



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Maria Öberg
Mukesh (Mookie) Patel

SUBJECT: See Below

DATE: March 30, 2026

Approved

Date:

4/8/2026

COUNCIL DISTRICT: Citywide

SUBJECT: Fifth Amendment to the Agreement with Vanderlande Industries Inc. for Airport Baggage Handling Conveyor System Services

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to:

- (a) Negotiate and execute the Fifth Amendment to the Agreement with Vanderlande Industries Inc. (Wilmington, DE) for the operation, maintenance, and repair of the Airport Baggage Handling Conveyor System, to add two additional one-year options to extend the Agreement through October 31, 2028, subject to the appropriation of funds; and
- (b) Exercise up to two additional one-year options to extend the term of the Agreement ending on or about October 31, 2028, subject to the appropriation of funds.

SUMMARY AND OUTCOME

This recommendation authorizes the City Manager or her designee to execute an amendment to the existing agreement with Vanderlande Industries Inc. for the Airport's Baggage Conveyor Handling System (BHS). The BHS operates continuously to support airline operations and ensure efficient baggage processing in Terminals A and B. The current agreement with Vanderlande Industries Inc. for BHS services is set to expire on October 31, 2026. Approval of this recommendation will help to ensure the continuous operation of the BHS at the Airport by adding and exercising two additional one-year options to extend the agreement term through October 31, 2028, subject to the appropriation of funds.

BACKGROUND

In late 2008, the Airport purchased and began installation of a new BHS under the Airport's Terminal Area Improvement Program for Terminals A (outbound baggage) and B (inbound and outbound baggage). Terminals A and B were completed in February 2009 and December 2009, respectively. The BHS supports high volume baggage throughput and accurate bag tracking from check-in to outbound carousels. The system operates seven days per week, 365 days per year, and is critical to airline operations.

On May 19, 2009,¹ City Council approved a contract with Vanderlande Industries Inc. following a competitive Request for Proposal process. The original agreement expired on October 31, 2014. Prior to the end of the agreement term, staff conducted a new competitive solicitation to ensure continued reliable service, cost-effective pricing, and optimal utilization of the BHS.

In February 2014, the Finance Department released another Request for Proposal. Three proposals, including one from the incumbent, were received. Vanderlande Industries Inc. submitted the highest ranked proposal in accordance with the Request for Proposal specifications. On October 28, 2014,² City Council approved a contract with Vanderlande Industries Inc. and executed an agreement for an initial term of five years and subsequently exercised seven one-year options. The current total value of the contract, including exercised options, is \$36,625,886.

ANALYSIS

The current agreement with Vanderlande Industries Inc. is set to expire on October 31, 2026. While the City intends to conduct a competitive solicitation for a new agreement, additional time is required to complete the procurement and transition process prior to that date. Staff is finalizing the bid documents for the upcoming Request for Proposal and plans to release the solicitation by July 2026. The proposed two one-year option terms should provide sufficient time to complete the competitive solicitation and ensure continuity of maintenance and operational services for the BHS at the Airport.

Approval of this recommendation will ensure the City continues to receive these essential services for the ongoing operation of the BHS at the Airport. Costs associated with these services include labor, operations, maintenance, software, replacement parts, and other related items required for continuous BHS operation. The estimated annual cost for these services is \$5,000,000.

¹ [Resolution NO. 74915](#)

² [Resolution NO. 77199](#)

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EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

FISCAL IMPACTS

This recommended action related to extending this agreement will be funded by the Airport Maintenance and Operation Fund for FY 2025-2026. Future funding for the agreement is subject to the appropriation of funds.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the agreement extension recommended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/ Equipment	\$59,102,392	\$5,000,000	940	6/17/2025 31230

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the April 21, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

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CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Maria Öberg
Director of Finance

/s/

Mukesh (Mookie) Patel
Director of Aviation

For procurement and contract-related questions, please contact Fletcher Barnes, Acting Deputy Director of Purchasing, Finance Department, at fletcher.barnes@sanjoseca.gov.

For program-related questions, please contact Gene Frazier, Deputy Director of Airport Facilities and Engineering, Airport Department at gene.frazier@sanjoseca.gov.