



San Francisco International Airport

MEMORANDUM

August 19, 2014

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

FROM: Airport Director

SUBJECT: Delegation of Authority to the Airport Director to Enter into a "Section 559" Reimbursable Fee Agreement with U.S. Customs and Border Protection in an Amount Not-to-Exceed \$1.48 million for Fiscal Year 2014/15

DIRECTOR'S RECOMMENDATION: DELEGATE AUTHORITY TO THE AIRPORT DIRECTOR TO ENTER INTO A "SECTION 559" REIMBURSABLE FEE AGREEMENT BETWEEN U.S. CUSTOMS AND BORDER PROTECTION AND THE SAN FRANCISCO INTERNATIONAL AIRPORT TO PROVIDE EXPANDED SERVICES IN THE INTERNATIONAL TERMINAL.

Executive Summary

On April 14, 2014, the San Francisco International Airport ("SFO") submitted an application to U.S. Customs and Border Protection ("CBP") to be designated as a participating airport in CBP's new pilot program entitled the Reimbursable Fee Agreement Program (the "Program"). On July 23, 2014, CBP announced that SFO was designated a participating airport under the Program, making it eligible for a "Section 559" Reimbursable Fee Agreement, Contract No. 50020 ("the Agreement"). The Program focuses on growing volumes of trade and travel and will directly benefit SFO by expanding the CBP hours of operation in the International Terminal pursuant to the Agreement. Staff is requesting that the Airport Commission delegate to the Airport Director the authority to enter into the Agreement with CBP with a term of five (5) years and with an initial funding for FY 2014/15 of \$1.48 million. Thereafter, staff will return to the Commission annually for each fiscal year's funding.

Background

On January 3, 2013, the United States of America implemented the aforementioned Program under Sections 559 and 560 of the Consolidated and Further Continuing Appropriations Act of 2013 (the "Act") in an effort to support growing volumes of trade and travel. The Program strives to improve security and enhance service levels for the processing of travelers and cargo through a variety of mechanisms, including the creation of public-private partnerships between CBP and private sector or government entities.

These partnerships, formalized through Reimbursable Fee Agreements, will enable designated airports to request expanded hours of CBP staffing in Federal Inspection Services ("FIS") areas to accommodate flights that arrive outside the established hours of CBP operations, conditioned upon reimbursement to

THIS PRINT COVERS CALENDAR ITEM NO. 4

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE LARRY MAZZOLA LINDA S. CRAYTON ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN JOHN L. MARTIN
MAYOR PRESIDENT VICE PRESIDENT AIRPORT DIRECTOR

CBP for such services. In 2013, under Section 560 of the Act, the pilot Program was implemented wherein five international airports were designated and entered into Agreements with CBP, including Houston Intercontinental, Dallas/Fort Worth, Miami, El Paso, and South Texas.

On April 14, 2014, in anticipation of expanded flight schedules at SFO by carriers such as United Airlines and Etihad Airways, and to maintain SFO's competitive edge for growing new international flight activity, SFO submitted an application to CBP to be designated as one of five airports in the Program for 2014 under Section 559 of the Act. On April 22, 2014, CBP announced that SFO had been designated as a participating airport.

The first beneficiary of the expanded CBP staffing will be our newest carrier, Etihad Airways, which will commence direct flights between San Francisco and Abu Dhabi on November 18, 2014, with arrival times in the early morning.

Proposal

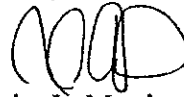
Staff is requesting that the Airport Commission delegate to the Airport Director the authority to enter into an Agreement with CBP under the following terms and conditions, which are consistent with Federal law:

- Term:** Five (5) years commencing upon execution of the Agreement by both parties.
- Early Termination:** Upon ninety (90) days' written notice by either party.
- Form of Agreement:** "Section 559" Reimbursable Fee Agreement and a supplementary Annex, which sets forth details about specific services, schedules, and other conditions for the port location.
- CBP Services:** Activities of any employee or contractor of CBP pertaining to customers and immigration inspection-related matters. Specific services are to be requested by SFO and mutually agreed to by both parties.
- Reimbursable Costs:** Limited to "overtime pay", defined as compensation that a CBP officer, pursuant to applicable law, is entitled to receive, in excess of officer's base pay, for performing officially assigned work in excess of 40 hours of the regularly scheduled work week or in excess of 8 hours in a day. Overtime pay also includes any benefits and indirect costs incurred by CBP related to overtime services. Reimbursable Costs are to be paid monthly.
- Program Cost:** Projected at an amount not-to-exceed \$1.48 million for FY 2014/15. Staff will return to the Commission annually for each fiscal year's funding.

Upon execution of the Agreement, the Airport Director will return to the Commission to provide further details on the CBP Services to be provided and related Reimbursable Costs.

Recommendation

I recommend adoption of the attached Resolution that delegates to the Airport Director the authority to enter into a "Section 559" Reimbursable Fee Agreement (Contract No. 50020) with U.S. Customs and Border Protection for provision of CBP Services in the International Terminal for a period of five (5) years and at a projected cost not-to-exceed \$1.48 million for FY 2014/15. Thereafter, staff will return to the Commission annually for each fiscal year's funding.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 14-0167

DELEGATION OF AUTHORITY TO THE AIRPORT DIRECTOR TO ENTER INTO A "SECTION 559" REIMBURSABLE FEE AGREEMENT BETWEEN U.S. CUSTOMS AND BORDER PROTECTION ("CBP") AND THE SAN FRANCISCO INTERNATIONAL AIRPORT TO PROVIDE EXPANDED CBP SERVICES IN THE INTERNATIONAL TERMINAL AT A MAXIMUM NOT-TO-EXCEED AMOUNT OF \$1.48 MILLION

- WHEREAS, on January 3, 2013, the United States of America implemented a pilot program, known as the Reimbursable Fee Agreement Program (the "Program") under Section 560 of the Consolidated and Further Continuing Appropriations Act of 2013; and
- WHEREAS, the intent of the Program is to enhance security and improve service levels at ports of entry into the United States pursuant to Reimbursable Fee Agreements, which create public-private partnerships between CBP and private sector or government entities, thereby enabling designated airports to request expanded hours of CBP staffing in the Federal Inspection Services ("FIS") areas to accommodate flights that arrive outside the established operational hours of CBP; and
- WHEREAS, on April 22, 2014, CBP announced that the San Francisco International Airport ("SFO") had been designated as a participating airport in the Program for 2014 and is eligible to enter into a "Section 559" Reimbursable Fee Agreement, Contract No. 50020 (the "Agreement") with CBP; and
- WHEREAS, the Agreement will be for a term of five (5) years and provide for reimbursement to CBP for certain CBP services (the "Reimbursable Costs"), as proposed by SFO and negotiated with CBP, pertaining to customer and immigration inspection-related matters; and
- WHEREAS, the Reimbursable Costs will be limited to payment of "overtime pay", as defined in the Memorandum, at a projected cost not-to-exceed \$1.48 million for FY 2014/15; thereafter, staff will return to the Commission annually for each fiscal year's funding; a
- WHEREAS, staff is requesting that the Airport Commission delegate to the Airport Director the authority to enter into the Agreement with CBP to expand CBP staffing in the International Terminal; now, therefore, be it
- RESOLVED, that this Commission hereby delegates to the Airport Director the authority to enter into a "Section 559" Reimbursable Fee Agreement, Contract 50020, with U.S. Customs and Border Protection, with a term of five (5) years and at a projected cost not-to-exceed \$1.48 million for FY 2014/15 for provision of CBP Services in the International Terminal; and be it further
- RESOLVED, that amounts remaining unspent for FY 2014/15 costs may be carried over to subsequent fiscal years; and be it further
- RESOLVED, that staff will return to the Commission annually for approval of each fiscal year's funding.

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

at its meeting of _____

AUG 19 2014


Secretary