File No. 121032

Committee Item No. 1
Board Item No. 22

# COMMITTEE/BOARD OF SUPERVISORS

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**Committee:** Budget and Finance Committee **Date** 11/07/2012

**Board of Supervisors Meeting** **Date** November 20, 2012

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**Completed by:** Victor Young **Date** November 2, 2012
**Completed by:** Victor Young **Date** 11-15-12

Amendment of the Whole
in Committee. 11/07/12

FILE NO. 121032 RESOLUTION NO.

[Agreement - SFO Shuttle Bus Company - Shuttle Bus Services - Not to Exceed $105,000,000]

**Resolution approving the agreement between SFO Shuttle Bus Company and the City and County of San Francisco to provide shuttle bus services at San Francisco International Airport acting by and through its Airport Commission not to exceed $105,000,000 for a term of December 1, 2012, through June 30, 2016, plus three options for two years each.**

WHEREAS, The City and County of San Francisco, acting by and through its Airport Commission ("City"), wishes to continue to provide scheduled shuttle bus service at San Francisco International Airport for air passengers and Airport employees, serving the terminal complex, long-term parking lots, and other locations; and

WHEREAS, the current contract with SFO Shuttle Bus Company will expire on November 30, 2012; and

WHEREAS, the City authorized staff, per Resolution No. 11-0174, to issue a Request for Proposal (RFP) which was issued on June 5, 2012, and proposals were due August 10, 2012; and

WHEREAS, Airport staff and SFO Shuttle Bus Company have negotiated a new Professional Services Agreement ("Agreement") to continue SFO Shuttle Bus Company's management of the shuttle bus operation from December 1, 2012, through June 30, 2016, plus three options for two years each; and

WHEREAS, based on scores for written proposals, the proposers' financial liquidity, as measured by the Airport's Risk Manager, and oral interviews, the panel selected SFO Shuttle Bus Company as the recommended contractor; and

WHEREAS, On November 9, 2012, by Resolution No. 12-0220, the Airport Commission approved the Agreement, a copy of said Agreement being on file with the Clerk of the Board of Supervisors in File No. 121032, which is hereby declared to be a part of this resolution as if set forth fully herein; now, therefore, be it

RESOLVED, That this Board of Supervisors hereby approves the contract to provide shuttle bus services at San Francisco International Airport Agreement between SFO Shuttle Bus Company and the City and County of San Francisco, acting by and through its Airport Commission for a not to exceed amount of $105,000,000 for the agreement's total period of from December 1, 2012, through June 30, 2016, plus three options for two years.

| Item 1<br>File 12-1032 | Department:<br>San Francisco Airport |
|---|---|

## EXECUTIVE SUMMARY

### Legislative Objectives

The proposed resolution would approve a new professional services agreement between the City, acting by and through the Airport, and the SFO Shuttle Bus Company to provide shuttle bus services at the San Francisco International Airport from December 1, 2012 through June 30, 2016, with three two-year options to extend the contract. The Airport would pay SFO Shuttle Bus Company for these services in an amount not-to-exceed $39,000,000 over the initial three year and seven month term of the agreement and in an amount not-to-exceed $105,000,000 over the nine year and seven month term of the agreement, if all three two-year options are exercised.

### Key Points

- The Airport provides free shuttle bus services to employees and airline passengers between the Airport's terminals, public long-term parking lots, employee parking lots, an employee parking garage, and various other locations. The Airport originally entered into an agreement with the SFO Shuttle Bus Company in 1983 through a competitive process to provide shuttle bus services at the San Francisco International Airport. The existing agreement between the Airport and SFO Shuttle Bus Services, as previously approved by the Board of Supervisors, is for 14 years and 11 months, from January 1, 1998 through November 30, 2012.
- On June 5, 2012, the Airport issued a new competitive Request for Proposal (RFP). Of the four proposals received by the Airport, only two proposals met the minimum qualifications set in the RFP. The SFO Shuttle Bus Company was selected based on the two firms' written proposal scores, oral interviews, and financial liquidity as measured by the Airport's Risk Manager.

### Fiscal Impacts

- The FY 2012-13 projected costs for the Airport shuttle bus service is $10,456,084 (see Table 1 below), which is an average monthly cost of $871,340.
- The total cost of the proposed initial three year and seven month agreement beginning on December 1, 2012 through June 30, 2016 is estimated to be $38,739,176 (see Table 2 below), which is $260,824 less than the not-to-exceed amount of $39,000,000.
- If all three of the two-year options are exercised, the total estimated not-to-exceed cost of the nine year and seven month agreement is $105,000,000 including an average 2% increase in annual costs.

### Recommendations

- Amend the proposed resolution to include a not-to-exceed agreement amount of $105,000,000 for the agreement's total period of nine years and seven months if all three two-year options are exercised.
- Approve the proposed resolution as amended.

## MANDATE STATEMENT

In accordance with Charter Section 9.118(b), City agreements with anticipated expenditures of $10,000,000 or more, or amendments to such agreements with anticipated expenditures of more than $500,000 are subject to approval by the Board of Supervisors.

## BACKGROUND

The Airport provides free shuttle bus services to employees and airline passengers between the Airport's terminals, public long-term parking lots, employee parking lots, an employee parking garage, and other various locations[1]. The Airport originally entered into an agreement with the SFO Shuttle Bus Company in 1983 through a competitive process to provide shuttle bus services at the San Francisco International Airport. On November 17, 1997, the Board of Supervisors approved the existing agreement between the Airport and SFO Shuttle Bus Company for an initial term ten-year from January 1, 1998 through December 31, 2007 with five one-year options to extend the agreement (Resolution No. 1042-97). The Airport exercised four one-year options and one eleven-month option that were allowed in the agreement. The existing agreement terminates on November 30, 2012. According to Mr. Abubaker Azam, Assistant Deputy Director for Operations, San Francisco International Airport, total estimated expenditures under the existing 14 year and 11 month agreement from January 1, 1998 through November 30, 2012 is $99,230,000.

On June 5, 2012, the Airport issued a new competitive Request for Proposal (RFP). Of the four proposals received by the Airport, only two proposals met the minimum qualifications set in the RFP. The SFO Shuttle Bus Company was selected based on the two firms' written proposal scores, oral interviews, and financial liquidity as measured by the Airport's Risk Manager.

## DETAILS OF PROPOSED LEGISLATION

Based on a competitive RFP, the proposed resolution would approve a new three-year and seven month agreement between the City, acting by and through the Airport, and the SFO Shuttle Bus Company to provide shuttle bus services at the San Francisco International Airport from December 1, 2012 through June 30, 2016, with three two-year options to extend the agreement. The Airport would pay SFO Shuttle Bus Company for shuttle bus services in an amount not-to-exceed $39,000,000 over the initial three year and seven month term of the agreement. If all three additional two-year options are exercised by the Airport, from July 1, 2016 through June 30, 2022 the total estimated not-to-exceed amount of this agreement would be $105,000,000.

[1] "Other locations" include bus service to transport passengers for special or emergency situations such as AirTrain closures to the Rental Car Center, Aircraft emergency support, and special events (on-site construction tours, Presidential/VIP visits, on-airport sponsored tours).

According to the proposed agreement, the Airport's shuttle bus services are provided 24 hours a day, seven days a week, 365 days a year. Under the proposed agreement, SFO Shuttle Bus Company will provide the following shuttle bus services:

- Manage and operate the Airport's shuttle bus service;
- Provide all supplies, equipment, operating personnel, maintenance and repair, and all other labor and materials necessary or required for continued performance of the shuttle bus service;
- Furnish drivers, supervisors, mechanics, dispatchers, and such other employee necessary for efficient operation of the shuttle bus service;
- Ensure that all SFO Shuttle Bus employees possess valid permits, licenses, approvals and certificates required;
- Clean and maintain the City-owned fleet of shuttle buses;
- Obtain Compressed Natural Gas (CNG) fuel for the shuttle fleet at a reduced cost at the Airport's CNG fueling facilities; and
- Obtain all insurance, permits, franchises, approvals, licenses, certificates and other authorizations necessary to conduct and operate the Airport's shuttle bus service.

## FISCAL IMPACTS

Based on a competitive RFP, the Airport would enter into an agreement with SFO Shuttle Bus Company for an amount not-to-exceed $39,000,000 over the initial term of three years and seven months, from December 1, 2012 through June 30, 2016. If all three options under the agreement of two-years each are exercised by the Airport, the total not-to-exceed estimated cost of this agreement would be $105,000,000 for the nine year and seven month term from December 1, 2012 through June 30, 2022.

According to Mr. Azam, the FY 2012-13 projected costs for the Airport shuttle bus service are $10,456,084, as shown in Table 1 below, which is an average monthly cost of $871,340[2]. The FY 2012-13 projected costs of $10,456,084 include five months under the existing agreement and seven months under the proposed agreement. The Airport's FY 2012-13 budget, as previously approved by the Board of Supervisors, included $9,135,874 for the Airport's shuttle bus service, which is $1,320,210 less than the total estimated $10,456,084 cost. Mr. Azam reports that this budget deficiency of $1,320,210 will be absorbed within the Airport's existing operating budget for FY 2012-13.

[2] According to Mr. Abu, the monthly cost will change due to fluctuations in fuel, lubrication and utilities pricing.

| Table 1. FY 2012-13 Projected Shuttle Bus Costs | |
|---|---|
| FY 2012-13 Estimate | |
| Management Fee | $ 1,180,131 |
| Projected Labor Cost | 5,366,792 |
| Other Contract Costs | $ 3,409,160 |
| Fuel, Lubricants, Utilities | 916,363 |
| Liability Insurance | 132,414 |
| Worker's Compensation | 257,040 |
| Property Insurance | 5,692 |
| Bus Maintenance | 645,000 |
| Employee Pension Costs | 489,600 |
| Employee Health and Welfare Costs | 963,051 |
| Total Projected Annual Costs | $ 9,956,083 |
| Plus Hilton Lot Service[1] | 500,000 |
| **Total FY 2012-13 Costs** | **10,456,083** |
| FY 2012-13 Projected Monthly Invoice | $ 871,340 |

[1] Under the proposed agreement, existing employee parking in Lot D will be replaced by long-term passenger parking. Employee parking will be relocated to the Hilton Hotel parking lot, with shuttle bus service costs of $500,000 per year.

The proposed agreement's average monthly cost of $871,340 for FY 2012-13 is $2,288 or 0.26% more than the $869,052 average monthly cost under the last 11-month extension period of the existing agreement.

As shown in Table 2 below, Mr. Azam reports the total cost of the proposed initial three year and seven month term of the proposed agreement from December 1, 2012 through June 30, 2016 is estimated at $38,739,176, which is $260,824 less than the not-to-exceed amount of $39,000,000 as specified in the agreement.

| Table 2. Total Estimated Proposed Agreement Cost from December 1, 2012 through June 30, 2016. | |
|---|---|
| First Seven Months of New Contract, through June 30, 2013 | $ 6,099,382 |
| FY 2013-14 – 2% Increase | 10,665,205 |
| FY 2014-15 – 2% Increase | 10,878,509 |
| FY 2015-16 – 2% Increase | 11,096,080 |
| **Total Estimated Agreement Cost** | **$ 38,739,176** |

As shown in Table 2 above, the estimated cost of the proposed agreement includes a 2% average annual increase in costs. If all three of the two-year options under the proposed agreement are exercised, the total estimated not-to-exceed cost of the nine year and seven month agreement is $105,000,000.

## RECOMMENDATIONS

1. Amend the proposed resolution to include the not-to-exceed agreement amount of $105,000,000 for the agreement's total period of nine years and seven months if all three two-year options are exercised.

2. Approve the proposed resolution as amended.

SFO

San Francisco International Airport

October 16, 2012

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 OCT 18 PM 1:33
BY NV

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Subject: Approval of Agreement to Provide Shuttle Bus Services at San Francisco International Airport with SFO Shuttle Bus Company and the City and County of San Francisco, by and through its Airport Commission

Dear Ms. Calvillo:

Attached for the Board of Supervisors' approval is a resolution approving the Agreement to Provide Shuttle Bus Services at San Francisco International Airport with SFO Shuttle Bus Company.

The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution Nos. 12-0220;
- Ethics Form SFEC-126 for SFO Shuttle Bus Company;
- Copies of the Agreement; and
- Approval as to form of Agreement from City Attorney's Office.

You may contact Jeff Littlefield, Deputy Director, Operations and Security, at (650) 821-5010 regarding this matter.

Very truly yours,

Jean Caramatti
Commission Secretary

Enclosures

121032

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE *MAYOR* | LARRY MAZZOLA *PRESIDENT* | LINDA S. CRAYTON *VICE PRESIDENT* | ELEANOR JOHNS | RICHARD J. GUGGENHIME | PETER A. STERN | JOHN L. MARTIN *AIRPORT DIRECTOR*

Post Office Box 8097 San Francisco, California 94128 Tel 650.821.5000 Fax 650.821.5005 www.flysfo.com

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-0220

**AWARD CONTRACT NO. 9254 PROVIDING AIRPORT SHUTTLE BUS SERVICES TO SFO SHUTTLE BUS COMPANY IN AN AMOUNT NOT TO EXCEED $39,000,000 FOR A PERIOD OF THREE YEARS AND SEVEN MONTHS EFFECTIVE DECEMBER 1, 2012; WITH THREE TWO-YEAR OPTIONS EXERCISABLE AT THE SOLE DISCRETION OF THE AIRPORT COMMISSION.**

WHEREAS, the Commission wishes to continue to provide scheduled shuttle bus service at San Francisco International Airport for air passengers and Airport employees, serving the terminal complex, long-term parking lots, and other locations; and

WHEREAS, the existing contract with SFO Shuttle Bus will expire November 30, 2012; and

WHEREAS, the Commission authorized staff, per Resolution No. 11-0174, to issue a Request for Proposals (RFP) which was issued on June 5, 2012, and proposals were due August 21, 2012; and

WHEREAS, a panel of six subject matter experts reviewed the proposals and selected two firms to be interviewed; and

WHEREAS, oral interviews were conducted with the two highest ranked proposers on September 25, 2012; and

WHEREAS, based on scores for written proposals, the proposers' financial liquidity, as measured by the Airport's Risk Manager, and oral interviews, the panel selected SFO Shuttle Bus Company as the recommended contractor; and

WHEREAS, Airport staff was successful in negotiating acceptable contract terms with SFO Shuttle Bus Company to provide shuttle bus services at the Airport effective December 1, 2012; therefore, be it

RESOLVED, that this Commission award Contract No. 9254 to SFO Shuttle Bus Company to provide shuttle bus services at San Francisco International Airport for a period of three (3) years and seven (7) months, beginning December 1, 2012, for a total amount not to exceed $39,000,000; and that this Commission shall have sole discretion to renew the contract with three (3) additional two-year renewal options.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* OCT 09 2012

Jean Caramatti

*Secretary*

**City and County of San Francisco**
**Airport Commission**
**P.O. Box 8097**
**San Francisco, California 94128**

**Agreement between the City and County of San Francisco and**

**SFO Shuttle Bus Company**

**Contract No. 9254**

This Agreement is made this 9th day of October, 2012, in the City and County of San Francisco, State of California, by and between: **SFO Shuttle Bus Company, 325 Fifth St., San Francisco, CA 94107**, hereinafter referred to as "Contractor," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Airport Commission or the Commission's designated agent, hereinafter referred to as "**Commission**."

**Recitals**

WHEREAS, Commission wishes to have scheduled shuttle bus service operated at San Francisco International Airport for air passengers and Airport employees, serving the terminal complex, long-term parking lots, and other locations; and,

WHEREAS, Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and

WHEREAS, a Request for Proposal ("RFP") was issued on June 5, 2012, and City selected Contractor as the highest qualified scorer pursuant to the RFP; and

WHEREAS, Commission awarded this contract to Contractor on October 9, 2012, pursuant to Resolution No. 12-0220; and

WHEREAS, pursuant to San Francisco Charter Section 9.118, the Board of Supervisors by its Resolution No. **[insert resolution number]**, adopted **[insert date]**, approved the contract to Consultant; and

WHEREAS, the Board of Supervisors approved the Controller's certification that the shuttle bus services can be performed at a lower cost than if the work were performed by City employees at current salary and benefit levels on June 7, 2011 pursuant to Resolution No. 234-11; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

Now, THEREFORE, the parties agree as follows:

**1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without

penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

**2. Term of the Agreement.** Subject to Section 1, the term of this Agreement shall be from December 1, 2012 to June 30, 2016. In addition, the City shall have three (3) additional options of two (2) years each, which may be exercised by the Airport Commission in its sole and absolute discretion.

**3. Effective Date of Agreement.** This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

**4. Services Contractor Agrees to Perform.** The Contractor agrees to perform the services provided for in Appendix A, "Services to be provided by Contractor," attached hereto and incorporated by reference as though fully set forth herein. If Appendix A includes as-needed services, such services shall be requested by City through the issuance of a written task order signed by City and Contractor, which task order shall be made a part of and incorporated into the Agreement as though fully set forth herein without the need for a formal amendment to the Agreement. The task order shall include a description of the as-needed services, the deliverables, schedule for performance, cost, and method and timing of payment.

**5. Compensation.** Compensation shall be made in monthly payments for work, as set forth in Section 4 of this Agreement, that the Airport Director or designee, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed Thirty-nine **Million Dollars ($39,000,000)**. The City shall have three (3) additional options of two (2) years each, which may be exercised by the, Airport Commission, in its sole and absolute discretion. If the Airport Commission decides to exercise all three (3) additional options of two (2) years each, the total not to exceed amount of this contract would be **One Hundred and Five Million Dollars ($105,000,000)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Airport Commission as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

The Contractor agrees to pay each subcontractor under this Agreement for satisfactory performance of its contract no later than 30 days from the receipt of each payment the prime contractor receives from City. The Contractor agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the City. This clause applies to both DBE and non-DBE subcontractors.

The Controller is not authorized to pay monthly payment requests/invoices submitted by Contractor prior to Contractor's submission of Airport Federal Progress Payment Report – Federal Form 3 and Airport Federal Contract Exit Report and Affidavit – Federal Form 5 with the final payment request/invoice.

In no event shall City be liable for interest or late charges for any late payments.

**6. Guaranteed Maximum Costs.** The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

**7. Payment; Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include a unique invoice number. All amounts paid by City to Contractor shall be subject to audit by City. Payment shall be made by City to Contractor at the address specified in the section entitled "Notices to the Parties."

**8. Submitting False Claims; Monetary Penalties.** Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at: http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

**9. Disallowance.** If Contractor claims or receives payment from City for a service, reimbursement for which is later disallowed by the State of California or United States Government, Contractor shall promptly refund the disallowed amount to City upon City's request. At its option, City may offset the amount disallowed from any payment due or to become due to Contractor under this Agreement or any other Agreement. By executing this Agreement, Contractor certifies that Contractor is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Contractor acknowledges that this certification of eligibility to receive federal funds is a material terms of the Agreement.

**10. Taxes.**

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

**11. Payment Does Not Imply Acceptance of Work.** The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

**12. Qualified Personnel.** Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

**13. Responsibility for Equipment.** City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

**14. Independent Contractor; Payment of Taxes and Other Expenses.**

**a. Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to,

FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

**b. Payment of Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

**15. Insurance.**

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than $1,000,000 each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than $2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than $5,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. Regarding Workers' Compensation, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

d. All policies shall provide thirty days' advance written notice to the City of reduction or nonrenewal of coverages or cancellation of coverages for any reason. Notices shall be sent to the City address in the "Notices to the Parties" section.

e. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

f. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

g. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

h. Before commencing any operations under this Agreement, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

i. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

j If a subcontractor will be used to complete any portion of this agreement, the Contractor shall ensure that the subcontractor shall provide all necessary insurance and shall name the City and County of San Francisco, its officers, agents and employees and the Contractor listed as additional insureds.

**16. Indemnification.** Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, arising directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such

loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City. In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter. Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

**17. Incidental and Consequential Damages.** Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

**18. Liability of City.** CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

**19. Liquidated Damages**. By entering into this Agreement, Contractor agrees that in the event the Services, as provided under Appendix A herein, are interrupted or otherwise not provided, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of Nine Thousand Two Hundred dollars ($9,200.00) per day for each day, or partial day, of service is not provided is not a penalty, but is a reasonable estimate of the loss that City will incur based on the interruption of service, established in light of the circumstances existing at the time this contract was awarded. City may deduct a sum representing the liquidated damages from any money due to Contractor. Such deductions shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to deliver to City within the time fixed or such extensions of time permitted in writing by Purchasing.

**20. Default; Remedies.** Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

a. Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

8. Submitting False Claims
10. Taxes
15. Insurance
24. Proprietary or Confidential Information of City
30. Assignment
37. Drug-free Workplace Policy,
53. Compliance with Laws
55. Supervision of Minors
57. Protection of Private Information
58. Graffiti Removal

b. Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Contractor.

c. Contractor (a) is generally not paying its debts as they become due, (b) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (e) takes action for the purpose of any of the foregoing.

d. A court or government authority enters an order (a) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (b) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (c) ordering the dissolution, winding-up or liquidation of Contractor.

On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

**21. Termination for Convenience**

a. City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(1) The direct labor cost to Contractor, without profit, for all services and other work City directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment.

(2) Allowable reimbursable costs incurred prior to the specified termination date, for which reimbursable expenses City has not already tendered payment

(3) Monthly management fee for which services or work City has not already tendered payment.

d. In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Contractor's final invoice; (2) any claim which City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

**22. Rights and Duties upon Termination or Expiration.** This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement:

8. Submitting False Claims
9. Disallowance
10. Taxes
11. Payment Does Not Imply Acceptance of Work
13. Responsibility for Equipment
14. Independent Contractor; Payment of Taxes and Other Expenses
15. Insurance
16. Indemnification
17. Incidental and Consequential Damages
18. Liability of City
24. Proprietary or Confidential Information of City
26. Ownership of Results
27. Works for Hire
28. Audit and Inspection of Records
48. Modification of Agreement.
49. Administrative Remedy for Agreement Interpretation.
50. Agreement Made in California; Venue
51. Construction
52. Entire Agreement
56. Severability
57. Protection of private information

Subject to the immediately preceding sentence, upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

**23. Conflict of Interest.** Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

**24. Proprietary or Confidential Information of City.** Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

**25. Notices to the Parties.** Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, or by e-mail, and shall be addressed as follows:

To City: Michael Lawrance
Senior Transportation Planner
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128
michael.lawrance@flysfo.com

To Contractor: Jeff Leonoudakis
President
SFO Shuttle Bus Company
325 Fifth St.
San Francisco, CA 94107
jeff.leonoudakis@sfoshuttle.com

Any notice of default must be sent by registered mail.

**26. Ownership of Results.** Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

**27. Works for Hire.** If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

**28. Audit and Inspection of Records.** Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

**29. Subcontracting.** Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

**30. Assignment.** The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

**31. Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

**32. Earned Income Credit (EIC) Forms.** Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

**33. Federal Non-Discrimination Provisions**

**49 CFR Part 21.** Contractor for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that Contractor shall maintain and operate the Airport facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended. Contractor, for itself, its personal representatives, successors in interest, and assigns, agrees that Contractor in its operation at and use of San Francisco International Airport, covenants that (1) no person on the grounds of race, color, national origin or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, national origin or sex shall be excluded from participation or denied the benefits of, or otherwise be subject to discrimination, (3) that Contractor shall use all City premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A – Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. These Regulations are incorporated as though fully set forth herein. Contractor agrees to include the above statements in any subsequent contract that it enters into with subcontractors and cause those agreements to similarly include the statements, and cause those businesses to include the statements in further agreements.

**49 CFR Part 23.** This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations, Part 23. Contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 Code of Federal Regulations Part 23. Contractor agrees to include the above statements in any subsequent contract covered by 49 Code of Federal Regulations, Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the Airport deems appropriate.

**34. Nondiscrimination; Penalties**

**a. Contractor Shall Not Discriminate.** In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

**b. Subcontracts.** Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

**c. Nondiscrimination in Benefits.** Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

**d. Condition to Contract.** As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

**e. Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

**35. MacBride Principles—Northern Ireland.** Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do

business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

**36. Tropical Hardwood and Virgin Redwood Ban.** Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**37. Drug-Free Workplace Policy.** Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

**38. Resource Conservation.** Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

**39. Compliance with Americans with Disabilities Act.** Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

**40. Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**41. Public Access to Meetings and Records.** If the Contractor receives a cumulative total per year of at least $250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

**42. Limitations on Contributions.** Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or

loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Contractor further agrees to provide to City the names of each person, entity or committee described above.

**43. Requiring Minimum Compensation for Covered Employees.**

a. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco . A partial listing of some of Contractor's obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

c. Contractor shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Contractor shall maintain employee and payroll records as required by the MCO. If Contractor fails to do so, it shall be presumed that the Contractor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Contractor's job sites and conduct interviews with employees and conduct audits of Contractor.

f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a

breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Contractor understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than $25,000, but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed $25,000 in the fiscal year.

**44. Requiring Health Benefits for Covered Employees.** Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse . Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Contractor shall keep itself informed of the current requirements of the HCAO.

i. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Contractor shall allow City to inspect Contractor's job sites and have access to Contractor's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

m. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than $25,000 ($50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach $75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than $75,000 in the fiscal year.

**45. First Source Hiring Program**

a. **Application of Administrative Code Provisions by Reference.** The provisions of Chapter 83 of the San Francisco Administrative Code apply to this Agreement. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter,

including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. **First Source Hiring Agreement.** As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and

implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

6) Set the term of the requirements.

7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. **Hiring Decisions.** Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. **Exceptions.** Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. **Liquidated Damages.** Contractor agrees:

1) To be liable to the City for liquidated damages as provided in this section;

2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantity; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to $5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to $10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

(a) The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of $348 per month, totaling approximately $14,379; and

(b) In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

Therefore, liquidated damages that total $5,000 for first violations and $10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of $5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. **Subcontracts.** Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

**46. Prohibition on Political Activity with City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

**47. Preservative-treated Wood Containing Arsenic.** Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

**48. Modification of Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall complete and submit an Airport Federal Contract Modification – Federal Form 4 with every Modification of the Agreement.

**49. Administrative Remedy for Agreement Interpretation.** Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

**50. Agreement Made in California; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**51. Construction.** All paragraph captions are for reference only and shall not be considered in construing this Agreement.

**52. Entire Agreement.** This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48, "Modification of Agreement."

**53. Compliance with Laws.** Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**54. Services Provided by Attorneys.** Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

**55. Supervision of Minors: Reserved**

**56. Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**57. Protection of Private Information.** Contractor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Contractor agrees that any failure of Contactor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Contractor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Contractor.

**58. Graffiti Removal.** Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an

increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti. Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Contractor to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

**59. Food Service Waste Reduction Requirements.** Effective June 1, 2007, Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars ($100) liquidated damages for the first breach, two hundred dollars ($200) liquidated damages for the second breach in the same year, and five hundred dollars ($500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.

**60. Slavery Era Disclosure: Reserved**

**61. Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

**62. Dispute Resolution Procedure: Reserved**

**63. Airport Intellectual Property.** Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All

proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

**64. Labor Peace / Card Check Rule.** Without limiting the generality of other provisions herein requiring Contractor to comply with all Airport Rules, Contractor shall comply with the Airport's Labor Peace / Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace / Card Check Rule"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Care Check Rule, Contractor shall, among other actions: (a) Enter into a Labor Peace/Care Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his / her designee, within thirty (30) days after Labor Peace/Care Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Agreement, Contractor shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his / her designee (registered labor organization"), that Contractor is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Contractor shall provide notice to all registered Labor Organizations that Contractor is seeking to enter into such Subcontract; and (d) Contractor shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Contractor violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him / her.

**65. Premises**

**a. Office Space.** Commission shall provide Contractor with offices located adjacent to the Shuttle Bus Maintenance Base. Furnishings, including facsimile machines, photocopiers, and computers that are the property of the City shall be used strictly for the management and staffing of the Airport's Shuttle Bus Program as set forth in this Agreement. The furnishings shall be maintained in good working order throughout the term of this Agreement by Contractor.

**b. Relocation, Expansion and Reduction.** At any time during the term of this Agreement, the Airport may require that the Contractor's office space(s) be relocated on Airport property, or expand or reduce the number or size of the Contractor's office space, as determined by the needs of the Airport. Any such relocation, expansion or reduction shall be undertaken by the Airport at City's expense.

**66. Use of Premises**

**a. Permitted Uses.** Contractor shall use the designated office space(s) on a non-exclusive basis to perform management and administrative tasks required to operate the Airport's Shuttle Bus Program. Office space(s) shall be used for no other service other than those described in Appendix A. Contractor shall not place or install any office equipment and/or furniture outside the boundaries of the premises without the express written consent of Director or his designee. Contractor may install and operate necessary and appropriate signs for the operation of the shuttle bus service, subject to the approval of Director or his designee as to the number, size, height, location, color, and general type and design. Such approval shall be subject to revocation by Director or his designee at any time.

**b. Prohibited Uses.** The designated office space(s) shall not be used except for the purposes specified in Appendix A. Contractor shall not do, or cause or permit anything to be done, in or about the

premises, or bring or keep anything thereon which will increase in any way the rate of fire insurance on the premises or any of its contents; or create a nuisance; or in any way obstruct or interfere with the rights of others on the premises, or injure or annoy them; or commit or suffer to be committed any waste upon the premises; or use or allow said premises to be used, for any improper, immoral, unlawful or objectionable purposes. Contractor shall not display any advertising pamphlets, circulars, brochures, signs, or similar materials outside the designated office space(s) unless approved in writing by Director or his designee.

**67. Operations**

**a. Day-to-Day Shuttle Bus Operations.** Contractor understands and agrees that its operation under this Agreement is a service benefiting airline passengers, Airport employees, and the users of the Airport, and that Contractor shall conduct its operation in a first-class, businesslike, efficient, courteous and accommodating manner. All of Contractor's employees shall be properly licensed. Drivers shall be professional, courteous, and responsive to the needs of passengers. Director or his designee shall have the right to make objections to the character of the service rendered to the public, and the appearance and condition of the designated office space(s) or personnel. Contractor agrees to promptly discontinue or remedy any such objectionable practice. If Director or his designee is not satisfied with the performance of Contractor's service for any reason, Director or his designee shall so notify Contractor in writing. In such event, the parties shall discuss the problem(s) and shall use their best efforts to resolve any problems with Contractor's agents. Failure to maintain day-to-day shuttle operations in the manner described herein and in Appendix A shall be a material breach of this Agreement.

**b. Shuttle Bus Repair and Maintenance.** Contractor shall at all times maintain shuttle buses as more fully set forth in Appendix A, attached hereto. Failure to comply with the provisions of Appendix A shall be a material breach of this Agreement.

**c. Representative of Contractor.** Contractor shall at all reasonable times retain on Airport property at least one representative from On-Site Management Staff, authorized to represent and act for it in matters pertaining to its operation, and shall keep Director or his designee informed in writing of the identity of each such person.

**d. Investigation Reports.** Contractor agrees that, as required by Director or his designee, it will conduct an internal investigations and prepare a written reports of the quality of the service and operational techniques being used by Contractor. Contractor shall cause such investigation and observation to be made at such reasonable times and in the manner directed by Director or his designee, and shall deliver forthwith to Director or his designee a true and complete written copy of any such reports made by Contractor.

**d. Reservations by Director or his Designee.** Director or his designee shall have the right, without any obligation to do so, at any reasonable time and as often as it considers necessary (a) to inspect any of said premises; (b) to enter thereon to make ordinary repairs to Commission's property; and (c) in the event of an emergency, to take such action therein as may be required for the operation of emergency services and the protection of persons or property. Contractor shall provide Director or his designee with emergency access to the premises.

**68. Secured Guarantee.** Contractor guarantees the work of itself and all subcontractors, and covenants that the work shall be completed and operational consistent with the terms of this Agreement and all of its Appendices. Contractor shall secure its guarantee in the amount of a Five Hundred Thousand dollar ($500,000) Letter of Credit to be maintained over the life of the contract.

Should Contractor fail to perform the work as guaranteed, the full amount of the Letter of Credit shall be immediately paid to City.

Separate from and in addition to the Letter of Credit described above, the Contractor shall also be required to maintain Two Million Seven Hundred Thousand dollars ($2,700,000) in available liquid resources throughout the term of the contract. Such resources may be in the form of the following:

a) Cash, based an average bank account cash balance over the past 18 months;
b) A line of credit;
c) An equity line of credit; or
d) Any combination of these resources.

The contractor shall provide that a lapse in available liquidity may constitute a material breach of contract and may be grounds for termination of the contract for fault. The Airport, at its sole discretion, may require confirmation for liquidity during the course of the contract. The contractor shall respond within five (5) working days to such request.

**69. Worker Retention Policy**

Contractor shall comply with the Airport's Worker Retention Policy, which states:

Retention of Employees of Covered Employers when a Successor Contract is Awarded

This Worker Retention Policy shall apply to Airport contractors who employ workers who perform essential services at the Airport on a regular, ongoing and continual basis for the benefit of the travelling public and for the increased efficiency of Airport operations; such services include but are not limited to services for parking garage and curbside management operations, the information booths, in-terminal food and beverage concessions, the SFO Medical Clinic, intra-Airport transportation services, and/or services by third party service providers subject to the Airport's Quality Standards Program, but not including airlines. The Airport Director shall have the authority to determine the Service Provider contracts that provide such essential services. Upon termination or end of a Service Provider contract, any person continuously employed as a service employee of the contractor or subcontractor for six months or more for 16 or more hours per week and whose primary place of employment is at the San Francisco international Airport shall be retained in his/her employment at the Airport by the successor contractor or subcontractor for a 90-day trial employment period.

The term "employee" does not include a person who (1) is a managerial, supervisory or confidential employee, including those who would be so defined under the Fair Labor Standards Act; or (2) does not meet any applicable quality standards specified in the Quality Standards Program; or (3) is employed less than sixteen hours per week.

A "successor service contract" means a service contract where the services to be performed have previously been rendered under another substantially similar services contract that recently has been terminated or has ended.

Required Employee Information

Where a service contract subject to this regulation has been terminated or ended, or where a service contractor has given notice of such termination, the service contractor shall, within ten (10) days of giving or receiving such notice, provide to the successor contractor and to the Airport Employment Information Center, the name, date of hire, and employment occupation classification of each such

employee employed at the Airport covered by the prospective contractor at the time of contract termination. This requirement shall also apply to the subcontractors of the terminated contractor.

If the terminated contractor has not learned the identity of the successor contractor, if any, by the time that notice was given of the contract termination, the terminated contractor shall obtain such information from the Airport. If a successor service contract has not been awarded by the end of the ten (10) day period, the employment information referred to earlier shall be provided to the Airport at such time.

Successor Contractor's Obligation to Retain the Employees of the Contractor Whose Services Contract has been Terminated or has Ended

A successor contractor shall retain, for a 90-day trial employment period, the employees of the predecessor contractor, as defined above.

During such trial period, a successor contractor or subcontractor, where applicable, shall evaluate each employee retained pursuant to this policy. If the employee's performance during such period is satisfactory, the successor contractor or subcontractor shall offer the employee continued employment under the terms and conditions established by the successor contractor or subcontractor or as required by the Airport's Quality Standards Program. If the employee's performance is determined to be unsatisfactory, in the opinion of the successor contractor or subcontractor, such employee may be released from employment and shall be referred to the Airport Employment Center.

If at any time a successor contractor determines that fewer employees are required to perform the new service contract than were required by the former contractor and/or subcontractor, if any, the successor contractor shall retain the predecessor contractor's employees by seniority within job classification. During the trial employment period, the successor contractor shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor or subcontractor from which the successor contractor or subcontractor shall hire additional employees.

Notwithstanding the requirements referred to herein, a successor contractor or subcontractor may otherwise replace an employee required to be retained pursuant to this policy with a person already actually employed by the successor contractor or subcontractor continuously for six months prior to the commencement of the successor service contract or subcontract in a capacity similar to that proposed under the successor service contract or subcontract if the successor contractor's or subcontractor's employee would otherwise be laid off work as a result of the award of the successor contract.

All contracts subject to this policy shall include a provision in which the contractor agrees to require subcontractors to comply with the obligations imposed by the worker retention program.

All disputes over interpretation or application of the worker retention regulations set forth herein shall be submitted to expedited binding arbitration in accordance with the American Arbitration Association Labor Arbitration Rules including its Expedited Labor Arbitration procedures. Costs incurred in connection with any such arbitration shall be borne equally by the contractor/subcontractor and affected employee(s) and/or the pertinent labor organization, if any.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

| **CITY**<br>AIRPORT COMMISSION<br>CITY AND COUNTY OF<br>SAN FRANCISCO | **CONTRACTOR** |
|---|---|
| By: _____<br>John L. Martin, Airport Director | By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.<br><br>I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles. |
| Attest: | |
| By _____<br>Jean Caramatti, Secretary<br>Airport Commission | _____<br>Authorized Signature |
| Resolution No: 12-0220 | JEFFREY G. LEONOVOAKIS<br>Printed Name |
| Adopted on: October 9, 2012 | President<br>Title |
| Approved as to Form: | SFO Shuttle Bus Company<br>Company Name |
| Dennis J. Herrera<br>City Attorney | 16857<br>City Vendor Number |
| By _____<br>Stacey Lucas<br>Deputy City Attorney | 325 Fifth Street<br>Address |
| | San Francisco, CA 94107<br>City, State, ZIP |
| | 650-877-0430<br>Telephone Number |
| | _____<br>Federal Employer ID Number |

**Appendices:**

A: Services to be provided by Contractor
B: Calculation of Charges
C: Shuttle Bus Operation and Bus Route Maps

## Appendix A
## Services to be provided by Contractor

### I. Description of Services

The following are work tasks assumed necessary to provide shuttle bus services at San Francisco International Airport (the Airport). The Contractor will manage and operate the Airport's shuttle bus service and provide all supplies, equipment, operating personnel, maintenance and repair, and all other labor and materials necessary or required for continued performance of the specified service. The Contractor will furnish drivers, supervisors, mechanics, dispatchers, and such other employees as may be necessary for the efficient operation of all of Contractor's activities hereunder, and all such employees shall possess all valid permits, licenses, approvals and certificates required by applicable law of the state or other governmental body having jurisdiction. A complete description of the Airport's routes and hours of operation are provided in Appendix C.

The fleet of shuttle buses subject to this Agreement shall be owned by the City. The Contractor shall be responsible for all fleet cleaning and maintenance as described in Paragraph E, below.

The Contractor will obtain CNG fuel for the shuttle fleet at a reduced cost at the Airport's CNG fueling facilities, except in an emergency, when an alternate CNG fuel station may be used. The Contractor will be required to enter into a contract with one of the two on-airport CNG fuel providers.

The Contractor will obtain all insurance, permits, franchises, approvals, licenses, certificates and other authorizations necessary to conduct and operate the Airport's Shuttle Bus service. All such authorizations will be obtained and furnished by Contractor or said employees at its or their sole cost and expense. Contractor must register all drivers in the California Department of Motor Vehicles' EPN (Employers Pull Notice) Program.

#### A. Personnel

All employees of the Contractor shall be required to complete the badging process at the Airport. The requirements and procedures for obtaining an Airport badge can be found at the following web address: https://sfoconnect.com/operations-security/airport-id-badges/obtaining-badge . The Contractor expressly agrees that the City bears no burden, obligation or duty to any party except as provided under this Agreement, and the Contractor shall defend and indemnify the City against any such charges and/or claims of any kind.

To the extent the Contractor elects to employ drivers, managers, supervisors, and/or mechanics who are members of a labor union, it shall be the successful Proposer's sole responsibility to meet any and all of its obligations under any collective bargaining agreement with a union representing these personnel.

The Contractor shall provide Airport-approved uniforms for all drivers, shift supervisors, and mechanics, ensure employees receive the correctly sized uniforms, keep uniform pieces in good repair, and replace uniforms when required.

##### 1. Drivers

The Contractor shall employ a team of experienced drivers and each such driver shall possess all of the certificates, licenses and training required by all local, state and federals laws and regulations required to operate a shuttle bus.

Drivers will be expected to assist elderly and disabled passengers, provide directions and other Airport information, and maintain a courteous, helpful, and professional demeanor at all times.

### 2. Bus Service Manager, Assistant Bus Service Manager, and Shift Supervisors

The Contractor will designate a full-time Bus Service Manager and Assistant Bus Service Manager to oversee the operation of the shuttle service. The Bus Service Manager will be responsible both for operational and financial management of the service. The Bus Service Manager will report all operational and maintenance problems to designated Airport staff, including schedule adherence, accidents, passenger complaints, results of California Highway Patrol (CHP) inspections, ridership statistics and other statistical data as required by the Airport Director (Director). The Assistant Bus Service Manager is responsible for assisting the Bus Service Manager with the operation of the shuttle service, and assumes the responsibilities of the Bus Service Manager in his/her absence.

The Bus Service Manager and Assistant Bus Service Manager must be on duty at the Airport forty (40) hours per week, administering the shuttle bus system full-time and coordinating operations with Airport staff. The Assistant Bus Service Manager must work a different schedule than the Bus Service Manager to ensure greater supervisory coverage throughout the week, including weekends.

The Contractor must maintain at least one dispatcher/supervisor on duty at the Airport at all times, 24 hours per day, seven days per week, 365 days per year ("24/7/365"). While on duty, dispatchers will devote full and exclusive time to expediting the shuttle bus operations as described in this Scope. The Contractor will keep designated Airport staff informed in writing of the identity and telephone number of the Bus Service Manager, Assistant Bus Service Manager, and of all Dispatchers/Shift Supervisors who can be contacted twenty-four hours per day, and who are authorized to represent and act for the company in matters pertaining to the shuttle bus operation. Any problems pertaining to Contractor's operation will be corrected to the satisfaction of Airport Director immediately upon written notice from the Airport Director or his designee.

### 3. Mechanics

The Contractor shall have an experienced maintenance staff on-site and in sufficient quantity to service the Airport's shuttle bus fleet while maintaining continuous shuttle service, 24/7/365. Maintenance staff must possess all certificates, licenses and training required by all local, state and federal laws and regulations regarding driving, maintenance and repair of buses. At a minimum, the maintenance staff shall be fully capable of performing the following duties:

- maintenance, repair, and overhaul of a variety of mechanical equipment;
- engine maintenance, removal, repair, overhaul, installation, and tuning;
- vehicle fuel systems maintenance, repair, overhaul, adjustment, installation, and calibration;
- maintenance and installation of lighting circuits and auxiliary actuating circuits;
- maintenance, repair, overhaul, and adjustment of vehicle brake systems, vehicle cooling systems, vehicle chassis, wheel, and suspension systems;
- safe and effective operation of shop equipment and machine tools;
- ability to troubleshoot equipment problems;
- ability to make service calls and various locations served by the Airport's shuttle service;
- ability to complete forms and keep records of work performed, and time and materials used; and
- ability to perform related duties and responsibilities as assigned.

## B. Required Level of Service

### 1. Airport Rules and Regulations

The Contractor shall comply with all applicable Airport Rules and Regulations.

### 2. Customer Service

The Contractor shall provide courteous drivers who communicate effectively with passengers, competently answer questions about the Airport's Shuttle Bus service and its stop locations, and drive the assigned route safely and on schedule. From time to time, designated Airport staff may request that the Contractor prepare and post simple notices or schedules in vehicles and assist in collection and distribution of surveys and other pertinent data.

### 3. Training and Certification Verification

In order to meet customer service expectations, the Contractor shall train all employees. At a minimum, employee training shall include all of the following topics:

- emergency preparedness and evacuation procedures
- sensitivity training in assisting elderly and disabled passengers
- regular tailgate meetings on safety
- re-training program for drivers who experience a preventable accident

In addition, the Contractor shall provide a written description of how it will verify that each of its employees is qualified to perform the duties described in this Scope of Work. The description shall include a plan for verifying that employees maintain current licenses and certificates and a plan for how the Contractor will maintain the services set forth in this Scope of Work in the event that its employee(s) fail to maintain current licenses and certificates.

## C. Reporting Requirements

The Contractor shall provide daily reports to the Airport with comprehensive reporting on the number of passengers carried hourly. In addition, the Contractor shall provide accident reports, incident reports, and other special reports in a format specified by designated Airport staff including, but not limited to:

1. Trip Reports (daily);
2. Road Service Call Reports (as needed);
3. Accident Notification (as needed);
4. Vehicle Maintenance Records (when requested);
5. Investigation of Driver Conduct (when requested);
6. Passenger Complaints/Comments (as needed);
7. Operations Reports (daily);
8. On-Board/Special Surveys (as needed); and
9. Other Reports as specified by the Director (as needed)

## D. Inspection

The Contractor shall maintain a satisfactory CHP inspection record throughout the period of the contract. The Contractor shall notify designated Airport staff of the results of all CHP primary and follow-up inspections and regulatory actions and explain how it intends to correct identified deficiencies.

The Contractor will also be required to maintain Airport operating permits for the Airport's shuttle bus fleet. The Airport's Ground Transportation Unit (GTU) will conduct yearly inspections of the shuttle bus fleet for permitting. The Contractor will be responsible for ensuring the fleet passes inspection. In the event a bus does not pass inspection, the Contractor will be responsible for correcting the deficiency in a reasonable timeframe and returning the bus to the GTU for re-inspection and permitting.

The Contractor shall provide designated Airport staff with such access to its facilities as necessary to examine, audit, and inspect all work activities related to this contract.

Any vehicle failing to meet the Airport maintenance standards, as determined by designated Airport staff, shall not be operated and shall be immediately replaced with a vehicle that does meet Airport maintenance standards.

**E. Fleet Maintenance**

The following minimum maintenance standards must be observed by the successful Proposer:

1. Maintain all vehicles used for the shuttle bus service in good mechanical condition and keep clean inside and out at all times;
2. Submit an annual bus preventative maintenance plan.
3. Perform daily inspections of all buses to ensure fuels, fluids, and vital equipment meet safety and operational standards and document same;
4. Employ preventive maintenance principles as defined in the Original Equipment Manufacturer (OEM) maintenance schedule;
5. Repair minor or slight body damage, such as small dents, cracked glass, etc., and interior damage such as torn seats within thirty (30) days of discovery; and
6. Operate no vehicle with moderate or major body damage until such damage is repaired. A vehicle's transponder and decal may be removed by sworn personnel of the San Francisco Police Department's Airport Bureau where moderate or major body damage has been sustained as defined below:

    i. "Moderate" damage is defined as more than slight damage to one-fourth or less of the vehicle, such as an entire fender, grill, quarter panel, door, hood, rear deck, etc.; and

    ii. "Major" damage is defined as damage to more than one-fourth of the vehicle; such as entire rear end, etc.

Any required maintenance that exceeds $2,000 must be approved by the Airport's Auto Shop manager, or his designee, prior to parts being ordered or work performed.

**F. Operations Office and Maintenance Facility**

The Contractor shall use the Airport's bus maintenance facility as its base of on-site operations. The bus maintenance facility is equipped with a bus fleet storage area, maintenance bays, parts storage area, equipment room, fluids storage room, office area, conference room, rest rooms, compressor, and mechanical equipment room.

The Contractor shall be responsible for providing all tools and equipment necessary to perform bus maintenance and repairs. The costs for tools and equipment are the sole responsibility of the Contractor and are not eligible for reimbursement by the Airport.

The shuttle bus service will be monitored by the Airport's Automatic Vehicle Identification (AVI) System (or similar system) during the term of the contract. The AVI system will monitor the successful Proposer's performance under the terms of the contract

Airport staff assigned to the Airport's Auto Shop will conduct periodic spot audits and document review for purposes of confirming that the Contractor remains in compliance with the maintenance and repair terms of the contract. Within 60 day of Notice to Proceed, the Contractor will either provide Airport staff access to the Contractor's vehicle maintenance program, VMCS 2000, or request access to the Airport's vehicle maintenance program, ExtraFleet, for monitoring and oversight.

### G. Transition Plan

The Airport will remove all Airport-owned maintenance equipment from the bus maintenance within 60 days of Notice to Proceed for this Agreement. The Contractor shall have in place any and all equipment needed to meet the terms of this Agreement by the time the Airport-owned equipment is removed.

## 2. Department Liaison

In performing the services provided for in this Agreement, Contractor's liaison with the Airport will be Michael Lawrance, Landside Operations.

## Appendix B
## Calculation of Charges

Compensation under this Contract shall consist of two categories: (A) Reimbursable Costs and (B) Fee Amount.

### A. Reimbursable Costs

The Contractor acknowledges and agrees that as the employer, it alone shall be solely responsible for fulfilling its obligations to its employees under the law and under any collective bargaining agreement(s), if applicable.

The Airport shall reimburse only actual costs supported by documentation acceptable to the Airport. There shall be no mark-up on Reimbursable Costs.

#### 1. Direct Labor Costs

Direct Labor Costs include (a) hourly wage rate plus (b) cost of fringe benefits.

##### a. Hourly Wage Rates:

The Contractor shall submit payroll records supported by timecards or other verifiable documentation to support any application for reimbursement of Direct Labor Costs. The City shall reimburse actual hourly wages not to exceed the amounts set forth below:

| | |
|---|---|
| i. Shuttle bus drivers | Not to exceed $24.19/hr |
| ii. Bus mechanics (journeymen) | Not to exceed $34.65/hr |
| iii. Bus mechanics (foreman) | Not to exceed $38.12/hr |
| iv. Supervisor | Not to exceed $25.79/hr |

The City shall not reimburse any increase in salary for the entire initial term of this Contract if such increase would result in an hourly rate exceeding the corresponding amount set forth above.

In the event the City grants an extension of the Contract term, and for the extended term only, the City may agree, in its sole discretion, to adjust the reimbursable hourly rates costs set forth above. The City will make no adjustment unless the Contractor can document the increased actual Direct Labor Costs. The amount of the reimbursable increase shall not exceed fifty percent (50%) of the actual increase, and Contractor shall bear the cost of the remaining fifty percent (50%) of any increase.

##### b. Fringe Benefits

The City shall reimburse Contractor for the actual, documented cost of fringe benefits incurred by the Contractor at the rate established at the time of contract award for the first twelve (12) months of the Agreement. This shall be the "first year baseline." In the event the actual cost of fringe benefits in subsequent contract years exceeds the first year baseline, the cost of the increase shall be borne equally by the Contractor and the City. For example, if the cost of first year baseline fringe benefits increases by four percent (4%) in year two of the Agreement, the City shall reimburse Contractor the baseline amount, plus two percent (2%). Similarly, if the third year of the Agreement the Contractor's actual cost of fringe

benefits is one percent (1%) greater than the first year baseline, the City shall reimburse Contractor the first year baseline amount, plus one-half of one percent (.5%) of the first year baseline.

### 2. Indirect Labor Costs

The Contractor shall be entitled to reimbursement of actual, documented, and eligible Indirect Labor Costs. Documentation shall include original invoices and/or other documentation acceptable to the City. The following Indirect Labor Costs are not reimbursable:

- Employee recruitment
- Initial background investigations for employee security access badging
- Additional, subsequent background investigations
- Airport Security Access Office badge
- Replacement of lost or stolen Airport Security Access Office badge
- Employee name badges
- Replacement of lost or stolen employee name badges
- Uniform purchase and dry cleaning for drivers, mechanics and supervisors; cost of hemming uniform pants and shirts.

### 3. Other Direct Costs

The following other direct costs shall be reimbursable when accompanied by appropriate documentation.

**INTERNET AND TELEPHONE**

Note: Neither the Contractor nor any if its employees shall have an expectation of privacy on any landlines, cell phones, emails, or text message system paid for by the City

| Cost Item | Yes | No | Comment |
|---|---|---|---|
| Up to five (5) land line telephones with voicemail | | ✓ | Airport to provide |
| Local calls from landlines | ✓ | | |
| Long distance calls from landlines | ✓ | | Reimbursable, provided Contractor maintains a log with all long distance calls, including date, time, name of caller, name of person called, and reason for call. |
| Cellular bills for modems installed in shuttle buses and bus stops. | ✓ | | |
| Cell phones (excluding smart phones) | ✓ | | Prior written approval required. Reasonable number of phones. |
| Replacement of lost or damaged cell phones | | ✓ | |

| | | | |
|---|---|---|---|
| Cell phone bills | ✓ | | |
| Text messaging services | | ✓ | |
| Wireless internet service | | ✓ | |
| Postage emanating from successful proposer's Airport offices and relating solely to the Airport's shuttle bus service | ✓ | | |
| Postage not emanating from successful proposer's Airport | | ✓ | |
| Express next-day or two-day shipments of Airport-authorized purchase of material, equipment or supplies | ✓ | | Prior written approval required. |
| Letterhead and business cards | | ✓ | |
| **OFFICE EQUIPMENT** | | | |
| Computers, printers and monitors for administrative office functions | | ✓ | Airport will supply – will not reimburse |
| Basic software (word processing, spread sheet, anti-virus, internet browser) | | ✓ | Airport will supply – will not reimburse |
| Other software | | ✓ | Unless pre-approved by Airport |
| Computer consumables (ink cartridges, toner, paper) | ✓ | | Advance written approval required |
| Use of photocopier | | ✓ | Airport will supply – will not reimburse |
| Office furniture (desks, file cabinets, chair) | | ✓ | Airport will supply – will not reimburse |

| INSURANCE, PARTS, EQUIPMENT, FUEL | | | |
|---|---|---|---|
| Equipment necessary for the repair and maintenance of buses | | ✓ | |
| Parts necessary for the repair and maintenance of buses | ✓ | | All parts shall be monitored in an inventory control system accessible to the City. |
| Fuel | ✓ | | |
| Insurance Premiums | ✓ | | |

**B. Fee Amount**

The amount set forth below shall constitute full compensation to the Contractor for any and all management fees, profit, overhead and nonreimbursable costs (direct or indirect), associated with the performance of services under this Contract. An itemized list of reimbursable and non-reimbursable costs is provided in Paragraph A above.

The Management Fee shall include all costs associated with all principals, managers and assistant managers. The Management fee shall not change for the entire initial contract term of 43 months. The Contractor shall invoice the City for payment of the Management Fee on a regular monthly basis.

For any extended term of the Contract, the Contractor shall be entitled to a monthly Management Fee amount not to exceed the original regular monthly payment amount, unless approved as a contract modification by the Airport Commission.

| $98,344.28 | x 43 MONTHS = | $4,228,804.04 |
|---|---|---|
| Monthly Management Fee Amount | | Total Management Fee |

## Appendix C
## Shuttle Bus Operation and Bus Route Maps

A. Routes and Hours of Operation

The shuttle bus operation runs 24 hours a day, seven days a week, 365 day a year.

Schedules, routes, headways, and use of vehicular equipment will be established by the Airport Director and may be supplemented, altered, reduced, and revised from time to time by the Director. As Airport passenger demand changes, shuttle bus routes and schedules will be adjusted to maximize service to the public and efficiently use Airport resources.

The bus routes operating on December 1, 2012 are as follows:

Route 1: Express service for air passengers between the Airport terminals and public Long-term Parking lot DD and garage. This route is approximately 6.5 miles round-trip. This service runs in 5-minute intervals between the hours of 4:15 AM and 12:00 AM. Between the hours of 12:00 AM and 4:15 AM, the service runs on 15-minute intervals.

Route 2: Local service primarily for employees between the employee garage (located on Westfield Road) and the Airport terminals, with intermediate stops at Lot C and United Air Cargo along North McDonnell Road. This route is approximately 3.5 miles round-trip. This service runs at 10-minute intervals between the hours of 3:00 AM and 1:00 AM. Between the hours of 1:00 AM and 3:00 AM, the service runs on 15-minute intervals, on the quarter hour (i.e. 2:00, 2:15, 2:30, etc.)

Route 3: Express service for employees and seasonal air passengers between Parking lot D and the Airport terminals. This route is approximately 5.5 miles round-trip. This service runs at 5-minute intervals between the hours of 4:15 AM and 12:00 AM. Between the hours of 12:00 AM and 4:15 AM, the service runs on 15-minute intervals.

Route 4: Local service for employees between Employee Parking Plot 2 (located on the previous Hilton Hotel site) and the Airport terminals. This route is approximately 2.0 miles round-trip. This service runs at 10-minute intervals between the hours of 3:00 AM and 1:00 AM. Between the hours of 1:00 AM and 3:00 AM, the service runs on 15-minute intervals, on the quarter hour (i.e. 2:00, 2:15, 2:30, etc.)

Maps of these routes are attached and identified as follows:

Appendix C, Attachment 1: Route 1;
Appendix C, Attachment 2: Route 2;
Appendix C, Attachment 3: Route 3; and
Appendix C, Attachment 4: Route 4;

SFO

San Francisco International Airport

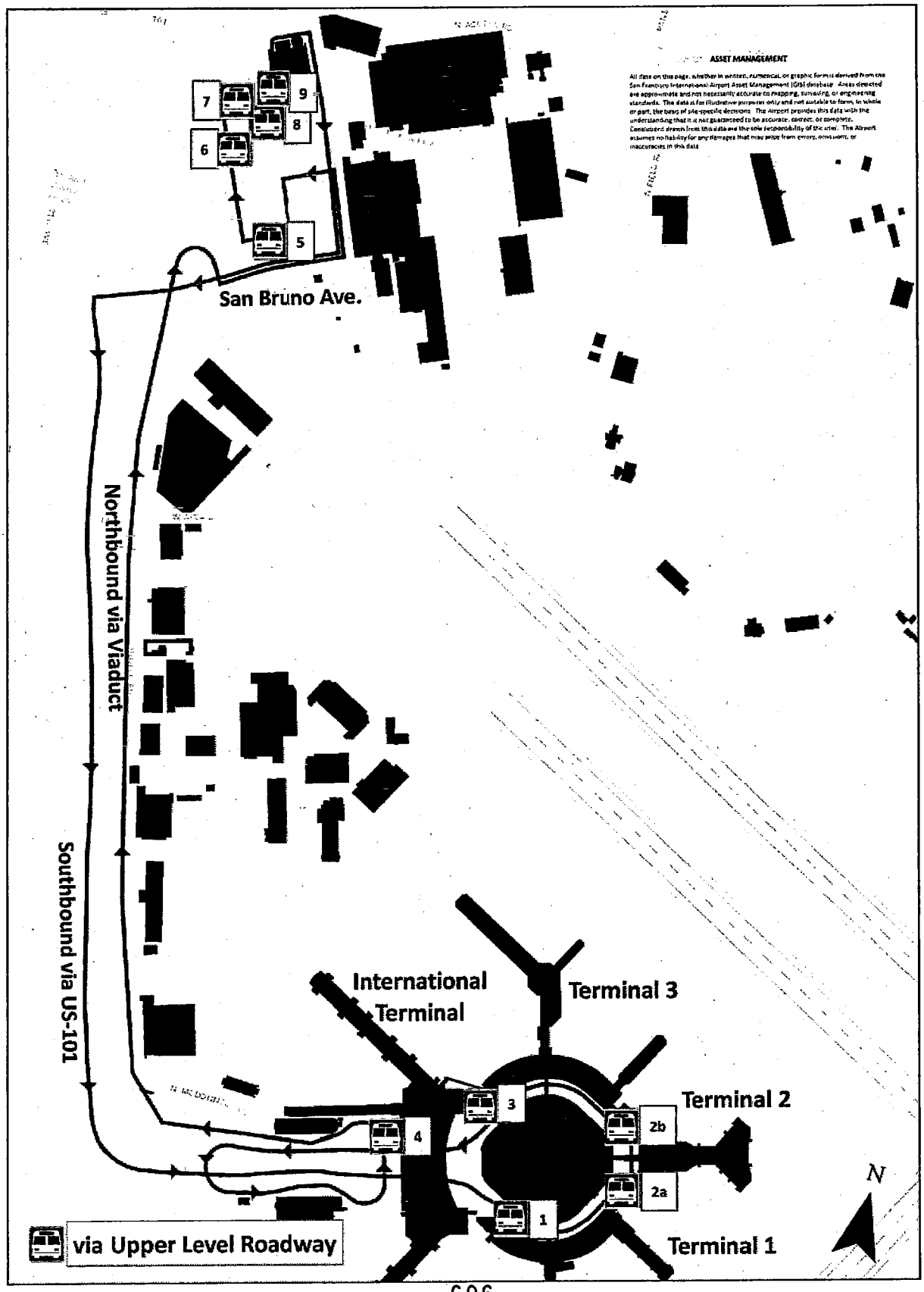
ROUTE 1

# Long Term Parking Shuttle Route

6.5 miles RT

## STOP LOCATIONS

1: Terminal 1 (Departures)
2a: Terminal 2 (Departures)
2b: Terminal 2 (Departures)
3: Terminal 3 (Departures)
4: Intern. Terminal G (Departures)
5-9: Long Term Parking



SFO

San Francisco International Airport

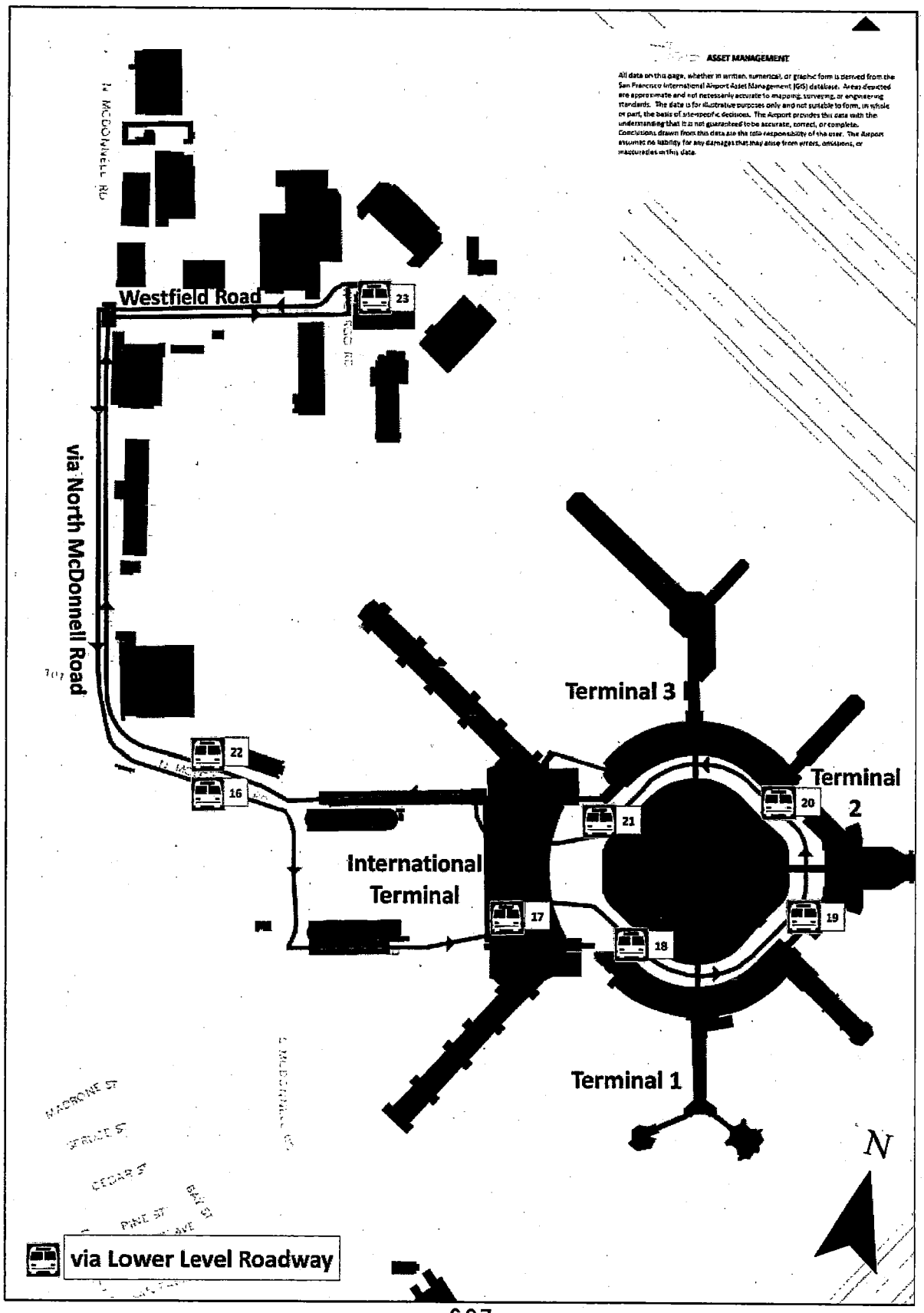
ROUTE 2

# Westfield Garage Shuttle Route

3.5 miles RT

## ɔP LOCATIONS

**16:** Parking Lot C
**17:** Intern. Terminal A (Courtyard)
**18:** Terminal 1 (Arrivals)
**19:** Terminal 2 (Arrivals)
**20:** Terminal 2 (Arrivals)
**21:** Terminal 3 (Arrivals)
**22:** 575 N. McDonnell Road
**23:** Westfield Garage



SFO

San Francisco International Airport

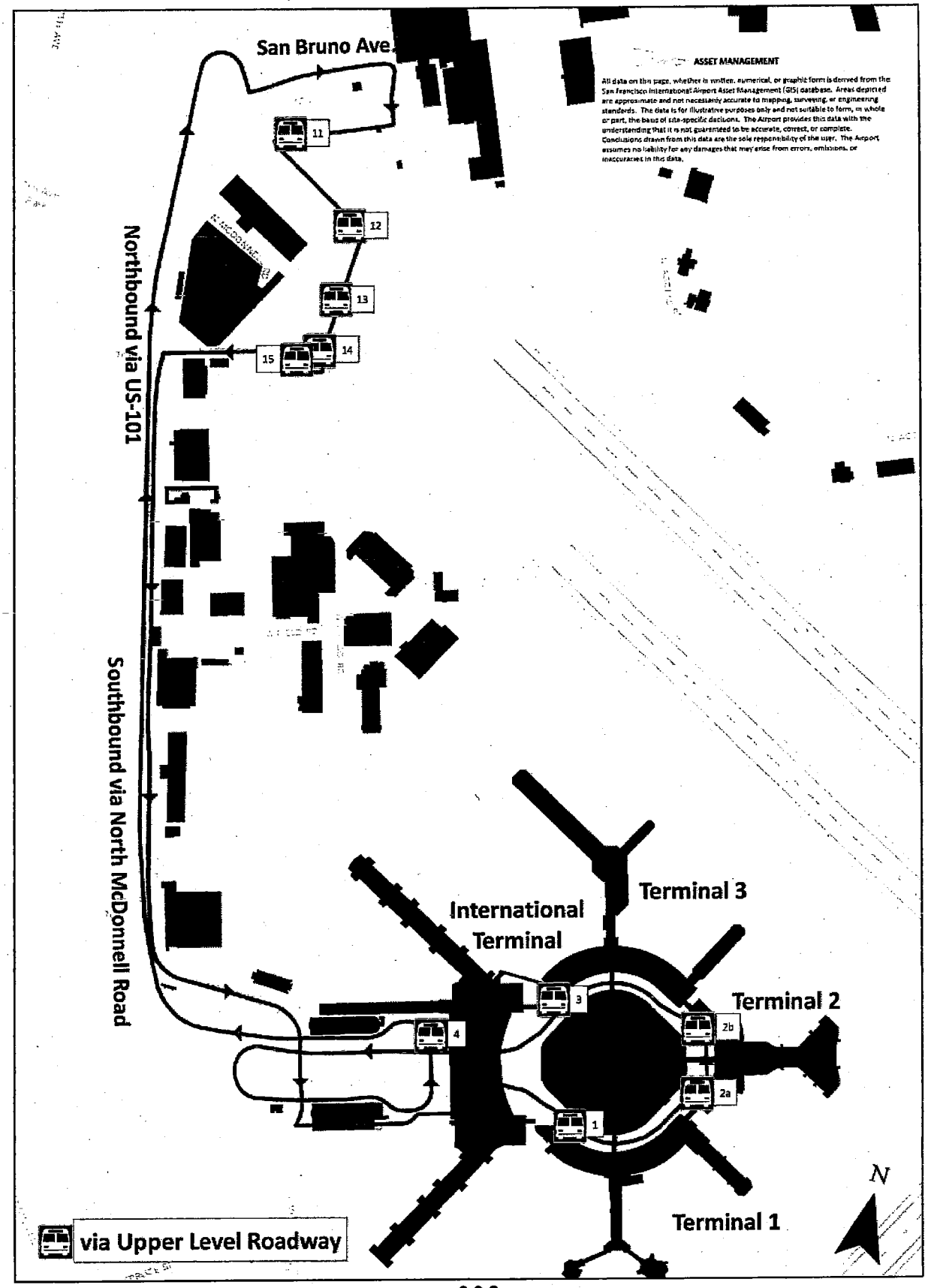
ROUTE 3

# Parking Lot D Shuttle Route

5.5 miles RT

## STOP LOCATIONS

1: Terminal 1 (Departures)
2a: Terminal 2 (Departures)
2b: Terminal 2 (Departures)
3: Terminal 3 (Departures)
4: Intern. Terminal G (Departures)
11-15: Lot D




ASSET MANAGEMENT

All data on this page, whether in written, numerical, or graphic form is derived from the San Francisco International Airport Asset Management (GIS) database. Areas depicted are approximate and not necessarily accurate to mapping, surveying, or engineering standards. The data is for illustrative purposes only and not suitable to form, in whole or part, the basis of site-specific decisions. The Airport provides this data with the understanding that it is not guaranteed to be accurate, correct, or complete. Conclusions drawn from this data are the sole responsibility of the user. The Airport assumes no liability for any damages that may arise from errors, omissions, or inaccuracies in this data.

San Francisco International Airport

Route 4

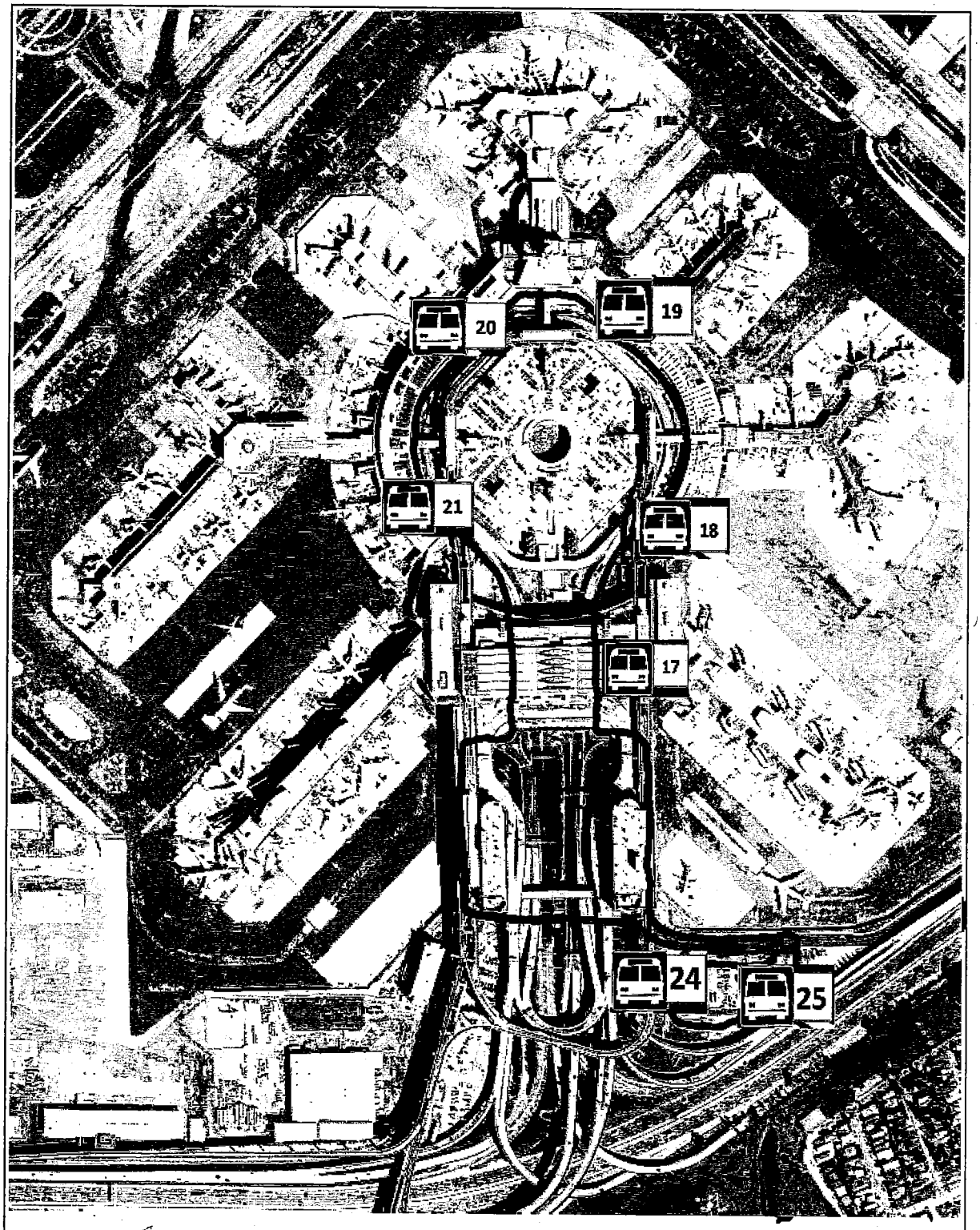
# Employee Parking Plot 2

# Shuttle Route

2.0 miles RT

**P LOCATIONS**

17: Intern. Terminal A
18: Terminal 1 (Arrivals)
19: Terminal 2 (Arrivals)
20: Terminal 2 (Arrivals)
21: Terminal 3 (Arrivals)
24-25: Plot 2




via Lower Level Roadway

File No. 121032

# FORM SFEC-126:
# NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

| **City Elective Officer Information** *(Please print clearly.)* | |
|---|---|
| Name of City elective officer(s):<br>Members, SF Board of Supervisors | City elective office(s) held:<br>Members, SF Board of Supervisors |

| **Contractor Information** *(Please print clearly.)* | |
|---|---|
| Name of contractor:<br>**SFO Shuttle Bus Company** | |
| *Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*<br>(1) Tim Leonoudakis and Jeff Leonoudakis<br>(2) The Contractor's CEO is Jeff Leonoudakis, CFO David Gottlieb, and COO Matthew Curwood<br>(3) Tim Leonoudakis<br>(4) None<br>(5) None | |
| Contractor address:<br>325 Fifth St., San Francisco, CA 94107 | |
| Date that contract was approved:<br>TBD | Amount of contract:<br>Total Not-to Exceed Amount of Thirty Nine Million Dollars ($39,000,000) |
| Describe the nature of the contract that was approved:<br>Provide Shuttle Bus Services at San Francisco International Airport | |
| Comments: | |

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☑ a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

_____
Print Name of Board

| **Filer Information** *(Please print clearly.)* | |
|---|---|
| Name of filer:<br>Angela Calvillo, Clerk of the Board of Supervisors | Contact telephone number:<br>(415) 554-5184 |
| Address:<br>1 Dr. Carlton B. Goodlett Place, Room 244,<br>San Francisco, CA 94102-4689 | E-mail:<br>Board.of.Supervisors@sfgov.org |

_____ _____
Signature of City Elective Officer (if submitted by City elective officer) Date Signed

_____ _____
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) Date Signed