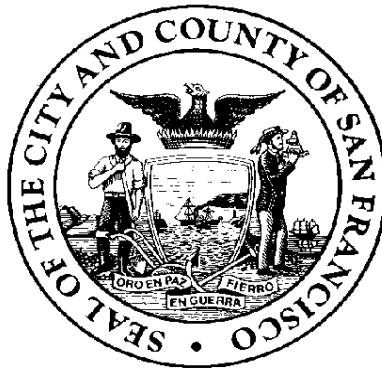


# **SAN FRANCISCO AIRPORT COMMISSION**



## **MINUTES**

**May 15, 2012**

**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  
May 15, 2012

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AIRPORT COMMISSION MEETING MINUTES  
May 15, 2012

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. 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 April 17, 2012 were adopted unanimously.

No. 12-0097

\* \* \*

M. SPECIAL ITEM:

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

1. Retirement Resolution for Ms. Sergia Hendricks

No. 12-0098 Resolution thanking Ms. Sergia Hendricks, Facilities/Custodial Services, for 30 years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said that Sergia Hendricks has been an Airport Custodian for 30 years and most recently she has been cleaning the Terminal 3 restrooms, keeping them spotless for our passengers. She's been recognized by her fellow employees for her positive attitude and her willingness to help passengers. She has a strong commitment to safety and security. We want to thank Sergia for her 30 years of outstanding service to the Airport.

Ms. Hendricks thanked everyone, especially the Commission and my Director, Mr. John Martin. Thank you.

Commissioner Mazzola congratulated Ms. Hendricks and wished her well.

\* \* \*

E. DIRECTOR'S REPORTS:

2. SFO Transit First Policy Update

Mr. Martin said that in March 1996 the Commission adopted a Transit First Policy with a goal of reducing congestion on the freeways and the Airport by promoting regional transit services and minimizing on-Airport congestion and delays. We've seen dramatic changes over 16 years, with BART starting service to SFO and AirTrain beginning operation. The congestion we experienced on our roadways in the mid 1990s has gone away entirely.

We probably also have the most aggressive curbside management program in the country, with coordinators for taxicabs and door-to-door vans, which helps promote transit use. Our Information Booth program helps passengers and employees with transit alternatives. We sell transit tickets and booklets from the booths. Unlike most airports, we dedicated the two inner roadway lanes on the lower level for transit vehicles, again, for passenger convenience. We'll soon begin selling pre-loaded clipper cards and will work to promote ferry service to So. San Francisco. We're also working to eliminate the \$3.00 per day surcharge that employees pay for BART to SFO. The Commission also approved an on-Airport bicycle program which will provide bicycles free of charge to our employees to get around the Airport. Finally, we have an item today to raise public parking rates, and that also helps to promote transit. We'll continue to provide reports every couple of years on our Transit First Program. We have the highest transit ridership in the country.

Commissioner Johns asked when the ferry connection will happen.

Mr. Martin replied it is scheduled to begin service this June from the East Bay. We're looking at ways to provide a convenient connection from South City to the Airport, both for employees riding bicycles or our passengers.

Commissioner Johns asked if we are trying to have a connection closer to SFO.

Mr. Martin replied that every studied we've done over the years requires a bus service for the connection. In the future the Hovercraft may be able to connect to the Terminal buildings, but they're not too precise in going on land at this point.

Commissioner Johns asked how long it will take to get to SFO from Oyster Point.

Mr. Martin replied 10-12 minutes.

Mr. Tryg McCoy, Chief Operating Officer, added that ferry service will start in early June from Alameda Point and will take approximately 30 minutes.

Commissioner Johns said it's a great idea.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Johns heard something on the news yesterday that a United flight from SFO to Reagan National was cancelled, but they lost one of their non-stop flights.

Mr. Martin replied United just started the first daily, non-stop service to Washington

National. Virgin America applied for two flights but only one was approved.

Commissioner Johns said she heard they lost something but wasn't sure what it was.

Mr. Martin said that they did not receive their full application.

Commissioner Johns asked if United was currently flying to Reagan Airport.

Mr. Martin replied they just started service.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 3 and 4 were called together and moved by Commissioner Guggenlime and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Designation of \$51,500,000 of Passenger Facility Charge (PFC) Funds as Revenues for Payment of Debt Service in Fiscal Year 2012/13 and Authorization to Apply Such Amount to Airline Rates and Charges as Needed

No. 12-0099                      Resolution designating \$51,500,000 of PFC funds as revenue for payment of debt service in FY 2012/13 and authorization to apply such amount to airline rates and charges as needed.

Mr. Leo Fermin, Deputy Director, Business and Finance said that Item Nos. 3 and 4 are related in that PFCs designated as revenue are used to pay debt service, and this and other non-airline revenue then effect the balance that we need to collect from the airlines through landing fees and terminal rental rates.

Item 3 designates up to \$51.5 million to be use for debt service in the next fiscal year, which is \$37 million or 42% less than the \$88.5 million authorized a year ago for debt service in this current fiscal year. It's consistent with a long term financial plan we established to service the master plan bonds and to contain airline costs.

4. Adoption of Fiscal Year 2012/13 Airport Rates and Charges

No. 12-0100                      Resolution establishing Airport Rates and Charges for FY2012/13.

Mr. Fermin said that this item approves next year's rates and charges, which have been reviewed and discussed with the airlines. The landing fee rate will increase by 5.7% from \$3.79 per 1,000 lbs. to \$4.01. The effective average terminal rental rate will increase by 7% from \$122.93 to \$131.55. On a nominal basis and adjusted for inflation, the average airline cost per enplanement will increase by 2% from \$15.15 to \$15.45, however, in FY2007-08 constant dollars, we are actually achieving a decrease of 2.4% from \$14.49 down to \$14.13. I emphasize this because our commitment to the airlines is in constant dollars and uses FY2007/08 constant dollars as the basis and framework to benchmark cost per enplanement.

I'd like to point two items in the rates and charges. First, is public parking rates. We are running out of public parking spaces during peak periods. The long term garage was completely full almost everyday in April. Lot D was over 80% full for over half of the days in April. The International garages averaged 1,000 spaces per day taken by overnight parkers making it hard for meeters/greeters to find parking. Garage G was at 85% capacity for one third of the days in April. To ease parking congestion, and in support of the Transit First Policy, we recommend increasing overnight rates as follows: Domestic garage, from \$33.00 to \$36.00 per day; International A and G garages, from \$24.00 to \$28.00 per day; long-term parking facility, from \$15.00 to \$18.00 per day. However, the hourly parking rates will not change at all. These changes to the overnight rates will be effective on June 15<sup>th</sup>.

Last October you approved a policy establishing cargo facility rental rates through an approach which collectively considers airport-wide cargo revenues, expenses and investments. This approach results in what we refer to as harmonized cargo rental rates. The cargo rates before you include the first step of a three year time frame in which we adjust higher lease rates downward and adjust rental rates on 30-day permits upward to the point where they converge into a single harmonized cargo rate in year three. I compared this approach to how we establish terminal rental rates in which each terminal rental rate category is the same no matter what terminal building you are located in. In summary, our airline cost per enplanement has come down since 2001. When the International Terminal opened 12 years ago we were among the highest in the country. Today we are a little below the average of other U.S. international gateway airports ... JFK, Newark, Washington Dulles, Miami and Boston. Newark and JFK are in the \$25.00 range and Miami and Washington Dulles are in the \$18.00 range.

Commissioner Johns asked if the private parking areas around the Airport are competitive with our rates. Do you anticipate that they will increase their rates?

Mr. Fermin replied that their rates are slightly lower than ours, even when you factor in the taxes they charge. Typically, when we raise our long term rates the general tendency for them is not to match our rates. In discussions with one long term operator he noted that they are two different markets. Off-airport parking customers are a different market segment than someone preferring to park on-airport. What we do rate wise may not necessarily impact their rates. They tend to compete among themselves and follow each others rates as opposed to following ours.

Commissioner Johns asked if off-airport lots are seeing an increase in business.

Mr. Fermin replied that they are very full now, especially since two off-airport lots closed down in the past year. It's partly due to those closures and partly due to the increase in passenger traffic that off-airport lots are very fully as well.

Commissioner Guggenheim asked why we are raising the domestic garage fees less than 10%, the International garage fees 15%, and the long-term parking rates 20%. What was the rationale for not raising the domestic garage fee more 10%?

Mr. Fermin replied we weren't trying to achieve a consistent percentage increase across the board among the three facilities but rather we were trying to close the

gap in the long-term and International garages. As far as the long-term lot, we didn't want to raise it too much such that it got too close to the International A and G garage. We wanted to maintain a certain differential.

Commissioner Guggenhime said I can save \$8.00 a day if I park in an International garage and walk to a Domestic terminal. What are we proving? Why don't we equalize it? Why do we distinguish between International and Domestic?

Mr. Fermin said that we found that the International garages were not as well known to domestic travelers and that was one reason why we lowered our prices. We plan to eventually close the gap over time, but we want to do it gradually.

Commissioner Stern asked how these rates compare to other major airports.

Mr. Fermin replied the long term rates are slightly higher than Oakland and San Jose...they're currently at around \$15.00-\$16.00. Compared to the large metropolitan hub airports like JFK, they're pretty comparable.

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

5. Award of Contract No. 8670B - RSA Runways 10L-28R & 28L Paving & Lighting Granite Rock Construction dba Pavex, Inc. - \$10,831,800

No. 12-0101	Resolution awarding Contract 8670B, RSA R/Ws 10L-8R & 28L Paving and Lighting, to the lowest responsive, responsible bidder, Granite Rock Construction, dba Pavex, Inc. in the amount of \$10,831,800.
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Mr. Ivar Satero, Deputy Director, Design and Construction said this is the third construction contract award and is part of the Runway Safety Area (RSA) Program. It supports the Phase 1 of the program to bring the 10R-28L runway into Federal compliance. We currently forecast on-budget completion of the total \$214 million program. We will reforecast the program in the next 6-8 months due to the favorable bids we've received over the past few months on this phase of the program. We'll update the forecast when we start the second phase. This contract will provide for displaced thresholds on the 10-28s by about 300 ft. to accommodate the necessary RSAs at the approach end of the 28s. It will also provide for the runway status lights infrastructure that's occurring within the RSA work areas. Similar to past contracts it's electrical, drainage, striping, paving, nav aids, and pier work needed to meet safety requirements. All bids were within 10% of one another, and the low bid within 4% of the Engineer's estimate. This contract has Federal funds so there is no LBE component. We encouraged a best efforts SBE/ DBE subcontractor participation goal of 8%. Pavex committed to 3% participation.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.



6. Commence Solicitation of Interest Process Offering Leases of Office Space in Non-Terminal Buildings, and Authorization to Negotiate the Final Terms of Leases

No. 12-0102                      Resolution authorizing staff to periodically issue Solicitation of Interest documents offering leases of office space in certain non-terminal buildings; approving minimum qualification requirements and range of lease terms; authorizing staff to negotiate the final terms of the leases with qualified entities.

Mr. Fermin said that we have various pockets of office space in buildings outside the terminal complex that are vacated from time to time by airlines and aviation support providers. A small amount of these spaces are vacant today and in the future it is likely that other pockets of space will become vacant as well. We are asking for authorization to initiate solicitations of interest from time to time to entities, other than airlines, in an effort to rent out as much space as we can to maximize revenue. Any space leased out will be subject to all City requirements.

Commissioner Johns said it's a great idea.

Commissioner Stern asked if there is a particular target industry.

Mr. Fermin replied that we are targeting the Department of Motor Vehicles. We've heard they're looking for office space. Other than that, we're looking to identify companies that might be interested in office space at the Airport. We think another target group might be consultants that do work for either airlines or airports.

Commissioners Stern and Johns suggested technology companies.

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

7. Memorandum of Understanding with United Air Lines, Inc. Regarding Reimbursement to United for Provision of a Dedicated Airfield Busing Operation Connecting Terminal 1, Terminal 3 and the International Terminal

No. 12-0103                      Resolution approving MOU with United Air Lines, Inc. to reimburse United for actual costs incurred for a dedicated airfield busing operation connecting Terminal 1, Terminal 3 and the International Terminal, in an amount not to exceed \$4.2 million per year, for a period of up to 24-months.

Mr. Fermin said United will expand their operation into Terminal 1 in June by taking over three gates in Boarding Area B, and another three gates in July. Their Terminal 1 operations will generate a total of \$11 million annually in terminal rents and landing fees, and that doesn't include the increase in concession and parking revenues that these additional passengers will generate. Passengers connecting between the International Terminal, Boarding Area B, and Terminal 3 will have to be

bused on the airside since we cannot provide United with the 6 gates they are entitled to under the Lease and Use Agreement. We ask for approval of the MOU to reimburse busing costs, not to exceed \$4.2 annually. However, United recently advised us that the annual cost may increase by \$500,000 or so because smaller buses are being planned, possibly requiring a greater number of dispatchers and buses. If so, we may have to return for approval to increase the not to exceed amount in the MOU, although we will try our best to keep these costs contained.

Commissioner Guggenhime asked when Boarding Area E will reopen.

Mr. Fermin replied in about 18 months.

Commissioner Guggenhime commented that this is a short term fix.

Mr. Fermin replied that it is. It's just for the 18-month period.

Commissioner Johns asked if a United passenger has a flight originating in Terminal 1, will they go to Terminal 3 and then be bused, or is it just for connecting passengers who land at Terminal 3 and then have a connecting flight?

Mr. Fermin replied it is mostly for connecting passengers. When a flight arrives in Terminal 1 for example, and passengers are connecting out of Terminal 3, they would board the bus and be taken to Terminal 3, or to the International Terminal, or either of the two terminals that they're connecting to.

Commissioner Johns said that there must be a United flight that would have passengers going on to that flight originally in Terminal 1.

Mr. Martin said if you have a flight to Reno out of Terminal 1 for example, you can check in at Terminal 1. But if you accidentally show up at Terminal 3, you can also check in there and then get bused to Terminal 1 to catch your flight to Reno. Commissioner Johns wondered how United was going to manage it and how we were going to help them with the signage and confusion. It will be challenging.

Mr. Martin agreed.

Commissioner Guggenhime speculated that 90% of passengers will still show up at Terminal 3 and have to be bused to Terminal 1.

Commissioner Johns felt that passengers will continue to go directly to Terminal 3 because they know United is there.

Commissioner Mazzola asked if the buses will run along the roadway or airfield.

Mr. Fermin replied airfield side.

Commissioner Guggenhime said that they will then go through security.

Mr. Martin replied they'll only go through security once. Transferring passengers won't have to go through security at all.



Bus Purchase with the City of San Jose in the Amount of \$300,000

No. 12-0106 Resolution authorizing payment of required taxes and fees for the Compressed Natural Gas bus purchase with the City of San Jose in the amount of \$300,000.

Commissioner Johns said she was surprised to see this item because she assumed we knew that when you sell a used car or truck, DMV collects a tax.

11. Reject All Proposals for Contract No. 9183 - Maintenance of the Airport's Water Perimeter Security Buoy System and Authorize Staff to Reissue a Request for Proposals for Contract No. 9183R

No. 12-0107 Resolution rejecting all proposals for Contract 9183, Maintenance of the Airport's Water Perimeter Security Buoy System and authorizing staff to reissue a Request for Proposals as Contract 9183R and enter into negotiations with the highest ranked proposer.

Commissioner Johns asked if it goes out again for an RFP and you select the highest ranked proposer, will it come to us before you go into negotiations?

Mr. Jeff Littlefield, Deputy Director, Operations and Security said that's my understanding. We're going to reject and start the process over entirely.

Commissioner Johns said I understand that. Normally we approve that highest ranked proposal and then you enter into negotiations, correct?

Mr. Martin said we do that in larger contracts but not small ones. The resolution stipulates that staff will return to the Commission to award the contract to the highest ranked proposer after successful completion of negotiations. However, if your preference is that we bring it to you first, we can do that.

Commissioner Johns said that's what I wanted cleared up.

Commissioner Mazzola asked if this was a big contract.

Mr. Martin replied that it is not.

Commissioner Johns said I don't think it gave us a dollar amount.

Commissioner Mazzola said that they will negotiate first, and then return to us.

Ms. Sheryl Bregman, Airport General Counsel confirmed that we will negotiate first.

12. Award Contract 3590D - RSA South Field Substation "BR" Relocation - Bass Electric, Inc. - \$2,680,681

No. 12-0108 Resolution awarding Contract 3590D, RSA South Field Substation "BR" Relocation to the lowest responsive, responsible bidder, Bass Electric, Inc., in the amount of \$2,680,681.

13. Award Contract 8582R - Rental Car Center Exit Stair - L.C. General Engineering & Construction Inc. - \$422,940

No. 12-0109 Resolution awarding Contract 8582R, Rental Car Center Exit Stair, to the lowest responsive, responsible bidder, L.C. General Engineering & Construction Inc., in the amount of \$422,940.

14. Authorization to Issue a Request for Proposals for Contract No. 9240 - General Airport Security Services

No. 12-0110 Resolution authorizing issuance of a Request for Proposals for Contract 9240, General Airport Security Services and authorizing staff to enter into negotiations with highest ranked proposer

15. Bid Call - Contract 9249 - On-Call Environmental Remediation Services, Phase VI

No. 12-0111 Resolution approving the scope, budget, and schedule for Contract 9249, On-Call Environmental Remediation Services, Phase VI.

16. Travelex America Inc. Foreign Currency Exchange Lease No. 99-0449 - Exercise of the Last of Two Two-Year Options

No. 12-0112 Resolution exercising the last of two two-year options, under Travelex America, Inc.'s Foreign Currency Exchange Lease No. 99-0449, for an option term of Dec. 10, 2012 through Dec. 9, 2014.

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I. 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.

There were no requests to speak from the public.

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- J. CORRESPONDENCE:  
There was no discussion by the Commission.

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- K. CLOSED SESSION:  
The Airport Commission voted unanimously to go into closed session at 9:30 AM.

Discussion and vote pursuant to the Brown Act (Calif. Government Code 54954.3) and the Sunshine Ordinance (S.F. Admin. Code 67.10(d) on whether to conduct a closed session to confer with legal counsel. ACTION ITEM.

CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code 54956.9(a), Admin. Code 67.8(a)(3)): Knudsen v. CCSF, et al., U.S. District Court (California Northern District), Case No. 4:12-cv-01944-DMR, filed April 19, 2012. DISCUSSION ONLY.

There are no other planned agenda items for the closed session. 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 (Calif. Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (S.F. Administrative Code Section 67.11).

RECONVENED OPEN SESSION at 9:50 AM.

Discussion and vote pursuant to the Brown Act (Government Code 54957.1(a)(2)) and the Sunshine Ordinance (S.F. Admin. code 67.12(b)(2)) on possible report on action taken in closed session. ACTION ITEM.

Discussion and vote pursuant to the Sunshine Ordinance (S.F. Admin. Code 67.12(a)) on whether to disclose any or all discussions held in closed session. ACTION ITEM.

The Commission voted unanimously not to disclose discussions held in closed session.

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- L. ADJOURNMENT:  
There being no further calendared business before the Commission the meeting adjourned at 9:51 AM.

Jean Caramatti  
Commission Secretary