

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 20-0076

**AUTHORIZATION TO ACCEPT AND EXPEND CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FEDERAL FUNDS IN AN AMOUNT UP TO \$254,780,449, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL GRANT AMOUNT THAT MAY BE OFFERED, TO BE EXPENDED FOR ANY LAWFUL AIRPORT PURPOSE**

WHEREAS, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 to provide financial relief to various governmental and corporate entities, including airports; and

WHEREAS, the CARES Act funding for airports includes two components: (1) formula-based grant funding to airports for any purpose for which airport revenues may lawfully be used (Relief Funding), and (2) supplemental discretionary grants to increase the federal share of Federal Fiscal Year 2020 Airport Improvement Program grant-funded projects to 100 percent (Supplemental Grant Funding); and

WHEREAS, the Federal Aviation Administration (FAA) will award CARES Act Relief Funding to airports and administer the Supplemental Grant Funding; and

WHEREAS, all airport sponsors receiving CARES Act funding must continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the airport as of March 27, 2020, the enactment date of the CARES Act; and

WHEREAS, there is no local match required for the Relief Funding; and

WHEREAS, based on FAA's calculation of the statutory formula, the Airport expects to apply for, accept and expend \$254,780,449 of Relief Funding; and

WHEREAS, FAA will distribute the Relief Funding on a reimbursement basis for eligible expenditures incurred on or after January 20, 2020; and

WHEREAS, the Airport expects to expend the Relief Funding on budgeted Airport operating purposes, including debt service and/or operations and maintenance expenses, for Fiscal Years (FY) 2019/20 and 2020/21, or both; and

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WHEREAS, approval of the San Francisco Board of Supervisors is required to accept and expend grants of this type in the amount of \$100,000 or more, and the Airport has not yet received this approval; now, therefore, be it

RESOLVED, that the Airport Director is authorized to submit eligible expenses for reimbursement under the Relief Funding program; and, be it further

RESOLVED, that, upon receipt by the Airport of Relief Funding, the Airport Commission authorizes the Airport Director to accept and expend the grant funds in an amount up to \$254,780,449, plus additional amounts up to 15% of the original grant amount that may be offered, on budgeted Airport operating purposes, including debt service and/or operations and maintenance expenses, for FY 2019/20 and FY 2020/21, or both, and to execute the related grant agreement; and, be it further

RESOLVED, that the Commission Secretary, for and on behalf of and in the name of the Airport Commission, is authorized and directed to seek the approval of the San Francisco Board of Supervisors to accept and expend the grant funds.

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

*at its meeting of*

**MAY - 8 2020**



Secretary



**MEMORANDUM**

May 8, 2020

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20-0077

20-0078

~~20-0079~~ MAY - 8 2020

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Eleanor Johns, Vice President  
Hon. Richard J. Guggenlime  
Hon. Malcolm Yeung

FROM: Airport Director

SUBJECT: Authorization to Accept and Expend Federal Funds in the Amounts of up to:  
(1) \$254,780,449 for any Lawful Airport Purpose; (2) \$9,300,000 for the Taxiway B5 Rehabilitation Project, Superseding Resolution No. 20-0053; and (3) \$10,300,000 for the Continuation and Expansion of the Noise Insulation Program, Superseding Resolution No. 20-0054

DIRECTOR'S RECOMMENDATION: ACCEPT AND EXPEND FEDERAL FUNDS IN THE AMOUNTS OF UP TO: (1) \$254,780,449 FOR ANY LAWFUL AIRPORT PURPOSE; (2) \$9,300,000 FOR THE TAXIWAY B5 REHABILITATION PROJECT, SUPERSEDING RESOLUTION NO. 20-0053; AND (3) \$10,300,000 FOR THE CONTINUATION AND EXPANSION OF THE NOISE INSULATION PROGRAM, SUPERSEDING RESOLUTION NO. 20-0054, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL AMOUNTS THAT MAY BE OFFERED.

**Executive Summary**

In Federal Fiscal Year (FFY) 2020, the San Francisco International Airport (Airport) anticipates receiving federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds and Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant funds for certain eligible projects and purposes. The three proposed Resolutions authorize the acceptance and expenditure of up to:

- (1) \$254,780,449 plus additional amounts up to 15% of the original grant amount that may be offered in CARES Act funds for any lawful airport purpose;
- (2) \$9,300,000 plus additional amounts up to 15% of the original grant amount that may be offered in combined AIP grant funds and CARES Act supplemental grant funds for the Taxiway B5 Rehabilitation Project; and
- (3) \$10,300,000 plus additional amounts up to 15% of the original grant amount that may be offered in combined AIP grant funds and CARES Act supplemental grant funds for the continuation and expansion of the Noise Insulation Program (NIP).

Prior to the enactment of the CARES Act, the Commission authorized the acceptance and expenditure of AIP grant funds for the Taxiway B5 Rehabilitation Project and the continuation and expansion of the NIP with estimated grant amounts on March 17, 2020, by Resolution Nos. 20-0053 and 20-0054, respectively. Staff is now returning to the Commission because the CARES Act provides supplemental grant funding for these two projects, increasing the grant amounts above the levels approved on March 17, 2020. An increase to the authorization to accept and expend the additional federal funds is now required. The proposed Resolutions will supersede Resolution Nos. 20-0053 and 20-0054.

**Background**

The CARES Act provides \$10 billion in economic relief funds for eligible U.S. airports affected by COVID-19 outbreak, an upper respiratory tract illness.

The CARES Act funding for airports includes two components:

- (1) formula-based grant funding for any purpose for which airport revenues may lawfully be used (Relief Funding); and
- (2) supplemental discretionary grants to increase the federal share of FFY 2020 AIP grant-funded projects to 100% (Supplemental Grant Funding).

There is no local match required for either type of CARES Act funds. The FAA will award the Relief Funding and administer the Supplemental Grant Funding.

As a requirement for receiving CARES Act funds, the City and County of San Francisco, as sponsor of the Airport, must continue to employ, through December 31, 2020, at least 90% of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the Airport as of March 27, 2020, the enactment date of the CARES Act.

**Relief Funding**

Based on FAA's calculation of the statutory formula under the CARES Act, the Airport expects to receive \$254,780,449 of Relief Funding. The FAA will distribute the Relief Funding on a reimbursement basis for eligible expenditures incurred on or after January 20, 2020.

The attached Resolution authorizes the acceptance and expenditure of the Relief Funding on budgeted Airport operating purposes, including debt service and/or operations and maintenance expenses, for Fiscal Years (FY) 2019/20 and 2020/21, or both.

**Taxiway B5 Rehabilitation Project**

Based on the anticipated final FFY 2020 AIP grant application for the Taxiway B5 Rehabilitation project, the Airport expects to receive approximately \$9,300,000 in combined AIP and Supplemental Grant Funding to cover 100% of the grant-eligible project costs.

The attached Resolution authorizes the acceptance and expenditure of grant funds for the Project during FFY 2020 or later, as determined by the Director based on the project implementation schedule.

***Scope of Work***

This Project will rehabilitate Taxiway B5, a connector taxiway between Taxiways A and B. Taxiway B will also be rehabilitated between Taxiways B3 and B5. Rehabilitation work includes selected areas of deep pavement repair, mill and overlay, replacement of in-pavement lights, and updates to signage and surface markings. The total area of work is three acres.

The pavement has reached the end of its useful life. Between 2015 and 2019, the Airport performed multiple pavement repairs. The completion of this project will extend the pavement's useful life and eliminate the repeated pavement failures occurring in the area.

On March 17, 2020, by Resolution No. 20-0052, the Commission determined to proceed with the Taxiway B5 Rehabilitation project, and, by Resolution No. 20-0053, the Commission approved the acceptance and expenditure of up to \$7,500,000 of AIP grant funds for the project. The proposed Resolution will supersede Resolution No. 20-0053, which did not include the increased federal share of funding available through the CARES Act.

**Continuation and Expansion of the Noise Insulation Program**

Based on the anticipated final FFY 2020 AIP grant application for the NIP, the Airport expects to receive approximately \$10,300,000 in combined AIP and Supplemental Grant Funding to cover 100% of the grant-eligible project costs.

The attached Resolution authorizes the acceptance and expenditure of grant funds for the continuation and expansion of the NIP during FFY 2020 or later, as determined by the Director based on the project implementation schedule.

***Noise Insulation Program Background***

Since the early 1980s, the Airport has made significant efforts to minimize the impact of aircraft noise in neighboring communities through acoustic treatment of eligible properties. In 1983, the Airport became the first airport in the nation to receive an FAA grant for noise insulation. In 1992, the Airport entered into a Memorandum of Understanding with neighboring cities and the County of San Mateo to insulate eligible properties. The NIP was subsequently expanded through the implementation of a supplemental program in 2000. The supplemental program was completed in 2008. All NIP work until then was managed by the local communities and all the costs were paid with Airport funds and FAA grants. In 2008, the Airport started managing the NIP directly.

On October 3, 2017, by Resolution No. 17-0240, the Commission approved the implementation of the Replacement and Second Chance Acoustic Treatment Initiatives. These initiatives provide for (1) the replacement of failed noise insulation of properties previously insulated under the NIP (Replacement Initiative); and (2) the acoustic treatment of eligible properties not previously insulated because owners did not participate in the NIP (Second Chance Initiative). The Replacement Initiative is funded through the Airport's Operating Budget. The Second Chance Initiative is funded with a combination of Airport funds and FAA grants.

On March 17, 2020, by Resolution No. 20-0054, the Commission approved the acceptance and expenditure of up to \$7,000,000 of AIP grant funds for the continuation and expansion of the NIP. The proposed Resolution will supersede Resolution No. 20-0054, which did not include the increased federal share of funding available through the CARES Act.

***Scope of Work***

This project will insulate approximately 80-100 properties as part of the NIP's Second Chance Initiative. To be considered for insulation, properties must be located within the 65-decibel Noise Exposure Map or be part of contiguous neighborhoods partially within this area and must meet all other FAA eligibility requirements. The scope of work will include outreach and analysis to confirm each property's eligibility, acoustical testing, and design and construction of noise insulation improvements.

**Additional Authorizations**

Approval of the San Francisco Board of Supervisors (Board) is required to accept and expend grants of this type in the amount of \$100,000 or more.

The Airport has not yet received Board approval to accept and expend the Relief Funding of \$254,780,449 and the federal grant funding of approximately \$10,300,000 for the NIP. If approved by the Commission, the Airport will seek the approval of the Board to accept and expend the Relief Funding and the federal grant funding for the NIP.

There is sufficient appropriation for the use of the federal grant funding for the Taxiway B5 Rehabilitation project as approved through the City and County of San Francisco's Annual Budget and Appropriation Ordinance for FY 2018/19 and FY 2019/20. Therefore, no additional Board approval is required to accept and expend federal funds for this project.

**Recommendation**

I recommend the Commission adopt the attached three Resolutions authorizing the acceptance and expenditure of up to: (1) \$254,780,449 plus additional amounts up to 15% of the original grant amount that may be offered in Relief Funding; (2) \$9,300,000 plus additional amounts up to 15% of the original grant amount that may be offered in combined AIP and Supplemental Grant Funds for the Taxiway B5 Rehabilitation project; and (3) \$10,300,000 plus additional amounts up to 15% of the original grant amount that may be offered in combined AIP and Supplemental Grant Funds for the continuation and expansion of the NIP. I further recommend that the Commission authorize the Commission Secretary to seek approval from the Board to accept and expend the Relief Funding and the AIP and Supplemental Grant Funding for the NIP.



Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business and Finance Officer

Attachments