



May 7, 2003

San Francisco International Airport

Honorable Members  
Board of Supervisors  
City and County of San Francisco  
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Dear Honorable Members of the Board:

In light of extreme economic difficulties and uncertainty in the aviation industry, as well recent action by the Board of Supervisors to rescind Airfield Development funds and the continued pending release of reserves issue before the Board, I feel it is necessary to inform you of changes I am proposing to the Airfield Development program. Clearly, the continuation of the Airfield program in any form is a policy question for the Board of Supervisors and the Mayor. The purpose of this letter is to provide you with information on how I, as the Airport Director, feel it is most prudent to proceed.

I have directed staff to close contracts and suspend work related to Airfield Development with the exception of completing studies for the National Oceanic and Atmospheric Administration ("NOAA") panel. The completion of the NOAA panel is critical to the long-term viability of the information we have collected to date.

SUMMARY

Scientific studies which are nearing completion must be finished in a manner that would allow us to preserve the information until such time as it may be appropriate to contemplate proceeding with the Airfield Development Program in the future. Completing tasks for which the City has received FAA reimbursement is financially responsible, as leaving the work incomplete could result in the forfeiture of \$5.2 million in FAA grant funds. It is also important to finish the environmental studies while consultant staff that has institutional knowledge and expertise is assigned to the project. Any loss in continuity could mean the loss of this staff. The work of outside environmental consultants which is reliant on projections of air travel may and should temporarily cease until there is a significant recovery in the level of passenger traffic and flight activity. The Airport remains convinced that the most responsible way to scale back the program is in a manner that will allow us to retain the integrity and long-term applicability of the environmental work already done. We have a release of reserve request pending before you to achieve this end and will present an Airfield Development budget that reflects this new scaled back approach in the coming weeks.

AIRPORT  
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CITY AND COUNTY  
OF SAN FRANCISCO  
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COUNCILOR  
DANIEL MARTIN  
ACTING DIRECTOR

#### BACKGROUND

In response to a downturn in airline travel the Airport adjusted the Airfield Development focus in the spring of 2002. Activities not specifically required to complete the Draft Environmental Impact Report ("DEIR") and Draft Environmental Impact Statement ("DEIS") were suspended. Permitting activities and preliminary engineering to support permitting activities were reduced. This reduction has resulted in a cost savings which will allow the Airport to fund the NOAA panel.

The Airport is not proposing proceeding with DEIR and DEIS – only finishing the work that would allow for the production of these documents at some point when airport traffic demands it in the future. The Airport realizes that the volatility of the airline industry makes completing the environmental analysis of issues such as noise, surface transportation, air quality and socioeconomics impractical. Any analysis would be subject to constant revision until the industry establishes consistent growth trends.

At this time, staff has suspended all Airfield Development Program activities except those required to complete the NOAA process and respond to Sunshine Act requests. These activities are funded from available funds not held on reserve by the Board of Supervisors. Similarly, other than the technical report for the NOAA Panel, staff has suspended all environmental analyses. Proposals to continue analyses in this fiscal year and next fiscal year do not include conducting analyses of resources that rely upon operations and passenger projections. Operationally dependent analyses should not resume until stability returns to the airline industry.

The objective of the scaled back program is to capture the institutional knowledge embodied in the professionals and consultants that have been working on the project for the last four years and to meet the Airport and the City's commitment to the federal government in completing the portions of the projects for which we accepted FAA dollars.

#### TASKS TO BE COMPLETED THROUGH FY 03/04.

The Airfield Development Program should proceed with the following tasks in the balance of this fiscal year and in the next fiscal year:

- Complete studies, analyses and reports that support NOAA Panel II.
- Complete environmental consequences sections associated with resources unaffected by number of operations and passenger volumes. These sections include, Geology, Hydrodynamics and Hydrology, Water Quality,

Biology, Threatened and Endangered Species, Wetlands, Floodplains, Wild and Scenic Rivers, Farmlands, and Visual Resources.

- Finalize preliminary engineering studies associated with the alternatives identified by the FAA in January 2003.
- Complete habitat utilization and habitat valuation activities that have been ongoing with the Multi-Agency Task Force for the last three years
- Complete the conceptual designs of potential habitat mitigation.
- Complete the analysis of the No-Runway Construction Alternatives.

In addition to the technical studies identified above, the Airfield Development Program would continue activities with limited scope. Specific tasks would include:

- Monitor the actions of each of the agencies with regard to a future runway reconfiguration project.
- Ensure that the project is included in any future air quality State Implementation Plan (SIP) and transportation master plans.
- Work with the FAA to ensure that the project is included in their long range planning.
- Monitor BCCDC, RWOCB and other agency actions to ensure that the project is accommodated.
- Monitor SFO traffic trends and forecasts to determine when work on the project should resume.
- Continue option payments to Wildlands

#### CONCLUSION

As stated above, the proposed approach would preserve the integrity of the technical and environmental studies that are not sensitive to the passing of time and are not impacted by passenger traffic or aircraft operations. These studies are unprecedented in scope and depth and represent a major milestone in the study of the San Francisco Bay. It is my recommendation that the environmental studies and preliminary engineering work be restarted no sooner than when, for a twelve-month period of time, passenger traffic at SFO reaches or exceeds 33 million and/or aircraft operations reach 360,000.

Under this scaled back approach, \$2.3 million is needed now to encumber funds for the scientific studies. This \$2.3 million is part of the \$3.7 million request for the release of reserve funds. If the trigger of 33 million enplanements does not kick in

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and we remain in this scaled-back approach over the next three years, an additional amount of approximately \$5 million would be needed to cover the tasks outlined above. The FY 2003/04 budget request of \$13.2 submitted to the Mayor's Office was prepared prior to the re-assessment of this program and as a result, the Airport will be modifying the budget request for Airfield Development's budget accordingly

I hope that this detailed outline of scaled back activities for the Airfield Development Program is helpful in determining not only the Airport's request for a release of reserves, but will provide necessary background as the Airport presents its budget for the next fiscal year.

Very truly yours,



John L. Martin  
Airport Director

cc: Mayor Willie L. Brown, Jr.  
Ed Harrington, Controller

Attachment