**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.
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

Source: San Francisco Airport Commission, OAG Aviation Worldwide Ltd, OAG Analyser database, accessed December 2015
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**

![Bar chart](https://via.placeholder.com/150)

**Scheduled Departing Seats**

![Bar chart](https://via.placeholder.com/150)

Source: San Francisco Airport Commission; Federal Aviation Administration air traffic statistics. OAG Aviation Worldwide Ltd, OAG Analyser database
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

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

$ in millions
## FY 16/17 Ten-Year Capital Plan Comparison

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

$ 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

Active CIP Projects FY 2016 - 2017
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
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 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)
Utilities

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 ($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?