



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

**SUBJECT: REPORT ON RFP FOR
AIRPORT SHUTTLE BUS SERVICE**

DATE: February 4, 2008

Approved

Date

2/5/08

RECOMMENDATION

Report on Request for Proposal (RFP) for shuttle bus service at the Norman Y. Mineta International Airport and adoption of a resolution authorizing the Director of Finance, subject to annual appropriation of funds, to:

1. Execute an agreement with ShuttlePort California LLC (Oak Brook, IL) for shuttle bus service to include management, operations, scheduling and maintenance, with a first year maximum compensation of \$9,500,000, for a three-year initial term subject to the Consumer Price Index;
2. Execute amendments to the agreement to add and delete routes and schedules; and
3. Exercise one two-year option to renew the agreement subject to the Consumer Price Index.

OUTCOME

To provide shuttle bus services at the Norman Y. Mineta San José International Airport for the public and employees between Terminals, the Rental Car facility, and Airport parking lots.

BACKGROUND

On September 5, 2000, the City Council approved two contracts with ShuttlePort California:

1. The Airport Common Use Rental Car Bus System agreement provides operators for shuttle bus service between the Airport Terminals, the Rental Car Facility and curb monitor services at Airport Terminals, and;
2. The Management of the Airport Shuttle Bus Transportation Personnel and Bus Scheduling agreement provides operators for shuttle bus service between the Airport Terminals, the Federal Inspection Facility (FIS) and the Long Term and Tenant Employee parking facilities.

The original period of performance for each agreement was from October 1, 2000 to September 30, 2003. Both agreements included two two-year options for renewal, which the City has exercised with a contract end date of September 30, 2007.

On September 25, 2007, the City Council extended the terms of each Agreement for an additional six (6) month period, from October 1, 2007 to March 31, 2008, to allow sufficient time to conduct a Request for Proposal for an operator of Airport Shuttle Bus services.

ANALYSIS

On September 21, 2007, Finance/Purchasing released a Request for Proposal (RFP) for Airport Shuttle Bus Service through the City's e-procurement system. In addition, proposals were emailed directly to five (5) companies within the shuttle bus industry. Eighteen companies viewed the online posting of the RFP.

A mandatory pre-proposal conference was held on October 10, 2007, which was attended by five (5) companies. Four proposals were received by the specified due date of November 7, 2007:

- Ampco System Parking, San Francisco, CA
- Central Parking System, San Francisco, CA
- MV Transportation, Fairfield, CA
- ShuttlePort California LLC, Oak Brook, IL

Evaluation Team: The evaluation team consisted of two Airport employees, one member representing rental car agencies, and one member from the Santa Clara County transportation department. All evaluation team members signed non-disclosure and conflict of interest forms.

Minimum Qualifications: The initial evaluation was a pass/fail assessment of each proposal to ensure that all required forms and documentation were submitted and that the Proposer possessed the minimum qualifications and expertise. Finance staff determined that all proposals received were complete and met the RFP minimum qualifications.

Technical Evaluation (80%): The evaluation team evaluated and scored the proposed management system, organizational structure and staffing, team make-up, experience in the industry for similar projects, and the quality of the submitted proposal.

Oral Interviews: The evaluation team determined that three of the four submitted proposals scored in the competitive range (i.e. that these proposals could reasonably achieve award of contract) and qualified for an oral interview. Ampco Parking Systems, MV Transportation, and ShuttlePort California LLC were invited to the oral interview process. Central Parking Systems was not considered for further evaluation due to low technical scores.

Cost (20%): Cost proposals were submitted by each company separate from the written proposals to ensure that cost did not inadvertently influence technical scores. Finance presented cost results to the evaluators after completion of the technical review of written proposals. The cost proposals required the cost per hour to operate a shuttle bus. Based on experience, staff estimated 140,000 operating hours. This estimate was used to evaluate the cost score as detailed below.

Annual Operating Hours	Ampco	MV Transportation	ShuttlePort
Est. 140,000 Hrs.	\$8,188,600	\$7,844,200	\$8,751,400
Cost Score	19.16	20	17.93

Recognizing that, in general, the overhead for providing the service is mostly fixed, the RFP allowed for cost submission giving three ranges of total annual operating hours (see cost implication section of this memorandum for detail). The contract also allows for negotiation of the hourly cost, should the annual operating hours drop below 80,000 hours or exceed 200,000 hours.

Local and Small Business Preference: Local and Small Business preference was not a consideration for this RFP due to federal Airport Concession Disadvantaged Business Enterprise (ACDBE) requirements. Although, the shuttle bus operator contract has to follow ACDBE requirements, for this particular service, the Federal Aviation Administration did not establish a specific ACDBE goal. Nevertheless, ShuttlePort proposed a goal of 2% ACDBE participation.

Protest: The City RFP process includes procedures for unsuccessful Proposers to protest staff's award recommendation. The ten-day protest period allowing any proposer to dispute the award recommendation commenced on January 10, 2008 when all participants were notified of the award recommendation. The City's Chief Purchasing Officer did not receive any protests.

Recommendation: Based on the evaluation process, including written evaluation, cost proposals, and oral interviews, the companies ranked as follows. After review and evaluation of all aspects of RFP submittals, staff determined that ShuttlePort California LLC had the highest overall score.

Evaluation Criteria	Ampco	MV Transportation	ShuttlePort
Technical Evaluation (80%)	75.5	73.4	79.5
Cost (20%)	19.2	20	17.9
Total	94.7	93.4	97.4

ShuttlePort's score is based on having submitted the most advantageous proposal. The evaluation team concluded that ShuttlePort's solution is superior as summarized below:

- ShuttlePort is the current airport shuttle bus operator and has conducted shuttle bus operations satisfactorily and with a good safety record.

- ShuttlePort demonstrated a far better understanding of the Airport's shuttle bus requirements for scheduling. ShuttlePort's solution includes installation of a "drive cam" system designed to record incidents during shuttle bus operations.
- ShuttlePort's staffing and management plan demonstrates that their staffing estimates for management and bus operations include sufficient resources to cover supervision, bus driver operations, driver breaks, vacations, illness, etc.
- Support of the City's Environmental Preferable Procurement Policy: ShuttlePort will coordinate with Airport staff implementation and use of new CNG buses to be delivered in the April-May 2008 timeframe. The requirements for this transition include training of bus drivers, fuelers, and bus maintenance personnel. In addition ShuttlePort is investigating the use of Segways versus vehicles for use by supervisors on Airport property.

Summary of Agreement and Implementation Plan

After award of agreement, staff will meet with selected Contractor to implement the agreement effective March 1, 2008. Since ShuttlePort California LLC is the current airport shuttle bus contractor, staff expects the transition to the new contract to be seamless. Under the new contract, ShuttlePort will be providing management and staff for bus operations to transport the public, Airport/City employees, and contractor employees between terminals, the Federal Inspection Building (FIS), the rental car facility, and Airport long term and employee parking lots per the schedule established through coordination with Airport staff. Shuttleport's compensation is based upon a fixed rate of compensation based upon the number of hours that each bus is in operation. The hourly rate may vary depending on the total annual number of hours of operation as outlined in the Cost Implication Section of this memorandum.

In addition, ShuttlePort is responsible for maintenance to include fueling, cleaning the interior and washing the exterior of shuttle buses, driver training and certification, and to provide reports to Airport staff on all Shuttle Bus activities. Bus repairs are maintained through Penske Corporation, the company which leases the buses to the City.

Due to construction activities at the Airport, the Contractor is responsible to coordinate operations concerning road changes, terminal drop off locations, and route changes. The contract provides the City with the right to make additions and/or deletion of shuttle bus services based upon operational need as the Airport undergoes construction and reconfiguration.

Contractual Labor Requirements

The Airport Shuttle Bus Service agreement is subject to three obligations relating to its labor force: prevailing wage, worker retention and labor peace. Since ShuttlePort California LLC is the current provider of airport shuttle bus services at the Airport, there will be no worker retention transition issues.

ShuttlePort California LLC currently operates under a collective bargaining agreement with Service Employees International Union Local 1877. The term of the collective bargaining agreement is April 1, 2007 through December 31, 2011. Per the Council's Policy, prevailing wages established by the City of San Jose's Office of Equality Assurance shall mean the wages

paid under the collective bargaining agreement between ShuttlePort California LLC and Service Employees International Union Local 1877.

EVALUATION AND FOLLOW-UP

This memorandum will not require any further follow-up from staff.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1. The memorandum will be posted on the City's website for the February 26, 2008 Council agenda. To outreach to potential vendors, this RFP was advertised on the City's Bidline/RFP Depot bid notification website. In addition, this RFP was emailed to five vendors directly.

COORDINATION

This memorandum was coordinated with the Norman Y. Mineta San José International Airport, Department of Public Works/Office of Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Not to Exceed Amount for First Contract Year of Three-
 Year Contract \$9,500,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Annual Bus Operating Hour Range	Hourly Billing Rate
80,000 – 120,000	\$72.39
120,001 – 160,000	\$62.51
160,001 – 200,000	\$59.16

3. SOURCE OF FUNDING: Airport Maintenance and Operation Fund (Fund 523) and Airport Customer Facility and Transportation Fee Fund (Fund 519).

4. FISCAL IMPACT: Funding is available in departmental annual appropriations.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Operating Budget Page	Operating Budget Action (Date, Ord. No.)
523	0802	Non-Personal/Equipment	\$40,698,709	\$9,500,000	XI-3	10/16/07 #28143
519	0802		\$5,277,280		XI-1	10/16/07 #28143

CEQA

Resolutions 67380 & 71451, PP08-004.


 SCOTT P. JOHNSON
 Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.