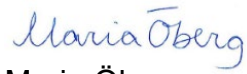


CITY COUNCIL ACTION REQUEST

Department(s): Finance	CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	Coordination: Airport Department; City Attorney's Office; City Manager's Budget Office	Dept. Approval:  Maria Öberg
Council District(s): Citywide			CMO Approval:  2/2/26

SUBJECT: Sixth Amendment to the Restated Agreement with Penske Truck Leasing Co., L.P. for Lease and Maintenance of Compressed Natural Gas Shuttle Buses

RECOMMENDATION:

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the Sixth Amendment to the Restated Agreement with Penske Truck Leasing Co., L.P. (Wilmington, DE) for lease and maintenance of compressed natural gas shuttle buses at the San José Mineta International Airport to extend services for three additional option terms from June 1, 2026 to May 31, 2029, under the same terms and conditions, for a maximum compensation of \$550,000 per year, subject to the appropriation of funds.

BASIS FOR RECOMMENDATION:

In June 2007,¹ City Council adopted a resolution authorizing the Director of Finance to negotiate and execute an agreement with Penske Truck Leasing Co., L.P. for the lease and maintenance of compressed natural gas buses at the Airport. In September 2009, the City and Penske Truck Leasing Co., L.P. entered into a restated agreement to add an additional fleet of compressed natural gas buses with a lease term through May 31, 2017. That agreement has been amended several times to adjust the lease term, the number of buses, and the compensation.²

The Airport is transitioning its bus fleet to electric powered vehicles. Funding challenges and delays in building and delivering the electric buses have tempered the speed of this transition. The Airport has recently received Federal Aviation Authority zero emission vehicle grants for the purchase of six electric buses. Four of the buses purchased with these grant funds will be delivered in the summer of 2026 with the remaining two to follow. Pending the full transition to electric vehicles, the Airport needs to retain some compressed natural gas buses in its fleet to transport its travelers and visitors. The current compressed natural gas buses are in good working condition, and the Airport expects they will continue to provide passengers safe, efficient transportation until the sufficient replacement electric buses are operational.

Approval of this recommendation will authorize staff to extend the term of the agreement with Penske Truck Leasing Co., L.P. for the lease and maintenance of compressed natural gas buses to continue Airport shuttle services until the electric buses are operational. Exercise of the options are at the City's sole discretion. Additionally, the City may elect to terminate the agreement early if the electric buses are ready and in full operational sooner than expected.

¹ 2007 City Council Resolution: <https://records.sanjoseca.gov/Resolutions/RES73876.PDF>

² https://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2684&meta_id=633808

<https://sanjose.legistar.com/View.ashx?M=A&ID=712187&GUID=204B841D-89CB-4EE1-B3EA-50892E8ED84E23-651> - Resolution

The maximum compensation for the option term beginning June 1, 2026, and ending May 31, 2027, is \$550,000 per year, and any future options will be subject to the appropriation of funds.

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

COST AND FUNDING SOURCE:

The recommended amendment to the agreement of \$550,000 is funded by the Airport Non-Personal/Equipment in the Airport Maintenance and Operation Fund and the Airport Non-Personal/Equipment in the Airport Customer Facilities and Transportation Fee Fund. Future funding for the agreement is subject to the appropriation of funds.

FOR QUESTIONS CONTACT: For program related questions, please contact Rosalyn Bond, Deputy Director of Airport Operations, at Rbond@sjc.org. For procurement and contract related questions, please contact Maria Öberg, Director of Finance, at maria.oberg@sanjoseca.gov.