

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-0145

**APPROVAL OF MODIFICATION NO. 2 TO SOLE SOURCE CONTRACT NO. 50195 WITH BEUMER LIFECYCLE MANAGEMENT, LLC, FOR THE OPERATION AND MAINTENANCE OF THE BAGGAGE HANDLING SYSTEM IN HARVEY MILK TERMINAL 1, TO EXTEND THE CONTRACT BY ONE YEAR AND SIX MONTHS FOR A NEW CONTRACT END DATE OF JUNE 30, 2025, AND TO INCREASE THE CONTRACT AMOUNT BY \$17,000,000, FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$38,000,000.**

- WHEREAS, on June 16, 2020, by Resolution No. 20-0111, the Commission awarded Sole Source Contract No. 50195 to BEUMER Lifecycle Management, LLC (BEUMER), in an amount not to exceed \$21,000,000, and a term from August 1, 2020, through June 30, 2023, with a single option to extend the Contract by two years; and
- WHEREAS, on July 28, 2020, by Resolution No. 356-20, the Board of Supervisors approved Sole Source Contract No. 50195 under San Francisco Charter Section 9.118(b); and
- WHEREAS, on May 17, 2023, the parties agreed to Modification No. 1, to administratively modify the Contract as permitted under Administrative Code Section 21.24, to extend the Contract term by six months for a new Contract end date of December 31, 2023; and
- WHEREAS, BEUMER has provided 24/7/365 operational availability of the HMT1 baggage handling system, as well as all labor, materials, parts, and equipment to perform scheduled preventative maintenance repairs and breakdown restoration as well as on call-services; and
- WHEREAS, BEUMER has performed these services to the satisfaction of Airport staff and tenant airlines, and has continued to gain experience in the specialized aspects of the work; and
- WHEREAS, Airport staff recommends that BEUMER continue to perform services for the baggage handling system at HMT1, and requests the Commission's approval to exercise the option to extend the Contract term, for a new end date of June 30, 2025, and to increase the Contract amount by \$17,000,000, for a new Contract amount not to exceed \$38,000,000; and
- WHEREAS, because the proposed contract modification exceeds \$500,000, the Board of Supervisors must approve Modification No. 2 to Sole Source Contract No. 50195, pursuant to San Francisco Charter Section 9.118(b); now, therefore, be it

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RESOLVED, that this Commission approves Modification No. 2 to Sole Source Contract No. 50195 with BEUMER Lifecycle Management, LLC for the operation and maintenance of the Baggage Handling System at Harvey Milk Terminal 1, to extend the Contract term through June 30, 2025, and increase the Contract amount by \$17,000,000 for a new not-to-exceed amount of \$38,000,000; and, be it further

RESOLVED, that Commission Secretary is hereby directed to request approval of Sole Source Contract No. 50195 by Resolution of the Board of Supervisors pursuant to Section 9.118(b) of the San Francisco Charter.

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of*         = JUN 20 2023        

        *Faw G J*          
Secretary



San Francisco International Airport

**MEMORANDUM**

June 20, 2023

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

23-0145

JUN 20 2023

FROM: Airport Director

SUBJECT: Approval of Modification No. 2 to Sole Source Contract No. 50195 with BEUMER Lifecycle Management, LLC for the Operation and Maintenance of the Baggage Handling System in Harvey Milk Terminal 1

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 2 TO SOLE SOURCE CONTRACT NO. 50195 WITH BEUMER LIFECYCLE MANAGEMENT, LLC FOR THE OPERATION AND MAINTENANCE OF THE BAGGAGE HANDLING SYSTEM IN HARVEY MILK TERMINAL 1, TO EXTEND THE CONTRACT BY ONE YEAR AND SIX MONTHS FOR A NEW CONTRACT END DATE OF JUNE 30, 2025, AND TO INCREASE THE CONTRACT AMOUNT BY \$17,000,000 FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$38,000,000.

**Executive Summary**

BEUMER Lifecycle Management, LLC (BEUMER) operates and maintains the Airport's Baggage Handling System (BHS) in Harvey Milk Terminal 1 (HMT1). Staff seeks Commission approval to extend the Contract by one year and six months for a new Contract end date of June 30, 2025 and to increase the Contract amount by \$17,000,000, for a new not-to-exceed amount of \$38,000,000.

**Background**

On June 16, 2020, by Resolution No. 20-0111, the Commission awarded Sole Source Contract No. 50195 to BEUMER, in an amount not to exceed \$21,000,000, and a term from August 1, 2020, through June 30, 2023, with an option to extend the Contract by two years. At the time of award, the total anticipated not-to-exceed Contract amount reported to this Commission, assuming the option were exercised, was \$35,000,000.

On July 28, 2020, by Resolution No. 356-20, the Board of Supervisors approved Sole Source Contract No. 50195 under San Francisco Charter Section 9.118(b).

On May 17, 2023, Sole Source Contract No. 50195 was administratively modified through Modification No. 1 to extend the Contract term by six months for a new Contract end date of December 31, 2023, as authorized by Administrative Code section 21.24, which allows short-term contract extensions for any contract that expires on or before July 1, 2023. Modification No. 1 also added a subcontractor and updated standard contract language.

Under this Contract, BEUMER provides 24/7/365 operational availability of the HMT1 BHS, as well as all labor, materials, parts, and equipment to perform scheduled preventative maintenance, repairs, and breakdown restoration, as well as on call-services. BEUMER has performed these services to the satisfaction of Airport staff and tenant airlines and has continued to gain experience in the specialized aspects of the work.

Staff recommends that BEUMER continue to perform these services, and requests Commission approval to exercise the option to extend the Contract term for a new Contract end date of June 30, 2025, and to increase the Contract amount by \$17,000,000, for a new Contract amount not to exceed \$38,000,000. This requested increase exceeds the previously reported anticipated increase of \$14,000,000 by \$3,000,000. The additional amount is primarily due to unanticipated rates of inflation in the general economy, higher than anticipated increases in prevailing wage rate, and costs for additional services required as a result of additional BHS components in HMT1 North.

Because the proposed contract modification exceeds \$500,000, Board of Supervisors approval is required pursuant to San Francisco Charter Section 9.118(b).

**Recommendation**

I recommend the Commission 1) approve Modification No. 2 to Sole Source Contract No. 50195 with BEUMER Lifecycle Management, LLC to extend the Contract term for a new Contract end date of June 30, 2025 and to increase the Contract amount by \$17,000,000 for a new not-to-exceed Contract amount of \$38,000,000, and 2) direct the Commission Secretary to seek approval of Modification No. 2 to Sole Source Contract No. 50195 from the Board of Supervisors pursuant to San Francisco Charter Section 9.118(b).



War C. Satero  
Airport Director

Prepared by: Jeff Littlefield  
Chief Operating Officer

Attachment