



# Memorandum

**TO:** MAYOR LICCARDO

**FROM:** Councilmember Cohen

**SUBJECT: BUDGET DOCUMENT**

**DATE:** May 24, 2022

Approved

Date May 24, 2022

## RECOMMENDATION

That the following recommendation be enacted.

### Proposal

Program/Project Title: D4 – Building Demolition at Agnews Park

Amount of City Funding Required: \$1,665,000

This change is:

One-time  Ongoing

Cost Estimate Number (if applicable): CE-FY22-23:002

Proposal Description, including the reason for the need and anticipated outcomes (Please describe how the proposal will affect services for San José residents, community groups, businesses, etc.):

The Agnews Park site in North San Jose will become one of the largest neighborhood parks within the City of San Jose at 21.6 acres. The City of San Jose entered a partnership with the Santa Clara Unified School District when the land was bought for the new school. The City of San Jose agreed to build a park next door that would benefit the population in North San Jose as well as the school community.

With the retirement of the North San Jose Area Development Plan this month, new housing and commercial projects are beginning the entitlement process putting more pressure to build out the necessary amenities for this part of the city. This site is crucial to be able to meet that demand.

In August 2021, 2 of the 3 schools at the SCUSD portion of the site opened, with the final school opening in August 2022. With the settlement of the outstanding lawsuit with SCUSD in May, an additional \$1.5M of funding becomes available for Agnews Park, \$500,000 is earmarked for the development of the Agnews Park Master Plan.

With Master Planning of the park set to begin in FY 2022-23 along with the completion of the new schools next door, the final clearance from the EPA for the remaining buildings, and the construction cost escalations we are currently experiencing, it is now time to begin the demolition of the remaining buildings. Several buildings on the park site have already been demolished. However, the debris from those buildings remains on the site. With students now attending the adjacent schools, the debris stockpile and remaining buildings create a hazard.

Prior to EPA clearance, Public Works estimated the costs to remove the debris stockpile and the remaining buildings at \$6M - \$11M dependent upon the level of remediation required. After the EPA clearance was achieved, Public Works re-evaluated the costs and the new estimate is \$21,828,000. One significant cause of this new estimate is the cost escalation we are experiencing in the construction sector.

PRNS recommends approaching the demolition of Agnews in phases. These recommended phases and associated costs are described as follows:

- Phase 1: Stockpile removal = \$3,725,000
- Phase 2: Removal of buildings 5, 12, 13, 14 & 55 = \$3,752,000
- Phase 3: Removal of building 54 & soil characterization = \$14,351,000

A closer look at the Phase 2 costs shows that one building, which is significantly larger than the rest (55), accounts for approximately 70% of the cost of phase 2.

	<b>Total Per Building</b>
Building 5	\$104,923
Building 12	\$347,799
Building 13	\$291,672
Building 14	\$295,605
Building 55	\$2,712,107
	<b>\$3,752,106</b>

- If we condense the phases into 2 phases rather than 3, then scope and cost of each phase looks like this:
- Phase 1: Stockpile removal and removal of buildings 5, 12, 13, 14 = \$4,790,000
- Phase 2: Removal of building 54, 55 & soil characterization = \$17,063,107

With current funding and the addition of the SCUSD settlement money, the remaining funding required to execute Phase 1 is \$1,665,000. Funding for the remaining 2 large buildings 54 and 55 will be requested through the CA State budget process for FY 23-24.

Under current conditions, we know that construction costs are rising faster than at any time in recent memory. While we hope to secure state funding to assist with the remaining remediation of the site, investing in this portion will allow the city to execute phase 1 of the clean-up. With that, the City of San Jose will take a giant leap in progress towards the vision of a vibrant community where San Jose residents can work, live, and play without getting in a car. Delaying this investment only adds more cost down the road.

**Funding Source**

- Essential Services Reserve:
- Other (Please specify program/project/fund): TBD

**Department or Organization Contact**

Please list the contact information for the individual that certified cost estimates contained within your recommendation:

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