

# **SAN FRANCISCO AIRPORT COMMISSION**



## **MINUTES**

**July 5, 2016**

**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  
July 5, 2016

CALENDAR AGENDA		RESOLUTION	
SECTION	ITEM	TITLE	NUMBER PAGE
A.		CALL TO ORDER:	4
B.		ROLL CALL:	4
C.		ADOPTION OF MINUTES:	
		Regular meeting of June 16, 2016	16-0193 4
D.		SPECIAL ITEM:	
	1.	Retirement Resolution - John L. Martin, Airport Director	16-0194 4-8
E.		DIRECTOR'S REPORTS:	
	2.	Update on Airfield and Airspace Technologies to Improve On-Time Performance	9-12
F.		ITEMS INITIATED BY COMMISSIONERS:	12
G.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:	
	3.	Determination to Proceed with and Award Contract 8427C.66 - Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project - Walsh Construction Co.	16-0195 13-14
	4.	Modification No. 1 to Contract 9034.66 - Design-Build Services for the Demolition of the Terminal 2 Air Traffic Control Tower Project - Turner Construction Co.	16-0196 14-17
H.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:	
	5.	Modification No. 2 to Professional Services Contract 8872A.41 - Project Management Support Services for Consolidated Administration Campus Phase 1 Project - MCK Americas, Inc.	16-0197 17
	6.	Modification No. 3 to Contract 10051.71 - Construction Manager/General Contractor Services for South Field Tenant Relocation Project - C. Overaa & Co.	16-0198 17-18
	7.	Modification No. 2 to Professional Services Contract 10593.51 - As-Needed Engineering Support Services - Telamon Engineering Consultants, Inc.	16-0199 18
	8.	Modification No. 1 Contract 50027 - Airport Management Services to Provide Financial & Capital Plan Management & Analysis Consulting Services - Robert Kuo Consulting, LLC	16-0200 18-19

9.	Modification No. 1 to Professional Services Agreement, Contract 50081 - Environmental Planning Services - Ricondo & Associates, Inc.	16-0201	20
10.	Accept Bids for Snack & Beverage Vending Lease	16-0202	20
I.	NEW BUSINESS: Update on Airfield and Airspace Technologies to Improve On-Time Performance		20-21
J.	CORRESPONDENCE:		21
K.	CLOSED SESSION:		21
L.	ADJOURNMENT:		21

AIRPORT COMMISSION MEETING MINUTES  
July 5, 2016

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 June 16, 2016 were adopted unanimously.

No. 16-0193

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D. SPECIAL ITEM:

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

1. Retirement Resolution - Airport Director John L. Martin

No. 16-0194	Resolution commending Airport Director John L. Martin on his 35 years of employment with the City and County of San Francisco at San Francisco International Airport, with the last nearly 21 years as Airport Director, and wishing Director Martin a long, fruitful and happy retirement.
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Mr. Ivar Satero, COO ... it is with a great amount of respect and admiration that I introduce this resolution congratulating John on 35 years of employment at San Francisco International Airport and 21 years as its Director.

John has had an incredible tenure with SFO. I believe that his 21 years as Airport Director makes him the longest tenured Director in the U.S. That's a tremendous accomplishment. For me personally, it's been a great experience having worked with John for 21 years and I'm so pleased to have been part of his team for that long. John has provided tremendous leadership for our Airport. With great skill and determination, John has led our Airport through many milestone moments in SFO history. Just to recap a few of them, John's leadership of our \$2.4 billion Master Plan Expansion Program of the 90's, his leadership following 9/11 and the .com explosion and SFO's subsequent recovery back to exceptional business

performance. John's leadership of the Domestic Terminals Food & Beverage program which became a world-wide model for quality food & beverage offerings, as well as small local business participation in those programs. The launch of Virgin America and the renovation of Terminal 2 which set the stage for tremendous competition to the benefit of our passengers and our Airport. John's Reaching for Number One initiative and driving a culture at the Airport of safety and security, of respect, fairness, trust, teamwork, and innovation. His leadership over the Runway Safety Area program, a program of national consequence that finished ahead of schedule and with efficiency. The Asiana crash three years ago tomorrow, and John's leadership setting a model for an airport to be transparent and review performance following that tragedy. The oversight of major terminal renovations, including most recently Terminal 3, Boarding Area E and the new Air Traffic Control Tower.

John has set the stage for the future. With his departure he is leaving us with a tremendous structure for going forward and being successful, a strong culture continuing to grow and being embraced by all of our strategic partners. A new 5-Year Strategic Plan with high goals in safety & security, operational and business excellence, small business participation, sustainability, innovation, and employee engagement. A \$5 billion Capital Improvement Program, again to transform the Airport like we did in the 90s, with the Terminal 1 redevelopment, the rest of Terminal 3, an Admin Campus for our staff, and a new Industrial Waste Treatment Plant. And an Airport Development Plan to guide SFO over the next 20 years as we grow from 50 million passengers to as many as 70 million. And along with this preparation, John leaves us with his own personal principles and values that are so well embedded in our organization. The importance of a strong business approach and seeking value in all of our operations and innovation in everything we do. Developing strong partnerships with our stakeholders is also a key success factor, and part of John's principles for an organization of high integrity and credibility. And I think most importantly, as I thought back about how I'd put this all together, is that John has brought such humanness to his leadership and the care and compassion he shows and respect for our employees, for the Airport community, and all the people we serve in running an Airport. So, it is with sadness in seeing John go that we offer this resolution and recommend its approval.

Ms. Shelley Kessler, San Mateo County Central Labor Council ... it is my honor and my pleasure to be here today. I would like to say, on behalf of the labor community is that no other Airport Director in the nation has ever been honored by the labor community in the way that we're making John a co-honoree with me at the COPE dinner. This really is a tribute to the work that he's done, for the humanity that he's brought to the environment, the suggestion that the rest of the staff left behind should also carry on in that manner, and we're pleased to know that they intend to do so. So, we're really, really happy about this. So, without any other delays, here is my Ode to John Martin:

Quietly he took his place  
Amid a most chaotic pace  
Not just a new department lead  
But someone who gets corporate greed

Yes, aviation does take flight  
But with the airlines he did fight  
To treat their workers with some care  
No other leader took that dare and  
I can say that, yes for certain  
Since I remember Louis Turpen!

While not always well respected  
Willie wanted him ejected  
But we stood up and fought for John  
"Mayor don't look down upon  
A guy who knows the site so well  
Without him, all will go to hell"

So John was safe from politics  
At, SFO kept in the mix  
To build the site and make it greener  
Post 9/11 with budgets leaner  
Yet he prevailed to turn the tide  
From challenges he never shied

In his own life, he took on more  
With youth and Aids, he knew the score  
One he has to give and shed some light  
Ease the pain, both day and night  
Show the way to lend a hand  
Of one's free will, not by demand

And this John does, even when he's quiet  
You don't need words, but / don't buy it  
Yet this he does, with strength and grace  
Amid the turmoil of this place  
So off he goes; we wish him well  
He may take naps or raise some hell  
But we will miss him, that is true  
So to you, dear John, we bid adieu!

Commissioner Crayton ... beautiful.

Commissioner Crayton ... I don't even know how to begin. Larry, I think you've been here with John longer than I have. When I came as a new Commissioner to the Airport I remember how I was received in terms of talking with me, the orientation process, talking about the financials, what the Airport was doing. I just felt the warmth and the fact that the San Francisco Airport Commission operated with such integrity. I have never seen anything operate like that, and I have been in other parts of government. It was very enlightening and heartwarming to see that. I don't know many people in City government that were applauded by the labor community. Hopefully we will be passing that on.

And as I think about it, even some of the kinds of activities that this Airport has

participated in that I've not seen in any other airport. The program that you did under your leadership with Jean Caramatti on the Sex Trafficking and the amount of money that was raised towards awareness. The community organization groups that the Airport has supported. The fact that you have been a star in terms of encouraging diversity at the Airport, in terms of trying to get new tenants. Having your people go out into the neighborhoods to try to find new opportunities. That means a lot to me and I think it means a lot to the community. And now we're going to have a new hotel. I can't believe it. How many airports have a hotel? I'm praying that I'll be here when that hotel opens.

The situations that you have endured and came out with just a wonderful spirit. I've always wanted some of that to rub off on me. You worked with your staff well, and I thought, how does he deal with all of these people without killing a few of them? This man is so wonderful. He sits down with you and he calms you. You were able to do that. I don't know what it is. Even when I was very ill and he came to the hospital to see me, and I was already mad with the nurses because I wanted pain medication and they wouldn't give it to me. He was just very calming and I thought about it and I said well I could be nicer. I appreciate him.

I think about all the major airlines that we have and the huge piranhas and you've always worked with them and your staff. The way you did everything, I just want to thank you. Mayor's come and Mayor's go, some with glee and some with woe, but you worked with them all. And you worked with integrity. They respected you.

Lastly, I want to say the report that you put out in terms of your goals and the direction of the Airport ... I was reading through that yesterday. I don't have to guess about this department in what they're going to do, what their goals are, what the direction is. I've got all that in front of me and it helps me to understand a lot of this, and so I want to thank you for your leadership, your ability to put it together. I was just at the Terminal 1 groundbreaking. When will it be ready?

Mr. John Martin, Airport Director ... 2018.

Commissioner Crayton ... I want to be there because it's going to be something. So, thank you from the bottom of my heart for everything that you've done for me, for the programs that came in place as a result of your leadership ... I appreciate that. Thank you so much and I will always remember you and your leadership.

Commissioner Johns ... I would love to reiterate everything Commissioner Crayton said, but I do have a few things I would like to say, and Shelley referred to it about Mayor Brown. And my first relationship with John was when I was Chief of Staff to Mayor Brown so I was privy to all of that. I'm not sure I can say what I'm saying this morning except he said it in his column on Sunday. And so I think the only reason it was rocky in the beginning was because he didn't have the opportunity to appoint you. Willie Brown, being his own person, I think he said it in his column that you beat him at his own game, and I think what he meant by that, if I might interpret it, is that you proved to him that you were the person that he would have appointed. So, in my eight years of experience with you as Chief of Staff, I really got to know you from an internal point of view and then another 12 years sitting

here on the Commission ... so 20 out of your 21 years we've work together. And I do have to say, as Linda indicated, you are a unique leader. I'm so happy that you have left a blueprint for the staff to continue and that Ivar has had this opportunity to have you as his mentor. I thank you for your 21 years of service to the City and I wish you well in your career. Thank you so much.

Commissioner Guggenheimer ... they've pretty much said it all, but I do want to say that the thing that has always impressed me most about John is that he listens well before he makes decisions. He builds a consensus, he talks to his staff, he listens to all sides of all arguments in his quiet manner. But I will tell you, having been born and raised in the City and having been on five other City Commissions, John your quality of leadership, the way you explain things ... you know, for some of us who haven't been in the engineering or technical field, what goes on at the Airport in many facets of its operations is a little complex but you take the time. You actually even calm me down which is very hard to do. But I can't thank you enough for your friendship. It's been an honor and privilege to serve with you and for all staff with this Commission in particular, it's just a wonderful group of five.

Commissioner Stern ... you've been an absolute pleasure to work with. I look at you as such an incredible role model. I've been on the Commission for about 5 ½ years and its interesting ... I was talking to Lori about it and you blink an eye and it's over. And 5 ½ years go by and its really a testament to you. It's so easy to work with you. I want to thank you for everything you've done for the Airport and for all of us as well. And I want to wish you the best in your retirement and I really want you to enjoy it and live your life. But stay close to us, please. You will be missed.

Commissioner Mazzola ... well, John and Ivar, Shelley and Commissioners, you've said it. And no sense in me spending much more time trying to figure it out. I just want to say, from the bottom of my heart, thank you.

Mr. Martin ... I'd like to say a few words to thank all of you. This Commission is amazing. You've all been enormously supportive of the Airport and really helped us to be successful. You really led the way to our success and I'm very proud of the Airport. I feel all of us should be proud of the Airport. We really have an exceptional Airport that serves San Francisco well and is a model for airports around the country and the world in so many things we do. And I feel entirely comfortable leaving the Airport in Ivar's hands and the Senior Staff and all of the employees of the Airport. I feel like our entire group of 1,800 employees take pride in the Airport, want to do the best for it and for San Francisco, and that's what its about. That sense of ownership, pride and caring about passengers and one another. It's been like family to me. It fell like I was coming into my family right away when I started 35 years ago. It's like I'm graduating and leaving home now, but I know the family is still there. So I'll come back and see Terminal 1 when it's done, and the hotel. But I'm ready to step away entirely and start new things. And any of you can come to my meditation classes if you like. Thank you.

Commissioner Mazzola ... I know you said this is your last meeting, but we're going to call a special meeting so you will have to come back next week.



E. DIRECTOR'S REPORTS:

2. Update on Airfield and Airspace Technologies to Improve On-Time Performance - Verbal Report

Update on recently implemented and near- and long-term airfield and airspace technologies that are expected to improve aircraft on-time arrival and departure performance.

Mr. Doug Yakel, Public Information Officer for SFO ... it's my pleasure to be here today to provide an update to you on the status of procedures and technologies, both current and future, that are designed to improve the arrival performance, the on-time performance of SFO Airport. In previous sessions we've provided a little bit of background for you but just to review some of the root causes for on-time performance issues at SFO. It really begins with our runway configuration. On clear weather days we land primarily on two parallel runways that are separated by 750 feet. This is more than sufficient for our demands and we're able to land up to 60 aircraft per hour on these parallel runways, but when we encounter bad weather we lose that capability and we tend to see many mornings of low clouds and fog. We have periods where we begin our day in those conditions and that essentially reduces our use of those two parallel runways. Historically, it would cut our arrival capacity in half, from 60 to down to 30 arrivals per hour. We are essentially limited to one runway during those types of conditions. Compounding this were traditional airline scheduling practices. Airlines tend to schedule peak arrival activity during the morning hours at the same time that we encounter these weather issues so the combination of these factors leads to a chronic condition in which we often begin our day in low visibility with arrival delays, even once that fog layer burns off we find ourselves taking hours or even the remainder of the day to recover that operation. Knowing that the challenges were on the rise as well as demand for air traffic, we set a strategic goal. That goal includes a target of 75% on-time arrivals at a minimum, at a base line. The goal also includes plans to aggressively pursue new procedures and technologies that can support our on-time arrival performance. Obviously, this is a collaborative effort and we've been working very closely with the FAA, with airlines, and a regional partnership. We work with other airports in the region to discuss the future of air traffic in the Bay Area and what is the most effective way of balancing those future air traffic needs. This chart shows you how SFO ranks compared to the top 35 U.S. airports across the country. You can see we've got some work to do. This green bar on the chart illustrates the 75% on-time goal that we've set and you'll notice once we completed the runway closures in 2014 to construct runway safety areas, in 2015 we saw for the first time in over 10 years an ability to achieve that 75% on-time performance rate. We'll talk a little bit about what helped us do that. You'll also note that for year to date 2016, we are trending below that line. This is to be expected. This measurement shows the first six months of 2016 and the first half of the year we tend to score lower because we're coming out of winter weather and months where we tend to see lower arrival performance rates. Historically, some of our best months are the ones that lay ahead, particularly September and

October are good weather months for our Airport. Most of the recent on time improvements that we've made have really been the result of two procedures, two initiatives. One is called a Simultaneous Off-Set Instrument Approach (SOIA); the other is a Closely Spaced Parallel Runway (CSPR) procedure. Both of these procedures allow us to make more efficient use of those two parallel runways, even during periods of bad weather. The FAA's approach is very incremental and as it turns on a new procedure it continues to make incremental improvements in that procedure. A good example is SOIA, which was initially launched in 2005 and our window of ability to use it was very limited. As the FAA gained experience with this procedure, they increased the conditions under which we can use it to a point now where it's a very effective procedure for us. Similarly, with the CSPR procedure launched in 2013, we're also now seeing that incremental improvement in the conditions under which it can be used in the arrival capacity. We probably presented this before but just a review, this is what a CSPR procedure looks like. As I mentioned, on a clear day two aircraft can visually sight one another and maintain separation from one another, and on a cloudy day we're not able to do that, but the CSPR procedure still allows us to have two tracks of aircraft coming into our parallel runways. They're not side by side, they're offset, but this still allows us an increased use over that single runway configuration that we used to know. There are two things that are at work here. First, is the physical separation between aircraft, and the second is what's called wake turbulence. This is the invisible churn of air behind a large aircraft. Think about a boat wake in the water ... the larger the boat, the larger the wake. The same can be said for aircraft and when these types of pairings are being arranged consideration is given to wake turbulence as well. Air Traffic Controllers will set up this closely space configuration typically with a smaller aircraft leading and a larger aircraft behind, the thinking being that the small aircraft generates less wake turbulence and it's less likely to act on that larger aircraft. In addition, these two aircraft tend to come in at a different descent rate. The smaller aircraft at a more shallow rate and larger aircraft taking a steeper approach essentially flying over any wake turbulence that might occur. This procedure has really helped in the short term and we continue to see incremental improvements. Right now the separation between aircraft is 1.5 nautical miles but the FAA, as it's been using this procedure and working in collaboration with airlines and their pilots, has found that we've got more ability to shorten some of these distances safely which will add to our arrival capacity and continue to improve our arrival performance.

In terms of long term improvements, we're pursuing a few enhancements, one of which is the increased application of GPS. The FAA is transitioning from a 50-60 year old legacy system of using radar to using GPS and its technology more. And we want to be a part of that process. This summer we plan to demonstrate a GPS technology which essentially enhances the existing GPS signal which will be available for aircraft landing at SFO. What this would allow for is more complex and elaborate types of approach patterns rather than straight lines coming into runways. This system could allow for curve approaches, different angles of descent, more sophisticated approaches than what we're capable of doing today.

Probably one of the most exciting technologies that offers a benefit to SFO is a rollout of what's called Automatic Dependent Surveillance Broadcast (ADS-B).

There's essentially two different forms to ADSB, but essentially it exists on an aircraft and the aircraft uses satellite navigation to derive its location to know where it is at a point in space. ADSB essentially broadcasts out a signal like a transponder. It can broadcast a signal that says what airline it is, what flight number, where it is, how high it is, and how fast it's flying. So this is something that could really allow for that transition from traditional radar to a GPS space method space worldwide of tracking aircraft. That's interesting in itself. The FAA actually mandated that all aircraft be equipped with the out function by 2020.

As it pertains to SFO, probably the most exciting thing is the 2<sup>nd</sup> feature which is called the ADSB in feature. Each aircraft that is equipped with this technology can receive all of that other information from all other aircraft, meaning that essentially every flight deck will become its own Air Traffic Control Tower and would be getting information from all of those other airplanes ... where they are, what they're doing, how fast they're going, and have all of that situational awareness. How that benefits us is that type of technology could be used to derive a new type of paired approach even more robust than the CSPR procedure we're talking about today. One that could actually reclaim 80 to 90% of our clear weather arrival capacity even during periods of low clouds and fog. This ADSB is a real game changer. The FAA has yet to mandate its adoption, but we are strongly recommending that they do so because of its benefit to airports like SFO.

I want to talk a little about what a paired approach would look like using ADSB in. Much like I showed you on the previous chart, Air Traffic Controllers will begin by pairing up aircraft in a staggered arrangement coming into the two runways at SFO, but then flight crews would engage this new tool, ADSB, in order to maintain separation. Essentially both aircraft would be talking to one another, their flight computers would be sharing information back and forth so the moment one aircraft had a deviation from its course, the other aircraft could respond instantly to that deviation to maintain that separation and maintain that safety for wake turbulence. There are additional technologies that could go along with this, ones that could include a heads up display in the flight deck that can actually visually project the image of a parallel aircraft as you're coming into land. Even during periods of zero visibility a crew could look out their window and see a projection of that other aircraft that's parallel to them for added safety.

I want to talk a little bit about the potential benefit that this technology could offer and we'll begin by talking about what we're capable of doing right now with clear weather and our parallel runways. We can do 60 arrivals per hour today using our current runway configuration. During bad weather, we used to see that arrival capacity get cut in half down to 30, down to a single runway. What we're doing today is an incremental improvement. We're doing about 36 per hour during bad weather thanks to that CSPR procedure. But this ADSB in feature, when I talk about reclaiming 80 or 90%, we forecast that that type of technology could get us to an arrival rate of about 53 landings per hour, even during bad weather. This could have a very dramatic impact on SFO's arrival performance. Moving forward, our next steps will be to advocate for new technologies and collaboration with the FAA, airlines, and other Bay Area airports. We will also seek opportunities, much like the demonstration in August, of how new technologies could benefit SFO in

its existing runway configuration.

Commissioner Johns ... regarding ADSB, since pilots might be communicating with each other, is this an international procedure that would be used? I was just wondering given some of the feedback we got after the Asiana flight accident, this would concern me. That all pilots, internationally not just domestically, be on board with this type of system. I know it's 2020 before you think it might go into effect, but four years will get here pretty fast.

Mr. Yakel ... it's a valid concern and it's a great question. Obviously, the Asiana accident put the focus on over reliance on automation in the forefront and from my own perspective, airline training continues to learn and enhance from events like this. The design of these technologies are designed to be such that crews are made to be aware of how the aircraft is functioning, what it is doing for them. A key part of this ADSB process is that both flight crews are in voice contact with one another. So there's a clear delineation of who's in charge of what, even before the procedure gets activated.

Commissioner Crayton ... I assume that ADSB will help keep the job of Air Traffic Controllers less taxing. Of course, you want to make sure you've got adequate staffing at those levels. I don't know whether this decreases it, increases it, or it remains the same. Is this something that's going to be accepted everywhere once it passes and becomes effective in 2020 at our Airport?

Mr. Yakel ... to your first point, the game changer about ADSB in is that on a clear day today two aircraft coming in to land at SFO, once the Air Traffic Controller gives the clearance to those two flights, the responsibility for keeping each other separated exists strictly in the hands of those two flight decks. Those two flight crews are responsible for maintaining separation from one another. It's in bad weather today that they have to give that responsibility to an Air Traffic Controller. ADSB puts that capability back in the hands of the flight crew essentially through application and technology. I don't know if there's a staffing correlation associated with it. To the second point about how this would benefit other airports. SFO has one of the closest configurations of runways, but we're certainly not the only one. The CSPR procedure actually rolled out at about eight other U.S. airports that also have a closely spaced runway configuration. So, our hope is that we can be persuasive with the FAA to demonstrate that there's an effective business case to mandate the use of ADSB in and that it won't just benefit SFO, it would benefit other airports that have similar capacity and congestion issues.

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F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

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

3. Determination to Proceed with and Award of Contract 8427C.66 - Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project - Walsh Construction Company, LLC - \$9,487,000

No. 16-0195

Resolution determining to proceed with, and awarding Contract 8427C.66, Design-Build Services for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project to Walsh Construction Company, LLC in an initial amount of \$9,487,000 with an initial contract duration of 8 months, and with a corresponding amount in contingency authorization.

This action constitutes the Approval Action for the Mel Leong Treatment Plant, Industrial Wastewater and Recycled Water Upgrades Project pursuant to Section 31.4(h) of the San Francisco Administrative Code.

Mr. Geoff Neumayr, Deputy Director, Design & Construction ... this proposed resolution approves a determination to proceed with the Industrial Waste Water Treatment Plant and awards the design build services contract for the Mel Leong Treatment Plant, Industrial Waste Water and Recycled Water Upgrades project to Walsh Construction Company in an initial amount of \$9.5 million with an initial duration of eight months. This contract provides for the design and construction services for replacing the existing waster waste process to ensure long term compliance with clean water regulations and the water that flows into San Francisco Bay. This contract will also upgrade the existing Recycled Water Treatment Plant to increase capacity and provide for a more efficient system. The San Francisco Planning Department, Environmental Planning Division has determined that the Mel Leong Treatment Plant is exempt from review under the California Environmental Quality Act. Two proposals were received in response to this request for proposals and qualifications. Staff reviewed both proposals and determined that both proposals met the minimum qualifications. A three-member selection panel was convened to review and score the written proposals. Both proposers were invited to oral interviews, which were scored by the same selection panel that scored the written proposals. The price proposals were then combined with the oral interview scores and final ranking was established. The Walsh Construction Company was determined to be the highest ranked proposer. A protest was submitted alleging a potential bias towards Walsh Construction on the selection panel. The protest was reviewed by staff and determined it to be without merit. Staff has negotiated the scope of services along with the contract terms and conditions for this contract and recommends award of the design build services contract to Walsh Construction Company. The initial award provides for a lump sum amount for programming services and management fees for design build services as well as an allowance for preconstruction services to support the programming efforts. At the completion of the programming phase, staff will

return to the Commission with a recommendation to award the full value of this contract as an estimated guaranteed maximum price. Staff will update the Commission periodically on the contract budget and forecast and identify any significant cost variances along with recommended mitigation measures. The forecasted total value of this contract is \$64.2 million, with a total duration of 940 calendar days. The City's Contract Monitoring Division has approved a 20% LBE sub-consultant goal for design services and a 25% LBE sub-contracting goal for construction services. Walsh Construction Co. is committed to meeting this goal.

Commissioner Crayton ... I notice that you have your total budget of \$9,487,000 and then you asked for an additional budget of \$711,525 for Type 1 Contingencies. Do you normally ask for the contingency amount in advance?

Mr. Neumayr ... we do. You can actually authorize up to 10%, but we only ask for 7 ½% at this point in time. It's to cover those charges that could result from a minor change in scope that could occur due to an unforeseen condition. We do that in all of our contracts.

Commissioner Crayton ... regarding the updates you mentioned, I assume we aren't going to be hearing about additional money, correct?

Mr. Neumayr ... correct. Those updates ... as we go through the programming phase and complete the scope of work, at that point we have established an overall project scope as well as an overall budget for the contract. We will then return to you at the end of the programming phase.

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

4. Modification No. 1 to Contract 9034.66 - Design-Build Services for the Demolition of the Terminal 2 Air Traffic Control Tower Project - Turner Construction Company - \$6,500,000

No. 16-0196

Resolution approving Modification No. 1 to Contract 9034.66, Design-Build Services for the Demolition of the Terminal 2 Air Traffic Control Tower Project, with Turner Construction Company, in an amount not to exceed \$6,500,000 for a new contract amount of \$16,400,549 and to extend the contract by 6 months for a new contract duration of 12 months, and with a corresponding amount in contingency authorization.

Mr. Neumayr ... this proposed resolution approves of Modification No. 1 to the Turner Construction Company's contract work for design build services for the demolition of the Terminal 2 Air Traffic Control Project to increase the not-to-exceed amount by \$6.5 million and to establish a new not-to-exceed contract amount of \$16.4 million with a corresponding amount of contingency authorization, and to extend the contract duration by six months, for a new total contract duration of 12 months. This contract provides for design build services

for the demolition of the Terminal 2 Air Traffic Control Tower.

This project scope includes demolition of the existing Air Traffic Control Tower and the upper office block at Terminal 2, reconstruction of the third, and possibly the fourth floor, as well as design & construction services for a 15<sup>th</sup> aircraft parking position at Boarding Area D. The 15<sup>th</sup> aircraft parking position is proceeding ahead of the demolition portion of the project. The programming phase is now completed for the 15<sup>th</sup> gate aircraft parking position at Boarding Area D. The programming phase has now defined the scope and the estimated total cost for this work. This modification increases the contract by \$6.5 million and extends the contract's duration by an additional six months. The programming phase for the remainder of the project is nearing completion. At the completion of the remainder of the programming phase for this project, Staff will return to the Commission with a recommendation to authorize the full estimated value of the contract, including the negotiated design fee and the estimated construction cost for the demolition project. The current forecasted total contract value at completion is \$53 million with a total estimated contract duration of a little over a 1,110 days. The current project forecast remains in budget, and appropriate levels of contingency have been included in this forecast for this project.

Turner Construction will competitively bid all the trade packages as required by the San Francisco Administrative Code. The City's Contract Monitoring Division has approved a 24% LBE sub-consultant goal for design services and a 20% LBE sub-contracting goal for construction services. Turner Construction is committed to meeting this goal.

Commissioner Guggenhime ... why do we keep coming back for modifications? Why would we not have foreseen this?

Mr. Neumayr ... at award of the design build contract, we only awarded the programming services fee and pre-construction services. During the programming phase, we work with our design build teams and our stakeholders to establish the scope and then we begin to, because this isn't a lump sum bid, but a progressive guaranteed maximum price, we determined what the scope of the project is. We work together to get it into budget and then come back to you with a recommendation to go ahead and start buying out those trade packages.

Commissioner Guggenhime ... this isn't like some Commission's I've been on where someone makes a low ball bid, gets the contract, and then they realize they're losing money. That's not what this is.

Mr. Neumayr ... correct. But the whole process of progressive design build or CMGC, which is similar to what's been happening at Moscone, is to allow us to work together with our design builder. It allows us to work together as one team to get a project into budget so we don't have the low balls. We get the right price and if something is over, we can work through those things together to get us into the budget.

Commissioner Crayton ... doesn't that work negatively against other folks that

would have bid on the contract, not knowing that you're going to go back and and give them additional money?

Mr. Martin ... no. Other subs that are bidding?

Commissioner Crayton ... yes.

Mr. Martin ... the subs know they will have the opportunity to bid once we've selected the prime and then the subs feel like they're more likely to be treated fairly in that squeeze because the on-going process is the same.

Mr. Neumayr ... what happens is that once the packages are put together, we are actually involved in every trade sub-contractor buyout. The San Francisco Administrative Code requires three minimum bids. It allows us to be active participants during that process, to protect the sub-contractor so that there is no bid shopping to drive them down. It's still an open competition for all the trades. Traditionally, what happened in low bid is that the general contractors collect all of the sub-contracting bids prior to us ever seeing them and entering one combined bid. In this process we actually get to interface and be part of that process. We are also going to make sure that we can talk to those subcontractors ahead of time to make sure that they have all of the scope included in their bid so that if something is too low we don't put them in jeopardy of losing their business and getting into trouble. We can correct that right then and there.

Commissioner Crayton ... I notice that you've given an additional \$1.6 million as a contingency to this other money that you're giving him now. So, why wouldn't we have just done this from the beginning? 'm not getting it but I'll take that off-line.

Mr. Neumayr ... the reason that we don't ask for the full 7 ½% contingency is because we only want enough contingency on the approval amounts that you've given us. We want to work with you to define the whole contingency amount. Eventually, we return for the full GMP and then ask for additional contingency. When we incrementally ask for your approval for contingency, you can work with us to manage those dollars so you're aware of what you're approving, and to also make sure that we have a reporting structure up to you. We want to make sure you're part of that process.

Mr. Martin ... overall, the design build contracting we're doing saves us money and saves us a lot of time in delivering projects. The sub-contractors feel like they're treated more fairly. We hear a lot less complaints from subs, we have less change orders from the prime, and we end up with better projects overall.

Commissioner Guggenhime ... you're being almost exactly accurate step by step, rather than saying here's what we think the project is.

Mr. Martin ... yes. Otherwise, everyone is in one bid and then you end up with claims along the way and lawsuits.

Commissioner Crayton ... you start with an Engineer's estimate and that



encompasses the entire project, correct?

Mr. Neumayr ... correct. In order to do the Engineer's estimate, we traditionally take a design to 100%. In the design build contract, we haven't done the design yet but we do have a budget estimate.

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H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 10, was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

5. Modification No. 2 to Professional Services Contract No. 8872A.41 - Project Management Support Services for the Consolidated Administration Campus Phase 1 Project - MCK Americas, Inc. - \$1,900,000

No. 16-0197	Resolution approving Modification No. 2 to Professional Services Contract 8872A.41, Project Management Support Services for the Consolidated Administration Campus Phase 1 Project, with MCK Americas, Inc., in an amount not to exceed \$1,900,000 for a new contract amount not to exceed \$2,885,000 and a new contract duration of two years.
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Commissioner Johns ... Items 5, 6, 7, 8, and 9, this is not Design Build. Each one of those is, as I see it, an existing contract. We are not changing the terms of the contract at all, but we are adding in Item 5 \$1.9 million, Item 6 \$701,000+, Item 7 \$1 million, Item 8 \$300,000, and Item 9 \$300,000. A lot of these are professional services contracts and I always ask questions because I'm always concerned about how we manage all of our professional services contracts. And I'm just curious, as John leaves and we go into this new administration, what is the reason for these five adding another \$1.9 million? It's a lot of money.

Mr. Neumayr ... I can speak to the first three here.

The first is a modification to a Project Management Support Services contract for our Administrative Campus building. This is a time and materials contract that we only approve one year at a time. We do this in part because we will not award the second year unless we get the services we want. There is a lump sum estimated amount of the total contract, but we go year by year. The idea is that we want to encourage good performance and they have to earn the second year.

Commissioner Johns ... is this the second year?

Mr. Neumayr ... yes.

6. Modification No. 3 to Contract No. 10051.71 - Construction Manager/General Contractor Services for the South Field Tenant Relocation Project - C. Overaa & Co. - \$701,863

No. 16-0198 Resolution approving Modification No. 3 to Contract 10051.71, Construction Manager/General Contractor Services for the South Field Tenant Relocation Project, with C. Overaa & Co., in an amount not to exceed \$701,863 for a new contract amount not to exceed \$16,472,861 and with a new contract duration of 778 consecutive calendar days.

Mr. Neumayr ... this is a CM/GC with a scope change for \$700,000. This request will facilitate unforeseen conditions within this checkpoint. There is money. We do carry project reserves in our accounts to take care of these things and they're within our overall project budget. Again, this is one of the things that we bring to you, but since we don't have it quantified at the time, we don't come to you and ask for approval for that money. In that way you are fully aware of the process.

7. Modification No. 2 to Professional Services Contract No. 10593.51 - As-Needed Engineering Support Services - Telamon Engineering Consultants, Inc. - \$1,000,000

No. 16-0199 Resolution approving Modification No. 2 to Professional Services Contract No.10593.51, As-Needed Engineering Support Services, with Telamon Engineering Consultants, Inc., in an amount not to exceed \$1,000,000 for a new contract amount not to exceed \$3,000,000.

Mr. Neumayr ... this is an As-Needed contract. I believe it was originally awarded for \$2 million. This is really a task based contract, so as tasks come up during the five year term of this contract. We issue Contract Service Orders (CSO) up to \$400,000. What we're requesting on this is an additional \$1 million to extend the contract because the Administrative Code allows us to modify the contract to 50% of the original value of its award amount. It's strictly to provide those additional CSO services that we need on an as-needed basis.

8. Modification No. 1 Contract No. 50027 - Airport Management Services to Provide Financial & Capital Plan Management & Analysis Consulting Services Robert Kuo Consulting, LLC - \$300,000

No. 16-0200 Resolution approving Modification No. 1 to Contract No. 50027, Airport Management Services, with Robert Kuo Consulting, LLC, to increase the contract amount by \$300,000 for a new total not to exceed amount of \$775,000 to provide financial and capital plan management and analysis consulting services.

Mr. Leo Fermin, Chief Business & Finance ... this is primarily being driven by two things. First our current Lease and Use Agreement expires in five more years but

rather than waiting year 8, 9 or year 10, we decided to address some of the issues that are beginning to develop and some of our rate models. For example, we are constructing in Terminal 1 what we call Swing Gates. Gates that can be used for both Domestic and International flights. The question that has arisen, how do we treat those Gates from a rates and charges perspective. How they would be considered domestic gates that are occasionally used for international flights, or international gates that are occasionally to use for domestic flights. And the implications on rates and charges methodologies are quite profound. For example, the effects of joint use calculations in the international terminal, all sorts of things. So, we need to do a lot of research, discussion, analysis, both internally and with all of our airlines to model the different scenarios and come to a consensus on how to address these gates before they begin thinking about strategizing on the Use and Lease Agreement.

Commissioner Johns ... and this particular consultant has expertise?

Mr. Fermin ... yes. This consultant and the sub-consultant they're bringing in has experience with five major airlines, and a lot of rates and charges experience throughout the country as well as internationally. Other items, for example, there are more transborder charges. Lately, there's a trend by Customs and Border Protection to pre-clear flights internationally before they come to the U.S. so it raises a lot of similar issues that swing gates raise for us. We often have to look at those issues as well. So, besides the Lease and Use Agreement, we're also starting to take a new direction on our screening process for airline service providers. We've met with the airlines, airline service provider companies, and the labor unions. We've received a lot of feedback on that request for qualifications process that you authorized and we found that it was really not the best process to address everyone's concerns. What we did discover in all of this is that we do not have hands on, true technical knowledge of what is required in ground handling, catering, fueling, all those airline activities. So, we need a consultant to advise on day to day operations, how it actually works, and what is the best way to screen these procedures, policies and practices for a best practices. We need help in that regard. That's a second major thing that's driving this.

Commissioner Crayton ... in terms of consulting, can we try to get more diverse folks or can we work with them or ask them to bring in other people so that we don't continue to project the same image over and over again. As I look out here at the staff, nobody looks like me. So, I'm trying to figure out how we add more people that are diverse to our consulting staff and to other departments because that's really important. But I realize that maybe because the Mayor has appointed people who brought them here when they didn't have anywhere else to go. They don't have the skills and the ability to do that but I know that you do. And so having said that, is there a possibility for us to be more inclusive.

Mr. Fermin ... yes, we are trying that. In fact, last week I had a meeting with our new Finance Director to discuss that point. One of the things I asked him to do is to reach out to the many different diverse ethnic professional finance associations within the industry and to have lunch with some of the leaders in those groups. He's going to be making that effort as soon as he comes back from vacation.

9. Modification No. 1 to Professional Services Agreement, Contract No. 50081  
Environmental Planning Services - Ricondo & Associates, Inc. - \$300,000

No. 16-0201                      Resolution approving Modification No. 1 to the professional services agreement, Contract No. 50081, with Ricondo & Associates, Inc. to add a new task associated with environmental review for the Taxiways Realignment project to the National Environmental Policy Act (NEPA) environmental planning scope of services and increase the contract amount by \$300,000, for a new total contract amount not-to-exceed \$2,000,000.

10. Authorization to Accept Bids for the Snack and Beverage Vending Lease

No. 16-0202                      Resolution approving revised lease specifications and bid requirements, and authorizing staff to accept bids for the Snack and Beverage Vending Lease.

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I. **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.

Ms. Shelley Kessler, San Mateo County labor Council ...thank you Commissioners for the opportunity to address you. I appreciate this. First, let me just do my job quickly which is on the updated airfield, airspace technologies. When Doug was making a presentation, until I heard it I didn't know all the details that were involved and so what I want to suggest, to put on the record that the different parties that are impacted and affected by these technologies really need to have good communication within the staff level. We have representatives here who's people do aircraft cleaning, the screeners, airfield safety officers. Many times when you implement policies and things happen at the higher levels, they don't always trickle down as well as they could for cross training purposes so that everybody understands what is going to be implemented. I'm asking that for the pilots and a whole range of people that our Airport Labor Coalition covers, should you have opportunities to engage with us around the implementation of these technologies with the people who are impacted, please, please take opportunities to do that because the more the people are communicated with about these new procedures, the better they will function. So, that is my job to say this to you and I know the staff hears me and most of the time we have group communication, but sometimes it falls through the cracks because you're dealing with the crew, or whatever, and I know the pilots have deep concerns about these things, so please take advantage of our opportunities when they present themselves. The other thing I want to say to you quickly is this is probably my last formal Commission meeting, so this is probably my

last opportunity formally to speak to you as the head of the Labor Council. Julie, who is here, is going to be taking my place as of August 1, 2016 so I anticipate that she will be speaking with you on occasion to deal with the various issues that we deal with. I don't have John's 35 years, I only have 31 at the Labor Council so it's time to turn it over and to have someone who's confident and qualified to take over the Council and really provide the kind of leadership that she can do, and I anticipate that the staff and you will assist her in being successful in that, so I appreciate the opportunity. I appreciate the honor of being able to speak for the T1 moment with Commissioner Crayton and Director Martin and Ivar Satero. That was really a great experience, so thank you, thank you, thank you for the opportunities, for the honors, and don't forget July 29, 2016, John and I will be honored by the Labor community. Thank you.

Commissioner Mazzola ... I need to say something about you but I can't publicly.

Ms. Kessler ... Mr. Mazzola, your time is coming.

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J. CORRESPONDENCE:

There was no discussion by the Commission.

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K. 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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L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:50 AM.

***(Original signed by: Jean Caramatti)***

Jean Caramatti  
Commission Secretary