



San Francisco International Airport

Bond Proceed Supplemental Appropriation

Presentation to the Capital Planning Committee

November 18, 2019

SFO

Introduction

CPC Action: Recommend appropriating up to \$3.9 billion in Airport Revenue Bonds.

Overview

- Enables Airport to fund remainder of Capital Improvement Plan (CIP)
 - CIP reviewed by CPC (2/11/19) and is included in the City's adopted 10-Year Capital Plan
- Review/Approvals
 - Reviewed by CPC on Oct 21st
 - Related Bond Authorization request was approved
 - Request reviewed by the Airport's Financial Advisory Committee (9/4/19)
 - Increase approved by Airport Commission (10/15/19)

Appropriation Overview

Need	Amount (\$ in millions)
FY19/20 CIP Project Need	\$3,539
Less Remaining Project Appropriation	(523)
<u>Estimated Financing Cost Need</u>	<u>873</u>
Appropriation Need	\$3,888

Appropriation Uses	Amount (\$ in millions)
Airfield Improvements	\$136
Airport Support Improvements	770
Groundside Improvements	104
Terminal Improvements	337
Terminal 1 Program	689
Terminal 3 Program	711
Utilities	269
<u>Estimated Financing Cost Need</u>	<u>873</u>
Total Appropriation Uses	\$3,888

APPENDIX

Background

- Airport CIP funded almost entirely with Airport Revenue Bonds
 - Debt issued only when needed
 - Bonds are secured by Airport operating revenues
- Last Bond Authorization & Supplemental Appropriation: FY16/17
 - Authorization amount: \$4.4 billion
 - FY16/17 CIP Total: \$5.7 billion
- Current CIP: \$7.6 billion
 - 95% funded with Airport Revenue Bonds
 - Roughly halfway complete
 - Average monthly spend rate: \$110 million

CIP Progress Update Status

CIP Program

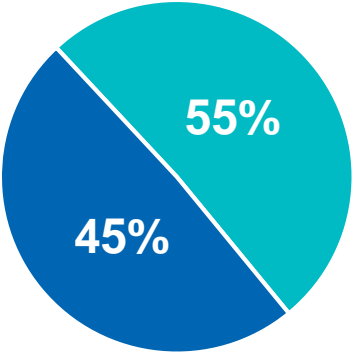
	Total (\$ in millions)
Ascent Program – Phase I	\$7,270
Infrastructure Projects Plan	\$351
Total CIP	\$7,620



Most of SFO’s active large-scale projects are within the Ascent Program

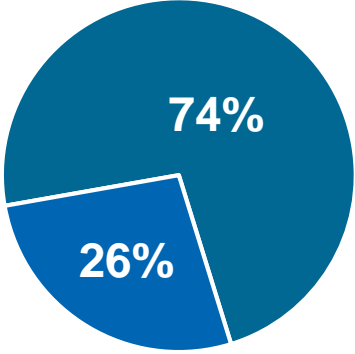
Ascent Program Phase I – Major Project Progress as of Aug 31, 2019

Construction Progress
(\$ spent)



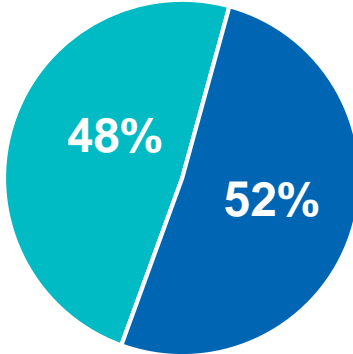
- Completed to Date
- Yet to Complete

Contracting Progress
(\$ committed)



- Committed
- Uncommitted

Program Reserve Utilization



- Program Reserve Allocated to Date
- Unallocated Program Reserve

CIP Overview

Major Projects	Completion/Expected Completion					
	2018	2019	2020	2021	2022	2023
Consolidated Admin Campus – Phase I	√					
Ground Transportation Unit Relocation	√					
Second Long Term Parking Garage		√				
REACH International Terminal Improvements		√				
Boarding Area B Reconstruction – Phase I (initial 9 gates)		√				
Plot 2 Aircraft Parking & South McDonnell Road		√				
Grand Hyatt at SFO		√				
Terminal 2 Office Tower		Nov				
Security Infrastructure Program		Nov				
Industrial Wastewater Treatment Plant		Dec				
Terminal 1 Center Phase I & B/A B Reconstruction Phase 2 (next 9 gates)			Mar			
Boarding Area A Gate Enhancements			Sept			
AirTrain Extension & Improvements			Oct			
International Terminal Building – Phase I				Feb		
Boarding Area B Reconstruction – Phase 3 (25 gates total)				May		
Courtyard 3 Connector				Aug		
Terminal 3 West Modernization						Mar

CIP Project Funding Need

FY19/20 CIP	Amount (\$ in millions)
FY19/20 Approved CIP Project Total	\$7,620
Less Previous CIP Funding	(3,020)
Less Airport Hotel's Remaining Project Need*	(88)
Less debt issuances since approval of CIP (March 2019)	(974)
FY19/20 CIP Project Funding Need	\$3,539

Hotel project covered separately by Ordinances 220-15 & 152-17

Proposed increases needed to fund \$3,539 million project need	Proposed Increase (\$ in millions)
Bond Authorization	\$3,000
Bond Appropriation	\$3,888

Financial Considerations

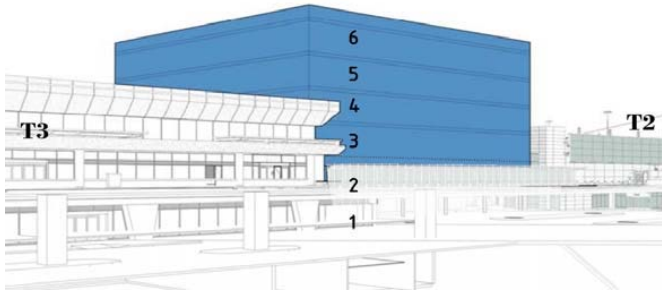
- No impact to the City's debt limit or property taxes
 - Bonds are supported solely by Airport revenues
- No impact to the Annual Service Payment (ASP) to General Fund
 - ASP payments are based on non-airline revenues
- Sensitivity analysis using 10% drop in passenger traffic shows:
 - Rate covenant requirements would still be met
 - Debt service coverage would not be materially different given Airport's residual rate setting methodology
 - Cost per Enplaned passenger increases, but is still expected to remain competitive

Major Capital Projects



- **Terminal 1 Projects** (\$2.4 billion)
 - Renovate Terminal 1 Center and reconstruct Boarding Area B
 - 25 new and replacement gates in Boarding Area B, new consolidated baggage handling and screening system, new secure connector to International Terminal
 - 9 gates opened in July 2019
 - 18 gates scheduled to open Spring 2020
 - 25 gates scheduled to open spring 2021
- **Terminal 3 West Redevelopment** (\$974 million)
 - Renovate western half of Terminal 3 to same level of passenger experience as Terminal 2, Boarding Area E and Terminal 3 East, with seismic and systems improvements
 - Scheduled to complete in early 2023

Major Capital Projects



- **Courtyard 3 Connector** (\$254 million)
 - Secure connector between Terminal 2 and Terminal 3 to provide greater flexibility for airline gate use and improve passenger experience
 - New six-story administrative building will free up valuable space in the International Terminal Building for new additional lease revenue generation
 - Complete in Fall 2021



- **AirTrain Extension** (\$219 million)
 - 1,900 ft. guideway extension, operating system equipment and new Lot DD station, as well as new systemwide train control system
 - Hotel station and guideway completed Summer 2019
 - Extension to Long-Term Garages and new Long-Term Garage Station scheduled to complete Fall 2020

Major Capital Projects



- **Security Infrastructure Project** (\$166 million)
 - Power and telecommunications infrastructure, access control systems and CCTV improvements to support new security systems around airfield and terminals
 - Expected completion scheduled for end of 2019



- **Second Long-Term Parking Garage** (\$161 million)
 - 3,000 new parking stalls and 600 replacement stalls
 - Status: 99% committed
 - Completed in February 2019



- **International Terminal - Departures Level** (\$152 million)
 - Expand B/A A and G security checkpoints to reduce wait times; expand Duty Free to increase non-airline revenue; upgrade holdrooms and restrooms.
 - Arrivals Level improvements will be completed in a separate \$161 million project within Ascent Program
 - Status: 17% committed
 - Expected completion early 2021

Major Capital Projects



- **Boarding Area A Gate Enhancements** (\$98 million)
 - Reconfigure and replace passenger boarding bridges at Gates A1-A12 to increase B/A A wide body aircraft capacity from 7 to 9, increase gate flexibility, and add a “Bus Annex” at Gate A2
 - Expected completion Fall 2020



- **Air Traffic Control Tower Demolition and Office Tower** (\$92 million)
 - Demolish the old Air Traffic Control Tower and Terminal 2 Office Tower Floors, which were seismically unsafe. Replace with two levels of leasable and functional space, including an airline lounge, offices, an employee café, and a public outdoor airfield viewing area.
 - Expected completion Winter 2020