

# **SAN FRANCISCO AIRPORT COMMISSION**



## **MINUTES**

**November 1, 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**

**IVAR C. SATERO**

**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of  
November 1, 2016

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AIRPORT COMMISSION MEETING MINUTES  
November 1, 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. Guggenime  
Hon. Peter A. Stern

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- C. ADOPTION OF MINUTES:  
The minutes of the regular meetings of October 4, 2016 and October 18, 2016 were adopted unanimously.

No. 16-0272

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

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- E. POLICY:

Item No. 1 was approved unanimously upon a motion by Commissioner Crayton and a second by Commissioner Guggenime.

1. Policy on Use or Development of Airport Land, Buildings or Infrastructure for Residential Purposes

No. 16-0273                      Resolution establishing a Policy on use or development of Airport land, buildings or infrastructure for residential purposes.

Mr. Ivar Satero, Airport Director ... we are proposing this Policy, and this is further to recently adopted policies on control of Airport assets, given the significant constraints SFO has in terms of available land for aviation purposes, we think this supports the previous policies and affirmatively prohibits the use of Airport property for residential uses. For instance, we have a RVs parked in leasehold areas and they have become small communities on the Airport. It's not an appropriate use of Airport space so we've worked with airline tenants to remove the RVs, and we've given a time frame for them achieve this. So, we thought it

was appropriate to put a Policy forward that recognized that the Airport is significantly unconstrained, is experiencing significant growth and the need for Airport space and Airport facilities for aviation use. We're proposing this Policy to affirmatively prohibit the use of Airport land and Airport facilities for residential purposes, and we recommend your approval.

Commissioner Stern ... how do you differentiate between the hotel vs residential? Is there a time period or a time frame?

Commissioner Johns ... is the hotel excluded?

Mr. Satero ... the hotel is excluded. There are a number of folks who commute and spend five days at the Airport in RVs, so we would look at it from the perspective of an extended stay use.

Commissioner Crayton ... this is very important for me because it's a safety and security issue, but I think we need to go further. I noticed that even in the garages there are vehicles that look like they've been parked there for a while. I'm not sure if our electronic data can give us that kind of information, but for the safety and security of the Airport, we don't know what is inside those vehicles. It can be explosive devices. If there can be more concern or oversight around that, I certainly would appreciate it.

Mr. Satero .... we will report back to you on how we are monitoring that.

Commissioner Crayton ... thank you.

Commissioner Johns .... I just want to make sure that residential use, since you're specifically talking about RVs, that RVs are included. I don't want later a definition later on saying that these RVs are not really residential use. We don't specifically say RVs, but we assume that an RV is a residential use. But it's not spelled out.

Mr. Satero ... we will confirm that we've covered such things as dormitories and RVs and those types of camper shells.

Commissioner Johns ... any other kind of overnight ...

Mr. Satero ... even cars that are used for sleeping purposes. We'll confirm that that's covered. Thank you.

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- F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:  
Item No. 2 was approved unanimously upon a motion by Commissioner Guggenheimer and a second by Commissioner Johns.
2. Amendment of Prior Resolutions to Authorize an Additional \$2,775,000,000 Aggregate Principal Amount of San Francisco International Airport Second Series Revenue Bonds to Finance Capital Projects in the Airport's Approved Capital Plan, and Related Actions

No. 16-0274

Resolution adopting the Nineteenth Supplemental Resolution authorizing an additional \$2,775,000,000 Aggregate Principal Amount of San Francisco International Airport Second Series Revenue Bonds to provide long-term financing for Capital Projects in the Airport's approved Capital Plan, and authorizing the Airport to request an additional \$4,358,694,227 of authority from the Board of Supervisors to issue Airport Capital Plan Bonds and to request a Supplemental Appropriation in the amount necessary for the Airport to spend the proceeds of authorized Capital Plan Bonds.

Mr. Leo Fermin, Chief Business & Finance Officer ... what you have before you is an incremental addition to the umbrella resolution authorizing, in general, the issuance of an aggregate total amount of bonds. With this umbrella aggregate total in place, we then come before you with individual sale resolutions for each series of bonds that we actually go out and sell. When you approved our current Five Year Capital Plan of \$5.57 billion this past June, I said I would come before you to seek an increase in bond authorizations in November for projects on the Capital Plan. If you approve this request today, we likely will come before you in the Spring of 2017 for the actual sale resolution for the next series of bond sales. However, if you approve the next agenda item to increase our Commercial Paper Program from \$400 million to \$500 million, and depending on the rate of spending of the construction work in progress, we may be able to delay the sale of the next series of bonds until the Fall 2017, and instead use short term commercial paper at significantly lower interest rates.

So to reiterate, this item is an action to increase the amount of the umbrella bond authorization. We then will return to you for individual actual sale resolutions, the first of which could be as early as Spring of next year. or the Fall of next 2017. The last time you increased this master bond umbrella authorization was in February, 2014. Back then you increased the authorization by \$3.5 billion. Of this \$3.5 billion the Board of Supervisors approved \$1.9 billion and asked us to return in two or three years for the balance of the authorization. And that time is now, and we will to them for the remainder of the amount that you authorized in 2014 and the amount that you authorize today, for a total request of \$4.3 billion at the Board of Supervisors. The Airport's Financial Advisory Committee has approved this course of action.

Commissioner Johns ... I'm not sure I understand. If we approve Item 3, then you may not need to do the bond issuance ...

Mr. Fermin ... in the Spring. We may be able to delay it further.

Commissioner Johns ... can we have Item 3 presented before we vote on this?

Commissioner Crayton ... is there a particular reason why you did it in that order?

Commissioner Mazzola ... I don't who sets the agenda. Is there a reason why it's

on the agenda they way it is?

Mr. Fermin ... I don't think the sequence matters.

Commissioner Mazzola ... one is different than the other?

Commissioner Guggenime ... one is bonds and one is commercial paper.

Mr. Fermin ... exactly.

Commissioner Johns ... you need both of them, but you're just telling us that the timing in Item 2 would change pending approval of Item 3.

Mr. Fermin ... correct.

Mr. Fermin ... the reason is to enjoy significantly lower interest rates for a longer period of time.

Commissioners Crayton and Commissioner Johns ... got it. Thank you.

Commissioner Mazzola ... If we already approved the amount in 2014, why do we have to approve the supplemental amount?

Mr. Fermin ... of the amount you previously approved, the Board of Supervisors gave us a much lower amount; almost half.

Commissioner Mazzola ... I understand that, but we approved the regular amount.

Mr. Fermin ... we sold those bonds already. We only have about a \$100 million in authorizations remaining.

Commissioner Mazzola ... we've already authorized that other million. In other words, we authorized \$3 million and they only approved \$2 million. I don't understand why we're voting for it again.

Mr. Fermin ... no, we're asking for an additional amount.

Commissioner Johns ... Why did the Board of Supervisors not approve what we approved?

Mr. Fermin ... because the Controller's office at the time recommended to the Board that they only approve the amount of bond authorizations equal to the amount of appropriations in place for the next two to three years, so they reduced the authorization down to the amount of the appropriation authority. We had a two year budget in place so they wanted to be consistent with that authorization.

Commissioner Johns ... actually, I agree with that.

Commissioner Crayton ... so, when we approve this additional money, and I understand we didn't have to approve it earlier in 2014, when would you then

have to come back to us again?

Mr. Fermin ... a little bit before. There are two different things. We would come back to you next year for the actual sale of bonds. Then once we sell the different series of bonds over the next few years, as we exhaust the authorization amount that is before you today, we would then have to return to you to seek an additional authorization under the umbrella resolution.

Item No. 3 was approved unanimously upon a motion by Commissioner Crayton and a second by Commissioner Guggenheimer.

3. Resolution Authorizing the Issuance and Re-Issuance of up to an Additional \$100 Million Aggregate Principal Amount of San Francisco International Airport Subordinate Commercial Paper Notes, Increasing the Authorized Maximum from \$400 Million to \$500 Million Aggregate Principal Amount of Commercial Paper Notes Outstanding at Any Time, to Provide Interim Financing for Capital Projects in the Airport's Approved Capital Plan

No. 16-0275	Resolution authorizing the issuance and re-issuance of up to an additional \$100,000,000 aggregate principal amount of San Francisco International Airport subordinate commercial paper notes outstanding at any time, up to an aggregate principal amount outstanding at any time of not to exceed \$500,000,000, and authorizing certain related matters to provide interim financing for capital projects.
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Mr. Fermin ... we are requesting your approval to increase our commercial paper program from \$400 million to \$500 million. As you know, we use commercial paper for short term financing during construction projects because interest rates are very low. Currently, they're averaging less than one half of a percent. Then, once a project is completed, we issue 30 year bonds as permanent financing and those 30 year bonds currently are in the 3½% interest rate range. Our Financial Advisory Committee has reviewed and approved this course of action.

Item No. 4 was approved unanimously upon a motion by Commissioner Crayton and a second by Commissioner Johns.

4. Award of Contract No. 8981 - Runway 10R-28L Overlay and Reconstruction and Taxiways F2 and S Project - Golden Gate Constructors, J.V. - \$35,957,146

No. 16-0276	Resolution awarding Contract 8981, Construction services for the Runway 10R-28L Overlay and Reconstruction and Taxiways F2 and S Project to Golden Gate Constructors, Joint Venture, in the amount of \$35,957,146 and with a contract duration of 200 consecutive calendar days.
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Mr. Geoff Neumayr, Chief Development Officer ... this proposed resolution



awards the construction services contract for Runway 10R and 28L Overlay and Reconstruction and Taxiways F2 and S Project to Golden Gate Constructors in an amount of \$36 million, with a duration of 200 consecutive calendar days. This project will provide for the rehabilitation of Runways 10R-28L in runway operability and to construct a new Taxiway F2 to improve operational efficiency and to realign Taxiway S in order to rectify deficiencies with the existing geometry. The Airport received only a single bid in response to this advertisement from Golden Gate Constructors. The bid by Golden Gate Constructors was 40% over the Engineer's estimate of \$25.8 million. Staff has reviewed the submitted bid and determined that a rebid of this contract would not result in a more favorable price. The estimate underestimated the complexities and unpredictability of this contract. The main factors that contributed to this underestimating are attributable to:

- an existing shortage of heavy civil paving contractors in the Bay Area able to do a project of this size, therefore making the pool more selective and increasing the cost;
- Inefficiencies resulting from limited work windows and complex phasing which are very difficult to quantify and price;
- The difficulty of understanding the cost impact of the liquidated damages that could be imposed on the contractor does not meet limited timeframe, numerous shutdowns of the runways; and
- the lack of demand of materials locally, as well as disposal sites and increased costs for having to take transport materials further from the site.

The project does have a short fall of \$13.55 million. We have proposed funding this project from two other discretionary projects that were three or four years out and still are included within the capital program. These projects are the overlay projects and reconfigurations of smaller taxiways. We would propose that we continue to maintain those taxiways and reevaluate where we are four years down the road, and whether those should be included in the future capital program. But they are not showing any signs of failure at this time.

The project is funded by the Airport's Five Year Capital Plan with approximately \$4.3 million of funding being reimbursed through the FAA's Airport Improvement Program. Because this project has Federal funds the Federal Disadvantaged Business Enterprise participation and non-discrimination regulations apply. Although there is no specific DBE participation goal for this contract, the Airport has established an overall DBE participation goal of 13%

Commissioner Crayton ... the Engineer's estimate was \$25 million and the bid came in at \$35 million.

Mr. Neumayr ... correct.

Commissioner Crayton ... I'm a little concerned. There must be another paving contractor out there.

Neumayr ... this is a big paving job and unfortunately our two big civils are Granite Rock Paving and DeSilva Gates Gallagher Burke. They decided to joint venture this project which eliminated a large part of competition that has the materials.

We have experience most recently on the RSA project that we bid three years ago with only two bids received. This joint venture was one of them. They are a very competitive force because they have access to the largest amount of materials locally which is Granite Rock and DeSilva Gates. This is a common issue that we have on heavy civil airfield projects in California. If you went to Sacramento they would not have the advantage, but they clearly had the advantage here. We are very confident that this is the lowest price we would have gotten. Most recently we did get a price from Golden Gate on Taxiways H & M, and they were \$2 million under the Engineer's estimate. That project only received two bids as well.

Commissioner Johns ... I have a slightly different concern. I'm concerned about the quality of the concrete because of what I've read in the last several years, I think even on the Bay Bridge project. That's one concern. My other concern is Item No. 10 on the Consent Calendar, Authorization for an RFQ for the Construction Management. How does that come after we vote on this? I'm curious about the sequence.

Mr. Neumayr ... this work is set to start in December but the real phasing of this contract will start later in 2017. The follow on contract will provide inspection services because of the multiple shifts, night work, and weekend work and we don't have the available staff in-house to support it.

Mr. Neumayr ... there's a lot of pre-construction work that will have to take place with this contractor.

Commissioner Johns ... will they be dealing with quality control?

Mr. Neumayr ... they will. The only type of cement that we have in this project is concrete. It has a base material made up of very light weight cement that goes into a rock base that we mix in. This is primarily all paving. Our runways are all paving. We don't have the ability to do concrete runways that get constructed at other airports because we have so much settlement that if we did concrete it would literally crack apart. Other large airports, like L.A., do their runways all out of concrete. Sacramento does theirs out of concrete.

Commissioner Johns ... what is the material?

Mr. Neumayr ... we use asphalt, which is essentially what we use on the roadways. It's a flexible tar material. It allows us flexibility and buys us time before we get enough settlement where we have to re-pave. Our runways get re-paved approximately every five to seven years.

Commissioner Johns ... do different contractors use asphalt as opposed to concrete?

Mr. Neumayr ... there are two types of concrete. There's concrete that gets applied structurally for buildings that go up on a vertical construction. There are also contractors who actually use concrete as paving. Those that do paving with concrete will be very similar to those who do asphalt paving.

Commissioner Johns ... when the RFP was issued did it go out as asphalt?

Mr. Neumayr ... correct. This project was designed in-house with our own Civil Engineers who actually were the same Engineers who designed our RSA program. They are very familiar with the runways and that's one of the reasons

why we keep the Engineering in-house in order to protect ourselves in that quality.

Commissioner Guggenhime ... we're going to work 24 hours a day, seven days a week?

Mr. Neumayr ... we can't, and that's the real problem. We're limited to very narrow times on weekend and night shutdowns because we have to maintain the operation of the runways during peak hours. We might provide three consecutive days to a Sunday, but the tricky part is that there are severe penalties associated with failing to open up by Sunday morning. That is the risk. They must also have the equipment availability to do as much work as they can in that window. But what happens on these tougher projects is that there may be an eight hour window but they can only accomplish six hours of work, yet they still have to pay their staff for eight hours. The complexity here is that we have to work very carefully with operations, our airline partners, and the FAA to establish these shutdowns in order to accomplish this. These are our long runways. It's a very complicated project.

Commissioner Guggenhime ... and 75% will be reimbursed by the government?

Mr. Neumayr ... 75% of the eligible cost will be reimbursed by the government. This is true of all of our projects out there. Of this particular project, about \$4.3 million will be applied to this project.

Commissioner Mazzola ... What was the reason that our estimate was 40% lower than the bid?

Mr. Neumayr ... it was really a result of using and understanding past projects that were less sophisticated with phasing and trying to understand the impacts of that. I've work with my staff to learn from this. We actually probably need to engage the community at large before we finish the design and understand what is actually available out there in terms of resources, and not be as overly optimistic about what can be done. That's a lesson learned. We have to actually talk to the people that do the work and spend the time on this. It really was just the fact that there were so many variables in terms of the work hours, the shifts and the phasing. It was very difficult for Engineer's to quantify.

Commissioner Crayton ... who does that Engineering estimate?

Mr. Neumayr ... in this particular case the Engineer's estimate was done by my staff. We also had a third party check the taxiways, and the pricing on that was very close. We did not do a third party. We have an outside consultant check us on the larger part of the work which is the overlay. That's also one of areas where

we will apply a checks and balances, to make sure that we have a third party estimate done as well..

Item No. 5 was approved unanimously upon a motion by Commissioner Crayton and a second by Commissioner Johns.

5. Modification No. 3 to Contract No. 8838 - AirTrain Operations and Maintenance Services - Bombardier Transportation (Holdings) USA, Inc. - \$14,901,134

No. 16-0277                      Resolution approving Modification No. 3 to Contract 8838 with Bombardier Transportation (Holdings) USA, Inc. for AirTrain Operations and Maintenance Services in the amount of \$14,901,134 to exercise the first of two one year options and cover the replacement of obsolete AirTrain parts and equipment, for a new total not-to-exceed contract amount of \$115,444,968.

Ms. Eva Cheong, Operations and Security ... today we seek your approval for Modification No. 3 to Contract 8838 with Bombardier Transportation USA in the amount of \$14,901,134. This modification exercises the first of two one-year options for maintaining and operating the Airport's AirTrain system. The extension includes a provision of replacement parts, materials, tools, and equipment associated with the operation of the AirTrain that are either worn beyond repair or obsolete. Additionally, this amount includes replacing the current single handle bars with three handle bars which will provide additional hold space for passengers inside the AirTrain cars, and it will replace the AirTrain station door auto lock assemblies. These current assemblies are worn and need replacement. We've also included contingency funds in the amount of \$100,000. They're included due to the aged of the AirTrain and we anticipate that there will be additional materials needed for some repairs throughout the year. Therefore I ask your approval of Modification No. 3 to the AirTrain Maintenance and Operation contract, which will result in a new contract amount not to exceed \$115,444,968 for the life of the contract. We will be taking the next steps for the Board of Supervisors' approval.

Commissioner Crayton ... what is the total amount of this contract so far?

Ms. Cheong ... the total amount received thus far, I believe, is \$100,543,834.

Commissioner Crayton ... that was a not to exceed total contract amount. If I understand this correctly, they kind of have us over a barrel, just like the pavement contract.

Ms. Cheong ... there's set escalation, as I understand it, in this contract. I'm sorry, I don't have the full amount that we've reimbursed them so far. I will get back to you. This is the annual cost, and we are experiencing additional cost due to its age and some of the parts that need to be replaced to keep it running.

Commissioner Crayton ... we didn't negotiate any of this when we first let the

contract? Is that what you're telling me?

Mr. Satero ...we had a fixed contract once we started the AirTrain system in 2003. From 2003 to 2011 was part of the base bid of the construction contract. In 2011 we renegotiated the contract for another three year fixed term with these option years. They were negotiated as a package in 2011, and I was part of the negotiation. There will be one more option year after this one.

Commissioner Crayton ... when is that next option year?

Ms. Cheong ... March of 2018.

Mr. Satero ... it's a two year option year.

Ms. Cheong ... this option will take us from 2017 to 2018, and in 2018 we will renegotiate the contract. It will go through 2019.

Item No. 6 was approved unanimously upon a motion by Commissioner Guggenhime and a second by Commissioner Stern.

6. Authorization to Issue a Request for Proposals for Contract No. 50114, General Airport Security Services

No. 16-0278                      Resolution authorizing issuance of a Request for Proposals for Contract No. 50114, General Airport Security Services.

Mr. Ralf Ruckelshausen, Operations and Security ... the Airport is requesting authorization to issue an RFP for Contract No. 50114, General Airport Security Services and to authorize staff to conduct negotiations with the highest ranked proposer. The contract scope provides staffing of guards for post security vendor screening of goods, passengers screening exit lanes, non-TSA operating hours, and random inspections at direct access points. These services are requirements of TSA Security Directives from 2006, 2012 and this current year. These services have been certified by the Controller's Office and approved by the Board of Supervisors during the Airport's two year budget process as these services can be performed under private contract at a lesser cost. The Contract Monitoring Division has approved a waiver of Chapter 14B subcontracting requirement as local business enterprises do not have TSA regulatory compliance experience. The security services not only insure TSA regulatory compliance, but align with the Airport's core value, safety and security is our first priority. With that I recommend that this Commission authorize Staff to issue an RFP and negotiate with the highest ranking proposer for General Airport Security Services. We will return to this Commission at a later and seek award of the proposed contract.

Item No. 7 was approved unanimously upon a motion by Commissioner Guggenhime and a second by Commissioner Stern.

7. Approval of Artwork for the International Terminal Gate Rooms

- No. 16-0279 Adoption of four resolutions approving  
(1) the commissioning of the artist Kota Ezawa, with a proposed budget of \$135,000;
- No. 16-0280 (2) the commissioning of of the artist Suzanne Husky, with a proposed budget of \$135,000;
- No. 16-0281 (3) the commissioning of the artist Alice Shaw, with a proposed budget of \$135,000; and
- No. 16-0282 (4) the commissioning of the artist Leah Rosenberg, with a proposed budget of \$135,000; each to provide artwork to be installed in the International Terminal gate rooms.

Mr. Blake Summers, Director and Chief Curator, SFO Museums ... we are asking for authorization to commission the artworks by Kota Ezawa, Leah Rosenberg, Alice Shaw, and Suzanne Huskey, which you see to my right. As you know, the gate rooms in the International Terminal are double height, two stories, and when we opened the Terminal in 2000 not all of the gate rooms had art in them. These last four commissions at A6, G95, G96, and G100 will complete all of the hold rooms in the International Terminal and will correspond with the future refreshing of those hold rooms that we're doing in the REACH project.

Commissioner Johns ... Director Martin appointed me to the Steering Committee, and former Commissioner Caryl Ito continues to play a role on that Committee as well. I have gone to every meeting that they have told us about and at the last meeting where approved this, and I am the only active person from the Airport, I had concerns about the process. It's Airport money that's going towards these projects and I think that the Art Commission and the people involved in the whole process need to be sure that we, meaning myself specifically, and I assume Blake, understand the process so that I can report back to my fellow Commissioners on the process and how they go about soliciting a new artist. Caryl and I are concerned that we use Bay Area and local artists as much as we can since it's local money supporting this. Although we do approve this, and I do intend to vote for it this morning, I am very concerned about the process and made that known at that committee meeting. I would like my fellow Commissioners to know that they can come to any of these committee meetings. Perhaps the Art Commission should cc the rest of my Commissioners.

Commissioner Crayton ... we didn't know anything about it so you may want to tell us about it first.

Mr. Summers ... would you like me to tell you about the process?

Commissioner Johns ... no, I don't think we need to take the time this morning but I want to publicly make the statement that the process is important. This is a lot of money, especially coming up with our Terminal 1, and the Art Commission does an excellent job but it shouldn't be an insular process. It should be a process where we know up front what's happening and have a say in it. Not just in the artwork specifically, but how they do the outreach and how these final choices are made. It's just like our contracting process. It's very important that it be a public, open process and not just a few people controlling it.

Commissioner Guggenhime ... this is an international world-wide Airport. I understand giving benefits to local artists, but my personal view is if you can't find the quality we want than we should look into it.

Commissioner Johns ... absolutely. I don't think it should be limited but I think you have to do outreach just as we do for our contracting to make sure that people are aware. You don't just go directly to New York looking for an artist. That's my point.

Mr. Summers ... understood.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar was unanimously approved upon a motion by Commissioner Crayton and a second by Commissioner Guggenhime.

8. Authorization to Issue a Request for Proposals for Operation and Management of the SFO Medical Clinic, Contract No. 50118

No. 16-0283	Resolution authorizing the Director to issue a RFP for operation and management of the SFO Medical Clinic, Contract No. 50118, and to negotiate the agreement with the selected medical organization.
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Commissioner Stern ... there's a 16% increase in patient visits, which makes sense with increased enplanements, but it looks like a bulk of these visits were for workers comp injuries. Do you know what might be driving that up? Is it something we should keep an eye on?

Mr. Fermin ... I think the increase in workers comp is due to the fact that there's more activity at the Airport. The number of employees has increased over time.

Commissioner Stern ... okay, just keep an eye on it.

Commissioner Crayton ... why are we continuing with Dignity Health? Do we try to see if there's anyone else?

Mr. Fermin ... we're going to outreach to all the major hospitals and medical organizations in the Bay Area for this RFP.

Commissioner Crayton ... we're unable to get anyone else, is that what you're saying?

Commissioner Johns ... this is for an RFP?

Mr. Fermin ... correct.

9. Modification No. 1 to Contract No. 10610.61, Construction Services for the

Information Technology and Telecommunications and Accounting Work Area Renovations Project - Rubecon Builders - \$355,254

No.1 6-0284 Resolution approving Modification No. 1 to Contract 10610.61, construction services for the ITT and Accounting Work Area Renovations project, with Rubecon Builders, in the amount of \$355,254 with a new contract amount of \$2,382,219 contract duration of 165 calendar days.

10. Authorization to Issue a Request for Qualifications/Proposals for Professional Services Contract No. 8981.42, Construction Management Support Services for the Runway 10R-28L Overlay and Reconstruction and Taxiways F2 and S Project

No. 16-0285 Resolution authorizing the Director to issue a RFQ/P for Professional Services Contract No. 8981.42, Construction Management Support Services for the Runway 10R-28L Overlay and Reconstruction and Taxiways F2 and S Project.

11. Modification No. 1 to Professional Services Contract 50004 - Update to Economic Impact Study - Economic Development Research Group, Inc. - \$35,000

No.16-0286 Resolution approving Modification No. 1 to Professional Services Contract 50004 with Economic Development Research Group, Inc., to add additional scope and increase the contract amount by \$35,000 for a new contract total not to exceed amount of \$230,500, with the term remaining unchanged.

12. Acceptance of Gifts Donated to the SFO Museum Collection, Subject to Approval by the Board of Supervisors

No. 16-0287 Resolution authorizing the Airport Director to accept three separate gifts to the SFO Museum Aviation Collection, each valued at greater than \$10,000, subject to approval by 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.



Mr. Rudy Gonzalez, representative of Teamster Local 856 ... we represent nearly 3,000 workers, between aircraft mechanics at United Airlines to customer service at Air Canada and the new American/USAir merged airline carrier. Today I'm here to talk to you about the car rental industry. There's been some communication between Hertz Corporation and the Airport, as I understand it and I want you to know that there's an active organizing campaign on behalf of the shuttler or hiker workers at the Airport, not for the sub-contractor. We're not accepting that model. We are organizing the current workers despite the fact the employer is threatening a largely immigrant workforce with a pending layoff on November 8, 2016. We've been in communication with these workers and we are supporting them. We have two unfair labor practice charges that have been filed for interference and interrogation of these workers. They've been told that they are not allowed to talk about the union because they don't have one. They've been told that they can't disburse flyers or talk to each other about these things. They have been interrogated about their support or efforts to support an organizing campaign with the Teamsters. There's a broad community coalition of labor organizations and elected officials that are rallying around these workers cry. It's absolutely unacceptable from our perspective. The Teamsters stand with these workers, we stand with the community that supports them, and you're going hear from many of them about what these layoffs will mean to them, to their families, and to the work.

Commissioner Guggenhime ... is it only Hertz, or is it going to be Avis and Budget? What's the issue? What are the workers due? And why is it just Hertz?

Mr. Gonzalez ... Hertz has decided to outsource these workers and they've decided to take advantage of them and they're going to essentially create a contingency workforce with their hikers. These are transport workers; they shuttle the cars where the D Lot is. You're familiar with the Airport? They shuttle cars to the Car Rental facility, but this is limited to Hertz. for now. I'm not sure how upset I'll be at the end of it and how much we're going to push on all the other subcontractors, but I can tell you that all of the other brands, Avis, Budget, National, Alamo, Enterprise, they're all watching this. Hertz is the second largest.

Commissioner Guggenhime ... what they want to do is outsource the work and not have the employees?

Mr. Gonzalez ... correct.

Commissioner Guggenhime ... all the people who have been shuttling the cars will be let go and then they will bring in when they need it, right? Contingency workers?

Mr. Gonzalez ... that's my understanding.

Commissioner Crayton ... where are contingency workers from, the ones that you're saying that they're bringing in?

Mr. Gonzalez ... the Worker Retention Policy, as I understand it, does not apply to car rental members and that's a huge vulnerability that we're now seeing exploited by this corporation. It would be the right thing to do to take care of all of these workers. But the company has not made any move to protect these jobs or to do anything to support

them, so I don't know the answer to that. We'd like Hertz to tell us what's going to happen to these families.

Commissioner Crayton ... has anyone communicated when they will be laid off?

Mr. Gonzalez ... yes. They were issued a Warn Notice and the Airport was copied on that. Their lay off date is November 8, 2016, just before the holidays.

Commissioner Mazzola ... Before I call the other speakers, I want to address something that was said regarding the QSP worker retention program doesn't apply to car rental companies. That's news to me.

Mr. Satero ... QSP does not apply. QSP is for airfield safety and security workers.

Commissioner Mazzola ... it's not for all of the our vendors?

Mr. Satero ... not for pre-security vendors, no. It's for those workers who do have access to the airfield.

Speaker unknown ... a number of these speakers are going to be speaking in Chinese and Spanish, so we ask you to allow them some time for their interpreters to interpret their remarks..

Mr. Gilberto Alancon ... I am here on behalf of my co-workers. We felt it really hard when we were fired because of what we were doing. We're more than 156 workers who everyday we're working really hard to be able to make the Airport function. And, just as an example, we don't get vacation. We have never been offered vacation. They always tell us to put PTO and we don't even get 15 days. There's no breaks for us. And when we were fired, it was a massive lay off when they did this. Here's another company that you can go to. You can apply with them but if you don't qualify, you're on your own. It's been very challenging for a lot of workers ever since that happened. I'm not sure who did this. I'm not sure from within the company who decided to do this massive lay off. Some of my co-workers have been working there for 22 years and it's not fair. One day to another they just throw us out like dirty laundry. It's not fair to all of us. All we're asking for is justice and for you guys to be able to do something to help us because it is 156 workers and it's not fair. Thank you.

Ms. Eileen Cheng ... one of my concerns here is that they are retaliating against us. I've worked at Hertz for over 15 years and I've never had anyone treat me like this before. So, about two weeks ago when we started to get organized with Teamsters 856 I'd just come back from my off days and I was interrogated ... why are you going around collecting signatures for these cards. And I said I haven't done anything. I've only been at work for an hour now. So, I went with one of my co-workers to one of the managers higher up. And then about an hour after that, two managers approached me by myself. So, ever since then, I have been feeling targeted at my workplace, our particular group. After our action yesterday at 12 o'clock we were sitting on our break and one of the managers looked at our time cards and were asking us why we were sitting around wasting time. We were taking a break at the appropriate time so they shouldn't be coming around to bully us and treat us this way. I don't know if they're doing this on their own, individually, because of the company that's currently having a plan to target

us. So, I've been here for 15 years and I've just never been treated like this before. Thank you very much.

Mr. Zhao Woo ... I have a concern with this new company that's called EDS. We don't know where their address is. We've been trying to reach them. We've been trying to get more information about the company. On top of that, most people have not gotten a call back and not a single person has signed yet to become a new staff. So, we have a lot of concerns about EDS. It makes sense that for a company that's going to be working at SFO that they would have an appropriate place to be contacted, whether it's a location, an office or a phone number. I really don't understand why they would do this. It's not like they're saving a lot of money by laying off their lowest wage workers at Hertz. We actually don't get any real benefits so we're actually the lowest wage workers at Hertz, and we're getting laid off so why is this happening now? Thank you.

Unknown Speaker ... I have been working at Hertz for 17 years. There's a lot of people actually who are her co-workers who worked over 20 years. She's really concerned about the economic impact for all of her co-workers who are going to be let go. This is actually going to make a huge impact for a lot of them who are immigrants. We are trying to see if we can get help from anyone around to stop these layoffs. We want to thank everyone who is helping us right now and taking a stand with us.

Mr. Wen Hui Liu ... I have worked at Hertz for about four years and ever since I started working here they have been very resistant to giving us any kind of increase in wages. So, even just a little bit of increase it takes a lot, whether it's \$10.25 or anything higher than that. Another concern is that there are basic labor law violations. In California, we have paid sick leave now. That's a basic labor law for all Californians. And that means that we should get paid leave for at least three days if we have to take it off, and up until now we have not seen a penny of that paid sick leave. We know that Hertz is a huge company and they're able to get a lot of profits but how they treat their workers is very disrespectful. They treat us as if we're second class and in a way that I can't even describe. They basically don't see us. Thank you for your time.

Mr. Daniel Cheung ... I'm a community member of the Chinese Progressive Association. Like Hertz workers, I was once a low wage worker. I was laid off because of unreasonable reasons. Today I'm standing here to support all the Hertz workers and also want the public to hear their voice and support them. Thank you very much.

Ms. Johannes Wijaya ... You all have already heard from a number of workers who are being laid off on November 8 from Hertz and particularly the concerns that they've brought before you. We understand that you all have considered some remedies. I've been following the situation, in particular that you've been considering job placement services and unemployment assistance. I'm from the Chinese Progressive Association and I just wanted to say on behalf of our community organization, as well as a coalition of more than 20 organizations that signed a letter addressing your Commission about the conditions and these layoffs happening at Hertz, that is completely unacceptable. Frankly, we think it's an embarrassment and it's shameful to offer unemployment assistance to these workers. These workers have given everything. Many of them, the best parts of their lives working for \$13.34 and often lower wages at the Airport, and to say that it's okay and you can just offer unemployment to them after they're laid off on

November 8, 2016 is unacceptable to us. We really hope that you would consider other alternatives to support the workers and the voices that you've heard here today. As they've come here to share with you their stories and their concerns. As they're trying to figure out what their next steps are moving forward. Thank you.

Commissioner Mazzola ... we're offering unemployment? Say it again.

Ms. Wijaya .... I'm sorry, no. There have been, I think, people from your office who have said that they're going to be offering unemployment assistance for the workers to apply unemployment after the layoffs.

Commissioner Mazzola ... I understand.

Mr. Lucito Flores ... I have been working with Hertz Corporation San Francisco for the last 21 years and last September 7, 2016 we were surprised that termination paper had been handed by the General Manager and to take effect on November 7, 2016. There was no explanation to that effect except that it's a company's decision. So, since we're hopeless, we have to do a first time Department or proper authority to help us with our problem so that we will be able to recover our lost dignity. Thank you.

Mr. Alejandro Mudi ... I'm here on behalf of Unite Here, Local 2 and we know one or two things ... corporations trying to cheat Airport workers of a fair living wage. Just last year we were here when the Airport Commission, in solidarity, approved a measure to help airline catering workers when they were here last year giving you examples of how hard it is to work in those conditions and be able to make a living. We're here today for similar reasons. We have 156 workers, many of them have worked 10, 20 years for Hertz, and from one day to another they received this notification that in two months they're going to have to be working with a new company. A company that will pick and choose to be rehired, and that's unfair. It's unfair because a lot of these workers have two, three jobs. A lot of these workers have families that probably live really far from San Francisco or from the Airport. This company is saying that they're going to put a new measure that on a weekly basis they're going to tell them they're on a schedule or not. That's not fair to them. That's not fair to working class workers. They have to plan their lives around their work. To tell them to forget the fact that you were here for 20 years and we'll decide if you will be rehired. That is the definition of greediness and unfairness to all these workers who come day to day to make sure that the Airport is functioning. We are asking you to stand with them in solidarity and to support them and to demand that Hertz rectify what they did. Thank you.

Commissioner Mazzola ... thank you. I have no more speakers. Rudy, do you want to clean up here, or are you okay?

Commissioner Crayton ... what was the status of the workers when they were hired?

Speaker Unknown ... they were Hertz employees. .

Commissioner Crayton ... did you say that they received notice on October 7, 2016 that they would be laid off on November 7, 2016?

Unknown Speaker ... they were given notice in early September 2016. They gave them

a Warn 60-day Notice that they would be laid off on November 8, 2016, all 156 of the Hertz Hikers.

Commissioner Crayton ... are you aware if this is going on ay any other airport?

Unknown Speaker ... no Ma'am. In fact, October represents the busiest month for corporate car rental. It's really a shock and surprise.

Commissioner Crayton ... and Hertz is the only company doing this?

Unknown Speaker ... that's correct.

Commissioner Crayton ... that's interesting. I'm assuming that you appealed to Asian and Hispanic groups for help and support, and some of those newspapers to tell them the particulars. It really baffles me. I didn't know the status of the workers, but for the most part the other rental company people are actually paid employees of those corporations.

Unknown Speaker ... yes. I mean these workers had come to our community organization, also to the Asian. We work with closely and them, many other elected officials in community organizations seeking support for their really unfortunate situation. In terms of the situation, and it varies from other rental car companies, whether this classification of workers is directly employed by the company or employed by a sub-contractor.

Unknown Speaker ... I can tell you that the majority of workers are direct employees at the car rental center at SFO.

Commissioner Mazzola ... thank you. So, I didn't know that QSP didn't cover all of our tenants. I thought it did. But Hertz, in fact, is a tenant and if it's not covered by that, we need to talk to them about their actions. I don't know how we get involved, but we need to get involved in some fashion. I don't know what's in their lease, or what's not in their lease, or what they do for a new lease. But any corporation that could just lay off 156 people and nothing happens, something is wrong. This is like a plant closure and in pant closures they have to pay severance pay and they have to do a lot of other things. So, I don't know what's up here but we need to look into it from our side.

Mr. Satero ... let me tell you what we've been doing regarding this issue, and I'll ask Sheryl to comment about what the lease obligation is. We have mobilized our folks, along with NOVA, workforce and we've been working with the future displaced workers to try to find them employment, either at the Airport or with this company EDS. We are aware that EDS has 70 applications from this workforce and is going through a process of reviewing this workforce and they've extended 30 offers. We know EDS is taking those actions. We are looking for opportunities for other employment and have initiated a quick action workforce to try to help the folks find further employment at the Airport.

Commissioner Mazzola ... I think that's commendable, but I agree with the speaker who said it's not enough because we're not holding Hertz accountable for anything. And Hertz is able to just lay off 156 and everybody and say oh well, we'll try to find you new jobs, we'll try to get you unemployment. It's just wrong, it'll be a cancer. The next

company will lay off all of theirs. It's something we need to look into and we have to find out where we can tell a corporation like Hertz that here at San Francisco Airport we're not going to stand for that kind of action.

Commissioner Crayton ... no, we're not.

Commissioner Mazzola ... If you need my assistance in anyway, I'm available.

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I. CORRESPONDENCE:

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J. CLOSED SESSION:

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

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

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

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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:10 AM.

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

Jean Caramatti  
Commission Secretary