

FY 2023-24 Annual Salary Ordinance Amendment

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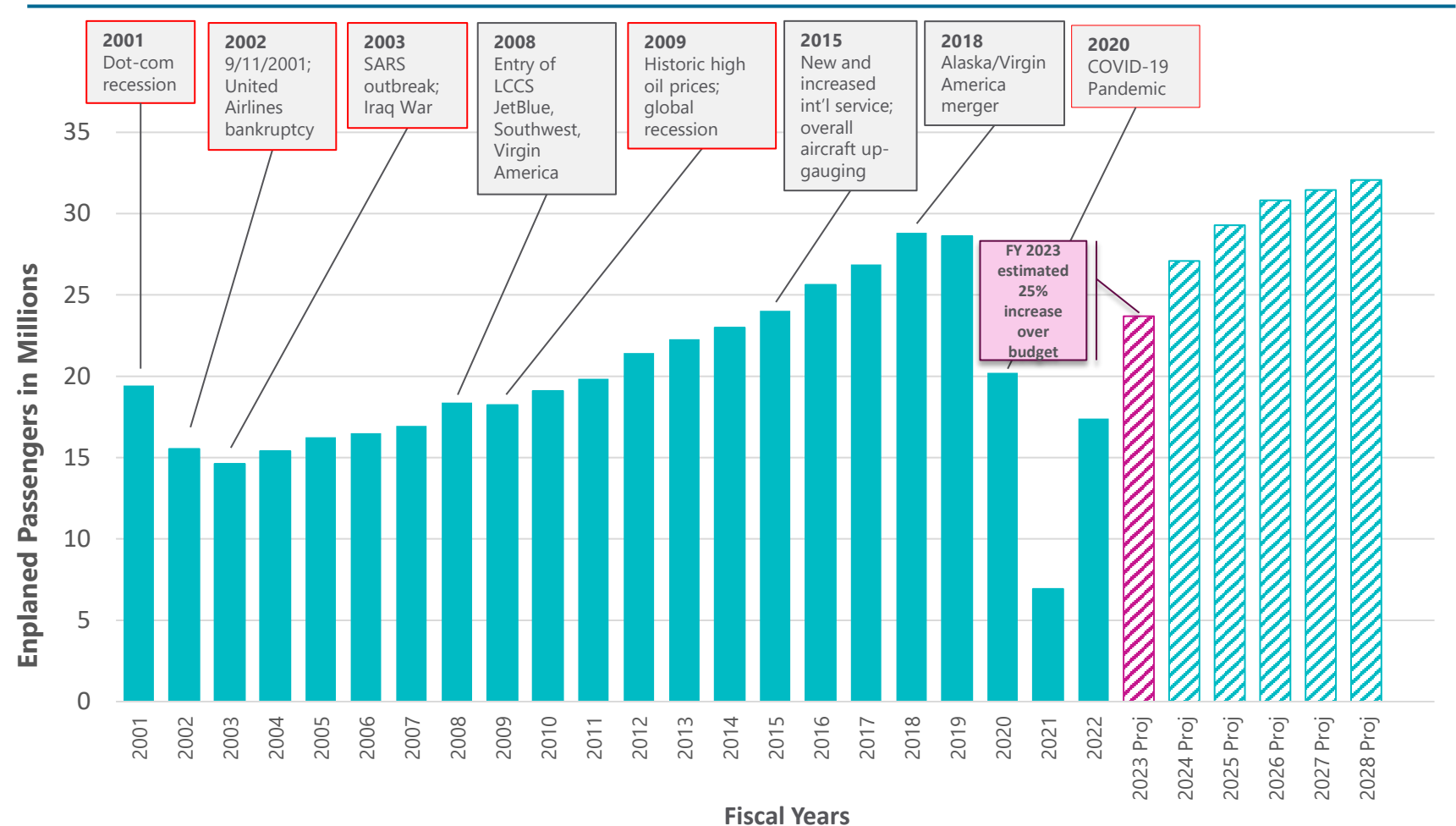
SFO Has Successfully Managed Through Events That Changed the Aviation Industry

Track record of traffic recovery through financial and economic challenges – currently estimated to surpass 2023 projections

Historical passenger levels prior to the pandemic

- 9 consecutive years of passenger growth from FY 2010 to FY 2018
- **Previously used slow growth passenger forecast** to develop FY 2022-23 operating budget
- FYTD 2022-23 passenger traffic (through April 2023) is estimated to be **81%** of FYTD 2018-19, with estimated domestic and international recoveries of 80% and 84%, respectively

Historical Passenger Enplanements FY 99-00 to FY 25-28 (Projections)



FY 2022-23 Airlines Routes

SFO's growing network of airlines and destinations are driving increased activity and need for growth of 128 new positions in FY 2023-24

- i. Airport is exceeding its original budgeted enplaned passengers,** FY23 originally budgeted 19.0M enplaned passengers, currently projected to exceed budget by 25% to 23.7M enplaned passengers

- ii. FYTD April 2023,** enplanements recovered **81%** of pre-pandemic levels
 - a. 80% Domestic
 - b. 84% International

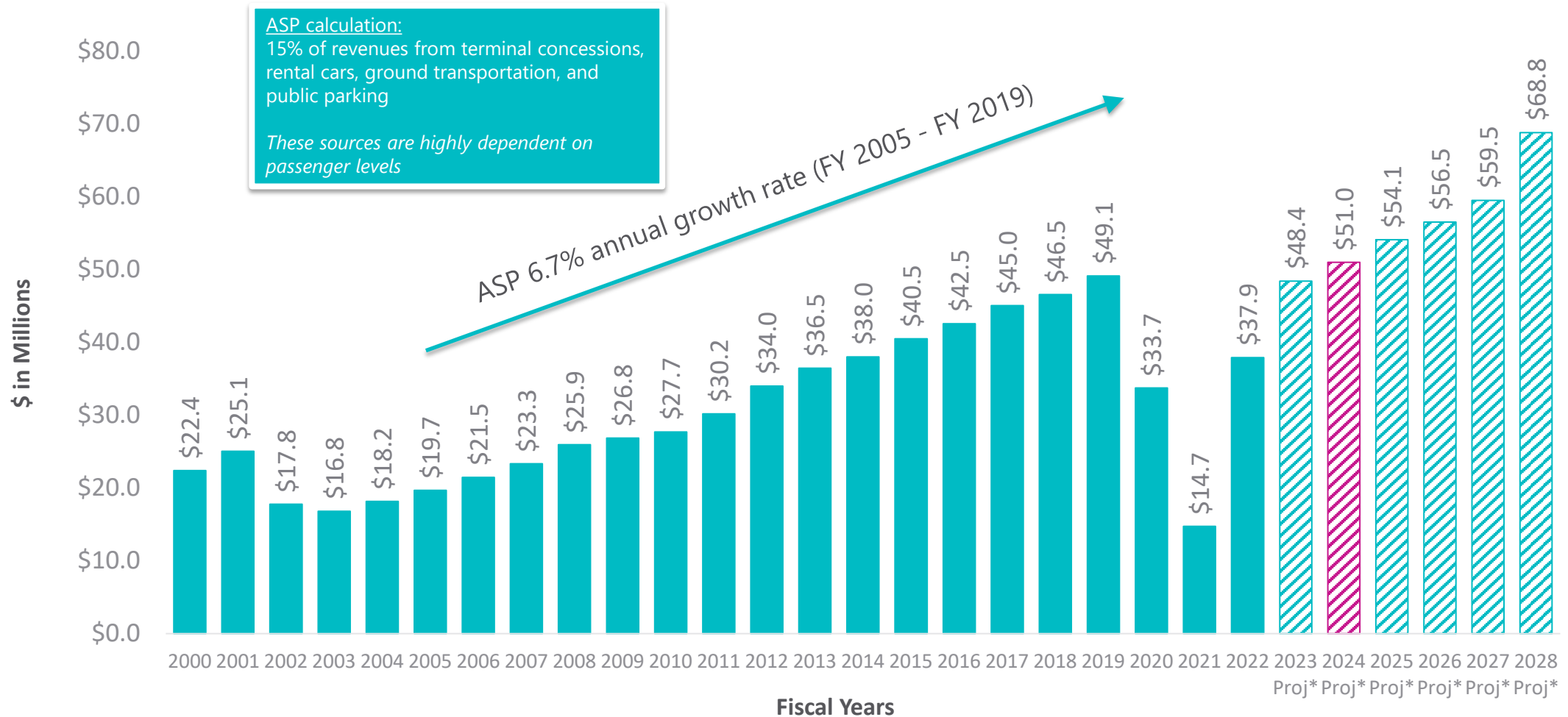
- iii. New International Services,** in addition to carriers returning, new destinations
 - a. United Airlines and ITA Airways to Rome, Italy
 - b. ZIPAIR to Tokyo, Narita Airport
 - c. Norse Atlantic to London, England, Gatwick Airport

- iv. Increased Activity,** SFO enplanements are recovered 81% of pre-pandemic levels while Hong Kong and China are not at full capacity, so when it returns the Airport will see immediate impact

Need to position SFO for return of Asia market while continue supporting new services, Airport operations demand will outpace staff resources in FY 2023-24 – therefore, these 128 new positions are required to ensure safety and smooth operations for the traveling public

Annual Service Payment (ASP) Impacted by Concession Revenues

ASP parallels passenger traffic – following onset of the pandemic was a dramatic decline in concession revenues – now FY23 projected to be 99% of FY19



Note: *Projection reflects latest updated ASP as of 5/16/2023

FY 2022-23 & 2023-24 Operating Budget By Expense Category

*Reduction in Debt Service from bond refunding opportunities allows for proposed **Annual Salary Ordinance amendment***

\$ in Millions

Operating Budget*	FY 2022-23	FY 2023-24		Increase/(Decrease)	
	Adopted	Base	Proposed	Amount	Percent
Personnel	\$ 283	\$ 294	\$ 307	\$ 13	4.3%
Non-Personnel Services	\$ 172	\$ 178	\$ 190	\$ 12	6.8%
Materials & Supplies	\$ 15	\$ 15	\$ 16	\$ 1	10.0%
Debt Service	\$ 444	\$ 605	\$ 575	\$ (30)	-5.0%
City Services	\$ 203	\$ 215	\$ 210	\$ (5)	-2.5%
Annual Service Payment	\$ 37	\$ 46	\$ 51	\$ 5	11.2%
Other	\$ 23	\$ 23	\$ 24	\$ 1	3.2%
Total	\$ 1,178	\$ 1,376	\$ 1,372	\$ (4)	-0.3%

Notes:

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

FY 2023-24 Position Changes – ASO Amendment, **Scenario 1**

128 annualized new positions – building and restructuring workforce now to operate more effectively and efficiently because growth is imminent

Division Title	Adopted FY 2022-23 ¹	Base FY 2023-24 ²	Proposed FY 2023-24 ³	Position Change vs FY 2023-24 Base	% Change
AIR Airport Director	15	15	18	3	20%
AIR Bureau Of Admin & Policy	68	68	78	10	15%
AIR Chief Development Office	221	221	221	-	-
AIR Chief Information Office	117	117	143	26	22%
AIR Chief Operating Office	46	46	47	1	2%
AIR Finance & Commercial Office	109	109	144	35	32%
AIR External Affairs	30	30	32	2	7%
AIR Facilities	1,046	1,049	1,093	44	4%
AIR Fire Bureau	1	1	1	-	-
AIR Operations & Security	250	250	256	6	2%
AIR Planning Division	21	22	22	1	5%
AIR Police Bureau	1	1	1	-	-
Total Positions	1,925	1,929	2,057	128	7%

Notes:

1. All Funds, Operating and Project & Overhead Positions
2. Includes 4 New Positions from the prior budget cycle to support facilities, environmental compliance and sustainability efforts
3. Includes 31 Position Substitutions > 15%

FY 2023-24 Position Changes – ASO Amendment, **Scenario 2 – 9 Position Reductions**

119 annualized new positions reflects **partial** investment in personnel to support recovery and ongoing changes in Airport Operations – **in the interim, temporary positions will be used to fulfill government affairs, custodial and terminal systems demands**

Division Title	Adopted FY 2022-23 ¹	Base FY 2023-24 ²	Proposed FY 2023-24 ³	Position Change vs FY 2023-24 Base	% Change
AIR Airport Director	15	15	18	3	20%
AIR Bureau Of Admin & Policy	68	68	78	10	15%
AIR Chief Development Office	221	221	221	-	-
AIR Chief Information Office	117	117	143	26	22%
AIR Chief Operating Office	46	46	47	1	2%
AIR Finance & Commercial Office	109	109	144	35	32%
AIR External Affairs⁴	30	30	31	1	3%
AIR Facilities⁴	1,046	1,049	1,086	37	4%
AIR Fire Bureau	1	1	1	-	-
AIR Operations & Security⁴	250	250	255	5	2%
AIR Planning Division	21	22	22	1	5%
AIR Police Bureau	1	1	1	-	-
Total Positions	1,925	1,929	2,048	119	6%

Notes:

1. All Funds, Operating and Project & Overhead Positions
2. Includes 4 New Positions from the prior budget cycle to support facilities, environmental compliance and sustainability efforts
3. Includes 31 Position Substitutions > 15%
4. 9 Position Reductions = (1) 0932 Manager IV in External Affairs; (7) Custodians in Facilities; and (1) 0922 Manager I Terminal Systems

FY 2023-24 Position Changes – ASO Amendment by Airport Division

Personnel investments to support aging infrastructure, increased square footage, grants, revenue sources, cybersecurity, monetize digital assets, hiring and other safety, security and mission critical needs

Position changes (128 New Positions):

- i. Facilities Division¹**, trades positions to support existing aging infrastructure, as well as custodial positions to care for additional square footage of space put into operation and to keep up with custodial demand due to increased passenger levels *(44 New Positions, 4% increase)*
- ii. Finance & Commercial Division**, positions to address increased workload, increased grants, secure financial resiliency, strengthen existing revenues, new GASB provisions, and managing and accounting of new revenue streams *(35 New Positions, 32% increase)*
- iii. Information Technology & Telecommunication (ITT) Division**, positions to ensure cybersecurity measures and support operations coming back online and in new digital spaces, and projects to monetize Airport services as a digital asset *(26 New Positions, 22% increase)*
- iv. People, Performance & Development Section**, positions to onboard staff “near record 2019 levels” and commensurate to Airport’s passenger growth *(10 New Positions, 15% increase)*
- v. Safety, Security & Other Operations¹**, mission critical priorities *(13 New Positions, 2% increase)*

Notes:

1. AIR’s Scenario 2 – 9 Position Reductions = (7) Custodians in Facilities; (1) 0932 Manager IV in External Affairs; and (1) 0922 Manager I Terminal Systems. Results in 119 New Positions.

FY 2023-24 Position Changes – ASO Amendment by Airport Division

Budget reallocation reflects Airport's efforts to continue delivering exceptional services to its tenants and passengers, to invest in the Airport's workforce, to operationally staff new spaces, and to adequately respond to labor market conditions

Operating Budget	FY 2022-23 Adopted	FY 2023-24 Base	FY 2023-24 Proposed
Operations & Maintenance	\$734	\$771	\$797
Debt Service	\$444	\$605	\$575
Total Budget	\$1,178	\$1,376	\$1,372
% Change		16.8%	-0.3%
Position Overview¹	FY 2022-23 Adopted	FY 2023-24 Base	FY 2023-24 Proposed²
Operating Positions	1,654	1,658	1,777
Project & Overhead Positions ³	271	271	280
Total Positions	1,925	1,929	2,057
# Change		4	128
% Change		0.2%	7.0%

Notes:

1. Excludes Special Classes
2. Includes 31 Position Substitutions > 15%
3. Supports Capital Improvement Plan (CIP)

Thank you

