# SAN FRANCISCO AIRPORT COMMISSION



August 11, 2015 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 August 11, 2015

		August 11, 2015			
				RESOLUTION	
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В.		ROLL CALL:		4	
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E.		ITEMS INITIATED BY COMMISSIONERS:			
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	3.	Re-Authorization to Issue RFQ/P for Contract 8768.66 - Design-Build Services for Airport Hote Project	el 15-0158	7-9	
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	8.	Issue RFQ/P for Professional Services Contract 10402.50, As-Needed Geographic Information			
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	10.	Accept Proposals for International Terminal Special Retail Store Lease	ty 15-0165	11
	11.	Approve 2011 Lease and Use Agreement with Compania Panamena de Aviacion, S.A.	15-0166	11
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#### AIRPORT COMMISSION SPECIAL MEETING MINUTES August 11, 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. 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 July 21, 2015 were adopted unanimously.

No. 15-0156

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#### D. DIRECTOR'S REPORT:

1. <u>Report on Analysis of Airline Traffic for Fiscal Year 2014/2015</u>

Mr. Mike Nakornkhet, Director, Financial Planning and Analysis, said that FY 2014/15 passenger traffic concluded with 24 million enplaned passengers, a 4.5% increase compared to the prior year. When you look at total Airport passengers, which includes enplanements, deplanements, and in-transit passengers, the Airport reached 48.2 million enplaned, deplaned and in-transit passengers, representing an all-time record for SFO for the fourth consecutive year. Passenger traffic growth reflects two major themes. The first is new and added service and the second is an increase in average aircraft size. In the domestic sector, legacy airlines and low cost carriers increased service. Hub carrier United, along with Delta Airlines and Alaska combined for more than 460,000 enplaned passengers, or 60% of the domestic increase. San Francisco-based Virgin America, along with other low cost carriers, including Southwest and Jet Blue, had an increase of 244,000 enplaned passengers, or 32% of the total domestic growth. The international sector was the source of most of SFO's new service. A number of airlines expanded service to the Asia region, including United, China Southern, Eva Airways, and Cathay Pacific. To the southern hemisphere, Air New Zealand increased seasonal service to New Zealand and Qantas will return to SFO with service to Sydney, Australia in December. To Central America, we'll get service from COPA Airlines beginning this September. Service to Europe expanded with Aer Lingus' return to SFO late last fiscal year, and British Airways will increase its aircraft size to an Airbus A380. To the Middle

East region, we've had new and expanded service by Etihad, Emirates, and Turkish Airways.

The second theme is aircraft size increases, also known in the industry as upgauging. While the number of passengers increased by 4½%, the number of commercial aircraft landings actually declined by 0.3%. This means aircraft are getting larger. The average aircraft increased from 137 seats last year to 143 seats this year. As a result, airlines are able to throughput more passengers on a per gate basis while doing the same number of turns on a daily per gate basis. Other Bay Area airports, when combined with SFO, grew by 5.2%. Oakland increased by 8.6% and San Jose increased by 5.5%. These reflect added service by Southwest and Hawaiian airlines at both airports and by Delta Airlines at San Jose. Internationally, Volaris expanded service to Mexico from Oakland, and Hainan Airlines began service from San Jose to Beijing. Even though percentage growth at Oakland and San Jose are high, they're off a lower base last year. SFO's volume growth is actually the highest. Market share at SFO remains stable at 70% of the Bay Area, and international-only market share remains at 95% for SFO.

The next chart shows where SFO compares on a year over year growth basis to other international gateways that have also benefitted from recent airline expansions. Although SFO ranked sixth in the comparison, we've demonstrated consistent traffic growth over the past five years. SFO ranked second only behind Seattle/Tacoma on a five-year growth basis with a cumulative passenger growth of more than 25%. Recently, the Airport collaborated with City Service Auditors from the Office of the Controller on a performance benchmarking project to compare SFO's performance to 12 peer airports in the United States. The results that the CSA highlighted spoke favorably of SFO. This included a seven year comparison, from 2007 to 2014, where SFO's passenger growth was highest amongst its peers of twelve airports. SFO's origin and destination passengers, which speaks to the strength of the Airport's local demand, is in the upper half of its peers. Lastly, our concession sales per enplanement, including Duty Free sales per international passengers, is highest amongst its peers.

Commissioner Guggenhime asked why Seattle is up so much.

Mr. Nakornkhet replied that's mostly because of Delta's expansion in Seattle.

Commissioner Johns ... on the performance benchmarking, why Boston is so far ahead? What are we not doing?

Mr. Nakornkhet ... in terms of origin and destination passengers, Boston is not a hub airport like San Francisco is so they don't have United Airlines connecting passengers through Boston. They're all based on local market demand so just because their O & D enplanements are high it doesn't necessary mean they're doing better than we are, it just means that they depend almost entirely on the local market where we depend 78% on our local market.

Commissioner Crayton ... market share would be 70%, but less than the actual growth piece. What are we measuring that's not part of the growth component?

Mr. Nakornkhet said well the market share is how many passengers are at SFO as a percentage of the total passengers at all three airports, whereas growth measures the year over year growth in passengers at the singular airport. So, the growth on a percentage basis at Oakland and San Jose are higher than SFO's but that's just because their passenger base in the prior year was very low compared to ours. We handle 48 million passengers a year whereas Oakland and San Jose handle in the range of 10 plus million passengers.

Commissioner Crayton ... will it always be that way?

Mr. Nakornkhet said the market share will always be basically stable as it is, with 70% here and around 15% to16% for the other airports.

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

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- F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 2 was moved by Commissioner and seconded by Commissioner. The vote to approve was unanimous.
  - 2. <u>Award Contract 8872A.66 Design-Build Services for the Consolidated</u> <u>Administration Campus Phase I Project - Webcor Construction LP dba Webcor</u> <u>Builders - \$5,180,567</u>

No. 15-0157 Resolution awarding Contract No. 8872A.66, Design-Build Services for the Consolidated Administration Campus Phase I Project to Webcor Construction LP dba Webcor Builders in an initial amount of \$5,180,567 with an initial contract duration of 180 consecutive calendar days and with a corresponding amount in contingency authorization.

> This activity is within the scope of the San Francisco International Airport Master Plan Program approved by the Airport Commission on November 3, 1992. The Master Plan EIR prepared for the Master Plan Program, including addenda thereto, adequately described this activity and its potential environmental effects for the purposes of CEQA.

Ms. Judi Mosqueda, Director, Project Management, Design and Construction said that this proposed resolution provides awards the Design Build Services contract for the Consolidated Administration Campus Phase 1 to Webcor Builders in an initial amount of \$5.2 million and an initial duration of a 180 calendar days. This contract will provide for the design and construction for the first phase of the Consolidated Admin Campus. The project includes the construction of a new

mixed use office building for Airport staff, including the consolidation of Design and Construction staff, Museums, ITT, and the Planning division.

Ten proposals were received in response to the RFQ/P. Staff reviewed all 10 proposals and determined that they met the minimum qualifications. A four person selection panel was convened to review and score the written proposals. The five highest ranking proposers were invited to an oral interview. The oral interviews were scored by the same selection panel that scored the written proposals. The price proposals were then combined with the oral interview scores and a final ranking was established. The Webcor Builders team was determined to be the highest ranked proposer. Staff has negotiated the scope of services along with the contract terms and conditions and recommends award of the Design Build Services contract to Webcor Builders. The initial award amount provides for a lump sum for programming services, a lump sum amount for management fees for the design builder, and an allowance for pre-construction services to support programming efforts. At completion of the programming phase, staff will return to the Commission with a recommendation to award the full value of both of the contracts as a tentative guaranteed maximum price. Staff will periodically update the Commission on the contract budget and forecast and identify any significant cost variations along with recommended mitigation measures. The City's Contract Monitoring Division approved a 25% LBE sub-consultant goal for design services and an 18% LBE goal for construction services. Both the firms are committed to meeting these goals.

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

- 3. <u>Re-Authorization to Issue a Request for Qualifications/Proposals for Contract No.</u> <u>8768.66 - Design-Build Services for the Airport Hotel Project</u>
  - No. 15-0158 Resolution re-authorizing the Director to issue a Request for Qualifications/ Proposals for Contract No. 8768.66, Design-Build Services for the Airport Hotel Project.

Ms. Mosqueda said this resolution approves a re-authorization to issue an RFQ/P for Design Build Services for the Airport Hotel project. The hotel will include 350 guest rooms, meeting spaces, ballrooms, dining facilities, and other amenities including a health club, and upscale retail shops. Construction of a new Air Train station is also part of the Hotel program but is not part of this contract. This proposed resolution would re-authorize the Director to advertise this contract in accordance with the new requirements of the revised S.F. Administrative Code. The proposed contract duration has also been reduced to 40 months, from 42 months, and the current estimated cost of the contract has been increased to \$150 million. The Request for Qualifications will contain minimum qualification requirements to assure appropriate technical skills given the size and complexity of the project. Staff will convene a selection panel to evaluate and score the technical proposals and develop an initial ranking. Up to four proposers will be invited to scenario based interviews to be scored by the selection panel. Staff will

then analyze and score the cost proposals, then add the technical and interview scores to establish a final ranking. Staff will negotiate with the highest ranked proposer, and failing successful negotiations with that proposer staff will negotiate with the next successfully ranked proposers until negotiations are successful with a qualified team. Upon completion of successful negotiations, staff will seek award of the contract for the Design Build Services for the Hotel program. As part of the selection process, Staff proposer's qualifications including an LBE participation plan, strategies for scheduled expediency and commitment to meeting the City's hiring goals and design qualifications. Staff will work with the City's Contract Monitoring division to establish an LBE subcontracting participation goal for the contract.

Commissioner Crayton ... you get 50 for experience and qualifications and that's always been a concern of mine.

Ms. Mosqueda said in terms of experience and gualifications, we provide a point system that we recommend because we want people who have hotel design build experience. We work with alot of great builders on a regular basis that don't have experience with hotels. We want to make sure that this team has that experience. In particular, we know that hotel operators come with design standards so there will need to be an integration of the SFO design standards and aesthetics and opinions along with the hotel operator's design guidelines. We're looking for a team that can actually help us expedite that process by having done hotels hopefully multiple times, but at least successfully once. In terms of the schedule component, the points that we give for schedule is really their knowledge of laying out the project schedule. Once they're selected and we negotiate the contract, that's where we layout the actual project schedule and work on it jointly with the builder. As we develop these schedules, and I don't consider myself nor our staff the experts in developing schedules, when the builder comes on board, they always provide us with more useful, more informed information about how to deliver a schedule and so we want to leave flexibility for that.

Commissioner Johns ... the addition of \$60 million to the total budget, and the one item that really surprised me, in our initial budgeting, we did not include anything for furniture, fixtures and equipment. I just can't imagine that.

Mr. Leo Fermin, Chief Business & Finance Officer said that's correct, we left it out.

Commissioner Johns ... intentionally?

Mr. Fermin replied that at the time we did not know which brand would be operating the hotel.

Commissioner Johns ... I get that, but there has to be something.

Mr. Fermin ... we could have made up a number but then we would have to revise it. We knew we had to include an amount for furniture, fixtures and equipment.

Commissioner Johns ... so it was just an unknown at the time.

Mr. Fermin ... correct.

Commissioner Johns ... the \$30 million you're telling me was anticipated ...

Mr. Fermin ... but we didn't know how much and we weren't in discussions with any potential operators to come up with a number.

Commissioner Johns ... are we now budgeting the \$15 million for the AirTrain station separately?

Mr. Fermin ... correct. It will be done as part of another AirTrain contract, which makes more sense.

Commissioner Johns ... the total \$60 million that we're up to now is more than what we initially approved, correct?

Mr. Fermin ... correct. We'll have to come before you when we next update the five-year capital plan with that adjustment in the budget.

Commissioner Guggenhime asked if the increase is a result of the FF&Es.

Mr. Fermin replied about half of it. It also includes supplies such as linens, blankets, things like that.

Commissioner Johns ... I saw that. I'd like to make sure that we're encompassing everything that we can think of when we go out for this design build because they're going to want to know what their budget is.

Mr. Fermin ... you're absolutely right.

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- G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 4 through 11, was moved by Commissioner and seconded by Commissioner. The vote to approve was unanimous.
  - 4 <u>Modification No. 2 to Professional Services Contract No. 10003.43 Architecture</u> and Engineering Design Services for the Interim Boarding Area B and Security Screening Checkpoint Project - Corgan-LDA Architects J.V. - \$3,705,448
    - No. 15-0159 Resolution approving Modification No. 2 to Professional Service Contract 10003.43, Architecture and Engineering Design Services for the Interim Boarding Area B and Security Screening Checkpoint Project with Corgan-LDA Architects JV in the amount of \$3,705,448, for a new total contract amount of \$8,484,000 and a new contract duration of 25 months.

- 5. <u>Award of Sole Source Contract No. 50016 Hardware Purchases and Software Licenses, Services, Support and Maintenance for the Physical Security Information Manager Event Management System, Video Management System and Situation Management Center Verint Video Solutions, Inc. \$640,000</u>
  - No. 15-0160 Resolution awarding sole source Contract 50016 for Hardware Purchases and Software Licenses, Services, Support and Maintenance for the Physical Security Information Manager Event Management System, Video Management System and Situation Management Center to Verint Video Solutions, Inc. in an amount not to exceed \$640,000 for a period of September 1, 2015 to October 24, 2018.
- 6. <u>Award of Contract No. 50012 Consultant to Support SFO's Preparation for Next</u> <u>Generation 911 - CDI-Infrastructure, LLC dba L.R. Kimball - \$260,000</u>
  - No. 15-0161 Resolution awarding Contract No. 50012,Next Generation 911 Consultant Services to CDI-Infrastructure, LLC dba L.R. Kimball in an amount not-to-exceed \$260,000 for a period of one year with one one-year option exercisable at the sole discretion of the Commission.
- 7. <u>Re-Authorization to Issue a Request for Qualifications/Proposals for Professional</u> <u>Services Contract No. 10071.41 - Project Management Support Services for the</u> <u>Terminal 3 West Improvements Project</u>

No. 15-0162 Resolution re-authorizing the Director to issue a RFQ/P for Professional Services Contract 1007.41 for Project Management Support Services for the Terminal 3 West Improvements Project.

- 8. <u>Authorization to Issue a Request for Qualifications/Proposals for Professional</u> <u>Services Contract 10402.50</u>, As-Needed Geographic Information System Support <u>Services</u>
  - No. 15-0163 Resolution authorizing issuance of a RFQ/P for Professional Services Contract 10402.50, As-Needed Geographic Information System Support Services.
- 9. <u>Authorization to Issue a Request for Proposals for Contract No. 50058 for</u> <u>Replacement, Maintenance and Repair Services for the Airport's Water Perimeter</u> <u>Security Zone Buoy System</u>

No. 15-0164 Resolution authorizing issuance of a RFP for Contract 50058 for Replacement, Maintenance and Repair of the Airport's Water Perimeter Security Buoy System.

10. <u>Authorization to Accept Proposals for the International Terminal Specialty Retail</u> <u>Store Lease</u>

No. 15-0165 Resolution authorizing staff to accept proposals for the International Terminal Specialty Retail Store Lease.

- 11. <u>Approve a 2011 Lease and Use Agreement with Compania Panamena de</u> <u>Aviacion, S.A.</u>
  - No. 15-0166 Resolution approving a 2011 Lease and Use Agreement with Compania Panamena de Aviacion, S.A. (COPA), and directing the Commission Secretary to forward the lease to the Board of Supervisors.

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H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to 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 from the public to speak.

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

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### J. CLOSED SESSION:

The Commission voted unanimously to go into closed session. The closed session began at 9:22 AM.

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.

(c) [PROSPECTIVE CLOSED SESSION]

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 9:35 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 9:36 AM.

(Original signed by: Jean Caramatti)

Jean Caramatti Commission Secretary