

File No. 230962

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 1, 2023

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

#### OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Airport Commission Resolution No. 23-0225 9/5/2023</u>
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Completed by: Brent Jalipa Date October 26, 2023

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Waiver of Municipal Code Provisions - City of Phoenix - Phoenix Sky Harbor International  
2 Airport - Used Compressed Natural Gas Transit Buses - Not to Exceed \$350,000]

3 **Ordinance waiving competitive bidding requirements in the Administrative Code, and**  
4 **all other requirements in the Administrative Code, Environment Code, or other parts of**  
5 **the Municipal Code as applied to a commodities purchase, to authorize the Airport**  
6 **Commission to procure up to 14 used compressed natural gas transit buses from the**  
7 **City of Phoenix, which owns and operates Phoenix Sky Harbor International Airport, for**  
8 **an amount not to exceed \$350,000; and authorizing the Airport Director to negotiate the**  
9 **terms of the agreement consistent with the not to exceed amount.**

10  
11 Be it ordained by the People of the City and County of San Francisco:

12  
13 Section 1. Background and Findings.

14 (a) On September 12, 2022, San Francisco International Airport ("SFO" or "Airport")  
15 began a pilot program providing a free commuter bus shuttle for all workers at SFO. The  
16 program, GoSFO Shuttle, serves the Hayward and Castro Valley areas and is available to  
17 SFO workers with a valid Airport security badge or valid employee badge. The service runs  
18 every 30 minutes, 24 hours a day, although with less frequency overnight, and was free of  
19 charge until July 1, 2023, when the Airport started charging employees a nominal fee to offset  
20 the cost of operation.

21 (b) The current shuttle route serves between 500 to 650 riders daily on average. Most  
22 riders are full-time workers at SFO and use the shuttle most days or every day they work.  
23 The program is extremely successful, with 91.6% of riders reporting that the program  
24 contributes to their ability to continue to work at SFO. In addition, employees who would  
25 otherwise drive can instead relax and rest during their commutes. Many riders have

1 expressed their appreciation for this significant improvement to their quality of life. Anecdotal  
2 reports suggest that some workers have taken jobs at the Airport in part because of the  
3 program.

4 (c) The program also has provided environmental benefits and furthered the City and  
5 the Airport's sustainability goals, including SFO's LESS ("Lower Emissions Via Sustainable  
6 Solutions") Policy, which is rooted in the City's Transit First Policy. The shuttle service largely  
7 serves employees who otherwise would drive to work, and as a result the Airport estimates  
8 that the shift from private cars to the Hayward/Castro Valley bus line saves 1,336 metric tons  
9 of carbon dioxide ("CO2") emissions annually.

10 (d) In addition, the Airport Commission and Airport employers have been struggling to  
11 hire and retain staff in the wake of the COVID-19 pandemic. For many airline and concession  
12 employees, the hours of operation for public transit do not coincide with the typical start or end  
13 of a shift. Airport employers have reported that the availability of the shuttles has drastically  
14 increased their ability to hire and retain workers who live in East Bay communities. While the  
15 Airport recognizes the program is partly addressing staffing challenges, hiring difficulties still  
16 persist.

17 (e) Due to the success of the GoSFO Shuttle program with employers and employees,  
18 along with its environmental benefits, the Airport seeks to continue and expand the program.  
19 Expansion would require additional buses and would also include testing new routes on a pilot  
20 basis. Because the current fleet of buses is not sufficient to expand the program, the Airport  
21 is seeking to purchase additional buses, to make program expansion feasible, and thereby  
22 create further job opportunities in surrounding Bay Area neighborhoods while addressing  
23 Airport staffing shortages.

24 (f) The City of Phoenix, acting through its Aviation Department ("Phoenix Airport"),  
25 owns and operates Phoenix Sky Harbor International Airport. Because Phoenix Airport has

1 recently expanded its Airtrain system, it no longer needs many of its shuttle buses. As a  
2 result, Phoenix Airport is seeking to sell a portion of its bus fleet. It is willing to sell SFO up to  
3 14 high-quality used compressed natural gas (“CNG”) buses at \$25,000 per bus, plus  
4 applicable taxes. By contrast, the Airport’s purchase of new buses would be extremely  
5 expensive, with expected costs in excess of approximately \$900,000 per bus, and would  
6 ordinarily involve a two-year procurement and production timeline. The \$25,000 price per bus  
7 purchased from the Phoenix Airport would save SFO significant funds and is extremely  
8 affordable when compared with the cost of purchasing a new bus. As a public entity, Phoenix  
9 Airport is interested in extending this offer to SFO, a sister public agency, to support SFO’s  
10 desire to expand the GoSFO Shuttle program.

11 (g) On April 4, 2023, SFO staff visited Phoenix Airport and conducted a thorough  
12 inspection of the available buses. Staff found that the buses were in excellent condition. The  
13 Airport has no concerns that purchase of these buses would compromise public safety or  
14 entail excessive maintenance costs. From the perspective of quality as well as cost, purchase  
15 of the buses would be a sound Airport decision.

16 (h) The Airport is required under Administrative Code Section 21.1 to competitively bid  
17 contracts for commodities, unless exceptions apply. This ordinance would waive all  
18 competitive bidding and additional Municipal Code requirements that otherwise would be  
19 applicable to this transaction to enable the Airport to proceed with this project-specific and  
20 unique purchase opportunity. On September 5, 2023, by Resolution No. 23-0225, the Airport  
21 Commission recommended that the Board of Supervisors waive these requirements.  
22 Resolution No. 23-0225 is on file with the Clerk of the Board of Supervisors in File  
23 No. 230962.

## 24 Section 2. Waiver of Competitive Bidding Requirements.

25

1 The proposed purchase agreement for 14 used CNG transit buses from the City of  
2 Phoenix, acting through its Aviation Department, as referenced in subsection (f) of Section 1  
3 above ("Agreement"), is exempt from the competitive bidding requirements in Administrative  
4 Code Section 21.1, and from all otherwise applicable sections of the Administrative Code.  
5 The Board of Supervisors finds such waiver to be necessary and in the public interest.

6 Section 3. Waiver of Other Municipal Code Requirements.

7 The Agreement is exempt from the following Municipal Code sections and all otherwise  
8 applicable sections of the Municipal Code, even if not listed below. The Board of Supervisors  
9 finds all such waivers to be necessary and in the public interest.

- 10 (1) Non-discrimination in contracts (Administrative Code Chapter 12B);
- 11 (2) Implementing the Macbride principles - Northern Ireland (Administrative  
12 Code Chapter 12F);
- 13 (3) Prohibition on use of public funds for political activity by recipients of city  
14 contracts, grants, and loans (Administrative Code Chapter 12G);
- 15 (4) Minimum compensation (Administrative Code Chapter 12P);
- 16 (5) Health care accountability (Administrative Code Chapter 12Q);
- 17 (6) San Francisco Slavery Disclosure Ordinance (Administrative Code  
18 Chapter 12Y);
- 19 (7) Consideration of criminal history in hiring (Administrative Code Chapter  
20 12T);
- 21 (8) Local business enterprise utilization and non-discrimination in contracting  
22 ordinance (Administrative Code Chapter 14B);
- 23 (9) First source hiring requirements (Administrative Code Chapter 83);
- 24 (10) Tropical hardwood and virgin redwood ban (Environment Code Chapter  
25 8); and

1 (11) Arsenic-treated wood products (Environment Code Chapter 13).

2 Section 4. Authorization to Negotiate the Terms of the Agreement.

3 The Board of Supervisors authorizes the Airport Director to negotiate the terms of the  
4 Agreement with a total not-to-exceed amount of \$350,000.

5 Section 5. Effective Date.

6 This ordinance shall become effective 30 days after enactment. Enactment occurs  
7 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned, or does not  
8 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
9 Mayor's veto of the ordinance.

10 Section 6. Filing of Executed Agreement.

11 Within 30 days of the Agreement being fully executed by all parties, the Airport  
12 Commission shall provide a copy of the Agreement to the Clerk of the Board of Supervisors  
13 for inclusion in File No. 230962.

14  
15 APPROVED AS TO FORM:  
16 DAVID CHIU, City Attorney

17 By: /s/ Andrew A. Angeles  
18 ANDREW A. ANGELES  
19 Deputy City Attorney

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**REVISED LEGISLATIVE DIGEST**

(Substituted, 10/17/2023)

[Waiver of Municipal Code Provisions - City of Phoenix - Phoenix Sky Harbor International Airport - Used Compressed Natural Gas Transit Buses - Not to Exceed \$350,000]

**Ordinance waiving competitive bidding requirements in the Administrative Code, and all other requirements in the Administrative Code, Environment Code, or other parts of the Municipal Code as applied to a commodities purchase, to authorize the Airport Commission to procure up to 14 used compressed natural gas transit buses from the City of Phoenix, which owns and operates Phoenix Sky Harbor International Airport, for an amount not to exceed \$350,000; and authorizing the Airport Director to negotiate the terms of the agreement consistent with the not to exceed amount.**

Existing Law

Administrative Code Chapter 21 establishes the policies and procedures required to competitively bid commodities, goods, and services. Numerous provisions in the Administrative Code and Environment Code establish the policies, procedures, and required contract terms that apply to procurements of commodities.

Amendments to Current Law

The proposed ordinance would exempt a purchase of 14 used Compressed Natural Gas (CNG) buses by the Airport Commission (Airport or SFO) from the City of Phoenix, acting through its Aviation Department (PHX), from Administrative Code Chapter 21's competitive bidding requirements and other applicable Administrative and Environment Code provisions.

Background Information

The Airport has the opportunity to purchase 14 used CNG buses from PHX, which are similar to its existing fleet model, are in very good condition, at a not-to-exceed amount of \$350,000 to support a desired pilot expansion of new routes for the SFO employee shuttle service (GoSFO Shuttle) currently operating to the East Bay. The program is extremely successful for several reasons, with 91.6% of riders reporting that the program contributes to their ability to work at SFO. It also has provided environmental benefits, furthering the City and the Airport's sustainability goals. This purchase would provide significant savings in cost (\$25,000 used vs approximately \$900,000 new per bus) and time. The buses will be used to test additional employee shuttle routes, allowing time to evaluate ridership. PHX will not agree to the City's bidding and other contracting requirements due its regulatory rules. The Airport will be unable to purchase the buses without the proposed exemptions. The proposed ordinance would also authorize the Airport Director to negotiate the terms of agreement with a not-to-exceed amount of \$350,000.

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<b>Item 4</b> <b>File 23-0962</b>	<b>Department:</b> San Francisco International Airport (Airport)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed ordinance would waive competitive bidding requirements in the Administrative Code, as well as all other requirements in the Administrative, Environment, and Municipal Codes as applied to a commodities purchase, to authorize the San Francisco International Airport (Airport) to purchase 14 used buses from Phoenix Sky Harbor Airport (PHX) for an amount not to exceed \$350,000 and authorize the Airport Director to negotiate terms of the purchase and sale agreement.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The Airport provides the GoSFO Shuttle service for employees to the Hayward and Castro Valley BART stations. Airport staff is considering other employee shuttle routes, including service to Vallejo and overnight BART replacement service when it does not run.</li> <li>Airport staff contacted Phoenix airport staff to inquire if PHX had used buses that it no longer needed due to expansion of its Sky Train system. PHX reported that it had 14 used compressed natural gas (CNG) buses that are similar to those used by the Airport. In April 2023, Airport staff visited PHX and inspected the buses and determined that they were in good condition despite their age, although some would need significant repairs to become operational. Airport and PHX staff negotiated a purchase price of \$25,000 per bus, which is likely above market value, but the privately negotiated sale guarantees that the Airport would receive the buses and in a faster timeframe than if sold at auction.</li> <li>The Airport is requesting a waiver of competitive bidding requirements due to the favorable pricing, availability, and condition of the PHX buses. The proposed ordinance would waive other Administrative, Environment, and Municipal Code provisions that are not shared by the City of Phoenix.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The proposed purchase of 14 buses from PHX would have a cost of \$350,000. The Airport estimates that maximum costs for replacement parts total approximately \$73,368 per vehicle, and towing costs are approximately \$11,700 per vehicle. The total cost would be up to approximately \$110,068 per bus, or \$1,540,952 for 14 buses. Using conservative estimates, the Budget and Legislative Analyst finds that this proposal provides favorable pricing to the Airport over purchasing new electric buses.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approve the proposed ordinance.</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

**BACKGROUND**

In September 2022, the San Francisco International Airport (Airport) began the GoSFO Shuttle service from the Hayward and Castro Valley BART stations for employees. Service was originally offered free of charge, but the Airport began charging passengers a nominal fee in July 2023. According to Airport Management, GoSFO Shuttle serves approximately 500-650 rides per day, and approximately 91.6 percent of riders report that the service allows them to remain employed at the Airport instead of seeking jobs elsewhere. Airport staff is considering other employee shuttle routes, including service to Vallejo and overnight BART replacement service when it does not run. Employee shuttles are operated by SFO Hotel Shuttle under a contract approved by the Board of Supervisors in November 2022 (File 22-0989).

In December 2022, Phoenix Sky Harbor International Airport (PHX) opened an expansion of its Sky Train system to the Rental Car Center. According to Seth Morgan, Airport Senior Transportation Planner, Airport staff contacted PHX staff to inquire if PHX had used buses that it no longer needed due to expansion of the Sky Train system. PHX reported that it had 14 used compressed natural gas (CNG) buses that are similar to those used by the Airport. In April 2023, Airport staff visited PHX and inspected the buses and determined that they were in good condition despite their age, although some would need significant repairs to become operational. Airport and PHX staff negotiated a purchase price of \$25,000 per bus, which according to Senior Transportation Planner Morgan, is a more cost-effective option than purchasing new buses.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would waive competitive bidding requirements in the Administrative Code, as well as all other requirements in the Administrative, Environment, and Municipal Codes as applied to a commodities purchase, to authorize the Airport to purchase 14 used buses from PHX for an amount not to exceed \$350,000 and authorize the Airport Director to negotiate terms of the purchase and sale agreement.

According to Senior Transportation Planner Morgan, the 14 buses are 2009 El Dorado models, or approximately 14 years old, ranging from approximately 318,000 to 453,000 miles. The Federal Transit Administration designates the useful life of large buses at 12 years. Senior Transportation Planner Morgan reports that based on the Airport's experience, this is an underestimate, and the 14 PHX buses would have a useful life of approximately three to five additional years.

Based on recent bids, Senior Transportation Planner Morgan estimates that purchasing new buses would cost approximately \$900,000 per bus.<sup>1</sup> The Airport is requesting a waiver of competitive

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<sup>1</sup> A September 2022 bid from Proterra for two electric buses had a base cost of \$819,000 per bus, but a total cost of \$1,134,945 per bus after upgrades and configurations. Due to state law mandating zero-emission bus fleets by 2035, the Airport would not consider purchasing new CNG buses.

bidding requirements due to the favorable pricing, availability, and condition of the PHX buses. According to Senior Transportation Planner Morgan, the \$25,000 cost per bus is likely above market value, but the privately negotiated sale guarantees that the Airport would receive the buses and in a faster timeframe than if sold at auction. Upon approval of the proposed ordinance, approval would also be required from the Phoenix City Council, and part of the bus cost is intended to compensate PHX for staff time in obtaining approvals. The proposed ordinance would waive other Administrative, Environment, and Municipal Code provisions that are not shared by the City of Phoenix.

According to Senior Transportation Planner Morgan, the Airport anticipates using the expanded fleet to add approximately five buses to provide service to Vallejo, approximately four to five buses for overnight BART replacement service, and approximately four to five buses as spares. Several of the buses require significant repairs to enter service, which would require them to be towed rather than driven from Phoenix. Senior Transportation Planner Morgan anticipates that if approved, the buses would enter service in approximately Spring 2024.

### FISCAL IMPACT

The proposed purchase of 14 buses from PHX would have a cost of \$350,000 or \$25,000 per bus. Additionally, the Airport would incur costs in transporting and repairing the buses. Senior Transportation Planner Morgan estimates that maximum costs for replacement parts total approximately \$73,368 per vehicle,<sup>2</sup> and towing costs are approximately \$11,700 per vehicle.<sup>3</sup> The total cost would be up to approximately \$110,068 per bus, or \$1,540,952 for 14 buses. Using conservative estimates (which exclude maintenance for new buses), the Budget and Legislative Analyst finds that this proposal provides favorable pricing to the Airport over purchasing new electric buses, as shown in Exhibit 1 below.

#### Exhibit 1: Bus Cost Comparison, Used PHX Buses vs. New Electric Buses

	PHX CNG Buses (High-End Estimate)	New Electric Buses (Low-End Estimate)
Bus Purchase Cost	\$25,000	\$900,000
Replacement Parts	73,368	-
Towing	11,700	-
<b>Total Cost</b>	<b>\$110,068</b>	<b>\$900,000</b>
Useful Life	3 Years (Minimum)	20 Years (Maximum)
<b>Cost per Year of Useful Life</b>	<b>\$36,689</b>	<b>\$45,000</b>

Source: BLA calculations using Airport estimates

The cost estimates in Exhibit 1 for new electric buses are likely underestimates, as the purchase cost of \$900,000 per bus is lower than the Airport's bids of over \$1.1 million per bus. Additionally,

<sup>2</sup> Replacement parts include new engines, transmissions, radius rods, engine control modules, fuel regulators, and booster pumps. Prices for these parts, with the exception of engines, were provided by New Flyer. Senior Transportation Planner Morgan anticipates that El Dorado would provide comparable pricing. Not all parts would be required for each bus.

<sup>3</sup> Senior Transportation Planner Morgan further reports that the Airport's in-house sign shop would likely be able to wrap the buses with Airport branding, but the cost to do was not available as of this writing.

new electric buses that are kept in service for 15 to 20 years would likely require replacement of major components, such as batteries.

**RECOMMENDATION**

Approve the proposed ordinance.

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 23-0225

**WAIVER OF CERTAIN MUNICIPAL CODE REQUIREMENTS TO ENABLE THE AIRPORT TO DIRECTLY PURCHASE UP TO 14 USED COMPRESSED NATURAL GAS TRANSIT BUSES FROM THE PHOENIX SKY HARBOR INTERNATIONAL AIRPORT FOR A NOT-TO-EXCEED PRICE OF \$350,000; AND AUTHORIZATION FOR THE AIRPORT DIRECTOR TO NEGOTIATE THE TERMS OF THE AGREEMENT**

- WHEREAS, San Francisco International Airport's (Airport or SFO) employee shuttle service (GoSFO Shuttle) has been operating to Hayward and Castro Valley since September 12, 2023; and
- WHEREAS, approximately 500-650 rides are taken on this line daily, and the pilot line has proven effective at retaining existing workforce and recruiting new workers who otherwise would not have considered a job at the Airport due to long commute; and
- WHEREAS, the existing line has reduced vehicle emissions by an estimated 1,336 metric tons per year, and additional lines can be expected to further reduce emissions; and
- WHEREAS, the GoSFO Shuttle program supports the Airport's SFO LESS (Less Emissions Through Sustainable Solutions) and the City's Transit First Policy; and
- WHEREAS, there is substantial data suggesting that additional line(s) may be effective for both for Commission employees and other Airport employees, and Airport employers and employees have expressed a strong desire to see this service expanded into new corridors given that Airport employers continue to see challenges with hiring and retaining staff, with commutes being a major pain point; and
- WHEREAS, acquiring new buses is extremely expensive at approximately \$900,000 per bus, and likely involves a procurement and production time of at least two years; furthermore, acquiring such a large number of buses so quickly may not be fiscally prudent since the Airport wishes to pilot various routes before determining ultimate fleet requirements; and
- WHEREAS, the Airport will need additional buses to add to the existing fleet to test feasibility of additional routes; and
- WHEREAS, Phoenix Sky Harbor International Airport (PHX) has 14 extremely affordable used buses, which are similar to the model of the existing fleet with the same engines and transmissions, and are in reasonably good condition available due to the recent extension of their AirTrain system; and

# AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0225

WHEREAS, based on staff research into available rental or lease arrangements, Staff conclude that acquiring these buses at the extremely affordable price of \$25,000 per bus, plus applicable taxes, provides a unique opportunity for the Airport to procure the buses now to expand and test new routes for GoSFO Shuttle, without making a sizeable financial commitment, and if the routes are successful, it will allow time for a formal procurement to support the expansion; and

WHEREAS, due to PHX's regulatory requirements, PHX is not able to agree to certain of the City's contracting requirements; and only the San Francisco Board of Supervisors can waive the requirements for competitive bidding necessary for the Airport to enter into this agreement directly, and waive certain Administrative and Environment Code requirements; so be it

RESOLVED, the Airport Commission recommends that the Board of Supervisors adopt an ordinance to waive certain Administrative and Environment Code requirements to enable the Airport to directly purchase up to 14 used Compressed Natural Gas transit buses from Phoenix Sky Harbor International Airport for a not-to-exceed price of \$350,000; and authorize the Airport Director to negotiate the terms of the agreement consistent with the not-to-exceed amount.

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission*  
*at its meeting of* SEP 5 2023

  
Secretary



San Francisco International Airport

**MEMORANDUM**

September 5, 2023

TO: AIRPORT COMMISSION  
Hon. Malcolm Yeung, President  
Hon. Everett A. Hewlett, Jr., Vice President  
Hon. Jane Natoli  
Hon. Jose F. Almanza

23-0225

SEP 5 2023

FROM: Airport Director

SUBJECT: Recommendation to the Board of Supervisors to adopt an Ordinance to waive certain Municipal Code requirements to enable the Airport to directly purchase up to 14 used compressed natural gas transit buses from the Phoenix Sky Harbor International Airport for a not-to-exceed price of \$350,000; and 2) Authorize the Airport Director to negotiate the terms of the agreement

DIRECTOR'S RECOMMENDATION: RECOMMEND THAT THE BOARD OF SUPERVISORS ADOPT AN ORDINANCE TO WAIVE CERTAIN ADMINISTRATIVE AND ENVIRONMENT CODE REQUIREMENTS TO ENABLE THE AIRPORT TO DIRECTLY PURCHASE UP TO 14 USED COMPRESSED NATURAL GAS TRANSIT BUSES FROM THE PHOENIX SKY HARBOR INTERNATIONAL AIRPORT FOR A NOT-TO-EXCEED PRICE OF \$350,000 AND AUTHORIZE THE AIRPORT DIRECTOR TO NEGOTIATE THE TERMS OF THE AGREEMENT CONSISTENT WITH THE NOT-TO-EXCEED AMOUNT.

**Executive Summary**

San Francisco International Airport (Airport or SFO) has the opportunity to purchase 14 used Compressed Natural Gas (CNG) buses, which are similar to SFO's existing fleet model, are in very good condition, and offered at an extremely affordable price directly from Phoenix Sky Harbor Airport (PHX) to support a desired pilot expansion of new routes for the SFO employee shuttle service (GoSFO Shuttle) currently operating to the East Bay. This purchase would provide significant savings in cost (\$25,000 used vs \$900,000 new per bus) and time (available now). The new buses will be used to implement and test additional employee shuttle routes, allowing time to evaluate ridership prior to a more permanent procurement. To purchase the buses directly, the Board of Supervisors (Board) must waive competitive bidding and other certain Administrative Code and Environment Code requirements. Airport staff recommends that the Commission adopt a resolution recommending the Board take this action and authorize the Airport Director to negotiate the terms of agreement with a not-to-exceed amount of \$350,000.

THIS PRINT COVERS CALENDAR ITEM NO. 8

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED  
MAYOR

MALCOLM YEUNG  
PRESIDENT

EVERETT A. HEWLETT, JR.  
VICE PRESIDENT

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO  
AIRPORT DIRECTOR

**Background**

On September 12, 2022, SFO commenced the free GoSFO Shuttle service from Hayward/Castro Valley as a pilot program. Service runs every 30 minutes daily and was offered free of charge through June 30, 2023. On July 1, 2023, the Airport started charging employees a nominal fee to offset the costs of operation. The route currently serves 500-650 rides on a typical day. Most riders are full-time workers and report they use the bus on most or all days that they work. Ridership comes from both Commission and other Airport employees. The GoSFO Shuttle is 30 minutes faster each way than pre-existing public transit alternatives along the same corridors and runs overnight at times when public transit is not operating. This opens job opportunities at the Airport for lower-income workers without cars who otherwise would not be able to get to jobs at SFO. Employees who would otherwise drive can instead relax and rest during their commutes. Many riders have expressed their appreciation for this significant improvement to their quality of life. The service is extremely popular and 91.6% of riders report that the availability of the bus allows them to remain employed at SFO instead of seeking jobs elsewhere. Anecdotal reports suggest that workers have taken jobs at the Airport because of GoSFO Shuttle.

Because the new shuttle service largely serves employees who otherwise would drive to work, the Airport estimates that the shift from private cars to the Hayward/Castro Valley bus line saves 1,336 metric tons of CO2 emissions annually. GoSFO Shuttle supports SFO's LESS (Lower Emissions Via Sustainable Solutions) Policy, which originates in the City's Transit First Policy.

Airport employers and employees have expressed a strong desire to see this service expanded into new corridors. Airport employers continue to see challenges with hiring and retaining staff, with commutes being a major pain point. For many airline and concession employees, due to the extended business hours at the Airport, the hours of existing public transit do not serve either a typical start or end of shift. SFO views alleviating this problem as urgent. Unfortunately, acquiring new buses is extremely expensive at approximately \$900,000 per bus, and likely involves a procurement and production time of at least two years. Furthermore, acquiring such a large number of buses so quickly may not be fiscally prudent since the Airport wishes to pilot various routes before determining ultimate fleet requirements.

Fortunately, Airport staff discovered that PHX has 14 high-quality used CNG buses which it no longer needs following a recent AirTrain system expansion. The buses are similar to the model of SFO's existing fleet with the same engines and transmissions. Based on staff research into available rental or lease arrangements, Staff conclude that acquiring these buses at the extremely affordable price of \$25,000 per bus, plus applicable taxes, provides a unique opportunity for the Airport to procure the buses now to expand and test new routes for GoSFO Shuttle.

On April 4, 2023, Staff visited PHX and conducted a thorough inspection of the available buses. Staff found them to be in excellent condition despite their age. Some require the replacement of parts and all will require some significant parts replacement within the first few years of operations, but they still offer the best value for the intended use and evaluation period. Staff plan to maintain and operate the buses under the existing SFO Shuttle Contract and may need to return to this Commission to amend that contract or request for proposals for work that may be needed to refurbish or transport the buses outside of the existing contract scope. The Airport has also been working with the Purchasing Department to ensure the transaction meets the City's general guidelines for used vehicle purchase.

Purchasing the 14 used buses at this low price will allow the Airport to test additional GoSFO Shuttle lines on a pilot basis without making a sizeable financial commitment. If the routes are successful, it will allow time for a formal procurement to support the expansion. In addition to the significant benefits for employee satisfaction, recruitment, and retention, expansion of the

GoSFO Shuttle directly supports the Airport's LESS and Transit First policies, helping to meet City and global climate goals.

In order to purchase the buses directly from PHX, the Airport must obtain waivers from City requirements from competitive bidding and other contracting requirements in the Administrative and Environment Code to which PHX cannot agree due to its regulatory requirements. Staff recommend that the Commission adopt the proposed resolution recommending that the Board adopt an ordinance exempting the purchase of the 14 buses from these requirements with a not-to-exceed amount of \$350,000. The ordinance also would authorize the Airport Director to negotiate the remaining terms consistent with this price. Upon the Board's enactment of this ordinance, the Airport will complete negotiations and enter into an agreement with PHX to purchase the buses.

### **Recommendation**

The Director recommends the Commission recommend that the Board adopt an ordinance to waive certain Administrative and Environment Code requirements to enable the Airport to directly purchase up to 14 used CNG transit buses from PHX for a not-to-exceed price of \$350,000 and authorize the Airport Director to negotiate the terms of the agreement consistent with the not-to-exceed amount.



Ivar C. Satero  
Airport Director

Prepared by: Jeff Littlefield  
Chief Operating Officer

Attachment



San Francisco International Airport

October 5, 2023

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Subject: [File No. 230962] Recommendation to the Board of Supervisors to adopt an Substitute Ordinance to waive certain Municipal Code requirements to enable the Airport to directly purchase up to 14 used compressed natural gas transit buses from the City of Phoenix for a not-to-exceed price of \$350,000; and authorize the Airport Director to negotiate the terms of the agreement

Dear Ms. Calvillo:

The Airport Commission recommends that the Board of Supervisors adopt an ordinance to waive certain Administrative and Environment Code requirements to enable the Airport to directly purchase up to 14 used Compressed Natural Gas transit buses from City of Phoenix/Phoenix Sky Harbor International Airport for a not-to-exceed price of \$350,000, and authorize the Airport Director to negotiate the terms of the agreement.

We are submitting a substitute ordinance titled Waiver of Municipal Code Provisions for Airport Purchase of Transit Buses from City of Phoenix. File No. 230962

The substitute ordinance waiving competitive bidding requirements in the Administrative Code, and all other requirements in the Administrative Code, Environment Code, or other parts of the Municipal Code as applied to a commodities purchase, to authorize the Airport Commission to procure up to 14 used compressed natural gas transit buses from the City of Phoenix, which owns and operates Phoenix Sky Harbor International Airport, for an amount not to exceed \$350,000; and authorizing the Airport Director to negotiate the terms of the agreement consistent with the not-to-exceed amount.

The following is a list of accompanying documents:

- Board of Supervisors Substitute Ordinance
- Legislative Digest

Please contacted Cathy Widener, Government Affairs, (650) 821-5023 [Cathy.widener@flysfo.com](mailto:Cathy.widener@flysfo.com), regarding this matter

Very truly yours,

*Kantrice Ogletree /s/*

Kantrice Ogletree  
Director, Commission Affairs

Enclosures

cc: Cathy Widener, Governmental Affairs

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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