

AGENDA REPORT

Resolution: Authorize Capital Budget of \$1,800,000 and Operating Budget of \$977,000, Waive Competitive Bidding, and Authorize the Executive Director to Enter Into Contract with COBUS for the Purchase of 3 Airfield Buses for an Amount not to Exceed \$1,600,000, and with Keith Consolidated Industries for Purchase of an Airfield Passenger Ramp for an Amount Not to Exceed \$150,000, Approve a Contract Amendment in the Amount Not to Exceed \$30,000 with Stanley Convergent Security Solutions, Inc. to Procure and Install Security Cameras, Approve a Capital Budget of \$20,000 for Port-Installed Infrastructure to Enable Work to be Performed by Stanley, Approve a Contract Amendment with SP Plus Corporation to Provide Bus Operations for an Amount Not to Exceed \$977,000 to Facilitate Airfield Ground Loading Operations at Oakland International Airport (Aviation).

MEETING DATE: 4/12/2018

AMOUNT: \$1,800,000 Capital Expenditure
\$977,000 Operating Expense

PARTIES INVOLVED: Cobus Industries, Wiesbaden, Germany
Keith Consolidated Industries, White City, Oregon
Stanley Convergent Security Solutions, Inc., Fremont, CA
SP Plus Corporation, Chicago, IL

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

OAK has sustained growth in operations over the past four years, reaching over 13 million annual passengers in 2017. The coming years are forecast to bring further growth at OAK in both domestic and international operations. To prepare for this change in the operational environment at OAK, staff have analyzed many options and is recommending developing the capacity for ramp loading operations. This Agenda Report seeks approval from the Board for the following actions for the Airport to implement its proposed remote aircraft operations plan as part of its gate management strategy:

(1) Approve Capital budget of \$1,800,000

- (2) Waive formal competitive bidding and authorize the Executive Director to enter into contract with COBUS for the purchase of three airside buses in an amount not to exceed \$1,600,000 (capital)
- (3) Waive formal competitive bidding and authorize the Executive Director to enter into a contract with Keith Consolidated Industries for the purchase of an airfield passenger ramp in an amount not to exceed \$150,000 (capital)
- (4) Approve and Authorize a Contract Amendment with Stanley to and authorize the Executive Director to enter into an amendment to that agreement to add \$30,000 to install surveillance equipment to support ramp loading operations, subject to approval as to form and legality by the Port attorney (capital)
- (5) Approve a Capital Budget of \$20,000 for Port-Installed Infrastructure required to enable security camera installation by Stanley Port Attorney (capital)
- (6) Approve and Authorize a Contract Amendment with SP Plus Corporation ("SP+") and authorize the Executive Director to enter into an amendment to the agreement with SP+ to add \$977,000 to the contract to operate the airside buses for up to the remainder of the contract term that ends January 31, 2023, subject to approval as to form and legality by the Port Attorney.

BACKGROUND

The Oakland International Airport has 29 gates – 13 in Terminal 2 and 16 in Terminal 1. The 13 gates in Terminal 2 and 12 in Terminal 1 can accommodate narrow-body (Boeing 737, Airbus 320-type) aircraft. The remaining four gates in Terminal 1 can accommodate wide-body aircraft (Boeing 767, 777, 787, and Airbus 330 type aircraft).

Flights arriving from destinations abroad require passengers to process through a Federal Inspection Services facility, operated by Customs and Border Protection. At OAK, this facility is in the International Arrivals Building (IAB). OAK has two gates capable of bringing passengers directly into the IAB, as well as one established hardstand position adjacent to the IAB that can accommodate either a wide-body or a narrow-body aircraft.

Domestic and International passenger activity has increased approximately 40% in the past four years. During this time, use of gates by domestic operations has increased and created gate congestion during peak hours and a shortage of wide-body gates. Also during this time, there has been significant increases in flights to new international destinations including two new European cities in 2018.

To manage gate capacity, the Airport utilizes several strategies, including having numerous flights tow between arrival and departure gates which creates challenges in servicing aircraft for timely turns between arrival and departure. Increasingly, especially with flights off schedule, whether early or late, aircraft are also required to hold on remote parking either for servicing after passengers have disembarked while waiting for a gate to become available for departure or before arrival requiring passengers to wait on the aircraft. However, these strategies do not meet the Airport's goals for level of service and efficiency

and are especially problematic when multiple flights are off schedule, and is particularly acute for international flights with the limited number of gates connected to the IAB.

ANALYSIS

Remote hardstand operations have become increasingly important at many US airports, to accommodate peak activity while reducing delays to passengers and the inconvenience of multiple towing of aircraft to airlines. These operations are beneficial in that they afford airports a level of flexibility to handle scheduled operations while minimizing impact to passengers from off schedule arrivals or departures.

This type of operation is common at European and Asian airports and is used in various US airports. Staff have reviewed remote hardstand operations at Portland, Seattle, San Francisco and Los Angeles airports. San Jose International Airport is also currently evaluating bussing operations due to increases in traffic.

A “hardstand” is a remote aircraft parking position that lacks a jet bridge, therefore requiring passengers to load/unload using stairs directly to/from the ramp or tarmac. Depending on the location of the hardstand, passengers then walk or are otherwise transported to the IAB if international or to the terminal, if domestic.

To effectively manage the 2018 international summer schedule and to avoid significant delays and passenger inconvenience, staff have developed a remote operations plan that includes using two existing remote aircraft parking locations on the airfield, near the terminal, that can be used by international or domestic flights. To effectively manage a remote operations parking plan, staff will need to procure buses and other ramp equipment to transport passengers between the remote parking location and the terminal and will also need to modify the current contract with the Airport’s bussing contractor, SP+, to expand their operations to include regular airfield bussing. Currently SP+ manages busses that take OAK passengers and employees between various parking lots and the terminal.

After evaluating multiple potential locations for the remote operations plan, staff has determined the Tango Remote location is the optimal location, as identified in Figure 2. Tango Remote was chosen because it has the follow attributes:

- has existing needed infrastructure, such as in-ground fuel pits that simplify aircraft servicing
- has pavement strength to accommodate heavy aircraft
- has space available for aircraft and ground handling equipment
- is proximate to the terminal, which will minimize transport time

The red line indicates the path of buses for arriving passengers to the IAB and the blue line indicates the path of buses departing passengers from an existing gate position to the remote parking location. For domestic operations, the blue line would be used for both directions.

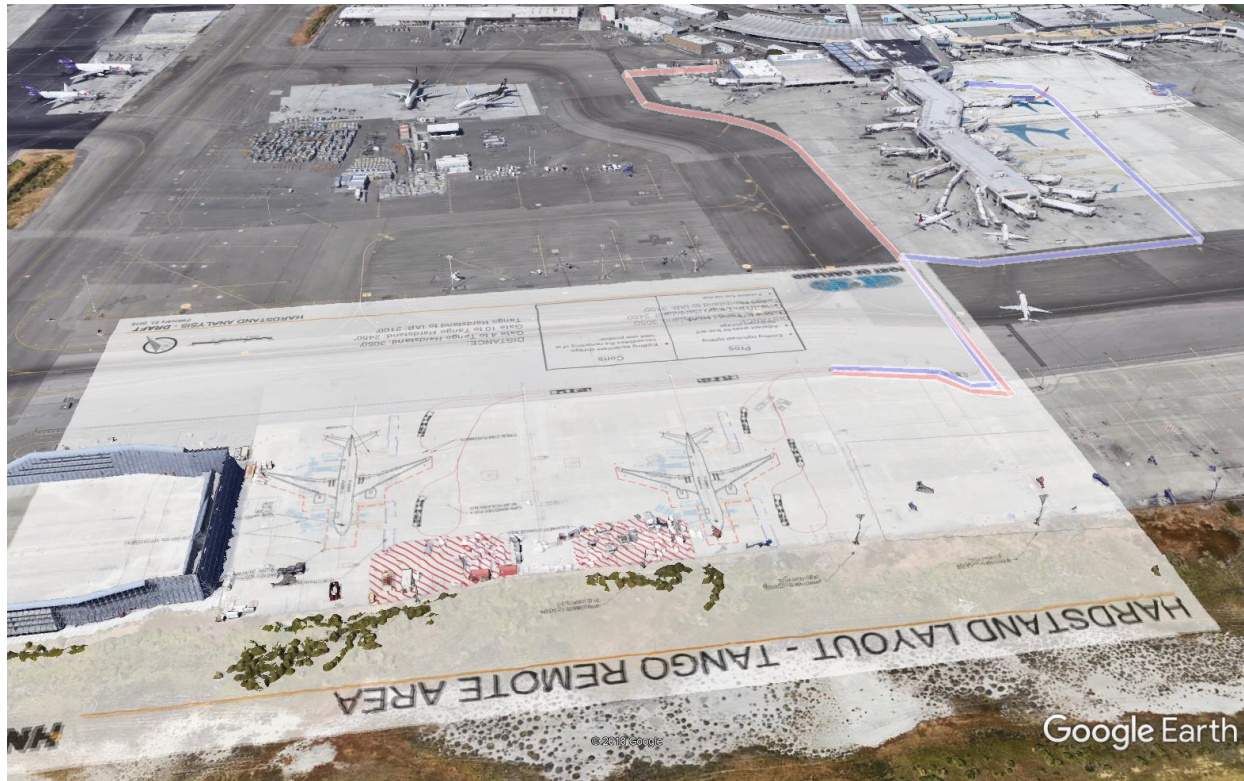


Figure 2. Layout of Parking Positions.

Staff have evaluated different bussing options that could support remote operations.

1. Re-assigning 40' OAK-owned transit buses,
2. Leasing 60' articulating transit buses from SP+,
3. Procuring specifically designed airfield buses from COBUS.

To make the hardstand operation efficient, staff analyzed multiple factors such as how long it takes to board each different type of bus, how quickly the bus can drive between the aircraft and the terminal, and how many people can fit on each bus. Staff also evaluated how quickly this operation must occur to ensure the remote operation is feasible and has determined that the deplaning and boarding process can take no more than approximately 30 minutes based on turn times (time between arrival and departure) for international flights. Staff also evaluated non-cost factors such as passenger experience.

Staff determined that Option 1 of retrofitting existing OAK buses would not be cost effective nor provide the needed capacity. The Port has four of these busses at the end of their useful life and ten of these types of buses would be required to perform the operation given their low capacity and slow loading/unloading time. Similarly, Option 2 requires eight buses and is the most expensive option over two years. The lowest cost option over two years is to purchase specially designed airfield buses because only three buses are required to meet

the performance criteria. Because the Port would purchase rather than lease these buses the relative costs saving would continue to increase in subsequent years.

Thus, staff recommends the purchase of the specialized airfield buses, COBUS. These buses, due to their low-floor, airfield specific design, will enable the most efficient passenger processing. These buses could be ready as early as June, which would allow the remote operation to be in effect during the busiest part of the summer schedule. These buses would also be available to support irregular operations or disabled aircraft and would therefore be a valuable asset to Airport Operations during such events.

As COBUS is the only manufacturer that specializes in airfield busses, Staff recommends waiving a formal procurement process, consistent with Section 7.B.2 of the Purchasing Policy and Procedures, and recommends authorization for the Executive Director to enter into an agreement with COBUS to purchase the three airfield buses.

In addition to the buses, the following equipment and services are required to support the remote operations plan:

- Airfield Passenger Ramp for deplaning and boarding – currently airlines have stairs available for deplaning and enplaning and the airport rents an ADA lift. To expedite passenger flow and increase efficiency, staff recommends purchasing a ramp that will replace stairs and eliminate the need for the ADA lift. There are very few manufacturers of wide-body capable ramps. Because of this, staff identified two manufacturers that produce passenger ramps capable of serving the types of aircraft OAK plans to operate in remote gates. Staff requested quotes from these two companies and found that the bid from KCI is significantly less than the other manufacturer (\$150,000 versus \$290,000). Due to the operational enhancements provided by the ramp, and to ensure that the remote operation can be conducted without the need to share the current ADA lift used for the hardstand position adjacent to the IAB with the remote gates, staff recommends that accepting the two quotes and procuring the ramp from KCI is in the Port's best interest.
- Security Cameras – CBP will require additional surveillance equipment to be installed that will allow them to monitor the remote operation from their command center in the IAB. All camera equipment would be purchased through and installed by Stanley Convergent Security Solutions Inc. (Stanley), who is the current vendor for the this type of work at the airport. Even if another vendor installed cameras Stanley would be required to integrate the cameras into the video management system thus it is most cost effective to have the work completed by Stanley and staff therefore is recommending an amendment to the Stanley contract to add \$30,000. In addition, \$20,000 is required for Port-installed IT infrastructure and equipment to support the camera installation.
- On December 14, 2017, the Board approved an Agreement for three years, with up to two one-year options, with SP Plus Corporation ("SP+") for Airport Shuttle Bus, Ground Transportation and Curbside Management Services. Under the Agreement, SP+ operates the Airport shuttle buses that link the on-Airport public and employee parking lots with the airline terminals. Staff recommends amending the Agreement

to add the additional service of operating the airfield buses for the duration of the contract not to exceed \$977,000. If the Port decided to cease ramp loading operations for any reason the services could be stopped and the funds would remain unspent.

BUDGET & STAFFING

The proposed capital expenditures are included in the FY18-22 CIP budget, but only partially in FY18, and would be funded in cash. Staff expects to absorb this expenditure through savings on other projects that were included in the CIP. However, if those savings are not realized, the requested authorization could result in subsequent reduction or delay of other capital projects. The operating expenses would be included in future budgets for FY19 and going forward as part the current budget development process. Both operating and capital costs will be partially recovered through airlines' rates and charges.

The estimated total project costs associated with procuring the COBUS and operating the remote operation are as follows:

Project	Capital budget	Operating Budget	Estimated Total Project Cost
Bus purchase	\$1,600,000		\$1,600,000
Bus operation (up to five years)		\$977,000	\$977,000
Passenger Ramp purchase	\$150,000		\$150,000
Security equipment and IT infrastructure	\$50,000		\$50,000
Total Funding	\$1,800,000	\$977,000	\$2,777,000

The proposed actions do not have a staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) do not apply to this work.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Plan, adopted in 2018:

Goal: Grow Net Revenue

Goal: Improve Customer Service

LIVING WAGE

Contract amendment - Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), apply to this agreement as the subtenant employs 21 or more employees working on Port-related work and is a subtenant to a tenant subject to the Living Wage Regulations.

Regarding the procurement of equipment, based upon a review of the terms of the agreement and information provided by the Agenda Report, Living Wage do not apply to this agreement because this is not a covered service contract but a contract for goods, commodities, supplies or equipment with incidental service provisions.

In addition, the installation and construction portion of the contract will be subject to construction prevailing wage requirements.

ENVIRONMENTAL

CEQA Determination: The proposal action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) and the Port CEQA Guidelines. This action has been determined to be categorically exempt from requirements of the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. No changes to the premises or use are proposed. No further environmental review is necessary.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This project is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

OPTIONS

- (1) Approve the actions herein to support remote aircraft operations plan. This is the recommended option as it provides the best customer service experience possible with current flight activity and allows the airport to effectively meet current and future flight goals.
- (2) Do not approve the actions. Postponing the implementation of this strategy will delay purchase of buses and will result in significant impacts to passenger level of service at OAK over the next several years. It is anticipated that passengers will be increasingly held on aircraft awaiting a gate for deplaning and airline turn times will increase causing impacts to their business and cost effectiveness. Off schedule operations, which occur regularly will be difficult to accommodate during busy period of the day and week.
- (3) Approve a bus lease that allows OAK to commence remote operations and avoids an up-front capital investment. Although this offers lower initial costs, this type of operation, within two years, becomes more expensive due to ongoing lease, operation, and maintenance costs.

RECOMMENDATION

Staff recommends that the Board:

1. Approve Capital budget of \$1,800,000
2. Approve and Authorize the Executive Director to waive formal competitive bidding and enter into contract with COBUS for the purchase of three airside buses in an amount not to exceed \$1,600,000 (capital)
3. Approve and Authorize the Executive Director to waive formal competitive bidding and enter into a contract with Keith Consolidated Industries for the purchase of an airfield passenger ramp in an amount not to exceed \$150,000 (capital)
4. Approve and Authorize a Contract Amendment with Stanley and authorize the Executive Director to enter into an amendment to that agreement to add \$30,000 to install surveillance equipment to support ramp loading operations, subject to approval as to form and legality by the Port Attorney (capital)
5. Approve a Capital Budget of \$20,000 for Port-installed infrastructure required to enable security camera installation by Stanley (capital)
6. Approve and Authorize a Contract Amendment with SP+ and authorize the Executive Director to enter into an amendment to the agreement with SP+ to add \$977,000 to the contract to operate the airside buses for up to the remainder of the contract term that ends January 31, 2023, subject to approval as to form and legality by the Port Attorney