Be it ordained by the People of the City and County of San Francisco:

Section 1. Background: The Terminal 1/Boarding Area B Redevelopment Program. The Airport’s Terminal 1 is a 688,000 square foot commercial airline terminal which consists of check-in counters, security checkpoints, and aircraft gates configured in two boarding areas, B and C. Boarding Area B is the primary boarding area with 18 aircraft gates. Terminal 1 and Boarding Area B were originally constructed approximately 50 years ago. More than seven million passengers pass through Terminal 1 annually, traveling on six airlines. Terminal 1 is reaching the end of its useful life.

By Resolution No. 14-0026, the Airport Commission ("Commission") authorized the implementation of the Terminal 1/Boarding Area B Redevelopment Program ("Program"). The Program consists of several public work projects to demolish the aging infrastructure, realign aircraft taxilanes, construct temporary and permanent facilities, and renovate the existing
structures, all while maintaining Airport operations. The Program will result in a new 1.1 million square foot facility.

Two of the major projects in the Program are construction of the Terminal 1 Center Renovation ("T1 Center") Project and the Boarding Area B Reconstruction ("BAB") Project (collectively "Projects"). These Projects encompass the central area of the main terminal building and boarding area, including construction of a new consolidated passenger screening checkpoint, pre-security ticket counters and concessions, as well as post-security passenger amenities consistent with the standards incorporated in Terminal 2 and Terminal 3 Boarding Area E. The Commission plans to select a separate contractor to construct the new baggage handling system ("BHS") and checked baggage screening system for Terminal 1. The Commission anticipates assigning this BHS construction contract to the T1 Center Project contractor after award to facilitate construction.

As discussed further in Section 2 of this ordinance, both the T1 Center and BAB Projects will be delivered using the design-build delivery method. The Commission estimates the construction of the BAB Project to cost $570 million, and the construction of the T1 Center Project, including the BHS, to cost $442 million.

Section 2. Airport Findings Supporting Design-Build Delivery Method. The Airport Director ("Director"), with the approval of the Commission, has determined that due to the size, complexity, and schedule constraints of the Projects, construction of the Projects requires specialized expertise and skill that should be procured with a design-build delivery method. In design-build, the design and construction services are contracted from a single entity, known as the design-builder, in contrast to the owner of a project separately contracting with a designer and a general contractor (builder). Design-build provides a means for the earliest practical engagement of qualified and experienced design professionals, contractors
and subcontractors who share the Airport’s goal to achieve well-designed and constructed projects, with reduced or eliminated field and/or implementation errors and conflicts. Design-build will also compress the normal Project schedules by eliminating or reducing wasted, redundant, or erroneous process steps and by performing design work and construction work in parallel and in phases, resulting in time and money savings.

Section 3. Selection of the Design-Builders; Modification of Administrative Code Sections 6.61(F)(1) and (F)(4) Requirements. The Director intends to invite qualified design-builders to compete for both Projects through a combined selection process. Although qualified design-builders may submit competitive proposals for both Projects, the Commission plans to award two separate design-build contracts, one for each Project, to two different design-builders. For purposes of the Projects, the Airport shall comply with the selection process prescribed in Administrative Code Section 6.61 (“Section 6.61”), except as stated in Sections 4-6 of this ordinance.

(a) Pre-Qualification Statement; Modification of Administrative Code Section 6.61(C)(1). In conformance with Section 6.61(C), the Director will establish a panel to evaluate the qualifications of prospective proposers. However, for these Projects, the Director shall add the following evaluation criteria from the Alternative Final Selection Process in Section 6.61(F)(4) to the pre-qualification criteria: the prospective proposer’s (1) plan for expediency in completing the proposed project; (2) compliance with the goals set by the Contract Monitoring Division and requirements of the Administrative Code Chapters 12 and 14; and (3) commitment to meet the City hiring goals. As provided under Section 6.61(C)(2), the Director shall create a shortlist of no fewer than three pre-qualified respondents.

(b) Pre-Qualification Design-Concept; Modification of Administrative Code Section 6.61(C). The Alternative Selection Process set forth in Section 6.61(F)(1) allows
partial designs to be evaluated as part of the design-build final selection process and allows
departments to pay reasonable stipends to proposers. For these Projects, the Director is
authorized to evaluate design concept documents during pre-qualification of design-builders.
The Director may establish a panel to evaluate design concept documents, taking into
account the following criteria: (1) creativity; (2) incorporation of the Airport's Revenue
Enhancement and Customer Hospitality initiative; (3) the Airport's published Guiding
Principles, including but not limited to, partnering, structured stakeholder engagement, and
sustainability; (4) the Airport’s Terminal 1 Program Visioning Document; (5) passenger
experience; and (6) compliance with other requirements and criteria the Director may deem
appropriate. The Commission may provide a stipend of up to $50,000 to each proposer that is
not selected for award of the contract for either Project. The Director may then create a
second shortlist of no fewer than three of the highest-ranked prospective proposers ("Qualified
Proposers").

(c) Alternative Final Selection Process; Waiver of Administrative Code Section
6.61(F)(4). The Board of Supervisors ("Board") waives the selection criteria of the Alternative
Final Selection Process of Section 6.61(F)(4) for the Projects, as these criteria shall be
evaluated during pre-qualification of proposers. The Director may establish a final selection
process whereby the design-builders are selected by a combined interview and competitive
cost proposal evaluation. Qualified Proposers may submit a competitive cost proposal for
each Project and a sealed statement of preferred Project. The Director may invite Qualified
Proposers to participate in oral interviews involving scenario-based, problem-solving
exercises. A panel established by the Director shall conduct oral interviews and rank the
Qualified Proposers, taking into account the following criteria: (1) understanding of the
problem(s) presented; (2) methodology and approach to problem-solving; (3) communication
and collaboration between the team members; (4) each team member's technical and/or
management expertise and skill set as contributed to the team's problem-solving strategy; and
(5) compliance with all other requirements and criteria the Director may deem appropriate.
The scores from the interviews shall be combined with the scores for the competitive cost
proposals, with the cost criterion constituting not less than sixty-five percent (65%) of the final
evaluation, in conformance with Section 6.61(F)(4). If the same Qualified Proposer is ranked
highest for both Projects, the Director shall recommend award of the Contract for the
preferred Project, as stated in the highest-ranked Qualified Proposer's sealed statement of
preferred Project.

Section 4. Selection of Trade Subcontractors; Waiver of Administrative Code

Section 6.61(L)(2). For each of the design-build contracts for the two Projects, the Director
may authorize the design-builder to enter into subcontracts during the programming and
design phases of the Project with "Core Subcontractors." Core Subcontractors may include
the Mechanical Subcontractor, the Electrical Subcontractor, the Plumbing Subcontractor, the
Building Information and Technology and Special Systems Subcontractor, and the Building
Envelope/Curtain Wall Subcontractor. For these Core Subcontractors, the requirement of
Section 6.61(L)(2) that design-builders receive sealed bids is waived, so that these Core
Subcontractors may be competitively selected based on qualifications only or on a
combination of qualifications and price.

Core Subcontractors may be required to provide programming and design services for
the Projects, and, as soon as practicable, these Core Subcontractors shall furnish the Director
with firm prices on their respective trade work. The Director shall at all times retain the
services of independent cost estimators who shall provide the Director with cost estimates of
the work to be performed by the Core Subcontractors. With Commission approval, the design-
builders may award construction trade subcontracts to any of their respective Core
Subcontractors that submit a price for the trade work within 105% of the Director’s independent cost estimates for the Core Subcontractor’s trade work. If the trade work is not awarded to a Core Subcontractor for any reason, the respective trade work shall be competitively bid in conformance with Administrative Code Section 6.61(L), with the exception of allowable directly negotiated subcontracts as discussed further in Section 5 below. If the lowest responsive bid from a responsible bidder exceeds the Core Subcontractor’s price for the trade work, the Director may authorize the design-builder to award the subcontract to the Core Subcontractor.

Section 5. Direct Negotiation with Trade Subcontractors; Modification of Administrative Code Section 6.61L(3). For the Projects, the Board hereby increases the cap for directly negotiated trade work subcontracts under Administrative Code Section 6.61L(3), from seven and one-half percent (7.5%) to fifteen percent (15%) of the total estimated subcontract costs for each Contract. The BHS contract, and any lower-tier subcontracts to the BHS contract, shall not be counted toward the maximum allowable amount for directly negotiated subcontracts for the T1 Center Contract.

Section 6. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: HEATHER WOLNICK
Deputy City Attorney
Ordinance modifying or waiving certain required contracting procedures in the Administrative Code, as applied to the design-build of two Airport projects in the Terminal 1 Program (the Terminal 1 Center Renovation and the Boarding Area B Reconstruction Projects).

July 14, 2014 Land Use and Economic Development Committee - RECOMMENDED

July 22, 2014 Board of Supervisors - PASSED ON FIRST READING
Ayes: 10 - Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee
Excused: 1 - Avalos

July 29, 2014 Board of Supervisors - FINALLY PASSED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/29/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calviolo
Clerk of the Board

Mayor
Date Approved