

## AGENDA REPORT

**Resolution:** Approve the Terms and Conditions of, and Authorize the Executive Director to Execute, a 12-month Extension of the Airport Shuttle Fleet Maintenance Agreement with Kelly's Truck Repair of San Leandro, to December 31, 2019, for an amount not to exceed \$237,180 (including adding COBUS units). **(Aviation)**

**MEETING DATE:** 12/13/2018

**AMOUNT:** \$185,000 (FY 2018-19)  
\$ 52,180 (FY 2019-20)  
Operating Expense

**PARTIES INVOLVED:** **Kelly's Truck Repair, San Leandro, CA**  
Kelly Green

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

**APPROVED BY:** Danny Wan, Acting Executive Director

**ACTION TYPE:** Resolution

### **EXECUTIVE SUMMARY**

Staff requests authorization to extend the Port's contract with Kelly's Truck Repair ("Kelly's") for the provision of Airport Bus Fleet Maintenance Services at Oakland International Airport ("Airport") for a period of up to one-year, to December 31, 2019. This action is recommended to ensure operational continuity while Staff revises and reissues a new Request for Proposals ("RFP") for Airport Fleet Maintenance Services as a result of receiving one unacceptable proposal from the prior RFP process. Kelly's would be paid an amount not to exceed \$237,180. The approved operating budget for FY 2018-19 already includes \$185,000; the remaining contract amount of \$52,180 will be included in the proposed FY 2019-20 operating budget.

### **BACKGROUND**

The Port executed an Agreement for Airport Bus Fleet Maintenance Services ("Agreement") with Kelly's to provide Airport Bus Fleet Maintenance Services for three years plus two 12-months extensions, and an additional 6-months extension starting on July 1, 2013, with a current expiration date of December 31, 2018. During the term of this Agreement, Kelly's has maintained the following bus fleet:

- Ten 2003 CNG-powered Ford Aerotech mini-buses (recently replaced with nine new 2018 CNG-powered Ford Aeroelite shuttle buses),
- Five 2009 CNG-powered low-floor buses,

Costs incurred under this Agreement are based on two contract-specified components: 1) Preventative Maintenance (“PM”) Fixed Service Costs for each bus on a monthly basis, and 2) unscheduled, non-preventative bus maintenance services and repairs provided on a time and materials basis reimbursed at an established total hourly rate, plus cost of parts.

On March 30, 2018 the Port posted and advertised a Request for Proposals for Airport Bus Fleet Maintenance Services (“RFP”). Proposals were due on April 27, 2018. Although multiple vendors downloaded the RFP and attended the preproposal meeting, ultimately, the Port received only one proposal, from Penske Truck Leasing Company (“Penske”). The sole proposer – Penske – cited multiple exceptions to language in the form agreement that was included in the RFP that were not acceptable to the Port. Despite efforts over several months to negotiate an acceptable form of agreement, the Port and Penske reached impasse and discussions ceased. During this time, Staff also sought to understand the concerns of Kelly’s, the current provider and their decision not to propose. The current Port contractor – Kelly’s – chose not to submit a proposal on the basis that, it could not continue to do business for the next five years with the Port under the terms and conditions of the proposed Agreement. Examples of concerns included, 1) the escalation factor which was tied to the Transportation Category which, with the relatively lower price of oil during the contract period, was not reflective of the actual rise in the Bay Area wages and 2) the Port’s significant bonding and insurance requirements.

## **ANALYSIS**

As a result of the limited response to the RFP and inability to come to contract terms with the sole proposer, staff recommends extending the Agreement with Kelly’s for an additional twelve-months to December 31, 2019, to maintain service while staff re-evaluates the proposed terms and conditions and reissues an updated RFP. This action will allow staff to solicit new proposals under revised and refined legal, financial, and operational elements that should attract more competitive responses to best meet the Port’s Fleet Maintenance requirements. Staff also plans to reach out to additional vendors who attended the preproposal meeting to obtain feedback. A cross-divisional team will evaluate potentially revising the performance bond terms, insurance provisions, financial terms, and operational factors to balance important Port protections and costs with reasonable terms that attract competition.

This strategy will require an extension of the Agreement with Kelly’s. Kelly’s has agreed to extend the Agreement under the changes to the terms and conditions documented in the Contract Amendment for the most recent 6-month period (July 1 – December 31, 2018).

Compensation under this extension is based on a combination of:

- Reimbursement of contract-specified monthly preventative maintenance (“PM”) fees per bus; and,
- Time and materials expense for non-preventative maintenance, which are unscheduled, as-needed repairs.

The PM and non-PM expenses are based on contract-specified hourly rates. The current amounts and estimated twelve-month costs are summarized below.

| <b>Bus Type<br/>include COBUS</b>   | <b>Fleet<br/>Size</b> | <b>PM<br/>Cost/Month</b> | <b>Ave. Non-PM<br/>Cost/Month</b> | <b>Total<br/>Monthly<br/>Cost</b> | <b>Estimated<br/>Twelve-Month<br/>Cost</b> |
|-------------------------------------|-----------------------|--------------------------|-----------------------------------|-----------------------------------|--|
| 2018 Ford<br>AeroElite<br>CNG Fleet | 9                     | \$ 3,150                 | \$ 3,675                          | \$ 6,825                          | \$ 81,900                                  |
| 2009 Eldorado<br>Axess CNG Fleet    | 5                     | \$ 2,940                 | \$ 9,000                          | \$ 11,940                         | \$ 143,280                                 |
| 2018 COBUS<br>Airfield Fleet        | 3                     | \$ -                     | \$ 1000                           | \$ 1000                           | \$ 12,000                                  |
| <b>TOTAL COSTS</b>                  |                       | <b>\$ 6,090</b>          | <b>\$ 13,675</b>                  | <b>\$ 19,765</b>                  | <b>\$ 237,180</b>                          |

*Note: The recently purchased (3) COBUS airfield busses that provide airside transport for passengers would have been maintained with successful proposer of this RFP when their warranty expires in August 2019. As part of the extension of the agreement with Kelly's, staff is adding the COBUS fleet as opposed to contracting separately for the maintenance of these buses.*

The estimated twelve-month cost of extending the current contract for Kelly's is \$237,180 for PM and Non-PM costs. This reflects an anticipated reduction in Non-PM costs due to replacing 15-year-old buses that required considerable heavy maintenance, with new buses that will be under factory warranty. The approved Aviation Operating Budget for FY 2018-19 already includes \$185,000 of the \$237,180 reimbursable operating expense costs detailed above. The difference (\$52,180) will be included in the proposed FY 2019-20 Aviation Operating Budget.

### **BUDGET & STAFFING**

The proposed action does not have any budget or staffing impact.

### **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) does not apply because this contract is for professional services that are not within the craft jurisdiction of the unions' signatory to the MAPLA.

### **STRATEGIC PLAN**

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

The following goals relate to replacing and maintaining the Airport's shuttle bus fleet:

- Improve Customer Service
- Modernize and Maintain Infrastructure

## **LIVING WAGE**

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"), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

## **SUSTAINABILITY**

This action involves maintaining the Airport's alternative fuel shuttle buses in a state of good repair. This will optimize fleet (CNG) fuel efficiency and assure efficient operations.

## **ENVIRONMENTAL**

CEQA Determination: This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). The CEQA Guidelines, Section 15061(b)(3) ("the general rule") states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Extending the professional services agreement with Kelly's Truck Repair to provide shuttle bus maintenance services will not have a significant effect on the environment and therefore is not a project under CEQA. No further environmental review is required.

## **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)**

Professional service agreements are not subject to the Port's Owner Controlled Insurance Program (OCIP) as professional services are not construction activities.

## **OPTIONS**

1. Approve the proposed action and authorize the Executive Director to amend and extend the Airport Shuttle Fleet Maintenance Services Agreement with Kelly's Truck Repair, subject to the terms described in this Agenda Report, to provide Airport Shuttle Fleet Maintenance Services. The Agreement duration would extend by twelve-months to December 31, 2019, and the total contract value would increase by \$237,180 in reimbursable operating expense. This is staff's recommended action.
2. Approve the proposed action and authorize the Executive Director to extend the Agreement with Kelly's, but subject to terms that are different than those described in this Agenda Report, which may require further negotiation and/or possible rejection by Kelly's.
3. Do not approve the proposed action and do not authorize the Executive Director to extend the Agreement with Kelly's. Without a bus maintenance contract, some

vehicles may need to be removed from service while a new RFP is issued. This could result in loss of services and increased wait times for customers.

### **RECOMMENDATION**

Adopt a resolution to approve Option 1, authorize the Executive Director to amend and extend the Airport Shuttle Fleet Maintenance Services Agreement with Kelly's Truck Repair, subject to the terms described in this Agenda Report, and subject to approval as to form and legality by the Port Attorney, to provide Airport Shuttle Fleet Maintenance Services. The contract duration would extend by twelve-months to December 31, 2019, and the total contract value would increase by \$237,180 in reimbursable operating expense.