

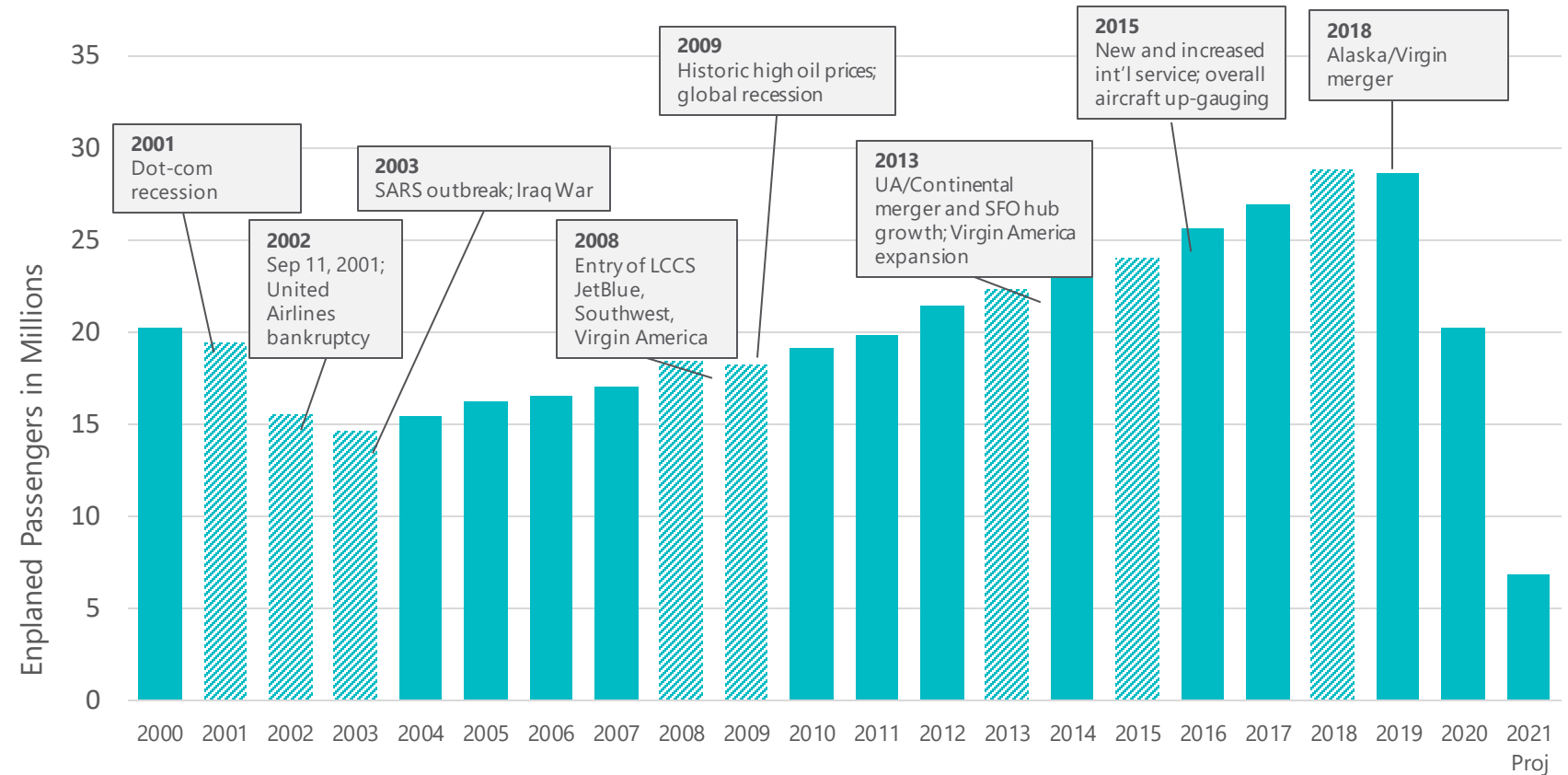
FY 2021/22 & FY 2022/23 Budget Overview

Ivar C. Satero
Airport Director
May 5, 2021



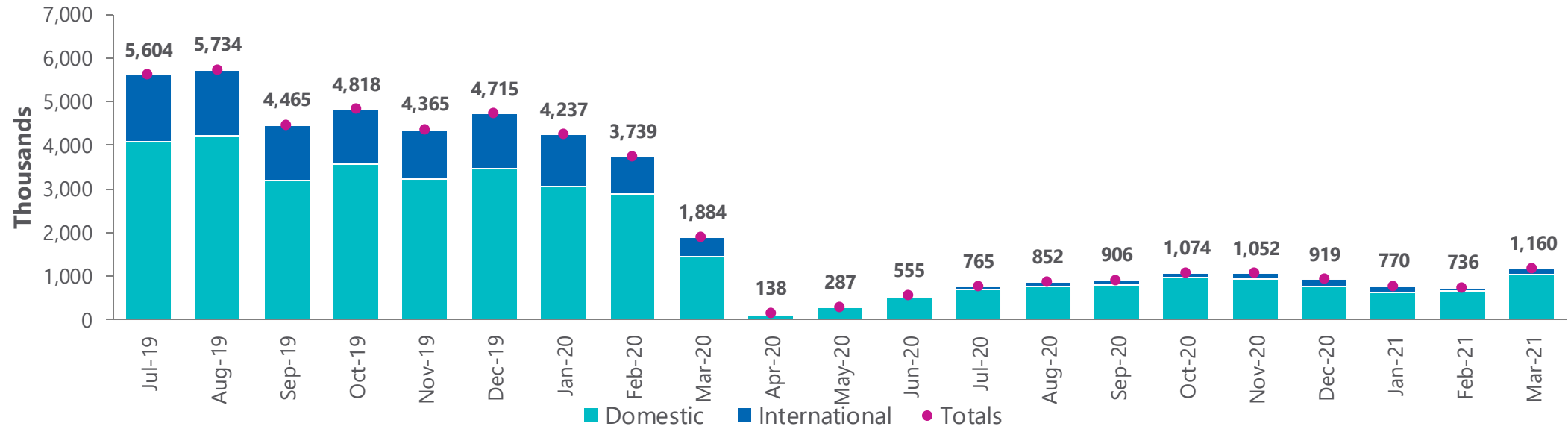
SFO Has Successfully Managed Through Past Aviation Industry Challenges

- Track record of strong traffic growth through financial and economic downturns
- 9 consecutive years of passenger growth from FY2010 to FY2018
- Leading Bay Area airport in international and domestic service
- As of CY 2019, SFO was:
 - 7th in U.S. in enplanements
 - 4th in U.S. in international enplanements



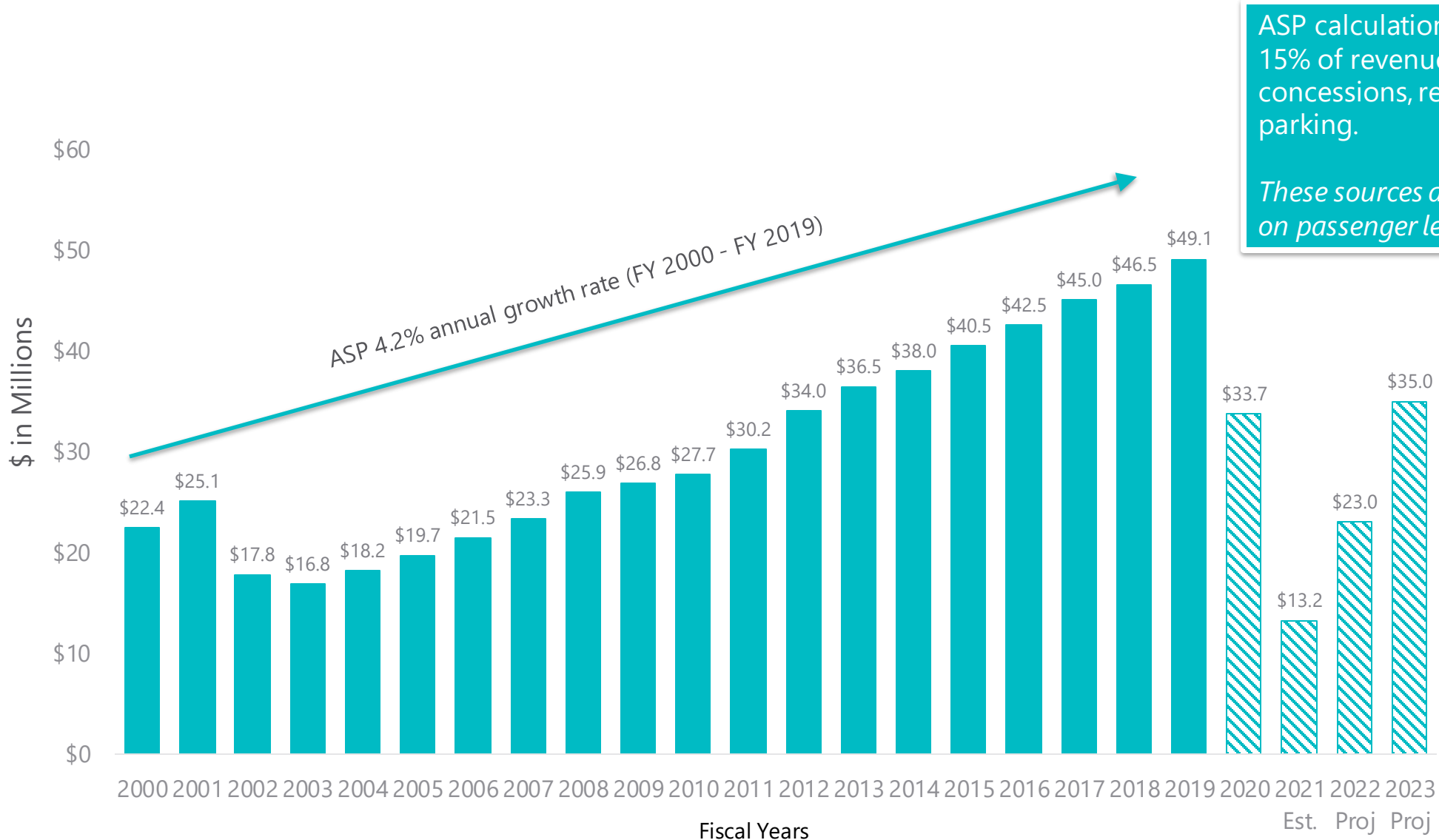
Impact of COVID-19 on Passenger Traffic

January 2019 – March 2021 Passengers



- SFO was experiencing positive traffic results in FY 2019/20 prior to the onset of COVID-19
- FYTD 2020/21 passenger traffic (through March 2021) is down 79% vs. FYTD 2019/20

Annual Service Payment (ASP) Impacted by Lower Concessions Revenues



ASP calculation:
 15% of revenues from terminal concessions, rental cars, and public parking.
These sources are highly dependent on passenger levels.

Two-Year Operating Budget: Context & Priorities

Proposed Budget addresses impact of COVID-19 pandemic on airport revenues

Budget Context:

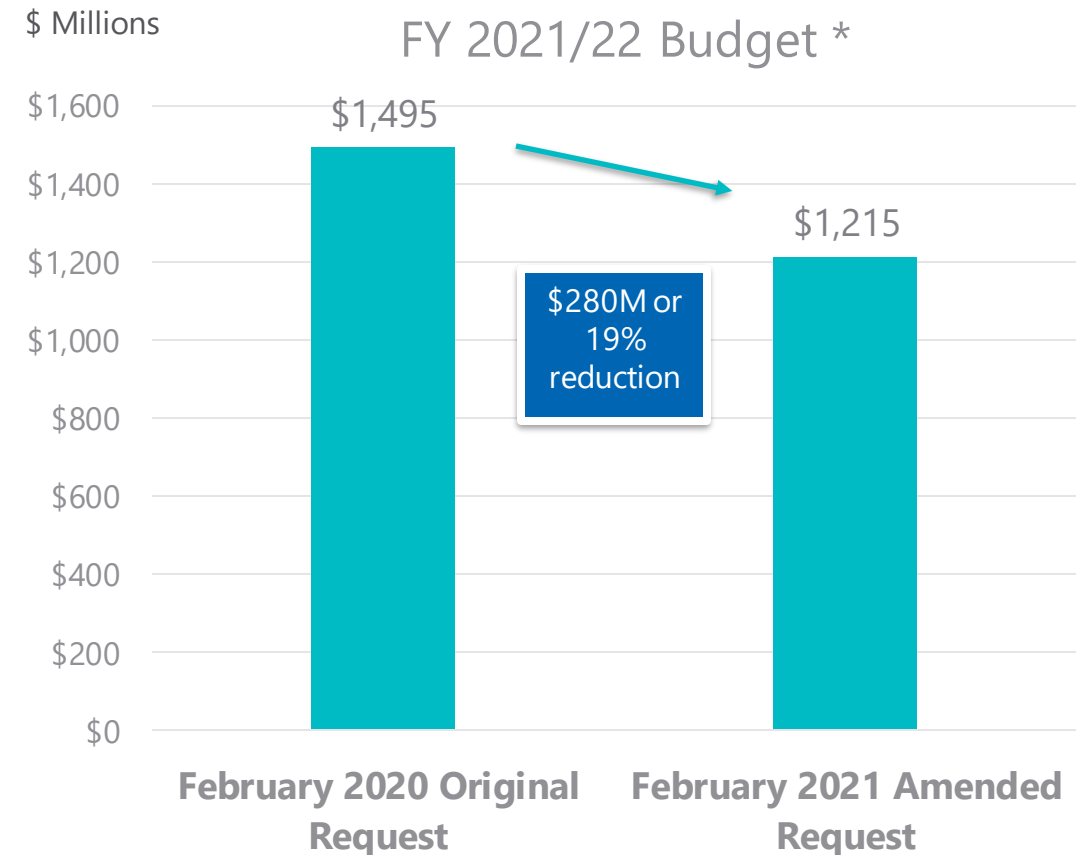
- Recovery is anticipated to be a multi-year process
- Current passenger traffic assumptions:
 - FY 2021/22 passenger traffic at 40% of FY 2018/19
 - FY 2022/23 passenger traffic at 59% of FY 2018/19

Budget Priorities:

- Support continued safety and security
- Provide necessary funding to meet operational needs
- Maintain Commission's existing workforce
- Keep airline costs competitive
- Preserve financial reserves

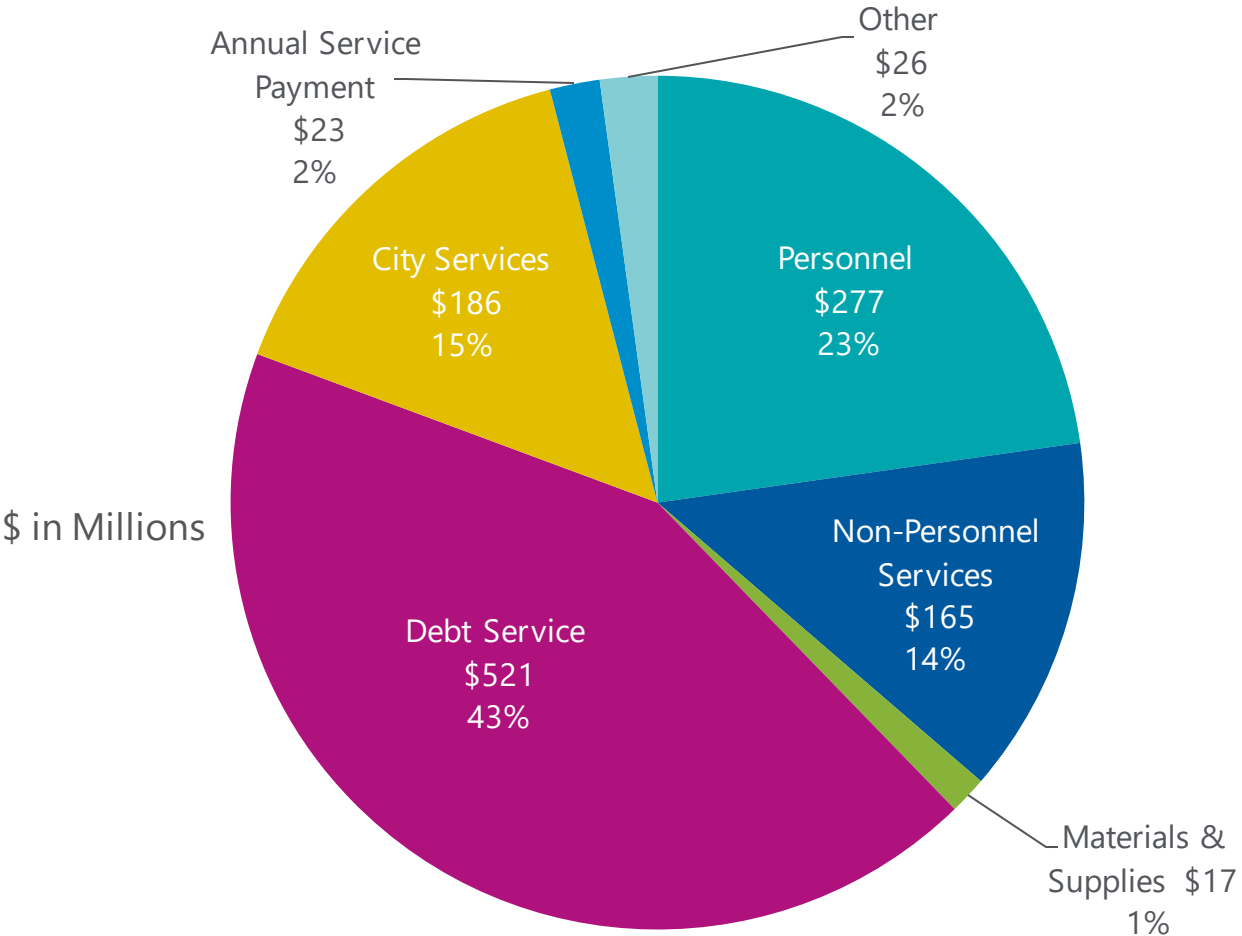
FY 2021/22 Operating Budget Reduced by 19% vs. Pre-COVID-19 Request

- Extensive efforts have been undertaken to reduce current year spending, with savings carried forward into the amended FY 2021/22 budget
- Reductions in FY 2021/22 budget from:
 - Savings in O&M from:
 - Hiring Freeze
 - Reductions in contractual services, work orders, materials and supplies
 - Savings in Debt Service from:
 - Reducing the size of the active Capital Plan by \$2.1Billion
 - Refunding existing bonds at lower interest rates
 - Restructuring May 2022 bond principal payments



* Operating Budget as shown here excludes capital projects and grant funds, which are included in the Annual Appropriation Ordinance

Amended FY 2021/22 Operating Budget Request



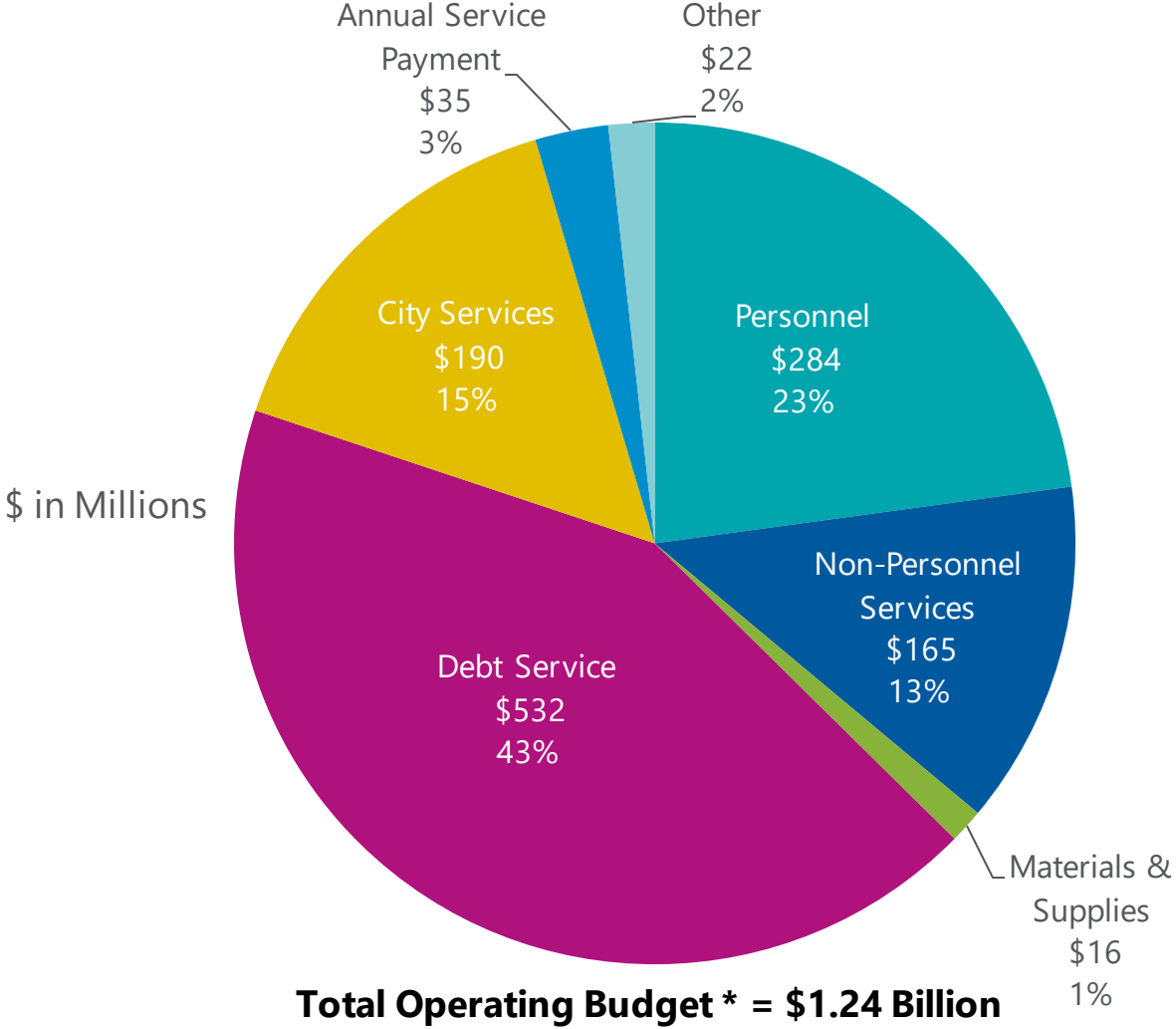
Largest Components of Operating Budget

- Debt service = 43%
- Personnel = 23%
- Services of Other City Depts = 15%
- Non-Personnel Services = 14%

Total Operating Budget * = \$1.21 Billion

* Operating Budget as shown here excludes capital projects and grant funds, which are included in the Annual Appropriation Ordinance

Preliminary FY 2022/23 Operating Budget is 2% Higher than FY 2021/22



Largest Components of Operating Budget

- Debt service = 43%
- Personnel = 23%
- Services of Other City Depts = 15%
- Non-Personnel Services = 13%

* Operating Budget as shown here excludes capital projects and grant funds, which are included in the Annual Appropriation Ordinance

SFO Populations Negatively Impacted by the Pandemic

Private Sector Workforce

- Pre-COVID, 44,000 private sector employees:
 - 75% Black, Indigenous, and People of Color
 - 9% Black or African American
 - 18% Hispanic or Latinx
 - 44% Asian/Pacific Islander
- Estimated 75% of private workforce was furloughed
- Employees working fewer hours during limited operations

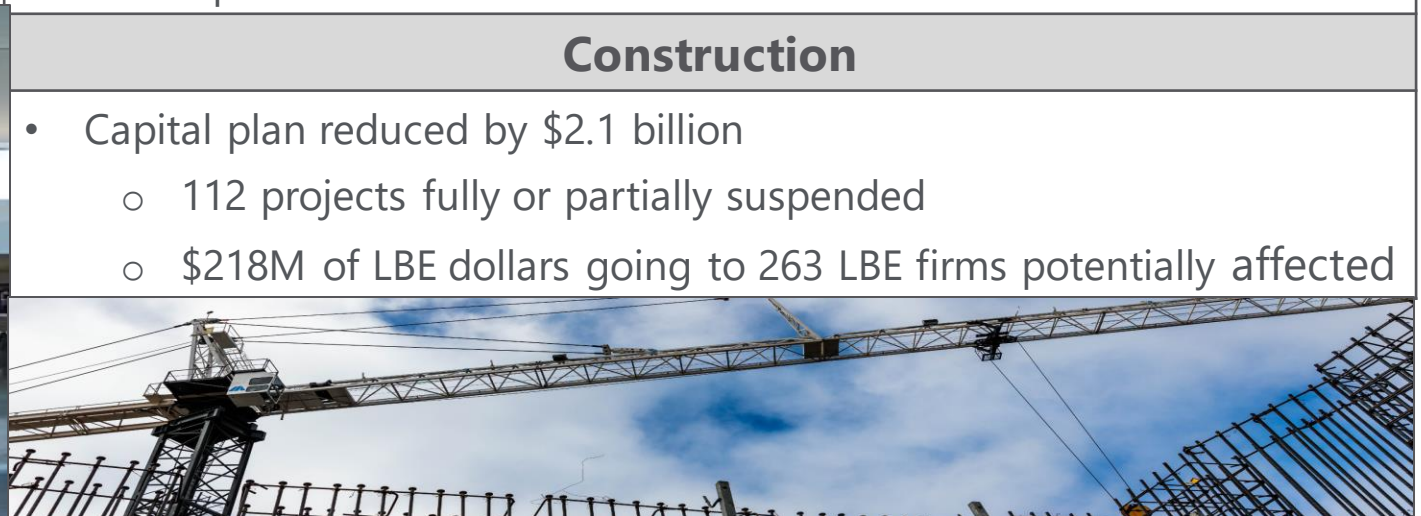
Small Businesses

Concessions

- 69% of leases have owners headquartered in San Francisco and the Bay Area
- 40% of Airport's concession operated by Airport Concessions Disadvantaged Business Enterprises (ACDBEs)
 - Estimated 25% of all concessions sales by Black and Latinx owners
- Most concessions closed in March 2020
 - Over 1/3 of concessions are still closed
 - Open concessions – limited hours

Construction

- Capital plan reduced by \$2.1 billion
 - 112 projects fully or partially suspended
 - \$218M of LBE dollars going to 263 LBE firms potentially affected



SFO Support for Negatively Impacted Populations

Private Sector Employees	Small Businesses
<ul style="list-style-type: none"> • In-person and virtual (7 days a week) navigation support <ul style="list-style-type: none"> ○ Unemployment ○ Rent/housing stabilization ○ Disability ○ Food support • 18-30% of Concessions Relief must go to payroll for workers • Priority Rehire Program for furloughed employees • Safety and Security Enhancements <ul style="list-style-type: none"> ○ Expanded and outdoor breakrooms ○ Face mask distribution and compliance checks • On-site rapid COVID-19 testing and vaccination • Incoming Opportunities For All (OFA) cohort targeting BIPOC youth 	<p style="text-align: center;">Concessions</p> <ul style="list-style-type: none"> • Linkages to grants, loans, and other resources • Concessions Rent Relief Program <ul style="list-style-type: none"> ○ Suspended Minimum Annual Guarantees ○ \$21.8M under CARES Act ○ \$5.9M under Airport Coronavirus Response Grant Program ○ Estimated \$24M under American Rescue Plan • Plexiglass installation for Disadvantaged Business Enterprises
	<p style="text-align: center;">Construction</p> <ul style="list-style-type: none"> • Continued dedication to 40% small business participation on construction projects • \$615M in active construction opportunities • Addition of federally funded projects with Disadvantaged Business Enterprise opportunities



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