SAN FRANCISCO AIRPORT COMMISSION



December 2, 2014

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 2, 2014

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В.		ROLL CALL:		4
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F.	2.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Award 10003.71, Construction Manager/Genera Contractor Services for the Temporary B/A B an Security Screening Checkpoint Project - Turner Construction Company		5-6
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AIRPORT COMMISSION MEETING MINUTES December 2, 2014

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President Hon. Eleanor Johns Hon. Richard J. Guggenhime Hon. Peter A. Stern

Absent:

Hon. Linda S. Crayton, Vice President

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C. ADOPTION OF MINUTES: The minutes of the regular meeting of November 18, 2014 were adopted unanimously.

No. 14-0241

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D. SPECIAL ITEM:

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

1. <u>Resolution of Appreciation for Councilmember Naomi Patridge</u>

No. 14-0242 Resolution of Appreciation for Half Moon Bay City Councilmember Naomi Patridge who served on the SFO Airport/Community Roundtable, including a period as Vice Chairperson. This resolution recognizes and expresses appreciation for Councilwoman Patridge's work on the Roundtable.

Mr. John L. Martin, Airport Director said this resolution honors Half Moon Bay Councilmember Naomi Patridge. She's been on the roundtable for 25 years, by far the longest of anyone on the Roundtable, and always have been a positive, proactive member of that group. We want to recognize her service and I'll present her with this resolution at the Roundtable meeting on Wednesday evening.

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

- F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.
 - 2. <u>Award Contract 10003.71, Construction Manager/General Contractor Services for</u> <u>Temporary Boarding Area B and Security Screening Checkpoint Project - Turner</u> <u>Construction Company - \$4,718,483</u>

No. 14-0243Resolution awarding Contract 10003.71,Construction
Manager/General Contractor Services for Temporary
B/A B and Security Screening Checkpoint Project, to
Turner Construction Co. in the amount of \$4,718,483
with a contract duration of five months, and with a
corresponding amount in contingency authorization.

Mr. Geoff Neumayr, Deputy, Design & Construction said this item awards Construction Management General Contractor Services for Temporary B/A B and Security Screening Checkpoint in the amount of \$4.7 million for services up to four months. The temporary B/A B and Security Checkpoint project is the reconstruction and modification of the existing B/A B to support airline operations during construction of the new B/A B. Contract duration is estimated to be 600 calendar days with a total estimated value of \$69.6 million. Two proposals were received ... Turner Construction Company (TCCO) and Skanska USA Builders. Staff reviewed the proposals and determined that both met the minimum qualifications. A four person selection panel was convened to review and score the written proposals. Both proposers were invited and participated in oral interviews, which were also scored by the same evaluation panel. The price was then factored into the scoring and based on the results of technical review, the oral review, and the cost proposal, TCCO was the highest ranked proposer. Staff negotiated the scope of services, contract terms and conditions, and recommends awarding the contract to TCCO in the amount of \$4.7 million. The initial award amount includes an amount of \$118,000 for programming services, an amount of \$2.9 million for management fees for pre-construction and construction services. and an amount of \$1.7 million for pre construction trade packages. At the completion of the programming phase, staff will return to the Commission with a recommendation to award the full value of the contract as a tentative guaranteed maximum price. We will periodically update you on the budgeted forecast and identify any significant cost variances, along with recommended mitigation measures. All trade work will be competitively bid in accordance with Section 6.68 of the San Francisco Administrative Code. The City's Contract Monitoring Division approved a 23% Local Business Enterprise subcontracting participation goal for this contract, and Turner Construction is committed to meeting the goal.

Commissioner Mazzola asked if this is the closest bid we've ever had. There is only a 16½ point difference in 1,300 points.

Mr. Neumayr replied this was really close but we kind of expect this because of the quality of the contract. We're seeing this more and more.

Commissioner Mazzola asked what was the difference in the money.

Mr. Neumayr replied I don't know the answer to that, I can get back to you.

Commissioner Mazzola asked if Turner was a big percentage lower than the other company.

Mr. Neumayr said if there were more than a 5% difference in pricing, I would have known that. I don't believe it was more than that but no one brought a disparity to my attention. It was really based on the qualifications.

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

3. <u>Authorization to Accept Proposals for the Terminal 3 Specialty Retail Store Leases</u> <u>A and B</u>

No. 14-0244 Resolution approving revised lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Terminal 3 Specialty Retail Store Leases A and B.

Ms. Cheryl Nashir, Revenue Development Management said this item seeks approval to make certain changes to lease specifications, minimum requirements, and proposal requirements and to accept proposals for the Terminal 3 Specialty Store Leases A and B. This item was before you at the last meeting and after public comment it was held over to this meeting. We have two specialty stores to lease in Terminal 3. One space is a Pacific Outfitters in Hub F. The other is new and currently under renovation in Terminal 3 East. In September you authorized issuance of an RFQ for these spaces and we bundled them together under a single lease. After a pre-proposal meeting and further consideration, we came to you at the last meeting, and we're coming to you today, to make them two separate leases. This change was also requested at the pre-proposal meeting. The other requested changes are to lower the minimum gualification requirement for proposers to have operated or own a business in the last three years that generated an average sales of \$350,000 per year instead of \$500,000 per year. The last change, and this was again requested at the pre-proposal meeting, is to allow proposers to propose more than concept. This would allow us more choice. They could send in a single proposal for an apparel or jewelry store. We did this successfully in Terminal 2. In response to opposition voiced about splitting the lease into two separate leases, we remain convinced that we're heading on the right course of action. It will broaden competition. We had previously bundled them because we weren't sure the marketplace would respond to these leases if they were separate ... specialty retail is probably the most challenging sale for us. We thought we needed some mass to make it a viable business opportunity. We heard otherwise from the majority of the attendees at the pre-proposal meeting. Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. <u>Commence Request for Proposals Process for the Terminal 3 West Food and</u> <u>Beverage Lease</u>

No. 14-0245

Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the Terminal 3 West Food and Beverage Lease.

Ms. Nashir said we're seeking authorization to begin a competitive solicitation process for the Terminal 3 West Food and Beverage Lease. This lease is for space currently operating as a Ghirardelli Candy Store. It is in the frontal gate portion of Terminal 3 near Gates 72-75. The only surrounding food locations are Yankee Pier, Gordon Birsch, and Peet's Coffee & Tea. Ghirardelli has expired and we felt a Grab & Go Market, a Juice Bar, or a Deli operation will be a nice addition in this gate area. This part of Terminal 3 will likely be redeveloped by the Airport commencing in the next 3-5 years. The term, therefore, is shorter than typical at three years with three one-year options exercisable at the Airport's sole discretion. As with all food and beverage leases, rent is the greater of a minimum annual guarantee which is based on the rate per sq. ft. or a tiered percentage rent structure: 6% to \$500,000, 8% for sales between \$500,000 and \$1 million, and 10% for sales above \$1 million a year. Current annual rent from Ghirardelli is \$160,000. We estimate the first year rent for this new concession will exceed that. We're projecting about \$185,000 in rent for the first year from this food and beverage location. We've been conducting outreach in anticipation that we'll be leasing this space as food and beverage, and there's a lot of interest. This is a busy part of Terminal 3, again with two restaurants and coffee. We feel like we're missing a big food category. There's plenty of mass dwelling in holdrooms here. and this is also a transit area between the International Terminal and Terminal 3.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

- 5. <u>Approve International Terminal G Gate Holdroom Food and Beverage Kiosks Trial</u>
 - No. 14-0246 Resolution authorizing a twelve-month trial of two food and beverage kiosks in the International Terminal G Side Gate Holdrooms to be operated by Andale SFO and Deli-Up Enterprises, LLC.

Ms. Nashir said this item seeks authorization for a twelve month trial of two food and beverage kiosks in the International Terminal Boarding Area G lower level holdrooms. There are currently no concessions in those holdrooms yet passengers dwell down there before boarding international flights. Staff approached the existing food and beverage tenants in International Terminal Boarding Area G about their interest in conducting this test. We'd like to see if the public responds to a food and beverage kiosk in these holdrooms and would it result in incremental sales or would it cannibolize what's happening on the main floor where Duty Free is at the security checkpoint. We selected Boarding Area G because of the higher passenger numbers as compared to Boarding Area A, and we would like to test this before we put out an RFP for a permanent lease of this space. Each kiosk, and they would be located in different lower level holdrooms, would be no more than 150 square feet. They will conform to the Airport's Design Review Committee standards. The tenant will pay 10% of gross revenues to us for the privilege of operating these kiosks and we expect they'll be primarily offering grab and go foods. There won't be an opportunity to cook or prepare foods. If successful, upon conclusion of this trial we will return to share the results and ask permission to begin an RFP process for this new business opportunity.

Commissioner Mazzola asked if the part time vendor gets any points for doing it when the RFP comes out.

Ms. Nashir replied no, we have not included that in our RFP process for concessions in the past.

Commissioner Johns asked who builds out the space.

Ms. Nashir replied the tenant. I'm sorry, I failed to mention that the tenants would be Andale Mexican and Deli Up. Both operate on Boarding Area G.

Commissioner Guggenhime asked how big the space will be.

Ms. Nashir said as big as this room

Mr. Martin said it's twice as big as this room.

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- G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 6 through 9, was moved by Commissioner and seconded by Commissioner .
 - 6. <u>Award Contract 10051.43 Architecture & Engineering Design Services for South</u> <u>Field Tenant Relocations Project - Joseph Chow & Associates, Inc. - \$1,059,600</u>

No. 14-0247 Resolution awarding Contract 10051.43, Architecture and Engineering Design Services for the South Field Tenant Relocations Project to Joseph Chow & Associates, Inc., in an amount not to exceed \$1,059,600 with a contract duration of 13 months.

7. <u>Authorization to Issue a Request for Qualifications to Establish Several Pools of</u> <u>Consultants to Provide Airport Management and Financial Consulting Services</u>

No. 14-0248 Resolution authorizing issuance of a RFQ to establish several pools of consultants to provide Airport management and financial consulting services on an as-needed basis. Commissioner Johns asked if this is in addition to what we approved in the past.

Mr. Kevin Kone, Business & Finance Manager, said this is an RFQ process to establish new pools for the Airport. The existing pools will expire in March of 2015 so it's just a refresh of all the different things that we could be doing.

Mr. Martin said we had an RFP for financial advisory services.

Mr. Kone ... which is separate for just the debt financing at the Airport. This will cover all the different parking, hotel, anything that could come up over the next two years and staff could reach into this pool for resources for the Airport.

- Modification No. 5 to Contract 9024.9 Construction Management Services for International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, and International Terminal Baggage Handling System Improvements Project - CAGE Professional Services, Inc. (dba CAGE, Inc.) -\$795,000
 - No. 14-0249 Resolution approving Modification No. 5 to Contract 9024.9, Construction Management Services for the International Terminal and B/A F Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project with CAGE Professional Services, Inc. (dba CAGE, Inc) to increase the not-to exceed amount by \$795,000 for a final total contract amount not to exceed \$8,595,000 and increase the contract duration by 9 months for a total contract duration of 51 months.
- 9. <u>Modification No. 3 to Contract</u> 9024A Design-Build Services for the International <u>Terminal and Boarding Area F Checked Baggage Inspection Modernization</u> <u>Program, and the International Terminal Baggage Handling System Improvements</u> <u>Project - VanDerLande Industries, Inc. - \$730,000</u>
 - No. 14-0250 Resolution approving Modification No. 3 to Contract 9024A, Design-Build Services for the International Terminal and B/A F Checked Baggage Inspection System Modernization Program and the International Terminal Baggage Handling System Improvements Project with VanDerLande Industries, Inc.,to increase the not-to-exceed amount by \$730,000 for a final total contract amount not to exceed \$83,868,927 and no change to the contract duration.

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

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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 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 9:28 AM.

(Original signed by: Jean Caramatti)

Jean Caramatti Commission Secretary