

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0113

APPROVAL OF MODIFICATION NO. 3 TO PROFESSIONAL SERVICES CONTRACT NO. 50052 FOR AIRPORT INFORMATION AND GUEST ASSISTANCE SERVICES, WITH HALLMARK AVIATION SERVICES, L.P., TO REDUCE MANAGEMENT FEES AND TO EXERCISE THE SECOND OF THREE 2-YEAR EXTENSION OPTIONS IN AN AMOUNT NOT TO EXCEED \$13,758,746 FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$41,111,970

- WHEREAS, the Airport consolidated three important services into one management contract to provide maximum efficiency and exceptional guest services: the Information Desk Program, Guest Assistance in the Federal Inspection Services area, and Lost and Found; and
- WHEREAS, on March 15, 2016, by Resolution No. 16-003, the Commission authorized the Airport to commence a Request for Proposals process and negotiate with the highest ranked proposer; and
- WHEREAS, on October 18, 2016, by Resolution No. 16-0265, the Commission awarded Professional Services Contract No. 50052 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 to the new Quality Standards Program rate; and
- WHEREAS, the Guest Assistance in Federal Inspection Services area and the Information Desk Program operated by Hallmark Aviation Services, L.P. serve a combined number of 8 million guests annually; now, therefore, be it
- RESOLVED, that this Commission hereby approves Modification No. 3 for Professional Services Contract No. 50052 for Airport Information and Guest Assistance Services, with Hallmark Aviation Services, L.P., to reduce management fees and to exercise the second of three 2-year options in an amount not to exceed \$13,758,746, for a new total not-to-exceed Contract amount of \$41,111,970; and, be it further
- RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors approval of Modification No. 3 to Professional Services Contract No. 50052 pursuant to San Francisco Charter Section 9.118(b).

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

~~_____~~ JUN 16 2020


Secretary



MEMORANDUM

June 16, 2020

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

20-0113

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FROM: Airport Director

SUBJECT: Approval of Modification No. 3 to Professional Services Contract No. 50052 for Airport Information and Guest Assistance Services with Hallmark Aviation Services, L.P.

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 3 FOR PROFESSIONAL SERVICES CONTRACT NO. 50052, FOR AIRPORT INFORMATION AND GUEST ASSISTANCE SERVICES, WITH HALLMARK AVIATION SERVICES, L.P., TO REDUCE MANAGEMENT FEES AND TO EXERCISE THE SECOND OF THREE 2-YEAR OPTIONS, IN AN AMOUNT NOT TO EXCEED \$13,758,746 FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$41,111,970.

Executive Summary

Commission approval is requested for Modification No. 3 for Professional Services Contract No. 50052 for Airport Information and Guest Assistance Services with Hallmark Aviation Services, L.P., to reduce management fees and to exercise the second of three 2-year options in an amount not to exceed \$13,758,746, for a new total not-to-exceed Contract amount of \$41,111,970.

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 the continued safe and secure Airport operations. The proposed Contract accounts for appropriate fee reductions to assure the financial feasibility of the procurement of the services specified in the Contract.

Background

The Airport consolidated three services into one management contract to provide for maximum efficiency and exceptional guest services. The three services are the Information Desk Program, Guest Assistance in the Federal Inspection Services area, and Lost and Found.

On March 15, 2016, by Resolution No. 16-0083, the Commission authorized the Airport to commence a Request for Proposals process and negotiate with the highest ranked proposer. Hallmark Aviation Services, L.P. was the highest ranked proposer.

THIS PRINT COVERS CALENDAR ITEM NO. 11

On October 19, 2016, by Resolution No. 16-0265, the Commission awarded Professional Services Contract No. 50052 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.

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.

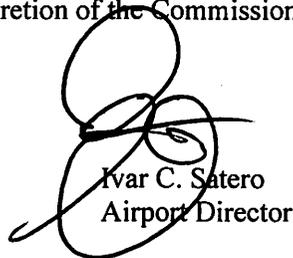
On July 1, 2019, the Airport Director administratively approved Modification No. 2 to the Contract to increase the labor rate to the new Quality Standards Program (QSP) rate.

Under the QSP, the minimum hourly rates for covered employees will increase effective July 1, 2020. In addition, due to the financial impacts of the COVID-19 pandemic, the Airport requested that all service contractors reduce management fees by at least 5%. This modification will exercise the second of three 2-year options in an amount not-to-exceed \$13,758,746, for a new total not-to-exceed Contract amount of \$41,111,970, increase the labor rate for the new QSP rate, and reduce the management fees by the requested amount.

The Guest Assistance in Federal Inspection Services area serves 6.5 million guests annually in providing passenger customer service and queue management. The Information Desk Program serves more than 1.5 million guests annually in providing information regarding Airport services and amenities, transportation options, wayfinding assistance, and Bay Area visitor attractions and events.

Recommendation

I recommend the Commission approve Modification No. 3 for Professional Services Contract No. 50052 for Airport Information and Guest Assistance Services, with Hallmark Aviation Services, L.P., 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.



Ivar C. Satero
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment