



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Financial Resilience Plan

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Strategic Plan Initiative

Ensure Plan of Finance is flexible, nimble and able to proactively address future changes

Sub-initiative: Re-establish contingency plans and actions to be taken in the event of a significant shock

Financial Resilience Plan

- Purpose: Ensure ability to navigate through events that create financial stress
- Examples: Shocks to the industry, economic downturns, natural disasters
- Goal: Outline actions the Executive Leadership Team (ELT) will take to evaluate and ultimately implement across the enterprise to ensure financial stability

Financial Resilience Plan Levels

- LEVEL 1
 - Actual or anticipated **moderate** threat
 - Expected slower revenue growth or increased expenses
 - Impacts current and potentially the following fiscal year
 - **Moderate** measures to be implemented
 - Target Result:
 - Meet expense budget parameters
 - Protect revenue budget at highest level possible

Financial Resilience Plan Levels

- LEVEL 2
 - Actual or anticipated **substantial** threat
 - Expected **significant** impact to budgeted net income
 - Impacts current and potentially future fiscal years
 - **Significant** measures to be implemented
 - Protect net income in current and future fiscal years to highest extent possible
 - Target Result:
 - Ensure major metrics* maintained to preserve senior credit rating of “A” or higher
 - Preserve as much air service to region as possible

*Metrics: Debt service coverage; Cost Per Enplanement; Days’ Cash on Hand

Financial Resilience Plan Levels

- LEVEL 3
 - Imminent threat or actual occurrence
 - Expected **severe** impact to budgeted net income
 - Impacts current and future fiscal years
 - **Drastic** measures to be implemented
 - Protect net income and major metrics* in current and future fiscal years to highest extent possible
 - Target Result:
 - Keep CPE at a level that protects air service
 - Preserve Authority's senior credit rating of "A" or higher

*Metrics: Debt service coverage; Cost Per Enplanement; Days' Cash on Hand

COVID-19 Impacts

- Financial Resilience Plan has been activated
- Dynamic situation – monitoring on a daily, even hourly, basis
- Passenger Traffic has been substantially impacted
- Revenue and financial metrics expected to be substantially impacted as well
- Analyzing multiple financial scenarios
- Receiving many requests from airlines, concessionaires, rental cars for relief

Actions Taken

- Implementing Level 2 and some Level 3 measures, including:
 - Hiring Freeze – CEO approval required for all new hires
 - Capital Program – Delaying non-ADP and non-mission critical project spending
 - Delaying or reducing non-essential expenditures, e.g. travel, training, shuttle services, consulting services, certain major maintenance, equipment, supplies, marketing, and landscaping
- Government relations team working with industry groups and regional congressional delegation to seek Federal assistance
- Evaluating certain measures to assist business partners

Financial Profile

- Prudent financial management has provided opportunity for resilience
- Strong metrics and reserves (as of Feb 29, 2020):
 - \$33.4m operating income (\$13.2m better than budget)
 - 1038 Days' Cash on Hand
 - 2.5 Debt Service Coverage
 - \$13.10 Cost Per Enplanement
- While metrics are strong, potential impact is extensive and risk is very high
- Must proceed with extreme caution and continue to make wise and conservative financial decisions to successfully navigate this crisis



QUESTIONS