



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch  
Jim Shannon

**SUBJECT:** See Below

**DATE:** May 27, 2025

Approved

Date:

6/6/25

**COUNCIL DISTRICT: 6**

**SUBJECT: Actions Related to the 9151 - Police Department Air Support Unit Hangar Relocation (2018 Measure T) Project**

## **RECOMMENDATION**

- (a) Approve an increase to the construction contingency from 10% to 14% for the 9151 - Police Department Air Support Unit Hangar Relocation (2018 Measure T) Project in the amount of \$495,000, for a total contingency of \$1,761,000.
- (b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Public Safety and Infrastructure Bond:
  - (1) Increase the Measure T – Police Air Support Hangar appropriation to the Public Works Department in the amount of \$625,000; and
  - (2) Decrease the Measure T- Program Reserve (Public Safety) appropriation by \$625,000.

## **SUMMARY AND OUTCOME**

Adopting the recommendation will provide the construction contingency and budgetary capacity necessary to incorporate a fire foam suppression system in the aircraft hangar area of the 9151 - Police Department Air Support Unit Hangar Relocation (2018 Measure T) Project (Project).

## **BACKGROUND**

On November 6, 2018, San José voters approved Measure T, authorizing \$650 million in general obligation bonds for disaster preparedness, public safety, and infrastructure

improvements. Of this, \$175 million was allocated to public safety projects, including the relocation of the Police Department's Air Support Unit Hangar.

The Project is located at 1114 Coleman Avenue, within the San José Mineta International Airport (Attachment - Location Map - 9151 - Police Department Air Support Unit Hangar Relocation (2018 Measure T) Project). The scope of work includes construction of a new 7,500 square-foot facility, replacing the existing 65-year-old two-helicopter hangars, staff parking with Electric Vehicle charging, a backup generator, new security fencing, bio-retention landscaping, and resurfaced apron paving.

On November 7, 2023, the City Council awarded the construction to the lowest responsive, responsible bidder, D.L. Falk Construction, Inc., in the amount of \$12,660,000, along with the standard contingency of 10% for building projects in the amount of \$1,266,000. Construction began on January 16, 2024, with an original anticipated completion date of April 2025.

Additional project information is identified in the approved City Council award memorandum dated October 16, 2023.<sup>1</sup>

## **ANALYSIS**

An additional contingency amount of \$495,000 is needed, beyond the original approved contingency of \$1,266,000, to install a fire foam suppression system within the hangar and construct the associated building modifications. The original design for the hangar was based on a high-hazard wet fire sprinkler system, reflecting the initial tasks performed within the hangar, which did not include on-site aircraft maintenance. During construction, it was determined that aircraft maintenance, such as aircraft repairs and oil changes, would be performed within the hangar, rather than offsite, which led to a more robust fire safety requirement. Following a review by the Fire Department, it was determined that a fire foam suppression system is required to meet applicable safety codes for the revised use of the space.

The Project construction is approximately 75% complete, with an expected completion in September 2025. To date, the City has expended 46% (\$577,000) of the original \$1,266,000 construction contingency and additional change orders totaling approximately \$669,000 are currently under review for work already performed. These include various items primarily resulting from unforeseen site conditions and unexpected construction modifications such as added soil testing, relocation of the generator quick-connect panel, added containment curb in storage room, water connection modification at the water meter, added steel reinforcements at wall adjacent

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<sup>1</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=6392054&GUID=C702E780-DF7C-47C2-9CE9-F0345C17857E>

to clerestory windows, security hardware modifications, modifications to the hangar door and associated structural framings and walls to provide adequate aircraft wing clearance, and various other miscellaneous additional changes such as added new access panels, added structural framing due to the existing fiber line, added landscape back flow preventers, etc.

Considering the change orders issued to date, and those being reviewed, increasing the contingency by \$495,000 (from \$1,266,000 to \$1,761,000) will provide the additional funding needed to facilitate the inclusion of the new fire foam suppression system.

San José Municipal Code Section 27.04.050 provides for a standard contingency of 10% on all public works contracts, except those involving the renovation of a building or buildings. Staff recommends increasing to a 14% contingency, to account for the new fire foam suppression system and associated building modification costs. The amount of \$495,000 includes a credit of \$58,600 for omitting the installation of the water-only fire suppression system in the hangar areas of the building.

The Project experienced a five-month delay due to the redesign of the fire suppression system, the permitting process, and additional construction activities required to implement the changes. Substantial completion is now expected in September 2025, revised from the previously anticipated date of April 2025.

In addition to the contingency funds, an additional \$625,000 is requested to cover increased project delivery costs, including consultant fees for the new system design, redesign of the large hangar door, development of the conceptual design, additional construction administration services, and City permitting and inspection fees. The total additional funding needed for the project is \$1.12 million.

## **EVALUATION AND FOLLOW-UP**

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

## **COST SUMMARY/IMPLICATIONS**

Based on an analysis of funding requirements and allocation amounts, the current budget of \$17.7 million is insufficient to support the Project and needs to increase by \$1.1 million. All Project costs are funded through the Public Safety and Infrastructure Bond Fund, with the offset for the \$1.1 million increase from the Measure T Program Reserve.

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A budget action of \$495,000 has been included in the Approval of Various Budget Actions for Fiscal Year 2024-2025 memorandum and agenda for June 17, 2025 to ensure that the contingency increase can be executed in 2024-2025. For 2025-2026, the Recommendation includes budget actions to allocate the remaining \$625,000 needed to cover increased project delivery costs and to complete the fire foam suppression installation. There will be no additional operation and maintenance costs associated with the approval of this recommendation. The total Project costs and construction contract budget are outlined below. Construction began January 2024, with completion in September 2025.

**1. TOTAL COST OF PROJECT:**

Project Delivery*	\$4,441,000
Construction	12,660,000
Contingency	1,266,000
Additional Contingency	495,000
<b>Total Project Costs</b>	<b>\$18,862,000</b>
Prior Years' Expenditures and Encumbrances through June 30, 2025 (estimated)	\$18,137,000
<b>TOTAL REMAINING PROJECT COSTS</b>	<b>\$ 725,000</b>

\* Project delivery includes \$1,931,835 design services, bidding, and \$2,509,165 for construction management, and inspection services.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations impacted by increasing the contingency amount and Project budget as recommended in this memorandum.

<b>Fund #</b>	<b>Appn. #</b>	<b>Appropriation Name</b>	<b>Total Appropriation</b>	<b>Rec. Budget Action</b>	<b>2025-2027 Proposed Biennial Capital Budget Page*</b>	<b>Last Budget Action (Date, Ord. No.)</b>
498	415C	Measure T – Police Air Support Hangar	\$100,000	\$ 625,000	608	6/17/2025, Ord. No. N/A
498	8575	Measure T – Program Reserve (Public Safety)	\$19,153,914	(\$625,000)	630	6/17/2025, Ord. No. N/A

\* The 2025-2027 Adopted Biennial Capital Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.

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### **COORDINATION**

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the June 17, 2025 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

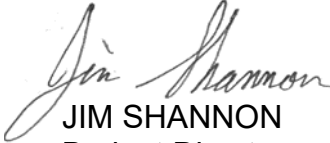
### **CEQA**

Mitigated Negative Declaration for Norman Y. Mineta San José International Airport Master Plan Project. File No. PP18-103.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

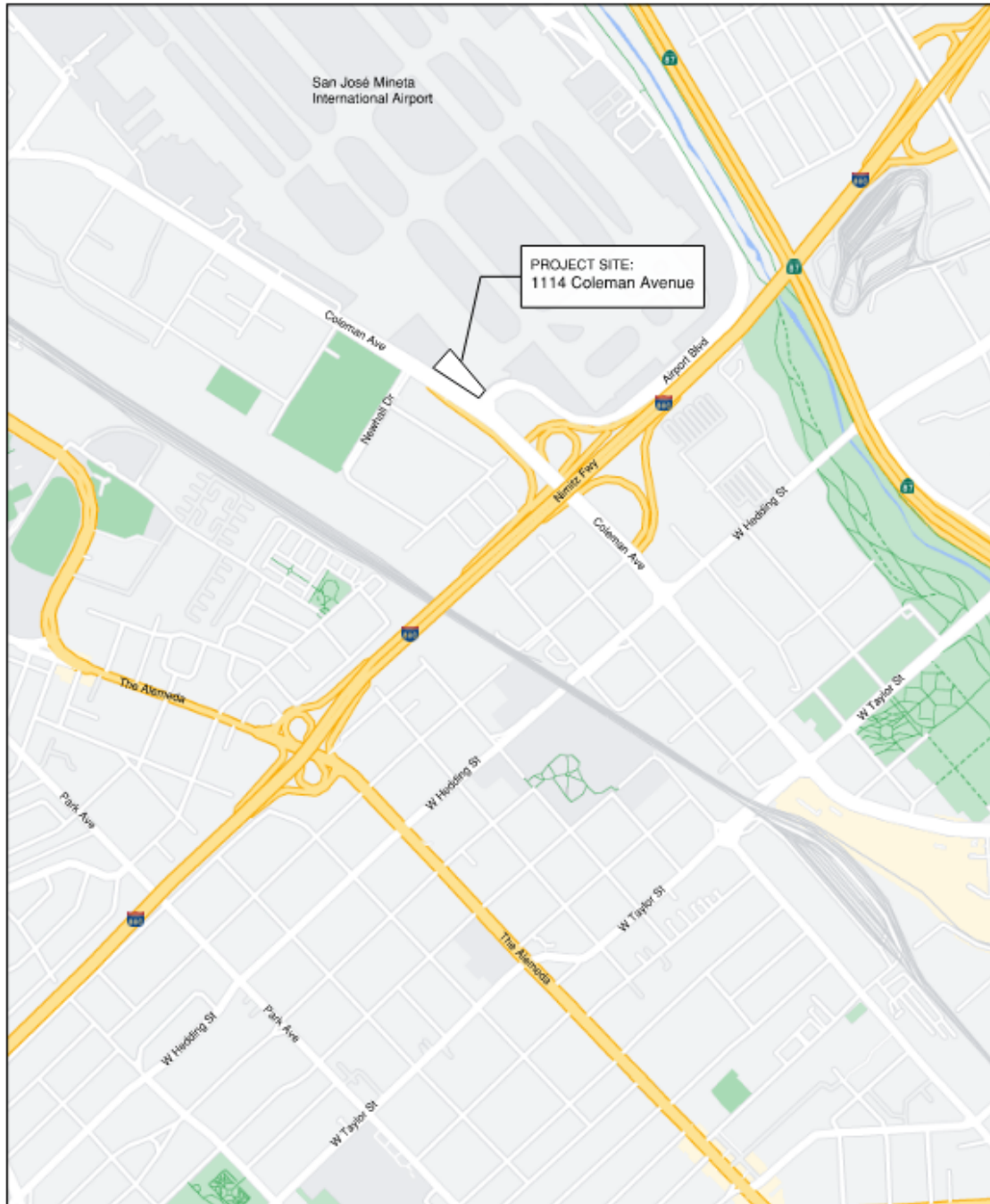
/s/  
MATT LOESCH  
Director of Public Works

  
JIM SHANNON  
Budget Director

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

**ATTACHMENT** - Location Map - 9151 - Police Department-Air Support Unit Hangar Relocation (2018 Measure T) Project

## Attachment Location Map



### 9151 - Police Department-Air Support Unit Hangar Relocation

NOT TO SCALE

