



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch
Jim Shannon

SUBJECT: SEE BELOW

DATE: November 10, 2025

Approved

Date:

11/21/25

COUNCIL DISTRICT: 3

SUBJECT: Actions Related to the 9157 – Fire Station 8 Relocation (2018 Measure T) Project

RECOMMENDATION

- (a) Approve an increase to the construction contingency for the 9157 – Fire Station 8 Relocation (2018 Measure T) Project from 10% to 12%, in the amount of \$210,520, resulting in a new contingency amount of \$1,263,120.
- (b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Public Safety and Infrastructure Bond Fund:
 - (1) Increase the Measure T – Fire Station 8 Relocation appropriation to the Public Works Department by \$900,000; and
 - (2) Decrease the Measure T – Program Reserve (Public Safety) by \$900,000.

SUMMARY AND OUTCOME

Adoption of the recommendation will provide additional funding needed to complete construction of the 9157 – Fire Station 8 Relocation (2018 Measure T) Project (Project). Approval of the increased construction contingency is necessary to ensure there is sufficient funding for unanticipated additional work that was encountered during construction. Increasing the contingency will help avoid any disruptions to construction progress or cause delay to project completion.

Approval of the recommended budget actions will provide sufficient funding for the project management, consultant services, and construction inspection costs that have incurred throughout the extended project duration.

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 Fire Station 8.

The Project is located at 601 East Santa Clara Street at the northeast corner of East Santa Clara Street and 13th Street in Downtown San José (Attachment – Location Map – 9157 – Fire Station 8 Relocation). The Project replaces the existing Fire Station 8 located at the southeast corner of East Santa Clara Street and 17th Street.

On August 15, 2023, the City Council awarded the construction to the lowest responsive bidder, D.L. Falk Construction, Inc., in the amount of \$10,526,000, along with the City standard contingency of 10% for building projects in the amount of \$1,052,600. Construction began on October 16, 2023, with an original anticipated completion date of March 17, 2025. However, several factors have contributed to the extended project schedule, such as: incorporation of necessary design revisions to ensure building code requirements were met, delays in material procurement, coordination with PG&E infrastructure, and unforeseen conflicts with existing underground utilities. Construction completion is now expected in January 2026, and ready for occupancy beginning in February 2026.

ANALYSIS

An additional contingency amount of \$210,520 is needed, increasing the original approved contingency of \$1,052,600 to \$1,263,120. This increase is necessary to cover potential change orders that may arise over the next three months for the remaining uncompleted work.

Anticipated future change orders include:

- Revisions to the dimensions of the acoustical generator enclosure in order to meet clearance requirements needed for servicing the generator;
- Relocation of a fence post due to conflict with trash enclosure structure and modification of the trash enclosure door to accommodate the shift;
- Installation of gutter box platforms under automatic transfer switch units to provide spacing for required conduit routing bends; and
- Modifications to electrical work due to spacing conflicts with plumbing and mechanical equipment in the ceilings.

The project construction is approximately 85% complete. To date, the City has expended 60% (\$630,678) of the original \$1,052,600 construction contingency. Staff is

currently reviewing multiple change order requests totaling approximately \$422,000 related to unforeseen PG&E substructure work, added fireproofing and building infrastructure revisions. Project completion is anticipated to be achieved in the next three months. If these requested change orders are approved, there will not be sufficient contingency remaining for any future unforeseen conditions that may arise during the final months of the project to complete. The requested 2% (\$210,520) contingency increase will provide the necessary funding to address additional unexpected work required to complete the Project.

Due to the Project complexity, scope additions and the unforeseen site conditions encountered during construction, a nine-month schedule delay has been incurred. To provide continued funding for project management, construction management, stakeholder coordination, and building inspection services through the project duration, staff recommends an increase of \$689,480 to the project delivery budget.

In total, an additional \$900,000 is requested to complete the Project. This includes \$210,520 to increase the construction contingency and \$689,480 to fund the remaining soft costs associated with project scope changes and the prolonged construction schedule.

EVALUATION AND FOLLOW-UP

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

COST SUMMARY/IMPLICATIONS

Based on an analysis of funding requirements and allocation amounts, the current budget of \$20.4 million is insufficient to support the Project and needs to increase by \$900,000. The majority of the Project costs are funded through the Public Safety and Infrastructure Bond Fund, with \$68,217 allocated in the General Fund for Capital Program and Public Works Department Support Service Costs that are ineligible to be paid using bond funds. Ongoing funding for operations and maintenance includes \$19,000 for the Fire Department and \$67,000 for the Public Works Department.

1. TOTAL COST OF PROJECT:

Land Acquisition	\$4,554,939
Project Delivery*	5,014,801
Construction	10,526,000
Contingency	1,052,600
Additional Contingency	<u>210,520</u>

TOTAL PROJECT COSTS

\$21,358,860

Prior Years' Expenditures and Encumbrances
through June 30, 2025

\$20,248,860

*Project Delivery includes \$1,890,000 design services, bidding, and \$3,124,801 for construction management, and inspection services

BUDGET REFERENCE

The table below identifies the fund and appropriations impacted by the recommendations in this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amt. for Contract	2025-2027 Adopted Biennial Capital Budget Page	Last Budget Action (Date, Ord. No.)
498	414Z	Measure T – Fire Station 8 Relocation	\$210,000	\$900,000	\$210,520	742	10/21/2025 31252
498	8575	Measure T – Program Reserve (Public Safety)	\$23,318,256	(\$900,000)	N/A	709	10/21/2025 31252

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Fire Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 2, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

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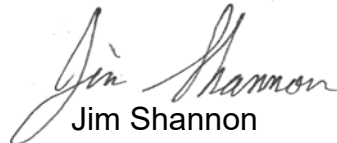
CEQA

Mitigated Negative Declaration for the Fire Station No. 8 Project File No. ER-22-063.

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, Public Works Department


Jim Shannon
Budget Director

For questions, please contact Sal Kumar, Deputy Director, Public Works Department, at Sal.Kumar@sanjoseca.gov

ATTACHMENT: Location Map - 9157 – Fire Station No. 8 Relocation (2018 Measure T) Project

Attachment Location Map



9157 - FIRE STATION No. 8 RELOCATION
(2018 MEASURE T) PROJECT
NOT TO SCALE

