SAN FRANCISCO AIRPORT COMMISSION



July 22, 2014 Special Meeting 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 Special Meeting of July 22, 2014

CALENDAR SECTION	AGEND/ ITEM	A TITLE	RESOLUTION NUMBER F	PAGE
Α.		CALL TO ORDER:		4
В.		ROLL CALL:		4
C.		ADOPTION OF MINUTES: Regular meeting of July 1, 2014	14-0143	4
D.	1.	SPECIAL ITEMS: Retirement Resolution- Dave Loustalot	14-0144	4
E.	2.	DIRECTOR'S REPORT: SFO BART Employee Discount Program Updat	е	5
F.		ITEMS INITIATED BY COMMISSIONERS:		5
G.	3.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Modification No. 13 (Establish Final GMP) to Co 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Fac - Hensel Phelps Construction Company	t	5-6
	4.	Modification No. 11 (TBP Set 9 and Change Or Nos. 020 and 021) to Contract 9048A - Design- Services for Terminal 3 East Improvements - He Phelps Construction Company	Build	6-7
	5.	Amend Resolution 09-0137 and 13-0013 - Auth Sale of Additional \$578,565,000 Aggregate Prin Amount of Previously Approved Airport Revenu to Finance Capital Projects; Adopt Final Negativ Declaration of Multi-Modal Transportation Proje Airfield Improvements & Environmental Findings Determination to Proceed with Certain Capital F Projects	icipal e Bonds /e cts and s; and	7-9
H.	6.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: Award Contract 10051.41 - Project Managemer Support Services for South Field Tenant Reloca PMA Consultants LLC		9
	7.	Issue a RFP for Contract 10051.43 - South Field Tenant Relocation Design Services	d 14-0149	9

	8.	Modification No. 1 to Contract 8354.1 - Airport Shoreline Protection Feasibility Study - Moffatt & Nichol + AGS,		
		Joint Venture	14-0150	9-10
	9.	Issue a RFQ to Establish a Pool of Firms to Provide Investment Advisory Services Relating to Airport Bo Funds	nd 14-0151	10
	10.	10. Adopt 2013 San Francisco Bay Area Integrated Regional Water Management Plan to Request State Grant Funding		10
	11.	Reject Bid for Domestic Banking Services Lease	14-0153	10
			110100	10
	12.	Reimburse United Airlines for SFO Safety Training Plane Rudder Repair	14-0154	10
I.		NEW BUSINESS:		10
J.		CORRESPONDENCE:		10
К.		CLOSED SESSION:		
		Settlement: BAAQMD vs. Airport Commission	14-0155	11
L.		ADJOURNMENT:		11

AIRPORT COMMISSION SPECIAL MEETING MINUTES July 22, 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.

* * *

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

* * *

C. ADOPTION OF MINUTES: The minutes of the regular meeting of July 1, 2014 were adopted unanimously.

No. 14-0143

* * *

D. SPECIAL ITEMS:

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

1. <u>Retirement Resolution for Mr. Dave Loustalot</u>

No. 14-0144

Resolution thanking Mr. Dave Loustalot of the Facilities Division for 33 years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said Dave was still unable to be here today. Dave has retired after 33 years of service with the City, including 30 years at the Airport. He started as a auto mechanic, transferred to the Airport as an Operating Engineer, was promoted several times to become Assistant Facilities Director in 2005 and continued in that job for nine years. Dave showed great leadership, dedication, and an exceptionally strong work ethic. He was liked and admired by all of the other employees at the Airport. We thank Dave for his outstanding service to the Airport.

Commissioner Mazzola congratulated Mr. Loustalot and was sorry he couldn't be at the meeting.

* * *

E. DIRECTOR'S REPORTS:

2. SFO BART Employee Discount Program Update

Mr. Martin said that this is a one year report on the program. We made a bet and we won. We bet that if BART did away with the \$1.50 surcharge (\$3.00 round trip) for all Airport employees that ridership would increase and the net increase would be so great that it would be a net gain for BART. We guaranteed that we would make up any loss in revenue incurred. We realized that we would have to see a 43% increase in ridership, but, in fact, we're seeing about a 70% increase in ridership so we're not having to pay any subsidy to BART whatsoever. We're now up to about 180,000 employee trips a year on BART. That's a lot of cars off the road, a lot of reduction in greenhouse gas emissions, and it shows we're doing the right thing ... not overcharging employees. It's a win for everyone.

Commissioner Johns asked how the program is monitored.

Mr. Martin said that employees have to register to buy a fare card at a discounted rate, without the surcharge. Each trip is counted.

Commissioners agreed it was wonderful.

* * *

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

* * *

- G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.
 - 3. <u>Modification No. 13 (Establish Final Guaranteed Maximum Price) to Contract No.</u> <u>9015A - Design-Build Services for Replacement Airport Traffic Control Tower and</u> <u>Integrated Facilities - Hensel Phelps Construction Company - \$22,034,394</u>

No. 14–0145 Resolution approving Modification No. 13 (establish Final Guaranteed Maximum Price) to Contract 9015A, Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities with Hensel Phelps Construction Company in the amount of \$22,034,394, for a new total contract amount of \$122,184,894.

Mr. Geoff Neumayr, Deputy Director, Design and Construction said this Modification provides for the Final Guaranteed Maximum Price (GMP) in the amount of \$122 million for the Air Traffic Control Tower. In accordance with the Administrative Code, the final GMP was negotiated at the conclusion of the competitive bid process which included buyout of 92.5% of the trade packages.

The final GMP was negotiated by staff with Hensel Phelps to assume the remaining

risk to complete the project including appropriate levels of contingency to cover any scope gaps, design errors, emissions, construction coordination, and non-Airport initiated changes.

The proposed final GMP incorporates all cost and schedule impacts from various design iterations and unforeseen ground conditions that occurred during the beginning of construction. A 48-day time extension has been included in the GMP which extends the substantial completion date to January 28, 2015 and a final completion date and turnover to the FAA on May 2, 2015. This revised turnover date remains six months ahead of the agreement that we made with the FAA in the OTA (Other Transaction Agreement). The project forecast, including proposed final GMP, is \$143 million which is within the approved budget. Appropriate cost contingencies are maintained within the project forecast. Staff also recommends approval of Type 1 contingencies in the amount of \$9.2 million. This contingency amount is included in the project forecast that I stated above and it will be used for any Type 1 contingencies over and above what's included in the GMP.

At project completion, Airport staff will meet with Hensel Phelps and reconcile any unused cost in the GMP and those monies will be returned to the Airport. Any cost in excess of the final GMP for the agreed upon scope will be the responsibility of Hensel Phelps in accordance with the terms and risk allocations of the final GMP change order.

Given the Federal funding component of this contract, the Airport encouraged best efforts to subcontract at least 10% of the work to certified small businesses and disadvantage businesses. Hensel Phelps is committed to achieving 50% certified small and disadvantage business subcontractor participation for this contract.

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

4. <u>Modification No. 11 (Trade Bid Package Set 9 and Change Orders No. 020 and 021)</u> to Contract 9048A - Design-Build Services for Terminal 3 East Improvements -Hensel Phelps Construction Company - \$9,568,596

No. 14-0146 Resolution approving Modification No. 11 (Trade Bid Package Set 9 and Change Order No. 020 and 021) to Contract 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Company in an amount of \$9,568,596 for a new total contract amount of \$154,249,532.

Mr. Neumayr said this modification adds the 9th set of Trade Packages in the amount of \$6 million and Change Order Nos. 20 and 21 in the amount of \$3.5 million, to revise the contract amount to \$154 million. It also includes revising the Contract Change Order contingency amount to \$11.5 million, or 7 ½% of the current contract amount.

Trade Package Set No. 9 includes five different trade packages and the overall

total amount of the bids received was 15% under the Engineer's estimate and all of the bids were reviewed and deemed reasonable and responsive.

This modification also provides for two Change Orders, one for design services in the amount of \$500,000 and the other for additional construction services in the amount of \$3 million.

Staff is forecasting a cost of completion of \$200.1 million at this time. The current forecast is within 3% of the current budget of \$195.5 million. Staff will continue to work with the design build team to develop effective cost reduction measures prior to completing design and will update the Commission on the result of those efforts.

The City's Contract Monitoring Division has approved a 20% subcontracting goal for design services and a 16% LBE subcontracting goal for construction services. Hensel Phelps has committed to a 17% LBE participation for the Trade Bid Packages included in this modification and is committed to meeting the overall goals of this project.

The forecast does include cost implications resulting from the mitigation of unforeseen contaminated soil. Staff has not finalized the forecast for the cost of this work. We do intend to seek reimbursement for the remediation cost from tenants in accordance with the existing settlement agreement.

Commissioner Guggenhime assumed that we don't know what the remediation cost reimbursement will be because we don't know the cost, correct?

Mr. Neumayr replied correct, but I can assure you that it is less than what we thought it was going to be. We originally forecast it at about \$10.7 million. We know some of the initial bids were getting in, we just haven't finalize it yet.

Commissioner Johns asked is this will impact completion of the project.

Mr. Neumayr replied it will. We have a revised date ... we were originally scheduled for July 22nd completion. The new scheduled date is now November 18.

Commissioner Crayton asked if this is the last change order we're expecting on this particular contract.

Mr. Neumayr said there will probably be some additional change orders because of the fast tracking of the project. There are some design and construction service packages that go out in advance because we're trying to expedite the schedule at the same time. Some of that scope gets picked up within those trade contracts after award. But it should begin to settle down.

Commissioner Crayton assumed that they were not included in the originals.

Mr. Neumayr replied that's correct.

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

 Amend Resolution No. 09-0137 and No. 13-0013 to Authorize the Sale of an Additional \$578,565,000 Aggregate Principal Amount of Previously Approved Airport Revenue Bonds to Finance Capital Projects; Adoption of Final Negative Declaration of Multi-Modal Transportation Projects and Airfield Improvements and Environmental Findings; and Determination to Proceed with Certain Capital Plan Projects

No. 14-0147

Approval of "Series 2014 Bond Sale Resolution" amending Resolution Nos. 09-0137 and 13-0013 authorizing the sale of \$578,565,000 principal amount of previously approved Airport Capital Plan Bonds to finance and refinance the construction, acquisition, equipping and development of Airport capital projects and authorize certain related actions in connection therewith; adopt Final Negative Declaration for multimodal transportation projects and airfield improvements and environmental findings; determination to proceed with certain Capital Plan projects.

The determination to proceed with certain Capital Plan projects constitutes the approval action for those projects for purposes of Chapter 31 of the San Francisco Administrative Code.

Mr. Leo Fermin, Chief Business and Finance Officer, said this item authorizes the sale of an additional \$578.6 million in bonds for projects in the approved Capital Plan. Of the previous bond authorizations, there remains an unused \$144.8 million in authorizations. So combined with today's authorization, we will be able to sell an additional \$723.4 million in bonds. However, currently we think that the next bond sale will likely be in the \$590-\$610 million range. We'll be making credit rating agency presentations for the next bond sale around the third week of August. Also towards the end of August, we will hold potential investor tours of the Airport. We are aiming to have the bond sale in mid October. The three largest funding uses from the October bond sale will be \$129.7 million for the Terminal 3 East Checkpoint Reconfiguration Project; \$80.6 million for the Runway Safety Area Project and \$77.5 will be used to fund the remaining work of the Air Traffic Control Tower Project. The resolution also makes the final Negative Declaration for a category of projects in the Master Plan because we are now proceeding with a second Long Term Parking Garage, the AirTrain extension to Lot D, and certain Airfield projects. These projects are shown in Attachment A of your Memorandum.

Commissioner Johns asked if the \$77 million is reimbursed with Federal funds.

Mr. Fermin said the Federal government will reimburse about 65% of the entire project cost.

Commissioner Johns asked how the money will come back to us once the bonds are sold.

Mr. Fermin said that as we make payments on the construction contract we would then turn around and seek reimbursements from the Federal government.

Commissioner Johns ... but then where does that money go?

Mr. Fermin ... the reimbursement goes back into our bond fund.

* * *

- H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 6 through 12, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.
 - 6. <u>Award of Contract No. 10051.41 Project Management Support Services for South</u> <u>Field Tenant Relocations - PMA Consultants LLC - \$779,673</u>

No. 14-0148 Resolution awarding professional services Contract 10051.41, Project Management Support Services for South Field Tenant Relocations, to PMA Consultants LLC, in an amount not to exceed \$779,673.

Commissioner Crayton asked if we've used PMA for Project Management in the past.

Mr. Neumayr said PMA is new to the Airport.

Commissioner Crayton asked what PMA stands for.

Mr. Neumayr said I am not sure ... I think it's just PMA Consultants.

Commissioner Crayton asked who the Principals are.

Mr. Neumayr replied Bruce Stevenson, I believe, is the Principal of the company.

7. <u>Authorization to Issue a Request for Proposals for Contract No. 10051.43 - South</u> <u>Field Tenant Relocation Design Services</u>

No. 14-0149 Resolution authorizing the Director to issue a Request for Proposal for Contract No. 10051.43, South Field Tenant Relocation Design Services.

8. <u>Modification No. 1 to Contract No. 8354.1 - Airport Shoreline Protection Feasibility</u> <u>Study - Moffatt & Nichol + AGS, Joint Venture - \$344,380</u> No. 14-0150 Resolution approving Modification No. 1 to Contract No. 8354.1, Airport Shoreline Protection Feasibility Study with Moffatt & Nichol + AGS, Joint Venture for additional services in an amount of \$344,380, for a new total contract amount of \$844,380.

9. <u>Authorization to Issue a Request for Qualifications to Establish a Pool of Firms to</u> <u>Provide Investment Advisory Services Relating to Airport Bond Funds</u>

No. 14-0151 Resolution approving a RFQ to establish a pool of firms to provide investment advisory services in connection with the Airport's Bond program.

10. Adoption of the 2013 San Francisco Bay Area Integrated Regional Water Management Plan to Request State Grant Funding for \$750,000

No. 14-0152Resolution adopting the 2013 San Francisco
Integrated Regional Water Management Plan
(IRFMP) to request State Grant Funding for \$750,000

11. Rejection of Bid for the Domestic Banking Services Lease

No. 14-0153 Resolution rejecting bid for the Domestic Banking Services Lease.

12. Reimburse United Airlines for SFO Safety Training Plane Rudder Repair - \$75,000

No. 14-0154 Resolution approving a one-time rent credit reimbursement to United Airlines under Lease and Use Agreement L10-0097, in an amount not to exceed \$75,000, to repair the rudder on the SFO safety training plane.

* * *

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 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.

* * *

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

* * *

K. CLOSED SESSION:

A motion was made by Commissioner Crayton to go into closed session and was seconded by Commissioner Stern. The vote was unanimous and the closed session began at 9:18 AM.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION/ PROSPECTIVE SETTLEMENT

- (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 Section 54956.9) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.
- (c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL regarding anticipated litigation as defendant and proposed settlement. Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2), and San Francisco Administrative Code Section 67.10(d)(2): Bay Area Air Quality Management District, claimant, against the San Francisco Airport Commission. Proposed settlement in the amount of \$15,000. ACTION ITEM.

There are no other planned agenda items for a 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 Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

- (d) [RECONVENE IN OPEN SESSION]
 - (i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code Section 54957.1(a) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).
 - (ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

The Commission went back into open session at 9:25 AM. A motion to disclose the action taken in closed session was made by Commissioner Crayton and seconded by Commissioner Stern. The vote to disclose the action was unanimous. The Commission Secretary announced the unanimous approval of the settlement. No. 14-0155

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.

Original signed by Jean Caramatti Commission Secretary

Minutes, July 22, 2014, Page 11