

File No. 240223

Committee Item No. 4

Board Item No. 5

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 17, 2024

Board of Supervisors Meeting Date April 23, 2024

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Original Agreement 4/16/2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Modification No. 1 10/1/2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Modification No. 2 7/1/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Modification No. 3 12/1/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Modification No. 4 5/4/2021</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>AIR Commission Resolution No. 19-0098 5/7/2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>AIR Commission Resolution No. 20-0223 12/1/2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>AIR Commission Resolution No. 21-0104 5/4/2021</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>AIR Commission Resolution No. 23-0095 4/18/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>AIR Commission Resolution No. 24-0031 3/5/2024</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | <u> </u> |

Completed by: Brent Jalipa Date April 11, 2024

Completed by: Brent Jalipa Date April 18, 2024

1 [Airport Professional Services Agreement Modification - KONE Inc. - Escalator and Electric
2 Walk Maintenance Services - Not to Exceed \$42,780,241]

3 **Resolution approving Modification No. 5 to Airport Contract No. 50205, Escalator and**
4 **Electric Walk Maintenance, Repair, and On-Call Services, with KONE Inc., to increase**
5 **the contract amount by \$8,314,641 for a new not to exceed contract amount of**
6 **\$42,780,241 with no change to the contract term, pursuant to Charter, Section**
7 **9.118(b).**

8
9 WHEREAS, On May 7, 2019, by Resolution No. 19-0098, the Airport Commission
10 awarded Professional Services Contract No. 50205 (the "Agreement") to KONE Inc. to
11 provide maintenance, repair, and on-call service for the Airport's approximately 181
12 escalators and electric walks for a two-year period beginning July 1, 2019, through June
13 30, 2021, in an amount not to exceed \$9,765,600; and

14 WHEREAS, On October 1, 2019, the Airport Director approved Modification No. 1 to
15 the Agreement to increase the allowance for As-Needed Services with no change to the
16 total contract amount; and

17 WHEREAS, On July 1, 2020, the Airport director approved Modification No. 2 to the
18 Agreement to reduce unit prices for preventative maintenance, adjust the preventative
19 maintenance schedule, and update standard contractual terms, with no change to the total
20 contract amount; and

21 WHEREAS, On December 1, 2020, by Resolution No. 20-0223, the Airport
22 Commission approved Modification No. 3 to the Agreement to increase the contract amount
23 by \$9,000,000 for a new total contract amount not to exceed \$18,765,600 with no change
24 to the contract term; and

25

1 WHEREAS, On February 9, 2021, by Resolution No. 55-21, the Board of
2 Supervisors approved Modification No. 3 to the Agreement under San Francisco Charter,
3 Section 9.118(b) for a reduced amount of \$8,500,000 for a new total contract amount not to
4 exceed \$18,265,600; and

5 WHEREAS, On May 4, 2021, by Resolution No. 21-0104, the Airport Commission
6 approved Modification No. 4 to the Agreement to extend the contract term by three years to
7 a new contract end date of June 30, 2024, and to increase the contract amount by
8 \$16,200,000 for a new contract amount not to exceed \$34,465,600; and

9 WHEREAS, On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors
10 approved Modification No. 4 to the Agreement under San Francisco Charter, Section
11 9.118(b); and

12 WHEREAS, On April 18, 2023, by Resolution No. 23-0095, the Airport Commission
13 approved Modification No. 5 to the Agreement to increase the contract amount by
14 \$14,000,000 for a new contract amount not to exceed \$48,465,600, with no change to the
15 contract term; and

16 WHEREAS, Prior to approval of Modification No. 5 by the Board of Supervisors and
17 following initial review of the modification by the Budget and Legislative Analyst's Office,
18 Airport staff identified billing discrepancies and work order irregularities that necessitated a
19 revision to the amount of the requested increase to the Agreement; and

20 WHEREAS, Airport staff negotiated with KONE Inc a revised Modification No. 5 to
21 increase the contract amount by \$8,314,641, rather than the \$14,000,000 previously
22 approved by the Airport Commission by Resolution No. 23-0095; and

23 WHEREAS, This revised Modification No. 5 would result in a new total not to exceed
24 contract amount of \$42,780,241, rather than the \$48,465,600 previously approved by the
25 Airport Commission by Resolution No. 23-0095; and

1 WHEREAS, This revised amount will allow the Airport to resolve work order
2 irregularities by issuing two retroactive task orders totaling \$4.45 million for equipment
3 overhaul services and materials and weekend services provided by KONE Inc beginning in
4 September 2021, account for and pay for contract costs incurred to date, and provide a
5 reasonable contingency for future unanticipated repairs through the Agreement end date of
6 June 30, 2024; and

7 WHEREAS, On March 5, 2024, by Resolution No. 24-0031, the Airport Commission
8 approved the revised Modification No. 5 to the Agreement to increase the contract amount
9 by \$8,314,641 for a new contract amount not to exceed \$42,780,241, with no change to the
10 contract term; and

11 WHEREAS, Charter, Section 9.118(b), provides that agreements entered into by a
12 department, board or commission requiring anticipated expenditures by the City and
13 County of ten million dollars or more, shall be subject to approval by the Board of
14 Supervisors by Resolution; and

15 WHEREAS, The original Contract and Modifications No. 1, 2, 3, and 4 are all on file
16 with the Clerk of the Board of Supervisors in File No. 240223, which is hereby declared to
17 be a part of this Resolution as set forth fully herein; now, therefore, be it

18 RESOLVED, That this Board hereby approves Modification No. 5 to Contract No.
19 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services with KONE
20 Inc. to increase the contract amount by \$8,314,641 for a new not to exceed contract
21 amount of \$42,780,241; and, be it

22 FURTHER RESOLVED, That within 30 days of Modification No. 5 being fully
23 executed by all parties, the Airport Commission shall provide it to the Clerk of the Board for
24 inclusion in the official file.

25

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

April 12, 2024

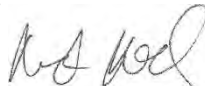
TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: April 17, 2024 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File	Page
3	24-0285 Contract Agreement - Retroactive - Health Advocates LLC - Uncompensated Care Reimbursement Recovery Services - Not to Exceed \$11,391,540	1
4	24-0223 Airport Professional Services Agreement Modification - KONE Inc. - Escalator and Electric Walk Maintenance Services - Not to Exceed \$42,780,241	4
5	24-0191 Agreement Amendment - Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc. - Westside Recycled Water Project - Not to Exceed \$10,950,000.....	8
7	24-0272 Transfer of Personal Property - Energy Center San Francisco, LLC - Steam Loop Emergency Repair - Not To Exceed \$3,100,000.....	12
8	24-0347 Real Property Lease - TRINITY CENTER, LLC - 1145 Market Street - Initial Base Rent of \$1,368,445.45	16
9	24-0312 Lease Agreement - Hudson 1455 Market, LLC - 1455 Market Street - \$0 Base Rent Initial Year - \$6,474,744.80 Annual Base Rent Beginning Year 2.....	20
10	24-0229 Grant Agreement Amendment - Abode Services - Flexible Housing Subsidy Pool - Not to Exceed \$17,918,683	25

TABLE OF CONTENTS

Item	File	Page
11 & 12	24-0198 Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island	
	24-0202 Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island.....	31

Item 4 File 24-0223	Department: San Francisco International Airport (Airport)
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Modification No. 5 the San Francisco International Airport’s (Airport) escalator and electric walk maintenance, repair, and on-call services contract with KONE Inc., increasing the not-to-exceed amount by \$8,314,641, for a total not to exceed \$42,780,241, with no change to the contract term.

Key Points

- In 2019, the Airport entered into an escalator and electric walk maintenance, repair, and on-call services contract with KONE, which has since been modified four times. In 2023, after submitting Modification No. 5 to the Board of Supervisors for approval and inquiries from our office, Airport staff noticed errors in the contract budget and past invoices from KONE, including a 12 percent preventative maintenance cost reduction that KONE had not implemented. KONE has agreed to provide the Airport a billing credit for this overpayment.
- Airport staff and KONE are continuing to review past invoices to ensure that the Airport has been billed properly. The proposed Modification No. 5 provides expenditure authority for the Airport to pay outstanding invoices and continue work through June 2024. The Airport would seek credit for any other overpayments, if found.

Fiscal Impact

- The proposed Modification No. 5 would increase the not-to-exceed amount of the KONE contract by \$8,314,641, for a total not to exceed \$42,780,241. This includes a credit of \$1,356,668 provided to the Airport to account for past overbilling.
- Preventative maintenance and minor repairs are funded by the Airport’s operating budget. System overhaul and major repairs are primarily funded by the Airport’s capital budget.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In February 2019, the San Francisco International Airport (Airport) issued a Request for Proposals (RFP) for escalator and electric walk maintenance, repair, and on-call services. KONE, Inc. was determined to be the best value proposer and was awarded a contract for a term of two years, from July 2019 through June 2021, and an amount not to exceed \$9,765,600. The RFP for the contract allowed for a single three-year option to extend the contract term.

The contract has been amended four times. In October 2019, the Airport executed Modification No. 1 to the contract, increasing the allowance for as-needed service from \$300,000 to \$5,000,000, with no change to the contract term or not-to-exceed amount. In July 2020, the Airport executed Modification No. 2 to the contract, which reduced the monthly unit price for preventative maintenance and regular work hours from seven to five days per week, with no change to the contract term or not-to-exceed amount. In February 2021, the Board of Supervisors approved Modification No. 3 to the contract, which increased the contract amount by \$8,500,000, for a total not to exceed \$18,265,600, with no change to the contract term (File 20-1349). Modification No. 3 provided funding to facilitate completion of major equipment overhaul and repairs, as Airport staff had determined that the reduction in passenger traffic due to the COVID-19 pandemic was an opportune time to complete the project. In June 2021, the Board of Supervisors approved Modification No. 4 to the contract, which increased the contract amount by \$16,200,000, for a total not to exceed \$34,465,600, and extended the contract term by three years through June 2024 (File 21-0525).

The KONE contract needs additional expenditure authority to fund services through June 2024. In April 2023, the Airport Commission approved Modification No. 5 to the contract, which increased the not-to-exceed amount of the contract by \$14,000,000, for a total not to exceed \$48,465,600. According to Sung Kim, Airport Contracts Administration Manager, after submitting a resolution to the Board of Supervisors for approval (File 23-0500) and inquiries from our office, Airport staff noticed errors in the contract budget and past invoices from KONE. Modification No. 4 had reduced billing rates for preventative maintenance by 12 percent, which KONE had not implemented. KONE has agreed to provide the Airport a billing credit for this overpayment. In March 2024, the Airport Commission approved a revised Modification No. 5 to the contract.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Modification No. 5 to the Airport’s escalator and electric walk maintenance, repair, and on-call services contract with KONE, increasing the not-to-exceed

amount by \$8,314,641, for a total not to exceed \$42,780,241, with no change to the contract term, which ends on June 30, 2024.

The proposed contract increase is intended to provide funding to pay outstanding invoices and to support contract services through June 2024. It includes a credit to the Airport to account for past overbilling of preventive maintenance services.

According to Contracts Administration Manager Kim, Airport staff monitors contract performance by reviewing daily "Out-of-Service" reports provided by KONE, which tracks the number of units out of service for at least one day. These reports are used to calculate a monthly "In-Service" rate. Since September 2021, the average monthly In-Service rate is 97 percent.

The KONE contract expires on June 30, 2024 and cannot be extended further, per the terms of the RFP. According to Contracts Administration Manager Kim, the Airport plans to release a new Request for Qualifications (RFQ) in April 2024 to prequalify firms for escalator and electric walk maintenance and repair services. Consistent with the Administrative Code, the Airport will obtain preventative maintenance and minor repairs through ongoing contracts to companies based on a work plan appropriate for the services required. Major repairs would be bid out individually to prequalified firms. The Airport plans to have a new contract in place by July 1, 2024.

According to Contracts Administration Manager Kim, Airport staff and KONE are continuing to review past invoices to ensure that the Airport has been billed properly. The proposed Modification No. 5 provides expenditure authority for the Airport to pay outstanding invoices and continue work through June 2024. The Airport would seek credit for any other overpayments, if found.

FISCAL IMPACT

The proposed Modification No. 5 would increase the not-to-exceed amount of the KONE contract by \$8,314,641, for a total not to exceed \$42,780,241. Actual and projected contract expenditures are shown in Exhibit 1 below.

Exhibit 1: Actual and Projected Contract Expenditures

	Preventative Maintenance	As-Needed Services	Total
Actual Expenditures (through February/May 2023) ¹	\$17,113,600	\$17,161,658	\$34,275,258
Billing Rate Adjustment	(1,356,668)	-	(1,356,668)
<i>Adjusted Actual Expenditures</i>	<i>\$15,756,932</i>	<i>\$17,161,658</i>	<i>\$32,918,590</i>
Outstanding Invoices (through 4/8/2024)	3,715,138	3,477,624	7,192,762
Projected Expenditures (through June 2024)	1,711,590	957,299	2,668,889
<i>Outstanding and Projected Expenditures</i>	<i>\$5,426,728</i>	<i>\$4,434,923</i>	<i>\$9,861,651</i>
Total Not-to-Exceed	\$21,183,660	\$21,596,581	\$42,780,241

¹ Preventative maintenance expenditures shown are through February 2023, and as-needed services expenditures shown are through May 2023.

Source: Airport

Preventative maintenance and minor repairs are funded by the Airport's operating budget. System overhaul and major repairs are primarily funded by the Airport's capital budget.

RECOMMENDATION

Approve the proposed resolution.

Leroy Sisneros

00705F5916EF4BD...
DocuSigned by:

Jeff Littlefield

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

**Agreement between the City and County of San Francisco and
KONE Inc.**

**Contract No. 50205
Modification No. 5**

This Modification is made this 5th day of March, 2024, in the City and County of San Francisco, State of California, by and between: KONE Inc., 567 7th Street, San Francisco, CA 94103 (the “Contractor”), and the City and County of San Francisco, a municipal corporation (the “City”), acting by and through its Airport Commission (the “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 May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a two-year term from July 1, 2019 through June 30, 2021, in an amount not to exceed \$9,765,000; and
- D. On October 1, 2019, City and Contractor administratively modified the Agreement through Modification No. 1 to revise Appendix B by increasing the allowance for As-Needed Services with no change to the contract amount; and
- E. On July 1, 2020, City and Contractor administratively modified the Agreement through Modification No. 2 to reduce unit prices for preventative maintenance by five percent because of the COVID-19 pandemic, adjust the preventative maintenance schedule, and update standard contractual terms; and
- F. On December 1, 2020, by Resolution No. 20-0223, the Commission approved Modification No. 3 to the Agreement to increase the contract amount by \$9,000,000 for a not-to-exceed amount of \$18,765,600, with no change to the contract term; and
- G. On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 under San Francisco Charter Section 9.118 for a reduced amount of \$8,500,000 for a not-to-exceed amount of \$18,265,600; and
- H. On May 4, 2021, by Resolution No. 21-0104, the Commission approved Modification No. 4 to extend the contract duration by three years to a new contract end date of June 30, 2024, and increase the contract amount by \$16,200,000 for a new not-to-exceed amount of \$34,465,600; and

I. On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors approved Modification No. 4 under San Francisco Charter Section 9.118; and

J. On April 18, 2023, by Resolution No. 23-0095, the Commission approved Modification No. 5 to the Agreement to increase the contract amount by \$14,000,000 for a new not-to-exceed amount of \$48,465,600 with no change to the contract term; and

K. Since the Commission's approval of Modification No. 5, Airport staff identified billing discrepancies that necessitated a revision to the amount of the contract increase that was approved by Resolution No. 23-0095; and

L. City and Contractor acknowledge that the previous iteration of Modification No. 5 was not executed by City. City and Contractor now desire to void the previous iteration of Modification No. 5 and to replace it with this revised Modification No. 5 modifying the Agreement to increase the contract amount by \$8,314,641 for a new not-to-exceed amount of \$42,780,241 with no change to the contract term, increase the contract allowance for as-needed services by \$8,396,581, update the list of equipment to be maintained by Contractor, and update standard contractual clauses; and

M. On March 5, 2024, by Resolution No. _____, the Commission repealed Resolution No. 23-0095 and replaced it with Resolution No. _____, the latter approved this revised Modification No. 5 to increase the contract amount by \$8,314,641 for a new not-to-exceed amount of \$42,780,241 with no change to the contract term; and

N. On _____, by Resolution No. _____, the San Francisco Board of Supervisors approved this Agreement under San Francisco Charter Section 9.118; and

O. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 17, 2023 and

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

1. **Article 1. Definitions** is hereby amended as follows:

a. **Section 1.1 Agreement** is replaced in its entirety with the following:

1.1 "Agreement" or "Contract Document" means this contract document dated May 7, 2019, Modification No. 1 dated October 1, 2019, Modification No. 2 dated July 1, 2020, Modification No. 3 dated December 1, 2020, and Modification No. 4 dated May 4, 2021, including all attached appendices, and all applicable City ordinances and "Mandatory City Requirements" which are specifically incorporated by reference into this Agreement.

b. **Section 1.10 City Data** is replaced in its entirety with the following:

1.10 "City Data" means that data as described in Article 13 of this Agreement which includes, without limitation, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. City Data includes, without limitation, Confidential Information.

c. **New Section 1.13 Digital Signature** is added to the Agreement as follows:

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

2. **Article 3. Compensation, Section 3.3.1 Payment** is hereby amended to increase the total not-to-exceed compensation payable by Eight Million Three Hundred Fourteen Thousand Six Hundred Forty-One Dollars (\$8,314,641) for a new total not-to-exceed amount of Forty-Two Million Seven Hundred Eighty Thousand Two Hundred Forty-One Dollars (\$42,780,241).

3. **Article 8. Termination and Default, Section 8.2.2 Exercise of Default Remedies** is amended to specify that Section 8.2.2 shall survive termination or expiration of the Agreement.

4. **Article 11. General Provisions, Section 11.1 Notice to the Parties** is replaced in its entirety as follows to provide for the use of trackable overnight mail for notices of default, and establish consent for use of Digital Signatures:

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: **Michael Hauser**
Mechanical Maintenance
San Francisco International Airport
PO Box 8097
San Francisco, CA 94128
Michael.Hauser@flysfo.com

To Contractor: **Joe Harmeyer, Vice President**
KONE Inc.
567 7th Street
San Francisco, CA 94103
Joe.Harmeyer@KONE.com

Any notice of default must be sent by registered mail or other trackable overnight mail. Either Party may change the address to which notice is to be sent by giving written notice of the change 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.

4. **Appendix B, B. As-Needed Services** is hereby amended to increase the total Allowance for As-Needed Services by \$8,396,581 for a new total Allowance not to exceed \$21,596,581.

5. **Appendix C, Equipment List** is hereby replaced in its entirety with **New Appendix C, Equipment List**, attached to this Modification with marked text to indicate a) the 19 units being added, b) the 20 units being removed, and c) the two (2) units which have been replaced with their installation dates updated.

6. **Other Terms.** Terms used and not defined in this Modification shall have the meanings assigned to such terms in the Agreement.

7. Effective Date. Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

8. Legal Effect. Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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

CITY AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	CONTRACTOR
By: _____ Ivar C. Satero, Airport Director	<p>DocuSigned by: <i>Joe Harmeyer</i> 2466DDC3FAFB4DA... _____</p> <p>Authorized Signature</p>
Attest:	_____
By _____ Kantrice Ogletree, Secretary Airport Commission	Joe Harmeyer Printed Name
Resolution No: _____	Vice President, Mid Pacific District Title
Adopted on: _____	KONE Inc. Company Name
Approved as to Form:	0000003220 City Supplier Number
David Chiu City Attorney	567 7 th Street Address
By _____ Daniel A. Edington Deputy City Attorney	San Francisco, CA 94103 City, State, ZIP
	415-554-0580 Telephone Number
	36-2357423 Federal Employer ID Number

Attachment:

Appendix C, Equipment List

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

**Agreement between the City and County of San Francisco and
KONE Inc.
Contract No. 50205**

This Agreement is made this 16th day of April, 2019, in the City and County of San Francisco, State of California, by and between: KONE Inc., 567 7th St., San Francisco, CA 94103 (the “Contractor”) and the City and County of San Francisco, a municipal corporation (the “City”), acting by and through its Airport Commission (the “Commission”).

Recitals

- A. The Commission wishes to provide for the specialized preventative maintenance, repair, and on-call services for all escalators and electric walks at the San Francisco International Airport (the “Airport” or “SFO”); and,
- B. The Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and
- C. On February 1, 2019, the Commission issued a Request for Proposals (“RFP”) and as a result of the selection process prescribed in the RFP and upon the recommendation of the Airport Director, the Commission determined that the Contractor was the highest ranked, qualified proposer eligible for award; and
- D. On May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a term of two years and an amount of \$9,765,600; and
- E. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 15, 2019; and
- F. There is no Local Business Entity (“LBE”) subcontracting participation requirement for this Agreement; and
- G. The Contractor represents and warrants that it is qualified to perform the services required by City under this Agreement;

Now, THEREFORE, the parties agree as follows:

Article 1 Definitions

The following definitions apply to this Agreement:

1.1 "Agreement" means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements which are specifically incorporated by reference into this Agreement.

1.2 "City" or "the City" means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration, referred to as "Purchasing," or the Director's designated agent, Airport Commission.

1.3 "CMD" means the Contract Monitoring Division of the City.

1.4 "Contractor" means **KONE Inc., 567 7th St., San Francisco, CA 94103.**

1.5 "Deliverables" means Contractor's work product resulting from the Services that are provided by Contractor to City during the course of Contractor's performance of the Agreement, including without limitation, the work product described in the "Scope of Services" attached as Appendix A.

1.6 "Effective Date" means the date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1.

1.7 "Mandatory City Requirements" means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws that impose specific duties and obligations upon Contractor.

1.8 "Party" and "Parties" mean the City and Contractor either collectively or individually.

1.9 "Services" means the work performed by Contractor under this Agreement as specifically described in the "Scope of Services" attached as Appendix A, including all services, labor, supervision, materials, equipment, actions and other requirements to be performed and furnished by Contractor under this Agreement.

Article 2 Term of the Agreement

2.1 The term of this Agreement shall commence on the latter of: (i) July 1, 2019; or (ii) the Effective Date and expire after two (2) years, unless earlier terminated as otherwise provided in this Agreement.

Article 3 Financial Matters

3.1 **Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation under this Agreement shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

3.2 **Guaranteed Maximum Costs.** The City's payment obligation to Contractor cannot at any time exceed the amount certified by City's Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments to Contractor under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

3.3 **Compensation.**

3.3.1 **Payment.** Contractor shall provide an invoice to the City on a monthly basis for Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the Airport Director, in his or her sole discretion, concludes has been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice, unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed Nine Million Seven Hundred Sixty-Five Thousand and Six Hundred Dollars. The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached and incorporated by reference as though fully set forth in this Agreement. A portion of payment may be withheld until conclusion of the Agreement if agreed to both parties as retainage, described in Appendix B. In no event shall City be liable for interest or late charges for any late payments.

3.3.2 **Payment Limited to Satisfactory Services.** Contractor is not entitled to any payments from City until Airport Commission approves Services, including any furnished Deliverables, as satisfying all of the requirements of this Agreement. Payments to Contractor by City shall not excuse Contractor from its obligation to replace unsatisfactory Deliverables, including equipment, components, materials, or Services even if the unsatisfactory character of such Deliverables, equipment, components, materials, or Services may not have been apparent or detected at the time such payment was made. The City may reject Deliverables, equipment, components, materials and Services that do not conform to the requirements of this Agreement and in such case must be replaced by Contractor without delay at no cost to the City.

3.3.3 **Withhold Payments.** If Contractor fails to provide Services consistent with Contractor's obligations under this Agreement, the City may withhold any and all payments due Contractor until such failure to perform is cured, and Contractor shall not stop work as a result of City's withholding of payments as provided in this Agreement.

3.3.4 **Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller and City, and must include a unique invoice number. Payment shall be made by City as specified in 3.3.6, or in such alternate manner as the Parties have mutually agreed upon in writing.

3.3.5 **LBE Payment and Utilization Tracking – Not applicable.**

3.3.6 **Getting paid for goods and/or services from the City.**

(a) All City suppliers receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments through the City's third party service that provides Automated Clearing House (ACH) payments. Electronic payments are processed every business day and are safe and secure. To sign up for electronic payments, visit www.sfgov.org/ach.

(b) The following information is required to sign up: (i) The enroller must be their company's authorized financial representative, (ii) the company's legal name, main telephone number and all physical and remittance addresses used by the company, (iii) the company's U.S. federal employer identification number (EIN) or Social Security number (if they are a sole proprietor), and (iv) the company's bank account information, including routing and account numbers.

3.4 Audit and Inspection of Records. Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its Services. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not fewer than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any Federal agency having an interest in the subject matter of this Agreement shall have the same rights as conferred upon City by this Section. Contractor shall include the same audit and inspection rights and record retention requirements in all subcontracts.

3.5 Submitting False Claims. The full text of San Francisco Administrative Code §6.80-6.83, including the enforcement and penalty provisions, is incorporated into this Agreement. Under San Francisco Administrative Code §6.80-6.83, any contractor, subcontractor, supplier, consultant or subconsultant who submits a false claim shall be liable to the City for the statutory penalties set forth in those sections. A contractor, subcontractor, supplier, consultant or subconsultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

3.6 Payment of Prevailing Wages

3.6.1 Covered Services. Services to be performed by Contractor under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) [Prevailing Wages] of the Administrative Code (collectively, "Covered Services"). The provisions of Section 6.22(e) of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor and its subcontractors.

3.6.2 Wage Rates. The latest prevailing wage rates for private employment on public contracts as determined by the San Francisco Board of Supervisors and the Director of the California Department of Industrial Relations, as such prevailing wage rates may be changed during the term of this Agreement, are hereby incorporated as provisions of this Agreement. Copies of the prevailing wage rates as fixed and determined by the Board of Supervisors are available from the Office of Labor Standards and Enforcement ("OLSE") and are also available on the Internet at <http://www.dir.ca.gov/DLSR/PWD>.

Contractor agrees that it shall pay not less than the prevailing wage rates, as fixed and determined by the Board, to all workers employed by Contractor who perform Covered Services under this Agreement. Contractor further agrees as follows:

3.6.3 Subcontract Requirements. As required by Section 6.22(e)(5) of the Administrative Code, Contractor shall insert in every subcontract or other arrangement, which it may make for the performance of Covered Services under this Agreement, a provision that said subcontractor shall pay to all persons performing labor in connection with Covered Services under said subcontract or other arrangement not less than the highest general prevailing rate of wages as fixed and determined by the Board of Supervisors for such labor or services.

3.6.4 Posted Notices. As required by Section 1771.4 of the California Labor Code, Contractor shall post job site notices prescribed by the California Department of Industrial Relations ("DIR") at all job sites where Covered Services are to be performed.

3.6.5 Payroll Records. As required by Section 6.22(e)(6) of the Administrative Code and Section 1776 of the California Labor Code, Contractor shall keep or cause to be kept complete and accurate payroll records for all trade workers performing Covered Services. Such records shall include the name, address and social security number of each worker who provided Covered Services on the project, including apprentices, his or her classification, a general description of the services each worker performed each day, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made and actual wages paid. Every subcontractor who shall undertake the performance of any part of Covered Services shall keep a like record of each person engaged in the execution of Covered Services under the subcontract. All such records shall at all times be available for inspection of and examination by the City and its authorized representatives and the DIR.

3.6.6 Certified Payrolls. Certified payrolls shall be prepared pursuant to Administrative Code Section 6.22(e)(6) and California Labor Code Section 1776 for the period involved for all employees, including those of subcontractors, who performed labor in connection with Covered Services. Contractor and each subcontractor performing Covered Services shall submit certified payrolls to the City and to the DIR electronically. Contractor shall submit payrolls to the City via the reporting system selected by the City. The DIR will specify how to submit certified payrolls to it. The City will provide basic training in the use of the reporting system at a scheduled training session. Contractor and all subcontractors that will perform Covered Services must attend the training session. Contractor and applicable subcontractors shall comply with electronic certified payroll requirements (including training) at no additional cost to the City.

3.6.7 Compliance Monitoring. Covered Services to be performed under this Agreement are subject to compliance monitoring and enforcement of prevailing wage requirements by the DIR and /or the OLSE. Contractor and any subcontractors performing Covered Services will cooperate fully with the DIR and/or the OLSE and other City employees and agents authorized to assist in the administration and enforcement of the prevailing wage requirements, and agrees to take the specific steps and actions as required by Section 6.22(e)(7) of the Administrative Code. Steps and actions include but are not limited to requirements that: (A) the Contractor will cooperate fully with the Labor Standards Enforcement Officer and other City employees and agents authorized to assist in the administration and enforcement of the Prevailing Wage requirements and other labor standards imposed on Public Works Contractor by the Charter and Chapter 6 of the San Francisco Administrative Code; (B) the Contractor agrees that the Labor Standards Enforcement Officer and his or her designees, in the performance of their duties, shall have the right to engage in random inspections of job sites and to have access to the employees of the Contractor, employee time sheets, inspection logs, payroll records and employee paychecks; (C) the contractor shall maintain a sign-in and sign-out sheet showing which employees are present on the job site; (D) the

Contractor shall prominently post at each job-site a sign informing employees that the project is subject to the City's Prevailing Wage requirements and that these requirements are enforced by the Labor Standards Enforcement Officer; and (E) that the Labor Standards Enforcement Officer may audit such records of the Contractor as he or she reasonably deems necessary to determine compliance with the Prevailing Wage and other labor standards imposed by the Charter and this Chapter on Public Works Contractors. Failure to comply with these requirements may result in penalties and forfeitures consistent with analogous provisions of the California Labor Code, including Section 1776(g), as amended from time to time.

3.6.8 Remedies. Should Contractor, or any subcontractor who shall undertake the performance of any Covered Services, fail or neglect to pay to the persons who perform Covered Services under this Contract, subcontract or other arrangement for the Covered Services, the general prevailing rate of wages as herein specified, Contractor shall forfeit, and in the case of any subcontractor so failing or neglecting to pay said wage, Contractor and the subcontractor shall jointly and severally forfeit, back wages due plus the penalties set forth in Administrative Code Section 6.22 (e) and/or California Labor Code Section 1775. The City, when certifying any payment which may become due under the terms of this Agreement, shall deduct from the amount that would otherwise be due on such payment the amount of said forfeiture.

3.7 Apprentices

3.7.1 Contractor and its subcontractors of every tier that provide Covered Services (as defined in Section 3.6.1 above) under this Agreement shall, as a material term of the Agreement, comply with the requirements of the State Apprenticeship Program (as set forth in the California Labor Code, Division 3, Chapter 4 [commencing at Section 3070], and Section 1777.5 of the Labor Code) and Administrative Code Section 6.22(n). Contractor shall be solely responsible for securing compliance with Labor Code Section 1777.5 for all apprenticeable occupations.

3.7.2 Contractor shall include in all of its subcontracts the obligation for subcontractors to comply with the requirements of the State Apprenticeship Program.

3.7.3 Should Contractor fail to comply with the apprenticeship requirements of Labor Code section 1777.5, Contractor shall be subject to the penalties prescribed in Labor Code Section 1777.7. The interpretation and enforcement of Labor Code Section 1777.5 shall be in accordance with rules and procedures prescribed by the California Apprenticeship Council.

3.7.4 Contractor, if not signatory to a recognized apprenticeship training program under Labor Code, Chapter 4, shall provide to the City with all progress payment requests, starting with the second such request, satisfactory evidence that it has contributed to the appropriate apprenticeship fund(s). Contractor shall require its subcontractors who are not signatories to provide such evidence to the City as a condition precedent for qualifying for payment from the City.

3.7.5 Contractor shall comply with all requests by the City to provide proof that Contractor and all of its subcontractors at every tier providing Covered Services are in compliance with the State Apprenticeship Program, including proof that Contractor and all of its subcontractors at any tier providing Covered Services contributed to the appropriate apprenticeship fund(s).

Article 4 Services and Resources

4.1 Services Contractor Agrees to Perform. Contractor agrees to perform the Services provided for in Appendix A, "Scope of Services." Officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Services beyond the Scope of

Services listed in Appendix A, unless Appendix A is modified as provided in Section 11.5, "Modification of this Agreement."

Appendix A includes as-needed services. Such services shall be requested by City through the issuance of a written task order signed by City and Contractor, which task order shall be made a part of and incorporated into the Agreement as though fully set forth in this Agreement without the need for a formal amendment to the Agreement. The task order shall include a description of the as-needed services, the deliverables, schedule for performance, cost, and method and timing of payment.

4.2 **Qualified Personnel.** Contractor shall utilize only competent personnel under the supervision of, and in the employment of, Contractor (or Contractor's authorized subcontractors) to perform the Services. Contractor will comply with City's reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

4.3 **Subcontracting.**

4.3.1 Contractor may subcontract portions of the Services only upon prior written approval of City. Contractor is responsible for its subcontractors throughout the course of the work required to perform the Services. All Subcontracts must incorporate the terms of Article 10 "Additional Requirements Incorporated by Reference" of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void.

4.4 **Independent Contractor; Payment of Employment Taxes and Other Expenses.**

4.4.1 **Independent Contractor.** For the purposes of this Article 4, "Contractor" shall be deemed to include not only Contractor, but also any agent or employee of Contractor. Contractor acknowledges and agrees that at all times, Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this section. Should City determine that Contractor, or any agent or employee of Contractor, is not performing consistent with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's

receipt of such notice, and consistent with Contractor policy and procedure, Contractor shall remedy the deficiency. If City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

4.4.2 **Payment of Employment Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this section.

4.5 **Assignment.** The Services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations may be assigned or delegated by Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

4.6 **Warranty.** Contractor warrants to City that the Services will be performed with the degree of skill and care that is required by current, good and sound professional procedures and practices, and in conformance with generally accepted professional standards prevailing at the time the Services are performed so as to ensure that all Services performed are correct and appropriate for the purposes contemplated in this Agreement.

Article 5 Insurance and Indemnity

5.1 Insurance.

5.1.1 **Required Coverages.** Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(b) Commercial General Liability Insurance with limits not less than \$5,000,000 each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(c) Commercial Automobile Liability Insurance with limits not less than \$2,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

5.1.2 Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(a) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(b) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

5.1.3 All policies shall be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverage. Notices shall be sent to the City address set forth in Section 11.1, entitled "Notices to the Parties."

5.1.4 Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

5.1.5 Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

5.1.6 Before commencing any Services, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverage set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability.

5.1.7 The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

5.1.8 If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

5.2 **Indemnification.** Contractor shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Contractor; (ii) loss of or damage to property; (iii) violation of local, state, or federal common law, statute or regulation, including but not limited to privacy or personally identifiable information, health information, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; or (v) losses arising from Contractor's execution of subcontracts not in accordance with the requirements of this Agreement applicable to subcontractors; so long as such injury, violation, loss, or strict liability (as set forth in subsections (i) – (v) above) arises directly or indirectly from Contractor's performance of this

Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors, or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Contractor's Services.

Article 6 Liability of the Parties

6.1 Liability of City. CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 3.3.1, "PAYMENT," OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

6.2 Liability for Use of Equipment. City shall not be liable for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or any of its subcontractors, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

6.3 Liability for Incidental and Consequential Damages. Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions.

Article 7 Payment of Taxes

7.1 Except for any applicable California sales and use taxes charged by Contractor to City, Contractor shall pay all taxes, including possessory interest taxes levied upon or as a result of this Agreement, or the Services delivered under this Agreement. Contractor shall remit to the State of California any sales or use taxes paid by City to Contractor under this Agreement. Contractor agrees to promptly provide information requested by the City to verify Contractor's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 Contractor acknowledges that this Agreement may create a “possessory interest” for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

7.2.1 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.2 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a “change in ownership” for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

7.2.3 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.4 Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

Article 8 Termination and Default

8.1 Termination for Convenience

8.1.1 City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

8.1.2 Upon receipt of the notice of termination, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(a) Halting the performance of all Services under this Agreement on the date(s) and in the manner specified by City.

(b) Terminating all existing orders and subcontracts, and not placing any further orders or subcontracts for materials, Services, equipment or other items.

(c) At City’s direction, assigning to City any or all of Contractor’s right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the

right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(d) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(e) Completing performance of any Services that City designates to be completed prior to the date of termination specified by City.

(f) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

8.1.3 Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(a) The reasonable cost to Contractor, without profit, for all Services prior to the specified termination date, for which Services City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for Services. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(b) A reasonable allowance for profit on the cost of the Services described in the immediately preceding subsection (a), provided that Contractor can establish, to the satisfaction of City, that Contractor would have made a profit had all Services under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(c) The reasonable cost to Contractor of handling material or equipment returned to the supplier, delivered to the City or otherwise disposed of as directed by the City.

(d) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the Services or other work.

8.1.4 In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in Section 8.1.3. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services under this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under Section 8.1.3.

8.1.5 In arriving at the amount due to Contractor under this Section, City may deduct: (i) all payments previously made by City for Services covered by Contractor's final invoice; (ii) any claim which City may have against Contractor in connection with this Agreement; (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4; and (iv) in instances in which, in the opinion of the City, the cost of any Service performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected Services, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced Services in compliance with the requirements of this Agreement.

8.1.6 City's payment obligation under this Section shall survive termination of this Agreement.

8.2 Termination for Default; Remedies.

8.2.1 Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims.	10.10	Alcohol and Drug-Free Workplace
4.5	Assignment	10.13	Working with Minors
Article 5	Insurance and Indemnity	11.10	Compliance with Laws
Article 7	Payment of Taxes	13.1	Nondisclosure of Private, Proprietary or Confidential Information

(b) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated into this Agreement by reference, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(c) Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (v) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

8.2.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

8.2.3 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 **Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions.

8.4 Rights and Duties upon Termination or Expiration.

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.2	Payment Limited to Satisfactory Services	9.1	Ownership of Results
3.3.7(a)	Grant Funded Contracts - Disallowance	9.2	Works for Hire
3.4	Audit and Inspection of Records	11.6	Dispute Resolution Procedure
3.5	Submitting False Claims	11.7	Agreement Made in California; Venue
Article 5	Insurance and Indemnity	11.8	Construction
6.1	Liability of City	11.9	Entire Agreement
6.3	Liability for Incidental and Consequential Damages	11.10	Compliance with Laws
Article 7	Payment of Taxes	11.11	Severability
8.1.6	Payment Obligation	13.1	Nondisclosure of Private, Proprietary or Confidential Information

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City.

Article 9 Rights In Deliverables

9.1 **Ownership of Results.** Any interest of Contractor or its subcontractors, in the Deliverables, including any drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors for the purposes of this agreement, shall become the property of and will be transmitted to

City. However, unless expressly prohibited elsewhere in this Agreement, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

9.2 **Works for Hire.** If, in connection with Services, Contractor or its subcontractors creates Deliverables including, without limitation, artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, whether in digital or any other format, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works shall be the property of the City. If any Deliverables created by Contractor or its subcontractor(s) under this Agreement are ever determined not to be works for hire under U.S. law, Contractor assigns all Contractor's copyrights to such Deliverables to the City, agrees to provide any material and execute any documents necessary to effectuate such assignment, and agrees to include a clause in every subcontract imposing the same duties upon subcontractor(s). With City's prior written approval, Contractor and its subcontractor(s) may retain and use copies of such works for reference and as documentation of their respective experience and capabilities.

Article 10 Additional Requirements Incorporated by Reference

10.1 **Laws Incorporated by Reference.** The full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement ("Mandatory City Requirements") are available at http://www.amlegal.com/codes/client/san-francisco_ca/.

10.2 **Conflict of Interest.** By executing this Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3 **Prohibition on Use of Public Funds for Political Activity.** In performing the Services, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

10.4 **Reserved.**

10.5 **Nondiscrimination Requirements**

10.5.1 **Nondiscrimination in Contracts.** Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

10.5.2 **Nondiscrimination in the Provision of Employee Benefits.** San Francisco Administrative Code 12B.2. Contractor does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in

the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Contractor shall comply with all applicable provisions of Chapter 14B ("LBE Ordinance"). Contractor is subject to the enforcement and penalty provisions in Chapter 14B.

10.7 Minimum Compensation Ordinance. Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. By signing and executing this Agreement, Contractor certifies that it is in compliance with Chapter 12P.

10.8 Health Care Accountability Ordinance. Contractor shall comply with San Francisco Administrative Code Chapter 12Q. Contractor shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q.

10.9 Local Hiring Policy. Contractor must comply with all of the provisions of the Local Hiring Policy, Chapter 82 of the San Francisco Administrative Code, that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 82.

10.10 Alcohol and Drug-Free Workplace. City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of any Contractor or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

10.12 Slavery Era Disclosure – Not applicable.

10.13 Working with Minors – Not applicable.

10.14 Consideration of Criminal History in Hiring and Employment Decisions

10.14.1 Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (“Chapter 12T”), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of Contractor’s obligations under Chapter 12T is set forth in this Section. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

10.14.2 The requirements of Chapter 12T shall only apply to a Contractor’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

10.15 Public Access to Nonprofit Records and Meetings – Not applicable.

10.16 Food Service Waste Reduction Requirements. Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

10.17 Sugar-Sweetened Beverage Prohibition – Not applicable.

10.18 Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges Contractor not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

10.18.1 Contractor shall comply with San Francisco Environment Code Chapter 8, which provides that except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Contractor shall not provide any items to the City in performance of this contract which are tropical hardwoods, tropical hardwood wood products, virgin redwood or virgin redwood wood products. Contractor is subject to the penalty and enforcement provisions of Chapter 8.

10.19 Preservative Treated Wood Products. Contractor shall comply with the provisions of San Francisco Environment Code Chapter 13, which requires that each Contractor purchasing preservative-treated wood products on behalf of the City, shall only purchase such products from the list of alternatives adopted by the Department of the Environment under Section 1302 of Chapter 13, unless otherwise granted an exemption by the terms of that Chapter.

Article 11 General Provisions

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: **Timothy Hatfield, Manager**
Mechanical Maintenance
San Francisco International Airport
PO Box 8097
San Francisco, CA 94128
Timothy.Hatfield@flysfo.com

To Contractor: **Joe Harmeyer, Vice President**
KONE Inc.
567 7th Street
San Francisco, CA 94103
Joe.Harmeyer@KONE.com

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.

11.2 **Compliance with Americans with Disabilities Act.** Contractor shall provide the Services in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 **Reserved.**

11.4 **Sunshine Ordinance.** Contractor acknowledges that this Agreement and all records related to its formation, Contractor's performance of Services, and City's payment are subject to the California Public Records Act, (California Government Code §6250 *et. seq.*), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

11.5 **Modification of this Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, "Notices to Parties," regarding change in personnel or place, and except by written instrument executed and approved in the same manner as this Agreement.

11.6 **Dispute Resolution Procedure.**

11.6.1 **Negotiation; Alternative Dispute Resolution.** The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance of services under this Agreement. If the Parties are unable to resolve the dispute, then, under San Francisco Administrative Code Section 21.36, Contractor may submit to the Contracting Officer a written request for administrative review and documentation of the Contractor's claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing the Contractor of its right to judicial review. If agreed by both Parties in writing, the Parties may resolve disputes by a mutually agreed-upon alternative dispute resolution process. If the parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law. The status of any dispute or

controversy notwithstanding, Contractor shall proceed diligently with the performance of its obligations consistent with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this section.

11.6.2 Government Code Claim Requirement. No suit for money or damages may be brought against the City until a written claim has first been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Contractor's compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

11.7 Agreement Made in California; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

11.8 Construction. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

11.9 Entire Agreement. This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, "Modification of this Agreement."

11.10 Compliance with Laws. Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

11.11 Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

11.12 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of City and Contractor, and both Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No Party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

11.13 Order of Precedence. Contractor agrees to perform the services described below consistent with the terms and conditions of this Agreement, implementing task orders, the RFP, and Contractor's proposal dated March 8, 2019. The RFP and Contractor's proposal are incorporated by reference into this Agreement. Should there be a conflict of terms or conditions, this Agreement and any implementing task orders shall control over the RFP and the Contractor's proposal.

Article 12 Requirements For Airport Contracts

12.1 Airport Commission Rules and Regulations. Contractor agrees to comply with the Airport Commission's Rules and Regulations for the San Francisco International Airport as amended

from time to time. A copy of the current Rules and Regulations can be found at:
<http://www.flysfo.com/about-sfo/the-organization/rules-and-regulations>.

12.2 Airport Intellectual Property. Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

12.3 Labor Peace / Card Check Rule. Without limiting the generality of other provisions in this Agreement requiring Contractor to comply with all Airport Rules, Contractor shall comply with the Airport's Labor Peace / Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace / Card Check Rule"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, Contractor shall, among other actions: (a) Enter into a Labor Peace/Card Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his / her designee, within thirty (30) days after Labor Peace/Card Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Agreement, Contractor shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his / her designee (registered labor organization"), that Contractor is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Contractor shall provide notice to all registered Labor Organizations that Contractor is seeking to enter into such Subcontract; and (d) Contractor shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Contractor violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him / her.

12.4 Federal Fair Labor Standards Act. This Agreement incorporates by reference the provisions of 29 USC §201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Contractor has full responsibility to monitor compliance to the referenced statute or regulation. Contractor must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

12.5 Occupational Safety and Health Act of 1970. This Agreement incorporates by reference the requirements of 29 CFR §1910 with the same force and effect as if given in full text. Contractor must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Contractor retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29 CFR §1910). Contractor must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

12.6 Federal Nondiscrimination Requirements. During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as "Contractor") agrees as follows:

12.6.1 **Compliance with Regulations.** Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

12.6.2 **Nondiscrimination.** Contractor, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR §21.

12.6.3 **Solicitations for Subcontracts.** Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Contractor of Contractor's obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.

12.6.4 **Information and Reports.** Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Airport or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Airport or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

12.6.5 **Sanctions for Noncompliance.** In the event of a contractor's noncompliance with the Non-discrimination provisions of this Agreement, the Airport will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

(a) Withholding payments to the contractor under the contract until the contractor complies; and/or

(b) Cancelling, terminating, or suspending a contract, in whole or in part.

12.6.6 **Incorporation of Provisions.** Contractor will include the provisions of paragraphs 12.6.1 through 12.6.6 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Contractor will take action with respect to any subcontract or procurement as the Airport or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Contractor may request the Airport to enter into any litigation to protect the interests of the Airport. In addition, Contractor may request the United States to enter into the litigation to protect the interests of the United States.

12.6.7 **Title VI List of Pertinent Nondiscrimination Acts and Authorities.** During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest

(hereinafter referred to as the “Contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC §2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC §4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 USC. §794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR §27;
- The Age Discrimination Act of 1975, as amended, (42 USC §6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC §471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR §37 and 38 and the Department of Justice regulations at 28 CFR, parts 35 and 36;
- The Federal Aviation Administration’s Non-discrimination statute (49 USC §47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 CFR at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC §1681 *et seq.*).

Article 13 Data and Security

13.1 Nondisclosure of Private, Proprietary or Confidential Information.

13.1.1 If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

13.1.2 In the performance of Services, Contractor may have access to City's proprietary or confidential information, the disclosure of which to third parties may damage City. If City discloses proprietary or confidential information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

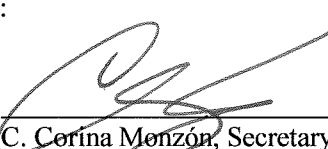


13.2 **Payment Card Industry (“PCI”) Requirements – Not applicable.**

13.3 **Business Associate Agreement – Not applicable.**

Article 14 MacBride And Signature

14.1 **MacBride Principles -Northern Ireland.** The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By signing this Agreement, Contractor confirms that Contractor has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

<p>CITY AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO</p> <p>By:  Ivar C. Satero, Airport Director</p> <p>Attest:</p> <p>By:  C. Corina Menzón, Secretary Airport Commission</p> <p>Resolution No: <u>19-6098</u></p> <p>Adopted on: <u>May 7, 2019</u></p> <p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By:  Sheryll L. Bregman  Deputy City Attorney</p>	<p>CONTRACTOR</p> <p> Authorized Signature</p> <p>Joe Harmeyer Printed Name</p> <p>Vice President, Mid Pacific District Title</p> <p>KONE Inc. Company Name</p> <p>3220 City Supplier Number</p> <p>567 7th Street Address</p> <p>San Francisco, CA 94103 City, State, ZIP</p> <p>415-554-0580 Telephone Number</p> <p>36 2357423 Federal Employer ID Number</p>
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Appendices

- A: Scope of Services
- B: Calculation of Charges
- C: Equipment List

Appendix A Scope of Services

A. **General.** The Airport seeks a Contractor to provide a comprehensive set of services for the safe and reliable operation of all escalators and electric walks at the Airport. Under the direction of the Airport's Facilities Mechanical Maintenance Department, Contractor shall provide, for all escalators and electric walks at SFO, continual maintenance, inspection, testing, repair and/or replacement of all parts and components, emergency repair work, and all activities related to permitting, State inspections & certifications, and cleaning of escalator and electric walk equipment.

Appendix C, Equipment List, provides a list of all escalators and electric walks covered by this Scope of Services. The Commission is continually renovating and changing its facilities; therefore, the list of escalators and electric walks may be updated from time to time during the contract term to add escalators and electric walks placed into service and remove escalators and electric walks taken out of service. The cost of preventative maintenance will also be adjusted through a contract modification to reflect those updates.

1. **Security and Badging:** Contractor and its authorized representatives and employees shall be subject to the security requirements imposed by the Commission and the US Transportation Security Administration (TSA) security personnel. Contractor shall be responsible for all costs related to security checks and identification badges required for the Contractor's employees working on site at the Airport. **Only authorized and properly badged workers will be allowed to perform work on site at the Airport under this Contract.**
2. **Parts and Materials:** Contractor shall furnish, at its own expense, all tools, equipment, supplies, diagnostic devices, personnel, and equipment necessary to maintain and provide safe reliable operation throughout the entire term of the contract and in accordance with the latest adopted editions of ASME A17.1 – Safety Code for Elevators and Escalators, ASME A17.2 – Inspectors Guide for Elevators and Escalators, and ASME A17.3 – Safety Code for Existing Elevators and Escalators.
 - a. **Airport-Provided Parts and Materials:** Contractor shall provide all parts and materials (including lubricants and hydraulic oil) needed in the performance of this contract. Note that the Airport maintains an inventory of spare parts that may be used for this contract. Contractor may request that a spare part be released from the Airport's warehouse to Contractor's custody by submitting an Airport-provided materials request form to the Airport's contract manager. Contractor will be required to replenish the Airport's inventory in a timely manner by providing an identical or equivalent part to the Airport's warehouse within 30 days of the release of the part by the Airport. The Airport's contract manager may allow extensions to the 30 day return deadline, as appropriate. The Airport contract manager shall confirm that the part being provided by the Contractor is identical or equivalent to the part released by the Airport's warehouse, update the inventory list, and give the Contractor a receipt for the part. Failure of the Contractor to replenish a part taken from Airport inventory will result in the loss of the privilege to request future parts from the Airport's inventory.
3. **Operating Permits:** The Contractor shall be responsible for coordinating, preparing and submitting all escalator and electric walk information, safety and inspection reports, and any other necessary reports to the State of California Department of Industrial Safety to obtain operating permits for all escalators and electric walks. Copies of all testing and compliance reports submitted to the Department of Industrial Safety shall also be submitted to the

Commission. The Contractor will also be responsible for the payment of all operating permit fees for the escalators and electric walks.

4. **Regular Work Hours:** Contractor shall be prepared to provide service 24 hours per day, 7 days per week, 365 days per year. Regular work hours may be negotiated between the Contractor and the Airport, however planned preventative maintenance should be performed primarily between the hours of 11:00 pm and 7:00 a.m., Monday through Sunday.
5. **Service Requests.** Contractor shall repair broken equipment and correct unsafe conditions immediately upon discovering, or receiving notice, of the breakdown of equipment or the existence of an unsafe condition whether or not Contractor receives notice from Commission in the form of a Service Request. Service Requests may be communicated to Contractor in any manner agreed upon by both parties, but shall be documented in writing by the Commission and signed by the Contractor. Such documentation shall include the date and exact time Contractor received the Service Request, the location and issue reported to Contractor.

B. **Types of Service.** This Scope of Services consists of two basic types of services: 1. Preventative Maintenance, and 2. As-Needed Services.

Preventative Maintenance include all services required to keep Airport escalators and electric walks working for their intended purpose. Preventative Maintenance also include any repair or refurbishment work for Airport escalators and electric walks as a result of standard operations and/or normal wear and tear. Preventative Maintenance shall be performed on a weekly, monthly, quarterly, or annual basis, and payment shall be made on a predetermined monthly lump-sum basis.

1. Preventative Maintenance

Contractor shall perform all necessary preventative maintenance required for safe reliable operation as specified by the ASME standards and in conformance with the specifications included in the Manufacturer's System Operations Manuals, Maintenance Manuals, and Service Procedures for each escalator or electric walk. At a minimum, Contractor shall perform the following preventative maintenance:

a. Weekly

- 1) Visually examine running unit, check for handrail damage. Check ride quality.

b. Monthly

- 1) Check and clean controller, check ring gear oil level (add as required), lubricate handrail drive chains, glass balustrade, and step chains, clean upper and lower end pits.
- 2) Check operation of upper and lower access cover, pit switches, check gearbox oil, clean breather.

- 3) Check handrail drive clean and adjust as necessary, check operation of stop buttons, handrail inlet switches, key start switches, and upper and lower skirt switches, check trim, inner panels, skirts for loose fastenings, correct/replace as required, check for broken comb segments, step treads or risers, replace as required, apply skirt lubrication, check lower station movement, spring length, and chain switch.

c. Quarterly. In addition to the monthly preventive maintenance, perform the following:

- 1) Service non-reversing device if applicable, clean inside of handrail, clean guide as required, check handrail speed sensor, check brake operation and adjust if required, check motor couplings and grommets, check missing step detector and comb impact-trip force.

d. Annually. In addition to the monthly preventive maintenance, perform the following:

- 1) Monthly Maintenance (listed above).
- 2) Check operation of broken step, out of level and step upthrust switches, change ring gear oil, clean lower end pans up through 30 degree area, clean pans and tracks of upper and lower truss, lubricate drive motor, change gear box oil, clean breather.
- 3) Lubricate upper station main bearings, lubricate lower station bearings, and lubricate handrail drive sheave bearings if applicable.
- 4) Perform annual safety test as per State requirements.
- 5) Assist state inspector for annual certification. Repair any deficiencies found immediately during the annual inspection to prevent red tagging the equipment

2. As-Needed Services

As-Needed Services are similar to Preventative Maintenance in that As-Needed Services may include the same types of testing, inspection, repair or refurbishment work included in Preventative Maintenance. However, As-Needed Services for this RFP are further defined as those services required for Airport escalators and electric walks as a result of accidents, vandalism, or any other instance or circumstance that is not a result of standard operations and/or normal wear and tear.

a. Task Orders. As-Needed Services shall be performed on an if-and-as-needed basis, at the request of the Airport documented through a written Task Order signed by the Airport and Contractor. The Task Order shall include a description of the work required, deliverables, schedule for performance, cost, and method and timing of payment, and shall be made a part of and incorporated into the Contract without further modification to the Contract.

**Appendix B
Calculation of Charges**

Refer to Section 3.3 “Compensation” of the Agreement for payment requirements including City approval of Contractor services performed and invoice format.

A. Preventative Maintenance Services

The unit price for Preventive Maintenance Services provided in this Agreement is inclusive of all costs related to preventative maintenance described in the Scope of Services. The unit price shall cover all parts, materials, tools, diagnostic equipment and personnel (including costs of labor, overhead, and profit) required to maintain safe and reliable operation of the designated equipment throughout the entire term of the Agreement, and all costs related to security checks and identification badges required for the Contractor’s employees working on site at the Airport.

Item No.	Description	Quantity	Unit	Unit Price	Number of Units	Extension (Quantity x Unit Price x Number of Units)
ES01	Monthly Services for Escalators Built 2000 or Earlier	24	MT	\$1,750	116	\$ 4,872,000
ES02	Monthly Services for Escalators Built 2001 or Later	24	MT	\$2,100	22	\$ 1,108,800
EW01	Monthly Services for Electric Walks Built 2000 or Earlier	24	MT	\$3,275	36	\$ 2,829,600
EW02	Monthly Services for Electric Walks Built 2001 or Later	24	MT	\$3,900	7	\$ 655,200
	Subtotal for Preventative Maintenance Services					\$ 9,465.600

B. As-Needed Services

As-needed services may or may not be performed, and shall only be performed when and as directed by the Airport through the issuance of a written task order signed by the Airport and Contractor. As-needed services shall include the approved replacement of obsolete or deficient parts. Contractor shall be responsible for providing at its own expense all necessary tools, diagnostic equipment, and personnel to perform the Services.

The task order shall include a description of 1) the as-needed services, 2) any required parts, materials and/or equipment, 3) any deliverable(s), 4) a schedule for performance, 5) cost, and 6) method and timing of payment, and shall be made a part of and incorporated into the contract documents without further modification to the Contract.

If the cost of Services done under any Allowance is less than the amount stated in the contract, the total compensation payable shall be reduced by the difference between the amount stated in the Agreement and the cost of Services actually done.

Item No.	Description	Quantity	Unit	Unit Price	Extension
A01	Allowance for As-Needed Services	1	AL	\$300,000	\$ 300,000
	Subtotal for As-Needed Services				\$ 300,000

Preventative Maintenance Services	\$ 9,465,600
As-Needed Services	\$ 300,000
Total Not-to-Exceed Price	\$ 9,765,600

**APPENDIX C
EQUIPMENT LIST**

The following is a list of all equipment covered by this Agreement. Prior to the Effective Date, Airport will issue a Notice of Excluded Equipment that will identify specific units from the Equipment List that are non-operating or not intended to be serviced under this Agreement due to 1) a mechanical issue, 2) a violation or deficiency that would prohibit safe operation, or 3) the unit being maintained outside of this Agreement.

Preventative maintenance of excluded equipment shall not be part of the Contractor's Scope of Services, and the unit price(s) for excluded equipment shall not be paid for by the Airport. Airport will update the Notice of Excluded Equipment as necessary during the term of the Contract.

Type	Unit ID	Asset #	STATE ID	Install year	Location
Electric Walk	EW-0729	WALK-00729	64953	1966	B/A F
Electric Walk	EW-0852	WALK-00852	42876	1974	Core B
Electric Walk	EW-0853	WALK-00853	42875	1974	Core B
Electric Walk	EW-0856	WALK-00856	42873	1974	Core D tunnel
Electric Walk	EW-0857	WALK-00857	42874	1974	Core D tunnel
Electric Walk	EW-0728	WALK-00728	64954	1978	B/A F
Electric Walk	EW-0730	WALK-00730	64951	1978	B/A F
Electric Walk	EW-0731	WALK-00731	64952	1978	B/A F
Electric Walk	EW-0850	WALK-00850	77873	1985	Core A
Electric Walk	EW-0851	WALK-00851	77874	1985	Core A
Electric Walk	EW-0854	WALK-00854	83889	1987	Core C
Electric Walk	EW-0855	WALK-00855	83888	1987	Core C
Electric Walk	EW-0860	WALK-00860	111209	1997	Core E
Electric Walk	EW-0861	WALK-00861	111210	1997	Core E
Electric Walk	EW-0862	WALK-00862	111207	1997	Core F
Electric Walk	EW-0863	WALK-00863	111208	1997	Core F
Electric Walk	EW-1401	WALK-01401	120571	1997	B/A A
Electric Walk	EW-1402	WALK-01402	120570	1997	B/A A
Electric Walk	EW-1403	WALK-01403	120554	1997	B/A A
Electric Walk	EW-0866	WALK-00866	120661	1999	T3 - ITB connector
Electric Walk	EW-0867	WALK-00867	120662	1999	T3 - ITB connector
Electric Walk	EW-0818	WALK-00818	120716	2000	Concourse H
Electric Walk	EW-0819	WALK-00819	120717	2000	Concourse H
Electric Walk	EW-0820	WALK-00820	120715	2000	Concourse H
Electric Walk	EW-0821	WALK-00821	120714	2000	Concourse H
Electric Walk	EW-0822	WALK-00822	120610	2000	ITB to Garage A Connector
Electric Walk	EW-0823	WALK-00823	120609	2000	ITB to Garage A Connector
Electric Walk	EW-1404	WALK-01404	120555	2000	B/A A
Electric Walk	EW-1405	WALK-01405	120569	2000	B/A A
Electric Walk	EW-1406	WALK-01406	120568	2000	B/A A
Electric Walk	EW-1701	WALK-01701	120511	2000	B/A G
Electric Walk	EW-1702	WALK-01702	120512	2000	B/A G
Electric Walk	EW-1703	WALK-01703	120514	2000	B/A G

Type	Unit ID	Asset #	STATE ID	Install year	Location
Electric Walk	EW-1704	WALK-01704	120513	2000	B/A G
Electric Walk	EW-1705	WALK-01705	120519	2000	B/A G
Electric Walk	EW-1706	WALK-01706	120520	2000	B/A G
Electric Walk	EW-0858	WALK-00858	127269	2001	Core D bridge
Electric Walk	EW-0859	WALK-00859	127268	2001	Core D bridge
Electric Walk	EW-0864	WALK-00864	120767	2001	Core F/G
Electric Walk	EW-0865	WALK-00865	120768	2001	Core F/G
Electric Walk	EW-0724	WALK-00724(N)	133648	2003	B/A F
Electric Walk	EW-0725	WALK-00725	137688	2005	B/A F
Electric Walk	EW-0727	WALK-00727	137689	2005	B/A F
Escalator	ES-0606	ESCA-00606	74268	1964	T2
Escalator	ES-0600	ESCA-00600	74269	1964	T2
Escalator	ES-0710	ESCA-00710	64722	1974	T3
Escalator	ES-0711	ESCA-00711	64721	1974	T3
Escalator	ES-0713	ESCA-00713	64719	1974	T3
Escalator	ES-0714	ESCA-00714	64718	1974	T3
Escalator	ES-0715	ESCA-00715	64717	1974	T3
Escalator	ES-0716	ESCA-00716	64720	1974	T3
Escalator	ES-0717	ESCA-00717	64746	1974	T3
Escalator	ES-0719	ESCA-00719	64745	1974	T3
Escalator	ES-0720	ESCA-00720	64743	1978	T3
Escalator	ES-0721	ESCA-00721	64744	1978	T3
Escalator	ES-0506	ESCA-00506	38740	1987	T1
Escalator	ES-0507	ESCA-00507	38739	1987	T1
Escalator	ES-0508	ESCA-00508	83516	1987	T1
Escalator	ES-0509	ESCA-00509	83517	1987	T1
Escalator	ES-0510	ESCA-00510	83887	1987	T1
Escalator	ES-0511	ESCA-00511	83886	1987	T1
Escalator	ES-0512	ESCA-00512	83904	1987	T1
Escalator	ES-0513	ESCA-00513	83903	1987	T1
Escalator	ES-0740	ESCA-00740	120771	1997	T3
Escalator	ES-1301	ESCA-01301	120652	1997	ITB
Escalator	ES-1302	ESCA-01302	120653	1997	ITB
Escalator	ES-1303	ESCA-01303	120539	1997	ITB
Escalator	ES-1304	ESCA-01304	120540	1997	ITB
Escalator	ES-1306	ESCA-01306	120537	1997	ITB
Escalator	ES-1307	ESCA-01307	120538	1997	ITB
Escalator	ES-1310	ESCA-01310	120545	1997	ITB
Escalator	ES-1311	ESCA-01311	120453	1997	ITB
Escalator	ES-1312	ESCA-01312	120544	1997	ITB
Escalator	ES-1313	ESCA-01313	120543	1997	ITB
Escalator	ES-1314	ESCA-01314	120536	1997	ITB
Escalator	ES-1615	ESCA-01615	120509	1997	B/A A
Escalator	ES-1616	ESCA-01616	120510	1997	B/A A
Escalator	ES-0741	ESCA-00741	120772	1997	T3
Escalator	ES-0742	ESCA-00742	120710	1997	T3

Type	Unit ID	Asset #	STATE ID	Install year	Location
Escalator	ES-0743	ESCA-00743	120709	1997	T3
Escalator	ES-0744	ESCA-00744	127061	1997	T3 Airtrain Station
Escalator	ES-0745	ESCA-00745	127060	1997	T3 Airtrain Station
Escalator	ES-0746	ESCA-00746	127075	1997	T3 Airtrain Station
Escalator	ES-0747	ESCA-00747	127074	1997	T3 Airtrain Station
Escalator	ES-1603	ESCA-01603	120502	1997	B/A A
Escalator	ES-1604	ESCA-01604	120501	1997	B/A A
Escalator	ES-1605	ESCA-01605	120521	1997	B/A A
Escalator	ES-1606	ESCA-01606	120572	1997	B/A A
Escalator	ES-1608	ESCA-01608	120504	1997	B/A A
Escalator	ES-1609	ESCA-01609	120506	1997	B/A A
Escalator	ES-1610	ESCA-01610	120505	1997	B/A A
Escalator	ES-1815	ESCA-01815	116111	1997	B/A G
Escalator	ES-1816	ESCA-01816	116112	1997	B/A G
Escalator	ES-1817	ESCA-01817	116113	1997	B/A G
Escalator	ES-1818	ESCA-01818	116116	1997	B/A G
Escalator	ES-1819	ESCA-01819	116115	1997	B/A G
Escalator	ES-1820	ESCA-01820	116114	1997	B/A G
Escalator	ES-1111	ESCA-01111	120603	1998	ITB
Escalator	ES-1112	ESCA-01112	120604	1998	ITB
Escalator	ES-1113	ESCA-01113	120601	1998	ITB
Escalator	ES-1114	ESCA-01114	120602	1998	ITB
Escalator	ES-1115	ESCA-01115	120606	1998	ITB
Escalator	ES-1116	ESCA-01116	120605	1998	ITB
Escalator	ES-1117	ESCA-01117	120596	1998	ITB
Escalator	ES-1118	ESCA-01118	120597	1998	ITB
Escalator	ES-1119	ESCA-01119	120595	1998	ITB
Escalator	ES-1120	ESCA-01120	120594	1998	ITB
Escalator	ES-1121	ESCA-01121	120600	1998	ITB
Escalator	ES-1122	ESCA-01122	120599	1998	ITB
Escalator	ES-1123	ESCA-01123	120598	1998	ITB
Escalator	ES-1101	ESCA-01101	120591	1999	ITB
Escalator	ES-1102	ESCA-01102	120590	1999	ITB
Escalator	ES-1103	ESCA-01103	120589	1999	ITB
Escalator	ES-1104	ESCA-01104	120588	1999	ITB
Escalator	ES-1105	ESCA-01105	120593	1999	ITB
Escalator	ES-1106	ESCA-01106	120592	1999	ITB
Escalator	ES-1107	ESCA-01107	120607	1999	ITB
Escalator	ES-1108	ESCA-01108	120608	1999	ITB
Escalator	ES-1109	ESCA-01109	120586	1999	ITB
Escalator	ES-1110	ESCA-01110	120587	1999	ITB
Escalator	ES-1315	ESCA-01315	120535	1999	ITB
Escalator	ES-1316	ESCA-01316	120551	1999	ITB
Escalator	ES-1317	ESCA-01317	120552	1999	ITB
Escalator	ES-1318	ESCA-01318	120574	1999	ITB
Escalator	ES-1319	ESCA-01319	120573	1999	ITB

Type	Unit ID	Asset #	STATE ID	Install year	Location
Escalator	ES-1320	ESCA-01320	120542	1999	ITB
Escalator	ES-1321	ESCA-01321	120541	1999	ITB
Escalator	ES-1322	ESCA-01322	120567	1999	ITB
Escalator	ES-1323	ESCA-01323	120566	1999	ITB
Escalator	ES-1601	ESCA-01601	120721	1999	B/A A
Escalator	ES-1602	ESCA-01602	120720	1999	B/A A
Escalator	ES-1607	ESCA-01607	120503	1999	B/A A
Escalator	ES-1617	ESCA-01617	120508	1999	B/A A
Escalator	ES-1618	ESCA-01618	120507	1999	B/A A
Escalator	ES-1619	ESCA-01619	120515	1999	B/A A
Escalator	ES-1620	ESCA-01620	120516	1999	B/A A
Escalator	ES-1621	ESCA-01621	120518	1999	B/A A
Escalator	ES-1622	ESCA-01622	120517	1999	B/A A
Escalator	ES-1800	ESCA-01800	120732	1999	B/A G
Escalator	ES-1801	ESCA-01801	120733	1999	B/A G
Escalator	ES-1803	ESCA-01803	118978	1999	B/A G
Escalator	ES-1804	ESCA-01804	118979	1999	B/A G
Escalator	ES-1805	ESCA-01805	118976	1999	B/A G
Escalator	ES-1806	ESCA-01806	118977	1999	B/A G
Escalator	ES-1807	ESCA-01807	120959	1999	B/A G
Escalator	ES-1808	ESCA-01808	120960	1999	B/A G
Escalator	ES-1810	ESCA-01810	127051	1999	B/A G
Escalator	ES-1811	ESCA-01811	127052	1999	B/A G
Escalator	ES-1812	ESCA-01812	127055	1999	B/A G
Escalator	ES-1813	ESCA-01813	127054	1999	B/A G
Escalator	ES-1814	ESCA-01814	127053	1999	B/A G
Escalator	ES-0516	ESCA-00516	127056	2000	T1
Escalator	ES-0517	ESCA-00517	127057	2000	T1
Escalator	ES-0518	ESCA-00518	127074	2000	T1
Escalator	ES-0519	ESCA-00519	127058	2000	T1
Escalator	ES-0609	ESCA-00609	127063	2000	T2
Escalator	ES-0610	ESCA-00610	127064	2000	T2
Escalator	ES-0611	ESCA-00611	127222	2000	T2
Escalator	ES-0612	ESCA-00612	127223	2000	T2
Escalator	ES-0520	ESCA-00520	137538	2007	T1
Escalator	ES-0521	ESCA-00521	137539	2007	T1
Escalator	ES-1124	ESCA-01124	145142	2008	ITB
Escalator	ES-1125	ESCA-01125	145141	2008	ITB
Escalator	ES-0602	ESCA-0602N	156320	2011	T2
Escalator	ES-0603	ESCA-0603N	156916	2011	T2
Escalator	ES-0604	ESCA-0604N	156919	2011	T2
Escalator	ES-0605	ESCA-0605N	156920	2011	T2
Escalator	ES-0607	ESCA-00607	156917	2011	T2
Escalator	ES-0608	ESCA-00608	156918	2011	T2
Escalator	ES-0613	ESCA-00613	156914	2011	T2
Escalator	ES-0614	ESCA-00614	156915	2011	T2

Type	Unit ID	Asset #	STATE ID	Install year	Location
Escalator	ES-0615	ESCA-00615	156912	2011	T2
Escalator	ES-0616	ESCA-00616	156911	2011	T2
Escalator	ES-0700	ESCA-00700N	64730	2015	T3
Escalator	ES-0701	ESCA-00701N	64729	2015	T3
Escalator	ES-0703	ESCA-00703N	64727	2015	T3
Escalator	ES-0704	ESCA-00704N	64726	2015	T3
Escalator	ES-0705	ESCA-00705N	64725	2015	T3
Escalator	ES-0706	ESCA-00706N	64728	2015	T3
Escalator	ES-0708	ESCA-00708N	64724	2015	T3
Escalator	ES-0709	ESCA-00709N	64723	2015	T3

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

Modification No. 1

THIS MODIFICATION (this “Modification”) is made as of **October 1, 2019**, in San Francisco, California, by and between **KONE Inc.** (“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 May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a two year term commencing on July 1, 2019 in an amount not to exceed \$9,675,600; and
- D. City and Contractor desire to administratively modify the Agreement on the terms and conditions set forth herein to revise Appendix B by increasing the Allowance for As-Needed Services with no change to the contract amount; and
- E. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 15, 2019; and
- F. The Contractor represents and warrants that it is qualified to perform the services required by City under this Agreement;

Now, THEREFORE, the parties agree that the following Articles have been changed as follows:

1. Article 1. Definitions, 1.1 Agreement has been revised. The definition “Agreement” shall mean the Agreement dated May 7, 2019 between Contractor and City.

2. Article 1. Definitions, has been amended to include the following into the Agreement:

1.10 “City Data” or “Data” includes, but is not limited to, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. This includes data that is provided by a third-party for use under this Agreement.

1.11 “Confidential Information” means any and all nonpublic information, whether written, electronic, or oral, concerning or relating to Airport technology, computer, or data systems, processes, or procedures, or that is subject to local, state, or federal laws or regulations restricting its disclosure, including but not limited to Private Information as defined under San Francisco Administrative Code Chapter 12M (Chapter 12M), or Critical Infrastructure Information or Protected Critical Infrastructure

Information as defined under the Homeland Security Act of 2002 and 6 CFR §29.2, which information or access to such information is supplied by the Airport or on behalf of the Airport to Contractor or otherwise acquired by Contractor during the course of dealings with the Airport and regardless of whether such information is in its original form, a copy, or a derivative product. "Derivative" means written or electronic material created from or with, or based on Confidential Information (i.e., a report analyzing Confidential Information shall also be considered Confidential Information). Confidential Information shall also mean proprietary, trade secret or other protected information, identified as Confidential Information by the Airport.

1.12 Other Terms. Terms used and not defined in this Modification shall have the meanings assigned to such terms in the Agreement.

3. Article 3 Financial Matters, 3.6.1 Covered Services and 3.6.2 Wage Rates are hereby replaced with new **3.6.1 Covered Services and 3.6.2 Wage Rates**.

3.6.1 Covered Services. Services to be performed by Contractor under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) [Prevailing Wages] of the Administrative Code or Section 21C [Miscellaneous Prevailing Wage Requirements] (collectively, "Covered Services"). The provisions of Section 6.22(e) and 21C of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor and its subcontractors.

3.6.2 Wage Rates. The latest prevailing wage rates for private employment on public contracts as determined by the San Francisco Board of Supervisors and the Director of the California Department of Industrial Relations, as such prevailing wage rates may be changed during the term of this Agreement, are hereby incorporated as provisions of this Agreement. Copies of the prevailing wage rates as fixed and determined by the Board of Supervisors are available from the Office of Labor Standards and Enforcement ("OLSE") and on the Internet at <http://www.dir.ca.gov/DLSR/PWD> and <http://sfgov.org/olse/prevailing-wage>. Contractor agrees that it shall pay not less than the prevailing wage rates, as fixed and determined by the Board, to all workers employed by Contractor who perform Covered Services under this Agreement. Contractor further agrees as follows:

4. Article 4 Services and Resources, 4.5 Assignment is hereby replaced with new **4.5 Assignment**.

4.5 Assignment. The Services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations may be directly or indirectly assigned, novated, hypothecated, transferred, or delegated by Contractor, or, where the Contractor is a joint venture, a joint venture partner, (collectively referred to as an "Assignment") unless first approved by City by written instrument executed and approved in the same manner as this Agreement in accordance with the Administrative Code. The City's approval of any such Assignment is subject to the Contractor demonstrating to City's reasonable satisfaction that the proposed transferee is: (i) reputable and capable, financially and otherwise, of performing each of Contractor's obligations under this Agreement and any other documents to be assigned, (ii) not forbidden by applicable law from transacting business or entering into contracts with City; and (iii) subject to the jurisdiction of the courts of the State of California. A change of ownership or control of Contractor or a sale or transfer of substantially all of the assets of Contractor shall be deemed an Assignment for purposes of this Agreement. Contractor shall immediately notify City about any Assignment. Any purported Assignment made in violation of this provision shall be null and void.

5. New Article 7 Payment of Taxes, 7.3 Withholding is hereby added to the Agreement to read as follows:

7.3 Withholding. Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code. Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

6. **Article 8 Termination and Default, 8.2.1(a)** is hereby amended to include **Article 13 “Data and Security”** into the table.

7. **Article 8 Termination and Default, 8.4.1** is hereby amended to include **Article 13 “Data and Security”** into the table.

8. **New 10.4 Consideration of Salary History** is hereby added to the Agreement to read as follows:

10.4 Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or “Pay Parity Act.” Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history> . Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

9. **Article 10 Additional Requirements Incorporated by Reference, 10.11 Limitations on Contributions** is hereby replaced with **New 10.11 Limitations on Contributions**.

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges its obligations under Section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor’s board of directors; Contractor’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

10. New 11.3 Incorporation of Recitals is hereby added to the Agreement to read as follows:

11.3 Incorporation of Recitals. The matters recited above are hereby incorporated into and made part of this Agreement.

11. Article 11 General Provisions, 11.13 Order of Precedence is hereby replaced with **New 11.16 Order of Precedence.**

11.13 Order of Precedence. Contractor agrees to perform the services described below in accordance with the terms and conditions of this Agreement, implementing task orders, the RFP, and Contractor's proposal dated March 8, 2019. The RFP and Contractor's proposal are incorporated by reference as though fully set forth herein. Should there be a conflict of terms or conditions, this Agreement and any implementing task orders shall control over the RFP and the Contractor's proposal. If the Appendices to this Agreement include any standard printed terms from the Contractor, Contractor agrees that in the event of discrepancy, inconsistency, gap, ambiguity, or conflicting language between the City's terms and Contractor's printed terms attached, the City's terms shall take precedence, followed by the procurement issued by the department, Contractor's proposal, and Contractor's printed terms, respectively.

12. New Article 11 General Provisions, 11.14 Notification of Legal Requests is hereby added to the Agreement to read as follows:

11.14 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests ("Legal Requests") related to all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), or which in any way might reasonably require access to City's Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

13. New Article 13 Data and Security, 13.4 Management of City Data and Confidential Information is hereby added to the Agreement to read as follows:

13.4 Management of City Data and Confidential Information

13.4.1 Access to City Data. City shall at all times have access to and control of all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), and shall be able to retrieve it in a readable format, in electronic form and/or print, at any time, at no additional cost.

13.4.2 Use of City Data and Confidential Information. Contractor agrees to hold City's Confidential Information received from or created on behalf of the City in strictest confidence. Contractor shall not use or disclose City's Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City's Confidential Information outside the United States is subject to prior written authorization by the City. Access to City's Confidential Information must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its

obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

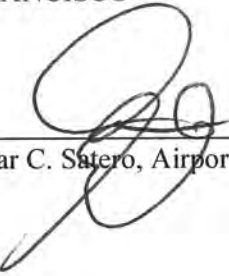


13.4.3 **Disposition of Confidential Information.** Upon termination of Agreement or request of City, Contractor shall within forty-eight (48) hours return all Confidential Information which includes all original media. Once Contractor has received written confirmation from City that Confidential Information has been successfully transferred to City, Contractor shall within ten (10) business days purge all Confidential Information from its servers, any hosted environment Contractor has used in performance of this Agreement, work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five (5) business days of the purge.

14. **Appendix B**, is hereby replaced in its entirety by the attachment at the end of this modification.

15. **Effective Date.** Each of the changes set forth in this Modification shall be effective on and after **October 1, 2019**.

16. **Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

<p>CITY AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO</p> <p>By:  Ivar C. Satero, Airport Director</p> <p>Attest:</p> <p>Approved as to Form: Dennis J. Herrera City Attorney</p> <p>By:  Stacey Lucas David A. Edington Deputy City Attorney</p>	<p>CONTRACTOR</p> <p> Authorized Signature</p> <p>Joe Harmeyer Printed Name</p> <p>Vice President, Mid Pacific District Title</p> <p>KONE Inc. Company Name</p> <p>000003220 City Supplier ID</p> <p>567 7th Street Address</p> <p>San Francisco, CA 94103 City, State, ZIP</p> <p>415-554-0580 Telephone Number</p> <p>36-2357423 Federal Employer ID Number</p>
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**Appendix B
Calculation of Charges**

Refer to Section 3.3 “Compensation” of the Agreement for payment requirements including City approval of Contractor services performed and invoice format.

A. Preventative Maintenance Services

The price for preventative maintenance services provided in this Agreement is inclusive of all costs related to preventative maintenance described in the Scope of Services. The price shall cover all parts, materials, tools, diagnostic equipment and personnel (including costs of labor, overhead, and profit) required to maintain safe and reliable operation of the designated equipment throughout the entire term of the Agreement, and all costs related to security checks and identification badges required for the Contractor’s employees working on site at the Airport.

Description	Price per Unit* per Month
Preventative Maintenance Services for Escalators Built 2000 or Earlier	\$1,750
Preventative Maintenance Services for Escalators Built 2001 or Later	\$2,100
Preventative Maintenance Services for Electric Walks Built 2000 or Earlier	\$3,275
Preventative Maintenance Services for Electric Walks Built 2001 or Later	\$3,900

* A “unit” is either an escalator or a moving walkway, depending on the description.

B. As-Needed Services

As-needed services may or may not be performed, and shall only be performed when and as directed by the Airport through the issuance of a written task order signed by the Airport and Contractor. As-needed services shall include the approved replacement of obsolete or deficient parts. Contractor shall be responsible for providing, at its own expense, all necessary tools, diagnostic equipment, and personnel to perform the Services.

The task order shall include a description of 1) the as-needed services, 2) any required parts, materials and/or equipment, 3) any deliverable(s), 4) a schedule for performance, 5) cost, and 6) method and timing of payment, and shall be made a part of and incorporated into the contract documents without further modification to the Contract.

If the cost of Services performed under any Allowance is less than the amount stated in the contract, the total compensation payable shall be reduced by the difference between the amount stated in the Agreement and the cost of Services actually performed.

The total cost of As-Needed Services performed under this contract shall not exceed \$5,000,000.

Total Not-to-Exceed Contract Amount

\$ 9,765,600

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

Modification No. 2

THIS MODIFICATION (this “Modification”) is dated for convenience as of **July 1, 2020**, in San Francisco, California, by and between **KONE Inc.** (“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 May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a two-year term commencing on July 1, 2019 in an amount not to exceed \$9,765,600; and
- D. On October 1, 2019, City and Contractor administratively modified the Agreement to revise Appendix B by increasing the allowance for As-Needed Services with no change to the contract amount; and
- E. Due to the financial impacts that the Airport and City are currently experiencing as a result of the COVID-19 pandemic, City requested that all professional service contractors reduce unit prices under their contracts, which will assist in maintaining the financial feasibility of Airport’s continued procurement of Services under this Agreement, of acknowledged value to Contractor; and
- F. City and Contractor desire to administratively modify the Agreement on the terms and conditions set forth herein to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- G. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 15, 2019; and

Now, THEREFORE, City and Contractor agree as follows:

- 1. **Article 1. Definitions** is amended as follows:
 - a. **Section 1.1 Agreement** has been revised. The definition “Agreement” shall mean the Agreement dated May 7, 2019 and Modification No. 1 dated October 1, 2019, including all attached Appendices, and all applicable City ordinances and “Mandatory City Requirements” which are specifically incorporated by reference into this Agreement.
 - b. **Section 1.11 Confidential Information** is hereby replaced in its entirety with the following:

1.11.1 “Confidential Information” means confidential City information including, but not limited to, personally-identifiable information (“PII”), protected health information (“PHI”), or individual financial information (collectively, “Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 *et seq.*); the California Confidentiality of Medical Information Act (Civil Code § 56 *et seq.*); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of Part 164); and Administrative Code Chapter 12M (“Chapter 12M”).

1.11.2 “Confidential Information” also means any and all nonpublic information, whether written, electronic, or oral, concerning or relating to Airport technology, computer, or data systems, processes, or procedures, or Critical Infrastructure Information or Protected Critical Infrastructure Information as defined under the Homeland Security Act of 2002 and 6 CFR §29.2, which information or access to such information is supplied by the Airport or on behalf of the Airport to Contractor or otherwise acquired by Contractor during the course of dealings with the Airport. Additionally, “Confidential Information” includes security or security-related information, whether or not such information constitutes sensitive security information (“SSI”) as provided under 49 CFR Part 1520. In the event Contractor acquires SSI, it shall treat such information in conformance with federal law and the provisions of this Contract.

1.11.3 “Confidential Information” is confidential regardless of whether such information is in its original form, a copy, or a derivative product. “Derivative” means written or electronic material created from or with, or based on Confidential Information (i.e., a report analyzing Confidential Information shall also be considered Confidential Information). Confidential Information shall also mean proprietary, trade secret or other protected information, identified as Confidential Information by the Airport.

c. 1.12 Other Terms. Terms used and not defined in this Modification shall have the meanings assigned to such terms in the Agreement.

2. Article 11 General Provisions, 11.14 Notification of Legal Requests is hereby replaced in its entirety with the following:

11.14 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests (“Legal Requests”) related to City Data or which in any way might reasonably require access to City Data, and in no event later than twenty-four (24) hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City’s instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

3. Article 11 General Provisions, 11.16 Order of Precedence is hereby re-numbered as **11.13 Order of Precedence**, with no other changes to the section.

4. Article 13 Data and Security, 13.4.1 Access to City Data is hereby replaced in its entirety with the following:

13.4.1 Access to City Data. City shall at all times have access to and control of all City Data, and shall be able to retrieve it in a readable format, in electronic form and/or print, at any time, at no additional cost.

5. Appendix A, A.4 Regular Work Hours is hereby replaced in its entirety with the following to reduce the regular work hours to 5 days per week:

4. Regular Work Hours: Contractor shall be prepared to provide service 24 hours per day, 5 days per week – weekends and holidays excluded. Regular work hours may be negotiated between the Contractor and the Airport, however planned preventative maintenance should be performed primarily between the hours of 11:00 p.m. and 7:00 a.m., Monday through Friday. Any call-back work performed outside of the Regular Work Hours will be charged at mutually agreed upon hourly service rates.




6. Appendix B, A. Preventative Maintenance Service is hereby amended. The table of unit prices has been revised as follows to reduce the monthly unit price for preventative maintenance of escalators and electric walks by five (5) percent:

Description	Price per Unit* per Month
Preventative Maintenance Services for Escalators Built 2000 or Earlier	\$1,662.50
Preventative Maintenance Services for Escalators Built 2001 or Later	\$1,995.00
Preventative Maintenance Services for Electric Walks Built 2000 or Earlier	\$3,111.25
Preventative Maintenance Services for Electric Walks Built 2001 or Later	\$3,705.00

7. Effective Date. Each of the changes set forth in this Modification shall be effective on and after the date of this Modification, except for the reduction in monthly unit price for preventative maintenance, which shall be effective on and after **August 7, 2020**.

8. Legal Effect. Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By:  Ivar C. Satero, Airport Director	 Authorized Signature Joe Harmeyer Printed Name Vice President, Mid Pacific District Title KONE Inc. Company Name
Approved as to Form: Dennis J. Herrera City Attorney	000003220 City Supplier ID 567 7 th Street Address
By:  Daniel A. Edington Deputy City Attorney	San Francisco, CA 94103 City, State, ZIP 415-554-0580 Telephone Number 36-2357423 Federal Employer ID Number

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

Modification No. 3

THIS MODIFICATION (this “Modification”) is made as of **December 1, 2020**, in San Francisco, California, by and between **KONE Inc.** (“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 May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a two-year term commencing on July 1, 2019 in an amount not to exceed \$9,765,600; and
- D. On October 1, 2019, City and Contractor administratively modified the Agreement through Modification No. 1 to revise Appendix B by increasing the allowance for As-Needed Services with no change to the contract amount; and
- E. On July 1, 2020, City and Contractor administratively modified the Agreement through Modification No. 2 to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- F. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the contract amount by \$9,000,000 for a new not-to-exceed amount of \$18,765,600, with no change to the contract term; and
- G. On December 1, 2020, by Resolution No. 20-0223, the Commission approved this Modification to the Agreement to increase the contract amount by \$9,000,000 for a not-to-exceed amount of \$18,765,600, with no change to the contract term; and
- H. On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved this Modification under San Francisco Charter Section 9.118 in a reduced amount of \$8,500,000 for a not-to-exceed amount of \$18,265,600; and
- I. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 15, 2019; and





Now, THEREFORE, City and Contractor agree as follows:

- 1. **Article 1. Definitions, 1.1 Agreement** is revised. The definition “Agreement” shall mean the Agreement dated May 7, 2019, Modification No. 1 dated October 1, 2019, Modification No. 2 dated July 1, 2020, including all attached Appendices, and all applicable City ordinances and

“Mandatory City Requirements” which are specifically incorporated by reference into this Agreement.

2. **Article 3. Compensation, Section 3.3.1 Payment** is hereby amended to increase the total not-to-exceed compensation payable by Eight Million Five Hundred Thousand Dollars (\$8,500,000) for a new total not-to-exceed amount of Eighteen Million Two Hundred and Sixty-Five Thousand Dollars (\$18,265,000):
3. **Appendix B, B. As-Needed Services** is hereby amended to increase the total Allowance for As-Needed Services by \$4,000,000, for a new total Allowance of \$9,000,000.
4. **Appendix B, Total Not-to-Exceed Contract Amount** is hereby removed, being duplicative of the total not-to-exceed contract amount in **Article 3. Compensation, Section 3.3.1 Payment**.
5. **Effective Date.** Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.
6. **Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By:  Ivar C. Satero, Airport Director	 Authorized Signature
Attest:	Joe Harmeyer Printed Name
By:  C. Corina Monzón, Secretary Airport Commission	Vice President, Mid Pacific District Title
Resolution No: <u>20-023</u>	KONE Inc. Company Name
Adopted on: <u>December 1, 2020</u>	000003220 City Supplier ID
Approved as to Form:	567 7 th Street Address
Dennis J. Herrera City Attorney	San Francisco, CA 94103 City, State, ZIP
By:  Daniel A. Edington Deputy City Attorney	415-554-0580 Telephone Number
	36-2357423 Federal Employer ID Number

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

Modification No. 4

This Modification is made this 4th day of May, 2021, in the City and County of San Francisco, State of California, by and between: KONE Inc (the “Contractor”) and the City and County of San Francisco, a municipal corporation (the “City”), acting by and through its Airport Commission (the “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 May 7, 2019, by Resolution No. 19-0098, the Commission awarded this Agreement to the Contractor for a two-year term from July 1, 2019 through June 30, 2021, in an amount not to exceed \$9,765,000; and
- D. On October 1, 2019, City and Contractor administratively modified the Agreement through Modification No. 1 to revise Appendix B by increasing the allowance for As-Needed Services with no change to the contract amount; and
- E. On July 1, 2020, City and Contractor administratively modified the Agreement through Modification No. 2 to reduce unit prices for preventative maintenance by five percent because of the COVID-19 pandemic, adjust the preventative maintenance schedule, and update standard contractual terms; and
- F. On December 1, 2020, by Resolution No. 20-0223, the Commission approved Modification No. 3 to the Agreement to increase the contract amount by \$9,000,000 for a not-to-exceed amount of \$18,765,600, with no change to the contract term; and
- G. On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 under San Francisco Charter Section 9.118 for a reduced amount of \$8,500,000 for a not-to-exceed amount of \$18,265,600; and
- H. City and Contractor now desire to modify the Agreement to extend the contract duration by three years to a new contract end date of June 30, 2024, to increase the contract amount by \$16,200,000 for a new not-to-exceed amount of \$34,465,600, and reduce unit prices for preventative maintenance by twelve percent; and
- I. On May 4, 2021 by Resolution No. 21-0104, the Commission approved this Modification No. 4 to extend the contract duration by three years to a new contract end date of June 30, 2024, and increase the contract amount by \$16,200,000 for a new not-to-exceed amount of \$34,465,600; and

J. On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors approved this Agreement under San Francisco Charter Section 9.118; and

K. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 47246-18/19 on April 15, 2019; and

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

1. **Article 1. Definitions, 1.1 Agreement** is replaced as follows:

1.1 "Agreement" or "Contract Document" means this contract document dated May 7, 2019, Modification No. 1 dated October 1, 2019, Modification No. 2 dated July 1, 2020, and Modification No. 3 dated December 1, 2020, including all attached appendices, and all applicable City ordinances and "Mandatory City Requirements" which are specifically incorporated by reference into this Agreement.

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

3. **Article 3. Compensation, Section 3.3.1 Payment** is hereby amended to increase the total not-to-exceed compensation payable by Sixteen Million and Two Hundred Thousand Dollars (\$16,200,000.00) for a new total not-to-exceed amount of Thirty-Four Million Four Hundred Sixty-Five Thousand and Six Hundred Dollars (\$34,465,600).

4. **Appendix B, A. Preventative Maintenance Service** is hereby amended. The table of unit prices has been replaced with the following, which reflects a twelve percent reduction of the monthly prices for preventative maintenance of escalators and electric walks:



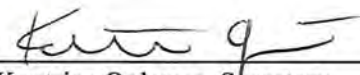
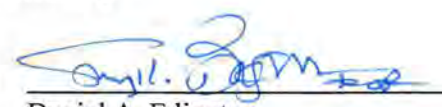
Description	Price per Month
Preventative Maintenance Services for Escalators Built 2000 or Earlier	\$1,463
Preventative Maintenance Services for Escalators Built 2001 or Later	\$1,756
Preventative Maintenance Services for Electric Walks Built 2000 or Earlier	\$2,738
Preventative Maintenance Services for Electric Walks Built 2001 or Later	\$3,260

5. **Appendix B, B. As-Needed Services** is hereby amended to increase the total Allowance for As-Needed Services by \$4,200,000, for a new total Allowance of \$13,200,000.

6. **Effective Date.** Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

7. **Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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	 Authorized Signature
Attest:	Joe Harmeyer Printed Name
By  Kantrice Ogletree, Secretary Airport Commission	Vice President, Mid Pacific District Title
Resolution No: <u>21-0104</u>	KONE Inc. Company Name
Adopted on: <u>May 4, 2021</u>	0000003220 City Supplier Number
Approved as to Form:	567 7 th Street Address
Dennis J. Herrera City Attorney	San Francisco, CA 94103 City, State, ZIP
By  Daniel A. Edington Deputy City Attorney	415-554-0580 Telephone Number 36-2357423 Federal Employer ID Number

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 19-0098

AWARD OF CONTRACT NO. 50205, ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO KONE INC.

- WHEREAS, the Airport requires regular preventative maintenance, repair, and on-call emergency services for approximately 181 escalators and electric walks to keep the equipment in a safe and reliable condition, and to extend the equipment's life; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0399, the Commission authorized Staff to issue a Request for Proposals (RFP); and
- WHEREAS, on February 1, 2019, Airport staff issued the RFP; and
- WHEREAS, on March 8, 2019, Airport staff received three proposals and determined that all three proposals met the minimum qualifications of the RFP; and
- WHEREAS, the Airport convened a selection panel to review and score the proposals based on the criteria outlined in the RFP. After dividing each bid by the proposer's score, KONE Inc. was determined to be the highest ranked proposer; and
- WHEREAS, KONE Inc. was determined to be the highest ranked proposer eligible for award; now, therefore, be it
- RESOLVED, that the Commission hereby awards Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services, to KONE Inc., in an amount not to exceed \$9,765,600 for a two-year term commencing July 1, 2019.

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

MAY - 7 2019


Secretary



MEMORANDUM
May 7, 2019

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Malcolm Yeung

19-0098
MAY - 7 2019

FROM: Airport Director

SUBJECT: Award of Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc.

DIRECTOR'S RECOMMENDATION: AWARD OF CONTRACT NO. 50205, ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICE TO KONE INC., IN AN AMOUNT NOT TO EXCEED \$9,765,600 FOR A TWO-YEAR TERM COMMENCING JULY 1, 2019, WITH A POTENTIAL THREE-YEAR RENEWAL.

Executive Summary

Attached for this Commission's consideration is a resolution awarding Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. This contract will provide services to be performed 24 hours per day, 7 days a week, and 365 days per year for maintenance, repair, parts, and emergency services for approximately 181 escalators and electric walks at the Airport.

Background

By Resolution No. 18-0399, dated December 18, 2018, this Commission authorized a Request for Proposals (RFP) for Contract No. 50205 to provide regular preventative maintenance, repair, and on-call services on a campus-wide basis for all escalators and electric walks at the Airport.

On December 26, 2018, the Contract Monitoring Division approved a waiver of the Administrative Code Chapter 14B Local Business Enterprise subcontracting requirements due to the absence of any subcontracting opportunities.

On February 1, 2019, Airport staff issued the RFP. The RFP provided for a fixed "all-inclusive" monthly rate covering all maintenance activities, equipment, supplies, permits, and any related costs, with an initial contract term of two years plus a potential single three-year renewal of services,

THIS PRINT COVERS CALENDAR ITEM NO. 2

exercisable at the discretion of this Commission. Airport staff will use the initial contract term to monitor and evaluate the quality of the services provided and determine the viability of the “all-inclusive” approach. Should the contractor and contract mechanism be deemed acceptable, Airport staff will return to this Commission with a recommendation to renew the contract for three years at a new monthly rate, escalated in accordance with existing requirements and against the appropriate inflation indexes.

The Airport used the best value procurement process to rank the proposers. Best value procurements are authorized under a recent amendment to San Francisco Administrative Code Chapter 6. The best value process allows for award of a contract to the responsible bidder whose responsive bid provides the best value to the City. Bidders submit both a sealed bid and qualitative information for evaluation by a selection panel. To determine best value, the department divides each bid by the qualitative score received from the panel; the quotient is the “cost per quality point.” The bidder offering the greatest value to the Airport—or the lowest quotient of cost and quality—is then recommended for award.

On February 12, 2019, Airport staff conducted the pre-proposal conference which was attended by four companies.

On March 8, 2019, Airport staff received three proposals and all three proposals were determined to have met the minimum qualifications of the RFP. Staff convened a selection panel consisting of one Airport Commission employee, one employee from another City & County of San Francisco Department, and one employee from another airport.

Based on the bids and the panel’s review, the firms were ranked as follows:

Rank and Proposer	Bid Amount	Evaluation Score	Best Value Quotient (\$/Point)
1. KONE Inc.	\$ 9,765,600.00	637	15,330.61
2. Schindler Elevator Co.	\$14,837,393.28	623	23,816.04
3. thyssenkrupp Elevator Corp.	\$31,741,872.00	681	46,610.68

Some disparity in proposer bid amounts may be attributable to the firms’ individual core business assumptions, their ability to replace parts on aging equipment, and how they achieve 24/7 staffing.

On March 29, 2019, Airport staff issued their notice of intent to award this contract. The five working-day protest period expired on April 5, 2019. No protests were filed.

Recommendation

I recommend the Commission award Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. in an amount not to exceed \$9,765,600 for a two-year term commencing July 1, 2019.



Ivar C. Satero
Airport Director

Prepared by: Leroy P. Sisneros
Director of Facilities

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0223

APPROVAL OF MODIFICATION NO. 3 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$9,000,000, FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$18,765,600, WITH NO CHANGE TO THE CONTRACT TERM

- WHEREAS, the San Francisco International Airport (Airport) requires regular preventative maintenance, repair, and on-call emergency services for approximately 181 escalators and electric walks to keep the equipment in a safe and reliable condition, and to extend the equipment's life; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0399, the Commission authorized the Director to issue a Request for Proposals (RFP) for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services; and
- WHEREAS, on May 7, 2019, by Resolution No. 19-0098, the Commission awarded Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services to KONE Inc, for a term of two years and an amount not to exceed \$9,765,600; and
- WHEREAS, subsequently, Staff learned that an unexpectedly large amount of equipment required major repair and overhaul; and
- WHEREAS, on October 1, 2019, through Modification No.1, the Airport administratively modified the Agreement to increase the allowance for as-needed services to \$5,000,000, with no change to the contract amount, to facilitate the needed repairs and overhauls; and
- WHEREAS, on July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- WHEREAS, the Airport acknowledges that there is a substantial amount of additional equipment that requires major repairs and overhauls; therefore, be it
- RESOLVED, that the Commission hereby approves Modification No. 3 to Airport Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services, with KONE Inc., in an amount of \$9,000,000 for a new contract amount not to exceed \$18,765,600; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to seek Board of Supervisors approval of Modification No. 3 to Contract No. 50205 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 _____

≡ DEC 1 2020


Secretary



MEMORANDUM
December 1, 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

20-0223

DEC 1 2020

FROM: Airport Director

SUBJECT: Modification of Contract No. 50205 with KONE Inc. for Escalator and Electric Walk Maintenance, Repair, and On-Call Services.

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 3 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, INCREASING THE CONTRACT NOT-TO-EXCEED AMOUNT BY \$9,000,000 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$18,765,600, WITH NO CHANGE TO THE CONTRACT TERM.

Executive Summary

KONE Inc. (KONE), provides maintenance and repair services for approximately 181 escalator and electric walks throughout the San Francisco International Airport (Airport), as well as needed overhauls of older units to increase equipment lifespan and postpone capital replacement. Through the first year of the existing contract, Staff and KONE have identified a higher than anticipated amount of needed overhaul work. Staff now seeks Commission authorization to increase the not-to-exceed contract amount to perform this necessary work.

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

Background

On December 18, 2018, by Resolution No. 18-0399, this Commission approved the scope, budget, and schedule for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services and authorized the Director to issue a Request for Proposals (RFP).

THIS PRINT COVERS CALENDAR ITEM NO. 3

On May 7, 2019, by Resolution No. 19-0098, this Commission awarded professional services Contract No. 50205 to KONE for a term of two years and an amount not to exceed \$9,765,600.

Shortly after beginning work, KONE notified Airport staff that many pieces of equipment needed major work that was not apparent at the time of the RFP. To perform the needed extra work in a timely fashion, Airport staff authorized extra work crews at a mutually agreed upon monthly rate. The Airport and KONE administratively modified the Agreement through Modification No. 1, dated October 1, 2019, to increase the allowance for as-needed services from \$300,000 to a new allowance amount of \$5,000,000 with no change to the not-to-exceed total Contract amount.

The Airport and KONE administratively modified the Agreement through Modification No. 2, dated July 1, 2020, to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms.

Modification No. 1 allowed KONE to proceed with major repairs and overhauls on over 70 pieces of equipment during the first year of the Contract. At this time, KONE has nearly exhausted the contract allowance for as-needed services. However, there is still additional equipment that requires major repairs and overhauls. To complete the necessary work, the Airport must increase the allowance for as-needed services by an additional \$9,000,000, to a new allowance amount of \$14,000,000, resulting in a new not-to-exceed total Contract amount of \$18,765,600.

Because the Contract amount exceeds \$10,000,000, the Board of Supervisors must approve Modification No. 3 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend the Commission approve Modification No. 3 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. increasing the Contract not-to-exceed amount by \$9,000,000 for a new not-to-exceed amount of \$18,765,600.



Ivar C. Safero
Airport Director

Prepared by: Leroy P. Sisneros
Director of Facilities

Attachment

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 21-0104

APPROVAL OF MODIFICATION NO. 4 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$16,200,000, FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$34,465,600, AND TO EXTEND THE CONTRACT TERM BY THREE YEARS FOR A NEW CONTRACT END DATE OF JUNE 30, 2024

- WHEREAS, the San Francisco International Airport (Airport) requires regular preventative maintenance, repair, and on-call services for approximately 181 escalators and electric walks to keep the equipment in a safe and reliable condition, and to extend the equipment lifespan; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0399, the Commission authorized the Director to issue a Request for Proposals (RFP) for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services; and
- WHEREAS, on May 7, 2019, by Resolution No. 19-0098, the Commission awarded Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services to KONE Inc., for a term of two years and in an amount not to exceed \$9,765,600; and
- WHEREAS, on October 1, 2019, through Modification No.1, the Airport administratively modified the Agreement to increase the allowance for as-needed services to \$5,000,000 with no change to the contract amount; and
- WHEREAS, on July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- WHEREAS, on December 1, 2020, by Resolution No. 20-0223, the Commission approved Modification No. 3, to increase the contract amount by \$9,000,000 for a new contract amount not to exceed \$18,765,600 with no change to the contract term; and
- WHEREAS, on February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 pursuant to San Francisco Charter Section 9.118(b) in a reduced amount of \$8,500,000 for a new not-to-exceed amount of \$18,265,600; and
- WHEREAS, the Airport desires to extend the term of Contract No. 50205 through June 30, 2024, and increase the contract amount to allow the continued performance of preventative maintenance, repairs, and overhauls of Airport escalators and electric walks; now, therefore, be it
- RESOLVED, that this Commission hereby approves Modification No. 4 to increase the contract amount by \$16,200,000 for a new not-to-exceed amount of \$34,465,600 and to extend the contract term by three years for a new end date of June 30, 2024; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to seek the Board of Supervisors' approval of Modification No. 4 to Contract No. 50205 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 _____

MAY - 4 2021



Secretary



MEMORANDUM

May 4, 2021

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

21-0104

MAY - 4 2021

FROM: Airport Director

SUBJECT: Approval of Modification No. 4 to Contract No. 50205 with KONE Inc., for Escalator and Electric Walk Maintenance, Repair, and On-Call Services

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 4 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$16,200,000 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$34,465,600, AND TO EXTEND THE TERM OF THE AGREEMENT BY THREE YEARS FOR A NEW CONTRACT END DATE OF JUNE 30, 2024.

Executive Summary

KONE Inc. (KONE) provides maintenance and repair services for approximately 181 escalator and electric walks throughout San Francisco International Airport (Airport), as well as needed overhauls of older units to increase equipment lifespan and postpone capital replacement. KONE has performed satisfactorily through the initial contract term. Staff now seeks Commission authorization to extend the agreement by three years for a new contract end date of June 30, 2024, and to increase the contract amount by \$16,200,000 for a new not-to-exceed contract amount of \$34,465,600.

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

Background

On December 18, 2018, by Resolution No. 18-0399, the Commission approved the scope, budget, and schedule for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services and authorized the Director to issue a Request for Proposals (RFP).

On May 7, 2019, by Resolution No. 19-0098, the Commission awarded professional services Contract No. 50205 to KONE for a term of two years and in an amount not to exceed \$9,765,600. In requesting the award, Staff informed the Commission that should the contractor and contract mechanism be acceptable, Staff could return with a recommendation to renew the contract for three years at a new monthly rate.

THIS PRINT COVERS CALENDAR ITEM NO. 5

On October 1, 2019, through Modification No. 1, the Airport administratively modified the Agreement to increase the allowance for as-needed services from \$300,000 to a new allowance amount of \$5,000,000 with no change to the not-to-exceed contract amount. This increased allowance allowed the Airport to perform major repairs and overhauls for equipment exceeding the original budget for as-needed services.

On July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement in response to the financial impact from the COVID-19 crisis to: (1) reduce unit prices by five percent for preventative maintenance, (2) adjust the preventative maintenance schedule, and (3) update standard contractual terms.

On December 1, 2020, by Resolution No. 20-0223, this Commission approved Modification No. 3 to the Agreement, increasing the not-to-exceed contract amount by \$9,000,000, for a new not-to-exceed contract amount of \$18,765,600. Modification No. 3 allowed KONE to proceed with major repairs and overhauls for additional equipment through the second year of the Agreement.

On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 in a reduced amount of \$8,500,000, for a new not-to-exceed contract amount of \$18,265,600. This reduction was due to the decrease in unit prices for preventative maintenance provided in Modification No. 2.

As the Airport and KONE near the end of the two-year contract term, Airport staff recognize that KONE has performed satisfactory work on maintaining and repairing the Airport's escalators and electric walks. Consequently, Staff now recommends the Commission extend the contract term by three additional years for a new contract end date of June 30, 2024, and increase the contract amount by \$16,200,000 for a new not-to-exceed contract amount of \$34,465,600. This increase will allow KONE to continue to perform preventative maintenance, as well as major repairs and overhauls on the Airport's escalators and electric walks.

In light of the COVID-19 crisis and its impact on Airport finances, Staff has negotiated with KONE an additional twelve percent reduction of all unit prices for preventative maintenance under this contract, effective for the entire three-year duration.

Because the proposed Contract modification exceeds \$500,000, the Board of Supervisors must approve Modification No. 4 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend the Commission approve Modification No. 4 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services to KONE Inc., increasing the contract amount by \$16,200,000 for a new not-to-exceed amount of \$34,465,600, and extending the contract term by three years for a new contract end date of June 30, 2024.



Ivar C. Satero
Airport Director

Prepared by: Leroy P. Sisneros
Director of Facilities

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0095

APPROVAL OF MODIFICATION NO. 5 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$14,000,000 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$48,465,600, WITH NO CHANGE TO THE CONTRACT TERM

- WHEREAS, the San Francisco International Airport (Airport) requires regular preventative maintenance, repair, and on-call services for approximately 181 escalators and electric walks to keep the equipment in a safe and reliable condition, and to extend the equipment lifespan; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0399, the Commission authorized the Director to issue a Request for Proposals for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services; and
- WHEREAS, on May 7, 2019, by Resolution No. 19-0098, the Commission awarded Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services to KONE Inc., for a term of two years and an amount not to exceed \$9,765,600; and
- WHEREAS, on October 1, 2019, through Modification No.1, the Airport administratively modified the Agreement to increase the allowance for as-needed services to \$5,000,000 with no change to the Contract amount; and
- WHEREAS, on July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- WHEREAS, on December 1, 2020, by Resolution No. 20-0223, the Commission approved Modification No. 3 to increase the Contract amount by \$9,000,000 for a new Contract amount not to exceed \$18,765,600, with no change to the Contract term; and
- WHEREAS, on February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 pursuant to San Francisco Charter Section 9.118(b) in a reduced amount of \$8,500,000 for a new not-to-exceed Contract amount of \$18,265,600; and
- WHEREAS, on May 4, 2021, by Resolution No. 21-0104, the Commission approved Modification No. 4 to increase the Contract amount by \$16,200,000 for a new not-to-exceed Contract amount of \$34,465,600 and to extend the Contract term by three years for a new term end date of June 30, 2024; and
- WHEREAS, on June 25, 2021, by Resolution 306-21, the Board of Supervisors approved Modification No. 4 pursuant to San Francisco Charter Section 9.118(b); and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0095

- WHEREAS, the Airport wishes to increase the Contract amount to allow the continued performance of major repairs and overhaul work, which has been deemed beneficial to the Airport; now, therefore, be it
- RESOLVED, that this Commission hereby approves Modification No. 5 to increase the Contract amount by \$14,000,000 for a new not-to-exceed Contract amount of \$48,465,600, with no change to the Contract term; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to seek Board of Supervisors approval of Modification No. 5 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).

Page 2 of 2

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of APR 18 2023


Secretary



San Francisco International Airport

MEMORANDUM

April 18, 2023

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza

23-0095

= APR 18 2023

FROM: Airport Director

SUBJECT: Approval of Modification No. 5 to Contract No. 50205 with KONE Inc., for Escalator and Electric Walk Maintenance, Repair, and On-Call Services

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 5 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, TO INCREASE THE CONTRACT AMOUNT BY \$14,000,000 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$48,465,600, WITH NO CHANGE TO THE CONTRACT TERM.

Executive Summary

KONE Inc. (KONE), provides maintenance and repair services for approximately 181 escalators and electric walks throughout San Francisco International Airport (Airport), as well as needed overhauls of older units to increase equipment lifespan and postpone capital replacement. Due to the continued need to overhaul equipment, Staff now seeks Commission authorization to increase the Contract amount by \$14,000,000 for a new not-to-exceed Contract amount of \$48,465,600.

Background

The Airport requires regular preventative maintenance, repair, and on-call services to keep its approximately 181 escalators and electric walks operating in a safe and reliable manner to support passengers, the visiting public, and Airport workers. Preventative maintenance and repairs not only help keep escalators and electric walks in good working condition but help extend the lifespan of equipment and delay the need for capital replacement.

On December 18, 2018, by Resolution No. 18-0399, this Commission authorized the Director to issue a Request for Proposals (RFP) for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services.

THIS PRINT COVERS CALENDAR ITEM NO. 3

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

MALCOLM YEUNG
PRESIDENT

EVERETT A. HEWLETT, JR.

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO
AIRPORT DIRECTOR

On May 7, 2019, by Resolution No. 19-0098, this Commission awarded Professional Services Contract No. 50205 to KONE for a term of two years and in an amount not to exceed \$9,765,600. In requesting the award, Staff informed this Commission that should the contractor and contract mechanism be acceptable, Staff could return with a recommendation to renew the Contract for three additional years at a new monthly rate.

Shortly after work commenced on the Agreement, KONE, and Airport staff identified a greater than-anticipated need for major repairs and overhauls of existing equipment. On October 1, 2019, through Modification No. 1, the Airport administratively modified the Agreement to increase the allowance for as-needed services from \$300,000 to a new allowance amount of \$5,000,000 with no change to the not-to-exceed Contract amount. This increase in allowance permitted the Airport to perform major repairs and overhauls for equipment exceeding the original budget for as-needed services.

On July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement in response to the financial impact of the COVID-19 pandemic to reduce the unit prices for preventative maintenance by five percent and adjust the preventative maintenance schedule. Modification No. 2 also included updates to standard contractual terms.

On December 1, 2020, by Resolution No. 20-0223, this Commission approved Modification No. 3 to the Agreement, increasing the not-to-exceed Contract amount by \$9,000,000, for a new not-to-exceed Contract amount of \$18,765,600. Modification No. 3 allowed KONE to proceed with major repairs and overhauls for additional equipment through the second year of the Agreement.

On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3, under San Francisco Charter Section 9.118, in a reduced amount of \$8,500,000, for a new not-to-exceed Contract amount of \$18,265,600. This reduction was due to the decrease in unit prices for preventative maintenance agreed upon in Modification No. 2.

On May 4, 2021, by Resolution No. 21-0104, this Commission approved Modification No. 4 to the Agreement, which exercised the single option to extend the Contract term by three years for a new term end date of June 30, 2024, and increased the not-to-exceed Contract amount by \$16,200,000 for a new not-to-exceed Contract amount of \$34,465,600. Modification No. 4 allowed KONE to continue with major repairs and overhauls for additional equipment through the extended Contract term, and Staff was able to negotiate an additional twelve percent decrease in unit prices for preventative maintenance, providing further cost savings to the City.

On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors approved Modification No. 4, under San Francisco Charter Section 9.118.

KONE continues to perform satisfactory work on overhauling the Airport's escalators and electric walks. Staff recommends that the work of overhauling existing units continue for the remaining term of the Contract. Staff further recommends the Commission increase the Contract amount by \$14,000,000 for a new not-to-exceed Contract amount of \$48,465,600. This increase will allow KONE to continue to maintain crews dedicated to performing overhauls on the Airport's escalators and electric walks through the Contract term.

Modification No. 5 would maintain the previously agreed-upon reductions of all unit prices for preventative maintenance under this Contract, throughout the remainder of the Agreement term.

Because the proposed contract modification exceeds \$500,000, the Board of Supervisors must approve Modification No. 5 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend the Commission approve Modification No. 5 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc., increasing the Contract amount by \$14,000,000 for a new not-to-exceed amount of \$48,465,600, with no change to the Contract term, and direct the Commission Secretary to seek Board of Supervisors approval of Modification No. 5 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 24-0031

REPEAL RESOLUTION NO. 23-0095 TO APPROVE MODIFICATION NO. 5 TO CONTRACT NO. 50205 WITH KONE INC., FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, AND APPROVE REVISED MODIFICATION NO. 5 TO INCREASE THE CONTRACT AMOUNT BY \$8,314,641 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$42,780,241 WITH NO CHANGE TO THE CONTRACT TERM

- WHEREAS, the San Francisco International Airport (Airport) requires regular preventative maintenance, repair, and on-call services for approximately 192 escalators and electric walks to keep the equipment in a safe and reliable condition, and to extend the equipment lifespan; and
- WHEREAS, on December 18, 2018, by Resolution No. 18-0399, the Commission authorized the Director to issue a Request for Proposals for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services; and
- WHEREAS, on May 7, 2019, by Resolution No. 19-0098, the Commission awarded Contract No. 50205, Escalator and Electric Walk Maintenance, Repair, and On-Call Services to KONE Inc., for a term of two years and an amount not to exceed \$9,765,600; and
- WHEREAS, on October 1, 2019, through Modification No. 1, the Airport administratively modified the Agreement to increase the allowance for as-needed services to \$5,000,000 with no change to the Contract amount; and
- WHEREAS, on July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement to reduce unit prices for preventative maintenance, adjust the preventative maintenance schedule, and update standard contractual terms; and
- WHEREAS, on December 1, 2020, by Resolution No. 20-0223, the Commission approved Modification No. 3 to increase the Contract amount by \$9,000,000 for a new Contract amount not to exceed \$18,765,600 with no change to the Contract term; and
- WHEREAS, on February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3 pursuant to Charter Section 9.118(b) in a reduced amount of \$8,500,000 for a new not-to-exceed Contract amount of \$18,265,600; and

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 24-0031

- WHEREAS, on May 4, 2021, by Resolution No. 21-0104, the Commission approved Modification No. 4 to increase the Contract amount by \$16,200,000 for a new not-to-exceed Contract amount of \$34,465,600 and to extend the Contract term by three years for a new term end date of June 30, 2024; and
- WHEREAS, on June 25, 2021, by Resolution 306-21, the Board of Supervisors approved Modification No. 4 pursuant to Charter Section 9.118(b); and
- WHEREAS, on April 18, 2023, by Resolution No. 23-0095, the Commission approved Modification No. 5 to the Agreement to increase the Contract amount by \$14,000,000 for a new not-to-exceed amount of \$48,465,600 with no change to the contract term; and
- WHEREAS, subsequently, and prior to Board of Supervisors' approval, Airport staff identified billing discrepancies and work order irregularities that necessitated a revision to the amount of the requested increase to the Contract amount previously approved by Resolution No. 23-0095; and
- WHEREAS, the Airport has negotiated a revised Modification No. 5 with KONE to increase the Contract amount by \$8,314,641, for a revised new not-to-exceed Contract amount of \$42,780,241 with no change to the contract term; and
- WHEREAS, this revised amount will allow the Airport to resolve work order irregularities by issuing two retroactive task orders totaling \$4.45 million for equipment overhaul services and materials and weekend services provided beginning in September 2021, account for and pay contract costs incurred to date and provide a reasonable contingency for future unanticipated repairs; now, therefore, be it
- RESOLVED, that this Commission hereby repeals Resolution No. 23-0095 which approved Modification No. 5 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. to increase the Contract amount by \$14,000,000 for a not-to-exceed Contract amount of \$48,465,600 with no change to the Contract term; and, be it further

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 24-0031

RESOLVED, that this Commission hereby approves revised Modification No. 5 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc. to increase the Contract amount by \$8,314,641 for a new total not-to-exceed Contract amount of \$42,780,241 with no change to the Contract term; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to seek Board of Supervisors approval of revised Modification No. 5 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).

Page 3 of 3

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of MAR 5 2024


Secretary



MEMORANDUM

March 5, 2024

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Everett A. Hewlett, Jr.
Hon. Jane Natoli
Hon. Jose F. Almanza
Hon. Mark Buell

24-0031

MAR 5 2024

FROM: Airport Director

SUBJECT: Repeal and Replace Resolution No. 23-0095 Approving Modification No. 5 to Contract No. 50205 with KONE Inc., for Escalator and Electric Walk Maintenance, Repair, and On-Call Services

DIRECTOR'S RECOMMENDATION: REPEAL RESOLUTION NO. 23-0095 APPROVING MODIFICATION NO. 5 TO CONTRACT NO. 50205 WITH KONE INC. FOR ESCALATOR AND ELECTRIC WALK MAINTENANCE, REPAIR, AND ON-CALL SERVICES, AND APPROVE REVISED MODIFICATION NO. 5 TO CONTRACT NO. 50205 TO INCREASE THE CONTRACT AMOUNT BY \$8,314,641 FOR A NEW NOT-TO-EXCEED CONTRACT AMOUNT OF \$42,780,241 WITH NO CHANGE TO THE CONTRACT TERM.

Executive Summary

KONE Inc. (KONE) provides maintenance and repair services for approximately 192 escalators and electric walks throughout San Francisco International Airport (Airport), and as-needed overhauls of older units to increase equipment lifespan, minimize disruptions to Airport operations, and maximize the value of investment in this equipment.

On April 18, 2023, the Commission approved Resolution No. 23-0095, which approved Modification No. 5 to the Agreement in an amount of \$14 million. This action would repeal Resolution No. 23-0095 to correctly address billing discrepancies and work order irregularities identified by Staff after the modification was approved, but before the Board of Supervisors approved the modification pursuant to San Francisco Charter Section 9.118.

Since that time, the Airport has reviewed past invoices and work orders and revised the proposed Modification No. 5 to increase the Contract amount by \$8,314,64 for a new total not-to-exceed Contract amount of \$42,780,241. This revised amount will allow the Airport to resolve work order irregularities by issuing two retroactive task orders totaling \$4.45 million for equipment overhaul services and materials and weekend services provided beginning in September 2021, account for and pay contract costs incurred to date, and provide a reasonable contingency for future unanticipated repairs through the end of the Contract term. This action would also approve the revised Modification No. 5.

THIS PRINT COVERS CALENDAR ITEM NO. 2

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

MALCOLM YEUNG
PRESIDENT

EVERETT A. HEWLETT, JR.
VICE PRESIDENT

JANE NATOLI

JOSE F. ALMANZA

MARK BUELL

IVAR C. SATERO
AIRPORT DIRECTOR

Background

The Airport requires regular preventative maintenance, repair, and on-call services to keep its approximately 192 escalators and electric walks operating in a safe and reliable manner to support passengers, the visiting public, and Airport workers. Preventative maintenance, repairs, and overhauls help keep escalators and electric walks in good working condition, help ensure compliance with Cal/OSHA safety codes, and extend the lifespan of equipment allowing the Airport to maximize the value of the capital investment.

On December 18, 2018, by Resolution No. 18-0399, this Commission authorized the Director to issue a Request for Proposals for Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services.

On May 7, 2019, by Resolution No. 19-0098, this Commission awarded Professional Services Contract No. 50205 to KONE for a term of two years and in an amount not to exceed \$9,765,600. In requesting the award, Staff informed this Commission that should the contractor and contract mechanism be acceptable, Staff could return with a recommendation to extend the Agreement for three additional years at a new monthly rate.

Shortly after work commenced on the Agreement, KONE and Airport staff identified a greater than anticipated need for major repairs and overhauls of existing equipment. On October 1, 2019, through Modification No. 1, the Airport administratively modified the Agreement to increase the allowance for as-needed services from \$300,000 to \$5,000,000 with no change to the Contract amount by re-allocating contract funds from preventative maintenance to as-needed services. This increased allowance permitted the Airport to perform major repairs and overhauls for equipment exceeding the original budget for as-needed services.

On July 1, 2020, through Modification No. 2, the Airport administratively modified the Agreement in response to the financial impact of the COVID-19 pandemic to reduce the unit prices for preventative maintenance by 5% and adjust the preventative maintenance schedule. Modification No. 2 also included updates to standard contractual terms.

On December 1, 2020, by Resolution No. 20-0223, this Commission approved Modification No. 3 to the Agreement, increasing the not-to-exceed Contract amount by \$9,000,000, for a new not-to-exceed Contract amount of \$18,765,600. Modification No. 3 allowed KONE to proceed with major repairs and overhauls for additional equipment through the second year of the Agreement and provided additional necessary funding to continue the Preventative Maintenance Program.

On February 9, 2021, by Resolution No. 55-21, the Board of Supervisors approved Modification No. 3, pursuant to Charter Section 9.118, in a reduced amount of \$8,500,000, for a new not-to-exceed Contract amount of \$18,265,600. This reduction was due to the decrease in unit prices for preventative maintenance agreed upon in Modification No. 2.

On May 4, 2021, by Resolution No. 21-0104, this Commission approved Modification No. 4 to the Agreement, which exercised the single option to extend the term of the Agreement by three years for a new term end date of June 30, 2024, and increased the not-to-exceed Contract amount by \$16,200,000 for a new not-to-exceed Contract amount of \$34,465,600. Modification No. 4 allowed KONE to continue with major repairs and overhauls for additional equipment. Modification No. 4

also included an additional 12% decrease in unit prices for preventative maintenance, providing further cost savings to the City.

On June 15, 2021, by Resolution No. 306-21, the Board of Supervisors approved Modification No. 4, under Charter Section 9.118 (b).

On April 18, 2023, by Resolution No. 23-0095, the Commission approved Modification No. 5 to the Agreement to increase the Contract amount by \$14,000,000 for a new not-to-exceed Contract amount of \$48,465,600 with no change to the term of the Agreement.

Subsequently, prior to approval by the Board of Supervisors and following review by the Budget and Legislative Analyst's Office, Airport staff identified billing discrepancies and work order irregularities that necessitated a revision to the amount of the requested increase to the Agreement. Airport staff negotiated with KONE a revised Modification No. 5 to increase the Contract amount by \$8,314,641, rather than the \$14,000,000 previously approved by Resolution No. 23-0095. This revised Modification No. 5 would result in a new total not-to-exceed Contract amount of \$42,780,241, compared to the \$48,465,600 Contract total that was previously approved by the Commission. This revised amount will allow the Airport to resolve work order irregularities by issuing two retroactive task orders totaling \$4.45 million for equipment overhaul services and materials and weekend services provided beginning in September 2021, account for and pay Contract costs incurred to date, and provide a reasonable contingency for future unanticipated repairs through the end of the Agreement's term in June 2024.

Staff recommends this Commission repeal Resolution No. 23-0095 and approve a revised Modification No. 5 modifying the Agreement to increase the Contract amount by \$8,314,641 for a new total not-to-exceed Contract amount of \$42,780,241 with no change to the Contract term.

Modification No. 5 would maintain the previously agreed-upon reductions of all unit prices for preventative maintenance under this Contract, throughout the remainder of the Agreement term.

Because the proposed contract modification exceeds \$500,000, the Board of Supervisors must approve Modification No. 5 to Contract No. 50205 pursuant to Charter Section 9.118(b).

Recommendation

I recommend the Commission repeal Resolution No. 23-0095 to approve Modification No. 5 to Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Service to KONE Inc., and approve this revised Modification No. 5 to increase the Contract amount by \$8,314,641 for a new not-to-exceed Contract amount of \$42,780,241 with no change to the Contract term, and direct the Commission Secretary to seek Board of Supervisors approval of Modification No. 5 to Contract No. 50205 pursuant to San Francisco Charter Section 9.118(b).



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240223

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Cathy widener	650-821-523
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
AIR Airport Commission	cathy.widener@flsfo.com

5. CONTRACTOR	
NAME OF CONTRACTOR KONE, Inc	TELEPHONE NUMBER 415-554-0580
STREET ADDRESS (including City, State and Zip Code) 567 7th Street, San Francisco, CA 94103	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 240223
DESCRIPTION OF AMOUNT OF CONTRACT \$42,780,241		
NATURE OF THE CONTRACT (Please describe) This contract provides for preventative maintenance, repair, and on-call services for the Airport's approximately 181 escalators and electric walks		

7. COMMENTS
Original Ct. NTE \$9,765,600 Mod 1 no change in costs Mod 2 no change in costs Mod 3 NTE \$18,265,600 Mod 4 NTE \$34,465,600 Mod 5 NTE \$48,465,600

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Helin/KONE/Contractor	Antti	Board of Directors
2	Herlin/KONE/Contractor	Jussi	Board of Directors
3	Alahutua/KONE/Contractor	Matti	Board of Directors
4	Duinhoven/KONE/Contractor	Susan	Board of Directors
5	Fredriksson/KONE/Contractor	Marika	Board of Directors
6	Herlin/KONE/Contractor	Iiris	Board of Directors
7	Ihamuotila/KONE/Contractor	Timo	Board of Directors
8	Kant/KONE/Contractor	Ravi	Board of Directors
9	Mikkilineni/KONE/Contractor	Krishna	Board of Directors
10	Delorme/KONE/Contractor	Philippe	CEO
11	Bao/KONE/Contractor	Joe	Other Principal Officer
12	Berkling/KONE/Contractor	Axel	COO
13	Frande/KONE/Contractor	Johannes	Other Principal Officer
14	Halabi/KONE/Contractor	Samer	Other Principal Officer
15	Hara/KONE/Contractor	Ilkka	Other Principal Officer
16	Korte/KONE/Contractor	Mikko	Other Principal Officer
17	Alchal/KONE/Contractor	Nicolas	Other Principal Officer
18	Pihkala/KONE/Contractor	Tomio	Other Principal Officer
19	Schmid/KONE/Contractor	Ken	Other Principal Officer

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Skippari/KONE/Contractor	Susanne	Other Principal Officer
21	Uehigashi/KONE/Contractor	Kaori	Other Principal Officer
22			
23			
24			
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Pending Signature

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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43			
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47			
48			
49			
50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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San Francisco International Airport

March 11, 2024

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

Subject: Approval of Revised Modification No. 5 to Professional Services Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services, between KONE Inc. and the City and County of San Francisco, acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors a proposed Resolution approving Modification No. 5 to Professional Services Contract No. 50205 for Escalator and Electric Walk Maintenance, Repair, and On-Call Services, between KONE Inc. and the City and County of San Francisco, acting by and through its Airport Commission. This Modification No. 5 replaces a prior version that was submitted to you on April 28, 2023, and later filed while the Airport conducted a review of the contract and work orders to correct the modification. This revised Modification No. 5 increases the contract amount by \$8,314,641 rather than the \$14,000,000 that was previously submitted, for a new total contract amount not to exceed \$42,780,241 rather than the \$48,465,600 that was previously submitted, with no change to the contract term.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution Nos. 24-0031, 23-0095, 21-0104, 20-0223, 19-0098, and accompanying memoranda;
- Form SFEC-126 for the Board of Supervisors;
- Copy of Contract No. 50205 and Modifications No. 1, 2, 3, and 4;
- Copy of Modification No. 5 to Contract No. 50205, executed by KONE Inc.

Please contact Cathy Widener, Chief External Affairs Officer at (650) 821-5023 if you have any questions or concerns regarding this matter.

Very truly yours,

Kantrice Ogletree /s/

Kantrice Ogletree
Commission Secretary

Enclosures

cc: Cathy Widener, Chief External Affairs Officer