



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.  
James R. Helmer

**SUBJECT:** SEE BELOW

**DATE:** 01-03-07

Approved

Date

1-08-07

**COUNCIL DISTRICT:** Citywide

**SUBJECT: AUTHORIZATION TO NEGOTIATE AND EXECUTE AN AMENDMENT TO ON-DEMAND DISPATCH SERVICES AGREEMENT AT MINETA SAN JOSE INTERNATIONAL AIRPORT**

## RECOMMENDATION

Authorize the City Manager to negotiate and execute an amendment to the On-Demand Dispatch Services Agreement with Taxi San Jose, Inc. to eliminate the increase in compensation for the second year of the agreement, retroactive to October 1, 2006.

## OUTCOME

By eliminating the automatic increase in compensation to Taxi San Jose, Inc., costs to the taxicab permit holders and door-to-door shuttle operators participating in the on-demand program will remain fixed at the first year rate of compensation through the second year of the agreement ending on September 30, 2007.

## BACKGROUND

On May 24, 2005, Council authorized the City Manager to negotiate and execute an agreement with Taxi San Jose, Inc. ("Taxi San Jose") for on-demand dispatching services at the Airport. The dispatching services would include: (1) dispatching of taxicabs and commercial door-to-door shuttles, (2) staffing of staging and loading areas, (3) contacting contracted taxi and shuttle companies to provide vehicles and customer services, (4) monitor and report adherence by ground transportation operators to performance standards, and (5) provide dispatch management support facilities.

After successful negotiations with Taxi San Jose, staff returned to Council and, on June 28, 2005, the Council approved the Agreement for On-Demand Dispatch Services with Taxi San Jose ("Agreement") for the period of July 1, 2005 through September 30, 2007, with five one-year options, in an amount not to exceed \$1,910,000 for the initial two-year term. Compensable performance under the Agreement began on September 7, 2005.

## **ANALYSIS**

The monthly compensation payable to Taxi San Jose for the first year of operations was \$73,448.50. Pursuant to the Agreement, the monthly compensation for the second year of operations increased by \$ 1,526 to \$74,974.50, beginning October 1, 2006. Per the Agreement, Compensation for the option years will be adjusted using the Consumer Price Index for All Urban Customers.

Monthly fees collected by the City from the 300 Airport Access Permit holders (195 individually permitted taxicab drivers and 105 company permitted drivers) and 42 door-to-door shuttle companies fund the compensation the City pays to Taxi San Jose. Taxicab Airport Access Permit holders are assessed \$240 per month, per permit and door-to-door shuttle companies are assessed \$100 per vehicle, per month, for the first year of the program. Fees for taxi permits and door-to-door shuttles were to be recalculated for the second year to balance the fees based on usage and to pay for the increased monthly compensation for Taxi San Jose as required by the Agreement.

Although the second year compensation increase to Taxi San Jose was fully disclosed to the taxi permit holders and shuttle companies, Taxi San Jose has indicated that they wish to forego the increase and have the compensation remain at the amount it was for the first year of the Agreement. Taxi San Jose believes this move will not affect service at the Airport and wants to review their organizational structure to ensure they can provide the services required. Taxi San Jose may return with a proposal for additional funding for the first option year of the agreement set to begin in September 2007, to allow for the addition of a management position within their on-site organization to enhance customer service, reporting and coordination with the taxicab companies.

## **POLICY ALTERNATIVES**

***Alternative 1: Maintain current agreement's rate increase of \$1,526 per month, \$18,312 annually.***

**Pros:** No changes to current contract required.

**Cons:** Maintaining the current agreement structure would increase monthly fees to Airport Access Permit holders due to the contractual rate increase and the pre-established reallocation to align fees with the previous year's usage of services by the taxi and door-to-door shuttle industries. This recalculation, based on the rate increase, increased percentage of business by the

taxicab industry and the lower number of shuttle vehicles from first year estimates would result in an increase of fees assessed against the taxicab permit holders of approximately \$63.42 per month and door-to-door shuttle operators of approximately \$14.26 per month per vehicle.

**Reason for not recommending:** Taxi San Jose has requested the increase be rescinded and fees to Permit holders be maintained at current rates through out the second year of the agreement. This action will maintain current costs and allow Taxi San Jose to continue their review of their operation prior to instituting any rate changes to Airport Access Permit holders.

### **PUBLIC OUTREACH/INTEREST**

Airport stakeholders including taxicab permit holders and door-to-door shuttle companies have been advised of Taxi San Jose's proposal through postings in the Airport Taxicab staging area and by communication with the taxicab and door-to-door companies. This amendment does not affect service delivery or staffing of the program by Taxi San Jose.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- 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.
- 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.

This item does not meet the above criteria requiring additional notification.

### **COORDINATION**

This item has been coordinated with the Department of Transportation, the City Budget Office and the City Attorney's Office.

### **COST SUMMARY/IMPLICATIONS**

There will be no increase in taxicab permit or door-to-door shuttle fees and the compensation to Taxi San Jose will be reduced by \$18,312 from the contracted amount of \$899,694 to \$881,382.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2006-2007 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	410120	\$37,125,041	\$881,382	Page XI-3	11/21/06 Ord. # 27922

**CEQA**

Resolutions No. 67380 and 71451, PP 06-212.

  
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Director of Transportation

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

For questions please contact William Sherry, Director of Aviation, at 501-7669.