



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch
Mukesh (Mookie) Patel
Jim Shannon

SUBJECT: See Below

DATE: October 14, 2025

Approved

Date:

10/22/2025

COUNCIL DISTRICT: Citywide

**SUBJECT: Actions Related to the 10498 – SJC Terminal A Ground
Transportation Island Project**

RECOMMENDATION

- (a) Report on bids and award a contract for the construction of 10498 – SJC Terminal A Ground Transportation Island Project to the lowest responsive, responsible bidder, Granite Rock Company, in the amount of \$21,158,240.
- (b) Approve a 10% contingency in the amount of \$2,115,824.
- (c) Adopt the following 2025-2026 Appropriation Ordinance and Funding Source Resolution amendments in the Airport Capital Improvement Fund:
 - (1) Establish the Parking Accessibility Upgrades appropriation to the Airport Department in the amount of \$20,011,525; and
 - (2) Increase the estimate for Revenue from Federal Government by \$20,011,525.

SUMMARY AND OUTCOME

This memorandum summarizes the bids received and requests award of a contract for the construction of the 10498 – SJC Terminal A Ground Transportation Island Project (Project). Award of the contract to Granite Rock Company will enable the construction of San José Mineta International Airport's (Airport) Project to proceed. (Attachment – Location Map 10498 – SJC Terminal A Ground Transportation Island Project). Approval of a 10% contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.

BACKGROUND

This Project is one of several projects that the Airport staff submitted to the Federal Aviation Administration (FAA) for potential award of funding under the Infrastructure Investment and Jobs Act's Airport Infrastructure Grant program (AIG program).

The AIG program provides \$15 billion for airport-related projects as defined under the existing Airport Improvement Program (AIP) and passenger facility charge criteria over five years from federal fiscal years 2021-2022 through 2025-2026. The funds may be invested in projects that increase airport safety and expand capacity. The program will provide federal reimbursement of up to 80.59% of eligible project costs. To date, nearly \$11.6 billion in AIG program funding has been allocated to airports across the country.

The AIG program is intended as supplemental funding to the standard AIP grants from the FAA. The AIG program encompasses projects eligible under the AIP, but with an expanded focus on areas such as terminal rehabilitation and modernization, baggage handling systems, and ground transportation access.

This Project will be funded under the AIG program which requires review and prioritization by the FAA based on 16 general requirements for funding, as outlined in the FAA's AIP Handbook. To be justified as eligible for funding, proposed projects must pass the following three basic criteria:

1. Demonstrate the advancement of one of the following AIP policies: airport safety, airport security, airport capacity, meeting an FAA standard, preserving airport infrastructure through reconstruction or rehabilitation, protecting, and enhancing the environment, minimizing aircraft noise impacts, and airport planning;
2. Be an actual need based off the criteria outlined above; and
3. Have appropriate scope that aligns with the AIP policies.

This Project fits the criteria for the FAA's AIP grant funding outlined above as it will enhance the safety and accessibility of the existing Terminal A ground transportation center by modifying its roadway system and infrastructure through reconstruction.

The improvements will strengthen Americans with Disabilities Act accessibility and code compliance while alleviating congestion caused by various transportation modes, including pedestrian, buses, taxis, and share-rides. Key upgrades will include roadway realignment, new safe accessible pathways including crosswalks, pavement and wayfinding signage enhancements, utility improvements, potential additional electric vehicle chargers, and improved circulation.

The Project is scheduled to begin construction in March 2026 and anticipated to be substantially complete by October 2027.

ANALYSIS

Bids were opened on March 27, 2025, with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Granite Rock Company (San José)	\$21,158,240	(\$1,191,369)	(5)
Engineer's Estimate	\$22,349,609	--	--
Joseph J. Albanese, Inc (Santa Clara) (non-responsive)	\$23,995,089	\$1,645,480	7
Granite Construction Company (Santa Clara)	\$25,708,325	\$3,430,716	15

The bid submitted by Joseph J. Albanese, Inc. was deemed non-responsive for failing to provide required subcontractor information.

The Project was bid in accordance with the FAA's guidance which recommends a bid validity period of 120 days to account for the uncertainty of federal funds availability. The bid documents included a bid hold period of 180 days. Bids were originally due to expire on September 23, 2025. The City of San José (City) requested Granite Rock Company to extend their bid validity to December 31, 2025, to allow the City to finalize the grant award and acceptance process. Granite Rock Company formally agreed to extend.

The low bid submitted by Granite Rock Company is 5% under the Engineer's Estimate. Staff considers this reasonable for the work involved. The lower than estimated bid can be attributed to the contractor's familiarity with the Project location as well as the type of work involved.

Contractor Prior Experience

Granite Rock Company has successfully completed multiple airfield pavement projects substantially similar to the scope of work for this Project involving airfield apron, taxiway and runway pavement. Examples of projects completed by Granite Rock Company include the New Taxiway Victor Phase 1B and 1C at the Airport, On-Call Roadway Improvement Construction Contract 24-26 with the City, and Taxiway Improvements Project at the Monterey Regional Airport.

Contingency

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. The standard 10% contingency is appropriate for this Project.

Wage Theft Prevention Policy Check

The Office of Equality Assurance reviewed bidders for compliance with the City's Wage Theft Prevention Policy on March 27, 2025, and again on September 11, 2025. No wage theft issues were identified.

Project Labor Agreement Applicability

The City's Project Labor Agreement is applicable to this Project because the Engineer's Estimate is over \$1.21 million.

Local and Small Business Analysis

The recommended contractor is a local business enterprise but not a small business enterprise. In addition, two local business enterprises are listed as subcontractors. Associated Rebar located in Salinas will be performing rebar work valued at approximately \$725,000 and Ciari Plumbing and Heating located in San José will be performing plumbing work valued at approximately \$70,000.

Issues related to Federal Funding

Certain conditions in the FAA grant relating to cooperation with immigration enforcement, and not promoting diversity, equity and inclusion, gender ideology, or abortion have been challenged in several lawsuits and are enjoined while preliminary injunctions are in effect. The FAA has accepted deletions of the grant conditions pursuant to the various preliminary injunctions. In the event that the conditions are no longer restrained, the FAA will require the City to comply with these conditions to continue to receiving funding. In order to address this potential loss of federal funding, staff has identified strategies to potentially utilize other funding sources for the completion of this Project, including using Airport cash on hand, commercial paper, or other available funding sources. The Project team will continue coordinating with the City Attorney's Office regarding the likelihood and timing of the conditions no longer being restrained.

EVALUATION AND FOLLOW-UP

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

COST SUMMARY/IMPLICATIONS

1. TOTAL COST OF PROJECT

Project Delivery*	\$6,585,000
Construction	21,158,240
Contingency	2,115,824
TOTAL PROJECT COSTS	\$29,859,064
Prior Years' Expenditures/Encumbrances	2,343,366
TOTAL REMAINING PROJECT COSTS	\$27,515,698

*Project delivery includes \$2,245,000 for design services and \$4,340,000 for consultant fees, construction management, and inspection services.

2. COST ELEMENTS OF CONTRACT AS RECOMMENDED AS PART OF THE MEMORANDUM

Mobilization	\$2,031,000
Excavation and Demolition	3,979,376
Concrete/Pavement Items/Subgrade	4,606,510
Traffic Control	1,452,746
Landscaping	430,400
Electrical and Utility	3,875,345
Drainage	2,013,063
Pedestrian Shelter	2,769,800
TOTAL BASE BID AMOUNT	\$21,158,240

3. SOURCE OF FUNDING

The total Project is \$29.86 million, of which \$20.01 million is funded from federal Airport Infrastructure Grant funds recommended to be recognized and appropriated in the Airport Capital Improvement Fund (Fund 520) and \$9.85 million is from local Airport funds in the Airport Renewal and Replacement Fund (Fund 527). Prior year costs of \$2.34 million were previously paid from Fund 527. Of the \$16.96 million currently budgeted in Fund 527, approximately \$9.45 million will remain available for future parking accessibility upgrades.

4. FISCAL IMPACT

There are no significant adverse impacts on the Airport operating budget associated with this contract award.

BUDGET REFERENCE

The table below identifies the funds and appropriations to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amount for Construction Contract	2025-2026 Proposed Budget Page**	Last Budget Action (Date, Ordinance No.)
520	R110	Revenue from Federal Government	\$31,198,000*	\$20,011,525	\$0	651	6/17/2025 31230
520	NEW	Parking Accessibility Upgrades	\$0	\$20,011,525	\$14,706,007	N/A	N/A
527	415T	Parking Accessibility Upgrades	\$16,959,000*	\$0	\$6,452,233	654	6/17/2025 31230

* The total amount assumes a rebudget of -\$56,000 in the Airport Renewal and Replacement Fund (Fund 527) and \$12,119,000 rebudget to the Airport Capital Improvement Fund (Fund 520) that are subject to City Council's approval of the 2024-2025 Annual Report, which will be reviewed by the City Council on October 21, 2025.

**The 2025-2026 Adopted Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 4, 2025 City Council meeting.

Since the Project is funded in part by the FAA under the AIG program which follows the AIP criteria, federal Disadvantaged Business Enterprise (DBE) Program regulations

found in 49 Code of Federal Regulations Part 26 apply. The City's current DBE participation goal for its AIP grant funded Airport capital projects in federal fiscal years 2023-2025 is 5% annually. The Airport's DBE Program for AIP grant funded Airport capital projects is a race neutral program that does not include project specific DBE participation goals.

Staff performed extensive outreach to encourage DBE participation. Outreach efforts included:

- Identification of potential/possible subcontracting opportunities - one work area identified;
- Identification of 389 certified DBEs within that one subcontracting work area;
- Email blast sent to the 389 certified DBEs;
- Email blast to ethnic chambers, San José Chamber, and other interested organizations including Minority Business Consortium - provided project information, subcontracting opportunities (North American Industry Classification System Codes and Caltrans Work Codes), bid date and time, and DBE certification requirements;
- Posted contracting opportunity on Biddingo, FAA Opportunities, Airport Minority Advisory Council, National Air Transportation Association, Airports Council International – North America, Minority Business Development Agency; and
- Shared contact opportunity on Airport's requests for information/ proposal/ qualification and bid notices.

Granite Rock Company has listed two DBE subcontractors, identified above in the *Local and Small Business* section of this memorandum, in their bid, which contributes to 3.3% of the overall contract.

COMMISSION RECOMMENDATION AND INPUT

This item was presented to the Airport Commission on August 11, 2025.

CEQA

Determination of Consistency with the Norman Y. Mineta San José International Airport Master Plan Amendment Environmental Impact Report, File No. ER25-108.

October 14, 2025

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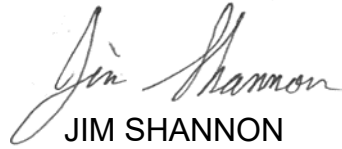
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PUBLIC SUBSIDY REPORTING

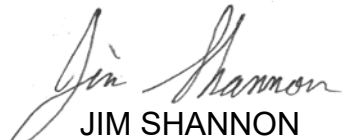
This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
MATT LOESCH
Director, Public Works Department

/s/
MUKESH (MOOKIE) PATEL
Director of Aviation


JIM SHANNON
Budget Director

I hereby certify that there will be available for appropriation in the Airport Capital Improvement Fund in the Fiscal Year 2025-2026 moneys in excess of those heretofore appropriated wherefrom, said excess being at least \$20,011,525.


JIM SHANNON
Budget Director

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

ATTACHMENT

Location Map 10498 – SJC Terminal A Ground Transportation Island Project

Attachment
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