TO:      HONORABLE CITY COUNCIL

FROM:    CITY MANAGER  DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE:    SEPTEMBER 15, 2008  CMR: 362:08


RECOMMENDATION
Staff recommends that Council:

1) Authorize the City Manager to execute the attached amendment to the Rail Shuttle Bus Administration Agreement with the Peninsula Corridor Joint Powers Board (JPB), extending the term of the agreement through June 30, 2009.

2) Approve an increase of $365,000 in the expenditure limit of the existing Rail Shuttle Bus Agreement (S0114750) with the JPB, for a total expenditure of $2,242,419 since 2003, to cover the City’s shuttle program operating costs during the period July 1, 2008 through June 30, 2009.

BACKGROUND
In 1999, the City and JPB entered into the Rail Shuttle Bus Administration agreement for the provision of shuttle bus services in Palo Alto, as part of the JPB shuttle bus program. The agreement provides that the agencies may extend the term of the agreement upon mutual consent. There have been twelve contract extensions since the original agreement was executed.

DISCUSSION
The thirteenth amendment to the agreement, in letter format (Attachment A) dated June 22, 2008, provides for continued shuttle services for the Palo Alto shuttle program from July 1, 2008 through June 30, 2009. Due to the late receipt of this letter agreement, staff was not able to agendize this item for Council approval prior to the Council vacation break. The JPB has continued to provide uninterrupted shuttle service during the interim until the contract extension is approved by the City Council.
The contract with the JPB stipulates that the City reimburse the JPB a sum of $42,071, equal to 25 percent of the cost of the peak period Embarcadero shuttles and that the City also reimburse the JPB for 100 percent of the shuttle program contract costs (approximately $323,000) for the all-day Crosstown shuttle and expanded noontime service on the Embarcadero shuttle. Thus, the City’s total contract expense to continue the current shuttle program service level for this fiscal year is estimated to be $365,000. In order to cover the additional contract expense through June 30, 2009, staff is requesting that the Council approve an increase of $365,000 in the contract expenditure limit for the Rail Shuttle Bus Administration Agreement (S0114750) with the Caltrain Joint Powers Board.

In December 2007, the City Council endorsed the Community Bus service plan for VTA Line 88. The new Community Bus Line 88 route and schedule were implemented on July 14th. Further service enhancements targeted to the school commute at Gunn High, and Terman and JLS Middle Schools in south Palo Alto went into effect on August 25, 2008. At that time, the Crosstown shuttle service extension to Gunn High School was discontinued. The shuttle continues to operate on the core route from the downtown Caltrain station to Stevenson House on East Charleston Road, serving many activity centers, neighborhoods, community facilities and Jordan Middle School. Despite this restructuring of the shuttle routes in conjunction with the start up of the new VTA Community Bus service, the City shuttle program will not realize significant cost savings because these savings are offset by an annual 5% increase in the hourly rate for contracted shuttle services which occurs each October under the JPB contract with service operator, Parking Company of America.

Staff has tried to work with JPB staff over the past year to develop a more comprehensive shuttle agreement which would clarify the responsibilities of the JPB, JPB’s contractor and City for the provision of contracted expanded and mid-day shuttle services, but JPB has continued to delay responding. If a revised agreement with JPB cannot be reached regarding the expanded service, staff plans to issue a request for proposals for a new shuttle provider this fall.

**RESOURCE IMPACT**

Funding included in the 2008/2009 operating budget for the Palo Alto Shuttle program is sufficient to cover these contracted service and operating costs. No additional resources will be required at this time. The extension of this agreement with the JPB will not prevent staff from implementing additional shuttle operational efficiency improvements during the course of the year as needed.

**POLICY IMPLICATIONS**

This request is consistent with existing Council direction to continue and expand the Palo Alto shuttle project.
ENVIRONMENTAL REVIEW
On August 2, 1999, the City Council approved a Negative Declaration finding the shuttle project would not result in any significant environmental impact.

ATTACHMENTS

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