

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

Tuesday, September 5, 2023

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

**MALCOLM YEUNG
President**

**EVERETT A. HEWLETT, JR.
Vice President**

**JANE NATOLI
JOSE F. ALMANZA**

**IVAR C. SATERO
Airport Director**

**KANTRICE OGLETREE
Commission Secretary**

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

Minutes of the Airport Commission Meeting of
Tuesday, September 5, 2023

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
---------------------	----------------	-------	----------------------	------

A.	CALL TO ORDER:	5
B.	ROLL CALL:.....	5
C.	ANNOUNCEMENT BY COMMISSION SECRETARY:	5
D.	ADOPTION OF MINUTES:	5
	No. 23-0209. Regular meeting of August 15, 2023	5
E.	DIRECTOR'S REPORT (Discussion Only):	5
F.	SPECIAL ITEMS:	6
	1. Election of Officers	6
	No. 23-0210.	6
	2. Airport Disclosure Policies and Procedures Training	6
G.	ITEMS INITIATED BY COMMISSIONERS (Discussion Only):	7
H.	POLICY ITEMS:	7
	3. The SFO Way: Policies that Guide the Management and Operation of the Airport	7
	No. 23-0211.	7
	No. 23-0212.	7
	No. 23-0213.	7
	No. 23-0214.	7
	No. 23-0215.	7
	No. 23-0216.	7
	No. 23-0217.	7
	No. 23-0218.	7
	No. 23-0219.	7
	No. 23-0220.	7
I.	ACTION ITEMS RELATED TO ADMINISTRATION, OPERATIONS & MAINTENANCE:	8

4.	Approval of Modification No. 1 to Professional Services Contract No. 11365.41, Project Management Support Services for the International Terminal Building Phase 2 Project AGS, Inc. \$4,770,000	8
	No. 23-0221.	8
5.	Award a Sole Source Contract for Contract No. 11813.44, Design Services for the International Terminal Building Roof Upgrade Project Wiss, Janney, Elstner Associates, Inc. \$2,800,000	9
	No. 23-0222.	9
6.	Authorization to Advertise for Bids for Contract No. 11710.61, Construction Services for the New Methane Gas Leak Detection System in the Central Utility Tunnel Phase 2 Project	9
	No. 23-0223.	9
7.	Authorization to Implement the COVID-19 Lease Extension Program for Certain Food and Beverage, Retail, and Service Concession Tenants	9
	No. 23-0224.	10
8.	Recommendation that the Board of Supervisors Adopt an Ordinance to Waive Certain Municipal Code Requirements to Enable the Airport to Directly Purchase Up to 14 Used Compressed Natural Gas Transit Buses from the Phoenix Sky Harbor International Airport for a Not-to-Exceed Price of \$350,000; and Authorization for the Airport Director to Negotiate the Terms of the Agreement	10
	No. 23-0225.	11
J.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:.....	11
9.	Commencement of the Competitive Selection Process for Two Terminal 3 Boarding Area E Pop-Up Retail Concession Leases 11	
	No. 23-0226.	11
10.	Exercise of One 2-Year Option to Extend the Lease Term of the Expedited Traveler Service Lease No. 18-0189 AlClear, LLC	11
	No. 23-0227.	11
11.	Approval of the Continued Holdover of the Terminal 3 East Bookstore Lease No. 15-0085 Beyond 12 Months Books, Inc.	11
	No. 23-0228.	12
K.	GENERAL PUBLIC COMMENT:.....	12
L.	CORRESPONDENCE:.....	12

M.	CLOSED SESSION:	12
N.	ADJOURNMENT:.....	12

Minutes of the Airport Commission Meeting of
Tuesday, September 5, 2023

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 and via teleconference.

B. ROLL CALL:

Present:	Hon. Malcolm Yeung, President
	Hon. Everett A. Hewlett, Jr., Vice President
	Hon. Jane Natoli
	Hon. Jose F. Almanza

C. ANNOUNCEMENT BY COMMISSION SECRETARY:

Kantrice Ogletree, Commission Secretary provided public comment instructions for accessing the meeting. The next regular meeting is scheduled for Tuesday, September 19, 2023.

D. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 15, 2023 were approved unanimously upon a motion by Commissioner Almanza and a second by Commissioner Hewlett.

No. 23-0209. Regular meeting of **August 15, 2023**.

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

E. DIRECTOR'S REPORT (Discussion Only):

Airport Director Ivar Satero gave an update on the following:

Competitive Selection Process Communications Policy: During solicitations and prior to the issuance of an RFP, there is a Restricted Communications Period. Item 6 on the regular calendar and Item 9 on the consent calendar are subject to this policy. It begins when the RFP/RFQ or advertisement of bids is published and ends when the Commission awards the contract or otherwise terminates the competitive process.

Report on other recent San Francisco International Airport activities, events, and announcements: The Airport is participating in the city-wide coordinated planning effort to prepare for the APEC Summit in November. Airplane parking will be at a premium and will be scheduled to best accommodate delegation. The Airport will also launch a welcoming campaign for attendees.

SFO is hosting the 2023 Air Taxi World Congress in October. The event is almost sold out. There will not be any live demonstrations at the Airport. Congress planners are looking at off-site demonstrations.

The annual Millbrae canal clearing is underway and on schedule. Staff is continuing to work with the City of Millbrae to ensure all expectations are met.

Commissioner Natoli asked if the APEC Summit will impact travelers not attending the summit. **Director Satero** responded that it will be noticeable, but they do not anticipate any commercial delays. There are efforts to schedule arrivals to the extent possible to lessen impacts.

President Yeung wished Staff well with all the activities occurring in the Fall.

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

F. SPECIAL ITEMS:

Item No. 1 was approved unanimously upon a motion by Commissioner Almanza and a second by Commissioner Natoli.

1. Election of Officers

No. 23-0210. Election of President and Vice President of the Commission, each to serve for a one-year term.

Commissioner Hewlett nominated Commissioner Yeung as President. **Commissioner Yeung** nominated Commissioner Hewlett as Vice President. **Commissioner Natoli** seconded.

Vice President Hewlett thanked the Commission for their support during the last year as Vice President and looks forward to continuing to serve.

President Yeung echoed his comment.

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

2. Airport Disclosure Policies and Procedures Training

Kevin Kone, Assistant Chief Financial Officer introduced the item. In 2014, the Commission adopted Disclosure Policies and Procedures, and there have been several updates since then. The Disclosure Policy requires that all people who play a role in preparing or authorizing disclosure documents receive training every two years. Airport staff and Commissioners were trained in 2021. **Daniel Deaton, Nixon Peabody LLP**, provided the training on obligations the commissioners have under

the federal securities laws when they authorize airport bonds and review airport disclosure documents.

Commissioner Almanza expressed his thanks for the presentation and noted that transparency is critical.

Commissioner Natoli asked how ongoing COVID impacts affects projections and if there were lessons learned. **Mr. Deaton** responded that passenger data had previously been reported monthly and the COVID pandemic made access to daily information much more critical. Rapid reporting has been phased out as levels have constantly returned. Also learned was that liquidity around reserve funds were critical during COVID.

President Yeung acknowledged Airport staff's great work during the pandemic.

There were no further comments from the Commissioners.

G. ITEMS INITIATED BY COMMISSIONERS (Discussion Only):

There were no items initiated by Commissioners.

H. POLICY ITEMS:

Item No. 3 was approved unanimously under one vote upon a motion by Commissioner Almanza and a second by Commissioner Natoli.

3. The SFO Way: Policies that Guide the Management and Operation of the Airport

No. 23-0211. Resolution adopting four new policies regarding (1) Cultivating a
No. 23-0212. Guest-Centric Culture; (2) Inspiring a People-First Work Environ-
No. 23-0213. ment; (3) Climate Leadership and Action; and (4) Priority for SFO
No. 23-0214. Property Use and Acquisition; and adopting six amended policies re-
No. 23-0215. garding (5) Control of Aviation Marketing and Development; (6) Con-
No. 23-0216. trolling, Developing, and Financing of Airport Assets; (7) Maintaining
No. 23-0217. a Competitive Air Service Environment; (8) Delivering Exceptional
No. 23-0218. Projects; (9) Resource Use; and (10) Digital Assets.
No. 23-0219.
No. 23-0220.

Kevin Bumen, Chief Financial and Commercial Officer presented this item.

Commissioner Natoli expressed her appreciation for the updates, especially around property use.

President Yeung asked about property use and future acquisition and inquired if the policy applied to on or off-site properties. **Mr. Bumen** responded that the policy did not address distance from the Airport but noted that options closer to the Airport

would be more valuable. Non-contiguous locations could work for some uses like office space, training space, etc. Give that this is Version 1.0, they would start with something less specific and revisit annually for future inclusion.

President Yeung asked about Policy 6: public private partnerships (PPP) and an example of why we may pivot away from prohibition. **Mr. Bumen** responded that PPP typically involve design, development and maintenance. Currently, concessions operation is a good example of a PPP. We haven't used this model in a non-terminal relationship. Specifically, around energy needs/storage, a PPP with a public entity could be extremely helpful. It moves us away from strict prohibition to allow for an enhanced capital project. **Director Satero** said the financing piece, particularly around sustainability, will be helpful. **President Yeung** asked how one would enter into a PPP without transferring equity interest. **Director Satero** said they are still studying this, but energy consumption is really where we may be able to leverage this arrangement.

President Yeung asked about Policy 8: Delivering Exceptional Projects and trying to understand this change. **Geoff Neumayr, Chief Resiliency and Sustainability Officer** responded that the original policy focused on the partnering aspect. They've moved toward Design-Build, focused on culture of partnerships to leverage delivery of capital projects. This is just an advancement of these successful approaches.

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

I. ACTION ITEMS RELATED TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was approved unanimously upon a motion by Commissioner Natoli and a second by Commissioner Hewlett.

4. **Approval of Modification No. 1 to Professional Services Contract No. 11365.41, Project Management Support Services for the International Terminal Building Phase 2 Project**
AGS, Inc.
\$4,770,000

No. 23-0221. Resolution approving Modification No. 1 to Professional Services Contract No. 11365.41, Project Management Support Services for the International Terminal Building Phase 2 Project, with AGS, Inc. to increase the Contract not-to-exceed amount by \$4,770,000 for a new Contract amount not to exceed \$9,650,000 and to extend the total Contract duration by 954 consecutive calendar days.

Claudia Luquin, Director of Project Management presented this item.

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

Item No. 5 was approved unanimously upon a motion by Commissioner Almanza and a second by Commissioner Hewlett.

5. **Award a Sole Source Contract for Contract No. 11813.44, Design Services for the International Terminal Building Roof Upgrade Project**
Wiss, Janney, Elstner Associates, Inc.
\$2,800,000

No. 23-0222. Resolution awarding a Sole Source contract for Contract No. 11813.44, Design Services for the International Terminal Building Roof Upgrade Project, with Wiss, Janney, Elstner Associates, Inc. in the not-to-exceed Contract amount of \$2,800,000 with a Contract duration of three years.

Geoff Neumayr, Chief Resiliency and Sustainability Officer presented this item.

President Yeung noted his appreciation for the thorough explanation for why sole source was needed.

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

Item No. 6 was approved unanimously upon a motion by Commissioner Natoli and a second by Commissioner Almanza.

6. **Authorization to Advertise for Bids for Contract No. 11710.61, Construction Services for the New Methane Gas Leak Detection System in the Central Utility Tunnel Phase 2 Project**

No. 23-0223. Resolution authorizing the Director to advertise for bids for Contract No. 11710.61, Construction Services for the New Methane Gas Leak Detection System in the Central Utility Tunnel Phase 2 Project.

Eugene Ling, Director of Engineering & Construction Services presented this item.

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

Item No. 7 was approved unanimously upon a motion by Commissioner Almanza and a second by Commissioner Natoli.

7. **Authorization to Implement the COVID-19 Lease Extension Program for Certain Food and Beverage, Retail, and Service Concession Tenants**

- No. 23-0224. Resolution (1) authorizing the Airport Director to implement the COVID-19 Lease Extension Program by executing Amendments of certain Food and Beverage, Retail, and Service Concession Agreements extending the Lease terms by up to three and one-half years, to allow for more financial recovery in response to the devastating impact of the COVID-19 pandemic; and (2) directing the Commission Secretary to obtain approval from the Board of Supervisors for those Lease Amendments requiring approval under Section 9.118 of the Charter of the City and County of San Francisco.

Cheryl Nashir, Director of Revenue Development & Management presented this item.

President Yeung stated that he appreciated the effort to assist tenants and noted that the economic impacts of the pandemic are still very relevant, and this is an appropriate step.

There were no further comments from the Commissioners. The following constituents provided public comment for Item No. 7:

Teamsters 665 in support of this item.

Littler, Mendelson, P.C., Rylo Management objecting to this item.

Kevin Westley, High Flying Foods acknowledged Airport leadership and communication during an impossible time for Airport tenants and noted the ongoing intense pressure on concessions.

Mark Gleason, Teamster Strike Council 7 spoke on behalf of Clear Channel workers. Noted difficulty of service workers in the face of the pandemic and expressed support for the lease extensions to enhance workforce employment and stability.

There was no further public comment.

Item No. 8 was approved unanimously upon a motion by Commissioner Natoli and a second by Commissioner Hewlett.

8. **Recommendation that the Board of Supervisors Adopt an Ordinance to Waive Certain Municipal Code Requirements to Enable the Airport to Directly Purchase Up to 14 Used Compressed Natural Gas Transit Buses from the Phoenix Sky Harbor International Airport for a Not-to-Exceed Price of \$350,000; and Authorization for the Airport Director to Negotiate the Terms of the Agreement**

- No. 23-0225. Resolution recommending the Board of Supervisors adopt an ordinance to waive certain administrative and environment code requirements to enable the Airport to directly purchase up to 14 used compressed natural gas transit buses from the Phoenix Sky Harbor International Airport for a not-to-exceed price of \$350,000 and authorize the Airport Director to negotiate the terms of the agreement consistent with the not-to-exceed amount.

Eva Cheong, Managing Director of Airport Services presented this item.

Commissioner Natoli expressed her support for the aim of this project and asked why the price per bus was so reasonable. **Ms. Cheong** explained that Phoenix Sky Harbor International Airport (PHX) would normally sell the buses via auction where they would probably get a lower price.

President Yeung clarified that PHX would waive their auction process and SFO would waive the competitive bid requirement, and **Ms. Cheong** confirmed.

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

J. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 9 through 11, was approved unanimously upon a motion by Commissioner Almanza and a second by Commissioner Natoli.

9. Commencement of the Competitive Selection Process for Two Terminal 3 Boarding Area E Pop-Up Retail Concession Leases

- No. 23-0226. Resolution approving the proposed minimum qualification requirements and lease specifications for two Terminal 3 Boarding Area E Pop-Up Retail Concession Leases, and authorizing Staff to issue a Request for Proposals and conduct an informational conference for interested proposers.

10. Exercise of One 2-Year Option to Extend the Lease Term of the Expedited Traveler Service Lease No. 18-0189
AlClear, LLC

- No. 23-0227. Resolution exercising the one 2-year option to extend the Lease term of the Expedited Traveler Service Lease No. 18-0189 with Alclear, LLC through December 31, 2025.

11. Approval of the Continued Holdover of the Terminal 3 East Bookstore Lease No. 15-0085 Beyond 12 Months
Books, Inc.

No. 23-0228. Resolution approving the continued holdover of the Terminal 3 East Bookstore Lease No. 15-0085 with Books, Inc. beyond 12 months.

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

K. GENERAL PUBLIC COMMENT:

The following constituents provided public comment under General Public Comment:

Arnella Madriaga, SEIU USWW spoke on behalf of SFO SEIU represented service workers (baggage handlers, cabin cleaners, wheelchair pushers). She expressed thanks for the Airport's support in getting to a new master contract that includes a seniority wage scale, retention, and recruitment measures. Ms. Madriaga thanked Airport Director Ivar Satero who worked closely with the airlines to get this new contract approved.

There was no further Public Comment.

L. CORRESPONDENCE:

There was no discussion by the Commission.

M. CLOSED SESSION:

There are no planned agenda items for a Closed Session for the current meeting.

N. ADJOURNMENT:

There being no further calendared business before the Commission, the meeting adjourned at 10:18 A.M.

(Original signed by: Kantrice Ogletree)
Kantrice Ogletree
Airport Commission Secretary

General Truck Drivers, Automotive and Allied Workers. General jurisdiction in Marin, Sonoma, Mendocino and Lake Counties
and Automotive in San Francisco, San Mateo, Santa Clara and San Benito Counties, California.



TEAMSTERS LOCAL UNION No. 665

AFFILIATED WITH THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS
& TEAMSTERS JOINT COUNCIL No. 7



Main Office:
1801 Van Ness Avenue, Suite 310
San Francisco CA 94109

Tel: 415.728.0811

email: office@teamsters665.org

San Francisco Airport Commission
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

September 1, 2023
Delivered via Email

RE: Clear Channel Airport Advertising Lease

President Yeung, Vice President Hewllet and Members Natoli & Almanza

On behalf of the members of Teamsters Local 665 who consistently work to ensure the Airport's successful operations, I am writing to support our industry partner Clear Channel Outdoor, LLC as they seek approval of the Airport Advertising Lease extension (Contract Number`12-0231).

The outdoor advertising industry continues to suffer economic impacts from COVID-19 and will take several years to recover. Our members have successfully worked with government agencies across the region to stabilize the workforce through various forms of relief that have benefitting all parties.

As SFO continues to recover from the challenges of the pandemic, the Teamsters and our industry partners will continue to support your efforts to bring people to San Francisco and to ensure our residents have a premier experience when traveling.

Therefore, we strongly urge this Commission to approve Item 7 on your Tuesday, September 5th, 2023 agenda which includes the Airport Advertising Lease with Clear Channel Outdoor.

Respectfully,

Tony Delorio

Secretary-Treasurer
Teamsters Local Union No. 665



Littler Mendelson, P.C.
333 Bush Street
34th Floor
San Francisco, CA 94104

Michael G. Pedhirney
415.677.3117 direct
415.433.1940 main
415.743.6596 fax
mpedhirney@littler.com

September 1, 2023

VIA E-MAIL

Cheryl Nashir
Director, Revenue Development & Management
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Re: Rylo Management – COVID-19 Lease Extension Program

Ms. Nashir:

Our firm represents Rylo Management, LLC ("Rylo"). We understand that you have advised Rylo that you intend to block the San Francisco Airport Commission's (the "Commission") consideration of Rylo's requested lease extension under the COVID-19 Lease Extension Program (the "Program") at the Commission's upcoming hearing on Tuesday, September 5, 2023. Rylo believes you are wrongly excluding the Company from the Program because of the demands of UNITE HERE Local 2 (the "Union"). You and the Commission must ignore the Union's disgraceful attempts to prevent Rylo's participation in the Program.

The unionization status of Rylo's employees should have no bearing on Rylo's participation in the Program. On information and belief, the Union has alleged to the Commission that Rylo violated its Card Check Neutrality Agreement (the "Neutrality Agreement") and has intervened to prevent Rylo's participation in the Program. Rylo has maintained a neutral stance on union membership as required by the Neutrality Agreement. To be clear, Rylo has not violated the Neutrality Agreement at SFO, nor has the Union made any such contention.¹ Much to the Union's apparent dismay, Rylo cannot force its employees to join the Union as it must remain neutral. Indeed, Rylo would violate the National Labor Relations Act by providing support to the Union in any organizing drive targeted at Rylo's employees. Rylo is committed to neutrality, and it has in fact remained neutral with respect to the Union and unionization in general.

¹ The Union has made a separate, unrelated allegation regarding Rylo's Oakland International Airport location. Rylo vigorously denies those allegations, which are currently under review by an independent arbitrator pursuant to the applicable agreement between Rylo and the Union relating to that location.

Cheryl Nashir
September 1, 2023
Page 2

We are amazed and disheartened that the topic of the Company's relationship with the Union has any bearing on its participation in the Program. This is particularly disappointing given Rylo's commitment to remaining one of SFO's only concessionaires open during the height of COVID-19's devastating effects on the travel industry.

For these reasons, we ask that you permit the Commission to consider Rylo's application for participation in the Program at its meeting on September 5, 2023. While we would like to avoid unnecessary legal battles, Rylo is prepared to pursue any and all legal recourse if it is denied participation in the COVID-19 Lease Extension Program. If there is any evidence that Rylo has violated the Neutrality Agreement, please let us know as soon as possible.

Sincerely,



Michael G. Pedhirney
Shareholder

MGP
4861-7414-6941.3 / 112038-1000