



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: February 6, 2006

Approved

Date

2/7/06

Council District: Citywide

**SUBJECT: REPORT ON RFP FOR INTEGRATED SYSTEMS FOR THE
NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to:

1. Negotiate and execute an agreement with Air-Transport IT Services, Inc. (Orlando, FL) for the purchase of technology and Integrated Systems for the Norman Y. Mineta San José International Airport, in an amount not to exceed \$6,492,877.00 including all hardware, software, the first year of support and professional services required to implement the system, and all applicable sales taxes.
2. Execute four, one-year options for ongoing maintenance and support without further Council action other than the appropriation of funding, as follows:
 - Year 2: \$576,371.00
 - Year 3: \$604,903.00
 - Year 4: \$634,920.00
 - Year 5: \$666,507.00
3. Execute change orders in an amount not to exceed \$850,000.00 as contingency to cover unanticipated changes in the system design and/or installation.

BACKGROUND

On June 21, 2005, Council approved item 8.2 "Procurement Strategy for the San Jose International Airport North Concourse IT Systems," which outlined the processes for selecting the most advantageous proposer for this requirement. On December 5, 2005, an Information Memo was distributed to Council informing them of Staff's recommendation to select Air-Transport IT Services, Inc, and that a final recommendation memorandum would be submitted to Council for approval.

This memorandum serves as the final recommendation referenced in the December 5, 2005 information memorandum summarizing the results of the procurement process that was detailed in the June, 2005 report.

The Airport IT systems included under this procurement consist of a set of IT functionalities that enhance the traveler's experience at the Airport and operational functionalities necessary to support the Airport's business environment. These IT functions must be sufficiently integrated to facilitate day-to-day business operations to run transparently and efficiently from a customer impact perspective. The integrated and base IT functions in the North Concourse project include:

- Data and telecommunications transport functions – To allow the transfer of data, voice and video.
- Visual information displays – To provide the public and tenant operations with displays showing times and locations of flights and baggage for all airlines.
- Dynamic signage – To broadcast information at various display points identifying flight, gate, time and status information. Dynamic (as opposed to static) signage allows the Airport to maintain flexibility in resource utilization over time.
- Visual paging – To address the needs of the disabled community. Public pages will also be displayed visually.
- Planning and resource allocation tools – To assist Airport operations in managing day-to-day business needs. This is primarily a suite of software tools facilitating Airport planning, design and allocation of gate, ticket counter and baggage belt needs based on airline-driven, best-fit scenarios.
- Shared use equipment – To support common use at gates and ticket counters and to provide for self-service kiosks improving customer experience and reduce terminal congestion.
- Local Departure Control System (LDCS) – To provide a software package for airlines that do not have a reservation system of their own.

The recent change to the Airport expansion plan approved by Council on November 15, 2005 does not alter the need for this technology. In fact, elements of this procurement must be implemented sooner than originally planned in order to allow the Airport to maximize the use of existing facilities. Additionally, this technology will be critical to support airport operations during the construction of the temporary Terminal C and the elimination of the north side of Terminal C and will allow the Airport to enhance the overall customer experience during this construction period.

ANALYSIS

On July 15, 2005, the RFP process was initiated. The RFP was advertised on the City's internet Bid Line, the Airport's internet site, and the DemandStar bid notification system. Over 180 potential prime and subcontractors were notified of the requirement. Twenty companies

participated in the mandatory pre-proposal conference, and proposals from seven companies were received by the August 17, 2005 deadline.

Phase 1, Minimum Qualifications (pass/fail)

The first step in the evaluation process was to determine if proposals met the minimum qualifications as set forth in the RFP. It was determined that three companies did not meet minimum qualifications which were scored as pass/fail, as demonstrated in Table 1:

Table 1

Company Name	Proposal met minimum qualifications?
Air-Transport IT Services, Inc.	Yes
ARINC Incorporated	Yes
Intersystems USA, Inc.	No
IIXJV (a Joint Venture between Industrial Television Services and Xybase)	No
Jacobsen/Daniels Associates, LLC	No
SITA Information Networking Computing USA Inc.	Yes
Ultra Electronics Airport Systems, Inc.	Yes

Each company that did not meet minimum qualifications was notified in writing with a detailed explanation for not passing minimum qualifications and provided the opportunity to protest the decision to the City's Chief Purchasing Officer (CPO). Intersystems USA, Inc. and Jacobsen/Daniels Associates, LLC protested the City's decision to disqualify the proposals for not passing minimum qualifications late August. In consultation with the City Attorney's Office, the CPO reviewed the protests and informed the protesting companies, in writing, early September, that he upheld the City's decision to disqualify the proposals from further consideration in the evaluation process.

Phase 2, Technical Evaluation (70%)

The second phase of the RFP evaluation process consisted of a thorough review of each company's written proposal for technical approach, product functionality, and demonstrated experience implementing solutions similar in size and complexity to the City's requirements. The written evaluation was followed by oral presentations/interviews by each of the four proposers. This phase represented 70% of all evaluation categories.

A proposal evaluation panel was formed consisting of representatives from the Airport and IT departments, an independent Airline representative, and a peer IT manager from the Miami International Airport. Prior to receiving proposals, all panel members were required to sign confidentiality and conflict of interest agreements. In addition, the panel was briefed by Purchasing on the evaluation rules and scoring process. The process required that each evaluator review and score the proposals independently and submit their scores to Purchasing. The group then met with a facilitator from the Purchasing organization to review and discuss the scores and agree on the final scores and rankings. Technical scores were initially determined after the written proposals were evaluated and scored and finalized after the oral presentations.

Phase 3, Cost Proposal Review (20%)

Cost proposals were submitted by each of the four firms passing minimum qualifications prior to the oral presentation. In order to ensure that cost did not inadvertently influence the technical scores, cost proposals were not disclosed to the technical evaluation team. Pricing was required for initial procurement and installation of the system as well as five years of on-site support and maintenance (five-year total cost of ownership). This phase represented 20% of the overall evaluation criteria.

The scoring and ranking at the conclusion of phases 2 (technical) and 3 (cost) of the evaluation process is summarized in Table 2:

Table 2

Rank	Company Name	% of High Technical Score	% of Lowest Cost	% of High Total Score
1	Air-Transport IT, Inc.	100%	100%	100%
2	SITA Information Networking Computing	90%	113%	89%
3	ARINC	52%	194%	39%
4	Ultra Electronics	57%	179%	37%

The RFP evaluation criteria required a minimum score of 50% of the available points for each evaluation category in order to be considered as a finalist. At this stage of the evaluation process, Ultra and ARINC were disqualified from further consideration for failing to meet this requirement. Ultra and ARINC were notified in writing of this decision, and offered a debriefing on the RFP evaluation process and scoring. Both companies requested and received a face-to-face debriefing facilitated by a representative from purchasing.

Best and Final Offer Process (BAFO)

The City determined that it would be advantageous to solicit a BAFO with finalists Air-Transport IT Services, Inc. and SITA Information Networking Computing to clarify the final system configuration and pricing and confirm each company's willingness to negotiate certain terms and conditions.

Air-Transport IT Services, Inc. (AirIT) and SITA Information Networking Computing (SITA) submitted BAFO responses by the October 24, 2005 deadline. Final system pricing and final scores are demonstrated in Table 3:

Table 3

Rank	Company Name	Total Score (technical and cost)	% of High Score	Total Cost (excluding sales tax)	% of Low Cost
1	Air-Transport IT Services, Inc.	68.9	100%	\$8,721,481	100%
2	SITA Information Networking Computing	61.7	89%	\$9,808,764	112%

Air-Transport IT Services, Inc. cost includes the base system (hardware, software, and first year of support and professional services), four years of optional maintenance and support and applicable sales tax, amounts to \$8,975,578.00,

Reference Checks

Reference checks were conducted with the following organizations and contacts to further verify Air-Transport IT Services, Inc.'s expertise and ability to perform the requirements of the RFP:

- Miami International Airport, Information Systems and Telecommunications Manager
- Sacramento County Airport Systems, Deputy Director of Information Technology
- Sarasota-Bradenton International Airport, Manager, Information Technology Services

Each reference check consisted of 22 detailed questions covering Air-Transport IT Services, Inc.'s professional staff, program management capabilities, and overall ability to deliver projects on time and within budget. All responses from the above listed references were very positive.

EVALUATION SUMMARY

The evaluation panel concluded that both AirIT and SITA are capable of performing the work and meet the requirements of the RFP. However, staff recommends AirIT for award of contract because AirIT's proposal received the highest technical score and submitted the lowest cost proposal, thus receiving the highest overall score for technical and cost categories.

This recommendation was presented to and approved by the Airport Commission and the Airline Affairs Advisory Committee (AAAC) on December 5, 2005 and December 14, 2005, respectively.

Finalist SITA was notified on December 2, 2005 that their proposal was not selected. SITA requested and received a debriefing on the evaluation and selection process on December 9, 2005.

All companies whose technical and cost proposals were evaluated, were given the opportunity to protest the City's recommended award decision. The ten-day protest period allowing any proposer to dispute the award recommendation commenced on December 5, 2005 when all participants were notified of the award recommendation. The City's Chief Purchasing Officer did not receive any protests.

Local and Small Business Preference (10%)

Ten percent of the total possible evaluation points (5% for local and an additional 5% for local and small) were reserved for local and small business preference in accordance with City Ordinance 27136. None of the four proposers requested consideration for local or local and small business preference. Therefore, consideration for local or small business was not a factor in this recommendation.

Peer Review

Per Council Directive from January 25, 2005, Purchasing requested a peer review of purchasing staff assigned to manage this RFP from the County of San Diego. The County of San Diego reviewed the staffing and expertise needs for the Airport IT procurement and concluded that the expertise of the procurement team consisting of the procurement manager, Chief Purchasing Officer and a representative from the City Attorney's Office is sufficient to manage this procurement.

Review by the Internal Auditor

Per Council direction from September 14, 2004, the City Auditor's Office performed an audit at the conclusion of Phases 1 and 2 and at the conclusion of the Best and Final Offer process. Representatives from the City Auditor's Office reviewed the RFP process as well as scoring and pricing summaries and determined that there were no substantial findings or discrepancies.

PUBLIC OUTREACH

As described above, this RFP was advertised on the City's internet Bid-Line, the Airport's internet website, and the DemandStar bid notification system. In addition, the Airport hosted two supplier outreach meetings prior to the release of this RFP. These meetings were intended to solicit feedback from the supplier community on product features and functionality and generate network opportunities and interest and awareness in the local and small business community.

COORDINATION

This memorandum has been coordinated with the Airport, the City Attorney's Office, the City Auditor's Office, and the City Manager's Office.

COST IMPLICATIONS

On January 25, 2005, Council directed that for any IT purchase exceeding \$1 million, the City Manager shall provide a detailed cost estimate, including costs of RFP development and costs for project implementation and management. In June 2005 staff presented to Council the procurement strategy to be employed for the selection of products and contractors for the IT systems in the North Concourse facility, which included estimated costs for the design, procurement, installation and project management cost associated for the referenced IT systems.

Table 4

<u>Component</u>	<u>Estimated Cost (June/05)</u>	<u>Estimated Cost (Feb./06)</u>
Design fees	\$243,000.00	\$243,000.00
Systems procurement and installation (including contingency)	\$8,206,243.00	\$7,380,310.00
Implementation oversight and construction administration	\$1,818,000.00	\$3,593,085.00
Operation and maintenance (5 yrs)	\$1,875,000.00	\$2,482,701.00
Third party process review	\$10,000.00	\$10,000.00
Purchasing office soft costs	\$21,000.00	\$21,000.00
System Total	\$12,173,243.00	\$13,730,096.00

Table 4 reflects the June and the current cost estimates for the referenced systems. Due to the competitive process, the cost for the IT system, including installation, is approximately \$800,000 less than anticipated in the June 2005 estimate. The estimated cost for implementation oversight and construction administration as well as Operation and Maintenance has increased by approximately \$2.4 million due to extended implementation of the system as a result of the proposed revisions to the Airport Master Plan, as accepted by Council on November 15, 2005.

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2005-2006 Adopted Budget	Last Budget Action (Date, Ord. No.)
520	4657	North Concourse Building	\$19,373,000	\$540,207.37	V-75	10/18/05 Ord No. 27580
526 (548)	4657	North Concourse Building	\$215,032,000	\$5,952,669.63	V-75	10/18/05 Ord No. 27580
Total			\$234,405,000*	\$6,492,877		

* The total current capital funding available includes the \$850,000 project contingency and will be encumbered as change orders are approved.

HONORABLE MAYOR AND CITY COUNCIL

February 6, 2006

Subject: Report on RFP for Integrated Systems for the Norman Y. Mineta San Jose International Airport

Page 8

CEQA

Resolutions No. 67380 and 71451, PP 06-004



SCOTT P. JOHNSON
Director, Finance Department

IMP FEB - J V 11:00
SAN JOSE CITY CLERK
RECEIVED