# SAN FRANCISCO Airport COMMISSION



**December 1, 2015** 

9:00 A.M.

Room 400 - City Hall #1 Dr. Carlton B. Goodlett Place (400 Van Ness Avenue) City and County of San Francisco

**EDWIN M. LEE, MAYOR** 

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
Vice President
ELEANOR JOHNS
RICHARD J. GUGGENHIME
PETER A. STERN

JOHN L. MARTIN Airport Director

SAN FRANCISCO INTERNATIONAL Airport SAN FRANCISCO, CALIFORNIA 94128

## Minutes of the Airport Commission Meeting of December 1, 2015

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### AIRPORT COMMISSION MEETING MINUTES December 1, 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 November 17, 2015 were adopted unanimously.

No. 15-0255

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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 moved by Commissioner and seconded by Commissioner. The vote to approve was unanimous.
  - 1. Approval of a Trial Program for VIP and Concierge Services Airport Butler

No. 15-0256 Resolution approving a 12 month Trial Program for Airport Terminal Services, Inc., dba Airport Butler to provide VIP and Concierge Services at San Francisco International Airport.

Mr. Christopher Birch, Director, Guest Experience, said I'm seeking your approval to initiate a 12-month trial program for VIP and Concierge Services. We found a qualified provider for such services. The Airport has never had a provider for personalized services, leaving customers without any option to take control to elevate the level of their experience at SFO. We have a lot of new premium customers coming from destinations where services and airports are built differently than they are in the U.S. They are accustom to a different level of service at the origin and they're not able to get that service here. So what we are proposing is to look at the target for different types of customers at SFO. First of all VIPs, folks that are accustom to paying a little extra for being escorted through

the airport, to have travel arrangements made for them, someone waiting at the gate until they depart, and then making phone calls and sending emails to let other folks know that they're on the airplane. That's one type of customer. There's a second type ... folks that are looking to make arrangements either for themselves or for family members. I can tell you anecdotally that because of the Asian population that settled in the U.S., and the parents tend to be at home in China or Japan, Korea and so forth, a lot of those folks will come to the U.S. to visit their kids without speaking any English and we've noticed that there is somewhat of a demand for transit assistance to make sure they get on the airplane. We've also found that a lot of kids will fly to San Francisco to meet their parents when they get off the plane and then travel with them back home. These folks are a target for this type of service as well. They're arriving customers wishing for assistance to make local arrangements ... hotel reservations, entertainment, etc. We've asked our potential provider to look at bundling services that are provided and selling them to the airlines, we can then sell them to their customers. This is something that currently doesn't exist in the U.S., as far as we know. We think we'll need a little help with marketing to make sure that the services are well known.

We have been unable to fulfill many requests from customers, and airlines have pulled back on thelevel of service that they provide at the airport so there's been a bit of a gap for this type of service. We're looking to fill that gap. Airport Terminal Services is the name of the company that we've asked to execute this trial program. They're a well established ground handler in the U.S. Two years ago they initiated the service with the Airport Authority in Vancouver. They were recognized by ACI as having the best new concession and customer service concept in 2012. They've established themselves at the Vancouver airport and the film industry so they get a lot of customers who are looking for personalized service. We know of no other Airport in the U.S. that has launched this type of service. We're looking forward to being the first, but also hoping that they or another provider is successful in other parts of the U.S. because customers are going to want that end to end service. That will help with establishment of service here if there are other airports that are offering the same type of service.

Earlier this year we traveled to Vancouver to test the service. We thought it was a really great fit. ATS offers the service in Vancouver and the two folks that we sent had good feedback and were well taken care of. ATS has extraordinarily high service standards. They use it to train their staff. We're expecting ATS to hire folks from the hospitality industry, foreign language speakers certainly, to cater to the type of customer that we expect to hire for these services. We are proposing not to collect rent or revenue for the first year. We feel that this is an unknown service in San Francisco and the country in general. We'd like to offer ATS the opportunity to establish the service, with our help. We intend to heavily market this service. We'll use our overseas resources, in particular travel agencies and travel and convention services, to assist in marketing. We're expecting a slow start because this service isn't known in the U.S., so we'd like to offer them no rent and no concession fee for at least the first six months of the program. We're proposing for twelve months on a month to month. In the event it's not viable we can terminate the permit. If we feel that it is a viable opportunity for SFO, we'll

return to you for authorization to issue an RFP.

Commissioner Guggenhime ... this a great idea. I presume you'll have language translation abilities. I'd like to know what services you're going to recommend but I think it's a great program. Many European airports have it. I don't believe it's expensive. Some airlines have cut back dramatically on assisting passengers.

Mr. Birch ... I think you're right about the types of customers we're going to see. Although it's VIP and Concierge services, I think we're all under the impression that most of the clientele will be regular folks that are looking for ways to either expedite their own travel or to help with family members who would struggle on arrival or departure.

Commission Guggenhime said it makes the Airport look better as well. I think it makes our reputation.

Commissioner Johns ... who are they going to hire, how they're going to hire? Are they going to bring in experienced people? How are they going to make their contacts with local groups? You mentioned connecting them with tour groups, restaurants, other things. I would be very interested in how that's going to work. Who pays for that marketing?

Mr. Birch ... it's a unique service at SFO, so we feel comfortable tapping into the contacts that we have, especially in Asia. We have a marketing partner on the ground in China and so forth. Asian travelers tend to book through travel agents, so we're going to use our resources there to let travel agents know the service is available.

Commissioner Johns ... who's going to pay for marketing? Do we have a budget for it? I get the no rent and no fees, but what are our expenses going to be to start this up?

Mr. Birch ... I'll get back to you on the specifics. We are already paying for marketing resources overseas. My assumption is that we're able to use those resources that we have now, but I will get back to you specifically.

Commissioner Johns ... do you have any understanding as to how they're going to connect with local resources, how they're going to hire, and are these people going to be told when they're hired that this is temporary so they don't see it as a permanent job. Will the airlines help market this?

Mr. Birch said they're going to hire from the local community. Almost certainly they'll be folks that are already working at the Airport who will look at this as a good paying position, a fun position, something that they are already doing at the Airport. We're looking for folks in the hospitality industry who are accustom to working at the Airport and know airline/airport policies because they will need to know the way things work at the Airport. ATS will be pulling from advertising, from the local community, and most likely from the Airport.

Commissioner Johns ... I agree with Commissioner Guggenhime that it's a great

idea, and if it becomes successful I know that we will have an RFP to make it permanent, but I think it's going to be very competitive. There will be a lot of folks who want to get in on the ground floor and I would like to know how that's going to be handled so it doesn't just slip by us.

Ms. Kandace Bender, Chief Communications & Marketing Officer said I just want to address the marketing portion of this because I don't anticipate that it's going to be a big cost. We already have 13 marketing companies in place in foreign countries. We'll just expand their scope of work to include talking about this service as they do their regular meetings and regular rounds. I anticipate that a lot of the marketing campaigns will be digital, which is very cost effective. We have a Chinese website and we'll use the SF Travel website all over the world to publicize it. I don't anticipate that this will be a huge cost to us.

Commissioner Johns ... what about domestic travelers from other cities who are coming here who don't necessarily need the translation service. I just think it could be a big thing and how it's handled is quite important.

Mr. Birch ... agreed. The success of the entire program depends on how well we engage local communities. I think one of the fantastic opportunities is to market directly to the airlines. ATS will become part of the community here. They'll be going to the monthly meetings that we have with the airlines. They will all be aware of it, but what we really want to do is give airlines the opportunity to sell these services directly to their customers just to help with that exposure and make sure that as many people as possible know that the service exists. It will be an uphill climb. We don't have a benchmark to compare against, so there are a lot of unknowns.

Commissioner Johns ... I thought it was done in Vancouver.

Mr. Birch ... it's done in Vancouver but it's a different market and it's not something that folks in the U.S. are accustom to. Travelers coming to the U.S. yes, but they won't know that it exists yet.

Commissioner Crayton ... the people who are hired will be employees of who?

Mr. Birch ... Airport Terminal Services (ATS).

Commissioner Crayton ... will they be working for the City or the Airport?

Commissioner Guggenhime ... no.

Commissioner Crayton ... how long has Vancouver Airport had this service?

Mr. Birch ... since 2013.

Commissioner Crayton ... are they making money?

Mr. Birch ... yes, they've had a 27% increase year over year in the business there.

Commissioner Crayton ... that's a large increase. I understand that we want to try them out for a year, but we're giving them everything and we're doing everything. What are they bringing to the table?

Mr. John Martin, Airport Director said that they're taking the risk. We're not paying the salaries, they are. They're going to be engaged in the marketing just as we are. But, we don't know the revenue potential yet.

Mr. Birch ... they will be attempting to establish the business in the market, with no guarantee after the 12 months that they will be the permanent provider because we'll go out for an RFP. There is a significant risk.

Commissioner Crayton ... people will be assisted. Are they taking them to the International Terminal lounges, are we going to start there first and then go to Domestic, or will it be both of them?

Mr. Birch replied it will be both or either, whatever the customer requires. It is literally end to end if a customer has lounge access already. ATS will bring them to the lounge, offer them the business card, and ask them when they'd like to be picked up. The ATS will return to the lounge to escort them to the gate. If there's a significant delay, they'll wait with the customer. If there's a cancellation, they'll wait with the customer until they're rebooked and take care of the arrangements to get to a hotel, or whatever it is they need to do, and then meet them the next day until the escort is complete.

Commissioner Crayton ... will they make arrangements for ground transportation?

Mr. Birch said the customer will make those arrangements with ATS. Airport Butler is the name they will be using.

Commissioner Crayton ... and making sure that they don't have issues with Uber, etc. I think it's a wonderful idea, anything that will enhance customer service and bring people to this particular airport. This is something that we need to, we need to be a cutting edge. Hopefully this brings us to that particular point. There may be bugs and hopefully you'll be coming back to us with more information.

Commissioner Mazzola ... how big is the company in Vancouver? How many employees do they have?

Mr. Birch ... I don't know. I would say not more than two dozen. They come to the Airport based on need. There's a 24 hour advance notice requirement.

Commissioner Mazzola ... there would be a spot for their employees because they wouldn't know how many people are requesting.

Mr. Birch ...it's built into their operating plan. Employees know 24 hours in advance when they need to be at the Airport, and they won't necessarily be here all day.

Commissioner Mazzola ... when will this begin?

Mr. Birch replied we would like to launch the third week in January.

Commissioner Johns ... do you know how much they charging in Vancouver for some of these services? Is it by the hour?

Mr. Birch said it's typically by the service. They may charge \$75 for cart service through the Airport. It's not something that we offer, we don't do electronic carts here. It could be \$100 for the full curb to gate experience.

Commissioner Johns ... they must have a fee schedule.

Mr. Birch ... they do. The initial fee schedule for San Francisco is a bit vague only because we don't know exactly where to price it for this market quite yet. So, it's in the \$50-\$125 range, say for one person. There is a quantity discounted for two, three, or four people.

Commissioner Johns...other than the services mentioned, can they be a resource for tours or other specialized services? Is there some sort of fee arrangement between Airport Butler and venders who provide tours to the wine country.

Mr. Birch ... we're working on a lot of those details at the moment, but we're not looking to get discounts from providers. We'll buy services from them and there will be a slight markup to the customer, essentially a convenience fee.

Commissioner Stern ... I think it's a great idea. Since we don't have a benchmark for this today, what are the success metrics we're going to use to drive this .

Mr. Birch ... that's a difficult question. Fortunately, Business and Finance has the expertise to help us with that. Eventually, we believe this will be turned over to the Concessions group and will be part of our concession plan. We think about \$1.1 million in revenue would be acceptable for a full operational year with consistent business end to end ... minus salaries, minus the start up fee, depreciation, and so forth. If they can keep people employed, if we have a consistent flow of customers, if we feel that our marketing has worked overseas, and internally with the airlines. We're going to take it from there and have a conversation with the provider to see if this is something that we feel will build month after month, or is this the best that we're going to get. We don't have that benchmark yet. But we'll definitely tap into the Business & Finance resources to help us decide if it's going to be a viable business.

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- F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
  The Consent Calendar, Item Nos. 2 through 6, was moved by Commissioner and seconded by Commissioner. The vote to approve was unanimous.
  - 2. <u>Modification No. 1 to Contract No. 10506.43 Automated Passport Control (APC) Kiosks Vancouver Airport Authority (YVRAA) \$2,695,000</u>

No. 15-0257 Resolution approving Modification No. 1 to Contract

No. 10506.43 for installation and maintenance of 40 additional APC Kiosks in the International Terminal to Vancouver Airport Authority (YVRAA) in the amount of \$2,695,000, for a new total contract amount not to exceed \$5,145,000.

3. Modification No. 1 to Professional Services Contract No. 10051.41 - Project Management Support Services for the South Field Tenant Relocations Project PMA Consultants, LLC - \$654,396

No. 15-0258

Resolution approving Modification No. 1 to Professional Services Contract No. 10051.41 Project Management Support Services for the South Field Tenant Relocations Project, with PMA Consultants, LLC, in an amount of \$654,396 for a new contract amount not to exceed \$1,434,069, and a time extension of 3 months for a new contract duration of 21 months.

4. Modification No. 1 to Contract No. 10563.61 - Construction Services for Common Use Self Service Power & Data Project - Fidato - \$216,837

No. 15-0259

Resolution approving Modification No. 1 to Contract No. 10563.61, Construction Services for Common Use Self Service (CUSS) Power & Data Project, with Fidato, in an amount of \$216,837, for a new contract amount of \$526,837, and a time extension of 280 consecutive calendar days, with a new contract duration of 355 consecutive calendar days

5. <u>Authorization to Issue a Request for Proposals for Contract No. 11151 for a Ground Based Radar Water Perimeter Intrusion Detection System</u>

No. 15-0260

Resolution authorizing a Request for Proposals to be issued for Contract No. 11151 for a Ground Based Radar Water Perimeter Intrusion Detection System to continuously monitor and detect intrusions into the Airport's Water Perimeter and authorize staff to enter into negotiations with the top ranked proposer.

6. <u>Authorization to Establish a Pool of Pre-Qualified Consultants to Provide Airport Planning Services on an As-Needed Basis</u>

No. 15-0261

Resolution establishing a pool of pre-qualified consultants to provide Airport Planning Services on an as-needed basis and authorizing Airport staff to

negotiate contracts during the duration of the pool as scopes of work are identified.

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#### 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.

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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 9:25 AM.

(Original signed by: Jean Caramatti)
Jean Caramatti
Commission Secretary