

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



MEMORANDUM

March 15, 2016

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

16-0076
MAR 15 2016

FROM: Airport Director

SUBJECT: Approval of Intergovernmental Agreement with San Mateo County Regarding Reimbursement for Dispatched Calls to the Airport in an Amount not to Exceed \$1 Million for Five Years, and Sharing of Hotel Transient Occupancy Tax

DIRECTOR'S RECOMMENDATION: APPROVE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH SAN MATEO COUNTY REGARDING REIMBURSEMENT FOR DISPATCHED CALLS TO THE AIRPORT IN AN AMOUNT NOT TO EXCEED \$1 MILLION FOR FIVE YEARS, AND SHARING OF HOTEL TRANSIENT OCCUPANCY TAX.

Executive Summary

The attached Resolution approves the execution of an Intergovernmental Agreement (the "Agreement") with the County of San Mateo (the "County") for (1) the reimbursement of the costs of dispatched calls to the Airport rendered to the Airport (estimated at approximately \$200,000 annually) with a not-to-exceed amount of \$1 million over five years, and (2) the sharing of the Transient Occupancy Tax (also known as "room tax") levied on the Airport's Grand Hyatt Hotel, up to a maximum cumulative total of \$8 million.

County Dispatched Calls to the Airport

The County operates a Public Safety Communications Dispatch Center that receives 911 emergency calls and dispatches law enforcement (County sheriff), emergency medical responders (paramedics/ambulance services) and fire responders throughout the County, including to the Airport, which is located primarily in unincorporated San Mateo County. The Airport will pay 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. Approximately 6% of the Dispatch Center's calls were Airport-related in Fiscal Year 2014-15. No reimbursement is necessary for ambulance services, as the County's paramedic/ambulance contractor, AMR, invoices the patients and/or the patients' health insurance providers for the paramedic/ambulance costs. Reimbursement for the County sheriff's services is addressed by a separate memorandum of understanding that has been in place for many

THIS PRINT COVERS CALENDAR ITEM NO. 2

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 JOHN L. MARTIN AIRPORT DIRECTOR

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 B. Martin
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachment