



Memorandum

TO: Honorable Mayor and City Council **FROM:** Vice Mayor David Cortese
Councilmember Nora Campos

SUBJECT: Amendment to Mayor's June Budget Message **DATE:** June 11, 2007

Approved: _____

David Cortese Date: 6/11/2007

RECOMMENDATION:

As a friendly amendment to the consideration of the 2007-08 Adopted Budget, it is recommended that the following directives regarding the Fire Station #2 capital project be approved by the City Council and incorporated in the 2007-08 Adopted Budget:

1) Direct staff to maintain the project scope for the Fire Station #2 capital project as a rebuild, subject only to reasonable value engineering, amending the directives proposed in the 2007-2008 proposed capital budget and the Mayor's June Budget Message

2) Direct staff to apply funds up to \$6,747,000 towards the Fire Station #2 rebuild, from among the following sources:

- Measure O contingency reserves
- Public Safety contingency reserves
- Proceeds of land sale of Fire Station 24
- Bond savings from land donation associated with Fire Station 21
- Future Capital Projects (FF&E) reserve

3) Direct staff to assign \$2,530,000 of District 5 Construction and Conveyance tax funds for the purpose of funding the remaining gap for Fire Station #2 project costs as a loan to be repaid by permanent sources and direct staff to evaluate permanent sources of funding sources and options for the full funding of the Fire Station #2 rebuild.

BACKGROUND:

The rebuild of Fire Station #2 would achieve essential facility quality and is more cost-effective than remodeling. The amendments and specific funding sources recommended herein are specific to preserving the fire protection plan of the Eastside of the city. The rebuild of Fire Station #2 is a priority for community residents and critical to the city-wide emergency response system. Funding the rebuild of Fire Station #2 will reflect public safety as a top priority for the City of San José.

cc: Lee Price, City Clerk