



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: March 12, 2012

Approved

Date 3/20/12

SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR AIRPORT PARKING OPERATION AND MANAGEMENT AND INTRA-LOT PARKING SHUTTLE SERVICES AT THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

RECOMMENDATION

- (a) Accept the report on the Request for Proposal (RFP) for Airport Parking Operation and Management Services at the Norman Y. Mineta San José International Airport; and
- (b) Adopt a resolution authorizing City Manager to:
 - (1) Execute an agreement with Ampco System Parking, Inc., doing business as Ampco AirPark (Los Angeles, CA) for Airport Parking Operations and Management and in-lot Parking Shuttle Services at the Norman Y. Mineta San José International Airport for an initial three year term, in an amount not-to-exceed \$13,801,420, subject to annual appropriations of funds.
 - (2) Execute amendments to the agreement to increase the not-to-exceed compensation amount during the initial three year term due to changing business conditions, subject to the appropriation of funds.
 - (3) Execute five one-year options to renew the agreement, subject to the appropriation of funds.

OUTCOME

This recommendation will ensure that professional parking operations, intra-lot parking shuttle, and customer services are provided to the public and tenants using the Airport.

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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. Subsequently, the City exercised six one-year options to extend the term of the agreement for continued services.

On September 1, 2009, the Council authorized a one-year extension to the agreement through October 31, 2010 to allow for continued parking management services pending the completion of parking facilities construction and the implementation of the new Parking Access and Revenue Control System (PARCS).

On September 27, 2010, Council authorized a second one-year extension to the existing agreement through October 31, 2011, to allow for continued services due to delays in completing parking lot construction and implementation of the new PARCS.

On October 25, 2011, Council approved amending the existing agreement to extend the term of the agreement for an additional year to allow for continued services due to continued delays in completing the PARCS system, and allow staff sufficient time to write a new RFP that would address the new system and parking lot requirements. The current extension term expires October 31, 2012, and may be terminated by the City at any time prior to this date on 30 days written notice.

ANALYSIS

On May 9, 2011, the Finance Department released a Request for Proposal (RFP) for Airport Parking Operation and Management Services on the City's e-procurement system. Through a series of addenda, the proposal due date was extended by more than four months due to the delays in resolving policy questions regarding the application of the prevailing wage policy. 32 companies downloaded the RFP, and three proposals were received by the October 31, 2011, due date as follows:

- Ampco System Parking, Inc. dba Ampco AirPark (Los Angeles, CA)
- Central Parking System, Inc. (Nashville, TN)
- LAZ/PPM Parking, LLC (San Francisco, CA)

Evaluation Process:

Minimum Qualifications: The initial review consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that all proposals were complete. All three proposals passed.

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Technical Evaluation (70%): A three-member evaluation team with representatives from the City’s Airport and Transportation Departments and the City of Oakland Airport Department independently evaluated and scored the technical proposals.

Cost Proposals (30%): Cost proposals were opened and scored at the conclusion of the technical proposal evaluation.

Local and Small Business Preference: This project is fully funded by grants from the federal government. The grant terms prohibit the application of these preferences.

The final scores from the three proposers are summarized in the table below:

Evaluation Criteria	Max Pts	Ampco AirPark	Central Parking	LAZ/PPM
Technical Capabilities	45	41	35	31
Experience	25	22	19	16
Cost	30	30	29	26
TOTAL	100	93	83	73

Protest Period: The RFP process included a ten-day protest period in accordance with the City’s purchasing rules. No protests were received.

Recommendation Summary: The evaluation committee deemed Ampco’s proposal to be the most advantageous and “best value” for the City. Ampco submitted a detailed and comprehensive proposal that met or exceeded the RFP requirements in the following key areas:

- Demonstrated experience working independently and professionally to serve the public while providing a positive working relationship with Airport staff, offering efficiencies, cost savings and ingenuity in resolving key issues.
- A proven track record over the past nine years as the Airport’s parking operator; demonstrating a thorough understanding of City’s operating requirements and adapting their program, staffing and personnel to successfully manage and operate the Airport’s garages and in-lot shuttle services.
- An extensive management plan that specifically addressed Airport facilities, equipment and staffing requirements.
- Provided strong airport customer references describing their experiences with at least 37 airport projects in their portfolio.
- Proposed a smooth transition plan for the new services levels and shuttle services.

Wage Requirements: Wages and the enforcement of wages for parking operations and management services at the Norman Y. Mineta San José International Airport will be subject to the City of San José’s Prevailing Wage Policy. Ampco and their subcontractors will be required to pay their employees a prevailing wage. Worker retention and labor peace requirements and

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enforcement will be subject to the City of San José's Airport Living Wage and Labor Standards Ordinance (San Jose Municipal Code, Title 25, Chapter 25.11).

Labor Peace: Ampco operates under a collective bargaining agreement with the Teamsters Local 665.

Worker Retention: Ampco is the incumbent service provider at the Airport. Therefore, worker retention between contractors is not an issue.

Summary of Agreement: Ampco will provide parking management services for the Airport's public and employee parking facilities including all staffing required to manage and operate the facilities, collect and deposit parking revenues, and provide high quality customer service. Ampco will also provide vehicles and staffing for courtesy shuttle services within the public parking facilities to minimize customer walking distances. The initial term of the agreement will be for three years with five additional one-year options to extend the agreement.

Compensation to the contractor includes a fixed management fee for the operation of Airport parking garages, equipment, vehicles, and related overhead expenses, plus a reimbursable fee for salaries and other expenses that are directly related to the performance of the contract. The unit cost for reimbursable expenses are fixed, but the total amount may vary due to fluctuations in volume. In the event that demand for parking services exceeds the forecast usage, then the amount of total compensation would be adjusted pursuant to recommendation #2 of this memorandum. Reimbursable expenses must be itemized and approved by Airport staff prior to payment. All payments to contractor shall be paid monthly in arrears upon successful completion of work.

In the event the City exercises its options to extend the term of the agreement beyond the initial three year term, fees shall be subject to adjustment annually based on the percentage change (increase or decrease) to the Consumer Price Index for the Bay Area. The agreement includes a termination for default clause and a non-funding clause that will allow terminating the agreement if funding is not appropriated annually.

EVALUATION AND FOLLOW-UP

The Airport parking services made available by this agreement provide services for over 8.5 million annual passengers and greeters using the Airport and help the Airport attain its goal of providing a positive experience when using the Airport as well as maintaining control over more than \$23 million in annual revenues.

The Director of Aviation will be responsible for management, monitoring and reporting activities associated with this agreement. No further follow-up is required.

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POLICY ALTERNATIVES

Alternative #1: Continue to extend the existing agreement

Pros: Current services and service levels would continue.

Cons: The current agreement does not address the Airport's new PARCS and parking configuration. The new agreement also has lower rates.

Reason for Not Recommending: The City would not realize cost savings or service improvements as a result of the competitive process. Savings are estimated at \$2,037,048 initial three year term of the agreement.

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 memorandum meets Criterion 1 and will be posted on the City's website for the April 3, 2012 Council agenda.

COORDINATION

This memorandum has been coordinated with the Airport Department, the Department of Public Works/Office of Equality Assurance, the City Attorney's Office, and the City Manager's Budget 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".

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COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Cost for Initial Three Year Term of Agreement: \$ 13,801,420

2. COST ELEMENTS OF AGREEMENT:

	Year 1	Year 2	Year 3	Total
Parking and Operations Management:				
Management Fee	\$1,468,538	\$1,517,476	\$1,569,143	\$4,555,157
Reimbursable Expenses	2,356,871	2,446,814	2,540,992	7,344,677
Total Annual Cost	\$3,825,409	\$3,964,290	\$4,110,135	\$11,899,834
In-Lot Shuttle Program:				
Fixed Management Fee (2 vehicles)	\$57,180	\$57,180	\$57,180	
Variable (hourly) Cost	576,682	576,682	576,682	
Total Estimated Cost	\$633,862	\$633,862	\$633,862	\$1,901,586
Maximum Compensation By Year	\$4,459,271	\$4,598,152	\$4,743,997	\$13,801,420

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

4. FISCAL IMPACT: Cost for the first year of the agreement is funded by existing appropriations. Funding for subsequent years if the agreement is approved is dependent upon the appropriation of non-personal funds.

BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2011-2012 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)*
523	0802	Airport Non-Personal/Equipment	401140	\$35,764,440	\$4,459,271 (Year 1)	XI-3	11/29/11 Ord 28998

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CEQA

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

/s/

JULIA H. COOPER
Acting Director of Finance

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