SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 18, 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 February 18, 2014

CALENDAR A			RESOLUTIO	
SECTION	ITEM	TITLE	NUMBER	
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES: Special meeting of January 29, 2014	14-0021	
D.		ITEMS INITIATED BY COMMISSIONERS:		4
E.	4	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Proposed Fiscal Year 2014/15 and FY2015/16 Operating Budget	14-0022	4-7
	2.	Fiscal Year 2014/15 Five-Year and Ten Year Capital Plans	14-0023	7-8
	3.	Amend Prior Resolutions to Authorize an Addition \$3.55 Billion to Aggregate Principal Amount of A Revenue Bonds to Finance Capital Projects in the Airport's FY2014/15 Five-Year Capital Plan; and Related Actions	irport ne	8-9
		Related Actions	14-0024	0-9
	4.	Authorization to Accept and Expend FAA Grant Funds in the Amount of \$70,000,000 for an Airfi Improvement Project under the RSA Program	eld 14-0025	9
	5.	Authorization to Implement Redevelopment of Terminal 1/Boarding Area B; to Issue RFQ/P fo Contract 10010.41 - Boarding Area B Reconstru Project Management Support Services, and for Contract 10011.41, Terminal 1 Center Renovation Project Management Support Services	ction	10-11
	6.	Award Contract 9111A - Ground Transportation Taxi Management System Infrastructure - Gallie dba Trico Construction		11-12
	7.	Modification No. 2 to Contract 8994 - Staff and Manage the Airport's Curbside Management Program - FSP PPM Management, LLC	14-0028	12-14
F.	8.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: Assignment, Assumption, and Modification No. 2 Contract 8998 - Operation and Maintenance of the		

		Baggage Handling System in Terminal 2 - Siemens Industry, Inc.	14-0029	15
	9.	Authorization to Accept and Expend California State Coastal Conservancy's Climate Ready Grant	14-0030	15
	10.	High Speed Electric Vehicle Charging Grant Application and Pilot Program	14-0031	15
	11.	Reject all Bids - Contract 9367 - Residential Airport Noise Insulation Program, 2012-2014 Phase, and Authorization to Rebid	14-0032	15
	12.	Reject all Proposals - Professional Services Contract 9251 - Asset Management Plan and Services	t 14-0033	16
G.	N	EW BUSINESS: United /Continental Merger		16-21
H.	C	ORRESPONDENCE:		21
۱.	С	LOSED SESSION:		21-22
J.	Al	DJOURNMENT:		22

AIRPORT COMMISSION MEETING MINUTES February 18, 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.

* * *

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

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 29, 2014 were adopted unanimously.

No. 14-0021

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

- E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.
 - 1. Proposed Fiscal Year 2014/15 and FY2015/16 Operating Budget

No. 14-0022 Resolution approving the proposed FY 2014/15

Operating Budget of \$902.8 million and FY 2015/16

Operating Budget of \$930.4 million.

Mr. Leo Fermin, Deputy Director, Business & Finance said this item presents a proposed operating budget for the next two years. If you refer to the summary table showing as Attachment One to the memorandum, I'll walk you through the highlights in each budget category. Bottom line, the total budget increases by 5.1% in the first year, from \$859,000,000 to \$903,000,000. In the second year, the increase is 3.1% from \$903,000,000 to \$930,000,000. Looking at the first category at the top, Salaries and Fringes in year one, we propose to add 35 new operating positions which are described on Page 2 of the cover memorandum. There are also 27 construction and project management positions that are listed in the operating budget that are actually paid for through the Five Year Capital

Plan. We are also making 41 position substitutions to adjust our workforce to changing needs. For year two, we propose to add 22 new operating fund positions and 13 capital funded construction and project management positions. These are described on Page 4 of the cover memorandum. Total salaries and fringe benefits will increase by 4.7% in year one, and then 1.7% in year two. To put this in perspective, looking at the ten year period since 2006, passenger enplanements have grown 28%, and over the same period our staff head count has increased 11%. The next category, Non-Personnel Services, shows a decrease of \$1.5 million in year one. This is because this coming May, we will discontinue the shuttle bus service between Terminals 1 and 3. This service costs \$3.5 million annually and is included in the Professional Services line item. While we save \$3.5 million for the busing, collectively other expenses in this category such as a Parking Management Contract and Free Carts in Customs, increased by a total of \$325,000. For year two, the largest increases are \$3.5 million in maintenance services equipment. This increase is for cyber security, the secure area network, and upgrades to our free public wi-fi system. In the next category, Materials and Supplies, is increasing by \$2 million in year one, primarily because of the need to purchase replacement parts for elevators, escalators and moving walks. For year two, an additional \$260,000 is budgeted. The next category, Equipment, increases by \$2.6 million in the first year because of the need to purchase vehicle information technology equipment, electric vehicle charging stations, ride-on sweepers and scrubbers, and the replacement of an explosive ordinance disposal robot. Then in year two, there is a \$612,000 decrease due to less information technology equipment being requested, and fewer vehicles in need of replacement. The \$25.5 million decrease in debt service in year one is composed of a number of things. First, there's a \$12.3 million increase for the Terminal 3 East project and the renovation of Boarding Area E, the full service starts to come online. There's also \$2 million provided for anticipated commercial paper issuances for projects under construction, and finally there's \$11.2 million for scheduled increases in the previous master plan bonds and the Terminal 2 bonds which were issued several years ago. Finally, for Light, Heat and Power we're budgeting a \$2.5 million increase in year one, and \$1 million increase in year two due to anticipated rate increases. Last year we provided the airlines with a rather extensive five year projection of cost per enplanement. This two year budget is in line with those projections.

Commissioner Johns asked for an explanation of what is meant by staffing substitutions to different positions.

Mr. Fermin replied that sometimes we'll have a Civil Service class budgeted in a certain section and for a number of reasons the job duties may shift and H.R. determines that a different Civil Service class is more appropriate for that position given the changing nature of the duties. For instance, you might have a clerical 1446 and if more responsibilities are added it might be necessary to substitute the 1446 up to a 1450, a higher class, or a position might be downgraded.

Commissioner Johns asked if the cost would increase or decrease.

Mr. Fermin said it could decrease if the substitution is downward.

Commissioner Johns ... two new curator positions are being added to the Museum budget. I love the Museum, I love what they do and the art collections. How much does the entire Museum operation cost us per year? It doesn't make any money for us, it simply enhances our Airport?

Mr. Fermin said I don't know that figure off the top of my head ... about \$25 million a year. That includes a lot of contracts, it's not just staffing.

Commissioner Johns said it's the cost of keeping the Museum operation going.

Mr. Fermin replied that's correct.

Commissioner Johns said I was looking at our debt service and noticed that it's almost half of our budget.

Mr. Fermin said that's correct. That's been the case for the last 10 years.

Commissioner Johns said I was thinking of areas that would help pay off some of that debt service, and \$25 million a year ...

Mr. Fermin said our debt service going forward will start to diminish in the next five years or so. The amount of principle outstanding will slowly start to come down and because it's scheduled to decrease over time that gives us the ability to issue new bonds for the new Capital program and backfill in years where the debt service decreases such that our overall costs are not impacted significantly.

Commissioner Johns said I don't see it going down much because we still have a lot of projects coming online that will take bonds to finance.

Mr. Fermin replied that's correct.

Commissioner Johns said I'm always looking to see where we can save.

Commissioner Crayton said I'm not sure about the cost for using the Museum or the proposed plan that was put in place.

Mr. Fermin said that we have expanded facilities now. We have a new Terminal 2 and new Boarding Area E, as well overtime. We'll be renovating Terminal 1 and Concourse B as well, so there will be additional exhibition spaces in the future. The workload is actually increasing.

Commissioner Crayton asked if the exhibition spaces are the responsibility of the Airport.

Mr. Fermin replied yes.

Commissioner Crayton asked if we recover that revenue.

Mr. Fermin said that it's recovered through rates and charges. We pass the cost onto the airlines.

Commissioner Johns asked if they know that.

Mr. Fermin replied they do.

Commissioner Crayton asked if they bring in enough to cover those activities.

Mr. Fermin said that in the aggregate, what we bring in total revenues overall covers all of our expenses.

Mr. Tryg McCoy, Chief Operating Officer said that the Museum is a huge commitment for us. We're the only Airport in the United States that is an accredited Museum. However, it's not just the Aviation Library and Museum, it's all the exhibits in the Airport. They put on 40 different exhibits per year. So, there's a transportation cost ... sometimes we fly in an exhibit from a foreign country so it is a big financial commitment, but we feel strongly about it.

Commissioner Johns said that there are now two new staffing positions. I took a tour of the operation and it's quite commendable, but I think at some point we really need to look at what it costs to keep it going. I know there was some talk of selling off some of these things because most of our exhibits are curated from other areas. We have a huge warehouse of items but I don't know the value and I don't know if there's an inventory or a cost basis. I think \$25 million a year is a lot of money and we should look at it in terms of our overall expenditures.

Commissioner Guggenhime said that this budget has been vetted thoroughly by the Executive Committee and then approved by the Airport's Advisory Committee which includes people outside the Airport, correct?

Mr. Fermin replied yes ... Monique Zmuda, Deputy Controller for the City, Jack Tamagny, a Wall Street Senior Banker, Nadia Sesay, Director of Public Finance for the City, and Vicky Wilcox, a private Investment Banker.

Item Nos. 2 and 3 were called together. They were moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Fiscal Year 2014/15 Five-Year and Ten-Year Capital Plans

No. 14-0023

Resolution (1) approving the \$2.5 Billion Five-Year Capital Plan and \$4.4 billion Ten-Year Capital Plan for FY2014/15 to FY2023/24, and (2) authorization to seek up to \$2.4 billion in capital supplemental appropriations for projects funded by bonds, and capital annual appropriations of \$41.0 million in FY 2014/15 and \$30.0 million in FY 2015/16 for projects funded by grants and the operating budget.

Mr. Fermin said that Item 2 is the annual revision to our Five and Ten Year Capital Plans, and Item 3 establishes the financing mechanism. Last year you

approved a \$2.1 Billion Five-Year Plan and \$4.1 Billion Ten-Year Plan. The Five-Year Plan totals \$2.5 Billion and the Ten-Year totals \$4.4 Billion. Staff estimates that the Five-Year Plan will create over 18,000 jobs and the Ten-Year Plan over 31,000 jobs. The increase in the Five-Year Plan reflects the addition of several new projects and the acceleration of the Boarding Area B renovation with 24 gates. Last year this project was scheduled for completion in 2021, and now it is scheduled for completion 2019. Also, completed projects have been removed from the plan. New projects being added include the AirTrain extension to Lot DD, this is an \$85 million project which will extend the AirTrain to the long term garages. The Terminal 3, Boarding Area F Plaza improvements is \$48.2 million, and will involve seismic upgrades, new concession spaces, and the upgrade of finishes. The South McDonnell Road realignment is \$32.2 million, and will create additional aircraft parking positions, and the Southfield Plot 700 Redevelopment Project have a combined cost of \$60.1. These two projects are precursors or enabling projects to allow for the construction of the new Boarding Area B.

3. Amendment of Prior Resolutions to Authorize an Additional \$3.55 Billion to Aggregate Principal Amount of Airport Revenue Bonds to Finance Capital Projects in the Airport's FY2014/15 Five-Year Capital Plan; and Related Actions

No. 14-0024

Resolution adopting the 17th Supplemental Resolution amending prior resolutions to authorize an additional \$3.55 billion principal amount of Airport Capital Plan bonds to provide long-term financing for capital projects in the Airport's approved Capital Plan.

Mr. Fermin said that this item is a 17th supplemental resolution to the 1991 Master Bond Resolution. It's the umbrella resolution authorizing issuance of bonds for the Capital Plan. With this umbrella resolution in place, we will return in the future for authorization to sell each increment of bonds through sale resolutions. It has been reviewed and approved by the Airport's Financial Advisory Committee. Previously, under the 13th and 16th supplemental resolutions, you authorized a total of \$1.22 billion in bonds for the Capital Plan. Of this amount, only \$144 million remains unissued which is insufficient to finance our new capital program. Authorization to sell the bonds for the Airport Hotel is not included in this 17th supplemental. That will be presented to you separately next month together with other approvals and findings necessary to commence the Hotel project.

Commissioner Crayton asked if the Advisory Committee approves this before it's recommended to the Board of Supervisors.

Mr. Fermin replied yes.

Commissioner Crayton asked who is on the Advisory Committee.

Mr. Fermin replied Jack Tamagny, a Wall Street Senior Banker, Monique Zmuda, Deputy City Controller, Nadia Sesay, Director of Public Finance, and Victoria Wilcox, a private Investment Banker.

Commissioner Crayton assumed that we don't foresee any problems at this point.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. <u>Authorization to Accept and Expend Federal Aviation Administration Grant Funds in the Amount of \$70,000,000 for an Airfield Improvement Project under the Runway Safety Area Program</u>

No. 14-0025

Resolution authorizing the acceptance and expenditure of FAA Grant Funds in the amount of \$70,000,000 for an Airfield Improvement Project under the Runway Safety Area (RSA) Program.

Mr. Ivar Satero, Deputy, Design and Construction said that this grant supports the implementation of the Airport's RSA Program. In 2013 we completed the Phase I construction work which brought the 10-28 runways into full compliance with Federal requirements. In January of this year, the Commission awarded the Phase II construction contract to bring the 1-19 runways into compliance with a schedule to complete by November of this year, about a year in advance of the Federal deadline. Under the Phase II scope of work, we will be installing four Engineered Material Arresting Systems (EMAS) at the end of each runway. These systems were procured under a separate sole source contract approved by the Commission in the amount of \$36 million. That, combined with the award of the Phase II work in the amount of \$87.4 million in January, is the total cost of the Phase II construction implementation. So, this grant of \$70 million will support the implementation of the Phase II work and provide for a large share of the funding. The budget is \$214 million. Our current forecast at completion is \$226 million, so we're about 5% over budget and we continue to work on opportunities to bring the budget down, through cost reductions in the Phase II construction, as well as an anticipated underspend of our contingency budget. The grant amount will allow for \$70 million of reimbursement as well as an additional amount, with your authorization, of up to 15% based on FAA approval.

Commissioner Crayton asked if we expect any problems in receiving the \$70 million grant.

Mr. Satero replied that we think we'll be successful.

Commissioner Crayton asked if we have a contingency plan.

Mr. Satero said that the Capital Plan has a budgeted amount in it but it would come out of other sources of the Capital Plan and that might necessitate some shifting of amounts to make that happen.

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

5. Authorization to Implement the Redevelopment of Terminal 1/Boarding Area B;
Authorization to Issue a Request for Qualifications/Proposals for Contract No.
10010.41 - Boarding Area B Reconstruction Project Management Support
Services, and for Contract No. 10011.41, Terminal 1 Center Renovation Project
Management Support Services

No. 14-0026

Resolution authorizing the implementation of the redevelopment of Terminal 1/Boarding Area B and authorizing the Director to issue a Request for Qualifications/Proposals for two contracts: Contract No. 10010.41, New Boarding Area B Reconstruction Project Management Support Services and Contract No. 10011.41, Terminal 1 Center Renovation Project Management Support Services.

This activity is within the scope of the San Francisco International Airport Master Plan Program approved by the Airport Commission on November 3, 1992. The Master Plan EIR prepared for the Master Plan Program adequately described this activity and its potential environmental effects for the purposes of the California Environmental Quality Act (CEQA)

Mr. Geoff Neumayr, Design and Construction said this item authorizes the Airport to proceed with the implementation of the redevelopment of Terminal, 1 Boarding Area B, and for authorization to issue two requests for qualifications/proposals for project management support services, one for the Terminal 1 Center Renovation, and the other for the Boarding Area B Reconstruction. Terminal 1, Boarding Area B Redevelopment was approved by the Commission in 1992 as part of the Airport Master Plan. A program Environmental Impact Report (EIR) for the Master Plan was certified by the San Francisco Planning Department Office of Environmental Review prior to adoption of the Master Plan by the Commission. An addendum to the EIR was prepared in October 2007 by the Office of Environmental Review to evaluate certain modifications to the Terminal 1, Boarding Area B project as well as the recently completed Terminal 2, Boarding Area D project. The addendum concludes that the projects are within the Master Plan EIR and that no additional environmental review is required for the redevelopment of Terminal 1 Boarding Area D. Attached to your Commission package is the summary of those environmental reviews and findings. The Terminal 1 Boarding Area B Redevelopment is analyzed in the EIR as a project for administrative purposes. Airport staff has organized the project as a program and it now includes multiple design and construction projects. Two major components of that program include the redevelopment of Terminal 1 Central Area and the reconstruction of Boarding Area B. The renovation of Terminal 1 Central includes a new architectural skin, a building expansion, mechanical, electrical and plumbing replacement, a seismic retrofit, new ticket counters, consolidated security checkpoint, and a common use baggage handling system. Reconstruction of Boarding Area B includes demolition of the existing Boarding Area B and construction of approximately 500,000 square feet, 24 gate boarding area which will include international arrivals swing gates. Both of these projects will be managed by a fully integrated team of Airport staff

and consultant personnel. The Airport seeks to hire two Project Management support service contracts to provide services and assist the Airport with project planning, design management project controls, construction management, and inspection for design and construction. The duration of both contracts is estimated to be 72 months, with an estimated cost of \$17 million for the Terminal 1 Center Renovation, and \$23 million for the Boarding Area B Reconstruction. The request for qualifications and proposals will contain minimum qualification requirements to assure appropriate technical skills given the size and complexity of both of these projects. A selection committee will be convened to evaluate and score the technical content of the proposals that meet the minimum qualifications, and develop an initial ranking. The Airport will invite the highest ranked proposers to interview with the selection committee. Based on the selection committee's evaluation and scoring of the technical proposer's interviews. Staff will develop a final ranking and select the two highest ranked firms. One firm will be assigned the renovation of Terminal 1 Center and the other the reconstruction of Boarding Area B. Staff will negotiate with the highest ranked firms. Should negotiations fail, Staff will negotiate with the next highest ranked proposers until negotiations are successful with the two qualified firms. Upon successful negotiations, Staff will recommend award of Terminal 1 Center Renovation and Boarding Area B Reconstruction Project Management Support Services. The Airport will encourage the teams to enter into prime level joint venture and joint associations with small local firms and LBE firms. Staff will also work with the City's Contract Monitoring Division to develop an LBE sub-consultant participation program.

Commissioner Johns asked to be reminded of the timeline. The sooner Terminal 1 gets done, the better. I can't remember the timeline for the whole project.

Mr. Neumayr said that the initial gate openings will be around the 2nd quarter of 2019, with the remaining gates coming on line at the beginning of 2020.

Commissioner Johns said it can't be soon enough.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was 4-1, with Commissioner Mazzola casting the dissenting vote.

6. Award of Contract No. 9111A - Ground Transportation and Taxi Management System Infrastructure - Galliera Inc., dba Trico Construction - \$7,719,577

No. 14-0027

Resolution awarding Contract No. 9111A, Ground Transportation and Taxi Management System (GTMS) Infrastructure to the responsible bidder with the lowest responsible bid, Galliera Inc., dba Trico Construction, in the amount of \$7,719,577.

Mr. Satero reminded the Commission that this item was removed the calendar at the last meeting. I must apologize, there was insufficient context in the original memo at the last meeting for you to understand the breath of the program scope and we revised the memo accordingly. In summary, the first contract award

occurred in 2012 for the technology piece supporting the GTMS/TMS program. It was executed with Trans Core for the material system delivery scope of work which includes equipment and transponders as well as the technical design of the software and hardware piece. We brought in Trans Core early on in the program to get that design down so it would conform the infrastructure design. There's really those two major pieces ... the technology piece by Trans Core and the infrastructure piece which is designed by Airport Staff. This is the contract that implements the infrastructure piece, and this infrastructure piece has been designed in close coordination with the Trans Core piece. The Trans Core piece defines coverage areas and conduit requirements, structure type mounting requirements and those types of things which would then be incorporated by Staff into the design of the infrastructure piece. So, what we have in this proposed award is the installation of the equipment ... all of the conduiting, electrical wiring, and telecommunications infrastructure as well as the CCTV system to support the license plate recognition piece of the program. We completed the design, based on the Trans Core requirements, we prepared the bid documents and we received two bids on this contract. There was a second concern expressed by the Commission about the tracking of prevailing wage. We're going to implement new processes in this contract to ensure that we get the quality of the work that we desire, that wages are paid for the appropriate work, and that worker safety is maintained throughout the implementation of this project. We will do certain things, including pre-construction identification of activities and trades performing those activities. We'll also ramp up the field monitoring during construction and work with the contractor in a partnering way to have access during construction to the field personnel. I think it's also appropriate to add an end of project closeout, to also have a lessons learned, and a check-in on the project with the employees and ensure that all of the proper procedures were followed. Trico has committed to achieving 66.5% LBE participation against the goal of 17%. We're estimating that we currently, because of the situation with the current system and component failures, were losing up to \$1.2 million a year with this system as it is so it's important that we proceed with this program.

Commissioner Stern said that the implementation process is 420 days ... can you help me understand the breakout of that process from a time series and then at what point are you going to get to user acceptance testing to make sure the system is validated and working.

Mr. Satero replied that there is a transition from the legacy system in the next eight months. Full implementation will occur in July of 2015, and user acceptance will occur after July 2015. It's in that 1½ year timeframe with the contractor on board that we get to full implementation by mid to latter part of next year.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

7. <u>Modification No. 2 to Contract No. 8994 - Staff and Manage the Airport's Curbside</u> <u>Management Program - FSP PPM Management, LLC - \$4,794,000</u>

No. 14-0028 Resolution approving Modification No. 2 to Contract

8994 with FSP PPM Management, LLC to staff and manage the Curbside Management Program commencing July 1, 2014 thru June 30, 2015, in an amount not to exceed \$4,794,000 for the option period, for a new total contract amount not to exceed \$19,861,000.

Mr. Jeff Littlefield, Deputy Director, Operations & Security, said the Airport is requesting approval to exercise Modification No. 2 Contract No. 8994 with FSP PPM Management, LLC to staff and manage the Curbside Management Program. Modification No. 1 is set to expire on June 30, 2014. As you're aware, the Airport has contracted its Curbside Management Services to FSP PPM since January 2011. Their responsibilities include staffing and managing the daily dispatching of taxi trips departing the Airport, monitoring and maintenance of the Airport's Taxi Revenue System, staffing and managing the rotation and curb coordination of shared-ride vans, and monitoring the limousine zone as part of the Airport's limousine enforcement effort. The annual budget for 2014/2015 is \$4,794,000. This represents a 3.7% increase year over year from 2013/2014 to accommodate changes, increases in pay and medical insurance rates which were included in their collective bargaining agreement. This amount does not include a monthly cost of approximately \$200,000 which is paid by ten shared ride van operators who each pay a percentage of this amount based on the number of trips they operate in order to staff these zones. FSP PPM has satisfactorily managed and staffed all aspects of the curbside management program during the initial term of the contract and we're pleased with their overall performance.

Commissioner Johns said I think I remember in the budget that was submitted to us earlier today that there are a couple of positions that we're adding related to this. Correct?

Mr. Littlefield ... specifically to Five Star?

Commissioner Johns said no, specifically to Curbside Management.

Mr. Littlefield said there are some positions related to GTMS, but not necessarily related.

Commissioner Johns asked what is GTMS?

Mr. Littlefield replied Ground Transportation Management System.

Commissioner Johns asked what they would do. What are those positions in the budget that are related to Ground Transportation Management.

Mr. Littlefield said there's a position that works directly with Trans Core to manage all of the software, the expectations that we have in terms of performance for this system. That position reports to our Landside Unit.

Commissioner Johns said that it was more than one position.

Mr. Fermin said there are also positions being added to police the network transportation companies ... all this new shared ride activity that's coming on to the Airport like Uber and Lyft.

Commissioner Johns said then it's not just for this.

Mr. Fermin replied that it's for other Landside activities.

Commissioner Johns said its separate money for coordinating or policing.

Mr. Fermin added that it's policing these new forms of transportation.

Commissioner Crayton asked what FSP PPM stood for.

Mr. Littlefield said it used to be Five Star Pacific Park Management but they went through a change and it's actually the letters versus the name.

Commissioner Crayton asked if that's a minority company.

Mr. Littlefield said that there are minority participants within that firm.

Mr. Ray Sloan, Ride Share Association, asked that this item be postponed until the owners, drivers and stakeholders could sit down with the company. I sent a letter in 2007 when DAJA had the contract and asked the same thing. Since 2012 the cost has gone up 500%. The cost to run the curb coordination keeps accelerating to where it's driving people out of business. I gave you a copy of an analysis that one of the companies did and its based on the Leigh Fisher report. A few years ago you appropriated \$180,000 for the Leigh Fisher report. It was never made public. There's been a preliminary report and supposedly because of the new rideshares (we are the original rideshares), they're not releasing this report and it seems to me that this report was suppose to give an entire analysis for the shuttle rideshare businesses and other transportation and how it integrates with the whole Airport situation. There are a lot of critical issues and unlike what Jeff has just reported, we have serious misgivings about Five Star. First of all, Five Star was awarded the contract and then it immediately went to this other company, which I find really irregular because they didn't get vetted. I would just ask, as I did in 2007, that staff sit down with the owners, drivers and stakeholders in the shuttle business. The rideshare shuttles subsidize the curb coordination to an incredible amount. The shuttle company is being charged \$11 to go through the Airport, the taxis are charged \$4 of which \$2 is returned to the system. We can't just keep ratcheting up these costs and then kick the can down the road. (See attachments)

Commissioner Mazzola asked Mr. McCoy if he would meet with Mr. Sloan. Ray, that's not the only thing that's gone up since 2007. Everything has gone up. The whole world has gone up since 2007.

Commissioner Johns ... and more competition.

Commissioner Mazzola said we will address it and we will talk to you. We're not taking this item off the agenda.

* * *

- F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: The Consent Calendar, Item Nos. 8 through 12, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.
 - 8. Assignment and Assumption, and Modification No. 2 to Contract 8998 Operation and Maintenance of the Baggage Handling System in Terminal 2 Siemens Industry, Inc. \$1,251,016

No. 14-0029

Resolution approving assignment and assumption of Contract No. 8998, Operation and Maintenance of the Baggage Handling System in Terminal 2, from Siemens Industry, Inc. to Siemens Postal, Parcel & Airport Logistics, LLC, and approve Modification No. 2, exercising the second of three one-year options for a total amount not to exceed \$1,251,016, for a new total contract amount not to exceed \$7,313,855.

9. <u>Authorization to Accept and Expend California State Coastal Conservancy's Climate Ready Grant - \$200,000</u>

No. 14-0030

Resolution authorizing the Airport to accept and expend a Climate Ready Grant for conducting a sea level rise vulnerability assessment of San Bruno Creek and Colma Creek from the California State Coastal Conservancy in the amount of \$200,000.

10. High Speed Electric Vehicle Charging Grant Application and Pilot Program

No. 14-0031

Resolution authorizing staff to accept and expend grant funding of up to \$272,000 from the California Energy Commission through the Bay Area Air Quality Management District, and initiate a pilot project for the operation and maintenance of 480V DC electric vehicle fast chargers with Zeco Systems Inc. dba Greenlots, subject to approval by the Purchaser, for a term of two years at a cost not to exceed \$45,000.

11. Reject all Bids - Contract No. 9367 - Residential Airport Noise Insulation Program, 2012-2014 Phase, and Authorization to Rebid

No. 14-0032

Resolution rejecting all bids for Contract No. 9367, Residential Airport Noise Insulation Program, and authorization to rebid this project as Contract No. 9367R, Residential Airport Noise Insulation Program, 2012-2014 Phase.

12. Reject all Proposals for Professional Services Contract No. 9251 - Asset Management Plan and Services

No. 14-0033

Resolution rejecting all proposals for Professional Services Contract 9251, Asset Management Plan and Services, due to a change in priorities with other projects in support of the Airport's 5-Year Capital Improvement Program.

* * *

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 three (3) 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.

Ms. Sharon Caldwell, Secretary, Association of Flight Attendants, Council 11 in San Francisco. I'm here to update the Commission on the status of the merger and how it affects United Flight Attendants in San Francisco and system-wide. The promise of the merger at United Airlines has been broken after testifying before Congress that there will be minimal impact on employees. United has significantly reduced the subsidiary United Flight Attendant workforce and hiring on the subsidiary Continental side of the operation. Almost four years after the announcement of this merger, United is once again asking or forcing a reduction of an additional 1,950 Flight Attendants on the subsidiary United side. When we signed our collective bargaining agreement in February 2013, we acknowledged we were over by 2,100 Flight Attendants and that was satisfied in the collective bargaining agreement with the reduction of 1,520 Flight Attendants. But again, United is asking for a reduction of another 1,950 Flight Attendants, even though they signed the Agreement that we will no longer be harmed and it's been satisfied. United is once again asking or forcing a reduction and this continuous workforce reduction is once again on the United side. We satisfied a reduction through collective bargaining ... a reduction of approximately 1,300 Flight Attendants and we do have a no involuntary furlough clause in our contract. United is laying off or firing Flight Attendants, once again on United's side, and there is disparate treatment between the subsidiary United and subsidiary Continental. We've come to update the Commission on the status of the merger. Even though we are flying under the name of United Airlines we are two operations when it comes to the Flight Attendant side. A promise has been broken and the real and permanent solution to this would be for United Airlines to resolve this by negotiating a permanent agreement so that we can merge both work sites.

Commissioner Guggenhime ... so as I understand it, United is being forced to layoff Flight Attendants.

Ms. Caldwell replied they're not being forced. In our collective bargaining agreement we have ways to mitigate the overage.

Commissioner Guggenhime said that Continental is hiring, they're not just moving Flight Attendants. You have two separate union contracts, right?

Ms. Caldwell said they are moving Flight Attendants. We have three separate contracts and they're moving Flight Attendants from the United side to the Continental side, if you choose to move to the Continental side and start all over again at the bottom of seniority.

Commissioner Guggenhime asked if this would be without your tenure and at a different, lower scale.

Ms. Caldwell replied yes.

Commissioner Johns asked if any Continental Flight Attendants have moved to the United side. Was there some sort of an agreement signed at the beginning of the merger or throughout where you all received information as to how the progression would take place for Flight Attendants, or does your union agreement cover that?

Ms. Caldwell said our union agreement covers this. We are currently in negotiations with United Airlines to merge our contract. We're starting all over ... no one has ever merged three unions so we are taking it slowly.

Commissioner Crayton ... three unions.

Ms. Caldwell replied Continental and Continental's separate workforce that works outside the country, and the United Flight Attendants. We're merging three unions, three different work groups, three different work conditions ... we're doing that and working with the company. We do have provisions in our contracts against furlough and we addressed the overage of 2,100 Flight Attendants with a reduction of 1,520 Flight Attendants when we amended our contract in February 2013. This was taken care of, it's in our contract. Now United says they need 1,950 more people and we will take them from United. If you don't accept voluntary furlough, which is in our contract, then you will be involuntarily furloughed, or, you can work on the Continental side under Continental rules as a new hire. We do go over with our pay seniority, but everything is about seniority in the airlines and the work seniority has you on the bottom of the list working whatever is left, wherever they tell you to go.

Commissioner Mazzola said your union signed an agreement that lowered the workforce by 2,100, then you finished with 1,500 something.

Ms. Caldwell said the signed agreement said no involuntary furlough. You'll mitigate that by offering leaves, voluntary furlough. We have enough people that mitigate it.

Commissioner Mazzola said you agreed to 2,150 but you only did 1,500.

Ms. Caldwell said a permanent 1,520 left the company through early out and some did want to work on the Continental side.

Commissioner Mazzola said that United agreed that was enough. Correct?

Ms. Caldwell replied no. The company agrees it's not enough. They've come up with another number, outside of the system.

Commissioner Mazzola said that it seems to me they can only come up with a number

that goes back to 2,150, they can't come up with 1,900 more. If they now want 1,900 more, isn't that a breach of the contract? Did the union file a grievance or breach?

Ms. Caldwell said you fly now, grieve later. We have to go along with it but we filed a grievance.

Commissioner Crayton asked if it's another 630.

Ms. Caldwell said the old number has been satisfied with voluntary furlough. Now we have 685 people that will lose their jobs if they choose not to start over at Continental.

Mr. Scott Rothstein, President of the Machinist, Local 1782. I represent all of United's public contact employees at SFO. There are a couple of areas where the company is treating its employees disparately. The first issue is regarding healthcare. We ratified a contract last November. That contract was intended to bring all employees from both United and Continental subsidiaries together with the same work rules and benefits. As part of that contract we agreed to pay a higher percentage of our healthcare cost, but the contract itself is required to comply with the San Francisco Airport QSP. This was going to create a special open enrollment, which is actually going on this week. When it opened we were surprised to find that instead of one Kaiser option for the HMO that complies with the QSP, there were two. One was labeled as Continental, and one was labeled as United. The Continental option is the one that complies with the QSP, the United option does not. We believe the prices are different and the plans are different. Since at SFO there's far more United employees than Continental, we believe it's intended to obfuscate and to trick United employees into signing up for an inferior plan that's going to cost employees more money and save the company more money. We've also discovered that when a United employee signs in to look at their benefits, and a Continental employee signs in to look at their benefits, which theoretically should be the same under this contract, the pricing is different for the two Kaiser plans and the Aetna PPO options, depending on which subsidiary you come from. That creates a real problem. The other issue is badging. I've worked for United Airlines at SFO for over 16 years. There has always been a practice that United will accommodate you on company time to get or renew your badge. Either that was done during your work hours or if you're shift was outside of the Airport badging hours, your shift was moved for a day or for whatever was required in order to get your badge on company time. As of January 1, the company changed its policy and is requiring everyone to do it on their own time. That's never been done before. We have reached out to other hub stations and found that none of them require an employee get badged on their off hours. And it's not even being applied to all employee groups. I'd like to give you an example of one employee. United has always encouraged us to renew our badge at the beginning of the 30-day window, to get it done and be in compliance. In this case, the employee worked a rotating schedule. This employee was working a 7:30 am to 4:00 pm schedule which meant she was always on shift at the time the badging office was open, and she had weekends for a few weeks. One supervisor actually instructed her to wait two weeks to start the process until she had a single day off on a Friday, regardless of whatever she may have going on in her personal life, and force her to do it on her time off rather than make any accommodation to get it done on her work schedule.

Mr. Whitfield McTair, United Service Workers, West, said alot of our workers, our members have two jobs at the Airport. To have employees do their badging on their

own time is an economical hardship because that means that they literally have to take time off from one of their jobs in order to do the badging. There will be a trickle down affect ... we're already seeing that happen because it's taking place at AirServ where they've been told that United is not going to pay them to allow their employees to go get badged. So, if AirServ takes it, we see this going out to Prospect, PrimeFlight, and all the other companies which don't pay the greatest of wages. They pay decent wages but not the greatest and their employees are now having to take vacation time that they worked for in order to get their badge to work at your Airport. This is going to be an economic hardship for a lot of our people because they simply can't afford not go to work. These people come to work sick and now they're going to be forced to take time off just to get a badge to go to work. We feel that this needs to be addressed.

Commissioner Crayton asked how much time it takes to get badged.

Mr. Rothstein ... I recently had my birthday and got my badge done and it took me nearly hours ... I had to take 3 tests. If you have an employee who works two jobs and they're both part time, they may need to be working that 2nd job for two or three hours and can't afford to take time off. That's 3 hours worth of pay that they could lose ... or they might have to burn vacation time.

Commissioner Crayton asked if there is anything within your contract that talks about the badging process.

Mr. Rothstein said I'm a former United employee and this has never been done before, even when I worked for Covenant. Every employer told you your badge is getting ready to expire, go get it taken care of. They never said to do it on your own time, it was always part of their job.

Commissioner Crayton said so there's nothing mentioned in the contract at all.

Mr. Rothstein replied nothing in the contract because it was always done by the employers. They always allowed you to get your badge done.

Commissioner Mazzola said that he understood that United is going to request badging on employee time, but who is the subcontractor?

Mr. McTair replied Air Serv.

Commissioner Mazzola ... and United is going tell the subcontractor to have their employees badged on their own time.

Mr. McTair replied from what we've been told. United told them they're not going to be reimbursed for badging.

Commissioner Mazzola said that changes things, too

Ms. Shelley Kessler, Airport Labor Coalition, said you're getting a quadruple hit from labor but you should hear the various issues that are coming up, the badging issue, in particular. Airport workers come from nine contiguous Bay Area counties. I just got badged myself and it took 3 hours. For those of us who have to get multiple badges or

different levels, it takes a lot of time and it's never happened on your own time. United has told you it's their policy, this is what we've been doing. It's not true, I've had people call across the nation to find out what happens at different hubs ... has United implemented a process by which people get badged on their own time. They have found nowhere, not even on the Continental side, where this is taking place. We also have situations where people work more than one job, where they have childcare issues, or transportation issues. Just take United, where all you have right now is a Service Agent, and the AirServ people who have to get their badging on their own time, now the Flight Attendants, the Pilots, any of the mechanics. It's disparate treatment for two groups to roll this out to see if it will work. Our position is that it won't. Imagine thousands of just United employees going to the badging office. Consider AirServ and other third party contractors or other airlines also telling their people that they have to get badged on their own time ...and it isn't even open 24/7. These people already work very difficult hours with all kinds of people walking through the door ... construction workers or anyone who needs a badge. This practice isn't normal, it's not enforced anywhere else in the nation, it will create an incredible hardship at the Airport, regardless of who requires it ... TSA, FAA, SFO, it doesn't matter. No one works on that property without a badge and everyone needing a badge has to go through a process that takes hours. They have to be tested, photographed, sometimes they have to go more than once. We're concerned about this practice. It's not a matter of telling United how to operate. We're seeing, as you heard from previous speakers, that United is starting to roll out a variety of different proposals and plans that impact folks. This needs to be addressed because it will roll out to every other employee at the Airport if we allow it to go forward.

Commissioner Crayton asked what happens to a new employee under badging.

Ms. Kessler replied that new employees have to get badged, fingerprinted, and FBI background checks, so if they are not yet on the clock they go on their own time. But I have to say that I don't know this for every single employer on the property. There's no way for me to know, especially if they're not union employers, whether or not this is a requirement. Tryg or Jeff may know this, but I personally don't know.

Mr. McTair replied that he did not know what's happened since January, but it's always been handled in their first week during orientation.

Commissioner Mazzola said that we have no direct contract with these employers to do this or not do this. I understand you've written a letter to them already saying you're not pleased. Is that right?

Mr. McCoy replied that's correct ... Jeff Littlefield wrote the letter.

Commissioner Mazzola said you wrote a letter saying this is something we rather you didn't do. Can you tell us what the letter said?

Mr. Littlefield said that Shelley approached me with some of her concerns. I meet with Mike Hannah, Managing Director, periodically and I shared with him these concerns. He told me he'd look into the current practices ... perhaps they've changed at the various hubs throughout United's system. He explained the position he was taking locally regarding employees getting badged on their own time. I wrote a letter that expressed the Airport's feeling about that and asked him to reconsider it.

Commissioner Mazzola said that's our first step and he's going to get back to you on that? Was there ever a response?

Mr. Littlefield said he responded verbally, not in writing. He told me that was the position they had chosen to take.

Commissioner Mazzola said I'm trying to think where we can help and I think we should try to speed up the process. We don't have a contract with these people so it's our problem. But badging is about safety and safety is policy of the Airport, not so much policy of vendors, it's policy of the Airport. It's Policy of the City in a fashion that we provide safety for the traveling public through our Airport. Can we pass a resolution saying that all vendors have to have their people badged? Maybe they're newly badged on their own time, but when they are renewed, it's on company time and not employee time. I don't know if we can pass a resolution or not, but will you look into it?

Mr. McCoy said that we can also take our letter beyond the local Station Manager. We know folks at United Airlines.

Commissioner Mazzola said the safety issue is very important.

Mr. McCoy replied I think you're right. That is our number one concern.

Ms. Kessler said that there are legal implications for disparate treatment.

Commissioner Guggenhime said I probably fly more than anybody else here. You get United flight crews and pilots, some are integrated, some are not. United flight crews are clear that if they go to Continental, they'll have to start over again. Not that we have any influence, but I'd like to know to the extent that we can weigh in on that. United has been a major hub in San Francisco and this is turning into Continental, not United. When you make more money, you reduce cost. How do you reduce cost? You get rid of people who make too much money. I don't want to see that happen because that relates to safety and everything else, and people have given their lives working.

Mr. McCoy suggested that we report back to you at the next Commission meeting on what we think the next steps are. I'm also concerned about the one comment about the insurance packages not meeting QSP requirements. That's something else for us to look into. Why don't we report back to you at the next meeting.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

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).

* *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:07 AM.

Jean Caramatti

Commission Secretary

75, 200 RAY SLOAN&ASSOC. PUBLIC POLICY ADVOCACY

an Francisco Airport Commission Larry Mazzola President San Francisco International Airport San Francisco, CA 94128

Dear President Mazzola and Commission Members

May I respectfully request that you delay action on item 6. Modification No. 2 to the Curbside Management Program Contract No. OPS PS 05-8363 with DAJA International LLC \$3,215,706, and give drivers and owners of shuttle companies the opportunity to work out the serious challenges that have been raised regarding this contract.

After the meeting of April 3, 2007 I requested that the Deputy Airport Director of Operations Tryg McCoy meet with me, and owners and drivers, that have concerns as to the Curbside Management. Mr. McCoy states in his Notice to Upper Level Door-to-Door Permittees that "Curbside Management is essential to the smooth and orderly operation at the curb." We concur. Treating individual companies and drivers fairly and equitably is the most important aspect for a healthy Airport Shuttle Service. We believe that there are issues which should be addressed before this contract is issued.

I will be representing M & M Shuttle, American Shuttle, Quake City Shuttle, and Bay Shuttle. Other companies, including Door-to-Door Express will have independent representation.

Respectfull

Ray Sloan 120 Willow Street

San Francisco, CA . 94109

500, CA. 94109 Feb, 18, 2014 7 Mol. No 2 Contract No 8994

75, 200 RAY SLOAN&ASSOC. PUBLIC POLICY ADVOCACY

n Francisco Airport Commission Larry Mazzola President San Francisco International Airport San Francisco, CA 94128

Dear President Mazzola and Commission Members

May I respectfully request that you delay action on item 6. Modification No. 2 to the Curbside Management Program Contract No. OPS PS 05-8363 with DAJA International, LLC \$3,215,706, and give drivers and owners of shuttle companies the opportunity to work out the serious challenges that have been raised regarding this contract.

After the meeting of April 3, 2007 I requested that the Deputy Airport Director of Operations Tryg McCoy meet with me, and owners and drivers, that have concerns as to the Curbside Management. Mr. McCoy states in his Notice to Upper Level Door-to-Door Permittees that "Curbside Management is essential to the smooth and orderly operation at the curb." We concur. Treating individual companies and drivers fairly and equitably is the most important aspect for a healthy Airport Shuttle Service. We believe that there are issues which should be addressed before this contract is issued.

I will be representing M & M Shuttle, American Shuttle, Quake City Shuttle, and Bay Shuttle. Other companies, including Door-to-Door Express will have independent representation.

120 Willow Street

San Francisco, CA . 94109

co, CA. 94109 F+6, 18, 2014 7 Mod. No 2 Contract No 8994

AMERICAN AIRPORTER SHUTTLE

120 WILLOW STREET SAN FRANCISCO, CA 94109 (415) 202-0733 PHONE (415) 202-0726 FAX

September 6, 2013

Commissioner Larry Mazzola President, SF Airport Commission P O Box 8097 San Francisco, CA 94128

Dear Commissioner President Mazzola.

We are writing to protest the outrageous fees we have been forced to pay to continue our business at SFO. Since 5 Star took over curb coordination for the door-to-door share ride shuttles in January 2011, our fees have been regularly increased and our passenger counts have dropped.

This past January our fees for curbside management increased 49.5%! Both the airport and Leigh Fisher, the company who completed the independent study, state the AVI system used to calculate these fees is unreliable and antiquated. In addition, this does not take into account whether our vans are sent back to staging without boarding any passengers, which happens frequently. SuperShuttle vans do not leave staging unless there are passengers waiting at the terminals – their vans never leave the airport without passengers. SuperShuttle and GoLorries fees average \$2 - \$3 per passenger while American can pay \$8 - \$10 per passenger. Taxis leaving SFO pay a \$4.00 exit fee a nd the driver can collect half of that from the passenger. The share ride vehicles are better for the environment than taxis as these vehicles can transport more passengers at one time and reduces the traffic congestion at the airport

Rental car agencies pay 10% of their net income plus \$25 per vehicle rented. SFO recently filed a lawsuit against SideCar and Uber wanting 10% of the passenger fare. Why do transportation companies operating at SFO pay an average 10% of their income from airport business and American Airporter Shuttle pays over 50%? American pays over \$30,000 each month in fees to operate at SFO. In addition we are paying a company that is in complete control of the number of passengers our vans board. Even when our customers prepay their reservation they have trouble boarding our vans. Our customer told us the coordinator told her it was his job to keep her from boarding the American van waiting at the curb. Time after time our drivers complain that are discriminated against by the coordinators.

American's costs have also increased due to the CNG requirement to be 100% clean air vehicles to continue conducting business at SFO. We have purchased 20 brand new CNG shuttle vans at a cost of over one million dollars. We used to pay \$20,000 for the Flex Fuel vans and now have had to pay \$60,000 for each CNG vehicle. VPSI, a van pool service, transports thousands of people around the country everyday using low emission, ULEV and Flex Fuel vans. These vans are not 100 % clean air but are still considered green vehicles

AMERICAN AIRPORTER SHUTTLE

120 WILLOW STREET SAN FRANCISCO, CA 94109 (415) 202-0733 PHONE (415) 202-0726 FAX

San Francisco Airport has tried many times over the past 20 years to reduce the number of share ride companies operating at SFO. Each time an RFP has come up, it has been shot down for one reason or another. Since they have been unsuccessful with RFPs, they are attempting to put such a financial burden on us they are succeeding in reducing our numbers

We suggest the curb and loop fees be eliminated for the share ride companies and a booth be put up at the airport exit. Each van will stop and pay a flat fee - \$1.00 per passenger, for example – upon exiting airport. Passengers should be allowed to board any van regardless of color to ensure all vans depart the airport filled to capacity. The airport should support and assist small businesses to prosper and coexist with the larger companies. In the United States, the majority of jobs are created by small businesses.

The need for change is clear and changes have to made immediately to prevent any of the share ride small business companies from being put out of business due to these outrageous fees being imposed upon us. We respectfully request your serious consideration regarding these issues and we hope that you can make these changes for the sake of the small businesses in San Francisco.

We thank you for your time and prompt attention to this matter

Respectfully submitted,

Philip Achilles President



San Francisco International Airport

December 30, 2010

NOTICE

TO:

Upper Level Shared-Ride Permittees

SUBJ:

Curb Allocation Coordination Costs Effective 01/01/2011

As indicated in a December 10, 2010 Notice, FSP PPM Management, LLC (aka Five Star) will be the new curbside management contractor with San Francisco International Airport effective January 1, 2011. Shown below is the monthly curb coordination cost allocation that will become effective January 1, 2011. The total monthly cost for the curbside management program for the shared-ride industry is \$117,992. Airport staff recalculated the monthly cost to reflect the actual cost amongst the eleven existing operators.

The allocation percentage is based on outbound trips from the Airport only (using September 2010), using AVI data from the Staging Lot for the time-period between 8:00 a.m. and 11:59 p.m. Trips for all operators logged through the Staging Lot after the curb coordination program has ended operation for the day (between Midnight and 7:59 a.m.) have been deducted from the AVI Staging Lot totals.

The percentages shown below reflect these calculations taken strictly off the AVI readers.

Allocation of Curb Coordination Cost

Company	% of Total Trips*	Monthly Costs
Advanced	5.50	\$6,485
Airport Express	5.44	\$6,414
American Airporter	12.29	\$14,496
Bay Shuttle	3.15	\$3,713
Go Lorrie's	13.19	\$15,565
Pacific Airport Shuttle	3.85	\$4,547
Peter's Airport Shuttle	3.07	\$3,628
Quake City	3.23	\$3,806
SF City Shuttle	6.25	\$7,376
South & East Bay Shuttle	3.85	\$4,547
SuperShuttle	40.18	\$47,415
Total	100.00	\$117,992

^{*} Percentage of trips from Staging Lot between at 8:00 a.m. and 11:59 p.m.



San Francisco International Airport

NOTICE

August 31, 2011

TO:

Upper Level Shared-Ride Permittees

FROM:

Jeff Littlefield

Shown below is the monthly curb coordination cost allocations that will become effective September 1, 2011 and October 1, 2011 (page 2), respectfully. The total monthly cost for the curbside management program for the shared-ride industry effective September 1 is \$152,061. This represents the actual monthly cost of operating the contiguous zones, including Terminal 2. The total monthly cost for the curbside management program for the shared-ride industry effective October 1 is \$186,361. Airport staff recalculated the monthly cost to reflect the actual cost amongst the eleven existing operators which includes the costs of operating separate zones at Terminals 1 and 3 and the contiguous zones at Terminal 2 and the International Terminal. It also includes \$18,180.33 to recover previously uncharged operating costs resulting from the opening of Terminal 2. This additional amount will be included in the monthly costs through June 2012. The monthly costs will be reallocated based on updated trip percentages beginning in January 2012.

The allocation percentage is based on outbound trips from the Airport only (using May 2011), using AVI data from the Staging Lot for the time-period between 8:00 a.m. and 11:59 p.m. Trips for all operators logged through the Staging Lot after the curb coordination program has ended operation for the day (between Midnight and 7:59 a.m.) have been deducted from the AVI Staging Lot totals.

The percentages shown below reflect these calculations taken strictly off the AVI readers.

Allocation of Curb Coordination Cost Effective September 1, 2011

Company	% of Total Trips*	Monthly Costs
Advanced Airport Shuttle	5.10	\$7,757
Airport Express	4.38	\$6,661
American Airporter	13.54	\$20,595
Bay Shuttle	4.03	\$6,122
Go Lorrie's	12.04	\$18,302
Pacific Airport Shuttle	2.22	\$3,381
Peter's Airport Shuttle	2.93	\$4,450
Quake City	5.92	\$9,000
SF City Shuttle	5.22	\$7,931
South & East Bay Shuttle	4.09	\$6,222
SuperShuttle	40.54	\$61,639
Tota	100.00	\$152,061

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE MAYOR LARRY MAZZOLA

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

Allocation of Curb Coordination Cost Effective October 1, 2011

Company	% of Total Trips*	Monthly Costs
Advanced Airport Shuttle	5.10	\$9,507
Airport Express	4.38	\$8,164
American Airporter	13.54	\$25,241
Bay Shuttle	4.03	\$7,503
Go Lorrie's	12.04	\$22,430
Pacific Airport Shuttle	2.22	\$4,143
Peter's Airport Shuttle	2.93	\$5,454
Quake City	5.92	\$11,030
SF City Shuttle	5.22	\$9,720
South & East Bay Shuttle	4.09	\$7,626
SuperShuttle	40.54	\$75,543
Total	100.00	\$186.361

^{*} Percentage of trips from Staging Lot between at 8:00 a.m. and 11:59 p.m.

Representatives of FSP PPM will meet with all permittees' to adjust the security deposit as required. Landside staff will continue to closely monitor the Staging Lot reader counts. Please do not hesitate to contact Dan Pino at (650) 821-6514 if you have any questions about the allocation.

Jeff Littlefield // (, Associate Deputy Airport Director Operations - Airport Services

Laura Rigney, FSP PPM

cc:



San Francisco International Airport

NOTICE

December 31, 2012

TO:

Upper Level Shared-Ride Permittees

FROM:

Jeff Littlefield

Shown below is the monthly curb coordination cost allocation that will become effective January 1, 2013. The total monthly cost for the curbside management program for the shared-ride industry effective January 1 is \$191,360. This represents the actual monthly cost of operating the four shared-ride zones. Airport staff recalculated the monthly cost to reflect the actual cost amongst the ten existing operators.

The allocation percentage is based on outbound trips from the Airport only (using November 2012, AVI data from the Staging Lot for the time-period between 8:00 a.m. and 11:59 p.m. Trips logged through the Staging Lot after the curb coordination hours (between Midnight and 7:59 a.m.) have been deducted from the AVI Staging Lot totals.

The percentages shown below reflect these calculations taken strictly off the AVI readers.

Allocation of Curb Coordination Cost Effective January 1, 2013

Company	% of Total Trips*	Monthly Costs
Advanced Airport Shuttle	3.83	\$7,320
Airport Express	4.24	\$8,121
American Airporter	14.53	\$27,811
Go Lorrie's	12.38	\$23,695
Pacific Airport Shuttle	1.71	\$3,278
Peter's Airport Shuttle	2.57	\$4,916
Quake City	2.75	\$5.256
SF City Shuttle	4.31	\$8,255
South & East Bay Shuttle	3.29	\$6,300
SuperShuttle	50.38	\$96.408
Total	100.00	\$191.360

^{*} Percentage of trips from Staging Lot between at 8:00 a.m. and 11:59 p.m.

Representatives of FSP PPM will meet with all permittees' to adjust the three-month security deposit as required. Landside staff will continue to closely monitor the Staging Lot reader counts. Please do not hesitate to contact Dan Pino at (650) 821-6514 if you have any questions about the allogation.

Deputy Airport Director Operations and Security

Cary Burnett, FSP PPM

cc:

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE LARRY MAZZOLA LINDA S. CRAYTON ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN JOHN L. MARTIN MAYOR PRESIDENT VICE PRESIDENT AIRPORT DIRECTOR

Nov-12

	AVI	AVI				
	Report 23	Report 6				
	Trips	Trips	Total Trips	% of Trips	Cost Allocation	Cost Increase
Advanced Airporter	603	-	603	3.83%	\$ 7,320	-9.04%
Airport Express	670	1	669	4.24%	\$ 8,121	-13.62%
American Airport Shuttle	2,338	47	2,291	14.53%	\$ 27,811	49.54%
GoLorrie's	1,959	7	1,952	12.38%	\$ 23,695	-2.21%
Pacific Airporter	271	1	270	1.71%	\$ 3,278	-48.58%
Peter's Airport	406	1	405	2.57%	\$ 4,916	1.16%
Quake City	434	1	433	2.75%	\$ 5,256	-3.18%
SF City	684	4	680	4.31%	\$ 8,255	16.97%
South & East Bay	531	12	519	3.29%	\$ 6,300	-24.89%
SuperShuttle	9,353	1,411	7,942	50.38%	\$ 96,408	5.49%

% of Trips	С	ost Allocation
4.38%	\$	8,047
5.12%	\$	9,401
10.12%	\$	18,598
13.19%	\$	24,231
3.47%	\$	6,374
2.64%	\$	4,860
2.95%	\$	5,429
3.84%	\$	7,057
4.56%	\$	8,388
49.73%	\$	91,394

17,249 1,485 15,764 100.00% \$ 191,360 \$ 191,360 100.00% \$ 183,779

191360.4

5. Analysis of Existing Operations Curbside Operations – Curbside Coordination Fee Cost Allocation

Opportunities for Improvement

The Cost of Coordination

- The curbside coordination fees are a significant expense for the companies and drivers
- The increase in fees and reduction in number of permittees has placed a large burden on some companies and drivers (a)
- While most companies agree that the curbside coordinators are helpful, many feel that they do not receive enough benefit from the coordination to merit the costs they are paying
- Additionally, many drivers noted that the coordinators often are directing passengers to other transportation modes, rather than just coordinating van service

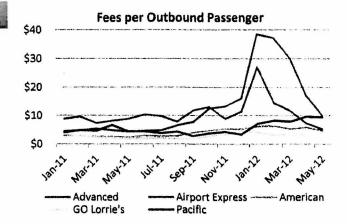
Alternative Cost Allocation Methods

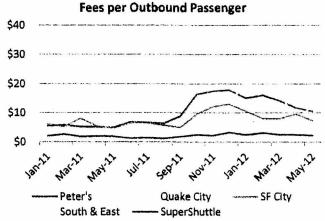
When the current fees are calculated on a per passenger basis, it is evident not only that some companies pay much greater fees than do others, but that the fees are unsustainable relative to the amount of revenue received from each passenger.

For example, GO Lorrie's, South & East Bay, and SuperShuttle pay less than \$5 in coordination fees per passenger, while Advanced, Pacific, Peter's, and Quake City pay \$10 or more per passenger. With fares that are generally between \$13 and \$17, the coordination fee is more than half of the amount received, leaving little revenue for the drivers.

Additionally, at times the coordination fee per passenger has risen above \$17 per passenger for several companies, resulting in more money being spent on coordination fees than earned from a passenger's fare.

Smaller companies perceive that their fees are helping to subsidize SuperShuttle's costs since the coordination fees are allocated based upon trips not customers, their vans often exit with fewer customers than SuperShuttle's, and their curbside coordinators have different tools and responsibilities.





Source: LeighFisher, based on coordination fee data and company reported trip data provided by Airport staff.
(a) Bay Shuttle ceased operations in April 2012. Since the moratorium was Implemented in 1993, the number of permittees has decreased from over 20 to 10.

AMORICAN PLYS 30 \$11 PER PASSONGER



5. Analysis of Existing Operations Airport Staff Responsibilities — Business Perspective

The Airport has permitted some permittees to operate differently than others

Key takeaways

- The current system has stunted growth opportunities for all companies except SuperShuttle
- The companies who are most limited are those in the vellow zone

An Uneven Playing Field

Variations in curbside allocations and crosswalk locations give an advantage to certain zones.

For example, the lack of a crosswalk at the red zone at Terminal 1 results in almost no walk-up passengers, as on-demand passengers are intercepted by the coordinator at the blue or yellow zones first.

Opportunities for Growth

- A pre-reserved passenger base is difficult to grow for companies in the yellow zone since the current system provides for either poor customer service (a 35-minute wait between van rotations) or lost revenue (taking a single passenger only)
- Increasing the fleet size is difficult for yellow zone companies if they wish to allow their drivers to maintain their current earnings since the number of outbound fares each driver receives is limited by the seven-company rotation and more vans would result in longer waits and fewer fares for each driver

SuperShuttle's Advantages

The current system provides advantages for SuperShuttle in terms of efficiency of operations and the quality of service provided to customers.

SuperShuttle

Own zone

Flexible routing, may recirculate to terminals

Ability to separate passengers by destination

If no passengers are present, vans can remain in hold area

At the International Terminal, coordinator calls dispatch if a van is not already waiting

Coordinators use company provided Nextel radios, tablets and coding

20 minutes time limit not well enforced

Outbound passenger counts obtained from SuperShuttle's system

Other Companies

Shared zone

Prescribed route, no recirculation or deviation

No ability to separate passengers by destination

If no passengers are present, vans must still rotate through terminals

At the Intl Terminal, customer is assigned to the next zone in rotation if a van is not present

Requests for approval of a handheld device were denied

20 minutes time limit strictly enforced

Outbound passenger counts provide by FSP, an independent source

1. Summary

Perceived Preferential Treatment of SuperShuttle

SuperShuttle, which serves over half of all customers, is allowed to operate differently than the other permittees

SuperShuttle vans may recirculate, unlike other vans.

- Yellow and Red zone drivers must circulate among the four terminals in a prescribed order, can only remain at each of the four terminals for five minutes, and cannot recirculate
- SuperShuttle vans —
 which have the exclusive
 use of the Blue zone —
 are allowed to
 recirculate among the
 terminals as long as they
 exit within 20 minutes

The Airport's costs of the curbside coordinator service are allocated among the 10 permittees based upon the number of van trips exiting the hold area.

- Fees based upon hold area exits, not customers. Yellow and Red zone vans must frequently exit with only two, one, or even no passengers; and drivers are charged Airport curbside coordinator fees whether they exit with a full load or no passengers. Thus vehicle trips do not accurately indicate the business volume a permittee conducts at the Airport or the benefits received. While the number of van customers would be a better metric, currently there is no irrefutable method for recording outbound shared-ride customers.
- Role of Blue zone curbside coordinators. The curbside coordinators at the Yellow and Red zones act as
 enforcement officers and ensure vans do not overstay the prescribed time limit. In contrast, the Blue zone
 curbside coordinators effectively serve as extensions of SuperShuttle staff. Using computerized tablets
 provided by SuperShuttle, they are able to communicate directly with SuperShuttle's reservation and
 dispatch centers, assign customers to geographic zones, and direct customers to the correct van.
- Resulting increased load factors and revenues. SuperShuttle vans are likely to exit with more customers
 than Yellow and Red zone vans because of the coordination facilitated by the curbside coordinators' use of
 company-provided tablets (not practical where multiple companies share a zone) and their ability to
 recirculate and pick-up additional passengers.
- Perceived subsidization of SuperShuttle. The smaller companies perceive that their fees are helping to
 subsidize the costs of SuperShuttle, since the curbside coordination fees are allocated based upon trips not
 customers, their vans often exit with fewer customers than SuperShuttle's, and their curbside coordinators
 have different tools and responsibilities.
- Fluctuation and allocation of curbside coordination fees. Since the curbside coordination fees are reallocated once every six month, the fees charged small operators can fluctuate dramatically if just a single
 vehicle is added to or removed from their fleet. The operator incurs the new fees for six months although the
 fees may be based upon their control of a larger fleet.