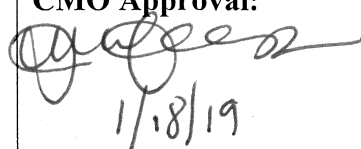


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Finance	<b>CEQA:</b> Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment	<b>Coordination:</b> Airport, Department of Public Works Office of Equality Assurance, City Attorney's Office, City Manager's Budget Office	<b>Dept. Approval:</b> /s/ Julia H. Cooper
<b>Council District(s):</b> Citywide			<b>CMO Approval:</b>  1/18/19

**SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH TRANSDEV SERVICES, INC. FOR AIRPORT SHUTTLE BUS SERVICE**

**RECOMMENDATION:**

Approve the Second Amendment to the Agreement with Transdev Services, Inc. ("Transdev") for Airport Shuttle Bus Service to increase compensation by 6.91% beginning February 1, 2019 through August 31, 2019 for an estimated increase in the amount of \$418,636.

**Desired Outcome:** Ensure that Transdev can continue to provide consistent and superior service for the shuttle operations at the Airport with employees who are paid fair and competitive wages.

**BASIS FOR RECOMMENDATION:**

In 2013, Council passed a resolution authorizing the execution of an agreement with Transdev Services Inc. (formerly known as Veolia Transportation Services, Inc.) to provide courtesy shuttle bus services to passengers between Terminal A, Terminal B, the parking lots, and rental car centers at the Airport. Under Resolution No. 76775, Council authorized adjustments to the contract price based on changes to the Consumer Price Index, not to exceed 3% annually. The agreement, which had an initial 4-year term, is currently in the middle of its sixth year (option 2 of 6) which runs through August 31, 2019.

The annual increases, averaging 2.66% over the past five years, have not kept paced with the current labor market. Private sector firms and other public agencies are offering more competitive salaries and wages, making it difficult for Transdev to retain and attract bus drivers. In order to address the wage discrepancy, Transdev and Teamster Local Union No. 665 reached a tentative collective bargaining agreement to increase the compensation of bus drivers, as outlined in the table below. Additionally, Transdev is raising the wages of support staff (including dispatchers, supervisors, and office staff) to maintain proper wage differential between the various labor categories.

Labor Category	Old Wage Rate	New Wage Rate	% Increase
Bus Driver (Level 1)	\$22.40	\$26.54	18.48%
Bus Driver (Level 2)	\$23.75	\$28.15	18.53%
Bus Driver (Level 3)	\$25.55	\$30.27	18.47%

Approval of the above recommendation will eliminate the current 3% cap on adjustments to contract price if wage increase exceeds 3% to ensure that Transdev is able to maintain the current service levels at the Airport by covering the increase in wages of bus drivers and support staff. Staff plans to issue a competitive RFP for these services in FY18-19.

Commission Recommendation/Input: There is no commission recommendation or input associated with this action.

Office of Equality Assurance: The Union rate applicable to this Agreement is higher than the City's living and prevailing wage rate. Should that rate change during the term of the Agreement, Living Wage or Prevailing Wage, whichever is higher, is applicable.

This Council item is consistent with the City's 2018-2019 Adopted Operating Budget City Service Areas Delivery Framework to provide viable transportation choices that promote a strong economy and that travelers have a positive, reliable, and efficient experience.

**COST AND FUNDING SOURCE:**

The Airport Non-Personal/Equipment appropriations in the Airport Maintenance and Operation Fund (523) and Airport Customer Facilities and Transportation Fee Fund (Fund 519) will pay agreement expenses. It is important to note that, due to the increased costs, a modest increase to the Non-Personal/Equipment appropriation in the Airport Facilities and Transportation Fee Fund may be necessary prior to the end of the fiscal year. Staff will closely monitor this appropriation and recommend adjustments as part of a future budget process as necessary.

Fund #	Appn #	Appn Name	Total Appn.	Amt for Contract	2018-2019 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/Equipment	\$41,215,297	\$4,757,025	X-3	06/19/2018 Ord. No. 30124
519	0802	Airport Non-Personal/Equipment	\$2,282,243	\$1,720,564	X-1	06/19/2018 Ord. No. 30124