SAN FRANCISCO AIRPORT COMMISSION

MINUTES

Tuesday, May 7, 2019

9:00 A.M.

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

LONDON N. BREED, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
Vice President
ELEANOR JOHNS
RICHARD J. GUGGENHIME
MALCOLM YEUNG
IVAR C. SATERO
Airport Director
C. CORINA MONZÓN
Commission Secretary

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128
## Minutes of the Airport Commission Meeting of
### Tuesday, May 7, 2019

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K. **ADJOURNMENT:** .......................................................................................................16
A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 A.M. 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. Malcolm Yeung

C. ADOPTION OF MINUTES:
The minutes of the regular meeting of April 16, 2019 were adopted unanimously upon a motion by Commissioner Johns and a second by Commissioner Yeung.

   No. 19-0096. Regular meeting of April 16, 2019.

D. DIRECTOR’S REPORT (Discussion only):
   - Relocation of all domestic terminal pickups for Transportation Network Companies (TNCs) to the Domestic Parking Garage
   - Airport’s First Zero Net Energy Building
   - Annual Federal Aviation Administration Part 139 Certification
   - Report on recent San Francisco International Airport activities, events, and announcements

   Airport Director Ivar Satero addressed the addition of the Director’s Report item to Airport Commission agendas. He added it will not occur at every commission meeting but when there are topical matters to discuss. It will be a discussion item with the opportunity for follow-up information. The first topic is Transportation Network Companies (TNCs) – The Airport has been working on different means of mitigating congestion on roadways. Traffic has grown considerably due to the growth of TNCs and airport traffic. The Airport has had success in the International Terminal by moving TNCs to the center island. The traffic getting to the International Terminal has been substantially reduced. Domestic
traffic, however, is still causing a lot of congestion. The Airport has attempted several measures over the past year to manage this traffic, such as stationing Police Service Aides curbside to keep traffic flowing and moving UBER Pool and Express pick-ups to the Domestic Garage. This has produced a 15% influence on traffic. The Airport Commission has also implemented differential pricing for curbside vs. garage pick-ups, which had a 5-6% impact. The Airport needs to move 45% of traffic to achieve its goals. Thus, the Airport will be moving all TNC pick-ups to the garage. The Commission has already approved renovations of the garage for current pick-ups, and there will be a robust signage program accompanying the move. Implementation will be effective June 5th for UBER, Lyft and Wingz pickups will occur in the domestic parking garage Level 5. Airport staff will conduct a walkthrough, and there has been press outreach to inform the public as best as possible before the operations goes into effect. The next item is about our sustainability efforts. The Airport achieved a first in Zero net energy buildings. The Airfield Operations was built over a year ago with the goal of being a zero net energy building. It recently received certification because zero net energy buildings must be operational for a year. It is the first airport facility in the world certified zero net energy, and likely the first City and County of San Francisco building certified. Director Satero would like to thank both the Design and Construction team for building it and Staff in operations who are in the living and adapting to the different behavior of working in a zero net energy building. Innovative technology went into the building like dynamic glazing and heat recovery chillers.

Commissioner Yeung congratulated Staff on this accomplishment and noted that the City is trying to lead the way on environmental sustainability and for the Airport to be the lead of the lead is incredibly significant.

Commissioner Johns asked if the Airport is taking comments from Staff working in the building about what is working well so that we can apply to future projects.

Director Satero confirmed and used the view glass that will be used in Terminal 1 as an example.

The last item Director Satero discussed was Part 139 FAA Certification. This is annual Certification to operate as a commercial air service airport which is critical to the successful operation of the Airport. The process focuses on the safety of the airfield - from markings and lighting to operations in terms of training records of Staff and vendors. The Airport had a very good outcome and was noted in the FAA’s out brief in five areas of best practices. Airport Operations and Security have also been asked to speak at conferences. There were two longer-term recommendations – marking plans and signage on the airfield to the FAA. Director Satero noted that the Operations team has done an incredible job with maintenance, as well as the Airport’s partners such as the San Francisco Fire Department and vendors.

Commissioner Johns asked if certification looks at each calendar year, which Director Satero responded that it reviews April to April.
Barry Taranto, a taxi driver, stated his gratitude for making the TNC move happen. He said that they have been asking for this for a long time and noted that other airports do this. He had heard the news through Supervisor Safai’s Office and was glad to hear of the confirmation. He also thought that Doug Yakel’s interview on the radio was fantastic. The congestion is horrible on the upper level because the TNCs weren’t willing to play by the rules like the cab drivers.

E. ITEMS INITIATED BY COMMISSIONERS (Discussion only):

Commissioner Yeung stated that May is Asian Pacific American Heritage Month. The APA population in San Francisco is roughly 30% and in the Bay Area it’s also about 30%. This is the month in which the public remembers and acknowledges the contributions of this incredibly diverse community to the Bay Area; there are an incredible number of ethnicities. It is a great, fun month with a lot of celebrations, which he hopes everyone gets to enjoy. Elected officials and commissioners are wearing pins given out by the APA Heritage Foundation.

Vice President Crayton thanked Director Satero for the report. She also thanked Commissioner Johns and Airport Commission Secretary Corina Monzón. She stated that it’s an excellent tool to keep everyone abreast of what’s going on at the Airport. For a future Director’s Report, she requested the ethnic makeup of Airport leadership, including a chart of the principals of each section, and information on programs that the Airport implements to encourage staff diversity. She also expressed concern for the ACDBE program and it’s the process for the successor since the lead on the program will be retiring soon.

* * *

F. ACTION ITEMS RELATED TO ADMINISTRATION, OPERATIONS & MAINTENANCE

Item No. 1 was approved unanimously by a motion by Commissioner Crayton and a second by Commissioner Mazzola.

1. Authorization to Execute a Letter of Credit and Reimbursement Agreement with U.S. Bank National Association to Provide a Letter of Credit Supporting up to $100 Million Principal Amount of Airport Commission Subordinate Commercial Paper Notes for a Term of Four and One-Half Years, and Approval of Certain Related Actions

No. 19-0097. Resolution authorizing a letter of credit supporting up to $100 million principal amount of Airport Commission Subordinate Commercial Paper Notes for a term of four and one-half years, and approving certain related actions.

Mike Nakornkhet, Acting Managing Director of Finance presented on the item to
execute a letter of credit agreement with U.S. Bank National Association to support up to $100 million in Commercial Paper Notes. The Airport’s current Commercial Paper program is supported by four letters of credit worth a total of $500 million. Commercial Paper is used as a source of interim financing for capital projects. The Commission typically issues Commercial Paper Notes as needed to meet capital project cash flow requirements and then refinances them when the Airport issues long-term bonds. The agreement with US Bank will replace the existing letter of credit with Wells Fargo Bank, which is due to expire at the end of this month. Staff solicited proposals from a pool of pre-qualified banks, and US Bank was selected based on its favorable terms and market performance. US Bank will charge a fee of 0.385%, which is lower than the 0.5% fee charged by Wells Fargo.

Commissioner Guggenhime commented that this is a major savings for the Airport and asked what Staff attributed the decrease from the existing.

Mr. Nakornkhet stated that quotes are based on market conditions at the time. The fee is to maintain the facility. When the Airport issues the credit, it pays the interest rate at that time. Based on recent history the interest rates the Airport is getting for short term credit is approximately 1-1.5% which is very favorable and primarily due to the market conditions.

There were no further questions from the Commissioners.

Item No. 2 was approved unanimously by a motion by Commissioner Yeung and a second by Commissioner Johns.

2. Award of Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service
KONE, Inc.
$9,765,600

No. 19-0098. Resolution awarding Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE, Inc., in an amount not to exceed $9,765,600 for a two-year term commencing July 1, 2019, with a potential three-year renewal.

Leroy Sisneros, Director of Facilities presented on the item to award Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. This contract will provide services to be performed 24 hours per day, 7 days a week, and 365 days per year for maintenance, repair, parts, and emergency services for approximately 181 escalators and electric walks at the Airport. On February 1, 2019, Airport staff issued the RFP, which provided for a fixed “all-inclusive” monthly rate covering all maintenance activities, equipment, supplies, permits, and any related costs. The initial contract term is two years plus a potential single three-year renewal of services, exercisable at the discretion of this Commission. Airport staff will use the initial contract term to monitor and evaluate the
quality of the services provided and determine the viability of the “all-inclusive” approach. Should the contractor and contract mechanism be deemed acceptable, Airport staff will return to this Commission with a recommendation to renew the contract for three years at a new monthly rate, escalated in accordance with existing requirements and against the appropriate inflation indexes. The Airport used the best value procurement process to rank the proposers. Best value procurements are authorized under a recent amendment to San Francisco Administrative Code Chapter 6. The best value process allows for award of a contract to the responsible bidder whose responsive bid provides the best value to the City. Bidders submit both a sealed bid and qualitative information for evaluation by a selection panel. To determine best value, the department divides each bid by the qualitative score received from the panel; the quotient is the “cost per quality point.” The bidder offering the greatest value to the Airport—or the lowest quotient of cost and quality—is then recommended for award. On February 12, 2019, Airport staff conducted the pre-proposal conference which was attended by four companies. On March 8, 2019, Airport staff received three proposals, and all three proposals were determined to have met the minimum qualifications of the RFP. Staff convened a selection panel consisting of one Airport Commission employee, one employee from another City & County of San Francisco Department, and one employee from another airport. Based on the bids and the panel’s review, the firms were ranked as follows:

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<thead>
<tr>
<th>Rank and Proposer</th>
<th>Bid Amount</th>
<th>Evaluation Score</th>
<th>Best Value Quotient ($/Point)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. KONE Inc.</td>
<td>$9,765,600.00</td>
<td>637</td>
<td>15,330</td>
</tr>
<tr>
<td>2. Schindler Elevator Co.</td>
<td>$14,837,393.28</td>
<td>623</td>
<td>23,816</td>
</tr>
<tr>
<td>3. thyssenkrupp Elevator Corp.</td>
<td>$31,741,872.00</td>
<td>681</td>
<td>46,610</td>
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On March 29, 2019, Airport staff issued their notice of intent to award this contract. The five working-day protest period expired on April 5, 2019. No protests were filed.

Commissioner Crayton asked about LBE waiver and the lack of subcontractors.

Mr. Sisneros stated that KONE didn’t bring outside partners since there were not subcontracting opportunities; they will be doing all the work themselves.

Commissioner Johns asked who is currently conducting maintenance.

Mr. Sisneros answered thyssenkrupp.

Commissioner Johns then noted that the difference in the price and asked for more information about the evaluation process.

Mr. Sisneros stated the bid amount is divided by evaluation score, which is based on the following: project approach, experience and qualifications, organization of key personnel,
training program, and transition plan. For a total of 750 points possible.

Commissioner Guggenhime asked for an explanation of why KONE (who placed first in both contracts) chose this contract. He added that he remembered separating the contracts at a previous Airport Commission meeting.

Mr. Sisneros confirmed that the Airport Commission voted on separate maintenance contracts for elevators, and escalators and walkways in order to provide a more competitive environment.

Vice President Crayton asked how long thyssenkrupp has worked with the Airport and if the discrepancy in bid price was due to a misunderstanding.

Mr. Sisneros stated that thyssenkrupp has worked for the Airport for several years, and he met with the thyssenkrupp team to find out why their bid was so much higher. There were three items in their analysis that caused their costs to escalate. First, the company employs 17 full-time technicians, whereas the other bidders have 8 and 10 employees respectively. The number of people they planned to have on staff was double the number of other bidders in some cases. Second, the company was concerned about obsolete parts, which KONE did not see as a concern. Escalator and electric walk maintenance is their primary business, and they understood what parts will fail and have a plan for that. Finally, the company was very concerned about the indemnification clause.

President Mazzola stated that the differential in bid price is still concerning especially since the highest bidder is the incumbent and asked for more clarification on the split contracts.

Mr. Sisneros stated that this format is new, and thyssenkrupp oversaw all maintenance before. It presents a win-win situation for the Airport since KONE’s expertise is in escalators and walkways and thyssenkrupp’s expertise is in elevators. In addition, KONE was part of the installation of equipment at the Airport and it’s also their equipment.

Commissioner Johns asked if Mr. Sisneros felt staffing was enough and if KONE has a way to manufacture or access outdated parts.

Mr. Sisneros affirmed both.

There were no further questions from the Commissioners.
Item No. 3 was approved unanimously by a motion by Commissioner Yeung and a second by Commissioner Crayton.

3. **Award of Contract No. 50204 for Elevator Maintenance, Repair, and On-Call Service**

   **thyssenkrupp Elevator Corporation**

   $9,682,912

   No. 19-0099. Resolution awarding Contract No. 50204, Elevator Maintenance, Repair, and On-Call Service to thyssenkrupp Elevator Corporation, in an amount not to exceed $9,682,912 for a two-year term commencing July 1, 2019, with a potential three-year renewal.

   **Leroy Sisneros, Director of Facilities** presented on the item awarding Contract No. 50204 for Elevator Maintenance, Repair, and On-Call Service to thyssenkrupp Elevator Corporation. This contract will provide services to be performed 24 hours per day, 7 days a week, and 365 days per year for maintenance, repair, parts, and emergency services for approximately 184 elevators at the Airport. On January 31, 2019, Airport staff issued the RFP. The RFP provided for a fixed "all-inclusive" monthly rate covering all maintenance activities, equipment, supplies, permits, and any related costs. The initial contract term is two years plus a potential single three-year renewal of services, exercisable at the discretion of this Commission. Airport staff will use the initial contract term to monitor and evaluate the quality of the services provided and determine the viability of the "all-inclusive" approach. Should the contractor and contract mechanism be deemed acceptable, Airport staff will return to this Commission with a recommendation to renew the contract for three years at a new monthly rate, escalated in accordance with existing requirements and against the appropriate inflation indexes. Additionally, this RFP was issued concurrently with the RFP for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service. As stated in both RFPs, the Airport's intent was to award the two contracts to two separate contractors to maintain the required level of service, and any proposers bidding on both RFPs were required to submit with their proposal a letter stating their first choice between Contracts No. 50204 and 50205. A firm achieving the highest rank for both RFPs would be awarded their first-choice contract, and the remaining contract would be awarded to the proposer with the next highest rank on the corresponding RFP. The Airport used the best value procurement process to rank the proposers. Best value procurements are authorized under a recent amendment to San Francisco Administrative Code Chapter 6. The best value process allows for award of a contract to the responsible bidder whose responsive bid provides the best value to the City. Bidders submit both a sealed bid and qualitative information for evaluation by a selection panel. To determine best value, the department divided each bid by the qualitative score received from the panel; the quotient is the "cost per quality point." The bidder offering the greatest value to the Airport - or the lowest quotient of cost and quality - is then recommended for award. On March 8, 2019, Airport staff received three proposals, and all three proposals were determined to have met the minimum qualifications of the RFP. Staff convened a selection panel consisting of one Airport...
Commission employee, one employee from another City & County of San Francisco Department, and one employee from another airport. Based on the bids and the panel's review, the firms were ranked as follows:

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<td>$7,818,136.00</td>
<td>635</td>
<td>12,312</td>
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<td>2.</td>
<td>thyssenkrupp Elevator Corp.</td>
<td>$9,682,912.00</td>
<td>681</td>
<td>14,218</td>
</tr>
<tr>
<td>3.</td>
<td>Schindler Elevator Co.</td>
<td>$12,476,596.24</td>
<td>626</td>
<td>19,930</td>
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KONE Inc. was determined to be the highest ranked proposer with the lowest best value quotient for both Contracts No. 50204 and 50205. At the time of proposal, KONE Inc. identified Contract No. 50205 as its first choice, and as the next highest ranked proposer, thyssenkrupp Elevator Corporation was eligible for award of Contract No. 50204.

There were no questions from the Commissioners.

Item No. 4 was approved unanimously by a motion by Commissioner Johns and a second by Commissioner Mazzola.

4. **Approval of Modification No. 1 to Contract No. 10504.77, Design-Build Services for AirTrain Systems Extension and Train Control Upgrades**
   
   **Bombardier Transportation (Holdings) USA, Inc.**
   
   **$3,288,041**

   Resolution approving Modification No. 1 to Contract 10504.77, Design-Build Services for AirTrain Systems Extension and Train Control Upgrades with Bombardier Transportation (Holdings) USA, Inc., in the amount of $3,288,041 for a new amount of $60,218,041 and extending the contract duration for an additional 470 consecutive calendar days for a new total contract duration of 1,623 consecutive calendar days.

   **Judi Mosqueda, Planning, Design and Construction** presented on the item to approve Modification No. 1 for the contract with Bombardier Transportation for the AirTrain Systems Extension and Train Control Upgrades. Approval will increase the contract amount by $3.3 million for a new contract amount not to exceed $60.2 million and extend the contract duration to 1,623 calendar days. Bombardier provides the design and construction of upgrades to existing AirTrain electronics and train controls systems and the power systems and door systems for the extension of the elevated guideway to Long-Term Parking Lot DD and new stations at Lot DD and the new Airport Hotel. Bombardier will also provide three new AirTrain vehicles. Mod. 1 would increase the contract amount and extend the contract duration. Additional time and extended management fees are...
necessary due to delayed access by Bombardier to the new AirTrain elevated guideway and Lot DD station being built by Skanska Constructors under Contract No. 10504.66. Skanska Constructors has been delayed by an FAA-requested Environmental Assessment and from unforeseen utility relocations. The contract budget has been increased from $62.6 million to $63.8 million to accommodate the revised timeline. The revised budget fits within the overall budget for the Ascent Program Phase 1. The current contract forecast is $63.8M and includes appropriate levels of contingencies. CMD has approved a 0% Local Business Enterprise (LBE) sub-consultant participation requirement for the design services component of this contract and a 15% LBE subcontracting participation requirement for the construction services component of this contract.

There were no questions from the Commissioners.

Item No. 5 was approved unanimously by a motion by Commissioner Crayton and a second by Commissioner Johns.

5. **Assignment of the Boarding Areas B and C Principal Concession Retail Lease No. 98-0228, International Terminal Newsstand Lease No. 17-0208, and International Terminal Newsstand Lease No. 17-0211 from Pacific Gateway Concessions, LLC to Stellar Partners, Inc.**


Cheryl Nashir, Director, Revenue Development and Management presented on the item to transfer ownership of three leases from Pacific Gateway Concessions, LLC (PGC) to Stellar Partners, Inc. These leases are: one lease in Terminal 1 which has two stores; one newsstand lease in International Terminal Boarding Area A; and one newsstand lease in International Terminal Boarding Area G. PGC has been at the Airport since 1999. They are a local company and at one point had a larger portion of the total non-duty free retail sales than any other company at the Airport. As the owners begin contemplating retirement, they are seeking to sell their leases. The resolution authorizes transfer ownership of three of PGC’s four leases to Stellar Partners, Inc. Stellar Partners is a Florida-based airport retailer who presently operates two stores at the Airport. Stellar Partners is a wholly-owned subsidiary of Host International, Inc. Host currently operates five leases at SFO and won a sixth lease for a restaurant that opens next year. Out of these 11 leases – three are PGC leases, two are Stellar leases, and six are Host leases. The Airport has a policy limiting the number of leases any individual or entity can have ownership in to not more than eight. Staff is not counting three of these leases toward the limit because one is not operating yet and two are beyond their original termination dates and operating on
short-term extensions which were necessary to provide service while the Airport phases base building construction. It is RDM’s interpretation of the Limit of 8-policy that non-revenue generating leases should not be included nor should short-term holdovers or extensions that were requested by the Airport. In addition, two of Stellar’s leases expire at the end of this year, and Host will thereafter have ownership in six or seven leases.

**Commissioner Johns** asked when the three leases that are not yet operational will go into effect.

**Ms. Nashir** clarified that there are three leases out of the 11 that Host would have ownership in if this was approved today that we are not counting towards the limit of eight because one of the leases does not start until March 2020, and the other two are on short-term extension because of the Airport’s request.

**Commissioner Guggenhime** thanked PGC for its work as a local operator for 20 years. He further stated that he is adamant about the maximum number lease rule and that it may be too high but in this case there is legal explanation as to why the rule doesn’t qualify.

**Rose Balderian**, SF resident and local business owner of BM Works, said she was fortunate to have her company be an ACDBE partner with PGC in 2017. She also thanked the Commission for the opportunity to grow her small business. She is excited for the partnership with Stellar Partners and the opportunity to bring a great shopping experience to SFO.

**Yasmin Sheriff**, Vice President of Business Development with Stellar Partners, thanked the Commission and the Airport. Stellar Partners has been around for about 30 years and started off as an ACDBE and women-owned business. She thanks PCG and looks forward to partnering with the other small businesses.

**Frank DeLaCruz**, a co-founder of PGC, expressed his gratitude for approving the transfer. They started an ACDBE, the company has seen a lot of fun and growth at San Francisco.

**Ebon Glenn**, owner of Aimhigh, ESG, said his company is an ACDBE certified business that is also family-owned. He has known the owners of PCG since they started at SFO. He thanked PGC for the opportunity to partner and SFO for approving the concessions in the International Terminal and he supports the acquisition because working with Stellar Partners is going to do a lot for his small business to be more visible and to grow.

There were no further questions from the Commissioners.
CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS

The Consent Calendar, Item Nos. 6 through 10, was approved unanimously upon a motion by Commissioner Johns and a second by Commissioner Yeung.

6. **Authorization to Accept and Expend (1) $900,000 of Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project Funds and (2) $180,000 of Voucher Enhancement for Electric Vehicle Supply Equipment Funds, for the Electric Shuttle Buses and Electric Vehicle Chargers Installation Project**

   Resolution authorizing acceptance and expenditure of up to
   No. 19-0102. $900,000 of hybrid and zero-emission truck and bus voucher incentive project funds and
   No. 19-0103. $180,000 of voucher enhancement for electric vehicle supply equipment funds, for the electric shuttle buses and electric vehicle chargers installation project.

7. **Authorization to Accept and Expend California Green Business Network Grant Funds in the Amount of $10,000 to Support the Airport’s Green Business Certification Program**

   No. 19-0104. Resolution authorizing acceptance and expenditure of grant funds from the California Green Business Network in the amount of $10,000 for the Airport’s Green Business Certification Program.

8. **Award of Professional Services Contract No. 50097.09**

   **Economic Development Research Group, Inc.**

   **$685,800**

   No. 19-0105. Resolution awarding Professional Services Contract No. 50097.09 to Economic Development Research Group, Inc. to provide economic impact, wage, and other economic indicator studies and analyses, in an amount not to exceed $685,800 for a term of three years with one 2-year option to extend.

9. **Approval of Modification No. 6 (Annual Renewal) to Professional Services Contract No. 8768.41, Project Management Support Services for the Airport Hotel Program**

   **PGH Wong-MCK JV**

   No. 19-0106. Resolution approving Modification No. 6 (Annual Renewal) to Professional Services Contract No. 8768.41, Project Management Support Services for the Airport Hotel Program, with PGH Wong-MCK JV, with no increase to the contract amount for services through June 10, 2020.
H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to two (2) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Barry Taranto, a taxi driver, thanked Cheryl Nashir for reaching out to him regarding the food truck in the taxi lot. He stated that the company has put up signs, which Cheryl didn’t know about, that the hours were 7 am – 6 pm with no food available in the evening hours. They have determined their own hours under the new contract which doesn’t work. There are also no fruit or salads. They are breaking the contract. Ms. Nashir has agreed to visit and verify his claim. He stated the taxi drivers just need vending machines. The Commission has also said they should be there to 7 or 7:30 pm. He also addressed the new program for purchased medallions and said he has used all three classifications of medallions. He claimed there aren’t enough drivers of one classification at night, and the City needs to rethink the policy to keep the process flowing a lot more smoothly.

Deanna Sison Foster, co-owner of Farmerbrown and Little Skillet, stated Farmerbrown has been open in Terminal 1 since August of 2018. They started Farmer Brown in 2006, which was anchored for 13 years in the Tenderloin District. Since then they have started several other small businesses in San Francisco, all family run and community focused. Sadly, Farmerbrown’s Tenderloin location closed at the same time as the airport location opened. As conveyed in a letter provided to the Commission, the business has felt the sting of rising construction costs as well as other challenges. They are asking for help and are offering a fair proposal. The lease was granted in 2018 for a term of seven years, which was unusually short due to demolition of Terminal 1. The demolition schedule has been pushed out to a much later undetermined date, and Farmerbrown is asking to extend the lease to the 10-year term granted to nearly every other restaurant at the Airport. This extra time will help them in recouping their initial investment with construction costs going up almost 80% since Farmerbrown opened its doors. They are asking for assistance to secure their future at SFO, to keep representing their brand, and preserve what they have worked so hard to build and maintain.
Jay Foster, co-owner of Farmerbrown, started doing business in San Francisco in 2001. He feels lucky to be at SFO, and for it to continue for a few more years as business people would be everything. 13 years later, he’s still trying to do business in San Francisco; they are motivated by their family and their bills. SFO has been a rare chance and opportunity to represent.

Vice President Crayton asked when the current lease expires, which Mrs. Foster responded with 2025.

Vice President Crayton then asked if the economics had changed so dramatically. Mrs. Foster responded that the cost of construction at SFO has been enormous as well as other challenges, and their initial capital investment has since increased.

President Mazzola thanked the speakers and announced that the Special Advisory Committee for the Ed Lee nomination will be holding a meeting on Monday, May 13, 2019 starting at 9:00 am in City Hall Room 416.

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

J. CLOSED SESSION:
There was no Closed Session of the Commission.

K. ADJOURNMENT:
There being no further calendared business before the Commission, the meeting adjourned at 9:56A.M.

(Original signed by: C. Corina Monzón)
C. Corina Monzón
Airport Commission Secretary
April 16, 2019

President Larry Mazzola
Vice President Linda S. Crayton
Members, Airport Commission
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128-8097
By Email: AirportCommissionSecretary@flysfo.com

RE: Continuing the Success of Farmerbrown at SFO

Dear Commissioners:

We are writing to share some good news, offer updates that may be of interest, and ask for your help in a matter that we hope you will consider.

First, we thank you for your leadership on the Commission. Your voices are vital to preserving local, minority, and women-owned restaurants like ours. This diversity has been at the core of everything we do, practice, and believe in, and we are grateful to have had the opportunity to bring that diversity to the Farmerbrown/Little Skillet space at SFO. Hopefully, you have had the chance to try our food!

This endeavor has been a big step for us. As equity partners, we have been learning and growing a lot. We are ecstatic to have been nominated for several airport food industry awards and expect more good news to report soon. We are tremendously grateful to have been guided by our partner, High Flying Foods, who have been nothing short of amazing - always encouraging and enthusiastic supporters of our brand.

As you may know, we have also been growing in other parts of the city as well, but face challenges everywhere. These are the challenges that led us to having to close our Farmerbrown Tenderloin outpost – the one that inspired the airport location – after 13 years of operation.

We all know that restaurants are difficult to operate in cities such as San Francisco, but the airport environment has presented a whole new set of challenges to surmount: even higher labor costs, greater worker shortages, new sustainability initiatives, increased competition, and escalating construction costs – just last week reported as the highest in the nation, as well as the uncertainties around future capital plans.

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SOUL, AFTER ALL, IS A WAY OF LIFE,
NOT JUST BISCUITS AND GRAY.
It is on this last item that we are seeking your help. When responding to the RFP for Farmerbrown, along with our partners, we proposed $650 per square foot in improvements ($2.2 million total). However, that final investment is already at $1,041 per square foot ($3.6 million), 64% higher, after unanticipated costs! This increase in capital investment must somehow be recouped, in the face of other costs and mandates that continue to increase.

A potential solution is to adjust the lease term and we believe this to be a fair and reasonable request. Our initial lease term is seven years, which was based on the projection that SFO would be tearing down Boarding Area C in that time frame. We now know this teardown has been pushed back as existing SFO capital projects are moving more slowly than originally planned. We have been made aware that restaurants, such as, Bourbon Pub and Drake’s Flyway (Terminal 1), Boudin and Tartine (International Terminal A), Valencia Street, Gott’s Roadside, Napa Farms, Mustards Grill, Samovar, 1300 on Fillmore and Tomokazu (International Terminal) all have been granted leases with initial terms of ten years with optional two-year extensions at the airport’s discretion. Our request would be to simply match these terms: ten years with optional two-year extensions at the airport’s discretion.

This additional term will greatly help to offset the increased capital investment, ease the pressure to reduce the rising operating costs, and allow us to re-capture the increased expense, and make this project financially viable again.

We know such matters are never easy and that you must balance the interests of all airport tenants. We therefore thank you in advance for any consideration. We would be happy to meet to discuss this further and hope that we can reach resolution in the near future.

Respectfully,

Deanna Sison Foster  
Partner  
Farmerbrown at SFO  
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415-596-4014

Jay Foster  
Chef/Owner  
Farmerbrown at SFO  
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San Francisco Chronicle

San Francisco soul food restaurant Farmerbrown closes in the Tenderloin after 13 years

Justin Phillips Nov. 27, 2018 Updated: Nov. 27, 2018 4:11 p.m.

Farmerbrown, the city's most celebrated black-owned restaurant, closed Sunday after 13 years in San Francisco's Tenderloin. Sister restaurants Little Skillet and Isla Vida will remain open, as will a newly opened San Francisco International Airport outpost of Farmerbrown.

The reasons behind the closure are all too familiar. Farmerbrown, with more than 70 seats, had become unwieldy, chef-owner Jay Foster said. Restaurateurs are increasingly favoring smaller spaces friendly to counter service, which keep rent and labor costs lower.

Toss in higher operating costs, upticks in rent, worker shortages and the like, and Foster said the decision, which he's been mulling over the past few years, made itself.

"I'm overwhelmed with loss, and devastated at the terrible ending to 13 years," Foster said. "It's been the most incredible journey to be a part of Farmerbrown."

Diavana Bailey enjoys her lunch at Farmer Brown, one of the last remaining black owned restaurants in San Francisco, on Friday, August 31, 2018 in San Francisco, Calif.

Photo: Amy Osborne / Special to The Chronicle

Farmerbrown opened in 2006 as a passion project of Foster, a young black chef in a city devoid of them. Its closure raises a simple question: Is San Francisco a city for soul food?

Soul food as an idea isn't tied to culinary technique. It's an emotion, one poured through brown hands into recipes rarely confined by exact measurements and timing. Chefs operating soul food kitchens, like Foster, talk about the work as though it's a spiritual exercise. The food is edible improvised jazz, or blues consumable with a knife and fork.
But the San Francisco restaurant world is unforgiving. Farmerbrown and soul food businesses like it have had to adapt to survive.

“Sadly, we were busy as we ever were, but operations and labor for large formats are increasingly challenging in San Francisco,” Foster said.

While the Tenderloin restaurant is closing its doors, Farmerbrown lives on at SFO in a 90-seat space. Next door is a Little Skillet, an outlet of Foster’s South of Market restaurant. The airport operations are a joint venture with High Flying Foods, the concessionaire that also operates Gott’s Roadside and Peet’s Coffee at the airport.

Foster, along with business partners Matthew Washington and Erin Traylor, also recently opened Isla Vida, an Afro-Caribbean restaurant in the Fillmore. The business, smaller than the Farmerbrown flagship, provides counter service and will eventually deliver meals as well.

In many ways, Foster’s circumstances mirror those of chef Tanya Holland in the East Bay. The soul food maven of Oakland closed her flagship Brown Sugar Kitchen restaurant on Mandela Parkway this year.

She plans to open counter-service versions of the business called Brown Sugar Kitchen Counter in Uptown Oakland, San Francisco’s Ferry Building and Oakland International Airport.

Both chefs have described similar conundrums when it comes to running soul food restaurants in the Bay Area. Part of it has to do with establishing what diners are willing to pay for fried chicken, waffles or catfish. Then there’s the issue of being able to draw destination diners from outside the neighborhood.

Foster still hopes a soul food restaurant like Farmerbrown can find its place in San Francisco. It just takes the right opportunity and location, he said.

“SFO Farmerbrown is now where the legacy has to live on, unless we find another place to be an angel to take us there,” Foster said.

There’s no word yet on what will become of the Farmerbrown space at Mason and Turk streets, which is owned by American Pacific International Capital.

Justin Phillips is a San Francisco Chronicle staff writer.
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