



SENT TO COUNCIL:

Distributed on:
JUN 16 2011
City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.
Director of Aviation

SUBJECT: APPLICATION OF
PREVAILING WAGE TO
AIRPORT PARKING
OPERATIONS AND
MANAGEMENT RFP

DATE: June 15, 2011

Approved  Date *6/16/11*

INFORMATION ONLY

Background

On May 9, 2011, the Airport released its Request for Proposal (RFP) for Airport Parking Operations and Management services. The current service provider is Ampco Systems Parking. The contract with Ampco expires on October 31, 2011. Proposals from responding agencies are currently due June 30. The recommended proposal for award was expected to be included on a Council agenda for action sometime in August or early September to allow for a smooth transition to a new provider, if necessary.

The RFP issued by the Airport contained only a single minimum compensation requirement based on the Airport Living Wage Ordinance. The RFP did not contain a minimum compensation requirement based on the Prevailing Wage Policy. Staff issued the RFP containing only the Airport Living Wage Ordinance as the minimum compensation because staff believes Council's discussion and action at its December 7, 2010 Council meeting expressed its intent that the Airport operate under only the Ordinance's minimum compensation requirement for all future contracts.

At the time of the most recent Airport Living Wage Ordinance amendments, the City Council expanded application of airport-specific living wage calculation methodology from airlines to all airport businesses. This was intended to address both the Airport's need to maintain a competitive Cost per Enplanement (CPE) as well as a streamlined regulatory environment. At that time, the City Council did not specifically discuss the relationship between the Airport Living Wage Ordinance and the citywide Prevailing Wage Policy applicable to non-construction services.

Airport staff has received inquiries about the Parking RFP from two Council offices because the RFP did not contain requirements for proposers to pay prevailing wages pursuant to Resolution 61144. At least one Council office believes such an omission does not reflect adopted Council

June 15, 2011

Subject: Airport Parking Operations and Management RFP

Page 2

policy, violates the Prevailing Wage Policy and has asked how the Airport will address this concern.

Staff believes the question of whether the Airport Living Wage Ordinance applies at the Airport must be determined by Council *before* the parking contract is awarded. Staff has reviewed the possible options to bring this policy question to Council for clarification before award. The purpose of this memo is to update the Committee on the approach staff has identified to accomplish that objective.

Discussion

Staff also acknowledges that Council's action at its December 7, 2010 meeting that revised the Airport Living Wage Ordinance did not change City Resolution 61144 that requires the application of the City's Prevailing Wage Policy to City contracts for parking lot operations and management services. However, during the December 7 Council discussion, there were comments regarding "the need for the Airport to remain competitive," the need to maintain "a level playing field" for Airport businesses and the need to "get everyone on the same page." In addition, there was a friendly amendment included in the adopting motion that was unanimously adopted by Council, giving staff the authority to re-negotiate the contracts of Airport vendors and businesses to bring them under the jurisdiction of the Ordinance. It was based on the Council discussion and the motion adopted by Council that staff concluded it was Council's intent that all Airport businesses and contractors would be subject to one minimum compensation requirement. That is why the parking RFP includes only the minimum compensation requirements under the revised Airport Living Wage Ordinance. The City Manager concurred with Airport staff's interpretation.

Unfortunately, because Resolution 61144 was not revised, there is an incongruity between the Resolution and the discussion and motion adopted at the December 7 meeting. Eliminating the incongruity requires clarity on Council's intent before the parking services contract is awarded.

To eliminate any ambiguity in the application of Airport Living Wage on service contracts at the Airport in the future, staff plans to bring this issue back to Council as a stand-alone issue for review and clarification in early August. To maintain the Airport's competitiveness, staff will be recommending that all businesses and service contractors at the Airport operate under a single minimum compensation requirement – the Airport Living Wage Ordinance. Staff will offer an amended Resolution 61144 for Council's consideration at the August meeting. Council will then have the opportunity either reaffirm or change the applicability of Resolution 61144 to the Airport. The decision by Council at that time will then be applied to all future Airport RFPs.

In the meantime, the deadline for receiving bids on the parking operations and management services RFP has been extended to mid-to-late August and staff will now postpone recommending the award of the parking operations and management services contract until Council has clarified the applicability of prevailing wage on Airport service contracts in early August. If Council determines it was its intent to apply the Airport Living Wage requirement, staff will proceed with evaluating the bids that are due later in the month for recommendation to

June 15, 2011

Subject: Airport Parking Operations and Management RFP

Page 3

Council. Should Council determine it was its intent to apply prevailing wage requirements at the Airport, it will be necessary to release an addendum to the RFP to include such a requirement and provide the proposers the opportunity to submit proposals that meet that requirement.

With the delay in the RFP process to ensure the correct policy is applied and to ensure a proper process for award and smooth transition outside of the holiday period, staff would request an extension of the current parking agreement with Ampco on a month-to-month basis for up to four months. Staff would plan for the new Agreement to go into effect on February 1, 2012.

Under this proposed approach, proposers would not have to submit their bids until *after* the policy question has been resolved thus avoiding the public sharing of detailed bid information before the applicable policy is known and before the award process has been completed. This would be consistent with the City's general procurement practice of establishing the award criteria, including applicable City policy, in advance of proposal evaluations.

Staff believes this approach best maintains the integrity of the awards process while addressing the policy question of the applicability of the Prevailing Wage Policy at the Airport. Staff will provide an update on this to the Ad Hoc Committee on Airport Competitiveness tomorrow.

/s/

William F. Sherry, A.A.E.
Director of Aviation

For questions, please contact Kim Aguirre at 408-392-3620.