SAN FRANCISCO
AIRPORT COMMISSION

MINUTES

Tuesday, May 19, 2020

9:00 A.M.

Meeting held by teleconference pursuant to the Governor’s Executive Order N-29-20 and the Twelfth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency

LONDON N. BREED, MAYOR

COMMISSIONERS
LARRY MAZZOLA
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
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Minutes of the Airport Commission Meeting of
Tuesday, May 19, 2020

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 A.M. via teleconference.

B. ROLL CALL:
Present: Hon. Larry Mazzola, President
Hon. Eleanor Johns, Vice President
Hon. Richard J. Guggenhime
Hon. Malcolm Yeung

C. ADOPTION OF MINUTES:
The minutes of the special meeting of May 8, 2020 were adopted unanimously upon a motion by Commissioner Johns and a second by Commissioner Guggenhime.

No. 20-0079. Special meeting of May 8, 2020.

There was no public comment.

D. DIRECTOR’S REPORT (Discussion Only):

Airport Director Ivar Satero gave an update on the following:

Novel Coronavirus (COVID-19) Update: There are currently 36 confirmed cases of all employees at SFO who have received positive COVID-19 results. There continues to be only one Airport Commission employee who has tested positive. SFO has seen a slight uptick in travel. In the past week and a half, there have been around 4,000 outbound passengers. Prior to that, there were around 1,800 to 2,000. Load factors have increased from 15% to 25-30%. Looking at international flights in the next three months, Staff are seeing an increase in activity. Philippine Airlines, Air Canada, ANA, and Lufthansa have all announced resumption of service pending the lifting of government restrictions. Because of the increase, there has been increased queues at checkpoints necessitating more aggressive messaging and outreach. Staff have published a “What to Expect” guide for travelers, placed more identifiable signage for physical separation, and continue to hand out masks to arriving and departing passengers. Staff have handed out around 300 masks a day, half of which have gone to Airport employees. There is also a focus on social distancing in the baggage claim areas. Airline coordination continues to be challenging without consistent guidelines for mask enforcement and social distancing on aircraft. SFO has been advocating for consistency with other airports through the California Airports Council, which sent a letter to Airlines for America (A4A). Developing consistent guidelines returns confidence to the traveling public that their journey will be safe, which is the priority.
Regarding the Airport’s financial recovery plan, the Finance team is projecting a $364 million shortfall through Fiscal Year 2021 with a conservative estimate of recovery by 2022-2023. The $254 million CARES grant funding will apply to the shortfall. The rest will be covered through identified contract reductions from projects that have deferred refinancing and potentially from reserves. Staff will be aggressive in maintaining reserves while balancing the need to support airlines and concessionaires. Airline costs are anticipated to increase at SFO, but it will be in line with other airports in order for SFO to remain competitive.

Skytrax Passengers’ Choice Awards: In the “Best Airport (50-60M Passengers)” category, SFO came in third globally behind Toronto and Barcelona. Additionally, the Grand Hyatt at SFO ranked first in the country in the category of “World’s Best Airport Hotels.”

Vice President Johns asked if each item on today’s calendar has been looked at carefully considering the budget shortfalls. Director Satero responded that most of the items are construction projects related to the Capital Plan. The Airport has a billion dollar bond program with favorable rates, which Staff have been challenged to make last for 18 months. Within that time, the markets will hopefully recover, and Staff can then decide to continue with the current Ascent program or scale back. The original expected spend was 11 months. Every decision is made in reference to the financial planning done in response to the crisis.

Commissioner Yeung noted that a handful of airports are having conversations about safety standards and asked if SFO has a role in discussing uniform standards for airports. Director Satero responded that SFO is deeply involved. Jon Ballesteros is Co-Chair of the Airports Council International (ACI) Recovery Task Force, and ACI has been the lead organization for the industry in working through the crisis. Many of SFO’s documents have been shared with other airports. SFO is also involved globally through the Benchmarking Group, which consists of the CEOs of 10 airports and was created two years ago to share best practices. The airports include Toronto, Hong Kong, Heathrow, LAX, and Auckland. The Group is working together on shared practices that assure end-to-end safety in the travel experience. This will include engaging with airline partners.

There were no further questions from the Commissioners and no public comment.

E. ITEMS INITIATED BY COMMISSIONERS (Discussion Only):
There were no items initiated by Commissioners.

F. ACTION ITEMS RELATED TO ADMINISTRATION, OPERATIONS & MAINTENANCE
Item No. 1 was approved unanimously by a motion by Commissioner Johns and a second by Commissioner Yeung.

1. Approval of Phase C6 to Contract No. 10072.66, Design-Build Services for the Courtyard 3 Connector Project
   Hensel Phelps Construction Company
   $33,610,560
No. 20-0080. Resolution approving Phase C6 to Contract No. 10072.66, Design-Build Services for the Courtyard 3 Connector Project, with Hensel Phelps Construction Company, to increase the Contract amount by $33,610,560 for a new Contract amount not to exceed $185,335,663, and a corresponding increase in the contingency amount.

Claudia Luquín, Terminal 3 and International Terminal Program Manager presented on the item for approval of Phase C6 for the contract with Hensel Phelps Construction Company. This approval will increase the contract amount by $33.6 million for a new contract amount of $185.3 million with no change to the contract duration. The Courtyard 3 Connector Project will build a new pre-security and post-security connector between Terminal 2 and Terminal 3, as well as an adjacent six-level office building. This Phase C6 approval will increase the contract amount to include additional design and construction services and add Trade Package Set Numbers 9 and 10 into the Contract. Trade Package Set Numbers 9 and 10 include exterior skin, site logistics and roofing work. The Contract forecast, including contingency, is $266.3 million which is in alignment with the Contract budget of $266.3 million. The project is planned to be substantially complete on December 29, 2021. The LBE goals for this contract are 15% for design services and 20% for construction services. Hensel Phelps is committed to meeting these goals.

There were no questions from the Commissioners and no public comment.

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

2. **Determination to Proceed with the 12kV Cable Replacement and Upgrade Project and Authorization to Advertise for Bids for Contract No. 8607.61, Construction Services**

No. 20-0081. Resolution determining to proceed with the 12kV Cable Replacement and Upgrade Project and authorizing the Director to advertise for bids for Contract No. 8607.61, Construction Services for the 12kV Cable Replacement and Upgrade Project.

Judi Mosqueda, Director of Project Management presented on the item for the determination to proceed; approval of the scope, schedule and budget; and authorization for a call for bids for Construction Services for the 12kV Cable Replacement Project. The 12kV medium voltage cables provide underground electric power distribution throughout the Airport. The 12kV Cables within the West Field area are over 20 years old and are now showing reduced reliability due to deterioration and years of use. These cables have reached the end of their useful life. This project will replace the 12kV cables with new cables and equipment which will increase the capacity of the electrical system in the West Field Area to meet both current and future demands. The engineers’ estimate for this project is between $10 million and $12.5 million with an estimated contract duration of 600 calendar days. The San Francisco
Planning Department’s Environmental Planning Division has determined that this Project is categorically exempt from the California Environmental Quality Act as a Class 1 exception. The City’s Contract Monitoring Division has approved a Local Business Enterprise subcontracting requirement of 20% for this contract.

President Mazzola asked about the $2 million spread on the estimate. Ms. Mosqueda responded that the Airport works with private consultants to develop the estimates for its project, and they provide a target range. This has worked better than providing a specific dollar amount, and Staff have done a great job of accurately predicting the range where the project will come in.

There were no further questions from the Commissioners and no public comment.

Item No. 3 was approved unanimously by a motion by Commissioner Guggenhime and a second by Commissioner Johns.

3. **Determination to Proceed with the Underground Utilities Improvement Industrial Waste System Phase II Project and Authorization to Advertise for Bids for Contract No. 8589B.61, Construction Services**

No. 20-0082. Resolution determining to proceed with the Underground Utilities Improvement Industrial Waste System Phase II Project and authorizing the Director to advertise for bids for Contract No. 8589B.61, Construction Services for the Underground Utilities Improvement Industrial Waste System Phase II Project.

Judi Mosqueda, Director of Project Management presented on the item to proceed; approval of the scope, budget and schedule; and authorization for a call for bids for Construction Services for the Underground Utilities Improvement Industrial Waste System Phase II Project. The Industrial Waste Treatment System treats water that can contain contaminants such as metals, lubricants, and other chemicals which cannot be mixed with the sanitary sewer system. This system consists of a series of pipes and pump stations that deliver the industrial water from various parts of the Airport to the Industrial Waste Treatment Plant where it is treated prior to disposing of the water. The industrial waste pipes and pumps that are located near the west end of the 28 Runways and in the North Field area, where the treatment plant is, have all reached the end of their useful life. The pipes are severely corroded, and the existing pumps are unreliable. This project will replace the Industrial Waste Pipe System and install new pumps to return the system to a safe, reliable condition that will serve the Airport into the future. The engineers’ estimate for this project is between $7.5 million and $8.25 million with an estimated contract schedule of 410 consecutive calendar days. The San Francisco Planning Department’s Environmental Planning Division has determined that this project is categorically exempt from the California Environmental Quality Act as a Class 2 exception. The City’s Contract Monitoring Division has approved a Local Business Enterprise subcontracting participation requirement of 20% for this contract.
Vice President Johns asked if the project will assist in instances like the two previous issues with the wastewater system. Ms. Mosqueda confirmed. Vice President Johns asked about plans to maintain current operations during construction. Ms. Mosqueda said she will follow up with more information. Vice President Johns noted that the project is replacing, not repairing, pumps, and she would like to know what plans have been made to ensure the system runs properly while construction is going on.

There were no further questions from the Commissioners and no public comment.

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

4. Authorization to Issue a Request for Qualifications/Request for Proposals for Contract No. 11442.66, Design-Build Services for the Airport Security Infrastructure Program Phase 2 – CCTV Improvements Project

No. 20-0083. Resolution authorizing the Director to issue a Request for Qualifications/Request for Proposals for Contract No. 11442.66, Design-Build Services for the Airport Security Infrastructure Program Phase 2 – CCTV Improvements Project.

Judi Mosqueda, Director of Project Management presented on the item to issue an RFP for Design-Build Services for the Airport Security Infrastructure Program Phase 2 (“ASIP Phase 2”). ASIP Phase 2 allows for the replacement of existing Closed-Circuit Television (CCTV) cameras at terminals, AirTrain stations and support facilities around the Airport. This project will extend the Secure Local Area Network (SLAN) and will replace existing analog pan-tilt-zoom cameras with Internet Protocol-based cameras. The design-build project delivery method has been determined to be the best choice for this project as it allows for a collaborative design process and engages contractors early in the process to help with investigations to reduce field conflicts. The RFP will contain minimum qualification requirements appropriate for the size and complexity of this project. A selection panel will evaluate and score the written proposals and establish a ranking with the top four proposers being invited to oral interviews. Staff will return to the Commission with a recommendation to award the Contract to the highest ranked proposer offering the best value to the Airport. The budget for this Contract, including contingency, is $14.5 million. With Commission approval, the Director will advertise the Contract around the end of this month. The LBE goals for this contract are 10% for design services and 15% for construction services.

There were no questions from the Commissioners and no public comment.

Item No. 5 was approved unanimously by a motion by Commissioner Johns and a second by Commissioner Guggenhime.
5. **Award of Professional Services Contract No. 50237.01, Investment Advisory Services**  
**PFM Asset Management LLC**  
**$4,000,000**

No. 20-0084. Resolution awarding Professional Services Contract No. 50237.01, Investment Advisory Services, to PFM Asset Management LLC for an amount not to exceed $4,000,000 for a term of five years, with one 2-year option to extend.

Kevin Kone, Managing Director of Finance presented on the item to award Professional Services Contract No. 50237.01 to PFM Asset Management LLC (PFMAM) to provide investment advisory services. Each year, the Airport deposits approximately $42 million of debt service payments held with a trustee bank to repay bondholders in May and November of each year. In between the May and November payments to bondholders, the Commission can invest these funds held with the trustee to earn interest that can be remitted back to the Airport for capital-related purposes. The investment advisor will provide the Commission with advice and portfolio management services to maximize the rate of return, minimize the risk of loss, minimize investment volatility, and maximize liquidity in keeping with the Commission's Investment Policy. On January 22, 2020, the Airport received proposals for investment advisory services from PFMAM and Chandler Asset Management, Inc. PFMAM was the highest-ranked proposer. The City's Contract Monitoring Division determined that there are no LBE subcontracting opportunities for this contract. Staff has successfully negotiated an agreement with PFMAM. The term of the contract will be five years with one 2-year option to extend, exercisable at the sole discretion of the Commission.

Vice President Johns asked about the low number of proposers. Mr. Kone responded that it is a very narrow market. Staff conducted outreach to all investment firms in the nation. The two that responded are reputable firms. Firms typically specialize in different areas like airports or small cities, and both firms have experience with airport investment of funds. Commissioner Guggenhime noted that there is a fee decrease of 0.01. Mr. Kone confirmed that the fees are nominal compared to the interest earnings the Airport would be receiving if it didn’t have an investment advisor. The funds would be sitting in overnight trading account money market funds and would be earning next to nothing. Investing in government securities according to SFO’s investment policy more than increases the investment earnings over these fees. Commissioner Guggenhime commented the fees are a lot less than those typically charged.

There were no further questions from the Commissioners and no public comment.

G. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS**  
The Consent Calendar, Item Nos. 6 through 8, was approved unanimously upon a motion by Commissioner Johns and a second by Commissioner Guggenhime.
6. **Award of Contract No. 11430.61, Construction Services for the Boarding Area ‘G’ Apron Improvements Project**  
Minerva Construction, Inc.  
$1,083,000

No. 20-0085. Resolution awarding Contract No. 11430.61, Construction Services for the Boarding Area ‘G’ Apron Improvements Project, to Minerva Construction, Inc., in the amount of $1,083,000 with a Contract duration of 100 consecutive calendar days, and with a corresponding amount in contingency authorization.

7. **Approval of Modification No. 7 to Professional Services Contract No. 8768.41, Project Management Support Services for the Airport Hotel Program**  
PGH Wong-MCK JV

No. 20-0086. Resolution approving Modification No. 7 to Professional Services Contract No. 8768.41, Project Management Support Services for the Airport Hotel Program, with PGH Wong-MCK JV, a joint venture between PGH Wong Engineering, Inc. and MCK Americas, Inc., to extend the Contract for services through December 31, 2020 with no change to the Contract amount.

8. **Approval of Modification No. 1 to Grant Agreement**  
United Service Organizations, Inc.  
$55,000

No. 20-0087. Resolution approving Modification No. 1 to Grant Agreement with the United Service Organizations, Inc., to extend the term by one year and increase the Grant amount by $55,000, for a new total not-to-exceed Grant amount of $220,000.

There were no questions from the Commissioners and no public comment.

H. **NEW BUSINESS:**
There was no Public Comment.

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

J. **CLOSED SESSION:**
There are no planned agenda items for a Closed Session for the current meeting.
K. **ADJOURNMENT:**

There being no further calendared business before the Commission, the meeting adjourned at 9:45 A.M.

(Original signed by: C. Corina Monzón)
C. Corina Monzón
Airport Commission Secretary