



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: September 27, 2010

Approved

Date

10/1/10

COUNCIL DISTRICT: N/A

SUBJECT: FOURTH AMENDMENT TO THE AGREEMENT FOR AIRPORT PARKING FACILITIES MANAGEMENT

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to execute the fourth amendment to the agreement with Ampco System Parking, Inc. for Airport Parking Facilities Management to extend the term of the agreement for an additional twelve months ending on October 31, 2011; provide for total compensation not to exceed \$4,530,000 for the new extension term, and increase compensation for the current extension term (ending on October 31, 2010) by an amount not to exceed \$470,000 for reimbursement of unanticipated staffing costs due to delays in implementation of the Airport's new Parking Access and Revenue Control System.

OUTCOME

This amendment will ensure continuity in Airport Parking Facilities Management services during the final stages of implementation of the new Parking Access and Revenue Control System (PARCS).

BACKGROUND

On November 8, 2002, the City executed a one-year agreement with Ampco Systems Parking, Inc. (Ampco) for parking management services at the Mineta San Jose International Airport. The City has exercised all six one-year options. On September 1, 2009, Council authorized a one-year extension to the agreement through October 31, 2010, to ensure continuity of service during the completion of parking facilities construction and implementation of a new PARCS system.

The Airport began installation of a new PARCS system in early 2009, and a contractual requirement in the PARCS agreement was to have the new system accepted by the City and operational in the Spring of 2010. PARCS vendor ACS Transportation Solutions (ACS) has encountered numerous technical problems and has been unable to meet this key milestone. The current estimated date for the PARCS to become operational is January 2011. This delay has directly impacted Ampco's ability to reduce its on-site parking attendant and supervisor staffing as was originally anticipated when Council authorized extending the Ampco Agreement for one additional year. As a result of the delay, Ampco has incurred an estimated \$470,000 in unbudgeted labor expenses since the Council authorized extension to the Agreement.

Airport staff continues to work with ACS to resolve critical issues and facilitate the PARCS implementation. Once operational, this new system will increase the automation and effectiveness of the operations for the parking management contractor and the system will have a significant impact on the staffing levels required by the parking management contractor. The PARCS system is not expected to be fully operational until early 2011, which will be followed by an operational transition period of six to nine months. During this period, staffing required for parking management will be reduced. In addition, parking facilities will open, close, change in capacity, and relocate as Airport construction of new surface parking facilities continues and passenger volumes fluctuate.

The successful installation of the new PARCS system requires ongoing partnership with stakeholders to resolve critical system issues identified by Airport and parking management staff. It also requires knowledgeable staff working in the parking offices and interacting with the passengers. While a new parking management company could learn the current and new systems, Ampco has experienced the critical issues that must be addressed for system implementation and has been partnering with the Airport and PARCS vendor to identify and implement solutions. Ampco is a valuable asset as the new PARCS system continues testing and activation.

Staff intends to issue a competitive request for proposal (RFP) for parking management services. It is difficult to write a concise specification at this time given the continued implementation of the PARCS system. After the parking environment stabilizes and the PARCS system is fully operational in 2011, a specification will be written and incorporated into an RFP that accurately reflects the Airport's parking environment and parking management requirements.

ANALYSIS

The Airport has received supporting documentation verifying unbudgeted expenses incurred by Ampco to meet increased staffing requirements due to delays in installation of the new PARCS system. Staff estimates Ampco will incur \$470,000 in unanticipated costs for the current extension year that are a direct result of delays in implementing the new PARCS System.

Ampco has agreed to a twelve-month contract extension and they have further agreed to a two-tier compensation rate based on staffing requirements. Compensation for parking operations at current

staffing levels would be 18.12% of net revenue and this would be reduced to 15.94% of net revenue upon the successful implementation of the new PARCS system. Once the PARCS system is fully implemented and accepted, the City will give written notice to Ampco to reduce its staffing level and a Request for Proposal for Airport Parking Management Services will be issued.

EVALUATION AND FOLLOW-UP

Staff does not anticipate any follow up at this time.

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 requirement meets Criteria 1 above and will be posted on the City's website for the October 19, 2010 Council agenda.

COORDINATION

This memorandum has been coordinated with the Airport Department, Public Works/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

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Current Agreement Amount:	\$37,022,438
Amendment Amount:	<u>\$ 5,000,000</u>
Total Maximum Compensation	\$42,022,438

2. COST ELEMENTS OF AGREEMENT:

Monthly Compensation Rate for Extension Term: 18.12% of net Parking Revenue.

Monthly Compensation Rate for Extension Term: 15.94% of net Parking Revenue After City provides written notice to Ampco that the PARCS system is sufficiently implemented and functional such that Ampco staffing can be reduced.

Reimbursement of unanticipated staffing costs 11/7/09 – 10/31/10: Not to exceed \$470,000

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

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

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	Proposed Operating Budget Action (Date, Ord. No., Page)
523	0802	Airport Non-Personal/ Equipment	401140	\$42,078,107	Not to exceed \$5,000,000	06/29/10 Ord # 28765 XI-3

CEQA

Not a project, File No. PP10-066(e), Amendment to agreement for facility management

/s/
 SCOTT P. JOHNSON
 Director, Finance

For questions please contact Mark Giovannetti, Purchasing Officer, at (408) 535-7052, or Bob Lockhart, Airport Operations Manager, at 408-392-3514