

SFO

SAN FRANCISCO INTERNATIONAL AIRPORT

FY 2024-25 & FY 2025-26 BUDGET

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Airport Director
May 15, 2024



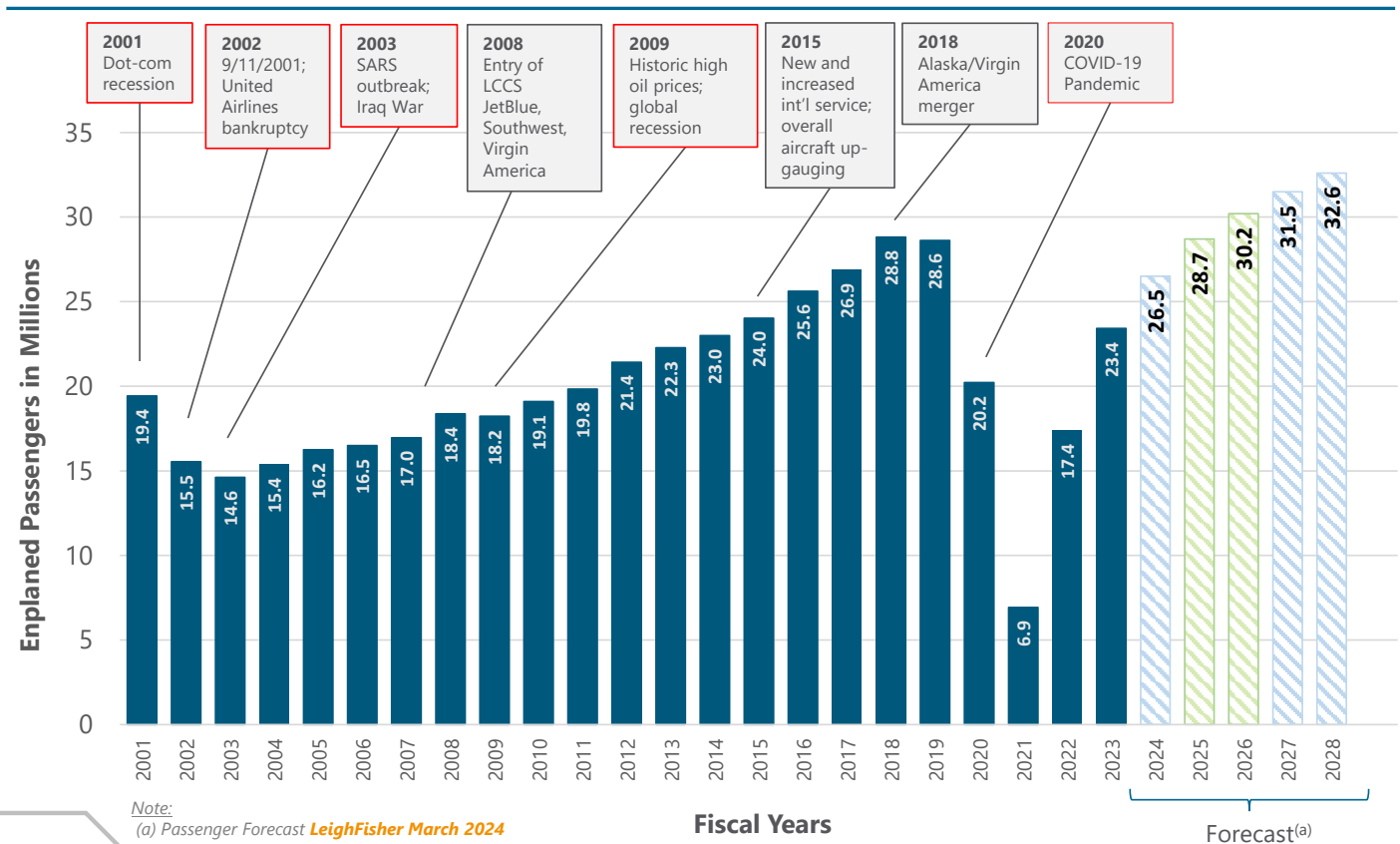
SFO Has Successfully Navigated Through Events That Changed the Aviation Industry

In FY 2024-25, enplanements forecasted to be comparable to FY 2018-2019 levels

Comparison to pre-pandemic FY 2018-19 levels:

- FY 2022-23 passenger traffic is **82%**, with domestic and international recoveries of **80%** and **84%**, respectively
- FYTD 2023-24 operations at **83%**, illustrating efficient and effective use of facilities and resources
- FYTD 2023-24 passenger traffic is **90%**, Asia-specific traffic **96%**
- FYTD 2023-24 domestic and international recoveries of **85%** and **103%**, respectively

Historical Passenger Enplanements FY 00-01 to FY 25-28 (Projections)

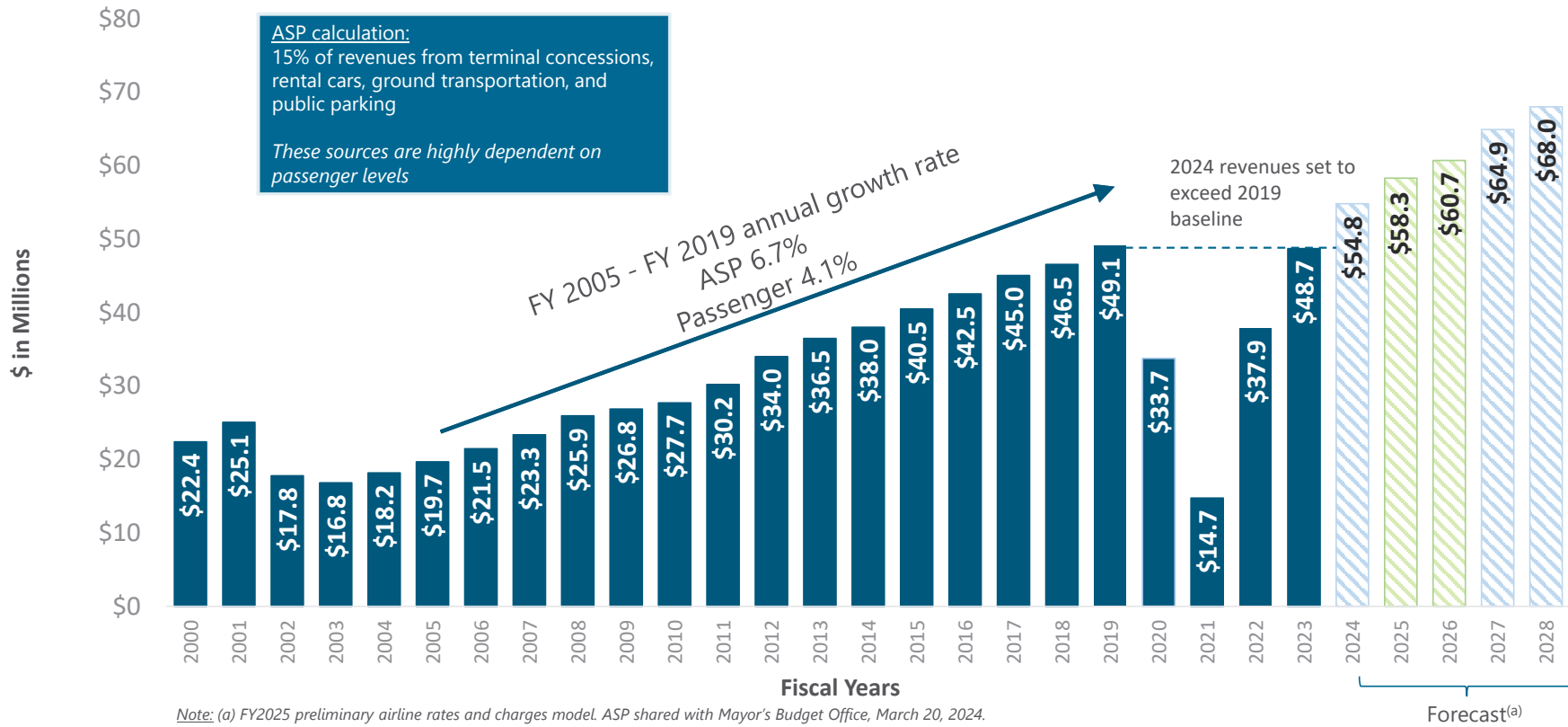


Note:
(a) Passenger Forecast LeighFisher March 2024



Annual Service Payment (ASP) Impacted by Concession Revenues

There was a significant decline in concession revenues during the pandemic. In FY 2023-24 the Airport is experiencing a recovery of 112% over the prior fiscal year and forecasts continued strong growth.



Two-Year Operating Budget: Context & Priorities

Strike balance between addressing Airport priorities and increased demands due to return of passengers, while remaining cost competitive

Budget Context:

- Enterprise Departments must balance Expenses (Uses) to Revenues (Sources)
- No additional federal relief for Operations & Maintenance
- Non-aviation revenues are forecast to be:
 - FY 2023-24 117% of FY 2018-19
 - FY 2024-25 123% of FY 2018-19
 - FY 2025-26 130% of FY 2018-19
- Recovery levels are forecast to be:
 - FY 2023-24 passenger traffic 93% of FY 2018-19
 - FY 2024-25 passenger traffic 100% of FY 2018-19
 - FY 2025-26 passenger traffic 106% of FY 2018-19

Budget Priorities & Strategy:

- Focus on **health of the organization** by addressing workload and current operational gaps
- Strategic growth to **align with passenger recovery levels**
- **Airport Integrated Operations Center (AIOC)**
- Supporting **Capital Improvement Plan (CIP)**
- Provide foundation for implementation of **5-Year Strategic Plan**
- Remaining **cost-competitive** with other west coast international gateway airports
- **Preserving funds** of the Commission's operating reserve

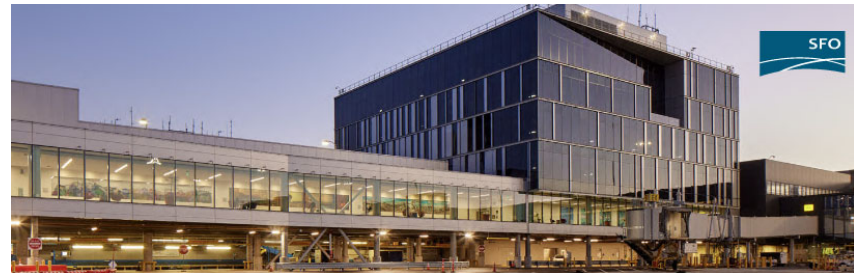


Airport Integrated Operations Center (AIOC)

An integrated operations team delivering a seamless customer journey

What is the AIOC?

- SFO is developing and implementing an industry-leading AIOC that will be in the new Courtyard 3 Connector Building, between Terminal 2 and Terminal 3
- The AIOC brings together key functions and stakeholders in one central location providing a 360-degree view of all airport functions to improve operational efficiencies and the guest experience



SFO Strategic Plan 2023-2028 Overview

VISION

INSPIRING THE EXTRAORDINARY

MISSION

**Delivering an airport experience
where people and our planet come first.**

GOALS

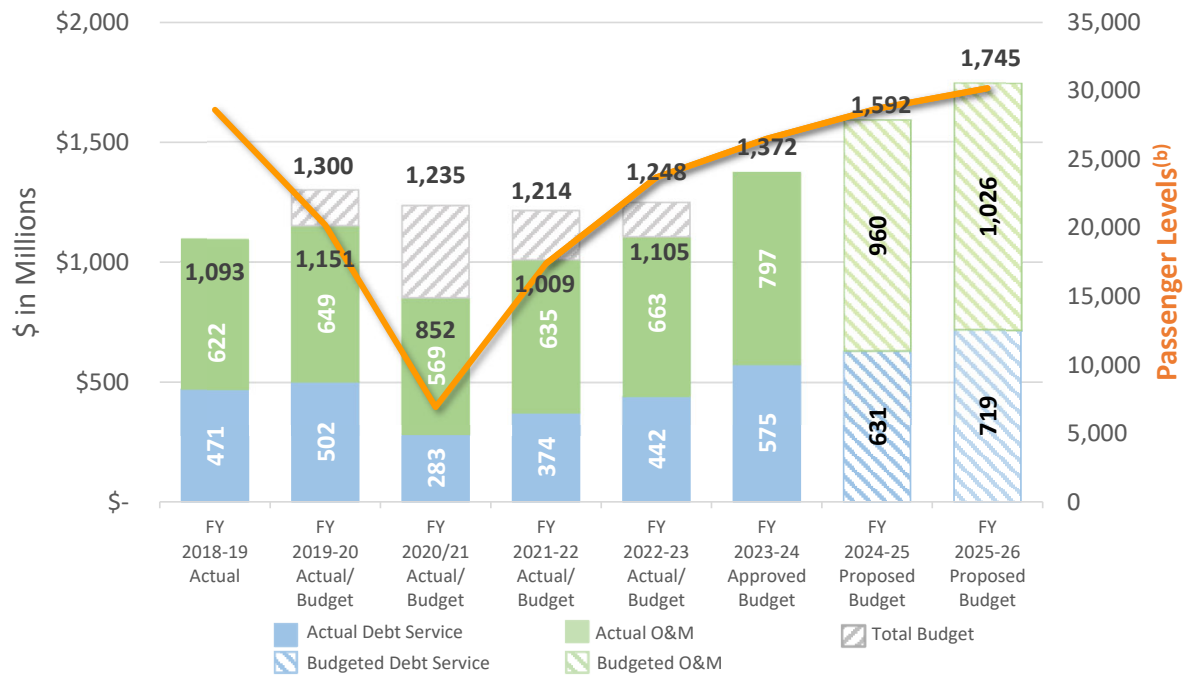
Empower a Culture of Safety and Security Excellence
Provide an Outstanding Guest Experience
Elevate SFO Pride with an Exceptional Employee Experience
Take Bold Climate Action
Ignite Business Innovation
Achieve Social Impact Through Partnerships



Proposed Operating Budget Aligned with Passenger Levels

Airport's proactive measures during pandemic resulted in strong financial base allowing reallocation of resources and investments to support growth in upcoming FY 2024-25 and FY 2025-26

Operating Budget^(a) Pre-Pandemic through Proposed FY 2025-26



Notes:

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

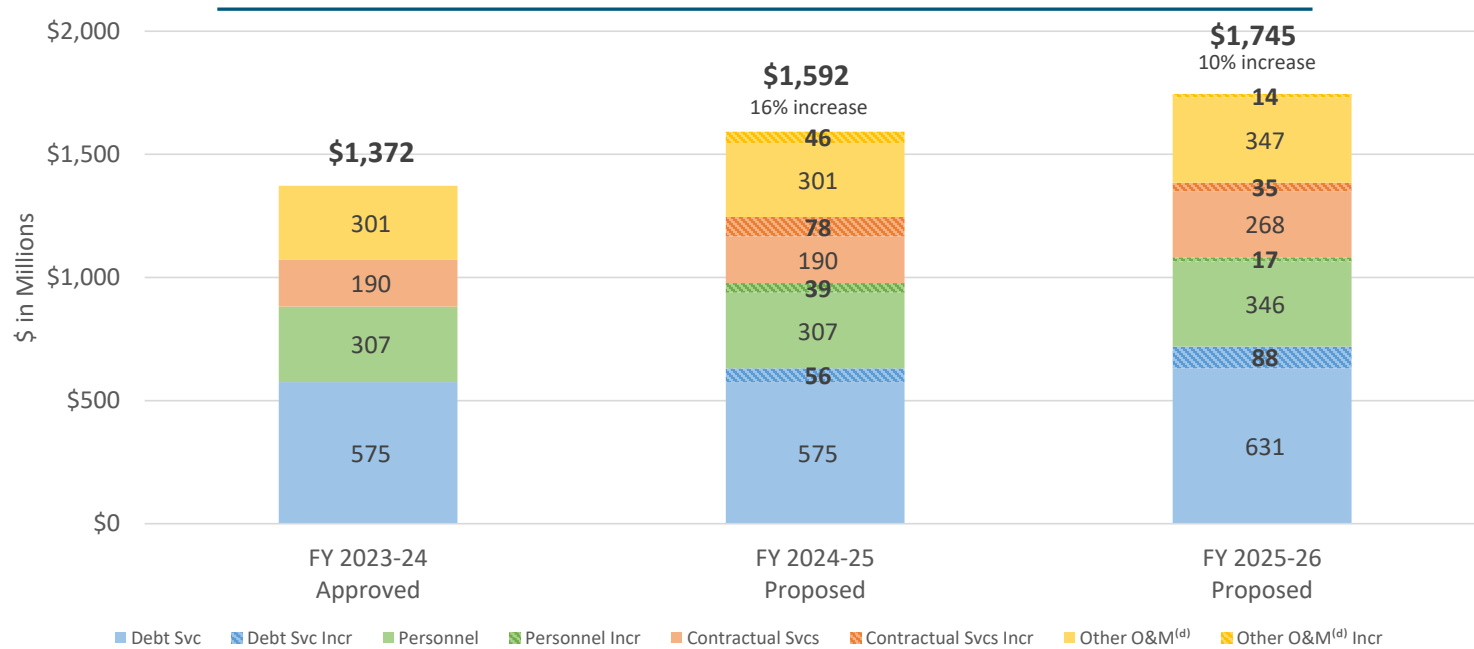
(b) Passenger Forecast **LeighFisher March 2024**



Proposed Operating Budget Details

Budget reflects investment in the health of the organization, revisiting deferrals during the pandemic, market conditions and ensuring growth

Operating Budget Comparison^(a,b,c)

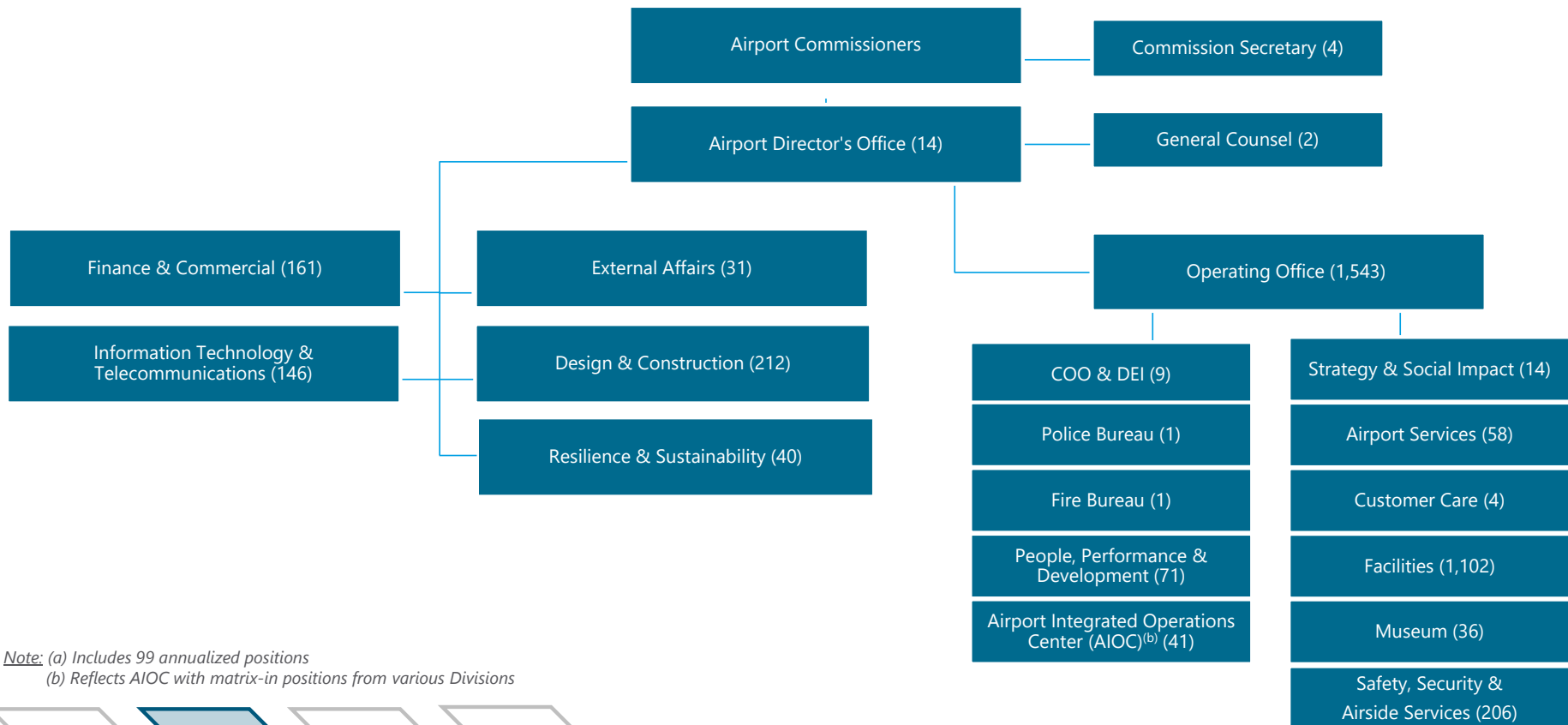


Notes: (a) Figures may change due to Cost-of-Living Adjustment (COLA), Attrition/Salary Savings, Services of Other City Departments balancing, and other system adjustments
 (b) Equipment/Vehicles reflect one-time investments and budgeted across both fiscal years
 (c) Figures may change due to the Mayor, Controller and Board Phases
 (d) Other budget items include Facilities Maintenance, Small Capital Outlay, Surety Bond, SFPD and SFFD direct charges, Utilities, ASP, Services of Other Departments, Materials and Supplies and Equipment



FY 2024-25 & FY 2025-26 Organizational Chart^(a)

Proposing 99 new annualized positions to support health of the organization, passenger recovery levels, Airport Integrated Operations Center and Capital Improvement Plan



Note: (a) Includes 99 annualized positions

(b) Reflects AIOC with matrix-in positions from various Divisions



5-Year Historic Look at Staffing

The Airport is poised to invest in human capital efforts to support the health of the organization and growth

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 Proposed	FY 2025-26 Proposed
Operating FTE	1,632.50	1,638.62	1,647.67	1,653.60	1,750.31	1,849.28	1,868.60
Project & Overhead FTE <small>(support CIP)</small>	271.00	271.70	274.77	271.00	278.11	283.95	285.00
Total FTE	1,903.50	1,910.32	1,922.44	1,924.60	2,028.42	2,133.23	2,153.60
FTE Change vs. Prior FY (#)		6.82	12.12	2.16	103.82	104.81	20.37
FY25 FTE Change (Annualized)						128.00	
FY26 FTE Change (Annualized)							99.00
Operating % change YOY		0.4%	0.6%	0.4%	5.8%	5.7%	1.0%
Project & Overhead % change YOY		0.3%	1.1%	-1.4%	2.6%	2.1%	0.4%
Total % change YOY		0.4%	0.6%	0.1%	5.4%	5.2%	1.0%

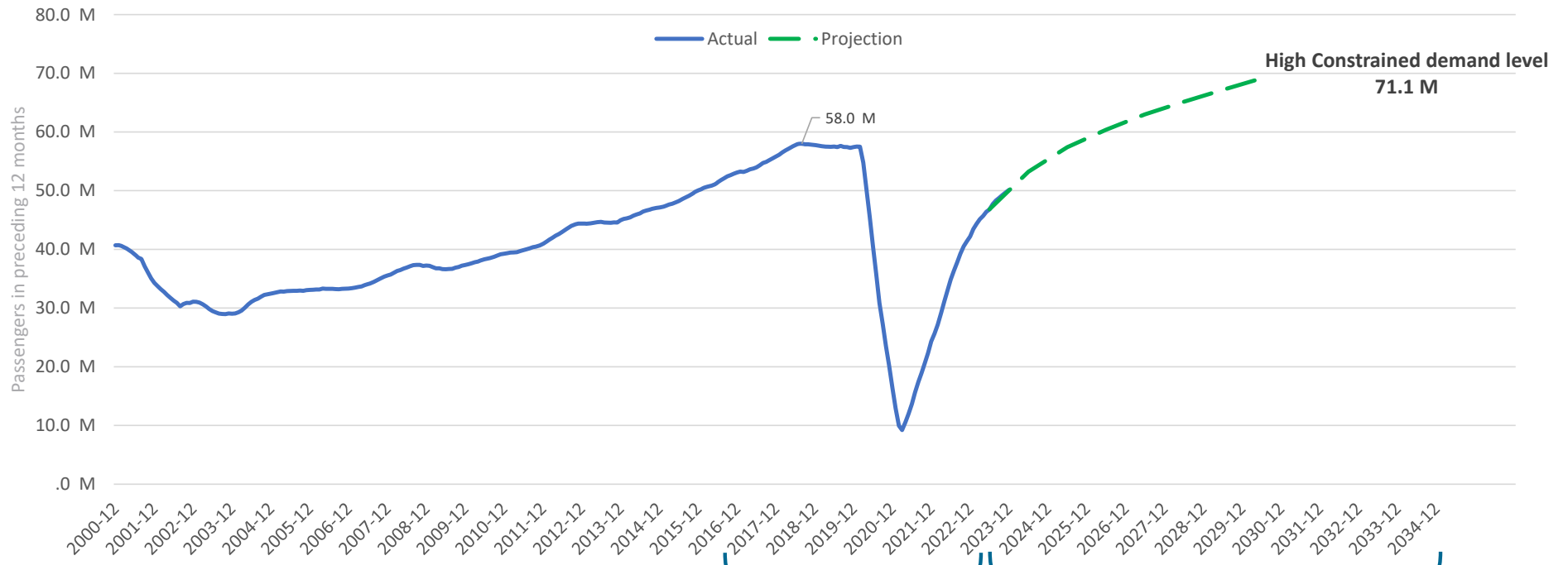
Note: Excludes temporary staff and attrition

- **Met FY 2023-24 target** of reducing Operating vacancy from **27% to 11%**
- 128 new positions added in FY 2023-24, which increased vacancy to 27% in October 2023
 - 51 of 128 excluding TEXs and FYE projection
 - 118 of 128 including TEXs and FYE projection
 - 354 Total Hires FYTD April 2024
- Remaining fiscal year forecasting **additional 211 recruitments, including interns**
- Majority of proposed **99 New Positions** to support **Health of the organization** and **AIOC**
- **Three positions unsupported** per DHR ASO Preliminary Review that may continue review with DHR during Request to Fill process



SFO Passenger Growth & CIP

New CIP continues to address long-term, activity-driven facility needs to accommodate future demand



Notes:
*LeighFisher, March 2024
**Trailing 12-month average

**Ascent Program -
Phase 1 &
Rolling CIP =
\$7.8B**

**Ascent Program -
Phase 1.5 &
Infrastructure CIP =
\$11.0B**



FY 2024-25 & FY 2025-26 Capital Operating Budget Changes^{(a)(b)}

Increase driven by new Operating Revenue & Capital Improvement Fund per the 2023 Lease & Use Agreement and other various additional sources to invest in capital operating needs

Item (\$ in Millions)	FY 2024-25 Proposed	FY 2025-26 Proposed	Total
Returned Cost of Issuance Bond Proceeds, Surplus Property & Sustainability Credits	\$ 13.8	\$ 1.2	\$ 15.0
Customer Facility Charges (CFCs)	37.0	13.0	50.0
Federal Grants	137.7	82.3	220.0
Operating Revenue & Capital Improvement Fund (ORCIF)	348.3	89.9	438.2
Total	\$ 536.8	\$ 186.4	\$ 723.2

*Notes: (a) Figures may change. Facilities Maintenance and Small Capital Outlay are reflected in the Proposed FY 2024-25 & FY 2025-26 Operating Budget Table, "Other" Category
(b) The FY 2024-25 Proposed budget represents a one-time catch up of prior year balances for some items such as CFC's and ORCIF*



FY 2024-25 & FY 2025-26 Capital Re-Appropriation

The approved FY 2023-24 CIP of \$11.0 Billion requires re-appropriation between cost centers

Cost Center (\$ in Millions)	FY 2024-25 Proposed	FY 2025-26 Proposed	Total
Airfield Improvements	\$ 0	\$ 0	\$ 0
Airport Support Improvements	(50.0)	0	(50.0)
Groundside Improvements	0	0	0
Terminal Improvements	100.0	0	100.0
Terminal 1 Program	(50.0)	0	(50.0)
Terminal 3 Program	0	0	0
Utilities Improvements	0	0	0
Total	\$ 0	\$ 0	\$ 0



SFO Contributes to the Regional Economy, 1 of 2

SFO Impact Despite COVID-19 Challenges

*During FY 2021 SFO was responsible for more than **186,000 jobs, \$19.0 billion in labor income and \$51.5 billion in business revenue** throughout the Bay Area in the face of the pandemic.*

Source: *Economic Impact Study of San Francisco International Airport FY2020 & FY2021*



SFO Is Leading Bay Area's International Tourism Recovery

More international seats than before the pandemic

- This includes:
 - **103%** available total international seats (May 2024 vs. May 2019)
 - **106%** available Asia seats (May 2024 vs. May 2019)
- In FY 2023-24 SFO added **five new international airlines**: ITA Airways (Rome), Norse Atlantic (London), Starlux (Taipei), Porter (Toronto, Montreal) and Air Premia (Seoul)
- **SFO leads the way of all US airport for China recovery**
 - All of SFO's pre-pandemic Chinese carriers have relaunched service at SFO

SFO incumbent carriers add new routes and upcoming unserved destinations

- **10 new routes** include:
 - Christchurch (United); Grand Junction (Breeze); Manila (United); Barcelona (United); Edmonton (WestJet); Burbank (Alaska); Los Angeles (Frontier); Portland (Frontier); Salt Lake City (Frontier); San Diego (Frontier)
- SFO is targeting growth in the Americas and will **likely see the announcement of 2 – 5 unserved international destinations** by the end of FY 2024-25


Overview & Priorities

Operating Budget

Capital Budget

Other

SFO Contributes to the Regional Economy, 2 of 2

Private Sector Workforce	Small Businesses
<ul style="list-style-type: none"> Of an estimated 48,000 private sector employees* <ul style="list-style-type: none"> 9% Black or African American 18% Hispanic or Latinx 44% Asian/Pacific Islander <p><i>Note: *As of June 30, 2023</i></p>	<h3 style="text-align: center;">Concessions</h3> <ul style="list-style-type: none"> 71% of leases have owners headquartered in San Francisco and the Bay Area 51% of Airport's concession operated by Airport Concessions Disadvantaged Business Enterprises (ACDBEs) <ul style="list-style-type: none"> Estimated 38% of all concessions sales by Black and Latinx owners Most concessions closed in March 2020, since then: <ul style="list-style-type: none"> 100% concessions have returned with the average spending per passenger increasing by 14.2% compared to pre-pandemic levels \$198M of concessions sales generated last year came from local owners
	<h3 style="text-align: center;">Construction</h3> <ul style="list-style-type: none"> Continued dedication to 40% small local business participation on construction projects Over \$1B of work has been performed by local businesses under the Ascent Program CIP since 2017 \$865M in active construction opportunities for local businesses Addition of federally funded projects with Disadvantaged Business Enterprise opportunities



Thank you

