



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: February 1, 2010

Approved

Date

2/4/10

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF SAN JOSE AND PENSKE TRUCK LEASING CO., L.P. FOR THE LEASE AND MAINTENANCE OF AIRPORT SHUTTLE BUSES.

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to execute the second amendment to the agreement between the City of San Jose and Penske Truck Leasing Co., L.P. to extend the agreement term for an additional five months through July 31, 2010 for the lease and maintenance of airport shuttle buses.

OUTCOME

Provide continuous shuttle bus services between the Airport's long term parking, employee parking facilities and commercial airline terminals until replacement buses are delivered and put into service.

BACKGROUND

On June 19, 2001, Council authorized the Director of General Services to negotiate and execute a seven year agreement for the lease and maintenance of a fleet of twenty Compressed Natural Gas (CNG) shuttle buses with Penske Truck Leasing Co., L.P. ("Penske"). The term of the agreement which was executed pursuant to this authority ("2001 Penske Agreement") is March 1, 2003 to February 28, 2010. The buses which are the subject of the 2001 Penske Agreement currently provide shuttle bus service between passenger terminals, long term parking lots, and employee parking facilities. This bus fleet was scheduled to be retired in its entirety at the end of the present agreement term. The 2001 Penske Agreement was previously amended to revise insurance requirements.

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On June 19, 2007, Council authorized the Director of Finance to negotiate and execute a new seven year agreement with Penske for the lease and maintenance of fourteen CNG buses. The buses which were the subject of the new agreement which was executed pursuant to this authority ("2007 Penske Agreement") were delivered in 2008 and are currently providing shuttle bus service between the terminals and the rental car facility.

On September 16, 2009, the 2007 Penske Agreement was restated to add ten CNG buses to provide shuttle bus service between terminals, long term parking and employee parking facilities. The anticipated delivery of the additional ten buses is expected in the April through June, 2010 timeframe. The proposed second amendment of the 2001 Penske Agreement will extend the term of that agreement through July 31, 2010 for the purposes of continuing the services of up to nine of the twenty buses which are the subject of that agreement during the extension period. As new buses arrive under the restated 2007 Penske Agreement, the nine remaining existing buses under the 2001 Penske Agreement will be phased out at the direction of the Director of Aviation.

ANALYSIS

This proposed second amendment allows for the continuation of the lease and maintenance of up to nine buses during the extension period in order to permit for the complete and seamless transitioning of the ten incoming buses, newly acquired by the terms of the restated 2007 Penske Agreement into the fleet, prior to taking the remaining 2001 Penske Agreement 2003 model buses out of service.

At the end of the extended term of the 2001 Penske Agreement, the 2001 Penske Agreement will terminate, leaving in effect only the restated 2007 Penske Agreement to provide 24 CNG shuttle buses which will be used to meet all airport shuttle bus requirements for long term and employee parking, inter-terminal and rental car facility bus routes.

Manager's Budget Addendum #38 (Renegotiation of Contract Pricing):

During the extension period, Penske has agreed to maintain their current pricing. Maximum compensation payable under the 2001 Penske Agreement, as amended, will be \$14,915,011.

EVALUATION/FOLLOW-UP

This memo will not require any follow-up from staff.

POLICY ALTERNATIVES

Not Applicable.

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 meet the above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the February 23, 2010 Council Meeting.

COORDINATION

This item has been coordinated with the Aviation Department, the City Attorney's Office, and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF AGREEMENT:

Current Agreement Amount:	\$14,431,011
Amendment Amount:	\$ 484,000
Total Maximum Compensation	\$14,915,011

2. SOURCE OF FUNDING: Airport Maintenance and Operating Fund (#523)

3. FISCAL IMPACT: Cost for the term of the amendment is funded by existing appropriations.

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BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the agreement recommended as part of this memorandum.

Fund #	Appn.#	Appn. Name	RC#	Total Appn.	Amount of Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	405140	\$44,473,210	Not to exceed \$484,000	XI-3	10/20/09 Ord # 28653

CEQA

Resolutions No. 67380 and 71451, PP 09-214


SCOTT P. JOHNSON
Director, Finance

For questions, please contact Mark Giovannetti, Division Manager, at 535-7052