

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0111

**AWARD OF SOLE SOURCE CONTRACT NO. 50195 FOR THE OPERATIONS AND MAINTENANCE OF THE HARVEY MILK TERMINAL 1 BAGGAGE HANDLING SYSTEM TO BEUMER LIFECYCLE MANAGEMENT, LLC, FOR AN INITIAL TERM OF TWO YEARS AND ELEVEN MONTHS COMMENCING AUGUST 1, 2020 AND ENDING JUNE 30, 2023 IN A NOT-TO-EXCEED CONTRACT AMOUNT OF \$21,000,000, WITH ONE 2-YEAR OPTION TO EXTEND AND A TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$35,000,000 IF THE OPTION IS EXERCISED**

- WHEREAS, on July 21, 2015, by Resolution No. 15-0149, the Commission awarded Contract No. 10012.66, Design-Build Services for the Terminal 1 Baggage Handling System Project, to Beumer Corporation; and
- WHEREAS, Contract No. 10012.66 provides that the Airport will enter into an Operations and Maintenance contract with the BHS provider for up to five years after the start of system operation; and
- WHEREAS, the initial phase of the Baggage Handling System was completed in March 2020, triggering the need for operations and maintenance of the system by Beumer's operations and maintenance unit, BEUMER Lifecycle Management, LLC; and
- WHEREAS, Staff has successfully negotiated an agreement with BEUMER Lifecycle Management, LLC and recommends the agreement for award; now, therefore, be it
- RESOLVED, that this Commission hereby awards Sole Source Contract No. 50195 to BEUMER Lifecycle Management, LLC for the operations and maintenance of the baggage handling system in the Harvey Milk Terminal 1 for a total not-to-exceed Contract amount of \$21,000,000 for an initial term of two years and eleven months commencing August 1, 2020 and ending June 30, 2020; and a total Contract amount not-to-exceed of \$35,000,000 if the option is exercised; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisor's approval of Sole Source Contract No. 50195 pursuant to San Francisco Charter Section 9.118(b).

*I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of* \_\_\_\_\_

~~---~~ JUN 16 2020

  
\_\_\_\_\_  
Secretary



**MEMORANDUM**

June 16, 2020

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Eleanor Johns, Vice President  
Hon. Richard J. Guggenlime  
Hon. Everett A. Hewlett, Jr.  
Hon. Malcolm Yeung

20-0111

~~=====~~ JUN 16 2020

FROM: Airport Director

SUBJECT: Award of Sole Source Contract No. 50195 for the Operations and Maintenance of the Baggage Handling System in the Harvey Milk Terminal 1 to BEUMER Lifecycle Management, LLC

DIRECTOR’S RECOMMENDATION: AWARD SOLE SOURCE CONTRACT NO. 50195 FOR THE OPERATIONS AND MAINTENANCE OF THE HARVEY MILK TERMINAL 1 BAGGAGE HANDLING SYSTEM TO BEUMER LIFECYCLE MANAGEMENT LLC, FOR AN INITIAL TERM OF TWO YEARS AND ELEVEN MONTHS COMMENCING AUGUST 1, 2020 AND ENDING JUNE 30, 2023 IN A NOT-TO-EXCEED CONTRACT AMOUNT OF \$21,000,000, WITH ONE 2-YEAR OPTION TO EXTEND AND A TOTAL CONTRACT NOT-TO-EXCEED AMOUNT OF \$35,000,000 IF THE OPTION IS EXERCISED.

**Executive Summary**

Beumer Corporation is currently installing a proprietary, state-of-the art Baggage Handling System (BHS) in Harvey Milk Terminal 1 under an existing design-build contract. The existing contract requires the Airport to enter into a separate operations and maintenance contract with the BHS provider. BEUMER Lifecycle Management, LLC (BLM), an affiliate of Beumer Corporation, has been tasked with operating and maintaining the BHS as it comes online. Staff therefore recommends award of Sole Source Contract No. 50195 for the Operations and Maintenance of the Baggage Handling System in Harvey Milk Terminal 1 to BEUMER Lifecycle Management, LLC.

In light of the COVID-19 crisis and its impact on Airport finances, Staff has considered the financial implications of the proposed contract award and has determined that the services are necessary for the continued safe and secure Airport operations. The proposed Contract accounts for appropriate fee reductions to assure the financial feasibility of the procurement of the services specified in the Contract.

**Background**

On July 21, 2015, by Resolution No. 15-0149, the Commission awarded Contract No. 10012.66, Design-Build Services for the Terminal 1 Baggage Handling System Project, to Beumer Corporation. Refer to Attachment A for a map of the system’s location.

THIS PRINT COVERS CALENDAR ITEM NO. 9

Contract No. 10012.66 provides that the Airport will enter into an operations and maintenance contract with the BHS provider for up to five years after the start of system operation.

Staff has successfully negotiated the scope of work, billing rates, and fees with BLM, the operations and maintenance unit of Beumer Corporation. Under this Agreement, BLM will provide for 24/7/365 operational availability as well as all labor, materials, parts, and equipment to perform maintenance services related to the Harvey Milk Terminal 1 BHS. The work includes scheduled and preventative maintenance, on-call unscheduled maintenance and various reports. Labor rates for work directly related to the new BHS shall comply with California State and San Francisco prevailing wage requirements.

The Agreement shall have an original term of two years and eleven months commencing August 1, 2020 and ending June 30, 2023. The term establishes a fiscal year contract cycle. The Airport shall have one option to extend the term for a period of two years, which the Commission may exercise in its sole and absolute discretion.

On December 3, 2019, the City's Contract Monitoring Division approved a waiver of Administrative Code Chapter 14B Local Business Enterprise subcontracting requirements due to the absence of any subcontracting opportunities.


On January 6, 2020, the Civil Service Commission approved PSC 47310-19/20 for this contract.

On February 4, 2020, the Office of Contract Administration waived the solicitation requirement for this transaction under Administrative Code 21.5(d) Proprietary Article 12.

Because the contract amount exceeds \$10,000,000, approval of the Board of Supervisors is required for this contract pursuant to San Francisco Charter Section 9.118(b).

**Recommendation**

I recommend the Commission award Sole Source Contract No. 50195 to BEUMER Lifecycle Management, LLC. The Contract shall have an initial term of two years and eleven months commencing August 1, 2020 and ending June 30, 2023, for a not-to-exceed Contract amount of \$21,000,000 for the initial term with an option to extend for an additional two years and a total contract amount not-to-exceed of \$35,000,000 if the option is exercised.



Ivar C. Satero  
Airport Director

Prepared by: Jeff Littlefield  
Chief Operating Officer

Attachments

# Harvey Milk Terminal 1 Baggage Handling System

Maintained by Beumer

