



SFO

# SAN FRANCISCO INTERNATIONAL AIRPORT

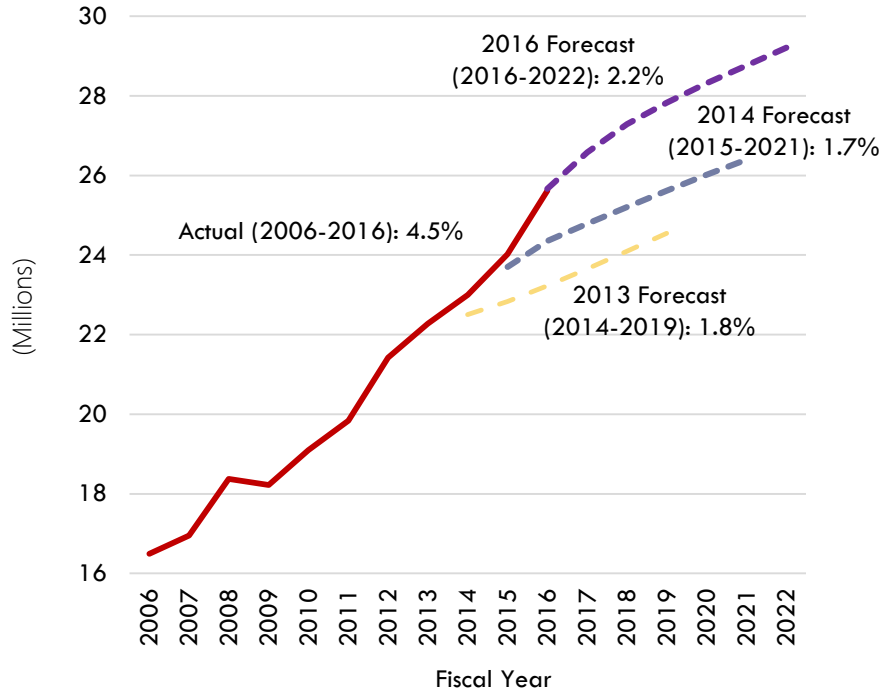
Presentation to the Capital Planning  
Committee

December 12, 2016

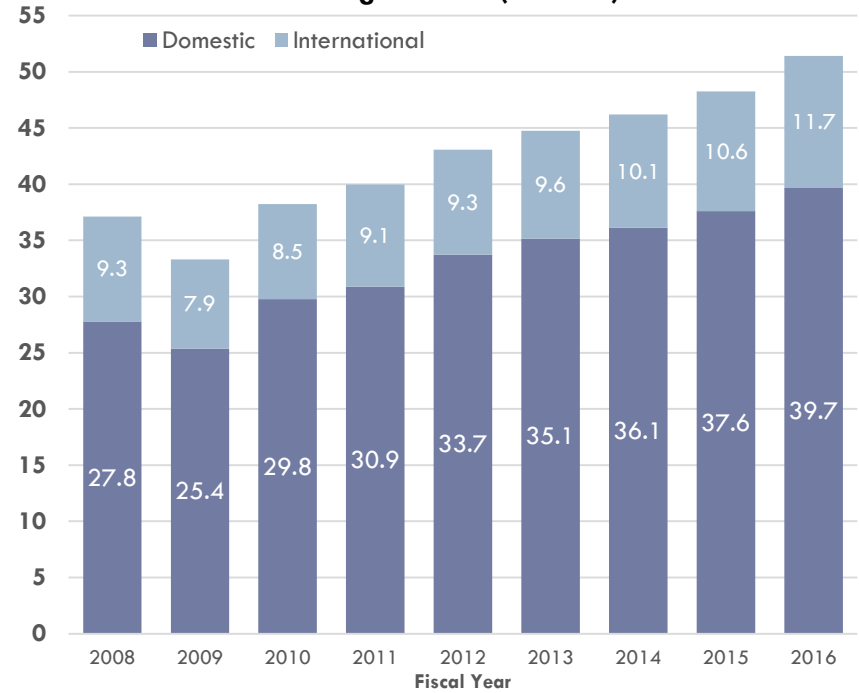


# Robust growth driving immediate CIP needs

**SFO Enplanements Forecast vs. Historical Comparison**



**Passenger Traffic (millions)**



- In FY2016, SFO had a record 51.4 million total passengers
- Since 2007, traffic has increased by 56%
- FY2016 enplanements were forecast in 2014 to be achieved in FY2021
- Passenger traffic expected to continue to grow over the next 5 years

# Bond Authorization Summary



| <b>Funding Need</b>                             | <b>Amount</b>  |
|---|----------------|
| CIP Project Need*                               | \$4,239        |
| Financing Costs + CSA Auditor Allocation        | 1,020          |
| <b>Total Funding Need</b>                       | <b>\$5,260</b> |
| Less existing authorization (excluding hotel)** | (901)          |
| <b>Authorization Requested Amount</b>           | <b>\$4,359</b> |

*(\$ in millions)*

\* Need excludes: (1) the On-Airport Hotel; (2) CIP projects that have not yet received environmental review; and (3) CIP needs funded through the Sept 2016 bond issuance.

\*\* Total existing authorization including the On-Airport Hotel project authorization is \$1,144 M.

# Supplemental Appropriation Summary

| Project Uses                          | Amount         |
|---------------------------------------|----------------|
| Terminal Projects                     | \$2,871        |
| Airport Support Projects              | 580            |
| Groundside Projects                   | 473            |
| Utility Projects                      | 218            |
| Airfield Projects                     | 97             |
| <i>Total CIP Project Uses (need)*</i> | <i>\$4,239</i> |
| Less existing project appropriation   | (427)          |
| <b>Total Project Appropriation</b>    | <b>\$3,812</b> |
| Other Uses                            | Amount         |
| Financing Costs                       | \$1,013        |
| CSA Auditor Allocation (0.2%)         | 7.6            |
| <b>Total Other Uses Appropriation</b> | <b>\$1,020</b> |
| <b>TOTAL Appropriation Amount</b>     | <b>\$4,832</b> |

(\$ in millions)

\* Need excludes: (1) the On-Airport Hotel; (2) CIP projects that have not yet received environmental review; and (3) CIP needs funded through the Sept 2016 bond issuance.



## Seeking approval to increase Commercial Paper Program from \$400 M to \$500 M

- Airport practices “just in time” financing
- Commercial paper for interim funding of projects at a lower borrowing cost
- Issue long-term debt as needed, optimizing market timing
- Increase could save \$30+ M in present value debt service costs over next 5 yrs

# Financial Considerations



## No impact to the City's debt limit or property taxes

- Bonds are supported solely by Airport revenues

## No impact to the Annual Service Payment (ASP)

- ASP payments are based on non-airline revenues

## Cost per Enplanement (CPE) expected to remain competitive

- Noted by Credit Rating Agencies in most recent rating reports (Sept 2016)

## Sensitivity analysis using 10% drop in passenger traffic shows:

- Rate covenant requirements would still be met
- Debt service coverage would not be materially different given Airport's residual rate setting methodology
- CPE increases, but is still expected to remain competitive



# APPENDIX



# Project Need



## Authorization funds current CIP Need

- Excludes CIP projects that do not have environmental review
- Excludes On-Airport Hotel
- Accounts for recent bond issuance

| Need                     | Amount         |
|--------------------------|----------------|
| 5-Year CIP Project Total | \$5,705        |
| Less Projects w/o CEQA   | (808)          |
| Less Airport Hotel       | (222)          |
| Less Sept Bond Issuance  | (436)          |
| <b>CIP Project Need</b>  | <b>\$4,239</b> |

(\$ in millions)

# Authorization Need



| <b>Funding Need</b>   | <b>Amount</b>  |
|---|----------------|
| CIP Project Need*   | \$4,239        |
| Financing Costs + CSA Auditor Allocation                              | 1,020          |
| <b>Funding Need</b>   | <b>\$5,260</b> |
| <b>Available Authorization</b>  | <b>Amount</b>  |
| Existing Bond Authorization   | \$1,144        |
| <i>Less Hotel Authorization</i>                                       | <i>(243)</i>   |
| <b>Remaining Bond Authorization</b>                                   | <b>\$901</b>   |
| <b>Authorization Request</b>  | <b>Amount</b>  |
| <b>Authorization Request (Funding Need – Remaining Authorization)</b> | <b>\$4,359</b> |

(\$ in millions)

\* Need excludes: (1) the On-Airport Hotel; (2) CIP projects that have not yet received environmental review; and (3) CIP needs funded through the Sept 2016 bond issuance.

# Appropriation & Authorization Overview

|                            | Existing | Request | Total   |
|----------------------------|----------|---------|---------|
| Bond Authorization         | \$901*   | \$4,359 | \$5,260 |
| Supplemental Appropriation | 427      | \$4,832 | \$5,260 |

\*excludes existing Hotel Bond Authorization

Total need when factoring in project need & costs of issuance (COI) is \$5,260

- Project Need (\$4,239) + COI (\$1,020) = \$5,260

# Major Upcoming Capital Projects

## Terminal 1



### ■ Terminal 1 – replace 1960's facilities to Terminal 2 standards

- 24+ gates in 2020, with Boarding Area C refresh completed in 2023.
- Necessity for seismic upgrades, modernization and state of good repair.



## Terminal 3 West



### ■ Terminal 3 West – reconfiguration of the western side of T3

- Redesigned layout will improve passenger flow and meet SFO's standards of customer service
- Necessity for seismic upgrades



## 2<sup>nd</sup> Long Term Parking Garage



### ■ New Long Term Parking Garage

- Existing Long-Term Parking facility at or near capacity
- Adds 3,000 spaces to inventory



# Other Major Programs & Projects

Consolidated Admin Campus



Gate Enhancement Program



New Rental Car Facility



Airfield Improvements



Airtrain Extension



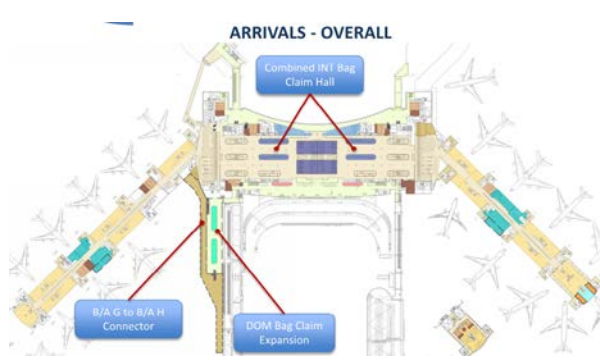
Water & Wastewater Improvements



Security Improvements



International Terminal Improvements



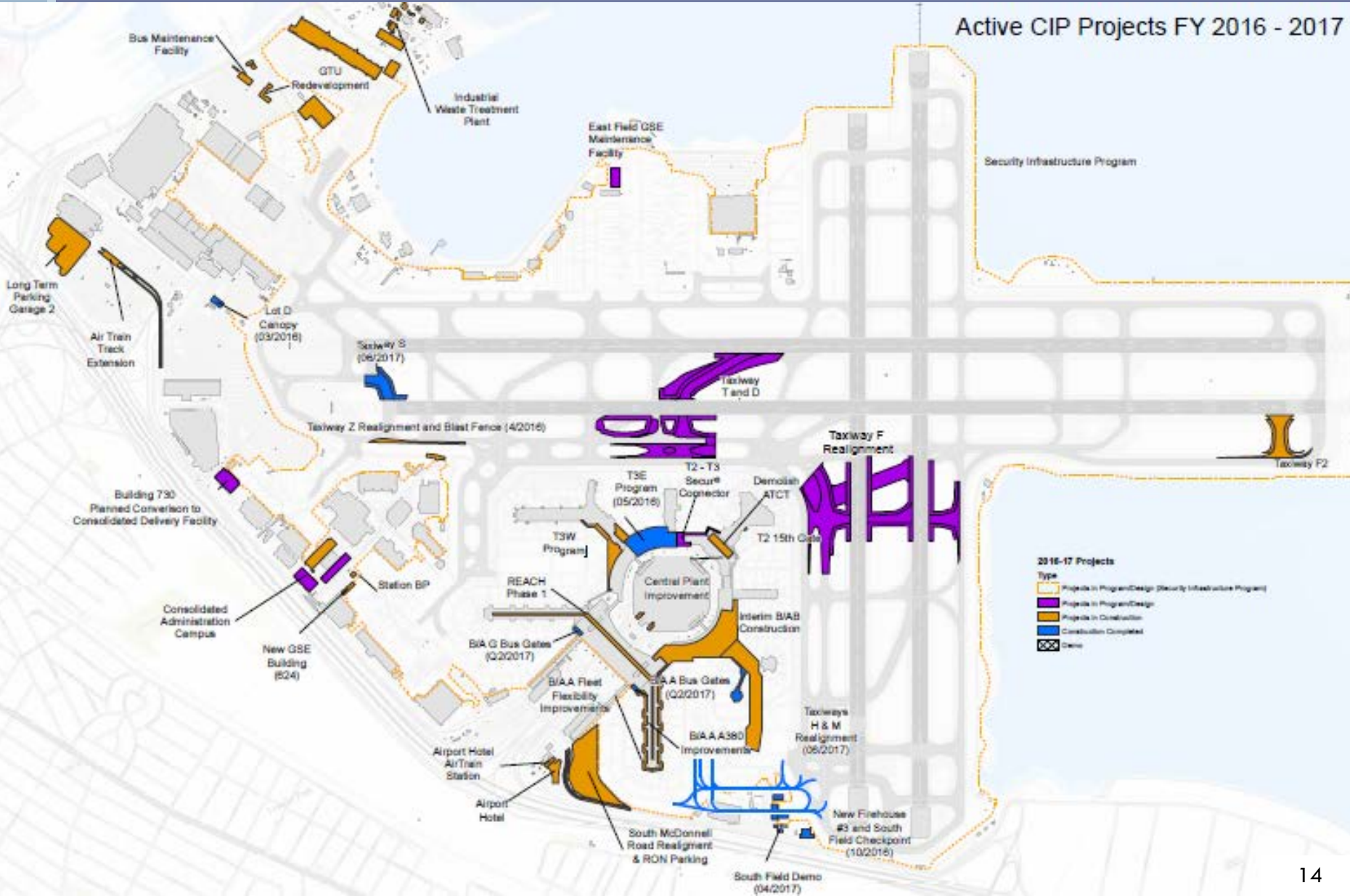
Technology Improvements



# Major CIP Projects



Active CIP Projects FY 2016 - 2017





# 5-Yr CIP Summary



| Airport Cost Center | Five-Year Plan   | %     |
|---------------------|------------------|-------|
| Terminal            | 3,311.1          | 58.0% |
| Groundside          | 1,052.0          | 18.4% |
| Airport Support     | 750.7            | 13.2% |
| Airfield            | 208.8            | 6.7%  |
| Utilities           | 382.7            | 3.7%  |
| <b>Total</b>        | <b>\$5,705.3</b> |       |

(\$ in millions)

## CIP Approvals & Reviews

- Presented to the Airport's Financial Advisory Committee (*April 2016*)
- Reviewed by the Airlines (*April 2016*)
- Adopted by Airport Commission (*June 2016*)
- Approved by CPC (*July 2016*)
- Reviewed with Rating Agencies (*Aug/Sept 2016*)