



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott Johnson

SUBJECT: SEE BELOW

DATE: May 31, 2011

Approved

Date

6/7/11

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF SAN JOSE AND SIGNATURE TECHNOLOGIES INC. DBA COM-NET SOFTWARE

RECOMMENDATION

Adopt a resolution authorizing the Director of Finance to execute the Second Amendment to the Public Address System Agreement with Signatures Technology Inc., dba Com-Net Software (COM-NET) to expand the public address system into the Federal Inspections Services (FIS) International Terminal at the Norman Y. Mineta San José International Airport (SJC) and to increase the total compensation by an amount not to exceed \$50,438 from \$2,276,269 to \$2,326,707 including all hardware, software, sales tax and the first year of support and professional services and warranty.

OUTCOME

Approval of this recommendation will expand the new public address system (the "System") into the FIS building which includes the arrival/departure gates, the concourse, customs, and the baggage claim areas. Expansion of the System into these areas will improve customer service and allow the airlines to effectively page their passengers in all FIS public areas. It will also provide ambient music and Airport wide pages and public address messages originating from anywhere at the Airport.

BACKGROUND

On March 4, 2008, City Council authorized the Director of Finance to execute an agreement with COM-NET to purchase a public address system for the Airport. COM-NET was selected under a publicly noticed, competitive selection process meeting the City's requirements for procurements

May 31, 2011

Subject: 2nd Amendment to the Agreement with Com-Net Agreement

Page 2

of this type. The agreement provided for the purchase, design, configuration, installation and support of a fully integrated system in the new Terminal B (including the North Concourse) and portions of Terminals A.

On September 29, 2009, City Council authorized the Director of Finance to execute the First Amendment to the Public Address System Agreement (COM-NET) to expand the system into Terminal A+ and the Terminal A Baggage Claim areas.

Staff recommends expansion of the system into the FIS building in order to have a common and fully integrated public address system across at all public areas of the Airport. The existing public address system in the FIS building has failed and repeated attempts to repair it have been unsuccessful because of the age of the system and the lack of replacement parts. This situation is currently impacting customer service as the airline gate agents must yell to announce gate boarding information. In the customs processing area, there is no functioning public announcement system to communicate with the deplaned passengers.

ANALYSIS

The proposed Second Amendment includes the purchase of system components including hardware, software and installation to expand the System into the newly identified area of the Airport. The components and peripherals were identified in the original Agreement and line item pricing was negotiated in anticipation of future expansion. These prices have been used to arrive at the requested amendment amount of \$50,438.

The expansion of the System to the FIS Building/International Terminal area will increase support and maintenance costs by \$6,000 per year. This additional cost was established by determining the additional time required to support the expanded System and extending by the labor rates as established in the original agreement. Maintenance and support pricing for each additional year beyond the current year have been itemized in the Cost Summary/Implications section below. This increase will be partially offset by cancelling the existing maintenance contract on the current system (\$1,250).

The deployment of peripherals will be phased to coordinate with the current flight schedules. All hardware and installation pricing is fixed, and COM-NET will be compensated by the City upon successful completion and City's acceptance of this phase. The proposed amendment will allow for the same quality of Public Address System as the new Terminal B, and remodeled Terminal A experience.

Staff recommends amending the current Agreement based on the following significant considerations:

- City desires a fully integrated public address System at the Airport that provides a consistent method of audio and visual paging across all public areas that meets ADA requirements;

- Replace the existing 10 year old system because it has failed and replacement parts are difficult to obtain; thus making the existing system ineffective.
- COM-NET is best positioned to install the added equipment and complete the new public address system at the Airport because COM-NET is familiar with the “legacy” system and is the manufacturer and designer of the new public address System currently installed;
- COM-NET can provide these services without any impact to airport operations;
- COM-NET has performed well and has proven their ability to provide these services on time and within budget.

EVALUATION/FOLLOW-UP

Staff does not anticipate any follow-up regarding this contract at this time.

POLICY ALTERNATIVES

Alternative #1 Continue with the original Agreement without Amendment.

Pros: Save \$50,438 in costs

Cons: The Airport will not be able to support the Federal Inspections Services Building (FIS)/International Terminal area for public addressing. This is a customer satisfaction issue with our Boarder Control, airline partners and passengers. In addition, we will not be able to meet ADA requirements in the Federal Inspections Services Building (FIS)/International Terminal area as this system provides that capability.

Reason for Not Recommending: The Amendment for expansion of the base system is critical for operation of the existing International Terminal, and will improve customer service because the Airlines cannot effectively page their customers in the passenger area. The existing system has failed and it is not working properly to handle the customer service issues.

Alternative #2 Issue a Competitive Solicitation for a Public Address System (PAS) in the FIS building only.

Pros: Potential to reduce costs through a competitive process.

Cons: COM-NET 's pricing was the lowest in the original solicitation for the PAS, and the Airport will be leveraging existing COM-NET equipment such as server, and audio equipment that is already in place from a previous installation. Also, if the PAS system for the FIS Building was awarded to a second Contractor, the FIS Building could be on different paging system than Terminals A & B which would not be fully integrated with the CCTV, Access Control System, and meet ADA and fire and life safety code requirements.

Reason for Not Recommending: The Com-Net integration of the Public Address System within all Airport terminals is will result in a fully integrated public address system.

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 memorandum, while not meeting any of the criteria above will be posted on the City's website for the June 14, 2011 City Council agenda.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital improvements at the Airport be consistent with the adopted Airport Master Plan. The proposed consultant agreement amendment provides for continued design and construction administration services on components of terminal improvement projects expressly identified in the Airport Master Plan, and is therefore consistent with the Master Plan pursuant to Municipal Code Section 25.04.210(B)(2).

This Council item is consistent with Council approved Budget Strategy Economic Recovery section in that it will spur spending in our local economy.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION (SECOND AMENDMENT): \$50,438
2. COST ELEMENTS OF AMENDMENT:
 - Equipment, installation, and professional services \$50,438
 - Amendment Total \$50,438
3. SOURCE OF FUNDING:

527 – Airport Renewal and Replacement Fund

4. MAINTENANCE AND SUPPORT YEAR 2-5 OF THE AMENDED AGREEMENT:

Year 2	\$106,857
Year 3	\$106,857
Year 4	\$106,857
Year 5	\$106,857

OPERATING COST: The project has been reviewed and staff has determined that it will have no impact on the General Fund Operating Budget.

BUDGET REFERENCE

The table below identifies the funds and appropriations used to increase the contract authority of the agreement between Com-Net and the City for the purchase, installation and maintenance of a public address system.

Fund #	Appn #	Appn. Name	Total Appn	Amount for Contract	2010-2011 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
527	6004	Airport Technology Services	\$170,000	\$50,438	V-730	N/A
Total Project Costs			\$170,000	\$50,438		

***2011-2012 Operating Budget is scheduled to be adopted by Council on June 21, 2011.**

CEQA

Resolution Nos. 67380 and 71451, PP 09-160

/s/
SCOTT P. JOHNSON
Director, Finance

For questions please contact Mark Giovannetti, Purchasing Officer, at (408) 535-7052.