



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mukesh (Mookie) Patel
Jim Shannon

SUBJECT: Actions Related to the
Terminal Elevator
Replacement Project

DATE: April 13, 2026

Approved

Date:

4/21/26

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Adopt the following 2025-2026 Appropriation Ordinance amendments in the Airport Renewal and Replacement Fund:

- (a) Establish the Terminal Elevator Replacement appropriation to the Airport Department in the amount of \$1,000,000; and
- (b) Decrease the Unrestricted Ending Fund Balance by \$1,000,000.

SUMMARY AND OUTCOME

The Terminal Elevator Replacement project scope includes replacing four passenger elevators and two freight elevators at various locations at the San José Mineta International Airport (Airport). Allocating funding this fiscal year will allow the Airport to accelerate design and procurement activities, secure contractor bids, and submit a timely final application to the Federal Aviation Administration (FAA) to be considered for Airport Terminal Program (ATP) grant funding under the Infrastructure Investment and Jobs Act. Should the grant be awarded to the Airport, federal funds would be used to pay for approximately 80% of the project, with the Airport providing the local match.

BACKGROUND

In 2024, the Airport initiated an Asset Preservation Study to evaluate the condition of its terminal building assets. The study included visual assessments, stakeholder interviews, documentation reviews, and workshops, culminating in a report outlining

current asset conditions and a 10-year terminal infrastructure plan. Findings were validated by Airport subject matter experts and identified several critical infrastructure needs requiring near-term action. Among the priority projects identified was the Terminal Elevator Replacement project, which includes replacing six elevators:

- 1) one freight elevator in Terminal A;
- 2) one passenger elevator in Terminal B;
- 3) one freight elevator in Terminal B;
- 4) one passenger elevator in Terminal Federal Inspection Services; and
- 5) two passenger elevators in Terminal A Garage.

In December 2025, the Airport received an ATP Notice of Funding Opportunity that placed a strong emphasis on supporting airports replacing aging infrastructure that can negatively impact safety, reliability, accessibility, and passenger experience. This project fits the criteria for FAA ATP grant funding outlined above as it improves passenger comfort and supports daily airport operations. In January 2026, the Airport submitted a pre-application for an FAA ATP grant, which included the Terminal Elevator Replacement project among three other proposed projects. The FAA has indicated interest and communicated that, if selected, a final application with completed bid documents must be submitted by fall 2026. The project is scheduled to be advertised in October 2026 in alignment with the FAA funding requirements for the project.

ANALYSIS

The Terminal Elevator Replacement project is a critical investment to preserve and modernize aging infrastructure at the Airport. The project will replace six elevators that have consistently caused issues for passengers, tenants, and Airport staff. These elevators are outdated and unreliable. Replacing them with modern, efficient systems will improve passenger comfort, enhance overall airport operations, and potentially increase energy efficiency.

Due to its importance, the project was initially planned to be fully Airport-funded, with the budget allocated in 2026-2027 to begin design and procurement. Construction, including demolition and replacement, would be phased over subsequent years to ensure uninterrupted daily operations.

With the release of the ATP Notice of Funding Opportunity, the Airport has an opportunity to secure FAA funding for up to 80% of the total project costs. To meet the requirement that documents be submitted by fall 2026, the Airport coordinated with internal stakeholders and consultants and determined that the schedule can only be achieved by initiating design in the current fiscal year. This approach will enable completion of the design early in the following fiscal year and allow the project to be advertised for bids in early fall 2026. By delaying the start of this project, the Airport

risks missing the application deadline, forfeiting potential grant funding, and bearing the full amount of the project cost.

Recently, the U.S. Department of Transportation added conditions to federal grants requiring cooperation with immigration enforcement and restricting diversity, equity, and inclusion. Federal courts have since enjoined these conditions, and the FAA has accepted their deletion accordingly. Should the Administration or the courts reinstate the conditions, the FAA would require the City to comply in order to continue receiving funding. In that event, the Airport would use Airport funds to complete the project. The project team will continue coordinating with the City Attorney's Office regarding the likelihood and timing of any such change in status.

EVALUATION AND FOLLOW-UP

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

FISCAL IMPACTS

The recommendation allocates \$1.0 million for on-call consultants to begin the design process and to support the project delivery team, with the total project estimated to be \$11.5 million. A total of \$5.7 million for the Terminal Elevator Replacement project is included in the Proposed Mid-Biennial Budget Update for 2026-2027, bringing the total initial amount of City funding to \$6.7 million.

Although the project is not yet fully funded in the budget, it demonstrates a strong commitment to the FAA. Budget actions to fully fund the project and potentially recognize the FAA ATP grant will be included in the development of a future budget process. The grant, if awarded to the Airport, is anticipated to cover approximately 80% of the project cost, and the remaining amount necessary in the Airport Renewal and Replacement Fund (Fund 527) will be adjusted accordingly. If the project does not receive ATP funding, the full cost of the project will be budgeted in Fund 527. Grant award notifications are expected to occur by December 2026. Ongoing maintenance and operating costs are minimal and will be absorbed into the Airport's operating budget.

TOTAL COST OF PROJECT:

Project Delivery*	\$3,743,728
Construction	\$6,256,800
Contingency (15%)	\$1,500,079
TOTAL PROJECT COSTS	\$11,500,607
Prior Year Expenditures and Encumbrances	\$0

* Project delivery includes \$800,000 for design services and bidding and \$2,943,728 for construction management and inspection services.

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The proposed project would be a minor alteration of existing Airport facilities and is therefore consistent with the adopted Airport Master Plan pursuant to San José Municipal Code Section 25.04.210(B)(4).

BUDGET REFERENCE

The table below outlines the appropriations needed to support design and plan review for the Terminal Elevator Replacement.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Recommended Budget Action	2025-2027 Adopted Biennial Capital Budget Page	Last Budget Action (Date, Ord. No)
527	8999	Ending Fund Balance	\$6,552,922	(\$1,000,000)	773	2/10/26 31308
527	NEW	Terminal Elevator Replacement	\$0	\$1,000,000	NA	NA

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council agenda website for the May 5, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

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CEQA

Determination of Consistency with the Airport Master Plan Amendment Environmental Impact Report, File No. ER22-279.

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/

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Director of Aviation



JIM SHANNON
Budget Director

For questions, please contact Matthew Kazmierczak, Division Manager, Airport Department, at 408-392-4438 or by email at mkazmierczak@sjc.org.