



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

**Item No.
8**

Meeting Date: MAY 3, 2012

Subject:

Approve and Authorize the President/CEO to Execute a First Amendment to the Agreement with Ace Parking Management, Inc. for Shuttle Management Services

Recommendation:

Adopt Resolution No. 2012-0048, approving and authorizing the President/CEO to Execute a First Amendment to the Agreement with Ace Parking Management, Inc. for Shuttle Management Services.

Background/Justification:

The Board awarded a Shuttle Services Management Agreement to Ace Parking Management, Inc. (Ace) at its August 2011 meeting. On February 8, 2012, the Authority entered into an Agreement (Agreement) with Ace to provide shuttle management services. The term of the Agreement is five (5) years in an amount not-to-exceed twenty-eight million eight hundred thousand dollars (\$28,800,000).

After execution of the Agreement, Authority staff began negotiations with Ace on an amendment (Amendment) to the Agreement giving the Authority greater flexibility to increase or decrease shuttle operations and providing for adjustments to hourly rates if certain thresholds are achieved.

All costs associated with providing shuttle services (except fuel) under the Agreement are billed at a single hourly rate. Understanding that certain fixed costs (overhead, insurance, management salaries/benefits, etc.) will not change if shuttle operating hours are increased beyond the schedule published in the Authority's Request for Proposals, staff requested that Ace provide a cost formula to be used in the event that the Authority, in its sole discretion, finds it necessary to increase the number of shuttle operating hours.

One provision in the proposed Amendment provides an hourly rate reduction when the total number of operating hours is increased by three percent (3%) during any consecutive seven (7) day period ("Excess Operating Hours"). The proposed adjusted rates are as follows:

During any consecutive seven (7) day period, Contractor shall only be compensated for those Excess Operating Hours as follows:

- 1) During the period of February 8, 2012 to December 31, 2012 a rate of \$22.50 per Excess Operating Hour per each Driver.

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- 2) During the period of January 1, 2013 to December 31, 2013
a rate of \$23.50 per Excess Operating Hour per each Driver.
- 3) During the period of January 1, 2014 to December 31, 2014
a rate of \$24.50 per Excess Operating Hour per each Driver.
- 4) During the period of January 1, 2015 to December 31, 2015
a rate of \$25.50 per Excess Operating Hour per each Driver.
- 5) During the period of January 1, 2016 to December 31, 2016
a rate of \$26.50 per Excess Operating Hour per each Driver.

Also included in the proposed Amendment is a provision allowing for the renegotiation of the standard hourly rate in the event that the Authority substantially reduces the number of shuttle operating hours. This proposed language is as follows:

In the event Authority directs Contractor to decrease the number of Driver operating hours by more than seven and one-half percent (7.5%) for more than seven (7) contiguous days at anytime during the Term, Authority and Contractor agree to meet in good faith to re-negotiate the hourly rates described in this Agreement.

Amending the Agreement to include these new provisions will provide the Authority greater flexibility in scheduling shuttle operations, result in cost savings should the Authority decide to increase the current operating service levels and provide for good-faith negotiations should the Authority decide to significantly reduce the current operating services levels.

Finally, the proposed Amendment recognizes the potential for increased vehicle lease costs to Ace in the event that the Authority requires Ace to lease additional vehicles or substantially changes vehicle specifications. The Amendment provides for reimbursement to Ace under those circumstances.

Fiscal Impact:

Funds are available in the Shuttle Management Services Agreement within the Services - Facility subaccount line item from the Authority's FY13 budget and will be included in the proposed FY14 budget. Staff does not anticipate, based on current service levels, that there will be a need to increase shuttle operating hours greater than three percent (3%) within the next two fiscal years.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Environmental Review:

- A. This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA, Pub. Res. Code §21065.
- B. This Board action is not a "development" as defined by the California Coast Act, Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable.

Prepared by:

ANGELA SHAFER-PAYNE
VICE PRESIDENT, PLANNING AND OPERATIONS

RESOLUTION NO. 2012-0048

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH ACE PARKING MANAGEMENT, INC. FOR SHUTTLE MANAGEMENT SERVICES

WHEREAS, the Board awarded, in August 2011, a five (5) year agreement with Ace Parking Management, Inc. (Ace), to provide shuttle management services for San Diego International Airport; and

WHEREAS, on February 8, 2012, the Authority entered into an Agreement (Agreement) with Ace to provide shuttle management services in an amount not to exceed twenty-eight million eight hundred thousand dollars (\$28,800,000); and

WHEREAS, the Authority has re-negotiated certain provisions of the Agreement with Ace to provide the Authority greater flexibility to increase or decrease shuttle operations; and

WHEREAS, Staff has worked with Ace to finalize an adjusted cost formula to be used in the event current operation hours for the courtesy shuttles are increased. The new formula provides an hourly rate reduction when the total number of operating hours is increased by three percent (3%) during any consecutive seven (7) day period. If service hours are changed by the criteria above, the adjusted rates are as follows:

- 1) During the period of February 8, 2012 to December 31, 2012 a rate of \$22.50 per Excess Operating Hour per each Driver.
- 2) During the period of January 1, 2013 to December 31, 2013 a rate of \$23.50 per Excess Operating Hour per each Driver.
- 3) During the period of January 1, 2014 to December 31, 2014 a rate of \$24.50 per Excess Operating Hour per each Driver.
- 4) During the period of January 1, 2015 to December 31, 2015 a rate of \$25.50 per Excess Operating Hour per each Driver.

- 5) During the period of January 1, 2016 to December 31, 2016 a rate of \$26.50 per Excess Operating Hour per each Driver.

WHEREAS, the Authority also wishes to add a provision to the Agreement to call for the Authority and Ace to meet in good-faith to re-negotiate the Agreement's hourly rates in the event that the Authority directs Ace to decrease the number of shuttle operating hours by more than seven and one-half percent (7.5%) for more than seven (7) contiguous days at any time during the term of the Agreement; and

WHEREAS, the Authority recognizes the potential for increased vehicle lease costs to Ace in the event that the Authority requires Ace to lease additional vehicles or substantially changes vehicle specifications.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a First Amendment to the Agreement with Ace Parking Management Inc. for Shuttle Management Services; and

BE IT FURTHER RESOLVED that the Amendment shall provide for greater flexibility for the Authority to increase or decrease shuttle operations, include the new formula described above providing an hourly rate reduction when the total number of operating hours is increased, include a provision requiring good-faith negotiations in the event the total number of operating hours is decreased as described above, and include provisions allowing reimbursement to Ace for additional vehicle lease costs in the event that the Authority requires Ace to lease additional vehicles or substantially changes vehicle specifications; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Control Act (CEQA), Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of May, 2012, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
**DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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