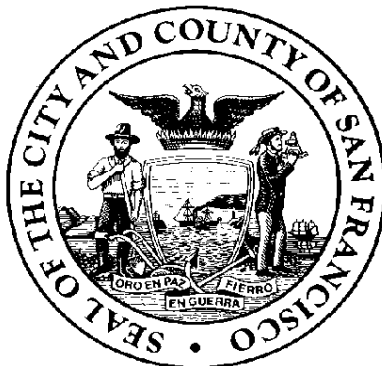


SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**November 22, 2016
Special Meeting
9:00 A.M.**

**Room 408 - 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 Special Meeting of
November 22, 2016

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AIRPORT COMMISSION SPECIAL MEETING MINUTES
November 22, 2016

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 408, 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. Guggenlime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 1, 2016 were adopted unanimously.

No. 16-0305

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D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

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

1. Proposed Ordinance Waiving Fiscal Feasibility Study and Determination Requirements Under Chapter 29 of the San Francisco Administrative Code for the Recommended Airport Development Plan and Recommendation to the Board of Supervisors to Adopt the Proposed Ordinance

No. 16-0288

Resolution approving the form of Proposed Ordinance exempting the proposed Recommended Airport Development Plan (ADP) from Chapter 29 of the San Francisco Administrative Code and thereby waiving, the requirements for a fiscal feasibility study and a Board of Supervisors fiscal feasibility determination prior to initiating environmental review, but retaining requirements for possible future individual projects under the ADP which would otherwise be subject to Chapter 2, and recommend that the Board of Supervisors adopt the Proposed Ordinance.

Under the Proposed Ordinance, fiscal feasibility determinations for individual ADP projects that meet the Chapter 29 dollar thresholds will be required prior to initiating detailed design work for an individual ADP project.

Mr. John Bergener, Planning & Environmental Affairs Director ... The Item before you is a proposed ordinance waiving fiscal feasibility study and determination under Chapter 29 of the San Francisco Administrative Code for the recommended Airport Development Plan and recommendation to the Board of Supervisors to adopt the proposed Ordinance.

The Airport Development Plan, or ADP, is a long-range planning study to guide SFO's future development. This study is a comprehensive replacement of the 1989 Master Plan, adopted by the Airport Commission in 1992. The ADP includes proposals to enhance and develop (1) passenger terminals, (2) landside, and (3) support facilities to match the maximum runway capacity in its existing physical layout. There are no runway expansion proposals under the ADP.

While the ADP is not a commitment by the Commission to implement any of the individual recommended ADP projects, the study is still subject to environmental review under the California Environmental Quality Act (CEQA) in Chapter 31 of the San Francisco Administrative Code. The San Francisco Planning Department has determined that preparation of an Environmental Impact Report is required for the recommended ADP.

However, prior to initiating environmental review, Chapter 29 of the San Francisco Administrative Code requires that the Board of Supervisors make a fiscal feasibility determination on a project. There are several challenges to preparing a fiscal feasibility study for a long-term plan: scope and timing of projects may change significantly over the life of the ADP. Construction costs will vary in the future. And capital funding priorities may change. Given such uncertainties inherent in preparing a meaningful fiscal feasibility study today for a long-term plan, Staff is seeking the Airport Commission's approval of the proposed ordinance, which would allow for re-sequencing of Chapter 29 requirements to allow for environmental review to commence now and then to conduct what we believe would be a more meaningful project-specific fiscal feasibility studies in the future when individual projects are identified in the Airport's capital improvement program.

There are several benefits to conducting environmental review of the recommended ADP now, including early disclosure of potential environmental impacts to the stakeholders and the public and implementing mitigation measures to lessen impacts to the environment; and streamlining project design and construction delivery in the future.

The proposed ordinance would preserve the intent of Chapter 29 by requiring fiscal feasibility analysis prior to detailed design of the individual recommended ADP projects.

Item No. 2 was approved unanimously upon a motion by Commissioner Guggenheimer and a second by Commissioner Johns.

2. Award Professional Services Contract 9350.44 - Project Management Support Services for the Revenue Enhancement and Customer Hospitality (REACH) Program - The Allen Group, LLC / Avila & Associates Consulting Engineers, Inc., a Joint Venture - \$2,342,600

No. 16-0289 Resolution awarding Professional Services Contract 9350.44, Project Management Support Services for the REACH Program, to The Allen Group, LLC / Avila & Associates Consulting Engineers, Inc., a J.V., in an amount of \$2,342,600 for the first year of services.

Mr. Geoff Neumayr, Chief Development Officer ... This item awards the first year of services for Project Management Support Services to the Joint Venture of The Allen Group, LLC and Avila Associates Consulting Engineers for the Revenue Enhancement and Customer Hospitality (REACH) Program in the amount of \$2.3 million.

The REACH Program will implement interior improvement projects Airport-wide to ensure a focus on revenue enhancement and customer hospitality. The projects will include the International Terminal Boarding areas, retail & concession areas, as well as holdrooms interior renovations, the upgrading of the north & south food courts in the International Terminal, and replacement of the LED monitors at ticketing counters and in the Customs & Border Protection areas.

The scope of services for this contract will include Project Management Support Services for the program that will include:

- Pre-Construction & Design Management Services
- Project Controls Services including Cost & Schedule Management
- Construction Management & Inspection Services

Six proposals were received and a three-member Selection Panel was convened to rank and score the technical qualifications and interviews. The four highest ranked firms were invited to the oral interview. Based on the scores of the proposals, Staff determined that the Joint Venture of The Allen Group, LLC and Avila Associates Consulting Engineers was the highest ranked proposer. The final score included an LBE rating bonus that varied depending on the participation at the joint venture level of each firm that submitted.

Staff negotiated the scope, terms and conditions of the contract. The anticipated not to exceed amount of this contract is \$4.4 million for a duration of 2 years. Staff will return to the Commission each year to renew the contract based on the Consultant's performance.

CMD has approved a 23% LBE sub-consultant participation goal, and the Consultant has committed to achieving this goal.

We recommend your approval and I can answer any questions you might have.

Commissioner Crayton ... who was the Airport Commission employee that served on the panel?

Mr. Neumayr ... I don't have that name off the top of my head.

Commissioner Crayton ... was there a process as to how that person was selected?

Mr. Neumayr ... I asked the Project Manager to submit a panel to me and then it's reviewed internally and we check everything from 360 degrees to make sure that we've looked at things from an empathetic perspective of all the people who propose.

Commissioner Mazzola ... is The Allen Group an incumbent?

Mr. Neumayr ... not on this particular project, but The Allen Group is on some other projects. They've done a lot of work at the Airport.

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

3. Award of Professional Services Contract No. 11055.41 - Project Management Support Services for the Gate Enhancements Projects - International Terminal Enhancement Partners (ITE Partners) - \$1,984,000

No. 16-0290	Resolution awarding Professional Services Contract 11055.41, Project Management Support Services for the Gate Enhancements Projects, to International Terminal Enhancement Partners (ITE Partners) in an amount of \$1,984,000 for the first year of services.
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Mr. Neumayr ... this item awards the Project Management Support Services to ITE Partners, a Joint Venture of Abadjis Systems Ltd. and AGS, Inc., for the Gate Enhancements Projects to the International Terminal Program for the first year of service in an amount not to exceed \$2 million.

Over the past five years the Airport has experienced significant growth in passenger enplanements. To meet these needs, the airlines have replaced existing fleet with new larger aircraft that now require modifications to airplane parking positions that include new passenger loading bridges, relocation of bridges, fuel pits and other support infrastructure.

The Gate Enhancement Projects to the International Terminal Program will modify existing gates and Boarding Areas A & G to accommodate additional A380's and future aircraft, including the Boeing B777-9X and Airbus A350's. In order to meet current demand, we will be modifying holdrooms within the International Terminal to accommodate busing operations for remote passenger loading to the aircraft until the completion of Terminal 1.

The scope of services for this contract will include Project Management Support

Services for the program and will include:

- Pre-Construction & Design Management Services
- Project Controls Services including Cost & Schedule Management
- Construction Management & Inspection Services

Five proposals were received and a four-member Selection Panel was convened to rank and score the technical qualifications and interview. The four highest ranked firms were invited to an oral interview. Based on the scores of the proposals, Staff determined that ITE Partners was the highest ranked proposer. The final score included an LBE rating bonus that varied upon the proposer's joint venture level with local business enterprises.

Staff has negotiated the scope, terms and conditions of the contract. The anticipated not to exceed amount of this contract is \$6 million for a duration of 40 months. Staff will return to the Commission each year to renew the contract based on the Consultant's performance.

CMD has approved a 21% LBE sub-consultant participation goal, and the Consultant has committed to achieving this goal.

Commissioner Crayton ... Why did we reach out to the Oakland International Airport to get an employee to be on this panel?

Mr. Neumayr ... we tried to have 50% of the panel outside the Airport, and we tried to balance it out. Because this is a unique, specific kind of contract, we are limited in looking for someone who's managed similar projects inside the City, so we look at other airports.

Commissioner Crayton ... and this person had the specific skill set?

Mr. Neumayr ... correct. They've gone through similar arrangements as well. Sometimes we do look to other airports, Sacramento, San Jose, for those people. We keep in touch with each other just to make sure for these one off specific things that are very unique to an airport.

Commissioner Crayton ... Since this is very specific and we don't have that expertise, how then we will manage and know whether it's going along the way it's suppose to?

Mr. Neumayr ... we do have the expertise in-house, but it's trying to get to 50% outside the Airport for the panel.

Commissioner Johns ... Commissioner Crayton asked on the previous item about the Commission person on the panel. I'm curious because we have a lot of RFPs, and we have had a discussion in the past about how these panels are chosen and their responsibilities. Do we keep some sort of record of who we used in the last five years? Let's say for these various panels in the different categories, whether it's construction, restaurants, or whatever, I do have great concerns about who we used on these panels because once the information comes to us, we're very dependent upon the work that they have done, and sometimes we're

not very happy. I hate to keep bringing this up, but I do have concerns about who we use on these panels, what their qualifications are, how objective they are, etc. Maybe you can't give me a full answer now, but I am raising that question.

Mr. Neumayr ... I can answer the question for Planning, Design, and Construction. We do have a list and we keep track of who has been on our panels. I'll be more than happy to put a list of that together, say over the past two or three years. We do try to vary it. We do look for the level of expertise, particularly outside the Airport, when you have to meet that 50% criteria. I know we're not perfect all the time but we try to be as close as we can. One thing we try to protect is to make sure that it's fair and transparent and that people don't come in with preconceived ideas of what it's going to be. We do appreciate your concern for that.

Commissioner Johns ... do we try to educate these folks, whether they come from the outside or they are Airport Commission employees, about the goals of the Airport, what we're looking for and the kind of vendors we want?

Mr. Neumayr ... when the panels are first selected and after the submittals have come in, they do have a phone call with CMD, our contracts division and a project manager. There is a meeting to discuss the goals and objectives and to talk about the process before it gets started. We also look to other City staff who have similar processes. It makes it a lot easier on us when we are able to utilize other City department's staff.

Commissioner Guggenhime ... this is a general discussion at the moment.

Commissioner Crayton ... it is.

Commissioner Johns ... agreed.

Commissioner Crayton ... I think we need the training.

Commissioner Guggenhime ... I don't think it's something we discuss today.

Commissioner Crayton ... agreed.

Mr. Ivar Satero, Airport Director ... we will take that on as an action item and prepare a briefing for Commissioners on our selection process. We will also give you a history of panel members from all RFPs.

Item No. 4 was removed from the calendar.

4. Authorization to Issue a Request for Qualifications for Five Master As-Needed Agreements for Construction Services, Contract Nos. 11227.51, 11227.52, 11227.53, 11227.54, and 11227.55

Resolution authorizing the Director to issues RFQ for Five Master As-Needed Agreements for Construction Services, Contract Nos. 11227.51, 11227.52, 11227.53, 11227.54, and 11227.55.

Mr. Neumayr ... this proposed resolution authorizes the Director to issue a RFQ/P for five Master As-Needed Agreements for Construction Services contracts in the amount of \$3 million for a duration of five years.

The Airport's Planning, Design & Construction (PDC) section continues to support all Airport Divisions by providing architecture and engineering services that require construction implementation such as minor facility and utility repairs, remodeling, and safety improvements. These tasks can require multiple trades in order to complete the work. PDC has previously utilized a Job Order Contract for these past construction services that we have to seek outside support on.

Master As-Needed Construction Service agreements are a new type of delivery method authorized by the City and County of San Francisco. This new delivery method allows the Airport to solicit lump sum quotes for contract service orders from the five pre-qualified master As-Needed Construction Services contractors rather than from a pre-determined list of unit prices and estimated quantities that are typical with Job Order Contracting.

These As-Needed Construction Service Agreements will provide a ready source of labor to perform as needed construction services that otherwise cannot be performed by the City's own labor forces due to lack of staffing or expertise for requested work. Individual contract service orders will be issued for a bid to each of the five Master As-Needed Construction Service firms and contract service orders will be issued to the lowest responsive bid. The value of any individual service order is limited to \$600,000 by the San Francisco Administrative Code.

This RFQ will contain minimum qualifications. Staff will convene a selection panel to evaluate and score proposals in response to the Airport's RFQ. The Airport recommends issuing five As-Needed Master Construction contracts. Staff will return to the Commission to recommend award following successful negotiations with the five highest ranked proposers. In the event the RFQ results in less than five contracts, the Airport is requesting approval to re-issue advertisement until five separate contracts have been awarded.

Staff is working with the City's Contract Monitoring Division to determine the Local Business Enterprise subcontracting goals for these proposed contracts.

Commissioner Mazzola ... does this mean that Job Order Contracting is gone, or do you want both?

Mr. Neumayr ... this is a result of looking for a different way of going around that. It's the first time we've done this. We would like the opportunity to see how this works out, and we are optimistic that it will work out.

Commissioner Mazzola ... how are you going to work it out with the Job Order Contracting? You're going to have five contractors that are going to do the work, and then you'll have a JOC guy that also thinks he's doing the work? Which is it?

Mr. Neumayr ... Right now we have three job order contracts that are nearing the end. At this point in time we're not entertaining any additional job

order contracting.

Commissioner Mazzola ... how much longer do the JOC people have in their existing contracts?

Mr. Neumayr ... I'm going to guess, but probably three years of duration, but they will run out of contract capacity long before that. I think in the next year we will run out of contract capacity on those contracts.

Commissioner Mazzola ... will the RFP distinguish between maintenance and construction?

Mr. Neumayr ... it will distinguish between the two and it will be very similar to what we've done with the JOC. In terms of the scope of work it will be very similar to what we've limited the job order contracting to.

Commissioner Mazzola ... I'm not sure we should have both. You sold us on job order contracting and now you're trying to sell us a different program. That's okay, but then you end up with two programs. If one ended and one started, that's fine but now you want two programs in place, and I don't know if I agree with that.

Commissioner Crayton ... is this done in other airports?

Mr. Neumayr ... I don't think it's correct to say other airports, but I could say that other public agencies have different tools of project delivery for these things. Why don't I send a memo to you regarding our recommendations moving forward and how we would sort this out.

Commissioner Mazzola ... are you suggesting we take this off calendar today?

Mr. Neumayr ... I would like to move ahead because the job order contracting is expiring. We will run out of the contract capacity and we need something.

Commissioner Mazzola ... Job Order Contracting is for three years?

Mr. Neumayr ... yes, but we're going to run out of contract capacity on those contracts. In other words, we have two things that we're working against in terms of those contracts expiring: there's a maximum dollar capacity on those contracts and there's also a duration. We were going to expend the money before we get to the full duration of the contract. So, right now we are not proposing any additional job order contracting at this point in time.

Commissioner Mazzola ... we have one for three years and now you're asking for one for five years. You have two different programs here and I don't know if I can understand that yet. You want me to vote on this today then tell me about it after, is that what you're saying? You want to give me a briefing after?

Mr. Satero ... the JOC contract dollars will expire so we cannot issue anymore JOC contracts without coming to the Commission.

Commissioner Mazzola ... they won't expire probably within three years, so you're going to have an overlap for three years.

Commissioner Johns ... I think we should take this off to have an opportunity to get more information about it.

Commissioner Crayton ... you have how much time before you said something would expire?

Mr. Neumayr ... we believe that we will run out of contract capacity, the dollar value, of those contracts within the next year on the job order contracting.

Mr. Neumayr ... we're trying to get this contract in place so that we can carry on with these services in a different manner and try an approach that is more agreeable to the construction industry.

Commissioner Mazzola ... the construction industry is made up of competitive bidding. This takes that out. Once you have these contracts you get these five contractors for five years. There's no more competitive bidding for that. They'll be doing whatever remodeling you want them to do. That's okay with me, but two programs is not okay with me.

Mr. Satero ... we'll remove this until we brief the Commission fully on a plan to phase one out and phase one in.

Item No. 5 was approved unanimously upon a motion by Commissioner Guggenheimer and a second by Commissioner Stern.

5. Authorization to Issue a Request for Qualifications/Proposals for Professional Services Contract No. 11118.41, Project Management Support Services for the International Terminal Building Refresh Project

No. 16-0291 Resolution authorizing the Director to issue a RFQ/P for Professional Services Contract No. 11118.41, Project Management Support Services for the International Terminal Building Refresh Project.

Mr. Neumayr ... this proposed resolution authorizes the Director to issue a RFQ/P for Professional Services for Project Management Support Services for the International Terminal Building Refresh Project.

The International Terminal has not seen any significant upgrades since its opening. Since the opening of the International Terminal, there have been changes in security standards, technology improvements, as well as significant growth in passengers. The International Terminal is now in need of renovation to meet the future operating requirements of the facility to accommodate the growth in international passengers.

This project will include improvements to the Arrivals Level at Customs and Border Protection areas, and to the Departure Level to expand the Duty Free

Concessions program, expansion of the existing security checkpoints as well as screening areas, and will include new restrooms.

This contract will provide overall project management support services for the project, including design management services, contract administration services, project controls and reporting, as well as construction and estimating and inspection services. The estimated value of this contract is \$6 million with a duration of 40 months.

Staff will convene a selection panel to review and score proposals and the oral interviews. Staff will prepare a recommendation for award for your approval following successful negotiations with the highest ranked responsive proposer.

The City Contract Monitoring Division has established a 21% LBE subcontracting goal for this contract.

Commissioner Guggenhime ... Is it that the International Terminal is overcrowded, or is it that the TSA is understaffed? We have enough kiosks so U.S. citizens with global entry are using them, but I'm very concerned that as traffic increases we just don't have the capacity and space to keep things running smoothly. Will this do it?

Mr. Neumayr ... exactly. It addresses both the security checkpoint with TSA, as well as the Customs Arrivals Hall.

Commissioner Guggenhime ... going out and coming in.

Mr. Neumayr ... coming in and going out, it addresses both those needs as well.

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F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 15, was approved unanimously upon a motion by Commissioner Crayton and a second by Commissioner Guggenhime.

6. Award of Professional Services Contract No. 11104.44 - Integrated Infrastructure Information Program Management Support Services - DPR Construction - \$2,300,000

No.1 6-0292

Resolution awarding Professional Services Contract No. 11104.44, Integrated Infrastructure Information Program Management Support Services, to DPR Construction in an amount not to exceed \$2,300,000 for the first year of services.

Commissioner Johns ... DPR Construction, \$2,300,000 for the first year of services, sounds like it's more of an IT kind of thing and a coordination, and I didn't understand that a construction company would have that sort of expertise.

Mr. Neumayr ... As billing information, using programs and three-dimensional modeling has taken place you can primarily utilize in the construction industry with

contractors. In this program we are able to take that data and organize it in a way that's meaningful to the Airport. DPR has consulting services as well as some other firms. We also received some proposals from other engineering firms as well to help us facilitate so that we can take ownership of this program. What's happened in the past with billing information modeling is that it's been used for construction but the information that we input through design and construction is not useful to us. When we put this out, DPR's proposal turned out to be very successful. They have the expertise and we're tapping into it. So, even though they are a construction firm, they've got this ability to run this technology. What we've found in industry in the billing information modeling is that it's our contractors, not our engineers and architects who really have the best handle on this at this point and time.

Commissioner Johns ... so they do have that sort of expertise even though they're called a construction company?

Mr. Neumayr ... yes.

Commissioner Johns ... I thought that when we got to \$2,300,000 we were going to put these items on the regular calendar rather than consent.

7. Modification No. 2 to Professional Services Contract No. 10060.41 - Project Management Support Services for the Ground Transportation Unit Relocation PGH Wong Engineering, Inc. - \$1,475,197

No. 16-0293	Resolution approving Modification No. 2 to Professional Services Contract 10060.41, Project Management Support Services for Ground Transportation Unit Relocation, to PGH Wong Engineering, Inc. in an amount of \$1,475,197 for a new contract amount of \$2,952,692 and with a new contract duration of 35 months for services through February 28, 2018.
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Commissioner Johns ... This is adding almost \$1.5 million to a contract that was originally about that amount, so we're doubling the contract. We didn't know that we we're going to have all these extra services when we hired PGH Wong initially for this project?

Mr. Neumayr ... we've gone through and redeveloped the Ground Transportation area, there has been additional programming requirements that have been established and at the time we established the duration for those services we thought it would be done in a short period of time. It's taken an extended time for us to get through and incorporate those different phasing and construction issues. Our contingency budget can support this, but we didn't fully understand the phasing at the time until we understood the project and got into the design work.

Commissioner Johns ... we have a lot of those somehow, and it's concerning to me. Thank you for that information.

8. Authorization to Issue Request for Qualifications No. 50096 to Establish a Pool of Investment Banks to Provide Bond Underwriting, Variable Rate Bond Remarketing, Commercial Paper Dealer and Derivative Counterparty Services and Other Related Services on an As-Needed Basis in Connection with the Airport's Capital Finance and Debt Program

No. 16-0294 Resolution authorizing issuance of RFQ No. 50096 to establish a pool of investment banks to provide bond underwriting, variable rate bond remarketing, commercial paper dealer and derivative counterparty services and other related services on an as-needed basis in connection with the Airport's Capital Finance and Debt program.

9. Modification No. 2 to Contract No. 9344 - Hotel Development Consulting Services - Jones Lang LaSalle Americas, Inc.

No. 16-0295 Resolution approving Modification No. 2 to Contract No. 9344 for Hotel Development Consulting Services with Jones Lang LaSalle Americas, Inc. exercising the first of two one-year options.

10. Modification No. 1 to Contract 9350A.66 - Design-Build Services for the REACH (Revenue Enhancement and Customer Hospitality), Boarding Areas A & G Project - Webcor Construction LP dba Webcor Builders - Time Extension

No. 16-0296 Resolution approving Modification No. 1 to Contract No. 9350A.66, Design-Build Services for the REACH, Boarding Areas A & G Project, with Webcor Construction LP dba Webcor Builders increasing the contract duration to 480 consecutive calendar days.

11. Modification No.1 to Contract No. 11165.61 - Construction Services for the International Terminal Media Room - KCK Builders, Inc. - Time extension only

No. 16-0297 Resolution approving Modification No. 1 to Contract 11165.61, Construction Services for the International Terminal Media Room, with KCK Builders, Inc., for an additional 65 calendar days, for a new contract duration of 165 consecutive calendar days.

12. Approval of 2011 Lease and Use Agreements with Aer Lingus, Limited ("Aer Lingus"); Aerovias de Mexico S.A. de C.V. ("Aeromexico"); Etihad Airways, PJSC ("Etihad"); and Turk Hava Yollari Anonim Ortakligi ("Turkish")

Four resolutions approving 2011 Lease and Use

and all the data that goes through construction will actually be on a single model for the entire Airport. That's what we're working towards.

14. Amendment No. 1 to International Terminal Food and Beverage Concession Lease No. 16-0017 with SSP America, Inc.

No. 16-0303 Resolution approving Amendment No. 1 to International Terminal Food and Beverage Concession Lease No. 16-0017 with SSP America, Inc. and directing the Commission Secretary to forward Amendment No. 1 to the Board of Supervisors for approval.

15. Ratification of the Settlement of Unlitigated Claims of \$10,000 or Less During Fiscal Year 2015-2016

No. 16-0304 Resolution ratifying the Settlement of Unlitigated Claims of \$13,903.05 for Fiscal Year 2015-2016.

* * *

G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to two (2) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Perry Butler, Perry's ... Good morning and thank you very much. I'm here to talk about Perry's at SFO. Together with our operating partners, Tastes on the Fly, we opened Perry's in Terminal 1 in August of 2005. The new staff and employees at Perry's SFO came to the Union Street restaurant for training and to understand what Perry's was all about. They learned their lessons well and from day 1 to the present time they've treated our guests at Perry's SFO with the same warmth and the same good service and the same high quality food and beverage that's been the Perry's hallmark since 1969. This is no accident. Our operating partners, led by Michael Levine and his team at Tastes on the Fly, has steadfastly imbued the staff with Perry's core principles ... good food, good drinks and good people. And they are the principle reason why Perry's on Union Street, and the three other locations we've opened in the past decade, and why Perry's has survived in a most competitive industry for 47 years. And although I am no longer the 26 year old who started it all in 1969, three smart, dynamic, very hard working Butler children have chosen Perry's as their life's work and will continue to carry the legacy forward ... for several generations after I'm gone.

Perry's and Tastes on the Fly responded to the recent RFP with a very bold and exciting new design. It comes with a \$3.5 million investment, but one which we are committed to. Another key element of our proposal is the popularity of breakfast in general, but particularly it's appeal to the flying public is to offer breakfast all day. This operational

change will only enhance and build on the restaurant's level of success and customer satisfaction. I have to say that we were dumbfounded when we learned last week that the Blue Ribbon Panel is recommending that Perry's not retain it's space at the Airport. In quoting from the RFP, here are the evaluation criteria going forward. Overall appeal of proposed concept of passengers, concept reflective of San Francisco, ability to maximize sales, revenue and customer satisfaction. Compliment to overall concessions program in and around the premises, proposed merchandise menu services list and prices. How can Perry's not be the best fit after meeting every single one of those criteria. One of the enduring things about Perry's is it's universal appeal and the fact that what we offer is not trendy and never goes out of style. Moreover, there was no other restaurant menu that serves the traveling public across all day parts than Perry's does ... breakfast, lunch, dinner, cocktails. Regardless of the time of day, our menu has something to soothe everyone's taste or frame of mind. How often do we hear the words "it's not about the money". It's much more than that.

But let me close with some numbers that are impossible to ignore. Perry's sales at SFO since '05 will reach a \$101 million next month. The Airport will receive nearly \$12 million in rent. In 2015, Perry's sales were \$11.2 million with \$1,360,000 paid in rent. This year revenues we'll be \$12.4 million, with rent of \$1.4 million. I'm enormously proud of what we've built and what we've accomplished at SFO. I feel very strongly that we've done everything we could possibly have done and done it extremely well. We've represented San Francisco and the Airport proudly and we've become an integral part of the Airport. Perry's belongs at SFO as much today as it ever has and it deserves to be a part of the future of SFO. Thank you for listening to me and I hope you'll do everything possible to enable us to stay.

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H. CORRESPONDENCE:

There was no discussion by the Commission.

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I. 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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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:35 AM.

(Original signed by Jean Caramatti)

Jean Caramatti

Commission Secretary