



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.

SUBJECT: SEE BELOW

DATE: March 21, 2007

Approved

Date

3/23/07

COUNCIL DISTRICT: Citywide

**SUBJECT: SECOND AMENDMENT TO CONCESSION AGREEMENT WITH
SMARTE CARTE, INC.**

RECOMMENDATION

Approval of a Second Amendment and Continuation Agreement to the Concession Agreement between the City of San José and Smarte Carte, Inc. for the installation, operation and maintenance of self service cart vending units at Terminals A, C and the Federal Inspection Services Building to continue and extend the term from February 11, 2007 to December 31, 2007, with annual revenue to the City of approximately \$28,000, subject to earlier termination as provided in the Agreement.

OUTCOME

Should Council approve the Amendment, Smarte Carte, Inc. would continue to provide the self service cart vending units at the Airport until December 31, 2007 or upon earlier termination subject to a 30 day written notice.

BACKGROUND

In November, 1996 a Request for Proposal (RFP) was issued to select a self-service luggage cart and electronic locker concessionaire. Smarte Carte, Inc. was the successful proposer and entered into a ten-year agreement with the City commencing on February 11, 1997. On February 25, 2003, Council approved a First Amendment to the Agreement to increase the percentage rent, add a fee structure for carts used in the Interim Federal Inspection Services Facility and remove all electronic lockers. The current agreements expired on February 11, 2007. Staff was aware of the pending expiration but due to a short term shortage of staff they were not able to complete the amendment in time for expiration. The Airport has instituted new controls including utilization of reminder functions in their property management program. Staff is also filling vacant Property Manager positions to further insure that agreements are renewed prior to expiration.

ANALYSIS

Staff intends to issue a Request for Proposal (RFP) for the self-service luggage cart concession at the Airport and plans to recommend award of a new concession agreement to Council some time before December 2007. In order to accommodate this process, staff has negotiated with Smarte Carte, Inc. an extension of its Agreement to continue services until such time as a new provider is chosen. All other terms and conditions will remain the same.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**
- Criteria 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 does not appear to qualify as an item of significant interest based on the established criteria. This memo is posted on the City's website for the March 20, 2007 Council Agenda.

COORDINATION

This amendment has been coordinated with the City Attorney's Office and the Budget Office.

BUDGET REFERENCE

The approval of the proposed Amendment would provide revenue to the City, and thus be consistent with Council-approved Budget Strategy – Guiding Principals for Budget and Financial Management.

COST IMPLICATIONS

Not applicable

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CEQA

CEQA: Resolution Nos. 67380 and 71451, PP 07-005.

Frank Kirkbride
for WILLIAM F. SHERRY, A.A.E.
Director of Aviation

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.