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

Modification No. 2

THIS MODIFICATION (this “Modification”) is made as of December 21, 2021, in San Francisco, California, by and between **Covenant Aviation Security, LLC** (“Contractor”), and the City and County of San Francisco, a municipal corporation (“City”), acting by and through its Airport Commission, hereinafter referred to as “**Commission.**”

RECITALS

A. City and Contractor have entered into the Agreement for the San Francisco International Airport (the “Airport” or “SFO”) (as defined below); and,

B. The Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and

C. On September 18, 2018, by Resolution No. 18-0299, the Commission awarded this Agreement to the Contractor in an amount not-to-exceed \$5,500,000; and

D. The City has approved the contracting-out of the services under this Agreement upon the certification of the Controller that the services can be performed by a contractor at a lower cost than by City employees at current salary and benefit levels, Board of Supervisors Resolution No. 167-18, adopted May 22, 2018 and Board of Supervisors Resolution No. 418-20, adopted September 22, 2020; and

E. There is no Local Business Enterprise (“LBE”) subcontracting requirement for this Agreement; and

F. On June 2, 2020, by Resolution No. 20-0096, the Commission approved Modification No. 1 to the Agreement to reduce the reduce hourly rates under the Agreement, exercise the first two-year option, and increase the contract amount by \$6,285,254 for a new total not-to-exceed amount of \$11,785,254; and

G. On July 21, 2020, by Resolution No. 342-20, the Board of Supervisors approved Modification No. 1 under San Francisco Charter Section 9.118; and

H. On December 21, 2021, by Resolution No. 21-0244, the Commission approved Modification No. 2 to the Agreement to exercise the last two-year option and increase the contract amount by \$7,900,324 for a new total not-to-exceed amount of \$19,685,578; and

I. On _____, by Resolution No. _____, the Board of Supervisors approved Modification No. 2 under San Francisco Charter Section 9.118; and

J. The Contractor represents and warrants that it is qualified to perform the services required by City under this Agreement;

NOW, THEREFORE, Contractor and the City agree as follows:

1. Section 1.1 Agreement or Contract Document is replaced as follows:

1.1 “Agreement” or “Contract Document” means the contract document dated September 18, 2018 and Modification No. 1, including all attached appendices, and all applicable city ordinances and “Mandatory City Requirements” which are specifically incorporated by reference into the Agreement.

2. Section 1.4 Contractor or Consultant is replaced as follows:

1.4 “Contractor” or “Consultant” means Covenant Aviation Security, 1112 W. Boughton Road, Suite 355, Bolingbrook, IL 60440

3. New Section 1.14 Digital Signature is hereby added to the Agreement as follows:

1.14 “Digital Signature” means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the user of a manual signature.

4. Article 2. Term of the Agreement, Section 2.1 is hereby amended to extend the term of the Agreement for two years for a new ending date of June 30, 2024.

5. Article 3. Financial Matters, 3.3. Compensation, Section 3.3.1 Payment is hereby amended to increase the total compensation payable by an amount not to exceed \$7,900,324 for a new total not to exceed amount of \$19,685,578.

6. Article 11. General Provisions, 11.1 Notices to the Parties is replaced in its entirety as follows:

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

To City: Rob Forester, Operations & Security, P.O. Box 8097, San Francisco, CA 94128
Rob.Forester@flysfo.com, 650-821-3925

To Contractor: Christine M. Mueller, Covenant Aviation Security, 1112 W. Boughton Road, Suite 355, Bolingbrook, IL 60440, christine.mueller@covenantsecurity.com, 630-771-1133

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.1.1 The Parties consent to the use of Digital Signatures, affixed using the City’s DocuSign platform, to execute this Agreement and all subsequent modifications.

7. Appendix B, Calculation of Charges, 1. Reimbursable Costs, a) Direct Labor Costs is replaced as follows:

a) Direct Labor Costs

Direct Labor Costs include hourly wage rates and cost of fringe benefits for guard staff. 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. The City shall also reimburse Contractor for the actual, documented cost of fringe benefits incurred by Contractor for front line staff at the rate established at the time of contract award for the first twenty (20) months of the Agreement. This shall be the ‘first term’. In the event the actual cost of fringe benefits in subsequent contract years exceeds the ‘first term’ baseline, the cost of the increase shall be borne equally by the Contractor and the City.

Hourly wage rates for all team members.

<u>Title</u>	<u>Hourly Rate</u>
Guard	\$17.00 to \$21.95
Supervisor	\$19.50 to \$25.35

Wage rates during the initial and/or option years may be adjusted at the sole discretion of the Airport only to account for changes in any relevant City and County legislation and/or Airport Rules and Regulations. .

8. Appendix B, Calculation of Charges, 1. Reimbursable Costs, b) Staffing Plan is replaced as follows:

Contractor’s staffing plan must be sufficient to provide coverage to the locations listed below:

Minimum Hourly Staffing Levels

Location	# Posts	Hours	Hours/Day	Days/week
Vendor Post 1	1	0500-2100	16	7
Vendor Post 2	1	0230-2200	19.5	7
Vendor Post 3	1	0500-1700	12	7
Vendor Post 4	1	0500-1700	12	7
Vendor Post 5	1	0500-1800	13	7
Vendor Post 6	1	0500-1300	8	5
Administrative Offices	2	0800-1700	9	5
Exit Lane 1	1	0100-0500	4	7
Exit Lane/Checkpoint 2	2	0030-0430	8	7
Exit Lane 3	1	0030-0400	3.5	7
Exit Lane 4	1	0030-0430	4	7
Exit Lane 5	1	0015-0400	3.75	7
Exit Lane 6	1	1700-0500	12	7
Exit Lane 7	1	0100-0400	3	7
Observation Deck	1	1000-1800	8	7
Airport Controlled Exit Portal	1	0600-2200	16	7
Guard Relief	1	0001-2359	24	7
Guard Training	Varies	Varies	TBD	TBD
Insider Threat Random Employee Inspections & As-Needed Services	Variable	Random	Random	Random (Total of 200 hours/week)
Supervisor	1	0001-2359	24	7

Note: The Airport may designate alternative and/or additional locations if needed either on a permanent or on-call/temporary basis.

9. **Appendix B – Calculation of Charges, 2. Management Fee** remains at \$47,097.20 per month for the remainder of the Agreement.

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

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By: _____ Ivar C. Satero, Airport Director	DocuSigned by:  <small>DDF05486F4784D1...</small> _____ Authorized Signature
Attest:	_____ Christine M. Mueller Printed Name
By _____ Kantrice Ogletree, Secretary Airport Commission	_____ Vice President Finance and Contracts Title
Resolution No: <u>21-0244</u>	_____ Covenant Aviation Security, LLC Company Name
Adopted on: <u>December 21, 2021</u>	_____ 0000030737 City Supplier ID
Approved as to Form: David Chiu City Attorney	_____ 1112 W. Boughton Road, Suite 355 Address
_____ Christopher Stuart Deputy City Attorney	_____ Bolingbrook, IL 60440 City, State, ZIP
_____ Christopher Stuart Deputy City Attorney	_____ (630) 771-1133 Telephone Number
_____ Christopher Stuart Deputy City Attorney	_____ 35-2161799 Federal Employer ID Number