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SAN FRANCISCO INTERNATIONAL AIRPORT

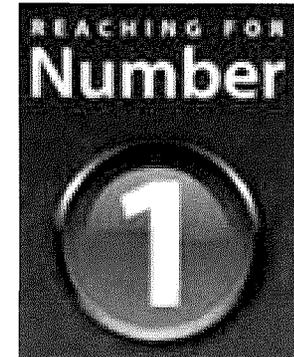
Mission Statement

**We provide an exceptional airport
in service to our communities**

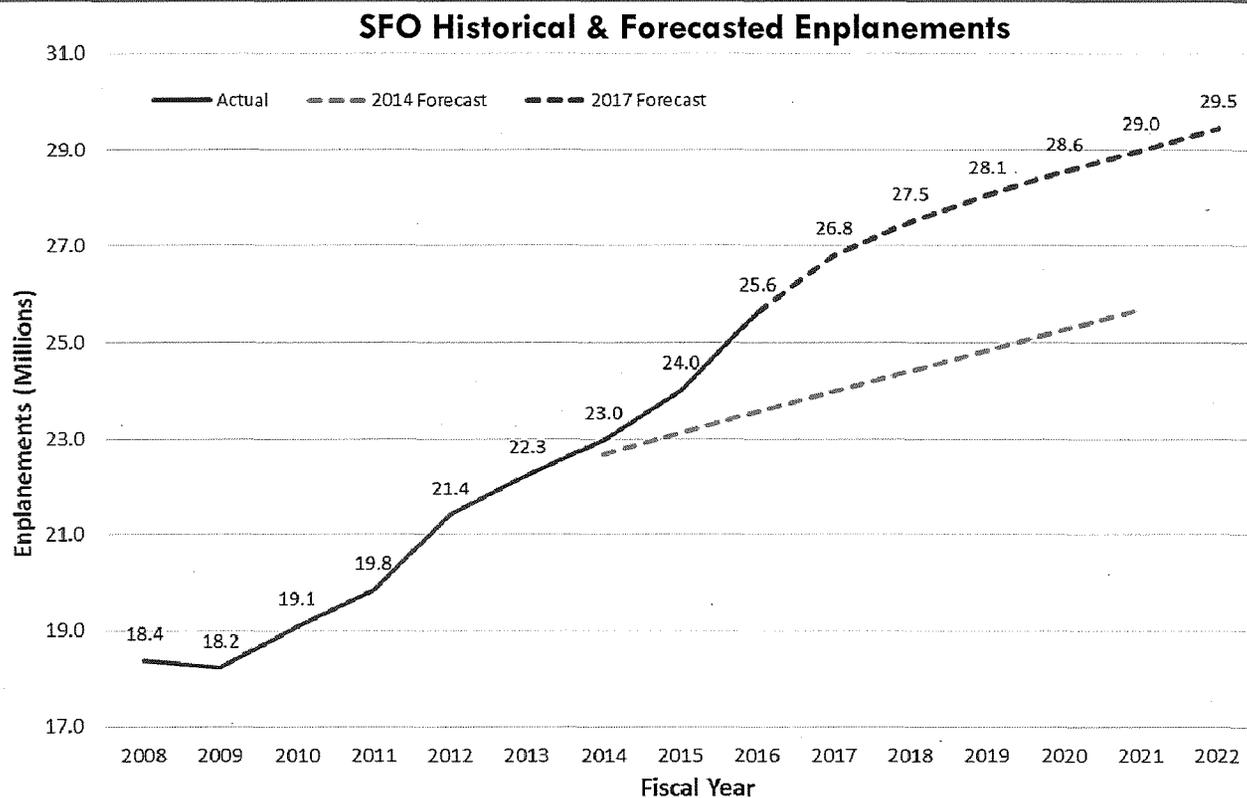
May 25, 2017

Our Core Values

- Safety & Security is our First Priority
- We are One team
- We treat everyone with Respect
- We communicate fully and Help one another
- We strive to be the Best
- We are Innovative
- We are Open to new ideas
- We are Committed to SFO being a great place to work for all employees
- We are each Responsible for the Airport's success
- We take Pride in SFO and in our accomplishments



Record Breaking Passenger Traffic Growth



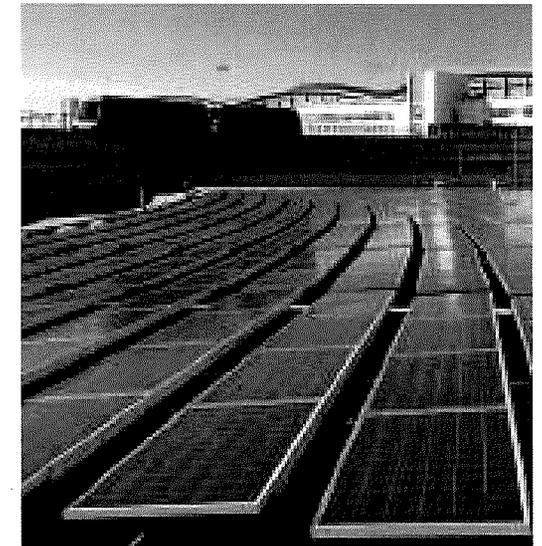
- ❑ One of the fastest growing airports nationwide.
- ❑ Record 25.6 million enplanements or 51.4 million total passengers in FY 15/16.
 - 7% increase over prior year; 56% increase since FY 06/07
- ❑ Projected 26.8 million enplanements or 53.6 million total passengers in FY 16.17.

Source: Actual- Airport Commission records; Forecast: LeighFisher report prepared for financial planning



Budget Objectives Focused on Meeting Growth

- ❑ Enhance safety and security
- ❑ Meet increased passenger demands and accommodate new growth
- ❑ Address curbside and traffic congestion
- ❑ Support Capital Improvement Program (CIP)
- ❑ Enhance sustainability



FY 17/18 Budget – Year 2 of Fixed 2-Year Budget

	FY 15/16	FY 16/17	FY 17/18
Budget	\$970.8	\$1,011.3	\$1,050.4
<i>% Change vs. Prior FY</i>	3.2%	4.2%	3.9%
Total Positions	1,733	1,823	1,880
Operating Positions	1,529	1,597	1,629
Project & Overhead Positions	204	226	251
<i>Total Position Change</i>	2.1%	5.2%	3.1%
Total Passengers	51,421,348	53,604,000	55,042,000
Total Passengers per Position	29,680	29,412	29,285
Airport Overtime (OT)	\$2.3	\$2.3	\$2.3
Annual Service Payment	\$40.80	\$43.60	\$45.60

- OT budget 1.5% of total salaries
 - Mostly emergency maintenance work and shift coverage for Communications Dispatch and Airfield Operations.

- SFO OT Policy: Employees capped at 16% of their regularly scheduled time and cannot exceed 65 hrs/week.
 - More conservative than City Policy of 25% of regular schedule and 72hrs/per week.

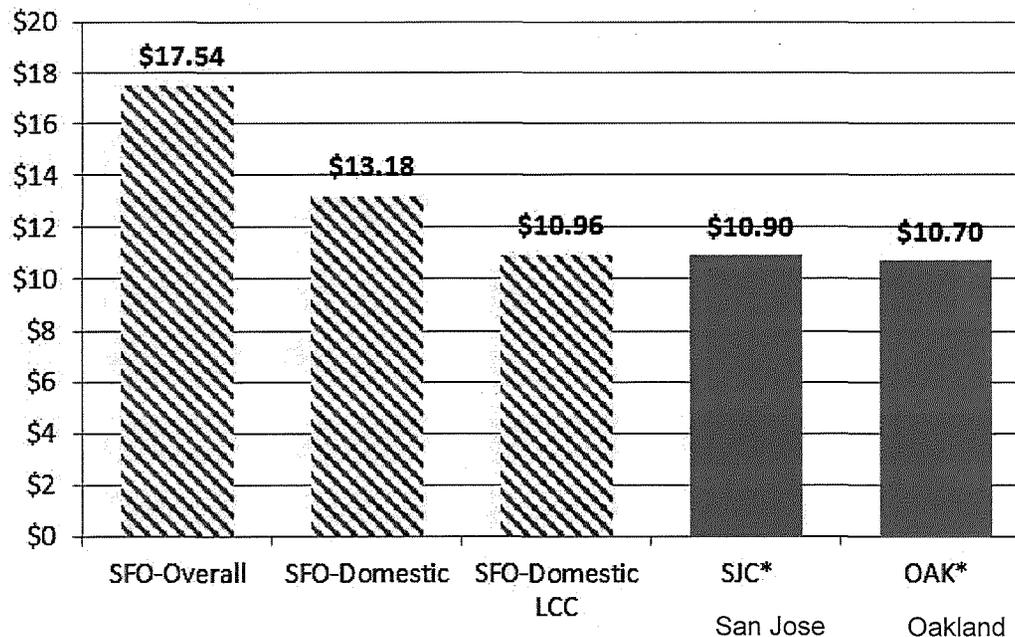
Capital Improvement Plan (CIP)

- ▣ \$5.7 billion 5-Yr CIP to support growth
 - ▣ Estimated to create 40,000+ construction jobs
- ▣ Major Capital Projects
 - ▣ Terminal 1 Redevelopment Program
 - ▣ Terminal 3 West Project
 - ▣ On-Airport Hotel
 - ▣ Gate Enhancement Improvement Project
 - ▣ Shoreline Protection Program
 - ▣ Air Train Extension
 - ▣ New Long Term Parking Garage
 - ▣ Technology Upgrades & Enhancements
 - ▣ Security Infrastructure Improvements



Local Cost Per Enplanement (CPE) Comparison

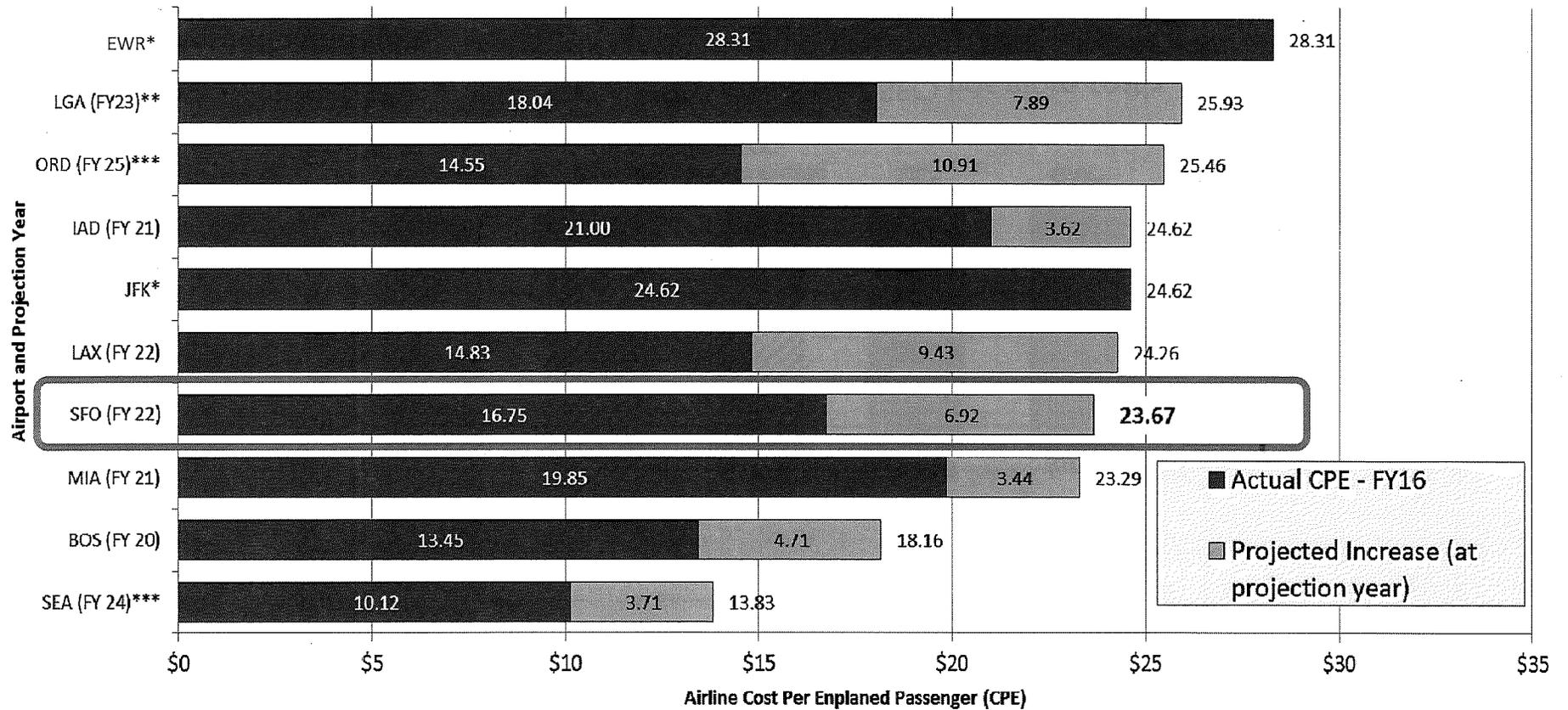
Estimated FY 2017/18 CPE
Bay Area Airports



- Overall CPE is higher than SJC and OAK because SFO has more costly long haul international flights.
- Average airfares from SFO to major short and medium haul markets are competitive relative to these airports.
- SFO dominates long haul and international traffic in the Bay Area as an international gateway and connecting hub.

*SJC represents FY 2016/17 estimated CPE; OAK represents FY2016/17 budgeted CPE

Select International Gateways CPE Comparison



In current dollars

* Represents FY 2015 actual. Projection not available.

** Projection based on CPE projection for terminal rents for the New Terminal B project.

*** Represents FY 2015 actual.

Social Responsibility & Community Sustainability

SFO operates a wide variety of internship and job training programs, including programs that target at risk youth.

❑ Internship programs include:

- SFO Career Connect (Custodial, College & Employment)
- Engineering, Architectural, & Planning Trainee Program
- SFO College Intern Program
- SFO High School Intern Program
- Tech 21 Summer Internship
- Youth Works
- SFO Management Intern Program

- SFO Project Assist
- City Hall Fellows
- Construction Administration Internship
- Project Pull
- Habitat Preservation Project
- Coro Fellowship

❑ FY 15/16: 133 interns

❑ FY 16/17: 127 interns to date, 153 anticipated by year-end (24% increase over prior year)

SFO also connects airlines and SFO concessionaires with SF residents and local community members via its Office of Employment & Community Partnerships & SFO First Source Initiative.

- ❑ FY 15/16 worked with 100 tenants and served 3,500+ job seekers
- ❑ FY 15/16 hires: 653
- ❑ FY 16/17 worked with 190 tenants and served 3,583 job seekers YTD
- ❑ FY 16/17 hires: 1,012 YTD

Social Responsibility & Community Sustainability

- Strong track record of exceeding the City's 30% Local Hire requirement in FY 15/16; on track to exceed goal in FY 16/17

Local Hire Construction Hours at SFO			
Year	Total Work Hours	Local Hire Work Hours	Percentage Local Hire
FY 15/16	576,415	216,827	38%
FY 16/17 YTD	311,471	134,924	35%

- SFO Local Hire Goal: 40%

- Awarded \$143.3 M in LBE contracts in FY 15/16

Year	Construction	Construction Support	Design Services	Total	Total %
FY 14/15	\$303.90	\$25.10	\$38.60	\$367.6	26%
FY 15/16	106.3	21.8	15.2	\$143.3	22%
FY 16/17 YTD	51.6	11.5	5.3	\$68.4	18%

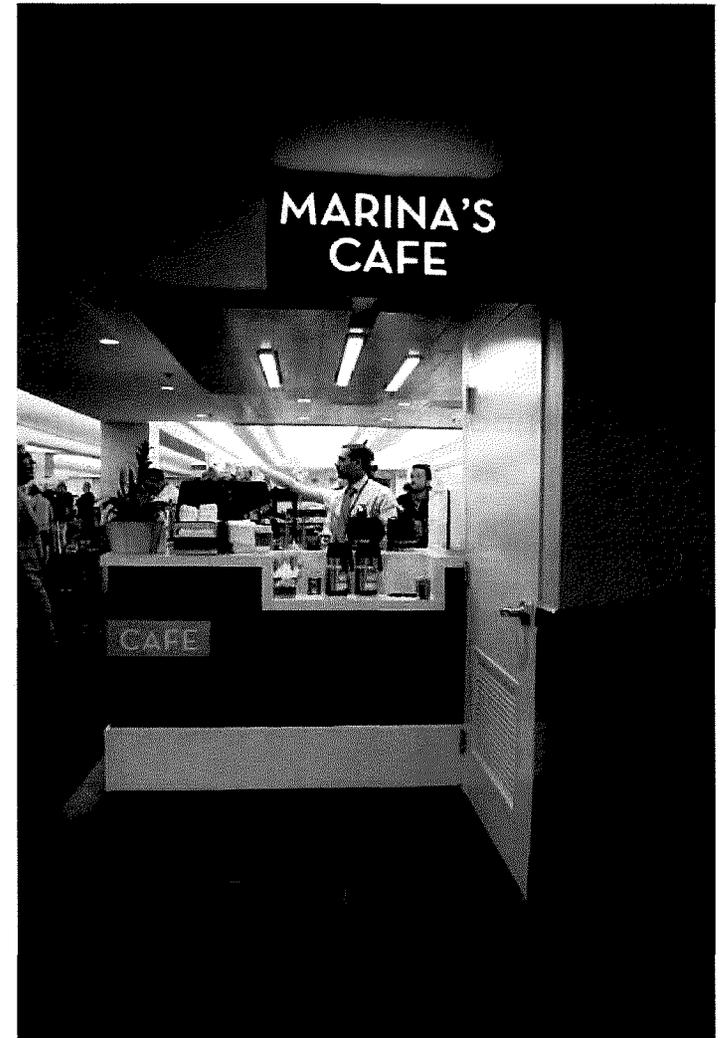
Social Responsibility & Community Sustainability

FY 15/16 Concessions

- ▣ 75% of concession leases and 35% of retail leases had owners headquartered in San Francisco and the Bay Area
- ▣ 63% of food and retail sales (\$22 million) earned by San Francisco/Bay Area owners

FY 16/17 Concessions YTD

- ▣ 65% of concession and retail leases had owners headquartered in San Francisco and the Bay Area
- ▣ 70% of food and retail sales (\$19 million) earned by San Francisco/Bay Area owners
- ▣ New program to ensure SFO reflects the iconic nature of San Francisco's historic restaurant scene and the cultural diversity of San Francisco cuisine



Upcoming Initiatives



Noise Abatement

- Long history of proactively addressing noise levels within our community
 - Established nation's first airport/community round table
 - Outfitted more than 15,000 homes with residential sound abatement retrofits
- Continue to lean in on the aircraft noise issue
 - Successfully lobbied United and Virgin America to install noise reducing equipment on aircraft
 - Pursuing a new GPS landing system with noise reduction opportunities
 - Maintaining close dialogue with FAA on community concerns with FAA's new flight patterns

Airport Development Plan (ADP)

- Roadmap for accommodating up to 71.1 million annual passengers, our current airfield capacity.

Duty Free Lease Renewal

- MAG will increase rental revenues by \$13 million annually over FY 15/16 actuals

Conclusion

Continued strength in financial performance driven by conservative forecasting, maintaining financial flexibility and preserving SFO's competitive position.

Achieving our "Zero by 2021" Strategic Goal through focused efforts to reduce energy use, waste, greenhouse gases, and water consumption.



Accommodating growth through carefully planned operating and capital programs that enable the Airport to continue dominating long haul and international traffic in the Bay Area.

Embracing technology to increase safety, security, and operational efficiency.

