



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.  
Julia H. Cooper

**SUBJECT:** FIRST ALARM AGREEMENT  
AMENDMENT

**DATE:** May 29, 2012

Approved

Date

6/5/12

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute the second amendment to the City-Wide agreement with First Alarm Security and Patrol to expand Airport curbside Security Officer duties from one shift to three shifts, add parking citation issuance to their responsibilities, and to increase the amount of maximum compensation by \$626,240 subject to the appropriation of funds.

## OUTCOME

By approving this amendment which is consistent with the alternative service delivery model for Airport Parking and Traffic Control and currently recommended as a FY 2012-2013 budget action, the Airport will save over \$1,000,000 annually while maintaining the control, security and safety of the terminal curbs.

## BACKGROUND

In May 2010, the City Council directed the Administration to take the necessary steps to continue to keep costs to airlines at a competitive level so that the Airport can successfully recruit and retain air service. The Airport Department (Airport) identified the highest priority and most practical items to keep costs to the airlines low as reflected in the Airport's Cost per Enplanement (CPE). An information memo regarding the status of these actions taken over the past two years was submitted to the City Council on October 4, 2011. Among the items noted in the report that had a potential for cost reductions was outsourcing the Parking and Traffic Control function.

On January 19, 2012, the Administration provided the Mayor and City Council with an information memorandum entitled "2012-2013 Preliminary Alternative Service Delivery Evaluations," which listed the Airport Parking and Traffic Control program as one of the services that was undergoing a preliminary business case analysis as part of the 2012-2013 Proposed Budget process.

The 2012-2013 Proposed Operating Budget scheduled for approval on June 12, 2012, includes a recommendation to contract out this service generating approximately \$1,000,000 in savings for the Airport. On May 12, 2012, in accordance with Council Policy 0-41, the Administration released Manager's Budget Addendum #7 transmitting the final business case analysis for Airport Parking and Traffic Control Officers (APTCO) services.

### ANALYSIS

All functions currently performed by Airport Parking and Traffic Control Officers are included in the current First Alarm agreement with the exception of the issuance of parking citations. The city-wide contract with First Alarm expires on March 31, 2013, and an RFP is currently being developed which will include all services required at the Airport, including citation issuance and traffic control. The RFP is scheduled for release in the August/September 2012 timeframe.

The addition of security staff performing curbside traffic control duties will increase First Alarm's compensation by approximately \$626,240 over the remaining term of the Agreement. The Business Case shows that the new service delivery model generates over \$1,000,000 in net ongoing annual savings to the Airport.

The Airport and San José Police Department are working separately with the City Manager to obtain authorization per Municipal Code Section 11.12.050 to provide the authority to issue citations and provide traffic control.

This Agreement pre-dates the Airport's Living Wage Ordinance and is subject to the City's Living Wage Policy

### EVALUATION AND FOLLOW-UP

No follow-up is anticipated as this is an existing agreement with existing performance measures and liquidated damages for non-performance.

### POLICY ALTERNATIVES

***Alternative #1: Not approving this amendment to the First Alarm agreement.***

**Pros:** The contract remains as it currently exists.

**Cons:** Not entering into this amendment would leave the security officers unable to perform the duties necessary to manage the curbsides at the Airport. This would limit the safety and security of the passengers using the Airport.

**Reason for not recommending this alternative:** The safety, security and control of the Airport curbsides are an important part of the overall security and operation of the Airport. The savings demonstrated by the Business Case could be lost without the additional scope provided by the amendment.

**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)**

The 2012-2013 Proposed Operating Budget scheduled for approval on June 12, 2012, includes a recommendation to contract out this service generating approximately \$1,000,000 in savings for the Airport. In addition, on May 12, 2012, in accordance with Council Policy 0-41, the Administration released Manager's Budget Addendum #7 transmitting the final business case analysis for Airport Parking and Traffic Control Officers (APTCO) services. This memo will be posted on the City Council agenda for the June 19, 2012 City Council meeting.

**COORDINATION**

This memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

**FISCAL/POLICY ALIGNMENT**

This Council item is consistent with Council approved 2012-2013 Budget Balancing Strategy Guidelines, #2, "Balance ongoing expenditure needs with ongoing revenues to ensure no negative impact on future budgets and to maintain the City's high standards of fiscal integrity and financial management."

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Cost Increased Services for Period of 6/23/12 – 3/31/13: \$ 626,240

2. COST ELEMENTS OF AGREEMENT:

Annual charge for current service levels provided \$ 792,888

Maximum Compensation for increased services 6/23/12 – 3/31/13 \$ 626,240

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Maximum Annual Charge for Airport Services \$ 1,419,128

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

4. FISCAL IMPACT: Cost for the final year of the agreement is funded by the Airport Maintenance and Operation Fund (523).

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Proposed Appn.*	Amt. of Addendum	2012-2013 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal Equipment	405140	\$35,507,648	\$626,240	XI-5	N/A*

\* Subject to City Council approval of the 2012-2013 Proposed Operating Budget scheduled for June 19, 2012.

**CEQA**

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

/s/  
WILLIAM F. SHERRY A.A.E.  
Director of Aviation

/s/  
JULIA H. COOPER  
Acting Director of Finance

For questions please contact Bob Lockhart, Airport Operations Manager at 408-392-3514