



San Francisco International Airport

MEMORANDUM

July 23, 2013

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Modification No. 1 to Contract No. 8838 with Bombardier Transportation (Holdings) USA, Inc. for AirTrain Operations and Maintenance

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 1 TO CONTRACT NO. 8838 WITH BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC. FOR AIRTRAIN OPERATIONS AND MAINTENANCE SERVICES IN THE AMOUNT OF \$42,200,000, TO: 1) EXERCISE THE THREE-YEAR CONTRACT EXTENSION BEGINNING MARCH 1, 2014 THROUGH FEBRUARY 28, 2017 (\$39,000,000), AND 2) REQUEST APPROVAL TO FUND THE BUDGET SHORTFALL FROM ESCALATION AND BONUS ADJUSTMENTS FOR THE INITIAL FIVE-YEAR TERM (\$3,200,000) FOR A REVISED NOT TO EXCEED TOTAL CONTRACT AMOUNT OF \$98,700,000.

Executive Summary

Contract No. 8838 with Bombardier Transportation (Holdings) USA, Inc. provides for AirTrain operations and maintenance services. Modification No. 1 to Contract No. 8838 requests Commission approval to exercise a three-year contract extension and fund a budget shortfall from escalation and bonus adjustments in the initial five-year term.

Background

On September 16, 2008, this Commission adopted Resolution No. 08-0173, which awarded Contract No. 8838, AirTrain Operations and Maintenance, to Bombardier Transportation (Holdings) USA, Inc. for a five-year contract (March 1, 2009 to February 28, 2014) with one (1) three-year option, and two (2) 1-year options, in the amount of \$56,500,000, and approved a contingency budget of \$500,000 for payment of incentive bonuses and other changes during Year One of the new contract, all subject to Board of Supervisors approval of the Agreement and award of this contract.

On November 18, 2008, the Board of Supervisors of the City and County of San Francisco passed Ordinance No. 080942, which granted the Airport Commission waiver of the competitive bidding requirements found in Administrative Code Chapter 21, and awarded the contract to Bombardier Transportation (Holdings) USA, Inc.

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

THIS PRINT COVERS CALENDAR ITEM NO. 2

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

This contract includes provisions for an additional three-year term extension that is dependent on the contractor meeting a set of pre-defined performance standards. The pre-defined performance standards include factors such as system availability ratings and on-time preventative maintenance program. Based on the contractor's performance to date, the contractor will meet these standards.

This contract also includes provisions for annual escalation on labor, material, and incentive bonuses based on the system performance. The original contract amount under-funded the amounts required for annual escalation and performance bonuses over the five-year term, resulting in a \$3,200,000 shortfall.

Recommendation

Based upon the satisfactory performance provided by Bombardier Transportation (Holdings) USA, Inc. in operating and maintaining the AirTrain under the terms of this contract, I recommend the Commission approve Modification No. 1 to Contract No. 8838 with Bombardier Transportation (Holdings) USA, Inc. in the amount not to exceed \$42,200,000, which includes \$3,200,000 budget shortfall for labor and materials escalation and performance bonuses during the initial five (5) year term, and \$39,000,000 for an additional three-year term extension beginning March 1, 2014 through February 28, 2017, for a new total contract amount not to exceed \$98,700,000.



John L. Martin
Airport Director

Prepared by: Jeff Littlefield
Deputy Airport Director
Operations & Security

Attachment

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. **13_0156**

APPROVE MODIFICATION NO. 1 TO CONTRACT NO. 8838 WITH BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC. FOR AIRTRAIN OPERATIONS AND MAINTENANCE SERVICES IN THE AMOUNT OF \$42,200,000, TO: 1) EXERCISE THE THREE-YEAR CONTRACT EXTENSION BEGINNING MARCH 1, 2014 THROUGH FEBRUARY 28, 2017, AND 2) REQUEST APPROVAL TO FUND THE BUDGET SHORTFALL FROM ESCALATION AND BONUS ADJUSTMENTS FOR THE INITIAL FIVE-YEAR TERM FOR A REVISED NOT TO EXCEED TOTAL CONTRACT AMOUNT OF \$98,700,000.

- WHEREAS, on September 16, 2008, this Commission approved Resolution No. 08-0173 awarding Contract No. 8838 AirTrain Operations and Maintenance to Bombardier Transportation (Holdings) USA, Inc. for a five-year contract, with one (1) 3-year option, and two (2) 1-year options, in the amount of \$56,500,000 and approved a one-year contingency budget of \$500,000 for payment of incentive bonuses and other changes, all subject to Board of Supervisors (BOS) approval of the agreement and award of this contract; and
- WHEREAS, on November 18, 2008, the BOS of the City and County of San Francisco passed Ordinance No. 080942 in which the BOS granted the Airport Commission a waiver of the competitive bidding requirements found in Administrative Code Chapter 21; and
- WHEREAS, in accordance with Ordinance No. 080942, the BOS granted the award of Contract No. 8838 to Bombardier Transportation (Holdings) USA, Inc. for a five-year term in the amount of \$56,500,000 and approved the contingency budget of \$500,000 for payment of incentive bonuses and other changes during Year One of the new contract; and
- WHEREAS, the originally approved \$56,500,000 to fund the initial five-year term did not include funding for labor and material escalation and bonuses beyond Year One of the contract, resulting in a shortfall of \$3,200,000 over the initial five (5) year term; and
- WHEREAS, the contract includes a renewal of an additional three-year contract extension dependent on the contractor meeting a set of pre-defined performance standards. Based on the contractor's performance to date the contractor will meet these standards; and
- WHEREAS, funding for this project will be provided from the Airport's operating budget; and

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RESOLUTION NO. 13 - 0156

WHEREAS, the Human Rights Commission has determined that Bombardier Transportation (Holdings) USA, Inc. is in compliance and responsive to Chapter 14B and its LBE requirements; and

WHEREAS, the San Francisco Administrative Code requires Board of Supervisors approval of all non-construction contracts in excess of \$10M; now, therefore, be it

RESOLVED, that this Commission hereby approves Modification No. 1 to Contract No. 8838, AirTrain Operations and Maintenance, with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$42,200,000, to: 1) exercise the three-year contract extension beginning March 1, 2014 through February 28, 2017 in the amount of \$39,000,000; and 2) request approval to fund the budget shortfall from escalation and bonus adjustments for the initial five-year term in the amount of \$3,200,000, for a revised not to exceed total contract amount of \$98,700,000; and, be it further

RESOLVED, that the Airport Director is authorized to take the necessary steps to obtain Board of Supervisors' approval of the contract modification pursuant to San Francisco Charter Section 9.118(b).

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

at its meeting of _____

JUL 23 2013



Secretary