Minutes of the Airport Commission Meeting of June 3, 2003

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AIRPORT COMMISSION MEETING MINUTES

June 3, 2003

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:09 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:
Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:10 A.M. to go into closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Tutor-Saliba, U.S. District Court Case No. C02-5286ED; CCSF v Scott Co., et al, Santa Clara Superior Court Case No. 787-323; and CCSF v Spencer et al, U.S. District Court Case No. C02-5086PJH; and Settlement of Litigation entitled Waterkeepers of Northern California, et al v CCSF, San Francisco Superior Court Case No. 501-511; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 11:09 A.M. The Commission voted unanimously to disclose the Settlement of Litigation entitled Waterkeepers of Northern California, and, the unanimous vote to authorize the Director to pay the law firm of Farella, Braun and Martel for their 60 days of work in connection with the Tutor-Saliba lawsuit and any additional work requested by the Airport Commission.

* * *

D. ADOPTION OF MINUTES:
The minutes of the special meeting of May 12, 2003 were unanimously adopted.

No. 03-0090

* * *

E. ANNOUNCEMENT BY SECRETARY: Unanimous adoption of Resolution No. 03-0071 regarding the settlement of litigation entitled Dillingham Construction v CCSF in the amount of $2,400,000 at the closed session of May 12, 2003.

* * *

F. SPECIAL ITEM:

Item Nos. 1 through 4 were called together. The items were moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Mr. Frank Cardarelli

No. 03-0091

Mr. John Martin, Airport Director said that Mr. Cardarelli is the head of the landscaping department. He has been with the City for 39 years, 23 of which have been at the Airport. The landscaping was always kept in excellent condition, especially during the difficult period of the Master Plan.

2. Retirement Resolution - Mr. Dominic Tringale

No. 03-0092

Mr. Martin said that Mr. Tringale was an Airfield Safety Officer for over 30 years. He has played a very important safety role at the Airport and has been respected by his peers for helping to promote a positive work environment and setting a standard for other employees.

3. Retirement Resolution - Mr. Michael Johnson

No. 03-0093

Mr. Martin said that Mr. Johnson is retiring as an Assistant Mobile Equipment Supervisor after 29 years with the City, 23 of which were spent at the Airport. Last year Mr. Johnson was named Maintenance Employee
of the Year.

4. **Retirement Resolution - Mr. Yoshio Tanisaki**

No. 03-0094
Mr. Martin said that Mr. Tanisaki is retiring after 11 years as an Airport Automotive Service Worker. This resolution recognizes his excellent and dependable service to the Airport.

Commissioner Mazzola offered his congratulations to each of the retirees and thanked them for their years of service to the Airport.

* * *

G. **ITEMS INITIATED BY COMMISSIONERS:**

There were no items initiated by Commissioners.

* * *

H. **ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:**

Item No. 5 was removed from the calendar.

5. **Consideration and Possible Approval of Advance Agreement Proposal to Fund Tutor-Saliba Litigation**

Resolution adopting policy decision regarding the advance agreement as approved by the Federal Aviation Administration to fund Tutor-Saliba litigation.

Item No. 6 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. **Award Contract No. 4083 - Boarding Area ‘D’ Apron Rehabilitation - Ghilotti Brothers, Inc. - $10,894,782**

No. 03-0095 Resolution awarding Contract No. 4083, Boarding Area ‘D’ Apron Rehabilitation, to the lowest responsive, responsible bidder, Ghilotti Brothers, Inc., in the amount of $10,894,782.
Mr. Emie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this project will change the apron from the current 10 gates to 14 gates. Piles will be driven for the loading bridges and the stairway towers, the drainage patterns and the sloping of the aprons will be changed so that the planes can be accommodated, as well as the fueling systems that go into those various gate positions.

The project will be 75% funded by the FAA.

Commissioner Strunsky asked why were doing this work now.

Mr. Eavis explained that this money comes from an entitlement grant. If we cancel the work on this grant the FAA will not allow us to reprogram it to something else and the 75% cost would be lost.

Commissioner Johns asked when we will be able to use Boarding Area D.

Mr. Martin responded that it all depends on what happens to the economy, and whether a low cost carrier starts building up service quickly in San Francisco.

Construction timeline is about 18 months. We are at least eight months away, at the most optimistic, from starting the construction program for Terminal 2.

Item No. 7 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. **Award Contract No. 3842R - Terminal 3 Boarding Areas ‘E’ and ‘F’ Carpet Replacement - Resource & Design, Inc. - $1,331,720**

No. 03-0096

Resolution awarding Contract 3842R, Terminal 3 Boarding Areas ‘E’ and ‘F’ Carpet Replacement, to the lowest responsive, responsible bidder, Resource & Design, Inc., in the amount of $1,331,720.

Mr. Eavis explained that this contract will replace carpet in the public areas of Boarding Areas E and F, as well as the gaterooms. The carpet in that area was last replaced in 1989. We usually replace carpets within eight to 10 years.
Commissioner Mazzola noted that two contractors were listed ... one to remove the carpet and one to install. Marinship is listed as a subcontractor to remove the carpet. He thought Marinship was an underground piping contractor.

Mr. Eavis responded that Marinship is a general engineering contractor.

Item No. 8 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. **Modification No. 8 (Close-out) to Professional Services Contract No. 5700CM - Construction Management Services for the AirTrain System - PGH Wong Engineering / Luster Construction Management - $650,000**

   No. 03-0097 Resolution approving Close-out Modification No. 8 to the Professional Services Agreement, Contract 5700CM, Construction Management Services for the AirTrain System with PGH Wong Engineering / Luster Construction Management in the amount of $650,000, for a proposed new total contract amount not to exceed $33,497,367. This modification is required as a result of the AirTrain collision which occurred on August 4, 2002, delaying the opening of AirTrain. The Airport requires extended construction management support due to the unanticipated delay. The Funding source is from transfers from other Master Plan project funds. This modification will not impact the Master Plan Budget. This Modification will be submitted to the Board of Supervisors for approval pursuant to City Charter Section 9.118(b).

Mr. Ivar Satero, Bureau of Design and Construction, explained that this is the close-out modification and provides for the extended construction management services that were necessitated due to the AirTrain collision that occurred on August 4, 2002. The funding will be provided from existing funds from other Master Plan projects with underruns. The costs
that we incur will be reimbursed through the Airport’s recovery of total costs and related damages due to this collision. Recovery will be through the contractor or applicable insurance provisions.

The MBE/WBE goals for this contract at the time of award were 17% and 3% respectively. The contractor, through this modification, will have achieved 21.2% MBE and 1.5% WBE participation.

This modification, as well as the subsequent modification, will require Board of Supervisors approval. The collision had occurred before the Board received the package for the previous modification. That package identified the potential for the additional modification.

Commissioner Strunsky suggested that language be included in the Board of Supervisors package indicating that this money will be reimbursed by insurance or Bombardier.

Commissioner Johns said that on a recent tour of the AirTrain system she noticed puddling on the tracks and asked if that was something that needed to be addressed prior to the expiration of the contract.

Mr. Satero responded that there are areas that have significant puddling and sump pumps have been placed in those areas. The contractor said that the one half inch to three quarters of an inch of water is an acceptable level of water to remain in the guideway and does not adversely impact the train. All of the drainage issues have been assessed, but not all of them have been resolved. They do need to be addressed prior to final close-out.

Item No. 9 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

9. Designate Additional $10 Million of Passenger Facility Charge (“PFC”) Revenues for Payment of Debt Service in Fiscal Year 2003/04

Resolution designating additional $10 million of Passenger Facility Charge revenue for payment of debt service in Fiscal Year 2003/04.

Mr. Leo Fermin, Acting Deputy Director, Business and Finance explained
that the Airport has been collecting a $4.50 passenger facility fee since October 1, 2001. These collections can be used concurrently for three purposes, (1) to reimburse ourselves for capital funds, (2) to pay for debt service cost, and, (3) to set aside money to be used to retire outstanding Master Plan bonds as they become callable several years from now.

This past March 25 the Commission authorized that $46.1 million of PFC collections in FY 2003/04 be used to pay for debt service costs. Since then the outbreak of SARS has negatively affected air traffic and passenger levels. In the event passenger traffic and revenues do not materialize to the levels we forecasted in our budget, we are requesting Commission approval to apply up to an additional $10 million as needed in order to offset shortfalls in non-airline revenues and thus keep airline landing fees and terminal rental rates stabilized. Should any of this $10 million not be needed, then those monies will be kept to be used for future retirement of bonds, or to reimburse the Airport for capital funds used in previous years.

Item No. 10 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

10. Request Authorization to Negotiate and Execute a Memorandum of Agreement (MOA) with the Transportation Security Administration (TSA), Agreeing to Implement Permanent In-Line Explosive Detection Baggage Inspection Systems (EDS) at the Domestic Terminals

No. 03-0099 Resolution authorizing the Airport Director to negotiate and execute a Memorandum of Agreement (MOA) with the Transportation Security Administration (TSA), agreeing to implement permanent in-line Explosive Detection Baggage Inspection Systems at the domestic terminals, in the estimated total amount of $22 million. Approximately 75% of the amount will be reimbursed by the TSA pursuant to a Letter of Intent (LOI).

Mr. Eavis explained that the current security system in the International Terminal is an automated in-line EDS system. An interim solution was installed in the domestic terminals which is a combination of partial in-line systems plus CTX machines in the lobby of the terminals and other detection devices.
This item seeks approval for a Memorandum of Agreement with the TSA in which the Airport will complete the installation of a 100% automated EDS in the domestic terminals. The funding vehicle for the agreement will be a Letter of Intent. As Congress approves the funding over the next four years, money will be appropriated to us as 75% payment for the work that is done for the security system.

The FAA has never reneged on a Letter of Intent in this region. This appears to be a fairly safe method to insure that we will get paid for the work we will do.

Commissioner Strunsky asked if the Commission was authorizing an expenditure.

Mr. Eavis responded that the Commission is authorizing an MOA and the LOI. Commission approval will be sought prior to work commencing on specific contracts.

Item No. 11 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

11. Fiscal Year 2003/04 Airport Rates and Charges

No. 03-0100 Resolution establishing Airport Rates and Charges for FY 2003/04.

Mr. Fermin explained that this is the second year in a row in which we have been able to gradually decrease airline costs to operate at SFO. For next year we were able to reduce the landing fee rate by 1.4%, from $3.98 per thousand pounds to $3.93. Further, terminal rental rates will decrease by 1.3% from an effective average of $99.28 to $97.88. Most other rates and charges will either remain unchanged, and in a few minor instances such as the Wastewater Treatment charges, the rates will be slightly increased to account for inflation.

These reductions in landing fees and terminal rental rates result from our budget reductions, the refunding of outstanding bonds we did to lower some debt service costs, and the use of PFC revenues to pay debt service. Over the next several years we are projecting that we will be able to reduce the airline cost per enplaned passenger by approximately 26%.
from a high of close to $20 several years ago, down to about $14.50.

As required by the Lease and Use Agreement, we have conferred with the airlines regarding the proposed rates and charges for next year.

Commissioner Johns asked if there is a net change.

Mr. Fermin responded that overall the rates and charges are a mixed bag of all different kinds of charges and fees. The one common denominator that the industry uses to measure the level of rates and charges at airports throughout the country is a measurement call the “Airline Cost Per Enplaned Passenger” which is a blending of what the airlines pay for landing fees and terminal rental rates. We are projecting that the airline cost per enplaned passenger will decrease about 14% from $20.00 to about $17.27.

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I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 12 through 25, was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

12. Modification No. 3 to Contract No. OPS PS 01-8022 - Curbside Management Program - ShuttlePort/Daja SFO Joint Venture - $2,389,405

   No. 03-0101 Resolution exercising the second contract renewal option with ShuttlePort/DAJA SFO Joint Venture extending the term of the contract from July 1, 2003 to June 30, 2004 for an amount not to exceed $2,389,405.

Commissioner Ito asked how the reduction in this contract impacted the overall movement of traffic.

Ms. Alice Sgourakis, Landside Operations explained that this particular portion of the Shuttleport/DAJA contract is basically for taxi dispatching and administration. The door-to-door van curb coordination is billed directly to the door-to-door van operators and basically remains the same. It is not part of this contract. We are increasing the number of hours for taxi dispatching ... it is currently 8:00 A.M. to 12:00 A.M.; effective July 1 it will be 7:00 A.M. to 1:00 A.M. This will provide better coordination and
control at the curb.

13. **Modification No. 3 to Legal Services Agreement with Morrison & Foerster LLP**  
(Noise Issues/Environmental Law Contract) - $250,000

No. 03-0102 Resolution approving Modification No. 3 to legal services agreement with Morrison & Foerster LLP for Noise Issues/Environmental Law, increasing compensation by the amount of $250,000; all other terms and conditions to remain the same.

14. **Modification No. 1 to Professional Legal Services Agreement with Moscone, Emblidge & Quadra LLP** - $100,000

No. 03-0103 Resolution approving Modification No.1 to Legal Services Agreement with Moscone, Emblidge & Quadra LLP to increase compensation by the amount of $100,000; all other terms and conditions to remain the same.

15. **Modification No. 3 to Professional Legal Services Agreement with Palmer & Dodge LLP** - $100,000

No. 03-0104 Resolution approving Modification No. 3 to legal services agreement with Palmer & Dodge LLP to increase compensation by the amount of $100,000; all other terms and conditions to remain the same.

16. **Termination of Professional Services Agreement with Remy, Thomas Moose, LLP (now known as Remy, Thomas, Moose & Manley)**

No. 03-0105 Resolution terminating the Professional Services Agreement with Remy, Thomas &
17. **Termination of Professional Legal Services Agreement with Morrison & Foerster LLP (Aviation Law Contract)**

No. 03-0106 Resolution approving termination of Professional Legal Services Agreement with Morrison & Foerster LLP (Aviation Law Contract).

18. **Termination of Professional Legal Services Agreement with Hopkins & Sutter (Now known as Foley & Lardner)**

No. 03-0107 Resolution approving termination of Professional Legal Services Agreement with Hopkins & Sutter (now known as Foley & Lardner).

19. **Termination of Professional Legal Services Agreement with Sheppard, Mullin, Richter & Hampton LLP**

No. 03-0108 Resolution approving termination of Professional Services Agreement with Sheppard, Mullin, Richter & Hampton LLP.

20. **Termination of Professional Services Agreement with Erickson, Beasley, Hewitt & Wilson**

No. 03-0109 Resolution approving termination of Professional Services Agreement with Erickson, Beasley, Hewitt & Wilson.

21. **Cost of Issuance Resolution**

No. 03-0110 Resolution amending the 1991 Master Bond Moose, LLP now known as Remy, Thomas, Moose & Manley).
Resolution to provide for a costs of issuance fund to be held by the Bond Trustee.

22. **Authorization to Enter into a Contract with SamTrans to Help Defray the Unrecovered Cost of Operating the Route 397 Owl Bus Service - $180,000**

   No. 03-0111 Resolution authorizing entering into a contract with SamTrans to defray the unrecovered costs of operating the Route 397 Owl Bus Service for one year, with up to four one-year renewal options at an annual cost not-to-exceed $180,000 for the FY from July 1, 2003 thru June 30, 2004.

23. **Airport Shuttle Bus Agreement**

   No. 03-0112 Resolution adjusting the basic hourly and incremental billing rates for shuttle bus service for the year commencing January 1, 2003.

24. **Modification No. 4 - Information Booth Program Contract - Polaris/ TRG Joint Venture - $525,000**

   No. 03-0113 Resolution authorizing Director to execute Modification No. 4 exercising the second of four one-year renewal options of the Information Booth contract with Polaris/ TRG Joint Venture for a total budget not to exceed $525,000 for the contract year from July 1, 2003 to June 30, 2004.

25. **Settlement of Unlitigated and Litigated Claims for Fiscal Year 2001/02**

   No. 03-0114 Resolution ratifying the settlement of unlitigated and litigated claims for Fiscal Year 2001/02 amounting to $25,413.25.
I. NEW BUSINESS:

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.

Mr. Barry Taranto, representing cab drivers, welcomed Commissioner Johns. He said that he was happy to see this contract approved because the hours need to be more in line with what is happening at the Airport. It is better that the drivers are dispatched from the garage staging lot.

Mr. Taranto offered his condolences to Commissioner Strunsky on the death of his father.

He hoped that everyone will be at the Board of Supervisors meeting on this contract. Jackie Besser has been helpful and accommodating in resolving problems. It is better to work with the current contractor to solve the problems than to try and bring in someone new. Politics should not be a part of this. Ms. Besser has hired some wonderful people who have tried to solve the problems. There are members of the Board of Supervisors and their staff that are trying to make this political. It is not political; it is economic and customer service related.

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J. CORRESPONDENCE:

There was no discussion by the Commission.

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L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 11:38 A.M.

Jean Caramatti
Commission Secretary