

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 22-0033

APPROVAL OF MODIFICATION NO. 4 TO CONTRACT NO. 50052, WITH HALLMARK AVIATION SERVICES, L.P. TO EXERCISE THE LAST OF THREE 2-YEAR OPTIONS TO EXTEND THE CONTRACT TERM THROUGH JUNE 30, 2024, INCREASE THE LABOR RATE FOR THE NEW QUALITY STANDARDS PROGRAM RATE, AND INCREASE THE CONTRACT AMOUNT BY \$11,950,408 FOR A NEW TOTAL NOT-TO-EXCEED AMOUNT OF \$53,062,378

WHEREAS, on October 18, 2016, by Resolution No. 16-0265, the Commission awarded Contract No. 50052 (Contract) for Airport Information and Guest Assistance Services to Hallmark Aviation Services, L.P. for a total not-to-exceed contract amount of \$11,550,000 and three 2-year extension options exercisable at the sole discretion of the Commission; and

WHEREAS, on April 3, 2018, by Resolution No. 18-0096, the Commission approved Modification No. 1 to the Contract to exercise the first of three 2-year options to extend the term through June 30, 2020, increase the total contract not-to-exceed amount of \$27,353,224 and modify the Scope of Work and Calculation of Charges; and

WHEREAS, on July 1, 2019, the Airport Director administratively approved Modification No. 2 to the Contract to increase the labor rate for the new Quality Standards Program rate; and

WHEREAS, on June 16, 2020, by Resolution No. 20-0113, the Commission approved Modification No. 3 to the Contract to reduce management fees and to exercise the second of three 2-year options in an amount not to exceed \$13,758,746 exercisable at the sole discretion of the Commission, for a new total not-to-exceed contract amount of \$41,111,970; and

WHEREAS, Staff seeks Commission approval to exercise the last of three 2-year options to extend the term and increase the amount; now, therefore, be it

RESOLVED, that this Commission approves Modification No. 4 to Contract No. 50052 with Hallmark Aviation Security, LLC to exercise the last of three 2-year options to extend the term through June 30, 2024, increase the labor rate for the new Quality Standards Program rate, and increase the Contract amount by \$11,950,408 for a new total not-to-exceed amount of \$53,062,378; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request approval of Modification No. 4 to Contract No. 50052 from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

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

MAR 1 2022

Secretary



San Francisco International Airport

MEMORANDUM

March 1, 2022

TO: AIRPORT COMMISSION
Hon. Eleanor Johns, President
Hon. Malcolm Yeung
Hon. Everett A. Hewlett Jr.
Hon. Jane Natoli

22-0033

MAR 1 2022

FROM: Airport Director

SUBJECT: Approval of Modification No. 4 to Contract No. 50052 with Hallmark Aviation Services, L.P.

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 4 TO CONTRACT NO. 50052 WITH HALLMARK AVIATION SERVICES, L.P. TO EXERCISE THE LAST OF THREE 2-YEAR OPTIONS TO EXTEND THE CONTRACT TERM THROUGH JUNE 30, 2024, INCREASE THE LABOR RATE FOR THE NEW QUALITY STANDARDS PROGRAM RATE, AND INCREASE THE CONTRACT AMOUNT BY \$11,950,408 FOR A NEW TOTAL NOT-TO-EXCEED AMOUNT OF \$53,062,378 AND DIRECT THE COMMISSION SECRETARY TO SEEK APPROVAL OF THE MODIFICATION FROM THE BOARD OF SUPERVISORS PURSUANT TO SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

Commission approval is requested for Modification No. 4 (Modification) to Contract No. 50052 (Contract) with Hallmark Aviation Services, L.P. (Hallmark) to exercise the last of three 2-year options to extend the term through June 30, 2024 and increase the contract amount by \$11,950,408 for a new total not-to-exceed amount of \$53,062,378.

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

Background

On October 18, 2016, by Resolution No. 16-0265, the Commission awarded the Contract for Airport Information and Guest Assistance Services to Hallmark for a total not-to-exceed contract amount of \$11,550,000 and three 2-year extension options exercisable at the sole discretion of the Commission.

THIS PRINT COVERS CALENDAR ITEM NO. 7

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

ELEANOR JOHNS
PRESIDENT

MALCOLM YEUNG

EVERETT A. HEWLETT, JR.

JANE NATOLI

IVAR C. SATERO
AIRPORT DIRECTOR

On April 3, 2018, by Resolution No. 18-0096, the Commission approved Modification No. 1 to the Contract to exercise the first of three 2-year options to extend the term through June 30, 2020, increase the total contract not-to-exceed amount of \$27,353,224 and modify the Scope of Work and Calculation of Charges.

On July 1, 2019, the Airport Director administratively approved Modification No. 2 to the Contract to increase the labor rate for the new Quality Standards Program (QSP) rate.

On June 16, 2020, by Resolution No. 20-0113, the Commission approved Modification No. 3 to the Contract to reduce management fees and to exercise the second of three 2-year options in an amount not to exceed \$13,758,746 exercisable at the sole discretion of the Commission, for a new total not-to-exceed contract amount of \$41,111,970.

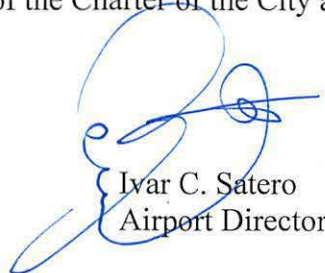
Hallmark continues to provide maximum efficiency and exceptional guest services to meet the Airport's requirements.

Staff seeks Commission approval to exercise the last of three 2-year options to extend the Contract term through June 30, 2024, increase the labor rate for the new Quality Standards Program rate, and increase the Contract amount by \$11,950,408 for a new total not-to-exceed amount of \$53,062,378.

Because the Contract exceeds \$10,000,000, approval of the Board of Supervisors is required for the Modification pursuant to San Francisco Charter Section 9.118.

Recommendation

I recommend this Commission approve Modification No. 4 to Contract No. 50052 with Hallmark Aviation Services, L.P. to exercise the last of three 2-year options to extend the term through June 30, 2024, increase the labor rate for the new Quality Standards Program rate, and increase the contract amount by \$11,950,408 for a new total not-to-exceed amount of \$53,062,378, and directing the Commission Secretary to seek approval of the Modification from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment