

SFO

San Francisco  
International  
Airport

# San Francisco International Airport

FY 14/15 & FY 15/16 Budget Overview  
Budget & Finance Committee

April 16, 2014





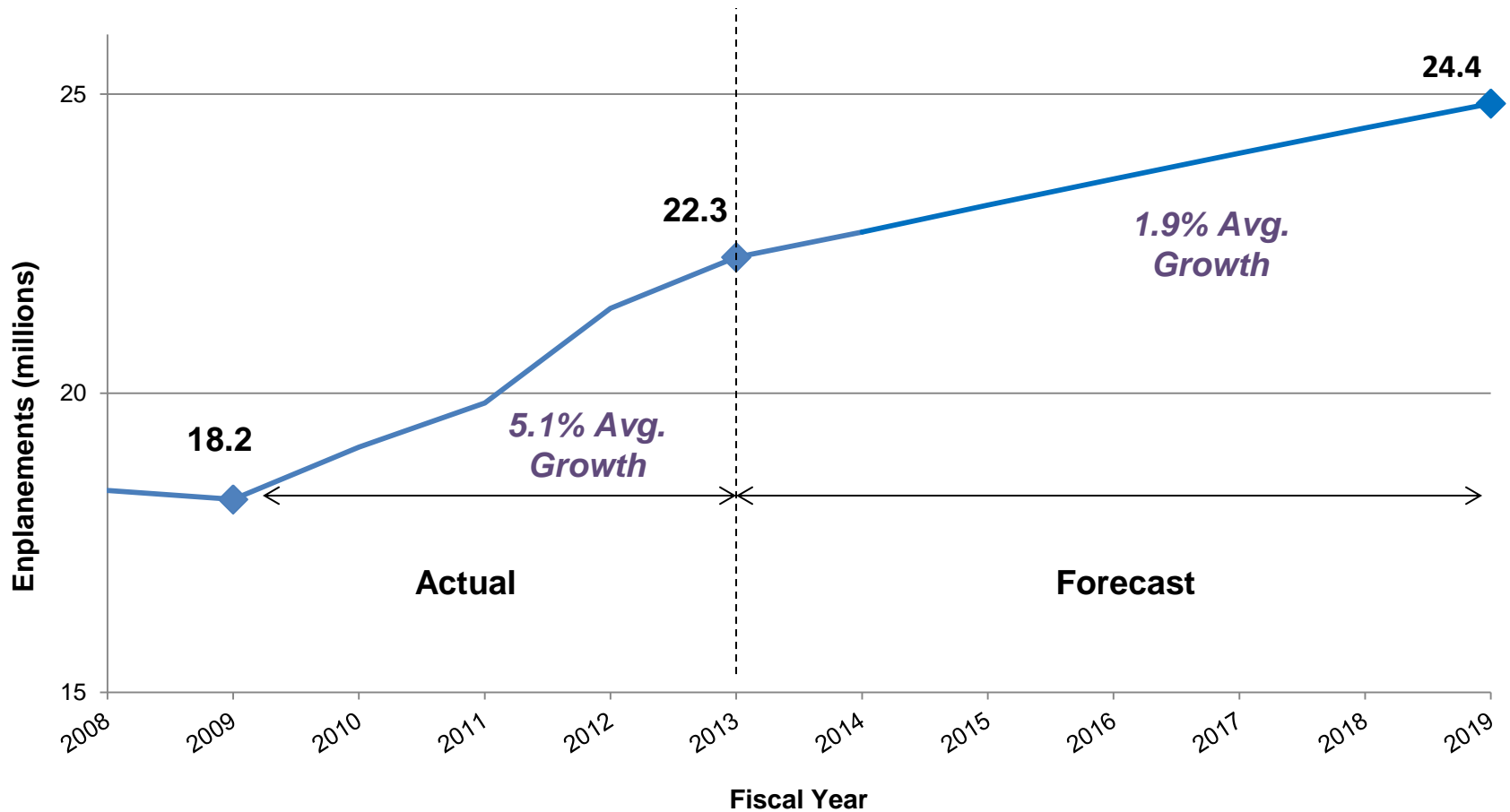
# Mission Statement

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

# SFO is Booming

- Historical Traffic Growth Paves the Way for the Future
  - ▣ Annual growth averaged 5.1% from 2009 – 2013
  - ▣ Traffic continues to surpass forecasts
  - ▣ Forecasts show increased traffic at a moderate pace



Source: Actuals reported by Airlines at SFO, Forecast by LeighFisher as of February 2014

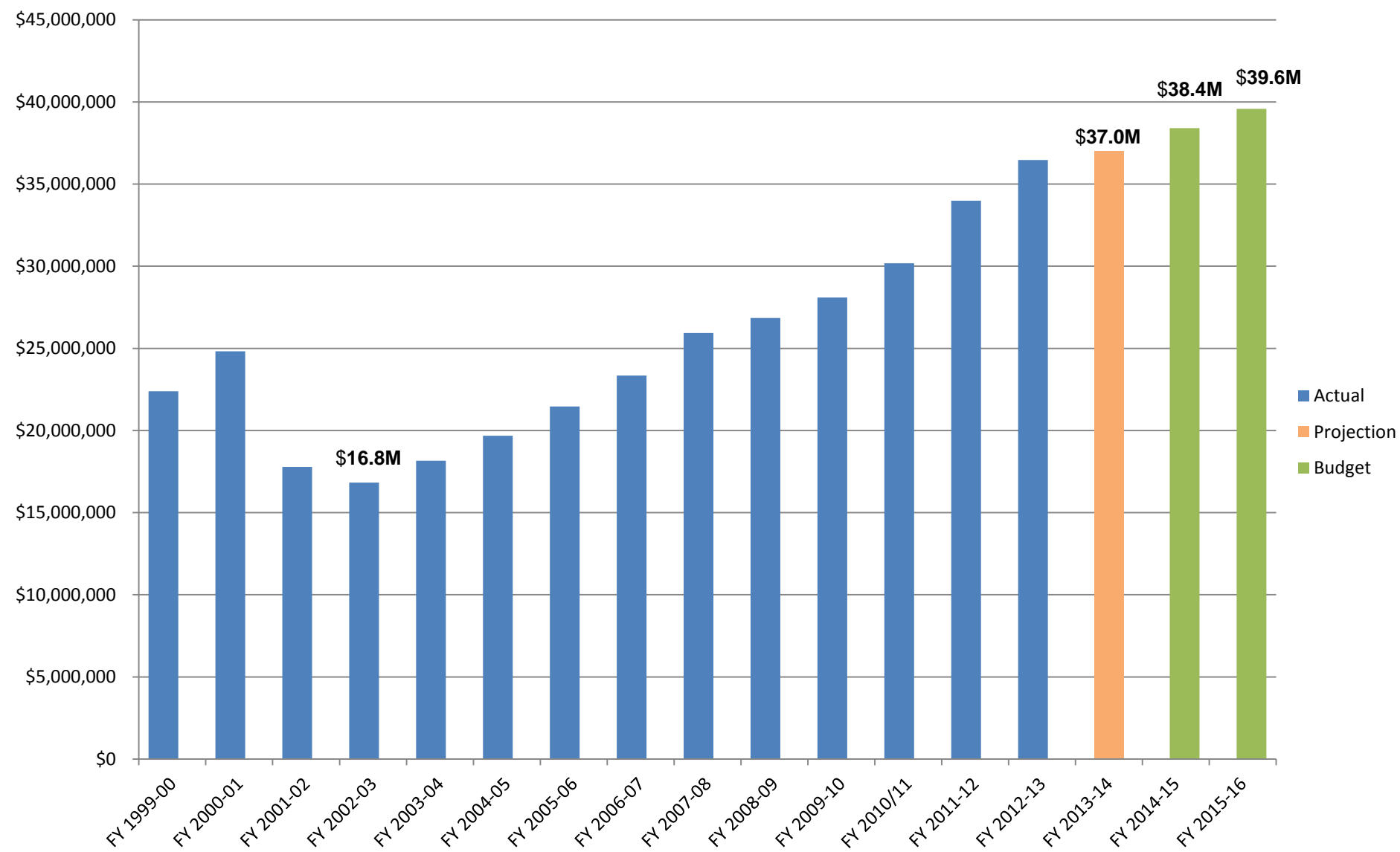
## Traffic growth driving strong revenue growth

Non-Airline Revenue	FY 13/14	FY 14/15	FY 15/16
Ground Transportation	\$ 162.5M	\$ 168.5M	\$ 171.7M
Terminal Concessions	78.2	80.1	82.7
Nonairline Rentals	74.4	77.0	78.8

- United Airlines Commitment to SFO
  - SFO is the only hub United continues to expand
  - Renewed long-term leases and exercised 10-year options
    - Total annual rent of \$103 million
  - New Global Services Desk for premier travelers, second United Club
  - Continued trans-pacific service growth – Taipei, Chengdu
- New Airline Service
  - China Eastern, SAS, Aer Lingus
  - A380 Service – Air France, Lufthansa, two existing carriers to start A380 service soon



# Annual Service Payment (ASP)



→ The annual service payment has over doubled in the last ten years

Budget Year	Amount (in millions)	Increase (in millions)	Percent
FY 13/14	858.8	--	--
FY 14/15	937.1	78.3	9.1 %
FY 15/16	957.4	20.3	2.2 %

## Major Budget Initiatives

- ▣ Budget increase reflects continued traffic growth
- ▣ Safety and Security is our top priority
- ▣ Local Business Opportunities
- ▣ Job Creation
- ▣ Capital Improvement Program

## Small Business Affairs and External Outreach

- 2013 Disadvantaged Business Enterprise (DBE) Advocate and Partner Award
- Annual 30% goal for small business participation
- Awarded over 30% of contract dollars to LBEs and DBEs

## Concessions

- Pop-up retail – new opportunities for locally owned concession
- High-level of locally owned businesses
  - Food and Beverage – 47% locally owned
  - Retail Concessionaires – 20% locally owned
- Total gross sales for locally owned concessionaires
  - Food and Beverage – \$62.1 million
  - Retail – \$9.5 million

## Workforce Development

- SFO staff collaborates with community based organizations in the City’s most under-employed sectors in San Francisco.

Program	FY 14/15	FY 15/16
SFO Career Connect	28	28
CityBuild	10	10
Internship Programs	66	66
<b>Total</b>	<b>104</b>	<b>104</b>

- Internship programs include
  - Youth Works
  - SFO High School Interns
  - Project Pull
  - Engineering Interns



- Capital Plan Drivers
  - ▣ Aging and seismically vulnerable buildings and infrastructure
  - ▣ Current security requirements
  - ▣ Improve the passenger experience by bringing Terminal 2 amenities to the other terminals
- The Capital Plan positions SFO for continued traffic and revenue growth
  - ▣ Projects will be pursued if there is demand and stakeholder support

Cost Center	Five-Year Plan (in millions)	Percent
Terminal	\$ 1,477.9	58.0%
Groundside	408.2	16.0%
Airport Support	288.5	11.3%
Airfield	226.0	8.9%
Utilities	<u>148.9</u>	5.8%
<b>Total</b>	<b>\$ 2,549.5</b>	

- ❑ Accommodate airline passenger processing requirements
- ❑ Alleviate passenger congestion in departure lobby and reduce checkpoint queuing time
- ❑ Increase concession space and revenue
- ❑ Upgrade security and fire protection systems
- ❑ \$525 million project budget – In service 2019



# Terminal 1

- ❑ Replace 18 gate Boarding Area B with new 24 gate boarding area
- ❑ Increase passenger amenities and grow passenger spend rate
- ❑ Provide international wide-body peak-time overflow gates
- ❑ \$2.3 billion project budget – In service by 2019



# Air Traffic Control Tower

- Project currently under construction
- Substantial completion in early 2015 with FAA fit out complete by early 2016
- \$150.7 million budget, including \$25.5 million demo of existing tower





# Runway Safety Area (RSA) Program

- Congressional mandate to prevent runway overruns and increase safety
- Phase 1  
R/W 10-28s completed in 2013
- Phase 2  
R/W 1-19s  
Runways close May through September
- Total project cost  
— \$214 million



## → Proposed CIP Job Creation

- 5-Year Job Impact
  - 12,932 – Construction Jobs
  - 18,515 – Total Jobs
- 10-Year Job Impact
  - 25,315 – Construction Jobs
  - 36,246 – Total Jobs



## → Local Hiring

- 35% combined goal for San Francisco and San Mateo County residents
  - 16% San Francisco residents
- 4,526 local jobs created over next 5-years
- 8,860 local jobs created over next 10-years

## **Airports Council International-North America (ACI-NA)**

- ▣ Environmental Achievement Award
- ▣ Richard A. Griesbach Award of Excellence for Concessions

## **Federal Aviation Administration (FAA)**

- ▣ Disadvantaged Business Enterprise (DBE) Advocate and Partner Award

## **SkyTrax**

- ▣ 2014 Best Airports Worldwide (40 million to 50 million passengers)
  - ▣ #1 in North America, 3<sup>rd</sup> Worldwide

## **Airport Revenue News**

- ▣ Best Overall Concession Program, Large Airport
- ▣ Best Overall Concession Program, Single Terminal, T2
- ▣ Best Concession Management Team, Large Airport
- ▣ Most Unique Services, Single Terminal, T2