

File No. 260213

Committee Item No. 1

Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 8, 2026

Board of Supervisors Meeting Date April 14, 2026

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OTHER (Use back side if additional space is needed)

- Contract No. 50359 6/14/2024
- AC Resolution No. 24-0107 5/1/2024
- AC Resolution No. 26-0035 2/18/2026
- _____
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- _____

Completed by: Brent Jalipa Date April 2, 2026

Completed by: Brent Jalipa Date April 9, 2026

1 [Airport Professional Services Agreement Modification - Covenant Aviation Security, LLC -
2 General Airport Security Services - Not to Exceed \$20,300,000]

3 **Resolution approving Modification No. 1 to Professional Services Agreement for**
4 **Airport Contract No. 50359, for general airport security services, between Covenant**
5 **Aviation Security, LLC, and the City and County of San Francisco, acting by and**
6 **through its Airport Commission, to increase the contract amount by \$10,500,000 for a**
7 **total not to exceed amount of \$20,300,000 and to extend the contract term for two years**
8 **from June 30, 2026, for a new contract term of July 1, 2024, through June 30, 2028, with**
9 **one remaining option to extend for two additional years, pursuant to Charter,**
10 **Section 9.118(b).**

11
12 WHEREAS, On May 21, 2024, by Resolution No. 24-107, the Airport Commission
13 awarded a Professional Services Agreement for Airport Contract No. 50359 for general airport
14 security services to Covenant Aviation Security, LLC (Covenant), for a total not-to-exceed
15 contract amount of \$9,800,000 for a term of two years, with two options to extend for two
16 additional years each, exercisable at the sole discretion of the Airport Commission; and

17 WHEREAS, Charter, Section 9.118(b), provides that the agreements entered into by a
18 department, board or commission requiring anticipated expenditures by the City and County
19 of San Francisco of ten million dollars or more, or a modification to such an agreement having
20 an impact of more than \$500,000 shall be subject to approval by the Board of Supervisors by
21 resolution; and

22 WHEREAS, Covenant continues to provide the general airport security services in a
23 satisfactory manner; and

24 WHEREAS, On February 18, 2026, by Resolution No. 26-0035, the Airport
25 Commission approved Modification No. 1 to Airport Contract No. 50359, to increase the

1 contract amount by \$10,500,000 for a total not to exceed amount of \$20,300,000 and to
2 extend the contract term for two years from June 30, 2026, for a new contract term of July 1,
3 2024, through June 30, 2028, with one remaining option to extend for two additional years, for
4 a new contract end date of June 30, 2028; now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby approves Modification No. 1 to
6 Airport Contract No. 50359 for general airport security services between Covenant Aviation
7 Security, LLC, and the City and County of San Francisco, acting by an through its Airport
8 Commission, to increase the contract amount by \$10,500,000 for a total not to exceed amount
9 of \$20,300,000 and to extend the contract term for two years from June 30, 2026, for a new
10 contract term of July 1, 2024, through June 30, 2028, with one remaining option to extend for
11 two additional years; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the Modification being fully
13 executed by all parties, the Airport Commission shall provide it to the Clerk of the Board for
14 inclusion in the official file.

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Item 1 File 26-0213	Department: Airport
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first modification to the contract between the San Francisco International Airport (Airport) and Covenant Aviation Security (Covenant), increasing the not-to-exceed amount by \$10.5 million, for a total not to exceed \$20.3 million and exercising the first two-year option to extend the contract through June 30, 2028, with one two-year option to extend remaining.

Key Points

- In December 2023, the Airport issued a Request for Proposals (RFP) to award a contract for General Airport Security Services. The Airport received three proposals, and Covenant was deemed the highest scoring proposer. In May 2024, the Airport Commission approved a contract with Covenant for a two-year term, from July 1, 2024 through June 30, 2026, for an amount not to exceed \$9,800,000, and two 2-year options to extend through June 2030.
- Under the proposed amendment, Covenant will continue to provide trained security guards at designated pre- and post-security locations throughout the Airport and support security operations through activities such verifying Airport ID badges, inspecting employees and their belongings, screening deliveries and vehicles entering restricted areas, and conducting random aviation worker screening. The proposed modification updates service locations and adjusts daily staffing hours at certain posts.
- Contractor performance is governed by applicable Transportation Security Administration (TSA) requirements, including implementation of randomized screening measures in accordance with federal security directives and regulations. The Airport states the contractor demonstrated reliable performance and compliance with the operational and reporting requirements outlined in the contract and TSA directives.

Fiscal Impact

- The proposed total not to exceed amount of \$20.3 million includes a three percent contingency and is funded by Airport operating revenues.
- Projected Year 3 and 4 expenditures are \$5.7 million and \$5.9 million respectively and are based on projected increases in hourly rates and fringe benefits, staffing levels, and other direct costs.

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

The Federal Transportation Security Administration (TSA) requires all commercial service airports to maintain a TSA-approved Airport Security Program providing trained security guard and inspection services throughout terminals and exit points. Under this program, airports must inspect all deliveries, merchandise, consumables, and employees accessing the Sterile Area, which is situated past the screening checkpoints.

In December 2023, the San Francisco International Airport (Airport) issued a Request for Proposals (RFP) to award a contract for General Airport Security Services. The Airport received three proposals and a three-member evaluation panel scored them, as shown in Exhibit 1 below.¹

Exhibit 1: Proposals and Scores from RFP

Proposer	Written Proposal Score (out of 300)	Oral Interview Score (out of 90)	Total Score (out of 390)
Covenant Aviation Security, LLC	290.0	84	374.0
Allied Universal Security Services	287.8	79	366.8
HSS California, Inc.	174.3	0	174.3

Source: Airport

Covenant Aviation Security (Covenant) was deemed the highest scoring proposer. In May 2024, the Airport Commission approved a contract with Covenant for a two-year term, from July 1, 2024 through June 30, 2026, for an amount not to exceed \$9,800,000, and two 2-year options to extend through June 2030. The contract did not require Board of Supervisors approval because it did not exceed 10 years or \$10 million. In February 2026, the Airport Commission approved the first modification to the contract, which is the subject of the proposed resolution.

Controller’s Certification

Historically, the services have been certified by the Controller's Office and approved by the Board of Supervisors as work that can be contracted out at a lower cost than similar work performed by City employees (per requirements under City Charter Section 10.104.15). In April 2024, the Controller’s Office determined these services met Charter requirements. In June 2024, the Board of Supervisors approved a resolution concurring with the Controller's certification allowing the Airport to contract with private companies for airport security services (File 24-0460).

¹ The evaluation panel consisted of a Deputy Chief Security Officer at San Francisco Municipal Transportation Agency, a 911 Dispatch Manager at San Francisco International Airport, and an Aviation Security Manager at Oakland International Airport.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first modification to the contract between the Airport and Covenant, exercising the first two-year option to extend the contract through June 30, 2028, and increasing the not-to-exceed amount by \$10.5 million, for a total not to exceed \$20.3 million.

Services

Covenant will continue to provide trained security guards at designated pre- and post-security locations throughout the Airport, including boarding areas, select exit lanes, a bypass door, two administrative office buildings and the public-accessible rooftop viewing deck in Terminal 2. Guards will support security operations by verifying Airport identification badges, inspecting employees and their belongings, screening vendor deliveries and merchandise, and monitoring vehicles entering restricted areas. As needed, guards may also conduct employee screening during construction activities and assist with employee checkpoint screening and exit lane monitoring when TSA screening is not active. These activities apply only to Airport employees and do not include passenger screening. Guards will also conduct random Aviation Worker Screening² in accordance with TSA requirements and document daily activities in compliance with TSA and Airport security regulations.

The proposed modification updates service locations and adjusts daily staffing hours at certain posts to reflect current operational needs at the Airport.

Staffing and Other Direct Costs

The contract establishes direct labor costs per employee and staffing levels for front line (guards and lead guards) and supervisory staff, all of whom are Quality Standard Program (QSP) workers.³ The proposed modification does not modify the hourly rates and/or the number of FTE positions. However, over the two-year extension, the Airport projects an increase in total FTE from 51 to 57 (which includes the addition of three guard and three supervisor positions) and hourly rate increases of ten percent for guards and four percent for supervisors from Year 2 to 3 and four percent from Year 3 to 4 for all positions (as shown in Exhibit 2 below). According to the Airport, the increase in guard staffing is needed to accommodate the addition of a Vendor Screening Checkpoint at Terminal 1, an additional bypass door post, and meet the TSA Aviation Worker Screening directive, which requires extended screening hours for compliance. The increase in supervisor staffing reflects expanded Aviation Worker Screening responsibilities, enhanced operational oversight, and the need for coverage during supervisor leave.

² Per the TSA directive, aviation workers are subject to increased screening for unauthorized weapons, explosives, and incendiaries.

³ The QSP was established by the Airport Commission and sets requirements for Safety; Health; Hiring Practices; Training; Equipment Standards; and Compensation and Benefits. The QSP applies to any firm, including airlines and service providers, which employs staff that perform services which directly impact safety and/or security at the Airport.

The Airport states that increases in hourly rate and fringe benefits reflect projected adjustments from upcoming QSP collective bargaining agreements and potential cost-of-living increases, as well as Kaiser healthcare cost projections. The rates for all staff are currently above the projected QSP minimum rate of \$22.54 per hour (effective July 1, 2026).⁴ The contractor must also comply with the City’s prevailing wage requirements for security guards.

In addition, the proposed modification increases other direct costs by \$172,000 over the two-year extension period because of the addition of consumable cards (test strips)⁵, which are required by the TSA to be used during Aviation Worker Screenings.

The management fee remains fixed at \$816,864 annually, or \$68,072 per month.

Local Business Enterprise Requirements

Covenant is required to utilize at least 5.5 percent Local Business Enterprise (LBE) subcontracting participation. As of March 2026, Covenant reports a 2.94 percent LBE achievement. The City’s Contracts Monitoring Division is responsible for monitoring LBE subcontracting participation.

Performance Monitoring

According to the Airport, contractor performance is governed by applicable TSA requirements including implementation of randomized screening measures pursuant to TSA security directives and regulatory requirements under federal law. The Airport does not impose additional performance criteria or conduct independent monitoring beyond these federal standards.

Under the contract, the contractor must submit any written reports if requested by the Airport, and in accordance with TSA directives, Covenant submits weekly Total Random Inspection (TRI) hours reports to both TSA and the Airport. If the contractor’s required TRI hours submitted to TSA and the Airport are not met, TSA may issue a Letter of Investigation (LOI) to the Airport, which could result in formal findings.

The Airport has not received any LOIs or findings related to noncompliance, indicating that the required inspection hours have been consistently met and reported. According to the Airport, the contractor has demonstrated reliable performance and compliance with the operational and reporting requirements outlined in the contract and TSA directives.

FISCAL IMPACT

The proposed first modification would increase the not-to-exceed amount of the contract by \$10.5 million, for a total not to exceed \$20,300,000. Actual and projected contract expenditures from July 2024 through June 2026 are \$8,733,368, as shown in Exhibit 2 below. The not to exceed amount of \$20,300,000 reflects the proposed budget below rounded to the nearest \$100,000.

⁴ The QSP rate changes every year, such that the minimum hourly wage is at all times \$0.50 an hour above the current San Francisco Minimum Wage. According to the Airport, the Office of Labor and Standards Enforcement has not published the updated minimum compensation rate for FY 2026-27. The new rate is anticipated to be confirmed in March 2026.

⁵ These are disposable, single-use strips used to detect traces of explosives.

Exhibit 2: Total Contract Expenditures from July 1, 2024 through June 30, 2028⁶

	Year 1 (FY 2024-2025)	Year 2 (FY 2025-2026)	Year 3 (FY 2026-2027)	Year 4 (FY 2027-2028)	Total
Guard Hourly Rate	\$23.21	\$24.14	\$26.50	\$27.56	
Guard FTE	45	45	48	48	
Guard Wages	\$2,172,456	\$2,259,354	\$2,645,760	\$2,751,590	\$9,829,161
Lead Guard Hourly Rate	\$26.51	\$27.57	\$27.99	\$29.11	
Lead Guard FTE	1	1	1	1	
Lead Guard Wages	\$55,141	\$57,346	\$58,219	\$60,548	\$231,254
Supervisor Hourly Rate	\$27.31	\$28.40	\$29.52	\$30.70	
Supervisor FTE	5	5	8	8	
Supervisor Wages	\$284,024	\$295,385	\$491,213	\$510,861	\$1,581,483
Pay Differentials (Overtime, Premium Pay, Holiday Pay, Other Pay Differential) ⁷			\$357,912	\$348,248	\$706,160
<i>Wages Subtotal</i>	<i>\$2,511,621</i>	<i>\$2,612,086</i>	<i>\$3,553,104</i>	<i>\$3,671,248</i>	<i>\$12,348,058</i>
Management Fee (\$68,072/month)	\$816,864	\$816,864	\$816,864	\$816,864	\$3,267,456
Phone (\$750/month)	9,000	9,000	9,000	9,000	36,000
Consumable Card Strip			77,000	95,000	172,000
Health Insurance/Benefits	978,967	978,967	1,024,005	1,111,045	4,092,984
<i>Non-Wage Subtotal</i>	<i>\$1,804,831</i>	<i>\$1,804,831</i>	<i>\$1,926,869</i>	<i>\$2,031,909</i>	<i>\$7,568,440</i>
Contingency (3%)			175,000	175,000	350,000
Total	\$4,316,452	\$4,416,917	\$5,654,973	\$5,878,157	\$20,266,498

Source: Airport

As shown above, proposed Year 3 and 4 expenditures are budgeted at \$11,533,130, which is an increase of 32 percent from Year 1 and 2 expenditures of \$8,733,368. The Airport states that projected Year 3 and 4 expenditures are based on projected increases in hourly rates and fringe benefits, as well as staffing levels (as previously mentioned), and other direct costs.

Actual and projected spending from Year 1 to 2 is \$1,066,632 less than the existing not to exceed amount (\$9,800,000). According to Airport staff, this is due to lower operational needs, as the TSA Aviation Worker Screening program had not yet been implemented and explosive detection devices requiring consumable test strips were not yet in use. As a result, operational and screening costs were lower during this period.

The proposed modification also includes an approximately three-percent contingency to accommodate unexpected costs in areas such as training, random inspections, and responses to unplanned TSA security directives.

⁶ Wages for all positions are calculated using 2,080 hours per year as the baseline

⁷ The Airport states that these costs were included under "Wages" for Years 1 and 2.

According to Appendix B of the contract, the Airport will reimburse the contractor for actual costs, supported by documentation, except for the management fee which is a fixed monthly payment.

The contract is funded by Airport operating revenues.

RECOMMENDATION

Approve the proposed resolution.

DocuSigned by:
Tereza Katchikova
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DocuSigned by:
Katherine Pastidio
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DocuSigned by:
Rob Forester
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DocuSigned by:
Jeff Littlefield
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**City and County of San Francisco
Airport Commission
P.O. Box 8097
San Francisco, California 94128**

**Modification No. 1
Ct No. 50359
PeopleSoft Ct ID 1000035269**

This Modification is made this first day of July, 1, 2026, in the City and County of San Francisco, State of California, by and between: Covenant Aviation Security, LLC, 1112 W. Boughton Rd., Suite 355, Bolingbrook, IL 60440, (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 (as defined below) for 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 November 21, 2023, the Commission issued a Request for Proposals (“RFP”) procured as required by San Francisco Administrative Code (“Administrative Code”) Section 21.1 through Section 21.4 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 qualified proposer receiving the highest evaluation score; and
- D. On May 21, 2024, by Resolution No. 24-0107, the Commission awarded this Agreement to the Contractor for an initial term of two years in an amount not-to-exceed Nine Million Eight Hundred Thousand Dollars (\$9,800,000); and
- E. The City has approved the contracting-out of the services under this Agreement upon the certification of the Controller that the services can be performed by a contractor at a lower cost than by City employees at current salary and benefit levels, see BOS Resolution No. 323-24, adopted June 4, 2024; and
- F. City and Contractor wish to modify the Agreement through Modification No. 1 to increase the contract amount by \$10,500,000 to a new not-to-exceed contract amount of \$20,300,000, to exercise the first option to extend the contract term by two years to a new end date of June 30, 2028, and to update standard contractual language; and
- G. On February 18, 2026, by Resolution No. 26-0035, the Commission approved Modification No. 1 to the Agreement to increase the contract amount by \$10,500,000 to a new not-to-exceed contract amount of \$20,300,000, and to exercise the first option to extend the contract term by two years to a new end date of June 30, 2028; and
- H. On _____, by Resolution No. _____, the Board of Supervisors approved Modification No. 1 to the Agreement; and
- I. The Local Business Enterprise (“LBE”) subcontracting participation requirement for this Agreement is 5.5 %; and
- J. The Contractor represents and warrants that it is qualified to perform the Services required by City under this Agreement.

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

1. **Section 1.1. Agreement** is replaced in its entirety as follows:

1.1. “Agreement” means the contract document dated June 14, 2024, including all attached appendices, and all applicable city ordinances and “Mandatory City Requirements” which are specifically incorporated by reference into the Agreement.

2. **Article 2. Term of the Agreement, Section 2.1** is amended to exercise the first option to extend the term of the Agreement for a period of two (2) years for a new expiration date of June 30, 2028.

3. **Section 3.3.1. Calculation of Charges** is amended to increase the not-to-exceed amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000.

4. **Section 4.2 Personnel** is replaced in its entirety to add a representation and warranty as to Contractor’s qualifications as follows:

4.2. Qualified Personnel. Contractor represents and warrants that it is qualified to perform the Services required by City, and that all Services will be performed by competent personnel with the degree of skill and care required by current and sound professional procedures and practices. 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 sufficient resources for timely completion within the project schedule.

5. **Section 7.2. Possessory Interest Taxes** is replaced in its entirety to update the code provision reference and simplify the reporting requirement as follows:

Section 7.2. Possessory Interest Taxes. Contractor acknowledges that this Agreement may create a “possessory interest” for property tax purposes. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to timely report on behalf of City to the County Assessor the information required by San Francisco Administrative Code Section 23.39, as amended from time to time, and any successor provision. Contractor further agrees to provide such other information as may be requested by City to enable City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

6. **Section 11.1. Notices to the Parties** is hereby replaced in its entirety to update the City contact, add e-mail notice, and a timing requirement as follows:

Section 11.1. Notices to 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:	Katherine Fastidio, Aviation Security & Regulatory Compliance Manager, San Francisco International Airport P.O. Box 8097, San Francisco, CA 94128 (650) 821-3915 katherine.fastidio@flysfso.com
To Contractor:	Christine Mueller Covenant Aviation Security, LLC 1112 W. Boughton Rd, Suite 355, Bolingbrook, IL 60440 630-771-1133 chris.mueller@covenantsecurity.com

Any notice of default or data breach must be sent by certified mail or other trackable written communication, and also by e-mail, with the sender using the receipt notice feature. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party at least ten (10) days prior to the effective date of such change. 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 and task orders (if any).

7. Section 12.9. Airport Commission Cyber Security Requirements is added to the Agreement as follows:

12.9 Airport Commission Cyber Security Requirements.

12.9.1. Should the Services provided under this Agreement require Contractor to access Airport information systems residing within Airport managed networks, Contractor shall use the Airport's VPN solution to access such Airport systems and is prohibited from implementing any other remote access solution without the express written permission of the Airport's Chief Information Security Officer.

12.9.2. For the purposes of this Agreement, known exploitable vulnerabilities ("KEV"), as that term is defined by the Department of Homeland Security Cybersecurity & Infrastructure Security Agency ("DHS/CISA"), and all software on the DHS/CISA Known Exploited Vulnerabilities Catalog ("KEV catalog"), shall be designated as a "high risk" or "critical" vulnerability.

12.9.3. All software used with information technology that is used by Contractor in the creation or delivery of the Services provided under this Agreement shall be maintained in accordance with DHS/CISA guidelines for said software and information technology as follows:

- Critical vulnerabilities associated with internet-facing services must be remediated within eight hours of being published in the KEV catalog, and critical vulnerabilities in all other information technology must be addressed within three business days of being published.
- High risk vulnerabilities associated with internet-facing services must be remediated within three days of being published in the KEV catalog, and high-risk vulnerabilities in all other information technology must be addressed within fourteen business days of being published.
- For the purposes of this section, "remediation" means to "reduce the significant risk of KEVs as these terms are used by DHS/CISA in relationship to the KEV catalog.
- Depending upon the specific circumstances relating to how the software associated with this Agreement is used, it is possible that a critical or high-risk vulnerability might not be exploitable. Should that be the case, the Contractor may provide attestation to these circumstances to meet these remediation requirements for City's review.

12.9.4. For software and services managed by the Contractor, Contractor is required to notify the Airport Chief Information Security Officer of any known or suspected software vulnerabilities that, if exploited, could adversely impact the software and services being provided under this Agreement.

12.9.5. Contractor shall comply with City's requirements for Cybersecurity Risk Assessment as outlined in the OCA Technology Purchasing Handbook (which may be found at:

https://www.sf.gov/sites/default/files/2022-10/OCA%20Technology%20Purchasing%20Guidelines%20v13.1_9-30-22.pdf, and, where applicable under such handbook, provide the Airport Chief Information Security Officer with a completed City Cyber Risk Assessment Questionnaire or SSAE 18 SOC-2 Type 2 report prior to the effective date of this Agreement and at least annually thereafter.

12.9.6. Critical Systems – Not Applicable.

12.9.7. Data-flow Diagram. Contractor shall provide and maintain an accurate network data-flow diagram showing the relationships of reliance within and among all network-enabled components that are required for the services and technology being provided under this Agreement to operate as intended. The data-flow diagram must include the network Transmission Control Protocol (“TCP”) and User Datagram Protocol (“UDP”) ports being used, and the name of the application associated with each data flow. (For purposes of this Agreement, these terms are use in accordance with industry recognized standards concerning the proper operation of Internet Protocol (“IP”) networks as defined under the Internet Engineering Task Force RFC 9293, "Transmission Control Protocol", etc.)

8. Section 13.6. Loss or Unauthorized Access to City’s Data; Security Breach Notification. is added to the Agreement as follows:

Section 13.6. Loss or Unauthorized Access to City’s Data; Security Breach Notification.

Contractor shall comply with all applicable laws that require the notification to individuals in the event of unauthorized release of PII, PHI, or other event requiring notification. Contractor shall notify City of any actual or potential exposure or misappropriation of City Data (any “Leak”) within twenty-four (24) hours of the discovery of such, but within twelve (12) hours if the Data Leak involved PII or PHI. Contractor, at its own expense, will reasonably cooperate with City and law enforcement authorities to investigate any such Leak and to notify injured or potentially injured parties. The remedies and obligations set forth in this subsection are in addition to any other City may have. City shall conduct all media communications related to such Leak.

9. Appendix A, Scope of Services, Section 1.2.1 Current Regulated Post Positions, Table 1 is replaced in its entirety, as follows:

Table 1 – Current Regulated Post Positions

Location (By Boarding Area “BA”)	# Posts	Hours	Hours/Day (Per Post)	Days/Week
Vendor Post BA - A	1	0400-2400	20	7
Vendor Post BA - B	1	0300-1600	13	7
Vendor Post BA - C	1	0500-1300	8	5 (M-F Only)
Vendor Post BA - D	1	0500-1700	12	7
Vendor Post BA - E	1	0500-1300	8	5 (M-F Only)
Vendor Post BA - F	1	0500-1700	12	7
Vendor Post BA - G	1	0500-2100	16	7
Exit Lane BA-A	1	0100-0430	3.5	7
Exit Lane BA-D	1	0030-0400	3.5	7
Exit Lane BA-E	1	0000-2400	24	7
Exit Lane BA-G	1	0100-0430	3.5	7
Guard Relief	2	0001-2359	24	7
Guard Training	Varies	Varies	TBD	TBD
Insider Threat Random Employee Inspections	Variable	Random	Random	Random Approximately 176 man-hours/week (2

				guards times 88 operational hours)
As-Needed Services	Variable	Random	Random	60 hours/week
Supervisor	1	0001-2359	24	7

10. **Appendix A, Scope of Services, Section 1.2.2 Current Non-Regulated Post Positions, Table 2** is replaced in its entirety to add Bypass Door I-30-90A, as follows:

Table 2 – Current Non-Regulated Post Positions

Location	# Posts	Hours	Hours/Day	Days/Week
Administrative Offices	2	0800-1700	9	5
Sky Terrace	1	1000-1800	8	4
Bypass Door I-30-90A	1	0500-0000	19	7

11. **Appendix B, Calculation of Charges, Section 2. Monthly Management Fee, Table 2** is replaced in its entirety to add consumable cards in the place of iPad monthly fees and update amounts as follows:

Table 2 – Other Direct Costs – Authorized Reimbursables

Other Direct Costs – Authorized Reimbursables	
The following costs are authorized for reimbursement. No other costs are reimbursable.	
	Total Cost
1 Mobile Device Wireless Plan Costs	<i>\$18,000.00</i>
2 Consumable Cards	<i>\$172,000.00</i>
Total	\$190,000.00

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

13. **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 Covenant Aviation Security, LLC
By: _____ Mike Nakornkhet, Airport Director	DocuSigned by: <i>Michael Bolles</i> E274565C8936B490... Authorized Signature
Attest:	<u>Michael Bolles</u> Printed Name
By: _____ Kantrice Ogletree, Director Commission Affairs	<u>President</u> Title
Resolution No: <u>26-0035</u>	<u>1112 W. Boughton Rd, Suite 355</u> Address
Adopted on: <u>February 18, 2026</u>	<u>Bolingbrook, IL 60440</u> City, State, ZIP
Approved as to Form:	<u>630-631-6602</u> Telephone Number
David Chiu City Attorney	<u>0000030737</u> City Supplier Number
By: _____ Chris Stuart Deputy City Attorney	

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Abdoon
 FC1BCCAC6D6
 DocuSigned by
Rob Forest
 2283D59CCFC
 DocuSigned by
Ralf Ruckel
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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
 Covenant Aviation Security, LLC
 Contract No. 50359**

This Agreement is made this 14th day of June, 2024, in the City and County of San Francisco, State of California, by and between: Covenant Aviation Security, LLC, 1112 W. Boughton Rd, Suite 355, Bolingbrook, IL 60440 (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 General Airport Security Services for the San Francisco International Airport (the “Airport”); and
- B. The Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and
- C. On November 21, 2023, the Commission issued a Request for Proposals (“RFP”) procured as required by San Francisco Administrative Code (“Administrative Code”) Section 21.1 through Section 21.4 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 qualified proposer receiving the highest evaluation score; and
- D. On May 21, 2024, by Resolution No. 24-0107, the Commission awarded this Agreement to the Contractor for an initial term of two years in an amount not-to-exceed Nine Million Eight Hundred Thousand Dollars (\$9,800,000); and
- E. The City has approved the contracting-out of the services under this Agreement upon the certification of the Controller that the services can be performed by a contractor at a lower cost than by City employees at current salary and benefit levels, see BOS Resolution No. 323-24, adopted June 4, 2024; and
- F. The Local Business Enterprise (“LBE”) subcontracting participation requirement for this Agreement is 5.5 %; 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, the Commission.

1.3 “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.

1.4 “CMD” means the Contract Monitoring Division of the City.

1.5 Confidential Information

1.5.1 “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”).

1.5.2 “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 Agreement.

1.5.3 “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.

1.6 “Contractor” means Covenant Aviation Security, LLC, 1112 W. Boughton Rd, Suite 355, Bolingbrook, IL 60440.

1.7 “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.

1.8 “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.

1.9 “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.

1.10 “Party” and “Parties” mean the City and Contractor either collectively or individually.

1.11 “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 July 1, 2024 and expire on June 30, 2026, unless earlier terminated as otherwise provided in this Agreement.

2.2 The City has two (2) options to renew the Agreement for a period of two (2) years each. The City may extend this Agreement beyond the expiration date by exercising an option at the City’s sole and absolute discretion and by modifying this Agreement as provided in Section 11.5, “Modification of 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 BOS. 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 Calculation of Charges. Contractor shall provide an invoice to the City on a monthly basis for goods delivered and/or Services completed in the immediately 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 City, in its sole discretion, concludes has been satisfactorily performed. In no event shall the amount of this Agreement exceed Nine Million Eight Hundred Thousand Dollars (\$9,800,000). The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges." In no event shall City be liable for interest or late charges for any late payments. City will not honor minimum service order charges for any Services covered by this Agreement.

3.3.2 Payment Limited to Satisfactory Services and Delivery of Goods. Contractor is not entitled to any payments from City until the Commission approves the goods and/or Services delivered under this Agreement. Payments to Contractor by City shall not excuse Contractor from its obligation to replace unsatisfactory delivery of goods and/or Services even if the unsatisfactory character may not have been apparent or detected at the time such payment was made. Goods and/or Services delivered under this Agreement that do not conform to the requirements of this Agreement may be rejected by the City 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 goods and/or 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 include a unique invoice number and a specific invoice date. Payment shall be made by City as specified in Section 3.3.6, or in such alternate manner as the Parties have mutually agreed upon in writing. All invoices must show the City's financial and procurement system ("PeopleSoft") Purchase Order ID Number, PeopleSoft Supplier Name and ID, Item numbers (if applicable), complete description of goods delivered or Services performed, sales/use tax (if applicable), contract payment terms and contract price. Invoices that do not include all required information or contain inaccurate information will not be processed for payment.

3.3.5 LBE Payment and Utilization Tracking System. If LBE Subcontracting Participation Requirements apply to a Contract awarded under this Solicitation, the Awarded Contractor shall: (a) Within three (3) business days of City's payment of any invoice to Contractor, pay LBE subcontractors as provided under Chapter 14B.7(H)(9); and (b) Within ten (10) business days of City's payment of any invoice to Contractor, confirm its payment to subcontractors using the City's Supplier Portal Payment Module, unless instructed otherwise by CMD. Failure to submit all required payment information to the City's Supplier Portal Payment Module with each payment request may result in the withholding of 20% of subsequent payments due. Self-Service Training is located at this link: <https://sfcitypartnersfgov.org/pages/training.aspx>.

3.3.6 Getting Paid by the City for Goods and/or Services.

(a) The City and County of San Francisco utilizes the Paymode-X[®] service offered by Bank of America Merrill Lynch to pay City contractors. Contractor must sign up to receive electronic payments to be paid under this Agreement. To sign up for electronic payments, visit http://portal.paymode.com/city_countyofsanfrancisco.

(b) At the option of the City, Contractor may be required to submit invoices directly in PeopleSoft via eSettlement. Refer to <https://sfcitypartner.sfgov.org/pages/training.aspx> for more information on eSettlement. For access to PeopleSoft eSettlement, submit a request through sfemployeeportalsupport@sfgov.org.

3.3.7 Grant Funded Contracts – Not applicable.

3.3.8 Payment Terms.

(a) **Payment Due Date:** Unless City notifies the Contractor that a dispute exists, Payment shall be made within 60 calendar days, measured from (1) the delivery of goods and/or the rendering of services or (2) the date of receipt of the invoice, whichever is later. Payment is deemed to be made on the date on which City has issued a check to Contractor or, if Contractor has agreed to electronic payment, the date on which City has posted electronic payment to Contractor.

(b) **Payment Discount Terms – Not applicable.**

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 less 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 Administrative Code Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under Administrative Code Section 21.35, any contractor or subcontractor who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor or subcontractor will be deemed to have submitted a false claim to the City if the contractor or subcontractor: (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 Administrative Code Section 6.22(e) [Prevailing Wages] or Section 21C [Miscellaneous Prevailing Wage Requirements] (collectively, “Covered Services”). The provisions of Administrative Code Sections 6.22(e) and 21C are incorporated as provisions of this Agreement as if fully set forth in this Agreement 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 BOS 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, as applicable. For trade work covered by the provisions of Administrative Code Section 21C, Contractor agrees that it shall pay not less than the prevailing wage rates, as fixed and determined by the BOS, to all workers employed by Contractor who perform such Covered Services under this Agreement. Copies of such rates are available from the Office of Labor Standards and Enforcement (“OLSE”) and on the Internet at <https://sfgov.org/olse/prevailing-wage-non-construction> . For trade work covered by the provisions of Administrative Code Section 6.22(e), Contractor agrees that it shall pay not less than the prevailing wage rates as fixed and determined by the California Department of Industrial Relations for the County of San Mateo to all workers employed by Contractor who perform Covered Services under this Agreement. Copies of such rates are available from the OLSE and on the Internet at <http://www.dir.ca.gov/DLSR/PWD>. Contractor further agrees as follows:

3.6.3 **Subcontract Requirements.** As required by Administrative Code Section 6.22(e)(5), 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 such subcontractor shall pay to all persons performing labor in connection with Covered Services under such subcontract or other arrangement not less than the highest general prevailing rate of wages as fixed and determined by the BOS 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 services covered by Administrative Code Section 6.22 are to be performed.

3.6.5 **Payroll Records.** As required by Administrative Code Section 6.22(e)(6) and California Labor Code Section 1776, 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, such worker’s 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 under 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 Administrative Code Section 6.22(e)(7). Steps and actions include but are not limited to requirements that: (i) 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 Administrative Code Chapter 6; (ii) the Contractor agrees that the Labor Standards Enforcement Officer and designees of the Labor Standards Enforcement Officer, 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; (iii) the Contractor shall maintain a sign-in and sign-out sheet showing which employees are present on the job site; (iv) 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 (v) that the Labor Standards Enforcement Officer may audit such records of the Contractor as the Labor Standards Enforcement Officer 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 Agreement, subcontract or other arrangement for the Covered Services, the general prevailing rate of wages as specified in this Agreement, Contractor shall forfeit, and in the case of any subcontractor so failing or neglecting to pay such 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 such forfeiture.

Article 4 Services and Resources

4.1 Services Contractor Agrees to Perform. Contractor agrees to perform the Services stated 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 a defined Scope of Services and as-needed Services. As-needed Services shall be performed by Contractor only upon request 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. Only

the Airport Director or the Airport Director's designee has the authority to execute task orders for the City. Task orders shall be executed on Contractor's behalf by an authorized representative of Contractor. Each task order shall be on the City's task order template and shall include a description of the as-needed Services, the deliverables, schedule for performance, cost, and method and timing of payment. All Contractor costs associated with the development of any task order shall be borne by Contractor. The calculation of cost and the method and timing of payment for all task orders shall be in accordance with Appendix B, "Calculation of Charges," and Article 3, "Financial Matters." The cumulative total compensation due to Contractor for all task orders issued under this Agreement shall not exceed the amount of compensation set forth for as-needed Services in Appendix B, "Calculation of Charges." Contractor shall only be compensated for as-needed Services performed under an authorized, executed task order as detailed in this Section 4.1. All task orders are governed by and subject to the terms and conditions of this Agreement.

4.2 Qualified Personnel. Contractor shall use 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" and Article 13 "Data and Security" 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.

4.3.2 City's execution of this Agreement constitutes its approval of the subcontractor: ABA Protection, Inc.

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

4.4.1 Independent Contractor. For the purposes of this Section 4.4, "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, Federal Insurance Contributions Act, 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 business days of Contractor's receipt of such notice, and consistent with Contractor policy and procedure, Contractor shall remedy the deficiency. Notwithstanding, 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 under this Section 4.4 shall be solely limited to 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. Neither this Agreement, nor any duties or obligations under this Agreement, 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 consistent 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.

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.

4.7 **Liquidated Damages.** By entering into this Agreement, Contractor agrees that in the event Contractor fails to fully staff each post covered in this Agreement, City will suffer actual damages that will be impractical or extremely difficult to determine. Contractor agrees that the sum of One Thousand Dollars (\$1000) per hour for each hour or portion thereof that Contractor fails to staff a post is not a penalty but is a reasonable estimate of the loss that City will incur based on inadequate staffing, established in light of the circumstances existing at the time this Agreement was awarded. City may deduct a sum representing the liquidated damages from any money due to Contractor under this Agreement or any other contract between City and Contractor. Such deductions shall not be considered a penalty, but rather agreed upon monetary damages sustained by City because of Contractor's failure to furnish deliverables to City within the time fixed or such extensions of time permitted in writing by City.

Article 5 Insurance and Indemnity

5.1 Insurance.

5.1.1 **Required Coverages.** Without in any way limiting Contractor's liability under Section 5.2, "Indemnification" of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

- (a) Commercial General Liability Insurance with limits not less than \$2,000,000 each occurrence and \$4,000,000 general aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.
- (b) 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.
- (c) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness.
- (d) Professional Liability Insurance, applicable to Contractor's profession, with limits not less than \$1,000,000 for each claim with respect to negligent acts, errors or omissions in connection with the Services.
- (e) Technology Errors and Omissions Liability coverage – Not applicable.
- (f) Cyber and Privacy Insurance - Not applicable.
- (g) Pollution Liability Insurance – Not applicable.

5.1.2 Additional Insured Requirements.

(a) The Commercial General Liability policy must name as Additional Insured the City and County of San Francisco, the Airport Commission and its members, and all their officers, directors, and employees are to be named additional insured.

(b) The Commercial Automobile Liability Insurance policy must name as Additional Insured the City and County of San Francisco, the Airport Commission and its members, and all their officers, directors, and employees are to be named additional insured.

(c) Pollution Auto Liability Insurance Additional Insured Endorsement – Not applicable.

5.1.3 Waiver of Subrogation Requirements.

(a) 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.

5.1.4 Primary Insurance.

(a) The Commercial General Liability policy shall provide 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 the insurance applies separately to each insured against whom claim is made or suit is brought.

(b) The Commercial Automobile Liability Insurance policy shall provide 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 the insurance applies separately to each insured against whom claim is made or suit is brought.

(c) The Pollution Liability Insurance Endorsement – Not applicable.

5.1.5 Other Insurance Requirements.

(a) Thirty (30) days' advance written notice shall be provided to the City of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to City. Notices shall be sent to the City address set forth in Section 11.1 entitled "Notices to the Parties."

(b) 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 Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(c) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

(d) 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.

(e) 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 coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability under this Agreement.

(f) 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: (a) injury to or death of a person, including employees of City or Contractor; (b) loss of or damage to property; (c) 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; (d) strict liability imposed by any law or regulation; or (e) losses arising from Contractor's execution of subcontracts not consistent with the requirements of this Agreement applicable to subcontractors; so long as such injury, violation, loss, or strict liability (as set forth in subsections (a) – (e) 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, "CALCULATION OF CHARGES," 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 **Contractor to Pay All Taxes.** 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 **Possessory Interest Taxes.** 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 California 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., California Revenue and Taxation 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.

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. Under San Francisco Business and Tax Regulations Code Section 6.10-2, 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.

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 of this Agreement, 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 may include any or all of the following, 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 thirty (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 listed 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 under 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:

8.2.2 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	11.10	Compliance with Laws
Article 5	Insurance and Indemnity	Article 13	Data and Security
Article 7	Payment of Taxes	---	---

(a) 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 is not cured within ten days after written notice of such default from City to Contractor. If Contractor defaults a second time in the same manner as a prior default cured by Contractor, City may in its sole discretion immediately terminate the Agreement for default or grant an additional period not to exceed five days for Contractor to cure the default.

(b) 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.

(c) 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.

8.2.3 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 under 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. This Section 8.2.2 shall survive termination of this Agreement.

8.2.4 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available under this Agreement 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.

8.2.5 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 of this Agreement 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 Service and Delivery of Goods	9.1	Ownership of Results
3.4	Audit and Inspection of Records	9.2	Works for Hire

3.5	Submitting False Claims	11.6	Dispute Resolution Procedure
Article 5	Insurance and Indemnity	11.7	Agreement Made in California; Venue
6.1	Liability of City	11.8	Construction
6.3	Liability for Incidental and Consequential Damages	11.9	Entire Agreement
Article 7	Payment of Taxes	11.10	Compliance with Laws
8.1.6	Payment Obligation	11.11	Severability
8.2.2	Exercise of Default Remedies	Article 13	Data and Security

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 hereby 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 Administrative Code Chapter 12G ("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 Consideration of Salary History. Contractor shall comply with Administrative Code Chapter 12K ("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 Chapter 12K, irrespective of the listing of obligations in this Section.

10.5 Nondiscrimination Requirements

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

10.5.2 Nondiscrimination in the Provision of Employee Benefits. 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 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. Contractor shall use LBE subcontractors for at least 5.5% of the Services except as otherwise authorized in writing by the Director of CMD. Contractor shall incorporate the requirements of the LBE Ordinance in each subcontract made in the fulfillment of Contractor's LBE subcontracting commitments.

10.7 Minimum Compensation Ordinance. If Administrative Code Chapter 12P ("Chapter 12P") applies to this contract, Contractor shall pay covered employees no less than the minimum compensation required by Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Contractor is subject to the enforcement and penalty provisions in

Chapter 12P. Information about and the text of the Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. Contractor is required to comply with all of the applicable provisions of Chapter 12P, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, Contractor certifies that it complies with Chapter 12P.

10.8 Health Care Accountability Ordinance. If Administrative Code Chapter 12Q (“Chapter 12Q”) applies to this contract, Contractor shall comply with the requirements of Chapter 12Q. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Administrative Code Section 12Q.3. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of Chapter 12Q, as well as the Health Commission’s minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by Contractor shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10.9 First Source Hiring Program. Contractor must comply with all of the provisions of the First Source Hiring Program, Administrative Code Chapter 83 (“Chapter 83”), that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

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 its obligations under Section 1.126 of the City’s Campaign and Governmental Conduct Code (“Section 1.1.126”), 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.

10.12 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 Administrative Code Chapter 12T (“Chapter 12T”), “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” 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 as though fully set forth in this Agreement. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. Contractor is required to comply with all of the applicable provisions of Chapter 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 Distribution of Beverages and Water.

10.17.1 Sugar-Sweetened Beverage Prohibition. Contractor agrees that it shall not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by Administrative Code Chapter 101, as part of its performance of this Agreement.

10.17.2 Packaged Water Prohibition. Contractor agrees that it shall not sell, provide, or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

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.

10.19 Preservative Treated Wood Products – Not applicable.

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 email, and shall be addressed as follows:

To City: Abedoon Jamal, Aviation Security & Regulatory Compliance Manager,
P.O. Box 8097, San Francisco, CA 94128, (650) 821-3628,
abedoon.jamal@flysf0.com

To Contractor: Christine Mueller, 1112 W. Boughton Rd, Suite 355, Bolingbrook, IL 60440,
630-771-1133, chris.mueller@covenantsecurity.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 and task orders (if any).

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

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 Section 6250 *et. seq.*), and the San Francisco Sunshine Ordinance, (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. Contractor shall cooperate with Department to submit to the Director of CMD any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20% (CMD Contract Modification Form).

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 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, disputes may be resolved 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 this 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 therefor has been presented to and rejected by the City in conformity with the provisions of 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 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 Agreement 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 consistent with the terms and conditions of this Agreement, implementing task orders, the RFP, and Contractor's proposal dated January 24, 2024. The RFP and Contractor's proposal are incorporated by reference as though fully set forth in 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.

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 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 consistent 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.

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. Under 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. No proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director’s prior written 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 and Regulations, for all Covered Contracts, Contractor shall comply with the Airport’s Labor Peace/Card Check Rule, a revised version of which was adopted as Rule 12.1 on February 7, 2023 by Airport Commission Resolution No. 23-0018 (as amended the “Labor Peace/Card Check Rule”). To comply with the Labor Peace/Card Check Rule, each Covered Employer shall comply with the Labor Peace/Card Check Rule, Section C, Covered Employer Duties, Items 1-13. If the Airport determines that Contractor violated the Labor Peace/Card Check Rule, the Airport shall have the option to terminate this Agreement, in addition to exercising all other remedies available to the Airport. Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule.

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 part 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 part 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 parts 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.*).

12.7 **Quality Standards Program.** This Agreement is subject to the Airport’s Quality Standards Program (“QSP”) and the Healthy Airport Ordinance: <https://www.sf.gov/information/healthy-airport-ordinance>. The Airport’s Social Responsibility office oversees the QSP which is applicable to Service Providers (as defined in the QSP) at the Airport whose employees are involved in performing services that have an impact on Airport security and safety. More information may be found at: <http://www.flysfo.com/about-sfo/the-organization/rules-and-regulations>. For more information, please send an email to qsp@flysf.com or call (650) 821-1003.

12.8 Worker Retention Policy. This Agreement is subject to the Airport’s Worker Retention Policy, which is incorporated into the Airport Rules and Regulations as Appendix D, and applies to Airport contractors, tenants, and permitted operators, and their respective subcontractors, that employ workers who perform essential services at the Airport on a regular and ongoing basis for the benefit of the travelling public, which services include but are not limited to services for parking garage and curbside management operations, information booths, concessions (food & beverage, retail and passenger services), the SFO Medical Clinic, intra-Airport transportation services, on-airport rental car operations, and services by third party service providers subject to the QSP, but excluding airlines. Contractor shall require all levels of subcontractors under this Agreement to comply with the obligations imposed by the Airport’s Worker Retention Policy. More information may be found at <https://www.flysfo.com/about/airport-operations/policies-regulations/rules-and-regulations> .

Article 13 Data and Security

13.1 Nondisclosure of City Data, Private or Confidential Information.

13.1.1 Protection of Private Information. If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of Administrative Code Chapter 12M (“Chapter 12M”), Contractor and subcontractor shall use such information only consistent 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 Confidential Information. In the performance of Services, Contractor may have access to, or collect on City’s behalf, City Data and /or Confidential Information, the disclosure of which to third parties may damage City. If City discloses City Data or Confidential Information to Contractor, or Contractor collects such information on City’s behalf, 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 confidential information.

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

13.3 Business Associate Agreement – Not applicable.

13.4 Management of City Data and Confidential Information

13.4.1 Use of City Data and Confidential Information. Contractor agrees to hold City Data received from, or collected on behalf of, the City, in strictest confidence. Contractor shall not use or disclose City Data 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 Data outside the United States is subject to prior written authorization by the City. Access to City Data 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 solely for performing its obligations under the Agreement and not for Contractor’s own purposes or later use. Nothing in this Agreement 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 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.

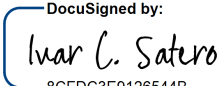
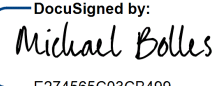
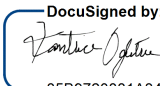
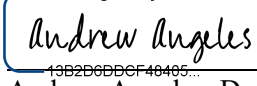
13.4.2 Disposition of Confidential Information. Upon request of City or termination or expiration of this Agreement, and under any document retention period required by this Agreement, Contractor shall promptly, but in no event later than thirty (30) calendar days, return all data given to or collected by Contractor on City's behalf, which includes all original media. Once Contractor has received written confirmation from City that City Data has been successfully transferred to City, Contractor shall within ten (10) business days clear or purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors' environment(s), 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. Secure disposal shall be accomplished by "clearing," "purging" or "physical destruction," consistent with National Institute of Standards and Technology Special Publication 800-88 or most current industry standard.

13.5 Ownership of City Data. The Parties agree that as between them, all rights, including all intellectual property rights, in and to the City Data and any derivative works of the City Data is the exclusive property of the City.

Article 14 MacBride And Signature

14.1 MacBride Principles -Northern Ireland. The provisions of Administrative Code Chapter 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.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By:  <small>9CFDC3E04286544B...</small> Ivar C. Satero, Airport Director	DocuSigned by:  <small>E274666C03CB400...</small> Authorized Signature
Attest: By:  <small>85B9720881A341D...</small> Kantrice Ogletree, Secretary Airport Commission	Michael Bolles, President Covenant Aviation Security, LLC 1112 W. Boughton Rd, Suite 355 Bolingbrook, IL 60440 630-631-6602
Resolution No: <u>24-0107</u>	City Supplier Number: 0000030737 Federal Employer ID Number: 35-2161799
Adopted on: <u>May 21, 2024</u>	
Approved as to Form: David Chiu City Attorney	
By:  <small>13B2D6DDDF40405...</small> Andrew Angeles, Deputy City Attorney	

Appendices

- A: Scope of Services
- B: Calculation of Charges
- C: San Francisco Labor and Employment Code Update

Appendix A Scope of Services

1. **Description of Services.** Contractor shall maintain a trained security staff of agreed upon size and capability to provide security guard and inspection services at San Francisco International Airport at the locations specified below. The days, locations, and times of each post may vary.

1.1 **Guard Service Duties.** The guard service duties will include the following, depending on the location:

- Identification Inspection and Validation of Airport ID badges and other authorized credentials.
- Pre/Post Security Inspection of employees and their belongings.
- Pre/Post Security Inspection of concession/tenant deliveries and merchandise.
- General Security Services in response to Transportation Security Administration (“TSA”) regulatory requirements or emergencies.
- Security Services at Passenger Security Checkpoints and Exit Lanes during non-TSA screening hours.
- Air Operations Area (AOA) access gate Vehicle Inspections and Security Services.
- Maintaining a digital log of daily post activities in a format acceptable to the Airport.

1.2 **Post Duties.** Assigned posts are identified as either Regulated or Non-Regulated.

Current regulated and non-regulated post positions and the hours of operation are listed in Table 1 and 2 below. The posts below are to be used as a general guide and are subject to change at the Airport’s discretion and may include additional locations and/or modified hours and number of days.

1.2.1 **Current Regulated Post Positions.** All regulated post positions operate in high security environments, and inspectors/guards will be responsible for duties related to securing the Airport against all threats as well as compliance with TSA and Airport regulations. Additionally, the nature of these posts requires that:

- Inspectors/guards have experience with and/or be familiar with current TSA regulations regarding prohibited items as well as Airport Rules and Regulations; and
- Inspectors/guards have a State of California Guard Card.
- Support Anti-Terrorism by Fostering Effective Technologies (SAFETY) Act certification is strongly preferred.

Table 1 – Current Regulated Post Positions

Location (By Boarding Area “BA”)	# Posts	Hours	Hours/Day (Per Post)	Days/Week
Vendor Post BA - A	1	0500-2400	19	7
Vendor Post BA - B	1	0400-1600	12	7
Vendor Post BA - D	1	0500-1700	12	7
Vendor Post BA - F	1	0500-1700	12	7
Vendor Post BA - G	1	0500-2100	16	7

Vendor Post BA - E	1	0500-1300	8	5 (M-F Only)
Exit Lane BA-A	1	0130 -0500	3.5	7
Exit Lane BA-B	1	0001-2359	24	7
Exit Lane BA- D	1	0030-0400	3.5	7
Exit Lane BA-E	1	0600-2400	18	7
Exit Lane BA-F	1	0100-0400	3	7
Exit Lane BA-G	1	0100-0430	3.5	7
Guard Relief	1	0001-2359	24	7
Guard Training	Varies	Varies	TBD	TBD
Insider Threat Random Employee Inspections	Variable	Random	Random	Random (Approximately 140 hours/week)
As-Needed Services	Variable	Random	Random	60 hours/week
Supervisor	1	0001-2359	24	7

1.2.2 **Current Non-Regulated Post Positions.** Non-Regulated post positions operate in less restrictive security areas, and inspectors/guards will be responsible for duties related to securing restricted areas of the Airport that are not subject to TSA Regulatory Requirements. As a result, these posts can be staffed by inspectors/guards that may not have experience with or training on current TSA regulations or experience in an Airport environment. The nature of these posts requires that:

- Inspectors/guards shall be familiar with current Airport Rules and Regulations; and
- Inspectors/guards have a State of California Guard Card.

Table 2 – Current Non-Regulated Post Positions

Location	# Posts	Hours	Hours/Day	Days/Week
Administrative Offices	2	0800-1700	9	5
Sky Terrace	1	0800-1700	9	5

1.3 **Staffing Plan.** Contractor's staffing plan must be sufficient to provide coverage to the locations listed above.

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

1.4 **Screening and Inspection Services.** Contractor shall also do the following:

1.4.1 Conduct vendor screening consisting of conducting post-security inspections of all deliveries, merchandise, consumables, and employees accessing the Sterile Area (post security) from the Secured Areas (excluding airline flight crews and their belongings) in accordance with, but not limited to, the Airport's Rules and Regulations, the Airport's TSA-approved Airport Security Program (ASP), the Airport's Airport Security Bulletins (ASB), the Airport's Operations Bulletins (AOB), and the TSA's Regulatory Requirements. These inspection activities will occur at designated access points as noted in the charts above.

1.4.2 Conduct inspection of deliveries/merchandise for items prohibited by TSA in accordance with current regulatory requirements, verifying that commercially packaged in boxes, cartons, containers, racks or packages have not been altered or tampered with.

1.4.3 Conduct inspections of employees and their belongings to ensure that employees are not bringing any items prohibited by the TSA, in accordance with TSA Regulatory Requirements, the Airport's Rules and Regulations, the Airport's TSA approved ASP, and specifically, the current TSA Permitted and Prohibited Items list. Relevant AOBs or other Airport instructional/directive documents may apply.

1.5 Training Requirements. Contractor shall also do the following:

1.5.1 Ensure proper training and performance of all staff. Training occurring off post will be billed as a direct labor costs, as will On-the-Job-Training for new hires prior to them assuming Post responsibilities. On-the-Job-Training is estimated at 12 hours per incumbent guard hired by the Contractor and 40 hours per new guard.

1.5.2 Provide the Airport with an advance copy of its training guide and curriculum and proposed schedule of training, and shall incorporate any changes and comments from the Airport.

1.5.3 Provide any as needed necessary retraining, as directed by the Airport or when new TSA Regulatory Requirements are issued which affects these guard services. The Airport has the right to request that the Contractor reassign or remove any employee at any time for improper or unsatisfactory performance, including but not limited to theft, poor customer service, or violating any section of the Airport's Rules and Regulations, or Transportation Security Regulations.

1.6 Additional Requirements. Contractor shall also do the following:

1.6.1 Provide at least one (1) relief guard position when guards are on duty to ensure adequate relief. Uniformed Supervisors can augment the relief function on an infrequent/emergency basis to ensure guards on post are relieved when needed but may not replace or "double" as the relief guard.

1.6.2 Provide at least one (1) on-site supervisory personnel at the Airport when guards are on duty to ensure efficient provision of services. The direct labor costs for this position will be reimbursed and are not part of the Management Fee.

1.6.3 Perform all services by unarmed uniformed guard licensed by the State of California, possessing a State of California Guard Card, and familiar with current TSA regulations regarding prohibited items.

1.6.4 Ensure that guards shall be uniformed, badged, neat in appearance, and shall comply at all times with the Airport Rules and Regulations. Uniforms shall be provided and maintained at Contractor's expense. Uniforms shall be consistent in appearance style and color.

1.6.5 Ensure that Contractor's employees wear Airport-issued/approved valid identification badges, issued to the employee by the Airport's Security Access Office, at all times while on duty. These identification badges must be worn in a manner that makes them clearly visible at all times so as to present themselves in a professional manner, and consistent with the Airport's Rules and Regulations.

1.6.6 Perform general security services as needed and respond to new Airport requests for compliance to new or revised TSA Regulatory Requirements and emergency situations. The Airport shall outline the conditions under which the additional work would apply.

1.6.7 Provide a cell phone for each guard staffing a post to use as a back-up form of communication as well as provide Supervisors and relief guards cell phones, as needed or requested by the Airport.

1.6.8 Provide equipment, such as a small tablet and/or other device running Microsoft Word and Excel, to collect data at every post and transfer digitized data reports to Airport when requested.

1.6.9 Airport will provide hand-held two-way radios for Contractor employee use.

1.6.10 Comply with Airport audits of activities of Contractor as needed.

1.6.11 Contractor shall provide five (5) hand wands for random employee screening posts.

2. **Services Provided by Attorneys.** Any Services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for Services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

3. **Reports.** Contractor shall submit written reports as requested by the Airport Commission. Format for the content of such reports shall be determined by the Airport Commission. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

4. **Department Liaison.** In performing the Services provided for in this Agreement, Contractor's liaison with the Airport will be the person identified in Agreement at Section 11.1, Notices to the Parties. Such individual shall be the Contractor's primary point of contact for all purposes under this Agreement.

Appendix B Calculation of Charges

1. **Reimbursable Costs.** Contractor acknowledges and agrees that as the employer, it alone shall be responsible for fulfilling its obligation to its employees under the law and under any collective bargaining agreement(s), if applicable. The Airport shall only reimburse actual Direct Labor Costs as reflected below approved by the Airport in advance and supported by documentation acceptable to the Airport. There shall be no mark-up on reimbursable costs. Reimbursable Costs are only Direct Labor Costs, Other Direct Costs – Authorized Reimbursables, and the Lump Sum Cost for Initial Mobilization as set forth in the tables below.

2. **Monthly Management Fee.** The Monthly Management Fee shall constitute full compensation to the Contractor for any and all management fees, profit, overhead and non-reimbursable costs associated with the performance of services under this Contract. The Management Fee shall include all costs associated with principals, managers, assistant managers and administrative staff. The Monthly Management Fee does not include Direct Labor Costs or Other Direct Costs - Authorized Reimbursables.

Direct Labor Costs Per Employee														
Direct Labor costs per employee (Front Line Staff and Supervisor Staff only) for all positions for the services to be performed at the Airport. "Direct Labor Costs" must include the hourly wage and all benefits costs directly associated with each position as pre-populated on the Fee Proposal Form, separated by Front Line Staff and Supervisor Staff. The Labor Costs Per Employee as set forth in the form must include the following:														
<ul style="list-style-type: none"> • Estimated number of full-time positions for each position title (the estimated number must be either a whole number or half of a whole number i.e., 1.0, 1.5, 2.0) • Hourly Wage, which can be listed as an hourly wage range (ex. \$21.00 - \$23.25) for each position • Number of Paid Days Off • Benefits costs for Health Insurance, Dental Insurance, Vision Insurance, Retirement, Workers Compensation, Payroll Tax, Life Insurance, and Disability that the selected Contractor will provide an employee. Provide employee benefits per position as follows: <ul style="list-style-type: none"> o Employee o Employee + 1 o Employee + 2 (or more also known as Family) 														
Benefit costs should either be stated as monthly or hourly according to Contractor's payroll practices. The City will only reimburse actual costs with supporting documentation for the authorized labor and benefit costs. Most of the employees are covered by CBAs.														
Front Line Staff					*Note costs per hour <u>OR</u> per month based on what will actually be paid on an employee's behalf									
Position Title	No. of Full-Time Positions	Hourly Wage (paid to employee)	Number of Paid Days Off	Health Plan Type	Monthly Health	Monthly Dental	Monthly Vision	Hourly Retirement	Monthly Workers Compensation	Monthly Payroll Tax Costs	Monthly Life Insurance	Monthly Disability	Other Costs/ Benefits Paid to Employee (itemized)	Total Hourly Labor Cost
1 Guard	20	\$23.21 - \$26.38	12	EE Only	\$876.74	\$15.24	\$0.00	\$0.94	\$81.57	\$335.34	\$9.00	\$0.00	\$0.00	\$24.09 - \$27.44
	20	\$23.21 - \$26.38	12	EE + 1	\$1,747.47	\$15.24	\$0.00	\$0.94	\$81.57	\$335.34	\$9.00	\$0.00	\$0.00	\$24.09 - \$27.44
	5	\$23.21 - \$26.38	12	EE + 2	\$2,184.34	\$15.24	\$0.00	\$0.94	\$81.57	\$335.34	\$9.00	\$0.00	\$0.00	\$24.09 - \$27.44
2 Lead Guard	1	\$26.51 - \$27.99	12	EE Only	\$876.74	\$15.24	\$0.00	\$1.02	\$102.62	\$362.39	\$9.00	\$0.00	\$0.00	\$27.57 - \$29.11
	1	\$26.51 - \$27.99	12	EE + 1	\$1,747.47	\$15.24	\$0.00	\$1.02	\$102.62	\$362.39	\$9.00	\$0.00	\$0.00	\$27.57 - \$29.11
	1	\$26.51 - \$27.99	12	EE + 2	\$2,184.34	\$15.24	\$0.00	\$1.02	\$102.62	\$362.39	\$9.00	\$0.00	\$0.00	\$27.57 - \$29.11
Supervisor Staff					*Note costs per hour <u>OR</u> per month based on what will actually be paid on an employee's behalf									
Position Title	No. of Full-Time Positions	Hourly Wage (paid to employee)	Number of Paid Days Off	Health Plan Type	Monthly Health	Monthly Dental	Monthly Vision	Hourly Retirement	Monthly Workers Compensation	Monthly Payroll Tax Costs	Monthly Life Insurance	Monthly Disability	Other Costs/ Benefits Paid to Employee (itemized)	Total Hourly Labor Cost
1 Supervisor	2	\$27.31 - \$29.52	12	EE Only	\$873.74	\$15.24	\$0.00	\$1.06	\$92.11	\$375.65	\$9.00	\$0.00	\$0.00	\$29.08 - \$30.70
	2	\$27.31 - \$29.52	12	EE + 1	\$1,747.47	\$15.24	\$0.00	\$1.06	\$92.11	\$375.65	\$9.00	\$0.00	\$0.00	\$29.08 - \$30.70
	1	\$27.31 - \$29.52	12	EE + 2	\$2,184.34	\$15.24	\$0.00	\$1.06	\$92.11	\$375.65	\$9.00	\$0.00	\$0.00	\$29.08 - \$30.70

Other Direct Costs - Authorized Reimbursables		
The following costs are authorized for reimbursement. No other costs are reimbursable.		
	Monthly Costs	Annual Costs
1	Mobile Device Wireless Plan Costs	\$750.00 / \$9,000.00
2	iPad Monthly Fees	
Total		\$750.00 / \$9,000.00

Monthly Management Fee		
<p>The Monthly Management Fee shall constitute full compensation to the Contractor for any and all management fees, profit, overhead, administrative costs and non-reimbursable costs associated with the administration of the Contract and performance of services under this Contract. The Management Fee shall include all costs associated with principals, managers, assistant managers, and administrative staff. The Monthly Management Fee does not include Direct Labor Costs, Other Direct Costs - Authorized Reimbursables, or the Mobilization Costs. The Monthly Management Fee shall be considered a fixed fee for the entire contract term (original term of two (2) years and includes the option to extend the term two (2) times for two (2) additional years each for a total of six (6) years), except that the fee only may be adjusted at the discretion of the Airport if the staffing levels increase or decrease more than 50% from the below anticipated Total Monthly Staffing Hours for a period equal to or longer than three (3) consecutive months. Any adjustment is subject to the approval of the City in its sole discretion and shall be equal to the percentage of increase/decrease in staffing levels.</p>		
	Monthly Fee	\$68,072
	Annual Fee	\$816,864.00

3. No invoices for Services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

Appendix C
San Francisco Labor and Employment Code Update*

*A number of the City’s contracting provisions have been redesignated in a new Labor and Employment Code, which is operative as of January 4, 2024. The redesignation did not change the substance or meaning of the provisions; it has simply changed where the provisions can be found and how they are referred to.

Cross Reference Table for Citations in AIR-600 Professional Services Agreement

Section of AIR-600 Contract Template	<u>Old Location:</u> San Francisco ADMINISTRATIVE CODE	<u>New Location:</u> San Francisco LABOR & EMPT CODE	Subject Matter
3.6.1 (Covered Services)	Chapter 21C	Article 102	Miscellaneous Prevailing Wages Requirements
3.6.7 (Compliance Monitoring)	Chapter 21C	Article 102	Miscellaneous Prevailing Wages Requirements
10.4 (Consideration of Salary History)	Chapter 12K	Article 141	Salary History
10.5.1 (Nondiscrimination in Contracts)	Chapter 12B Chapter 12B.2	Article 131 Article 131.2	Nondiscrimination in Contracts
	Chapter 12C Chapter 12C.3	Article 132 Article 132.3	Nondiscrimination in Property Contracts
10.5.2 (Nondiscrimination in Employee Benefits)	Chapter 12B.2	Article 131.2	Nondiscrimination in Employee Benefits
10.7 (Minimum Compensation Ordinance)	Chapter 10.7	Article 111	Minimum Compensation Ordinance
10.8 (Health Care Accountability Ordinance)	Chapter 12Q Chapter 12Q.3	Article 121 Article 121.3	Health Care Accountability Ordinance
10.14 (Consideration of Criminal History in Hiring and Employment Decisions) 10.14.1 10.14.2	Chapter 10.14	Article 142	Consideration of Criminal History in Hiring and Employment Decisions

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 24-0107

AWARD OF CONTRACT NO. 50359 TO COVENANT AVIATION SECURITY, LLC FOR GENERAL AIRPORT SECURITY SERVICES, IN AN AMOUNT NOT TO EXCEED \$9,800,000 FOR A TERM OF TWO YEARS STARTING JULY 1, 2024 THROUGH JUNE 30, 2026 WITH TWO 2-YEAR OPTIONS TO EXTEND THE CONTRACT, EXERCISABLE AT THE SOLE DISCRETION OF THE COMMISSION

WHEREAS, the Airport's Transportation Security Administration (TSA)-approved Airport Security Program (ASP) requires the Airport to conduct inspections of all deliveries, merchandise, consumables, and employees accessing the Sterile Area (post security) from the Secured Areas. Additionally, in 2010, TSA required the Airport to provide guards to staff the passenger security checkpoints and exit lanes during non-TSA screening hours. Finally, in 2016, TSA recommended the Airport perform random employee inspections at direct access points to the Sterile and Secure Areas due to the increased possibility of an insider threat incident. The Airport performs 28 hours of random inspections each week; and

WHEREAS, the existing Contract No. 50178 for General Airport Security Services at SFO with Covenant Aviation Security, LLC will expire on June 30, 2024; and

WHEREAS, on November 21, 2023, by Resolution No. 23-0272, the Commission authorized Staff to issue Request for Proposals (RFP) No. 50359 for General Airport Security Services and to conduct negotiations with the highest-ranking firm; and

WHEREAS, the Contract Monitoring Division has approved an Administrative Code Chapter 14B Local Business Enterprise subcontracting requirement of 5.5% for this Contract; and

WHEREAS, on January 24, 2024, the Airport received three proposals. All three firms met the minimum qualifications; and

WHEREAS, a three-person evaluation panel reviewed and scored the proposals, and conducted oral interviews with the top two proposers; and

WHEREAS, based on the written proposal and oral interview scores, Covenant Aviation Security, LLC was the highest-ranking proposer; and

WHEREAS, Staff has negotiated an agreement with Covenant Aviation Security, LLC and recommends award; now, therefore, be it

RESOLVED, that this Commission awards Contract No. 50359 to Covenant Aviation Security, LLC for General Airport Security Services in an amount not to exceed \$9,800,000 for a term of two years starting July 1, 2024 through June 30, 2026 with two 2-year options to extend the contract, exercisable at the sole discretion of the Commission.

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

MAY 21 2024


Secretary



San Francisco International Airport

MEMORANDUM

May 21, 2024

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

14-0107
MAY 21 2024

FROM: Airport Director

SUBJECT: Award of Contract No. 50359 for General Airport Security Services to Covenant Aviation Security, LLC

DIRECTOR'S RECOMMENDATION: AWARD CONTRACT NO. 50359 FOR GENERAL AIRPORT SECURITY SERVICES TO COVENANT AVIATION SECURITY, LLC IN AN AMOUNT NOT TO EXCEED \$9,800,000 FOR A TERM OF TWO YEARS STARTING JULY 1, 2024 THROUGH JUNE 30, 2026 WITH TWO 2-YEAR OPTIONS TO EXTEND THE CONTRACT, EXERCISABLE AT THE SOLE DISCRETION OF THE COMMISSION.

Executive Summary

The existing Contract No. 50178 with Covenant Aviation Security, LLC will expire on June 30, 2024. Staff seeks Airport Commission approval to award Contract No. 50359 for General Airport Security Services at San Francisco International Airport (SFO) to Covenant Aviation Security, LLC in an amount not to exceed \$9,800,000 for a term of two years starting July 1, 2024 through June 30, 2026 with two 2-year options to extend the Contract, exercisable at the sole discretion of the Commission.

Background

The Airport's Transportation Security Administration (TSA)-approved Airport Security Program (ASP) requires the Airport to conduct inspections of all deliveries, merchandise, consumables, and employees accessing the Sterile Area (post security) from the Secured Areas. Additionally, in 2010, TSA required the Airport to provide guards to staff the passenger security checkpoints and exit lanes during non-TSA screening hours. In 2016, TSA recommended the Airport perform random employee inspections at direct access points to the Sterile and Secure Areas due to the increased possibility of an insider threat incident. The Airport performs 28 hours of random inspections each week.

THIS PRINT COVERS CALENDAR ITEM NO. 11

The services have historically been certified by the Controller's Office and approved by the Board of Supervisors as work or services that can practically be performed under private contract at a lower cost than similar work performed by employees of the City as required by San Francisco Charter Section 10.104.15. On April 26, 2024, the Controller’s Office determined these services met the Charter Section 10.104.15 requirements. The services have been submitted for review and approval by the Board of Supervisors which will take place during the City budget approval process.

On November 21, 2023, by Resolution No. 23-0272, the Commission authorized Staff to issue Request for Proposals (RFP) No. 50359 for General Airport Security Services and to conduct negotiations with the highest-ranking firm.

The Contract Monitoring Division has approved an Administrative Code Chapter 14B Local Business Enterprise subcontracting requirement of 5.5% for this Contract.

On January 24, 2024, the Airport received three proposals. All three firms met the minimum qualifications.

The Selection Process

A three-member evaluation panel reviewed the three proposals and scored them against the evaluation criteria set forth in the RFP. The panelists were: a Deputy Chief Security Officer at San Francisco Municipal Transportation Agency; a 911 Dispatch Manager at San Francisco International Airport; and an Aviation Security Manager at Oakland International Airport. On March 1, 2024, the top two proposers participated in oral interviews.

The maximum points allotted for this RFP is 390. The results of the evaluation process are set forth in the table below:

Proposer	Written	Oral	Total
Covenant Aviation Security, LLC	290.00	84	374.00
Allied Universal Security Services	287.79	79	366.79
HSS California, Inc. (a Tarian entity)	174.25	0	174.25

Covenant Aviation Security, LLC (Covenant) was the highest-ranked proposer, and Staff has successfully negotiated the scope of work, billing rates, and fees with Covenant. The term for Contract No. 50359 will be two years starting July 1, 2024 through June 30, 2026 with two 2-year options to extend the Contract, exercisable at the sole discretion of the Commission.

On May 6, 2024, a Notice of Intent to Award was issued. No protests were received by the May 13, 2024 deadline.

Recommendation

I recommend this Commission award Contract No. 50359 to Covenant Aviation Security, LLC for General Airport Security Services in an amount not to exceed \$9,800,000 for a term of two years starting July 1, 2024 through June 30, 2026 with two 2-year options to extend the Contract, exercisable at the sole discretion of the Commission.



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 26-0035

APPROVAL OF MODIFICATION NO. 1 TO CONTRACT NO. 50359 WITH COVENANT AVIATION SECURITY, LLC FOR GENERAL AIRPORT SECURITY SERVICES TO EXERCISE THE FIRST OF TWO 2-YEAR OPTIONS TO EXTEND THE CONTRACT TERM THROUGH JUNE 30, 2028 AND TO INCREASE THE CONTRACT AMOUNT BY \$10,500,000 FOR A NEW TOTAL NOT-TO-EXCEED AMOUNT OF \$20,300,000

WHEREAS, the Airport's Transportation Security Administration (TSA)-approved Airport Security Program (ASP) requires the Airport to conduct inspections of all deliveries, merchandise, consumables, and employees accessing the Sterile Area (post security) from the Secured Areas. Additionally, in 2010, TSA required the Airport to provide guards to staff the passenger security checkpoints and exit lanes during non-TSA screening hours. Finally, in 2016, TSA recommended the Airport perform random employee inspections at direct access points to the Sterile and Secure Areas due to the increased possibility of an insider threat incident. The Airport performs 176 man-hours of random inspections each week; and

WHEREAS, on May 21, 2024, by Resolution No. 24-0107, the Commission awarded Contract No. 50359 (Contract) to Covenant Aviation Security, LLC for general airport security services in an amount not to exceed \$9,800,000 for an initial term of two years from July 1, 2024 to June 30, 2026, with two 2-year options to extend, exercisable at the sole discretion of the Commission; and

WHEREAS, on June 4, 2024, by Resolution No. 323-24, the Board of Supervisors concurred, with the certification of the Controller's Office, that the services can be performed by a contractor at a lower cost than by City employees and approved the award of a contract for these services to a private contractor; and

WHEREAS, Staff now seeks Commission approval to exercise the first of two 2-year options, extending the Contract term through June 30, 2028 and to increase the Contract amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000; and

WHEREAS, the Contract requires Board of Supervisors approval pursuant Section 9.118(b) of the Charter of the City and County of San Francisco; now, therefore, be it

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 26-0035

RESOLVED, that this Commission approves Modification No. 1 to Contract No. 50359 with Covenant Aviation Security, LLC for general airport security services to exercise the first of two 2-year options to extend the Contract term through June 30, 2028 and to increase the Contract amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000; and, be it further

RESOLVED, that Modification No. 1 does not change the San Francisco Local Business Enterprise subcontracting requirement for the Contract, which was set at 5.5% by the San Francisco Contracts Monitoring Division; and, be it further

RESOLVED, that this Commission hereby directs the Director of Commission Affairs to request approval of Contract No. 50359 from the Board of Supervisors pursuant to Section 9.118(b) of the Charter of the City and County of San Francisco.

Page 2 of 2

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

 **FEB 18 2026**



Director of Commission Affairs

MEMORANDUM
February 18, 2026

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Susan Leal, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Nancy Tung

26-0035

➡ FEB 18 2026

FROM: Airport Director

SUBJECT: Approval of Modification No. 1 to Contract No. 50359 with Covenant Aviation Security, LLC

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 1 TO CONTRACT NO. 50359 WITH COVENANT AVIATION SECURITY, LLC FOR GENERAL AIRPORT SECURITY SERVICES TO EXERCISE THE FIRST OF TWO 2-YEAR OPTIONS TO EXTEND THE CONTRACT TERM THROUGH JUNE 30, 2028 AND TO INCREASE THE CONTRACT AMOUNT BY \$10,500,000 FOR A NEW TOTAL NOT-TO-EXCEED AMOUNT OF \$20,300,000.

Executive Summary

Staff seeks Commission approval of Modification No. 1 to Contract No. 50359 (Contract) with Covenant Aviation Security, LLC (Covenant) for general airport security services to exercise the first of two 2-year options to extend the Contract term through June 30, 2028 and to increase the Contract amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000.

Background

The Airport's Transportation Security Administration (TSA)-approved Airport Security Program (ASP) requires the Airport to conduct inspections of all deliveries, merchandise, consumables, and employees accessing the Sterile Area (post security) from the Secured Areas. Additionally in 2010, TSA required the Airport to provide guards to staff the passenger security checkpoints and exit lanes during non-TSA screening hours. Finally, in 2016, TSA required the Airport to perform random employee inspections at direct access points to the Sterile and Secure Areas due to the increased possibility of an insider threat incident. The Airport performs 176 man-hours of random inspections each week.

The services have historically been certified by the Controller's Office and approved by the Board of Supervisors (BOS) as required by San Francisco Charter Section 10.104.15

THIS PRINT COVERS CALENDAR ITEM NO. 8

as work or services that can practically be performed under private contract at a lower cost than similar work performed by employees of the City.

On May 21, 2024, by Resolution No. 24-0107, the Commission awarded Contract No. 50359 to Covenant for general airport security services in an amount not to exceed \$9,600,000 for a term of two years from July 1, 2024 to June 30, 2026, with two 2-year options to extend, exercisable at the sole discretion of the Commission.

On June 4, 2024, by Resolution No. 323-24, the BOS concurred, with the certification of the Controller's Office, that the services can be performed by a contractor at a lower cost than by City employees and approved the award of a contract for these services to a private contractor.

Covenant continues to provide the general airport security services in a satisfactory manner.

Staff is now requesting approval for Modification No. 1 to the Contract with Covenant to exercise the first of two 2-year options to extend the Contract term through June 30, 2028 and to increase the Contract amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000.

Modification No. 1 does not change the San Francisco Local Business Enterprise subcontracting requirement for the Contract, which was set at 5.5% by the San Francisco Contracts Monitoring Division.

Because the new total not-to-exceed Contract amount exceeds \$10,000,000, approval of the Board of Supervisors is required for the Contract pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend this Commission approve Modification No. 1 to Contract No. 50359 with Covenant Aviation Security, LLC for general airport security services to exercise the first of two 2-year options to extend the Contract term through June 30, 2028 and to increase the Contract amount by \$10,500,000 for a new total not-to-exceed amount of \$20,300,000. I further recommend that this Commission direct the Director of Commission Affairs to seek Board of Supervisors approval of Contract No. 50359 pursuant to San Francisco Charter Section 9.118(b).

Sincerely,



Mike Nakornkhet
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

Filing Information

Record Number

SFEC126F0001114

Status

BOS Legislative Clerk Acceptance

SFEC126f Form Type

126f4 BOS

File Number (BOS)

260213

Type of Filing

Original

Contractor Information

Contractor Name

Covenant Aviation Security, LLC

Contractor Email

chris.mueller@covenantsecurity.com

Contractor Phone #

(630) 631-6602

International Address?

No

Contractor Address (US)

1112 W. Boughton Rd., Suite 355

Contractor City and State

Bolingbrook - IL

Contractor Zip Code

60440

Country

United States of America

Contract Information

Contract Amount

\$20,300,000.00

Bid/RFP#

50359

Sourcing Event ID

0000008947

Description of Amount of Contract

20,300,000.00

Contract Description

This contract is to perform regulated and non-regulated general security services as required by either regulations or internal processes.

City Agency - Departmental Contact Information

Departmental Contact

Cathy Widener

Departmental Contact Phone #

+16508215023

Full Department Name

AIR - Airport Commission

Contract Approval

Mayoral Approval Not Required

false

Affiliates and subcontractors

Entity Type	First Name	Last Name	Entity or Sub/Contractor Name
Board of Directors	Lou	Rascia	Covenant Aviation Security, LLC
Other Principal Officer	Max	Jacobson	Covenant Aviation Security, LLC
Other Principal Officer	Michael	Bolles	Covenant Aviation Security, LLC
CEO	Michael	Murray	Covenant Aviation Security, LLC
CFO	Tim	O'Connell	Covenant Aviation Security, LLC
Other Principal Officer	Christine M.	Mueller	Covenant Aviation Security, LLC
Other Principal Officer	James	Brown	Covenant Aviation Security, LLC
CEO	Anton	Belov	ABA Protection, Inc.
Other Principal Officer	Zachary	Hollenbach	Covenant Aviation Security, LLC
Other Principal Officer	Robert	Wheeler	Covenant Aviation Security, LLC
Board of Directors	Melinda	Jacobson	Covenant Aviation Security, LLC
Shareholder	Anton	Belov	ABA Protection, Inc.
Shareholder	CAS	Holdings, Inc.	Covenant Aviation Security, LLC
CFO	Anton	Belov	ABA Protection, Inc.
COO	Anton	Belov	ABA Protection, Inc.

February 27, 2026

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 Modification No. 1 to Professional Services Contract No. 50359 for general airport security services, between Covenant Aviation Security, LLC 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 1 to Professional Services Contract No. 50359 for general airport security services, between Covenant Aviation Security, LLC and the City and County of San Francisco, acting by and through its Airport Commission. This modification will exercise the first option to extend, for a total contract term of four years (July 1, 2024 through June 30, 2028), and increase the not to exceed contract amount by \$10,500,000 for a total not to exceed contract amount of \$20,300,000.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 24-0107 and the accompanying memorandum;
- Approved Airport Commission Resolution No. 26-0035 and the accompanying memorandum;
- Form SFEC-126(f)4 (Board of Supervisors) for Covenant Aviation Security, LLC;
- A copy of Contract No. 50359.
- A copy of Modification 1 to Contract No. 50359, executed by Covenant Aviation Security, LLC.

The following person may be contacted regarding this matter:

Dyanna Volek
Government Affairs Manager
dyanna.volek@flysfo.com
(650) 821-4005

Very truly yours,

Kantrice Ogletree /s/

Kantrice Ogletree
Director of Commission Affairs

Enclosures

cc: Enrique Guadamos, Director of Terminal Systems and Wayfinding
Cathy Widener, Chief External Affairs Officer

Dyanna Volek, Government Affairs Manager

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

DANIEL LURIE
MAYOR

MALCOLM YEUNG
PRESIDENT

SUSAN LEAL
VICE PRESIDENT

JOSE F. ALMANZA

MARK BUELL

NANCY TUNG

MIKE NAKORNKHET
AIRPORT DIRECTOR

POST OFFICE BOX 8097 SAN FRANCISCO, CA 94128 TEL 650.821.5000 **FLYSFO.COM**