

File No. 170697

Committee Item No. 5  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee      Date July 20, 2017

Board of Supervisors Meeting      Date \_\_\_\_\_

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
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| <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 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 checked="" 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                                  |
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**OTHER**      (Use back side if additional space is needed)

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Completed by: Linda Wong      Date July 13, 2017  
Completed by: Linda Wong      Date \_\_\_\_\_

1 [Intergovernmental Agreement Amendment - San Mateo County - Methodology of Calculating  
2 Reimbursement]

3 **Resolution approving Amendment No. 1 to the Intergovernmental Agreement between**  
4 **San Mateo County and the City and County of San Francisco, by and through its**  
5 **Airport Commission, amending the methodology for calculating the reimbursement to**  
6 **San Mateo County for the cost of calls dispatched to the Airport, with no change to the**  
7 **term, at no additional cost and with no reduction in anticipated revenue.**

8  
9 WHEREAS, The San Francisco International Airport (the "Airport") is an enterprise  
10 department of the City and County of San Francisco (the "City") and physically located in San  
11 Mateo County; and

12 WHEREAS, San Mateo County operates the public communications dispatch center  
13 that receives emergency 911 calls from the Airport; and

14 WHEREAS, San Mateo County and the City, by and through its Airport Commission,  
15 entered into an Intergovernmental Agreement, dated as of April 12, 2016 (the "Agreement"),  
16 to, among other things, reimburse San Mateo County for the cost of such calls dispatched to  
17 the Airport in an amount not to exceed \$1,000,000 over five years; and

18 WHEREAS, San Mateo County and the Airport Commission now desire to amend the  
19 Agreement to change the basis of the 911 dispatch call cost billing calculation from "dispatch  
20 calls" to "computer-aided dispatch ("CAD") incidents" and make other clarifications to the cost  
21 allocation methodology in the Agreement; and

22 WHEREAS, Such amendments will not change the term of the Agreement or result in  
23 any additional cost or reduction in anticipated revenue to the City under the Agreement; and

24 WHEREAS, San Francisco Charter, Section 9.118 requires that the Board of  
25 Supervisors approve the modification, amendment, or termination of any contract which when

1 entered into had anticipated revenue to the City of \$1,000,000 or more, and the Agreement  
2 scope includes sharing by San Mateo County of its Transient Occupancy Tax revenues up to  
3 a maximum of \$8,000,000 relating to the hotel to be constructed at the Airport; and

4 WHEREAS, The Airport Commission approved the proposed Amendment No. 1 (the  
5 "Amendment") to the Agreement by Resolution No. 17-0115 and directed the Commission  
6 Secretary to seek approval from the San Francisco Board of Supervisors; and

7 WHEREAS, A copy of Airport Commission Resolution No. 17-0115 and the  
8 Amendment are on file with the Clerk of the Board of Supervisors in File No. 170697; now,  
9 therefore, be it

10 RESOLVED, That this Board of Supervisors approves the Amendment in substantially  
11 the form contained in File No. 170697, and authorizes the Airport Commission to enter into  
12 any further amendments or modifications to the Agreement that the Airport Commission, in  
13 consultation with the City Attorney, determines are in the best interest of the City, do not  
14 otherwise materially increase the obligations or liabilities of the City, are necessary or  
15 advisable to effectuate the purposes of the Agreement as amended by the Amendment, and  
16 are in compliance with all applicable laws; and, be it

17 FURTHER RESOLVED, That within thirty days of the Amendment being fully executed  
18 by all parties, the Airport Commission shall provide the final Amendment to the Clerk of the  
19 Board for inclusion into the official file.

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25

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 17-0115

APPROVAL OF AMENDMENT NO. 1 TO THE INTERGOVERNMENTAL AGREEMENT WITH  
SAN MATEO (COUNTY)

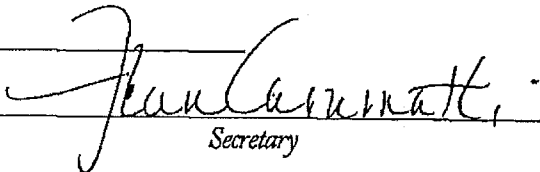
WHEREAS, On March 15, 2016, with Resolution No. 16-0076 this Commission approved an Intergovernmental Agreement with San Mateo County (the "Agreement") to provide for (1) reimbursement to San Mateo County (the "County") for cost of 911 dispatch calls for emergencies at the Airport and (2) a 50% - 50% sharing of the County Transient Occupancy Tax (hotel room tax) up to a maximum of \$8 million to be received by the Airport; and

WHEREAS, both County staff and Airport staff recommend changing the basis of the 911 dispatch call cost billing calculation from "dispatch calls" to "computer-aided dispatch ("CAD") incidents" and making other clarifications to the cost allocation methodology in the Agreement; now, therefore, be it

RESOLVED, that this Commission approves Amendment No. 1 to the Agreement to clarify the cost billing methodology, and the Airport Director is authorized to enter into the Amendment No. 1 to the Agreement; and be it further

RESOLVED, that the Commission Secretary is hereby authorized and directed to request Board of Supervisors approval of Amendment No. 1 to the Agreement.

I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of MAY 16 2017

  
Secretary



**COUNTY OF SAN MATEO**  
 Inter-Departmental Correspondence  
 County Manager's Office



**DATE:** March 30, 2016  
**BOARD MEETING DATE:** April 12, 2016  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors  
**FROM:** John L. Maltbie, County Manager  
**SUBJECT:** Intergovernmental Agreement with SFO Airport Commission

**RECOMMENDATION:**

Adopt a resolution authorizing the President of the Board to enter into an Intergovernmental Agreement with the Airport Commission of the City and County of San Francisco relating to the reimbursement of services and the sharing of Hotel Transient Occupancy Tax.

**BACKGROUND:**

During the summer of 2015 the County Manager's Office was approached by representatives from the City and County of San Francisco and the San Francisco International Airport Commission (SFO) on two matters requiring an Intergovernmental Agreement ("Agreement"). The first was SFO's plan to build and operate a new 350-room hotel and enter into a revenue sharing agreement with the County for a portion of the new hotel's Transient Occupancy Tax (TOT) for the first five years of operation, and the second was to identify a way that SFO could reimburse the San Mateo County Emergency Services Council Joint Powers Authority (JPA) without becoming a member of the JPA. SFO has long held that they can't become a JPA member for two reasons: one, the Federal Aviation Administration (FAA) requires that SFO only reimburse agencies for activities that happen on airport property and two, SFO cannot enter into a mutual aid agreement, as on-duty emergency personnel and vehicles at SFO are not permitted to leave airport property.

**DISCUSSION:**

SFO has selected Hyatt Corporation as the operator of the hotel, and they've entered into agreements with an architect and a construction firm. They anticipate that the hotel will be completed and ready for occupancy on or about July 1, 2019. As an Enterprise Fund, any losses sustained by the hotel would be passed on to the airlines. SFO representatives have requested a share of the TOT to offset anticipated losses during the early years until the hotel has matured into a viable, profitable business. Based on projections provided by SFO staff, it is believed that total TOT to be paid by the hotel for the first five years would approximate \$16 million with the County sharing up to \$8 million

of TOT revenues with SFO pursuant to the terms of the Agreement. As the Airport is a major economic engine for the County and the region, County staff believe that this arrangement is in the County's best interest in order to minimize the impact of anticipated early losses sustained by the hotel. Notwithstanding the foregoing, the County is in no position to contribute half of its TOT from the hotel if the County experiences a decrease in the County's Measure A half-cent sales tax as a result of the FAA's contention that such proceeds from the sale of jet fuel must be utilized to fund airport operations, capital construction and maintenance. Therefore, pursuant to the proposed Agreement, the County and SFO agree to share the TOT for an amount not to exceed \$8 million, provided that the amount of TOT shared with SFO would be reduced on a dollar for dollar basis if the County is required to utilize Measure A sales tax revenue from jet fuel sales for airport operations, construction, and maintenance. The term for this economic incentive will end when the Airport receives the cumulative amount of \$8 million or on June 30, 2029, whichever occurs first. (The extended term is provided in case the opening of the hotel is delayed or revenues are lower than anticipated.)

This agreement also sets forth a process by which the Airport can reimburse the JPA that is agreeable to all parties, including the FAA. The FAA requires that any reimbursements to outside agencies represent out-of-pocket costs for services that benefit the Airport, including its employees, travelers and visitors. After reviewing several options, the agreed upon approach is to invoice SFO for its share of the overall 9-1-1 call volume multiplied by Public Safety Dispatch's (PSC) net cost. This meets FAA requirements as the 9-1-1 call volume represents a real and measurable service and PSC's net cost represents those expenditures not reimbursed by other agencies, including the Sheriff's Office. Based on actuals for the past three fiscal years, it is estimated that six percent of the overall call volume comes from SFO, which equates to approximately \$160,000 of the annual net cost. The term for the payment of these services is July 1, 2015 through June 30, 2020.

In addition to the terms described above, either party may terminate this agreement in its entirety without cause at the end of any fiscal year upon at least thirty (30) days prior written notice.

On March 15, 2016, the Airport Commission approved the Agreement. It will go to the San Francisco Board of Supervisors following approval by this Board.

Adoption of this resolution contributes to the Shared Vision 2025 outcome of a Collaborative Community by partnering with the San Francisco International Airport on matters that will ultimately benefit the residents and visitors of San Mateo County, as well as the local economy.

County Counsel has reviewed the resolution and agreement as to form.

**FISCAL IMPACT:**

With the adoption of this Agreement, the County would receive approximately \$160,000 annually for the ESC JPA, with a not-to-exceed amount over the five-year term of \$1 million. A portion of these funds may be transferred to Public Safety Communications to

compensate them for performing the reimbursement calculations. In addition, the County would share approximately \$16 million in TOT with SFO for the first five years the new hotel is in operation. Once the Airport has received \$8 million, through a combination of TOT and jet fuel sales tax, all TOT thereafter will accrue to the County. Airport staff project that TOT for the first ten years of hotel operation will approximate \$38 million.

**RESOLUTION NO. 074439**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION AUTHORIZING THE PRESIDENT OF THE BOARD TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO RELATING TO THE REIMBURSEMENT OF SERVICES AND SHARING OF HOTEL TRANSIENT OCCUPANCY TAX**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, the City and County of San Francisco owns and operates the San Francisco International Airport ("Airport") through the Commission; and

**WHEREAS**, the County provides certain emergency response services to the Airport and the Commission wishes to pay the County for the cost of these services; and

**WHEREAS**, the Commission is planning to build and own a Grand Hyatt hotel located on Airport property in an unincorporated area of the County that will be managed and operated by Hyatt Corporation under a Hotel Management Agreement between the Commission and Hyatt; and

**WHEREAS**, the County levies a Transient Occupancy Tax ("TOT") on the guests of hotels located in the unincorporated area of the County and is willing to provide an economic development incentive related to the sharing of TOT for a limited term in order to assist the Commission in building a successful hotel at the Airport; and



**WHEREAS**, the sharing of TOT under the Intergovernmental Agreement will be adjusted on a dollar for dollar basis by the amount of sales tax proceeds from aviation fuel sales that the County is required to transfer to the Airport, if any, pursuant to the Federal Aviation Administration's amended Revenue Use Policy; and

**WHEREAS**, this Board has been presented with a form of such Intergovernmental Agreement and has examined and approved same as to both form and content, and desires to enter into same;

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the President of this Board of Supervisors be, and is hereby authorized to, execute the Intergovernmental Agreement with the Airport Commission of the City and County of San Francisco for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

\* \* \* \* \*

Regularly passed and adopted this 12th day of April 2016

AYES and in favor of said resolution:

Supervisors: DAVE PINE

CAROLE GROOM

DON HORSLEY

WARREN SLOCUM

ADRIENNE J. TISSIER

NOES and against said resolution:

Supervisors: NONE

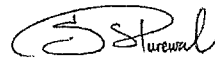
Absent Supervisors: NONE



President, Board of Supervisors  
County of San Mateo  
State of California

Certificate of Delivery

I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.



Deputy Clerk of the Board of Supervisors



# County of San Mateo

## Inter-Departmental Correspondence

Department: COUNTY MANAGER  
File #: 16-139

Board Meeting Date: 5/16/2017

Special Notice / Hearing: None  
Vote Required: Majority

To: Honorable Board of Supervisors  
From: John L. Maltbie, County Manager  
Subject: Amendment to Intergovernmental Agreement with SFO Airport Commission

### **RECOMMENDATION:**

Adopt a resolution authorizing the President of the Board to execute an amendment to the Intergovernmental Agreement with the Airport Commission of the City and County of San Francisco relating to the reimbursement of services and the sharing of Hotel Transient Occupancy Tax.

### **BACKGROUND:**

In April 2016, this Board approved an intergovernmental agreement with the Airport Commission, on behalf of the City and County of San Francisco, with respect to two issues. The first issue concerned SFO's plan to build and operate a new 350- room hotel and the approval of a revenue sharing arrangement with the County for a portion of the new hotel's Transient Occupancy Tax (TOT) in its first five years of operation. The second issue concerned SFO's reimbursement to the San Mateo County Emergency Services Council Joint Powers Authority (JPA) for certain services provided by the JPA to the airport without SFO becoming a member of the JPA. SFO has long held that they can't become a JPA member for two reasons: one, the Federal Aviation Administration (FAA) requires that SFO only reimburse agencies for activities that happen on airport property and two, SFO cannot enter into a mutual aid agreement, as on-duty emergency personnel and vehicles at SFO are not permitted to leave airport property.

### **DISCUSSION:**

While administering the quarterly billings to SFO for emergency response services, County staff realized that the basis for those billings, that being the definition of "Dispatch Calls", included law enforcement and fire response calls. The County does not dispatch law enforcement or fire services to SFO, only emergency medical services. The County and Airport staff met to discuss the definition and both parties agree that the definition should be revised to more accurately reflect the parties' joint intentions regarding the Airport's share of services. As a result of those discussions, this amendment replaces the definition of "Dispatch Calls" with "CAD Incidents" (CAD - Computer Aided Dispatch), and excludes law enforcement and fire response calls, as well as cancelled calls. This change will have no effect on the amount of compensation the County expects to receive from SFO and all other

provisions of the original agreement remain in full force and effect.

Adoption of this resolution contributes to the Shared Vision 2025 outcome of a Collaborative Community by partnering with the San Francisco International Airport on matters that will ultimately benefit the residents and visitors of San Mateo County, as well as the local economy.

County Counsel has reviewed the resolution and agreement as to form.

**FISCAL IMPACT:**

There is no net County cost associated with this amendment.

**AMENDMENT NO. 1 TO  
INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE COUNTY OF SAN MATEO  
AND  
THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
RELATING TO VARIOUS MATTERS**

This Amendment No. 1 to Intergovernmental Agreement (this "Amendment") between the **COUNTY OF SAN MATEO** (the "County"), a political subdivision of the State of California, and the **CITY AND COUNTY OF SAN FRANCISCO** (the "City"), a municipal corporation and political subdivision of the State of California, acting by and through its **AIRPORT COMMISSION** (the "Commission"), is dated as of May 16<sup>th</sup>, 2017.

**RECITALS**

- A. The Commission and the County previously entered into the Intergovernmental Agreement dated as of April 12, 2016 (the "Agreement").
- B. The County and the Commission are entering into this Amendment to clarify the basis on which the Commission will pay the County for the County's costs of providing certain emergency response services to the Airport, without the need to modify the maximum amount of such payment.
- C. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

**NOW, THEREFORE, THE COUNTY AND THE COMMISSION AGREE** as follows:

- 1. **Section 1. Definitions** is hereby amended to delete the defined term "Dispatch Calls" and its definition, and to add a new defined term, as follows:

*"CAD Incidents"* means computer aided dispatch incidents for which emergency response services (including emergency medical services and ambulance transportation, but excluding law enforcement and fire response services) are requested, as recorded by the County's Public Safety Communications Dispatch Center, but excluding incidents that are cancelled before any units are dispatched.

- 2. The section heading and Subparagraph A of **Section 2. Payment for Dispatch Call Services to the Airport** are hereby amended to read as follows:

**2. Payment for Emergency Response Dispatch Services to the Airport**

- A. Dispatch Services: The Commission will pay the County an allocable share of the annual cost to operate the County's Public Safety Communications Dispatch Center based on the percentage of CAD Incidents located at the Airport, calculated according to the following formula (the object code references are to the County's budget system report entitled "SR13 Adopted Book {SYS} {1240P, Public Safety Communications}":

$$\frac{[\text{Net Appropriations (NETAPP)} - \text{Total Sources (TOTSRC)}]}{[\text{Airport CAD Incidents} / \text{Total CAD Incidents}]} = \text{Airport payment to County}$$

As an illustration, the payment for Fiscal Year 2014-15 would have been calculated as follows:

$$[\$10,667,788 - \$8,028,373] \times [3,122 / 52,722] = \$156,296$$

3. **Effective Date.** Each of the changes set forth in this Amendment shall be effective on and after July 1, 2015.
4. **Legal Effect.** Except as expressly changed by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the County and the Commission have caused this Amendment to be executed by their duly authorized representatives, and on the dates, as shown below:

COUNTY OF SAN MATEO

Date: 5-18-17

ATTEST: [Signature]  
Clerk, Board of Supervisors

BY: [Signature]  
President, Board of Supervisors

Resolution # 075185

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO

Date: \_\_\_\_\_

BY: \_\_\_\_\_  
Ivar C. Satero  
Airport Director

APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

AUTHORIZED BY:

Commission Resolution No.: \_\_\_\_\_

Adopted: \_\_\_\_\_

BY: [Signature]  
Brooke D. Abola  
Deputy City Attorney

ATTEST: \_\_\_\_\_  
Jean Caramatti  
Secretary, Airport Commission

**RESOLUTION NO. 075185**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION AUTHORIZING AN AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT WITH THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO RELATING TO THE REIMBURSEMENT OF SERVICES AND SHARING OF HOTEL TRANSIENT OCCUPANCY TAX**

---

**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, the City and County of San Francisco owns and operates the San Francisco International Airport ("Airport") through the Commission; and

**WHEREAS**, the County provides certain emergency response services to the Airport and the Commission wishes to pay the County for the cost of these services; and

**WHEREAS**, the Commission is planning to build and own a Grand Hyatt hotel located on Airport property in an unincorporated area of the County that will be managed and operated by Hyatt Corporation under a Hotel Management Agreement between the Commission and Hyatt; and

**WHEREAS**, the County levies a Transient Occupancy Tax ("TOT") on the guests of hotels located in the unincorporated area of the County and is willing to provide an economic development incentive related to the sharing of TOT for a limited term in order to assist the Commission in building a successful hotel at the Airport; and

**WHEREAS**, on or about April 12, 2016, the County and the Commission, on behalf of the City and County of San Francisco, entered into an agreement concerning



the sharing of TOT under the Intergovernmental Agreement, which sharing shall be adjusted on a dollar for dollar basis by the amount of sales tax proceeds from aviation fuel sales that the County is required to transfer to the Airport, if any, pursuant to the Federal Aviation Administration's amended Revenue Use Policy (the "April 2016 Agreement"); and

**WHEREAS**, the parties agree that the formula set forth in the April 2016 Agreement regarding the Commission's share of the annual cost to operate the County's Public Safety Communications Dispatch Center should be revised to more accurately reflect the parties' joint intentions regarding the Airport's share of services; and

**WHEREAS**, this Board has been presented with a form of such Amendment to the Intergovernmental Agreement and has examined and approved same as to both form and content, and desires to enter into same.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the President of this Board of Supervisors be, and is hereby authorized to, execute the Amendment to Intergovernmental Agreement with the Airport Commission of the City and County of San Francisco for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto; and

**BE IT FURTHER RESOLVED THAT** the County Manager or his designee is hereby authorized to execute additional contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

RESOLUTION NUMBER: 075185

*Regularly passed and adopted this 16<sup>th</sup> of May, 2017*

*AYES and in favor of said resolution:*

*Supervisors:*

DAVE PINE

CAROLE GROOM

DON HORSLEY

WARREN SLOCUM

DAVID J. CANEPA

*NOES and against said resolution:*

*Supervisors:*

NONE

*Absent Supervisors:*

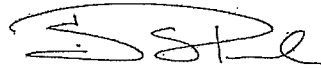
NONE



President, Board of Supervisors  
County of San Mateo  
State of California

***Certificate of Delivery***

*I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.*



Assistant Clerk of the Board of Supervisors

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0076

**APPROVAL OF AN INTERGOVERNMENTAL AGREEMENT WITH THE COUNTY OF SAN MATEO TO REIMBURSE THE COUNTY FOR THE COST OF DISPATCHED CALLS TO THE AIRPORT IN AN AMOUNT NOT TO EXCEED \$1,000,000 OVER FIVE YEARS, AND TO SHARE TRANSIENT OCCUPANCY TAX RELATING TO THE AIRPORT'S GRAND HYATT HOTEL; AND REQUEST FOR APPROVAL BY THE BOARD OF SUPERVISORS**

WHEREAS, the County of San Mateo (the "County") operates a Public Safety Communications Dispatch Center that receives 911 emergency calls and dispatches law enforcement, emergency medical responders and fire responders throughout the County, including to the Airport, which is located primarily in unincorporated San Mateo County; and

WHEREAS, the Airport wishes to reimburse the County for the Airport's prorata share of the net cost to the County to operate the Dispatch Center, based on the percentage of 911 calls relating to the Airport; and

WHEREAS, the Commission is planning to build and own a Grand Hyatt hotel located on Airport property in an unincorporated area of the County; and

WHEREAS, the County levies a Transient Occupancy Tax ("TOT") under San Mateo County Ordinance Code Chapter 5.136 and California State Revenue and Taxation Code Section 7280, equal to ten (10%) percent of the rent charged by the operator of a hotel for the privilege of occupying a room at a hotel located in the unincorporated areas of the County; and

WHEREAS, in order to assist the Commission in building a successful hotel at the Airport, the County is willing to provide an economic development incentive by sharing the TOT equally with the Airport until the earlier to occur of the Airport receiving a cumulative total of \$8,000,000 or June 30, 2029; and

WHEREAS, the County receives aviation fuel tax revenues on aviation/jet fuel sold at the Airport, which must be used solely for aviation purposes in accordance with Federal law and the policies of the Federal Aviation Administration; and

WHEREAS, any of fuel tax revenues that the County is required to remit to the Airport will count towards the Airport's cumulative TOT sharing limit of \$8,000,000 dollars; now, therefore, be it

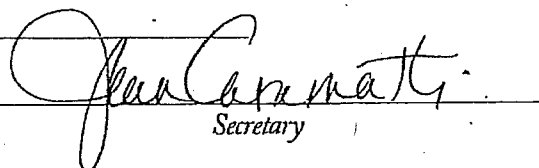
RESOLVED, that the Airport Director is authorized to enter into an Intergovernmental Agreement with the County regarding reimbursement for the dispatched calls to the Airport described above in an amount not to exceed \$1,000,000 over five years (July 1, 2015 through June 30, 2020), and the sharing of the Transient Occupancy Tax as described above until the earlier to occur of the Airport receiving a cumulative total of \$8,000,000 or June 30, 2029; and be it further

RESOLVED, that following approval by the San Mateo County Board of Supervisors, the Commission Secretary is hereby authorized and directed to request Board of Supervisors approval of the Intergovernmental Agreement with the County. In the event that the San Mateo County Board of Supervisors does not approve the Intergovernmental Agreement, this Resolution shall become null and void with no further action required.

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

at its meeting of \_\_\_\_\_

**MAR 15 2016**

  
Secretary



years. The reimbursement for dispatched calls to the Airport is estimated at approximately \$200,000 annually, with a not-to-exceed amount of \$1 million over five years (July 1, 2015 through June 30, 2020).

#### **Sharing of the Transient Occupancy Tax**

Once the Airport's Grand Hyatt Hotel opens in 2019, the County will share 50% of the Transient Occupancy Tax collected with the Airport to help the Airport fund the hotel's various reserves and expenses until the earlier to occur of (1) a cumulative total of \$8 million is reached, or (2) June 30, 2029.

On a separate issue, the County receives aviation fuel tax revenues on aviation/jet fuel sold at the Airport. The Federal Aviation Administration (FAA) has advised all jurisdictions nationwide that receive aviation fuel tax revenues that these tax revenues must be used solely for aviation purposes. Included in the Agreement is a provision that if the County is required to return any of these fuel tax revenues to the Airport, those amounts will count towards the Transient Occupancy Tax cumulative limit of \$8 million dollars.

#### **San Mateo and San Francisco Board of Supervisors Approvals**

The San Mateo County Board of Supervisors has not yet approved the Intergovernmental Agreement. We expect the San Mateo County Board to hear the matter in April. If the Commission approves the Intergovernmental Agreement, it will be contingent on approval by the San Mateo County Board and then subject to the approval of the San Francisco Board of Supervisors.

Consistent with Section 9.118 of the San Francisco Charter, all contracts entered into by a City commission or department, which have an anticipated revenue of \$1 million or more, or a term in excess of ten years, require approval by resolution of the City's Board of Supervisors. The proposed Agreement with the County, which provides for the Airport receiving up to \$8 million of TOT revenue through June 30, 2029, requires Board approval. The proposed resolution authorizes and directs the Commission Secretary to submit the Agreement for Board approval.

#### **Recommendation**

I recommend adoption of the attached Resolution approving an Agreement with the County regarding reimbursement of dispatched calls to the Airport and the sharing of the Transit Occupancy Tax from the Airport's Grand Hyatt Hotel.



John E. Martin  
Airport Director

Prepared by: Leo Fermin  
Chief Business and Finance Officer

Attachment

AMENDED IN COMMITTEE

7/13/16

FILE NO. 160408

RESOLUTION NO. 292-16

1 [Intergovernmental Agreement - San Mateo County - Reimburse Dispatched Calls - Not to  
2 Exceed \$1,000,000 - Share Transient Occupancy Tax

3 **Resolution approving an Intergovernmental Agreement between San Mateo County and**  
4 **the City and County of San Francisco, by and through its Airport Commission, to**  
5 **reimburse San Mateo County for the cost of dispatched calls to the Airport in an**  
6 **amount not to exceed \$1,000,000 for the period retroactive to July 1, 2015, through**  
7 **June 30, 2020; and to share the Transient Occupancy Tax relating to the Airport's**  
8 **Hotel.**

9  
10 WHEREAS, The San Francisco International Airport ("Airport") is an enterprise  
11 department of the City and County of San Francisco and physically located in unincorporated  
12 San Mateo County; and

13 WHEREAS, San Mateo County operates the public communications dispatch center  
14 that receives emergency 911 calls from San Francisco International Airport; and

15 WHEREAS, The Airport wishes to reimburse San Mateo County for the Airport's  
16 prorata share of the net cost to operate the Dispatch Center, based on the percentage of 911  
17 calls relating to the Airport; and

18 WHEREAS, The Airport is building a Grand Hyatt Hotel located on Airport property;  
19 and

20 WHEREAS, The San Francisco Board of Supervisors approved the Airport Hotel  
21 Management Agreement with the Hyatt Corporation for an On-Airport Hotel by Resolution  
22 No. 434-15; and

23 WHEREAS, San Mateo County levies a Transient Occupancy Tax ("TOT") under San  
24 Mateo County Ordinance Code, Chapter 5.136 and California State Revenue and Taxation  
25 Code, Section 7280, equal to ten (10%) percent of the rent charged by the operator of a hotel

1 for the privilege of occupying a room at a hotel located in the unincorporated areas of the  
2 County; and

3 WHEREAS, In order to assist the Airport in building a successful hotel, San Mateo  
4 County has agreed to provide an economic development incentive by sharing the TOT equally  
5 with the Airport until either the Airport hotel receives a cumulative total of \$8,000,000 or June  
6 30, 2029, whichever occurs first, as approved by San Mateo County by Resolution  
7 No. 074439 adopted by the San Mateo County Board of Supervisors on Tuesday, April 13,  
8 2016; and

9 WHEREAS, San Mateo County receives aviation fuel tax revenues on aviation/jet fuel  
10 sold at the Airport, which must be used solely for aviation purposes in accordance with  
11 Federal law and the policies of the Federal Aviation Administration; and

12 WHEREAS, Any fuel tax revenues that San Mateo County is required to remit to the  
13 Airport will count towards the Airport's cumulative TOT sharing limit of \$8,000,000 dollars; and

14 WHEREAS, The Airport Commission approved this Agreement by Resolution  
15 No. 16-0076 and directed the Commission Secretary to seek approval from both the San  
16 Mateo County of Board of Supervisors and the San Francisco Board of Supervisors, a copy of  
17 which is on file with the Clerk of the Board of Supervisors in File No. 160408, which is hereby  
18 declared to be a part of this resolution, as set forth herein; now, therefore, be it

19 RESOLVED, That this Board of Supervisors hereby approves the Intergovernmental  
20 Agreement between San Mateo County and the City and County of San Francisco, by and  
21 through its Airport Commission, to reimburse San Mateo County for the cost of dispatched  
22 calls to the Airport in an amount not to exceed \$1,000,000 over five years and to share  
23 Transient Occupancy Tax relating to the Airport's Hotel; and, be it

1           FURTHER RESOLVED, That within thirty days of the Intergovernmental Agreement  
2 being fully executed by all parties, the Airport Commission shall provide the final  
3 Intergovernmental Agreement to the Clerk of the Board for inclusion into the official file.  
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**City and County of San Francisco**  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 160408

**Date Passed:** July 19, 2016

Resolution approving an Intergovernmental Agreement between San Mateo County and the City and County of San Francisco, by and through its Airport Commission, to reimburse San Mateo County for the cost of dispatched calls to the Airport in an amount not to exceed \$1,000,000 for the period retroactive to July 1, 2015, through June 30, 2020; and to share the Transient Occupancy Tax relating to the Airport's Hotel:

July 13, 2016 Budget and Finance Sub-Committee - AMENDED

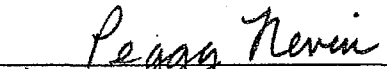
July 13, 2016 Budget and Finance Sub-Committee - RECOMMENDED AS AMENDED


July 19, 2016 Board of Supervisors - ADOPTED

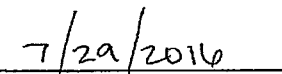
Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160408

I hereby certify that the foregoing Resolution was ADOPTED on 7/19/2016 by the Board of Supervisors of the City and County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Date Approved

**INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE COUNTY OF SAN MATEO  
AND  
THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
RELATING TO VARIOUS MATTERS**

This Intergovernmental Agreement (the "Agreement") between the **COUNTY OF SAN MATEO** (the "County"), a political subdivision of the State of California, and the **CITY AND COUNTY OF SAN FRANCISCO** (the "City"), a municipal corporation and political subdivision of the State of California, acting by and through its **AIRPORT COMMISSION** (the "Commission"), is dated as of April 12, 2016.

**RECITALS**

- A. The City owns and operates the San Francisco International Airport (the "Airport") through the Commission.
- B. The County provides certain emergency response services to the Airport and the Commission wishes to pay the County for the cost of these services.
- C. The Commission is planning to build and own a Grand Hyatt hotel (the "Hotel") located on Airport property in an unincorporated area of the County that will be managed and operated by Hyatt Corporation ("Hyatt") under a Hotel Management Agreement between the Commission and Hyatt.
- D. The County levies a TOT (as defined in paragraph 1 below) on the guests of hotels located in the unincorporated areas of the County and is willing to provide an economic development incentive relative to the TOT in order to assist the Commission in building a successful hotel at the Airport.
- E. On November 21, 2013, the Federal Aviation Administration ("FAA") amended its 1999 Revenue Use Policy (as defined in paragraph 1 below) to provide that state and local taxes on aviation fuel, whether part of a general sales tax or otherwise, and whether imposed by an airport operator or by state or local taxing authorities, are subject to the federal restrictions on the uses of airport revenue. The County receives taxes on the sale of aviation fuel dispensed at the Airport.
- F. Consistent with Section 9.118 of the Charter of the City and County of San Francisco, all contracts entered into by a City commission or department, which contract has an anticipated revenue of one million dollars or more require approval by resolution of the City's Board of Supervisors. Similarly, contracts or agreements having a term in excess of ten years must also be approved by the City's Board of Supervisors.

- G. The County and the Commission are entering into this Agreement to document their agreement on various matters and to mutually assist each other.

**THEREFORE, THE COUNTY AND THE COMMISSION AGREE as follows:**

**1. Definitions**

***“Dispatch Calls”*** means emergency dispatch calls (i.e., 911 calls) for emergency response services (including law enforcement, fire response, emergency medical services and ambulance transportation) received by the County’s Public Safety Communications Dispatch Center.

***“Fuel Tax Proceeds”*** means the proceeds of any tax on the sale of aviation and/or jet fuel at the Airport received by the County.

***“Revenue Use Policy”*** means the FAA’s 1999 *Policies and Procedures Concerning the Use of Airport Revenue* (64 Fed. Reg. 7696), as amended and supplemented, including as amended on November 21, 2013 (79 Fed. Reg. 66282).

***“TOT”*** means the Transient Occupancy Tax authorized under California State Revenue and Taxation Code Section 7280 and levied by the County under San Mateo County Ordinance Code Chapter 5.136, equal to ten (10%) percent of the rent charged by the operator of a hotel for the privilege of occupying a room at a hotel located in the unincorporated areas of the County, as such tax may be amended from time to time.

**2. Payment for Dispatch Call Services to the Airport**

A. **Dispatch Call Services:** The Commission will pay the County an allocable share of the annual cost to operate the County’s Public Safety Communications Dispatch Center based on the percentage of Dispatch Calls to the Airport, calculated according the following formula (the object code references are to the County’s budget system report entitled “SR13 Adopted Book {SYS} {1240P, Public Safety Communications}”):

$$\frac{[\text{Net Appropriations (NETAPP)} - \text{Total Sources (TOTSRC)}]}{[\text{Airport Dispatch Calls} / \text{Total Dispatch Calls}]} = \text{Airport payment to County}$$

As an illustration, the payment for Fiscal Year 2014-15 would have been calculated as follows:

$$[\$10,667,788 - \$8,028,373] \times [3,940 / 65,340] = \$159,157$$

B. **Maximum Amount of Payment.** For purposes of encumbrance of funds and certification of this Agreement by the San Francisco City Controller, the maximum payment amount for services under this Section 2 will not exceed One Million

Dollars (\$1,000,000) during the term set forth in Section 2.E. This maximum amount may be adjusted by the parties from time to time as needed by amendment to this Agreement.

- C. Notice of Changes in Payment Rates. The County will notify the Airport in writing of any change in the payment rates for the services described above no later than sixty (60) days following such change, and in any event prior to sending the next quarterly invoice.
- D. Invoicing and Payment. The County will send the Airport a quarterly invoice for the reimbursable services described above, with such detail and back-up cost documentation as the Airport may require. The Airport will pay each approved invoice within thirty (30) days. The frequency of invoices is subject to change as the parties may agree. The parties shall perform an annual true-up at the end of each fiscal year, as needed.
- E. Term for Payment of Emergency Response Services. The provisions of this Section 2 will apply to emergency response services received by the Airport from and after July 1, 2015 through June 30, 2020, unless extended by the parties by amendment of this Agreement. Notwithstanding the expiration of this Section 2, the other provisions of this MOU will continue in force as amended until terminated by the parties.
- F. FAA-Related Representations. In compliance with subsections VLB.1 and 2 of the FAA's Revenue Use Policy, the County represents that the payment rate for Dispatch Calls (i) is now, and in the future will be, based on a cost allocation formula that is calculated consistently for the Airport and other comparable units or cost centers of government, and (ii) does not and will not exceed the cost of providing the services to the Airport.
- G. Budget Changes. The parties shall meet and confer in case of significant budget changes.

### 3. Hotel Economic Development Incentive

- A. Amount of Incentive. As an economic development incentive to assist the Commission in building a successful hotel at the Airport, the County will pay to the Airport an amount up to fifty percent (50%) of the TOT generated by the Hotel per fiscal year until the Airport has received a cumulative total incentive equal to Eight Million Dollars (\$8,000,000), as provided in this Section 3.
- B. Flow of Funds and Timing. Each quarter following the opening of the Hotel (currently estimated to open in July 2019), the operator of the Hotel will transfer 100% of the TOT proceeds to the County on a quarterly basis as required by law. Prior to the end of the fiscal year, the County will transfer fifty percent (50%) of the

TOT collected for the fiscal year to the Airport (the "Airport's TOT share") as an economic development incentive without the need for an invoice or demand from the Airport. However, if during that fiscal year the County pays Fuel Tax Proceeds to the Airport, then the Airport's TOT share will be reduced by the amount of Fuel Tax Proceeds paid to the Airport. If the Fuel Tax Proceeds paid during the fiscal year exceed the Airport's TOT share for that fiscal year, then the excess amount will offset the Airport's TOT share for the succeeding fiscal years. Payments to the Airport of both the Airport's TOT share and Fuel Tax Proceeds will be applied to the Airport's cumulative maximum economic development incentive of \$8,000,000.

C. Term for Economic Development Incentive. The sharing of the TOT with the Airport as provided in this Section 3 will end on the earlier to occur of (i) the end of the fiscal year in which the cumulative incentive amount paid to the Airport equals \$8,000,000; (ii) June 30, 2029; or (iii) the termination of this Agreement pursuant to Section 5. Following such expiration of this Section 3, the parties acknowledge that the Airport will no longer be paid a portion of the TOT as an economic development incentive, but that the County may be required to continue remitting Fuel Tax Proceeds to the Airport as required by the Revenue Use Policy without any further offsets. Notwithstanding the expiration of this Section 3, the other provisions of this MOU will continue in force as amended until terminated by the parties.

D. Responsibility for use of Fuel Tax Proceeds. The parties agree that (i) the County bears the sole responsibility for its compliance with the FAA's Revenue Use Policy with respect to the Fuel Tax Proceeds, and (ii) the County may decide to pay Fuel Tax Proceeds to the Airport in excess of the incentive amount, both before and after the effectiveness of this Section 3, in order to comply with the Revenue Use Policy. This Agreement shall not be construed as County's assent to the Revenue Use Policy.

#### 4. Limitation on Payments

Any obligation or liability of the City or the Airport created by or arising out of this Agreement shall be payable solely out of the revenues and other lawfully available moneys of the Airport, and shall not constitute a general obligation of the City or a charge upon its general fund. This Agreement shall not obligate the City to make any appropriation from its general fund for any payment due hereunder. No breach by the City hereunder shall impose any pecuniary liability upon the City, other than from Airport revenues, or be payable from or constitute a charge upon the general credit or against the taxing power of the City.

#### 5. Termination of the Agreement; Budget and Fiscal Provisions

A. Termination for Non-Appropriation. This Agreement is subject to the budget and fiscal provisions of the City's Charter and the annual appropriation of funds by the City and the County. This Agreement will terminate without penalty, liability or

expense of any kind to the City or the County at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind to the City or the County at the end of the term for which funds are appropriated.

- B. Optional Termination. In addition to the expiration and termination provisions in Sections 2.E, 3.C and 5.A, either party may terminate this Agreement in its entirety without cause or penalty at the end of any fiscal year upon at least thirty (30) days' prior written notice to the other party.
- C. Effect of Termination. Upon any termination under this Section 6, the County will send the Airport a final invoice for the amounts due under Section 2 to pay the County for emergency response services provided through the termination date. The parties will also perform a final calculation as of the termination date relating to the TOT and Fuel Tax Proceeds as provided in Section 3.B and the County will pay any amount due to the Airport as of the termination date.

**6. Access to Records**

Both parties shall maintain books and records showing all revenues, expenses, and payments for those matters under this Agreement, and each party shall have the right, at its own expense, upon reasonable notice and during regular business hours, to inspect and audit the other party's books and records.

**7. Notices and Communications**

Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, by certified mail addressed:

- A. In the case of the County, to:

County Manager  
County of San Mateo  
400 County Center, 1st Floor  
Redwood City, CA 94063

or to such person or address as the County may, from time to time furnish to the Commission.

- B. In the case of the Commission or the City, to:

Airport Director

Administrative Offices  
International Terminal  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128

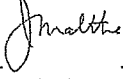
or to such person or address as the Commission may, from time to time furnish to the County.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the County and the Commission have caused this Agreement to be executed by their duly authorized representatives on the dates, as shown below:

COUNTY OF SAN MATEO

Date: April 12, 2016

ATTEST:   
Clerk, Board of Supervisors

BY:   
President, Board of Supervisors

Resolution # 074439

AIRPORT COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

Date: 6/19/16

BY:   
John L. Martin  
Airport Director

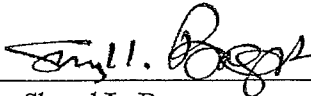
APPROVED AS TO FORM:

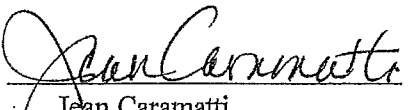
DENNIS J. HERRERA  
City Attorney

AUTHORIZED BY:

Commission Resolution No.: 16-0076

Adopted: March 15, 2016

BY:   
Sheryl L. Bregman  
Airport General Counsel

ATTEST:   
Jean Caramatti  
Secretary, Airport Commission





San Francisco International Airport

June 1, 2017

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

Subject: Approval of Amendment No. 1 to the Intergovernmental Agreement with San Mateo County and the Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval Amendment No. 1 to the Intergovernmental Agreement (Agreement) between San Mateo County and the City and County of San Francisco, acting by and through its Airport Commission.

Amendment No. 1 corrects the methodology for calculating the reimbursement to San Mateo County for the cost of emergency calls dispatched to the Airport, with no change to the term, at no additional cost and with no reduction in anticipated revenue.

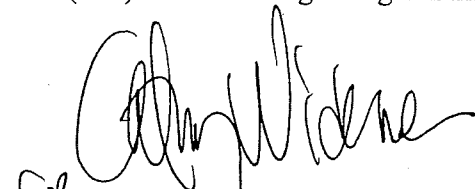
The Airport Commission has approved the terms of the amendment by adopting Resolution No. 17-0115 on May 16, 2017.

The following is a list of accompanying documents:

- Proposed Board of Supervisors Resolution
- Airport Commission Resolution approving original Agreement – No. 16-0076
- San Mateo County Board proceedings approving original Agreement
- Board Resolution approving original Agreement – Resolution No. 292-16
- Executed Intergovernmental Agreement
- Airport Commission Resolution approving Amendment – No. 17-0115
- San Mateo County Board proceedings approving amendment
- Executed First Amendment signed by San Mateo County

You may contact Cathy Widener at (650) 821-5023 regarding this matter.

Very truly yours,

  
 Jean Caramatti  
 Commission Secretary

RECEIVED  
 BOARD OF SUPERVISORS  
 SAN FRANCISCO  
 2017 JUN -2 PM 1:36

Enclosures 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    IVAR C. SATERO AIRPORT DIRECTOR

