>	\$37,442.71	\$6,137.32	\$9,776.78	\$1,107.43	\$963.83	\$8,943.11	\$64,371.18
<b>8</b>	\$42,318.97	\$6,936.60	\$11,173.30	\$1,266.47	\$1,089.35	\$10,107.79	\$72,892.48
<b>9</b>	\$48,066.00	\$7,878.60	\$12,569.81	\$1,425.52	\$1,237.29	\$11,480.45	\$82,657.67
<b>10</b>	\$52,942.26	\$8,677.88	\$13,966.32	\$1,584.56	\$1,362.81	\$12,645.14	\$91,178.96
<b>11</b>	\$57,296.06	\$9,391.52	\$27,931.44	\$1,743.61	\$1,474.88	\$13,684.03	\$111,521.54
<b>12</b>	\$62,172.32	\$10,190.80	\$41,896.56	\$1,902.65	\$1,600.40	\$14,847.71	\$132,610.44

**Paid Time-Off Days Currently Offered**

The tables below provide a summary of the current paid time days off provided by each of the recommended vendors.

**First Alarm:**

<b><u>Years of Service</u></b>	<b><u>Vacation Days</u></b>	<b><u>Sick Days</u></b>	<b><u>Personal Days</u></b>	<b><u>Holidays</u></b>
After 1 year	0	0	0	0
After 5 years	0	0	0	0
After 10 years	0	0	0	0

**Cypress:**

<b><u>Years of Service</u></b>	<b><u>Vacation Days</u></b>	<b><u>Sick Days</u></b>	<b><u>Personal Days</u></b>	<b><u>Holidays</u></b>
After 1 year	5	2	2	8
After 5 years	10	2	2	8
After 10 years	10	2	2	8

**National:**

<b><u>Years of Service</u></b>	<b><u>Vacation Days</u></b>	<b><u>Sick Days</u></b>	<b><u>Personal Days</u></b>	<b><u>Holidays</u></b>
After 1 year	0	0	0	0
After 5 years	0	0	0	0
After 10 years	0	0	0	0



# National Security Industries And Services

December 21, 2012

City of San Jose  
200 East Santa Clara Street, 13th Floor  
San Jose, CA 95113  
Attention: Purchasing Officer

## Bid Protest

Project: Bid #RFP 12-13-01  
Citywide Security Guard Services  
September 13, 2012

Protestor: National Security Industries and Services, Inc.  
940 Park Ave  
San Jose, CA 95126

Pursuant to Section 17 of the Request for Proposal ("RFP") referenced above, please accept this letter as a formal protest by National Security Industries and Services, Inc. ("National Security") of the City of San Jose's Notice of Intended Award to First Alarm Security & Patrol, Inc. ("First Alarm"). National Security's protest is made under Section 19.2 of the RFP.

As you know, Section 19 of the RFP states that "[a]ll Proposers are expected to have read and understood" the City of San Jose's Policy on "Procurement and Contract Process Integrity and Conflict of Interest" (the "Policy"). In particular, Section 19.2 of the RFP provides that "[a]ny proposer who violates the Policy will be subject to disqualification." In pertinent part, the Policy states that proposers may not "submit incorrect information in the response to a solicitation or misrepresent or fail to disclose material facts during the evaluation process."

It has come to our attention that First Alarm may have failed to disclose material facts during the evaluation process, in violation of Section 19 of the RFP. Specifically, it has come to our attention that First Alarm, in Attachment D to its proposal, stated "no" in response to the following two questions:

5. Has your company ever had any agreements cancelled?
6. Has your company ever been sued by any organization for issues pertaining to fee payment, performance, or other related issues?

Although First Alarm answered both Questions 5 and 6 in the negative, information that has come to our attention indicates that these answers may be incorrect.

SAN JOSE:  
940 PARK AVE.  
SAN JOSE, CA 95126  
408 371-6505 FAX: 408 371-6506

SAN FRANCISCO:  
1788 19<sup>TH</sup> AVE  
SAN FRANCISCO, CA 94122  
650 225-9194

SANTA CRUZ:  
501 MISSION ST., SUITE 1A  
SANTA CRUZ, CA 95060  
831 425-2052

SACRAMENTO:  
1217 DEL PASO BLVD, STE A  
SACRAMENTO, CA  
916-779-0640

Attachment 3 - Protest Letter from National Security

First, as to Question 5, namely, the question of whether First Alarm has ever had any agreements cancelled. Although First Alarm answered "no" to this question, it is our understanding that there may have been two instances in recent years in which First Alarm has, in fact, had agreements cancelled. In particular, our information indicates that First Alarm may have had agreements cancelled with the following: (1) the Shelter Lagoon Association in Santa Cruz; and (2) the CEMEX plant in Davenport.

Next, as to Question 6, namely, the question of whether First Alarm has ever been sued by any organization for issues pertaining to fee payment, performance, or other related issues. Court records indicate that First Alarm was sued in Santa Cruz County Superior Court in 2007 by Skyview Drive-in Theatres for breach of contract. (For the docket of this case, which identifies the parties and the nature of the action, see the following website: <http://63.197.255.150/openaccesspublic/civil/CivilDetails.asp?courtcode=A&casenumber=CV156578&casetype=CIS&dsn=>.) Thus, it appears as if First Alarm may have been sued by at least one organization for issues "pertaining to fee payment, performance, or other related issues."

Finally, it appears that the City of San Jose's Notice of Intended Award may be based, at least in part, on an error in the materials submitted by First Alarm. In the Summary Pricing section of its Cost Data statement, First Alarm put forth a Year 1 Annual Price for the Water Pollution Control Plant (the "WPCP") of \$239,864.00. (See First Alarm Security & Patrol, Cost Data Separate Envelope, Table 1, Summary Pricing.) However, in the Detailed Pricing section of the same statement, First Alarm estimates an annual rate of **\$329,864.00** for the WPCP—i.e., an amount \$90,000 greater than the sum stated in its Summary Pricing section. (See Cost Data Separate Envelope, Table 3, WPCP.) Insofar as the City of San Jose based its decision on the figures provided by First Alarm, this discrepancy may have been overlooked, leading to an erroneous decision.

In light of the above, National Security believes that substantial questions exist regarding the proposal submitted by First Alarm. Accordingly, National Security respectfully submits that First Alarm's proposal should be investigated, and potentially disqualified, for violation of the City of San Jose's Policy on Procurement and Contract Process Integrity and Conflict of Interest, pursuant to Section 19 of the RFP.

We appreciate your attention to this matter, and look forward to hearing from you. If we can provide any additional information, or answer any questions you may have, please telephone me at 408-371-6505 or e-mail me at [info@nationalsecurityind.com](mailto:info@nationalsecurityind.com).

Thank you

Michael Gerami  
President  
National Security Industries and Services  
940 Park Ave  
San Jose, CA 95126

Attachment 4 - City's Response



Finance Department  
PURCHASING DIVISION

Mr. Michael Gerami  
President  
National Security Industries and Services, Inc.  
940 Park Ave.  
San Jose, CA 95126

Dear Mr. Gerami:

Subject: Citywide Security Guard Services, RFP 12-13-01  
Reference: Protest letter from National Security Industries and Services, Inc. to City of San Jose, dated  
December 21, 2012

This letter is in response to your referenced letter protesting the City's notice of intended of award to First Alarm Security & Patrol, Inc. for Security Guard Services.

In your letter, you contend that First Alarm failed to accurately disclose material facts in their proposal, and question if an error was made in calculating the cost scores, and if this error might change the final scoring outcome.

You are correct that the initial notice of intended award was based on a transposition error made by First Alarm when posting cost information between forms. However, once identified, this error was corrected and the scores were re-calculated. The corrected scores did not change the final outcome. The revised notice of intended award with re-stated scores was posted on the BidSync bid notification system on December 20, 2012.

National further expresses concern that First Alarm did not accurately respond or disclose material information regarding any previous contracts that were cancelled, or regarding lawsuits pertaining to fee payment, performance, or related issues. We can find no evidence that the contract cancellations that you question were the result of a breach of contract or any material issues that would impede First Alarm's ability to perform the required scope of services. The lawsuit you mention was not related to fee payment, performance or other related issues.

After careful review, I have concluded that the scoring and contractual issues that you raise in your letter did not change the final outcome, and are not material to the City in evaluating First Alarm's ability to perform the required scope of services under the agreement. Therefore, I have decided to deny your protest and uphold staff's recommendation of award.

If you have any additional questions regarding this matter, please contact Bernie Reyes, Contracts Specialist, at 408-535-7053.

Thank you for your interest in doing business with the City of San Jose.

Sincerely,

/s/  
Mark Giovannetti  
Purchasing Officer

**Cal Horton**

---

**Subject:**

**FW: Cemex Davenport Shutdown - Termination of services.**

-----Original Message-----

From: Francisco Torres Gamez <francisco.torresgamez@cemex.com>

To: John Pybrum <jpybrum@firstalarm.com>

Sent: Mon Jan 26 13:25:11 2009

Subject: Cemex Davenport Shutdown - Termination of services.

John,

Due to the fact that the plant will shutdown its operations temporarily starting on March 9th, and since we have finished installing an automatic gate at the entrance of the plant, the Plant Manager requested that we terminate the service with First Alarm, pending a decision from the Corporate Office to continue the service with a different scope or to rely on a different system.

The Plant Manager wants to express his gratitude for responding at such a short notice when you received our first call. He was very satisfied with the service provided, and wants to keep the relationship going just as soon as the plant reopens for production, hopefully not too long in the future.

Kindly send us your invoice for services incurred so that we may submit them quickly for payment. Please send a copy by fax to 281-715-4625. It was a real pleasure working with you, and hopefully we will both have the pleasure of working together again once the economy shows signs of recovery for the Cement business. I am sorry that we have to stop the service now but the decision is really not mine or the plant's, and it certainly is not due to anything lacking with your service.

Thank you!

Francisco Torres Gamez

=====  
CEMEX Procurement Manager, Davenport Plant  
700 Highway 1 Davenport, CA 95017  
Office: 1 (831) 460 7629  
Mobile: 1 (281) 222-8410  
eFax No. 1(281) 715 4625  
Off. Fax 1(831) 460 7602  
=====

*Shoreline Property Management, Inc.*

1100 Water Street, Suite 1A  
Santa Cruz, California 95062

Community Association Management  
(831) 426-8013

◆  
FAX (831) 426-0836  
email: [Info@shorelinepropertymanagement.com](mailto:Info@shorelinepropertymanagement.com)

Residential Property Management  
(831) 454-9964

May 29, 2008

First Alarm Security & Patrol, Inc.  
1111 Estates Drive  
Aptos, CA 95003  
Attn: Craig Cordi

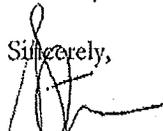
RE: Shelter Lagoon HOA – Patrol Service Contract

Dear Mr. Cordi,

On behalf of the Board of Directors of Shelter Lagoon HOA please accept this letter as thirty day notice of intent to cancel the daily patrol service contract at the property located at 101-147 Shelter Lagoon Drive and 101-148 Tree Frog Lane effective immediately.

Should you have any questions or concerns please do not hesitate to contact our office.

Sincerely,

  
On Behalf of the Board of Directors  
Harbor Oaks HOA  
Jennifer Stearns, CCAM  
Community Association Manager

WILMERHALE

February 7, 2013

City of San Jose  
Office of the City Clerk  
200 E. Santa Clara Street  
San Jose, CA 95113

Keith Slenkovich

+1 650 858 6110(t)  
+1 650 858 6100(f)  
keith.slenkovich@wilmerhale.com

Re: Project: Bid #RFP-12-13-01 Citywide Security Guard Services September 13, 2012

Protestor: National Security Industries and Services, Inc. 940 Park Avenue San Jose, CA  
94126

### **Bid Protest Appeal**

Pursuant to Section 4.12.460 of the City of San Jose Municipal Code, please accept this letter as a formal appeal of the City Purchasing Officer's denial of the protest by National Security Industries and Services, Inc. ("National Security") of the City of San Jose's (the "City") Notice of Intended Award to First Alarm Security & Patrol, Inc. ("First Alarm").

#### **Background**

On December 21, 2012, National Security filed a bid protest letter (the "December 21 Letter") regarding the City's Notice of Intended Award to First Alarm. A copy of the December 21 Letter is attached. As discussed below, the December 21 Letter expressed concern that First Alarm may have failed to disclose material facts during the evaluation process, in violation of both the terms of the RFP referenced above and the City's policy on procurement and contract process integrity.

On January 29, 2013, the City Purchasing Officer, Mark Giovannetti, issued a letter denying the protest outlined in the December 21 Letter and upholding the Notice of Intended Award (the "Denial Letter"). A copy of the Denial Letter is also attached. In the Denial Letter, Mr. Giovannetti acknowledged the existence of certain scoring errors discussed in the December 21 Letter, and also recognized the existence of certain "contract cancellations" and a lawsuit discussed in the December 21 Letter. However, Mr. Giovannetti "concluded that [these] scoring and contractual issues did not change the final outcome," and opined that they were "not material to the City in evaluating First Alarm's ability to perform" under the agreement.

This letter constitutes National Security's timely appeal of the denial of the bid protest set forth in the December 21 Letter, pursuant to Section 4.12.460 of the City of San Jose Municipal Code.

WILMERHALE

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**City Policy Requires Proposers to Disclose Material Facts, or Be Subject to Disqualification**

Section 19 of the RFP states that “[a]ll Proposers are expected to have read and understood” the City of San Jose’s Policy on “Procurement and Contract Process Integrity and Conflict of Interest” (the “Policy”). In particular, Section 19.2 of the RFP provides that “[a]ny proposer who violates the Policy will be subject to disqualification.” In pertinent part, the Policy states that proposers may not “submit incorrect information in the response to a solicitation or misrepresent or fail to disclose material facts during the evaluation process.”

As the December 21 Letter observed, it has come to our attention that First Alarm may have submitted incorrect information during the evaluation process, in violation of Section 19 of the RFP. Specifically, the December 21 Letter stated that it has come to our attention that First Alarm, in Attachment D to its proposal, stated “no” in response to the following two questions:

5. Has your company ever had any agreements cancelled?
6. Has your company ever been sued by any organization for issues pertaining to fee payment, performance, or other related issues?

However, although First Alarm answered both Questions 5 and 6 in the negative, information discussed in the December 21 Letter indicates that these answers may be incorrect.

**The Contractual Cancellations Discussed in the December 21 Letter Are Not Adequately Addressed in the Denial Letter**

First, as to Question 5, namely, the question of whether First Alarm has ever had any agreements cancelled. Although First Alarm answered “no” to this question, it is our understanding—as explained in the December 21 Letter—that there may have been two instances in recent years in which First Alarm has, in fact, had agreements cancelled. In particular, our information indicates that First Alarm may have had agreements cancelled with the following: (1) the Shelter Lagoon Association in Santa Cruz; (2) the CEMEX plant in Davenport; and (3) the Skyview Drive-in Theatre in Santa Cruz.

Although the Denial Letter recognizes the existence of these cancelled agreements, it does not adequately address them. Instead, the Denial Letter discusses these agreements in a single sentence, in which it asserts that “[w]e can find no evidence that [these] contract cancellations . . . were the result of a breach of contract or any material issues that would impede

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First Alarm's ability to perform the required scope of services." The Denial Letter offers no further explanation of the decision to disregard these cancellations.

The Denial Letter's cursory treatment of these cancellations is inadequate for several reasons. First, the Denial Letter fails to explain what investigation, if any, was conducted by City staff in arriving at its conclusion that it could "find no evidence" regarding these cancellations. Second, the Denial Letter improperly focuses on the possible impact of these cancellations on First Alarm's ability, going forward, to provide services. This focus is improper, insofar as the City's policy on contract process integrity does not pertain to a proposer's *ability* to perform services. Rather, the policy requires that proposers *tell the truth*, as befits a policy on "integrity." It is troubling that the Denial Letter appears to acknowledge that First Alarm failed to disclose certain contract cancellations, but then absolves First Alarm for that failure, in seeming violation of the City's clear policy stating that proposers may not "submit incorrect information."

**Likewise, the Lawsuit Against First Alarm Discussed in the December 21 Letter Is Not Adequately Addressed in the Denial Letter**

The December 21 Letter also discussed Question 6, namely, the question of whether First Alarm has ever been sued by any organization for issues pertaining to fee payment, performance, or other related issues. As noted in the December 21 Letter, court records indicate that First Alarm was sued in Santa Cruz County Superior Court in 2007 by Skyview Drive-in Theatres for breach of contract. (For the docket of this case, which identifies the parties and the nature of the action, see the following website:

<http://63.197.255.150/openaccesspublic/civil/CivilDetails.asp?courtcode=A&casenumber=CV156578&casetype=CIS&dsn=>.) Thus, it appears as if First Alarm may have been sued by at least one organization for issues "pertaining to fee payment, performance, or other related issues."

Again, although the Denial Letter mentions this lawsuit, it does not address it adequately. Instead, the Denial Letter discusses the lawsuit in a single sentence, in which it concludes that the lawsuit "was not related to fee payment, performance or other related issues." The Denial Letter offers no further explanation of the decision to disregard this lawsuit.

As with the contractual cancellations discussed above, the Denial Letter's treatment of this lawsuit is inadequate for several reasons. First, again, the Denial Letter offers no explanation of what investigation, if any, City staff made into this lawsuit. Second, and as with the contractual cancellations, the Denial Letter fails to recognize that City policy mandates that proposers tell the truth regarding their litigation history. Finally, the Denial Letter fails to explain its assertion that a lawsuit for breach of contract is "not related to fee payment,

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performance or other related issues," even though litigation for breach of contract would appear to fall squarely under that description.

**The Denial Letter Also Fails to Adequately Address the Scoring Issue**

Finally, the December 21 Letter called attention to the possibility that the Notice of Intended Award may be based, at least in part, on an error in the materials submitted by First Alarm. In the Summary Pricing section of its Cost Data statement, First Alarm put forth a Year 1 Annual Price for the Water Pollution Control Plant (the "WPCP") of \$239,864.00. (See First Alarm Security & Patrol, Cost Data Separate Envelope, Table 1, Summary Pricing.) However, in the Detailed Pricing section of the same statement, First Alarm estimates an annual rate of **\$329,864.00** for the WPCP—i.e., an amount \$90,000 greater than the sum stated in its Summary Pricing section. (See Cost Data Separate Envelope, Table 3, WPCP.) The December 21 Letter suggested that, insofar as the City of San Jose based its decision on the figures provided by First Alarm, this discrepancy may have been overlooked, leading to an erroneous decision.

The Denial Letter acknowledges that the "initial notice of intended award" was, indeed, "based on [an] error made by First Alarm." However, the Denial Letter asserts that this error was corrected, and that the "corrected scores did not change the final outcome."

Here, again, the Denial Letter's discussion of this issue is inadequate. In particular, the Denial Letter merely asserts, in conclusory fashion, that the final outcome was unaffected by what even the Denial Letter acknowledges to have been an error.

**Conclusion**

In light of the above, National Security believes that the substantial questions posed in its December 21 Letter regarding the proposal submitted by First Alarm were not resolved by the Denial Letter. Accordingly, National Security respectfully requests that the City Council call for an investigation of First Alarm's proposal for violation of the City of San Jose's Policy on Procurement and Contract Process Integrity and Conflict of Interest, pursuant to Section 19 of the RFP. National Security further requests that First Alarm's proposal be subject to disqualification, as is called for by City policy, should the City's investigation determine that the proposal was in violation of the RFP.

We appreciate your attention to this matter, and look forward to hearing from you. If we can provide any additional information, or answer any questions you may have, please telephone me at 650-858-6110 or e-mail me at [Keith.Slenkovich@wilmerhale.com](mailto:Keith.Slenkovich@wilmerhale.com).

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Best regards,

A handwritten signature in black ink, appearing to read "Keith Slenkovich" with a smiley face at the end.

Keith Slenkovich

KS:er

February 20, 2013

City of San Jose  
200 E. Santa Clara Street, 13th Floor  
San Jose, CA 95113  
Attention: Purchasing Officer

Keith Slenkovich

+1 650 858 6110(t)  
+1 650 858 6100(f)  
keith.slenkovich@wilmerhale.com

Re: Project: Bid #RFP-12-13-01 Citywide Security Guard Services September 13, 2012

Protestor: National Security Industries and Services, Inc. 940 Park Avenue San Jose, CA  
94126

### Supplemental Bid Protest Letter

Pursuant to Section 17 of the Request for Proposal ("RFP") referenced above, please accept this letter as a formal protest by National Security Industries and Services, Inc. ("National Security") of the City of San Jose's (the "City") Notice of Intended Award to First Alarm Security & Patrol, Inc. ("First Alarm").

#### Reason for This Supplemental Bid Protest

National Security previously filed a timely bid protest letter regarding the city's Notice of Intended Award to First Alarm. National Security has also appealed the City Purchasing Officer's denial of that protest to the City Council. Both the original bid protest letter and National Security's appeal are discussed below, and copies of both are attached.

However, National Security was recently provided with additional information by the City regarding First Alarm's bid for the project referenced above. This information had not been made available to National Security at the time it filed its original bid protest letter. Nor was it available to National Security at the time it filed its appeal. Thus, National Security was unable to incorporate this information into either its original bid protest letter or its appeal.

Accordingly, at this time, National Security respectfully requests that the City consider the information provided below as a supplemental bid protest. Although National Security is unaware of any provisions in the San Jose Municipal Code that would address this situation, National Security respectfully submits that the City should consider this letter as a supplemental bid protest, insofar as the information upon which this letter is predicated was supplied belatedly by the City to National Security.

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### Background

On December 21, 2012, National Security timely filed a bid protest letter (the "December 21 Letter") regarding the City's Notice of Intended Award to First Alarm. A copy of the December 21 Letter is attached. The December 21 Letter expressed concern that First Alarm may have failed to disclose material facts during the evaluation process, in violation of both the terms of the RFP referenced above and the City's policy on procurement and contract process integrity.

On January 29, 2013, the City Purchasing Officer, Mark Giovannetti, issued a letter denying the protest outlined in the December 21 Letter and upholding the Notice of Intended Award (the "Denial Letter"). A copy of the Denial Letter is also attached. In the Denial Letter, Mr. Giovannetti acknowledged the existence of certain scoring errors discussed in the December 21 Letter, and also recognized the existence of certain "contract cancellations" and a lawsuit discussed in the December 21 Letter. However, Mr. Giovannetti "concluded that [these] scoring and contractual issues did not change the final outcome," and opined that they were "not material to the City in evaluating First Alarm's ability to perform" under the agreement.

On February 7, 2013, National Security timely filed an appeal of the Denial Letter (the "February 7 Appeal"). A copy of the February 7 Appeal is attached.

On February 13, 2013, the City provided National Security with further materials regarding First Alarm's bid. In particular, and for the first time, the City provided National Security with First Alarm's Response to the Employee Work Environment and Labor Peace Questionnaire (the "February 13 Response"), which was Attachment H, Exhibit 5 to First Alarm's bid. Based on the February 13 Response, National Security submits this supplemental bid protest letter.

### City Policy Requires Proposers to Disclose Material Facts, at Penalty of Disqualification

Section 19 of the RFP states that "[a]ll Proposers are expected to have read and understood" the City of San Jose's Policy on "Procurement and Contract Process Integrity and Conflict of Interest" (the "Policy"). In particular, Section 19.2 of the RFP provides that "[a]ny proposer who violates the Policy will be subject to disqualification." In pertinent part, the Policy states that proposers may not "submit incorrect information in the response to a solicitation or misrepresent or fail to disclose material facts during the evaluation process." As is discussed in National Security's previous submissions—and in particular, in the February 7 Appeal—the Policy thus mandates that all proposers *tell the truth* in their proposals, or else suffer disqualification.

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### The February 13 Response

The February 13 Response consists of First Alarm's answers to the City's Employee Work Environment and Labor Peace Questionnaire. In particular, Section V of the February 13 Response required First Alarm to discuss its compliance with state and federal workplace standards. In this section, First Alarm was required to truthfully answer whether any of a number of state regulatory agencies had obtained "final orders or final judgments finding a violation by [First Alarm] of State or Federal law relating to the treatment of [its] employees." In regard to each of those three agencies—namely, (1) the California Department of Fair Employment and Housing Department ("DFEH"); (2) the California Department of Industrial Relations ("Cal OSHA"); and (3) the California Department of Industrial Relations Labor Board ("Labor Board")—First Alarm stated that it had *not* had "any" final judgments or administrative orders obtained against it. This statement was signed by Teresa Huerta Larkin, First Alarm's Chief Administrative Officer.

However, it has come to National Security's attention that several final judgments or administrative orders of the type discussed above have, in fact, been obtained against First Alarm.

- On December 9, 2008, the Labor Board entered an order against First Alarm, finding that it owed one of its former employees—Andrew James De Leon—over \$15,000 in earned and unpaid wages. A copy of this order is attached. Of particular note is that *Teresa Larkin testified on behalf of First Alarm during this proceeding*, as is discussed in the order.
- On October 25, 2002, the Labor Board entered an order against First Alarm in the amount of \$1,959,94, finding that it owed another of its employees—Martha Gonzales—unpaid wages. A copy of this order is attached.

There may well be additional instances of final judgments or administrative orders obtained against First Alarm.

### Conclusion

In light of the above, National Security believes that First Alarm's failure to submit correct information in its responses to the City's Employee Work Environment and Labor Peace Questionnaire raises serious questions about its bid. Accordingly, National Security requests that the City accept this letter as a supplemental bid protest. National Security makes this request in light of the fact that it was unable to bring this information to the City's attention at an earlier point in time, insofar as the City did not provide the February 13 Response to National Security until after the time for submitting the original bid protest had elapsed. Further, National Security

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respectfully submits that First Alarm's proposal should be investigated, and potentially disqualified, for violation of the City of San Jose's Policy on Procurement and Contract Process Integrity and Conflict of Interest, pursuant to Section 19 of the RFP. This request is predicated both on the facts discussed in National Security's December 21 Letter and the further facts discussed in this supplemental bid protest letter.

We appreciate your attention to this matter, and look forward to hearing from you. If we can provide any additional information, or answer any questions you may have, please telephone me at 650-858-6110 or e-mail me at [Keith.Slenkovich@wilmerhale.com](mailto:Keith.Slenkovich@wilmerhale.com).

Best regards,

  
Keith Slenkovich



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow  
David Sykes

**SUBJECT:** SEE BELOW

**DATE:** March 4, 2013

Approved

Date

3/11/13

**SUBJECT: AGREEMENT FOR EXECUTIVE PROGRAM ADVISOR SERVICES  
FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL  
PLANT CAPITAL IMPROVEMENT PROGRAM**

## RECOMMENDATION

Adopt a resolution to authorize the City Manager to:

- 1) Execute an agreement with Michael Gritzuk, P.E. to provide executive program advisor services for the San José/Santa Clara Water Pollution Control Plant Capital Improvement Program from the date of execution to June 30, 2014, in an amount not to exceed \$345,000, and to provide for up to four one-year options to extend the term through June 30, 2018, subject to appropriation of funds.
- 2) Execute amendments as required to adjust the compensation consistent with negotiated rates for each option term, subject to the appropriation of funds.

## OUTCOME

Approval of the recommendation would provide the City with the necessary expertise and resources to enable the Environmental Services Department to manage implementation of the San José/Santa Clara Water Pollution Control Plant (Plant) capital improvement program. Approval of the recommendation would also allow the City to build in-house expertise in the management of a complex wastewater program.

## BACKGROUND

On April 19, 2011, City Council accepted the Draft San José/Santa Clara Water Pollution Control Plant Master Plan (Master Plan). The Master Plan envisions a \$2.2 billion investment over the next 30 years to rebuild the Plant by replacing aging infrastructure, implementing

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**Subject: Agreement for Executive Program Advisor Services for the Water Pollution Control Plant CIP**

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technology upgrades, and addressing future needs. The Draft Environmental Impact Report (EIR) has been circulated for comments and the Planning Commission public hearing to certify the EIR is targeted for June 2013.

At the April 7, 2011 and April 19, 2011 Treatment Plant Advisory Committee (TPAC) and City Council meetings, respectively, staff was directed to evaluate timing, cost, and alternative delivery options for capital projects relating to biosolids dewatering and drying. In February, 2012, City Council and TPAC provided direction to accelerate the transition of the biosolids drying and stabilization process, as well as the replacement of aging energy generation facilities. In October, 2012, an accelerated CEQA process for the energy generation project was initiated due to the increased failure of existing energy generation equipment and the Plant's critical need for reliable energy. With the recognition that these projects are on accelerated schedules, staff has developed a plan and an organizational structure that will facilitate delivery of the Plant Capital Improvement Program (Plant CIP) utilizing a combination of resources from both ESD and DPW, along with consultant support, for the initial phases of implementation. The functional structure will effectively integrate technical experts, operations and maintenance expertise, and project delivery teams.

The Plant CIP presents a complex and unique set of challenges. A successful program requires key leadership with significant experience and skills in organizing and managing large, multi-phased wastewater programs, and ideally should be members of the owner's staff to ensure direct control over the program. However, existing staff does not possess the skills or experience needed, and therefore an Executive Program Advisor was sought through an RFQ process. This consultant would provide advice and recommendations to the Director of ESD regarding implementation of the program and will report to the Assistant Director.

## **ANALYSIS**

A Request for Qualifications for an Executive Program Advisor for the San José/Santa Clara Water Pollution Control Plant Capital Improvement Program was advertised on September 28, 2012. Statements of Qualifications were received from two consultants on November 21, 2012. A five-member interview board consisting of Environmental Services, Public Works, and representatives from City of Santa Clara and City of Milpitas interviewed both consultants on December 17, 2012. The Board used the following criteria in ranking the candidates:

- Experience related to the planning, design and construction of large wastewater facilities;
- Experience in managing complex wastewater projects and programs;
- Strong communications skills and the ability to work with engineering, operations and maintenance staff, as well as consultants, contractors, other governmental agencies and stakeholders;
- Ability to organize and lead an integrated team of professionals with diverse backgrounds and interests;

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**Subject: Agreement for Executive Program Advisor Services for the Water Pollution Control Plant CIP**

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- Experience with innovative approaches delivering complex projects and experience using alternative project delivery methods; and
- City's Local Business and Small Business Preference Ordinance.

The Board unanimously ranked Michael Gritzuk Consulting as the best qualified, with DRW Consulting ranking second. Mr. Gritzuk was chosen for his depth of experience and knowledge of the implementation of complex capital programs at water/wastewater facilities, and for his innovative approach to structuring and delivering large wastewater projects. DRW Consulting qualified as a Local and Small Business Enterprise, however, the additional 10-point preference did not impact the final ranking.

Mr. Gritzuk brings extensive experience in large public water and wastewater utilities having served over 30 years in various director positions. Most recently, Mr. Gritzuk served as the Director of Pima County Regional Wastewater Reclamation Department in Arizona, serving approximately one million people in the greater Tucson area. He managed an annual budget over \$100 million and a 5-year CIP exceeding \$500 million. He managed the development and implementation of the \$720 million regional master plan to build, expand and upgrade Pima County's wastewater system to include new advanced treatment processes, automation, odor control and security systems. Prior to Pima County, Mr. Gritzuk served nearly 17 years as Director of the Phoenix Water Services Department with an annual budget of approximately \$230 million and a 5-year water and wastewater CIP exceeding \$1.5 billion. Mr. Gritzuk has also held director positions at regional water/wastewater utilities in Florida, Massachusetts and New Jersey, and is a widely recognized leader in the wastewater and alternative project delivery industries.

The general types of services that Mr. Gritzuk will provide under the agreement include:

- Reporting to the Assistant Director of Environmental Services, provide executive level expertise, advice and recommendations regarding implementation, scope, schedule and budget requirements for the Plant CIP;
- Provide recommendations regarding project prioritization, phasing and sequencing;
- Provide advice on the optimal organizational structure necessary to implement the program;
- Provide expertise and recommendations on pre-design, design and construction issues related to program implementation;
- Provide expertise in project delivery systems including design-build, design-build-operate and traditional design-bid-build methods; and
- Provide expertise in selecting and procuring professional services and negotiating terms of agreements and contracts.

The proposed compensation is a not-to-exceed estimate based on the level of services contemplated. The fees are set at a daily rate for the time the consultant will be working full days in San José. The rate schedule also allows for an hourly rate in the case of partial days, and for a limited set of reimbursables. The rates are comparable to those paid to the consultant hired

to set up and implement the City's Airport Program in 2007. The fees are considered appropriate considering the unique set of skills and abilities that Mr. Gritzuk will bring to the Plant program.

The proposed agreement would provide the option to exercise up to four one-year extensions at an approximate cost of \$1 million if all four options are exercised. Future adjustments to compensation will be subject to the appropriation of funds. These options would provide the City with sufficient flexibility and the continuity necessary for successful management of the program. As the program develops, it may be in the City's best interest to continue to build in-house expertise by maintaining continuity with the consultant for a longer duration. Including this flexibility in the agreement avoids future procurement costs and schedule delays.

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

If future amendments to this agreement are exercised by the City Manager, they will be reported to the City Council in conjunction with semi-annual reports concerning the San José/Santa Clara Water Pollution Control Plant Capital Improvement Program.

### **POLICY ALTERNATIVES**

**Alternative:** *Direct staff to provide the required services with in-house resources*

**Pros:** Increased work options for current staff.

**Cons:** Existing City staff does not possess the expertise required.

**Reason for not recommending:** The complexity of implementing the Plant CIP and the use of alternative project delivery methods to deliver wastewater projects requires specialized expertise and significant years of experience in technical program management areas. The use of an Executive Program Advisor results in fresh and innovative ideas being applied to the program, along with the flexibility required to meet changing staffing needs. These services are required for a limited time and will no longer be needed once the program has matured and in-house expertise has been restored.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This report does not meet the criteria above. Direct engagement with the public and the Plant's many stakeholder groups has been an essential component in developing the Plant Master Plan over the past four years. The RFQ was advertised on BidSync.

**COORDINATION**

This report has been coordinated with the City Attorney's Office and the City Manager's Budget Office, and will be presented to the Treatment Plant Advisory Committee (TPAC) at its March 2013 meeting.

**FISCAL/POLICY ALIGNMENT**

This project is consistent with the City Council approved Budget Strategy to focus on rehabilitating aging Plant 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.

**COST SUMMARY/IMPLICATIONS**

- 1. AMOUNT OF RECOMMENDATION: \$345,000
- 2. COST ELEMENTS OF AGREEMENT:
  - Professional Services \$315,000
  - Reimbursable Expenses \$30,000
  - TOTAL AGREEMENT AMOUNT: \$345,000
- 3. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund
- 4. OPERATING COSTS: None

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
512	7481	Program Management	171620	\$2,000,000	\$345,000	V-183	6/19/12, , Ord. No. 29102

HONORABLE MAYOR AND CITY COUNCIL

March 4, 2013

**Subject: Agreement for Executive Program Advisor Services for the Water Pollution Control Plant CIP**

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**CEQA**

Not a Project, File No. PP10-066(a), Agreements and Contracts for professional services.

/s/

KERRIE ROMANOW

Director, Environmental Services

/s/

DAVID D. SYKES

Director, Public Works

For questions please contact Ashwini Kantak, Assistant Director of Environmental Services at (408) 975-2553.

**City Manager's Contract Approval Summary**  
**For Procurement and Contract Activity between \$100,000 and \$1 Million for Goods and \$100,000 and \$250,000 for Services**

February 1 - February 28, 2013

Description of Contract Activity <sup>1</sup>	Fiscal Year	Req#/ RFP#	PO#	Vendor/Consultant	Original \$ Amount	Start Date	End Date	Additional \$ Amount	Total \$ Amount	Comments
<b>NEW:</b>										
CONSULTANT SERVICE - CONDUCT ORGANIZATIONAL & WORKFORCE ANALYSIS AT WPCP	FY12-13	CPMS# 7199	AC25110	ROBERT REID	\$175,000	1/24/13	12/31/13			
AQUEOUS AMMONIA (AMMONIUM HYDROXIDE)	FY12-13	16217	47295	HILL BROS CHEMICAL CO	\$100,000	7/1/12	6/30/13	\$50,000	\$150,000	
<b>ONGOING:</b>										
REPLACE DEHUMIDIFICATION UNITS	FY12-13	16332			\$100,000					
FERRIC CHLORIDE (FECL3) SOLUTION	FY12-13	16435		KEMIRA WATER SOLUTIONS, INC	\$515,270					
TEST, TROUBLESHOOT, REPAIR SERVICE	FY12-13	16583	48272	DAHL BECK ELECTRIC	\$120,000	2/11/13	2/11/14			
PRIMARY TANK OVERHAUL	FY12-13	16654			\$520,000					
SERVICE: COATING REHABILITATION OF 5 CLARIFIERS	FY12-13	16911			\$800,000					

<sup>1</sup> This report captures in process contract activity (Requisition Number or RFP Number) and completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)