

File No. 140700

Committee Item No. 5

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date July 14, 2014

Board of Supervisors Meeting

Date July 29, 2014


Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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Completed by: Andrea Ausberry Date July 11, 2014

Completed by:  Date 7.16.14

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 ~~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

LEGISLATIVE DIGEST

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

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

Background and Existing Law

The Administrative Code Chapter 6 sets forth the City's rules and requirements for selecting and contracting for the design and construction of public work contracts. Public work projects generally involve separate contracts, one with a design professional and another with the construction contractor; selection of a design professional through a qualifications process and the selection of the construction contractor through competitive bidding, whereby the construction contract is awarded to the responsible bidder with the lowest responsive bid on a completed design. Chapter 6 also sets forth alternatives and exemptions from the standard competitive bidding process.

One of the alternatives to the standard process is design-build, found in Administrative Code Section 6.61 ("Section 6.61"). In design-build projects, the City competitively selects a single entity, known as the design-builder, to provide professional design and construction services. The design-builder performs the design work and then serves as the general contractor for construction.

Section 6.61 requires Pre-Qualification and a Final Selection Process by low bid or an Alternative Final Selection Process through a combination of qualifications and price, with price constituting at least 65% of the evaluation. The non-cost criteria includes some required qualification criteria and some optional criteria, including design and interviews.

During the project, the design-builder selects trade subcontractors. The trade subcontractors may be selected purely by competitive bid or Section 6.61 allows for a pre-qualification and competitive bid process. Section 6.61 also allows up seven and one-half percent (7.5%) of the total estimated trade subcontracts to be directly negotiated instead of competitively bid.

What the Legislation Will Do

The proposed ordinance modifies certain requirements of Section 6.61 for the Airport's Terminal 1 Center Renovation Project and the Boarding Area B Reconstruction Project (collectively "Projects").

1) Selection of Design-Builders:

The proposed ordinance moves required and optional non-cost evaluation from the final selection process into the pre-qualification, allowing more weight to be assigned to the oral interviews in the final selection scoring. More specifically, the proposed ordinance allows the Airport to consider the prospective proposer's (1) plan for expediency in completing the proposed project; (2) compliance with the goals set by the Contract Monitoring Division and requirements of the Administrative Code Chapters 12 and 14; (3) commitment to meet the City hiring goals; and (4) design in the pre-qualification process instead of the final selection process.

For the purpose of selecting design-builders that will provide the best value to the City, the final selection process for the Projects would be a combination of interview scores (35%) and price (65%).

2) Selection of Trade Subcontractors:

The proposed ordinance allows the following subcontractors ("Core Subcontractors") to be selected by qualifications only rather than by competitive bid:

- Mechanical,
- Electrical,
- Plumbing,
- Technology and Special System, and
- Building Envelope/Curtain Wall.

The proposed ordinance allows the Core Subcontractors to provide design services, and permits the design-builder to consider price proposals for the Core Subcontractors' own design. If a Core Subcontractor's does not exceed the Airport's independent cost estimate by 5%, the proposed ordinance allows the trade subcontract to be awarded to the Core Subcontractor without a competitive bid of the trade work.

Lastly, the proposed ordinance increases the limit from 7.5% to 15% for the trade subcontracts that the design-builder may directly negotiate rather than competitively bid. The Airport has a number of critical components and complex systems, such as PC Air/400 Hertz, passenger processing check-in systems, security systems, etc. The increase will allow the Airport to match systems between the Projects, which make up the Terminal 1 facility, and with the Airport's existing systems. If competitively bid under both contracts, the systems may not match or integrate properly within the Airport.

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San Francisco International Airport

June 5, 2014

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, California 94102-4689

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 JUN 12 PM 1:57

Subject: Uncodified ordinance to vary from the selection process prescribed in Administration Code Section 6.61 (Design-Build) of the San Francisco Administrative Code

Dear Ms. Calvillo:

Pursuant to Charter Section 2.105, I am forwarding for the Board of Supervisors' approval a proposed uncodified ordinance to allow the Airport Commission to vary from the selection process prescribed in Administrative Code 6.61 (Design-Build) for two Airport Terminal 1 projects. Also enclosed is a proposed resolution containing the environmental review findings for the Terminal 1 Program at the San Francisco International Airport. These environmental review findings are to be adopted by the Board of Supervisors prior to its approval of the proposed ordinance.

The proposed ordinance authorizes the Airport to reorder evaluation criteria between the qualification and final selection processes; to allow the design-builders to select certain subcontractors by qualifications only; and to increase the limit from 7.5% to 15% for the trade subcontracts that the design-builders may directly negotiate rather than competitively bid.

The attached resolution is intended to be a companion measure to approval of the ordinance and should be calendared together. The City Planning Department, Environmental Review division, reviewed the Terminal 1 Program and determined that this project is covered within the scope of the San Francisco International Airport Master Plan Program Environmental Impact Report (EIR), which was approved by the Airport Commission on November 3, 1992. The Planning Department prepared an Addendum to the Airport's Master Plan EIR, dated October 24, 2007, to address the changes to the project and documented that the Program EIR prepared for the Master Plan adequately described the project and its potential environmental effects for purposes of the California Environmental Quality Act (CEQA), and that no supplemental EIR was required.

Action on the environmental resolution should be calendared immediately before the Board's action on the first reading of the Ordinance. In addition, the agenda title for the Ordinance should contain the following information at the end of the item:

This activity is within the scope of the San Francisco International Airport Master Plan Program, which was approved by the Airport Commission on November 3, 1992. The Master Plan EIR prepared for the Master Plan Program, including addenda thereto, adequately describes this activity and its potential environmental effects for the purposes of the California Environmental Quality Act (CEQA).

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

140699/700

The Original and two sets of the following documents are enclosed for review:

- Proposed Resolution containing environmental review findings;
- Proposed Ordinance
- City Attorney's Office Legislative Digest;

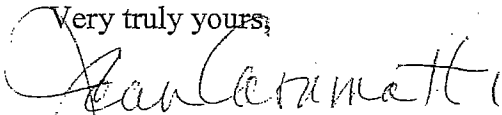
Further, three copies of the following supporting documents are enclosed for reference:

- Airport Commission Resolution No14-0112 and Memorandum;
- Airport Commission Off-Calendar Memorandum regarding CEQA findings which includes the following;
 - EIR Summary/Addendum Summary Report
 - San Francisco International Airport Master Plan Terminals 1 & 2 Addendum

One copy of the San Francisco International Airport Master Plan EIR is enclosed. The Master Plan EIR can also be found in Board File No. 170-92-13.

Please contact Cathy Widener, Airport Governmental Affairs Manager at (650) 821-5023 if you have questions or concerns regarding this matter.

Very truly yours,



Jean Caramatti
Commission Secretary

Enclosures

Cc: Cathy Widener
Reuben Halili
Geri Rayca

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: John Rahaim, Director Planning Department
Naomi Kelly, City Administrator
Jaci Fong, Director, Contract Administration

FROM: Andrea Ausberry, Assistant Clerk, Land Use and Economic Development Committee
Board of Supervisors

DATE: July 10, 2014

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Economic Development Committee has received the following proposed legislation, introduced by the Air Port Commission on June 24, 2014:

File No. 140700

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

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Scott Sanchez, Planning Department
Aaron Starr, Planning Department
AnMarie Rodgers, Planning Department

President, District 3
BOARD of SUPERVISORS



Orig. LU Clerk
c: BDSA, Aides, COB,
(electronically) Leg Dep
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7450
Fax No. 554-7454
TDD/TTY No. 544-5227

DAVID CHIU
邱信福
市參事會主席

PRESIDENTIAL ACTION

Date: 7/10/2014

To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
JUL 10 AM 11:20
AK

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 140700 Department _____
(Primary Sponsor)
Title. Modification of Design-Build; SFO Terminal 1

Transferring (Board Rule No. 3.3)

File No. _____
(Primary Sponsor)
Title. _____

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

David Chiu

David Chiu, President

