

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.

Page 2 of 2

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____

SEP 5 2023


Secretary



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

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