


CITY COUNCIL ACTION REQUEST

Department(s): Airport	CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	Coordination: City Attorney's Office, City Manager's Budget Office	Dept. Approval: /s/ John Aitken
Council District(s): Citywide			CMO Approval:  8/2/23

SUBJECT: AMENDMENT TO THE SELF-SERVICE LUGGAGE CART AGREEMENT BETWEEN THE CITY OF SAN JOSE AND SMARTE CARTE, INC.

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute the Third Amendment to the Self-Service Luggage Cart Agreement between the City of San José and Smarte Carte, Inc. to remove provisions for payments to Smarte Carte, Inc. by the City for luggage cart services in the Federal Inspection Services Building at the San José Mineta International Airport.

BASIS FOR RECOMMENDATION:

On August 1, 2014, the City entered into a seven-year agreement with Smarte Carte, Inc. (Smarte Carte), after conducting a request for proposals to provide vended luggage carts for both domestic and international travelers. On January 5, 2021, the City extended the term of the agreement through July 31, 2024.

Vended luggage carts are available throughout the San José Mineta International Airport (Airport) and provide a valuable service to domestic and international passengers as well as provide revenue of approximately \$180,000 to the City over the term of the agreement. The agreement includes a provision where the City pays Smarte Carte for luggage carts vended in the Federal Inspection Services (FIS) building, allowing international travelers the use of a luggage carts at no cost. On September 19, 2017, City Council approved an amendment to increase the reimbursement amount to Smarte Carte not to exceed \$850,000 over the term of the agreement.

The City intends to align the luggage cart program with the industry standard at other airports by eliminating free luggage cart usage in the FIS building. As of May 2023, the City has paid Smarte Carte approximately \$518,000 from Airport funds for vended luggage carts in the FIS building over the term of the agreement, which exceeds the total revenue we have received. Removing the City's reimbursement provision from the agreement will result in savings to the City of approximately \$52,000 a year. International passengers in the FIS building will pay the same fee as domestic passengers to vend carts and the City will receive 15% of gross revenue for each vended cart in the FIS building.

Staff recommends delegating authority to City Manager to negotiate and execute the Third Amendment to remove provisions for payments to Smarte Carte by the City for luggage cart services.

COST AND FUNDING SOURCE: If approved, no funding will be expended from the Airport Maintenance and Operation Fund

FOR QUESTIONS CONTACT: John Aitken, Director of Aviation, 408-392-3610