TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: OCTOBER 7, 2002 CMR:404:02

SUBJECT: APPROVAL OF CONTRACT EXTENSION AND INCREASE IN THE EXPENDITURE LIMIT OF THE RAIL SHUTTLE BUS SERVICE ADMINISTRATION AGREEMENT WITH THE PENINSULA CORRIDOR JOINT POWERS BOARD FOR THE PALO ALTO SHUTTLE PROJECT

RECOMMENDATION
Staff recommends that Council:

(a) Authorize the Mayor 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 December 31, 2002.

(b) Approve an increase of $206,500 in the expenditure limit of the existing Rail Shuttle Bus agreement (S114750) with the JPB to cover the City’s expanded shuttle program operating costs during the period through December 31, 2002.

BACKGROUND
The Rail Shuttle Bus Service Administration Agreement between the City and JPB provides that the agencies may extend the term of the agreement upon mutual agreement. Since the original agreement was executed in 1999, there have been five contract extensions.

The sixth Amendment to the Agreement, in letter format (Attachment A), provides for continued shuttle services for the Palo Alto shuttle program from July 1, 2002 through December 31, 2002.

For the last two contract amendments, staff determined that the Mayor was authorized to execute the amendments without Council action. After the Mayor executed the amendments, staff requested that Council approve the related increased contract expenditure limits. In reviewing this sixth amendment, the City Attorney determined that the full Council should take action on both the amendment and the increase in the contract expenditure limit. This resulted in a delay until now in bringing this matter forward to the Council.

DISCUSSION
The total cost of the shuttle contract expense for the six-month period ending December 31, 2002 is estimated to be $244,000. Of this amount, approximately $37,500 is subsidized directly by the JPB, leaving a remaining contract cost of approximately $206,500. Staff is requesting that Council approve an increase in the existing contract encumbrance by this amount. This General Fund expense will be reduced by $36,000: Palo Alto Unified School District (PAUSD) has agreed to fund its share of the Gunn extension for the July-December period, approximately $18,000. The City will deduct PAUSD’s costs from the regular remittances for the Lease and Covenant Not to Develop. Further, approximately $18,000 of the contract expense will be paid from the Parking Structures CIP budget to offset the cost of the Downtown Shuttle, for the period from July-September. A separate contract has been executed with the shuttle operator, Parking Company of America, for the October-December period.

**RESOURCE IMPACT**
Shuttle program funding provided in the 2002-2003 operating budget is sufficient to cover these costs. No additional resources will be required at this time.

**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**
A. Letter Agreement 6

PREPARED BY: ______________________________________________________________________
GAYLE LIKENS
Transportation Projects Manager

DEPARTMENT APPROVAL: ____________________________________________________________
STEVE EMSLIE
Director of Planning and
Community Environment

CITY MANAGER APPROVAL: __________________________________________________________
EMILY HARRISON
Assistant City Manager