



SFO

# SAN FRANCISCO INTERNATIONAL AIRPORT

Capital Improvement Plan Update

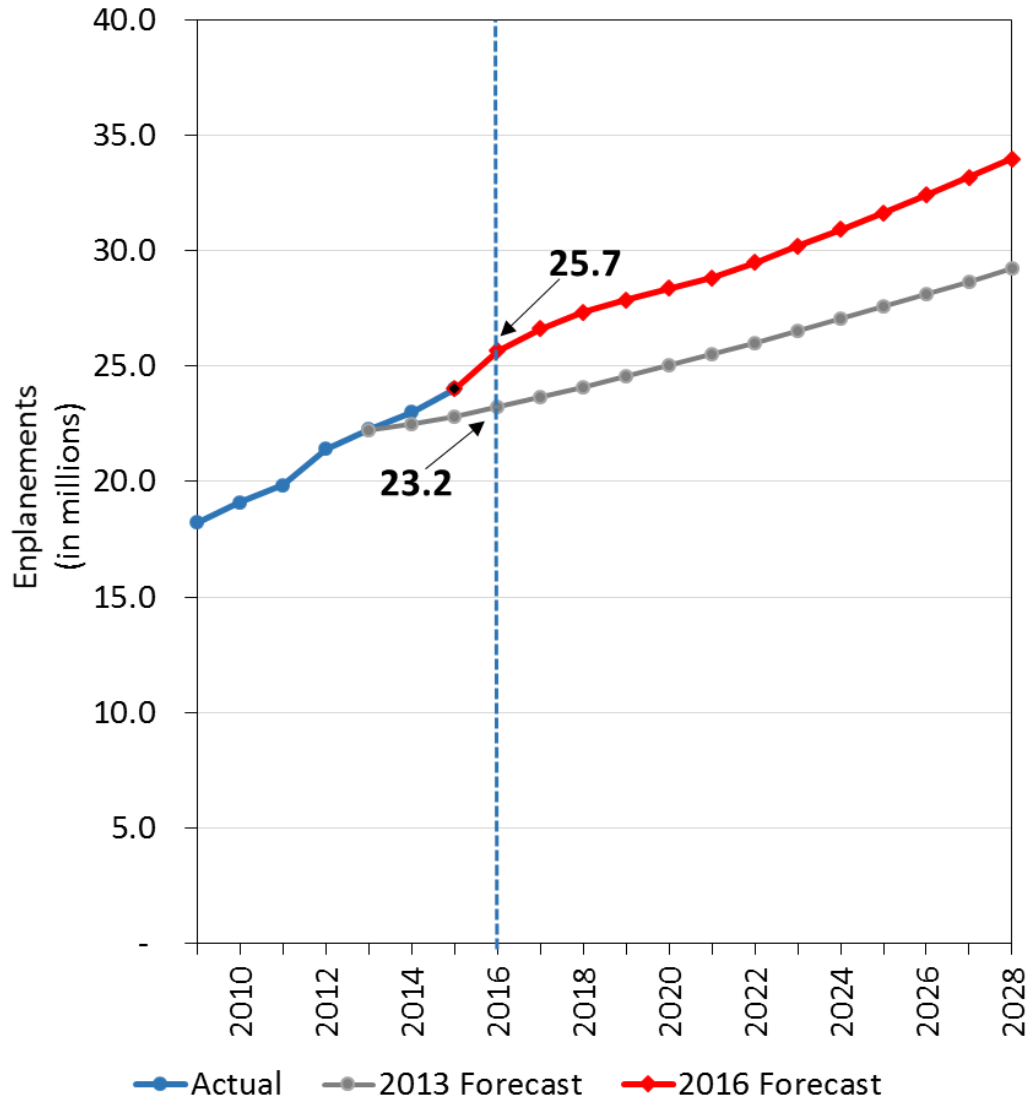
July 11, 2016



**ACTION ITEM:** Approval of the Airport's updated 5 & 10 Year Capital Improvement Plans (CIPs) totaling, \$5.7 billion and \$6.1 billion, respectively.

- ▣ Presented to the Airport's Financial Advisory Committee (*April 2016*)
- ▣ Reviewed by the Airlines (*April 2016*)
- ▣ Approved by Airport Commission (*June 2016*)

# Strong Economy Drives Robust Passenger Growth



## Key Points

- FY 2016 enplanements are 29% higher than when Terminal 2 opened
- FY 2016 enplanements are over 10% higher than was projected 3 years ago
  - At time of last major CIP update in April 2013, FY 2016 forecast was 23.2 million enplanements
  - Current forecast for FY 2016 increased by 2.5 million enplanements to 25.7 million
- Projected FY 2021 enplanements (28.8 million) are 12% higher than FY 2016

# Strong Economy Drives Robust International Growth

- Route expansion along with new carrier additions continue to strengthen SFO's global prominence

## NEW ROUTES AND INCREASED SERVICE

### CY 2014



- United Airlines began new non-stop 787-service to Chengdu, China in June 2014
- Etihad Airways began service to Abu Dhabi in November 2014
- Emirates A380 service replaced smaller 777 between SFO and Dubai in December 2014
- China Southern flights to Guangzhou started in December 2014
- United Airlines flying to both airports in Tokyo by relocating one daily frequency from Narita to Haneda Airport in October 2014

### CY 2015



- British Airways A380 service replaced smaller B747 between SFO and London in March 2015
- Turkish Airlines began service to Istanbul in April 2015
- Aer Lingus increased to daily frequency in May 2015
- Cathay Pacific additional 3 times per week frequency to Hong Kong in Jun 2015
- Copa Airlines begin daily service to Panama City, Panama starting in Sep 2015
- Virgin America service to Honolulu and Maui beginning in Nov & Dec 2015
- Air India began 3 times a week non-stop service to Delhi in Dec 2015
- Qantas Airways return of service to Sydney in Dec 2015

### NEW SERVICE OFFERINGS 2016



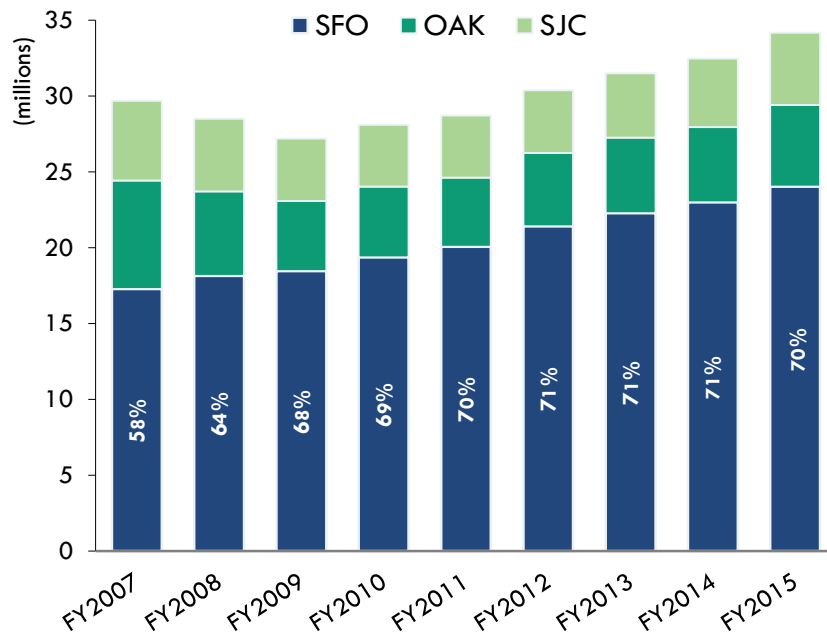
- Virgin America to Denver in March 2016
- United Airlines to Tel Aviv in May 2016
- United Airlines to Xian in May 2016
- Air Berlin return of seasonal service to Dusseldorf in May 2016
- Fiji Airways new seasonal service to Nadi, Fiji in June 2016
- WOW Airways to Reykjavik in June 2016
- United Airlines non-stop service to Singapore in June 2016
- United Airlines to Hangzhou in July 2016
- United Airlines to Auckland in July 2016

# Bay Area Market Share

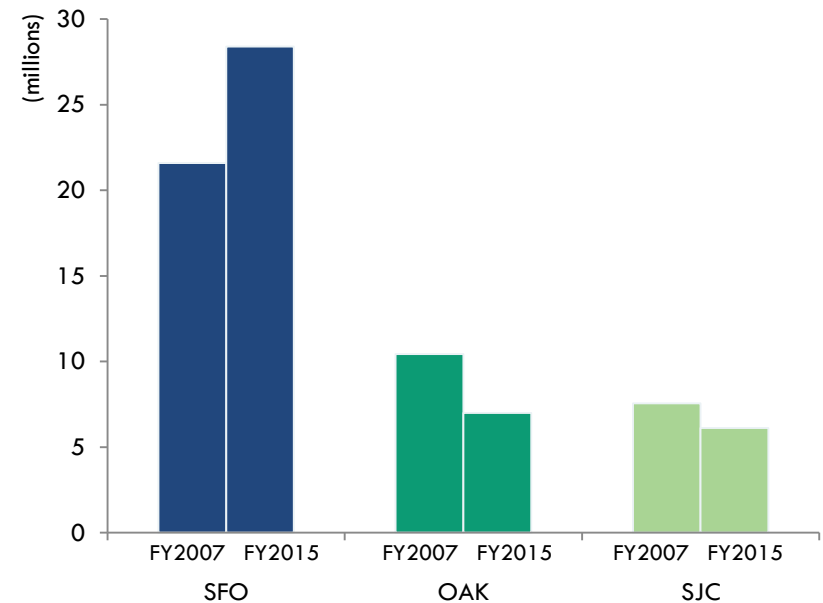


- SFO's passenger traffic growth outpaced that of other Bay Area airports 8 out of the last 9 years
- SFO's share of Bay Area traffic has grown from 58% in FY2007 to 70% in FY2015
- In FY2015, 94% of Bay Area international traffic was served out of SFO

## Bay Area Enplanements



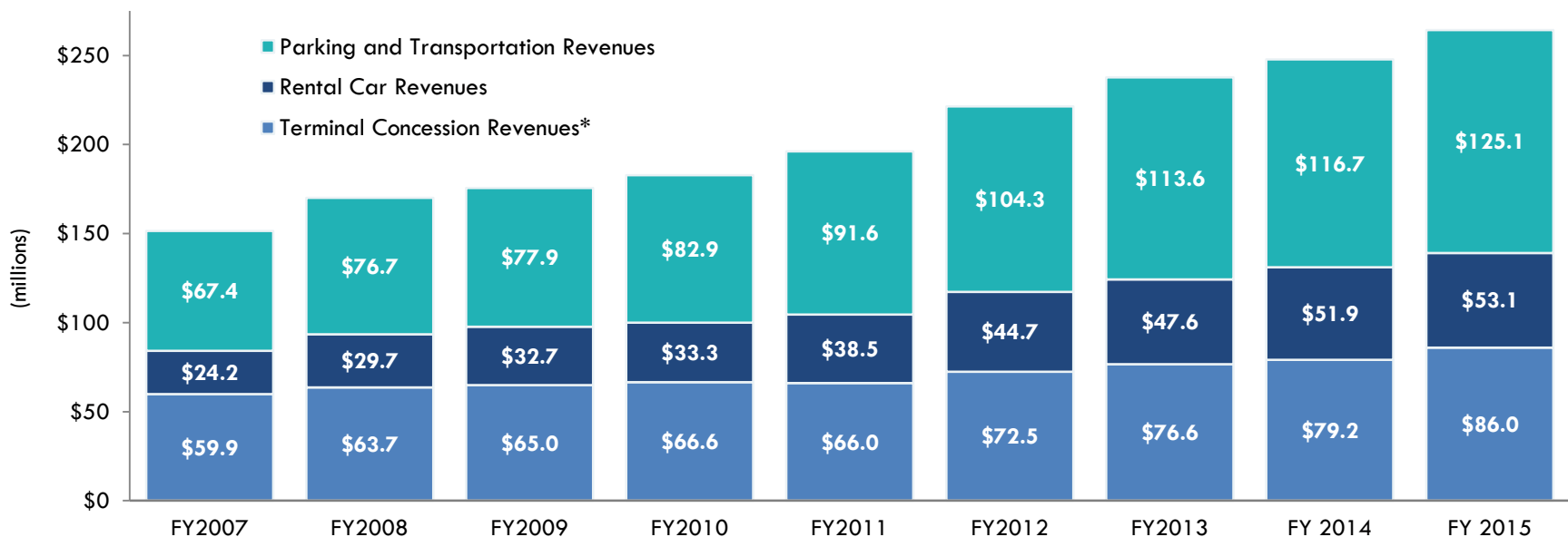
## Scheduled Departing Seats



# Strong Growth of Non-Airline Revenues

- Between FY2007 and FY2015, concession revenues experienced an average annual growth of 4.6%
- Rental car revenues and parking revenues grew at 10.3% and 8.0%, respectively
  - Transportation Network Companies (TNC) revenues totaled \$6.8 million in FY2015 and are expected to surpass \$14.5 million in FY2016
- Terminal 3 East reopened in November 2015 with eight newly renovated retail and food & beverage concession locations

## Terminal Concession, Rental Car And Parking Revenues\*



\*Terminal Concessions includes food and beverage, retail, duty free, and advertising



## CIP Objectives

- Modernization and upgrading of the terminals to:
  - Meet demands of growing traffic – gate capacity is a significant constraint for Airport & Airlines
  - Maintain and improve existing assets
  - Enhance non-airline revenues
  - Ensure efficient passenger flow in all phases of the customer service experience
- Improve groundside access for passengers
- Enhance safety & security
- Promote sustainability
- Provide IT infrastructure necessary to meet passenger and tenant operational needs
- Maintain SFO's strong competitive position vs. other international gateways (capacity, cost)

# FY 16/17 Capital Plan Summary



Airport Cost Center	Five-Year Plan	%	Ten-Year Plan	%
Terminal	3,311.1	58.0%	3,321.7	54.6%
Groundside	1,052.0	18.4%	1,323.7	21.8%
Airport Support	750.7	13.2%	783.7	12.9%
Airfield	208.8	6.7%	240.5	6.7%
Utilities	382.7	3.7%	410.3	4.0%
<b>Total</b>	<b>\$5,705.3</b>		<b>\$ 6,079.9</b>	

*\$ in millions*



# FY 16/17 Ten-Year Capital Plan Comparison

Cost Center	FY 15/16 CIP	FY 16/17 CIP	Change	Projects Driving Change
Terminal	\$3,057.4	\$3,321.7	\$264.3	Acceleration of T1, added scope for T3, added Gate Capacity Enhancements
Groundside	519.8	1,323.7	803.9	Consolidated Rental Car Facility, Long-term Parking Garage added scope, and AirTrain Extension cost escalation
Airport Support	429.8	783.7	359.9	Security Improvements, Superbay Renovation, Technology Improvements
Airfield	285.2	240.5	(44.7)	Based on needs
Utilities	235.5	410.3	174.8	Net Zero, Energy Mgmt Control System, and Waste Water treatment plant
<b>Total</b>	<b>\$4,527.7</b>	<b>\$ 6,079.9</b>	<b>\$1,552.2</b>	

\$ in millions

# Plan of Finance



## ✈️ Airport Revenue Bonds

- “Just in time” financing
- Commercial paper for interim funding of projects, \$400M in liquidity
- Issue long-term debt as needed, optimizing market timing

## ✈️ Operating Revenue

- Renewal of existing assets
- Transfer maximum amount allowed under Lease and Use Agreement for capital projects

## ✈️ Grants

- FAA grants for Airfield projects
- TSA funding for Checked Baggage Inspection System in Terminal complex

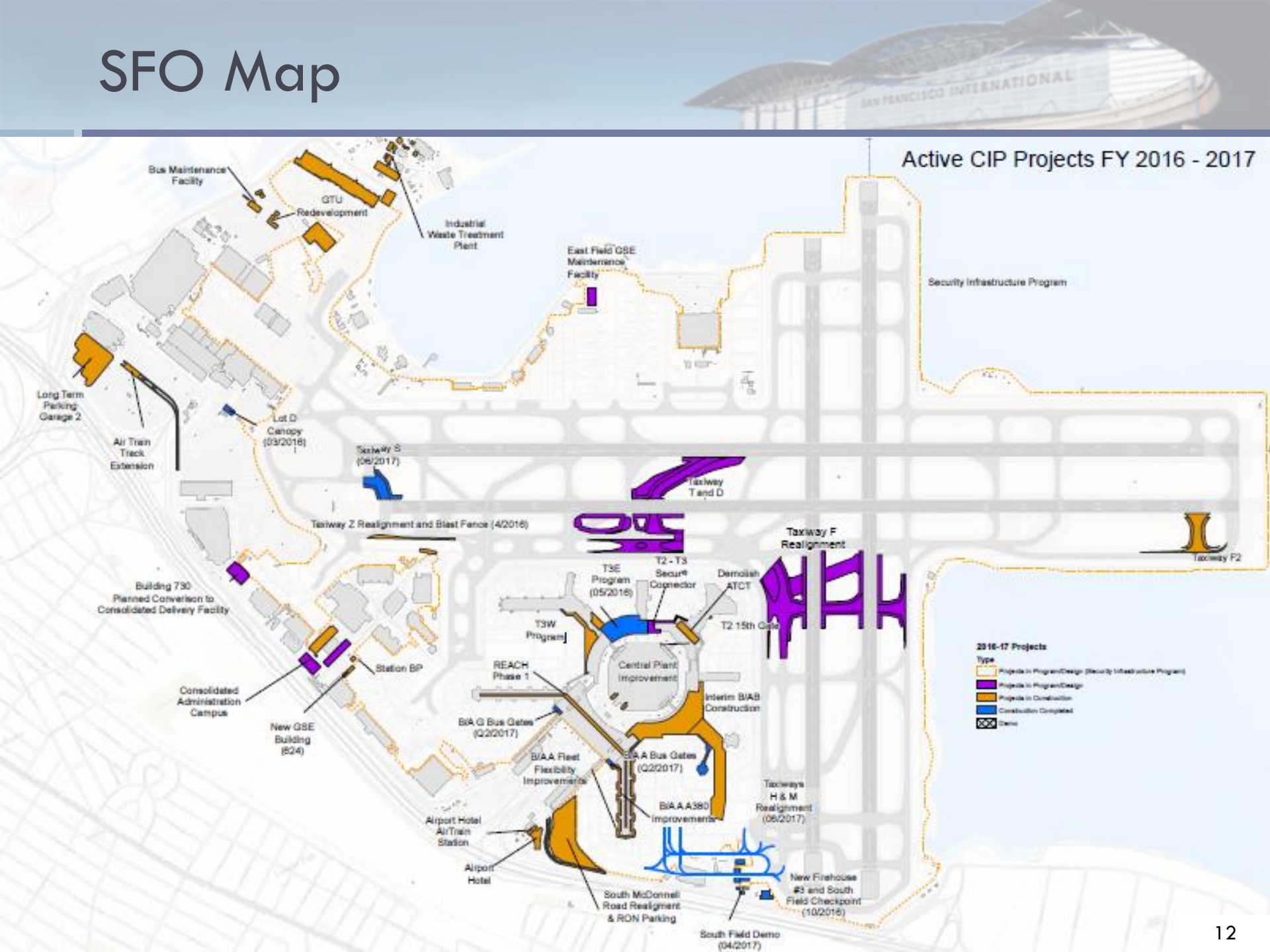
## ✈️ Customer Facility Charges (CFC)

- Funds the new Rental Car Facility



# Major Capital Projects

# SFO Map



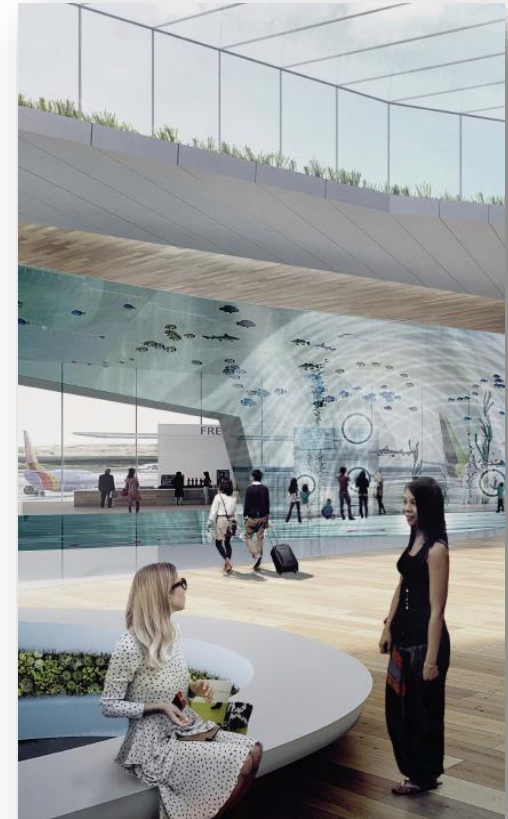
# Terminals



## Terminal 1 (T1) Redevelopment

➔ T1 Redevelopment Program (\$1.85B) – Over 50 years old, T1 is at the end of its useful life. Project addresses failing infrastructure while increasing gate capacity and enhancing the customer experience.

- Construct new 24+ gate Boarding Area (B/A) B
  - Stage 1: 9 interim gates FY 16/17 to FY 18/19
  - Stage 2A: First 9 new B/A B gates FY 18/19
  - Stage 2B: Additional 8 gates (17 active gates) FY 20/21
  - At completion: 24 (or more) total active gates FY 20/21
- Includes “swing” gates for international operations
- New Baggage Handling System (BHS): Est construction FY 16/17 to FY 18/19 and will be available at Stage 2A when B/A B is active
- Central Area Renovation: to create larger departure hall with consolidated checkpoint. Footprint of “central” portion increased in the draft CIP based on passenger processing needs.
- Checkpoint screening areas and add concessions and passenger amenities built in phases
- Relocation of taxiways to extend pier





# Terminals



➔ **T3 West Improvements (\$792M)** – Reconfigures western side of T3 to increase gate capacity and add flexibility for international and domestic flights, addresses seismic needs, improves passenger flow, and enhances passenger experience

- Upgrade 5 gates to allow gate flexibility between wide & narrow body aircraft
- Expand terminal and renovate B/A F up to but not including concession hub
- Upgrade building systems, BHS
- Expanded scope from last CIP to maintain gate capacity during phasing of project
- Estimated construction FY 17/18 - FY 20/21



➔ **T2 to T3 Secure Connector & Office Block (\$172M)**

Provides additional space to accommodate airline growth and demand for space, increases operational flexibility, improves traveling experience for connecting passengers

- Constructs new secure connector btw T2 & T3
- Constructs new office block
- Main construction estimated start FY 18/19
- Enabling projects may begin in FY 17/18





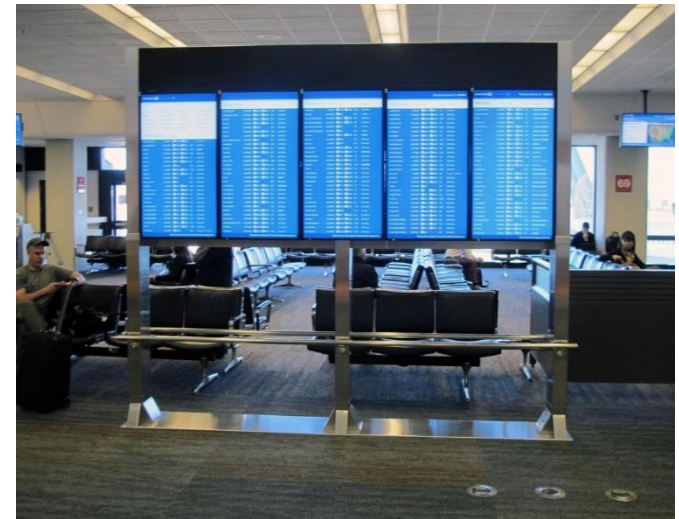
- ➔ **Gate Capacity Enhancements (\$104M)** - Increases flexibility for aircraft parking along western half of B/A F and T2
- Provide additional gates at B/A F and T2
  - Remote parking at B/A A and B/A G
  - Replace 5 existing nose-load passenger boarding bridges with new apron-drive passenger bridges in B/A F
  - Relocate fuel pits and upgrade electrical infrastructure
  - Provide bus holdrooms and necessary equipment for B/A A and B/A G remote loading
  - Estimated construction start FY 16/17

# Terminals



## International Terminal Building (ITB)

- ➔ ITB Arrivals Systems Improvements Project (\$93M) - increases operational efficiency such as the baggage handling system
- ➔ ITB Miscellaneous Improvements to maintain assets, improve safety, & enhance passenger experience (\$29M)
  - Replace air system, upgrade fire alarm, improve Boarding Area A corridor and expand the existing checkpoint, provide a dedicated media and press room, and replace carpet on passenger boarding bridges







## ✈ **New Consolidated Rental Car Center (RCC)/Conversion of Existing RCC (\$540M)** – to better meet passenger needs and enhance travel experience

- Construct a new 4,640-stall Rental Car facility, funded through Customer Facility Charges
- Convert existing facility to public parking garage that will offer 3,700 parking spaces, with additional parking revenue in excess of costs
- Estimated construction start FY 19/20



## ✈ **Airport Hotel (\$225M)**

- Construct 350 room four-star Grand Hyatt
- New AirTrain station
- Estimated construction start FY 16/17
- Currently in design stage





## ➔ **AirTrain Ext. to Long Term Garage (\$193M)**

- New station at Lot DD to service existing and future Long Term Garages and future consolidated rental car facility
- Estimated construction start FY 16/17
- Added cost due to revised alignment



## ➔ **Long-Term Parking Garage 2 (\$155M)**

- Existing Long-Term Parking facility at or near capacity
- Adds 3,000 spaces to inventory
- Estimated construction start FY 16/17
- Increase in cost reflects added floor based on parking demand



# Airport Support



## ➔ Consolidated Administration Campus Phase I (\$79M)

- Includes planning/program mgmt. (\$5M)
- Does not include Phase II (\$178M)
- Est construction in FY 16/17
- Phase II Deferred from CIP (\$178M)
  - Would be triggered by need for Boarding Area H



## ➔ Security Infrastructure Improvements (\$230M)

- Airport Security Infrastructure Program (\$206M)
  - Construct new perimeter security system at the fence line and waterfront
  - Enhance access control systems
- Other Security projects include:
  - Domestic Terminal Fire Alarm Upgrade(\$6M)
  - Communication Center Infrastructure Improvements (\$5M)





# Airfield



## ➔ Airfield projects (\$123M)

Major projects include:

- Miscellaneous Airfield improvements (\$32M), including runway overlays and a taxiway realignment program to improve safety
- Apron Reconstruction (\$19M)
- South McDonnell Road Realignment (\$18M) – provides up to six (6) aircraft parking spaces to replace spaces near South Field (note: An additional \$31M for this project is in Groundside)





## ➔ Wastewater Improvements (\$145M)

- Program includes various wastewater infrastructure improvements airport-wide as well as industrial waste treatment plant improvements. Major projects are:
  - Construct new industrial Waste Treatment Plan (\$75M)
  - Recycled water system (\$37M)



## ➔ Water System Improvements (\$72M)

- Program includes various incoming clean water and reclaimed water infrastructure improvements airport-wide. Major projects are:
  - Separation of Fire and Domestic Water Systems (\$30M)
  - Water Quality Testing/Monitoring Project (\$11M)



# Technology Improvements



## ✈ Technology Improvements (\$128M)

- Terminal Management System Upgrade (\$19M)
- Terminal Public WiFi (\$14M)
- Dense Wavelength Division Multiplexing Transport Project – provides higher bandwidth connectivity across network to support airline operations and wireless carriers (\$12M)
- Mobile application development and delivery (\$10M)
- Telecommunication Infrastructure (\$6M)
- Multi-Use Flight Information Display Upgrade (\$5)
- Common Use Self Service (CUSS) Kiosks (\$5M)
- Other projects (\$57M)



# Energy Savings Projects



## ➔ **Net Zero (\$50M)**

- Energy efficiency and renewable energy improvements
- Net zero goals driven by City and County of San Francisco Sustainability Plan

## ➔ **Energy Management Control (\$68M)**

- Implement an Airport wide Energy Mgmt and control system to integrate all bldg. controls
  - Will enable real time data on energy consumption to assist in achieving energy optimization
- Implementation study FY 16/17
- Est construction FY 16/17





# Questions?

