

File No. 170675

Committee Item No. 6  
Board Item No. 3

### COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee Date June 21, 2017

Board of Supervisors Meeting Date July 11, 2017

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU                                          |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <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                                  |
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Completed by: Linda Wong Date June 16, 2017  
Completed by: Linda Wong Date June 22, 2017

[Appropriation - Airport Hotel Project of \$70,060,000 and Re-Appropriation - Hotel Special Facility Revenue Bond of \$25,000,000 - Airport Commission - FY2016-2017]

Ordinance appropriating \$70,060,000, consisting of \$35,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$60,000 from fund balance, and \$35,000,000 of proceeds transfer from Hotel Special Facility Revenue Bonds, to support San Francisco International Airport Hotel Project and placing \$70,000,000 on Controller's Reserve pending receipt of proceeds of indebtedness; and de-appropriating and re-appropriating \$25,000,000 of Hotel Special Facility Revenue Bonds.

Note: Additions are *single-underline italics Times New Roman*; deletions are *strikethrough italics Times New Roman*. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The sources of funding outlined herein below are appropriated to reflect the proceeds of the sale of Airport Capital Plan Bonds and fund balance, in FY2016-2017.

**SOURCES Appropriation**

Fund	Index/Project Code	Subobject	Description	Amount
5A CPF 6AH	*AIR5ACPF6AH	80111	Proceeds from	\$35,000,000
2015 SFIA Hotel	CACPRJ 01		Sale of Bonds	
Capital Project Fund				
5A AAA AAA	AIROPRIND	99999B	Beginning Fund	\$60,000
SFIA Operating Fund			Balance	

1 **Total SOURCES Appropriation** \$35,060,000

2  
 3 Section 2. The uses of funding outlined below are herein appropriated and reflect the  
 4 projected uses of funding to support the San Francisco International Airport Hotel Project for  
 5 the Airport Commission in FY2016-2017.

7 **USES Appropriation**

8 Fund	Index/Project Code	Subsubject	Description	Amount
9 5A CPF 6AH	ACACPRJ2955A	0955A	Proceeds Transfer	\$35,000,000
10 2015 SFIA Hotel	CAC054 UN5401		to purchase	
11 Capital Project Fund			Special Facility	
			Bonds	
14 5A AAA AAA	AIRACCTNG	081C4	CSA 0.2%	\$60,000
15 SFIA Operating Fund			Controller's Audit	
			Fund	
18 <b>Total USES Appropriation</b>				<u>\$35,060,000</u>

21 Section 3. The sources of funding outlined below are herein appropriated to reflect the  
 22 purchase of Hotel Special Facility Revenue Bonds in FY2016-2017.

23  
 24  
 25

1 **SOURCES Appropriation**

2	Fund	Index/Project Code	Subobject	Description	Amount
3	5A CPF 6SF	ACACPRJ2505A	9505A	Transfer in from	\$35,000,000
4	Hotel Special Facility	CACPRJ 01		General Airport	
5	Capital Project Fund			Revenue Bond	
6					
7	<b>Total SOURCES Appropriation</b>				<b>\$35,000,000</b>

8

9 Section 4. This ordinance authorizes the use of the proceeds of the sale of Airport Capital

10 Plan Bonds including the purchase of Hotel Special Facility Revenue Bonds by the San

11 Francisco Airport Commission. The uses of funding outlined below are herein appropriated to

12 reflect the funding available for the purchase of Hotel Special Facility Revenue Bonds in

13 FY2016-2017.

14

15 **USES Appropriation**

16	Fund	Index/Project Code	Subobject	Description	Amount
17	5A CPF 6SF	AIR054X6SF	06700	Buildings,	\$30,000,000
18	Hotel Special Facility	CAC054 UN5401		Structures, and	
19	Capital Project Fund			Improvement –	
20				Hotel Construction	
21					
22	5A CPF 6SF	AIRFINCOSTSF	07311	Capitalized Interest	\$5,000,000
23	Hotel Special Facility	CACPRJ FC		on Special Facility	
24	Capital Project Fund			Revenue Bonds or	
25				Commercial Paper	

1	<b>Total USES Appropriation</b>	<u>\$35,000,000</u>
2		
3	<b>Grand Total SOURCES Appropriation</b>	<u>\$70,060,000</u>
4		
5	<b>Grand Total USES Appropriation</b>	<u>\$70,060,000</u>

7 Section 5. The appropriation of \$70,000,000 is hereby placed on Controller's Reserve.  
8 Release of reserves by the Controller is subject to Controller's certification of funds availability,  
9 including proceeds of indebtedness and other financing sources.

11 Section 6. The uses of funding outlined below are herein de-appropriated in FY2016-  
12 2017.

14 **USES De-Appropriation**

15	<b>Fund</b>	<b>Index/Project Code</b>	<b>Subobject</b>	<b>Description</b>	<b>Amount</b>
16	5A CPF 6OF	AIR054X6OF	06700	Buildings,	\$5,000,000
17	Other Financing Source	CAC054 UN5401		Structures, and	
18	Fund			Improvement –	
19				Hotel Construction	
21	5A CPF 6SF	AIRFINCOSTSF	07311	Commercial Paper	\$3,600,000
22	Hotel Special Facility	CACPRJ FC		Interest	
23	Capital Project Fund				

	<b>Fund</b>	<b>Index/Project Code</b>	<b>Subobject</b>	<b>Description</b>	<b>Amount</b>
1					
2	5A CPF 6SF	AIRFINCOSTSF	07311	Capitalized Interest	\$13,000,000
3	Hotel Special Facility	CACPRJ FC		on Special Facility	
4	Capital Project Fund			Revenue Bonds	
5					
6	5A CPF 6SF	AIRFINCOSTSF	07311	Cost of Issuance	\$3,400,000
7	Hotel Special Facility	CACPRJ FC		Contingency	
8	Capital Project Fund				
9					
10	<b>Total USES De-Appropriation</b>				<b>\$25,000,000</b>

Section 7. The uses of funding outlined below are herein re-appropriated in FY2016-2017.

**USES Re-Appropriation**

	<b>Fund</b>	<b>Index/Project Code</b>	<b>Subobject</b>	<b>Description</b>	<b>Amount</b>
17	5A CPF 6OF	AIR054X6OF	06700	Startup Working	\$5,000,000
18	Other Financing	CAC054 WC5401		Capital Expenses	
19	Source Fund			and Working	
20				Capital Reserves	
21					
22	5A CPF 6SF	AIR054X6SF	06700	Startup Working	\$3,100,000
23	Hotel Special Facility	CAC054 WC5401		Capital Expenses	
24	Capital Project Fund			and Working	
25				Capital Reserves	

	Fund	Index/Project Code	Subsubject	Description	Amount
1					
2	5A CPF 6SF	AIR054X6SF	06700	Buildings,	\$5,000,000
3	Hotel Special Facility	CAC054 UN5401		Structures, and	
4	Capital Project Fund			Improvement –	
5				Hotel Construction	
6					
7	5A CPF 6SF	AIRFINCOSTSF	07311	Capitalized Interest	\$11,900,000
8	Hotel Special Facility	CACPRJ FC		on Special Facility	
9	Capital Project Fund			Revenue Bonds or	
10				Commercial Paper	
11				Notes	
12					
13	<b>Total USES De-Appropriation</b>				<b>\$25,000,000</b>

15 Section 8. The Controller is authorized to record transfers between funds and adjust the  
16 accounting treatment of sources and uses appropriated in this ordinance as necessary to  
17 conform with Generally Accepted Accounting Principles.


18  
19 Section 9. The Board of Supervisors, by Resolution No. 434-15 has adopted relevant  
20 California Environmental Quality Act (CEQA) findings, incorporated by this reference as though  
21 fully set forth herein, and has certified that it has reviewed and considered the information in  
22 the San Francisco International Airport Master Plan Environmental Impact Report ("EIR") (San  
23 Francisco Planning Department File No. 86.638E) and the Master Plan EIR Addendum for the  
24 Hotel Project, on file with the Clerk of the Board in File No. 150988, concluding that no further  
25 environmental review is necessary.

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

By:   
BUCK DELVENTHAL  
Deputy City Attorney

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By:   
BEN ROSENFELD  
Controller



<p><b>Items 6 and 7</b> <b>Files 17-0675 and 17-0696</b></p>	<p><b>Department:</b> San Francisco International Airport (Airport)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<p><b>File 17-0675:</b> The proposed ordinance (a) appropriates \$35,000,000 in Airport General Revenue Bonds, \$35,000,000 in Hotel Special Facility Bonds, and \$60,000 in fund balance, totaling \$70,060,000; and places \$70,000,000 on Controller’s Reserve pending receipt of funds; and (b) de-appropriates and re-appropriates \$25,000,000 in previously-issued Hotel Special Facility Bonds.</p>	
<p><b>File 17-0696:</b> The proposed resolution approves the issuance of up to \$35,000,000 in Airport General Revenue Bonds, and the issuance of up to \$35,000,000 in Airport Special Facility Bonds to finance the Airport Hotel Project.</p>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• The Board of Supervisors previously appropriated \$243,000,000 for the construction of a 351-room hotel on Airport property, owned by the Airport and operated by Hyatt Corporation. The costs of the Airport Hotel Project have increased by \$35,000,000 from \$243,000,000 to \$278,000,000 due to construction cost increases and project redesign.</li> <li>• The Airport is using a layered financing structure for the Airport Hotel Project in which the Airport would sell (a) \$243,000,000 in tax-exempt General Airport Revenue Bonds at a low interest rate, and (b) \$225,000,000 in Hotel Special Facility Revenue Bonds, which the Airport will buy from itself with proceeds from the General Airport Revenue Bonds. The Hotel Special Facility Revenue Bond proceeds fund construction of the hotel.</li> <li>• The Airport will pay debt service on the General Airport Revenue Bonds from Airport operating revenues as part of its overall debt service on total outstanding Airport General Revenue Bonds. Hotel revenues will pay debt service on the Hotel Special Facility Revenue Bonds.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• The Airport proposes to sell \$278,000,000 in Airport General Revenue Bonds to fund the Airport Hotel Project for a 40-year term through a competitive sale at a variable interest rate, estimated to range from 2.0 to 3.18 percent. Total debt service on the Airport General Revenue Bonds that would be issued to fund the Hotel project is estimated at \$589,200,000, of which \$278,000,000 is principal and \$311,200,000 is interest. Annual average debt service is estimated at \$14,730,000.</li> <li>• The Airport proposes to issue Special Facility Revenue Bonds over a 40-year term at a fixed interest rate, estimated to be 3.0 percent, and then buy the Special Facility Revenue Bonds using Airport General Revenue Bond proceeds. Hotel revenues will pay debt service to the Airport on the Special Facility Revenue Bonds.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approve the proposed resolution and ordinance.</li> </ul>	

## 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.

## BACKGROUND

The Airport is constructing a 351-room hotel on Airport property that would be owned by the Airport and operated under a Hotel Management Agreement between the Airport and the Hyatt Corporation. The original project budget was \$243,000,000, as shown in Table 1 below.

At the time that the Airport originally requested Board of Supervisors approval of the on-Airport Hotel in 2015, the Airport anticipated using a layered financing structure for the Airport Hotel Project in which the Airport would sell (a) \$243,000,000 in tax-exempt General Airport Revenue Bonds at a low interest rate, and (b) \$225,000,000 Hotel Special Facility Revenue Bonds, which the Airport bought from itself with proceeds from the General Airport Revenue Bonds. The Hotel Special Facility Revenue Bond proceeds fund construction of the hotel.<sup>1</sup>

Under this financing structure, the Airport would pay debt service on the General Airport Revenue Bonds from Airport operating revenues as part of its overall debt service on total outstanding Airport General Revenue Bonds. Hotel revenues would pay debt service on the Hotel Special Facility Revenue Bonds, which would be owned by the Airport, thus generating revenues to the Airport.

The Board of Supervisors previously approved the sale and appropriation of \$243,000,000 in General Airport Revenue Bonds and \$225,000,000 in Hotel Special Facility Revenue Bonds to finance construction of the hotel, as well as appropriation of a \$5,000,000 contribution from the Hyatt Corporation to construct the hotel (File 15-1076).

## DETAILS OF PROPOSED LEGISLATION

**File 17-0675:** The proposed ordinance (a) appropriates \$35,000,000 in Airport General Revenue Bonds, \$35,000,000 in Hotel Special Facility Bonds, and \$60,000 in Airport fund balance<sup>2</sup>, totaling \$70,060,000; and places \$70,000,000 on Controller's Reserve pending receipt of bond proceeds; and (b) de-appropriates and re-appropriates \$25,000,000 in previously-issued Hotel Special Facility Bonds.

<sup>1</sup> The proposed hotel is designated a "special facility" under the Airport's 1991 Master Bond Resolution, which allows hotel revenues to be segregated from the Airport's general revenues and used to pay debt service and other expenses associated with the hotel.

<sup>2</sup> \$60,000 is allocated to the City Services Auditor.

**File 17-0696:** The proposed resolution approves the issuance of up to \$35,000,000 in Airport General Revenue Bonds, and the issuance of up to \$35,000,000 in Airport Special Facility Bonds to finance the Airport Hotel Project.

As shown in Table 1 below, the Airport would increase its planned bond issuance in connection with the Hotel by \$35,000,000 in Airport General Revenue Bonds, the proceeds of which would be used to purchase \$35,000,000 in Airport Special Facility Bonds that would be used to finance the Airport Hotel Project.

**Increase in Airport Hotel Project Budget and General Airport Revenue Bonds**

According to the Airport Director’s March 7, 2017 memorandum to the Airport Commission, the construction cost estimate for the Airport Hotel Project increased by \$30,000,000, from \$210,000,000 to \$240,000,000, as shown in Table 1 below. This increase is due to: (a) construction cost increases, particularly for electrical and mechanical systems and interior finishes, and (b) project redesign to allocate more space to meeting facilities and food and beverage outlets.

As a result of the increase in the hotel construction costs, the Airport will need to increase its planned issuance of General Airport Revenue Bonds from \$243,000,000 to \$278,000,000, an increase of \$35,000,000, as shown in Table 1 below.

**Table 1: Airport Hotel Project Budget**

	October 2015 Budget	February 2017 Budget Revision	Increase
<b>Costs Payable from Airport General Revenue Bonds</b>			
Hotel AirTrain station construction costs:	\$15,000,000	\$15,000,000	\$0
Costs of issuance:	3,000,000	3,000,000	0
Purchase of Hotel Special Facility Bonds:	225,000,000	260,000,000	35,000,000
<b>Total Airport General Revenue Bonds:</b>	<b>\$243,000,000</b>	<b>\$278,000,000</b>	<b>\$35,000,000</b>
<b>Project Costs Payable from Hotel Special Facility Bonds</b>			
Hotel construction costs (including repayment of commercial paper principal and reimbursement of operating funds):	\$210,000,000	\$240,000,000	\$30,000,000
Capitalized Interest, Commercial Paper Interest:	20,000,000	25,000,000	5,000,000
Less contribution from Hotel operator:	(5,000,000)	(5,000,000)	0
<b>Total Hotel Special Facility Bonds:</b>	<b>\$225,000,000</b>	<b>\$260,000,000</b>	<b>\$35,000,000</b>

**Airport Hotel Project**

California Environmental Quality Act (CEQA) determinations and environmental site assessment for the project were completed in 2014. The design-build contractor, Webcor Construction LP, was selected through a competitive Request for Proposals (RFP) process. The Airport issued the Notice to Proceed to Webcor Construction LP in March 2016. Construction is expected to begin in June 2017, with completion of construction and opening of the hotel in July 2019.

**FISCAL IMPACT****Airport General Revenue Bonds**

The Airport Commission has previously approved \$7.827 billion in Airport General Revenue Bonds, including the proposed \$35 million in additional bond authority for the Airport Hotel Project. The Board of Supervisors has previously authorized \$7.792 billion in Airport General Revenue Bonds. Of the \$7.792 billion of previously authorized Airport General Revenue Bonds, the Airport has sold \$2.289 billion with a balance of \$5.503 billion authorized and unsold bonds.

**Table 2: Authorized Airport General Revenue Bonds (\$ in Millions)**

<b>Year Authorized</b>	<b>Airport Commission</b>	<b>Board of Supervisors</b>	<b>Variance</b>
2008	\$718	\$718	\$0
2012	502	502	0
2014	3,554	1,970	1,584
2015 <sup>a</sup>	243	243	0
2017 <sup>b</sup>	2,775	4,359	(1,584)
2017 <sup>c</sup>	<u>35</u>	<u>0</u>	<u>35</u>
Total Authorized	\$7,827	\$7,792	\$35
Total Issued to Date	<u>(2,289)</u>	<u>(2,289)</u>	<u>0</u>
Authorized and Not Issued	\$5,538	\$5,503	\$35

<sup>a</sup> Allocated to financing the design and construction of the Airport Hotel Project

<sup>b</sup> Authorized by Board of Supervisors in April 2017 (File 17-0211)

<sup>c</sup> Subject of File 17-0696

**Total Debt Service on Airport General Revenue Bonds**

As of June 1, 2017, the Airport has a total of \$4.8 billion in Airport General Revenue Bond principal outstanding. This debt includes bonds issued to finance capital projects included in previous Airport Capital Plans, such as Terminal 2, Boarding Area E, and the new Air Traffic Control Tower, as well as bonds that are still outstanding from the Airport's last major construction program in the late 1990's. Total annual debt service on outstanding bonds in FY 2016-17 is \$413.1 million.

As noted above, the Airport has sold \$2.289 billion of the total authorized \$7.792 billion in Airport General Revenue Bonds with \$5.503 billion in remaining authorization. Total debt service for planned future issuance of the remaining authorized bonds is estimated to be an

additional \$11.8 billion over 30 years, of which \$5.3 billion is principal and \$6.5 billion is interest.<sup>3</sup>

#### Debt Service on Airport General Revenue Bonds

The Airport proposes to sell \$278,000,000 in Airport General Revenue Bonds to fund the Airport Hotel Project for a 40-year term through a competitive sale at a variable interest rate, estimated to range from 2.0 to 3.18 percent. Total debt service on the Airport General Revenue Bonds that would be issued to fund the Hotel project is estimated at \$589,200,000, of which \$278,000,000 is principal and \$311,200,000 is interest. Annual average debt service is estimated at \$14,730,000.

#### **Special Facility Revenue Bonds**

As noted above, the financing plan for the Airport Hotel Project provides for layered financing. According to Mr. Kevin Kone, Airport Finance Director, the proposed layered financing structure allows the Airport to issue tax-exempt General Airport Revenue Bonds to finance development of the Airport-owned hotel. The Airport proposes to issue Special Facility Revenue Bonds over a 40-year term at a fixed interest rate, estimated to be 3.0 percent, and then buy the Special Facility Revenue Bonds using Airport General Revenue Bond proceeds. Hotel revenues will pay debt service to the Airport on the Special Facility Revenue Bonds.

According to revised financial projections prepared in December 2016 by the Airport's consultant, Jones Lang LaSalle, the Airport hotel's operating revenue will be sufficient to meeting operating expenses, reserves and debt service on the Special Facility Revenue Bonds.<sup>4</sup>

#### **Commercial Paper and Timing of Bond Issuance**

The Airport has not yet issued the previously-authorized Airport General Revenue Bonds or Special Facility Revenue Bonds. According to Mr. Kone, the Airport plans to issue up to \$100 million in Commercial Paper as interim financing prior to the issuance of the Airport General Revenue Bonds.<sup>5</sup> The Airport expects to issue the Airport General Revenue Bonds and Special Facility Revenue Bonds in late 2017 or early 2018.

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<sup>3</sup> Total debt service of \$11.8 billion for planned future issuance of the remaining authorized bonds excludes the \$243 million in previously authorized Airport General Revenue Bonds for the Airport Hotel Project as it is anticipated that revenues from the Hotel would be sufficient to pay the associated debt service cost on bonds issued for the Hotel project.

<sup>4</sup> Based on projected revenue per available room (RevPAR) in FY 2019-20 (the first fiscal year of hotel operation) of \$226.54, increasing by approximately 4.9 percent per year.

<sup>5</sup> Commercial paper is short term debt up to 270 days at a lower interest rate than longer term debt.

**Airport's Debt Policy**

The Airport pays debt service on Airport General Revenue Bonds from operating revenues. The Master Bond Indenture on the Airport's General Revenue Bonds requires the Airport to maintain a debt service coverage ratio of at least 125 percent of aggregate annual debt service.<sup>6</sup> According to Mr. Kone, the Airport's FY 2015-16 debt service coverage ratio was 144 percent and the Airport's projected FY 2016-17 debt service coverage ratio is 130 percent.

According to Mr. Kone, because hotel revenues to the Airport are expected to be sufficient to cover the debt service on the General Airport Revenue Bonds, the debt service coverage ratio is not expected to be impacted by the issuance of General Airport Revenue Bonds to fund the Airport Hotel Project.

**The Airport's Lease and Use Agreement**

Under the Lease and Use Agreement between the Airport and the airlines, the Airport has the authority to increase the landing and terminal fees charged to the airlines to meet its operating expenses, including annual debt service on outstanding General Airport Revenue Bonds. According to the Airport, the airlines approved the revised Airport Hotel Project budget on April 10, 2017.

**RECOMMENDATION**

Approve the proposed resolution and ordinance.

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<sup>6</sup> The debt service coverage ratio is the ratio of annual net operating income to annual debt service.

**MEMORANDUM**

March 7, 2017

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenlime  
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Adoption of Two Resolutions Relating to the On-Airport Hotel Project: (1) Amendment of the Fiscal Year 2016/2017 Five-Year and Ten-Year Capital Plans to Increase the Hotel Project Budget by \$30 Million; and (2) Twentieth Supplemental Bond Resolution, in Connection with the On-Airport Hotel, Increasing Airport Capital Plan Bond Authorization by \$35 Million from \$243 Million to \$278 Million in Principal Amount, and Increasing Hotel Special Facility Bond Authorization by \$35 Million from \$225 Million to \$260 Million in Principal Amount

DIRECTOR'S RECOMMENDATION: AMEND THE FISCAL YEAR 2016/2017 FIVE-YEAR AND TEN-YEAR CAPITAL PLANS TO INCREASE THE HOTEL PROJECT BUDGET BY \$30 MILLION; AND APPROVE ADDITIONAL BOND AUTHORIZATIONS FOR THE ON-AIRPORT HOTEL, INCREASING AIRPORT CAPITAL PLAN BONDS AUTHORIZATION BY \$35 MILLION, FROM \$243 MILLION TO \$278 MILLION IN PRINCIPAL AMOUNT, AND INCREASING HOTEL SPECIAL FACILITY BONDS AUTHORIZATION BY \$35 MILLION, FROM \$225 MILLION TO \$260 MILLION IN PRINCIPAL AMOUNT.

**Executive Summary**

Since the fall of 2015, the Bay Area has experienced a significant increase in construction costs, which has hampered the Airport's ability to deliver the On-Airport Hotel (the "Hotel") within the existing project budget without significantly reducing the number of guest rooms. This construction cost escalation, as well as increases in the amount of Hotel space dedicated to revenue-generating meeting facilities and food and beverage outlets, has led to a \$30 million increase in the project budget.

This increase in the project budget makes it possible to construct the Hotel with approximately 351 guest rooms. This will generate more revenue than if the existing budget were adhered to and a substantially smaller Hotel with 289 rooms were to be built. The original program with 351 rooms will generate total gross revenues of \$60 million annually. This is \$12 million higher by the third year of operation for the 351-room Hotel than for a smaller, 289-room Hotel. A smaller 289-room Hotel will generate only \$48 million annually. Further, the Hotel will be able to provide more rooms to accommodate the Airport's growing number of passengers. Updated revenue projections show that the Hotel remains financially viable, even with the higher budget.

This change in the project budget will require three actions: (1) amending the Fiscal Year ("FY") 2016/2017 Five-Year and Ten-Year Capital Plans Hotel Project Budget; (2) approving additional Airport capital plan bond authorization, and (3) approving additional hotel special facility bonds authorization.

THIS PRINT COVERS CALENDAR ITEM NO. \_\_\_\_\_

### **Background**

On September 22, 2015, the Commission adopted Resolution No. 15-0182, the Eighteenth Supplemental Bond Resolution, which designated the Hotel as a “special facility” and authorized the issuance of up to \$243 million in principal amount of Airport Capital Plan Bonds and \$225 million principal amount of Hotel Special Facility Bonds, to finance the construction and development of the Hotel.

The Hotel’s cash-flow must be kept separate from that of the Airport, so that the Hotel operator can pay Hotel expenses directly from Hotel revenues. To establish this separate treatment of Hotel revenues, in 2015 the Airport Commission designated the Hotel as a “special facility” under the Airport’s 1991 Master Bond Resolution. To finance the Hotel at the lowest available cost while maintaining its special facility status, the Commission has approved the issuance of two types of bonds:

- Tax-exempt Airport Capital Plan Bonds (i.e., general airport revenue bonds), which would be sold to investors; and
- Tax-exempt Hotel Special Facility Bonds, which would be purchased by the Commission with Airport Capital Plan Bond proceeds.

On June 1, 2016, the Commission adopted Resolution No. 16-0166, which approved the FY 2016/2017 Five-Year and Ten-Year Capital Plans, including a Hotel project budget of \$225 million (\$210 million for the Hotel and \$15 million for the new Hotel AirTrain Station). Airport staff has engaged a Design-Build team and a hotel operator.

The increase in budget of \$30 million is due primarily to: 1) significant construction cost escalation, particularly in the areas of electrical, mechanical, glazing and interior finishes; and 2) increases in the amount of space allocated for revenue-generating facilities (e.g., meeting facilities and food and beverage outlets). This represents a 14.3 percent increase in the construction budget since the fall of 2015. In comparison, an independent cost management firm estimates that San Francisco construction costs have increased by 17.9 percent in the past year.<sup>1</sup>

The Airport and its financial advisors have determined that the increase in the project budget would result in a \$35 million increase in the authorization required for both Airport Capital Plan Bonds and Hotel Special Facility Bonds to cover the increase in project cost and associated financing costs. The changes in the Airport’s proposed Hotel financing plan are summarized on the following page.

<b>Costs Payable from Airport Capital Plan Bonds</b>	<b>October 2015</b>	<b>February 2017 Revision</b>
Hotel AirTrain station construction costs:	\$ 15,000,000	\$ 15,000,000
Costs of issuance:	3,000,000	3,000,000
Purchase of Hotel Special Facility Bonds:	225,000,000	260,000,000
<b>Project Costs Payable from Hotel Special Facility Bonds</b>		
Hotel construction costs (including repayment of commercial paper principal and reimbursement of operating funds):	\$210,000,000	\$240,000,000
Capitalized Interest, Commercial Paper Interest:	20,000,000	25,000,000
Less contribution from Hotel operator:	(5,000,000)	(5,000,000)
<i>Total Hotel Special Facility Bonds:</i>	\$225,000,000	\$260,000,000
<b>Total Airport Capital Plan Bonds:</b>	<b>\$243,000,000</b>	<b>\$278,000,000</b>

Airport staff, in consultation with the Commission’s hospitality consultant and financial advisors, expects the Hotel to produce positive financial results at this new project budget, in part because the hospitality consultant’s updated projections show a higher average daily room rate for the Hotel compared to projections from 2015. By maintaining the original program with 351 guest rooms, the Airport expects to



derive higher “net profits” (i.e., total hotel revenues less total hotel operating expenses, required reserve deposits, and debt service costs) than a smaller 289-room Hotel that is within the existing project budget. Once occupancy has stabilized, total gross revenues are estimated to be approximately \$12 million per year higher for the 351-room Hotel than for the smaller, 289-room Hotel.

Therefore, Airport staff requests that the Commission adopt a resolution amending the FY 2016/2017 Five-Year and Ten-Year Capital Plans to increase the Hotel project budget by \$30 million, for a new total budget of \$255 million (\$240 million for the Hotel and \$15 million for the Hotel AirTrain Station). To generate \$30 million in additional Hotel project funds, and to cover associated financing costs, Airport staff also requests that this Commission adopt a resolution (the “Bond Resolution”) that would authorize:

- Up to \$35 million principal amount of additional Hotel special facility bonds, bringing the total approved amount to \$260 million, to finance Hotel and related costs or to refinance Commercial Paper issued for Hotel costs, and fund a capitalized interest account. As currently authorized, the Hotel special facility bonds will have a maturity of 40 years and bear interest at a fixed rate to be determined at the time of issuance; and
- Up to \$35 million principal amount of additional Airport Capital Plan Bonds, bringing the total approved amount to \$278 million, to finance the purchase of the Hotel special facility bonds by the Commission, along with financing for the Hotel AirTrain station and/or refinancing of Commercial Paper issued for the station, and associated costs of issuance. There is no change in the maximum bond maturity of 40 years, or in the interest rate limitations set forth in Resolution No. 50-11 of the Board of Supervisors. The Airport Capital Plan Bonds will be sold prior to June 30, 2020, and may be issued as Variable Rate Bonds.

Airport staff is also requesting approval of the supplemental appropriation of the additional Airport revenue bond proceeds and Hotel special facility bond proceeds, and \$60,000 in additional Airport operating funds that will support the City Services Auditor Division (“CSA”) pursuant to Section F1.113 of the City Charter. As required, 0.2 percent of the project cost is budgeted to support CSA services.

#### **Request to the Board of Supervisors**

If the Twentieth Supplemental Bond Resolution is adopted by this Commission, the Commission Secretary will request that the Board of Supervisors approve the increase in Airport Capital Plan Bonds and Hotel Special Facility Bonds. The Airport will also request the necessary increase in appropriations. Once final approval is obtained from the Board of Supervisors, I will return to the Commission for approval of one or more sale resolutions prior to selling and issuing the Airport Capital Plan Bonds and the Hotel Special Facility Bonds.

#### **Recommendation**

I recommend that this Commission adopt the two attached Resolutions: (1) amending the Fiscal Year 2016/2017 Five-Year and Ten-Year Capital Plans to increase the Hotel Project budget, and (2) approving additional bond authorization for the Hotel.

Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business and Finance Officer

**AMENDMENT OF THE FISCAL YEAR 2016/2017 FIVE-YEAR AND TEN-YEAR CAPITAL PLANS, TO INCREASE THE HOTEL PROJECT BUDGET BY \$30 MILLION**

- WHEREAS, the Airport Commission (the “Commission”) of the City and County of San Francisco, on June 1, 2016, adopted its Resolution No. 16-0166, approving the Airport’s \$5.7 billion Five-Year Capital Plan for Fiscal Years (“FY”) 2016/2017 to FY 2020/2021 and \$6.1 billion Ten-Year Capital Plan for FY 2016/2017 to FY 2025/2026 (collectively, the “FY 2016/2017 Five-Year and Ten-Year Capital Plans”); and
- WHEREAS, the total budget for the On-Airport Hotel project (including both the On-Airport Hotel and the Hotel AirTrain station) under the FY 2016/2017 Five-Year and Ten-Year Capital Plans was \$225 million; and
- WHEREAS, construction cost escalation, as well as increases in the amount of On-Airport Hotel space dedicated to revenue-generating meeting facilities and food and beverage outlets, has led to a \$30 million increase in projected project costs; and
- WHEREAS, updated revenue projections show that the Hotel remains financially viable, even with the higher budget; and
- WHEREAS, the Airport has identified the necessary capital funding sources to support a \$30 million increase to the On-Airport Hotel project budget under the FY 2016/2017 Five-Year and Ten-Year Capital Plans; now therefore be it
- RESOLVED, that this Commission approves a \$30 million increase in the On-Airport Hotel project budget under the FY 2016/2017 Five-Year and Ten-Year Capital Plans; and, be it further
- RESOLVED, that Resolution No. 16-0166, except as supplemented and amended by this Resolution, is hereby ratified, approved and confirmed and remains in full force and effect.

**TWENTIETH SUPPLEMENTAL BOND RESOLUTION, IN CONNECTION WITH THE ON-AIRPORT HOTEL, INCREASING AIRPORT CAPITAL PLAN BONDS AUTHORIZATION BY \$35 MILLION FROM \$243 MILLION TO \$278 MILLION IN PRINCIPAL AMOUNT, AND INCREASING HOTEL SPECIAL FACILITY BONDS AUTHORIZATION BY \$35 MILLION FROM \$225 MILLION TO \$260 MILLION IN PRINCIPAL AMOUNT**

WHEREAS, the Airport Commission (the "Commission") of the City and County of San Francisco (the "City"), on December 3, 1991, adopted its Resolution No. 91-0210, providing for the issuance of San Francisco International Airport Second Series Revenue Bonds, which Resolution, as previously supplemented and amended, including as amended and supplemented by Resolution No. 03-0220, adopted on October 21, 2003, Resolution No. 08-0035, adopted on February 19, 2008, Resolution No. 10-0316, adopted on October 26, 2010, Resolution No. 12-0050, adopted on March 20, 2012, Resolution No. 14-0024, adopted on February 18, 2014, Resolution No. 15-0182, adopted on September 22, 2015 (the "Eighteenth Supplemental Resolution"), and Resolution No. 16-0274, adopted on November 1, 2016, is herein called the "1991 Resolution"; and

WHEREAS, the 1991 Resolution provides for the issuance by the Commission from time to time of revenue bonds (the "1991 Resolution Bonds"); and

WHEREAS, as part of implementation of the Airport Master Plan approved by the Commission in 1992, the Commission is undertaking the development of an on-Airport hotel to be owned by the Commission (the "Hotel") on a portion of Plot 2 at the former Hilton Hotel site, along with a new AirTrain station to connect the Hotel with the AirTrain system (the "AirTrain Station" and collectively with the Hotel, the "Hotel Project"); and

WHEREAS, the Commission, pursuant to the 1991 Resolution, has previously authorized the issuance of up to \$7,791,725,000 aggregate principal amount of 1991 Resolution Bonds (the "Capital Plan Bonds") for the purpose of financing and refinancing the development, acquisition, construction, and equipping of capital projects approved by the Commission and costs related thereto, of which an aggregate principal amount of \$5,502,605,000 remains unissued, including an aggregate principal amount of \$4,358,695,227 that remains subject to the approval of the Board of Supervisors; and

WHEREAS, pursuant to the Eighteenth Supplemental Resolution, the Commission: (a) authorized the issuance of not to exceed \$243,000,000 aggregate principal amount of Capital Plan Bonds (the "Airport Capital Plan Bonds") to finance and refinance costs associated with the Hotel Project; and (b) authorized the issuance of special facility bonds in accordance with the terms of the 1991 Resolution in the aggregate principal amount of up to \$225,000,000 (the "Hotel Special Facility Bonds") to finance and refinance costs associated with the Hotel; and

WHEREAS, to maintain the special facility status of the Hotel and finance it at the lowest available interest rates, the Commission determined to combine the desirable features of the Airport Capital Plan Bonds which are secured and payable from Airport net revenues and can therefore be sold to investors at the lowest available interest rates, and the Hotel Special Facility Bonds by selling the Airport Capital Plan Bonds to investors and purchasing the Hotel Special Facility Bonds with the proceeds of the Airport Capital Plan Bonds; and

- WHEREAS, the Airport Capital Plan Bonds and the Hotel Special Facility Bonds will be issued in accordance with the 1991 Resolution, applicable provisions of the Charter of the City, ordinances and resolutions of the Board of Supervisors, and the statutes of the State of California; and
- WHEREAS, the estimated costs of the Hotel have increased, thus requiring an increase in the authorized principal amount of both the Airport Capital Plan Bonds and the Hotel Special Facility Bonds of \$35,000,000 to pay the costs thereof; and
- WHEREAS, the Airport Master Plan was the subject of a Program Environmental Impact Report (“EIR”) certified by the San Francisco Planning Commission on May 28, 1992, by Motion No. 13356; and
- WHEREAS, the Environmental Planning Division of the San Francisco Planning Department reviewed the Hotel Project and issued an addendum to the EIR (“Addendum”) on February 5, 2014, determining that the Hotel Project is within the scope of the EIR and no additional environmental review is required under the California Environmental Quality Act (Public Resources Code Section 21000 et seq., “CEQA”); and
- WHEREAS, on May 19, 2014, the Commission, by Resolution No. 14-0095, adopted findings under CEQA related to the Hotel Project, determined to proceed with the Hotel Project, and authorized the Airport Director to proceed with implementation of the Hotel Project; and
- WHEREAS, the project files, including the EIR, Addendum and Commission Resolution No. 14-0095, have been made available for review by the Commission and the public, and those files are part of the record before the Commission; and
- WHEREAS, pursuant to Section 9.01(f) of the 1991 Resolution, the Commission, by Supplemental Resolution, may make any change or addition to the 1991 Resolution to provide for the issuance of, and to set the terms and conditions of, additional Series of Bonds under the 1991 Resolution; now, therefore, be it,
- RESOLVED, that this Commission has reviewed and considered the information in the EIR and Addendum, and hereby incorporates the CEQA findings contained in Resolution No. 14-0095, including findings of the Statement of Overriding Considerations, by this reference as though fully set forth in this Resolution; and be it further
- RESOLVED, that this Commission finds that since the EIR and Addendum were finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the EIR and Addendum; and be it further
- RESOLVED, as follows:
- Section 1. Commission Findings. The Commission hereby finds and determines that the foregoing recitals are true and correct.
- Section 2. Defined Terms. Capitalized terms used but not otherwise defined in this Resolution shall have the meanings set forth in the 1991 Resolution.

Section 3. Airport Capital Plan Bonds.

- (a) Increased Authorization of Capital Plan Bonds. In accordance with Section 9.01(f) of the 1991 Resolution, the Commission hereby authorizes the issuance of an additional aggregate principal amount of not to exceed \$35,000,000 of Airport Capital Plan Bonds for the Hotel Project.
- (b) Parameters of the Airport Capital Plan Bonds. The Airport Capital Plan Bonds shall be sold prior to June 30, 2020, and may be issued as Variable Rate Bonds.

Section 4. Hotel Special Facility Bonds. The Commission hereby authorizes the issuance of an additional aggregate principal amount of not to exceed \$35,000,000 of Hotel Special Facility Bonds for the Hotel. The Hotel Special Facility Bonds shall be secured solely by, and payable solely from, the Hotel Revenues.

Section 5. Ratification of Eighteenth Supplemental Resolution. The Eighteenth Supplemental Resolution, except as supplemented and amended by this Resolution, is hereby ratified, approved and confirmed and remains in full force and effect.

Section 6. Delegation by Airport Director. The Airport Director is authorized to delegate the authority granted to him pursuant to this Resolution in writing to a member of Airport management upon consultation with the Office of the City Attorney.

Section 7. Approval of Board of Supervisors. The Commission Secretary, for and on behalf of and in the name of the Commission, is authorized and directed to seek any approvals the Airport Director deems necessary or desirable from the Board of Supervisors of the City in order to carry out the intents and purposes of this Resolution, including approval of the additional Airport Capital Plan Bonds and Hotel Special Facility Bonds, and any necessary supplemental appropriations.

Section 8. Ratification of Prior Acts. The actions of the officers, agents and employees of the Commission to carry out its intents and purposes taken prior to the adoption of this Resolution are ratified, approved and confirmed.

Section 9. General Authorization. The Airport Director and the other officers, agents and employees of the Commission are authorized and directed to execute and deliver such documents, agreements and certificates and to take such other actions, upon consultation with the Office of the City Attorney, as may be necessary or desirable and in the best interests of the Commission to carry out the purposes and intents of this Resolution and the transactions contemplated hereby.

Section 10. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof.

Section 11. Severability. Should the application of any provision of this Resolution to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Resolution shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the purposes and intents of this Resolution.

ADOPTED by the Airport Commission of the City and County of San Francisco this 7<sup>th</sup> day of March, 2017,  
by the following vote:

Ayes:

Noes:

Absent:

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
Brooke D. Abola  
Deputy City Attorney

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors  
From: Melissa Whitehouse, Mayor's Acting Budget Director  
Date: June 1, 2017  
Re: Mayor's FY 2017-18 and FY 2018-19 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 proposed budget by June 1<sup>st</sup>, corresponding legislation, and related materials for Fiscal Year 2017-18 and Fiscal Year 2018-19.

In addition to the Annual Appropriation Ordinance, Annual Salary Ordinance, and Mayor's Proposed FY 2017-18 and FY 2018-19 Budget Book, the following items are included in the Mayor's submission:

- The budget for the Treasure Island Development Authority for FY 2017-18 and FY 2018-19
- The budget for the Office of Community Investment and Infrastructure for FY 2017-18
- 21 separate pieces of legislation (see list attached)
- A Transfer of Function letter detailing the transfer of 3.0 positions from the City Administrator's Office to the Public Utilities Commission.
- 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) 554-6253.

Best Regards,

A handwritten signature in black ink, appearing to read "Melissa Whitehouse".

Melissa Whitehouse  
Mayor's Budget Director

cc: Members of the Board of Supervisors  
Harvey Rose  
Controller

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200  
SAN FRANCISCO, CALIFORNIA 94102-4681  
TELEPHONE: (415) 554-6141

DEPT	Budget & Finance Committee Calendar Date	Description or Title of Local Legislation	Type of Legislation
PAB	June 8 - Thursday	Administrative Code - Board of Appeals Surcharges on Permit Fees	Ordinance
MTA	June 15 -Thursday	Re-Appropriation – 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B Projects - \$26,200,000 - FY2017-18	Ordinance
ADM	June 15 -Thursday	Administrative Code - Cannabis Regulation	Ordinance
AIR	June 15 -Thursday	Appropriation - Airport Hotel Project of \$70,060,000 and Re-Appropriation - Hotel Special Facility Revenue Bond of \$25,000,000 - Airport Commission - FY2016-2017	Ordinance
CON	June 15 -Thursday	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance
CON	June 15 -Thursday	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2017	Resolution
CON	June 15 -Thursday	Authorization the Examination of Prepaid Mobile Telephony Service Surcharge and Local Charge Records.	Resolution
CON	June 15 -Thursday	Proposition J Contract Certification—Security Guard Services	Resolution
CON	June 15 -Thursday	Proposition J Contract Certification Specified Contracted-Out Services Previously Approved	Resolution
MOHCD	June 15 -Thursday	Planning Code - Establish Fee for Monitoring of Student Housing by Mayor's Office of Housing and Community Development	Ordinance
PUC	June 15 -Thursday	Appropriation – Proceeds from Waster Enterprise Fund Balance Revenue Bonds - Property Purchase Located at Rollins Road - FY 2017-2018 - \$9,132,962	Ordinance
PUC	June 15 -Thursday	Amending Ordinance 112-16—Public Utilities Commission Water Revenue Bond Issuance—Not to Exceed \$274,130,430	Ordinance
ART	June 16 -Friday	Administrative Code - Arts Commission Contracting Authority	Ordinance
DPH	June 16 -Friday	Business and Tax Regulations Code - Emergency Medical Services Fees	Ordinance
DPH	June 16 -Friday	Health Code - Patient Rates 2017-2019	Ordinance
DPH	June 16 -Friday	Accept and Expend Grants- Recurring State Grant Funds - Department of Public Health- FY2017-2018	Resolution
DPH	June 16 -Friday	Agreement – Department of Public Health – Proposition 47 Grant Program	Resolution
DPH	June 16 -Friday	Agreement – Department of Public Health – LEAD SF Pilot Program	Resolution
FIR	June 16 -Friday	Fire Code - Fire Department Fees	Ordinance
HOM	June 16 -Friday	Homelessness and Supportive Housing Fund - FYs 2017-2018 and 2018-2019 Expenditure Plans	Resolution
LIB	June 16 -Friday	Accept and Expend Grant - Friends of San Francisco Public Library - Annual Grant Award, FY2017-2018 - Up to \$753,851 of In-Kind Gifts, Services, and Cash Monies	Resolution



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2017 JUN - 1 AM 11:55

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Ed Mayor Edwin M. Lee  
RE: Mayor's Proposed FY 2017-2018 2018-2019 Budget Trailing Legislation  
DATE: June 1, 2017

Attached for introduction to the Board of Supervisors is Mayor's FY 2017-2018 2018-2019 Proposed Budget Trailing legislation.

**June 8, 2017 Budget & Finance Committee**

- Resolution approving the Interim Budget of the Treasure Island Development Authority for FY2017-2018 and FY2018-2019.
- Resolution approving the Budget of the Treasure Island Development Authority for FY2017-2018 and FY2018-2019.
- Ordinance amending the Administrative Code to adjust existing surcharges on permit fees, license fees, permit review fees, and permit and license renewal fees for permits and licenses issued by the Planning Department, Department of Building Inspection, Department of Public Health and Police Department that may be appealed to the Board of Appeals.
- Resolution approving the Fiscal Year (FY) 2017-2018 Budget of the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency.

**June 15, 2017 Budget & Finance Committee**

- Ordinance amending the Administrative Code to establish an Office of Cannabis; to authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to delegate to the Director of the Office of Cannabis the authority to establish permit application and annual license fees, subject to approval by the Controller.
- Ordinance adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax designation ceiling for tax year 2017.
- Resolution concurring with the Controller's establishment of the Consumer Price Index for 2017, and adjusting the Access Line Tax by the same rate.
- Resolution authorizing the Controller's Office and Office of the Treasurer and Tax Collector to examine the prepaid mobile telephony services surcharge and local charges collected by the State Board of Equalization.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200  
SAN FRANCISCO, CALIFORNIA 94102-4681  
TELEPHONE: (415) 554-6141

- Resolution concurring with the Controller's certification that services previously approved can be performed by private contractor for a lower cost than similar work performed by City and County employees, for the following services: budget analyst (Board of Supervisors); citywide custodial services (excluding City Hall), citywide security services, central shops security, convention facilities management (General Services Agency—City Administrator); mainframe system support (General Services Agency—Technology); security services (Human Services Agency); food services for jail inmates (Sheriff); assembly of vote-by-mail envelopes (Department of Elections)
- Resolution concurring with the Controller's certification that security services at the new Medical Examiner facility at 1 Newhall St. can be performed by a private contractor for a lower cost than similar work performed by City and County employees at the General Services Agency—City Administrator.
- Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code Section 302.
- Ordinance amending Ordinance No. 112-16 to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$274,130,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition the Rollins Road Property (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.
- Ordinance appropriating \$9,132,962 of proceeds from Water Enterprise Revenue Bonds to purchase the property located at 1657-1663 Rollins Road, Burlingame that has been served as the primary work location for SFPUC staff from the Water Quality Division, the Natural Resources & Land Management Division, and the Water Supply & Treatment Division in FY 2017-2018; and placing \$9,132,962 of proceeds on Controller's Reserve pending receipt of proceeds of indebtedness.
- Ordinance appropriating \$70,060,000, consisting of \$35,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$60,000 from fund balance, and \$35,000,000 of proceeds transfer from Hotel Special Facility Revenue Bonds to support San Francisco International Airport Hotel Project and placing \$70,000,000 on Controller's Reserve pending receipt of proceeds of indebtedness; de-appropriating and re-appropriating \$25,000,000 of Hotel Special Facility Revenue Bonds.

- Ordinance Re-appropriating \$26,200,000 of 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B funded Better Market Street projects and Muni Forward and Pedestrian Safety Improvements Projects to Transit projects including Muni Facility Upgrades in FY2017-18. (8<sup>th</sup> or 15<sup>th</sup>?)

**June 16, 2017 Budget & Finance Committee**

- Ordinance amending the Administrative Code to authorize the Arts Commission to contract for the development, fabrication, maintenance, conservation, removal, or installation of art work.
- Ordinance amending the Business and Tax Regulations Code to require that payment of emergency medical services fees be made to the Department of Public Health rather than the Department of Emergency Management.
- Ordinance amending the Health Code to set patient rates and other services provided by the Department of Public Health for patient and other services rendered, starting July 1, 2017, and continuing through June 30, 2019.
- Resolution authorizing the acceptance and expenditure of State grant funds by the San Francisco Department of Public Health of FY2017-2018.
- Resolution authorizing the Director of Health to sign an agreement, on behalf of the City and County of San Francisco, with the California Board of State and Community Corrections for participation in the Law Enforcement Assisted Diversion Pilot Program for the period of July 1, 2017 to June 30, 2019.
- Ordinance amending the Fire Code to increase the fees for certain Fire Department services, and affirming the Planning Department's determination under the California Environmental Quality Act.
- Resolution approving the FYs 2017-2018 and 2018-2019 Expenditure Plans for the Department of Homelessness and Supportive Housing Fund.
- Resolution authorizing the San Francisco Public Library to accept and expend a grant in the amount of up to \$753,851 of in-kind gifts, services, and cash monies from the Friends of the San Francisco Public Library for direct support for a variety of public programs and services in FY2017-2018.
- Resolution authorizing the Director of Health to sign an agreement, on behalf of the City and County of San Francisco, with the California Board of State and Community Corrections for participation in the Proposition 47 Grant Program for the period of July 1, 2017 to August 15, 2020.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

**Lew, Lisa (BOS)**

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**From:** Tavakoli, Shahde (MYR)  
**Sent:** Thursday, June 01, 2017 1:14 PM  
**To:** BOS Legislation, (BOS)  
**Cc:** Tugbenyoh, Mawuli (MYR); Whitehouse, Melissa (MYR); Campbell, Severin (BUD); Heller, Nereida (MYR); Kirkpatrick, Kelly (MYR); Howerton, Michael (BOS); Chan, Yoyo (BOS)  
**Subject:** Mayor\_Resolution\_Airport Hotel Supplemental  
**Categories:** 170675

Attached for introduction to the Board of Supervisors is an ordinance appropriating \$70,060,000, consisting of \$35,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$60,000 from fund balance, and \$35,000,000 of proceeds transfer from Hotel Special Facility Revenue Bonds to support San Francisco International Airport Hotel Project and placing \$70,000,000 on Controller's Reserve pending receipt of proceeds of indebtedness; de-appropriating and re-appropriating \$25,000,000 of Hotel Special Facility Revenue Bonds.

We respectfully request a waiver of the 30-day hold and that this item be heard in Budget & Finance Committee on June 15, 2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

**Shahde Tavakoli**  
Legislative Aide, Office of Mayor Edwin M. Lee  
1 Dr. Carlton B. Goodlett Place, Room 288  
San Francisco, CA 94102  
[Shahde.Tavakoli@sfgov.org](mailto:Shahde.Tavakoli@sfgov.org) (415) 554-6153