

File No. 150512

Committee Item No. 5

Board Item No. 17

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 15, 2015

Board of Supervisors Meeting

Date July 28, 2015

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date June 11, 2015
 Completed by: Linda Wong Date July 9, 2015

1 [Appropriation - Airport Commission - \$2,673,349 - FY2015-2016]

2

3 **Ordinance appropriating \$2,673,349 to the Airport Commission amending estimated**
4 **receipts and estimated expenditures in FY2015-2016.**

5

6 Note: Additions are single-underline italics Times New Roman;
7 deletions are ~~striketrough italics Times New Roman~~.
8 Board amendment additions are double underlined.
9 Board amendment deletions are ~~striketrough normal~~.

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

10

11 Section 1. The amounts of estimated receipts, income, prior-year fund balance, prior-
12 year reserves, de-appropriations, and revenue enumerated herein are hereby appropriated to
13 the funds within the Airport Commission as indicated in this ordinance for the purpose of
14 meeting appropriations herein.

15

16 Section 2. The amounts of proposed expenditures are hereby appropriated to the
17 funds within the Airport Commission as enumerated herein. The Airport Commission is hereby
18 authorized to use, in the manner approved by law, the amounts so appropriated for the
19 purposes specified in this amended appropriation ordinance.

20

21 Department: AIR : Airport Commission
22 \$ Change From Adopted FY2015-2016 Budget

23

24

25

1 **SOURCES Appropriation**

2
3 **Sources of Funds Detail by Subobject**

4 37921 GROUND TRANS TRIP FEES \$2,673,349

5

6 **Total SOURCES Appropriation** \$2,673,349

7
8 **USES Appropriation**

9
10 **Uses of Funds Detail Appropriation**

11 **OPERATING**

12 **5A AAA AAA: SFIA OPERATING NON PROJECT CONTROLLED**

13 081 SERVICES OF OTHER DEPTS \$1,405,599

14 091 OPERATING TRANSFER OUT \$1,267,750

15

16 **Total USES Appropriation** \$2,673,349

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18 Section 3. The Controller is authorized to record transfers between funds and adjust

19 the accounting treatment of sources and uses appropriated in this ordinance as necessary to

20 conform with Generally Accepted Accounting Principles.

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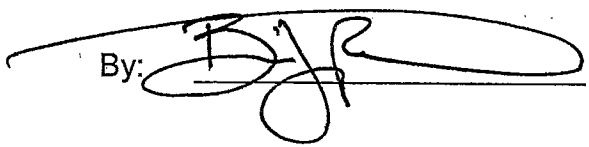
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APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

By: 
BUCK DELVENTHAL
Deputy City Attorney

By: 

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors
From: Kate Howard, Mayor's Budget Director
Date: June 1, 2015
Re: Mayor's FY 2015-16 and FY 2016-17 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's June 1st proposed budget, corresponding legislation, and related materials for Fiscal Year 2015-16 and Fiscal Year 2016-17.

In addition to the Annual Salary Ordinance and Annual Appropriation Ordinance, the following items are included in the Mayor's submission:

- The budget for the Treasure Island Development Authority for FY 2015-16 and FY 2016-17.
- The budget for the Office of Community Investment and Infrastructure for FY 2015-16.
- 19 separate pieces of legislation (see list attached).
- A Transfer of Function letter detailing the transfer of 1.0 position within the Executive Branch.
- An Interim Exception letter.
- A letter addressing funding levels for consumer price index increases for nonprofit corporations or public entities for the coming two fiscal years.

If you have any questions, please contact me at (415) 554-6515.

Best Regards,

A handwritten signature in black ink, appearing to read "Kate H".

Kate Howard
Mayor's Budget Director

cc: Members of the Board of Supervisors
Harvey Rose
Controller

Legislation Introduced with the Mayor's Proposed FY 2015-16 and FY 2015-16 Budget			
DEPT	Description of Local Legislation	Type of Legislation	Budget & Finance Committee Calendar Date
AIR	Appropriation – \$2,673,349 to the Airport Commission - FY2015-2016	Ordinance	15-Jun
CON	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2015	Resolution	15-Jun
CON	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance	15-Jun
CON	Designation of Hinderliter, de Llamas and Associates ("Contractor") as City's Authorized Representative in Sales and Use Tax Records Examination	Resolution	15-Jun
CON	Proposition J Contract Certification Specified Contracted-Out Services Previously Approved	Resolution	15-Jun
CPC	Administrative Code – California Environmental Quality Act Procedures and Fees (Fee Elimination)	Ordinance	15-Jun
CPC	Planning, Building Codes – Fee Waiver for Legalization of Secondary Dwelling Units	Ordinance	15-Jun
DBI	Building Code - Fees	Ordinance	18-Jun
DPH	Accept and Expend Grants- Recurring State Grant Funds - Department of Public Health- FY2015-2016	Resolution	18-Jun
DPH	Public Health Rates for FY 2015-16 and FY 2016-17	Ordinance	18-Jun
DPH	Administrative Code - Department of Public Health Group Purchasing Organizations	Ordinance	18-Jun
DPW	Public Works Code – Fees for Nighttime Work Permit and Preapplication Meetings	Ordinance	17-Jun
FIR	Business and Tax Regulations Code - Fire Department Licensing Fees	Ordinance	17-Jun
FIR	Fire Code – Fire Department Fines and Fees	Ordinance	17-Jun
H.S.A.	Approval of FY15-16 and FY16-17 Expenditure Plans for the Human Services Care Fund	Resolution	18-Jun
MOHCD	Administrative, Planning, Subdivision Codes - Citywide Affordable Housing Fund, Mayor's Housing Programs Fees Fund	Ordinance	15-Jun
MOHDC	Certificates of Participation – Housing Trust Fund – Reimbursement of Certain Expenditures	Resolution	15-Jun
PUC	Appropriation Amendment - \$2,177,552 to the Public Utilities Commission Operating Budget - FY2015-2016	Ordinance	15-Jun
PUC	Public Employment – Amendment to the Annual Salary Ordinance, FY2015-2016 and FY 2016-2017 – Public Utilities Commission Water Enterprise Department	Ordinance	15-Jun

Item 5 File 15-0572	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance amends the Airport's FY 2015-16 budget to appropriate \$2,673,349 in Ground Transportation Trip Fee revenues generated by the operation of Transportation Network Companies (TNCs) operating at the Airport. These revenues would be appropriated to the following uses: (1) \$1,405,599 to the work order with the Public Utilities Commission (PUC) to pay for higher-than-projected electricity and natural gas costs, which are a result of increased utility rates; and (2) \$1,267,750 in the Annual Service Payment to the City's General Fund. <p>Key Points</p> <ul style="list-style-type: none"> • The Airport has a fixed two-year operating budget in effect for FY 2014-15 and FY 2015-16. Changes to the operating budget are subject to Board of Supervisors approval. • As the result of agreements reached with Transportation Network Companies that allow these services to operate legally at the Airport for a fee of \$3.85 per ride, the Airport estimates \$14,788,000 in TNC revenue in FY 2015-16. Revenues generated by Ground Transportation Trip Fees are considered concession revenues and therefore subject to the Annual Service Payment made by the Airport to the City's General Fund. • The Airport estimates that total Airport concession revenues in FY 2015-16 will be higher than projected in the FY 2015-16 budget, resulting in an increased Annual Service Payment to the City's General Fund of \$1,267,750. • The Airport estimates higher payments to the PUC due to increased electricity and natural gas rates. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would result in a payment to the General Fund of \$1,267,750. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends the Airport’s FY 2015-16 budget to appropriate \$2,673,349 in Ground Transportation Trip Fee revenues generated by the operation of Transportation Network Companies (TNCs) including Lyft, Uber, and Sidecar operating at the Airport. These revenues would be appropriated to the following uses: (1) \$1,405,599 to the work order with the Public Utilities Commission (PUC) to pay for higher-than-projected electricity and natural gas costs, which are a result of increased utility rates; and (2) \$1,267,750 in the Annual Service Payment to the City’s General Fund¹.

Sources

Ground Transportation Trip Fees	\$2,673,349
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Uses

PUC Work Order	\$1,405,599
Annual Service Payment to General Fund	<u>\$1,267,750</u>
Total	\$2,673,349

FISCAL IMPACT

The proposed ordinance would (a) appropriate \$1,267,750 in new revenue from fees charged to TNCs for the Airport’s Annual Service Payment from Concession Revenue payable to the General Fund, and (b) appropriate \$1,405,599 to pay for increased utility rates charged by PUC.

Transportation Network Company (TNC) Revenue

Beginning on September 15, 2014, the Airport began collecting fees from TNCs including Lyft, Uber, and Sidecar to allow the services to operate legally at the Airport. The agreement provided that TNCs would pay \$3.85 for each ride to or from the Airport. These fees are considered concession revenue for purposes of the Airport’s Annual Service Payment, in which the Airport transfers 15 percent of concession revenue to the City’s General Fund.

As shown in Table 1, below, from September, 2014 through April, 2015, the Airport collected \$4,461,499 from TNCs for trips to and from the Airport. Revenue has steadily increased since the implementation of the agreements with the TNCs, as shown in Table 1 below. The Airport projects that it will collect \$14,788,000 in TNC revenue in FY 2015-16.

¹ The Airport transfers 15 percent of concession revenue to the City’s General Fund through the Annual Service Payment.

Table 1: Monthly Revenue from TNC Operation at the Airport

Month	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Total
TNC Pick Up	\$13,182	\$41,511	\$139,501	\$189,501	\$231,674	\$230,207	\$318,110	\$335,343	\$1,499,028
TNC Drop Off	\$147,112	\$343,767	\$364,387	\$378,032	\$335,728	\$375,248	\$500,327	\$517,871	\$2,962,471
Total Revenue	\$160,295	\$385,277	\$503,888	\$567,532	\$567,401	\$605,455	\$818,437	\$853,214	\$4,461,499

The Airport’s Annual Service Payment is 15 percent of concession revenue. With estimated TNC revenue of \$14,788,000 and additional minor revenue adjustments to parking, retail, and food and beverage sales, the Airport estimates that it will collect \$272,305,000 in concession revenue, which is subject to the Annual Service Payment that the Airport remits to the City General Fund. Based on these projections, the Airport is increasing the Annual Service Payment payable to the City General Fund by \$1,267,750, from \$39,578,000 to \$40,845,750, as shown in Table 2 below.

Table 2: Projected Revenue Subject to Annual Service Payment, FY 2015-16

Revenue Source	Amount
Traffic and Parking	\$102,227,000
Rental (Real Estate)	\$5,752,000
Concessions	\$140,911,000
Taxicab	\$8,550,000
Transportation Network Companies	\$14,788,000
CNG Service Station	\$77,000
Total	\$272,305,000
Annual Service Payment (15%)	\$40,845,750
Previously Appropriated Annual Service Payment (FY 15-16)	\$39,578,000
Additional Appropriation	\$1,267,750

Increase in Electric Rates

Public Utilities Commission (PUC) rates for electricity and natural gas increased above FY 2013-14 rates, which were used in preparing the Airport two-year operating budget for FY 2014-15 and FY 2015-16. Electricity rates have increased by approximately 6.3 percent above what was originally budgeted, and natural gas rates have increased by approximately 10.7 percent above what was originally budgeted.

The increased rates have resulted in utility spending greater than originally budgeted. According to Mr. Bruce Robertson, Airport Budget Director, the Airport’s usage of electricity and natural gas has remained stable, and this proposed increased appropriation is due solely to the increase in rates. As a result of the increase in electricity rates and natural gas rates, the Airport is requesting an appropriation of \$1,405,599 to meet increased expenditures under their work order with the PUC.

RECOMMENDATION

Approve the proposed ordinance.

