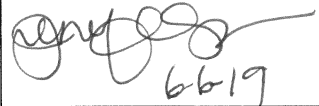


CITY COUNCIL ACTION REQUEST

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: CAO, CMO	Dept. Approval: s/ John Aitken
Council District(s): City-wide			CMO Approval:  6619

SUBJECT: FIRST AMENDMENT TO MASTER CONSULTANT AGREEMENT WITH ICF JONES & STOKES, INC. FOR AIRPORT STRATEGIC PLANNING AND/OR FINANCIAL ANALYSIS SERVICES

RECOMMENDATION:

Approve a First Amendment to the Master Consultant Agreement with ICF Jones & Stokes, Inc. for On-Call Airport strategic planning and financial analysis services, increasing maximum compensation from \$500,000 to \$1,500,000 with no change in the term of Agreement.

BASIS FOR RECOMMENDATION:

The Airport has historically utilized the services of strategic and financial consultants for analyzing various initiatives and providing support for operations, funding, development issues and projects. These services have included preparation of Bond Feasibility Studies required for issuance of Airport Revenue Bonds as well as on-call analyses or guidance for formulating and implementing specific strategic and financial programs and measures. In June 2016, following a competitive procurement process, the City executed a Master Consultant Agreement with ICF Jones & Stokes, Inc. (Consultant) for Airport strategic and financial consulting services with a term ending June 23, 2019, with two one-year options and a maximum compensation of \$500,000.

Under a Master Services Agreement, each individual task to be performed is negotiated and assigned by staff as a formal Service Order contingent on funding availability. For the subject consultant agreement with ICF, three Service Orders have been issued to date, in total encumbering \$250,000, primarily for a 10-year Rates and Charges analysis, development of a revised financial model and projections in support of negotiations for the new Airline-Airport Lease and Operating Agreement. Three additional projects are critical to initiate within the next few months to prepare for financing and building a permanent terminal facility to keep pace with the tremendous growth and volume of passengers: Bond Feasibility Study, development of new Air Freight Facility and research and analysis of an on-airport hotel. To ensure that the consultant remains available to provide these services, in addition to other as-needed financial analysis services, an amendment that adds \$1 million to the Master Services Agreement is proposed.

San Jose Municipal Code Section 4.12.210 requires that the City engage in a competitive procurement on all professional services contracts including consultant agreements with a payment amount exceeding \$10,000. As noted above, the City conducted a competitive procurement process for Airport Financial and Strategic Planning services in 2016, and the desired activities fall within the types of services contemplated by the 2016 competitive procurement. In addition, the Municipal Code authorizes Council to make a determination that an unusual or unique situation exists that makes the application of the requirements for competitive procurement of the services included in the consultant agreement amendment contrary to the public interest. Staff recommends that Council determine that it is not practicable to engage in a new competitive procurement, because a continuation of the Consultant's services allows for timely and responsive pursuit of non-aviation revenue opportunities and quick action on pre-cursor projects such as the Bond Feasibility Study and Air Freight facility.

This Consultant Agreement, as amended, will continue to support the ongoing operation and development of the Airport consistent with the goals and policies of the City General Plan and Airport Master Plan.

COST AND FUNDING SOURCE:

Fund #	Appn. #	Appn. Name	Current 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	\$1,000,000	X-3	06/19/18, Ord. No. 30124

FOR QUESTIONS CONTACT: John Aitken, A.A.E. Director of Aviation at (408) 392-3611.