



SFO

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:

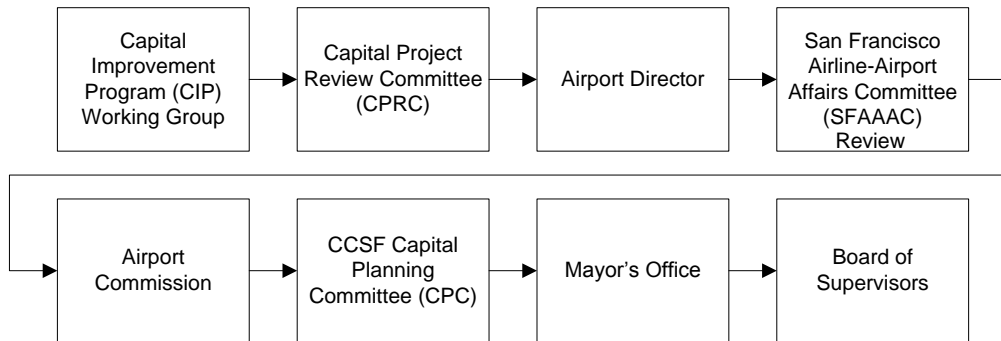
- \$253M project, opened in November 2015
- Renovated and expanded concourse area connecting Boarding Areas E and F, including state-of-the-art checkpoint area to improve passenger flow
- Expanded building by approximately 54,000 square feet for more concessions and enhanced passenger amenities



Two-Year Capital Appropriations Request

Capital Improvement Plan & Budget Process Recap

✈ Capital Improvement Plan/Budget annual development:



✈ 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

Cost Center	Five-Year Plan	%	Ten-Year Plan	%
Terminal	\$ 1,601.8	56%	\$ 3,057.4	68%
Groundside	504.1	18%	519.8	11%
Airport Support	389.0	14%	429.8	9%
Airfield	185.0	7%	285.2	6%
Utilities	164.1	6%	235.5	5%
Total	\$ 2,844.0		\$ 4,527.7	

(\$ 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

Annual Sources	Budget		Budget Request		FY16/17 vs FY17/18 difference
	FY 14/15	FY 15/16	FY 16/17	FY 17/18	
Grant Funds					
Federal Aviation Administration	\$25.0	\$25.0	\$20.0	\$20.5	\$0.5
Operating Funds					
Small Capital Outlay	4.5	4.7	4.7	4.9	0.2
Facilities Maintenance	13.8	12.1	14.6	15.0	0.4
Capital Funds					
Interest Income	10.9	-	5.4	0.0	(5.4)
TOTAL	\$ 54.2	\$ 41.8	\$ 44.7	\$ 40.4	(\$ 4.3)

(\$ in millions)

Two-Year Budget: FY 16/17 & FY 17/18 Capital Appropriation Uses

Uses by Airport Cost Center	Budget		Budget Request		FY16/17 vs FY17/18 difference
	FY 14/15	FY 15/16	FY 16/17	FY 17/18	
Airfield Improvements	\$20.5	\$20.5	\$15.5	\$16.0	\$0.5
Facilities Maintenance	13.8	12.1	14.6	15.0	0.4
Terminal Improvements	13.4	2.5	9.6	5.0	(4.6)
Airport Support Improvements	2.0	2.0	4.3	3.5	(0.8)
Groundside Improvements	4.5	4.7	-	-	-
Utility Improvements	4.5	4.7	0.7	0.9	0.2
TOTAL	\$54.2	\$41.8	\$ 44.7	\$ 40.4	(\$ 4.3)

(\$ in millions)

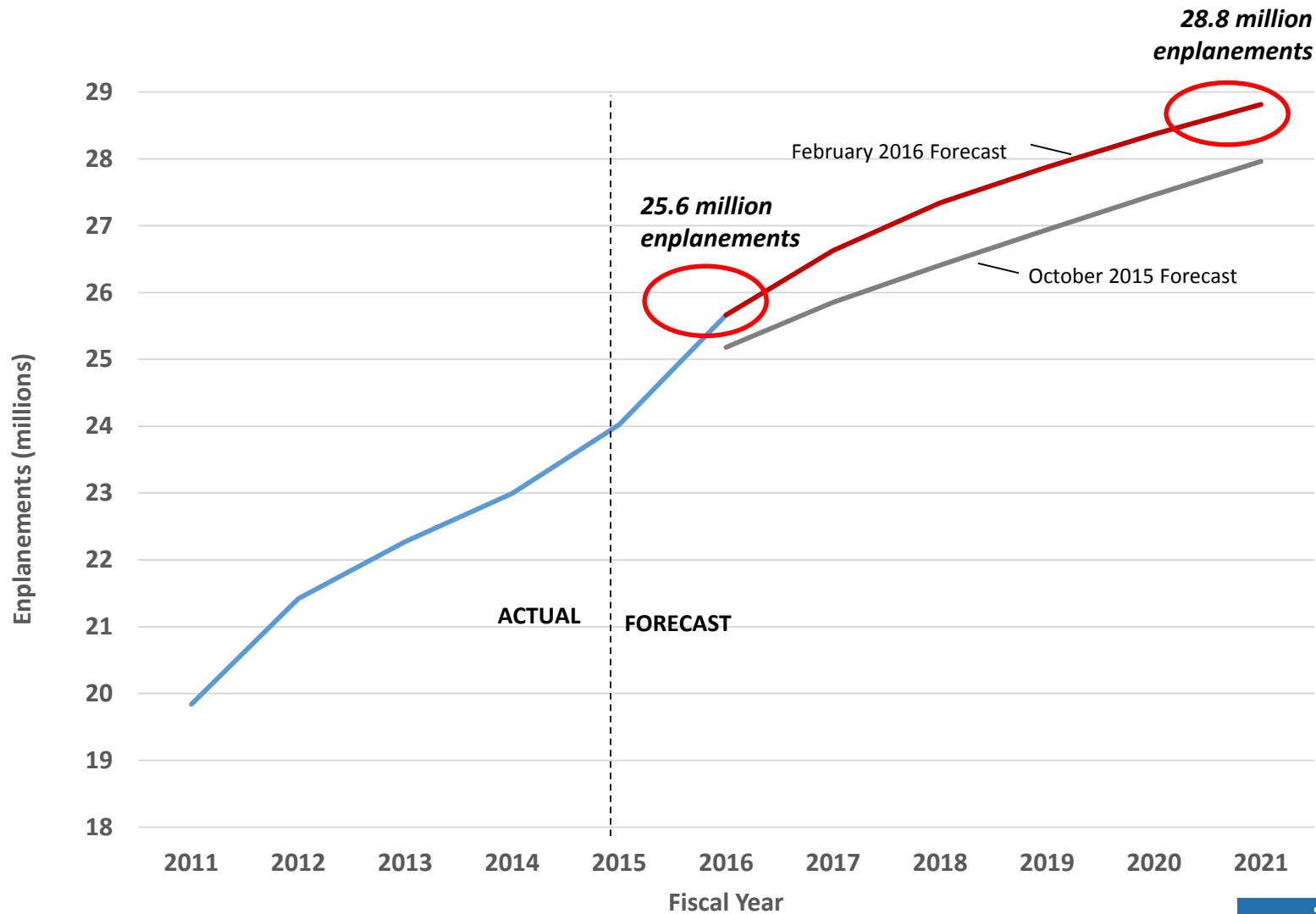
Anticipated Uses for Facilities Maintenance Funds

- Funding for asset preservation

Cost Center	FY 16/17	FY 17/18
Terminal	\$ 5,691,580	\$ 5,853,929
Airport Support	4,665,287	4,798,362
Utilities	1,750,570	1,800,504
Airfield	1,528,115	1,571,704
Groundside	<u>948,448</u>	<u>975,501</u>
Total	\$14,584,000	\$15,000,000

Capital Planning Update

Context for Capital Planning: Significant Enplanement Growth



FY 16/17 Ten-Year Capital Plan Under Development

✈ 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

FY 16/17 Ten-Year Capital Plan Under Development, cont.

➔ 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

FY 16/17 Ten-Year Capital Plan Under Development, cont.

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)



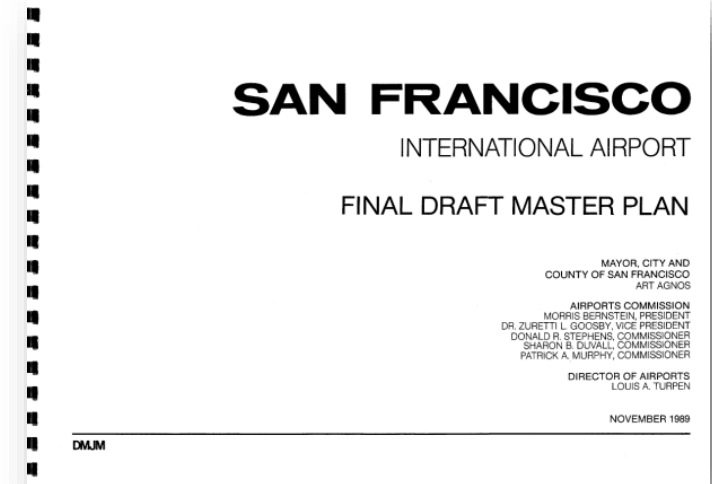
✈️ ADP Overview

- 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?

