# SAN FRANCISCO AIRPORT COMMISSION



February 17, 2015

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 February 17, 2015

| CALENDAR |      | February 17, 2015  | RESOLUTION      |     |
|----------|------|--|-----------------|-----|
| SECTION  | ITEM | TITLE  | NUMBER          |     |
| A.       |      | CALL TO ORDER:   |                 | 4   |
| В.       |      | ROLL CALL:   |                 | 4   |
| C.       |      | ADOPTION OF MINUTES:<br>Regular meeting of February 2, 2015  | 15-0036         | 4   |
| D.       |      | ITEMS INITIATED BY COMMISSIONERS:  |                 | 4   |
| E.       | 1.   | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:<br>Supplemental Appropriation to FY2015/16<br>Operating Budget  | 15-0037         | 4-5 |
|          | 2.   | FY2015/16 Five Year and Ten-Year Capital Plan  | is 15-0038      | 5   |
|          | 3.   | Award Terminal 3 Specialty Retail Store Lease A WDFG North America, LLC  | A to<br>15-0039 | 5-6 |
|          | 4.   | Reimburse US Airways, Inc. for Interim Relocation<br>Costs from Boarding Area B to Boarding Area C   |                 | 6   |
| F.       | 5.   | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:<br>Accept and Expend FAA Grant Funds for Airfield<br>Improvement Project under the RSA Program                  | 1<br>15-0041    | 6   |
|          | 6.   | Award Professional Services Contract 10593.51<br>As-Needed Engineering Support Services -<br>Telamon Engineering Consultants, Inc.                                     | -<br>15-0042    | 6-7 |
|          | 7.   | Award Professional Services Contract 10060.41<br>Project Management Support Services for Grour<br>Transportation Unit Relocation Project - PGH Wo<br>Engineering, Inc. | nd              | 7   |
|          | 8.   | Modification No. 2 to Professional Services Cont<br>8354.1 - Airport Shoreline Protection Feasibility S<br>Project - Moffatt & Nichol + AGS, Joint Venture             |                 | 7   |
|          | 9.   | Establish Pool of Prequalified Investment Adviso<br>Provide Bond Fund Investment Advisory Service  |                 | 7   |
|          | 10.  | Issue a RFQ/P for Professional Services Contract<br>10401.41, Program Management Support Servic<br>for the Airport's Capital Improvement Program                       |                 | 7   |
|          |      |  |                 |     |

|    | 11. | Accept Proposals for Terminal 3 East Bookstore<br>Lease                                      | 15-0047        | 8   |  |
|----|-----|--|----------------|-----|--|
|    | 12. | Accept Proposals for Terminal 3 West Food and Beverage Lease                                 | 15-0048        | 8   |  |
|    | 13. | Approve Lease with U.S. Government for Occupant of the Replacement Air Traffic Control Tower | ncy<br>15-0049 | 8   |  |
| G. | ١   | NEW BUSINESS:  |                | 8   |  |
| H. | (   | CORRESPONDENCE:  |                | 8   |  |
| I. | (   | CLOSED SESSION:<br>Anticipated Litigation  |                | 8-9 |  |
|    |     | Existing Litigation: JRI, Inc. v. CCSF   |                |     |  |
| J. | A   | ADJOURNMENT:   |                | 9   |  |

#### AIRPORT COMMISSION MEETING MINUTES February 17, 2015

#### 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. Linda S. Crayton, Vice President Hon. Eleanor Johns Hon. Richard J. Guggenhime Hon. Peter A. Stern

Absent:

Hon. Larry Mazzola, President

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C. ADOPTION OF MINUTES: The minutes of the regular meeting of February 3, 2015 were adopted unanimously.

No. 15-0036

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

\* \* \*

- E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.
  - 1. <u>Supplemental Appropriation to the Fiscal Year 2015/16 Operating Budget</u>

No. 15-0037 Resolution authorizing a supplemental appropriation to the Fiscal Year 2015/16 Operating Budget in the amount of \$9.2 million.

Mr. Leo Fermin, Chief Business & Finance Officer said that this item seeks your approval to increase next year's operating budget by \$9.2 million. This is less than a 1% increase to the approved FY15/16 budget of \$963.6 million. Except for an increase of \$1.2 million in the annual service payment, all of this increase will pay for services of other city departments. The additional \$3.5 million for Police adds 39 Police Service Aides and four Supervisors. The extra \$1 million for the Fire Department is for three Battalion Chiefs to provide 24/7 coverage plus overtime for relief coverage. Light, heat and power is going up by \$2.5 million,

electricity rates are higher plus our electrical load has increased by almost 2%. Finally, we are increasing the budget for Legal services by \$1 million.

Mr. John Martin, Airport Director reminded the Commission that the City is on a two year budget cycle. Last year you approved the budget for the year beginning July 1, 2015 and these are the amendments to that budget.

Commissioner Johns asked if the 24/7 for the Fire Department is something new.

Mr. Fermin said that's something new. Currently we have one Captain acting as a Battalion Chief and we are adding three new positions for this coverage.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

#### 2. FY 2015/16 Five-Year and Ten-Year Capital Plans

No. 15-0038 Resolution approving the Airport's \$2.8 billion fiveyear capital plan and \$4.5 billion ten-year capital plan for FY 2015/16 to FY 2024/25.

Mr. Fermin said in this year's annual revision, the Five Year Capital Plan has increased by \$295 million while the plan for six thru ten has decreased by \$184 million. This mostly reflects projects that were in year six last year but have now moved to year five. Additionally, we have added new projects such as roadway intersection improvements for \$27 million, a new wayfinding program for \$26 million, and additional airfield reconstruction work for \$10 million. This revision was reviewed with the our Financial Advisory Committee on February 6 and presented to the airlines on February 11. We will again meet with the airlines on March 11 to do the majority in interest review on the new Lease and Use Agreement and on February 23 we will present this to the City's Capital Planning Committee. Currently, our Planning staff and consultants are working on a new Airport Development Plan, which we once called the Master Plan. The Airport Development Plan will assess alternative and infrastructure solutions to meet future demand and make recommendations. The Plan will be completed by November 2015 and will inform the next round of revisions to the Five and Ten Year Capital Plans. We expect a large increase in the Capital Plan on the next go-around once development alternatives are assessed and decisions are made on which options to undertake and the timing and sequence of the projects. At that time we will also complete financial modeling to focus on a new cost per enplanement goal.

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

3. Award of Terminal 3 Specialty Retail Store Lease A to WDFG North America, LLC

No. 15-0039

Resolution awarding the Terminal 3 Specialty Retail

Store Lease A to WDFG North America, LLC.

Mr. Fermin said as part of the Terminal 3 East Renovation project we created a new retail space post security near frontal Gates 69 and 70. There's a lot of interest in this space. Forty-seven firms requested the RFP, 24 firms attended the pre-proposal conference, and seven proposals were received. The highest ranked proposal was from World Duty Free Group which will operate an internationally known fragrance, body care, and bath boutique. Our goal is to have the shop open with the opening of the T3 East area on November 18 of this year.

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

- 4. <u>Reimbursement to US Airways, Inc. for the Cost of an Interim Relocation of its</u> <u>Flights from Boarding Area B to Boarding Area C</u>
  - No. 15-0040 Resolution authorizing a reimbursement to US Airways, Inc., in an amount not to exceed \$1.7 million, for actual costs relating to the interim relocation of its flights from Boarding Area B to Boarding Area C.

Mr. Fermin said USAir currently operates in Boarding Area B and we need to move them to renovate Boarding Area B and Gates 45A, 45B, and 47 in Boarding Area C. Our long standing policy, as well as the 2011 Lease and Use Agreement, is for the Airport to cover interim relocation costs. In this case we would issue a rental credit which USAir will use to offset against what they pay us. Annually US Air pays us roughly \$8.8 million in landing fees, terminal rents, and various other fees and charges, as well as \$3.5 million annually in passenger facility charges.

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- F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 5 through 13, was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.
  - 5. <u>Authorization to Accept and Expend Federal Aviation Administration Grant Funds</u> in the Amount of \$7,192,570 for an Airfield Improvement Project under the <u>Runway Safety Area Program</u>
    - No. 15-0041 Resolution authorizing the acceptance and expenditure of FAA grant funds in the amount of \$7,192,570, for an Airfield Improvement project, under the Runway Safety Area (RSA) program, and such additional amounts not to exceed 15% of the original grant offer.
  - 6. Award of Professional Services Contract No. 10593.51 As-Needed Engineering

# Support Services - Telamon Engineering Consultants, Inc. - \$2,000,000

- No. 15-0042 Resolution awarding Professional Services Contract 10593.51, As-Needed Engineering Support Services to Telamon Engineering Consultants, Inc. in amount not to exceed \$2,000,000 and with a contract duration of five years.
- 7. <u>Award Professional Services Contract 10060.41 Project Management Support</u> <u>Services for the Ground Transportation Unit Relocation Project - PGH Wong</u> <u>Engineering, Inc. - \$1,477,495</u>
  - No. 15-0043 Resolution awarding Professional Services Contract 10060.41, Project Management Support Services for the Ground Transportation Unit Relocation Project to PGH Wong Engineering, Inc. in an amount not to exceed \$1,477,495 and with a contract duration of 24 months.
- 8. <u>Modification No. 2 to Professional Services Contract No. 8354.1 Airport</u> <u>Shoreline Protection Feasibility Study Project - Moffatt & Nichol + AGS, Joint</u> <u>Venture - No change in contract amount</u>
  - No. 15-0044 Resolution approving Modification No. 2 to Professional Services Contract No. 8354.1, Airport Shoreline Protection Feasibility Study Project with Moffatt & Nichol + AGS, Joint Venture for a time extension of six months with a new contract duration of 30 months, and no change in contract amount.
- 9. <u>Authorization to Establish a Pool of Prequalified Investment Advisors to Provide</u> Investment Advisory Services for Bond Funds
  - No. 15-0045 Resolution establishing a pool of prequalified investment advisory firms to support the investment of bond funds.
- 10. <u>Authorization to Issue a Request for Qualifications/Proposals for Professional</u> <u>Services Contract No. 10401.41, Program Management Support Services for the</u> <u>Airport's Capital Improvement Program</u>
  - No. 15-0046 Resolution authorizing the Director to issue a Request for Qualifications/ Proposals for Professional Services Contract No. 10401.41, Program Management Support Services for the Airport's Capital Improvement Program.

- 11. <u>Authorization to Accept Proposals for the Terminal 3 East Bookstore Lease</u>
  - No. 15-0047 Resolution approving revised lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Terminal 3 East Bookstore Lease.

#### 12. <u>Authorization to Accept Proposals for Terminal 3 West Food and Beverage Lease</u>

No. 15-0048 Resolution approving revised lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Terminal 3 West Food and Beverage Lease.

An amended resolution was submitted which corrected the lease number.

- 13. <u>Approve a Lease with the U.S. Government for Occupancy of the Replacement</u> <u>Air Traffic Control Tower</u>
  - No. 15-0049 Resolution 1) Approving Lease No. DTFAWN-15-L-00093 with the U.S. Government for occupancy of the replacement Air Traffic Control Tower and accompanying offices by the Federal Aviation Administration; and 2) Directing the Commission Secretary to forward the Lease to the Board of Supervisors for approval.

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#### G. 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 two (2) 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.

There were no requests to speak from the public.

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H. CORRESPONDENCE: There was no discussion by the Commission.

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 I. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL

 (a) Public comment on all matters pertaining to this agenda item.

 (b) Discussion and vote in open session pursuant to the Brown Act (California Government Code §54956.9) and the Sunshine Ordinance (San Francisco Administrative Code §67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

The Commission voted unanimously to go into closed session. The closed session began at 9:14 AM.

## (c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION. Possible initiation of litigation (California Government Code §54956.9(d)(4) and San Francisco Administrative Code §67.10(d)(2)) as plaintiff, undisclosed party to protect the City's interest. DISCUSSION ONLY.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. Pending litigation as defendant (Government Code §54956.9, Administrative Code §67.8(a)(3)): *JRI, Inc.* v. *The City and County of San Francisco,* et al., California Superior Court, County of Alameda Case No. HG10520625, filed June 17, 2010 (served October 5, 2012). DISCUSSION ONLY.

There are no other planned agenda items for the closed session. 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 the Brown Act (Government Code §54954.2(b)(2) and §54954.5) and the Sunshine Ordinance (Administrative Code §67.11).

#### (d) [RECONVENE IN OPEN SESSION]

(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code §54957.1(a)) and the Sunshine Ordinance (San Francisco Administrative Code §67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code §67.12(a)). ACTION ITEM

The closed session ended at 9:28 AM. The Commission voted unanimously not to disclose the nature of the discussion.

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#### J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:29 AM.

# (Original signed by: Jean Caramatti)

Jean Caramatti Commission Secretary