

File No. 130799

Committee Item No. 2

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 10/30/2013

Board of Supervisors Meeting

Date: NOVEMBER 19, 2013

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
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Completed by: Victor Young Date October 25, 2013

Completed by: Victor Young Date 10/31/13

1 [Administrative Code - Airport Capital Improvement Promotion and Event Fund]

2
3 **Ordinance amending San Francisco Administrative Code, Section 10.100-18, to**
4 **establish a special fund to receive donations and authorize expenditures for the**
5 **purpose of holding events to promote the opening of major capital improvement**
6 **projects at the San Francisco International Airport; and deleting obsolete provisions.**

7 NOTE: Additions are single-underline italics Times New Roman;
8 deletions are ~~strike-through italics Times New Roman~~.
9 Board amendment additions are double-underlined;
10 Board amendment deletions are ~~strikethrough normal~~.

11 Be it ordained by the People of the City and County:

12
13 Section 1. The San Francisco Administrative Code is hereby amended by amending
14 Section 10.100-18, to read as follows:

15 SEC. 10.100-18. AIRPORT ~~TERMINAL 2~~ CAPITAL IMPROVEMENT PROMOTION AND
16 EVENT FUND.

17 (a) Establishment of the Airport ~~Terminal 2~~ Capital Improvement Promotion and Event
18 Fund. Airport ~~Terminal 2~~Capital Improvement Promotion and Event Fund is hereby
19 established-as a category six fund for the purpose of receiving all donations of money,
20 property and personal services which may be offered to the City and County of San Francisco
21 through the Airport for the uses described in subsection (b).

22 (b) Use of the Airport ~~Terminal 2~~ Capital Improvement Promotion and Event Fund.
23 Money, property and personal services comprising the Fund shall be used and expended for
24 such purposes as will be determined in the sole discretion of the Airport Commission to assist
25

1 in promotional events and community outreach activities associated with the opening of ~~the~~
2 ~~newly renovated Terminal 2~~ capital improvements of the San Francisco International Airport.
3 The Fund shall have a separate accounting for each capital improvement project as
4 determined by the Airport Commission.

5 (c) Exceptions to Fund Category. Money, property and personal services comprising
6 the Airport ~~Terminal 2~~ Capital Improvement Promotion and Event Fund shall be expended ~~for~~
7 to promote the capital improvement project for which the donation was made, such purposes
8 as will be determined in at the sole discretion of the Airport Commission. Any unexpended
9 balances remaining in the Fund when it expires on December 31, 2014~~23~~ shall be deposited
10 in the City's General Fund.

11 (d) Administration of Fund. The Airport Director shall submit to the Board of
12 Supervisors and the Budget Analyst on an ~~bi-monthly~~ quarterly annual basis written reports of
13 revenues to and expenditures from the Airport ~~Terminal 2~~ Capital Improvement Promotion and
14 Event Fund during the ~~bi-monthly~~ quarterly annual period covered by the report. This fund
15 shall expire on December 31, 2014~~23~~. Acceptance of donations of \$100,000 or greater shall
16 require Board of Supervisors approval by resolution.

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

19 By:


20 David Serrano Sewell
21 Deputy City Attorney

22 n:\air\as2013\9690155\00882873.doc

AMENDED IN COMMITTEE
10/30/13

FILE NO. 130799

LEGISLATIVE DIGEST

[Administrative Code - Airport Capital Improvement Promotion and Event Fund]

Ordinance amending the Administrative Code, Section 10.100-18, to establish a special fund to receive donations and authorize expenditures for the purpose of holding events to promote the opening of major capital improvement projects at the San Francisco International Airport; and deleting obsolete provisions.

Existing Law

Under Administrative Code section 10.100-18, the Airport Commission may accept donations of money, property, and personal services for the Terminal 2 Promotion Fund for uses determined at the sole discretion of the Airport Commission to assist in promotional events and community outreach activities associated with the opening of the renovated Terminal 2. The Airport Director administers the fund and submits the Board of Supervisors and Board Analyst on an annual basis written reports of revenues and expenditures from the fund. The fund expired on December 31, 2011.

Amendments to Current Law

The proposed ordinance would amend San Francisco Administrative Code section 10.100-8 by deleting reference to the Terminal 2 Promotion Fund and replacing it with the Airport Capital Improvement Promotion and Event Fund. The proposed amendment will allow the Airport to accept donations for Airport wide capital improvement projects and events. Donations of \$100,000 or greater shall require approval of the Board of Supervisors by resolution. The proposed amendment will retain the existing limitations on the uses, exceptions, administration and reporting requirements currently under Administrative Code section 10.100-18 for Terminal 2 Promotion Fund. The fund would expire on December 31, 2023.

Item 2
File 13-0799

Department:
San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would amend City Administrative Code Section 10.100-18 to delete the expired provisions of the previously authorized Airport's Terminal 2 Promotion Fund, which expired on December 31, 2011, and authorize a new Airport Capital Improvement Promotion and Event Fund, which would expire on December 31, 2023.

Key Points

- The proposed ordinance would establish a new Airport Capital Improvement Promotion and Event Fund as a Category 6 Fund, which would allow the Airport to (i) automatically appropriate these funds for expenditures consistent with the specified purposes and uses, and (ii) carry forward any unexpended balance remaining at the end of the fiscal year into the next fiscal year.
- The proposed Airport Capital Improvement Promotion and Event Fund would be established in order to receive private donations and authorize expenditures for holding events to market and promote major capital improvement projects at the Airport over the next ten years.

Fiscal Impact

- For the opening of the Airport's new Terminal 2 in 2011, the Airport raised \$623,875 of private donations for the Terminal 2 Promotion Fund from 46 different entities. The Airport expended the \$623,875 plus \$346,457 of Airport funds for a total of \$970,332 for Terminal 2 promotional events.
- The Airport cannot estimate the total amount of private donations that would be received over the proposed ten-year term of the Airport Capital Improvement Promotion and Event Fund.
- An existing Airport capital improvement project, the renovation of Boarding Area E in Terminal 3, is scheduled to be completed by January 28, 2014, with an estimated total cost of \$761,947 for marketing and promotional activities. The Airport included \$200,000 of one-time funds in their FY 2013-14 budget, such that the Airport estimates raising the balance of \$561,947 from private donations which would be deposited into the proposed new Fund, to cover the total \$761,947 promotion costs for the new Terminal 3, Boarding Area E project.

Recommendations

- Amend the proposed ordinance on page 2, lines 9 and 10 to (a) change "Budget Analyst" to "Budget and Legislative Analyst", (b) change the Airport's frequency of reporting from quarterly to annual, and (c) specify that such reports identify the amounts, dates, types, and sources of donations received and the amounts, dates and types of expenditures incurred.
- Amend the proposed ordinance to require Board of Supervisors approval by resolution of any donations of \$100,000 or greater, to be consistent with the Administrative Code provision that requires Board of Supervisors approval to accept and expend grants exceeding \$100,000 as well as the recently approved City Hall Preservation Fund.
- Approve the proposed ordinance, as amended.

MANDATE STATEMENT

Charter Section 2.105 requires that legislative acts in San Francisco be by ordinance, subject to approval by a majority of the Board of Supervisors.

Section 10.100-18 of the City's Administrative Code established an Airport Terminal 2 Promotion Fund as a Category 6 Fund¹ to receive all donations of money, property and personal services to assist in promotional events and community outreach activities associated with the opening of the renovated Terminal 2, at the sole discretion of the Airport Commission. The Airport Director was responsible for submitting bi-monthly reports of revenues and expenditures to the Board of Supervisors and the Budget Analyst regarding the Terminal 2 Promotion Fund, which expired on December 31, 2011.

BACKGROUND

Terminal 2 Promotion Fund

After being closed for over ten years, from December 2000 until April 2011, the Airport opened a new domestic Terminal 2 on April 15, 2011, housing Virgin America and American Airlines. The new Terminal 2 consists of 721,000 total square feet of space, generating approximately \$27.5 million of revenues in FY 2012-13, including \$21.8 million from airline terminal fees and \$5.7 million from food and beverage and retail concessions. The Airport's Terminal 2 Promotion Fund was used by the Airport to conduct marketing and promotional activities in 2011 related to the opening of the new domestic Terminal 2.

All funds in the Airport Terminal 2 Promotion Fund were private donations of money, property and personal services. According to Ms. Sara Magoffin, Marketing Manager for the Airport, the Airport generated a total of \$623,875 into this Terminal 2 Promotion Fund from 46 different entities and expended the entire \$623,875 from this Fund for various promotional events, including the following four specific opening events:

- Sponsor preview on March 22, 2011;
- Gala event on April 6, 2011;
- Wrap event on April 7, 2011; and
- Community Open House on April 9, 2011.

As shown in the Table below, the Airport's operating budget included an additional \$346,457 resulting in total expenditures of \$970,332 for the promotion of the new Terminal 2 building.

¹ Section 10.100-1 of the City's Administrative Code allows individual City departments to create Category 6 Funds, with Board of Supervisors approval, in order to (i) automatically appropriate funds deposited into the Category 6 Fund for expenditures consistent with the specified purposes and uses, and (ii) carry forward any unexpended and unencumbered balance remaining at the end of the fiscal year into the upcoming fiscal year.

Table: Terminal 2 Promotion Expenditures

Terminal 2 Promotion Fund	\$623,875
Airport Operating Budget	<u>346,457</u>
Total	\$970,332

Although the City’s Administrative Code provided that the Airport Director was responsible for submitting bi-monthly reports to the Board of Supervisors and the Budget Analyst on the Terminal 2 Promotion Fund, on September 22, 2011, the Airport provided one report to the Board of Supervisors summarizing all of the revenues and expenditures in the Airport Terminal 2 Promotion Fund. This Terminal 2 Airport Promotion and Event Fund expired on December 31, 2011, at which time no monies remained in the Fund.

10-Year Capital Plan

San Francisco International Airport’s current 10-Year Capital Improvement Plan which extends from FY 2013-14 to FY 2023-24 identifies \$4.1 billion of infrastructure projects, including

- redevelopment of Terminal 1;
- new Aircraft Control Tower;
- a consolidated administrative campus;
- reconfiguration of Terminal 3;
- construction of an on-Airport hotel; and
- runway safety improvements.

As each of these major capital improvements are completed, Ms. Magoffin advises that the Airport plans to hold opening events for key audiences, such as local, regional and international customers, airlines and aviation industry representatives, local community, partners and media to promote the Airport’s new facilities and passenger services. In order to support these opening events, the Airport anticipates fundraising and collecting private donations from stakeholders related to the specific capital improvement project, such as aviation industry members, tenants, vendors and contractors.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend City Administrative Code Section 10.100-18 to delete the expired provisions of the previously authorized Airport’s Terminal 2 Promotion Fund, which expired on December 31, 2011, and authorize a proposed new special fund, the Airport Capital Improvement Promotion and Event Fund, which would expire on December 31, 2023. This new special fund would be established in order to receive donations and authorize expenditures for holding events to promote the opening of major capital improvement projects at the Airport.

Specifically, the proposed ordinance would:

- Delete obsolete provisions relating to the Terminal 2 Promotion Fund;

- Establish a new Airport Capital Improvement Promotion and Event Fund as a Category 6 Fund;
- Authorize the Airport Commission to accept and expend all gifts of money, property, and personal services, to be deposited in the Airport Capital Improvement Promotion and Event Fund for promotional and community outreach activities associated with the opening of Airport capital improvements;
- Separately account for each capital improvement project within the Fund, as determined by the Airport Commission;
- Deposit any unexpended balances remaining in the Airport Capital Improvement Promotion and Event Fund, when it expires on December 31, 2023 to the City's General Fund; and
- Require the Airport Director to submit a written report of revenues and expenditures from the Airport Capital Improvement Promotion and Event Fund to the Board of Supervisors and the Budget Analyst on a quarterly basis.

According to Ms. Magoffin, all contributions to the proposed new Airport Capital Improvement Promotion and Event Fund would be private donations of money, property and personal services. All expenditures from this Fund would be used to conduct marketing, promotional and outreach activities related to individual capital improvements, as specified in the 10-Year Capital Plan, or through FY 2023-24. Given that the last project in the 10-year plan is anticipated to end in mid-2023, the proposed Fund would expire on December 31, 2023.

FISCAL IMPACTS

Airport's Existing Marketing and Promotions Budget

The Airport's FY 2013-2014 budget includes \$1,000,000 of Airport operating revenues to fund a general marketing services contract with The M-Line. According to Ms. Magoffin, the Airport has an existing \$7,000,000 agreement with The M-Line for up to a total of seven years, or \$1,000,000 per year, to provide general marketing services for the Airport, which commenced December 1, 2011 and potentially extends through November 30, 2018.² These general marketing services include:

- research and strategic marketing planning;
- airline retention and new airline route support;
- concession and parking marketing;

² The agreement between the Airport and M-Line was not subject to Board of Supervisors approval because the agreement was (1) under ten years and (2) under \$10,000,000. This agreement is for an initial three years, with two additional two-year options to extend, for a total of seven years.

- general awareness marketing planning;
- media placement;
- creative and design work; and
- production and management of events to support the Airport.

In addition, Ms. Magoffin advises that the Airport's FY 2013-14 budget includes \$270,000 of one-time marketing and promotion funds specifically for:

- (a) \$200,000 for promotional activities and management fees associated with the opening of the new Boarding Area E in Terminal 3; and
- (b) \$70,000 for early planning for the Aircraft Control Tower scheduled to be completed in the fall of 2015.

Ms. Magoffin advises that the Airport anticipates amending the existing \$7,000,000 contract with M-Line to add the \$270,000 of one-time funds included in the Airport's FY 2013-14 budget, for marketing and management fees associated with the opening of Boarding Area E and the Aircraft Control Tower.

Proposed Capital Improvement Promotion and Event Fund

Ms. Magoffin cannot estimate the total amount of private donations that would be received over the proposed ten-year term of the Airport Capital Improvement Promotion and Event Fund. The amount of private funds raised and expenditures incurred for Airport project promotions will likely vary by capital improvement project. In accordance with the proposed ordinance, each Airport capital improvement project would have a separate account within the Fund.

Ms. Magoffin notes that an existing capital improvement project, the renovation of Boarding Area E in Terminal 3, is scheduled to be completed and open on January 28, 2014. The Attachment, provided by Ms. Magoffin, summarizes the estimated total \$761,947 for marketing and promotional activities for the opening of the new Terminal 3, Boarding Area E. Given the above-noted \$200,000 of FY 2013-14 Airport funds, Ms. Magoffin advises that the Airport estimates raising the balance of \$561,947 from private donations which would be deposited into the proposed new Fund, to cover the total \$761,947 promotion costs for the new Terminal 3, Boarding Area E project.

The Budget and Legislative Analyst notes that the proposed ordinance requires that any unexpended balance remaining in the Airport Capital Improvement Promotion and Event Fund, when it expires on December 31, 2023, be transferred to the City's General Fund. However, as noted above, although the previous Category 6 International Airport Promotion and Event Fund contained this same provision, no monies remained in the International Airport Promotion and Event Fund when it expired on September 30, 2001. As a result, no private monies were previously transferred to the City's General Fund.

POLICY CONSIDERATIONS**Notification to the Board of Supervisor of Donations and Expenditures
Greater than \$100,000**

San Francisco Administrative Code Section 10.100-305(b) currently requires Board of Supervisors approval by resolution for the acceptance or expenditure of any gift of cash or goods of a market value greater than \$10,000. In addition, San Francisco Administrative Code Section 10.170-1 requires Board of Supervisors approval by resolution to accept and expend grants exceeding \$100,000. In May of 2013, the Board of Supervisors created a new City Hall Preservation Fund to accept private donations to fund promotional, community activities, as well as maintenance and repair costs to commemorate the 100th anniversary of City Hall in 2015, with the requirement that donations greater than \$100,000 require approval by resolution of the Board of Supervisors.

The proposed ordinance would allow the Airport to create a new long-term capital improvement project fund to accept and expend donations and contributions without requiring any subsequent Board of Supervisors approval. As noted above, the proposed new Fund would extend for ten years. In order to ensure adequate oversight of the proposed new Airport Capital Improvement Promotion and Event Fund, the Budget and Legislative Analyst recommends amending the proposed ordinance to require Board of Supervisors approval by resolution of the acceptance and expenditure of gifts exceeding \$100,000. This recommendation would be consistent with the Administrative Code provision that requires Board of Supervisors approval to accept and expend grants exceeding \$100,000 as well as the recently approved City Hall Preservation Fund.

Annual Reporting to the Board of Supervisors

The proposed ordinance requires the Airport to submit quarterly written reports on the revenues and expenditures from the Airport Capital Improvement Promotion and Event Fund to the Board of Supervisors and the Budget Analyst. However, as noted above, the Airport only submitted one report to the Board of Supervisors and the Budget Analyst on September 22, 2011 on the previous Terminal 2 Promotion Fund, although the existing legislation requires the Airport to submit bi-monthly reports to the Board of Supervisors and the Budget Analyst.

Therefore, based on the large scale of the Airport's capital improvement projects and the above-noted recommendation to require approval of large donations that exceed \$100,000, the Budget and Legislative Analyst recommends that the Airport only be required to submit annual written reports, rather than quarterly reports. However, such annual reports should identify the amounts, dates, types, and sources of donations received and the amounts, dates and types of expenditures incurred. The proposed ordinance should also be amended to specify that such reports be submitted to the Board of Supervisors and the "Budget and Legislative Analyst".

RECOMMENDATIONS

1. Amend the proposed ordinance on page 2, lines 9 and 10 to (a) change "Budget Analyst" to "Budget and Legislative Analyst", (b) change the Airport's frequency of reporting from quarterly to annual, and (c) specify that such reports identify the amounts, dates, types, and sources of donations received and the amounts, dates and types of expenditures incurred.
2. Amend the proposed ordinance to require Board of Supervisors approval by resolution of any donations of \$100,000 or greater, to be consistent with the Administrative Code provision that requires Board of Supervisors approval to accept and expend grants exceeding \$100,000 as well as the recently approved City Hall Preservation Fund.
3. Approve the proposed ordinance, as amended.

PROJECTED SFO TERMINAL 3/BOARDING AREA E OPENING EVENTS BUDGET

Estimated Budget for Boarding Area E opening events as of August 1, 2013

CATEGORY	GENERAL	SPONSOR PREVIEW	FAMILY	GALA	TOTAL
COUNT		150	5,000	500	5,650
HARD COSTS					
PAPER AND PROD	\$15,000	\$3,000	\$9,750	\$16,000	\$43,750
ENTERTAINMENT/TECHNICAL		\$7,500	\$46,000	\$65,500	\$119,000
FOOD SERVICE	\$ -	\$17,400	\$5,435	\$125,502	\$148,337
BEVERAGE SERVICE	\$ -	\$4,325	\$ -	\$23,260	\$27,585
EQUIPMENT	\$ -	\$2,075	\$6,000	\$25,000	\$33,075
DÉCOR	\$ -	\$6,500	\$10,000	\$35,000	\$51,500
VENUE/LOGISTICS	-\$2,000	\$2,700	\$12,300	\$32,200	\$49,200
PROMOTION	\$2,500	\$650	\$9,350	\$12,000	\$24,500
ADMINISTRATION	\$45,000	\$5,000	\$30,000	\$35,000	\$115,000
MARKETING AND DESIGN SERVICES	\$150,000				\$150,000
GRAND TOTAL	\$214,500	\$49,150	\$128,835	\$369,462	\$761,947

18
614

Attachment

PROJECTED SFO TERMINAL 3/BOARDING AREA E OPENING EVENTS BUDGET

Estimated Budget for Boarding Area E opening events as of August 1, 2013

CATEGORY	GENERAL	SPONSOR PREVIEW	FAMILY	GALA	TOTAL
COUNT		150	5,000	500	5,650
HARD COSTS					
PAPER AND PROD	\$15,000	\$3,000	\$9,750	\$16,000	\$43,750
ENTERTAINMENT/TECHNICAL		\$7,500	\$46,000	\$65,500	\$119,000
FOOD SERVICE	\$ -	\$17,400	\$5,435	\$125,502	\$148,337
BEVERAGE SERVICE	\$ -	\$4,325	\$ -	\$23,260	\$27,585
EQUIPMENT	\$ -	\$2,075	\$6,000	\$25,000	\$33,075
DÉCOR	\$ -	\$6,500	\$10,000	\$35,000	\$51,500
VENUE/LOGISTICS	\$2,000	\$2,700	\$12,300	\$32,200	\$49,200
PROMOTION	\$2,500	\$650	\$9,350	\$12,000	\$24,500
ADMINISTRATION	\$45,000	\$5,000	\$30,000	\$35,000	\$115,000
MARKETING AND DESIGN SERVICES	\$150,000				\$150,000
GRAND TOTAL	\$214,500	\$49,150	\$128,835	\$369,462	\$761,947



San Francisco International Airport

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2013 AUG -6 PM 1:23

August 1, 2013

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

[Handwritten signature]
130799

Subject: Ordinance Amending the San Francisco Administrative Code by Amending Section 10.100-18 to Establish a Special Fund to Receive Donations and Authorize Expenditures for the Purpose of Holding Events to Promote the Opening of Major Capital Improvement Projects at San Francisco International Airport; and Deleting Obsolete Provisions .

Dear Ms. Calvillo,

Attached for introduction to the Board of Supervisors is the ordinance amending the San Francisco Administrative Code by amending section 10.100-18 to establish a special fund to receive donations and authorize expenditures for the purpose of holding events to promote the opening of major capital improvement projects at San Francisco International Airport; and deleting obsolete provisions.

Two sets of the following documents are also enclosed for review:

- Approved Airport Commission Resolution No. 13-0167;
- Memorandum to the Airport Commission recommending Resolution No. 13-0167
- Legislative Digest
- Projected budget for opening events for first completed Capital Improvement Plan project, Terminal 3/Boarding Area E, scheduled for January 2014.

I request that this item be calendared in Budget and Finance Committee.

Please contact Cathy Widener, Airport Governmental Affairs at 650-821-5023 if you have any questions or concerns regarding this matter.

Very truly yours,

Jean Caramatti
Jean Caramatti
Commission Secretary

Enclosures

cc: Kandace Bender

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 13_0167

**ADOPT RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS
ADOPT AN ORDINANCE ESTABLISHING A SPECIAL FUND TO RECEIVE
DONATIONS TO OFFSET THE COST OF AIRPORT SPECIAL EVENTS RELATED
TO THE OPENING OF MAJOR PROJECTS INCLUDED IN SFO'S 10-YEAR CAPITAL
IMPROVEMENT PLAN AND AUTHORIZING THE AIRPORT COMMISSION TO
MAKE EXPENDITURES FROM THE FUND FOR THAT PURPOSE**

WHEREAS, the Airport has entered into a \$4.1 billion 10-Year Capital Improvement Plan through which major projects including the renovated Boarding Area E, Air Traffic Control Tower, redeveloped Terminal 1 and On-Airport Hotel will be completed; and

WHEREAS, the Airport anticipates holding opening events for major projects completed through the Capital Improvement Plan; and

WHEREAS, these opening events will provide the Airport with significant and unique opportunities to promote SFO to the aviation industry, local community, the media, its partners, and local, regional and international customers; and

WHEREAS, Airport Commission Resolution 11-0247 approved the contract for marketing services, with a scope of work to produce events that support the Airport; and

WHEREAS, Airport staff will develop fundraising plans to offset the costs of opening events associated with these projects; now, therefore, be it

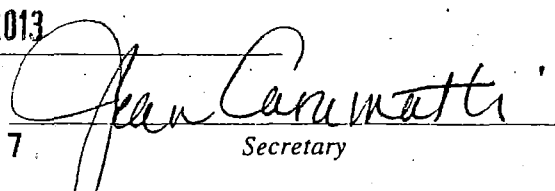
RESOLVED, that the Commission hereby adopts this resolution recommending that the Board of Supervisors adopt an ordinance to establish a special fund to receive donations to offset the cost of Airport special events related to the opening of major Capital Improvement Plan projects and authorizing the Airport Commission to make expenditures from the fund for that purpose.

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

at its meeting of _____

JUL 23 2013

617


Secretary



San Francisco International Airport

MEMORANDUM

July 23, 2013

TO: AIRPORT COMMISSION
 Hon. Larry Mazzola, President
 Hon. Linda S. Crayton, Vice President
 Hon. Eleanor Johns
 Hon. Richard J. Guggenlime
 Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Authority to Establish a Special Fund to Receive Donations and Authorize Expenditures for Airport Special Events

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT AN ORDINANCE ESTABLISHING A SPECIAL FUND TO RECEIVE DONATIONS TO OFFSET THE COST OF AIRPORT SPECIAL EVENTS RELATED TO THE OPENING OF SFO'S CAPITAL IMPROVEMENT PLAN PROJECTS AND AUTHORIZING THE AIRPORT COMMISSION TO MAKE EXPENDITURES FROM THE FUND FOR THAT PURPOSE.

Executive Summary

SFO's \$4.1 billion 10-Year Capital Improvement Plan provides for a number of long-term infrastructure projects including the Boarding Area E Renovation, Air Traffic Control Tower, Terminal 1 Redevelopment and On-Airport Hotel. The completion of these major Capital Improvement Plan facilities will offer significant, unique promotional opportunities for the Airport. The Airport plans to leverage these opportunities by holding opening events for key audiences. The Airport expects to conduct fundraising and receive donations from stakeholders in support of the events. This resolution recommends that the Board of Supervisors adopt an ordinance establishing a special fund to accept donations from key stakeholders, and authorizing the Airport to expend them, for the purpose of defraying the costs of Capital Improvement Plan opening events.

Background

During the course of SFO's \$4.1 billion 10-Year Capital Improvement Plan, significant facilities including the renovated Boarding Area E, Air Traffic Control Tower, redeveloped Terminal 1 and On-Airport Hotel are planned to open. The launch of each of these facilities will provide a

THIS PRINT COVERS CALENDAR ITEM NO. 12

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

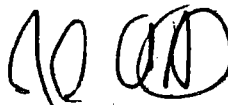
unique opportunity for the Airport to showcase its state-of-the-art facilities and passenger service programs to the Airport's local, regional and international customer base, aviation industry, local community, partners and media.

The Airport plans to host special opening events as each major Capital Improvement Plan facility is completed. The Airport will involve its airlines and other key stakeholders in these events. In particular, the Airport anticipates that donations from key stakeholders will substantially defray the cost of the Capital Improvement Plan projects opening events. We recommend that the Board of Supervisors establish a special fund for the Capital Improvement Plan opening events, which will authorize the Airport to accept donations and expend them – with Airport Commission approval – for the purpose of holding the events.

The Airport Commission has previously approved a contract with The M-Line for marketing services, including development and execution of events in support of the Airport. As a plan is created for each Capital Improvement Plan project opening event, I will return to the Commission with a detailed scope of work and budget for each of the opening events.

Recommendation

I recommend that the Commission adopt a resolution recommending that the Board of Supervisors adopt an ordinance establishing a special fund to receive donations to offset the cost of Airport special events related to the opening of projects included in SFO's 10-Year Capital Improvement Plan and authorizing the Airport Commission to make expenditures from the fund for that purpose.



John L. Martin
Airport Director

Prepared by: Kandace Bender
Deputy Airport Director
Communications and Marketing

Attachment

