

1 [Modification of Design-Build Requirements - Airport's Terminal 1 Center Renovation and the
2 Boarding Area B Reconstruction Projects]

3 **Ordinance modifying or waiving certain required contracting procedures in the**
4 **Administrative Code, as applied to the design-build of two Airport projects in the**
5 **Terminal 1 Program (the Terminal 1 Center Renovation and the Boarding Area B**
6 **Reconstruction Projects).**

7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

14 Be it ordained by the People of the City and County of San Francisco:

15 **Section 1. Background: The Terminal 1/Boarding Area B Redevelopment**

16 **Program.** The Airport's Terminal 1 is a 688,000 square foot commercial airline terminal which
17 consists of check-in counters, security checkpoints, and aircraft gates configured in two
18 boarding areas, B and C. Boarding Area B is the primary boarding area with 18 aircraft gates.
19 Terminal 1 and Boarding Area B were originally constructed approximately 50 years ago.
20 More than seven million passengers pass through Terminal 1 annually, traveling on six
21 airlines. Terminal 1 is reaching the end of its useful life.

22 By Resolution No. 14-0026, the Airport Commission ("Commission") authorized the
23 implementation of the Terminal 1/Boarding Area B Redevelopment Program ("Program"). The
24 Program consists of several public work projects to demolish the aging infrastructure, realign
25 aircraft taxilanes, construct temporary and permanent facilities, and renovate the existing

1 structures, all while maintaining Airport operations. The Program will result in a new 1.1 million
2 square foot facility.

3 Two of the major projects in the Program are construction of the Terminal 1 Center
4 Renovation (“T1 Center”) Project and the Boarding Area B Reconstruction (“BAB”) Project
5 (collectively “Projects”). These Projects encompass the central area of the main terminal
6 building and boarding area, including construction of a new consolidated passenger screening
7 checkpoint, pre-security ticket counters and concessions, as well as post-security passenger
8 amenities consistent with the standards incorporated in Terminal 2 and Terminal 3 Boarding
9 Area E. The Commission plans to select a separate contractor to construct the new baggage
10 handling system (“BHS”) and checked baggage screening system for Terminal 1. The
11 Commission anticipates assigning this BHS construction contract to the T1 Center Project
12 contractor after award to facilitate construction.

13 As discussed further in Section 2 of this ordinance, both the T1 Center and BAB
14 Projects will be delivered using the design-build delivery method. The Commission estimates
15 the construction of the BAB Project to cost \$570 million, and the construction of the T1 Center
16 Project, including the BHS, to cost \$442 million.

17
18 **Section 2. Airport Findings Supporting Design-Build Delivery Method.** The
19 Airport Director (“Director”), with the approval of the Commission, has determined that due to
20 the size, complexity, and schedule constraints of the Projects, construction of the Projects
21 requires specialized expertise and skill that should be procured with a design-build delivery
22 method. In design-build, the design and construction services are contracted from a single
23 entity, known as the design-builder, in contrast to the owner of a project separately contracting
24 with a designer and a general contractor (builder). Design-build provides a means for the
25 earliest practical engagement of qualified and experienced design professionals, contractors

1 and subcontractors who share the Airport’s goal to achieve well-designed and constructed
2 projects, with reduced or eliminated field and/or implementation errors and conflicts. Design-
3 build will also compress the normal Project schedules by eliminating or reducing wasted,
4 redundant, or erroneous process steps and by performing design work and construction work
5 in parallel and in phases, resulting in time and money savings.

6
7 **Section 3. Selection of the Design-Builders; Modification of Administrative Code**
8 **Sections 6.61(F)(1) and (F)(4) Requirements.** The Director intends to invite qualified
9 design-builders to compete for both Projects through a combined selection process. Although
10 qualified design-builders may submit competitive proposals for both Projects, the Commission
11 plans to award two separate design-build contracts, one for each Project, to two different
12 design-builders. For purposes of the Projects, the Airport shall comply with the selection
13 process prescribed in Administrative Code Section 6.61 (“Section 6.61”), except as stated in
14 Sections 4-6 of this ordinance.

15 **(a) Pre-Qualification Statement; Modification of Administrative Code Section**
16 **6.61(C)(1).** In conformance with Section 6.61(C), the Director will establish a panel to
17 evaluate the qualifications of prospective proposers. However, for these Projects, the Director
18 shall add the following evaluation criteria from the Alternative Final Selection Process in
19 Section 6.61(F)(4) to the pre-qualification criteria: the prospective proposer’s (1) plan for
20 expediency in completing the proposed project; (2) compliance with the goals set by the
21 Contract Monitoring Division and requirements of the Administrative Code Chapters 12 and
22 14; and (3) commitment to meet the City hiring goals. As provided under Section 6.61(C)(2),
23 the Director shall create a shortlist of no fewer than three pre-qualified respondents.

24 **(b) Pre-Qualification Design-Concept; Modification of Administrative Code**
25 **Section 6.61(C).** The Alternative Selection Process set forth in Section 6.61(F)(1) allows

1 partial designs to be evaluated as part of the design-build final selection process and allows
2 departments to pay reasonable stipends to proposers. For these Projects, the Director is
3 authorized to evaluate design concept documents during pre-qualification of design-builders.
4 The Director may establish a panel to evaluate design concept documents, taking into
5 account the following criteria: (1) creativity; (2) incorporation of the Airport's Revenue
6 Enhancement and Customer Hospitality initiative; (3) the Airport's published Guiding
7 Principles, including but not limited to, partnering, structured stakeholder engagement, and
8 sustainability; (4) the Airport's Terminal 1 Program Visioning Document; (5) passenger
9 experience; and (6) compliance with other requirements and criteria the Director may deem
10 appropriate. The Commission may provide a stipend of up to \$50,000 to each proposer that is
11 not selected for award of the contract for either Project. The Director may then create a
12 second shortlist of no fewer than three of the highest-ranked prospective proposers ("Qualified
13 Proposers").

14 **(c) Alternative Final Selection Process; Waiver of Administrative Code Section**
15 **6.61(F)(4).** The Board of Supervisors ("Board") waives the selection criteria of the Alternative
16 Final Selection Process of Section 6.61(F)(4) for the Projects, as these criteria shall be
17 evaluated during pre-qualification of proposers. The Director may establish a final selection
18 process whereby the design-builders are selected by a combined interview and competitive
19 cost proposal evaluation. Qualified Proposers may submit a competitive cost proposal for
20 each Project and a sealed statement of preferred Project. The Director may invite Qualified
21 Proposers to participate in oral interviews involving scenario-based, problem-solving
22 exercises. A panel established by the Director shall conduct oral interviews and rank the
23 Qualified Proposers, taking into account the following criteria: (1) understanding of the
24 problem(s) presented; (2) methodology and approach to problem-solving; (3) communication
25 and collaboration between the team members; (4) each team member's technical and/or

1 management expertise and skill set as contributed to the team’s problem-solving strategy; and
2 (5) compliance with all other requirements and criteria the Director may deem appropriate.
3 The scores from the interviews shall be combined with the scores for the competitive cost
4 proposals, with the cost criterion constituting not less than sixty-five percent (65%) of the final
5 evaluation, in conformance with Section 6.61(F)(4). If the same Qualified Proposer is ranked
6 highest for both Projects, the Director shall recommend award of the Contract for the
7 preferred Project, as stated in the highest-ranked Qualified Proposer’s sealed statement of
8 preferred Project.

9

10 **Section 4. Selection of Trade Subcontractors; Waiver of Administrative Code**

11 **Section 6.61(L)(2).** For each of the design-build contracts for the two Projects, the Director
12 may authorize the design-builder to enter into subcontracts during the programming and
13 design phases of the Project with “Core Subcontractors.” Core Subcontractors may include
14 the Mechanical Subcontractor, the Electrical Subcontractor, the Plumbing Subcontractor, the
15 Building Information and Technology and Special Systems Subcontractor, and the Building
16 Envelope/Curtain Wall Subcontractor. For these Core Subcontractors, the requirement of
17 Section 6.61(L)(2) that design-builders receive sealed bids is waived, so that these Core
18 Subcontractors may be competitively selected based on qualifications only or on a
19 combination of qualifications and price.

20 Core Subcontractors may be required to provide programming and design services for
21 the Projects, and, as soon as practicable, these Core Subcontractors shall furnish the Director
22 with firm prices on their respective trade work. The Director shall at all times retain the
23 services of independent cost estimators who shall provide the Director with cost estimates of
24 the work to be performed by the Core Subcontractors. With Commission approval, the design-
25 builders may award construction trade subcontracts to any of their respective Core

1 Subcontractors that submit a price for the trade work within 105% of the Director's
2 independent cost estimates for the Core Subcontractor's trade work. If the trade work is not
3 awarded to a Core Subcontractor for any reason, the respective trade work shall be
4 competitively bid in conformance with Administrative Code Section 6.61(L), with the exception
5 of allowable directly negotiated subcontracts as discussed further in Section 5 below. If the
6 lowest responsive bid from a responsible bidder exceeds the Core Subcontractor's price for
7 the trade work, the Director may authorize the design-builder to award the subcontract to the
8 Core Subcontractor.

9

10 **Section 5. Direct Negotiation with Trade Subcontractors; Modification of**
11 **Administrative Code Section 6.61L(3).** For the Projects, the Board hereby increases the
12 cap for directly negotiated trade work subcontracts under Administrative Code Section
13 6.61L(3), from seven and one-half percent (7.5%) to fifteen percent (15%) of the total
14 estimated subcontract costs for each Contract. The BHS contract, and any lower-tier
15 subcontracts to the BHS contract, shall not be counted toward the maximum allowable
16 amount for directly negotiated subcontracts for the T1 Center Contract.

17

18 **Section 6. Effective Date.** This ordinance shall become effective 30 days after
19 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
20 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
21 of Supervisors overrides the Mayor's veto of the ordinance.

22 APPROVED AS TO FORM:
23 DENNIS J. HERRERA, City Attorney

24 By: _____
25 HEATHER WOLNICK
Deputy City Attorney