SAN FRANCISCO INTERNATIONAL AIRPORT

Capital Planning Committee
FY2016-17 and FY2017-18 Two-Year Budget

March 28, 2016
Key Airport Capital Projects Underway

- **Terminal 1:** Redevelop SFO’s oldest terminal, including replacement of Boarding Area B

- **Airport Hotel:** 350 Rooms, 4 Diamond

- **Terminal 3 West:** Increase gate capacity and renovate western half of T3 to same level as T2

- **Long-Term Parking Garage 2:** 3,600 spaces to meet parking demand

- **AirTrain Extension:** From Rental Car Center to Long-term Parking Garages to mitigate groundside congestion
Recent Airport Capital Project Accomplishments

Air Traffic Control Tower Replacement:
- $80M control tower to be fully operational later in 2016
- Satisfies stringent safety, security, and design standards, LEED® Gold status
- Received 2015 “Golden State Award” by the American Council of Engineering Companies

Terminal 3 East:
- $253M project, opened in November 2015
- Renovated and expanded concourse area connecting Boarding Areas E and F, including state-of-the-art checkpoint area to improve passenger flow
- Expanded building by approximately 54,000 square feet for more concessions and enhanced passenger amenities
Two-Year Capital Appropriations Request
Capital Improvement Plan & Budget Process Recap

- **Capital Improvement Plan/Budget annual development:**
  - Capital Improvement Program (CIP) Working Group
  - Capital Project Review Committee (CPRC)
  - Airport Director
  - San Francisco Airline-Airport Affairs Committee (SFAAAC) Review
  - Airport Commission
  - CCSF Capital Planning Committee (CPC)
  - Mayor’s Office
  - Board of Supervisors

- **CIP Working Group ranking criteria:**
  - Safety & Security
  - Customer Experience
  - Airport Operational Impact
  - Financial Impacts
  - Sustainability
  - Risk Assessment
  - Asset Condition
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

✈ Passenger Facility Charges (PFC)
- Pay-go for terminal projects
- Use for debt service
- Maintain financial flexibility
- Reserve to pay directly for future project costs

✈ 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

* Included in this year’s Two-Year Budget Request
Existing Revenue Bond Appropriation Authority

- $1,969.8 million approved CIP Revenue Bond authority
  - Approved Spring 2014

- Revenue Bond issuances since adoption
  - $473.6 million issued Sept 2014
  - Next issuance projected Fall 2016
## FY 15/16 Capital Improvement Plan* (CIP) Summary

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>Five-Year Plan</th>
<th>%</th>
<th>Ten-Year Plan</th>
<th>%</th>
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<tbody>
<tr>
<td>Terminal</td>
<td>$ 1,601.8</td>
<td>56%</td>
<td>$ 3,057.4</td>
<td>68%</td>
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<tr>
<td>Groundside</td>
<td>504.1</td>
<td>18%</td>
<td>519.8</td>
<td>11%</td>
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<td>Airport Support</td>
<td>389.0</td>
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<td>429.8</td>
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<td>Airfield</td>
<td>185.0</td>
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<td>285.2</td>
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<td>Utilities</td>
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<td>235.5</td>
<td>5%</td>
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<td><strong>Total</strong></td>
<td><strong>$ 2,844.0</strong></td>
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<td><strong>$ 4,527.7</strong></td>
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($ in millions)

* Airport is currently in the process of updating its CIP; Updated CIP anticipated Summer 2016.
Two-Year Budget: FY 16/17 & FY 17/18 Capital Appropriation Sources

<table>
<thead>
<tr>
<th>Annual Sources</th>
<th>Budget FY 14/15</th>
<th>Budget FY 15/16</th>
<th>Budget Request FY 16/17</th>
<th>Budget Request FY 17/18</th>
<th>FY16/17 vs FY17/18 difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Aviation Administration</td>
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<td>$25.0</td>
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<td><strong>Operating Funds</strong></td>
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<td>4.7</td>
<td>4.9</td>
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<td>Facilities Maintenance</td>
<td>13.8</td>
<td>12.1</td>
<td>14.6</td>
<td>15.0</td>
<td>0.4</td>
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<tr>
<td><strong>Capital Funds</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Interest Income</td>
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<td>5.4</td>
<td>0.0</td>
<td>(5.4)</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$54.2</td>
<td>$41.8</td>
<td>$44.7</td>
<td>$40.4</td>
<td>($4.3)</td>
</tr>
</tbody>
</table>

($ in millions)
## Two-Year Budget: FY 16/17 & FY 17/18 Capital Appropriation Uses

<table>
<thead>
<tr>
<th>Uses by Airport Cost Center</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY16/17 vs FY17/18 difference</th>
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</thead>
<tbody>
<tr>
<td>Airfield Improvements</td>
<td>$20.5</td>
<td>$20.5</td>
<td>$15.5</td>
<td>$16.0</td>
<td>$0.5</td>
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<tr>
<td>Facilities Maintenance</td>
<td>13.8</td>
<td>12.1</td>
<td>14.6</td>
<td>15.0</td>
<td>0.4</td>
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<tr>
<td>Terminal Improvements</td>
<td>13.4</td>
<td>2.5</td>
<td>9.6</td>
<td>5.0</td>
<td>(4.6)</td>
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<td>Airport Support Improvements</td>
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<td>4.3</td>
<td>3.5</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Groundside Improvements</td>
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<td>4.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Utility Improvements</td>
<td>4.5</td>
<td>4.7</td>
<td>0.7</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$54.2</strong></td>
<td><strong>$41.8</strong></td>
<td><strong>$44.7</strong></td>
<td><strong>$40.4</strong></td>
<td><strong>($ 4.3)</strong></td>
</tr>
</tbody>
</table>

($ in millions)
Anticipated Uses for Facilities Maintenance Funds

- Funding for asset preservation

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>FY 16/17</th>
<th>FY 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal</td>
<td>$5,691,580</td>
<td>$5,853,929</td>
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<tr>
<td>Airport Support</td>
<td>4,665,287</td>
<td>4,798,362</td>
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<tr>
<td>Utilities</td>
<td>1,750,570</td>
<td>1,800,504</td>
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<tr>
<td>Airfield</td>
<td>1,528,115</td>
<td>1,571,704</td>
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<tr>
<td>Groundside</td>
<td>948,448</td>
<td>975,501</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$14,584,000</strong></td>
<td><strong>$15,000,000</strong></td>
</tr>
</tbody>
</table>
Capital Planning Update
Context for Capital Planning: Significant Enplanement Growth

- **February 2016 Forecast**: 25.6 million enplanements
- **October 2015 Forecast**: 28.8 million enplanements

**ACTUAL**

**FORECAST**
Airport Capital Plan Priorities

- Focus on projects that meet growing demand (e.g., terminals, groundside)
- Extend Revenue Enhancement and Customer Hospitality (REACH) principles to enhance customer experience to all projects
- Invest in projects that increase non-airline revenue
- Comply with federal, state, and local mandates
- Invest in critical safety and security infrastructure
- Fund asset preservation projects and maintain state of good repair with no backlog

Financial Considerations

- Maintain competitive rates and charges

FY16/17 Capital Plan expected to increase significantly compared to prior Capital Plan, due to:

- Rolling nature of CIP
- Accelerated schedule for key gate capacity projects such as Terminal 1
- Expanded scope for certain terminal and groundside capacity enhancement projects (e.g., Terminal 3 West, Long-term parking garage)

FY16/17 CIP Development Schedule:

- Airport Capital Project Working Group Review (nearly completed)
- Senior Management Review – March 2016
- Discussions with Airlines – April-May 2016
- Commission Action – June 2016
- Briefing for CPC – summer or fall 2016, depending on CPC schedule
Major Projects in FY16/17 10-Year Capital Plan:

- Terminal 1 Redevelopment
- Terminal 3 West
- Hotel
- AirTrain Extension
- Long-term Parking Garage
- Consolidated Rental Car Facility
- Shoreline Protection Project
- Consolidated Administration Campus – Phase 1
Airport Development Plan (ADP)

ADP Overview

- Long-range planning study to guide SFO’s future development
- Comprehensive update to 1989 Master Plan

ADP Status

- Preparing to commence environmental review process for ADP
- Expected to take 18-24 months

Once environmental process is completed, projects from the ADP may be added to future Airport capital plans
Future Item for CPC Consideration: Customer Facility Charge

Airport considering implementation of rental car “customer facility charge (CFC)”

- CFC’s are eligible to be used for capital cost of consolidated rental car facility, rental car facility O&M costs, and costs of common use transportation serving the rental car facility. Permitted under California Civil Code section 1936

- CFC’s charged either per transaction or per day for maximum of 5 days
  - Airport must substantiate need for CFC revenue via independent audit
  - In 2017, maximum CFC level increases from current $7.50 to $9 per day

- Airport has engaged consultant to assist in developing CFC Action Plan

- Airport will return to CPC with update concerning implementation of CFC’s
Questions?