



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper
Kim Aguirre

SUBJECT: SEE BELOW

DATE: September 26, 2011

Approved

Date

9/30/11

COUNCIL DISTRICT: N/A

SUBJECT: SIXTH AMENDMENT TO THE AGREEMENT FOR AIRPORT PARKING FACILITIES MANAGEMENT BETWEEN THE CITY OF SAN JOSE AND AMPCO SYSTEM PARKING, INC.

RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

- (a) Execute the Sixth Amendment to the agreement with Ampco System Parking, Inc. to extend the term of the agreement for Airport Parking Facilities Management for one year ending on October 31, 2012; and
- (b) Increase the maximum compensation by \$4,800,000 for this extension term.

OUTCOME

To insure continued Airport Parking Facilities Management services while the City completes the Request for Proposals (RFP) process.

BACKGROUND

On November 8, 2002, the City executed a one-year agreement with Ampco Systems Parking, Inc. (Ampco) for parking management services at the Norman Y. Mineta San José International Airport. The City has exercised all six one-year options.

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On September 1, 2009, Council authorized a one-year extension to the agreement through October 31, 2010, to allow for the completion of parking facilities construction and implementation of a new PARCS system.

On September 27, 2010, Council authorized a second one-year extension to the agreement through October 31, 2011, due to continued delays in construction and implementation of the new PARCS system.

On December 7, 2010, Council approved an Airport Living Wage Ordinance (ALWO) as part of the Airport's on-going efforts to keep its operating costs competitive.

On April 19, 2011, Council approved expanding the scope of services for the agreement to include shuttle services inside the new parking facilities.

The RFP prepared for parking operations and management services established the wage rate under the ALWO as the minimum compensation for Parking Operations and Management services. The RFP was released on May 9, 2011, and included a timeline that allowed sufficient time to recommend a new agreement for Council approval by October 31, 2011, when the current agreement with Ampco expires. During the RFP question and answer period, concerns were raised by various vendors regarding the ALWO and whether it is applicable to new contracts. Given the questions regarding the ALWO, staff placed the RFP on hold pending resolution of the matter. Staff will now issue an addendum with the appropriate requirements and release the hold on the RFP.

ANALYSIS

It is necessary to extend Ampco's current agreement by up to one year while the RFP for Airport Parking Operations and Management is on hold. This extension will allow staff sufficient time to revise the RFP, complete the RFP process including proposal review and evaluation, and negotiate a final agreement.

Ampco has agreed to a maximum one-year contract extension, and further agreed to reduce their current compensation rate from 15.92% of parking revenues to 15.49% during the extension period, which equates cost savings of \$94,600 based on an estimated \$22,000,000 in parking fees. Ampco has been an excellent partner and have been flexible and accommodating throughout the implementation of the new Parking and Revenue Control System.

The Agreement has a termination for convenience provision that gives the City the right to terminate the agreement at any time with 30 days notice, should the new agreement be signed and approved by Council before this extension concludes.

EVALUATION AND FOLLOW-UP

The RFP for Airport Parking Operations and Management is expected to be concluded in sufficient time to implement a new Agreement prior to the expiration of the extension with Ampco, on October 31, 2012.

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 18, 2011 Council agenda.

COORDINATION

This memorandum has been coordinated with 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: \$42,422,438
Amendment Amount: \$ 4,800,000
Total Maximum Compensation \$47,222,438

2. COST ELEMENTS OF AGREEMENT:

Monthly Compensation Rate for Extension Term: 15.49% of net Parking Revenue.
Hourly Compensation Rate for In-Lot Shuttle Service: Not to exceed \$55.00 per service hour.

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	2011-2012 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)*
523	0802	Airport Non-Personal/ Equipment	401140	\$37,581,440	Not to exceed \$4,800,000	XI-3	6/21/11 Ord # 28928

CEQA

Not a project, File No. PP10-066(e), Services that involve no physical changes to the environment.

/s/
JULIA H. COOPER
Acting Director of Finance

/s/
KIM AGUIRRE
Assistant Director of Aviation

For questions please contact Mark Giovannetti, Purchasing Division Manager, at (408) 535-7052