



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT: SECOND AMENDMENT TO  
AGREEMENT FOR AIRPORT  
PARKING FACILITIES  
MANAGEMENT**

**DATE:** November 24, 2008

Approved

*Christine J. Shippy*

Date

*12/1/08*

## RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to execute the second amendment to the agreement with Ampco System Parking, Inc. for Airport Parking Facilities Management to decrease the rate of compensation from 17.45% to 16.36% of total Airport parking revenues for the period November 8, 2008 to November 7, 2009.

## OUTCOME

To insure continued cost-effective management of Airport parking facilities at rates commensurate with parking activity at the Airport.

## BACKGROUND

On November 8, 2002, Council approved the Airport Parking Facilities Management Agreement with Ampco, Inc. for the management of the Norman Y. Mineta San José International Airport's (Airport) parking facilities authorizing staff to execute the initial contract and subsequent options subject to appropriation of funds. The Agreement has six one-year options to renew the contract. The compensation is based on a percentage of total parking revenue collected. The original contract contained set percentages for each option year based upon Ampco's response to the City's Request for Proposal.

On December 5, 2006, the first amendment was approved by Council lowering the compensation rate for Option Year 4 from 15.6% to 14.52% due to decreased parking activity. Again, in recent months, due to the construction activity at the Airport and the reduction in travel, parking activity has decreased.

## **ANALYSIS**

Construction of the new terminal and associated parking facilities has impacted short term parking facilities at the Airport resulting in fewer available parking spaces. This reduction in parking space availability has decreased revenues generated by Airport Parking Facilities. Therefore, Airport staff met with Ampco to determine the feasibility of adjusting the compensation rate to reflect the changing business conditions. The compensation for the contract year ending November 7, 2008 was 16.36% and the compensation for the contract period starting November 8, 2008 until November 7, 2009 is 17.45%. After meeting with staff, Ampco has agreed to maintain the prior option term compensation rate of 16.36% for this final contract period, which will result in \$300,000 of savings for the Airport. This rate will be applied retroactively to the beginning of the final option term on November 8, 2008. At this time, staff anticipates that the total compensation will not exceed \$5,250,000.

In 2009, staff will issue a Request for Proposal (RFP) that will reflect the new parking requirements of the Airport after completion of Airport's Terminal Area Improvement program (TAIP).

## **EVALUATION AND FOLLOW-UP**

At this time, staff does not anticipate a follow-up regarding this Council Memorandum.

## **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 does not meet any of the criteria above. However, the Council Memorandum will be posted on the City's website for the December 16, 2008 Council agenda.

**COORDINATION**

This memorandum has been coordinated with the Aviation Department, 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**

Not applicable.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Operating Budget Page	Operating Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	\$44,875,467	Not to Exceed \$5,250,000	XI-3	10/21/08 Ord No. 28422

**CEQA**

Resolutions No. 67380 and 71451, PP 08-175.

  
SCOTT P. JOHNSON  
Director, Finance

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