SAN FRANCISCO AIRPORT COMMISSION



April 1, 2014

9:00 A.M.

Room 400 - City Hall #1 Dr. Carlton B. Goodlett Place (400 Van Ness Avenue) City and County of San Francisco

EDWIN M. LEE, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
Vice President
ELEANOR JOHNS
RICHARD J. GUGGENHIME
PETER A. STERN

JOHN L. MARTIN Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of April 1, 2014

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AIRPORT COMMISSION MEETING MINUTES April 1, 2014

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present: Hon. Larry Mazzola, President

Hon. Linda S. Crayton, Vice President

Hon. Eleanor Johns

Hon. Richard J. Guggenhime

Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 18, 2014 were adopted unanimously.

No. 14-0055

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D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Crayton. The vote to approve was unanimous.

1. Retirement Resolution - Ms. Theresa Lee

No. 14-0056 Resolution thanking Ms. Theresa Lee for 22 years of

service to the City ad County of San Francisco, 18

years of which were spent at San Francisco

International Airport.

Mr. John Martin asked Theresa to come forward. Theresa retired on Friday and at her retirement party in the Aviation Museum both Mayor Lee and Mayor Jordan were there ... that's a real compliment to Theresa that two Mayors came to the event. Theresa has worked for the Airport since 1996 and has been a Deputy Director since 1996, almost 18 years as Deputy Director for Administration. For me personally she has been a trusted, loyal, dedicated, high performing senior manager. She created the Equal Employment Opportunity Office, the Training Office, the Employment Quality Standards Program, the Contract Administration Unit, she upgraded our Reproduction Office to a full service reprographics office, brought our ITT group into the modern age and greatly improved our HR performance. All of the sections that Theresa oversaw have really jumped ahead under her leadership, and several of those sections were created under her leadership. Theresa is universally loved and respected by her fellow employees and we will miss her and wish her well in her new endeavors.

Commissioner Mazzola congratulated Ms. Lee on her retirement.

Ms. Theresa Lee, Deputy Director, Administration said thank you very much for your good wishes on my retirement. I have been privileged over the last 22 years to work for the City I love. As you may know, I was born and raised in the City and like many young people growing up, all I wanted to do was to make the City and the world a better place. Quite naive you may say, and I would think the same as well, but I had the opportunity to touch many lives through the various programs at the Airport. The Airport is like a City, and not only does it serve the travelers and the tenants, the Airport also serves the community and I played a small part in that in terms of changing the lives of many who either wanted to work at the Airport, or for one of our tenants, or to learn through various internship programs that we had. I am honored to have been part of City government and especially the Airport organization in making the City and the greater community a better place for those who live and work here. I had a wonderful journey at the Airport, I have learned too, I have learned much from the Commission, my fellow Airport colleagues and staff. And I was fortunate to work with two dedicated COOs, Jackson Wong and Tryg McCoy, who were my mentors and my sounding boards with difficult issues and supported and guided me without any hesitancy. When I was first hired, John Martin challenged me to be creative and to develop programs that would distinguish the Airport from other airports and other city departments. Looking back, my team did some good things, from setting industry standards in communication's infrastructure workforce development, health and wellness, and labor standards oversight, to streamlining HR processes in hiring over 2,500 Communication employees during my tenure. I believe the Administration Division team met John's challenge and I'm proud to have been part of that team. As with any organization, staff is the number one asset. My greatest asset was my team. They epitomized the very essence of the Airport's core values in their daily work. In closing, I want to thank the Commission for your support of me and the programs I oversaw. I have enjoyed working for the Commission and respect your thoughtful and deliberate actions in doing what is right and in the best interest of the Airport, even if it gets a few Supervisors annoyed at us, and to John Martin, thank you for your visionary leadership and for instilling in us to not accept anything less than excellence in everything we do. I will miss collaborating and conspiring with my fellow senior staff colleagues and I thank them for their support and friendship. I will hold these experiences dear to me and take them with me into the next phase of my life journey. Thank you.

Mr. Tryg McCoy, Chief Operating Officer, said I want to express appreciation from all of the Deputy Directors that worked with Theresa. She's been a great person to work with. She's truly going to be missed by the Airport, she is witty, she is smart, she is dedicated to the Airport, she listens, she collaborates with all of us, she has great ideas, she has everything that you would hope from a Deputy Director. She has a lot of depth in what's she's thinking about, and a lot of appreciation for the people she's worked for and with. We're going to miss her greatly. I just want to say those words on behalf of all the Deputy Directors.

Commissioner Mazzola asked what happens if we vote no.

Commissioner Crayton said I want to say something to you Theresa. I have

enjoyed the time you've been here ... your integrity in the way you did you job, how you carried it out and your staff that worked with you. I'm, also very excited about what you did to the landscape of the Airport. A lot of people don't know you added a lot of minorities and others that should be working there ... people that spoke a second language. You provided opportunities. I feel that San Francisco Airport is the number one airport. Clearly you provided great leadership. There's not enough thanks in the world for what you've done. Thank you so much.

Commissioner Stern said I just want to thank you for your service and your leadership. You are an absolute joy to work with and you're going to be missed greatly. I don't have a cocktail in front of me, I have a cup of coffee so cheers to you in your retirement. Thanks so much.

Commissioner Guggenhime said I just want to say I'm sitting here wondering what the heck you're doing retiring at your young age. But after listening to your comments, it's clear to me you must have gone to Lowell High School where I went. If you didn't, you were well educated wherever you went.

Commissioner Johns said I think everyone has said it, but from my heart I want to thank you for your 18 years of service and we really will miss you. But, I know we're going to see you in the City and you'll continue your positive work there.

Commissioner Mazzola said I want to thank you, too. You're my neighbor ... I know you live near where I live and I'll see you around the neighborhood. Congratulations. Thank you for your service to the City and to the Airport.

Ms. Lee said thank you, it's been an honor, thank you.

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E. ITEMS INITIATED BY COMMISSIONERS: There were no items initiated by Commissioners.

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- F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.
 - 2. <u>Modification No. 8 (Trade Bid Package Set 7; and Change Orders No. 013 and 014) to Contract No. 9048A Design-Build Services for Terminal 3 East Improvements Hensel Phelps Construction Company \$25,623,512</u>

No. 14-0057

Resolution authorizing Modification No. 8 (Trade Bid Package Set 7; and Change Orders No. 013 and 014) to Contract No. 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Company in an amount of \$25,623,512 for a new total contract amount of \$127,353,401.

Mr. Geoff Neumayr, Design and Construction said this modification provides for the seventh Trade Bid Package (TBP) in the amount of \$23 million and Change Orders No. 13 and 14 in the amount of \$2.6 million for a new total contract amount of \$127.3 million, and for increasing the Type 1 Change Order Contract contingency to \$9.6 million, or 7 ½% of the current contract amount. TBP Set No. 7 includes bid packages for mechanical penthouse enclosure, structural steel and metal deck, fire proofing, interior demolition, building concrete and reinforcing steel, foundation piles, temporary drywall panels, temporary AOA fences and temporary tenant relocations. In accordance with the Administrative Code, these TBPs were competitively bid to a minimum of three pre-qualified bidders.

This modification also approves Change Orders No. 13 and 14. Change Order No. 13 in the amount of \$412,000 provides for additional design services requested by the Airport after award of the design build contract. The additional design services were added as a result of the project programming phase and included items such as basement baggage handling system, mechanical conflict studies, design services for the temporary United Club as well as other project related design issues. Change Order No. 14 is in the amount of \$2.1 million and is for additional construction services for scopes of work resulting from further refinement of the design and not included within previously bid trade packages. These scopes of work included modifications through ticket counter Mod. 4, revised finishes of some of our equipment rooms, information display procurement requirements, and additional security infrastructure requirements. Staff is forecasting a cost of completion for this project at \$188.7 million, including appropriate cost contingencies for this stage of the project. The current forecast is within 1% of the current budget of \$187 million. Staff will continue to work with the Design Build team to develop cost reduction measures including some value engineering and scope reduction opportunities to complete the project within the allocated budget. The City's Contract Monitoring division has approved a 22% subcontracting goal for design services and a 16% LBE subcontracting goal for construction services. Hensel Phelps has committed a 13% LBE participation to this particular trade package and is committed to meeting the overall contract goals for LBE. We recommend your approval.

Commissioner Guggenhime asked what the difference is between current estimate and current forecast. Attachment C says current estimate on Mod 4 renovations is \$10.2 million and a bid of \$6.66 million, current forecast is \$6.466. What's the difference between current estimate and current forecast.

Mr. Neumayr responded that the current estimate is the latest estimate we completed for the project where we actually did a physical estimate. The forecast includes change orders and things that we might have identified since the last estimate was done and we re-forecast so that we can keep a realtime forecast. This is because the estimating is done at intervals throughout the project, but little things come up as we go through the project and it gives us a way of keeping on top of it in a realtime forecast.

Commissioner Guggenhime noted that the current estimates are often higher than the current forecast.

Mr. Neumayr replied sometimes they are. So, we've got a cost reduction which is sometimes the result of a good bid.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Modification No. 2 to Contract No. 9024A - Design-Build Services for International Terminal and Boarding Area F Checked Baggage Inspection System

Modernization Program, and the International Terminal Baggage Handling System Improvements Project - VanDerLande Industries, Inc. - \$9,500,000

No. 14-0058

Resolution authorization Modification No. 2 to Contract 9024A, International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, and International Terminal Baggage Handling System Improvements Project with VanDerLande Industries, Inc. to increase the not-to-exceed amount by \$9,500,000 for a new total contract not-to-exceed amount of \$83,138,927 and a new contract duration ending March 31, 2015.

Mr. Neumayr said that this is Modification No. 2 to Contract 9024A, Design Build Services for the International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, in the amount of \$9.5 million for a new total amount not-to-exceed \$83.1 million and extends the contract until March 31. 2015. The scope of work is divided into four tasks. Task Nos. 1 and 2 provide for a checked baggage inspection system modernization of the baggage handling system and supports the replacement of the TSA provided new baggage screening equipment for the International Terminal and Boarding Area F. Tasks 1 and 2 are covered by the Other Transaction Agreement (OTA) and are primarily funded by the TSA's re-capitalization funding that has been developed through our OTA with them. Task 3 provides for improvements to the baggage handling system in the International Terminal to update a system that's about 12 years old. Task 4 provides for a new baggage handling transfer line between Boarding Areas E and F. Tasks 3 and 4 are funded under the Airport's Capital Program. The checked baggage inspection system modernization program's goal was to replace 22 existing CTX machines with 16 modern screening machines. The majority of the existing screening machines were installed over 10 years ago and are at the end of their useful life, hence we've gone into the OTA with the TSA to modernize the system to accommodate those. In order to replace the existing CTX screening machines, major reconfiguration and modernization of the existing baggage handling system was required. Through the OTA with the TSA, the Airport has entered into this modernization program to have TSA replace the existing 9,000 CTX machines with these new 9800 CTX screening machines and have the Airport design and reconfigure the baggage handling system per the TSA Prepared Planning Design and Guidelines. As of today, the Airport with TSA has completed the replacement of six of those machines and we've installed four new 9800s. The new CTX screening machines are producing a significantly

higher alarm rate than what was anticipated by the TSA in the original guidelines that they provided to us. The higher rate of alarm bags directs an increased number of bags to the checked baggage resolution area which is our screening area and the existing checked baggage resolution areas were not designed to support this increase in alarmed bags. This is the area where bags are screened manually. The additional CTX machines along with the re-circulation and conveyors are now required to be installed as temporary measures to maintain required Airport Operations. These items were not included in the original OTA scope of work but are necessary to install the new systems while maintaining Airport Operations. The Airport, TSA, and other stakeholders are currently discussing options on how to best address the higher alarm rates and find a final solution but this final solution is not anticipated until October of this year. Staff will work with TSA in assessing overall program changes needed to complete the OTA's scope of work and will return to the Commission with a recommendation for implementation of a joint solution. In the interim, this modification provides \$8.5 million in design build services for additional scope required to maintain the Airport funded portions of the work. This includes relocation of utilities to optimize conveyor placement in the Boarding Area E projects, and in Terminal 3, replacement of upper level controls for Boarding Area E to be compatible with existing Airport systems, to refurbish existing legacy handling systems returned to the Airport by the airlines, and additional safety items including striping and signage, and OSHO safety requirements identified during the design process. This modification also provides for \$1 million in design support to seek an amenable joint solution with TSA under the OTA. This modification is funded from the Airport's Five Year Capital Plan approved by the Commission on February 18th of this year. This project is funded by Federal funds through the OTA. Staff encouraged best faith efforts for Disadvantage Business Enterprise subcontractor participation. To date, VanDerLande has achieved 2% DBE participation. Staff will continue to work with the Airport's Small Business Affairs to further engage the participation of small and disadvantaged businesses.

Commissioner Guggenhime noted that the more efficient alarm systems are triggering many more bags requiring hand opening. If there are common items that trigger the extra sensitive alarms, perhaps the airlines could tell passengers that if they place the following things in bags, they may not make the plane. If you have a really sensitive alarm system you can be backed up for hours.

Mr. Neumayr responded that's what we're afraid of. The only way around it is to either refine it ... TSA has to work with the supplier of this equipment and refine the software to help reduce the alarm rates. When we talk about increased alarm rates, it's not that the system is necessarily identifying security issues. By way of explanation I'll use the iPhone as an example. The system would identify the iPhone as a single item. If it was alarmed, it would go through a resolution where someone would have about 20 seconds to identify it. They ultimately become so familiar with it that they now know it's an iPhone. The new systems are more like an MRI machine so it breaks that iPhone up into 50 pieces. What happens in that 20 seconds is that when they try to observe what's going on they might clear 15 of the 20 items of that phone because they don't recognize what it is anymore. Now there's five things remaining so it's now going to go into the manual screening area and they can't clear that. What TSA is trying to work out is better software implementation and refining that process to try to reduce those numbers.

We're also working with them over this summer when our passenger count goes up to really get a handle on what the actual affects are in these additional alarms to make sure that we accurately size these screening rooms. Our fear is that if these screening rooms are undersized, the bags begin to back up and they will back up all the way to the ticket counter and that's not acceptable to the Airport or the airlines. That's why we're in this partnership with TSA to help develop this. Keep in mind this is a pilot program with TSA. This is the first recapitalization project of this magnitude that has been done in the United States and it's a partnership. This is something we have to move forward and do, but it's a trial and error thing that we're working through.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. <u>Award of Contract No. 9005A - As-Needed Architectural and Engineering Support Services - K2A Architecture + Interiors - \$1,200,000</u>

No. 14-0059

Resolution awarding Professional Service Contract No. 9005A, As-Needed Architectural and Engineering Support Services to K2A Architecture + Interiors in a not-to-exceed amount of \$1,200,000.

Mr. Ivar Satero, Deputy Director, Design and Construction said this is a new process for us and it is similar to the JOC construction services that provided ready access to construction services to help supplement the maintenance staff when necessary and take on small capital projects. We see this similar need with architectural and engineering services as a ready source of design professionals to supplement Airport staff. It's driven by several things. 1) a new Design and Construction Help Request process to give our client divisions the opportunity to structure and organize their needs for small design projects and helps us prioritize projects to support them. 2) the workload of the 10 Year Capital Improvement Program is significant and this gives additional resources to supplement Airport staff for those as well. 3) the driver is our Reaching for Number One program and a number of initiatives, for instance to make the Airport the best place to work comes out of Reaching for Number One and requires design/support services. This is like a pilot program to supplement Airport staff with design professionals. Our folks would really focus on the knowledge they have about the Airport, the institutional expertise they bring to these projects. They would continue to design and we would use these design services for projects that require less of that perspective. We're through an RFP process for this and our intent is to award two contracts. This is the first award recommendation with K2A Architects. We have negotiated the terms and conditions as well as the fees and billing rates. We have set a new budget for these services essentially covering three years of service so it will be \$400,000/year for up to \$1.2 million over the three years. however, the total term of the contract is up to five years. These are structured in accordance with the Administrative Code which limits the contract service orders to \$400,000 per service order. We are also conducting negotiations with the 2nd highest ranked proposer and we anticipate returning to the Commission with a 2nd award recommendation in the near future once we complete negotiations with

similar parameters for budget and schedule. CMD has approved a 27% goal and K2A has committed to achieving this goal. We recommend your approval.

Commissioner Johns asked if these folks will eventually be working with other architects who have been brought on for major projects, or will they simply do some of the preliminary design work?

Mr. Satero responded that they will work on small projects. They won't develop designs for big projects like preliminary design. They will eiither pick up the design after our folks, if it requires that kind of knowledge of our operations. Our people may bring a set of documents to 15% and these firms may take it from there and complete the rest of the documents that go out for bid. Or they may take it from the very beginning all the way through a biddable set of documents, but it will be on the smaller projects.

Commissioner Johns asked if something happened that made you realize we need another layer of consultant services to help with some of these projects.

Mr. Satero replied that we are not doing a good job meeting expectations of our client division ... for instance, when Operations says I need to move this office from this location to this location, it goes into a priority list and there are a lot of things that have to get done that just can't be pushed down in priority. It provides the opportunity to meet expectations of other divisions that have a need for more urgent implementation of their projects. I think it's just a lack of resources of inhouse staff and this would help meet this peak that I see over the next few years.

Commissioner Crayton asked if we need to add staff rather than do this.

Mr. Satero said we are adding a dozen architectural and engineering positions as well. We're doing both things because of the \$5 billion program and the additional burden and how collaborative our big projects are that also require the engagement of our in-house engineers and architects. This five year period is going to be a peaking challenge on our resources.

Commissioner Crayton asked if there will be a learning curve for this new firm.

Mr. Satero replied there is.

Commissioner Crayton noted that we have the staff to work with them, so I'm trying to understand if a firm like Gensler wins a proposal, what is it in their proposal that creates the gap. I don't understand the fee.

Mr. Satero said that this work is really tailored for a smaller design firm, so when you look at the list of proposing firms they are more small to mid size firms that really went after this and saw it as an opportunity. The big firms really didn't go after this, and that's how it's set up ... they're small projects, \$400,000 task orders. I think there are two separate opportunities for firms and this is a great one for the small and mid size firms.

Commissioner Mazzola said that this is similar to the JOC program. Have we talked to the Building Trades to see that the workers you have are protected?

Have you dealt with any of the unions representing the engineers, for example?

Mr. Satero said this goes through the Civil Service approval process so we have gone to Civil Service.

Commissioner Mazzola said there's Local 21 ... do they represent those workers?

Mr. Satero replied yes. And it's vetted through the Civil Service process. We have to go to them to get authority to issue this.

Commissioner Mazzola said that the workers are represented by 21, not Civil Service. My question to you is, did we talk to anybody yet ... the union or a shop steward in your shop. We're talking how the workers feel about doing this.

Mr. John Martin, Airport Director asked if they commented at the Civil Service Commission.

Ms. Cynthia Avakian, SFO Contracts Manager, said this item was brought to the Civil Service Commission and the unions are notified about the work. If they have any concerns we meet with them and address those concerns, but they did not have any concerns on the item.

Commissioner Mazzola said I think we're obligated to talk to the unions. The Civil Service Commission may put a notice out somewhere that someone is supposed to look at everyday. Folks are busy, they don't look at everything that comes across everyday. I would guess that 21 doesn't know about this.

Mr. Satero said we have been very public with our own staff, including the shop stewards that represent the Local 21 employees, but we'll reach out. We have a really close relationship with the Local 21 representatives. We'll reach out to them and make sure they don't have issues.

Commissioner Mazzola said that in the future whenever we do anything that has some an impact on our workers, we will talk to the union representing those workers. If we're going to contract their work out, we have to tell them why. Linda asked why there's a gap. Those workers may want to know why there's a gap ... so why don't you hire more? Maybe you have announcements out for 12 more people ... I don't know. But workers get nervous when this kind of stuff goes on.

Mr. Satero said that he understood Commissioner.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Award Sole Source Contract 10563 - Common Use Self Service (CUSS) Units - IER, Inc. - \$367,825

No. 14-0060

Resolution awarding sole source Contract 10563, Common Use Self Service (CUSS) Units to IER for new custom designed CUSS Units in an amount not to exceed \$367,825 and authorizing the purchase of fabricated units in an amount not to exceed \$2,632,175.

Mr. Neumayr said that this modification provides for the sole source award of Contract No. 10563, Common Use Self Service Units (CUSS) to EIR, Inc. for design and prototyping in the amount of \$367,825 and for the purchase and fabrication of up to 76 units in the amount of \$2.6 million, for a total not to exceed contract amount of \$3 million thru December 31, 2015. The CUSS units allow passengers to self ticket and self tag bags which helps reduce congestion at the ticket counters, improve passenger flow, and reduce labor costs required for manual check-in. In 2007, following a multi vendor pilot program, the Airport purchased kiosks designed and developed by IER, with input from Airport staff and international airline carriers, for self ticketing and self tag baggage check in. EIR's platform was integrated into the airline and Airport systems providing for a common interface allowing passengers to check in at any kiosks. The current 60 plus CUSS units in the International Terminal are nearing the end of their useful life and after five years of service are in need of replacement. As part of the Airport's goal to provide the best guest experience possible, the Airport custom designed CUSS will incorporate the CUSS components and a flexible guest friendly bench layout. The redesigned units allow for flexibility and expansion as the trend of self ticketing and self tag bags continues to grow. The Airport's CUSS software platform is privately owned by IER and IER is the only vendor who can support the CUSS system as they are an exclusive program and software developer for the system. In order to maintain current CUSS technology and allow replacement and expansion of the existing CUSS units, the Airport requested a sole source waiver. On December 11, 2013, the Airport received a sole source waiver from the City's Controller's Office of Contract Administration to fabricate, purchase and install CUSS units from IER, Inc. The sole source waiver is in the amount of \$3 million thru December of 2015. The contract with IER includes two phases with the first being a prototype deployment of four units in one tower base units. These units will be delivered to the Airport, installed, tested, and modified as necessary to the design and functional criteria established by the Airport and working with the airlines. The cost of the first phase is \$367,825 and includes \$99,125 for design development and a documentation system. Upon successful completion of phase one, the per unit cost for the remaining 76 units will be determined and will not exceed the amount of the phase two total not to exceed amount of \$2.6 million. And it will not exceed the overall contract approval of \$3 million. At this time, Airport staff will request Purchaser approval of the purchase of these units for the phase two contract. We recommend your approval.

Commissioner Guggenhime noted that a lot of the self tagging occurs at the ticket counter, so I question how much congestion is eliminated ... there are still lines and often people don't know how to get to self ticketing/self baggage check in. They're great machines but they are at the check-in counters.

Mr. Martin said self tagging is a faster process. Overall, what we're trying to get passengers through the process much faster.

Commissioner Guggenhime said I'm concerned about their location, and again, I've only seen it a couple of times. People are waiting in ticket counter lines to get

checked in and these self check bag machines are in that area. Are there other locations for self checking bags rather than right at the check in counters.

Mr. Martin replied probably not because you want to be by the baggage belt.

Commissioner Guggenhime asked if there weren't other locations where the baggage belt would be available.

Mr. Martin said that we want passengers to show their passport and get the boarding pass at these counters. It's fast ... they walk up to the counter, the bag is tagged and that's the only process going on at the counters.

Commissioner Guggenhime asked if these are at domestic and international.

Mr. Neumayr replied that these are primarily for international.

Commissioner Mazzola asked if we will pre-fabricate the whole counter.

Mr. Neumayr replied yes.

Commissioner Mazzola asked and if the counters will be prefabricated in the U.S.

Mr. Neumayr said he will have to get back to the Commission on that.

Commissioner Mazzola said it matters how I will vote on it. If they're going to buy them from another country and sell it to us, I can't vote for that. If it's made in the U.S., fine. Is the entire counter prefabed, or just one piece.

Mr. Neumayr said the counters will be fabricated in the United States as well as the electronics.

Item No. 6 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

6. <u>Commence Request for Proposals Process for Foreign Currency Exchange</u> Service Lease

No. 14-0061

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an information conference for the Foreign Currency Exchange Service Lease.

Mr. Leo Fermin, Chief Business & Finance Officer said the Foreign Currency Exchange Service Lease expires this coming December and this item request your approval to start the competitive selection process for a new lease. The lease covers fixed spaces, two mobile units, four ATMs which dispense foreign currencies and one ATM which dispenses US dollars. The lease also includes a provision to expand as necessary to serve more international flights. Currently, this lease generates about \$4.4 million annually in rent to us. Consequently, we

recommend establishing \$4.5 million as the minimum annual guarantee to be offered. Last year we advised you that as leases for ATMs expire, we proposed increasing the ATM fee upward towards market rates. For this lease we propose increasing the ATM fee from \$1.50 to \$2.50. Most market rates are around \$3.00 in the City.

Commissioner Guggenhime said I can be wrong because I don't bother to do this anymore, but I used to be appalled at the exchange rates given at the airport. You could go to a bank when you get to your destination and get a significantly better exchange rate. With no disrespect intended to Travelex, it offends to see British pounds at 160 elsewhere, but 168 at an airport. I don't know how much influence we have, but if the exchange rates are a rip off then the experience becomes disheartening. That my personal view.

Commissioner Crayton asked what the rate of exchange is in other airports. Have we done an analysis?

Mr. Fermin said that the exchange rates fluctuate almost on a daily basis.

Commissioner Mazzola asked what the ATM fee will be

Mr. Fermin said that we currently charge \$1.50 and we're planning to increase it to \$2.50. Elsewhere it's usually in the \$3.00-\$3.50 range.

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- G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 7 through 9, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.
 - 7. Execute Two Replacement Letter of Credit and Reimbursement Agreements with the Bank of Tokyo-Mitsubishi UFJ Ltd. to Secure the Airport's (i) Issue 36B (\$40.6 million) and (ii) Issue 36C (\$36.1 million) Variable Rate Bonds and Approve Certain Related Actions

No. 14-0062 No. 14-0063

Resolution approving Execution of two Letter of Credit and Reimbursement Agreements with the Bank of Tokyo-Mitsubishi UFJ Ltd. as the letter of credit provider, to replace the existing letters of credit supporting the Airport's Issue 36B and 36C Variable Rate Bonds.

8. Contract Extension and Amendment No. 3 to Professional Services Contract No. 8891 with Airport & Aviation Professionals, Inc. - \$1,800,000

No. 14-0064

Resolution exercising the first of three one-year contract extensions and approving Contract Amendment No. 3 to Professional Services Contract No. 8891 with Airport Aviation Professionals, Inc.

9. Modification No. 3 to Contract 8924B - SFO Sustainability Plan - Vanasse Hangen Brustlin, Inc. - \$50,000

No. 14-0065

Resolution authorizing Modification No. 2 to Contract 8924B, Development of SFO Sustainability Plan with Vanasse Hangen Brustlin, Inc., for additional funding of \$50,000 to expand scope of selected tasks and extend contract completion date to June 30, 2015.

* * *

H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

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I. CORRESPONDENCE:

There was no discussion by the Commission.

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J. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:44 AM.

(Original signed by: Jean Caramatti)
Jean Caramatti
Commission Secretary