



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

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

**SUBJECT:** See Below

**DATE:** 5/17/10

Approved

Date

5/19/10

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: APPROVAL OF CONSULTANT MASTER SERVICES AGREEMENTS WITH RICONDO & ASSOCIATES AND LANDRUM & BROWN FOR AIRPORT ECONOMIC ANALYSIS SERVICES**

## RECOMMENDATION

Approve Consultant Master Services agreements with Ricondo & Associates, Inc. and Landrum & Brown, Inc. for airport economic analysis professional services, in amounts not to exceed a maximum of \$750,000 for each agreement and for a term from execution date to June 30, 2015.

## OUTCOME

Approval of the two proposed agreements will provide consultant resources and expertise for as-needed economic analysis services related to the operation and development of the Norman Y. Mineta San Jose International Airport.

## BACKGROUND

With the forthcoming completion of the Airport Obstruction Study with height restriction recommendations, the ongoing implementation of the Airport Master Plan, and the continuing fiscal challenges facing the Airport and its service providers, there are a number of pending or potential economic questions or issues that should be addressed with the assistance of economic consultant specialists. Such types of services may include:

- assessing local and regional economic and fiscal benefits of airline or other aviation services at the Airport;
- determining opportunity costs from loss of existing or potential airline service, or from under-utilization of facility assets;

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- preparing cost/revenue projections of alternative Airport facility development scenarios;
- conducting surveys on the role or importance of aviation services to area businesses, residents, or visitors;
- providing demographic and economic analyses in support of efforts to attract airline service;
- and evaluating relevant economic studies prepared by other agencies or airports.

The Airport Department has completed a consultant selection process and recommends entering into agreements with two teams of consultants capable of providing a broad range of economic analysis services to be conducted on an as-needed (task order) basis.

### **ANALYSIS**

The procurement of agreements for Airport economic analysis services has been conducted in accordance with the City's Qualifications Based Consultant Selection Policy and the Procurement Procedures in Chapter 4.12 of the Municipal Code. A Request for Qualifications (RFQ) was issued on January 6, 2010 and advertised on the Airport's public website bulletin board as well as in the on-line publications of the Airport Consultants Council (ACC) and Airports Council International – North America (ACI-NA). Six firms submitted a Statement of Qualifications (SOQ) by the RFQ closing date of February 3, 2010.

A 4-person selection panel was created to review and score the SOQs. The panel consisted of two Airport Department staff, one Office of Economic Development staff, and one County Airport Land Use Commission staff as a non-City participant. Each panel member scored the six SOQs according to a set of evaluation criteria set forth in the RFQ. The three top-ranked firms were then invited to interview with the panel on March 23, 2010. The interviews were also scored according to a set of evaluation criteria. The resulting interview scores were then combined with the SOQ scores to derive the final ranking. The Ricondo & Associates team was ranked #1 and the Landrum & Brown team was ranked #2. Both teams have nation-wide experience providing aviation and economic-related services, as well as specific experience in San Jose and the Bay Area.

Under the proposed master services agreements, consultant work would be conducted under individual task orders as authorized by staff. Each task order would specify a negotiated work scope, staffing, budget, and completion schedule, similar to the master services agreements currently in place with URS Corporation and Carter-Burgess Inc. for the Airport Terminal Area Improvement Program (TAIP). The benefit of having two master services agreements for the same set of services is to broaden the range of available expertise and allow for competitive and timely responses to task order requests.

Each agreement would have a term of five years and a maximum not-to-exceed budget of \$750,000. Staff does not anticipate exceeding \$750,000 in total combined expenditures over the 5-year term of the two agreements, but seeks the flexibility to utilize one or the other consultant through the task order process upon a determination that City staff does not have the requisite

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expertise to perform the specific economic/fiscal analysis service. Task order approval will also be subject to availability of funds.

### POLICY ALTERNATIVES

*Alternative 1: Do not enter into consultant agreements for airport economic analysis services.*

**Pros:** Potential capital budget expenditure savings by not procuring such services.

**Cons:** City would not be able to adequately conduct economic analyses to support Airport development and operation.

**Reason for not recommending:** Given the economic-related issues associated with Airport development and operation, timely consultant expertise on an as-needed basis is needed.

*Alternative 2: Proceed with approval of only one consultant master services agreement for Airport economic analysis services.*

**Pros:** Slight reduction in administrative burden by not managing a second, separate agreement.

**Cons:** Doesn't ensure that the best expertise is available for a particular task and doesn't allow for potential lower service cost resulting from competitive task order proposals.

**Reason for not recommending:** Given the potential range and time-critical nature of airport economic services that may be needed, having two consultant teams available is preferable.

### PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1million 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)**

The above criteria do not apply to the proposed agreement.

### COORDINATION

This memorandum has been coordinated with the Office of Economic Development, City Attorney's Office, and the City Manager's Budget Office.

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**FISCAL/POLICY ALIGNMENT**

The consultant services covered under these proposed agreements would support the ongoing operation and development of the Airport, and also be consistent with the City's adopted Economic Development Strategy Initiative #1: Build a World-Class Airport and Air Services.

**COST SUMMARY/IMPLICATIONS**

- 1. AMOUNT OF RECOMMENDATION: \$ 1,500,000
- 2. COST ELEMENTS OF AGREEMENT:  
Professional Services  
TOTAL AGREEMENT AMOUNT: \$ 1,500,000
- 3. SOURCE OF FUNDING: 527 – Airport Renewal and Replacement Fund
- 4. FISCAL IMPACT: The amended agreement will have no adverse impact on the General Fund operating budget.

**BUDGET REFERENCE\***

Fund #	Appn. #	Appn. Name	Total Appn. 2009-2010	Amt. for Contracts	2009-2010 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
527	4007	Advance Planning	\$1,080,000	\$1,500,000	V-854	10/20/2009 28653
		<b>Total</b>	<b>\$1,080,000</b>	<b>\$1,500,000</b>		

\* The total contract amount is larger than the current year appropriation due to the fact that these are multi-year master service agreements. Additional funding is programmed in the 5-year CIP.

**CEQA**

Not a Project, File No. PP10-066(d), consultant services for studies/research.

/s/  
WILLIAM F. SHERRY, A.A.E.  
Director of Aviation  
Airport Department

Please direct questions to William Sherry, Director of Aviation, 501-7669.