AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0153

AWARD OF SOLE SOURCE CONTRACT NO. 50409 TO BEUMER LIFECYCLE MANAGEMENT, LLC FOR THE OPERATION AND MAINTENANCE OF AIRPORT BAGGAGE HANDLING SYSTEMS, FOR A TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF $30,000,000 AND A TERM OF THREE YEARS, WITH A SINGLE OPTION TO EXTEND FOR TWO YEARS

WHEREAS, the current contract to operate and maintain the baggage handling system (BHS) at Harvey Milk Terminal 1 (HMT1) will expire on December 31, 2025; and

WHEREAS, BEUMER Lifecycle Management, LLC (BLM), the affiliate of Beumer Corporation, the construction company that delivered the HMT1 BHS, currently operates and maintains the BHS; and

WHEREAS, a portion of the HMT1 BHS that was expanded as part of the Harvey Milk Terminal 1 North expansion project is still under warranty, and the entire BHS operates with proprietary software that only BLM can service and support; and

WHEREAS, Staff has successfully negotiated an agreement with BLM where BLM will continue to provide 24/7/365 operational availability for the BHS, as well as BHS maintenance services, including labor, materials, parts, and equipment; now, therefore, be it

RESOLVED, that this Commission hereby awards Sole Source Contract No. 50409 to BEUMER Lifecycle Management, LLC for the operation and maintenance of Airport baggage handling systems, for a total not-to-exceed Contract amount of $30,000,000 and a term of three years, with a single option to extend for two years, exercisable at the sole and absolute discretion of this Commission; and, be it further

RESOLVED, that this Commission hereby directs the Director of Commission Affairs to request approval of Sole Source Contract No. 50409 from the Board of Supervisors pursuant to Section 9.118(b) 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 SEP 16 2025

for K. O

Secretary

SAN FRANCISCO INTERNATIONAL AIRPORT

MEMORANDUM
September 16, 2025

25-0153

SEP 16 2025

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

FROM: Airport Director

SUBJECT: Award of Sole Source Contract No. 50409 to BEUMER Lifecycle Management, LLC for the Operation and Maintenance of Airport Baggage Handling Systems

DIRECTOR'S RECOMMENDATION: AWARD SOLE SOURCE CONTRACT NO. 50409 TO BEUMER LIFECYCLE MANAGEMENT, LLC FOR THE OPERATION AND MAINTENANCE OF AIRPORT BAGGAGE HANDLING SYSTEMS, FOR A TOTAL NOT-TO-EXCEED AMOUNT OF $30,000,000 AND A TERM OF THREE YEARS, WITH A SINGLE OPTION TO EXTEND FOR TWO YEARS.

Executive Summary

BEUMER Lifecycle Management, LLC (BLM) currently operates and maintains the Airport's baggage handling system in Harvey Milk Terminal 1 (HMT1). This state-of-the art system uses bi-directional tote system technology to transport bags throughout the terminal that can only be supported by BLM. Staff recommends award of Sole Source Contract No. 50409 for the operation and maintenance of Airport baggage handling systems to BEUMER Lifecycle Management, LLC.

Background

The current contract to operate and maintain the baggage handling system (BHS) at HMT1 will expire on December 31, 2025. At the time of delivery, the BHS at HMT1 was unique in North America for using the Beumer Corporation's bi-directional tote technology to deliver checked luggage from ticketing counters to departing airplanes, and from arriving airplanes to baggage claim or other departing airplanes.

The HMT1 BHS was later expanded in June of 2024 by approximately 33% as part of the Harvey Milk Terminal 1 North expansion project.

BEUMER Lifecycle Management, LLC, the affiliate of Beumer Corporation, the construction company that delivered the HMT1 BHS, currently operates and maintains the BHS. As the North extension of the HMT1 BHS is still under warranty and the entire system operates with

THIS PRINT COVERS CALENDAR ITEM NO. 7

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

DANIEL LURIE MAYOR | **MALCOLM YEUNG** PRESIDENT | **JANE NATOLI** VICE PRESIDENT | **JOSE F. ALMANZA** | **MARK BUELL** | **SUSAN LEAL** | **MIKE NAKORNKHET** AIRPORT DIRECTOR

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proprietary software that only BLM can service and support, Staff seek Commission approval to enter into a new sole source contract with BLM for the operation and maintenance of the baggage handling system at HMT1.

Staff have successfully negotiated the scope of work, billing rates, and fees with BLM. Under Sole Source Contract No. 50409, BLM will continue to provide 24/7/365 operational availability for the BHS, as well as baggage handling system maintenance services, including labor, materials, parts, and equipment. The scope of services also includes scheduled and preventative maintenance, on-call unscheduled maintenance and repairs, and reporting. Labor rates for work will comply with California State and San Francisco prevailing wage requirements.

The Contract will have an original term of three years with a single option to extend the term for a period of two years, exercisable at the sole and absolute discretion of this Commission.

On March 5, 2025, the City's Office of Contract Administration approved a waiver of competitive solicitation requirements for Contract No. 50409 under San Francisco Administrative Code Section 21.5(d), Proprietary Article 12.

On March 19, 2025, the City's Contract Monitoring Division approved a waiver of San Francisco Local Business Enterprise subcontracting requirements for Contract No. 50409 due to the absence of subcontracting opportunities.

Because the Contract amount exceeds $10,000,000, approval of the Board of Supervisors is required for Contract No. 50409 pursuant to San Francisco Charter Section 9.118(b).

Recommendation

I recommend the Commission award Sole Source Contract No. 50409 for the operation and maintenance of Airport baggage handling systems to BEUMER Lifecycle Management, LLC, in an amount not to exceed $30,000,000 for a term of three years, with a single option to extend for two years, exercisable at the sole and absolute discretion of the Commission, and direct the Director of Commission Affairs to seek Board of Supervisors approval of Contract No. 50409 pursuant to San Francisco Charter Section 9.118(b).

Sincerely,

Mike Nakornkhet
Airport Director

Prepared by: Jeff Littlefield
Chief Operating Officer

Attachment