



San Francisco International Airport

MEMORANDUM

March 19, 2024

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Everett A. Hewlett, Jr., Vice President
Hon. Jane Natoli
Hon. Jose F. Almanza
Hon. Mark Buell

24-0039

MAR 19 2024

FROM: Airport Director

SUBJECT: Authorization to Accept and Expend Airport Terminal Program Federal Grant Funds in an Amount of up to \$31,000,000 for the HVAC Improvements for the International Terminal Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE ACCEPTANCE AND EXPENDITURE OF AIRPORT TERMINAL PROGRAM FEDERAL GRANT FUNDS IN AN AMOUNT OF UP TO \$31,000,000 FOR THE HVAC IMPROVEMENTS FOR THE INTERNATIONAL TERMINAL PROJECT, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL AMOUNT THAT MAY BE OFFERED, AND AUTHORIZE THE COMMISSION SECRETARY TO SEEK APPROVAL FROM THE BOARD OF SUPERVISORS TO ACCEPT AND EXPEND THE GRANT UNDER SECTION 10.170-1 OF THE SAN FRANCISCO ADMINISTRATIVE CODE.

Executive Summary

In Federal Fiscal Year (FFY) 2024, the San Francisco International Airport (Airport) applied for Federal Aviation Administration (FAA) Airport Terminal Program (ATP) grant funds for the HVAC Improvements for the International Terminal Project (Project). The proposed resolution authorizes the acceptance and expenditure of ATP grant funds of up to \$31,000,000 for the Project, plus additional amounts up to 15% of the original grant amount that may be offered, and authorizes the Commission Secretary to seek approval from the Board of Supervisors (Board) to accept and expend the grant under Section 10.170-1 of the San Francisco Administrative Code.

Background

The Bipartisan Infrastructure Law (BIL), enacted on November 15, 2021, provides approximately \$25 billion in federal funding for the National Aerospace System, of which approximately \$5 billion has been granted to provide competitive grants for airport terminal development projects that address the aging infrastructure of the nation's airports. The FAA has

THIS PRINT COVERS CALENDAR ITEM NO. 1

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MALCOLM YEUNG EVERETT A. HEWLETT, JR. JANE NATOLI JOSE F. ALMANZA MARK BUELL IVAR C. SATERO
MAYOR PRESIDENT VICE PRESIDENT AIRPORT DIRECTOR

established the ATP to administer this funding over a five-year period with \$1 billion in ATP funds available annually to eligible U.S. airports.

The ATP reimburses up to 80% of eligible terminal development project costs.

Scope of Work

The Project will provide for the replacement of critical mechanical and electrical components of the HVAC system and associated work, including the installation of new filtration units and volatile organic compounds (VOC) sensors at the International Terminal. The Project will also replace multiple failing HVAC components to improve fire-life safety compliance, reduce energy usage, reduce maintenance costs, and improve resilience.

Additional Authorization

Approval of the 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 ATP funding. If approved by the Commission, the Airport will seek the approval of the Board to accept and expend federal grant funds in the amount of up to \$31,000,000 for the Project.

Recommendation

I recommend the Commission adopt the attached resolution authorizing the acceptance and expenditure of Airport Terminal Program federal grant funds in the amount of up to \$31,000,000 for the HVAC Improvements for the International Terminal Project, plus additional amounts up to 15% of the original grant amount that may be offered. Staff will return to the Commission if the resulting grant offer exceeds 15% of the original grant amount. I further recommend that the Commission authorize the Commission Secretary to seek approval from the Board of Supervisors to accept and expend the grant under Section 10.170-1 of the San Francisco Administrative Code.



Ivar C. Satero
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO


RESOLUTION NO. 24-0039

AUTHORIZATION TO ACCEPT AND EXPEND AIRPORT TERMINAL PROGRAM FEDERAL GRANT FUNDS IN THE AMOUNT OF UP TO \$31,000,000 FOR THE HVAC IMPROVEMENTS FOR THE INTERNATIONAL TERMINAL PROJECT, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL AMOUNT THAT MAY BE OFFERED, AND TO SEEK APPROVAL FROM THE BOARD OF SUPERVISORS TO ACCEPT AND EXPEND THE GRANT UNDER SECTION 10.170-1 OF THE SAN FRANCISCO ADMINISTRATIVE CODE

- WHEREAS, the Bipartisan Infrastructure Law (BIL), enacted on November 15, 2021, provides approximately \$25 billion in federal funding for the National Aerospace System over a five-year period; and
- WHEREAS, approximately \$5 billion has been granted to provide competitive grants to eligible U.S. airports for airport terminal development projects that address the aging infrastructure of the nation’s airports; and
- WHEREAS, the Federal Aviation Administration (FAA) has established the Airport Terminal Program (ATP) to administer this funding; and
- WHEREAS, a terminal development project to be implemented at San Francisco International Airport (Airport) is eligible for federal assistance under the FAA ATP; and
- WHEREAS, the proposed project is the HVAC Improvements for the International Terminal Project (Project); and
- WHEREAS, the ATP reimburses up to 80% of eligible terminal development project costs; and
- WHEREAS, the Airport Director has filed a grant application to seek federal assistance in an amount up to \$31,000,000 under the ATP for the Project; now, therefore, be it
- RESOLVED, that, upon receipt by the Airport of an ATP Grant Offer from the FAA for the Project, the Airport Commission authorizes the Airport Director to accept and expend the FAA ATP grant funds in an amount of up to \$31,000,000, plus additional amounts up to 15% of the original grant amount that may be offered, during Federal Fiscal Year 2024 or such later Federal Fiscal Year as determined by the Airport Director based on the project implementation schedule, 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 approval from the San Francisco Board of Supervisors to accept and expend the grant funds under Section 10.170-1 of the San Francisco Administrative Code.

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____

MAR 19 2024



Secretary