

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 18, 2008

9:00 A.M.

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

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
March 18, 2008

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AIRPORT COMMISSION MEETING MINUTES

March 18, 2008

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.

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B. ROLL CALL:

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

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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 4, 2008 were adopted unanimously.

No. 08-0051

* * *

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. 2007 William O'Brien Employee of the Year Award

No. 08-0052 Resolution commending Ben Kutnick on his outstanding level of dedicated and professional service to the Airport.

Mr. John L. Martin, Airport Director said that Ben Kutnick is the winner of the 2007 William O'Brien Employee of the Year Award, recognizing him for his outstanding dedication and service to the Airport. Ben has served as Finance Director since 2003 and has been employed with the City since 1976. Previously he served as CFO for the Port for many years as well. Ben has done an outstanding job for the Airport in strengthening the Finance team, strengthening the procedures and developing new systems. He has done a tremendous job and has earned a great respect of his employees and fellow managers at the Airport. We thank Ben for his outstanding work in recognizing him with this award.

Commissioner Mazzola congratulated Mr. Kutnick.

Mr. Kutnick said that he wanted to thank the Commission. It is a really a great honor to receive this award and not something that he was expecting. Mr. Kutnick thanked his staff saying that if it weren't for them he wouldn't be here today. It speaks to the incredible work they do. They can make almost anybody look good. It is particularly satisfying that he was nominated by his staff. He didn't realize what creative writers they were in this nomination. It is a great group of people to work with and the Airport should be very proud of them.

Mr. Kutnick thanked Mr. Martin and Mr. Fermin for their support these past years explaining that he could not have been effective in this job without it. He thanked the rest of the staff, from Deputies to secretaries, who have made it a pleasure to work at the Airport. They were extremely helpful in getting things done.

Mr. Kutnick also recognized the other nominees .. they are wonderfully qualified people and any one of them could have won this award and nobody would have thought any differently.

Mr. Kutnick again offered his thanks and said that this is been a pretty special award and a pretty special day for him.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

2. 2007 Airport Commission Team Recognition Service Award

No. 08-0053 Resolution commending the "New Airport Service Project Team" on their outstanding level of dedicated and professional service to the Airport.

Mr. Martin asked the members of the team to step forward. There are quite a few members on this team, although not all of them are present. The members of the International Aviation Development Marketing and Community Affairs Division are: Mela Armstrong, Matilda Fernandes, Stephanie Griffiths, Christina Ho, Jeff Hoglind, Sara Magoffin, Mike McCarron, Greg Moix, Joyce Satow, Chap Solomon and Jane Sullivan. From Aviation Management: Diane Artz, Dorothy Bong-Shao, Diana Chow, Joe Codina, Gary Franzella, Dan Ravina, Teresa Rivor, Dorothy Schimke and Martin Slater. From the Operations Management and Common Use Terminal Systems Section: Gerry Alley, Lew Chee, Dennis Neves and Henry Thompson.

This group played the key role in our great success in 2007 in attracting new carriers. In 2007 we had JetBlue, Virgin America and Southwest all start service with 47 new flights a day. In addition on the International side Aer Lingus started new service. From all of the new airlines that have started service he has heard from them that they have never seen such support and service from our staff as they have experienced at our Airport. He is very proud of the job they have done. As a bottom line number, in the month of January we had 13% year over year

growth in passenger traffic. He believes it may be the highest in the country and it is this team that really contributed to that success. He thanked them for their work.

Mr. Mike McCarron, Community Affairs said it was a great team to work with.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Commendation for Samuel Craig for 30 Years of Service with the San Francisco Police Department

No. 08-0054 Resolution commending Samuel Craig for 30 years of service with the San Francisco Police Department.

Mr. Martin said that Deputy Chief Craig started with the Police Department in the City in 1978. He has 30 years total service to the City and to the Airport. Sam moved to the Airport as a Lieutenant in 1995, joining the Airport Bureau. It is relatively rare for someone to move from the SFPD to the Airport Bureau at that time. He became a great asset to the Airport immediately, particularly with the merger with the SFPD.

Sam, as a Lieutenant, played a key role in the successful merger of the two departments. He was promoted to Commander on June 14, 2004 and then to Deputy Chief in charge of the Airport Bureau on February 10, 2007. He has 13 years of service at SFO. He has been a tremendous leader and team player in helping to promote team work among all of the different Federal agencies, the business entities, and the airlines and working closely with Airport Staff. He had a cooperative approach which was successful in strengthening both the security function overall as well as law enforcement at the Airport. We will miss Sam and thank him for his outstanding contributions to the Airport and the City.

Commissioner Mazzola congratulated Mr. Craig.

Commissioner Crayton said that she has witnessed his teamwork, dedication and diligence. She has met him on many occasions and witnessed him at the Airport and other city departments with his fellow officers and made her very proud. She knows he will be missed in the Airport community because of his care for the passengers and for what he has done at the Airport.

She said that he was her neighbor and she was safe as long as he was there. As soon as she moved out she was robbed at gun point. They have had a wonderful association over the years and she is excited to have met him and been a part of his time at SFO. Team work, team player ... those are the kind of words that really embody people that help to make a difference and make the Airport a better place, so I thank God for him.

Mr. Samuel Craig thanked the Director for the opportunity and the support he and his staff have given him over the past 13 years. It was a challenging experience

coming from downtown, but it was also a learning experience. It is a very professional organization and he enjoyed himself very, very much. He is not leaving the City he is just moving onto a new career of traveling and enjoying time with his grandkids. He does miss the Airport and he purposely stayed away so he wouldn't come out of retirement again. He is sure that there are those who will figure out some way for him to continue to work and he looks forward to doing something with the Airport in the near future. Thank you very much.

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E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 4 and No. 5 were called together and were moved by Commissioner Johns and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

4. Award of Contract No. 8752 - Escalator and Electric Walk Repair and On-Call Service Contract - ThyssenKrupp Elevator - \$14,000,000

No. 08-0055 Resolution awarding Contract No. 8752, Escalator and Electric Walk Repair and On-Call Service Contract to the lowest responsive, responsible bidder, ThyssenKrupp Elevator, in the amount of \$14,000,000.

5. Award of Contract No. 8760 - Elevator Repair and On-Call Service Contract ThyssenKrupp Elevator - \$8,000,000

No. 08-0056 Resolution awarding Contract No. 8760, Elevator Repair and On-Call Service Contract to the lowest responsive, responsible bidder, ThyssenKrupp Elevator, in the amount of \$8,000,000.

Mr. Ernie Eavis, Deputy Director, Facilities said that these two items appeared before the Commission at its February 19th meeting. At that time a representative from Kone addressed the Commission saying that they misinterpreted the insurance requirements and if we were to re-bid the contract they would submit a lower bid. As the Commission's direction to take a look at this, staff did the following: the City Attorney's office reviewed the contract language in light of Kone's representations; we asked Kone to explain more fully why they believed the insurance costs would be less; we asked the apparent low bidder, Thyssen, if its insurance rates could be effected by the relevant contract language regarding the work; and we consulted the City's Director of Risk Management regarding whether insurance rates are effected by the contract language which stated that

the work was to be done under the direction of Airport Maintenance staff.

The main focus of what we found out was that the insurance rates would only be effected if we tell the contractor how to do the work, it is not effected by telling them what work to do. Both the City's Risk Manager and our Legal Department agreed that it makes very little difference if we tell them which elevators to work on. If we told them to change certain parts, or recondition a part rather than replace it, then it would have an effect on the insurance rates, but we aren't doing that. Since we are just telling them what things to work on that day, the Risk Manager and City Attorney said it wouldn't make any difference.

Kone was sent a letter on February 27th requesting that they explain and elaborate on what they meant when they said they would lower their rates, but they never responded. Thyssen responded to that same request by saying that they carry their insurance on a regional basis and bidding on one job or another doesn't change their insurance. They carry insurance for their company so if they were to re-bid they wouldn't be changing their insurance requirements for this job.

Commissioner John thought it was telling that Kone didn't respond, however, she thought that when the gentleman came forth at the last meeting that there was some question. The only suggestion she had is that the word "directed" as it is used in future RFPs, etc., that we be more careful about that language.

Mr. Eavis responded that we will do that.

Mr. Donovan McKeever, Branch Manager for ThyssenKrupp Elevator said that at the last Commission meeting the gentleman from Kone spoke and, although he wasn't present at that meeting, he believed that the gentleman from Kone misled you as to our intentions on these contracts. ThyssenKrupp is the apparent low bidder according to the City's process and specifications. The process for this bid began with a mandatory pre-bid meeting which Kone did not attend. The meeting was subsequently changed to non-mandatory allowing Kone to bid. After the bids became public Kone protested our bids on the merits of a single page document we submitted entitled Proposed Clarifications. In a letter to us dated January 15th the City stated that clarifications proposed by bidders that changed terms and conditions cannot be integrated into the contract. In that same letter the Airport requested that we either accept the terms and conditions outlined in the bid documents in their entirety or withdraw the Proposed Clarifications. ThyssenKrupp withdrew the Proposed Clarification page on January 18th therefore accepting all terms and conditions outlined in the bid documents. In confirming their intentions that they are in agreement to all of those, Kone's protest was then overruled and ThyssenKrupp was and is the qualified low bidder for these contracts.

The process for these bids has been fair and while Kone would like the Commission to believe that it is in the City's best interest to re-bid these contracts, he disagreed. The time and effort it took to arrive at this point for both the City and the companies involved is substantial and he therefore urged the Commission to award these contracts to Thyssen.

Ms. Rosalind Stewart, ThyssenKrupp, declined to speak.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

6. Authorization to Negotiate a Contract with DAJA International, LLC for Staffing and Managing the Airport's Curbside Management Program

No. 08-0057 Resolution authorizing Airport staff to negotiate a contract with DAJA International, LLC for staffing and management of the Airport's Curbside Management Program for one year commencing July 1, 2008, with a one-year renewal option and a subsequent half-year renewal option exercisable at the sole discretion of the Commission.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that this Item requests Commission authorization for Airport staff to negotiate a contract with DAJA International, LLC to staff and manage the Airport's ground transportation Curbside Management Program. This is the second step of a three step process to award a new Curbside Management Contract.

In September of last year this Commission approved the issuance of a request for proposal for qualified bidders to assume the Curbside Management Contract effective July 1, 2008. Two firms submitted bids ... DAJA International, LLC, and Five Star Parking / Pacific Park Management Joint Venture. Both proposals met the minimum qualifications and were determined to be responsive to the RFP. A three person panel evaluated the written proposals based on the criteria as detailed in the RFP. The same panel later conducted interviews of the two proposers. Each panel member independently scored the written proposal as well as the interviews according to the criteria listed in the RFP. The cost proposals were scored separately by the Airport's Finance Department based upon a mathematical formula prescribed in the RFP. The resulting numerical score was added to the sub scores of the written proposal in the company interviews.

A total score comprised of components of the written submittal, the cost proposal and the oral interviews resulted in one company, DAJA International, LLC scoring 44 points or 3.9% higher than the Five Star/Pacific Park Management Joint Venture proposal. Both companies were notified in writing on February 4 that DAJA International, LLC received the higher of the two scores. Five Star/Pacific Park Management then wrote a letter of inquiry dated February 11th that questioned the panel's scoring. The substance of the issues raised in the Five Star/Pacific Park Management letter included three issues. A question was asked how DAJA could have scored higher than Five Star PPM in the financial qualification scores; a second question asked how, with a lower cost proposal submitted by Five Star PPM, their overall proposal scored lower than the DAJA proposal; and, the third question asked how Five Star PPM could have been scored lower than DAJA in the firm's qualification in experience category.

These objections to the scoring were evaluated by the Airport and City Attorney staff at the Airport and a determination made that no irregularities occurred. The Panel independently evaluated and awarded points for each weighted category in

the written and interview process. Although one bidder may have scored higher in a particular category, as was the case in the Five Star PPM cost proposal, the final score is a roll up of the total of the subscores. A detailed response letter of this determination was mailed to Five Star PPM on February 28th.

The Airport staff is satisfied that the panel fairly evaluated both proposals in accordance with City contracting guidelines. He asked for the Commission's authorization to allow Airport staff to negotiate a contract with the highest ranking qualified proposal, DAJA International, LLC. He will return to the Commission within 45 days seeking either to award the negotiated contract or asking that other measures be adopted if we cannot come to terms with DAJA.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 11, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Award of Contract No. 8528 - Millbrae Drainage Pump Station Improvement Schembri Construction, Inc. - \$994,800

No. 08-0058 Resolution awarding Contract No. 8528, Millbrae Drainage Pump Station Improvement, to the lowest responsive, responsible bidder, Schembri Construction, Inc., in the amount of \$994,800.

8. Modification No. 1 to Contract No. 8486 - Airport Wide Security Systems Improvements - Liberty Electric - \$400,000

No. 08-0059 Resolution approving Modification No. 1 to Contract No. 8486, Airport Wide Security Systems Improvements with Liberty Electric, in the amount of \$400,000 for additional improvements to the Airport's Access Control and CCTV Systems.

9. Bid Call - Contract No. 8641 - Storm Drain System Improvement

No. 08-0060 Resolution approving the scope, budget, and schedule for Contract No. 8641, Storm Drain System Improvement, and authorizing the Director to call for bids when ready.

10. Bid Call - Contract No. 8256C - Storm Drainage Pump Stations 17 &18 Electrical Power Installation

No. 08-0061 Resolution approving the scope, budget, and

schedule for Contract No. 8256C, Storm Drainage Pump Stations 17 &18, Electrical Power Installation, and authorizing the Director to call for bids when ready.

11. Design Approval for Artwork at Boarding Area G - International Terminal

No. 08-0062 Resolution approving the artwork of artist Clare Rojas at Gate Room 91 of Boarding Area G in the International Terminal.

Ms. Susan Pontious, San Francisco Arts Commission, said that before the Commission is a proposal for a two-story gate room wall at Boarding Area G, Gate 91.

This artwork is by Claire Rojas who represents a younger generation in San Francisco and a most recent movement called Mission Style which has achieved national recognition. Our collection at the Airport represents major artists and major movements in the Bay Area and we would be remiss if we did not have representation of Mission Style.

Ms. Pontious read a brief description of her work by Roberta Smith, Art Critic for the New York Times, in which she described the Mission Style as a deep rooted of folkish visionary street art and what Claire brings to it is a distinctive penchant for tightly stitched drawing, peasant art patterns and crystalline hard-edged shapes as well as an affection for quilting, old wall paper and cartooning. Rojas' work is strongly influenced by both American folk art and European fairy tales and fables.

Commissioner Mazzola asked if she is going to reproduce this two stories high.

Ms. Pontious responded that she is. The method that we are looking at is a digital image of the artwork. Magnolia Editions actually prints the artwork on with permanent inks onto wood panels and then the artist goes back in and paints into the panels with oil paint. We are using the same method with the Hung Loo artwork which we are installing shortly as well. Parts of this will be almost cut out like a jigsaw pattern. The triangles on the pine trees, for instance, will actually have a quilted effect because each individual piece will be cut out in wood.

Commissioner Mazzola thanked Ms. Pontious for her presentation.

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H. 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.

There were no requests from the public to speak.

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I. CORRESPONDENCE:

There was no discussion by the Commission.

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J. CLOSED SESSION:

The Airport Commission did not go into closed session.

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

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) 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.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:28 A.M.

Jean Caramatti
Commission Secretary