



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: September 4, 2007

Approved

Date 9/6/07

SUBJECT: AMENDMENT TO AGREEMENTS FOR MANAGEMENT OF AIRPORT SHUTTLE BUS SERVICES

RECOMMENDATION:

Adoption of a resolution authorizing the Director of Finance to:

- a) Execute the Fifth Amendment to the Agreement for Management of the Airport Common Use Rental Car Bus System to extend the term of the Agreement for an additional six (6) month period, from October 1, 2007 to March 30, 2008, for a total compensation of \$2,200,000 for the Extension Period, subject to an earlier termination at the City's option.
- b) Execute the Fourth Amendment to the Agreement for Management of the Airport Shuttle Bus Transportation Personnel and Bus Scheduling to extend the term of the Agreement for an additional six (6) month period, from October 1, 2007 to March 30, 2008, for a total compensation of \$2,800,000 for the Extension Period, subject to an earlier termination at the City's option.

OUTCOME

The Airport will continue to provide efficient bus service to the public and employee parking facilities, the Terminals, and the Rental Car Facility.

BACKGROUND

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

1. The Airport Common Use Rental Car Bus System agreement to provides for operators for shuttle bus service between the Airport terminals, the Rental Car Facility, and curb monitor services at Airport Terminals

2. The Management of the Airport Shuttle Bus Transportation Personnel and Bus Scheduling agreement provides for operators for shuttle bus service between the airport terminals, the Federal Inspection Service (FIS) facility, 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. Both options for renewal with the current terms are scheduled to end September 30, 2007.

Since 2001, as outlined in the table below, Council approved several amendments to both agreements which added provisions for alternate bus schedules, increased compensation for fueling of CNG buses, and amended the annual adjustment to compensation rates.

Date of Amendment	Agreement of Airport Common Use Rental Car Bus System	Agreement for Management of Airport Shuttle Bus Transport Personnel and Bus Scheduling
9/25/2001	Addition of Annual Compensation due to increased passenger volume at the Airport	N/A
10/09/2001	Addition of Alternate Bus Schedule	Addition of Alternate Bus Schedule
3/11/2003	Increase of Maximum Compensation for Fueling of CNG buses	Increase of Maximum Compensation for Fueling of CNG buses
10/28/2004	Increase of "Basic Rate of Compensation" and annual adjustment to "Rate of Compensation" due to reduced passenger volume at the Airport.	Increase of "Basic Rate of Compensation" and annual adjustment to "Rate of Compensation" due to reduced passenger volume at the Airport.

Both Agreements stipulate a basic hourly rate of compensation that covers all services provided by the contractor except for refueling of buses at the Airport's CNG station and provides for annual rate adjustments based on changes to the CPI. Due to the construction activity at the Airport, the contractor's facility requires to be relocated further from the Airport fueling facilities.

ANALYSIS

Staff recommends contract extensions for both Shuttle Bus Operator Agreements through March 31, 2008, per the terms and pricing outlined in this section of the memorandum, and subject to early termination at the City's sole discretion.

The contractor has met the requirements as stipulated by the contract and the performance has been satisfactory in all areas: responsiveness, equipment operation and maintenance, supervision, on-

time service, and coordination with Airport staff. Through continuing the agreements, the Airport Department will benefit from the company's services.

Extending these agreements will afford staff adequate time to conduct a comprehensive and competitive Request for Proposal (RFP) process for operators of the Airport Shuttle Bus services without disruption to travelers and Airport employees or safety issues. Staff was unable to undertake the procurement process previously due to staff turnover and a heavy workload at the close of fiscal year 2006-2007 and requirements of issuing purchase orders for fiscal year 2007-2008.

The information below identifies the work plan for the RFP and to allow for sufficient time to transition to a potentially new service provider:

August 2007	Release of RFP
Late September 2007	Close of RFP
October 2007	Evaluation of proposals
December – Early January	Council consideration of Contract Award

As stated in the Background section of this memorandum, each Agreement stipulates that the Operator be paid a basic hourly rate for each actual hour of bus operation for providing services referred to as bus hour. The extension of the agreement for the Management of the Airport Common Use Rental Car System Busing will increase the Agreement Total Compensation by an amount not to exceed \$2,200,000. This includes a cost increase in the basic hourly rate of 9.9% to \$60.39 per bus hour as outlined in the Cost Implications section of this memorandum. The extension of the agreement for the Management of the Airport Shuttle Bus Transportation Personnel and Bus Scheduling, which includes the Long Term Parking, Inter-Terminal and Employee Busing, will increase the Agreement Total Compensation by an amount not to exceed \$2,800,000, which includes an increase of 9.6% for various ranges of scheduled annual hours as outlined in the Cost Implications section of this memorandum.

The increases in the aforementioned bus hourly rates include an 8% increase in driver wages, 24% for increases in health insurance, and a 3.3% Consumer Price Index increase for non-labor costs. The increases in driver wages and health insurance costs result from expenses agreed to by ShuttlePort California LLC in their Collective Bargaining Agreement with the Service Employees International Union (SEIU) Local 1877. The increase in driver wages is effective October 1, 2007 and the increase in health insurance was effective April 1, 2007. The increases to the bus hourly rates for both agreements will ensure that ShuttlePort will be able provide the bus operator service to the City during the extension period.

All bus service obligations performed by the Operator under the Agreements are covered in the hourly rates for services. These obligations include fueling the buses at designated Airport/City locations. The Airport provides a fueling station for the Compressed Natural Gas (CNG) bus fleet and a separate fueling station for the diesel bus fleet. The CNG facility is currently located 3.9 miles (14 minutes) from the Airport shuttle bus storage facility; the diesel fueling facility is located

.8 miles (7 minutes) from the Airport shuttle bus storage facility. Due to the Terminal Area Improvement Plan (TAIP) construction, the bus operator's office and bus storage facility will be relocated to the Westside of the Airport.

Through the amendments of the agreements, as approved by Council on March 11, 2003, Council approved the hourly cost for refueling the buses at the CNG bus station, since, at the time of contract award, the Airport's CNG fueling station was not yet operational. The relocation of the bus storage facility is expected to increase the amount of fueling time necessary to ensure buses continue to be fueled daily. The distance will increase by over 5 miles (14 minutes) to the diesel fuel facility and 1.6 miles (5 minutes) to the CNG facility. Since this relocation will increase the amount of time spent fueling the buses, Shuttleport is asking for additional compensation to cover the additional fueling time requirement. The current basic hourly rate of \$49.52 will be used to compensate Shuttleport for the additional hours required to fuel the buses from the new location. The increase is not expected to exceed 8 hours per day.

EVALUATION AND FOLLOW-UP

Maintaining shuttle bus service to the Airport's long term, employee, and rental car parking facilities supports the City Service Area 5-year strategic goal that states "Airport Customers Experience Reasonable and Predictable Travel". Specifically, shuttle bus service is required to ensure that travel time from these facilities to the Airline terminals meets or exceeds customer expectations.

Staff expects to recommend to Council an award of contract replacing the current agreements for shuttle bus operator by January 2008.

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 Criteria 1 since the estimated cost for the contract extension exceeds \$1 million. This memorandum will be posted on the City’s website for the September 25, 2007 Council Agenda.

COORDINATION

This memorandum has been coordinated with the San José Norman Y. Mineta International Airport, the Office of Equality Assurance, the City Attorney’s Office, and the City Manager’s Budget 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:

a) Agreement for Management of Airport Common Use Rental Car Bus System.

Current Agreement Amount	\$19,312,510
Fifth Amendment Amount	\$2,200,000
Total Amended Agreement Amount	<u>\$21,512,510</u>

b) Agreement for Management of Airport Shuttle Bus Transportation Personnel and Shuttle Bus Scheduling.

Current Agreement Amount	\$56,616,494
Fourth Amendment Amount	\$2,800,000
Total Amended Agreement Amount	<u>\$59,416,494</u>

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

a) Agreement for Management of Airport Common Use Rental Car Bus System.

Labor Category – Basic Hourly Rate for Scheduled Annual Hours of:	Unit of Measure	Current Rate	New Rate
Less than 40,000	Hour	Renegotiate	Renegotiate
40,000 – 70,000	Hour	\$54.94	\$60.39

Over 70,000	Hour	Renegotiate	Renegotiate
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- b) Agreement for Management of Airport Shuttle Bus Transportation Personnel and Shuttle Bus Scheduling.

Labor Category – Basic Hourly Rate for Scheduled Annual Hours of:	Unit of Measure	Current Rate	New Rate
Less than 85,000	Hour	\$57.30	\$62.80
85,000 – 95,000	Hour	\$57.05	\$62.52
95,001 – 105,000	Hour	\$56.83	\$62.28
Over 105,000	Hour	Renegotiate	Renegotiate

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

4. FISCAL IMPACT: The cost for the amendment is funded through existing appropriations.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the agreement amendment as recommended.

Fund #	Appn #	Appn Name	RC#	Total Appn.	Amt. For Contract	2007-08 Operating Budget Page *	Last Budget Action Date Ord.No.
519	0802	Airport NonPersonal/ Equipment	417140	\$5,270,537	Not to exceed \$2,2M	Page XI-1	
523	0802	Airport NonPersonal/ Equipment	405140	\$39,921,307	Not to exceed \$2,8M	Page XI-3	

* The 2007-2008 Adopted Operating Budget was approved by the City Council on June 19, 2007.

HONORABLE MAYOR AND CITY COUNCIL

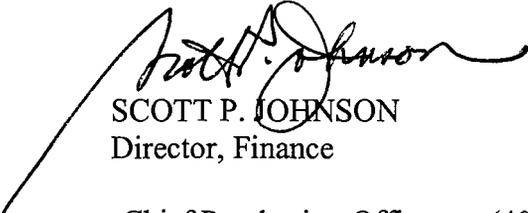
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Subject: Amendment to Agreements for Management of Airport Shuttle Bus Services

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CEQA

Resolutions Numbers 67380 and 71451, PP07-170.



SCOTT P. JOHNSON
Director, Finance

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