



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** October 16, 2019

Approved

Date

10/16/19

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR AIRPORT PARKING GARAGE AND SURFACE LOT MANAGEMENT SERVICES AT NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT**

## RECOMMENDATION

Accept the report on the Request for Proposal (“RFP”) for Airport Parking Garage and Surface Lot Maintenance Services at San José International Airport (“Airport”) and adopt a resolution authorizing the City Manager to:

- a. Negotiate and execute an Agreement with SP Plus Corporation (Chicago, IL) for an initial two-year term beginning on or about December 1, 2019, and ending on or about November 30, 2021, for management services at parking garages and surface lots (collectively, the “parking facilities”), including operations, janitorial services, minor repairs, and supplemental services, for a maximum compensation not to exceed \$8,784,576 for the two-year term, subject to the appropriation of funds.
- b. Negotiate and execute amendments and/or change orders not to exceed \$1,700,700 for a contingency related to unanticipated changes such as changes to the list of parking facilities, service levels, in-scope augmentations to the service offerings, subject to the appropriation of funds.
- c. Exercise three options to extend the term of the Agreement through January 31, 2025, with the first option having a duration of fourteen months, followed by two one-year options, subject to the appropriation of funds.

## **OUTCOME**

Approval of this recommendation will result in the ongoing management, operations and janitorial services at the Airport's parking facilities, thus ensuring that the parking facilities are safe, clean, convenient, and accessible to the traveling public, tenants, and staff. Approval of this recommendation will also ensure that the Airport is in regulatory compliance with the United States Department of Transportation (USDOT), 49 Code of Federal Regulations Part 23, Participation of Disadvantaged Business Enterprise in Airport Concessions ("ACDBE Program").

## **BACKGROUND**

The parking facilities at the Airport are an economic driver for the City and a natural extension of the Airport's infrastructure. They also offer the first impression of San José for many visitors; and first impressions count.

The City utilizes a third-party vendor to manage the Airport parking facilities. The incumbent, ABM Industry Groups LLC (formerly ABM Onsite Services – West, Inc.), manages over 6,200 parking spaces including 4,500 public parking spaces located in two parking garages, and four surface lots. These parking facilities generate approximately \$32 million in gross revenue annually. Typical services provided by the incumbent at the Airport include operations, janitorial services, minor repairs, and supplemental services. The current agreement with ABM is set to expire in March 2020.

The Airport, being a recipient of financial assistance from USDOT through the programs of the Federal Aviation Administration (FAA), is prohibited per the ACDBE Program, from entering into long-term, exclusive agreements for the operation of concessions except under very limited conditions and subject to FAA review and approval. A long-term agreement is one having a term longer than five years. The current agreement with ABM was executed in April 2012, so a new solicitation was required.

The goals for the new solicitation included seeking a qualified vendor to ensure that the current service levels pertaining to the management and operation of the parking facilities at the Airport are maintained and to introduce innovation via emerging technologies for commercial management and marketing plans related to pricing and parking.

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**ANALYSIS**

In October 2018, the Finance Department released a Request for Proposal (RFP 18-19-01) for Airport Parking Garage and Surface Lot Management Services through the City's e-procurement system. A total of 101 companies viewed the RFP, with 22 individuals (representing 12 companies) participating in a pre-proposal conference, followed by an onsite visit of the Airport's parking facilities. The City received the following three proposals by the RFP deadline:

- ABM Aviation, Inc. (Atlanta, GA)
- Ace Parking III LLC (San Diego, CA)
- SP Plus Corporation (Chicago, IL)

The proposals were evaluated and scored independently by a five-member evaluation team comprised of representatives from the City's Department of Aviation. The evaluation team evaluated the proposers' experience managing and operating parking facilities and technical proposal for management approach criteria. All three proposers were subsequently invited to participate in the oral presentations for the evaluation team to validate their proposals.

The final evaluation scores are summarized below:

<b>Evaluation Criteria</b>	<b>Maximum Points</b>	<b>SP Plus Corporation</b>	<b>ABM Aviation, Inc.</b>	<b>ACE Parking III, LLC</b>
Experience	30	27	26	24
Technical Capability	45	36	34	32
Environmental Stewardship	5	5	4	4
Cost	20	16	18	20
<b>TOTAL</b>	<b>100</b>	<b>84</b>	<b>82</b>	<b>80</b>

**Environmental Stewardship:** The evaluation team reviewed and evaluated proposals vis-à-vis the goals and objectives of the City's Environmentally Preferable Procurement Policy (EP3), e.g., the use of hybrid vehicles or vehicles running on alternative fuel, the use of recycled products in daily operations, and the use of energy-efficient (Energy Star compliant) equipment.

**ACDBE Program:** As part of the terms of receiving federal grants, the Airport must comply with the requirements of the ACDBE Program. The primary objective of the ACDBE Program is to provide small businesses, owned and controlled by socially and economically disadvantaged individuals, a fair opportunity to participate as concessionaires.

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In accordance with federal requirements and the Airport's policy, the Airport has not established an ACDBE Goal for this concession. Instead, concession-specific goals have been established so that, over the period to which the overall goals apply, they will cumulatively result in meeting any portion of the Airport's overall ACDBE Goal.

***Local and Small Business Enterprise Preference:*** The Local and Small Business Enterprise Preference does not apply to contracts or procurement opportunities that are subject to the ACDBE Program.

***Protest:*** Following the Notice of Intent to Award published on April 10, 2019, ABM Aviation, Inc. filed a protest within the ten-day period on April 17, 2019, on the basis that they believed they should have received higher scores in three areas of the RFP: 1) Experience, 2) Technical Capability; and 3) Environmental Stewardship as compared to those of the highest-scored proposer, SP Plus Corporation.

The protest was carefully reviewed by the Chief Purchasing Officer. In the City's response to the protest, the City explained the scoring methodology, provided the appropriate documentation, and concluded that the City fairly evaluated and scored all proposals against the criteria set forth in the RFP. ABM was advised of the right to appeal the decision of the Chief Purchasing Officer to the City Council prior to May 24, 2019. ABM did not file an appeal.

The protest letter from ABM and the Chief Purchasing Officer's response are attached to this memorandum as Appendix A.

***Award Recommendation:*** Staff recommends award of contract to SP Plus Corporation as the proposer with the most advantageous and best value proposal per the evaluation criteria set forth in the RFP. SP Plus Corporation's proposal met or exceeded all the RFP specifications, their proposed services are cost effective, and they rated highly in several key areas:

- Extensive experience and expertise in the management, maintenance, and operation of municipal portfolios containing a similar mix of parking garages and surface lots to the City's portfolio.
- Comprehensive and innovative management and staffing approach to ensure continuous operation and management of the parking facilities.
- Robust training program to ensure well-qualified and cross-trained personnel.
- Commercial management and marketing plans, with a plan to introduce emerging technologies for online reservations, prepaid parking, ticketless entry and exit, enhancing social media presence, and pricing strategies based on criteria determined by algorithms.

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**Summary of Proposed Agreement:** The agreement includes a detailed scope of services for management, operations, and janitorial services at the Airport's parking facilities, including conducting daily inspections of the parking facilities, collecting and depositing parking revenues on a daily basis, cleaning, power sweeping and power washing on an annual basis, performing minor maintenance, and providing related customer service to parking facility customers.

Annual compensation includes fixed pricing for management fees, janitorial costs, and variable reimbursable expenses covering items such as payroll and benefits, utilities, operational supplies, and minor repairs to equipment at the parking facilities, paid monthly in arrears. The agreement also includes an annual not-to-exceed amount of \$100,000 to reimburse the contractor for supplemental services, such as staffing for special events beyond normal operations, unscheduled janitorial services, and other enhanced services as required (e.g. shuttle/courtesy carts, valet parking, commercial management, marketing campaigns, promotions, and emerging technologies).

The agreement is subject to the City's Prevailing/Living Wage Policy and the Airport Living Wage Ordinance.

SP Plus Corporation may request adjustments to the compensation rates on each one-year anniversary during the initial two-year term of the agreement, plus any one-year options to renew the agreement after the initial term. Any such requests must be justified by the vendor, are subject to approval by the City, and shall not exceed 3% annually, except to reflect an increase to the City's Living/Prevailing Wage or Airport Living Wage Ordinance that is greater than 3%.

A thirty-day notice, accompanied by a high-level transition plan, will be provided to the incumbent to ensure a smooth and seamless transition.

### **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the City of San José Council meeting to be held on October 29, 2019.

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**COORDINATION**

This memorandum has been coordinated with the Department of Aviation, the City Attorney's Office, the City Manager's Budget Office, and the Department of Public Works' Office of Equality Assurance.

**COMMISSION RECOMMENDATION/INPUT**

An update on the RFP for Airport Parking Garage and Surface Lot Management Services was provided to the Airport Commission during its regular session on February 11, 2019.

**FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's 2019-2020 Proposed Operating Budget, and specifically with the following priorities of the City Service Area for Transportation and Aviation Services: 1) Deliver positive, reliable, and convenient air traveler services and amenities while preserving Airport assets and facilities through cost-effective maintenance and operations; 2) Operate the Airport as a good neighbor and ensure environmental stewardship of resources; and 3) Provide a safe transportation system for the traveling public through effective engineering, education, enforcement, and technology.

**COST SUMMARY/IMPLICATIONS**

**1. AMOUNT OF RECOMMENDATION (2-year initial term) \$8,784,576**

**2. COST ELEMENTS OF AGREEMENT/CONTRACT:**

**Airport Parking Facilities Management Services (Year 1)**

Management Fees	\$1,030,000
Reimbursable Expenses	3,262,288
Supplemental Services	100,000
Year 1 Subtotal	\$4,392,288

**Airport Parking Facilities Management Services (Year 2)**

Management Fees	\$1,030,000
Reimbursable Expenses	3,262,288
Supplemental Services	100,000
Year 2 Subtotal	\$4,392,288

**CONTRACT NOT-TO-EXCEED TOTAL (2-year initial term) \$8,784,576**

Contingency 1,700,700

**TOTAL \$10,485,276**

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**3. SOURCE OF FUNDING:** Airport Maintenance and Operation Fund (Fund 523)

**4. FISCAL IMPACT:** The ongoing operational and management services provided at the Airport parking facilities will be fully funded from the Airport Maintenance and Operation Fund.

**BUDGET REFERENCE**

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

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract*	2019-2020 Proposed Operating Budget Page**	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/Equipment	\$45,690,740	\$4,392,288 (Year 1)	X-3	6/18/19 Ord. No. 30286

\* Year 1 cost

\*\*The FY 2019-2020 Proposed Operating Budget was approved by Council on June 12, 2018 and adopted on June 18, 2019

**CEQA**

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

/s/  
JULIA H. COOPER  
Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director of Finance at (408) 535-7059.

Attachment

## Appendix A



April 17, 2019

City of San José  
Finance/Purchasing, 13th Floor  
200 E. Santa Clara St.  
San José, CA 95113  
Attn: Purchasing Officer

Re: ABM Protest of San Jose International Airport NOIA for *RFP 18-19-01*  
*Airport Parking Garage and Surface Lot Management Services*

Dear Purchasing Officer,

Under the process defined in Section 1.1 of RFP18-19-01, ABM protests the Norman Y. Mineta San José International Airport's intent to recommend awarding the contract in question to SP+. The Protest below provides the detail grounds, factual basis and provides all supporting information.

Point #1 – ABM score of 26 of 30 (86.6%) possible points for *Experience*. ABM Aviation protests this score for the following reasons:

ABM operates the same number of similar or larger airports in the US market as SP+. Additionally, ABM's experience in environments most similar to SJC (including automated operations such as Minneapolis/St. Paul, New York and Los Angeles airports) cannot be matched by any competitor in the United States.

ABM's experience includes over seventeen years at the San Jose International airport itself. This experience includes ABM partnership with SJC during the transition to full automation and the implementation and increasing oversight driven by the Payment Card Industry's (PCI) demands on credit card management. Please note ABM Aviation substantial evidence of our experience over SP+.

A. October 2013 - Present

ABM led San Jose International Airport to become the first fully automated airport parking facility in the US. This unheard and unprecedented transition to become cashier-less, has been recognized widely by other major airports and many are now following suit. The implementation saved the airport over \$800,000.00 annually in labor expenses where those monies could be used elsewhere, while at the same token promoting credit cards usage which to-date constitutes 99% of revenue. To-date, the airports parking operations again lead by ABM continues to be successful in being fully automated.

B. June 2011- March 2016

ABM led San Jose International Airport on another large journey by providing a startup shuttle program that was targeted for a six (6) month trial period which was called the "Intra-Lot Shuttle Service." This introduction of services was also Unprecedented thus allowing the airport to be the first to have a shuttle service that strictly moved passengers within the lots to the new Terminal B, much different than





the normal roadway shuttles. The service was successful and remained in operation for almost 5 years.

These projects have allowed Mineta San Jose International Airport to remain in the forefront of other airports while continuing to be recognized worldwide.

Point #2 – ABM scored 34 of 45 (75.5%) possible points for Technical Capabilities. ABM Aviation protests this score for the following reasons:

ABM is a Level 1 Merchant with a passing Report on Compliance (ROC). This level subject-matter expertise has been of direct benefit to the Airport; particularly as part of its transition to an automated facility. Margaret Kann, ABM's PCI SSC certified Internal Security Assessor, is unique in the industry and Margaret Kann has worked closely with SJC to achieve and maintain compliance and network security for over 20 years.

ABM has a unique relationship with most of the major Parking Access and Revenue Control System providers including SKIDATA used at Airports. The relationship with SKIDATA includes ABM working closely to develop the secure PCI networks used today. Margaret Kann and ABM maintain regular communications with the SKIDATA IT and Compliance departments resulting in the smooth and efficient management of the PCI environment at the Airport.

Point #3 – ABM scored 4 of 5 (80%) possible points for Environmental Stewardship. ABM Aviation protests this score for the following reasons:

ABM has operated airports in the most environmentally-sensitive environments in the country with a perfect history of environmental consciousness. Other service providers may claim to equal this achievement, but none may argue to have exceeded this record.

ABM's response to the Airport's RFP regarding environmental stewardship (Section 18.3) introduces the industry-leading program *GreenCare* specifically designed towards environmental stewardship. This program addresses all aspects of ABM's environmental footprint, from parking stall to office space.

ABM's local and organizational leadership teams stand committed to the services provided at Norman Y. Mineta San José International Airport over the past seventeen years and to the continued improvement of existing and services in the future. ABM requests the Airport's reconsider its' decision to discard the aforementioned experience, technical expertise, and environmental stewardship while accepting a higher expense for what represents a lesser service by SP+.

Respectfully,

A handwritten signature in black ink, appearing to read "Larry DeLuca". The signature is fluid and cursive, written over a horizontal line.

Larry DeLuca, CPP

Vice President Aviation Parking Operations

October 16, 2019

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Larry DeLuca, CPP

Vice President Aviation Parking Operations

May 14, 2019

Mr. Larry DeLuca  
ABM Aviation, Inc.  
601 Gateway Blvd., Suite 1100  
South San Francisco, CA 94080

**Subject:** City of San José (City) Request for Proposal (RFP) 18-19-01 for Airport Parking Garage and Surface Lot Management Services

**Reference:** Protest letter from Mr. Larry DeLuca of ABM Aviation, Inc. dated April 17, 2019

Dear Mr. DeLuca:

This letter is in response to your referenced letter on behalf of ABM Aviation Inc. protesting the City's Notice of Intended Award for the Airport Parking Garage and Surface Lot Management Services Project.

In your protest letter, you objected to the City's intent to award to SP+ Airport Services (SP+), and requested that the City reconsider its award decision. Specifically, ABM raised concerns regarding the scores it received in the following areas of the RFP: 1) Experience, 2) Technical Capabilities, and 3) Environmental Stewardship.

In investigating your concerns, I reviewed the RFP evaluation process to assess whether it was fair, reasonable, and consistent with the RFP.

For the subject RFP, the City set forth the following evaluation criteria in Section 19.6 of the RFP: "Experience" (30%), "Technical Capabilities" (45%), "Environmental Stewardship" (5%), and "Cost" (20%). Proposers were asked to provide responses for each evaluation criteria as described in Section 18, "Response Documents/Submission Requirements". While the City has sole discretion to determine the appropriate criteria for proposal evaluation and RFP submission requirements, the City did not receive any objections from proposers on these areas during the RFP.

Protest Letter Response to Mr. Larry DeLuca  
ABM Aviation, Inc.  
May 14, 2019  
RFP 18-19-01 for Airport Parking Garage and Surface Lot Management Services

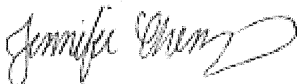
A five-member team from the City's Department of Aviation conducted the evaluation for each proposal received. Each member independently evaluated proposals by assessing how well the proposer answered the questions set forth in Section 18 of the RFP for each evaluation criteria. If the information you've provided in your protest letter was included in your RFP proposal, then that information was considered and evaluated by the evaluation team. As the RFP has concluded, the City cannot consider any new or additional information that ABM may be introducing in your protest letter. Each proposal was scored against the evaluation criteria based on the information in the proposal.

While your protest is submitted based on ABM's dissatisfaction with the evaluation scoring, it is my finding that the City's procurement processes were properly followed and that the RFP was conducted in a fair and objective manner. Therefore, after careful review, I am upholding staff's recommendation of award to SP+ Airport Services as the highest scoring responsive and responsible proposer per the criteria set forth in the RFP.

You may appeal this decision to the San José City Council by filing a written appeal with the City Clerk by end of day (Pacific Time) May 24, 2019 pursuant to Municipal Code Section 4.12.460. The City Council date for this item is not yet set but is tentatively planned for August 2019.

Thank you for your interest and participation in this process.

Sincerely,



Jennifer Cheng  
Deputy Director, Finance