



COUNCIL AGENDA: 12/18/07
ITEM: 2.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: November 26, 2007

Approved

Date

11/28/07

COUNCIL DISTRICT: Citywide

SUBJECT: EXTENSION OF THE CONSULTANT AGREEMENT FOR CENTER FOR AIRPORT MANAGEMENT

RECOMMENDATION

Approval of the Fifth Amendment to the Agreement with the Center for Airport Management, LLC (CAM) for consultant services for the development of concession plans for the Norman Y. Mineta San José International Airport (Airport), extending the term of the Agreement from January 1, 2008 to December 31, 2008 with no increase in compensation.

OUTCOME

Approval of the Fifth Amendment to the Agreement with the Center for Airport Management will extend the term of the Agreement and will enable CAM to continue to aid staff with technical assistance to insure timely completion of the Food & Beverage/Retail request for proposal (RFP) documents for the Airport-wide concession solicitation.

BACKGROUND

The City of San José (City) is in the process of upgrading all concessions at the Airport. As part of that process, staff conducted a competitive process to select a concession consultant in December 2004. CAM was selected to perform the first segment of the concession redevelopment program and the City Manager approved the Agreement for consultant services between the City of San Jose and CAM in an amount not to exceed \$95,100 on January 11, 2005.

City Council (Council) approved a First Amendment to the Agreement for consultant services for the development of concession plans for the Airport on June 7, 2005. The first amendment provided for a modification of the scope of services to include completion of the development of the solicitation process for the advertising RFP, the food and beverage concession in the North

Concourse; and the development of the solicitation process for all retail locations at the Airport. This amendment also provided for increasing the compensation by \$165,000, for a total amount not to exceed \$260,000, and extended the term of the Agreement from August 31, 2005 to April 30, 2006.

On May 10, 2006 a Minor Contract Amendment (Second Amendment) to the Agreement was executed by the City Manager extending the Agreement by an additional six months with no increase in compensation.

On November 21, 2006 a Third Amendment and Continuation Agreement was entered into extending the term of the Agreement from November 1, 2006 to December 31, 2007 and revising the Schedule of Performance.

On June 21, 2007 a Minor Contract Amendment (Fourth Amendment) to the Agreement was executed by the City Manager removing portions of the existing Scope of Work and transferring the related fees from the specific tasks to the contingency portion of the Compensation Schedule.

ANALYSIS

Council adopted Resolution 73213 on June 13, 2006 approving a Major Amendment to the Airport Master Plan that formally incorporated changes to the Airport Master Plan. These changes delayed the implementation of the Terminal Area Improvement Program (TAIP). As a result, the coordination between the Airport and CAM to plan the locations of concessions in the terminals was delayed until the design-build firm for the TAIP was selected.

In addition to the coordination of the RFP with the Airport Master Plan, the RFP schedule has been impacted due to the Federal Aviation Administration's (FAA) issuance of new Airport Concession Disadvantaged Business Enterprise (ACDBE) requirements. Council approved the new plan on September 12, 2006 and it has been submitted to the FAA for final approval.

The Municipal Code requires that the City engage in a competitive procurement for professional services, where practicable. Unless Council determines that it is not practicable for the City to engage in a competitive procurement, the Municipal Code requirements would apply to the proposed Fifth Amendment. The Airport recommends that Council determine that it is not practicable to engage in a competitive procurement for the consultant services included in the proposed Fifth Amendment because the selection of a different consultant would result in a lack of continuity to the RFP and would delay the RFP process. This could potentially lead to concessions not being open for business when construction of the new and renovated Airport terminals is complete. In addition, the Fifth Amendment does not add additional costs to the Agreement which would be incurred with a new consultant selection.

POLICY ALTERNATIVES

Alternate #1: Do not approve continuation of Agreement.

Pros: None.

Cons: Staff will be unable to complete the food and beverage/retail RFP on a timely basis which will affect the timing of the roll-out of the new concession program.

Alternate #2: Perform a new RFP solicitation.

Pros: None.

Cons: Will result in a lack of continuity to the Food & Beverage/Retail RFP process.

Cons: Staff will be unable to complete the food and beverage/retail RFP on a timely basis which will affect the timing of the roll-out of the new concession program.

Cons: Additional costs will be incurred for the services under a new agreement.

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)**

Although this item does not meet any of the above criteria, this item will be posted on-line for the December 18 Council Meeting.

COORDINATION

Preparation of this memorandum has been coordinated with the City Attorney's Office and the Budget Office.

COST IMPLICATIONS

None

BUDGET REFERENCE

Not Applicable

CEQA

Resolution No. 67380 and 71451, PP 07-258


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Director of Aviation

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