



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 21

Agenda Date: April 11, 2024

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Parking Management and Operations Services with SP Plus Corporation for the San Antonio International Airport

SUMMARY:

This ordinance approves an agreement for parking management and operations services with SP Plus Corporation for the San Antonio International Airport to provide high quality parking and shuttle bus management and operation services at the San Antonio International Airport for a management fee of \$282,000 in the first year of the initial term of 10-years, which may be extended for two, five-year periods. Funding of the management fee, which increases by 3% annually, will be funded from the Airport Operations and Maintenance Fund. This agreement will include an incentive program for the vendor to promote additional parking revenue as part of a revenue-sharing program. This ordinance also authorizes changes in positions in the Airport Operating and Maintenance Fund to reflect implementation this contract.

Parking Division employees may choose to stay with the Aviation Department or another City Department or join the SP Plus team and leave the City. The City has worked with SP Plus to ensure a competitive employment package is presented to each employee, but has also offered to ensure each employee will retain a position with the City if desired.

BACKGROUND INFORMATION:

The San Antonio International Airport manages its own parking and ground transportation operations with employees whose responsibilities range from cashiers, chauffeurs for shuttle vehicles, administration and ground transportation inspection units. The Airport System also supports procurement, fiscal, IT and maintenance of the parking facilities. The public parking facilities include two parking garages (the Consolidated Rental Car Facility/Short Term Parking Garage and the Long-Term Parking Garage) as well as several surface lots for visitors to the San Antonio International Airport. In Fiscal Year 2023, the parking operations at San Antonio International Airport generated \$31 million in non-aeronautical revenue that is used to support the overall Airport System's operations and maintenance at both airports.

Over the years, commercial airports have increasingly privatized the parking operations to specialized firms who are able to provide an elevated passenger experience for parking customers through the development and implementation of new technologies, provide such services as online parking reservations and bill payment, and focus on new revenue generation opportunities. In September 2022, City Council received a pre-solicitation briefing on the parking optimization proposal and the transitioning of its parking and ground transportation function to a private operation, a structure that is standard at other medium-hub and large-hub airports, including the Austin Bergstrom International Airport, Houston Bush Intercontinental International Airport, Hobby International Airport and El Paso International Airport.

Procurement of Services:

The Finance Department on behalf of the Aviation Department released a Request for Proposals (RFP) on March 14, 2023, seeking proposals for a qualified vendor to transition its parking, shuttle, commercial vehicle and ground transportation functions to private operation at the San Antonio International Airport. The RFP was advertised in the Express-News, the Airports Council International – North America website, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio eProcurement System (SAePS), and an email notification was released to a list of potential Respondents. Responses were due on June 9, 2023, and a total of five (5) firms responded to the RFP and were deemed eligible for review. On October 24, 2023, the proposals were discussed and evaluated by the evaluation committee which included representatives from the City Manager's Office, Aviation Department, ITSD Department, Finance Department and Houston Airport Systems. Scoring was based on the published evaluation criteria which included Experience, Background, & Qualifications and Proposed Plan. The Financial Submission was reviewed and scored by representatives of the Aviation Department and Finance Department. After initial review and evaluation, the top four respondents were selected for interviews.

On November 7, 2023, the four firms were interviewed and scored based on the aforementioned criteria. Based on the scoring, the evaluation committee recommends awarding the agreement to SP Plus Corporation. The Finance Department, Procurement Division, assisted by ensuring compliance with City procurement policies and procedures.

ISSUE:

This ordinance approves an agreement for parking management and operations services with SP Plus Corporation for the San Antonio International Airport to provide high quality parking and shuttle bus management and operation services at the San Antonio International Airport for a management fee of \$282,000 in the first year of the initial term of 10-years, which may be extended for two, five-year periods. Funding of the management fee, which increases by 3% annually, will be reimbursed from parking revenues from the Airport Operating and Maintenance Fund. This agreement will include an incentive program for the vendor to promote additional parking revenue as part of a revenue-sharing program.

SP Plus Corporation has more than 65 years in airport-specific parking operations and more than 20,000 employees managing over two million parking spaces, including 160 airports. The firm has contracts at large hub airports such as San Francisco International Airport, Atlanta Hartsfield International Airport, Houston Intercontinental International Airport, Austin Bergstrom International Airport, and Portland International Airport, and medium hub airports such as Kansas City International Airport, Reagan National Airport, El Paso International Airport and Houston Hobby International Airport.

The solicitation was released under the Federal Aviation Administration Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program; therefore, the ACDBE Program requirements apply. The Aviation Department established a contract specific goal set at 9% of total gross expenses which each respondent was required to meet or exceed in order to be deemed responsive, and all five were. SP Plus has committed to a 30% of total gross expenses ACDBE goal.

As part of its proposal, SP Plus Corporation will implement an online parking reservation system that passengers will be able to access through their desktop or mobile device to reserve a parking space at San Antonio International Airport. Customers will also be able to utilize the current system of driving up to the entrance of the parking garages or surface lots and taking a ticket and finding a parking space. The maximum daily parking rate will continue to be set by the City.

SP Plus Corporation will also provide Bags Inc., a streamlined curbside and remote airline check-in service for participating airlines.

ALTERNATIVES:

While City Council could choose not to approve awarding the agreement, the action would delay the ability of the City to provide an elevated passenger experience for parking customers through the development and implementation of new technologies and providing new services such as online parking reservations and bill payment. This solicitation process followed local, state and federal procurement policies and procedures.

FISCAL IMPACT:

This ordinance approves an agreement for parking management and operations services with SP Plus Corporation for the San Antonio International Airport to provide high quality parking and

shuttle bus management and operation services at the San Antonio International Airport for a management fee of \$282,000 in the first year of the initial term of 10-years, which may be extended for two, five-year periods. Funding of the management fee, which increases by 3% annually, will be funded from the Airport Operations and Maintenance Fund. This ordinance also authorizes changes in positions in the Airport Operating and Maintenance Fund to reflect implementation this contract.

This agreement will include an incentive program for the vendor to promote additional parking revenue as part of a revenue-sharing program. The parking vendor will be eligible for an incentive-based revenue share on new revenues that are created directly by the parking operator (and not by parking rate increases or increased passenger numbers). The revenue share will only apply to the year of the revenue increase as a one-time bonus from parking revenues:

- For new revenue increases from up to \$4 million in the year, SP Plus will receive 2.5% revenue share.
- For new revenue increases from \$4 million to \$8 million, SP Plus will receive a 5% revenue share.
- For new revenue increases greater than \$8 million, SP Plus will receive a 7.5% revenue share.

RECOMMENDATION:

Staff recommends the approval of the agreement for parking management and operations services with SP Plus Corporation for the San Antonio International Airport.

This contract was procured by means of a Request for Proposals and a Contracts Disclosure Form is attached.