



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Vice Mayor Cortese
Councilmember Pyle

SUBJECT: SEE BELOW

DATE: 12-14-07

Approved *Chuck Reed*

Date 12-14-07

Paul Cortese

J. Pyle for NP

Subject: Report on Bids and Appropriation Actions for the South San José Police Substation Project

RECOMMENDATION

Accept Staff's Supplemental Memo Recommendations (a) through (f) with the following amendments:

- g. Approval of an ordinance amending Chapter 22.08 of Title 22 of the San José Municipal Code to provide that the City Council may determine, in its sole discretion, to allocate an amount which is less than two percent (2%) of the total amount budgeted from the San José 9-1-1, Fire, Police, Paramedic, and Neighborhood Security Act, up to \$1.1 million, in order to complete the South San José Substation Project. Any reduction in the allocation for the acquisition of a work of art shall be by an appropriation ordinance.

Also accept the following additions:

1. Direct staff to pursue private donors, grant opportunities and identify possible funding sources that would allow for inclusion of an art component in the Police Substation, but would not delay the project. Staff is to bring an update on their progress to Council as part of the budget process. Staff is also directed to add this project to the Unfunded Needs List.
2. Direct staff to conduct an inventory of remaining former Public Safety facilities that can be sold. Revenues from these properties should be used to complete the remaining projects to be funded through the Neighborhood Security Bond Act.

3. In future reports, when appropriations and reserves are being changed, staff is directed to also include information regarding the remaining balance after the change and on future demands of the fund.

BACKGROUND

In March 2002, voters in San José passed the Neighborhood Security Bond Act that approved the issuance of \$159 million in General Obligation Bonds to fund the construction of various Public Safety facilities. A key commitment to the voters under the Bond Act was the construction of the South San José Police Substation Project. This facility will improve response time within the surrounding areas, improve proactive patrol time as well as relieve pressure on spaces in the existing Police Administration Building. In addition, the opportunity to co-locate other City services that work closely with the Police Department will enhance the delivery of those City services as well.

However, the lowest received bid for the project was 15% over the engineer's estimates. Without Council augmenting the project by \$10.4 million, the project will be in jeopardy. In these situations we must continue to reduce costs while still maintaining our original commitment to the voters. Previously, staff and consultants went through a lengthy scope evaluation and value engineering process to reduce the cost of the project. Further cost reductions and additional funds are necessary to complete the Police Substation and to not put funding in jeopardy for the driver training center, Fire Station 36 in District 8, Fire Station 19 in District 4, Fire Station 21 in District 8 and Fire Station 37 in District 6. To further reduce costs, several recommendations have been proposed by staff. These recommendations still help us maintain our commitment to public safety. Governing means choosing and we have to make these tough choices that focus on our priority to keep San José safe given our limited resources.

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