

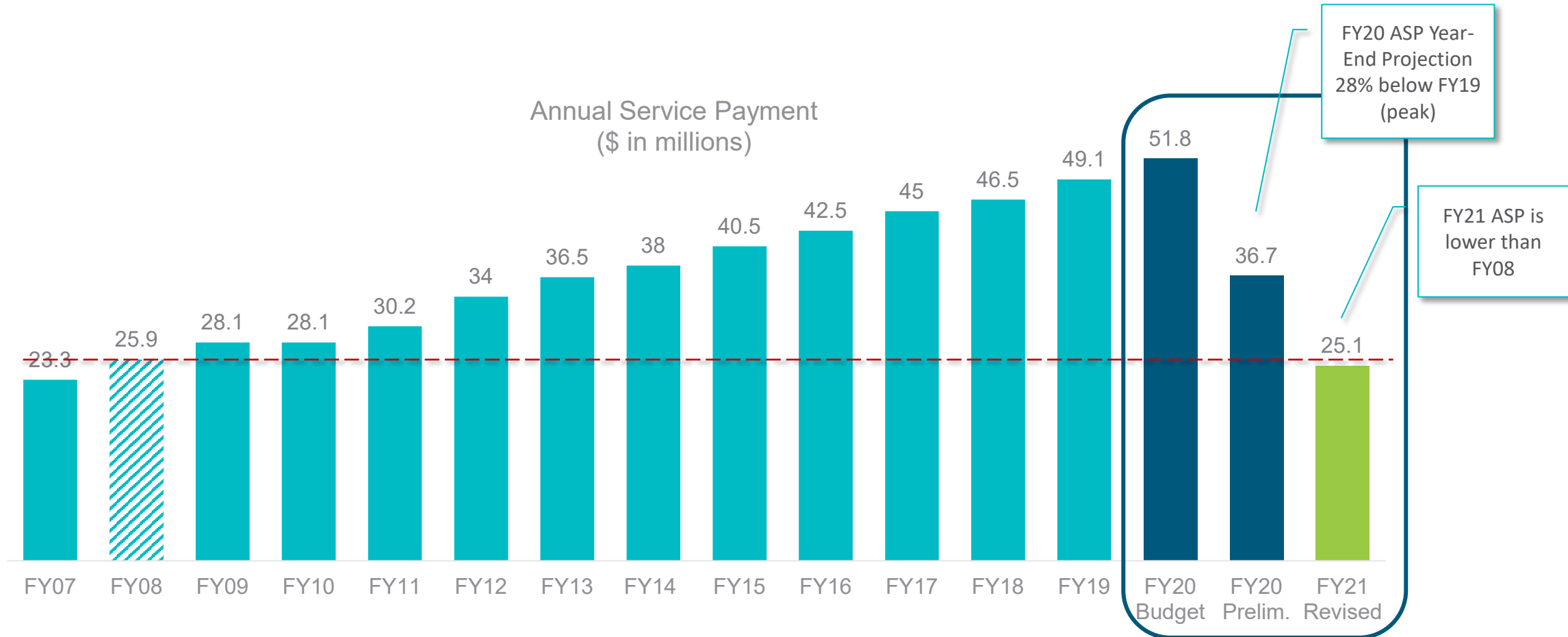


Proposed FY20/21 Budget and COVID-19 Recovery

Presentation to: The Board of Supervisors Budget & Finance Committee
August 13, 2020

Annual Service Payment Declines Due To Lower Revenues*

ASP had grown by an average of 6% per year from FY11/12 to FY18/19



*ASP = 15% of revenues from terminal concessions, rental cars, public parking

Elements of FY20/21 Financial Recovery Strategy

Use a combination of financial tools to strike balance between controlling cost per passenger and preserving Financial Reserves for the future

NEW REVENUES

- CARES Act - \$255 million
- Vertical Integration
- Advertising
- Potential future federal assistance

DEBT MANAGEMENT SAVINGS

- Deferring new money bonds
- Refinancing outstanding bonds
- Restructuring principal payments, if necessary

OPERATING COST SAVINGS

- Personnel-related savings (excluding layoffs or furloughs)
- Reducing Contractual Services
- Reducing funds for operating-funded facilities improvements
- Suspending \$1.5 billion in capital project costs

FINANCIAL RESERVES

- Passenger Facility Charge Revenue Balance
- Other Reserves

FY20/21 Budget and FY21/22 Projection

High level summary of proposed two-year budget and FTEs

	FY19/20 Budget (\$ Millions)	FY20/21 Proposed Budget (\$ Millions)	Pre-COVID-19 FY21/22 Projection (\$ Millions)
Operating Budget Excl. SFFD/SFPD	\$1,191.4	\$1,124.8	\$1,366.1
Capital/Grant Funds	\$28.0	\$340.8	\$68.9
<i>Budget Excl. SFFD/SFPD</i>	<i>\$1,219.4</i>	<i>\$1,465.6</i>	<i>\$1,435.0</i>
SFFD & SFPD	108.3	111.4	\$112.7
Operating Budget Including SFFD/SFPD	1,299.6	\$1,236.2	\$1,478.8
% Change		-4.9%	19.6%

- All expenses funded with Airport generated revenues
- FY21/22 Projection to be revised based on post-COVID-19 conditions and demand

FTE by Division – Increase of 2 FTEs

Two new positions to support City’s Surveillance Technology Ordinance and wayfinding solutions to address COVID-19 safety and health standards

Division	FY19/20	FY20/21	FY21/22	FY21 vs FY20	FY22 vs FY21
Airport Director	17.30	15.30	15.30	-2.00	0.00
Bureau Of Admin & Policy	71.00	68.51	70.05	-2.49	1.54
Business & Finance	96.42	96.42	97.19	0.00	0.77
Chief Operating Officer	111.07	122.03	126.11	10.96	4.08
Communications & Mrktng	37.73	36.16	38.47	-1.57	2.31
Design & Construction	56.00	55.00	55.00	-1.00	0.00
Facilities	943.85	942.88	962.12	-0.97	19.24
Fire Bureau	0.80	0.80	0.80	0.00	0.00
Operations & Security	212.17	216.23	218.77	4.06	2.54
Planning Division	15.00	16.00	16.00	1.00	0.00
Police Bureau	1.00	1.00	1.00	0.00	0.00
Total FTEs	1,562.34	1,570.33	1,600.81	7.99	30.48
Temporary	29.59	44.47	52.65	14.88	8.18
Total Operating	1,591.93	1,614.80	1,653.46	22.87	38.66

- 2 new positions
- 6 Project positions moved to Operating

FY20/21 Operating Budget - \$135 Million in Reductions

Debt Service and Contractual Services Savings are key components of strategy to bring Revised FY20/21 Budget 9% lower than Budget adopted by Airport Commission in February 2020

CATEGORY	FY19/20 BUDGET	PRE-COVID-19 FY20/21 BUDGET	POST-COVID-19 ADJUSTMENTS TO FY20/21 BUDGET	REVISED FY20/21 BUDGET	% CHANGE REVISED FY20/21 VS. PRELIM. FY20/21	% CHANGE REVISED FY20/21 VS. FY19/20 BUDGET
		ADOPTED BY COMMISSION IN FEB 2020		SUBMITTED TO MAYOR JUNE 2020		
Personnel	261,855,857	275,121,641	(11,739,098)	263,382,543	-4%	1%
Contractual Services	157,180,973	204,828,898	(27,654,958)	177,173,940	-14%	13%
Services of Other City Depts	200,476,321	203,811,038	(7,136,063)	196,674,975	-4%	-2%
Annual Service Payment	51,517,650	49,625,000	(24,482,850)	25,142,150	-49%	-51%
Facilities Improvements, Equipment	23,632,151	25,926,674	(3,350,665)	22,576,009	-13%	-4%
Materials & Supplies	20,595,903	21,196,393	(1,272,640)	19,923,753	-6%	-3%
Debt Service	584,377,291	590,876,370	(59,564,370)	531,312,000	-10%	-9%
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Total Operating Budget	1,299,636,146	1,371,386,014	(135,200,644)	1,236,185,370	-10%	-5%

Racial Equity and Diversity

Workplace Transformation & Inclusion

Drive a culture of inclusion and belonging so that every employee feels respected, valued, and engaged to bring their personal best

City & County Workforce	SFO'S Private Sector Workforce
<ul style="list-style-type: none"> Creation of the Office of Diversity, Equity & Inclusion Courageous Conversations Speaker Series Panel Discussions such as <i>“Disrupting Racial Inequities and Ways to Work Toward Systemic Change”</i> featuring BOE Chair Malia Cohen and Commissioner Everett Hewlett, Jr. Employee Resource Groups Share, Listen & Learn Conversations SFO's Diversity Video included with all job postings and shown during New Employee Orientation Committed to creating SFO's Racial Equity Plan by December 2020 	<p>Incumbent workers:</p> <ul style="list-style-type: none"> Lower-wage workers from SF & San Mateo Counties 75% people of color, including recent immigrants <p>Programming:</p> <ul style="list-style-type: none"> Financial Wellness/Security Programming and Resources Worker's Fund Pilot giving emergency cash to workers Expanded Discount Programs (including BART) Employee/Labor Union Stakeholder Engagement Workforce Employer Board
	<p>COVID-19 Response</p>
	<ul style="list-style-type: none"> Virtual Benefits Assistance Sessions with California Employment Development Department (EDD) and Unions Virtual assistance for laid off airport workers, including 7 day/week hotline Transportation stipends for workers returning to work Safety campaign for all workers

FY21 Funding: \$925,000 for the Office of Diversity, Equity & Inclusion



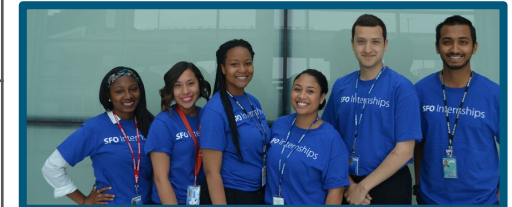
Racial Equity & Diversity

Equitable Community Access to Economic Opportunities

Minimize barriers for diverse communities to access, thrive, and advance in economic opportunities, including jobs, contracts, and leases

Employment Opportunities		Small Business Opportunities	
FY 18/19 Programs		FY19/20 Programs	
Internships	333 interns (including OFA)	Local Business Enterprise (LBE) Participation (FY15Q2 – YTD)	21% participation in Capital Plan (\$808 million)
Opportunities for All	97 interns		
Local Hire	30% Local Hire on 83 projects		
First Source Hires	105 placements + over 200 hired at Grand Hyatt @ SFO		
Hiring Events	2,514 attendees	Airport Concessions Disadvantaged Business Enterprise (ACDBE) Participation in Dollars (FY18-19)	22% of all revenue (\$84 million) with 39% of all leases having one or more ACDBE leaseholders
<u>Populations Served:</u> <ul style="list-style-type: none"> Communities of color, youth and older adults, veterans, LGBTQQI, people with disabilities 			
<u>Program Highlights:</u> <ul style="list-style-type: none"> Grand Hyatt @ SFO Hotel Community Hiring Fairs, Opportunities for All, Partnerships with 400+ community organizations from the Bay Area 		<u>Capacity Building/Outreach Highlights:</u> <ul style="list-style-type: none"> Small Business Week/LBE Mixer, LBE Mentor Protégé Program, Small Business Concessionaire Supplier Fair, Airport Minority Advisory Council Western Region Mixer 	
COVID-19 Response			
<ul style="list-style-type: none"> Conversion of in-person internships to virtual internships Participation in virtual job fairs One-on-one recruitment services for open airport jobs Jobseeker referrals to on and off airport employment 		<ul style="list-style-type: none"> Rent deferment and fee forgiveness Tenant Reactivation Guide Weekly updates on COVID-19 resources Linking small businesses to grants, loans, and other relief 	

FY21 Funding: \$2.5 million for internship program, \$5.2 million for social responsibility activities



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