



San Francisco International Airport

MEMORANDUM

March 2, 2021

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

21-0047

— MAR - 2 2021

FROM: Airport Director

SUBJECT: Authorization to Accept and Expend Federal Funds in the Amounts of up to: (1) \$40,594,314 for Certain Lawful Airport Purposes, and (2) \$5,949,587 for the Purpose of Providing Relief to Eligible Concessionaires, for a Total Amount Not to Exceed \$46,543,901

DIRECTOR'S RECOMMENDATION: ACCEPT AND EXPEND FEDERAL FUNDS IN THE AMOUNTS OF UP TO: (1) \$40,594,314 FOR CERTAIN LAWFUL AIRPORT PURPOSES, AND (2) \$5,949,587 TO PROVIDE RELIEF TO ELIGIBLE CONCESSIONAIRES, FOR A TOTAL AMOUNT NOT TO EXCEED \$46,543,901, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL AMOUNTS THAT MAY BE OFFERED.

Executive Summary

In Federal Fiscal Year (FFY) 2021, the San Francisco International Airport (Airport) anticipates receiving federal funds from the Federal Aviation Administration's (FAA) Airport Coronavirus Response Grant Program (ACRGP) for certain eligible purposes. The proposed Resolution authorizes the acceptance and expenditure of up to \$40,594,314 in ACRGP funds for certain lawful Airport purposes, and up to \$5,949,587 to provide relief to eligible concessionaires, for a total amount not to exceed \$46,543,901, plus additional amounts up to 15% of the original grant amounts that may be offered.

Background

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) provides \$2 billion in economic relief funds for eligible U.S. airports and eligible concessions at those airports affected by the COVID-19 public health emergency. The FAA has established the ACRGP to distribute these funds and intends to implement the program quickly to support the economic recovery of the national airport system.

THIS PRINT COVERS CALENDAR ITEM NO. /

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT ELEANOR JOHNS VICE PRESIDENT RICHARD J. GUGGENHIME EVERETT A. HEWLETT, JR. MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

The CRRSAA funding for eligible U.S. airports is formula-based grant funding with two components:

- (1) For costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments (General Purpose Funding); and
- (2) For providing relief from rent and minimum annual guarantees (MAG) to on-airport car rental, on-airport parking, and in-terminal airport concessions (Concessions Relief Funding).

There is no local match required for the ACRGP funds.

As a requirement for receiving ACRGP funds, the City and County of San Francisco, as sponsor of the Airport, must continue to employ, through February 15, 2021, at least 90% of the number of individuals employed (after adjusting for retirements or voluntary employee separations) at the Airport as of March 27, 2020.

Funds remaining from the Coronavirus Aid, Relief, and Economic Security (CARES) Act are re-allocated to airports through CRRSAA and any funds remaining under the CRRSAA or the CARES Act, may be re-allocated to airports in the future. Furthermore, there are ongoing industry efforts to secure additional federal funding to provide economic relief to airports. Staff will return to the Commission for authorization to accept and expend any additional federal funds that may be offered to the Airport in the future in response to the COVID-19 public health emergency.

ACRGP Funds

Based on FAA's calculation of the statutory formula under the CRRSAA, the Airport expects to receive up to \$46,543,901 of ACRGP funds, as follows:

- (1) Up to \$40,594,314 for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments; and
- (2) Up to \$5,949,587 for providing rent and MAG relief to on-airport car rental, on-airport parking, and in-terminal airport concessions.

The \$40,594,314 of funding for more general Airport purposes includes \$8,649,943 of remaining CARES Act funds that FAA has re-allocated to the Airport.

The FAA will distribute the funds on a reimbursement basis for eligible expenditures.

The CRRSAA allows for airports to retain up to 2% of the Concessions Relief Funding received to cover costs to administer the required relief. Staff plans to request reimbursement from FAA for this administrative amount, estimated at \$118,991.

As a condition of receiving this rent and MAG relief, each concession tenant must comply with (i) all applicable federal, state, and local laws, including all guidance and directives from public health authorities; (ii) all terms and conditions of the tenant's lease; and (iii) the Airport Rules and Regulations, including but not limited to Rule 12 Workforce Harmony. Failure to satisfy these requirements could result in a default under the terms and conditions of the lease.

The attached Resolution authorizes the acceptance and expenditure of the ACRGP funds for eligible budgeted Airport operations and maintenance expenses and/or debt service, and for rent and MAG relief to Airport concessions, over a period of up to four years from the date of grant acceptance.

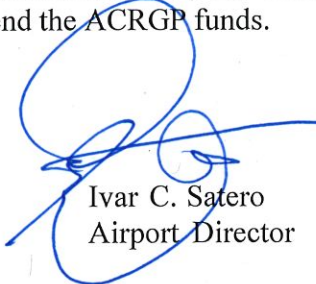
Additional Authorizations

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 ACRGP funds. If approved by the Commission, the Airport will seek the approval of the Board to accept and expend the ACRGP funds.

Recommendation

I recommend the Commission adopt the attached Resolution authorizing the acceptance and expenditure of up to \$40,594,314 in ACRGP funds for certain lawful Airport purposes, and up to \$5,949,587 in ACRGP funds to provide relief to eligible concessionaires, for a total amount not to exceed \$46,543,901, plus additional amounts up to 15% of the original grant amounts that may be offered. I further recommend that the Commission authorize the Commission Secretary to seek approval from the Board to accept and expend the ACRGP funds.



Ivar C. Satero
Airport Director

Prepared by: Kevin Kone
Acting Chief Financial Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 21-0047

AUTHORIZATION TO ACCEPT AND EXPEND AIRPORT FEDERAL AVIATION ADMINISTRATION CORONAVIRUS RESPONSE GRANT PROGRAM FUNDS IN THE AMOUNTS OF UP TO: (1) \$40,594,314 TO BE EXPENDED FOR CERTAIN LAWFUL AIRPORT PURPOSES, AND (2) \$5,949,587 TO PROVIDE RELIEF TO ELIGIBLE AIRPORT CONCESSIONAIRES, FOR A TOTAL AMOUNT NOT TO EXCEED \$46,543,901, PLUS ADDITIONAL AMOUNTS UP TO 15% OF THE ORIGINAL GRANT AMOUNTS THAT MAY BE OFFERED

WHEREAS, the federal Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) was enacted on December 27, 2020 to provide financial relief to various governmental and corporate entities, including airports; and

WHEREAS, the CRRSAA funding for airports is formula-based funding that includes two components: (1) for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments; and (2) for providing relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions; and

WHEREAS, the Federal Aviation Administration (FAA) has established the Airport Coronavirus Response Grant Program (ACRGP) to distribute these funds; and

WHEREAS, all airport sponsors receiving ACRGP funding must continue to employ, through February 15, 2021, 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; and

WHEREAS, there is no local match required for the ACRGP funds; and

WHEREAS the CRRSAA also requires FAA to allocate airport funding remaining from the Coronavirus Aid, Relief, and Economic Security Act to primary airports based on the most recent calendar year of available data, for eligible operating costs and debt service; and

WHEREAS, based on FAA's calculation of the statutory formulas, the Airport expects to apply for, accept, and expend up to \$46,543,901 of ACRGP funds; and

WHEREAS, up to a total of \$40,594,314 of the expected \$46,543,901 of ACRGP funds will be for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments; and

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WHEREAS, up to a total of \$5,949,587 of the expected \$46,543,901 of ACRGP funds will be for providing rent and minimum annual guarantees (MAG) relief to on-airport car rental, on-airport parking, and in-terminal airport concessions; and

WHEREAS, as a condition of receiving this rent and MAG relief, each concession tenant must comply with (i) all applicable federal, state, and local laws, including all guidance and directives from public health authorities; (ii) all terms and conditions of the tenant's lease; and (iii) the Airport Rules and Regulations, including but not limited to Rule 12 Workforce Harmony; and

WHEREAS, the FAA will distribute the ACRGP funds on a reimbursement basis for eligible expenditures; and

WHEREAS, the Airport expects to expend the ACRGP funds for eligible budgeted Airport operations and maintenance expenses and/or debt service, and for rent and minimum annual guarantees relief to eligible on-airport car rental, on-airport parking, and in-terminal airport concessions over a period of up to four years from the date of grant acceptance; and

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 ACRGP; and, be it further

RESOLVED, that the Airport Commission authorizes the Airport Director to accept and expend the ACRGP funds in an amount of up to \$40,594,314, plus additional amounts up to 15% of the original grant amount that may be offered, on eligible budgeted Airport operations and maintenance expenses and/or debt service, over a period of up to four years from the date of grant acceptance; and, be it further

RESOLVED, that the Airport Commission authorizes the Airport Director to accept and expend the ACRGP funds in an amount of up to \$5,949,587, plus additional amounts up to 15% of the original grant amount that may be offered, to provide rent and MAG relief to eligible on-airport car rental, on-airport parking, and in-terminal airport concessions, over a period of up to four years from the date of grant acceptance, provided that such relief shall be conditioned as described in this Resolution; and, be it further

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RESOLVED, that the Airport Commission authorizes the Airport Director to execute one or more grant agreements with FAA relating to the ACRGP funds; 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 ACRGP funds.

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

at its meeting of _____ **MAR - 2 2021** _____



Secretary