

San Francisco International Airport



ANNUAL REPORT 2016

Fiscal Year 2015-2016



"I congratulate our Airport for achieving a new milestone for passenger traffic activity. SFO is truly the global gateway to San Francisco, the Innovation Capital of the World."

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Letter from the Airport Director

I am pleased to provide my first report to you as Airport Director of SFO, a role I assumed in July, 2016. I can't think of a better tribute to the legacy of retired Airport Director John L. Martin than to report a new all-time record for passenger traffic at SFO, with more than 51.4 million travelers passing through our Airport during this period.

I am truly committed to creating an exceptional airport experience for our guests as well as being industry-leading in safety & security, and I am pleased to report that our Airport has made significant progress in both regards.

In November 2015, we opened the renovated Terminal 3 East area, showcasing our latest vision for the guest experience, including a new consolidated central security checkpoint, three additional aircraft boarding gates, and a new United Club location. In January 2016, we completed physical construction of the new Airport Traffic Control Tower, which has been nationally recognized for the innovative engineering solutions incorporated within. We also launched our relationship with Hyatt Corporation to manage and brand the future Grand Hyatt at SFO, a four-star luxury hotel located on Airport grounds, scheduled to open in the spring of 2019. Finally, we formally broke ground on the \$2.4 billion renovation of Terminal 1, slated to be completed in phases from 2016 to 2024.

Through the development of these facilities, we continue to fulfill our commitment to the environment, as all projects are designed to meet or exceed LEED[®] Gold standards. This year, SFO was recognized with the *Magellan Award* for sustainability efforts, and earned Level 3 Airport Carbon Accreditation by the Airports Council International (ACI) for greenhouse gas reduction, becoming the first airport in California and only the second in North America to achieve this accreditation.

In addition, SFO remains steadfast in our commitment to our communities. In September 2015, we hosted our first "Ready, Set, Fly" event, providing real-world air travel experience to individuals and families with autism and developmental disabilities. In January 2016, we conducted a series of training sessions to raise awareness on how to identify and report human trafficking activity. We also expanded our outreach to small businesses in the Bay Area, hosting a "Doing Business at SFO" program for 150 attendees, including representatives of Chambers of Commerce and industry trade organizations from around the Bay Area.

As always, our #1 priority remains safety and security and we made significant progress in this regard, when, in October 2015, the San Francisco International Airport Commission approved plans for SFO to expand its wage and benefit policy, known as the Quality Standards Program (QSP), to include more than 1,400 airline catering employees; bringing the total number of workers covered by QSP to nearly 15,000. We also continued to invest in resources for emergency preparedness, procuring two state-of-the-art mass casualty units for our first responders.

Thanks to the guidance of the Airport Commission, the continued support of San Francisco Mayor Edwin M. Lee, and the steadfast commitment of our Airport staff, we are achieving our goal of being an exceptional Airport in service to our communities.

Ivar C. Satero Airport Director



Letter from the Commission President

During the past 12 months, SFO has continued to demonstrate its role as an economic engine, powering jobs and income throughout communities in the San Francisco Bay Area. SFO directly accounted for more than \$7.5 billion in business activity in the 2015 Fiscal Year, and nearly 37,600 jobs. These contributions expand to \$34.6 billion in business sales, and 158,400 jobs, when factoring off-site business activities that depend directly on local air service for staff movements, cargo deliveries, or visitor spending. Furthermore, indirect and direct spin-off activities associated with suppliers of goods and services to directly affected businesses, and the re-spending of additional worker income on consumer goods and services, raises the total regional economic impact to nearly \$61.7 billion in business sales, including \$20.7 billion in total payroll and over 295,300 jobs.

These contributions were further enhanced by the addition of new airlines, and new international routes, at SFO. In March 2016, the International Trade Administration, an agency of the Department of Commerce, reported that SFO had experienced the highest rate of international passenger traffic growth of any airport in the United States for 2015, posting a 9% increase in international travelers. New airlines at SFO included Copa Airlines nonstop service to Panama in September 2015, Qantas Airways service to Sydney and first-ever nonstop flights to Delhi on Air India in December 2015. In May 2016, airberlin launched non-stop service to Düsseldorf, followed by WOW Air flights to Reykjavík and Fiji Airways services to Nadi in June 2016.

The largest carrier at SFO, United Airlines, also continued to invest in the Airport as its premier international gateway, launching new nonstop service to Tel Aviv, Xi'an, Singapore, Auckland, and Hangzhou in 2016 alone. Thanks to these additions, SFO now serves more cities in China than any other airport in North America.

On behalf of the Airport Commission, I congratulate SFO on the milestones they have reached, and the economic contributions they have made, during this period. These achievements bear witness to quality organization created by retiring Airport Director John L. Martin, and the continued leadership of his successor, Airport Director Ivar C. Satero and his entire team.

Jany Mezzale

Larry Mazzola President Airport Commission



Non-Stop Domestic Destinations

ABQ ACV ANC ASE ATL AUS BFL BOI BOS BNA BUR BWI BZN CEC CIC CLE CLT COS CVG DAL DCA DEN DFW DTW EUG EWR FAT	Albuquerque, NM Eureka, CA Anchorage, AK Aspen, CO Atlanta, GA Austin, TX Bakersfield, CA Boise, ID Boston, MA Nashville, TN Burbank, CA Baltimore, MD Bozeman, MT Crescent City, CA Chico, CA Cleveland, OH Charlotte, NC Colorado Springs, CO Cincinnati, OH Dallas Love Field, TX Washington-Reagan, VA Denver, CO Dallas/Fort Worth, TX Detroit, MI Eugene, OR Newark, NJ Fresno, CA	FAY FLL HDN HNL IAD JAC JFK KOA LAS LAX LGB LIH LMT MCI MCO MDW MFR MIA MKE MMH MRY MSO MSP MSY MTJ OGG	Fayetteville, AR Fort Lauderdale, FL Hayden, CO Honolulu/Oahu, HI Washington-Dulles, VA Houston, TX Jackson Hole, WY New York, NY Kona-Hawaii, HI Las Vegas, NV Los Angeles, CA Long Beach, CA Lihue/Kauai, HI Klamath Falls, OR Kansas City, MO Orlando, FL Chicago-Midway, IL Medford, OR Miami, FL Milwaukee, WI Mammoth, CA Monterey, CA Missoula, MT Minneapolis/St. Paul, MN New Orleans, LA Montrose, CO Kahului/Maui, HI	OKC ONT ORD OTH PDX PHL PHX PIT PSC PSP RDD RDM RDU RDU RDU RDU RNO SAN SAN SAN SAN SAN SAN SAN SAN SEA SLC SMF SMX SNA STL SUN TUS	Oklahoma City, OK Ontario, CA Chicago-O'Hare, IL North Bend, OR Portland, OR Philadelphia, PA Phoenix, AZ Pittsburgh, PA Pasco/Tri-Cities, WA Palm Springs, CA Redding, CA Redding, CA Redmond, OR Raleigh-Durham, NC Reno, NV San Diego, CA San Antonio, TX Santa Barbara, CA San Luis Obispo, CA Santa Barbara, CA Santa Barbara, CA Santa City, UT Sacramento, CA Santa Maria, CA Orange County, CA St. Louis, MO Sun Valley, ID Tucson, AZ
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Non-Stop & Direct International Destinations

AKL AMS AUH BJX CAN CDG CKG CPH CTU CUN DEL DUB DUS DXB FRA GDL HKG	Auckland, NZ Amsterdam, NL Abu Dhabi, AE Leon/Guanajuato, MX Guangzhou, CN Paris-De Gaulle, FR Chongqing, CN (via Beijing) Copenhagen, DK Chengdu, CN Cancun, MX Delhi, IN Dublin, IE Düsseldorf, DE Dubai, AE Frankfurt, DE Guadalajara, MX Hong Kong, HK	HND ICN IST KEF KIX LHR MEX MLM MNL MUC NAN NRT PEK PTY PVG PVR SAL	Tokyo-Haneda, JP Seoul-Incheon, KR Istanbul, TR Reykjavik, IS Osaka-Kansai, JP London-Heathrow, GB Mexico City, MX Morelia, MX Morelia, MX Manila, PH Munich, DE Nadi, FJ Tokyo-Narita, JP Beijing, CN Panama City, PA Shanghai, CN Puerto Vallarta, MX San Salvador, SV	SIN SJD SYD TAO TLV TPE WUH XIY YEG YLW YUL YVR YVC YYJ YYZ ZRH	Singapore San Jose Cabo, MX Sydney, AU Qingdao, CN (via Shanghai) Tel Aviv, IL Taipei, TW Wuhan, CN (via Shanghai) Xi'an, CN Edmonton, CA Kelowna, CA Montreal-PET, CA Vancouver, CA Calgary, CA Victoria, CA Toronto, CA Zurich, CH
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Facts & Figures

Passengers

Total passenger (7th in North Am Total Bay Area I Domestic Enpla Domestic Bay A International Er International Ba Through (In-trar

Cargo

Total Cargo³ (me Domestic International

Top 5 Airlines

United Airlines American Airlin Virgin America Delta Air Lines Southwest Airli

Fiscal Year July 2015 to June 2016 ¹ Source: Airports Council International ² Passengers who fly in and out on the same aircraft ³ Excludes mail

rs	51,421,348
merica, 21st in the world in 2015 ¹)	
Market Share	70%
aned and Deplaned Passengers	39,697,866
Area Market Share	65%
nplaned and Deplaned Passengers	11,711,366
ay Area Market Share	93%
nsit²)	12,116
netric tons)	383,305
	149,089
	234,216
s at SFO	
	44%
nes	9%
	9%
	8%
ines	7%



Passenger Airlines

Aer Lingus Aeromexico airberlin Air Canada Air China Air France Air India Air New Zealand Alaska Airlines All Nippon Airways (ANA) American Airlines Asiana Airlines British Airways Copa Airlines **Cathay Pacific Airways** China Airlines

Cargo Airlines¹

ABX Air Air Cargo Carriers Ameriflight Asiana Airlines

EVA Air FedEx

¹ Includes freighters

photograph: San Francisco International Airport (SFO) - 1980s

China Eastern Airlines China Southern Airlines Delta Air Lines Emirates Etihad Airways EVA Air Fiji Airways **Frontier Airlines** Hawaiian Airlines Japan Airlines JetBlue Airways KLM Royal Dutch Airlines Korean Air Lines Lufthansa German Airlines **Philippine Airlines** Qantas Airways

Scandinavian Airlines (SAS) Singapore Airlines Southwest Airlines Sun Country Airlines Swiss International Air Lines TACA **Turkish Airlines** US Airways **United Airlines** Virgin America Virgin Atlantic WestJet Airlines WOW Air XL Airways France

Atlas Air, Inc. China Airlines Kalitta Air Redding Aero Enterprises Korean Air Lines Nippon Cargo Airlines (NCA)



Awards & Recognition

Best Airport in the Americas - Frequent Business Traveler Best Airport Bar/Restaurant Wait Staff (Lark Creek Grill) - USA Today Readers' Choice 10Best **Best Airport for Dining -** USA Today Readers' Choice 10Best Best of California (In-House App Development) - Center for Digital Government Best Projects (Runway Safety Area) - Engineering News-Record Bookstore of the Year (Books Inc.) - Publisher's Weekly **CIO (Chief Information Officer) 100** - *IDG* **Grand Conceptor Award Winner (Airport Traffic Control Tower) -** American Council of Engineering Companies Gold (Social Media) - Travel Weekly Silver (Environmental Sustainability) - Travel Weekly **Golden State Award (Airport Traffic Control Tower) -** American Council of Engineering Companies Level 3 Airport Carbon Accreditation - Airports Council International **Excellence in Disclosure -** *National Federation of Municipal Analysts*



Airport Commission

Larry Mazzola, President Linda S. Crayton, Vice President Eleanor Johns Richard J. Guggenhime Peter A. Stern

Airport Management

Ivar C. Satero, Airport Director

Chris Arrigale, Executive Assistant to the Airport Director Jeff Littlefield, Chief Operating Officer Julian Potter, Chief Administration & Policy Officer Leo Fermin, Chief Business & Finance Officer Kandace Bender, Chief Marketing & Communications Officer Geoff W. Neumayr, Chief Development Officer Blake Summers, Director & Chief Curator, SFO Museum Peter Acton, Director of Facilities Division and Building Official John Bergener, Airport Planning Director, Airport & Environmental Planning Ian Law, Deputy Airport Director/Chief Information Officer Jean Caramatti, Commission Secretary Sheryl Bregman, Airport General Counsel, Legal Linda Yeung, Director, People, Performance & Development



Highlights of Airline Operations at the Airport

Financial Summary

Fiscal year 2016 (for the 12-month ended June 30, 2016) passenger traffic at SFO concluded with 25.6 million enplanements, an increase of 6.7% compared to the prior fiscal year, establishing a new peak for the Airport. Domestic growth was from a combination of Low Cost Carriers (LCCs) and legacy carrier United Airlines (United), which increased service. The international sector also experienced service additions. These included new services commenced by Copa Airlines to Panama City and Air India to New Delhi. Qantas Airways returned with service to Sydney, Air Berlin returned with service to Düsseldorf, and new seasonal service was commenced by Fiji Airways to Nadi. There is also an increasing presence of international LCCs at SFO, including seasonal service by XL Airways and year round service by WOW air. Total cargo and U.S. mail tonnage increased by 2.2% due to an increase in domestic shipments, while international shipments were slightly below last year's levels.

The 6.7% fiscal year-over-year enplanement increase at SFO compares to increases of 8.1%¹ at Oakland International Airport and 6.8%² at Mineta San Jose International Airport, resulting in relatively stable Bay Area passenger market share of 70.2% for SFO.

To view the entire fiscal year 2015-2016 audited financial statements, visit: www.flysfo.com/fy1516.

¹ Source: Oakland International Airport Traffic Report.

² Source: Mineta San Jose International Airport Traffic Report.

Net Position Summary (in thousands)

 6 (As Restated) 7 450,598 1 245,719 0 643,686 6 3,936,426 4 5,276,429 0 78,388 4 65,408 2 37,517 5 181,212 	3.8% 14.9 (0.4) 2.8 3.0 (13.1) 27.8 17.2
1 245,719 0 643,686 6 3,936,426 4 5,276,429 0 78,388 4 65,408 2 37,517	14.9 (0.4) 2.8 3.0 (13.1) 27.8 17.2
1 245,719 0 643,686 6 3,936,426 4 5,276,429 0 78,388 4 65,408 2 37,517	14.9 (0.4) 2.8 3.0 (13.1) 27.8 17.2
0 643,686 6 3,936,426 4 5,276,429 0 78,388 4 65,408 2 37,517	(0.4) 2.8 3.0 (13.1) 27.8 17.2
4 5,276,429 0 78,388 4 65,408 2 37,517	3.0 (13.1) 27.8 17.2
0 78,388 4 65,408 2 37,517	(13.1) 27.8 17.2
4 65,408 2 37,517	27.8 17.2
4 65,408 2 37,517	27.8 17.2
2 37,517	17.2
6 101 212	7.9
6 181,313	
8 285,929	8.4
8 154,611	219.6
4 4,608,523	(5.1)
1 111,932	28.9
2 79,321	21.2
3 5,240,316	3.4
4 100,290	(52.0)
4 100,290	(52.0)
	13.8
7) (103,109)	(5.3)
	(0.0)
2 37,427	28.9

Highlights of Changes in Net Position (in thousands)

			FY 2016 Percentage Increase
	FY 2016	FY 2015	(Decrease)
Operating revenues	866,991	815,364	6.3%
Operating expenses	(640,473)	(609,029)	5.2
Operating income	226,518	206,335	9.8
Nonoperating expenses, net	(144,463)	(141,826)	1.9
Income before capital contributions			
and transfers	82,055	64,509	27.2
Capital contributions	10,424	32,119	(67.5)
Transfers to City and County of San Francisco	(42,542)	(40,480)	5.1
Changes in net position	49,937	56,148	(11.1)
Total net position - beginning of year			
(as originally reported)	117,136	266,757	(56.1)
Restatement due to adoption of GASB 68		(205,769)	(100.0)
Total net position - beginning of year			
(as restated)	117,136	60,988	92.1
Total net position at end of year	167,073	117,136	42.6%

Aviation	\$495.4	57%	
Concession	146.9	17%	
Parking & Transportation	136.7	16%	
Net Sales & Services	87.9	10%	
Total	\$866.9	100%	
-			

Personnel	\$241.2	38%
Depreciation	228.4	36%
Contractual Services	68.1	11%
Repairs & Maintenance	35.8	5%
Light, Heat & Power	22.9	3%
Services Provided by Other City Departments	19.9	3%
Materials & Supplies	16.4	2%
Environmental Remediation	4.1	1%
General & Administrative	3.4	1%
Amortization of Prepaid Bond Insurance Costs	0.3	0%
Total	\$640.5	100%

San Francisco International Airport

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