

File No. 101502

Committee Item No. 3  
Board Item No. 17

## COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: February 9, 2011

Board of Supervisors Meeting

Date 2/15/11

### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget Analyst Report                        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

### OTHER

(Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Victor Young  
Completed by: Victor Young

Date: February 4, 2011  
Date: ~~2-11-2-10-11~~

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Professional Services Agreement - Terminal 2/Boarding Area D Renovations - Not to Exceed  
2 \$16,850,000]

3  
4 **Resolution approving Modification No. 5 to the Professional Services Agreement for**  
5 **construction management services for Terminal 2/Boarding Area D Renovations and**  
6 **related facilities, in the amount of \$1,710,000, for a new total contract amount not to**  
7 **exceed \$16,850,000.**

8  
9 WHEREAS, By Resolution No. 08-0002, the Airport Commission awarded a  
10 Professional Services Contract (Contract 8757.9) to T2 Partners, a Joint Venture of Parsons  
11 Transportation Group, EPC Consultants, Inc. and the Allen Group, LLC for construction  
12 management services for Terminal 2/Boarding Area D Renovations and Related Facilities;  
13 and

14 WHEREAS, By various resolutions, the Airport Commission approved annual  
15 modifications to the Professional Services Contract for a total current contract value of  
16 \$15,140,000 to provide for continuing construction management services for Terminal  
17 2/Boarding Area D Renovations and Related Facilities; and,

18 WHEREAS, On September 21, 2010, the Airport Commission approved Modification  
19 No. 5 to the Professional Services Contract with T2 Partners, a Joint Venture of Parsons  
20 Transportation Group, EPC Consultants, Inc. and the Allen Group, LLC, in the amount of  
21 \$1,710,000, for a new total contract amount not to exceed \$16,850,000: on file with the Clerk  
22 of the Board of Supervisors in File No. <sup>101502</sup>, which is hereby declared to be a part of this  
23 resolution as if set forth fully herein; and,

24 WHEREAS, In accordance with City Attorney Opinion No. 2002-03/Application of  
25 Charter Section 9.118(b), whereby all contracts in excess of \$10 million or that have a term of

1 10 years or more, except for construction contracts, are subject to approval by the Board of  
2 Supervisors; and

3 WHEREAS, By Resolution No. 131-08, the Board of Supervisors approved the  
4 Professional Services Agreement for Airport Contract 8757.9 – Construction Management  
5 Services for Terminal 2/Boarding Area D Renovations and Related Facilities between T2  
6 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and the  
7 Allen Group, LLC and the City and County of San Francisco, acting by and through its Airport  
8 Commission, with an anticipated final contract value not to exceed \$15,000,000; now,  
9 therefore, be it

10 RESOLVED, That this Board of Supervisors hereby approves Modification No. 5 to the  
11 Professional Services Contract with T2 Partners, a Joint Venture of Parsons Transportation  
12 Group, EPC Consultants, Inc. and the Allen Group, LLC, in the amount of \$1,710,000, for a  
13 new total contract amount not to exceed \$16,850,000.

**Item 3**  
**File 10-1502**

**Department:**  
**Airport**

## EXECUTIVE SUMMARY

### Legislative Objectives

- The proposed resolution would authorize Modification 5 to a professional services agreement between the San Francisco International Airport (Airport) and T2 Partners, a Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and the Allen Group, LLC, to provide the Airport with Construction Management (CM) services for the Terminal 2 Boarding Area D Renovation Project, in the amount of \$1,710,000, for a new total not-to-exceed agreement amount of \$16,850,000, and to extend the agreement by five months to July 31, 2011.

### Key Points

- The proposed resolution would authorize the fifth and final modification to a CM services agreement previously approved by the Board of Supervisors on March 25, 2008 (File 08-0140). The agreement has been modified four times. Modification 4 increased the not-to-exceed agreement amount by \$140,000, from \$15,000,000 to \$15,140,000
- Modification 5 would authorize T2 Partners to conduct final CM services for the Airport's Terminal 2 through substantial completion, anticipated to be March 2, 2011, and the commencement of airline operations in Terminal 2 in April 2011.
- As of December 31, 2010, the Airport had received CM services from T2 Partners totaling \$608,773 in excess of the modified not-to-exceed agreement amount of \$15,140,000. The Airport has not paid T2 Partners in excess of the \$15,140,000 agreement not-to-exceed amount.
- Although the proposed Modification 5 was approved by the Airport Commission on September 21, 2010, the Airport did not submit the proposed resolution to the Board of Supervisors until December 14, 2010. Such delay resulted in the Airport's CM services costs exceeding the Airport's expenditure authority by the above noted \$608,773.

### Fiscal Impact

- The proposed resolution would authorize Modification 5 to the Airport's CM agreement with T2 Partners to increase the existing not-to-exceed agreement amount of \$15,140,000 by \$1,710,000 to a new not-to-exceed agreement amount of \$16,850,000. The source of funds would be the sale of Airport Revenue Bonds previously approved by the Board of Supervisors.

### Recommendation

- Approve the proposed resolution.

## MANDATE STATEMENT AND BACKGROUND

### Mandate Statement

In accordance with City Charter Section 9.118(b), (a) any contract or agreement that exceeds \$10,000,000 in anticipated expenditures, and (b) any contract amendment that exceeds \$500,000 is subject to Board of Supervisors approval.

### Background

On March 25, 2008, the Board of Supervisors approved a professional services agreement between San Francisco International Airport (Airport) and T2 Partners, a Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and the Allen Group, LLC, for construction management (CM) services for the Airport's Terminal 2 Boarding Area D Renovation Project (File 08-0140). The Airport selected T2 Partners based on a competitive Request For Proposals (RFP) process. The professional services agreement was for a one-year term in the amount of \$3,500,000, with annual options for renewal for up to nine years, for a total agreement amount not to exceed \$15,000,000.

The CM services provided to the Airport by T2 Partners under the subject agreement has included project planning, design services, construction management, project coordination with Airport operations, document control of all project-related files, budget and scheduling services, and project reports, all related to the Airport's new Terminal 2, which is anticipated to open for commercial service in April of 2010. The estimated total construction costs for Terminal 2 is \$366,000,000.

### Modification History

The professional services agreement with T2 Partners has been modified four times since its initial approval. Each of those four previous modifications were approved by the Airport Commission but did not require Board of Supervisors approval. A summary of the previous four modifications, as well as the proposed fifth modification, is shown in Table 1 below.

**Table 1: Summary of Agreement Modifications**

	Modification Cost	Agreement Amount	Board of Supervisors Not-to-Exceed Amount	Agreement End Date
Original Agreement	-	\$3,500,000	\$15,000,000	December 31, 2008
Modification 1	\$5,920,000	\$9,420,000	\$15,000,000	December 31, 2009
Modification 2*	-	\$9,420,000	\$15,000,000	December 31, 2009
Modification 3	-	\$9,420,000	\$15,000,000	February 28, 2011
Modification 4	\$5,720,000	\$15,140,000	\$15,000,000	February 28, 2011
Modification 5 (proposed)	\$1,710,000	\$16,850,000	\$16,850,000	July 31, 2011

\* While other modifications amended that agreement amount and/or the end date, Modification 2 added baggage screening requirements to the agreement, but did not have an impact on cost or timing of the agreement.

Modification 4, shown in Table 1 above, increased the total agreement amount by \$5,720,000 to a total agreement amount of \$15,140,000, which exceeds the Board of Supervisors' previously authorized not-to-exceed agreement amount of \$15,000,000 by \$140,000. However, according to Deputy City Attorney Cheryl Adams, the Airport was not required to seek Board of Supervisors approval for Modification 4, because the \$140,000 net increase from Modification 4 was less than \$500,000 per City Charter Section 9.118(b).

Mr. Ivar Satero, Airport Deputy Director, noted, "For CM contracts, we do not award the entire contract at the beginning, but modify the contract annually to ensure that we are satisfied with the services before committing to another year. This provides for better cost control by providing clear definition to the services at the beginning of the year, and accountability at the end of the year when we prepare the modification."

On September 21, 2010, the Airport Commission approved the subject requested Modification 5 to the Airport's CM services agreement with T2 Partners.

#### *Project Delays Key to CM Services Exceeding Budget*

When the Board of Supervisors approved the subject agreement on March 25, 2008, the Airport anticipated that it would need \$13,000,000 for the agreement and a \$2,000,000 contingency to allow for hiring of additional consultant services if tasks could not be completed by Airport staff, for a total authorized not-to-exceed agreement amount of \$15,000,000. With the proposed Modification 5, the new not-to-exceed amount would be \$16,850,000, which is \$1,850,000 or 12.3 percent above the previously authorized Board of Supervisors not-to-exceed agreement amount of \$15,000,000.

According to Mr. Satero, while a number of factors have increased the cost of the CM services for the Terminal 2 Project, delays in project completion were the key drivers in the Airport's CM service needs exceeding the Board of Supervisors previously approved not-to-exceed amount of \$15,000,000. Mr. Satero reported, "We had developed the budget based on the original schedule, with contingency for unforeseen issues. If the project kept to the original schedule, we would have completed the CM contract within the original budget of \$15,000,000. In fact, we would have finished at \$14,250,000 ... This would have been significantly within-budget performance. The schedule extension caused us to exceed the original approved amount of \$15,000,000. The Airport added major scope to the project, which caused the extension to the schedule. Therefore, the Airport was aware, and has forecast a cost increase for the CM contract for at least a year." Mr. Satero added, "The CM contract is coming in at under 5% of the cost of construction. We typically budget for 5%."

The subject proposed Modification 5 would increase the previously authorized not-to-exceed CM services Agreement amount of \$15,140,000 by \$1,710,000 to a total of \$16,850,000, or 4.6 percent of the total estimated Terminal 2 construction costs of \$366,000,000.

*The Airport Has Reached the Limit of Its Expenditure Authority*

According to Mr. Satero, as of January 13, 2011, the Airport had paid T2 Partners \$14,943,637, or 98.7 percent of the previously modified agreement amount of \$15,140,000, such that there is a remaining authorized amount of \$196,363 under the existing agreement.

However, the Budget and Legislative Analyst notes that according to Mr. Satero, as of December 31, 2010, the Airport had received CM services from T2 Partners totaling \$608,773 in excess of the total not-to-exceed agreement amount of \$15,140,000. The Airport has not yet paid T2 Partners for the amount of \$608,773 owed to T2 Partners.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would authorize Modification 5 to an existing professional services agreement between the Airport and T2 Partners, to (a) provide the Airport with additional construction management services for the Airport's Terminal 2/Boarding Area D Renovation Project, in the amount of \$1,710,000, from a modified not-to-exceed agreement amount of \$15,140,000, to a new not-to-exceed agreement amount of \$16,850,000, and (b) extend the term of the modified agreement period by five months from March 1, 2011 to July 31, 2011.

As noted in the Background section above, under the subject agreement which commenced March 31, 2008, T2 Partners has provided CM services for the Airport's new Terminal 2 Boarding Area D Renovation Project, including project planning, design services, construction management, project coordination with Airport operations, document control of all project-related files, budget and scheduling services, and project reports. The agreement has been previously modified four times, as shown in Table 1 above. The Airport anticipates substantial completion of the Terminal 2/Boarding Area D Renovation Project on March 2, 2011, with airlines operations to begin in Terminal 2 in April 2011.

According to Ms. Cathy Widener, Governmental Affairs Manager for the Airport, the proposed Modification 5 would be the final modification to the CM agreement, and would allow the continuance of CM services necessary to complete the Airport's Terminal 2/Boarding Area D Renovation Project.

The Airport is anticipating substantial completion of the Terminal 2 construction on March 2, 2011, or two days following the end of the existing CM agreement termination date of February 28, 2011. However, Mr. Satero advises that remaining CM tasks need to be completed during the proposed five-month agreement extension period from March 1, 2011, to July 31, 2011, including reconciliation of change orders, construction management of such change orders, resolving outstanding design issues, and project closeout.

## FISCAL IMPACTS

The proposed resolution would authorize Modification 5 to the Airport's CM agreement with T2 Partners to increase the existing agreement not-to-exceed agreement amount of \$15,140,000 by \$1,710,000 to a new not-to-exceed agreement amount of \$16,850,000. The \$1,710,000 increase would be funded from Airport Revenue Bonds, the proceeds of which were previously appropriated by the Board of Supervisors on May 13, 2008 (File 08-0590). The costs of the Airport Revenue Bonds will be repaid from general Airport revenues as appropriated by the Board of Supervisors in the Airport's annual operating budgets.

Table 2 below identifies the Airport's anticipated spending rate for the proposed \$1,710,000 Modification 5. As shown in Table 2, the Airport anticipated the need for expenditure authority in excess of the \$15,140,000 previously approved by the Airport Commission as early as November 2010. As noted above and as shown in the November and December 2010 rows in Table 2 below, as of December 31, 2010, the Airport has received \$608,773 (\$250,366 + \$358,407) in CM services in excess of the currently authorized \$15,140,000 not-to-exceed agreement amount. The Airport has not yet paid the \$608,773 owed to T2 Partners.

**Table 2: Anticipated Spending Rate for  
Proposed \$1,710,000 Modification 5**

Time Period	Modification 5 Monthly Total	CM Services Agreement Cumulative Total
Board of Supervisors Expenditure Authority, as Legally Modified by the Airport Commission	-	\$15,140,000
November 2010	\$250,366	15,390,366
December 2010	358,407	15,748,773
January 2011	331,054	16,079,828
February 2011	280,352	16,360,179
March 2011	254,186	16,614,365
April 2011	139,532	16,753,897
May 2011	56,878	16,810,775
June 2011	39,226	16,850,000
<b>Total</b>	<b>\$1,710,000</b>	<b>\$16,850,000</b>



**POLICY CONSIDERATION****The Airport Has Received \$608,773 in CM Services from T2 Partners  
In Excess of its Currently Authorized Expenditure Authority of \$15,140,000**

As noted above, as of December 31, 2010, the Airport had incurred \$15,748,773 in CM services costs from T2 Partners, which is \$608,773 more than the previously authorized not-to-exceed agreement amount of \$15,140,000.

As noted by Mr. Satero in page 1 of the attached memorandum, "The Consultant (T2 Partners) is aware of this circumstance, and is continuing to provide services due to the importance of the project to the Airport, and the crucial three months remaining until terminal opening."

According to Mr. Satero, although the proposed Modification 5 was approved by the Airport Commission on September 21, 2010; the Airport encountered numerous external and internal delays in submitting the proposed resolution to the Board of Supervisors. These delays resulted in the Airport's CM services costs exceeding the Airport's expenditure authority.

Mr. Satero describes the reasons for these delays in page 2 of the attached memorandum.

In page 1 of the attached memorandum, Mr. Satero further explains:

If the Airport had decided to direct T2 Partners to halt services at the point of the funds being exhausted, the Terminal 2 project would have been put at significant risk for not completing on schedule, and therefore not opening on schedule. Virgin America, American Airlines, and 22 concessionaires are all at various stages of build-out of their facilities in Terminal 2, and a delayed opening would have had major impacts on their capital costs, and operating revenues. Also, another significant capital project for the renovation of Boarding Area E (\$40M), along with a number of related airline moves are committed to by the Airport based on the Terminal 2 opening date of April 14, 2011.

In conclusion, the Airport did not submit the subject resolution to the Board of Supervisors in a timely manner and, as a result, the Airport has exceeded its expenditure authority on the subject CM agreement. However, the Budget and Legislative Analyst notes that halting CM services in anticipation of Board of Supervisors approval would have resulted in further delays in the Terminal 2 opening that would have resulted in even greater increased costs and decreased revenues for the Airport.

**RECOMMENDATION**

Approve the proposed resolution.

## MEMORANDUM

**TO:** Budget Analysts' Office  
San Francisco Board of Supervisors

**FROM:** Ivar Satero, Airport Deputy Director  
Bureau of Design & Construction

**DATE:** January 18, 2011

**PROJECT:** File 10-1502 – Modification No. 5 to Contract No. 8757.9, Construction Management Services for Terminal 2/Boarding Area D Renovations with T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC

**SUBJECT:** Timeline of Submission to Board of Supervisors

As per your request, we are providing additional information regarding the timing of the submission to the Board of Supervisors of the proposed Modification No. 5 to Contract 8757.9, Construction Management Services for Terminal 2/Boarding Area D Renovations with T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC (Consultant). As you are aware, the earned work currently exceeds the contract amount, caused by several unique circumstances, more fully discussed below.

The Consultant is aware of this circumstance, and is continuing to provide services due to the importance of the project to the Airport, and the crucial three months remaining until terminal opening. If the Airport had decided to direct T2 Partners to halt services at the point of the funds being exhausted, the Terminal 2 project would have been put at significant risk for not completing on schedule, and therefore not opening on schedule. Virgin America, American Airlines, and 22 concessionaires are all at various stages of build-out of their facilities in Terminal 2, and a delayed opening would have had major impacts on their capital costs, and operating revenues. Also, another significant capital project for the renovation of Boarding Area E (\$40M), along with a number of related airline moves are committed to by the Airport based on the Terminal 2 opening date of April 14, 2011.

This contract modification was prepared and submitted for Airport Commission approval in September, with the modification approved on September 21, 2010. Staff was well aware of the requirement for Board approval due to the proposed modification amount of \$1,710,000 resulting in a proposed new contract amount of \$16,850,000, which is in excess of the current Board limit of \$15,500,000.

Under normal circumstances, the approval process was started early enough to provide for uninterrupted funding. Staff was anticipating a fairly straightforward approval process, and allowed for a typical 8-week period following Commission approval, to obtain Board approval.

This would have resulted in a Board-approved modification by mid-November. Based on the current Board limit of up to \$15,500,000, sufficient funding was available to maintain continuous services through early December.

However, several issues contributed to the delay, as follows:

- Staff did not anticipate that the contract had to be signed by consultant and the City Attorney's Office before submitting for Board approval;
- Airport Staffs internal prioritization of other time-critical items requiring Board approval, both to assist Airport staff with balancing this peak workload condition and to assist the Budget Analysts' Office; and,
- Holiday periods and Board Recess in December.

The sequence of events is as follows:

- Commission approved Modification No. 5 on September 21, 2010
- Draft Board package prepared on October 6<sup>th</sup>
- Final Board package prepared on October 14<sup>th</sup>, with requirement that contract be signed by T2 Partners and City Attorney's Office (Otherwise, Board package would have been submitted on this date)
- Contract modification prepared and sent to Legal and Airport's Contract Administration Unit (CAU) for review and comment on October 20<sup>th</sup>
- Modification No. 5 sent for Consultant signature on November 2<sup>nd</sup>
- Consultant returned the signed modification on November 14<sup>th</sup>
- Board package approved internally on November 16<sup>th</sup>, with signed contract
- Item submitted to Board on December 1<sup>st</sup>, and referred to the Finance Committee at the December 14<sup>th</sup> meeting of the Board
- Based on the December 14<sup>th</sup> referral to committee, Airport Governmental Affairs (AGA) staff informed Bureau of Design & Construction (BDC) staff that the Board would not hear Mod. 5 until January 10, 2011 for approval and that the budget analyst would review during the recess

As noted above, AGA staff began working with BDC staff following Commission approval in September. At the same time, both the staffs of AGA and BDC, along with the Airport CAU, were working on two other critical Board items, namely the Master Architect agreement with HNTB related to the Airport's Replacement Air Traffic Control Tower project (file no. 10-1453), and an Other Transaction Agreement (OTA) with the TSA for improvements to the Airport's baggage handling inline explosive detection systems. In addition, the Airport had three (3) other critical items for the Board, namely the Terminal 1 food court closures (file no. 10-1346), the award of a new retail lease in Terminal 2 (file no. 10-1460), and the establishment of a new promotional special fund (file no. 10-1410) and considered them also of higher priority due to the Terminal 2 Renovations construction schedule, and internally prioritized all of these items, in recognition of the workload they would create for the Budget Analysts' Office.

T2 Partners is aware of this circumstance, and is continuing to provide services on the project. BDC staff regrets that we did not execute this contract modification with the appropriate focus on schedule, and with sufficient time contingency to accommodate City processes. Airport Governmental Affairs makes every effort to never be in a position to ask for retroactive authority from the Board and in retrospect should have made the Budget Analysts' Office aware of this situation.

If you have any questions regarding this, please don't hesitate to call.



San Francisco International Airport

P.O. Box 8097  
San Francisco, CA 94128  
Tel 650.821.5000  
Fax 650.821.5005  
www.flysfo.com

*File 10/502*

November 15, 2010

Ms. Angela Calvillo, Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2010 DEC - 1 PM 3:34

BY         

Subject: Approval of Modification to the Professional Services Agreement for Construction Management Services for Terminal 2/Boarding Area D Renovations and Related Facilities

AIRPORT  
COMMISSION  
CITY AND COUNTY  
OF SAN FRANCISCO

GAVIN NEWSOM  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

CARYL ITO

ELEANOR JOHNS

RICHARD J. GUGGENHIME

JOHN L. MARTIN  
AIRPORT DIRECTOR

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval Modification No. 5 to the Professional Services Agreement (PSA) for Airport Contract 8757.9 – Construction Management Services for Terminal 2/Boarding Area D Renovations and Related Facilities between T2 Partners, a Joint Venture of Parsons Transportation Group, EPC Consultants, Inc., and the Allen Group, LLC, and the City and County of San Francisco, acting by and through its Airport Commission. This Modification was approved by the Airport Commission by Resolution No. 10-0300, adopted September 21, 2010.

The PSA award was approved by the Airport Commission by Resolution No. 08-002, adopted January 8, 2008, and approved by the Board of Supervisors by Resolution No. 131-08. The initial approval was an anticipated final contract value not to exceed \$15,000,000. This Modification increases the final contract value not to exceed \$16,850,000.


The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Form SFEC-126;
- Approved Airport Commission Resolution No. 10-0300;
- Airport Commission memorandum; and
- Modification No. 5 to Professional Services Agreement with T2 Partners.

Ms. Angela Calvillo  
November 15, 2010  
Page 2

You may contact Ivar Satero of the Bureau of Design & Construction at (650) 821-7719 regarding this matter

Very truly yours,

  
Jean Caramatti  
Secretary, Airport Commission

Enclosures

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. \_\_\_\_\_ 10-0300

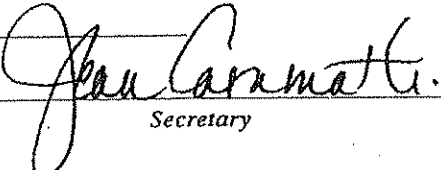
MODIFICATION NO. 5 (ANNUAL RENEWAL AND FINAL MODIFICATION) OF THE PROFESSIONAL SERVICES AGREEMENT, CONTRACT 8757.9, WITH T2 PARTNERS, A JOINT VENTURE OF PARSONS TRANSPORTATION GROUP, EPC CONSULTANTS, INC. AND THE ALLEN GROUP, LLC. FOR CONSTRUCTION MANAGEMENT SERVICES FOR TERMINAL 2/BOARDING AREA D RENOVATIONS, IN THE AMOUNT OF \$1,710,000 FOR SERVICES THROUGH JULY 31, 2011.

- WHEREAS, by Resolution No. 08-0002, the Airport Commission awarded a Professional Services Agreement, Contract 8757.9, to T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC for Construction Management Services for Terminal 2/Boarding Area D Renovations with an initial budget of \$3,500,000 for services through December 31, 2008; and
- WHEREAS, by Resolution No. 09-0006, the Airport Commission approved Modification No. 1 to Contract 8757.9 with T2 Partners, for Construction Management Services for Terminal 2/Boarding Area D Renovations in the amount of \$5,920,000 for services through December 31, 2009; and
- WHEREAS, by Administrative Modification No. 2, dated June 11, 2009; the TSA/OTA Baggage Screening Project requirements were added to the T2 Partners contract to allow reimbursement to the Airport under the American Recovery and Reinvestment Act (ARRA) funding; and
- WHEREAS, by Administrative Modification No. 3, dated January 1, 2010, the Term of the Agreement was extended by fifty-nine (59) calendar days for a new ending date of February 28, 2011; and
- WHEREAS, by Resolution No. 10-0003, the Airport Commission approved Modification No. 4 to Contract 8757.9 with T2 Partners, for Construction Management Services for Terminal 2/Boarding Area D Renovations in the amount of \$5,720,000 for services through December 31, 2010; and
- WHEREAS, Consultant has provided these services to the satisfaction of the Commission; and
- WHEREAS, continuance of these services is necessary for the successful completion of the Terminal 2/Boarding Area D Renovations project; and
- WHEREAS, Staff and Consultant have reached agreement on scope, staffing and fee, in the amount of \$1,710,000 to provide services through July 31, 2011; now, therefore be it
- RESOLVED, that this Commission hereby approves the annual renewal and final modification of the Professional Services Agreement for Construction Management Services, Contract No. 8757.9, with T2 Partners, EPC Consultants, Inc. and The Allen Group, LLC for Terminal 2/Boarding Area D Renovations, in the amount of \$1,710,000, for a total contract amount of \$16,850,000, for services through July 31, 2011, subject to Board of Supervisors approval

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

*at its meeting of \_\_\_\_\_*

SEP 21 2010

  
Secretary



San Francisco International Airport

**MEMORANDUM**  
September 21, 2010

P.O. Box 8097  
San Francisco, CA 94128  
Tel 650.821.5000  
Fax 650.821.5005  
www.flysfo.com

**TO: MEMBERS, AIRPORT COMMISSION**  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Caryl Ito  
Hon. Eleanor Johns  
Hon. Richard J. Guggenhime

**FROM: Airport Director**

**SUBJECT: Annual Renewal and Final Modification of Contract No. 8757.9, Construction Management Services for Terminal 2/Boarding Area D Renovations with T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC, in the amount of \$1,710,000 for services through July 31, 2011**

AIRPORT  
COMMISSION  
CITY AND COUNTY  
OF SAN FRANCISCO

GAVIN NEWSOM  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

CARYL ITO

ELEANOR JOHNS

RICHARD J. GUGGENHIME

JOHN L. MARTIN  
AIRPORT DIRECTOR

**DIRECTOR'S RECOMMENDATION: APPROVE THIS ANNUAL RENEWAL, AND FINAL MODIFICATION (MODIFICATION NO. 5) TO THE PROFESSIONAL SERVICES AGREEMENT, CONTRACT NO. 8757.9, WITH T2 PARTNERS, A JOINT VENTURE OF PARSONS TRANSPORTATION GROUP, EPC CONSULTANTS, INC. AND THE ALLEN GROUP, LLC, FOR CONSTRUCTION MANAGEMENT SERVICES FOR TERMINAL 2/BOARDING AREA D RENOVATIONS, IN THE AMOUNT OF \$1,710,000 FOR SERVICES THROUGH JULY 31, 2011, WHICH IS WITHIN THE AIRPORT'S OVERALL GOAL OF ACHIEVING 15% FOR PROJECT "SOFT COST" PERFORMANCE (DESIGN, CONSTRUCTION MANAGEMENT, ADMINISTRATIVE, AND MATERIALS TESTING/SPECIAL INSPECTION), SUBJECT TO APPROVAL BY THE BOARD OF SUPERVISORS.**

On January 8, 2008, by Resolution No. 08-0002, the Commission approved the Professional Services Agreement for Construction Management (CM) Services, Contract No. 8757.9, with T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC (Consultant), for Terminal 2/Boarding Area D Renovations (Project) with an initial budget of \$3,500,000 for services through December 31, 2008. On January 20, 2009, by Resolution No. 09-0006, the Commission approved Modification No. 1, for CM services through December 31, 2009, increasing the original funding by \$5,920,000, for a new contract amount of \$9,420,000. On January 12, 2010, by Resolution No. 10-0003, the Commission approved Modification No. 4, for CM services through December 31, 2010, increasing funding by \$5,720,000, for a new contract amount of \$15,140,000. Modification Nos. 2 and 3 were administrative in nature, incorporating the TSA/OTA Baggage Screening Project requirements to allow reimbursement under the American Recovery and Reinvestment Act and to extend the term of the agreement.

THIS PRINT COVERS CALENDAR ITEM NO. 2



Transmitted herewith for your approval is a proposed Resolution approving Modification No. 5 (Annual Renewal and Final Modification) to Contract No. 8757.9 for CM services through July 31, 2011, which increases the original funding by \$1,710,000, for a new total contract amount of \$16,850,000.

The CM Team is comprised of both Consultant staff and Airport staff. The Airport is providing a resident engineer and inspectors. Consultant is providing a project manager, construction manager, design manager, project controls personnel, construction administration support, materials testing and special inspection and other specialty construction management services.

The CM Team has been very effective in supporting the management of the Project. In particular, over the past year the CM Team was instrumental in reconciling all costs to date with Turner Construction Company, the design-build contractor, and assisting in the negotiations of the Final Guaranteed Maximum Price (GMP) for the contract. The CM Team has also closely monitored construction progress, and worked closely with the design-build team on resolving issues, with particular focus on the baggage handling system, special systems, and mechanical/electrical/plumbing systems. As a result of these efforts, and with the extensive cooperation of all Airport divisions, the Project is proceeding per plan, is within budget, and is anticipated to meet the high expectations of the Airport and all other stakeholders.

Staff and Consultant have reached agreement on scope, staffing and fee. Staff proposes to increase funding in the amount of \$1,710,000 based on providing appropriate staffing levels through to Project completion. The total budget for construction management services, including materials testing and special inspection is \$16,850,000, which is within the Airport's overall goal of achieving 15% for project "soft cost" performance (design, construction management, administrative, and materials testing/special inspection). This will be the final modification to the contract.

The original approval of this contract by the Board of Supervisors was in an amount not to exceed \$15,000,000, which provided for a forecast of \$13,000,000 for contracted services and a 15% contingency budget of approximately \$2,000,000. Over the course of the project, several issues have impacted the budget for CM services, including:

- the two time extensions, for a total of 5 months, granted to the design-build contractor to incorporate additional scope related to the concessions program, terminal seismic upgrade, tunnel infill and roadway strengthening and address the unforeseen condition discovered during demolition of the topping slab of the elevated roadway necessitating the complete removal and replacement of the roadway structural deck (\$2,000,000);
- the addition of specialty subconsultants to provide further oversight and peer review of the riskiest elements of the project, including the baggage handling system, airline special systems and Airport security systems (\$1,500,000); and,
- the tenant improvement work required to relocate Airport offices from the T2 office block to Building 575 (\$500,000).

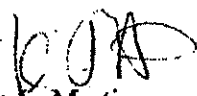
The total amount to address these three issues is approximately \$4,000,000.

Given that the proposed contract amount exceeds the Board approval limit, with modifications, of \$15,500,000, Staff will prepare and submit for Board of Supervisors approval of the modified contract, in the revised amount of \$16,850,000.

The total value of the construction to be managed by Airport Staff and Consultant is approximately \$378,000,000. The Project substantial completion date is March 2, 2011.

The HRC approved a 10% LBE subconsultant participation goal. Through this final modification, Consultant will achieve LBE participation of 10.1%.

I recommend your approval of the proposed Resolution to modify Contract 8757.9, Professional Services Agreement for Construction Management Services with T2 Partners, A Joint Venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC, in the amount of \$1,710,000 to provide services through July 31, 2011, subject to Board of Supervisors approval.



John L. Martin  
Airport Director

Prepared by: Ivar Satero  
Deputy Airport Director  
Bureau of Design & Construction

Attachment

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

**Fifth Amendment**

THIS AMENDMENT (this "Amendment") is made as of September 21, 2010, in San Francisco, California, by and between **T2 Partners, a joint venture of Parsons Transportation Group, EPC Consultants, Inc. and The Allen Group, LLC** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission or the Commission's designated agent, hereinafter referred to as "**Commission.**"

**RECITALS**

WHEREAS, City and Contractor have entered into the Agreement (as defined below); and

WHEREAS, the Commission adopted Resolution Number 08-0002 on January 8, 2008 which authorized the award of said Agreement for the period of January 8, 2008 through December 31, 2008; and

WHEREAS, the Board of Supervisors adopted Resolution Number 131-08 on March 31, 2008 which authorized the award of said Agreement; and

WHEREAS, the Civil Service Commission issued Notice of Action for Contract Number PSC #4029-05/06 on December 3, 2007; and

WHEREAS, the Commission adopted Resolution Number 09-0006 on January 21, 2009 which authorized the award of Modification No. 1 to said Agreement for services through December 31, 2009; and

WHEREAS, by administrative modification No. 2, dated June 11, 2009; the TSA/OTA Baggage Screening Project requirements were added to the Agreement to allow reimbursement to the Airport under the American Recovery and Reinvestment Act (ARRA) funding; and

WHEREAS, by administrative modification No. 3, dated January 1, 2010, the Term of the Agreement was extended by fifty-nine (59) calendar days for a new ending date of February 28, 2010; and

WHEREAS, the Commission adopted Resolution Number 10-0003 on January 12, 2010 which authorized the award of Modification No. 4 to said Agreement for the period of January 1, 2010 through December 31, 2010; and

WHEREAS, City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to authorize the annual renewal and final modification to extend services through July 31, 2011; and

WHEREAS, Commission approved this Fifth Amendment pursuant to Resolution Number 10-0300 on September 21, 2010; and

WHEREAS, the Board of Supervisors adopted Resolution Number **INSERT** on **INSERT** which authorized the award of said Fifth Amendment; and

WHEREAS, approval for this Amendment was obtained when the Civil Service Commission approved Contract number PSC #4029-05/06 on January 4, 2010; and

WHEREAS, prior modifications were identified as "Agreements," this and future modifications are, and will be, identified as "Amendments"; and

WHEREAS, the Commission desires to modify the Agreement for administrative changes required by recently enacted San Francisco contracting ordinances; and

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

**1. Definitions.** The following definitions shall apply to this Amendment:

**a. Agreement.** The term "Agreement" shall mean the Agreement dated January 8, 2008 between Contractor and City, as amended by the:

First amendment,	dated <b>January 21, 2009</b> , and
Second amendment (administrative),	dated <b>June 11, 2009</b> , and
Third amendment (administrative),	dated <b>January 1, 2010</b> , and
Fourth amendment	dated <b>January 12, 2010</b>

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

**2. Section 2. Term of the Agreement** is hereby amended to further extend the term of the contract for two hundred and twelve (212) calendar days for a new ending date of July 31, 2011.

**3. Section 5.A Compensation (as modified by Modification No. 1 and Modification No. 4)** is further modified in order to continue construction management consulting services through July 31, 2011 and to increase the total compensation payable by an amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000) for a new total not to exceed amount of Sixteen Million Eight Hundred Fifty Thousand Dollars (\$16,850,000).

**4. New Section 8. Submitting False Claims; Monetary Penalties** is hereby replaced in its entirety to read as follows:

**8. Submitting False Claims; Monetary Penalties.**

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at <http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>.

A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

5. **New Section 43. Requiring Minimum Compensation for Covered Employees** is hereby replaced in its entirety to read as follows:

**43. Requiring Minimum Compensation for Covered Employees**

- a. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of Contractor's obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.
- b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.
- c. Contractor shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under

the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

- d. Contractor shall maintain employee and payroll records as required by the MCO. If Contractor fails to do so, it shall be presumed that the Contractor paid no more than the minimum wage required under State law.
- e. The City is authorized to inspect Contractor's job sites and conduct interviews with employees and conduct audits of Contractor
- f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.
- g. Contractor understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.
- h. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.
- i. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 in the fiscal year.

6. **New Section 44. Requiring Health Benefits for Covered Employees** is hereby replaced in its entirety to read as follows:

**44. Requiring Health Benefits for Covered Employees.**

Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

- a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. 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.
- b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.
- c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.
- d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

- e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.
- f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.
- g. Contractor shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.
- h. Contractor shall keep itself informed of the current requirements of the HCAO.
- i. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- j. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.
- k. Contractor shall allow City to inspect Contractor's job sites and have access to Contractor's employees in order to monitor and determine compliance with HCAO.

City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

- l. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

7. **New Section 45. First Source Hiring Program** is hereby replaced in its entirety to read as follows:

**45. First Source Hiring Program**

**a. Application of Administrative Code Provisions by Reference.** The provisions of Chapter 83 of the San Francisco Administrative Code apply to this Agreement. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this



Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. **First Source Hiring Agreement.** As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts

handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

**c. Hiring Decisions.** Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

**d. Exceptions.** Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

**e. Liquidated Damages.** Contractor agrees:

(1) To be liable to the City for liquidated damages as provided in this section;

(2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

(3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

(4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

(5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

A. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

B. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

(6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. **Subcontracts.** Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

8. **New Section 64. Cooperative Drafting** is hereby added to the Agreement, as follows:

**64. Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, 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.

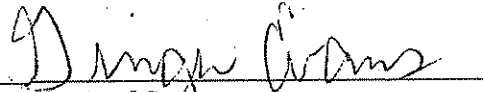
9. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after January 1, 2011.

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

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

<b>CITY</b> AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	<b>CONTRACTOR</b>
By: _____ John L. Martin, Airport Director	_____ Authorized Signature
Attest:	Steve Wang Printed Name
By _____ Jean Caramatti, Secretary Airport Commission	President Title _____ EPC Consultants, Inc. Company Name
Resolution No: 10-0300	76166 City Vendor Number
Adopted on: September 21, 2010	655 Davis Street Address
Approved as to Form:	San Francisco, California 94111 City, State, ZIP
Dennis J. Herrera City Attorney	(415) 675-7580 Telephone Number
By _____ Kathryn Luhe Deputy City Attorney	94-3075131 Federal Employer ID Number

**CONTRACTOR**



*Authorized Signature*

Ginger Evans

*Printed Name*

Senior Vice President, Aviation Division

*Title*

Parsons Transportation Group, Inc.

*Company Name*

76166

*City Vendor Number*

100 M Street, SE

*Address*

Washington, DC 20003

*City, State, ZIP*

(202) 775-3300

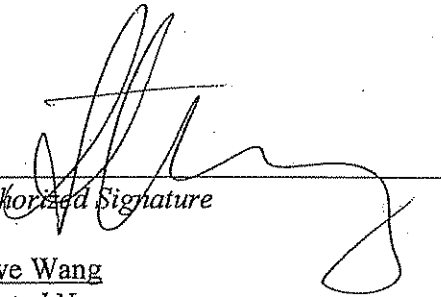
*Telephone Number*

36-0982270

*Federal Employer ID Number*



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

CITY AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	CONTRACTOR
By: _____ John L. Martin, Airport Director	 _____ <i>Authorized Signature</i>
Attest:	<u>Steve Wang</u> <i>Printed Name</i>
By _____ Jean Caramatti, Secretary Airport Commission	<u>President</u> <i>Title</i>
Resolution No: 10-0300	<u>EPC Consultants, Inc.</u> <i>Company Name</i>
Adopted on: September 21, 2010	<u>76166</u> <i>City Vendor Number</i>
Approved as to Form:  Dennis J. Herrera City Attorney	<u>655 Davis Street</u> <i>Address</i>
By _____ Kathryn Luhe Deputy City Attorney	<u>San Francisco, California 94111</u> <i>City, State, ZIP</i>
	<u>(415) 675-7580</u> <i>Telephone Number</i>
	<u>94-3075131</u> <i>Federal Employer ID Number</i>

CONTRACTOR

  
*Authorized Signature*

La Verda O. Allen  
*Printed Name*

Chief Executive Officer  
*Title*

The Allen Group, LLC  
*Company Name*

76166  
*City Vendor Number*

5640 Martin Luther King, Jr. Way  
*Address*

Oakland, California 94609  
*City, State, ZIP*

(510) 658-8750  
*Telephone Number*

94-3323303  
*Federal Employer ID Number*



**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):  Members, SF Board of Supervisors	City elective office(s) held:  Members, SF Board of Supervisors

<b>Contractor Information</b> (Please print clearly.)
<b>Name of contractor:</b> T2 Partners, a Joint-Venture of (a) Parsons Transportation Group, Inc, (b) EPC, Inc., and (c) The Allen Group, LLC

Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.

	<u>Parsons Corporation</u>	<u>EPC, Inc</u>	<u>The Allen Group, LLC</u>
<u>1. Board of Directors</u>	Charles L. Harrington Mark K. Holdsworth James F. McNulty Lawrence V. Jackson Curtis A. Bower C. Michael Armstrong William L. Kimsey James S. Marlen Molly Corbett Broad James F. McGovern R. J. Zlatoper	Pundalik Kini Steve Wang Dan Winters Harish Kamath Dev Kini	Principle Owner: La Verda O. Allen  President: Shatzie Jefferson  Vice President: Geoffrey W. Neumayr
<u>2. CEO/CFO/COO:</u>	CEO: Charles L. Harrington CFO: George L. Ball COO: Thomas L. Roell	CEO: Pundalik Kini CFO: Pundalik Kini COO: Steve Wang	CEO: CFO: Gordon Brooks COO:
<u>3. Ownership of 20 percent or more in the contractor</u>	None: Parsons Corporation is 100% owned by the Parsons Corporation Employee Stock Ownership Plan.	Pundalik Kini	La Verda O. Allen
<u>(4) Subcontractor Listed in bid or contract:</u>	- Chaves and Associates - M. Lee - Applied Research Associates - Illium, Inc. - MCK Associates - CM West - RW Block - Barich, Inc. - Consolidated Engineering Labs - Townsend Management - Cage, Inc. - Security by Design - New Age Security Solutions - Cogent Energy - ARUP - Gerson Overstreet	Same	Same
<u>(5) Political committee sponsored or controlled by the contractor:</u>	None.	None	None.

<u>Contractor address:</u>		
Parsons Corporation 100 W. Walnut Street Pasadena, CA 91124	EPC Inc. 655 Davis Street San Francisco, CA 94111	The Allen Group, LLC 594 Howard Street, Suite 301 San Francisco, CA 94105
<u>Date that contract was approved:</u>		<u>Amount of contract:</u> Not to exceed \$16,850,000
<u>Describe the nature of the contract that was approved:</u> Construction Management Services for the Terminal 2/Boarding Area D Renovations and Related Facilities at the San Francisco International Airport.		
Comments:		

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

**Filer Information.** (Please print clearly.)

Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: 0415-554-5184
Address: City Hall, Room 244, 1 Dr Carlton B Goodlett Pl	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed