



San Francisco International Airport

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ANNUAL REPORT 2015 | FISCAL YEAR 2014-2015

The Guest Journey through SFO





**LETTER  
FROM THE  
AIRPORT  
DIRECTOR**

John L. Martin  
Airport Director

I am pleased to report that the San Francisco International Airport (SFO) had a successful year, achieving a historic milestone of 48 million passengers, the fifth consecutive year of record-setting traffic.

In the past 12 months, we made significant progress in our goal to create an exceptional airport experience for our guests. We completed construction of the new Airport Traffic Control Tower for the Federal Aviation Administration (FAA), featuring state-of-the-art seismic engineering and a design sure to become an iconic landmark for our Airport. The project included pre- and post-security connecting walkways between Terminals 1 and 2 to provide a seamless experience for connecting guests. We also made progress on the dynamic new Terminal 3 East concourse, a simplified security screening checkpoint, and addition of artwork from the San Francisco Arts Commission and exhibits from our accredited SFO Museum.

We continued our focus on improving the international guests' arrival experience with the introduction of 40 Automated Passport Control (APC) kiosks to provide expedited service through the Customs facility. Our outstanding customer service was recognized by SkyTrax's survey, the most respected study of airport quality around the world, by being awarded the 2015 Passenger Choice Award for "Best Airport Staff in North America."

We also made important strides in our service to communities, leading an awareness walk in February that raised more than \$150,000 for survivors of human trafficking and took time to celebrate the 10th anniversary of our Career Connect program, which offers internship opportunities at SFO for at-risk youth from underserved communities in San Francisco.

As always, our first priority remains safety and security, and we made significant progress during this period, by acquiring a state-of-the-art Mobile Command Post, enhancing perimeter security measures and installing high-speed gates at vehicle checkpoints. We completed the Runway Safety Area (RSA) construction more than one year ahead of a Congressional mandate, and continue to engage our entire Airport community to support our goal of being "All Ways Safe."

I am thankful for the guidance of the Airport Commission and the continued support of San Francisco Mayor Edwin M. Lee to achieve our mission to be an exceptional Airport in service to our communities. I also appreciate the commitment of our Airport staff to this goal and to our Core Values.



**LETTER  
FROM THE  
COMMISSION  
PRESIDENT**

Larry Mazzola  
President  
Airport Commission

San Francisco International Airport (SFO) achieved a record level of passenger activity over the past 12 months, securing its place as a leading source of employment and revenue for the region. In 2014, the Airport accounted for \$6.3 billion in business activity, and supported nearly 36,400 direct Airport jobs. When off-site business activities directly dependent on Airport services are included, SFO contributed \$35.4 billion in business sales with 155,800 jobs in the area. SFO is truly an economic engine that is powering the Bay Area.

Economic confidence in SFO was also reflected by increased interest from airlines, which included new service on Etihad Airways to Abu Dhabi and Turkish Airlines to Istanbul. In addition, Emirates increased capacity by being the first airline at SFO to offer year-round A380 service. SFO also solidified its place as the premier gateway to Asia, serving more cities in China than any other U.S. airport, thanks to new nonstop service on China Southern to Guangzhou and Wuhan. To serve the growing China market, SFO launched the first dedicated Chinese-language website in the U.S.

SFO also continued to develop non-aviation revenue streams to ensure its financial success. Building upon the established demand for locally-sourced concessions and diverse features and amenities, the Airport saw ongoing positive growth in concession revenues. SFO also made important strides in the development of another source of job creation and revenue generation and reached an agreement on key business terms to develop an on-Airport hotel. It also embarked on the ambitious renovation of Terminal 1, the largest project in the Airport's 10-Year, \$4.5 billion Capital Improvement Plan.

During this period, SFO also continued to be on the forefront of innovation by creating an award winning mobile navigation app for visually-impaired passengers and committing to new business models by being the first airport in California to reach agreements with transportation network companies.

On behalf of the Airport Commission, I congratulate SFO on the milestones they have reached and the industry recognition they have attained during this period. These achievements bear witness to the outstanding leadership being provided by Airport Director John L. Martin, and the dedication of his entire Airport team.



**NON-STOP  
DOMESTIC  
DESTINATIONS**

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





**FACTS & FIGURES**

**PASSENGERS**

|   |            |
|---|------------|
| Total passengers<br>(7th in North America, 21st in the world in 2014 <sup>1</sup> ) | 48,243,910 |
| Total Bay Area Market Share   | 70%        |
| Domestic Enplaned and Deplaned Passengers   | 37,580,982 |
| Domestic Bay Area Market Share  | 66%        |
| International Enplaned and Deplaned Passengers                                      | 10,631,812 |
| International Bay Area Market Share   | 95%        |
| Through (In-transit <sup>2</sup> )  | 31,116     |

**CARGO**

|  |         |
|--|---------|
| Total Cargo <sup>3</sup> (metric tons) | 383,351 |
| Domestic                               | 129,051 |
| International                          | 254,300 |

**TOP 5 AIRLINES AT SFO**

|                    |     |
|--------------------|-----|
| United Airlines    | 45% |
| American Airlines  | 10% |
| Delta Air Lines    | 8%  |
| Virgin America     | 8%  |
| Southwest Airlines | 7%  |

Fiscal Year July 2014 to June 2015

<sup>1</sup> Source: *Airports Council International*

<sup>2</sup> Passengers who fly in and out on the same aircraft

<sup>3</sup> Excludes mail





**PASSENGER  
AIRLINES**

Aer Lingus  
AeroMexico  
Air Canada  
Air China  
Air France  
Air New Zealand  
AirTran Airways  
Alaska Airlines  
American Airlines  
ANA (All Nippon Airways)  
Asiana Airlines  
Avianca International  
British Airways  
Cathay Pacific Airways  
China Airlines  
China Eastern Airlines  
China Southern Airlines  
Delta Air Lines  
Emirates  
Etihad Air  
EVA Air

Frontier Airlines  
Hawaiian Airlines  
Japan Airlines  
JetBlue Airways  
KLM Royal Dutch Airlines  
Korean Air Lines  
Lufthansa German Airlines  
Philippine Airlines  
Scandinavian Airlines (SAS)  
Singapore Airlines  
Southwest Airlines  
Sun Country Airlines  
Swiss International Air Lines  
Turkish Airlines  
United Airlines  
US Airways  
Virgin America  
Virgin Atlantic  
WestJet Airlines  
XL Airways France

**CARGO  
AIRLINES<sup>1</sup>**

ABX Air  
Air Cargo Carriers  
Ameriflight  
Asiana Airlines  
Atlas Air, Inc.  
China Airlines  
EVA Air  
FedEx  
Kalitta Air  
Korean Air Lines  
Nippon Cargo Airlines

<sup>1</sup> Includes freighters



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## **AWARDS & RECOGNITION**

**Best Concession Management Team**  
*Airport Revenue News*

**Amenities Program – Large Airport**  
*Airport Revenue News*

**Best Overall Concessions Program**  
*Airport Revenue News*

**Best Airport Staff in North America**  
*SkyTrax*

**Gold Winner, Government Websites**  
*W3 Awards*

**Gold Winner, Online Travel Services**  
*Magellan Awards*

**Environmental Achievement Award**  
*Airports Council International-North America*



## NET POSITION SUMMARY

(in thousands)

|   | FY 2015           | FY 2014          | Percentage Increase (Decrease) FY 2015 |
|---|-------------------|------------------|--|
| <b>Assets:</b>  |                   |                  |  |
| Unrestricted current assets                                     | \$ 450,598        | 425,951          | 5.8 %                                  |
| Restricted current assets                                       | 245,719           | 278,346          | (11.7)                                 |
| Restricted non-current assets                                   | 643,686           | 579,933          | 11.0                                   |
| Capital assets, net   | 3,936,426         | 3,869,718        | 1.7                                    |
| <b>Total assets</b>   | <b>5,276,429</b>  | <b>5,153,948</b> | <b>2.4</b>                             |
| <b>Deferred outflows of resources:</b>                          |                   |                  |  |
| Unamortized loss on refunding of debt                           | 78,388            | 92,147           | (14.9)                                 |
| Deferred outflows on derivative instruments                     | 66,809            | 64,964           | 2.8                                    |
| Deferred outflows on employer pensions contributions            | 37,517            | –                | –                                      |
| <b>Total deferred outflows of resources</b>                     | <b>182,714</b>    | <b>157,111</b>   | <b>16.3</b>                            |
| <b>Liabilities:</b>   |                   |                  |  |
| Current liabilities   | 285,929           | 268,723          | 6.4                                    |
| Current liabilities payable from restricted assets <sup>1</sup> | 154,611           | 410,087          | (62.3)                                 |
| Noncurrent liabilities  | 4,608,523         | 4,285,257        | 7.5                                    |
| Net pension liability <sup>2</sup>                              | 111,932           | –                | –                                      |
| Derivative instruments  | 80,722            | 80,235           | 0.6                                    |
| <b>Total liabilities</b>  | <b>5,241,717</b>  | <b>5,044,302</b> | <b>3.9</b>                             |
| <b>Deferred inflows of resources:</b>                           |                   |                  |  |
| Deferred inflows related to pensions                            | 100,290           | –                | –                                      |
| <b>Total deferred inflows of resources</b>                      | <b>100,290</b>    | <b>–</b>         | <b>–</b>                               |
| <b>Net position:</b>  |                   |                  |  |
| Net investment in capital assets                                | (103,109)         | (149,894)        | 31.2                                   |
| Restricted for debt service                                     | 37,427            | 25,390           | 47.4                                   |
| Restricted for capital projects                                 | 165,224           | 200,219          | (17.5)                                 |
| Unrestricted <sup>3</sup>                                       | 17,594            | 191,042          | (90.8)                                 |
| <b>Total net position</b>                                       | <b>\$ 117,136</b> | <b>266,757</b>   | <b>(56.1)%</b>                         |

<sup>1</sup> The decrease was primarily due to the retirement of commercial paper notes and a decrease in accounts payable.

<sup>2</sup> The increase was due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<sup>3</sup> The decrease was primarily due to the adoption of GASB No. 68.



## HIGHLIGHTS OF CHANGES IN NET POSITION

(in thousands)

|   | FY 2015    | FY 2014   | FY 2015<br>Percentage<br>Increase<br>(Decrease) |
|---|------------|-----------|---|
| Operating revenues  | \$ 815,364 | 770,691   | 5.8 %   |
| Operating expenses  | (609,029)  | (625,660) | (2.7)   |
| Operating income  | 206,335    | 145,031   | 42.3  |
| Nonoperating expenses, net  | (141,826)  | (203,598) | (30.3)  |
| Income (loss) before capital contributions and transfers          | 64,509     | (58,567)  | 210.1   |
| Capital contributions   | 32,119     | 91,024    | (64.7)  |
| Transfers to City and County of San Francisco                     | (40,480)   | (37,994)  | 6.5   |
| Changes in net position   | 56,148     | (5,537)   | 1,114.1   |
| Total net position at beginning of year (as restated for FY 2015) | 60,988     | 272,294   | (77.6)  |
| Total net position at end of year                                 | \$ 117,136 | 266,757   | (56.1) %  |





## **San Francisco International Airport**

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