



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

**FY 2018 ADOPTED BUDGET &  
FY 2019 APPROVED CONCEPTUAL BUDGET**

SAN DIEGO, CALIFORNIA

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# INTRODUCTORY LETTER



June 1, 2017

C. April Boling, Board Chair  
Paul Robinson, Vice Chair  
Supervisor Greg Cox  
Mayor Jim Desmond  
Robert H. Gleason  
Jim Janney  
Mark Kersey  
Mary Sessom  
Michael Schumacher

Ex-Officio Members

Laurie Berman  
Eraina Ortega  
Colonel Jason G. Woodworth

Dear Board Members:

Establishing the budget is a deliberative process reflecting the Board's continuous leadership and direction as expressed through the San Diego County Regional Airport Authority's (SDCRAA, or Authority) five-year strategic plan. This five-year strategic plan will enable the Airport Authority to sustain its leadership position as a business-driven, passenger-centered, community-minded enterprise. It will do so by aligning leadership and staff over the next five years in their efforts to plan and build an enduring, resilient enterprise through effective management of financial, social and environmental risks, opportunities and obligations.

Submitted herein are the Authority's adopted operating and capital budget for Fiscal Year (FY) 2018 and approved Conceptual Budget for FY 2019. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Authority Board and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget ensures adherence to the requirements of the master and subordinate bond indentures governing the Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of multiyear budgeting is to facilitate the integration of strategic and financial planning and resource allocation. Last year, the Board approved a FY 2018 Conceptual Budget that was revised, and subsequently adopted, as the FY 2018 Budget. The FY 2019 Conceptual Budget was approved and will be revised to reflect any changes in initiatives, as well as industry, economic and geopolitical events next year. After completion of the Authority's budget preparation and evaluation process, a revised FY 2019 Budget will be presented to the Board between May and June 2018 for review and formal adoption and a FY 2020 Conceptual Budget will be presented for approval at that time.

The budget supports operating San Diego International Airport (SAN, or the Airport) as a world-class facility while maintaining the fiscal conservatism necessary to remain financially strong. In addition to supporting the Authority's financial and operational requirements, the budget also addresses the Authority's responsibilities related to meeting the long-term aviation needs of the region:

- ➔ Studying, planning and implementing capital improvements to meet current and future facility requirements at SAN, including the Airport Development Plan (ADP) (see **Capital Program**).
- ➔ Serving as the region's Airport Land Use Commission (ALUC), a responsibility that includes developing comprehensive land use plans for the public-use and military airports in San Diego County.
- ➔ Strategically directing the allocation of resources to enable the Authority to operate SAN in a manner that meets or exceeds customer expectations while simultaneously executing its legislative mandates and regulatory requirements. The budget funds, among other things, the activities, infrastructure, equipment and technology needed to support execution of the Authority's strategies and initiatives in the coming fiscal year.

## Organizational Initiatives

The strategic goals in our five-year plan set targets to measure the success of the Authority's approach. Each goal has a set of associated initiatives that offer focus and guidance as annual plans and budgets are developed and executed. All five together will ensure our impact, our progression toward sustainability, and our readiness for further growth. The five strategic goals are defined as follows:

1. **Exceed our customers' expectations by introducing innovative service and facility enhancements:**  
In 2022, a traveler at San Diego International Airport will have access to non-stop routes to five continents and enjoy a terminal experience that rivals the Green Build experience today, no matter which airline is chosen. Both private and public ground transportation options will be technology-enhanced and support a stress-free journey.
2. **Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities:**  
In 2022, we will be optimally positioned to continue to operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.
3. **Enhance community understanding of SAN as an economic engine and a portal for prosperity that enhances our quality of life:**  
In 2022, elected officials and community, civic and business leaders will be familiar with SAN's story and recognize SAN as a regional economic driver that generates an estimated \$9.9B annually in economic impact, is a major job creator, and acts as a mindful community partner.
4. **Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community:**  
In 2022, our organization will have sustained its position as an employer of choice, attracting and retaining a skilled workforce and leadership team that are highly productive and committed. Our leaders will successfully coach and develop employees to assure succession and the continuity of a high-performing culture.

5. **Execute a Plan of Finance that provides the financial resources necessary to achieve the 2022 Future State while maintaining the enterprise’s strong financial position:**

In 2022, our organization will have successfully funded the first phase of the ADP while maintaining a credit rating of “A” or better. The enterprise will be in a strong financial position to weather economic downturns and continue subsequent phases of the ADP and capital program.

Additional details provided in the section titled ***Airport Authority Overview***.

## **Passenger Satisfaction**

Customer satisfaction has been demonstrated to have a positive effect on a company’s bottom line. As a result, SAN measures passenger satisfaction to provide insight into evolving passenger expectations and opportunities to continuously improve the airport experience.

At SAN, we’re proud to participate in the Airport Council International’s Airport Service Quality (ASQ) survey, the world’s largest airport passenger satisfaction benchmark. Based on the 2016 annual results, SAN achieved an Overall Satisfaction rating of 4.20 out of 5. In the second quarter of 2016, the score was 4.25 and is tied for the highest scoring quarter at SAN since the fourth quarter of 2014. Of the passengers surveyed, 81% were satisfied with their experience at SAN. Key areas of importance to San Diego passengers in which SAN continues to exceed expectations include wait time and efficiency at check-in and security, walking distance inside the terminal, ease of wayfinding, and courtesy and helpfulness of check-in and inspection staff.

As SAN continues to pursue its vision of Mastering the Art of Airports, the organization monitors the drivers of overall satisfaction to assure it is delivering the highest level of customer satisfaction.

## **Economic and Operational Trends Affecting the Budget**

Economic and industry trends drive passenger traffic and airline operations at SAN, directly impacting our operating environment and airport finances. The enplaned passenger projections used in the preparation of this budget were determined by evaluating Federal Aviation Administration (FAA) forecasts, recent trends and airline service announcements.

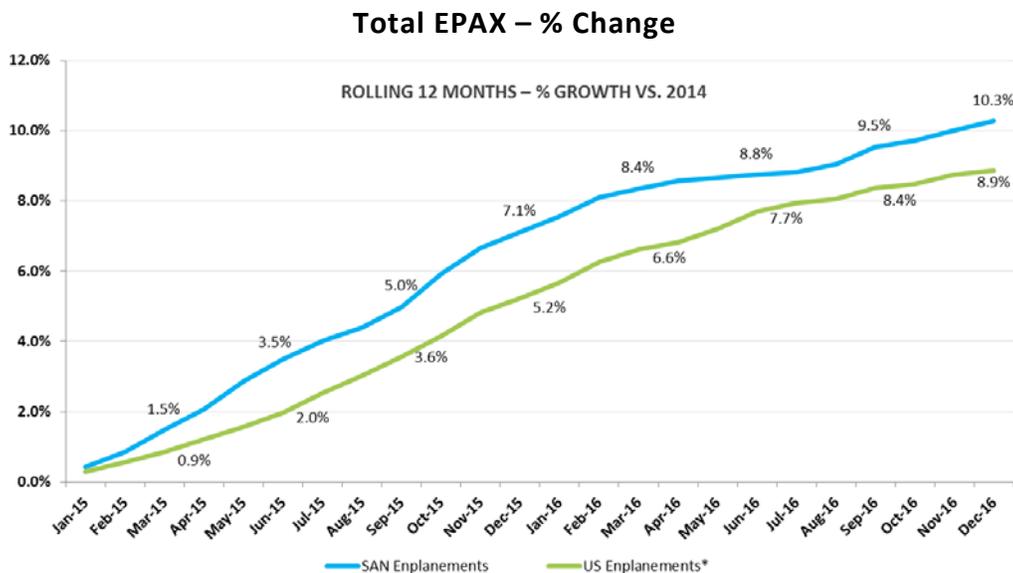
The U.S. economy continues to slowly strengthen. Gross Domestic Product (GDP) increased 2.0% during 2016, reflecting continued modest growth in the national economy (see *Figure 62* in **Supplemental Data**). In addition, the Dow Jones Industrial Average (DJIA) increased by 13.4% in 2016 (see *Figure 63* in **Supplemental Data**).

The Air Trade Area for the Airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties, and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3.3M as of January 1, 2017. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county’s population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42%), Chula Vista (8%), Oceanside (5%), Escondido (5%), Carlsbad (3%), and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to be around 5M inhabitants.

San Diego County has enjoyed a relatively stable economic climate during the past four years, with lower unemployment rates than the State of California. The U.S. Bureau of Labor Statistics notes that the county’s average unemployment rate for April 2017 was 3.8% compared to 4.5% for the state. This reflects the nature of the region’s diverse economy, providing an attractive mix of leisure, business sectors and government. The county is home to more than 120 publicly traded companies.

All major passenger airlines recorded a profit in 2016, the domestic airline industry collectively realized a \$14.9B profit (excluding special items), down from \$19.3B in Calendar Year (CY) 2015. The decline is largely due to increased labor costs, with several carriers implementing new higher cost contracts, and a moderate rise in fuel expense compared to CY 2015. After years of industry capacity discipline, the “Big 3” airlines (American, Delta and United) are expanding domestic capacity through aircraft up gauging and introduction of basic economy products to compete with ultra-low-cost carriers such as Spirit and Allegiant. Largest variables affecting airline profitability in 2017 include the resiliency of capacity discipline among the Big 3 airlines as merger-related adjustments are completed. Potential changes in economic and other policies from the new presidential administration, which would have the greatest effect on international air travel include: economic policies aimed at reducing trade, increased visa restrictions, new aviation security measures, and geopolitical disruptions.

SAN traffic growth has outperformed the national average in a rolling 12-month period versus 2014, as seen in *Figure 1*.



**Figure 1 – Total Enplaned Passengers – SAN vs U.S. Trend**

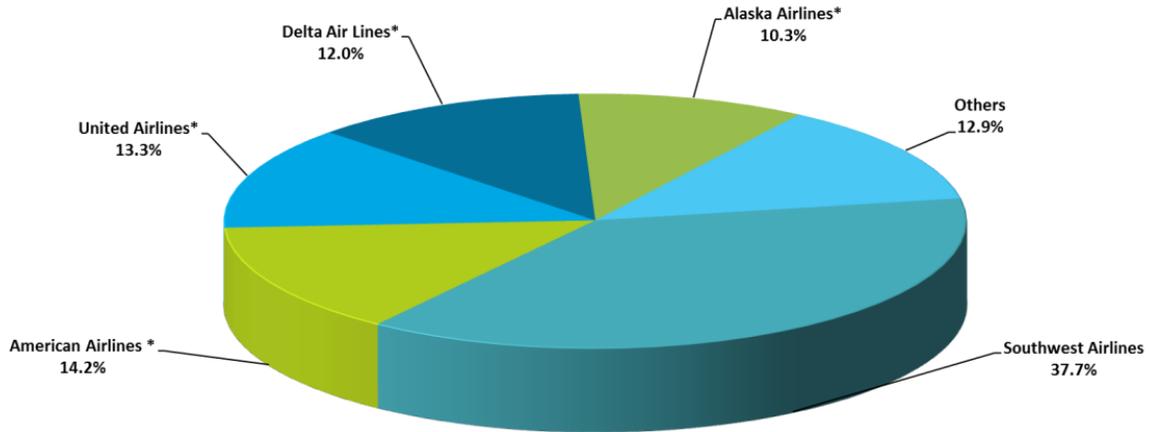
\* U.S. Average is based on T-100 Market Reporting Data from the DOT Bureau of Transportation Statistics

Based on past experience, future airline traffic at SAN will most likely continue to be affected by a variety of forces and events. These include local, national and international economic policies, geopolitical events, world health emergencies, federal regulatory and legislative actions, the financial health of the airline industry, fuel prices and natural disasters. The Authority is unable to predict with absolute certainty the long-term operational and financial effect these factors may have on air travel. As a result, any long-term forecast the Authority makes may vary materially from the actual results.

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy carriers and low-cost carriers. SAN is an origin and destination airport where no one carrier dominates, and where a significant number of low-cost carriers serve the market. In CY 2016, air service was provided by 22 passenger airlines, including regional affiliates. Southwest Airlines, the largest carrier, served 37.8% of the passengers who traveled through SAN (see *Figure 2*); its lead in market share is expected to continue.

In CY 2016, low-cost carriers accounted for 46.4% of seat capacity and 46.0% of enplaned passengers. Their presence in certain markets serves to stimulate pricing competition among all carriers, which typically stimulates demand through lower fares.

### SAN Enplaned Passengers, CY 2016



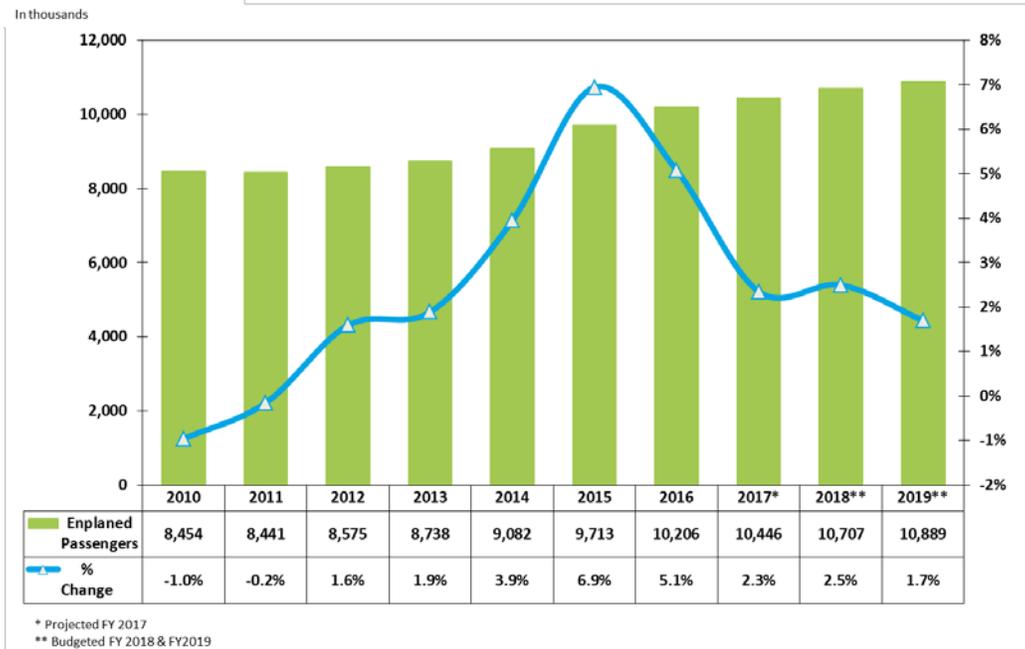
**Figure 2 – SAN Enplaned Passengers by Carrier**

\* Including regional affiliates

Passengers departing from SAN can now fly non-stop to 60 domestic and 10 international destinations, with one-stop connections to over 300 international destinations around the world. FY 2017 saw the addition of international air service to Zürich, Switzerland and Frankfurt, Germany and domestic air service to Cincinnati, OH; Cleveland, OH; Indianapolis, IN; Provo, UT; Spokane, WA; and Steamboat Springs/Hayden, CO. The Authority’s Air Service Development Department continues to build upon this success and pursue expanded international and domestic opportunities.

All of these economic and industry factors together with additional air service are reflected in the FY 2018 Budget and the FY 2019 Conceptual Budget, which are predicated on modest passenger growth as shown in *Figure 3*. In FY 2018, enplaned passenger traffic at SAN is projected to reach 10.71M, which represents an increase of 0.9% from the 10.61M enplanements used in the FY 2017 Budget and a 2.5% increase over the 10.45M enplanements projected for FY 2017. Enplaned passengers are projected to increase by 1.2% to 10.89M in the FY 2019 Conceptual Budget.

## Enplaned Passengers and Annual Growth by Fiscal Year



**Figure 3 – Enplaned Passenger and Annual Growth**

## Budget Process

The Authority operates on a July 1st through June 30th Fiscal Year. The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next fiscal year and a conceptual budget for the subsequent fiscal year that the Board approves but does not adopt. The budget process usually begins in October with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that will drive business performance. From October to January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Authority's overall strategies and initiatives. The Authority Board is briefed continually to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed Operating and Capital Program Budgets are held with the Board.

In January, the budget staff reviews financial results of the first six months of the then-current fiscal year. In February and March departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment) and capital projects are proposed and reviewed. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

To ensure that the budget is funded adequately and to maintain the Authority's strong financial condition, the Financial Management team prepares a revenue budget that incorporates budget expenditure requests into the rate setting formula to determine projected rates, fees and charges to the airlines and other tenants.

In April to June, proposed operational and capital program budgets are distributed to the Authority Board and a budget workshop is held to review the budgets for input and guidance. The Board adopts the budget as a whole, and it may be amended as required, with Board approval, at any time during the year.

Calendar Period	Action
<p><b>October – January</b></p>	<p>Review, update and formulate Authority strategies, goals and initiatives.</p> <p>Strategic Budget Workshops held with the Board, as appropriate.</p> <p>Cross-functional meetings to balance divisional operating requirements with strategies, goals and initiatives.</p>
<p><b>February – March</b></p>	<p>Departments draft objectives consistent with overall Authority strategies, goals and initiatives.</p> <p>Divisions update operating and capital budget plans and needs.</p> <p>Finance and Asset Management reviews prior year's conceptual budget and prepares initial version of revenue budget and subsequent year's conceptual revenue budget.</p> <p>Departments develop and submit budget.</p> <p>Financial Management staff consolidates results and evaluates major variances between the approved conceptual budget and the preliminary budget proposal.</p> <p>Budget meetings with divisions and CFO to review and discuss staffing and expense requests.</p> <p>Proposed staffing levels and proposed expenditures are reviewed and evaluated, and changes are made to requests in formulating the budget.</p>
<p><b>March – April</b></p>	<p>Budget meetings with President/CEO to review and discuss staffing and expense requests.</p> <p>Analysis prepared showing the major variance from the last adopted budget and approved conceptual budget to the preliminary budget proposal.</p>
<p><b>April – June</b></p>	<p>Final draft of the budget, and subsequent year's conceptual budget, is reviewed with CEO.</p> <p>Meeting held with airlines to present operating and capital budgets and resulting proposed airline rates and charges.</p> <p>Proposed operational and capital program budgets are distributed to Authority Board for review and direction.</p> <p>Budget workshop held with the Authority Board to review proposed budgets and provide input and guidance.</p> <p>Formal budget document is submitted to Authority Board for adoption.</p> <p>Formal budget is adopted and subsequent year conceptual budget is approved by the Authority Board.</p>

**Figure 4 – SDCRAA Budget Calendar**

## Financial Plan

The financial plan, which includes the FY 2018 Budget and the FY 2019 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, which is the Authority's enabling legislation, and costs associated with near-term improvements at SAN. Other major factors affecting the Authority's financial planning include the airline operating agreement, master and subordinate bond indentures, Memorandum of Understanding with the California Attorney General and various levels of federal funding.

The Authority derives its operating revenue from two sources: 1) Airline revenue – landing fees, terminal facility related charges, Common Use System Support (CUSS) charges and security fees paid by the airlines using SAN. The airline agreement, discussed later in this narrative section, provides the rate-setting formula by which airlines pay for the facilities and services they use; and 2) Non-airline revenue – terminal concessions, parking, rental car license fees, ground rentals, etc. Non-airline operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events, enplanements growth and historic revenue patterns. Non-operating revenue of the Authority is comprised of interest income, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), Build America Bonds (BAB) interest rebate and grant reimbursements.

The Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Authority's outstanding debt and establishes various reserves, as described in the Fund Balance and debt service sections of the budget book. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process. Detailed descriptions are provided in the section titled ***Overview of Financial Policies and Guidelines***.

## Budget Summary

The following table summarizes the forecasted revenue and expenses of the FY 2018 Budget and FY 2019 Conceptual Budget before depreciation, bond principal repayment and capital equipment outlays.

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Revenue</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 23,984,793	\$ 26,620,940	\$ 27,712,653	\$ 1,091,712	4.1%	\$ 31,463,972	\$ 3,751,319	13.5%
Aircraft Parking Fees	2,701,219	2,907,647	3,019,412	111,765	3.8%	3,421,863	402,451	13.3%
Building Rentals	53,536,280	54,924,548	59,007,990	4,083,442	7.4%	65,470,144	6,462,154	11.0%
Common Use Systems Support Charges	1,152,458	1,245,131	1,401,408	156,277	12.6%	1,506,613	105,205	7.5%
Other Aviation Revenue	1,607,391	1,619,773	195,498	(1,424,275)	-87.9%	199,408	3,910	2.0%
Security Surcharge	29,223,097	29,857,549	32,915,963	3,058,414	10.2%	34,444,277	1,528,314	4.6%
<b>Total Airline Revenue</b>	<b>112,205,238</b>	<b>117,175,589</b>	<b>124,252,924</b>	<b>7,077,335</b>	<b>6.0%</b>	<b>136,506,276</b>	<b>12,253,353</b>	<b>9.9%</b>
<b>Non-Airline Revenue</b>								
Terminal Rent - Non-Airline	1,031,891	1,241,740	1,584,928	343,188	27.6%	1,604,432	19,504	1.2%
Terminal Concessions	24,017,969	23,856,777	25,702,218	1,845,441	7.7%	26,430,755	728,537	2.8%
Rental Car License Fees	27,815,816	28,683,541	30,081,562	1,398,021	4.9%	30,196,721	115,158	0.4%
License Fees Other	4,440,557	4,339,300	4,785,748	446,448	10.3%	4,867,009	81,260	1.7%
Parking Revenue	42,872,849	40,577,290	40,600,661	23,371	0.1%	47,330,832	6,730,171	16.6%
Ground Transportation Permits and Citations	5,232,794	6,242,148	7,376,756	1,134,608	18.2%	9,276,756	1,900,000	25.8%
Ground Rentals	15,193,757	18,582,841	19,805,203	1,222,361	6.6%	19,711,964	(93,238)	-0.5%
Grant Reimbursements	292,730	219,900	-	(219,900)	-100.0%	-	-	0.0%
Other Operating Revenue	890,456	752,288	773,469	21,182	2.8%	773,469	-	0.0%
<b>Total Non-Airline Revenue</b>	<b>121,788,819</b>	<b>124,495,825</b>	<b>130,710,546</b>	<b>6,214,721</b>	<b>5.0%</b>	<b>140,191,938</b>	<b>9,481,393</b>	<b>7.3%</b>
<b>Total Operating Revenue</b>	<b>233,994,057</b>	<b>241,671,414</b>	<b>254,963,470</b>	<b>13,292,056</b>	<b>5.5%</b>	<b>276,698,215</b>	<b>21,734,745</b>	<b>8.5%</b>
<b>Operating Expenses</b>								
Salaries and Benefits	42,067,370	45,555,883	47,920,156	2,364,273	5.2%	51,242,528	3,322,372	6.9%
Contractual Services	38,211,379	44,698,463	46,993,765	2,295,301	5.1%	48,769,196	1,775,431	3.8%
Safety and Security	28,721,250	29,061,387	31,064,556	2,003,169	6.9%	32,964,718	1,900,162	6.1%
Space Rental	10,367,148	10,191,450	10,190,750	(700)	0.0%	10,190,750	-	0.0%
Utilities	11,479,888	12,903,213	12,250,493	(652,721)	-5.1%	12,933,070	682,577	5.6%
Maintenance	14,121,740	14,665,767	15,352,342	686,575	4.7%	15,315,254	(37,088)	-0.2%
Operating Equipment & Systems	714,490	365,314	368,378	3,064	0.8%	362,460	(5,918)	-1.6%
Operating Supplies	529,486	446,912	474,589	27,678	6.2%	465,934	(8,655)	-1.8%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Development & Support	1,242,212	1,328,398	1,317,630	(10,769)	-0.8%	1,195,381	(122,249)	-9.3%
Business Development	2,391,259	2,564,368	3,744,934	1,180,566	46.0%	3,128,614	(616,320)	-16.5%
Equipment Rentals & Repairs	2,120,088	2,727,672	2,666,170	(61,502)	-2.3%	2,765,776	99,607	3.7%
Tenant Improvements	739,621	900,000	860,000	(40,000)	-4.4%	860,000	-	0.0%
<b>Total Operating Expenses before Depreciation &amp; Amortization</b>	<b>153,655,423</b>	<b>166,421,585</b>	<b>174,406,362</b>	<b>7,984,777</b>	<b>4.8%</b>	<b>181,535,701</b>	<b>7,129,339</b>	<b>4.1%</b>
<b>Income from Operations before Depreciation &amp; Amortization</b>	<b>80,338,634</b>	<b>75,249,829</b>	<b>80,557,107</b>	<b>5,307,278</b>	<b>7.1%</b>	<b>95,162,514</b>	<b>14,605,406</b>	<b>18.1%</b>
<b>Non-Operating Revenue/(Expense)</b>								
Passenger Facility Charges	40,257,993	41,924,100	42,304,130	380,030	0.9%	43,022,439	718,309	1.7%
Customer Facility Charges	33,207,946	37,286,862	40,008,566	2,721,703	7.3%	40,689,655	681,089	1.7%
Quieter Home Program (Net) and Joint Studies	(3,798,968)	(3,206,962)	(3,648,000)	(441,038)	13.8%	(3,648,000)	-	0.0%
BAB Interest Rebate	4,656,199	4,631,219	4,656,199	24,980	0.5%	4,631,219	(24,980)	-0.5%
Interest Income	5,998,970	6,535,556	8,782,637	2,247,081	34.4%	9,991,223	1,208,586	13.8%
Interest Expense	(54,878,276)	(67,082,087)	(84,541,330)	(17,459,243)	26.0%	(88,481,285)	(3,939,955)	4.7%
Bond Amortization Costs	4,243,249	4,153,112	4,059,229	(93,883)	-2.3%	3,893,946	(165,282)	-4.1%
Other Non-Operating Income/(Expenses)	2,246,370	(10,000)	(10,000)	-	0.0%	(10,000)	-	0.0%
<b>Total Other Non-Operating Revenue, Net</b>	<b>31,933,482</b>	<b>24,231,801</b>	<b>11,611,430</b>	<b>(12,620,371)</b>	<b>-52.1%</b>	<b>10,089,197</b>	<b>(1,522,233)</b>	<b>-13.1%</b>
<b>Income before Capital Grant Contributions</b>	<b>112,272,116</b>	<b>99,481,630</b>	<b>92,168,537</b>	<b>(7,313,093)</b>	<b>-7.4%</b>	<b>105,251,710</b>	<b>13,083,173</b>	<b>14.2%</b>
Capital Grant Contributions	10,477,054	1,350,000	11,700,000	10,350,000	766.7%	13,296,250	1,596,250	13.6%
<b>Net Income before Depreciation, Principal &amp; Capital Outlay</b>	<b>\$ 122,749,170</b>	<b>\$ 100,831,630</b>	<b>\$ 103,868,537</b>	<b>\$ 3,036,907</b>	<b>3.0%</b>	<b>\$ 118,547,960</b>	<b>\$ 14,679,423</b>	<b>14.1%</b>

Total Operating revenues for FY 2018 are budgeted at \$255.0M, an increase of \$13.3M (5.5%) over the FY 2017 Budget. This revenue reflects two sources: 1) Airline revenue of \$124.3M; and 2) Non-Airline revenue of \$130.7M. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, common use system support charges and security related fees. Non-Airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2019 Operating revenues are budgeted at \$276.7M, an increase of \$21.7M (8.5%), of which \$136.5M represents Airline revenue and \$140.2M is from Non-Airline revenue.

Total FY 2018 Airline revenue includes an increase of \$7.1M (6.0%), as compared to the FY 2017 Budget. This result is mostly driven by higher building rentals of \$4.1M (7.4%), primarily due to increased terminal maintenance and amortization for cash-funded terminal projects. Security surcharge is expected to increase by \$3.1M (10.2%) over the FY 2017 Budget. The FY 2018 terminal rental rate of \$161.01 per square foot, versus \$146.28 per square foot in the FY 2017 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities, an increase in debt service and an increase in amortization for new terminal projects to be funded with cash.

Total FY 2019 Airline revenue is budgeted to increase by \$12.3M (9.9%) compared to FY 2018 mainly for increased building rental fees, landing fees and security surcharge costs.

Total FY 2018 Non-Airline revenue projects a net increase of \$6.2M (5.0%) from the FY 2017 Budget. This is primarily driven by: 1) an increase in terminal concessions revenue of \$1.8M, primarily due to increased passenger traffic and stronger gross sales per enplaned passenger (SEP); 2) an increase of \$1.4M in rental car license fees revenue due to higher enplanements and SEP; 3) an increase of \$1.2M in ground rents revenue primarily due to the transfer of fuel farm cost recovery from Other Aviation revenue to ground rents; and 4) an increase of \$1.1M in ground transportation permits and citations revenue due to increased Transportation Network Company (TNC) trips.

Total FY 2019 Non-Airline revenue is budgeted to increase by \$9.5M (7.3%) compared to FY 2018. This increase reflects several factors including: 1) an increase in parking revenue of \$6.7M primarily reflecting increased transactions due to the opening of the parking plaza and offset by a decrease in long-term spaces during construction of new capital improvement projects.; 2) an increase of \$1.9M in ground transportation permits revenue due to increase in TNC trips; and 3) an increase of \$0.7M in terminal concessions revenue due to increased passenger traffic and stronger gross sales per passenger.

The divisional and departmental operating expense budgets of \$174.4M, which address the Authority's overall strategies, initiatives and mandated obligations, reflect an increase of \$8.0M (4.8%) in the FY 2018 operating expense budget from the FY 2017 Budget. FY 2019 operating expenses are projected to increase by \$7.1M (4.1%) over the FY 2018 Budget.

The FY 2018 Operating Expense increase of \$8.0M (4.8%) is driven by a variety of factors. Salaries and Wages, including overtime, are projected to increase by \$1.2M from the FY 2017 Budget, reflecting a net increase of seven (7) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to increase by \$1.7M from the FY 2017 Budget due to increase in retirement reflecting additional 1% contribution of actuarial liability. These combined factors, together with higher capitalized labor expenses, resulted in a net increase of \$2.4M (5.2%) in the FY 2018 Budget over the FY 2017 Budget for personnel expenses.

In FY 2018, Contractual Services are budgeted to have a net increase of \$2.3M (5.1%) from the FY 2017 Budget reflecting an increase in parking shuttle operations and increases in environmental requirements. FY 2018

security costs are projected to increase by \$2.0M (7.9%) over the FY 2017 Budget, reflecting an increase in Harbor Police Department (HPD) costs and an increase in contract security services costs.

FY 2018 Business Development expenses are projected to increase by \$1.2M (46.0%) from the FY 2017 Budget, mainly due to sponsorships and marketing activities.

FY 2019 Operating Expenses are budgeted to increase by \$7.1M (4.1%); these increases reflect a net increase of three (3) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. In addition, these increases are driven by contractual services costs and safety and security costs.

FY 2018 Non-Operating revenue/(expense) is projected to decrease by \$12.6M (-52.1%) from the FY 2017 Budget, primarily reflecting an increase in interest expense of \$17.5M (26.0%). This is offset by increases in CFCs of \$2.7M due to higher projected enplanements and increase in Interest Income of \$2.3M.

FY 2019 Non-Operating revenue/(expense) is budgeted to decrease by \$1.5M (-13.1%) from the FY 2018 Budget, due to an increase in interest expense of \$3.9M (4.7%) and offset by an increase in Interest Income of \$1.2M (13.8%).

Capital Grant Contributions are FAA grant awards from the federal Airport Improvement Program (AIP) that provides funding for certain approved capital improvement projects. FY 2018 Capital Grant Contributions increased by \$20.4M (1507.4%), primarily due to progress of grant eligible projects – rehabilitation of Runway 9-27 pavement, cross taxiways and replacement of baggage screening equipment. FY 2019 Capital Grant Contributions are budgeted to decrease by \$8.4M (-38.7%) due to progress of grant eligible projects and additional grant eligible project – rehabilitation of Terminal 2 apron.

## Projected Fund Balance

The Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2018 cash and investments will decrease by \$65.0M to \$539.7M versus the FY 2017 Projected of \$604.8M. This decrease of (-10.7%) from the FY 2017 Projected is mostly due to increase in capital expenditures. FY 2019 cash and investments are projected to increase by \$66.7M (12.3%) to \$606.4M, mainly reflecting an increase in revenues and planned bond proceeds.

## Capital Program

The Authority maintains a five-year Capital Program that is intended to address critical improvements and asset preservation of SAN. The Authority's current Capital Program includes projects started prior to FY 2018, as well as new projects to be undertaken at SAN between FY 2018 and FY 2022 at an estimated total cost of approximately \$1.21B.

Potential capital projects are developed and evaluated based on both their compatibility with short-term and long-range planning, as well as their consistency with the following justification criteria:

- Safety
- Security
- Regulatory
- Capacity
- Customer Service
- Cost Containment
- Revenue Enhancement

Anticipated funding sources for the projects in the Capital Program include AIP and Transportation Security Administration (TSA) grants, PFCs, CFCs (including CFC-backed Special Facility Bonds), airport cash, airport revenue bonds and a short-term variable-rate commercial loan.

## Sources of Funds

*In thousands*

Airport Revenue Bonds	\$ 685,413
Airport Cash	310,363
Passenger Facility Charges	88,449
Federal Grants	54,200
Customer Facility Charges	42,834
Special Facility Bonds	19,152
Other	7,443
<b>Total Sources of Funds</b>	<b><u>\$ 1,207,854</u></b>

## Uses of Funds

*In thousands*

FY 2017 – 2021 Carryover	\$ 781,834
FY 2018 – 2022 New Projects & Adjustments	426,020
<b>Total Use of Funds</b>	<b><u>\$ 1,207,854</u></b>

Projected FY 2018 Capital Program expenditures total \$452.3M, and projected FY 2019 expenditures are \$435.7M. Further discussion of these expenditures along with detailed descriptions can be found in the section titled **Capital Program**.

## Airline Operating Agreement

The current five-year airline operating agreement will expire on June 30, 2018. The operating agreement establishes how the signatory airlines will be assessed annual rates and charges for their use of the Airport. The Authority currently recovers substantially all of its airfield costs through the landing fees and other aviation charges assessed to the airlines. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The FY 2018 landing rate is \$2.18. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely. The aircraft parking fee is projected to recover approximately 10.9% of airfield costs in FY 2018 and in FY 2019.

Terminal rental revenues reflect the airline use and lease agreement's methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2018 terminal rental rate of \$161.01 per square foot reflects the fully loaded cost to the airlines. In addition, the FY 2018 Budget includes a CUSS charge relating to a common use terminal equipment system allowing the airlines to operate out of any gate or ticket counter in Terminal 2. The following table sets forth historical and projected landing fees, aircraft parking rates per position, terminal rental rates and costs per enplaned passenger for FY 2016 through FY 2019:

	FY 2016 Actual	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget
Landing Fee <sup>(1)</sup>	\$2.00	\$2.21	\$2.18	\$2.43
Aircraft Parking per Position <sup>(2)</sup>	\$54,251	\$58,153	\$60,388	\$68,437
Terminal Rental Rate <sup>(3)</sup>	\$142.86	\$146.28	\$161.01	\$157.69
Airline Cost / Enplaned Passenger	\$10.71	\$10.77	\$11.45	\$12.38

<sup>(1)</sup> Landing Fees are per 1,000 lbs maximum gross landed weight

<sup>(2)</sup> Annual rate per parking position assigned to an air carrier

<sup>(3)</sup> Per square foot, excluding janitorial credit

**Figure 5 – Airline Rates, Fees and Charges**

The agreement has no provisions that grant the airlines direct approval rights over capital projects. The Authority's Use and Lease Agreement allows for flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers.

## Outstanding Debt

As of July 1, 2017, the Authority's outstanding long-term debt will consist of \$537.0M of subordinate airport revenue bonds (Series 2010 Bonds), \$373.3M of senior airport revenue bonds (Series 2013 Bonds) and \$305.3M of senior special facility revenue bonds. The Authority does not have a legal debt limit. The master bond indenture requires the Authority to establish certain reserves and to maintain net revenues (after the payment of operation and maintenance expenses) equal to at least 1.25x annual senior lien debt service and subordinate net revenues at 1.10x annual subordinate lien debt service. The Board approved debt policy calls for minimum senior lien debt service coverage of 1.75x and aggregate debt service coverage (senior and subordinate) of 1.50x.

Further discussion of the Authority's debt can be found in the Debt Service section of this document. Debt service coverage (generally consisting of operating revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in *Figure 6*. For FY 2018, debt service coverage on aggregate debt is projected to be 1.95x and 2.11x for FY 2019. The Authority's outstanding variable rate debt will consist of \$32.6M of Series A (Non-Alternative Minimum Tax (AMT)), \$15.8M of Series B (AMT) and \$10.6M of Series C revolving line of credit as of July 1, 2017. The authorized variable debt consists of the revolving line of credit which provides for borrowings up to \$125.0M and the revolving draw down bonds which provide for borrowings up to \$100.0M. The revolving line of credit and revolving draw down bonds are secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 Bonds. The Revolving Credit Agreements require that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations for that year.

The following table shows debt service coverage on aggregate, senior and subordinate lien debt. The subordinate lien debt includes Series 2010 Bonds and the revolving line of credit.

	FY 2016 Actual	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget
Aggregate Debt Service Coverage (x)	2.65	2.70	1.95	2.11
Senior Lien Debt Service Coverage (x)	7.93	8.17	8.79	9.24
Subordinate Lien Debt Service Coverage (x)	3.48	3.54	2.23	2.47

**Figure 6 – Debt Service Coverage**

## Conclusion

Every effort has been made to ensure that the FY 2018 Budget and the FY 2019 Conceptual Budget both reflect the Authority's strategies and initiatives as supported and directed by the Board, while meeting all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its mission of providing air transportation for the San Diego region and supports the continued operation of SAN while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



**Kimberly J. Becker**  
President | Chief Executive Officer



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**Scott M. Brickner, CPA**  
Vice President  
Finance & Asset Management | Treasurer

## Twelfth Consecutive Award of the GFOA Distinguished Budget Presentation Award

The Authority received its twelfth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its annual budget for the fiscal year beginning July 1, 2016. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



# AIRPORT AUTHORITY OVERVIEW



## **Airport Authority Overview**

### **Board of Directors**

**C. April Boling, Board Chair**

**Paul Robinson, Vice Chair**

**Supervisor Greg Cox**

**Mayor Jim Desmond**

**Robert H. Gleason**

**Jim Janney**

**Mark Kersey**

**Mary Sessom**

**Michael Schumacher**

### **Ex-Officio Members**

**Laurie Berman**

**Eraina Ortega**

**Colonel Jason G. Woodworth**

## Airport Authority Overview

### Executive Management Team

**Kimberly J. Becker**

PRESIDENT / CHIEF EXECUTIVE OFFICER

**Scott M. Brickner**

VICE PRESIDENT / TREASURER

*Finance & Asset Management Division*

**Amy Gonzalez**

GENERAL COUNSEL

**Angela Shafer-Payne**

VICE PRESIDENT

*Operations Division*

**Mark Burchyett**

CHIEF AUDITOR

**Jeffrey Woodson**

VICE PRESIDENT

*Development Division*

## Airport Authority Overview

### Director Staff

**Rick Belliotti**

DIRECTOR

*Innovation & Small Business Development*

**Bob Bolton**

DIRECTOR

*Airport Design & Construction*

**Hampton Brown**

SENIOR DIRECTOR

*Air Service Development*

**George Condon**

DIRECTOR

*Airside Operations, Public Safety & Security*

**John Dillon**

DIRECTOR

*Financial Management*

**Kurt Gering**

DIRECTOR

*Talent, Culture & Capability*

**Iraj Ghaemi**

DIRECTOR

*Facilities Development*

**Matt Harris**

SENIOR DIRECTOR

*Assets and Alliances*

**Kathy Kiefer**

SENIOR DIRECTOR

*Finance & Asset Management*

**Mike Kulis**

DIRECTOR

*Inter-Governmental Relations*

**David LaGuardia**

DIRECTOR

*Facilities Management*

**Diana Lucero**

DIRECTOR

*Vision, Voice & Engagement*

**Marc Nichols**

DIRECTOR

*Ground Transportation*

**Jeff Rasor**

DIRECTOR

*Terminals & Tenants*

**Brendan Reed**

DIRECTOR

*Environmental Affairs*

**Tony Russell**

DIRECTOR / AUTHORITY CLERK

*Corporate & Information Governance*

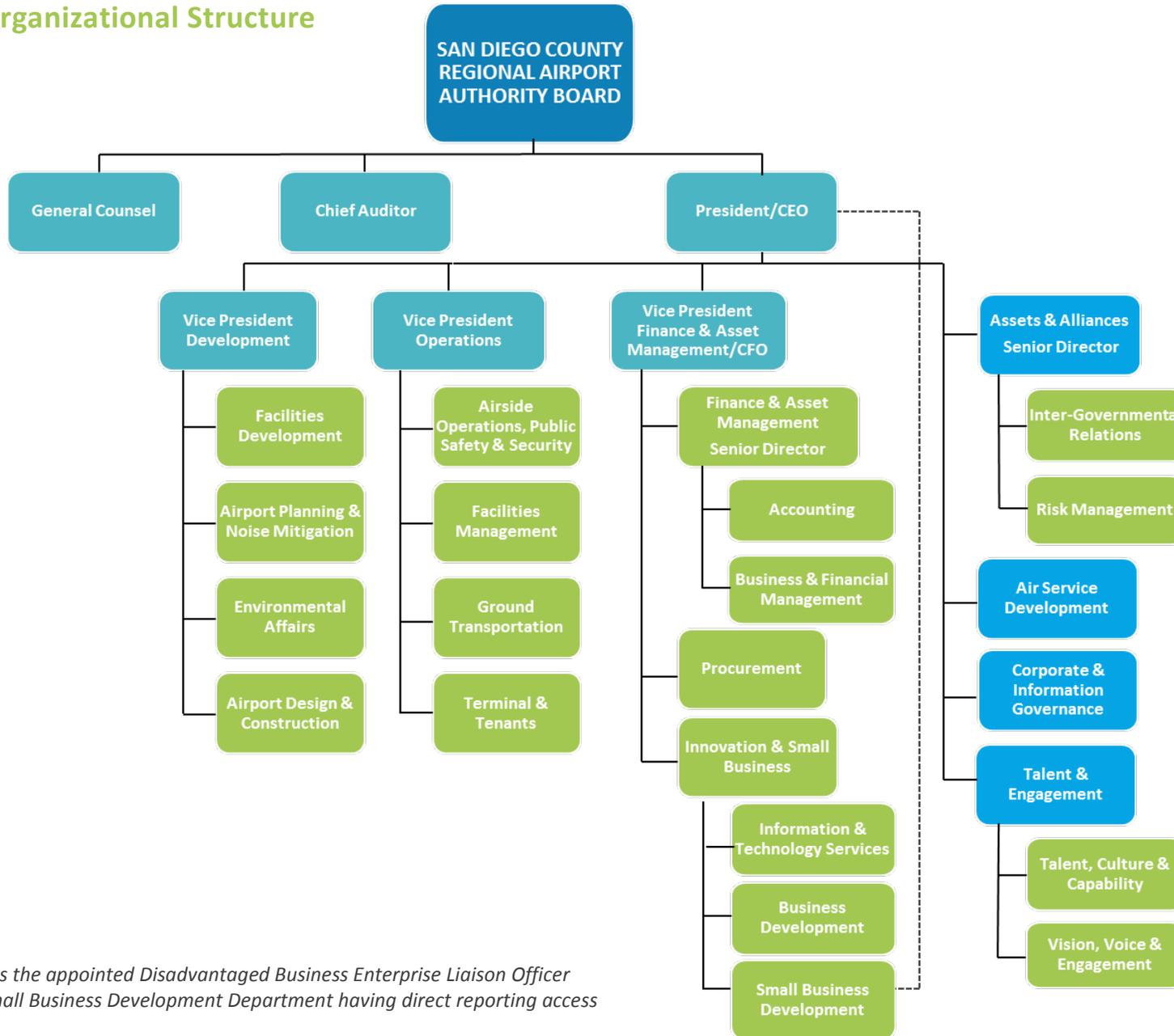
**Jana Vargas**

DIRECTOR

*Procurement*

# Airport Authority Overview

## SDCRAA Organizational Structure



The dotted line indicates the appointed Disadvantaged Business Enterprise Liaison Officer designated from the Small Business Development Department having direct reporting access to the Authority CEO.

## Organizational Strategies and Initiatives

During FY 2017, the Authority developed a new five-year strategic plan that reaffirmed its strategies and set out a series of multi-year initiatives associated with each. The five strategies are the guiding principles used for the allocation of scarce and restricted resources to SAN programs as part of the annual budget process.



### Community

Enhance community understanding of SAN as an economic engine and portal for prosperity.



### Financial

Execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.



### Customer

Exceed our customers' expectations by introducing innovative service and facility enhancements.



### Operations

Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.



### Employee

Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

## Organizational Initiatives

Guided by the strategies, the initiatives outlined in the five-year plan will enable the Airport Authority to sustain its leadership position as a business-driven, passenger-centered, community-minded enterprise. It will do so by aligning leadership and staff each year in our commitment to plan and build an enduring and resilient customer-focused enterprise by effectively managing our financial; social; and environmental risks, obligations and opportunities. In this initial year of the plan, the several initiatives have the highest priority and have shaped the FY18 and FY19 Conceptual Budgets. These include, but are not limited to:

1. Attract both international and domestic airlines and passengers;
2. Align facilities to meet demand, both international and domestic;
3. Deliver a seamless, unique, consistent airport and product experience by implementing at least one new innovation each year that improves the customer experience;
4. Complete and begin implementation of the Sustainability Management Plan;
5. Execute regional engagement and education plans to clearly communicate SAN's role in economic growth, innovation, environmental sustainability, and quality of life for local residents;
6. Create an effective succession and transition plan for ongoing leadership changes;
7. Determine innovative, flexible organizational staffing needs that reflect the ADP and capital program to sustain success;
8. Ensure Plan of Finance is flexible, nimble and able to proactively address future changes;

9. Evaluate multiple funding methods for the Capital Program (ADP and CIP), including public-private partnerships, select the best methods and execute the plan; and
10. Manage ongoing business effectively through change.

These multi-year initiatives have guided each department's planning efforts, proposed actions and espoused goals. In addition, departments are laying the groundwork for the additional fifteen initiatives contained in the five-year plan that are key to continued achievement in subsequent years.

# OVERVIEW OF FINANCIAL POLICIES & GUIDELINES



## Financial Policies and Guidelines

### Overview

The Authority operates as an Enterprise Fund and prepares its budget on the accrual basis of accounting. The authority's annual audited financial statements are also prepared on the accrual basis. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority has one fund with many revenue sources and operates as a separate and independent, local government entity.

The Authority's budget process actively incorporates various financial policies and guidelines articulated by the Board and Executive Staff. The budget process and final outcome is performance-based and focused on strategies, initiatives and key operating and financial indicators. The adopted budget gives the Authority the legal basis for which to expend funds. The operating and capital budgets are discrete documents; however, there are certain expenses within the operating budget that support the capital budget. The incremental effect on the operating budget of capital projects is projected and taken into consideration when the operating budget and forecasts are developed.

All Authority codes and policies can be accessed on the Authority website at:

*<http://www.san.org/Airport-Authority/Codes-Policies>*

**Balanced Budget:** The Authority will prepare a budget on an annual basis. The Authority's definition of a balanced budget is one in which revenues and other sources of funds equal or exceed expenditures and other uses of funds. A balanced budget is an integral part of maintaining the Authority's financial position. Strategies employed to attain this balance include cost reductions, personnel and service efficiencies, developing and diversifying non-airline revenues and increasing fees to match program expenses.

**Revenue:** The Authority will seek to maintain a diversified revenue stream with the goal of keeping airline rates and charges as reasonable as possible. The Authority will establish, fix, prescribe and collect rates, fees, rentals and charges in connection with the Airport System so that during each fiscal year net revenues (generally defined as operating revenue less operating expenses) equal at least 125% of aggregate annual debt service on outstanding bonds.

**Interim Financial Reporting:** The Authority has established, and will continue to maintain, a standard of generally accepted accounting practices. The Authority Board receives quarterly reports comparing actual versus budgeted revenue and expense activity.

**Debt Management:** Debt enables the funding for the Authority to build projects that will subsequently be repaid from future revenues. The term "debt" is used in the policy to describe numerous types of financial obligations of the Authority, which may include bonds, subordinate obligations, special facility obligations and other financings of the Authority. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Authority's access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity.

On May 6, 2010, the Authority adopted a "Debt Issuance and Management Policy" to govern the debt issuance and management policies and practices of the Authority. The policy is reviewed and updated annually by the Board. The policy stipulates that the Authority's debt issuance and management objectives are to:

## Financial Policies and Guidelines

- ➔ Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing bond covenant.
- ➔ Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost.
- ➔ Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority.
- ➔ Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described in the policy.
- ➔ Provide the required secondary market disclosure to the rating agencies, institutional and retail investors via appropriate repositories.
- ➔ Comply with all federal and state laws and regulations, as well as bond indenture, tax compliance and reimbursement agreement covenants.
- ➔ Protect the assets and funds entrusted to the Authority.

The Authority reviews its outstanding debt, at least annually, for the purpose of determining refinancing or restructuring opportunities, commensurate with applicable tax laws, to lessen its debt service costs. In order to consider refunding of an issue for economic purposes, a present value analysis must be prepared and minimum threshold for savings must be met. The Authority will only issue long-term debt if it meets the required covenants of the outstanding bond indenture including the additional bonds test and reserve requirements.

When the Authority finances capital projects by issuing long-term debt, it will pay back the bonds within a period not to exceed the estimated useful life of the project. The Authority will not use long-term debt for current operations. The Authority will maintain good communications with the bond rating agencies regarding its financial condition and will follow a policy of full disclosure in every financial report and offering prospectus. For Senior Lien Airport Revenue Bonds, it will strive to maintain ratings from at least two of the leading rating agencies and at a minimum seeks to maintain a rating in the highest category of "A" (e.g. A1 and A+).

On September 6, 2007, the Authority adopted a "Policy Regarding the Use and Management of Derivative Products." A derivative is a financial instrument created from or whose value depends upon (is derived from) the value of one or more separate assets or indices of asset values. Derivative products can be an important interest rate management tool that, when used properly, can increase the Authority's financial flexibility, provide opportunities for interest rate savings, alter the pattern of debt service payments, create variable rate exposure, change variable rate payments to fixed rate and otherwise limit or hedge variable rate payments.

This Derivatives Policy was constructed by Authority staff and its financial advisor after obtaining and evaluating the policies of more than 25 major issuers, including airports and counties throughout the country. In addition, sources such as the Government Finance Officers Association, the national trade association for governmental entities and the credit rating agencies, who have written reports on the evaluation of credit risks associated with derivative products, were consulted.

The adopted policy provides for the following:

- Allows for the Authority to use derivatives to increase its financing flexibility.
- Insures that derivatives are used appropriately and not for speculative purposes.
- Provides detailed and conservative criteria regarding qualifications of firms making swap payments (counterparties) or providing financial guarantees, including collateral requirements and exposure limits,

## Financial Policies and Guidelines

to insure that the Authority maintains maximum flexibility and security when negotiating a specific derivative agreement.

- Provides for detailed monitoring and evaluation on an ongoing basis to identify all actual and potential risks associated with outstanding and anticipated derivative agreements.
- Requires Board approval of each agreement based upon guidelines provided for in the policy.
- Enhances price transparency by requiring derivative products to be competitively bid (unless the Board approves an alternative method).
- Allows the Board the flexibility to change the policy in the future in response to market conditions, new products, or other factors.

To date, the Authority has not entered into any derivative contracts associated with its current bond issues.

**Liquidity/Reserves:** The Authority will maintain prudent unrestricted reserves as a backstop necessary to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Authority’s budgeting and capital planning process.

The Authority’s unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year (See *Figure 45 in Performance Indicators*).

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 Projected
Unrestricted & Undesignated Cash and Available Funds	\$ 113,519	\$ 147,781	\$ 149,719	\$ 161,358	\$ 209,652	\$ 229,626
Unrestricted & Designated for Specific Capital Projects & Other Commitments	\$ 9,063	\$ 9,566	\$ 17,145	\$ 22,588	\$ 31,271	\$ 42,295
O&M and R&R Reserves	\$ 47,829	\$ 52,007	\$ 54,943	\$ 56,868	\$ 57,872	\$ 60,780
Total Unrestricted & Available Funds per Board Policy	\$ 170,411	\$ 209,354	\$ 221,807	\$ 240,814	\$ 298,795	\$ 332,701
Operating Expenses	\$ 119,169	\$ 126,796	\$ 136,821	\$ 142,933	\$ 151,519	\$ 155,439
<b>Days Cash on Hand</b>	<b>522</b>	<b>603</b>	<b>592</b>	<b>615</b>	<b>720</b>	<b>781</b>

**Figure 7 – FY 2012 to FY 2017 Projected and Historical Liquidity**

**Budgetary Control:** The Finance Committee of the Board oversees the financial performance and condition of the Authority and reviews the operating and capital budget and financial plan, and major financial policies or actions of the Authority. Board policy stipulates that the Finance Committee shall meet at least quarterly each year; however, the practice has been monthly reviews of the Authority’s financial performance by both the Finance Committee and the full Board.

**Investments:** The Authority invests public funds in a manner that will provide the highest level of security while meeting the daily cash needs of the Authority. The investment policies and practices of the Authority are based

## Financial Policies and Guidelines

upon prudent money management precepts and conform to all state and local statutes governing the investment of public funds.

The Authority's Investment policy is reviewed annually and adopted by the Board. This annual review is performed to ensure the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds. The policy adheres to or exceeds the policies and requirements of investment types as authorized by the California Government Code §§ 16429.1 and 53600 et seq. ("Code"). In addition, the Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. The existence of an approved investment policy demonstrates that the Authority Board and staff are fiducially responsible; thereby, promoting trust and confidence from the public that it serves.

**Capital Program:** The capital program provides for the orderly development of the Authority. Each year the President/Chief Executive Officer (CEO) submits to the Authority Board a development program of desirable capital improvement projects that are within the Authority's financial funding capability. The President/CEO identifies each capital improvement project as to its need. Factors to be considered may include, but are not necessarily limited to public need, useful life, and return on investment, maintenance and operating costs, construction costs, possible alternatives and sources of funding.

# OVERVIEW OF PROJECTED FUND BALANCE

Lost & Found

Terminal 2 Baggage Claim

Check-In

Gates 33-51



## Overview

The Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2018 cash and investments will decrease by \$65.0M to \$539.7M versus the FY 2017 Projected of \$604.8M. This decrease of (-10.7%) from the FY 2017 Projected is mostly due to increase in capital expenditures. FY 2019 cash and investments are projected to increase by \$66.7M (12.3%) to \$606.4M, mainly reflecting increase in revenues and planned bond proceeds.

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget	FY 2019 Conceptual Budget
<b>Beginning Fund Balance:</b>	\$ 664,297,173	\$ 569,669,521	\$ 593,294,745	\$ 604,752,567	\$ 539,746,963
<b>Source of Funds</b>					
<b>Operating Revenue:</b>					
Receipts from customers	233,758,860	241,671,414	244,164,464	254,963,470	276,698,215
<b>Total Operating Revenue</b>	<b>233,758,860</b>	<b>241,671,414</b>	<b>244,164,464</b>	<b>254,963,470</b>	<b>276,698,215</b>
<b>Non-Operating Revenue &amp; Other Financing:</b>					
Federal Grants received (excluding Quieter Home Program)	16,552,478	1,350,000	750,000	11,700,000	13,296,250
Passenger Facility Charges Receipts	42,064,330	41,924,100	41,265,529	42,304,130	43,022,439
Customer Facility Charges Receipts	34,090,936	37,286,862	36,081,720	40,008,566	40,689,655
Revolving line of Credit Proceeds	-	57,099,975	34,862,487	-	-
Bond Proceeds	-	-	713,494	344,483,836	406,851,316
Principal Payments received on Notes Receivable	1,608,986	1,705,491	1,705,491	1,801,694	1,903,323
Interest Received from Notes Receivable & Investments	5,998,970	6,535,471	7,661,483	8,782,185	9,991,259
Passenger Facility Charges (PFC) transfer to debt service fund	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)
Customer Facility Charges (CFC) transfer to CFC debt service fund	(8,170,605)	(17,827,164)	(18,017,859)	(23,562,674)	(23,557,691)
Other Funding Sources	625,422	-	-	4,000,000	3,443,250
BAB Interest Rebate	4,656,199	4,631,219	4,656,199	4,656,199	4,631,219
<b>Total Non-Operating Revenue</b>	<b>67,604,716</b>	<b>102,700,622</b>	<b>79,673,210</b>	<b>404,168,602</b>	<b>470,265,687</b>
<b>Total Revenues</b>	<b>301,363,576</b>	<b>344,372,036</b>	<b>323,837,675</b>	<b>659,132,071</b>	<b>746,963,902</b>
<b>Use of Funds</b>					
<b>Operating Expenses:</b>					
Payments to Suppliers & Employees	(141,743,761)	(158,862,314)	(156,921,256)	(167,295,947)	(173,544,452)
<b>Total Operating Expenses</b>	<b>(141,743,761)</b>	<b>(158,862,314)</b>	<b>(156,921,256)</b>	<b>(167,295,947)</b>	<b>(173,544,452)</b>
<b>Non-Operating Expenses:</b>					
Capital Expenditures	(24,210,117)	(41,303,859)	(30,526,743)	(110,555,617)	(81,154,196)
Capital Expenditures Financed from Bond Proceeds	(25,234,919)	(13,646,920)	(8,561,444)	(276,705,266)	(316,436,854)
Capital Expenditures Financed from Special Facility Bonds	(94,539,306)	(10,200,000)	(12,579,289)	-	-
Capital Expenditures Financed from Revolving Line of Credit	-	(57,099,975)	(34,862,487)	-	-
Bonds proceeds used to redeem revolving line of credit	-	-	-	(37,351,984)	-
Quieter Home Program, net and Joint Studies	(6,588,014)	(3,206,962)	(700,000)	(3,648,000)	(3,648,000)
Customer Facility Charges (CFC) Expenditures	(30,453,726)	(24,596,066)	(21,560,077)	(25,200,511)	(26,012,951)
Customer Facility Charges (CFC) transfer to CFC debt service fund	8,170,605	17,827,164	18,017,859	23,562,674	23,557,691
Passenger Facility Charges (PFC) Expenditures (excluding QHP)	(1,391,894)	(27,389,652)	(5,218,907)	(49,660,268)	(13,675,838)
Passenger Facility Charges (PFC) transfer to debt service fund	29,822,000	30,005,333	30,005,333	30,005,333	30,005,333
Principal on Bonds and Variable rate debt paid	(17,214,000)	(17,718,000)	(17,718,000)	(20,660,000)	(29,009,000)
Interest and Debt Fees Paid (excl PFC funding)	(50,202,588)	(66,439,154)	(66,781,942)	(79,349,791)	(80,988,800)
Capitalized Interest Special Facility Bonds Payment	(16,436,026)	-	-	-	-
Other Miscellaneous Payments	-	(10,000)	(10,000)	(10,000)	(10,000)
CFC Revenues used to Fund R&R Reserve	-	-	(1,896,000)	(1,896,000)	(1,896,000)
Payment of capital lease	(254,258)	(877,298)	(911,900)	(877,298)	(877,298)
<b>Total Non-Operating Expenses</b>	<b>(230,622,243)</b>	<b>(216,810,389)</b>	<b>(155,458,597)</b>	<b>(556,841,728)</b>	<b>(506,765,913)</b>
<b>Total Expenses</b>	<b>(372,366,004)</b>	<b>(375,672,704)</b>	<b>(312,379,853)</b>	<b>(724,137,675)</b>	<b>(680,310,365)</b>
<b>Excess (Deficit) of Source over Use of Funds</b>	<b>(71,002,428)</b>	<b>(31,300,668)</b>	<b>11,457,822</b>	<b>(65,005,604)</b>	<b>66,653,537</b>
<b>Ending Fund Balance</b>	<b>\$ 593,294,745</b>	<b>\$ 538,368,853</b>	<b>\$ 604,752,567</b>	<b>\$ 539,746,963</b>	<b>\$ 606,400,500</b>
Unrestricted Cash and Investments	\$ 240,922,260	\$ 247,633,983	\$ 271,921,224	\$ 220,672,105	\$ 198,081,442
Total Bonds Reserves	198,124,725	174,708,852	182,662,181	211,054,469	306,464,014
Total Other Restricted Funds	154,247,760	116,026,017	150,169,163	108,020,389	101,855,043
<b>Ending Fund Balance</b>	<b>\$ 593,294,745</b>	<b>\$ 538,368,853</b>	<b>\$ 604,752,567</b>	<b>\$ 539,746,963</b>	<b>\$ 606,400,500</b>

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# FINANCIAL PROJECTIONS



## Financial Projections

Based on the actual results experienced by the Authority during FY 2016 and the budgets for FY 2017, FY 2018 and FY 2019, the following table shows projections for FY 2020.

Achievements of these projections are dependent upon the occurrence of a variety of future events, many of which are beyond the Authority's control. Therefore, variations are to be expected and may be material.

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget	FY 2020 Projected
<b>Total Airline Revenue</b>	<b>\$ 112,205,238</b>	<b>\$ 117,175,589</b>	<b>\$ 124,252,924</b>	<b>\$ 136,506,276</b>	<b>\$ 165,909,456</b>
<b>Total Non-Airline Revenue</b>	<b>121,788,819</b>	<b>124,495,825</b>	<b>130,710,546</b>	<b>140,191,938</b>	<b>149,785,503</b>
<b>Total Operating Revenue</b>	<b>233,994,057</b>	<b>241,671,414</b>	<b>254,963,470</b>	<b>276,698,215</b>	<b>315,694,959</b>
<b>Total Operating Expenses before Depreciation &amp; Amortization</b>	<b>153,655,423</b>	<b>166,421,585</b>	<b>174,406,362</b>	<b>181,535,701</b>	<b>186,913,697</b>
<b>Income from Operations before Depreciation &amp; Amortization</b>	<b>80,338,634</b>	<b>75,249,829</b>	<b>80,557,107</b>	<b>95,162,514</b>	<b>128,781,262</b>
<b>Non-Operating Revenue/(Expense)</b>					
Passenger Facility Charges	40,257,993	41,924,100	42,304,130	43,022,439	43,670,403
Customer Facility Charges	33,207,946	37,286,862	40,008,566	40,689,655	41,302,485
Quieter Home Program (net) and Joint Studies	(3,798,968)	(3,206,962)	(3,648,000)	(3,648,000)	(3,648,000)
BAB Interest Rebate	4,656,199	4,631,219	4,656,199	4,631,219	4,631,219
Interest Income	5,998,970	6,535,556	8,782,637	9,991,223	9,848,917
Interest Expense	(54,878,276)	(67,082,087)	(84,541,330)	(88,481,285)	(108,392,000)
Bond Amortization Costs	4,243,249	4,153,112	4,059,229	3,893,946	3,900,000
Other Non-Operating Income/(Expenses)	2,246,370	(10,000)	(10,000)	(10,000)	(10,300)
<b>Total Other Non-Operating Revenue, net</b>	<b>31,933,482</b>	<b>24,231,801</b>	<b>11,611,430</b>	<b>10,089,197</b>	<b>(8,697,276)</b>
<b>Income before Capital Grant Contributions</b>	<b>112,272,116</b>	<b>99,481,629</b>	<b>92,168,537</b>	<b>105,251,710</b>	<b>120,083,986</b>
Capital Grant Contributions	10,477,054	1,350,000	11,700,000	13,296,250	2,603,750
<b>Net Income before Depreciation, Principal &amp; Capital Outlay</b>	<b>\$ 122,749,170</b>	<b>\$ 100,831,629</b>	<b>\$ 103,868,537</b>	<b>\$ 118,547,960</b>	<b>\$ 122,687,736</b>

	FY 2016 Actual	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget	FY 2020 Projected
Landing Fee Rate	\$2.00	\$2.21	\$2.18	\$2.43	\$3.16
Terminal Rental Rate	\$142.86	\$146.28	\$161.01	\$157.69	\$196.50
Cost Per Enplanement	\$10.71	\$10.77	\$11.45	\$12.38	\$14.82
Debt Service Coverage	2.24	2.12	2.70	2.18	2.68
Enplanements	10,206,222	10,611,000	10,707,000	10,889,000	11,053,000
% Increase in Enplanements	5.1% <sup>(1)</sup>	4.0%	0.9%	1.7%	1.5%

<sup>(1)</sup>Comparison to FY 2015 actuals

**Figure 8 – FY 2016 to FY 2020 Financial Projections**

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# BUDGET OVERVIEW: REVENUE



## Revenue Overview

### FY 2018 Revenue Budget – FY 2019 Conceptual Revenue Budget

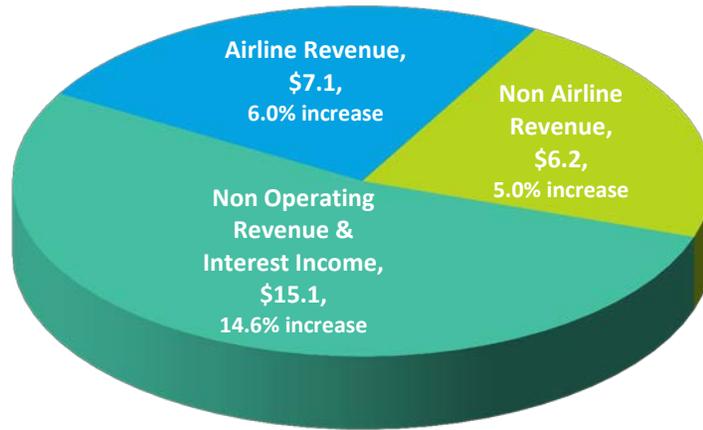
	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Revenue:</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 23,984,793	\$ 26,620,940	\$ 27,712,653	\$ 1,091,712	4.1%	\$ 31,463,972	\$ 3,751,319	13.5%
Aircraft Parking Fees	2,701,219	2,907,647	3,019,412	111,765	3.8%	3,421,863	402,451	13.3%
Building Rentals	53,536,280	54,924,548	59,007,990	4,083,442	7.4%	65,470,144	6,462,154	11.0%
Common Use System Support Charges	1,152,458	1,245,131	1,401,408	156,277	12.6%	1,506,613	105,205	7.5%
Other Aviation Revenue	1,607,391	1,619,773	195,498	(1,424,275)	-87.9%	199,408	3,910	2.0%
Security Surcharge	29,223,097	29,857,549	32,915,963	3,058,414	10.2%	34,444,277	1,528,314	4.6%
<b>Total Airline Revenue</b>	<b>112,205,238</b>	<b>117,175,589</b>	<b>124,252,924</b>	<b>7,077,335</b>	<b>6.0%</b>	<b>136,506,276</b>	<b>12,253,353</b>	<b>9.9%</b>
<b>Non-Airline Revenue</b>								
Terminal rent non-Airline	1,031,891	1,241,740	1,584,928	343,188	27.6%	1,604,432	19,504	1.2%
Terminal concessions	24,017,969	23,856,777	25,702,218	1,845,441	7.7%	26,430,755	728,537	2.8%
Rental Car License Fees	27,815,816	28,683,541	30,081,562	1,398,021	4.9%	30,196,721	115,158	0.4%
License Fees Other	4,440,557	4,339,300	4,785,748	446,448	10.3%	4,867,009	81,260	1.7%
Parking Revenue	42,872,849	40,577,290	40,600,661	23,371	0.1%	47,330,832	6,730,171	16.6%
Ground Transportation Permits and Citations	5,232,794	6,242,148	7,376,756	1,134,608	18.2%	9,276,756	1,900,000	25.8%
Ground Rentals	15,193,757	18,582,841	19,805,203	1,222,361	6.6%	19,711,964	(93,238)	-0.5%
Grant Reimbursements	292,730	219,900	-	(219,900)	-100.0%	-	-	0.0%
Other Operating Revenue *	890,456	752,288	773,469	21,182	2.8%	773,469	-	0.0%
<b>Total Non-Airline Revenue</b>	<b>121,788,819</b>	<b>124,495,825</b>	<b>130,710,546</b>	<b>6,214,721</b>	<b>5.0%</b>	<b>140,191,938</b>	<b>9,481,393</b>	<b>7.3%</b>
<b>Total Operating Revenue</b>	<b>233,994,057</b>	<b>241,671,414</b>	<b>254,963,470</b>	<b>13,292,056</b>	<b>5.5%</b>	<b>276,698,215</b>	<b>21,734,745</b>	<b>8.5%</b>
<b>Interest Income</b>	<b>5,998,970</b>	<b>6,535,556</b>	<b>8,782,637</b>	<b>2,247,081</b>	<b>34.4%</b>	<b>9,991,223</b>	<b>1,208,586</b>	<b>13.8%</b>
<b>Non-Operating Revenue</b>								
Passenger facility charges	40,257,993	41,924,100	42,304,130	380,030	0.9%	43,022,439	718,309	1.7%
Customer facility charges (Rental Car Center)	33,207,946	37,286,862	40,008,566	2,721,703	7.3%	40,689,655	681,089	1.7%
Quieter Home Program	8,573,133	11,627,849	10,992,000	(635,849)	-5.5%	10,992,000	-	0.0%
BAB Interest Rebate	4,656,199	4,631,219	4,656,199	-	0.0%	4,631,219	(24,980)	-0.5%
Capital grant contributions	10,477,054	1,350,000	11,700,000	10,350,000	766.7%	13,296,250	1,596,250	13.6%
Other Nonoperating Revenue	2,625,002	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Revenue</b>	<b>99,797,326</b>	<b>96,820,030</b>	<b>109,660,894</b>	<b>12,840,864</b>	<b>13.3%</b>	<b>112,631,563</b>	<b>2,970,669</b>	<b>2.7%</b>
<b>Total Revenue</b>	<b>\$ 339,790,353</b>	<b>\$ 345,027,000</b>	<b>\$ 373,407,000</b>	<b>\$ 28,380,000</b>	<b>8.2%</b>	<b>\$ 399,321,000</b>	<b>\$ 25,914,000</b>	<b>6.9%</b>

\* Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues

## Revenue Overview

### FY 2018 Budget Revenue Increase vs FY 2017 Budget \$28.4M (8.2%)

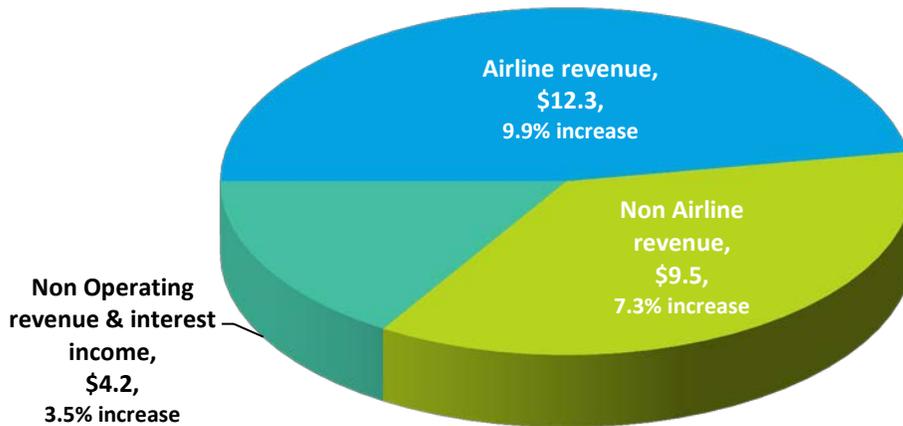
*In millions*



**Figure 9 – FY 2018 Revenue Variance**

### FY 2019 Budget Revenue Increase vs FY 2018 Budget \$25.9M (6.9%)

*In millions*



**Figure 10 – FY 2019 Revenue Variance**

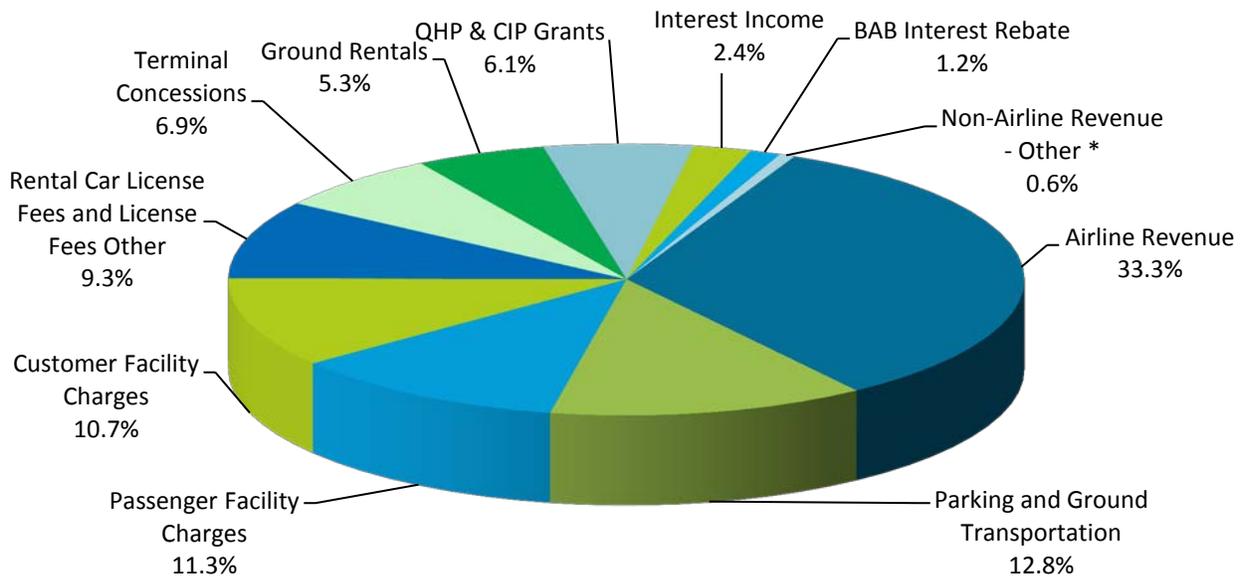
# Revenue Overview

## FY 2018 Revenue Budget by Major Sources

In thousands

Revenue by Major Sources	FY 2018 Budget
Airline Revenue	\$ 124,253
Parking and Ground Transportation	47,977
Passenger Facility Charges	42,304
Customer Facility Charges	40,009
Rental Car License Fees and License Fees Other	34,867
Terminal Concessions	25,702
Ground Rentals	19,805
QHP & CIP Grants	22,692
Interest Income	8,783
BAB Interest Rebate	4,656
Non-Airline Revenue - Other *	2,358
<b>Total Revenue <sup>(1)</sup></b>	<b><u><u>\$ 373,407</u></u></b>

<sup>(1)</sup> Total may differ due to rounding.



**Figure 11 – FY 2018 Revenue Budget by Sources**

\* Non-Airline Revenue – Other includes: finger printing fees, utilities reimbursements, service charges, equipment rentals, terminal rent non-airline, grant reimbursements and miscellaneous other revenues.

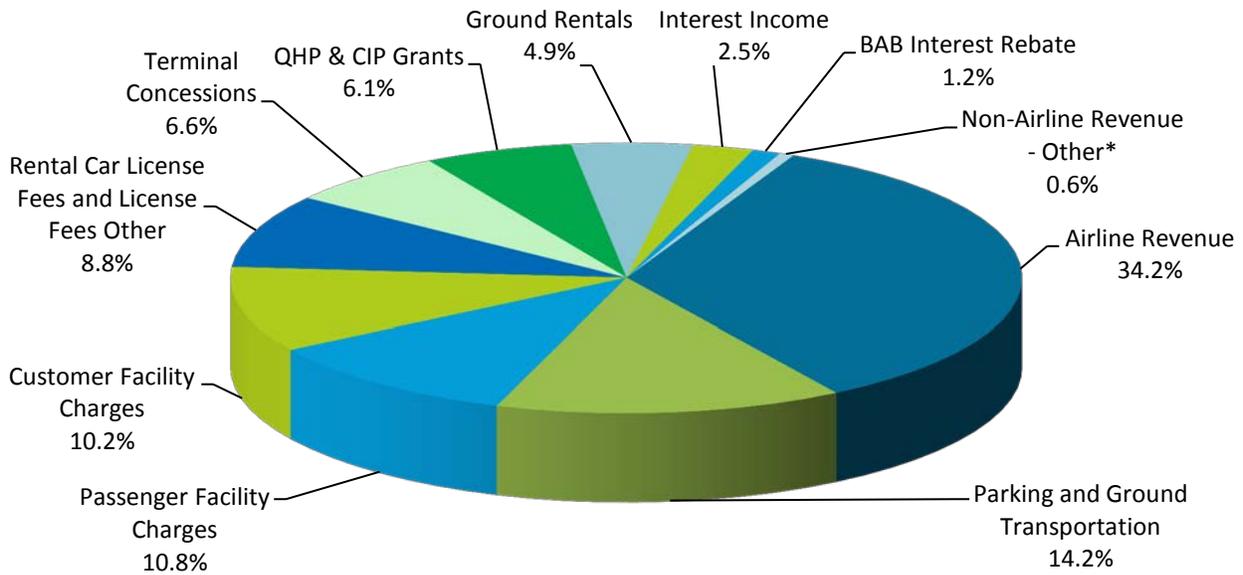
# Revenue Overview

## FY 2019 Revenue Budget by Major Sources

In thousands

Revenue by Major Sources	FY 2019 Conceptual Budget
Airline Revenue	\$ 136,506
Parking and Ground Transportation	56,608
Passenger Facility Charges	43,022
Customer Facility Charges	40,690
Rental Car License Fees and License Fees Other	35,064
Terminal Concessions	26,431
QHP & CIP Grants	24,288
Ground Rentals	19,712
Interest Income	9,991
BAB Interest Rebate	4,631
Non-Airline Revenue - Other*	2,378
<b>Total Revenue <sup>(1)</sup></b>	<b><u>\$ 399,321</u></b>

<sup>(1)</sup> Total may differ due to rounding.



**Figure 12 – FY 2019 Revenue Budget by Sources**

\* Non-Airline Revenue – Other includes: finger printing fees, utilities reimbursements, service charges, equipment rentals, terminal rent non-airline, grant reimbursements and miscellaneous other revenues.

## Revenue Overview

### Overview

Operating and Non-Operating revenues for FY 2018 are projected to be \$373.4M, an increase of \$28.4M (8.2%) above the FY 2017 Budget. FY 2019 Conceptual Operating and Non-Operating revenues are budgeted to increase by \$25.9M (6.9%) over the FY 2018 Budget.

### Airline Operating Revenue

Airline operating revenue is comprised of landing fees, aircraft parking fees, building rentals, common use support system charges, other aviation revenue, and the security surcharge. The Authority currently recovers substantially all of its airfield costs through landing fees and other aviation charges assessed to the airlines.

### Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the Airport. The fee is set to recover 90.2% in both FY 2018 and FY 2019 of the direct and allocated costs of the airfield, including maintenance and operation expenses, debt service and amortization of capital investments. The balance is recovered from aircraft parking fees (see the following **Aircraft Parking Fees** section).

In FY 2018, landing fee revenues are projected to increase to \$27.7M which is \$1.1M (4.1%) over the FY 2017 Budget due to increase in airfield maintenance and personnel costs. Estimated landed weight for FY 2018 is projected to increase to 12,749,433 (1,000 pound units), a 5.3% increase from 12,108,331 (1,000 pound units) in the FY 2017 Budget. The combination of higher landed weight and increased net airfield requirement results in the FY 2018 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$2.18, a 1.4% decrease over the FY 2017 Budget landing fee of \$2.21.

In FY 2019, landing fee revenues are projected to increase by \$3.8M (13.5%) to \$31.5M over the FY 2018 Budget. The increase reflects higher net airfield expenses, increased amortization for new airfield projects to be funded with cash, and increased debt service. The FY 2019 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to increase to \$2.43, a 11.4% increase over the FY 2018 budgeted landing fee of \$2.18, mainly reflecting a combination of increased net airfield costs and a 1.7% increase in projected landed weight to 12,966,151 (1,000 pound units).

### Aircraft Parking Fees

Aircraft parking fees are projected to recover a portion of the direct and allocated costs of the airfield, including maintenance and operation expenses, debt service and amortization of capital investments. This charge is assessed based on the number of aircraft parking positions assigned to each air carrier at the terminal gates and in remote parking. With aircraft parking positions a scarce resource at SAN, this cost recovery method rewards carriers who efficiently use their gates and schedule flights with departures outside the morning peak period.

In FY 2018, aircraft parking fees are projected to generate revenues of \$3.0M, a \$0.1M (3.8%) increase over the FY 2017 Budget. In FY 2019, aircraft parking fees are projected to increase by \$0.4M (13.3%) over the FY 2018 Budget. These increases primarily reflect an increase in net airfield costs.

### Building Rentals

FY 2018 Building Rental revenues reflect recovery of terminal building costs allocated to airline occupied facilities. The FY 2018 Budget projection of \$59.0M is an increase of \$4.1M (7.4%) over the FY 2017 Budget. The FY 2018 terminal rental rate of \$161.01 per square foot, versus \$146.28 per square foot in the FY 2017 Budget,

## Revenue Overview

mainly reflects higher operating and maintenance expenses for terminal facilities, and an increase in amortization for new terminal projects to be funded with cash.

The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Authority.

In FY 2019, Building Rentals revenue is projected to increase by \$6.46M (11.0%) over the FY 2018 Budget due to higher operating and maintenance expenses, increase in debt service, and an increase in amortization charges for new terminal projects to be funded with cash. The FY 2019 terminal rental rate is projected to decrease to \$157.69 per square foot.

### Common Use System Support Charges (CUSS)

CUSS charges include all O&M expenses attributable or allocable to the CUSS cost center and will be paid for by the airlines located in Common Use Passenger Processing System (CUPPS) equipped terminals.

FY 2018 CUSS Charges are projected to be \$1.4M, an increase of \$0.2 (12.6%) over FY 2017 Budget.

In FY 2019, the charges are projected to increase by \$0.1M (7.5%) to \$1.5M over the FY 2018 Budget.

### Other Aviation Revenue

Fuel Franchise Fees includes fees on fuel delivered to aircraft by the Fixed Base Operator (FBO) and to non-participating airlines by the airline fuel consortium.

In FY 2018, Other Aviation revenue is projected to decrease by \$1.4M vs FY 2017 Budget due to the conclusion of the fuel farm capital improvements recovery.

For FY 2019, fuel franchise fee will remain relatively flat over the FY 2018 Budget.

### Security Surcharge

Security costs are comprised of Harbor Police services, contract guard services and maintenance costs for the security access system. These costs are recovered by a stand-alone fee paid by the airlines. This fee recovers 100% of airside security costs and 95% of terminal security costs from the airlines.

The budget for FY 2018 is \$32.9M, an increase of \$3.1M (10.2%) over the FY 2017 Budget. This increase reflects increased cost of Harbor Police and guard services and increase in security checkpoints rent due to higher terminal rate.

In FY 2019, Security Surcharge revenue is projected to increase by \$1.5M (4.6%) to \$34.4M reflecting the increase in cost of Harbor Police and guard services and increase in security checkpoints rent.

### Non-Airline Operating Revenue

Non-Airline Operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events and historic revenue patterns, taking into consideration the projected FY 2018 enplaned passenger traffic. The FY 2018 Budget assumes 10.7M enplaned passengers, which represents a 0.9% increase from the 10.6M enplanements used in the FY 2017 Budget and a 2.5% increase over the 10.4M FY 2017 year-end projected enplanements. FY 2019 enplanements are projected to grow to 10.9M, a 1.7% increase over the FY 2018 Budget enplanements.

### Terminal Rent Non-Airline

Terminal Rent Non-Airline includes revenue from non-airline tenants like Siemens, U.S. General Services

## Revenue Overview

Administration (Drug Enforcement Agency and TSA), MorphoTrust USA and others.

The budget for FY 2018 is \$1.6M, representing an increase of \$0.3M (27.6%) over the FY 2017 Budget primarily due to increase in rented square footage for Siemens. The FY 2019 Budget is projected to increase by a nominal \$0.02M (1.2%) over the FY 2018 Budget.

### Terminal Concessions

Terminal Concession revenue is generated from food/beverage and retail (including Duty Free) concessions operated under exclusive agreements with concessionaires. In FY 2015, the Authority completed the Concession Development Program (CDP), which transformed the retail and food/beverage services offered at SAN, ultimately providing a world-class shopping and dining experience for the millions of passengers who use the Airport each year.

Completed CDP expanded from approximately 60,000 square feet to approximately 84,000 square feet of food service and retail space and the number of concession locations increased from 55 stores to 86.

Concession revenue is based on percentage rent charged on food, beverage and merchandise sales and fixed rent for concessionaire storage/support space. Cost Recovery revenue is also generated by reimbursement for marketing costs, operations/maintenance costs and costs to operate the Receiving and Distribution Center (RDC).

Other Concession revenue includes advertising, common use lounge service, Wi-Fi, bank ATMs, money exchange services, baggage cart rentals, and shoe shine stands.

The FY 2018 Budget for Terminal Concessions is \$25.7M, an increase of \$1.8M (7.7%) over the FY 2017 Budget. This is due to increased passenger traffic and stronger gross sales per passenger.

FY 2019 revenues are budgeted at \$26.4M, an increase of \$0.7M (2.8%) over the FY 2018 Budget. This reflects an increase in food/beverage and retail revenue due primarily to increased passenger traffic.

### Rental Car License Fee

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport and cost recovery of operations/maintenance costs of Rental Car Center (RCC). The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross sales.

In FY 2018, rental car license fees are projected at \$30.1M, an increase of \$1.4M (4.9%) over the FY 2017 Budget reflecting increased passenger traffic and stronger gross sale per passenger

FY 2019 revenues are projected at \$30.2M, an increase of \$0.1M (0.4%) due to higher enplanements.

### License Fees – Other

License Fees – Other revenue is derived from in-flight catering services and ground handling operators.

Estimated in-flight catering and ground handling revenue is based on a percentage of the companies' gross sales per their agreements with the Authority.

FY 2018 revenues are budgeted at \$4.8M, an increase of \$0.4M (10.3%) from the FY 2017 Budget due to current trends and higher enplanements.

In FY 2019, license fees revenues are projected to increase by a nominal \$0.1M (1.7%) to \$4.9M due to higher enplanements.

## Revenue Overview

### Parking

Parking revenue is generated from approximately 5,400 spaces located on Airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway.

The FY 2018 revenue is budgeted at \$40.6M remained relatively flat from the FY 2017 Budget reflecting an increase in enplanements. The increase is partially offset by the decrease of terminal spaces due to the construction of the parking plaza.

The FY 2019 Budget is \$47.3M, a projected increase of \$6.7M (16.6%), primarily reflecting increased transactions due to the opening of the parking plaza and offset by a decrease in long-term spaces during construction of new capital improvement projects.

### Ground Transportation Permits and Citations

Ground Transportation Permits revenue includes the taxi, TNC and hotel shuttle driver and vehicle permits issued to commercial drivers and their vehicles allowing them to conduct business at the Airport. Citation revenue is generated from parking citations issued by the Airport Traffic Officers (ATOs) on the Airport terminal roadways.

FY 2018 revenue projections of \$7.4M, an increase of \$1.1M (18.2%) over the FY 2017 Budget due to increase in TNC trips.

In FY 2019, these revenues are budgeted at \$9.3M, an increase of \$1.9M (25.8%) mostly reflecting increased in TNC trip fees.

### Ground Rentals

Ground Rental Fixed revenue consists of fixed rent received for RCC lease rent, leased cargo facilities, fixed base operations and ancillary leases of various aviation and non-aviation uses.

FY 2018 revenue is budgeted at \$19.8M, an increase of \$1.2M (6.6%) over the FY 2017 Budget primarily due to the transfer of fuel farm cost recovery from Other Aviation revenue to ground rents.

In FY 2019, revenues are budgeted at \$19.7M, a decrease of \$0.1M (-0.5%), mainly due to elimination of overflow parking offset by estimate contractual increases.

### Grant Reimbursements (Operating)

Grant Reimbursement revenue is received by the Authority pursuant to an agreement with TSA to offset the cost of providing Law Enforcement Officers (LEO) at various TSA checkpoints and throughout the Airport.

There are no revenue budgeted in FY 2018 and FY 2019 Budgets for Grant Reimbursement due to reduction to the FY 2018 TSA Federal Budget specifically eliminating the LEO Reimbursement Program.

### Other Operating Revenues

Other Operating revenues primarily include revenues to process employee fingerprints for new tenants, and any associated contractors or vendors who conduct business at the Airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific category and are usually a one-time occurrence.

## Revenue Overview

In FY 2018, these revenues are budgeted to increase by a nominal \$0.02M (2.8%) from the FY 2017 Budget primarily due to an increase in FBO landing fees and Non-Airline remote parking.

FY 2019 revenues are budgeted to stay flat.

### Interest Income

Interest Income revenue is derived from interest earned by the Authority on discretionary funds and reserves established under the master trust indenture. This revenue also includes interest earned on notes paid by the Port District to the Authority.

In FY 2018, interest income is budgeted at \$8.8M, a projected increase of \$2.2M (34.4%) from the FY 2017 Budget reflecting a projected increase in interest rates and cash balances.

In FY 2019, these revenues are projected at \$10.0M, an increase of \$1.2M (13.8%) over the FY 2018 Budget reflecting a projected increase in interest rates and cash balances.

### Non-Operating Revenue

#### Passenger Facility Charges (PFCs)

PFCs revenue is comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of \$0.11 for the airline processing fee) paid by each ticketed passenger that board an airplane at the Airport. The FY 2018 and FY 2019 Budget is based on the projected number of enplaned passengers for FY 2018 at an estimated collection rate of 90%. Certain types of passengers, including military, are excluded from paying the PFCs.

FY 2018 PFC revenues are budgeted at \$42.3M, an increase of \$0.4M (0.9%) from the FY 2017 Budget due to higher enplaned passengers.

In FY 2019, PFC revenues are projected at \$43.0M, an increase of \$0.7M (1.7%) over the FY 2018 Budget reflecting increases in enplaned passengers.

#### Customer Facility Charges

CFCs revenue is collected by the car rental concessionaires and remitted to the Authority according to state law to support the consolidated RCC development project. In January 2017, in accordance with state statute, the collection methodology changed from \$7.50 per rental car transaction to \$9.00 per rental day (up to a maximum of five days).

For FY 2018, CFC revenues are projected at \$40.0M, an increase of \$2.7M (7.3%) over the FY 2017 Budget reflecting a full year of CFC rate at \$9.00.

In FY 2019, CFC revenues are budgeted at \$40.7M, an increase of \$0.7M (1.7%) over the FY 2018 Budget due to higher enplanements.

#### Build America Bond (BAB) Interest Rebate

BAB Interest Rebate revenue represents a direct federal subsidy of 33.2% of the interest paid on the Series 2010C revenue bonds.

FY 2018 BAB Interest revenue is budgeted to stay flat at \$4.7M compared to the FY 2017 Budget.

In FY 2019, the estimated revenue is projected to remain flat to FY 2018 Budget.

## Revenue Overview

### Grant Reimbursements (Residential Sound Attenuation Program and Capital)

The Quieter Home Program (QHP) is a residential sound insulation program for eligible single and multi-family dwellings located within the FAA-accepted SAN 65-decibel Community Noise Equivalent Level contour. The project is eligible for a maximum AIP funding of 80.0% for FY 2018. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that the FY 2018 and FY 2019 QHP revenue will be \$11.0M.

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital projects. The FY 2018 capital grant contributions increase by \$10.4M (766.7%) is due to progress of grant eligible projects – rehabilitation of Runway 9-27 pavement, cross taxiways and replacement of baggage screening equipment.

FY 2019 capital grant contributions are budgeted to increase by \$1.6M (13.6%) due to progress of grant eligible projects and additional grant eligible project – rehabilitation of Terminal 2 apron.

# BUDGET OVERVIEW: EXPENSES



## Expense Overview

### FY 2018 Expense Budget – FY 2019 Conceptual Expense Budget

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 33,500,026	\$ 35,094,014	\$ 36,215,159	\$ 1,121,145	3.2%	\$ 37,976,184	\$ 1,761,025	4.9%
Premium Overtime	700,683	664,500	749,000	84,500	12.7%	749,000	-	0.0%
Employee Benefits	13,814,362	16,293,173	17,974,766	1,681,593	10.3%	20,159,831	2,185,064	12.2%
Subtotal	48,015,071	52,051,687	54,938,926	2,887,238	5.5%	58,885,015	3,946,089	7.2%
Less: Capitalized Labor	(5,207,056)	(5,833,173)	(6,301,674)	(468,501)	8.0%	(6,873,129)	(571,455)	9.1%
Less: QHP - Labor/Burden/Labor Overhead	(740,644)	(662,631)	(717,096)	(54,465)	8.2%	(769,358)	(52,262)	7.3%
<b>Total Personnel Expenses</b>	<b>42,067,370</b>	<b>45,555,883</b>	<b>47,920,156</b>	<b>2,364,273</b>	<b>5.2%</b>	<b>51,242,528</b>	<b>3,322,372</b>	<b>6.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	38,211,379	44,698,463	46,993,765	2,295,301	5.1%	48,769,196	1,775,431	3.8%
Safety and Security	28,721,250	29,061,387	31,064,556	2,003,169	6.9%	32,964,718	1,900,162	6.1%
Space Rental	10,367,148	10,191,450	10,190,750	(700)	0.0%	10,190,750	-	0.0%
Utilities	11,479,888	12,903,213	12,250,493	(652,721)	-5.1%	12,933,070	682,577	5.6%
Maintenance	14,121,740	14,665,767	15,352,342	686,575	4.7%	15,315,254	(37,088)	-0.2%
Operating Equipment & Systems	714,490	365,314	368,378	3,064	0.8%	362,460	(5,918)	-1.6%
Operating Supplies	529,486	446,912	474,589	27,678	6.2%	465,934	(8,655)	-1.8%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	1,242,212	1,328,398	1,317,630	(10,769)	-0.8%	1,195,381	(122,249)	-9.3%
Business Development	2,391,259	2,564,368	3,744,934	1,180,566	46.0%	3,128,614	(616,320)	-16.5%
Equipment Rentals & Repairs	2,120,088	2,727,672	2,666,170	(61,502)	-2.3%	2,765,776	99,607	3.7%
Tenant Improvements	739,621	900,000	860,000	(40,000)	-4.4%	860,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>111,588,053</b>	<b>120,865,702</b>	<b>126,486,206</b>	<b>5,620,504</b>	<b>4.7%</b>	<b>130,293,173</b>	<b>3,806,967</b>	<b>3.0%</b>
<b>Total Operating Expenses</b>	<b>153,655,423</b>	<b>166,421,585</b>	<b>174,406,362</b>	<b>7,984,777</b>	<b>4.8%</b>	<b>181,535,701</b>	<b>7,129,339</b>	<b>4.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	12,372,101	14,834,811	14,640,000	(194,811)	-1.3%	14,640,000	-	0.0%
Debt Service	67,827,864	80,841,954	104,691,638	23,849,684	29.5%	109,682,299	4,990,661	4.8%
Legal Settlements Expense	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>80,578,598</b>	<b>95,686,765</b>	<b>119,341,638</b>	<b>23,654,873</b>	<b>24.7%</b>	<b>124,332,299</b>	<b>4,990,661</b>	<b>4.2%</b>
<b>Total Expenses</b>	<b>234,234,021</b>	<b>262,108,350</b>	<b>293,748,000</b>	<b>31,639,650</b>	<b>12.1%</b>	<b>305,868,000</b>	<b>12,120,000</b>	<b>4.1%</b>
<b>Equipment Outlay</b>	<b>2,195,629</b>	<b>1,525,650</b>	<b>1,457,000</b>	<b>(68,650)</b>	<b>-4.5%</b>	<b>1,367,000</b>	<b>(90,000)</b>	<b>-6.2%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 236,429,650</b>	<b>\$ 263,634,000</b>	<b>\$ 295,205,000</b>	<b>\$ 31,571,000</b>	<b>12.0%</b>	<b>\$ 307,235,000</b>	<b>\$ 12,030,000</b>	<b>4.1%</b>

## Expense Overview

### FY 2018 Budget Expense Increase vs FY 2017 Budget

\$31.6M (12.0%)

*In millions*

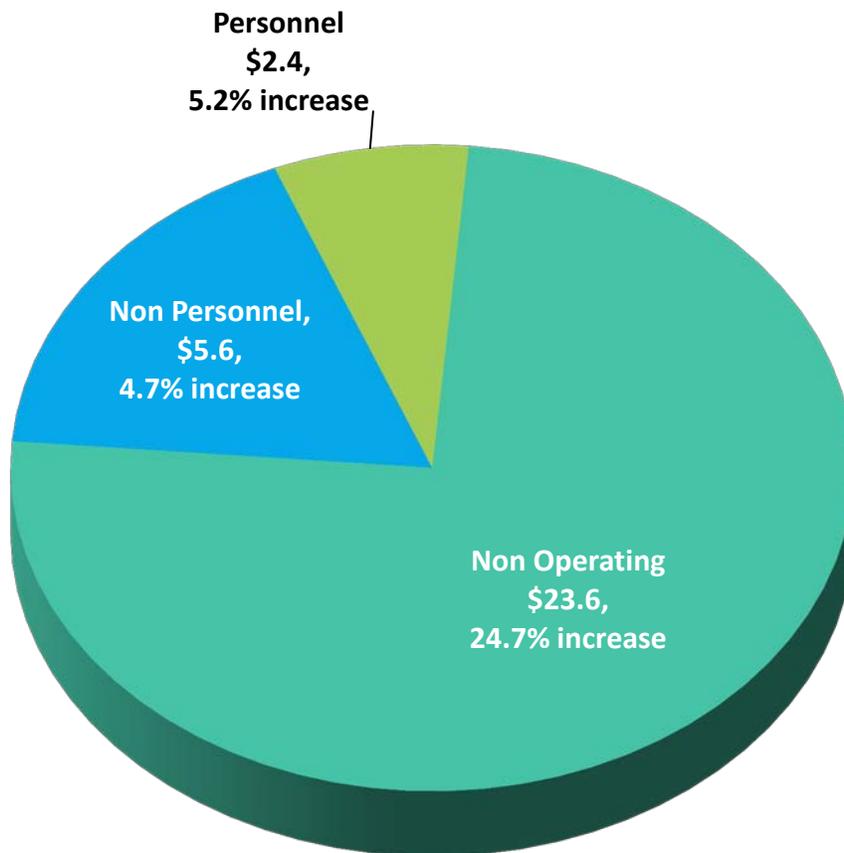


Figure 13 – FY 2018 Expense Variance

## Expense Overview

### Major Drivers of FY 2018 Budget

	Total Inc / (Dec) FY 2018 Budget vs FY 2017 Budget	Expense Category
<b>Total Increase in Expenses including Equipment Outlay</b>	<b>\$ 31,571,000</b>	
<b>Personnel:</b>		
Additional contribution of 1% of Actuarial Liability	1,656,670	Retirement
Contracted wage increases and pay-for-performance	1,190,160	Salaries & Wages
7 new positions (salaries & burden), net of capitalized labor	567,508	Salaries & Wages, Employee Benefits, Capitalized Labor
Increase in capitalized Labor	(304,361)	Capitalized Labor
Decrease in wages and burden (benefits & employer taxes) due to retirement/turnover	(339,356)	Salaries & Wages, Overtime, Employee Benefits
Decrease in health insurance	(406,348)	Employee Benefits
<b>Total Increase / (Decrease) in Personnel</b>	<b>2,364,273</b>	
<b>Debt Service:</b>		
Interest and Principal on FIS Bonds	9,156,431	Debt Service
Interest and Principal on Parking Plaza Bonds	6,851,090	Debt Service
Principal on CFC Bonds	5,580,000	Debt Service
Cost of issuance for Parking Plaza and FIS Bonds	1,989,435	Debt Service
Interest and fees on revolving credit facilities and other, net	272,727	Debt Service
<b>Total Increase / (Decrease) in Debt Service</b>	<b>23,849,684</b>	
<b>Non Personnel:</b>		
<b>Operations Division</b>		
Parking and shuttle operations	2,181,843	Contractual Services
Law enforcement costs - Harbor Police Department	1,722,136	Safety and Security
Annual Maintenance	1,193,818	Maintenance
Contractual Services	389,950	Contractual Services
Security guard services	350,000	Safety and Security
Communication Center	242,029	Safety and Security, Equipment Outlay
Concession Development Program Hood, Duct, Vent Cleaning & Maintenance Services	166,000	Contractual Services
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	Safety and Security
Access control system	(400,000)	Safety and Security
Rental Car Center Busing	(506,989)	Contractual Services
Utilities	\$ (700,371)	Utilities

## Expense Overview

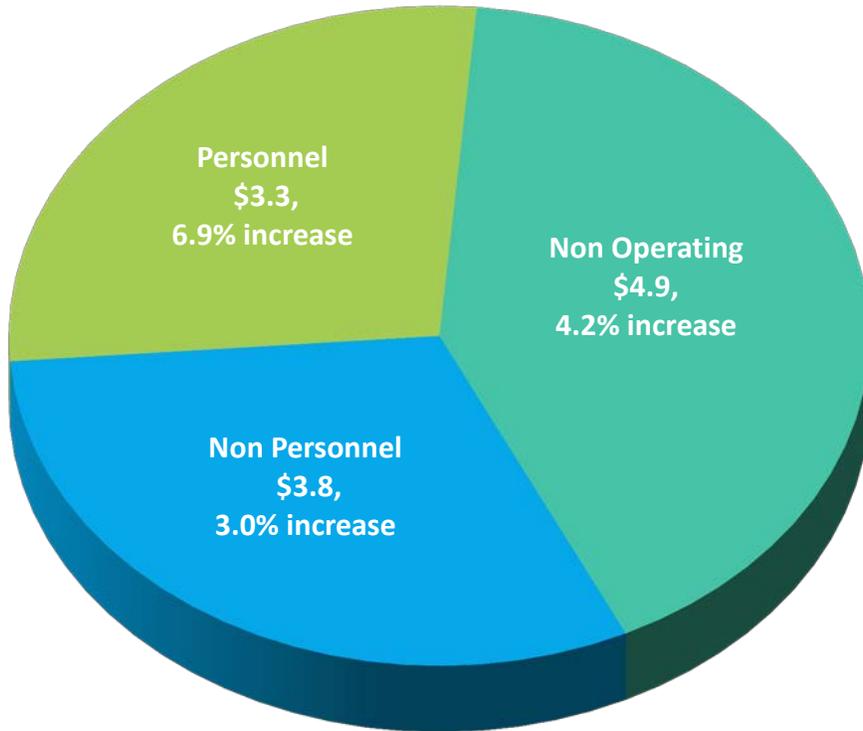
### Major Drivers of FY 2018 Budget (Cont'd)

	Total Inc / (Dec) FY 2018 Budget vs FY 2017 Budget	Expense Category
<b>Development Division</b>		
Environmental Requirements	\$ 500,000	Contractual Services
Planning and land use projects	(150,000)	Contractual Services
QHP costs	(194,811)	Joint Studies/Sound Attenuation
Annual & Major Maintenance	(477,243)	Maintenance
<b>Executive Division</b>		
Sponsorships and marketing activities	723,505	Business Development
Concessions Development Program Marketing	330,000	Business Development
Insurance	189,842	Insurance
Contractual Services	(390,697)	Contractual Services
<b>Finance</b>		
Authority wide computer replacement	310,000	Equipment Outlay, Contractual Services
Small Business Development Contractual services	(205,000)	Contractual Services
Other, net	(73,830)	
<b>Total Within Divisions</b>	<b>5,357,043</b>	
<b>Total Increase / (Decrease)</b>	<b>\$ 31,571,000</b>	

## Expense Overview

### FY 2019 Conceptual Budget Expense Increase vs FY 2018 Budget \$12.0M (4.1%)

*In millions*



**Figure 14 – FY 2019 Expense Variance**

## Expense Overview

### Major Drivers of FY 2019 Conceptual Budget

	Total Inc / (Dec) FY 2019 Budget vs. FY 2018 Budget	Expense Category
<b>Total Increase in Expenses including Equipment Outlay</b>	<b>\$ 12,030,000</b>	
<b>Personnel:</b>		
Increase in retirement	1,617,840	Benefits
Contracted wage increases and pay-for-performance	1,340,913	Salaries and Wages
3 new positions (salaries & burden)	268,575	Salaries and Wages, Employee Benefits
Increase in salaries, capitalized labor and other burden (benefits & employer taxes)	95,044	Salaries & Wages, Employee Benefits, Capitalized Labor
<b>Total Increase / (Decrease) in Personnel</b>	<b>3,322,372</b>	
<b>Debt Service:</b>		
Interest and Principal on new Bond issuance	4,681,169	Debt Service
Cost of issuance and other, net	309,493	Debt Service
<b>Total Increase / (Decrease) in Debt Service</b>	<b>4,990,661</b>	
<b>Non Personnel:</b>		
<b>Operations</b>		
Law enforcement costs - Harbor Police Department	1,451,352	Safety and Security
Parking Plaza Operations and Maintenance	1,250,000	Maintenance, Safety & Security, Contractual Services
Rental Car Center Busing	789,453	Contractual Services
Utilities	678,570	Utilities
Parking and shuttle operations	418,132	Contractual Services
New FIS Maintenance	250,000	Maintenance, Safety & Security
Aircraft Rescue and Fire Fighting (ARFF) contract costs	161,568	Safety and Security
Annual & Major Maintenance	(385,788)	Maintenance
<b>Development</b>		
Planning and land use projects	(275,000)	Contractual Services
<b>Executive</b>		
Insurance	139,420	Insurance
Contractual Services	(180,175)	Contractual Services
Sponsorships and marketing activities	(650,000)	Business Development
<b>Finance</b>		
Credit card fees	190,001	Contractual Services
Other, net	(120,566)	
<b>Total Within Divisions</b>	<b>3,716,967</b>	
<b>Total Increase / (Decrease)</b>	<b>\$ 12,030,000</b>	

## Expense Overview

### Overview

In FY 2018, SDCRAA total expenses, including debt service and equipment outlay, are projected to increase to \$295.2M from \$263.6M in the FY 2017 Budget. This represents an increase of \$31.6M (12.0%). The FY 2019 Conceptual Budget anticipates total expenses increasing to \$307.2M, representing an increase of \$12.0M (4.1%).

### Operating Expenses

#### Personnel Expenses

Personnel Expenses include salary and wages, overtime and employee benefits, net of capitalized labor and non-operating costs associated with the QHP. Benefits include payroll taxes, retirement, health insurance, workers' compensation insurance, unemployment insurance, life insurance and short-term disability insurance.

In FY 2018, Salaries and Wages, including overtime, are projected to increase by \$1.2M (3.4%) over the FY 2017 Budget, reflecting a net increase of seven (7) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to increase by \$1.7M (10.3%) from the FY 2017 Budget primarily due to increase in retirement reflecting additional 1% contribution of actuarial liability. These combined factors, together with higher capitalized labor expenses, resulted in a net increase of \$2.4M (5.2%) in the FY 2018 Budget over the FY 2017 Budget for personnel expenses.

In FY 2019, Salaries and Wages, including overtime, are projected to increase by \$1.8M (4.9%), reflecting a net increase of three (3) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by \$2.2M (12.2%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with higher capitalized labor expenses are projected to result in a net increase of \$3.3M (6.9%) in FY 2019.

#### Non-Personnel Expenses

##### Contractual Services

Contractual Services expense includes a variety of professional services such as operation, engineering, financial, legal, maintenance and other services.

In FY 2018, Contractual Services are budgeted to have a net increase of \$2.3M (5.1%) over the FY 2017 Budget, reflecting an increase in parking shuttle operations and increases in environmental requirements.

In FY 2019, Contractual Services are budgeted to increase \$1.8M (3.8%), mainly due to increases in Parking Plaza operations and Rental Car Center (RCC) bus operations.

##### Safety and Security

Safety and Security expenses are law enforcement, Aircraft Rescue and Fire Fighting (ARFF), paramedic, inspection/guard services and other similar services. Law enforcement services are provided under a service legal agreement with the San Diego Unified Port District. Fire, rescue and emergency response services are provided by the City of San Diego.

## Expense Overview

In FY 2018, Safety and Security costs are projected to increase by \$2.0M (6.9%) over the FY 2017 Budget. The increase primarily reflects an increased cost of Harbor Police and guard services.

FY 2019 Safety and Security costs are projected to increase by \$1.9M (6.1%) over the FY 2018 Budget. The majority of this increase reflects increases for Harbor Police, ARFF and Access Control costs.

### Space Rental

Space Rental expense consists of lease payments for various properties contiguous to the Airport, including the former General Dynamics, Teledyne-Ryan (TDY) and Harbor Island properties.

FY 2018 and FY 2019 Space Rental costs are projected to remain nearly flat.

### Utilities

Utilities expense includes gas, electric, water and telephone costs.

FY 2018 utilities costs are projected to decrease by \$0.7M (-5.1%) from the FY 2017 Budget mainly reflecting lower than expected electricity rate in FY 2017.

FY 2019 utilities costs are budgeted to increase by \$0.7M (5.6%) over the FY 2018 Budget, mainly due to anticipated electricity rate increases.

### Maintenance

Maintenance expense includes contractual services, maintenance agreements, major maintenance projects, expendable stock and other material used to operate and maintain the Airport.

FY 2018 Maintenance expense is projected to increase by \$0.7M (4.7%) from the FY 2017 Budget, primarily reflecting anticipated increased costs in HVAC maintenance and oval striping.

FY 2019 Maintenance expense is projected to decrease by \$0.04M (-0.2%) mainly reflecting oval striping costs done every other year.

### Operating Equipment and Systems

Operating Equipment and Systems includes expenses such as computers, non-capitalized furniture, and office and safety equipment.

FY 2018 Operating Equipment and Systems cost is projected to stay relatively flat from the 2017 Budget.

FY 2019 Operating Equipment and Systems expenses are projected to decrease slightly from FY 2018 Budget, \$0.01M (-1.6%).

### Operating Supplies

Operating Supplies expense includes small tools, office and operating supplies and safety equipment.

FY 2018 Operating Supplies expenses are projected to increase by \$0.03M (6.2%) reflecting increase in supplies.

FY 2019 Operating Supplies expenses are projected to decrease by \$0.01M (-1.8%) reflecting reduction in supplies.

### Insurance

Insurance provides protection of the Authority's assets from liability and loss claims.

## Expense Overview

FY 2018 Insurance expense is projected to increase by \$0.2M (18.7%) from the FY 2017 Budget due to new coverage for pollution liability and increase property values and liability limits.

FY 2019 Insurance expense is projected to increase by \$0.1M (11.6%) over the FY 2018 Budget reflecting an increase due to completion of the Parking Plaza and miscellaneous CIP projects and anticipated changes in market conditions.

### Employee Programs

Employee Programs includes recruiting expenses, staff training and development, book and periodical subscriptions, memberships in trade and professional organizations, seminars, registration fees, travel, tuition and other staff-related expenses (e.g. service awards and uniforms).

FY 2018 Employee Programs expense is projected to have a slight decrease of \$0.01M (-0.8%) from the FY 2017 Budget.

FY 2019 Employee Programs expense is projected to further decrease by \$0.1M (-9.3%) to the FY 2018 Budget primarily due to reduction in recruiting costs.

### Business Development

Business Development expense includes marketing and promotional activity expenses related primarily to Authority marketing programs and domestic and international air service development.

FY 2018 Business Development expense is projected to increase by \$1.2M (46.0%) from the FY 2017 Budget due to increased expense for sponsorships and marketing activities.

FY 2019 Business Development expense is projected to decrease from the FY 2018 Budget by \$0.6M (-16.5%), due to reduction of one-time sponsorships and marketing activities expensed in FY 2018.

### Equipment Rentals and Repairs

Equipment Rentals and Repairs expense includes computer licenses, tenant improvement allowances, equipment leasing/rentals and office equipment repair.

FY 2018 Equipment Rentals and Repairs expense is projected to decrease by \$0.1M (-2.3%) from the FY 2017 Budget, mainly reflecting savings due to less than expected costs on some maintenance contracts such as AVI/SAS and Terminal 2 CUPPS expansion.

FY 2019 Equipment Rentals and Repairs expense is projected to increase \$0.1M (3.7%) from the FY 2018 Budget for expected increases in the Terminal 1 CUPPS expansion costs.

### Tenant Improvements

Tenant Improvement costs include airline related costs for gate relocations to other new or renovated facilities and Tenant Improvements costs for other tenants.

FY 2018 Tenant Improvement expense is projected to decrease by \$0.04M (-4.4%) from the FY 2017 Budget, anticipating less projects.

FY 2019 Tenant Improvement expense is projected to remain flat to the FY 2018 Budget.

## Expense Overview

### Non-Operating Expenses

#### Joint-Studies/Sound Attenuation

The Joint-Studies/Sound Attenuation expenses are costs associated with Airport facilities studies and QHP.

FY 2018 costs are expected to decrease by \$0.2M (-1.3%) from the FY 2017 Budget due to constraints on eligible items.

FY 2019 is expected to stay flat.

#### Debt Service

Debt Service expenditures include interest, letter of credit and dealer fees on Commercial Paper (CP) notes, interest and principal on outstanding Airport revenue bond debt, as well as trustee fees for both CP and revenue bonds.

FY 2018 Debt Service costs are projected to increase by \$23.8M (29.5%) over the FY 2017 Budget, primarily due to interest and principal expense on the 2017 and 2018 Bond Issue.

In FY 2019, Debt Service costs are projected to increase by \$5.0M (4.8%) due to debt service costs for the 2017 and 2018 Bond Issue.

#### Equipment Outlay

Equipment Outlay expense includes equipment requests costing \$5,000 or more, with a useful life of at least one year.

In FY 2018, these requests are projected to decrease by \$0.1M (-4.5%) from the FY 2017 Budget, reflecting decrease in equipment purchases planned.

FY 2019 Equipment Outlay expenses are expected to decrease an additional \$0.1M (-6.2%).

# Expense Overview

## FY 2018 Expense Budget by Division

In thousands

Divisions	FY 2018 Budget
Operations	\$ 116,660
Debt Service	104,692
Development	27,402
Finance & Asset Management	27,174
Executive	19,278
<b>Total <sup>(1)</sup></b>	<b><u>\$ 295,205</u></b>

<sup>(1)</sup> Total may differ due to rounding.

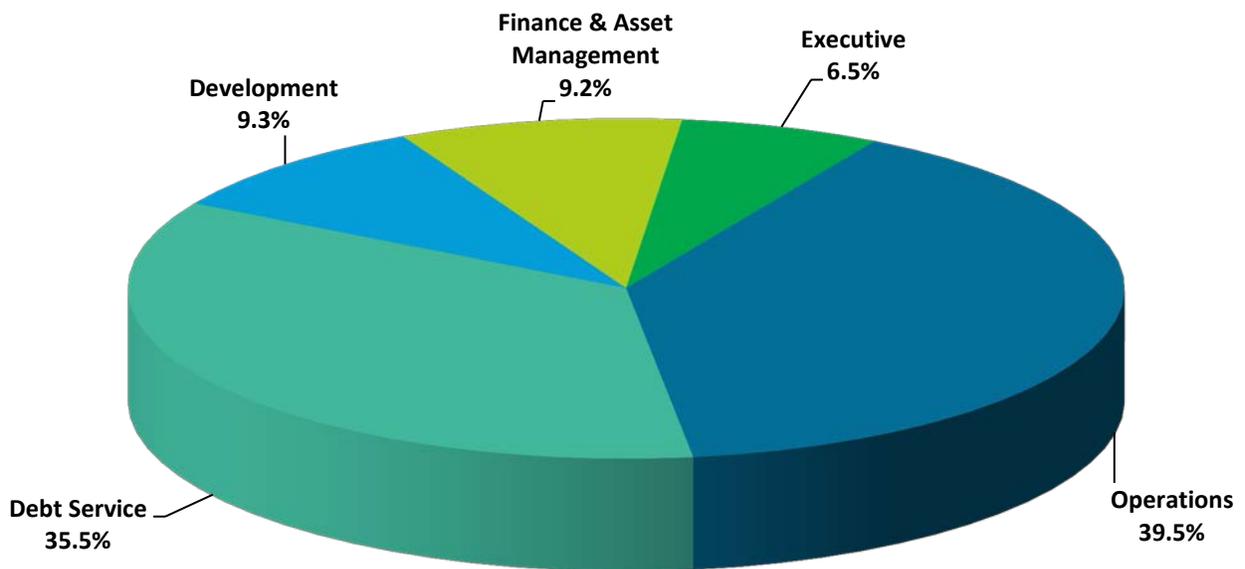


Figure 15 – FY 2018 Expense Budget by Division

## Expense Overview

### FY 2019 Expense Budget by Division

In thousands

Divisions	FY 2019 Conceptual Budget
Operations	\$ 122,970
Debt Service	109,682
Finance & Asset Management	28,149
Development	27,193
Executive	19,241
<b>Total <sup>(1)</sup></b>	<b><u>\$ 307,235</u></b>

<sup>(1)</sup> Total may differ due to rounding.

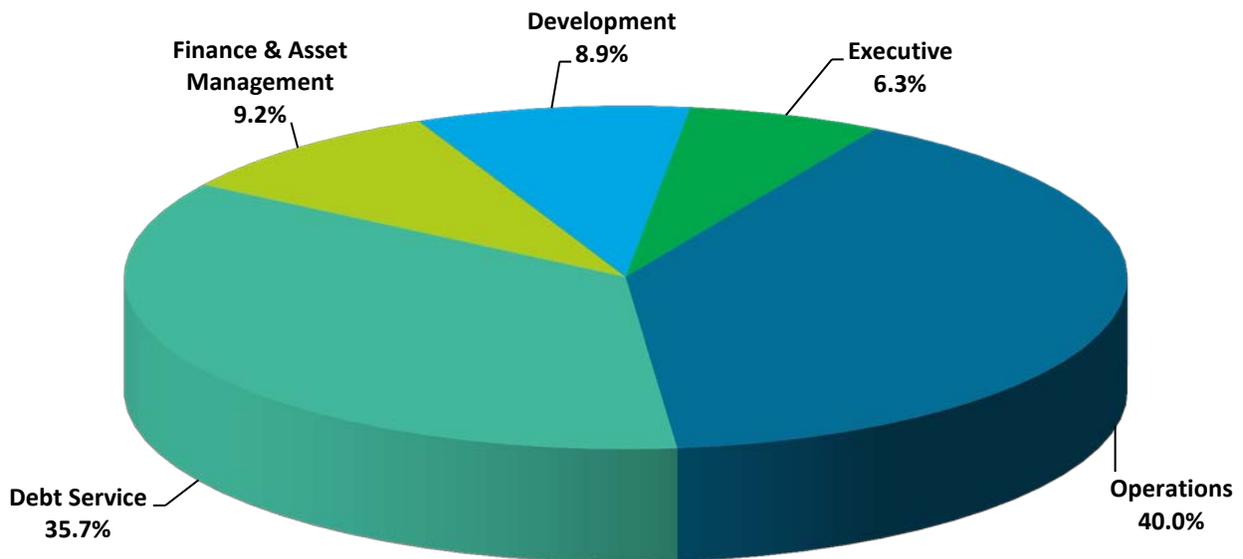


Figure 16 – FY 2019 Expense Budget by Division

## Expense Overview

### FY 2018 Expense Budget by Category

In thousands

Category	FY 2018 Budget
Debt Service	\$ 104,692
Personnel Costs	47,920
Contractual Services	46,994
Safety & Security	31,065
Maintenance	15,352
Sound Attenuation Program and Joint Studies	14,640
Utilities	12,250
Space Rental	10,191
Other *	12,101
<b>Total <sup>(1)</sup></b>	<b>\$ 295,205</b>

<sup>(1)</sup> Total may differ due to rounding.

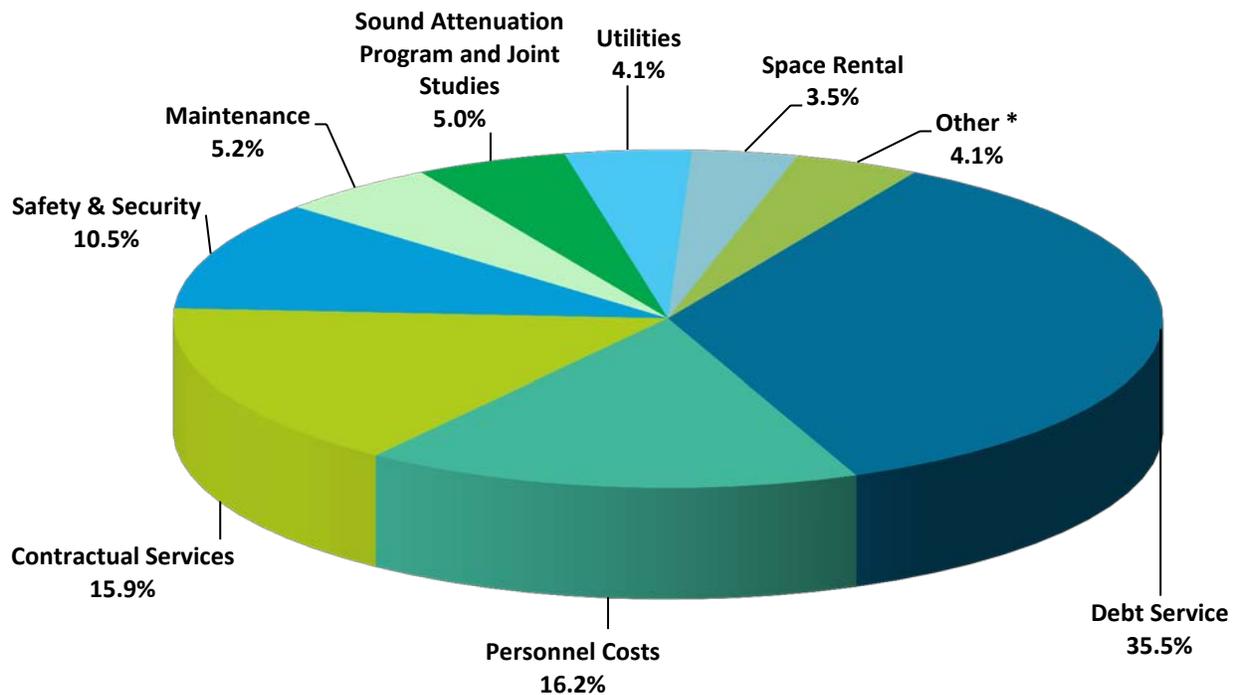


Figure 17 – FY 2018 Expense Budget by Category

\*Other includes equipment rentals and repairs, business development, employee programs, insurance, tenant improvements, operating equipment and supplies, and equipment outlay.

## Expense Overview

### FY 2019 Expense Budget by Category

In thousands

Category	FY 2019 Conceptual Budget
Debt Service	\$ 109,682
Personnel Costs	51,243
Contractual Services	48,769
Safety & Security	32,965
Maintenance	15,315
Sound Attenuation Program and Joint Studies	14,640
Utilities	12,933
Space Rental	10,191
Other *	11,497
<b>Total <sup>(1)</sup></b>	<b>\$ 307,235</b>

<sup>(1)</sup>Total may differ due to rounding.

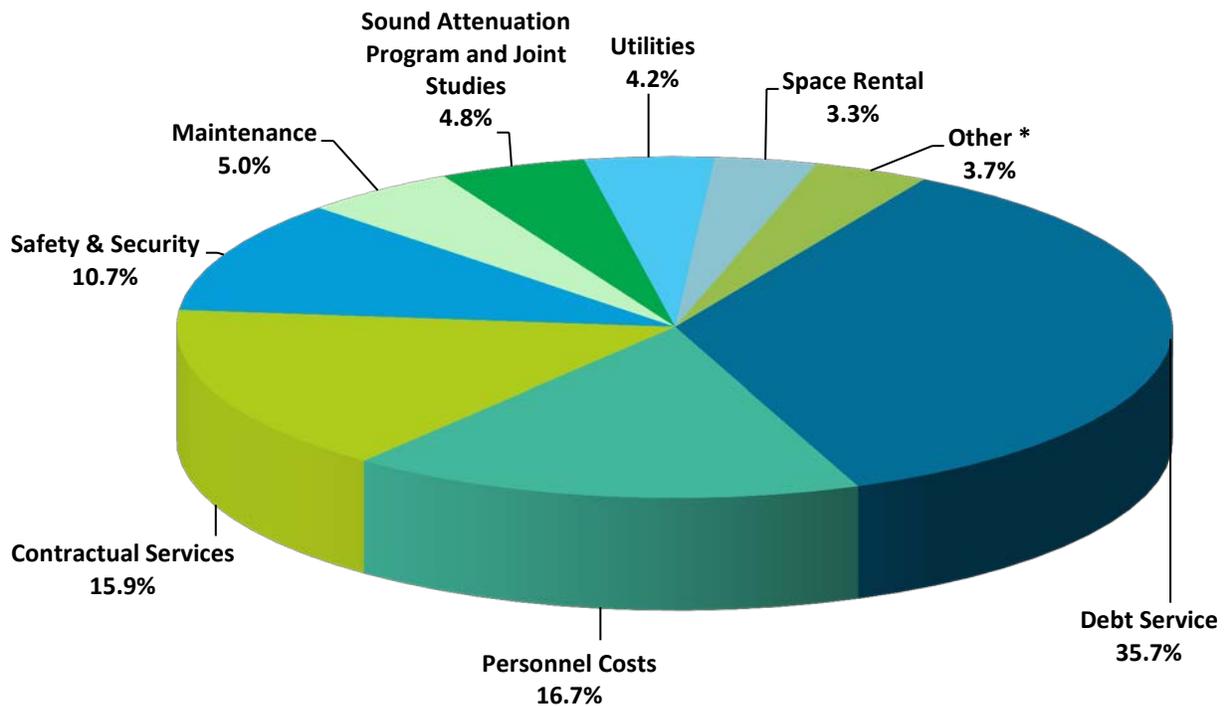


Figure 18 – FY 2019 Expense Budget by Category

\*Other includes equipment rentals and repairs, business development, employee programs, insurance, tenant improvements, operating equipment and supplies, and equipment outlay.

## Expense Overview

### Division Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	FY 2018 Budget New/ Transfers (Eliminated)	FY 2018 Budget	FY 2019 Budget New/ (Eliminated)	FY 2019 Conceptual Budget
<b>Executive</b>							
Executive Office	4	4	0	0	4	0	4
Corporate and Information Governance	9	9	0	0	9	0	9
Air Service Development	3	3	0	0	3	0	3
Talent, Culture & Capability	17	17	-1	0	16	0	16
Vision, Voice & Engagement	14	15	0	0	15	0	15
Inter-governmental Relations	3	2	0	0	2	0	2
Risk Management	5	7	0	0	7	0	7
General Counsel	6	6	0	0	6	0	6
Chief Auditor	8	7	0	0	7	0	7
<b>Total Executive Division</b>	<b>69</b>	<b>70</b>	<b>-1</b>	<b>0</b>	<b>69</b>	<b>0</b>	<b>69</b>
<b>Operations</b>							
Terminal & Tenants	14	15	0	2	17	0	17
Aviation Security & Public Safety	12	12	3	2	17	1	18
Airside Operations	18	18	-3	0	15	0	15
Ground Transportation	64	64	0	0	64	0	64
Facilities Management	84	86	0	2	88	1	89
<b>Total Operations Division</b>	<b>192</b>	<b>195</b>	<b>0</b>	<b>6</b>	<b>201</b>	<b>2</b>	<b>203</b>
<b>Finance &amp; Asset Management</b>							
Business & Financial Management	26	26	0	0	26	0	26
Accounting	12	12	0	0	12	0	12
Information & Technology Services	29	29	0	0	29	0	29
Procurement	11	11	1	0	12	0	12
Small Business Development	4	4	-1	1	4	0	4
Business Development	1	1	1	0	2	0	2
<b>Total Finance &amp; Asset Management Division</b>	<b>83</b>	<b>83</b>	<b>1</b>	<b>1</b>	<b>85</b>	<b>0</b>	<b>85</b>
<b>Development</b>							
Facilities Development	39	39	-1	0	38	0	38
Airport Design & Construction	13	13	1	0	14	0	14
Environmental Affairs	9	10	0	0	10	0	10
Airport Planning & Noise Mitigation	20	20	0	0	20	1	21
<b>Total Development Division</b>	<b>81</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>1</b>	<b>83</b>
<b>Total Positions</b>	<b>425</b>	<b>430</b>	<b>0</b>	<b>7</b>	<b>437</b>	<b>3</b>	<b>440</b>

## Expense Overview

### FY 2018 Personnel Budget by Division

FY 2018 Total Authorized Positions: 437

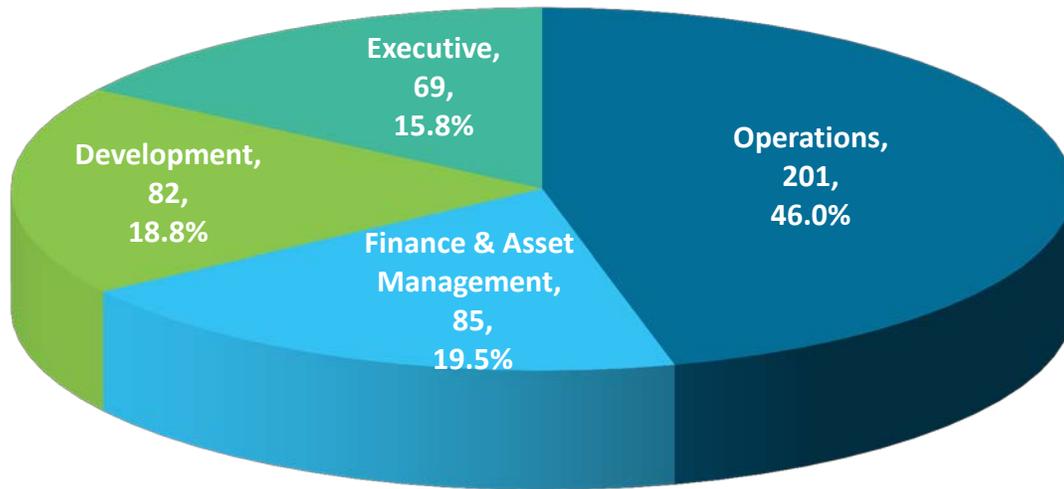


Figure 19 – FY 2018 Personnel Budget by Division

### FY 2019 Personnel Budget by Division

FY 2019 Total Authorized Positions: 440

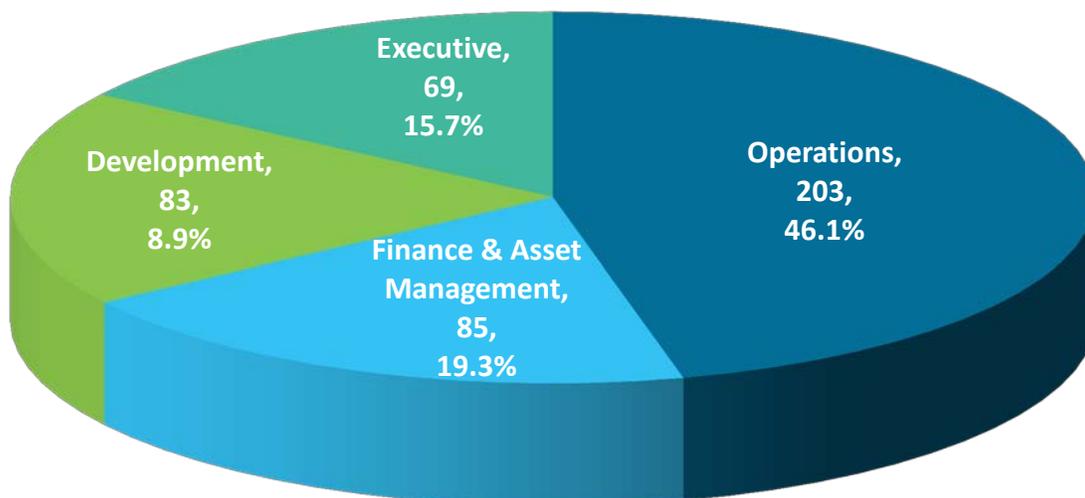


Figure 20 – FY 2019 Personnel Budget by Division

## Expense Overview

### FY 2018 Budget New Positions

<u>Division</u>	<u>Department</u>	<u>Proposed New Positions</u>
Operations	Terminals & Tenants	Terminal Operations Coordinator-Limited (FIS)
Operations	Terminals & Tenants	Terminal Operations Coordinator-Limited (FIS)
Operations	Facilities Management	Energy Manager
Operations	Facilities Management	Inspector, Planner & Estimator
Operations	Aviation Security/Public Safety	Director, Aviation Security & Public Safety
Operations	Aviation Security/Public Safety	Security Specialist I
		<b>6</b>
Finance	Small Business Development	Small Bus Dev Program Manager
		<b>1</b>
	<b>Total FY 2018 new positions</b>	<b>7</b>

Figure 21 – FY 2018 Budget New Positions

### FY 2019 Budget New Positions

<u>Division</u>	<u>Department</u>	<u>Proposed New Positions</u>
Operations	Facilities Management	Management Analyst
Operations	Aviation Security/Public Safety	Security & Emergency Response Coordinator
		<b>2</b>
Development	Airport Planning	Senior Airport Planner
		<b>1</b>
	<b>Total FY 2019 new positions</b>	<b>3</b>

Figure 22 – FY 2019 Budget New Positions

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# EXECUTIVE DIVISION



## Executive Division

### Overview

The **Executive Division** provides leadership and direction to Authority staff in accomplishing the twelve-member Authority Board's strategies and initiatives. The **Authority Board** consists of nine voting members and three ex-officio members and is responsible for setting policies related to aircraft operations, airport land-use planning and the future air transportation planning needs of the region.

The nine voting Board members are appointed to staggered three-year terms by the Chair of the San Diego County Board of Supervisors, the Mayor of the City of San Diego and groups of mayors of the other cities in San Diego County. Compensation for all nine voting Board members is \$200 per day of service, with a maximum of eight days of service per month. The Board chair receives an additional \$500 stipend per month.

The following are descriptions of each department within the Executive Division.

The **Executive Office** works to foster a cooperative and collaborative relationship among Authority employees, airlines, various business partners, relevant government agencies and stakeholder groups. The Executive Office also coordinates and oversees the overall day-to-day operations and development of San Diego International Airport.

The Executive Office also coordinates technical and staff support to the Authority Board; promotes positive collaborative relationships with its business partners and the community; approves all contracts, deeds, leases and agreements that contractually bind the Authority and ensures that the region's long-term airport needs are identified and addressed.

The **Office of the Chief Auditor** provides professional internal auditing services to promote full accountability, efficiency and effectiveness of services by the Authority to the traveling public and the airlines. The Office of the Chief Auditor reports to the Audit Committee of the Board. It performs audits in accordance with current professional standards and provides recommendations to enhance the Authority's internal controls. As authorized by the Board, the Office of the Chief Auditor administers the Authority Ethics Program and confidential Hotline Reporting System.

The Office of the Chief Auditor also assists management in maintaining the financial and operational integrity of the Authority, and analyzes and assesses the Authority's financial data, operations and programs for compliance with applicable laws, policies, procedures and mandates.

The **Office of the General Counsel** provides professional legal advice and representation to the Authority's Board and the various divisions and departments of the Authority. The Office of the General Counsel represents the Authority in all litigation and legal matters. It assists in the preparation and review of Authority leases, contracts, legal documents, ordinances and resolutions, Authority bonds and other instruments.

Further, the Office of the General Counsel selects and manages all outside legal counsel, and advises with the objective to limit liability and exposure to claims and lawsuits.

The **Air Service Development Department** develops and implements strategies aimed at enhancing air service to SAN. The department develops the annual air service strategic plan to target air service growth opportunities for SAN; develops relationships between incumbent and potential new airlines at SAN and presents business cases for specific route opportunities at the airport.

The Air Service Development Department also compiles and maintains the official airport passenger, operations and cargo statistics; manages the airport's air service incentive policies and consults with regional stakeholders on air service opportunities.

## Executive Division

The **Corporate and Information Governance Department** provides guidance and ensures compliance with state and local laws and Authority codes and policies pertaining to the administration of public Board and Committee meetings, conflict of interest disclosures, access to public records and records and information management. These laws and policies include, but are not limited to, the Brown Act, Political Reform Act, the Public Records Act and the approved Records and Information Management Program.

The Corporate and Information Governance Department also coordinates communications with the Board of Directors, executive and senior staff; assures an accountability framework and policies for, and the management of, records and information governance, including access to public records; serves as the executive sponsor for the Authority's Business Continuity Plan (BCP); manages compliance with the Brown Act as it relates to public Board and Committee meetings; manages Conflict of Interest Filings and other filings required by the Political Reform Act; manages the Authority's lobbyist program; and manages mail and reception operations.

The **Assets & Alliances Group** ensures the protection of the Authority's physical and human capital assets. It also establishes and maintains key relationships with critical stakeholders at all levels of government. These goals are accomplished through the two following departments.

The **Risk Management Department** coordinates with insurance brokers and carriers to identify risk exposures and secures and maintains insurance coverage to protect the Authority's property and people assets at reasonable costs.

In addition, the department oversees the following: Defense and/or presentation of first- and third-party claims asserted on behalf of or against the Authority; employee safety initiatives as required by Occupational Safety and Health Administration (OSHA) and Cal OSHA guidelines; employee wellness programs such as ergonomic initiatives; and the implementation and review of strategic risk management strategies encompassing hazard, reputational and financial risk throughout the organization.

The **Inter-Governmental Relations Department** develops and implements the Authority's legislative and regulatory program and monitors and analyzes legislative and regulatory actions at the federal, state and local levels. The department also provides advocacy services, in conjunction with contracted advocates in Sacramento and Washington D.C., in support of important Authority initiatives and programs.

The **Talent & Engagement Group** works with internal and external stakeholder groups to ensure that the organization's performance and its' brand promise are aligned. The group measures various key organizational performance indicators, supports the alignment of employee performance with the organization's strategic plan, and ensures that key stakeholder groups are educated and informed on the value of the organization's contributions within the San Diego community. These goals are accomplished through the following two departments.

The **Talent, Culture & Capability Department** provides Talent's services and support that inform effective business decisions, enhance organizational capabilities and create a culture of success. The department reports on key performance indicators (e.g., passenger satisfaction, engagement, etc.); manages talent acquisition and development; sustains employee wellness and reward programs; and supports process mapping and redesign. Through these services, the department assures continued organizational development, workforce engagement, and ongoing process optimization.

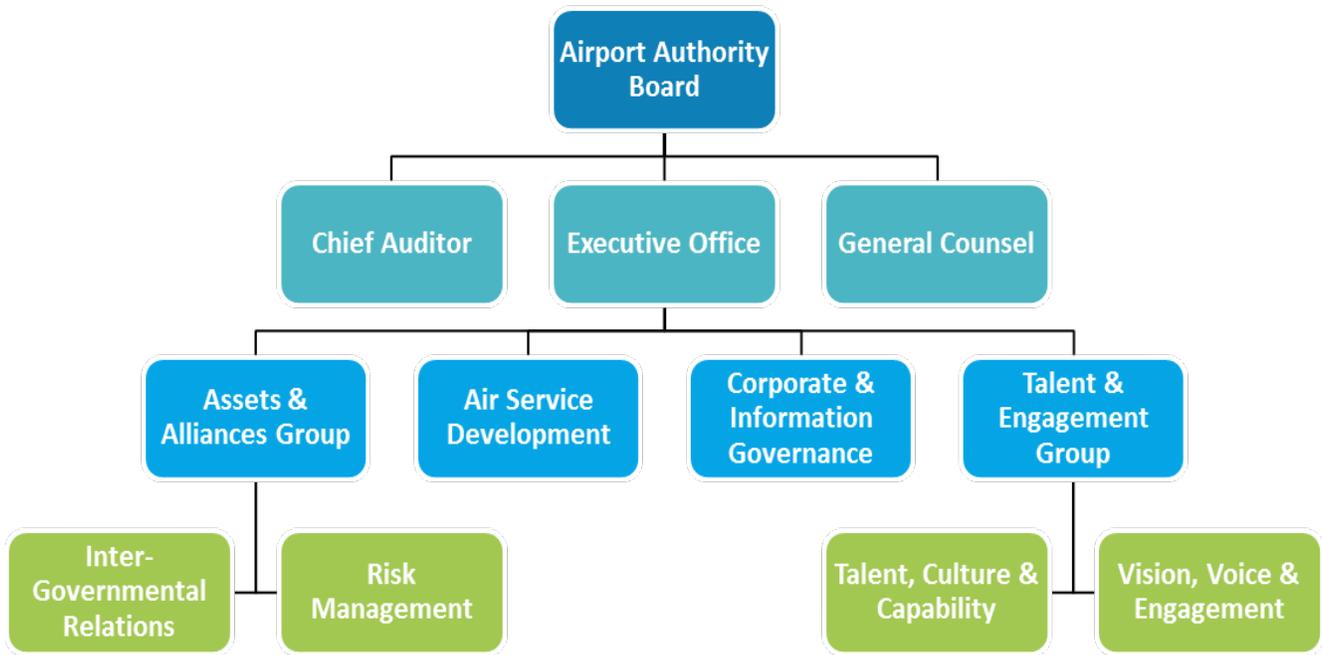
## Executive Division

The **Vision, Voice & Engagement Department** manages and enhances the image and reputation of the Airport Authority and airport. This involves a wide range of activities and initiatives that enhance the customer experience, engage the public, generate positive media coverage, enhance revenue and increase awareness of the Authority and airport.

The Vision, Voice & Engagement Department also provides public relations, marketing, and social media strategy and services; furthers collaboration with civic and community partners; offers education and community outreach programs; serves as the Authority's designated point of contact for the media; and delivers a robust Airport Arts Program that engages travelers in innovative, memorable and considerate experiences. The department contributes to the airport's vision by enhancing the visibility of SAN and establishing the Airport Authority as a trusted and highly responsive regional agency.

## Executive Division

### FY 2018 – FY 2019 Organizational Structure



### Division Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget Transfers	FY 2018 Budget New/ (Eliminated)	FY 2018 Budget	FY 2019 Budget New/ (Eliminated)	FY 2019 Conceptual Budget
<b>Executive</b>							
Executive Office	4	4	-	-	4	-	4
Corporate and Information Governance	9	9	-	-	9	-	9
Air Service Development	3	3	-	-	3	-	3
Talent, Culture & Capability	17	17	(1)	-	16	-	16
Vision, Voice & Engagement	14	15	-	-	15	-	15
Inter-governmental Relations	3	2	-	-	2	-	2
Risk Management	5	7	-	-	7	-	7
General Counsel	6	6	-	-	6	-	6
Chief Auditor	8	7	-	-	7	-	7
<b>Total Authorized &amp; Funded Positions</b>	<b>69</b>	<b>70</b>	<b>(1)</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>69</b>

## Executive Division

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,497,677	\$ 7,221,020	\$ 7,190,172	\$ (30,848)	-0.4%	\$ 7,446,940	\$ 256,768	3.6%
Premium Overtime	2,949	-	-	-	0.0%	-	-	0.0%
Employee Benefits	2,712,254	3,072,588	3,208,106	135,517	4.4%	3,639,022	430,916	13.4%
Subtotal	9,212,881	10,293,609	10,398,278	104,669	1.0%	11,085,962	687,684	6.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>9,212,881</b>	<b>10,293,609</b>	<b>10,398,278</b>	<b>104,669</b>	<b>1.0%</b>	<b>11,085,962</b>	<b>687,684</b>	<b>6.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,130,907	4,009,972	3,619,275	(390,697)	-9.7%	3,439,100	(180,175)	-5.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	-	(1,200)	-100.0%	-	-	0.0%
Utilities	2,581	1,975	1,150	(825)	-41.8%	1,150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	67,774	23,800	37,550	13,750	57.8%	30,700	(6,850)	-18.2%
Operating Supplies	53,313	38,025	36,300	(1,725)	-4.5%	37,400	1,100	3.0%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	555,073	582,123	600,100	17,977	3.1%	526,430	(73,670)	-12.3%
Business Development	1,562,030	2,126,395	3,282,775	1,156,380	54.4%	2,697,950	(584,825)	-17.8%
Equipment Rentals & Repairs	68,750	95,450	70,290	(25,160)	-77.3%	70,290	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>6,389,919</b>	<b>7,891,698</b>	<b>8,850,040</b>	<b>958,342</b>	<b>12.1%</b>	<b>8,145,040</b>	<b>(705,000)</b>	<b>-8.0%</b>
<b>Total Operating Expenses</b>	<b>15,602,800</b>	<b>18,185,307</b>	<b>19,248,318</b>	<b>1,063,011</b>	<b>5.8%</b>	<b>19,231,002</b>	<b>(17,316)</b>	<b>-0.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>374,632</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,977,432</b>	<b>18,195,307</b>	<b>19,258,318</b>	<b>1,063,011</b>	<b>5.8%</b>	<b>19,241,002</b>	<b>(17,316)</b>	<b>-0.1%</b>
Equipment Outlay	36,710	100,000	20,000	(80,000)	-80.0%	-	(20,000)	-100.0%
<b>Total Executive Division Expenses</b>	<b>\$ 16,014,142</b>	<b>\$ 18,295,307</b>	<b>\$ 19,278,318</b>	<b>\$ 983,011</b>	<b>5.4%</b>	<b>\$ 19,241,002</b>	<b>\$ (37,316)</b>	<b>-0.2%</b>

## Executive Division

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 18,295,307</b>	<b>\$ 19,278,318</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	152,146	424,409
Salary adjustments and pay-for-performance	99,142	263,275
1 position of Manager Capability & Planning (salaries & burden) transferred to Finance & Asset Management Division	(146,619)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>104,669</b>	<b>687,684</b>
Sponsorships and marketing activities	723,505	(650,000)
Concessions Development Program Marketing	330,000	50,000
Insurance	189,842	139,420
Completion of Strategic Planning, Marketing & Safety Consultants	(390,697)	(180,175)
Other, net	25,692	(84,245)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>878,342</b>	<b>(725,000)</b>
<b>Total Increase / (Decrease)</b>	<b>983,011</b>	<b>(37,316)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 19,278,318</b>	<b>\$ 19,241,002</b>

# Executive Division

## FY 2018 Expense Budget by Department

In thousands

Departments	FY 2018 Budget
Vision, Voice & Engagement	\$ 5,532
Talent Culture & Capability	3,312
Risk Management	2,563
General Counsel	2,090
Air Service Development	1,388
Chief Auditor	1,275
Executive Offices	1,142
Corporate & Information Governance	1,037
Intergovernmental Relations	784
Board Services	156
<b>Total <sup>(1)</sup></b>	<b>\$ 19,278</b>

<sup>(1)</sup> Total may differ due to rounding.

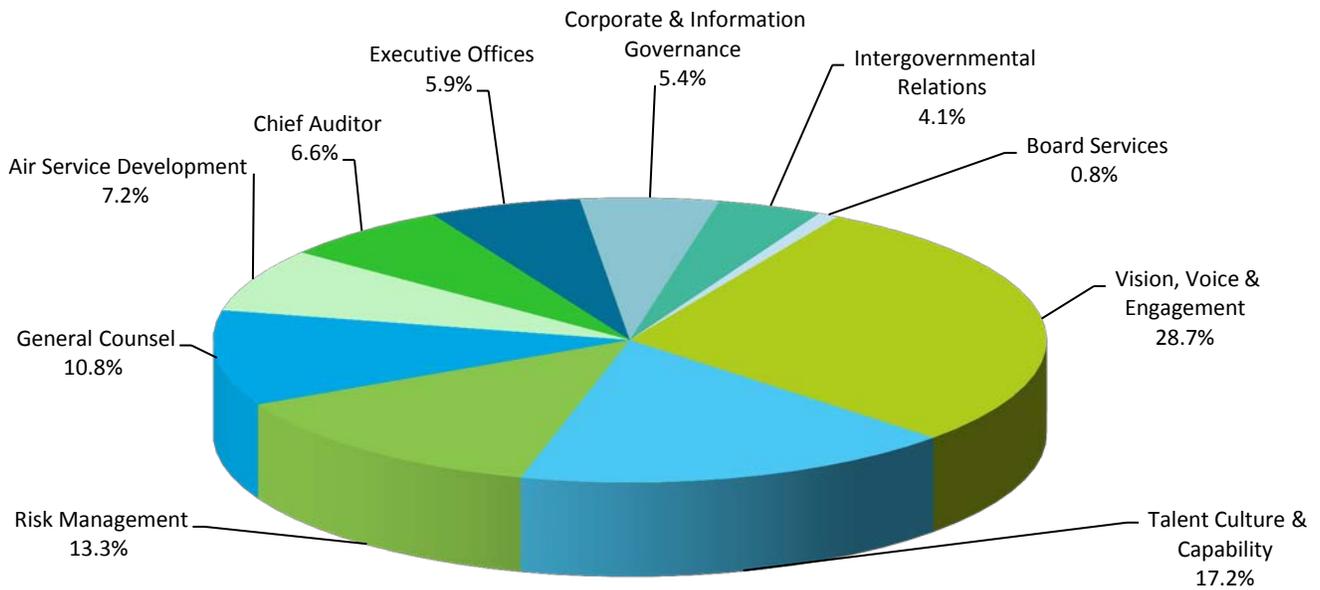


Figure 23 – FY 2018 Expense Budget by Department

# Executive Division

## FY 2019 Expense Budget by Department

In thousands

Departments	FY 2019 Conceptual Budget
Vision, Voice & Engagement	\$ 4,919
Talent Culture & Capability	3,381
Risk Management	2,720
General Counsel	2,165
Air Service Development	1,436
Chief Auditor	1,342
Executive Offices	1,207
Corporate & Information Governance	1,102
Intergovernmental Relations	814
Board Services	156
<b>Total <sup>(1)</sup></b>	<b>\$ 19,241</b>

<sup>(1)</sup> Total may differ due to rounding.

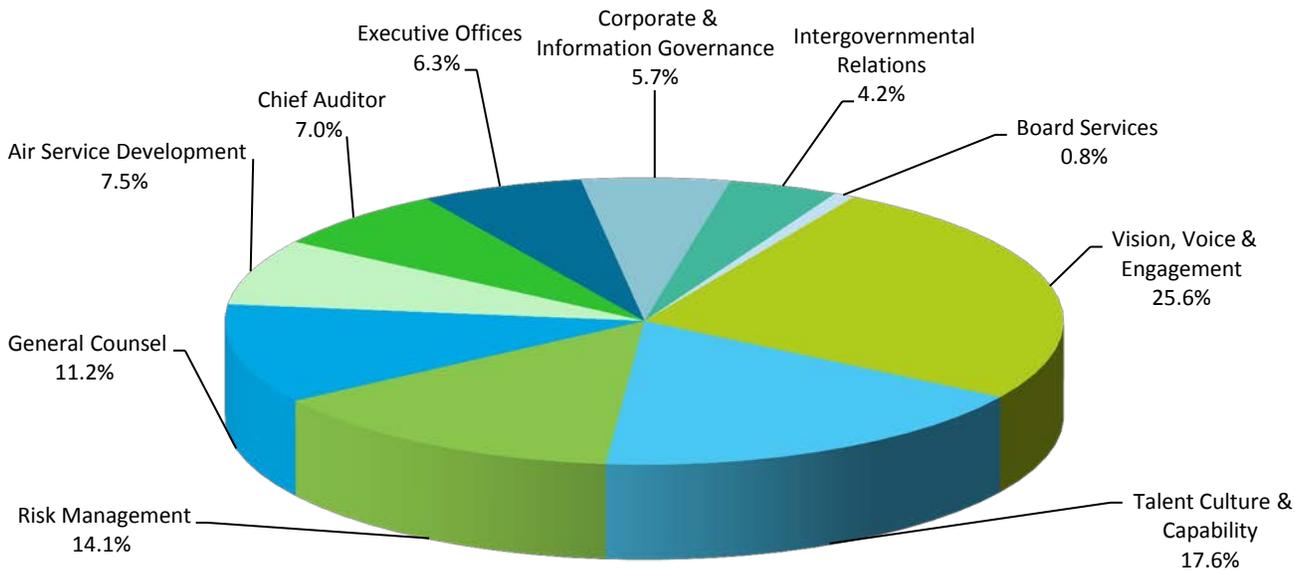


Figure 24 – FY 2019 Expense Budget by Department

## Executive Division

### FY 2018 Expense Budget by Category

In thousands

Category	FY 2018 Budget
Personnel Expenses	\$ 10,398
Contractual Services	3,619
Business Development	3,283
Insurance	1,203
Employee Programs	600
Other *	175
<b>Total <sup>(1)</sup></b>	<b>\$ 19,278</b>

<sup>(1)</sup> Total may differ due to rounding.

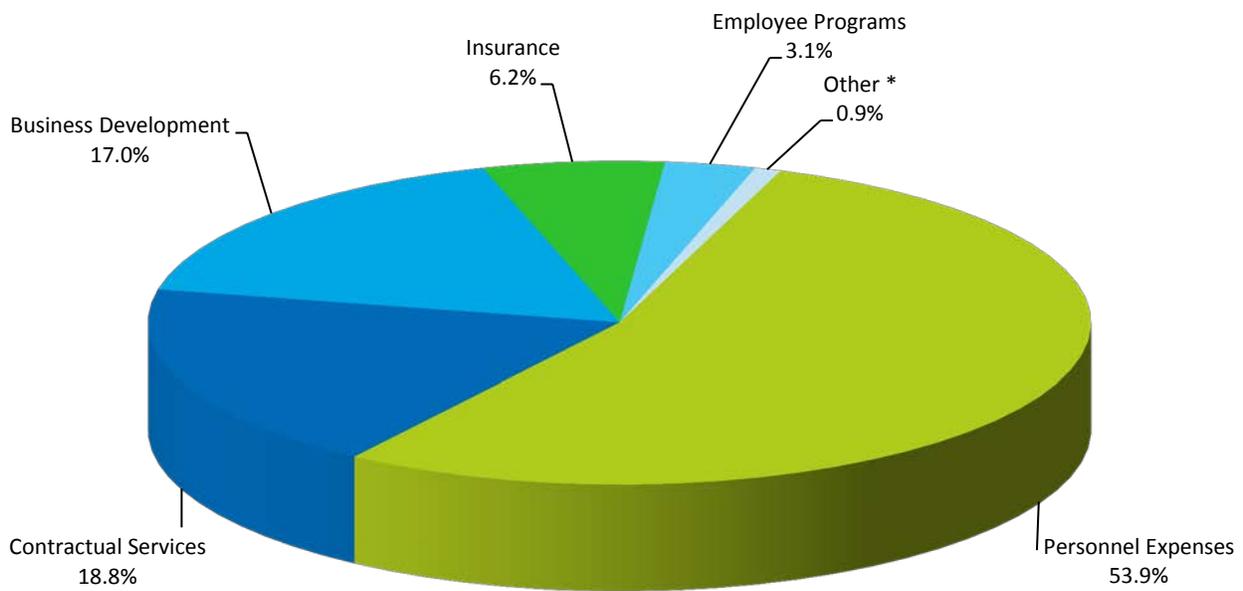


Figure 25 – FY 2018 Expense Budget by Category

\*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

## Executive Division

### FY 2019 Expense Budget by Category

In thousands

Category	FY 2019 Conceptual Budget
Personnel Expenses	\$ 11,086
Contractual Services	3,439
Business Development	2,698
Insurance	1,342
Employee Programs	526
Other *	150
<b>Total <sup>(1)</sup></b>	<b>\$ 19,241</b>

<sup>(1)</sup> Total may differ due to rounding.

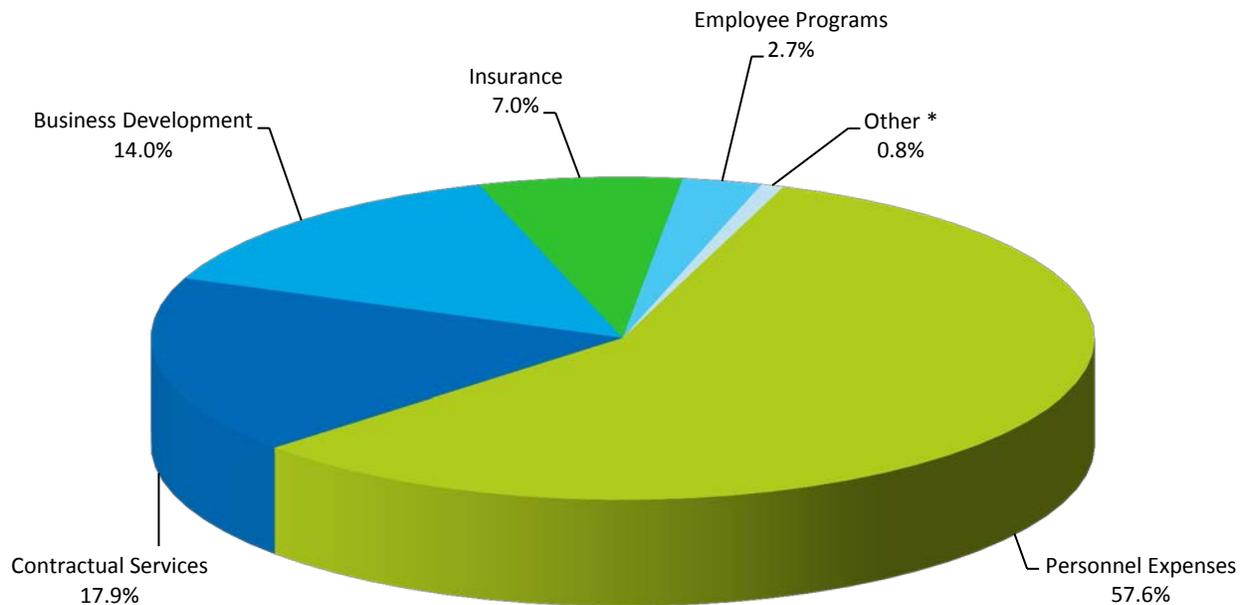
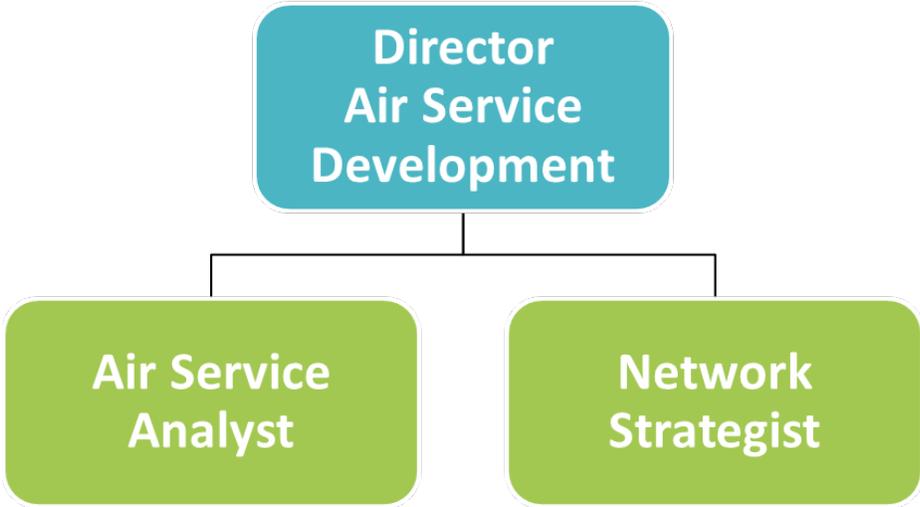


Figure 26 – FY 2019 Expense Budget by Category

\*Other includes operating equipment & systems, utilities and operating supplies, equipment rentals & repairs, legal settlements, etc.

**Executive Division – Air Service Development**

**FY 2018 – FY 2019 Organizational Structure**



*No personnel changes in FY 2019.*

## Executive Division – Air Service Development

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 210,932	\$ 289,128	\$ 319,667	\$ 30,540	10.6%	\$ 332,454	\$ 12,787	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	98,658	130,493	145,366	14,873	11.4%	165,734	20,368	14.0%
Subtotal	309,590	419,621	465,033	45,413	10.8%	498,188	33,155	7.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>309,590</b>	<b>419,621</b>	<b>465,033</b>	<b>45,413</b>	<b>10.8%</b>	<b>498,188</b>	<b>33,155</b>	<b>7.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	307,742	285,000	285,000	-	0.0%	285,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,029	-	-	-	0.0%	-	-	0.0%
Operating Supplies	754	800	800	-	0.0%	800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	55,184	32,450	32,450	-	0.0%	37,450	5,000	15.4%
Business Development	339,995	541,500	604,500	63,000	11.6%	614,500	10,000	1.7%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>705,704</b>	<b>859,750</b>	<b>922,750</b>	<b>63,000</b>	<b>7.3%</b>	<b>937,750</b>	<b>15,000</b>	<b>1.6%</b>
<b>Total Operating Expenses</b>	<b>1,015,294</b>	<b>1,279,371</b>	<b>1,387,783</b>	<b>108,413</b>	<b>8.5%</b>	<b>1,435,938</b>	<b>48,155</b>	<b>3.5%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,015,294</b>	<b>1,279,371</b>	<b>1,387,783</b>	<b>108,413</b>	<b>8.5%</b>	<b>1,435,938</b>	<b>48,155</b>	<b>3.5%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,015,294</b>	<b>\$ 1,279,371</b>	<b>\$ 1,387,783</b>	<b>\$ 108,413</b>	<b>8.5%</b>	<b>\$ 1,435,938</b>	<b>\$ 48,155</b>	<b>3.5%</b>

## Executive Division – Air Service Development

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 1,279,371</b>	<b>\$ 1,387,783</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	30,540	12,787
Burden (benefits & employer taxes) for current staff	14,873	20,368
<b>Total Increase / (Decrease) in personnel costs</b>	<b>45,413</b>	<b>33,155</b>
Membership & Dues	63,000	-
Other, net	-	15,000
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>63,000</b>	<b>15,000</b>
<b>Total Increase / (Decrease)</b>	<b>108,413</b>	<b>48,155</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 1,387,783</b>	<b>\$ 1,435,938</b>

## Executive Division – Air Service Development

### FY 2017 Progress Report

1. Secure at least one new domestic destination after every fiscal year where overall domestic available seat departure growth exceeds 5%. Maintain number of domestic destinations served if national seat departure growth is between 0.00 – 4.99%.

**Progress:** In FY 2017 the following new domestic destinations have been added on a year-round or seasonal basis:

- Cleveland
- Colorado Springs
- Cincinnati
- Hayden / Steamboat Springs
- Indianapolis
- Omaha
- Provo
- Spokane

**Initiative:** Focus on revenue generation and cost control.

2. Retain air service to Tokyo.

**Progress:** Service has been retained.

**Initiative:** Focus on revenue generation and cost control.

3. Develop air service to Central / South America and additional service to Europe.

**Progress:** Additional service to Europe has been obtained to Frankfurt and Zürich.

**Initiative:** Focus on revenue generation and cost control.

## Executive Division – Air Service Development

### FY 2018 – FY 2019 Goals

1. Secure at least one new domestic destination after every fiscal year where overall domestic available seat departure growth exceeds 5%. Maintain number of domestic destinations served if national seat departure growth is between 0.00 – 4.99%.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Secure air service to a second European Hub market or additional European origin – destination markets.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Secure air service to a Latin American hub market or large Latin American origin – destination markets.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

## Executive Division – Authority Board

### FY 2018 – FY 2019 Organizational Structure

**Authority Board  
Nine General Board Members  
& Three Ex-Officio  
Board Members**

*No personnel changes in FY 2019.*

## Executive Division – Authority Board

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	-	-	-	-	0.0%	-	-	0.0%
Subtotal	-	-	-	-	0.0%	-	-	0.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	-	-	-	-	0.0%	-	-	0.0%
<b>Non-Personnel Expenses</b>								
Contractual Services	101,019	107,000	107,000	-	0.0%	107,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	69	-	-	-	0.0%	-	-	0.0%
Operating Supplies	1,138	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,782	11,200	11,200	-	0.0%	11,200	-	0.0%
Business Development	25,977	47,600	37,300	(10,300)	-21.6%	37,300	-	0.0%
Equipment Rentals & Repairs	(40)	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>147,945</b>	<b>165,800</b>	<b>155,500</b>	<b>(10,300)</b>	<b>-6.2%</b>	<b>155,500</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>147,945</b>	<b>165,800</b>	<b>155,500</b>	<b>(10,300)</b>	<b>-6.2%</b>	<b>155,500</b>	<b>-</b>	<b>0.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>147,945</b>	<b>165,800</b>	<b>155,500</b>	<b>(10,300)</b>	<b>-6.2%</b>	<b>155,500</b>	<b>-</b>	<b>0.0%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 147,945</b>	<b>\$ 165,800</b>	<b>\$ 155,500</b>	<b>\$ (10,300)</b>	<b>-6.2%</b>	<b>\$ 155,500</b>	<b>\$ -</b>	<b>0.0%</b>

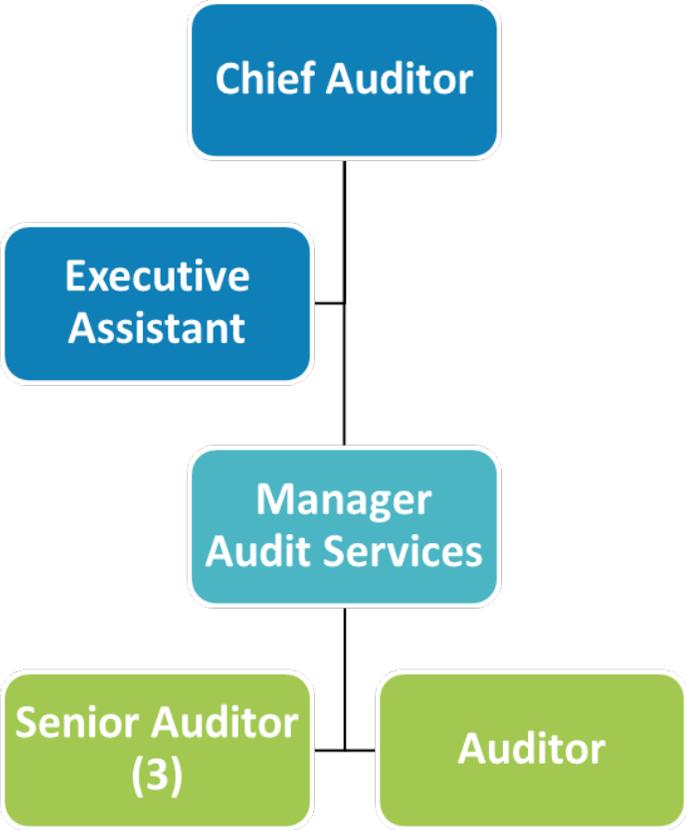
## Executive Division – Authority Board

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 165,800</b>	<b>\$ 155,500</b>
Other, net	(10,300)	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(10,300)</b>	-
<b>Total Increase / (Decrease)</b>	<b>(10,300)</b>	-
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 155,500</b>	<b>\$ 155,500</b>

**Executive Division – Chief Auditor**

**FY 2018 – FY 2019 Organizational Structure**



*No personnel changes in FY 2019.*

## Executive Division – Chief Auditor

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 774,552	\$ 836,507	\$ 848,261	\$ 11,754	1.4%	\$ 874,732	\$ 26,471	3.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	306,200	330,406	384,265	53,859	16.3%	425,453	41,188	10.7%
Subtotal	1,080,751	1,166,913	1,232,526	65,613	5.6%	1,300,185	67,659	5.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,080,751</b>	<b>1,166,913</b>	<b>1,232,526</b>	<b>65,613</b>	<b>5.6%</b>	<b>1,300,185</b>	<b>67,659</b>	<b>5.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	585	750	800	50	6.7%	850	50	6.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	60	275	200	(75)	-27.3%	200	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	5,459	2,750	2,600	(150)	-5.5%	2,500	(100)	-3.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	12,110	29,200	26,900	(2,300)	-7.9%	26,900	-	0.0%
Business Development	4,263	4,275	4,525	250	5.8%	4,600	75	1.7%
Equipment Rentals & Repairs	17,534	5,000	7,040	2,040	-57.5%	7,040	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>40,011</b>	<b>42,250</b>	<b>42,065</b>	<b>(185)</b>	<b>-0.4%</b>	<b>42,090</b>	<b>25</b>	<b>0.1%</b>
<b>Total Operating Expenses</b>	<b>1,120,763</b>	<b>1,209,163</b>	<b>1,274,591</b>	<b>65,428</b>	<b>5.4%</b>	<b>1,342,275</b>	<b>67,684</b>	<b>5.3%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,120,763</b>	<b>1,209,163</b>	<b>1,274,591</b>	<b>65,428</b>	<b>5.4%</b>	<b>1,342,275</b>	<b>67,684</b>	<b>5.3%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,120,763</b>	<b>\$ 1,209,163</b>	<b>\$ 1,274,591</b>	<b>\$ 65,428</b>	<b>5.4%</b>	<b>\$ 1,342,275</b>	<b>\$ 67,684</b>	<b>5.3%</b>

## Executive Division – Chief Auditor

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 1,209,163</b>	<b>\$ 1,274,591</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	53,859	41,188
Salary adjustments and pay-for-performance	11,754	26,471
<b>Total Increase / (Decrease) in personnel costs</b>	<b>65,613</b>	<b>67,659</b>
Other, net	(185)	25
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(185)</b>	<b>25</b>
<b>Total Increase / (Decrease)</b>	<b>65,428</b>	<b>67,684</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 1,274,591</b>	<b>\$ 1,342,275</b>

## Executive Division – Chief Auditor

### FY 2017 Progress Report

1. Effectively utilize Audit personnel’s time performing audits to achieve an audit utilization rate equal to the cumulative percentage for all audit staff.  
**Progress:** The department utilization goal is 80%. During the last reporting period, Audit had a utilization rate of 81%.  
**Initiative:** Focus on revenue generation and cost control.
2. Confirm revenues obtained from business partners and costs paid to contractors comply with the terms of agreements.  
**Progress:** During the most recent reporting period the department had identified \$126,497 of additional revenue/cost savings during the FY 2017.  
**Initiative:** Focus on revenue generation and cost control.
3. Provide workable audit recommendations that help improve the Authority’s operations within a 90% implementation rate.  
**Progress:** To date, 53% of the recommendations provided to departments in FY 2017 have been implemented. The department appears to be on track to achieve this goal.  
**Initiative:** Focus on revenue generation and cost control.
4. Perform audit work in an efficient manner. 80% of all audits completed within budgeted time as established within the annual plan approved by the Board.  
**Progress:** Currently, 82% of the audits conducted during the FY 2017 have been completed within the budgeted time.  
**Initiative:** Focus on revenue generation and cost control.
5. Conduct audit engagements in a manner that meets the expectation of the customers. Achieve an internal customer satisfaction ratio of 4 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.  
**Progress:** Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.80.  
**Initiative:** Strategically engage our employees in sustainable business practices.
6. Conduct audits that focus on the key risk areas of the Authority and its business partners.  
**Progress:** The department developed a risk assessment objectively ranking auditable areas, and developed an audit plan based on risk assessment scoring. The Audit Committee and the Board approved the Office of the Chief Auditor’s audit plan before the beginning of the fiscal year.  
**Initiative:** Focus on revenue generation and cost control.
7. Provide tools and training for staff to ensure adequacy and effectiveness of audits.  
**Progress:** Staff is on track to achieve required continued professional education levels of training, and to meet targets set for them during the annual performance reviews.  
**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Chief Auditor

### FY 2018 – FY 2019 Goals

1. Effectively utilize Audit personnel’s time performing audits to achieve an audit utilization rate equal to the cumulative percentage for all audit staff.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Confirm revenues obtained from business partners and costs paid to contractors comply with the terms of agreements.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

3. Provide workable audit recommendations that help improve the Authority’s operations within a 90% implementation rate.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

4. Perform audit work in an efficient manner. 80% of all audits completed within budget time as established within the annual plan approved by the Board.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

5. Conduct audit engagements in a manner that meets the expectation of the customers. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.

**Strategic Goal:**

- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

6. Conduct audits that focus on the key risk areas of the Authority and its business partners.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

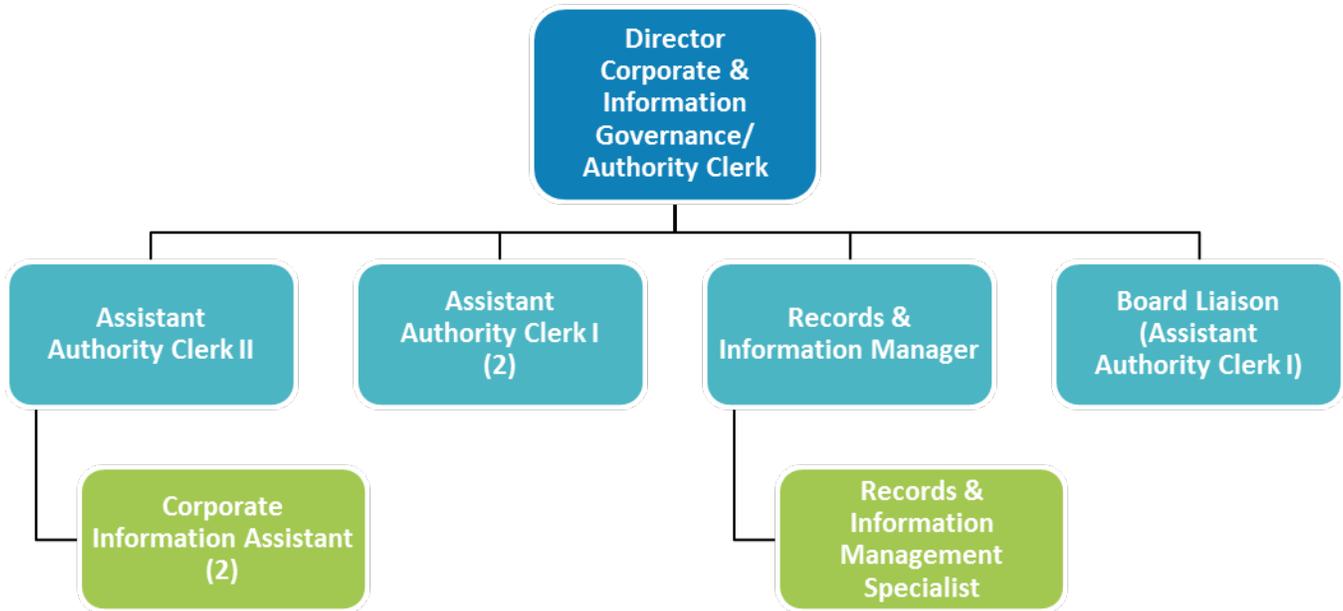
7. Provide tools and training for staff to ensure adequacy and effectiveness audits.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

## Executive Division – Corporate & Information Governance

### FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Executive Division – Corporate & Information Governance

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 499,372	\$ 593,738	\$ 624,612	\$ 30,874	5.2%	\$ 649,596	\$ 24,984	4.0%
Premium Overtime	2,979	-	-	-	0.0%	-	-	0.0%
Employee Benefits	253,076	289,623	307,127	17,505	6.0%	348,120	40,993	13.3%
Subtotal	755,427	883,360	931,739	48,379	5.5%	997,716	65,977	7.1%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>755,427</b>	<b>883,360</b>	<b>931,739</b>	<b>48,379</b>	<b>5.5%</b>	<b>997,716</b>	<b>65,977</b>	<b>7.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	41,797	20,100	20,900	800	4.0%	20,900	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	7	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	311	10,000	20,000	10,000	100.0%	20,000	-	0.0%
Operating Supplies	5,576	4,675	4,000	(675)	-14.4%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	24,802	25,400	27,400	2,000	7.9%	26,400	(1,000)	-3.6%
Business Development	19,816	15,800	10,300	(5,500)	-34.8%	10,300	-	0.0%
Equipment Rentals & Repairs	21,754	26,100	23,000	(3,100)	-31.4%	23,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>114,063</b>	<b>102,075</b>	<b>105,600</b>	<b>3,525</b>	<b>3.5%</b>	<b>104,600</b>	<b>(1,000)</b>	<b>-0.9%</b>
<b>Total Operating Expenses</b>	<b>869,490</b>	<b>985,435</b>	<b>1,037,339</b>	<b>51,904</b>	<b>5.3%</b>	<b>1,102,316</b>	<b>64,977</b>	<b>6.3%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>869,490</b>	<b>985,435</b>	<b>1,037,339</b>	<b>51,904</b>	<b>5.3%</b>	<b>1,102,316</b>	<b>64,977</b>	<b>6.3%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 869,490</b>	<b>\$ 985,435</b>	<b>\$ 1,037,339</b>	<b>\$ 51,904</b>	<b>5.3%</b>	<b>\$ 1,102,316</b>	<b>\$ 64,977</b>	<b>6.3%</b>

## Executive Division – Corporate & Information Governance

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 985,435</b>	<b>\$ 1,037,339</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	30,874	24,984
Burden (benefits & employer taxes) for current staff	17,505	40,993
<b>Total Increase / (Decrease) in personnel costs</b>	<b>48,379</b>	<b>65,977</b>
Other, net	3,525	(1,000)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>3,525</b>	<b>(1,000)</b>
<b>Total Increase / (Decrease)</b>	<b>51,904</b>	<b>64,977</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 1,037,339</b>	<b>\$ 1,102,316</b>

## Executive Division – Corporate & Information Governance

### FY 2017 Progress Report

1. Automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by January 2017.

**Progress:** Project on hold due to staff changes.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Provide electronic access and enhanced searching capabilities to Board and Committee meeting minutes and resolutions; and Authority contracts and leases via the Enterprise Content Management System (ECMS) by May 2017.

**Progress:** Completed November 2016.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Increase the Departments Employee Engagement Score by 5 percentage points on the 2017 Employee Opinion Survey.

**Progress:** In process.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Corporate & Information Governance

### FY 2018 – FY 2019 Goals

1. Automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by May 2018.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

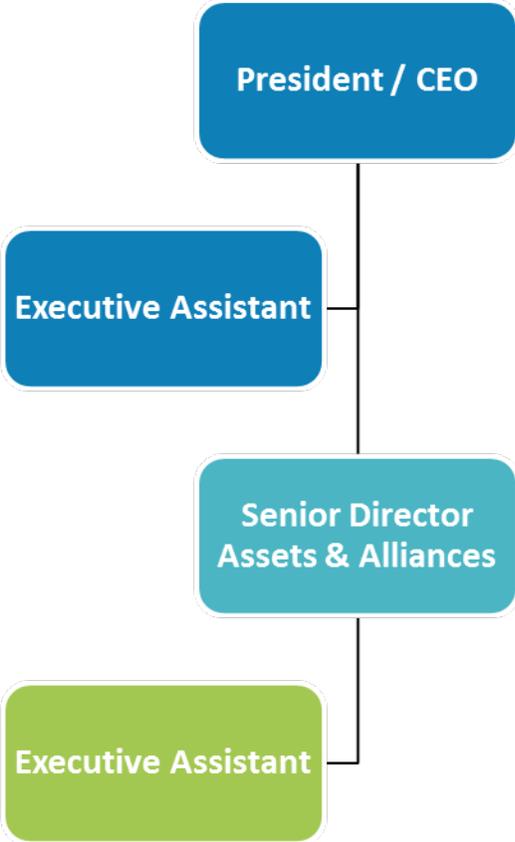
2. Complete a comprehensive update of Authority Codes and Policies for Board approval by December 2017.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

**Executive Division – Executive Office**

**FY 2018 – FY 2019 Organizational Structure**



*No personnel changes in FY 2019.*

## Executive Division – Executive Office

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 601,510	\$ 629,446	\$ 625,347	\$ (4,099)	-0.7%	\$ 643,861	\$ 18,514	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	202,095	259,813	251,253	(8,559)	-3.3%	291,784	40,531	16.1%
Subtotal	803,604	889,259	876,600	(12,658)	-1.4%	935,645	59,044	6.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>803,604</b>	<b>889,259</b>	<b>876,600</b>	<b>(12,658)</b>	<b>-1.4%</b>	<b>935,645</b>	<b>59,044</b>	<b>6.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,930	400	3,400	3,000	750.0%	3,400	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	45	-	100	100	0.0%	100	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	17,724	400	400	-	0.0%	400	-	0.0%
Operating Supplies	2,691	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	21,496	24,300	22,300	(2,000)	-8.2%	23,300	1,000	4.5%
Business Development	223,474	214,265	236,200	21,935	10.2%	241,200	5,000	2.1%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>269,360</b>	<b>241,865</b>	<b>264,900</b>	<b>23,035</b>	<b>9.5%</b>	<b>270,900</b>	<b>6,000</b>	<b>2.3%</b>
<b>Total Operating Expenses</b>	<b>1,072,964</b>	<b>1,131,124</b>	<b>1,141,500</b>	<b>10,377</b>	<b>0.9%</b>	<b>1,206,545</b>	<b>65,044</b>	<b>5.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,072,964</b>	<b>1,131,124</b>	<b>1,141,500</b>	<b>10,377</b>	<b>0.9%</b>	<b>1,206,545</b>	<b>65,044</b>	<b>5.7%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,072,964</b>	<b>\$ 1,131,124</b>	<b>\$ 1,141,500</b>	<b>\$ 10,377</b>	<b>0.9%</b>	<b>\$ 1,206,545</b>	<b>\$ 65,044</b>	<b>5.7%</b>

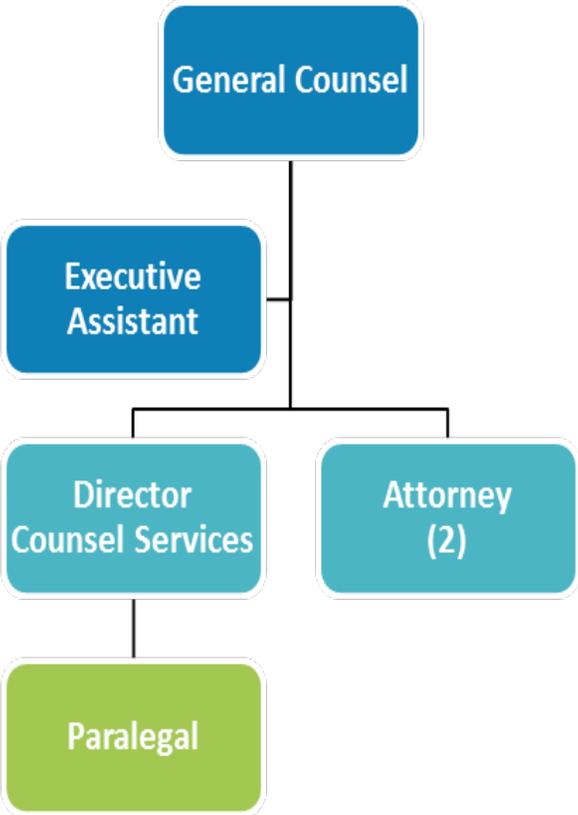
## Executive Division – Executive Office

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
	<hr/>	<hr/>
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 1,131,124</b>	<b>\$ 1,141,500</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	(4,099)	18,514
Burden (benefits & employer taxes) for current staff	(8,559)	40,531
<b>Total Increase / (Decrease) in personnel costs</b>	<hr/> <b>(12,658)</b>	<hr/> <b>59,044</b>
Other, net	23,035	6,000
<b>Total Increase / (Decrease) in non-personnel costs</b>	<hr/> <b>23,035</b>	<hr/> <b>6,000</b>
<b>Total Increase / (Decrease)</b>	<hr/> <b>10,377</b>	<hr/> <b>65,044</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<hr/> <b>\$ 1,141,500</b>	<hr/> <b>\$ 1,206,545</b>

**Executive Division – General Counsel**

**FY 2018 – FY 2019 Organizational Structure**



*No personnel changes in FY 2019.*

## Executive Division – General Counsel

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 945,817	\$ 964,487	\$ 889,300	\$ (75,187)	-7.8%	\$ 916,376	\$ 27,076	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	367,543	379,490	372,081	(7,409)	-2.0%	419,395	47,314	12.7%
Subtotal	1,313,360	1,343,977	1,261,380	(82,596)	-6.1%	1,335,771	74,390	5.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,313,360</b>	<b>1,343,977</b>	<b>1,261,380</b>	<b>(82,596)</b>	<b>-6.1%</b>	<b>1,335,771</b>	<b>74,390</b>	<b>5.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	152,267	810,500	760,000	(50,500)	-6.2%	760,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	32	250	50	(200)	-80.0%	50	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,000	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	3,995	4,000	4,000	-	0.0%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	61,915	68,400	42,200	(26,200)	-38.3%	42,200	-	0.0%
Business Development	20,922	7,050	11,550	4,500	63.8%	11,550	-	0.0%
Equipment Rentals & Repairs	-	1,100	-	(1,100)	-200.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>245,131</b>	<b>892,300</b>	<b>818,800</b>	<b>(73,500)</b>	<b>-8.2%</b>	<b>818,800</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>1,558,491</b>	<b>2,236,277</b>	<b>2,080,180</b>	<b>(156,096)</b>	<b>-7.0%</b>	<b>2,154,571</b>	<b>74,390</b>	<b>3.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>374,632</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,933,123</b>	<b>2,246,277</b>	<b>2,090,180</b>	<b>(156,096)</b>	<b>-6.9%</b>	<b>2,164,571</b>	<b>74,390</b>	<b>3.6%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,933,123</b>	<b>\$ 2,246,277</b>	<b>\$ 2,090,180</b>	<b>\$ (156,096)</b>	<b>-6.9%</b>	<b>\$ 2,164,571</b>	<b>\$ 74,390</b>	<b>3.6%</b>

## Executive Division – General Counsel

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 2,246,277</b>	<b>\$ 2,090,180</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	(7,409)	47,314
Salary adjustments and pay-for-performance	(75,187)	27,076
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(82,596)</b>	<b>74,390</b>
Legal services	(50,000)	-
Other, net	(23,500)	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(73,500)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>(156,096)</b>	<b>74,390</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 2,090,180</b>	<b>\$ 2,164,571</b>

## Executive Division – General Counsel

### FY 2017 Progress Report

1. Contain outside legal counsel costs with no increase in amount by using in-house legal staff whenever feasible, negotiating special hourly and per case rates and through close reviews of legal counsel invoices.

**Progress:** Outside legal counsel costs are below budget.

**Initiative:** Focus on revenue generation and cost control.

2. Provide timely, professional legal services in preparing, reviewing, executing and enforcing Authority contracts, leases and agreements to meet the needs to the Authority while complying with applicable laws and regulations and providing timely and professional legal advice concerning the Authority's Codes, Policies and practices to minimize the Authority's exposure to litigation.

**Progress:** Contracts, leases and agreements are reviewed and returned, on average, within 3 business days.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Increase educational activities of the office through periodic educational seminars open to Authority staff and management regarding contracting, ethics standards, bidding procedures, the Public Records Act, California Environmental Quality Act (CEQA) bonding, federal requirements and other areas.

**Progress:** The Office of the General Counsel provided training to ATOs on use of force, to Authority staff regarding CEQA, to Board Members regarding AB1234 and Airport 101, to FMD regarding prevailing wage.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – General Counsel

### FY 2018 – FY 2019 Goals

1. Contain outside legal counsel costs by using in-house legal staff where feasible, negotiating competitive hourly rates and per-case rates through close review of outside counsel invoices.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

2. Provide timely and professional legal services in preparing, reviewing, executing and enforcing Authority contracts and agreements to meet the needs of the Authority while complying with all applicable laws.

**Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

3. Increase knowledge of General Counsel Staff regarding emerging airport related issues by having them participate in continuing education and seminars addressing specialized area of the law.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

## Executive Division – Assets & Alliances Group

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 778,782	\$ 832,165	\$ 886,034	\$ 53,869	6.5%	\$ 921,235	\$ 35,201	4.0%
Premium Overtime	(30)	-	-	-	0.0%	-	-	0.0%
Employee Benefits	322,679	359,815	377,146	17,331	4.8%	432,463	55,317	14.7%
Subtotal	1,101,431	1,191,980	1,263,180	71,200	6.0%	1,353,699	90,519	7.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,101,431</b>	<b>1,191,980</b>	<b>1,263,180</b>	<b>71,200</b>	<b>6.0%</b>	<b>1,353,699</b>	<b>90,519</b>	<b>7.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	582,521	785,722	671,050	(114,672)	-14.6%	635,450	(35,600)	-5.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	34	300	200	(100)	-33.3%	200	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	10,088	2,000	6,650	4,650	232.5%	6,300	(350)	-5.3%
Operating Supplies	19,149	11,600	13,500	1,900	16.4%	13,600	100	0.7%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	66,424	56,023	61,050	5,027	9.0%	53,380	(7,670)	-12.6%
Business Development	106,125	118,475	128,800	10,325	8.7%	128,900	100	0.1%
Equipment Rentals & Repairs	945	250	250	-	0.0%	250	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,734,778</b>	<b>1,987,128</b>	<b>2,084,100</b>	<b>96,972</b>	<b>4.9%</b>	<b>2,180,100</b>	<b>96,000</b>	<b>4.6%</b>
<b>Total Operating Expenses</b>	<b>2,836,208</b>	<b>3,179,108</b>	<b>3,347,280</b>	<b>168,172</b>	<b>5.3%</b>	<b>3,533,799</b>	<b>186,519</b>	<b>5.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,836,208</b>	<b>3,179,108</b>	<b>3,347,280</b>	<b>168,172</b>	<b>5.3%</b>	<b>3,533,799</b>	<b>186,519</b>	<b>5.6%</b>
Equipment Outlay	36,710	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,872,918</b>	<b>\$ 3,179,108</b>	<b>\$ 3,347,280</b>	<b>\$ 168,172</b>	<b>5.3%</b>	<b>\$ 3,533,799</b>	<b>\$ 186,519</b>	<b>5.6%</b>

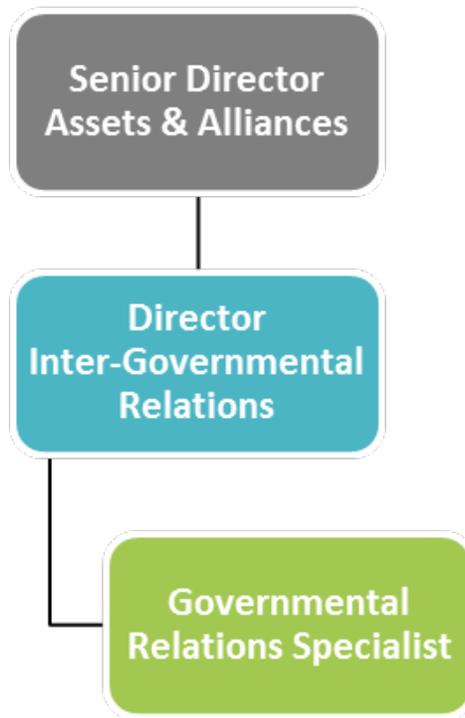
## Executive Division – Assets & Alliances Group

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 3,179,108</b>	<b>\$ 3,347,280</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	70,999	41,709
Burden (benefits & employer taxes) for current staff	201	48,810
<b>Total Increase / (Decrease) in personnel costs</b>	<b>71,200</b>	<b>90,519</b>
Insurance	189,842	139,420
Risk Management safety consultants	(114,872)	(49,600)
Other, net	22,002	6,180
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>96,972</b>	<b>96,000</b>
<b>Total Increase / (Decrease)</b>	<b>168,172</b>	<b>186,519</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 3,347,280</b>	<b>\$ 3,533,799</b>

## Executive Division – Inter-Governmental Relations

### FY 2018 – FY 2019 Organizational Structure



*Position in grey resides in Executive Office Department and is shown for structural purposes.*

*No personnel changes in FY 2019.*

## Executive Division – Inter-Governmental Relations

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 259,689	\$ 217,997	\$ 214,055	\$ (3,942)	-1.8%	\$ 222,618	\$ 8,562	4.0%
Premium Overtime	(30)	-	-	-	0.0%	-	-	0.0%
Employee Benefits	125,643	108,319	121,508	13,188	12.2%	136,577	15,070	12.4%
Subtotal	385,302	326,317	335,563	9,247	2.8%	359,195	23,632	7.0%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>385,302</b>	<b>326,317</b>	<b>335,563</b>	<b>9,247</b>	<b>2.8%</b>	<b>359,195</b>	<b>23,632</b>	<b>7.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	267,958	300,150	300,350	200	0.1%	314,350	14,000	4.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	5	100	100	-	0.0%	100	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	1,000	500	(500)	-50.0%	500	-	0.0%
Operating Supplies	1,312	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	26,724	24,700	26,700	2,000	8.1%	18,700	(8,000)	-30.0%
Business Development	97,997	109,300	118,300	9,000	8.2%	118,300	-	0.0%
Equipment Rentals & Repairs	-	250	250	-	0.0%	250	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>393,996</b>	<b>438,000</b>	<b>448,700</b>	<b>10,700</b>	<b>2.4%</b>	<b>454,700</b>	<b>6,000</b>	<b>1.3%</b>
<b>Total Operating Expenses</b>	<b>779,298</b>	<b>764,317</b>	<b>784,263</b>	<b>19,947</b>	<b>2.6%</b>	<b>813,895</b>	<b>29,632</b>	<b>3.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>779,298</b>	<b>764,317</b>	<b>784,263</b>	<b>19,947</b>	<b>2.6%</b>	<b>813,895</b>	<b>29,632</b>	<b>3.8%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 779,298</b>	<b>\$ 764,317</b>	<b>\$ 784,263</b>	<b>\$ 19,947</b>	<b>2.6%</b>	<b>\$ 813,895</b>	<b>\$ 29,632</b>	<b>3.8%</b>

## Executive Division – Inter-Governmental Relations

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 764,317</b>	<b>\$ 784,263</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	13,188	15,070
Salary adjustments and pay-for-performance	(3,942)	8,562
<b>Total Increase / (Decrease) in personnel costs</b>	<b>9,247</b>	<b>23,632</b>
Other, net	10,700	6,000
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>10,700</b>	<b>6,000</b>
<b>Total Increase / (Decrease)</b>	<b>19,947</b>	<b>29,632</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 784,263</b>	<b>\$ 813,895</b>

## Executive Division – Inter-Governmental Relations

### FY 2017 Progress Report

1. With the introduction of new FAA Reauthorization legislation, coordinate with Airports Council International–North America (ACI-NA) the American Association of Airport Executives, the California Airports Council and others to include language supporting Authority legislative priorities: Passenger Facility Charge modernization, balanced airport industry representation on the newly created [Air Traffic Control] governing board, and resuming nonstop service to Reagan National Airport.

**Progress:** Although an FAA reauthorization bill was passed by Congress and signed into law, Congress chose to pass a short-term continuation of the authorizations in place without acting on other policy issues, including those of interest to the Airport Authority. Congress is expected to consider a multi-year FAA reauthorization bill in 2017.

**Initiative:** Focus on revenue generation and cost control.

2. Coordinate and schedule 2 quarterly legislative updates with appropriate Authority departments.

**Progress:** The Inter-Governmental Relations team provided legislative updates to nine Authority departments between July 1, 2016 and January 1, 2017.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Inter-Governmental Relations

### FY 2018 – FY 2019 Goals

1. Anticipating the introduction of new multi-year FAA Reauthorization bill, IGR staff will coordinate with ACI-NA, the American Association of Airport Executives, the California Airports Council and others to include language in a bill supporting Authority legislative priorities: Passenger Facility Charge modernization, balanced airport industry representation on a proposed Air Traffic Organization governing board, and restoring nonstop service to Reagan National Airport.

#### Strategic Goals:

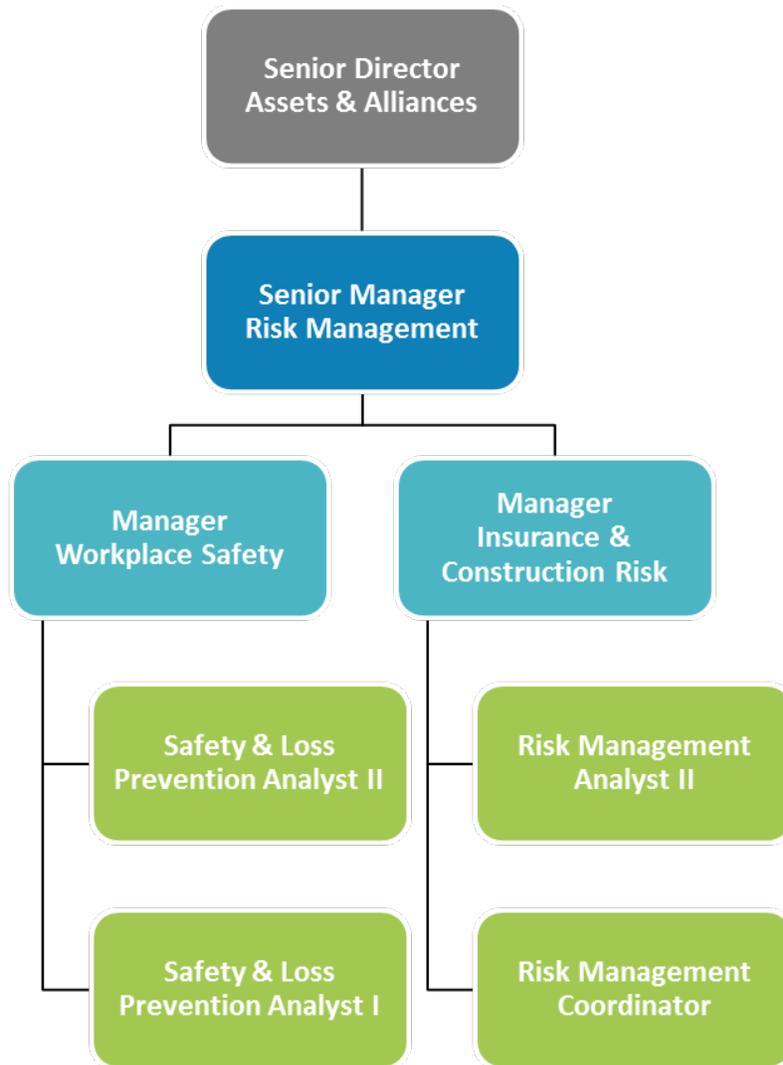
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
  - **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
  - **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.
2. IGR staff will continue to lead the coordination of Authority grant applications by conducting quarterly External Funding and Grants Committee meetings and work closely with other Authority departments and our legislative consultants to prepare and submit at least three major grant/funding requests in FY 2018 along with letters of support from elected officials.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

## Executive Division – Risk Management

### FY 2018 – FY 2019 Organizational Structure



*Position in grey resides in Executive Office Department and is shown for structural purposes.*

*No personnel changes in FY 2019.*

## Executive Division – Risk Management

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 519,093	\$ 614,168	\$ 671,979	\$ 57,811	9.4%	\$ 698,618	\$ 26,639	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	197,036	251,495	255,638	4,143	1.6%	295,886	40,248	15.7%
Subtotal	716,129	865,663	927,617	61,954	7.2%	994,504	66,887	7.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>716,129</b>	<b>865,663</b>	<b>927,617</b>	<b>61,954</b>	<b>7.2%</b>	<b>994,504</b>	<b>66,887</b>	<b>7.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	314,562	485,572	370,700	(114,872)	-23.7%	321,100	(49,600)	-13.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	29	200	100	(100)	-50.0%	100	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	10,088	1,000	6,150	5,150	515.0%	5,800	(350)	-5.7%
Operating Supplies	17,837	9,100	11,000	1,900	20.9%	11,100	100	0.9%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	39,700	31,323	34,350	3,027	9.7%	34,680	330	1.0%
Business Development	8,129	9,175	10,500	1,325	14.4%	10,600	100	1.0%
Equipment Rentals & Repairs	945	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,340,781</b>	<b>1,549,128</b>	<b>1,635,400</b>	<b>86,272</b>	<b>5.6%</b>	<b>1,725,400</b>	<b>90,000</b>	<b>5.5%</b>
<b>Total Operating Expenses</b>	<b>2,056,910</b>	<b>2,414,791</b>	<b>2,563,017</b>	<b>148,226</b>	<b>6.1%</b>	<b>2,719,904</b>	<b>156,887</b>	<b>6.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,056,910</b>	<b>2,414,791</b>	<b>2,563,017</b>	<b>148,226</b>	<b>6.1%</b>	<b>2,719,904</b>	<b>156,887</b>	<b>6.1%</b>
Equipment Outlay	36,710	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,093,620</b>	<b>\$ 2,414,791</b>	<b>\$ 2,563,017</b>	<b>\$ 148,226</b>	<b>6.1%</b>	<b>\$ 2,719,904</b>	<b>\$ 156,887</b>	<b>6.1%</b>

## Executive Division – Risk Management

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
	\$	\$
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>2,414,791</b>	<b>2,563,017</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	57,811	26,639
Burden (benefits & employer taxes) for current staff	4,143	40,248
<b>Total Increase / (Decrease) in personnel costs</b>	<b>61,954</b>	<b>66,887</b>
Insurance	189,842	139,420
Risk Management safety consultants	(114,872)	(49,600)
Other, net	11,302	180
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>86,272</b>	<b>90,000</b>
<b>Total Increase / (Decrease)</b>	<b>148,226</b>	<b>156,887</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 2,563,017</b>	<b>\$ 2,719,904</b>

## Executive Division – Risk Management

### FY 2017 Progress Report

1. Continue the development of a long-term risk mitigation program utilizing all aspects of Risk tools sustaining the Authority through its ADP for over the next 20 plus years.

**Progress:** Risk Management has begun the process of enhancing the insurance programs to meet the needs of the organization now and over the next five years. Additionally, analytic and projection studies have been performed to assist the department in identifying risk exposures and gaps in coverages thereby enabling the Authority to alter some of its programs and contain costs in areas such as risk allocation and insurance purchasing.

**Initiative:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control.

2. Coordinate a sustainable Safety Program by developing various long-term initiatives to enhance employee wellness and reduce workplace hazards in conjunction with the ADP over the next 20 plus years.

**Progress:** Risk Management has completed numerous OSHA-required safety programs and is well positioned with full staffing to continue this initiative. Driver training, ergonomics and workers compensation claim administration have all been enhanced over the last year and are ready to be implemented authority-wide.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Risk Management

### FY 2018 – FY 2019 Goals

1. Conduct a three-department test phase of an Enterprise-Wide Risk Management program. The pilot program will run throughout FY 18 in an effort to refine the program in order to put it in line for Authority wide rollout in FY 19.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. With the data received from analytics performed in FY 17, redesign all relevant insurance programs and risk tools at the Authority to meet the changing landscape of how the airport conducts its construction and operational programs, given the introduction of alternative financing tools and methods of operational performance.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

3. Pursue a sustainable Employee Safety program by continuing to develop long term initiatives to enhance employee work safety and reduce workplace hazards.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

## Executive Division – Talent & Engagement Group

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,686,713	\$ 3,075,550	\$ 2,996,951	\$ (78,599)	-2.6%	\$ 3,108,685	\$ 111,734	3.7%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,162,005	1,322,949	1,370,867	47,918	3.6%	1,556,073	185,205	13.5%
Subtotal	3,848,718	4,398,500	4,367,819	(30,681)	-0.7%	4,664,758	296,939	6.8%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,848,718</b>	<b>4,398,500</b>	<b>4,367,819</b>	<b>(30,681)</b>	<b>-0.7%</b>	<b>4,664,758</b>	<b>296,939</b>	<b>6.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,941,047	2,000,500	1,771,125	(229,375)	-11.5%	1,626,500	(144,625)	-8.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	-	(1,200)	-100.0%	-	-	0.0%
Utilities	2,403	1,150	600	(550)	-47.8%	600	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	31,552	10,400	9,500	(900)	-8.7%	3,000	(6,500)	-68.4%
Operating Supplies	14,551	11,700	8,900	(2,800)	-23.9%	10,000	1,100	12.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	293,359	335,150	376,600	41,450	12.4%	305,600	(71,000)	-18.9%
Business Development	821,458	1,177,430	2,249,600	1,072,170	91.1%	1,649,600	(600,000)	-26.7%
Equipment Rentals & Repairs	28,557	63,000	40,000	(23,000)	-213.0%	40,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>3,132,926</b>	<b>3,600,530</b>	<b>4,456,325</b>	<b>855,795</b>	<b>23.8%</b>	<b>3,635,300</b>	<b>(821,025)</b>	<b>-18.4%</b>
<b>Total Operating Expenses</b>	<b>6,981,644</b>	<b>7,999,030</b>	<b>8,824,144</b>	<b>825,114</b>	<b>10.3%</b>	<b>8,300,058</b>	<b>(524,086)</b>	<b>-5.9%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>6,981,644</b>	<b>7,999,030</b>	<b>8,824,144</b>	<b>825,114</b>	<b>10.3%</b>	<b>8,300,058</b>	<b>(524,086)</b>	<b>-5.9%</b>
Equipment Outlay	-	100,000	20,000	(80,000)	-80.0%	-	(20,000)	-100.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 6,981,644</b>	<b>\$ 8,099,030</b>	<b>\$ 8,844,144</b>	<b>\$ 745,114</b>	<b>9.2%</b>	<b>\$ 8,300,058</b>	<b>\$ (544,086)</b>	<b>-6.2%</b>

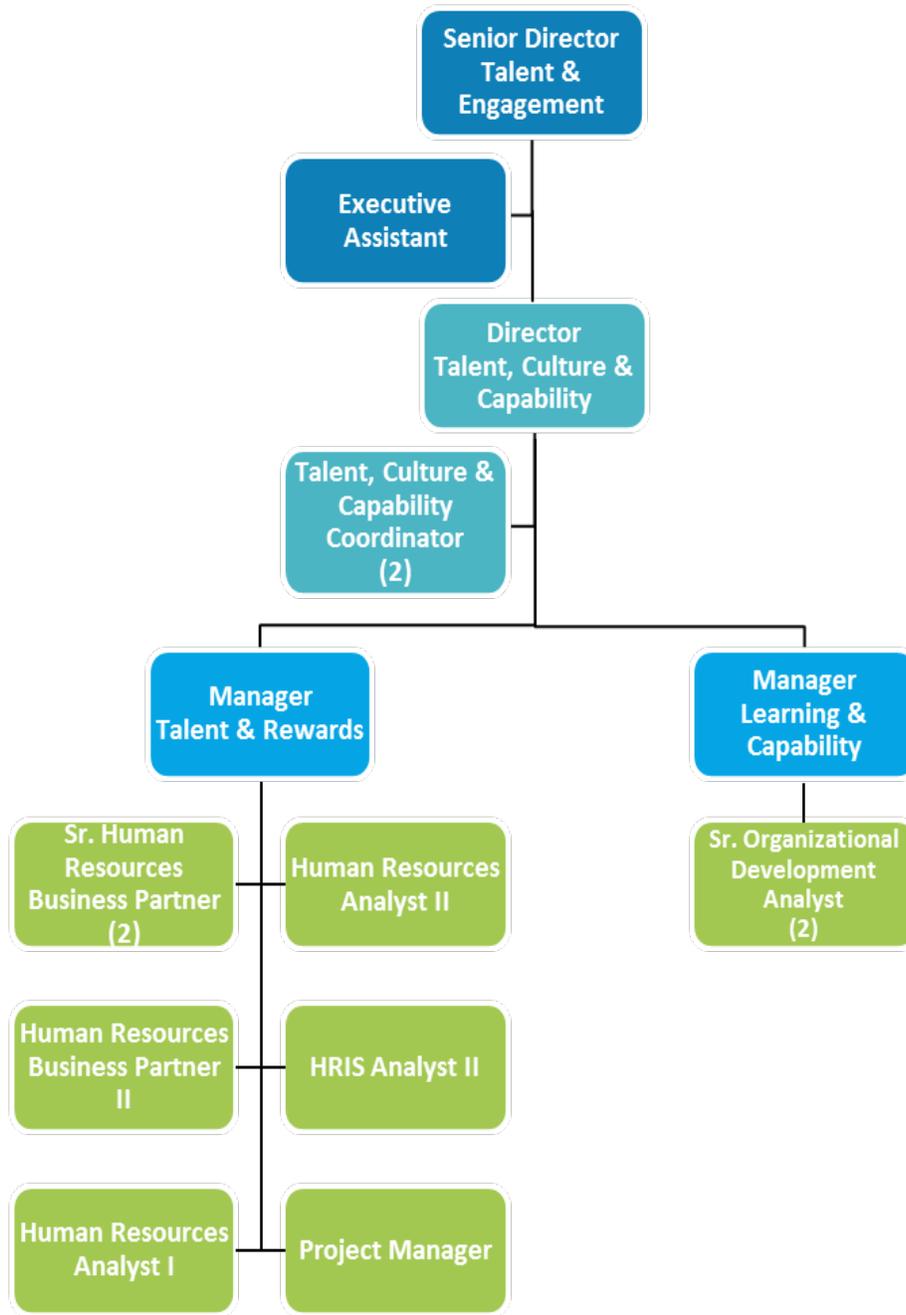
## Executive Division – Talent & Engagement Group

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 8,099,030</b>	<b>\$ 8,844,144</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	81,677	185,205
Salary adjustments and pay-for-performance	34,261	111,734
1 position of Manager Capability & Planning (salaries & burden) transferred to Finance & Asset Management Division	(146,619)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(30,681)</b>	<b>296,939</b>
Sponsorships and marketing activities	723,505	(650,000)
Concessions Development Program Marketing	330,000	50,000
Recruiting Services	75,750	(70,000)
Construction of Air and Space Museum Exhibit	(80,000)	-
Contractual Services	(229,375)	(144,625)
Other, net	(44,085)	(26,400)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>775,795</b>	<b>(841,025)</b>
<b>Total Increase / (Decrease)</b>	<b>745,114</b>	<b>(544,086)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 8,844,144</b>	<b>\$ 8,300,058</b>

# Executive Division – Talent, Culture & Capability

## FY 2018 - 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Executive Division – Talent, Culture & Capability

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,537,917	\$ 1,752,143	\$ 1,645,332	\$ (106,811)	-6.1%	\$ 1,703,241	\$ 57,909	3.5%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	667,317	738,267	724,252	(14,014)	-1.9%	819,666	95,413	13.2%
Subtotal	2,205,235	2,490,410	2,369,584	(120,826)	-4.9%	2,522,907	153,323	6.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,205,235</b>	<b>2,490,410</b>	<b>2,369,584</b>	<b>(120,826)</b>	<b>-4.9%</b>	<b>2,522,907</b>	<b>153,323</b>	<b>6.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	506,153	559,000	487,125	(71,875)	-12.9%	497,500	10,375	2.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	586	150	600	450	300.0%	600	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	9,228	3,400	5,000	1,600	47.1%	-	(5,000)	-100.0%
Operating Supplies	8,235	7,800	5,000	(2,800)	-35.9%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	231,448	275,400	320,350	44,950	16.3%	250,350	(70,000)	-21.9%
Business Development	100,103	45,935	64,600	18,665	40.6%	64,600	-	0.0%
Equipment Rentals & Repairs	23,090	40,500	40,000	(500)	-100.0%	40,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>878,842</b>	<b>932,185</b>	<b>922,675</b>	<b>(9,510)</b>	<b>-1.0%</b>	<b>858,050</b>	<b>(64,625)</b>	<b>-7.0%</b>
<b>Total Operating Expenses</b>	<b>3,084,077</b>	<b>3,422,595</b>	<b>3,292,259</b>	<b>(130,336)</b>	<b>-3.8%</b>	<b>3,380,957</b>	<b>88,698</b>	<b>2.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>3,084,077</b>	<b>3,422,595</b>	<b>3,292,259</b>	<b>(130,336)</b>	<b>-3.8%</b>	<b>3,380,957</b>	<b>88,698</b>	<b>2.7%</b>
Equipment Outlay	-	20,000	20,000	-	0.0%	-	(20,000)	-100.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 3,084,077</b>	<b>\$ 3,442,595</b>	<b>\$ 3,312,259</b>	<b>\$ (130,336)</b>	<b>-3.8%</b>	<b>\$ 3,380,957</b>	<b>\$ 68,698</b>	<b>2.1%</b>

## Executive Division – Talent, Culture & Capability

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
	\$	\$
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>3,442,595</b>	<b>3,312,259</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	19,744	95,413
Salary adjustments and pay-for-performance	6,049	57,909
1 position of Manager Capability & Planning (salaries & burden) transferred to Finance & Asset Management Division	(146,619)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(120,826)</b>	<b>153,323</b>
Recruiting Services	75,750	(70,000)
Contractual Services	(71,875)	10,375
Other, net	(13,385)	(25,000)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(9,510)</b>	<b>(84,625)</b>
<b>Total Increase / (Decrease)</b>	<b>(130,336)</b>	<b>68,698</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>3,312,259</b>	<b>3,380,957</b>

## Executive Division – Talent, Culture & Capability

### FY 2017 Progress Report

1. Embed workforce plans throughout the organization that assure business leaders identify required future capabilities and appropriate strategies to achieve vision, with 75% of departments having a plan in place.

**Progress:** The Authority continues to effectively use workforce planning to anticipate and manage transitions at both the leadership and front-line level. With only 18% of the workforce retirement eligible over the next five years, the focus of planning efforts has shifted to retaining top talent as the labor market tightens. These sustainable practices assure the Authority has the capabilities required to execute our strategy and sustain success.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Integrate new performance management practices that align to the needs of the business and achieve sustained employee productivity and support execution of organizational initiatives.

**Progress:** Implementation of new coaching practices is under way with two performance coaching cycles complete. Leaders and employees have received just-in-time skills development and training to support the change. The new coaching practices allow for more agile adaptation to the rapidly changing business environment in which the Authority operates.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Manage customer and community experience research, analysis and reporting to support stakeholders in their efforts to improve satisfaction consistent with the annual action plan.

**Progress:** ACI-NA ASQ data continues to be analyzed to assess our performance on attributes that are most relevant and highly valued by our customers. Data analysis has identified attributes for which significant efforts have been implemented to upgrade the service experience and suggested new areas for further research. These items have been integrated into the Authority's Five Year Strategic Plan to reflect a continued commitment to improving the customer experience.

**Initiative:** Strategically engage our employees in sustainable business practices.

4. Enhanced employee engagement programs that sustain the recruitment, development and retention of a diverse, highly committed workforce.

**Progress:** Ongoing efforts have yielded an action plan for enhancing our diversity and employee engagement efforts. The department is issuing an RFP for a real-time employee engagement tool that will help leaders better understand the drivers of engagement and allow for more real-time response. In addition, implicit bias training and an ongoing culture series have been launched to support more inclusive behaviors throughout the organization.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Talent, Culture & Capability

### FY 2018 – FY 2019 Goals

1. Execute the onboarding plan for the new President / CEO to align stakeholder expectations, accelerate assimilation and increase success in role.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

2. Develop leadership behaviors, practices, and tools to support the Five Year Strategic Plan implementation and execution.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

3. Integrate Talent Management software that provides management with effective, accurate, real-time talent metrics and reporting.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

4. Enhance engagement practices and provide ongoing resources to assure we sustain a highly productive, diverse workforce.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

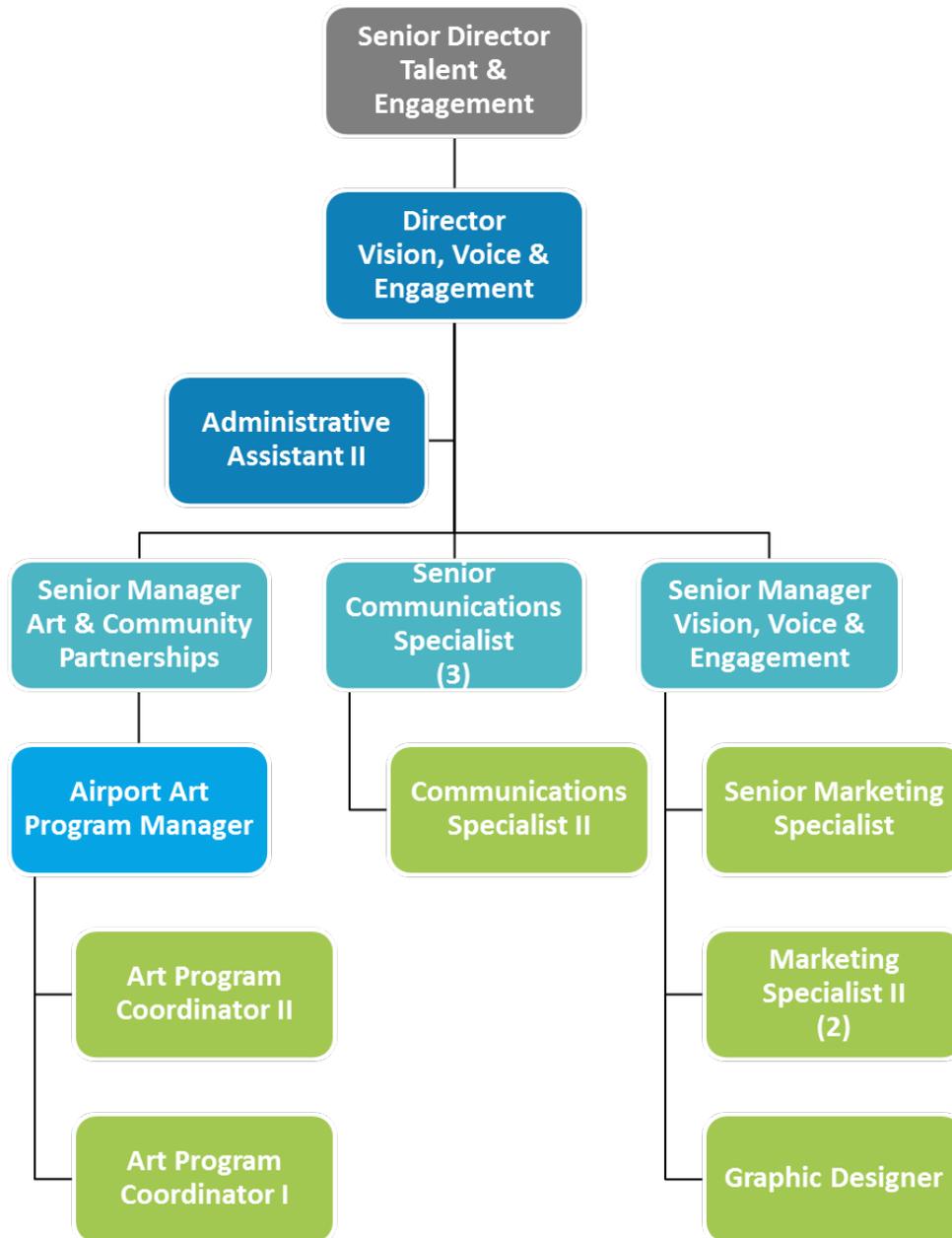
5. Develop and deliver education and tools to organizational leaders that encourage effective workforce planning, leadership, and career development.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

# Executive Division – Vision, Voice & Engagement

## FY 2018 - 2019 Organizational Structure



*Position in grey resides in Talent, Culture & Capability Department and is shown for structural purposes*

*No personnel changes in FY 2019.*

## Executive Division – Vision, Voice & Engagement

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,148,796	\$ 1,323,408	\$ 1,351,619	\$ 28,212	2.1%	\$ 1,405,444	\$ 53,825	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	494,687	584,682	646,615	61,933	10.6%	736,407	89,792	13.9%
Subtotal	1,643,483	1,908,090	1,998,234	90,144	4.7%	2,141,851	143,617	7.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,643,483</b>	<b>1,908,090</b>	<b>1,998,234</b>	<b>90,144</b>	<b>4.7%</b>	<b>2,141,851</b>	<b>143,617</b>	<b>7.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,434,894	1,441,500	1,284,000	(157,500)	-10.9%	1,129,000	(155,000)	-12.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	-	(1,200)	-100.0%	-	-	0.0%
Utilities	1,817	1,000	-	(1,000)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	22,324	7,000	4,500	(2,500)	-35.7%	3,000	(1,500)	-33.3%
Operating Supplies	6,316	3,900	3,900	-	0.0%	5,000	1,100	28.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	61,912	59,750	56,250	(3,500)	-5.9%	55,250	(1,000)	-1.8%
Business Development	721,355	1,131,495	2,185,000	1,053,505	93.1%	1,585,000	(600,000)	-27.5%
Equipment Rentals & Repairs	5,466	22,500	-	(22,500)	-200.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>2,254,085</b>	<b>2,668,345</b>	<b>3,533,650</b>	<b>865,305</b>	<b>32.4%</b>	<b>2,777,250</b>	<b>(756,400)</b>	<b>-21.4%</b>
<b>Total Operating Expenses</b>	<b>3,897,567</b>	<b>4,576,435</b>	<b>5,531,884</b>	<b>955,449</b>	<b>20.9%</b>	<b>4,919,101</b>	<b>(612,783)</b>	<b>-11.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>3,897,567</b>	<b>4,576,435</b>	<b>5,531,884</b>	<b>955,449</b>	<b>20.9%</b>	<b>4,919,101</b>	<b>(612,783)</b>	<b>-11.1%</b>
Equipment Outlay	-	80,000	-	(80,000)	-100.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 3,897,567</b>	<b>\$ 4,656,435</b>	<b>\$ 5,531,884</b>	<b>\$ 875,449</b>	<b>18.8%</b>	<b>\$ 4,919,101</b>	<b>\$ (612,783)</b>	<b>-11.1%</b>

## Executive Division – Vision, Voice & Engagement

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
	\$	\$
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>4,656,435</b>	<b>5,531,884</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	61,933	89,792
Salary adjustments and pay-for-performance	28,212	53,825
<b>Total Increase / (Decrease) in personnel costs</b>	<b>90,144</b>	<b>143,617</b>
Sponsorships and marketing activities	723,505	(650,000)
Concessions Development Program Marketing	330,000	50,000
Construction of Air and Space Museum Exhibit	(80,000)	-
Contractual Services	(157,500)	(155,000)
Other, net	(30,700)	(1,400)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>785,305</b>	<b>(756,400)</b>
<b>Total Increase / (Decrease)</b>	<b>875,449</b>	<b>(612,783)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 5,531,884</b>	<b>\$ 4,919,101</b>

## Executive Division – Vision, Voice & Engagement

### FY 2017 Progress Report

1. **ADP Public Outreach:** Continue to foster understanding and support for the ADP through meetings/presentations with various stakeholders, including public agency representatives, elected officials and/or their staffs, business and community leaders and community planning groups through the participation of the Planning and the Intergovernmental Relations departments and the public outreach consultant team.

**Progress:** The public outreach effort for the ADP was quiet for the first six months of the Fiscal Year as staff focused on initial work related to the environmental review process.

Presentations to community groups included:

- Present to Point Loma/Ocean Beach Realtors Association on August 18
  - Kiwanis Club of Pacific Beach on September 1
  - Peninsula Community Planning Board on September 15

The Airport Authority released the Notice of Preparation for the draft Environmental Impact Report (EIR) in late January 2017. The Airport Authority hosted eight public scoping meetings on January 30 and February 1, an opportunity for the public to provide comments on what to be included in the EIR. Approximately 60 people attended the public scoping meetings.

To raise awareness of the public scoping meetings, the Airport Authority:

1. Ran a ¼-page legal notice advertisement in the *San Diego Union-Tribune* on Sunday, January 22, 2017 and Sunday, January 29, 2017. Ad shown on page 2 below.
2. Distributed a flyer to Airport neighbors and San Diego community and business organizations.
3. Mailed a postcard to 2,555 stakeholders from the SANews list.
4. Distributed notice electronically via SAN e-news to 3,474 stakeholders.
5. Emailed 109 people who have attended ADP open houses in the past and requested to be kept informed about progress on the ADP.
6. Published scoping meeting details on SAN.org.
7. Posted scoping meeting details to social media.
8. Distributed a media advisory several times to regional media. First release was on January 10, 2017.
9. Invited media to attend and cover the scoping meetings.

**Initiative:** Maintain a sustainable long-term capital plan.

2. **Airport Brand Charter:** Engage employees in connecting with and bringing the Airport brand to life in daily interactions and business practices.

**Progress:** In coordination with multiple departments and employees at many levels throughout the Airport Authority—from ATOs to the CEO—VV&E led the development of a new brand platform that identified the Authority’s core business behaviors, established guidelines for how to bring the “Let’s Go” brand to life, and explained why aligning our culture is so important. The essence of our brand—we are business-driven, passenger-centered, and community-minded—were developed to better inform decision-making.

Language from the brand platform is being used in many ways to inform current, new and potential employees about Airport Authority culture, including in the Draft 5-Year Strategic Plan, onboarding and recruitment materials, and in digital communications.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Vision, Voice & Engagement

3. **Customer Loyalty Program:** Develop a Loyalty Program that rewards Airport customers and enhances the overall customer experience. Use data from the pilot Incentive Program and findings from stakeholder meetings to determine program components.

**Progress:** This program is being developed in line with the acquisition of technology scoped in the Parking Plaza in the early part of next fiscal year. The effort is collaboration with Information & Technology Services, Finance, Ground Transportation and Terminals & Tenants.

**Initiative:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

4. **Youth Art Wall and Workshop:** Formalize Youth Art Wall component of Airport Arts Program by specifying qualifying criteria, developing an annual schedule and producing a hands-on workshop with an artist from the Airport's annual Temporary Exhibition for the youth group, or school, chosen to display their artwork.

**Progress:** In conjunction with the Arts Program's 2017 Temporary Exhibition, *Intergalactic Dreaming*, internationally exhibited artist Don Porcella designed a hands-on artmaking workshop for students from High Tech High Chula Vista. Facilitated over the course of one month, Porcella instructed the students on his unique approach to transforming the common childhood material of pipe cleaners into high art.

The students first authored and illustrated zines inspired by the theme of *Intergalactic Dreaming*, which were featured in the 4th annual San Diego Zine Fest in Balboa Park. Drawing upon the characters developed for their zines, they then collaborated with Porcella to imagine and craft extraterrestrial alter egos from pipe cleaners. Students were encouraged to use both Porcella's taught techniques and their own construction methods. The resulting figurative sculptures will be on view in the Terminal 2 West Baggage Claim from December 2016 – December 2017.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Executive Division – Vision, Voice & Engagement

### FY 2018 – FY 2019 Goals

1. **Innovative Marketing Programs:** Continue cross-departmental engagement to lead, develop and implement parking and concessions marketing programs that contribute to increased sales and revenue.

**Strategic Goals:**

- **Financial,** execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Customer,** exceed our customers’ expectations by introducing innovative service and facility enhancements.
- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. **Parking Plaza and ADP Public Outreach:** Keep the public informed on Parking Plaza progress and developments regarding the ADP.

**Strategic Goals:**

- **Community,** enhance community understanding of SAN as an economic engine and portal for prosperity.
- **Customer,** exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. **Airport Art Master Plan:** Research and develop an Airport Arts Master Plan related to the ADP that involves the participation of internal and external stakeholder groups and the assistance of an airport art master plan consultant.

**Strategic Goals:**

- **Community,** enhance community understanding of SAN as an economic engine and portal for prosperity.
- **Customer,** exceed our customers’ expectations by introducing innovative service and facility enhancements.

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# DEVELOPMENT DIVISION



## Executive Division

### Overview

The **Development Division's** four departments are responsible for airport facility and infrastructure planning, infrastructure design and construction, and compliance with legislative mandates for environmental and land-use matters. The airport planning, design and construction functions are responsible for the long-term planning and construction execution for all SAN infrastructure requirements. The legislative compliance includes local, state and federal environmental laws, as well as providing support for the Authority Board in reviewing land use decisions in the areas surrounding the region's 16 airports. The division frequently coordinates with local, state and federal regulatory agencies, regional transportation partners and the construction industry to accomplish the Authority's goals.

The **Facilities Development Department (FDD)** has primary responsibility for the definition, planning, design, construction and close-out of Capital Improvement Program (CIP) and Major Maintenance Program (MMP) projects. FDD also provides technical and professional on-call services for CIP, MMP, tenant improvement and broader Authority needs, which include planning and implementation of the Computer Aided Drafting, Geographical Information System and Lease plans. Further, FDD provides construction inspection, review and oversight of tenant improvement projects to meet the needs of the airlines and concessionaires operating at the airport. In addition, FDD is responsible for the comprehensive planning and implementation of the overall energy plan and oversight of the Life Cycle Cost Management Program.

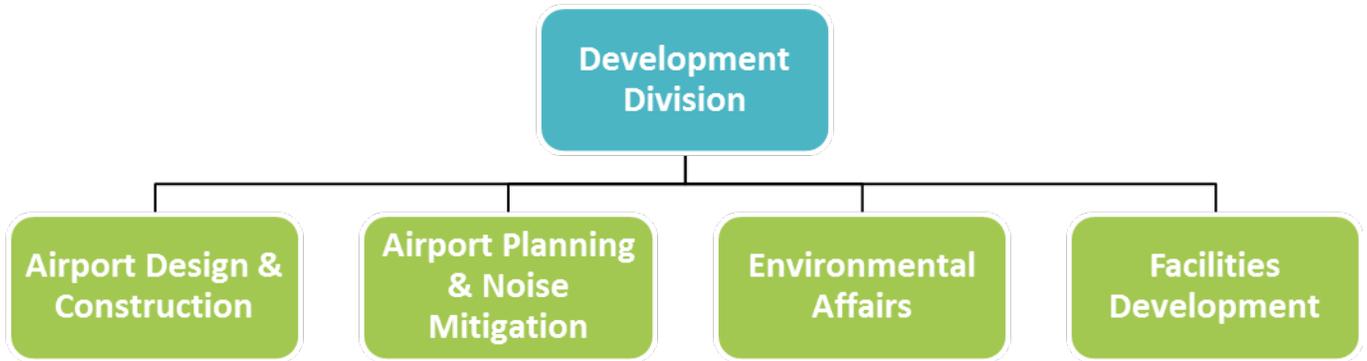
The **Airport Planning & Noise Mitigation Department** conducts all short and long-range planning for the Airport Authority, including preparing and maintaining the airport master plan for San Diego International Airport. The department also ensures compliance with state and federal environmental laws for all airport development projects and Authority actions. It supports the Airport Land Use Commission in addressing the land-use issues surrounding all 16 airports in San Diego County. The department also administers all noise-related issues, including the airport's departure curfew. It also manages and administers the noise insulation construction of homes surrounding the airport through the Quieter Home Program.

The **Environmental Affairs Department** manages programs covering regulatory compliance, water quality, air quality, site remediation, hazardous material handling and natural resources protection. The department interfaces with other Authority departments to assess potential environmental impacts of all proposed projects. The department is also involved with long-range airport facility planning related to environmental and sustainability opportunities and initiatives. Environmental Affairs administers the following programs: Storm Water Management, Hazardous Materials and Waste Management, Air Quality Management, Site Assessment and Remediation, Waste Reduction and Recycling, Industrial Hygiene, Wildlife Preservation and Airport Sustainability.

The **Airport Design and Construction (ADC) Department** implements the Authority's ADP, including the design and construction of terminal, airside and landside improvements. Additionally, ADC is responsible for the design and construction of the Terminal 2 Parking Plaza, which is being implemented through a progressive design-build process that helps to increase alignment between the Authority and its contractor and to foster innovation within a team environment; the new Federal Inspection Services (FIS) facility, which is 134,000 square feet and will include six gates used for processing international flights; and the implementation of the Authority's Solar Photovoltaic (PV) program, which consists of construction of solar PV facilities at Terminal 2 West and in the Economy Parking Lot on the north side of the Airport. Both PV sites were procured using an innovative Power Purchase Agreement structure in which the Authority does not pay for design, construction, operation and maintenance of the facility; and instead buys the generated electricity.

## Executive Division

### FY 2018 – FY 2019 Organizational Structure



### Division Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget Transfers	FY 2018 Budget New/ (Eliminated)	FY 2018 Budget	FY 2019 Budget New/ (Eliminated)	FY 2019 Conceptual Budget
<b>Development</b>							
Facilities Development	39	39	(1)	-	38	-	38
Airport Design & Construction	13	13	1	-	14	-	14
Environmental Affairs	9	10	-	-	10	-	10
Airport Planning, Noise Mitigation & QHP	20	20	-	-	20	1	21
<b>Total Authorized Funded Positions</b>	<b>81</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>1</b>	<b>83</b>

## Development Division

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,841,070	\$ 7,125,587	\$ 7,388,281	\$ 262,693	3.7%	\$ 7,726,786	\$ 338,505	4.6%
Premium Overtime	7,712	20,000	20,000	-	0.0%	20,000	-	0.0%
Employee Benefits	2,946,225	3,244,931	3,523,961	279,030	8.6%	4,015,823	491,862	14.0%
Subtotal	9,795,006	10,390,518	10,932,242	541,723	5.2%	11,762,608	830,367	7.6%
Less: Capitalized Labor	(5,117,232)	(5,733,173)	(5,983,070)	(249,897)	4.4%	(6,537,388)	(554,318)	9.3%
Less: QHP - Labor/Burden/Labor Overhead	(740,644)	(662,631)	(717,096)	(54,465)	8.2%	(769,358)	(52,262)	7.3%
<b>Total Personnel Expenses</b>	<b>3,937,130</b>	<b>3,994,714</b>	<b>4,232,076</b>	<b>237,362</b>	<b>5.9%</b>	<b>4,455,862</b>	<b>223,786</b>	<b>5.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	5,096,482	4,971,143	5,439,466	468,323	9.4%	5,085,084	(354,383)	-6.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3,000	10,000	20,600	10,600	106.0%	20,600	-	0.0%
Maintenance	962,581	1,984,243	1,477,000	(507,243)	-25.6%	1,427,000	(50,000)	-3.4%
Operating Equipment & Systems	8,520	(5,486)	12,828	18,314	-333.8%	13,760	932	7.3%
Operating Supplies	62,792	39,497	33,609	(5,887)	-14.9%	32,784	(825)	-2.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	215,927	292,590	251,130	(41,461)	-14.2%	229,566	(21,564)	-8.6%
Business Development	163,294	179,219	189,819	10,600	5.9%	184,819	(5,000)	-2.6%
Equipment Rentals & Repairs	111,436	277,791	255,159	(22,632)	-20.4%	253,393	(1,766)	1.3%
Tenant Improvements	742,250	900,000	850,000	(50,000)	-5.6%	850,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>7,366,283</b>	<b>8,648,997</b>	<b>8,529,612</b>	<b>(119,385)</b>	<b>-1.4%</b>	<b>8,097,006</b>	<b>(432,605)</b>	<b>-5.1%</b>
<b>Total Operating Expenses</b>	<b>11,303,413</b>	<b>12,643,711</b>	<b>12,761,687</b>	<b>117,977</b>	<b>0.9%</b>	<b>12,552,868</b>	<b>(208,819)</b>	<b>-1.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	12,372,101	14,834,811	14,640,000	(194,811)	-1.3%	14,640,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>12,372,101</b>	<b>14,834,811</b>	<b>14,640,000</b>	<b>(194,811)</b>	<b>-1.3%</b>	<b>14,640,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>23,675,514</b>	<b>27,478,522</b>	<b>27,401,687</b>	<b>(76,834)</b>	<b>-0.3%</b>	<b>27,192,868</b>	<b>(208,819)</b>	<b>-0.8%</b>
Equipment Outlay	48,120	-	-	-	0.0%	-	-	0.0%
<b>Total Development Division Expenses</b>	<b>\$ 23,723,634</b>	<b>\$ 27,478,522</b>	<b>\$ 27,401,687</b>	<b>\$ (76,834)</b>	<b>-0.3%</b>	<b>\$ 27,192,868</b>	<b>\$ (208,819)</b>	<b>-0.8%</b>

## Development Division

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 27,478,522</b>	<b>\$ 27,401,687</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	279,030	474,828
Salary adjustments and pay-for-performance	262,693	294,571
1 new position of Sr. Airport Planner (salaries & burden)	-	60,968
Capitalized labor	(304,361)	(606,580)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>237,362</b>	<b>223,786</b>
QHP Grant and PFCs Ineligible Costs	600,000	-
Environmental Requirements	500,000	-
Quarterly Noise Reports & Noise Monitoring	120,000	(50,000)
Planning and land use projects	(150,000)	(275,000)
Annual & Major Maintenance	(477,243)	(50,000)
QHP Grant and PFCs Eligible Costs	(794,811)	-
Other, net	(112,142)	(57,605)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(314,196)</b>	<b>(432,605)</b>
<b>Total Increase / (Decrease)</b>	<b>(76,834)</b>	<b>(208,819)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 27,401,687</b>	<b>\$ 27,192,868</b>

## Development Division

### FY 2018 Expense Budget by Department

In thousands

Departments	FY 2018 Budget
Airport Planning & Noise Mitigation	\$ 18,366
Environmental Affairs	6,279
Facilities Development	2,355
Airport Design & Construction	402
<b>Total <sup>(1)</sup></b>	<b>\$ 27,402</b>

<sup>(1)</sup> Total may differ due to rounding.

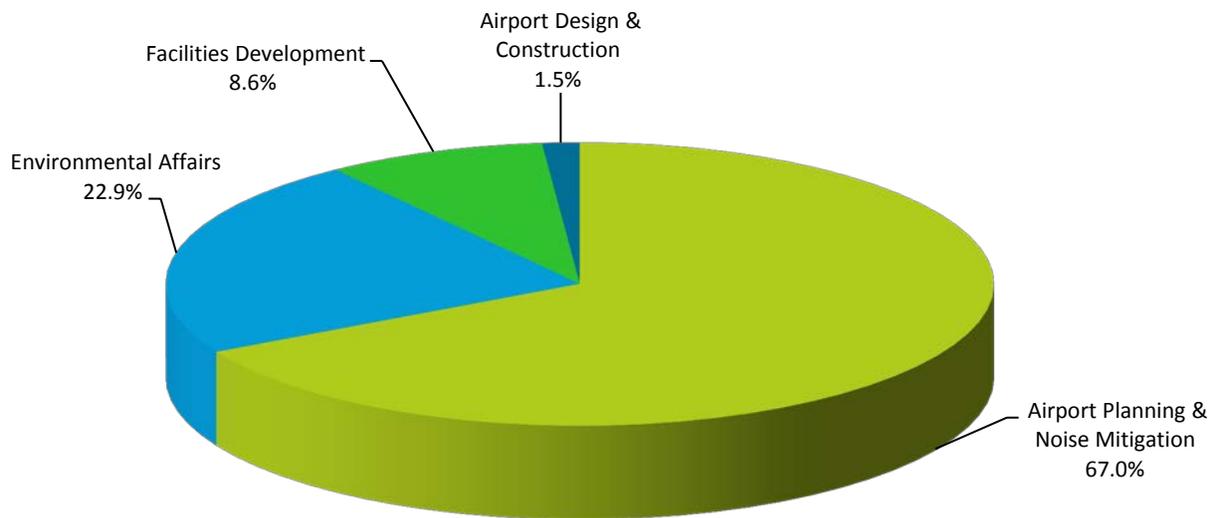


Figure 27 – FY 2018 Expense Budget by Department

## Development Division

### FY 2019 Expense Budget by Department

In thousands

Departments	FY 2019 Conceptual Budget
Airport Planning & Noise Mitigation	\$ 18,216
Environmental Affairs	6,314
Facilities Development	2,460
Airport Design & Construction	202
<b>Total <sup>(1)</sup></b>	<b>\$ 27,193</b>

<sup>(1)</sup> Total may differ due to rounding.

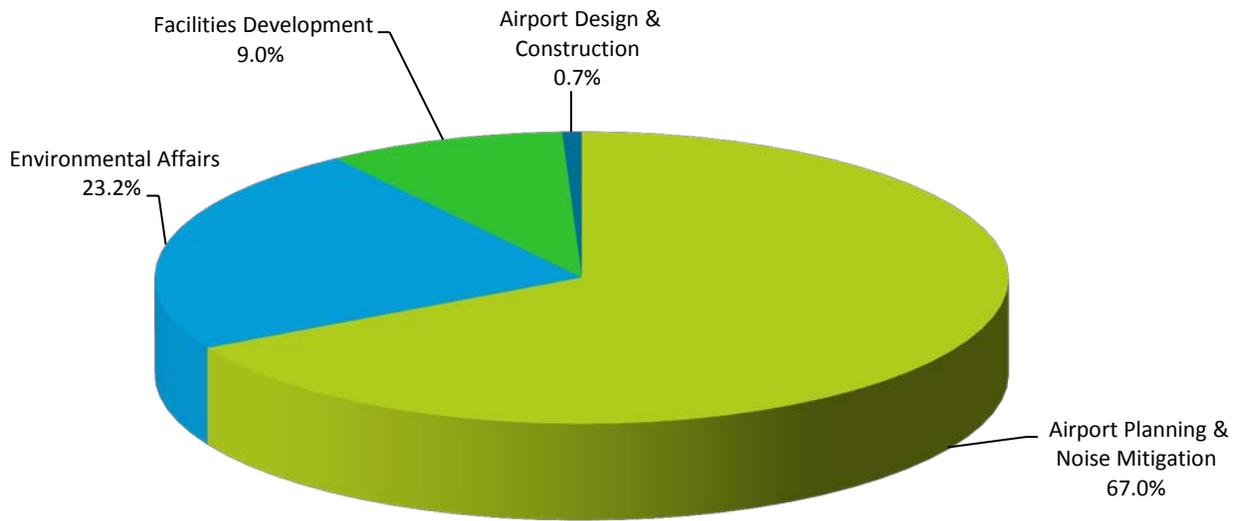


Figure 28 – FY 2019 Expense Budget by Department

## Development Division

### FY 2018 Expense Budget by Category

In thousands

Category	FY 2018 Budget
Quieter Home Program/Joint Studies	\$ 14,640
Contractual Services	5,439
Personnel Expenses	4,232
Maintenance	1,477
Tenant Improvement	850
Equipment Rentals & Repairs	255
Employee Programs	251
Business Development	190
Other*	67
<b>Total <sup>(1)</sup></b>	<b>\$ 27,402</b>

<sup>(1)</sup> Total may differ due to rounding.

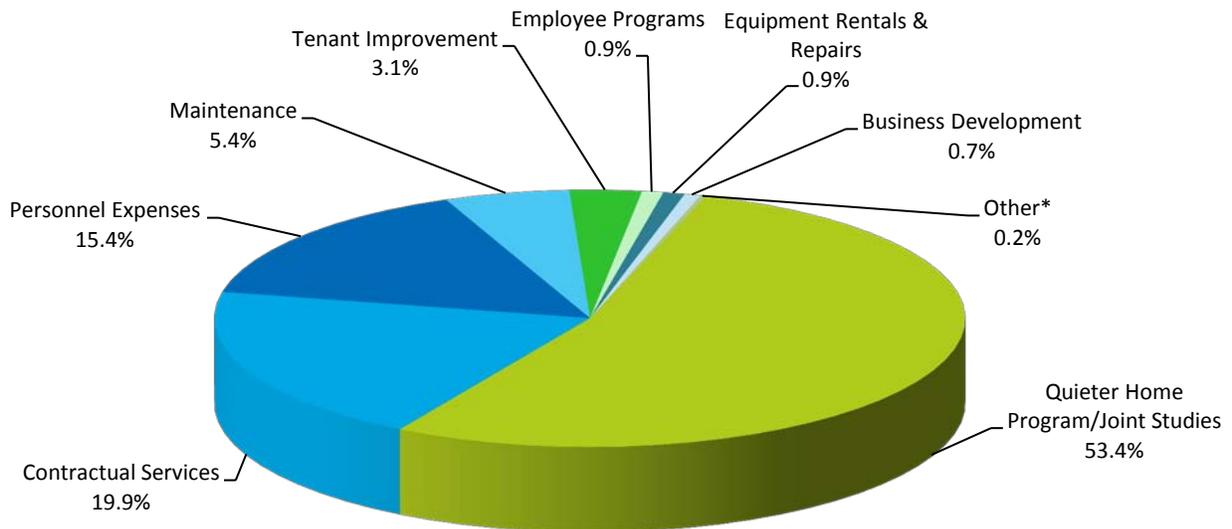


Figure 29 – FY 2018 Expense Budget by Category

\*Other includes operating equipment & systems, utilities and operating supplies.

## Development Division

### FY 2019 Expense Budget by Category

In thousands

Category	FY 2019 Conceptual Budget
Quieter Home Program/Joint Studies	\$ 14,640
Contractual Services	5,085
Personnel Expenses	4,456
Maintenance	1,427
Tenant Improvement	850
Equipment Rentals & Repairs	253
Employee Programs	230
Business Development	185
Other*	67
<b>Total <sup>(1)</sup></b>	<b>\$ 27,193</b>

<sup>(1)</sup> Total may differ due to rounding.

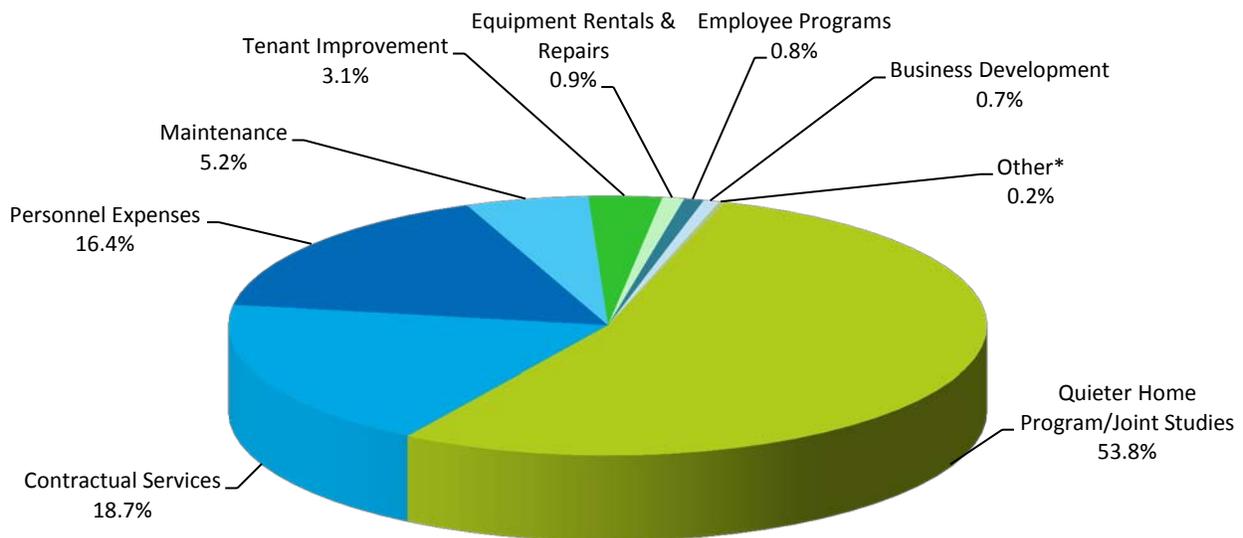
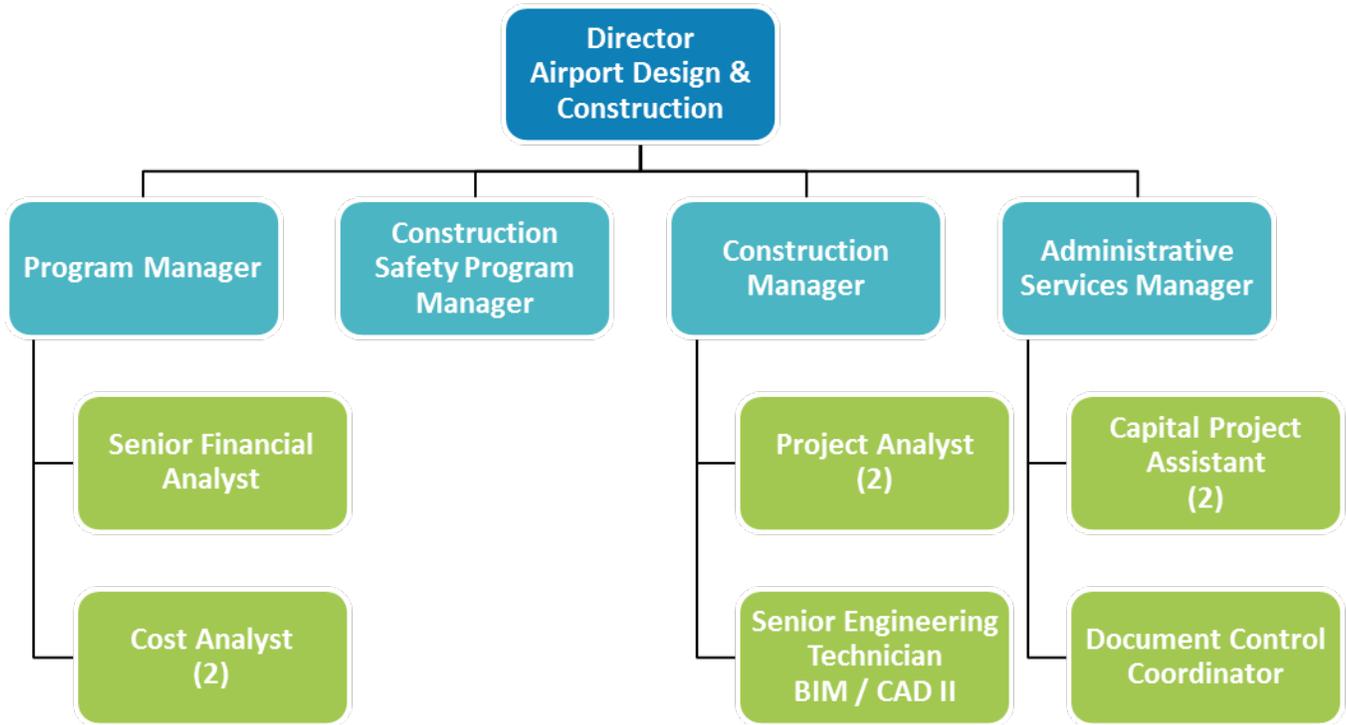


Figure 30 – FY 2019 Expense Budget by Category

\*Other includes operating equipment & systems, utilities and operating supplies.

# Development Division – Airport Design & Construction

## FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Development Division – Airport Design & Construction

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,259,954	\$ 1,251,516	\$ 1,284,700	\$ 33,184	2.7%	\$ 1,336,088	\$ 51,388	4.0%
Premium Overtime	117	-	-	-	0.0%	-	-	0.0%
Employee Benefits	546,627	579,803	640,127	60,324	10.4%	727,374	87,247	13.6%
Subtotal	1,806,698	1,831,319	1,924,827	93,508	5.1%	2,063,462	138,635	7.2%
Less: Capitalized Labor	(1,305,811)	(1,684,814)	(1,703,904)	(19,090)	1.1%	(1,986,361)	(282,457)	16.6%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>500,886</b>	<b>146,506</b>	<b>220,923</b>	<b>74,418</b>	<b>50.8%</b>	<b>77,101</b>	<b>(143,822)</b>	<b>-65.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	170,219	150,000	154,765	4,765	3.2%	103,019	(51,747)	-33.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	794	-	1,800	1,800	0.0%	1,800	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	218	-	-	-	0.0%	-	-	0.0%
Operating Supplies	19,479	10,200	4,116	(6,084)	-59.6%	2,607	(1,509)	-36.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,188	9,894	3,168	(6,726)	-68.0%	1,561	(1,607)	-50.7%
Business Development	26,982	23,579	13,779	(9,800)	-41.6%	13,779	-	0.0%
Equipment Rentals & Repairs	9,475	23,865	3,034	(20,831)	-10.9%	1,922	(1,112)	3.7%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>238,355</b>	<b>217,538</b>	<b>180,663</b>	<b>(36,875)</b>	<b>-17.0%</b>	<b>124,687</b>	<b>(55,976)</b>	<b>-31.0%</b>
<b>Total Operating Expenses</b>	<b>739,242</b>	<b>364,044</b>	<b>401,586</b>	<b>37,542</b>	<b>10.3%</b>	<b>201,788</b>	<b>(199,798)</b>	<b>-49.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>739,242</b>	<b>364,044</b>	<b>401,586</b>	<b>37,542</b>	<b>10.3%</b>	<b>201,788</b>	<b>(199,798)</b>	<b>-49.8%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 739,242</b>	<b>\$ 364,044</b>	<b>\$ 401,586</b>	<b>\$ 37,542</b>	<b>10.3%</b>	<b>\$ 201,788</b>	<b>\$ (199,798)</b>	<b>-49.8%</b>

## Development Division – Airport Design & Construction

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 364,044</b>	<b>\$ 401,586</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	60,324	87,247
Salary adjustments and pay-for-performance	33,184	51,388
Capitalized labor	(19,090)	(282,457)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>74,418</b>	<b>(143,822)</b>
Other, net	(36,875)	(55,976)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(36,875)</b>	<b>(55,976)</b>
<b>Total Increase / (Decrease)</b>	<b>37,542</b>	<b>(199,798)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 401,586</b>	<b>\$ 201,788</b>

## Development Division – Airport Design & Construction

### FY 2017 Progress Report

1. ADC will continue to forecast a final cost for the RCC Program within or better than the approved budget of \$316.1M, as measured by providing a quarterly forecast at completion report that demonstrates the RCC program is trending “on-budget” at \$316.1M. ADC will manage costs to provide end-of-program savings by achieving the following:

Measures of success:

- Over the course of the RCC Program, proactively manage scope creep by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-program

**Progress:** Currently the ADC proposed estimate at completion is trending at \$304M, a projected budget savings of \$12M.

**Initiative:** Focus on revenue generation and cost control.

2. Establish a Guaranteed Maximum Price (GMP) for the Parking Plaza that establishes a maximum budget and schedule by the end of CY 2016.

Measure of success:

- Over the course of the GMP negotiation proactively manage scope and cost to ensure that the GMP is set under the maximum target budget of \$99.8M

**Progress:** The Parking Plaza D-B team submitted the GMP proposal on 12/23/16. Currently the GMP value is \$97.8M. This includes \$3.1M in Board approved scope that was added back to the project, resulting in a net savings of \$2M compared to the Maximum Project Budget of \$99.8M.

**Initiative:** Focus on revenue generation and cost control.

3. Progress construction on the Parking Plaza to meet construction milestones and forecast a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Parking Plaza program is trending “on-schedule” for the completion of “GMP Baseline” schedule, and the substantial completion by the 20-month construction duration.

Measures of success:

- Over the course of the Parking Plaza Program proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and generating parking revenue on scheduled opening date

**Progress:** The GMP negotiation between ADC and our D-B partner resulted in a reduction of a 28 day Authority caused schedule delay that was the result of necessary scope changes to enhance customer service during construction and the addition of 12kV access vaults to enhance safety for maintenance employees.

**Initiative:** Focus on revenue generation and cost control.

## Development Division – Airport Design & Construction

4. Throughout FY 2017, ensure robust communications for ADC employees and customers/stakeholders (internal and external) to enhance the community's (public, professional and tenants) understanding of the department's active programs, as measured by completing the following activities:

Measures of success:

- Quarterly ADC reports and briefings to the Board and senior management
- Briefings to customers/stakeholders
- Monthly construction progress updates
- Program updates for Aviation Matters
- Provide weekly updates to the President/CEO for the Board report
- ADC jobsite tours for internal/external Stakeholders
- Provide communication of ADC program to external community groups
- Monthly ADC "All-Hands" Meeting with staff
- Develop staff to help present ADC updates and assist other department team members and contract partners

**Progress:** This initiative has been successful as measured by customer feedback and employee engagement score results that have been trending in a positive direction.

**Initiative:** Focus on revenue generation and cost control.

## Development Division – Airport Design & Construction

### FY 2018 – FY 2019 Goals

1. ADC will manage construction on the Parking Plaza project to meet construction milestones and a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule. ADC will manage a final cost for the Parking Plaza project within or better than the approved budget of \$127.8M.

Measures of success:

- Over the course of the Parking Plaza Project, proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and generating parking revenue on scheduled opening date
- Over the course of the Parking Plaza project, proactively manage added scope, by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-project

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. ADC will manage construction on the Terminal 2 West FIS project to meet construction milestones and a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule. ADC will manage a final cost for the Terminal 2 West FIS project within or better than the approved budget of \$229M.

Measures of success:

- Over the course of the Terminal 2 West FIS project, proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and processing international passengers on scheduled opening date
- Over the course of the Terminal 2 West FIS project, proactively manage added scope, by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-project

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

## Development Division – Airport Design & Construction

3. Progress and complete the Programmatic Document development for the Terminal 1 Replacement (T1-RP Phase 1), establish a program budget and begin the procurement process for the contract necessary to deliver the T1-RP on the schedule set by the Board.

Measures of success:

- Over the course of the Programmatic Document development for the T1-RP Phase 1, proactively manage the schedule to ensure all milestone schedule dates are met
- Establish the program budget for the T1-RP Phase 1
- Begin the procurement phase of the T1-RP by the fourth quarter of FY 2018
- Coordinate with Authority stakeholders to confirm planning criteria and define program requirements for the Terminal 1 Replacement, Phase 1

### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

4. Throughout the year, ensure robust communications for ADC employees and stakeholders (internal and external) to enhance the community's (public, professional and tenants) understanding of the department's active projects.

Measures of success:

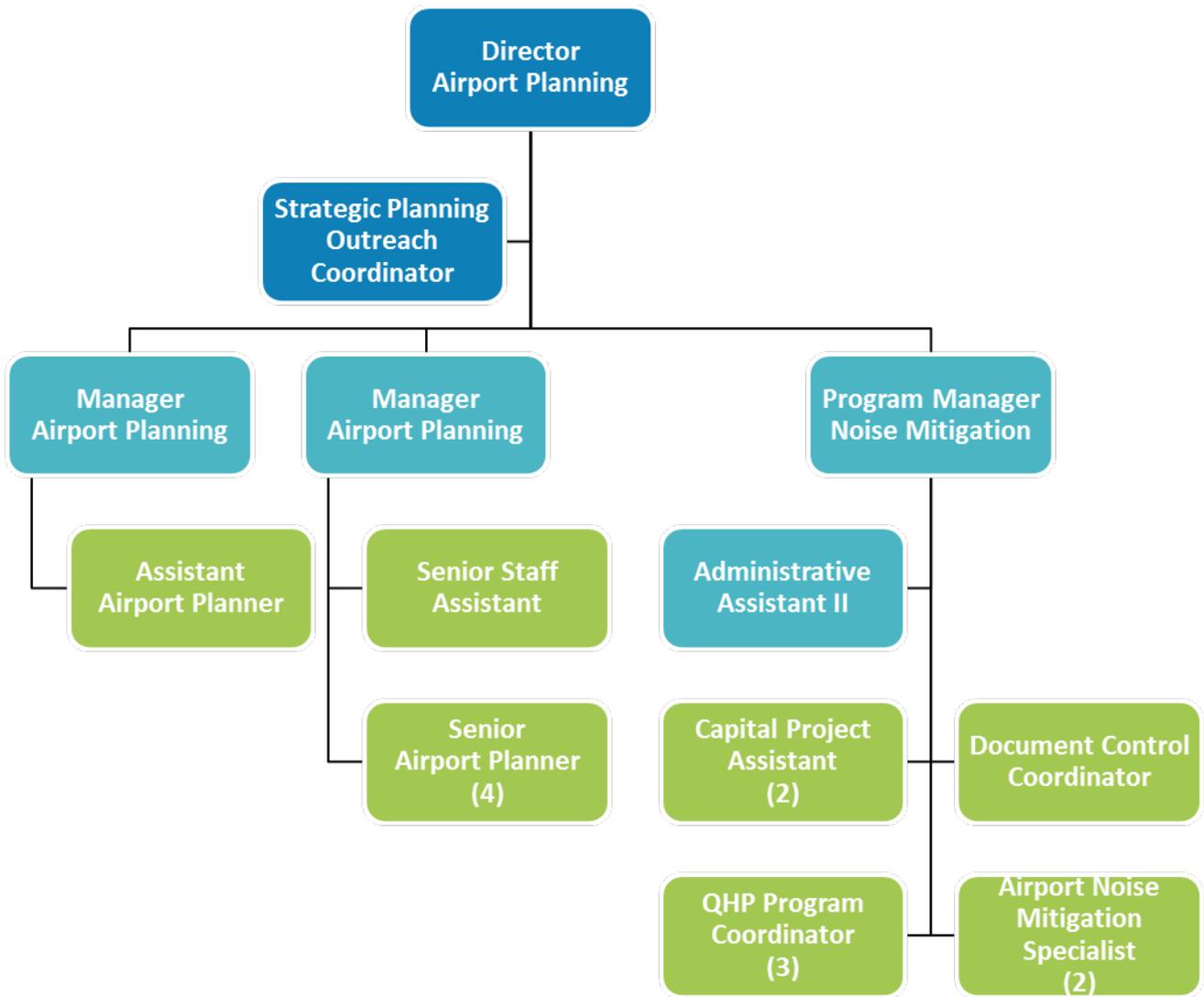
- Timely completion of quarterly ADC CIP Oversight Committee reports and briefings to the Board and senior management
- Timely completion of monthly construction progress updates
- Timely completion of program updates for Aviation Matters
- Timely completion of weekly updates to the President/CEO for the Board report
- Provide ADC jobsite tours for internal/external Stakeholders
- Provide communication of ADC program to external community groups

### Strategic Goals:

- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.
- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

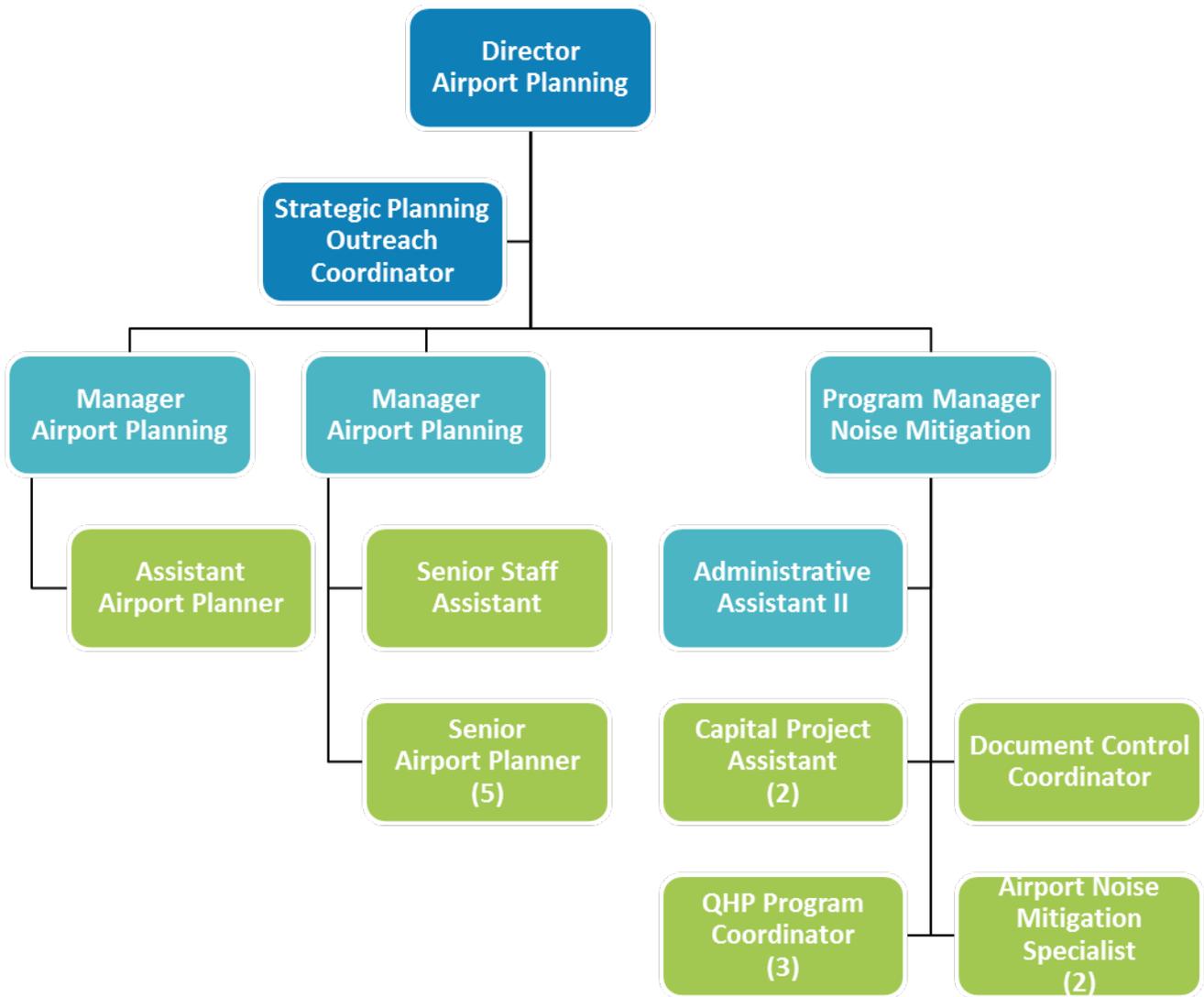
# Development Division – Airport Planning & Noise Mitigation

## FY 2018 Organizational Structure



# Development Division – Airport Planning & Noise Mitigation

## FY 2019 Organizational Structure



## Development Division – Airport Planning & Noise Mitigation

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,591,082	\$ 1,577,035	\$ 1,632,194	\$ 55,158	3.5%	\$ 1,741,175	\$ 108,981	6.7%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	708,579	756,318	794,671	38,353	5.1%	918,351	123,680	15.6%
Subtotal	2,299,661	2,333,353	2,426,865	93,511	4.0%	2,659,526	232,661	9.6%
Less: Capitalized Labor	(9,188)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	(708,548)	(627,689)	(695,107)	(67,418)	10.7%	(745,804)	(50,697)	7.3%
<b>Total Personnel Expenses</b>	<b>1,581,924</b>	<b>1,705,664</b>	<b>1,731,757</b>	<b>26,093</b>	<b>1.5%</b>	<b>1,913,722</b>	<b>181,965</b>	<b>10.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,676,703	1,930,500	1,925,750	(4,750)	-0.2%	1,600,750	(325,000)	-16.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	260	500	10,300	9,800	1960.0%	10,300	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	4,054	-	11,000	11,000	0.0%	11,000	-	0.0%
Operating Supplies	18,918	11,000	14,500	3,500	31.8%	14,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	26,356	55,700	48,300	(7,400)	-13.3%	48,300	-	0.0%
Business Development	52,319	63,700	48,400	(15,300)	-24.0%	43,400	(5,000)	-10.3%
Equipment Rentals & Repairs	253,950	233,000	236,200	3,200	-0.9%	234,500	(1,700)	-32.7%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>2,032,559</b>	<b>2,294,400</b>	<b>2,294,450</b>	<b>50</b>	<b>0.0%</b>	<b>1,962,750</b>	<b>(331,700)</b>	<b>-14.5%</b>
<b>Total Operating Expenses</b>	<b>3,614,484</b>	<b>4,000,064</b>	<b>4,026,207</b>	<b>26,143</b>	<b>0.7%</b>	<b>3,876,472</b>	<b>(149,735)</b>	<b>-3.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	12,270,742	14,534,811	14,340,000	(194,811)	-1.3%	14,340,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>12,270,742</b>	<b>14,534,811</b>	<b>14,340,000</b>	<b>(194,811)</b>	<b>-1.3%</b>	<b>14,340,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,885,226</b>	<b>18,534,875</b>	<b>18,366,207</b>	<b>(168,668)</b>	<b>-0.9%</b>	<b>18,216,472</b>	<b>(149,735)</b>	<b>-0.8%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 15,904,671</b>	<b>\$ 18,534,875</b>	<b>\$ 18,366,207</b>	<b>\$ (168,668)</b>	<b>-0.9%</b>	<b>\$ 18,216,472</b>	<b>\$ (149,735)</b>	<b>-0.8%</b>

## Development Division – Airport Planning & Noise Mitigation

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
	\$ 18,534,875	\$ 18,366,207
<b>FY 2017 Budget / FY 2018 Budget</b>		
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	55,158	65,048
Burden (benefits & employer taxes) for current staff	38,353	106,646
1 new position of Sr. Airport Planner (salaries & burden)	-	60,968
Capitalized labor	(67,418)	(50,697)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>26,093</b>	<b>181,965</b>
QHP Grant and PFCs Ineligible Costs	600,000	-
Quarterly Noise Reports & Noise Monitoring	120,000	(50,000)
Planning and land use projects	(150,000)	(275,000)
QHP Grant and PFCs Eligible Costs	(794,811)	-
Other, net	30,050	(6,700)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(194,761)</b>	<b>(331,700)</b>
<b>Total Increase / (Decrease)</b>	<b>(168,668)</b>	<b>(149,735)</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 18,366,207</b>	<b>\$ 18,216,472</b>

## Development Division – Airport Planning & Noise Mitigation

### FY 2017 Progress Report

1. The ADP will define future Airport facilities through the year 2035. By May 31, 2017, the scoping document for the administrative draft EIR will be released and preparation of the administrative draft document will be underway.

**Progress:** The NOP was released February 2017 and scoping meetings were also held. The preparation of the administrative draft document is underway.

**Initiative:** Maintain a sustainable long-term capital plan.

2. By May 31, 2017, the draft Airport Land Use Compatibility Plan (ALUCP) for the Naval Air Station North Island ALUCP all technical analysis will be complete for the four compatibility factors.

**Progress:** The technical analysis of all four compatibility factors is complete for the NASNI ALUCP.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. In FY 2017, the Quieter Home Program (residential sound insulation) will maintain the levels of acceleration and spending, so that at least the same amount of funding and a similar number of homes are attenuated as in FY 2016, and we will work with the airlines, the FAA, and neighbors to improve the noise complaints from the community.

**Progress:** The Program has not been able to maintain the same levels of funding for the Quieter Home Program but is actively working with the FAA to ensure projects can be bid as quickly as possible. Staff facilitates monthly meetings (Airport Noise Advisory Committee (ANAC) and ANAC Subcommittee) to engage our stakeholders in discussions regarding the community's noise concerns.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Development Division – Airport Planning & Noise Mitigation

### FY 2018 – FY 2019 Goals

1. The ADP will define future Airport facilities through the year 2035. By May 31, 2018, administrative draft Final EIR will be complete.

#### **Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

2. In collaboration with a multi-departmental team, the Planning Department will lead a process to integrate the five year ACIP, 20-year capital plan, facilities condition assessments, and the ADP to result in a comprehensive short- and long-term capital program.

#### **Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

3. Complete draft ALUCPs and public outreach meetings for the six rural airports in San Diego County.

#### **Strategic Goal:**

- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

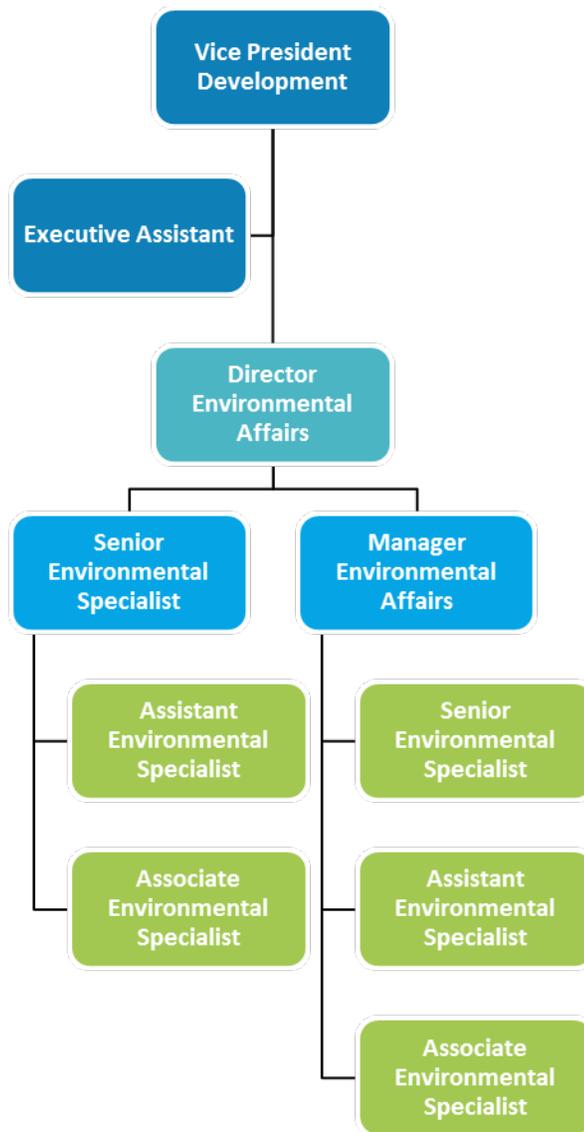
4. In FY 2017, the Quieter Home Program (residential sound insulation) will gain FAA approval to restart the sound insulation program. We will also work with the airlines, the FAA, and neighbors to address noise complaints from the community.

#### **Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

## Development Division – Environmental Affairs

### FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Development Division – Environmental Affairs

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 956,073	\$ 1,007,771	\$ 1,106,237	\$ 98,466	9.8%	\$ 1,150,247	\$ 44,009	4.0%
Premium Overtime	(48)	-	-	-	0.0%	-	-	0.0%
Employee Benefits	380,667	453,271	501,108	47,836	10.6%	563,571	62,463	12.5%
Subtotal	1,336,691	1,461,042	1,607,345	146,303	10.0%	1,713,818	106,473	6.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,336,691</b>	<b>1,461,042</b>	<b>1,607,345</b>	<b>146,303</b>	<b>10.0%</b>	<b>1,713,818</b>	<b>106,473</b>	<b>6.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	2,458,328	2,511,450	3,001,200	489,750	19.5%	3,001,200	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	195	500	500	-	0.0%	500	-	0.0%
Maintenance	870,166	1,634,243	1,352,000	(282,243)	-17.3%	1,302,000	(50,000)	-3.7%
Operating Equipment & Systems	2,251	500	1,000	500	100.0%	1,000	-	0.0%
Operating Supplies	9,445	11,100	11,100	-	0.0%	11,100	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	168,863	222,650	195,730	(26,920)	-12.1%	175,132	(20,598)	-10.5%
Business Development	71,931	72,550	107,650	35,100	48.4%	107,650	-	0.0%
Equipment Rentals & Repairs	661	2,000	2,000	-	0.0%	2,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>3,581,840</b>	<b>4,454,993</b>	<b>4,671,180</b>	<b>216,187</b>	<b>4.9%</b>	<b>4,600,582</b>	<b>(70,598)</b>	<b>-1.5%</b>
<b>Total Operating Expenses</b>	<b>4,918,532</b>	<b>5,916,035</b>	<b>6,278,525</b>	<b>362,490</b>	<b>6.1%</b>	<b>6,314,400</b>	<b>35,875</b>	<b>0.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>4,918,532</b>	<b>5,916,035</b>	<b>6,278,525</b>	<b>362,490</b>	<b>6.1%</b>	<b>6,314,400</b>	<b>35,875</b>	<b>0.6%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 4,918,532</b>	<b>\$ 5,916,035</b>	<b>\$ 6,278,525</b>	<b>\$ 362,490</b>	<b>6.1%</b>	<b>\$ 6,314,400</b>	<b>\$ 35,875</b>	<b>0.6%</b>

## Development Division – Environmental Affairs

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 5,916,035</b>	<b>\$ 6,278,525</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	98,466	44,009
Burden (benefits & employer taxes) for current staff	47,836	62,463
<b>Total Increase / (Decrease) in personnel costs</b>	<b>146,303</b>	<b>106,473</b>
Stormwater Management Program	300,000	-
Brownfield Management & San Diego Bay Sediment Quality	200,000	-
Integrated Pest Management	(252,243)	(50,000)
Other, net	(31,570)	(20,598)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>216,187</b>	<b>(70,598)</b>
<b>Total Increase / (Decrease)</b>	<b>362,490</b>	<b>35,875</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 6,278,525</b>	<b>\$ 6,314,400</b>

## Development Division – Environmental Affairs

### FY 2017 Progress Report

1. Update the Airport's Air Quality Management Plan with new strategies to address greenhouse gas and criteria air pollutant emissions by June 30, 2017.

**Progress:** The Environmental Affairs Department successfully secured a FAA sustainability management planning grant in FY2017 that includes support for updating the Airport's Air Quality Management Plan (AQMP). The revised AQMP, which is currently in development, is incorporating strategies related to stationary and mobile emission sources, as well as priorities from the recently-completed SAN Strategic Energy Plan. The new AQMP is also being designed to meet the Level 3 requirements of the Airports Council International's Airport Carbon Accreditation program. It is anticipated that the AQMP update will be completed by fall 2017.

**Initiative:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices; maintain a sustainable long-term capital plan.

2. Develop an Exceedance Response Action Plan to help further reduce the concentrations of copper and zinc in storm water runoff and support the *Water Stewardship Plan* by June 30, 2017.

**Progress:** The Environmental Affairs Department prepared and submitted an Exceedance Response Action Report (Level 1) to the State Water Resources Control Board in December 2016. Because certain operations (such as fueling, maintenance, and equipment washing) at SAN are considered industrial activities, the Environmental Affairs Department is now required under the new Industrial General Permit to develop these plans in order to outline new and modified "Best Management Practices" (BMPs) that will be implemented to further address pollutant sources onsite.

**Initiative:** Focus on revenue generation and cost control; maintain a sustainable long-term capital plan.

3. Develop and assess strategies for the long-term management of the Airport's California Least Tern colonies by June 30, 2017.

**Progress:** The Environmental Affairs Department, in collaboration with the Planning Department and Airside Operations Department, has worked to evaluate SAN's future operations and development growth in order to identify approaches to managing the onsite California Least Tern nesting habitat. This assessment will help inform discussions with wildlife resource agencies on long-term management strategies that could be jointly implemented.

**Initiative:** Maintain a sustainable long-term capital plan.

## Development Division – Environmental Affairs

### FY 2018 – FY 2019 Goals

1. Update the Airport's Air Quality Management Plan with new strategies to address greenhouse gas and criteria air pollutant emissions as part of SAN's Airport Carbon Accreditation (ACA). The measures of success will be to finalize the new plan by September 2018 and to ensure it meets ACA Level 3/3+ certification standards.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Develop a Level 2 Exceedance Response Action (ERA) Plan to help further reduce the concentrations of copper and zinc in storm water runoff and support the Water Stewardship Plan. The measure of success will be to complete the new ERA Plan by January 2018 in order to comply with Industrial General Permit requirements and to inform the design of proposed airfield treatment control BMPs.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

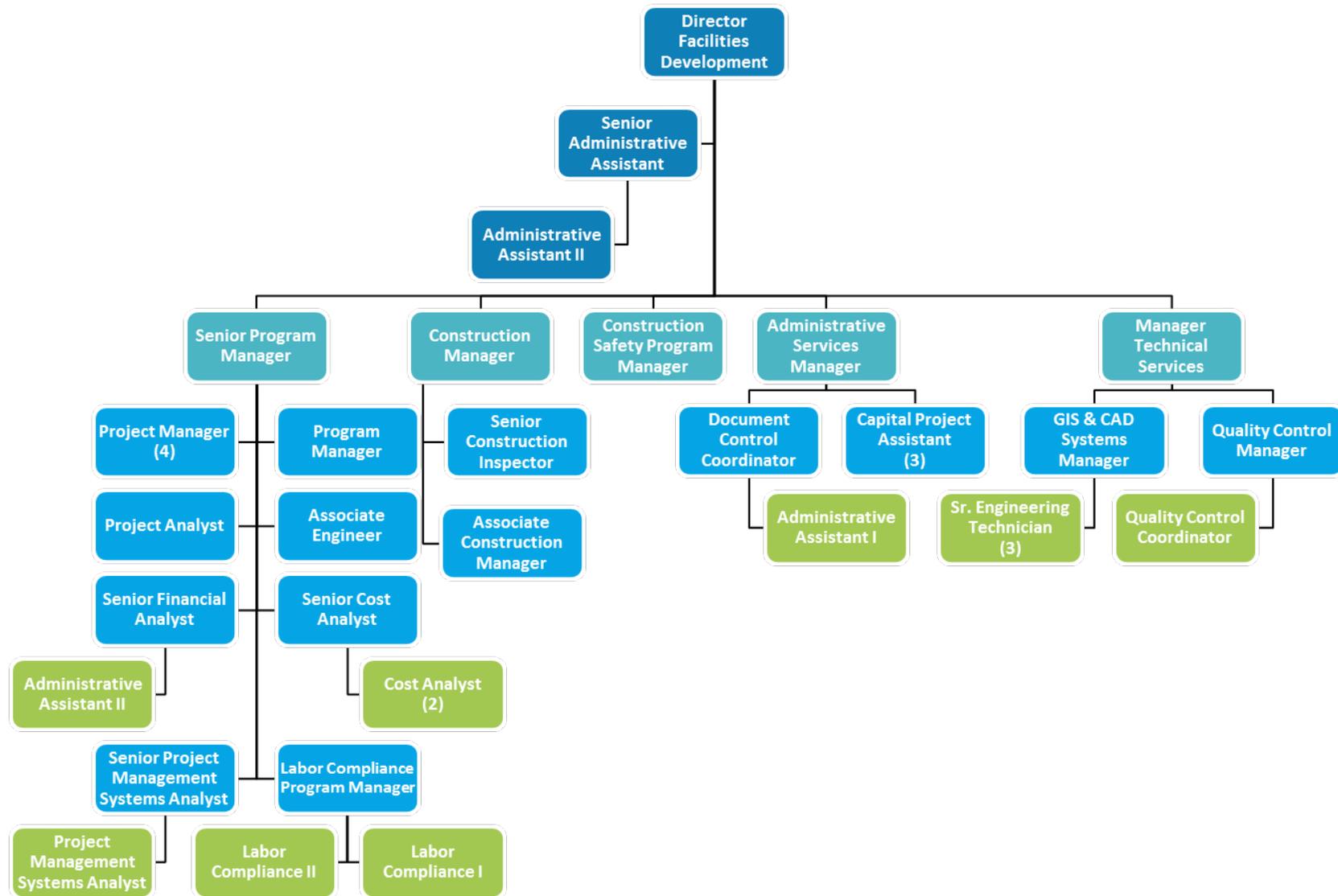
3. Expand the structure and use of the Airport's 'SANTrack' environmental management system to streamline data tracking activities and to ensure ongoing regulatory compliance. The measures of success will be to incorporate new Ground Support Equipment-related tracking and reporting tools into the system and to train relevant airport employees on the new modules by July 2018.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

# Development Division – Facilities Development

## FY 2018 – 2019 Organizational Structure



No personnel changes in FY 2019.

## Development Division – Facilities Development

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 3,033,960	\$ 3,289,265	\$ 3,365,150	\$ 75,885	2.3%	\$ 3,499,276	\$ 134,126	4.0%
Premium Overtime	7,643	20,000	20,000	-	0.0%	20,000	-	0.0%
Employee Benefits	1,310,353	1,455,539	1,588,055	132,516	9.1%	1,806,527	218,472	13.8%
Subtotal	4,351,956	4,764,803	4,973,205	208,401	4.4%	5,325,803	352,598	7.1%
<i>Less: Capitalized Labor</i>	<i>(3,802,232)</i>	<i>(4,048,360)</i>	<i>(4,279,166)</i>	<i>(230,806)</i>	<i>5.7%</i>	<i>(4,551,027)</i>	<i>(271,861)</i>	<i>6.4%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>(32,096)</i>	<i>(34,942)</i>	<i>(21,988)</i>	<i>12,954</i>	<i>-37.1%</i>	<i>(23,554)</i>	<i>(1,565)</i>	<i>7.1%</i>
<b>Total Personnel Expenses</b>	<b>517,628</b>	<b>681,502</b>	<b>672,050</b>	<b>(9,451)</b>	<b>-1.4%</b>	<b>751,222</b>	<b>79,171</b>	<b>11.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	791,233	379,193	357,751	(21,442)	-5.7%	380,115	22,364	6.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	1,751	9,000	8,000	(1,000)	-11.1%	8,000	-	0.0%
Maintenance	92,414	350,000	125,000	(225,000)	-64.3%	125,000	-	0.0%
Operating Equipment & Systems	1,998	(5,986)	828	6,814	-113.8%	1,760	932	112.5%
Operating Supplies	14,950	7,197	3,893	(3,303)	-45.9%	4,577	684	17.6%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	9,520	4,346	3,932	(414)	-9.5%	4,574	642	16.3%
Business Development	12,062	19,390	19,990	600	3.1%	19,990	-	0.0%
Equipment Rentals & Repairs	(152,649)	18,926	13,924	(5,002)	54.2%	14,971	1,047	2.5%
Tenant Improvements	742,250	900,000	850,000	(50,000)	-5.6%	850,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,513,528</b>	<b>1,682,066</b>	<b>1,383,319</b>	<b>(298,747)</b>	<b>-17.8%</b>	<b>1,408,987</b>	<b>25,668</b>	<b>1.9%</b>
<b>Total Operating Expenses</b>	<b>2,031,156</b>	<b>2,363,567</b>	<b>2,055,369</b>	<b>(308,198)</b>	<b>-13.0%</b>	<b>2,160,209</b>	<b>104,839</b>	<b>5.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	101,359	300,000	300,000	-	0.0%	300,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>101,359</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>0.0%</b>	<b>300,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,132,515</b>	<b>2,663,567</b>	<b>2,355,369</b>	<b>(308,198)</b>	<b>-11.6%</b>	<b>2,460,209</b>	<b>104,839</b>	<b>4.5%</b>
Equipment Outlay	28,674	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,161,189</b>	<b>\$ 2,663,567</b>	<b>\$ 2,355,369</b>	<b>\$ (308,198)</b>	<b>-11.6%</b>	<b>\$ 2,460,209</b>	<b>\$ 104,839</b>	<b>4.5%</b>

## Development Division – Facilities Development

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 2,663,567</b>	<b>\$ 2,355,369</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	132,516	218,472
Salary adjustments and pay-for-performance	75,885	134,126
Capitalized labor	(217,853)	(273,427)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(9,451)</b>	<b>79,171</b>
Tenant Improvement Projects	(50,000)	-
Maintenance - Major Repairs	(225,000)	-
Other, net	(23,747)	25,668
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(298,747)</b>	<b>25,668</b>
<b>Total Increase / (Decrease)</b>	<b>(308,198)</b>	<b>104,839</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 2,355,369</b>	<b>\$ 2,460,209</b>

## Development Division – Facilities Development

### FY 2017 Progress Report

1. Execute and deliver 100% of the CIP projects on time and within budget, in order to achieve milestones by June 30, 2017.

**Progress:** FDD delivered 100% of CIP projects on time and within the approved budget established by the Capital Improvement Committee for this fiscal year.

**Initiative:** Maintain a sustainable long-term capital plan.

2. To ensure the highest level of employee commitment and performance, hold bi-weekly meetings with FDD Authority staff to engage our employees in sustainable business practices, including lean construction techniques, in order to develop a collaborative and harmonious work environment.

**Progress:** FDD held bi-weekly meetings with FDD authority staff engaging in discussion of sustainable business practices, lean construction techniques, and other ancillary personnel related issues geared to personal and professional employee development.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. By June 30, 2017, upgrade the Authority's Geographic Information System (GIS) website to make it mobile-friendly so that its data can be accessed via electronic smart devices, such as smartphones and tablets, to support field inspection activities conducted by Airport Operations, Facilities Management and other Airport staff during their day-to-day operations.

**Progress:** The work is in progress. About 30% of the effort has been completed related to data preparation for the new application. FDD expects a faster rate of progress during the coming months of the fiscal year.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Development Division – Facilities Development

### FY 2018 – FY 2019 Goals

1. Execute and deliver 90% of the CIP projects on time and within budget.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

2. Accurately forecast the cost of future CIP projects by having the aggregate of the estimated construction costs for the CIP to be within 10% of the lowest bids submitted.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

3. Have zero audit findings for 90% of CIP projects and have 10% or less of CIP projects with "no significant" audit findings by June 30, 2018.

**Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

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# FINANCE & ASSET MANAGEMENT DIVISION

← Ticketing / Check-In  
✈ To All Gates



## Finance & Asset Management Division

### Overview

The **Finance & Asset Management Division's** six departments provide accounting, business management, business development, procurement, information and technology services, small business participation, financial planning, budgeting, capital funding, treasury, real estate and property management and concession development services for the organization.

The **Accounting Department** is responsible for maintenance, reporting and management of all General Ledger accounts and provides cost accounting services in support of the Authority's financial goals and objectives. The department is also responsible for timely and accurate reporting that complies with Generally Accepted Accounting Principles (GAAP) ; in-depth transaction review and strict adherence to Authority policies; consistent, organized and systematic recordkeeping to provide detailed support of Authority financial history; and effective internal controls designed to safeguard Authority assets.

The **Business & Financial Management Department** is responsible for the effective utilization and management of Authority resources. It calculates rates, fees and charges; develops and administers the Operating and Capital Budgets and serves as the landlord of the airport and other Authority controlled property and facilities. The department strives to maintain a fiscally sound and sustainable organization that conforms to financial management best practices; provides for beneficial treasury management; enhances operational efficiency and stability through the acquisition, management and disposal of Authority facilities; maintains an effective debt management program; and delivers financial advisory services to all Authority departments.

To accomplish these commitments, the Business & Financial Management Department forecasts revenue and expenditures; identifies, analyzes and implements revenue enhancement and cost containment strategies; manages Authority investments and cash; administers Grants, PFCs and CFCs revenue; and issues and manages Long-term and Short-term debt. Additionally, the department calculates and negotiates terminal rental rates, landing fees and other revenue from tenants and other users of Authority property; serves as the Authority's representative in acquiring property rights; develops and implements real estate-related agreements and manages the business relationships of tenant and public activities including those of passenger and cargo carriers, car rental companies, concessionaires, parking, ground servicing companies, fixed base operators, government entities and other lessees.

The **Business Development Department** identifies, reviews and prioritizes new business opportunities for the Authority. The focus is on new and often unique opportunities that will drive incremental revenue and/or reduce costs and those that enhance the overall passenger experience. The department also oversees the activities in the Innovation Lab, a ground-breaking collaborative lab environment where companies, innovators and airport executives work together to create and test (in a real-life airport environment) new ideas to drive airport innovation and improve the passenger experience. Successful ideas coming out of the lab can be implemented at SAN, other airports and/or in analogous industries such as malls, hotels, convention centers, etc.

The **Information & Technology Services (ITS) Department** establishes and manages the Authority's information technology infrastructure, including hardware, software and communications technology. The department provides information technology services to all Authority departments, including network connectivity, internet services, desktop computing, telephone connection and hosted system services. ITS provides the airlines with common use services (CUSS kiosks, CUPPS workstations) at the elevated departure roadway, gates and ticket counters; and Flight Information Display System (FIDS). Passengers are served by FIDS, free Wi-Fi, Paging, the

## Finance & Asset Management Division

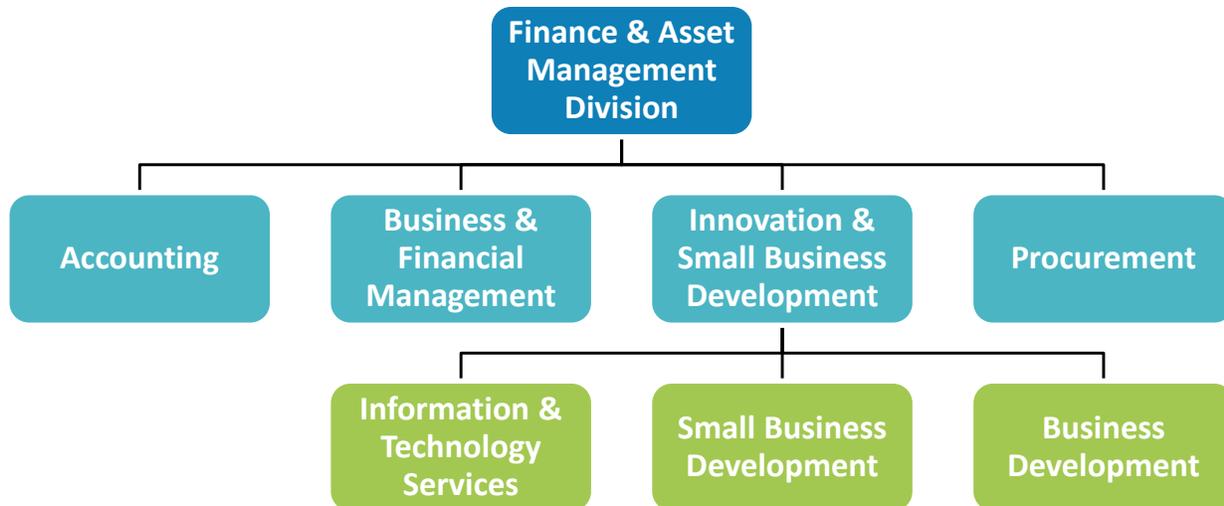
AwayYouGo app, and the san.org website maintained by ITS with content provided by the Vision, Voice and Engagement department.

The **Procurement Department** is committed to a competitive contracting process that promotes innovation and industry best practices while ensuring its contracting actions adhere to published Authority policies and the highest standards of integrity and ethical conduct. The department researches product and service resources, and business outreach and education; and manages solicitations, price and contract negotiations and contract awards in a legal, ethical and transparent manner. The department also manages the Procurement card program (P-card); shipping, receiving, and surplus; and warehouse operations.

The **Small Business Development (SBD) Department** encourages the use of local, small, historically underutilized, disabled veteran, emerging disadvantaged business enterprises and airport concession disadvantaged business enterprises. The team is committed to ensuring that these businesses have every opportunity to do business with and at the airport. The department provides research on resources, trends, products and service options, business outreach, small business development, training and services.

## Finance & Asset Management Division

### FY 2018 – FY 2019 Organizational Structure



### Division Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget Transfers	FY 2018 Budget New/ (Eliminated)	FY 2018 Budget	FY 2019 Budget New/ (Eliminated)	FY 2019 Conceptual Budget
<b>Finance &amp; Asset Management</b>							
Business & Financial Management	26	26	-	-	26	-	26
Accounting	12	12	-	-	12	-	12
Information & Technology Services	29	29	-	-	29	-	29
Procurement	11	11	1	-	12	-	12
Small Business Development	4	4	(1)	1	4	-	4
Business Development	1	1	1	-	2	-	2
<b>Total Authorized Funded Positions</b>	<b>83</b>	<b>83</b>	<b>1</b>	<b>1</b>	<b>85</b>	<b>-</b>	<b>85</b>

## Finance & Asset Management Division

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,633,229	\$ 6,982,534	\$ 6,572,479	\$ (410,055)	-5.9%	\$ 7,027,832	\$ 455,353	6.9%
Premium Overtime	88,848	150,000	152,000	2,000	1.3%	152,000	-	0.0%
Employee Benefits	1,593,068	2,981,247	3,507,963	526,716	17.7%	3,729,190	221,227	6.3%
Subtotal	8,315,145	10,113,781	10,232,441	118,661	1.2%	10,909,022	676,580	6.6%
Less: Capitalized Labor	(3,190)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses *</b>	<b>8,311,956</b>	<b>10,113,781</b>	<b>10,232,441</b>	<b>118,661</b>	<b>1.2%</b>	<b>10,909,022</b>	<b>676,580</b>	<b>6.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,119,625	3,107,856	2,967,680	(140,176)	-4.5%	3,142,181	174,501	5.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,367,148	10,190,250	10,190,750	500	0.0%	10,190,750	-	0.0%
Utilities	375,060	416,900	450,850	33,950	8.1%	450,850	-	0.0%
Maintenance	21,188	20,000	20,000	-	0.0%	20,000	-	0.0%
Operating Equipment & Systems	497,569	205,000	207,500	2,500	1.2%	207,500	-	0.0%
Operating Supplies	124,599	116,400	111,400	(5,000)	-4.3%	111,400	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	269,140	211,950	218,550	6,600	3.1%	218,535	(15)	0.0%
Business Development	260,392	137,400	120,050	(17,350)	-12.6%	121,250	1,200	1.0%
Equipment Rentals & Repairs	1,829,661	2,133,695	2,144,578	10,883	173.1%	2,267,126	122,548	-7.6%
Tenant Improvements	(2,628)	-	10,000	10,000	0.0%	10,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>16,861,753</b>	<b>16,539,451</b>	<b>16,441,358</b>	<b>(98,093)</b>	<b>-0.6%</b>	<b>16,739,592</b>	<b>298,234</b>	<b>1.8%</b>
<b>Total Operating Expenses</b>	<b>25,173,709</b>	<b>26,653,232</b>	<b>26,673,799</b>	<b>20,567</b>	<b>0.1%</b>	<b>27,648,613</b>	<b>974,815</b>	<b>3.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>25,173,709</b>	<b>26,653,232</b>	<b>26,673,799</b>	<b>20,567</b>	<b>0.1%</b>	<b>27,648,613</b>	<b>974,815</b>	<b>3.7%</b>
Equipment Outlay	323,627	200,000	500,000	300,000	150.0%	500,000	-	0.0%
<b>Total Finance &amp; Asset Management</b>	<b>\$ 25,497,336</b>	<b>\$ 26,853,232</b>	<b>\$ 27,173,799</b>	<b>\$ 320,567</b>	<b>1.2%</b>	<b>\$ 28,148,613</b>	<b>\$ 974,815</b>	<b>3.6%</b>

\*Personnel costs include vacancy savings

## Finance & Asset Management Division

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 26,853,232</b>	<b>\$ 27,173,799</b>
<b>Personnel Costs</b>		
Burden (benefits & employer taxes) for current staff	291,387	499,139
1 position of Manager, Capability & Planning (salaries & burden) transferred from Executive Division	146,619	-
Salary adjustments and pay-for-performance	124,492	301,757
1 new position of Program Manager (salaries & burden)	117,431	-
Vacancy savings in salaries, benefits and other	(561,269)	(124,316)
<b>Total Increase / (Decrease) in Personnel Costs*</b>	<b>118,661</b>	<b>676,580</b>
Authority wide computer replacement	310,000	(50,000)
Budget Software License Fees and Implementation	75,000	(25,000)
Credit card fees	(19,001)	190,001
Common use equipment maintenance cost	(35,564)	105,205
Small Business Development Contractual services	(205,000)	-
Other, net	76,472	78,028
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>201,907</b>	<b>298,234</b>
<b>Total Increase / (Decrease)</b>	<b>320,567</b>	<b>974,815</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 27,173,799</b>	<b>\$ 28,148,613</b>

\*Personnel costs include vacancy savings

# Finance & Asset Management Division

## FY 2018 Expense Budget by Department

In thousands

Departments	FY 2018 Budget
Business and Financial Management	\$ 15,614
Information & Technology Services	8,468
Accounting	1,680
Procurement	1,459
Small Business Development	656
Business Development	466
Vacancy Savings and Worker's Compensation Losses	(1,170)
<b>Total <sup>(1)</sup></b>	<b><u>\$ 27,174</u></b>

<sup>(1)</sup> Total may differ due to rounding.

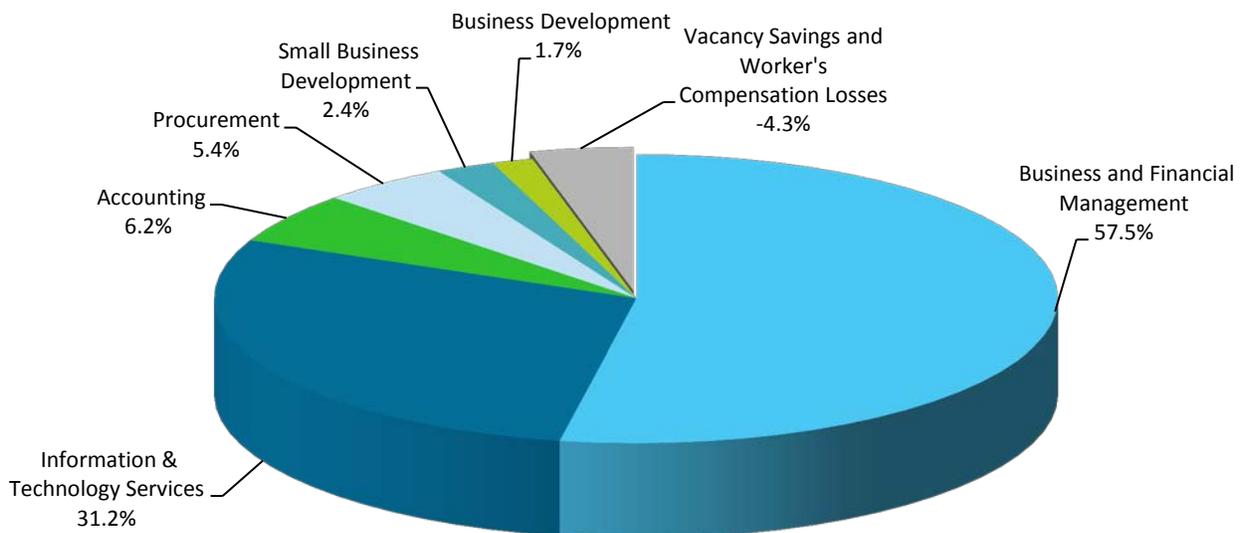


Figure 31 – FY 2018 Expense Budget by Department

## Finance & Asset Management Division

### FY 2019 Expense Budget by Department

In thousands

Departments	FY 2019 Conceptual Budget
Business and Financial Management	\$ 15,989
Information & Technology Services	8,942
Accounting	1,771
Procurement	1,556
Small Business Development	693
Business Development	492
Vacancy Savings and Worker's Compensation Losses	(1,294)
<b>Total <sup>(1)</sup></b>	<b><u>\$ 28,149</u></b>

<sup>(1)</sup> Total may differ due to rounding.

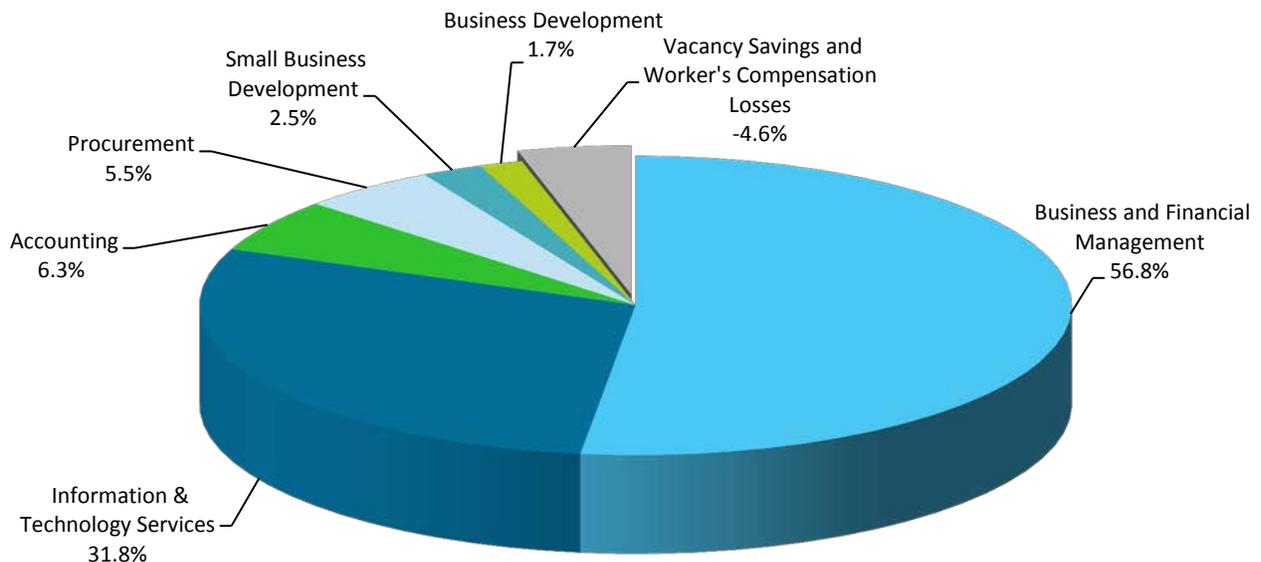


Figure 32 – FY 2019 Expense Budget by Department

## Finance & Asset Management Division

### FY 2018 Expense Budget by Category

In thousands

Category	FY 2018 Budget
Personnel Expenses	\$ 10,232
Space Rental	10,191
Contractual Services	2,968
Equipment Rentals & Repairs	2,145
Equipment Outlay	500
Utilities	451
Employee Programs	219
Operating Equipment & Systems	208
Business Development	120
Other*	141
<b>Total <sup>(1)</sup></b>	<b>\$ 27,174</b>

<sup>(1)</sup> Total may differ due to rounding.

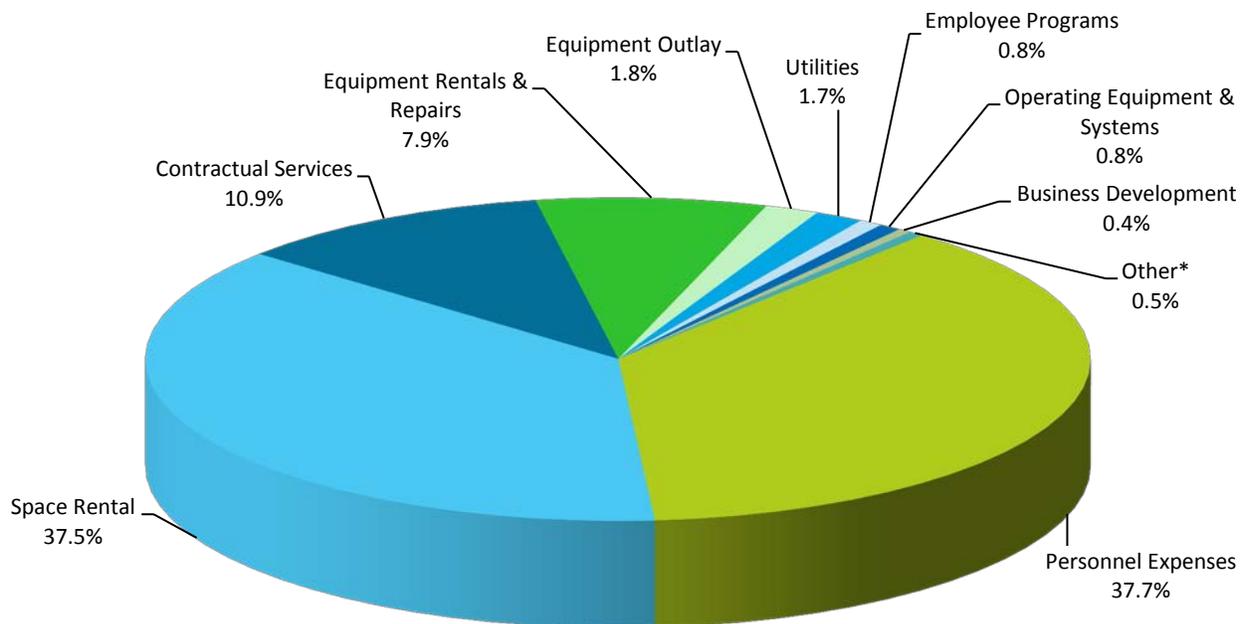


Figure 33 – FY 2018 Expense Budget by Category

\*Other includes tenant improvements, maintenance and operating supplies.

## Finance & Asset Management Division

### FY 2019 Expense Budget by Category

In thousands

Category	FY 2019 Conceptual Budget
Personnel Expenses	\$ 10,909
Space Rental	10,191
Contractual Services	3,142
Equipment Rentals & Repairs	2,267
Equipment Outlay	500
Utilities	451
Employee Programs	219
Operating Equipment & Systems	208
Business Development	121
Other*	141
<b>Total <sup>(1)</sup></b>	<b>\$ 28,149</b>

<sup>(1)</sup> Total may differ due to rounding.

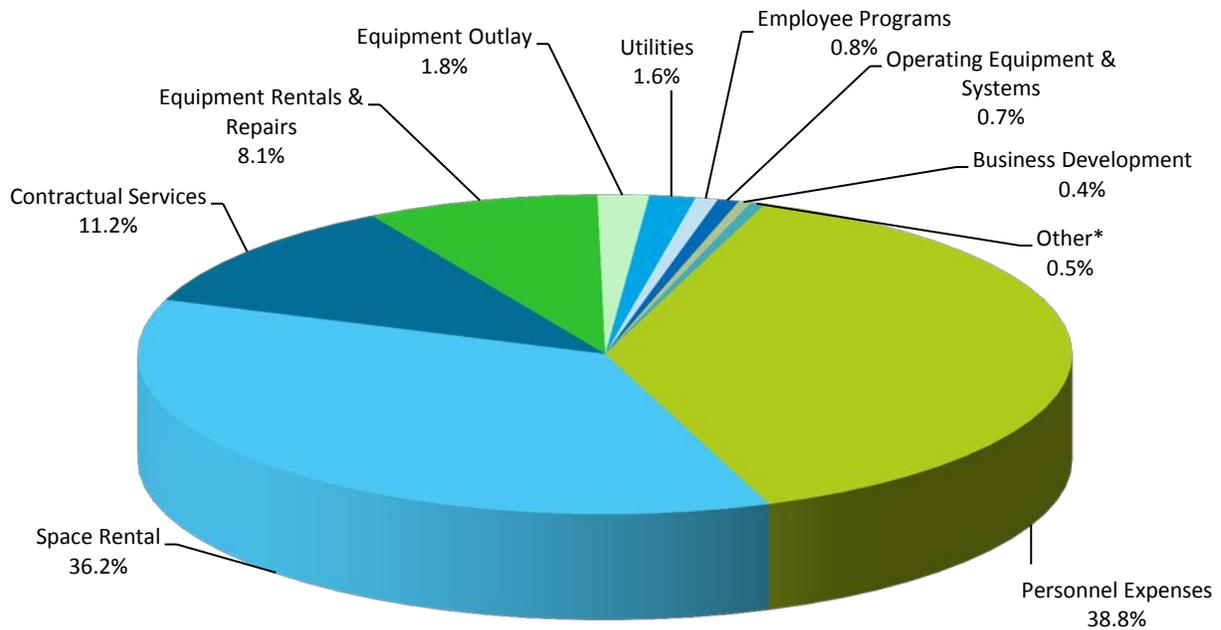
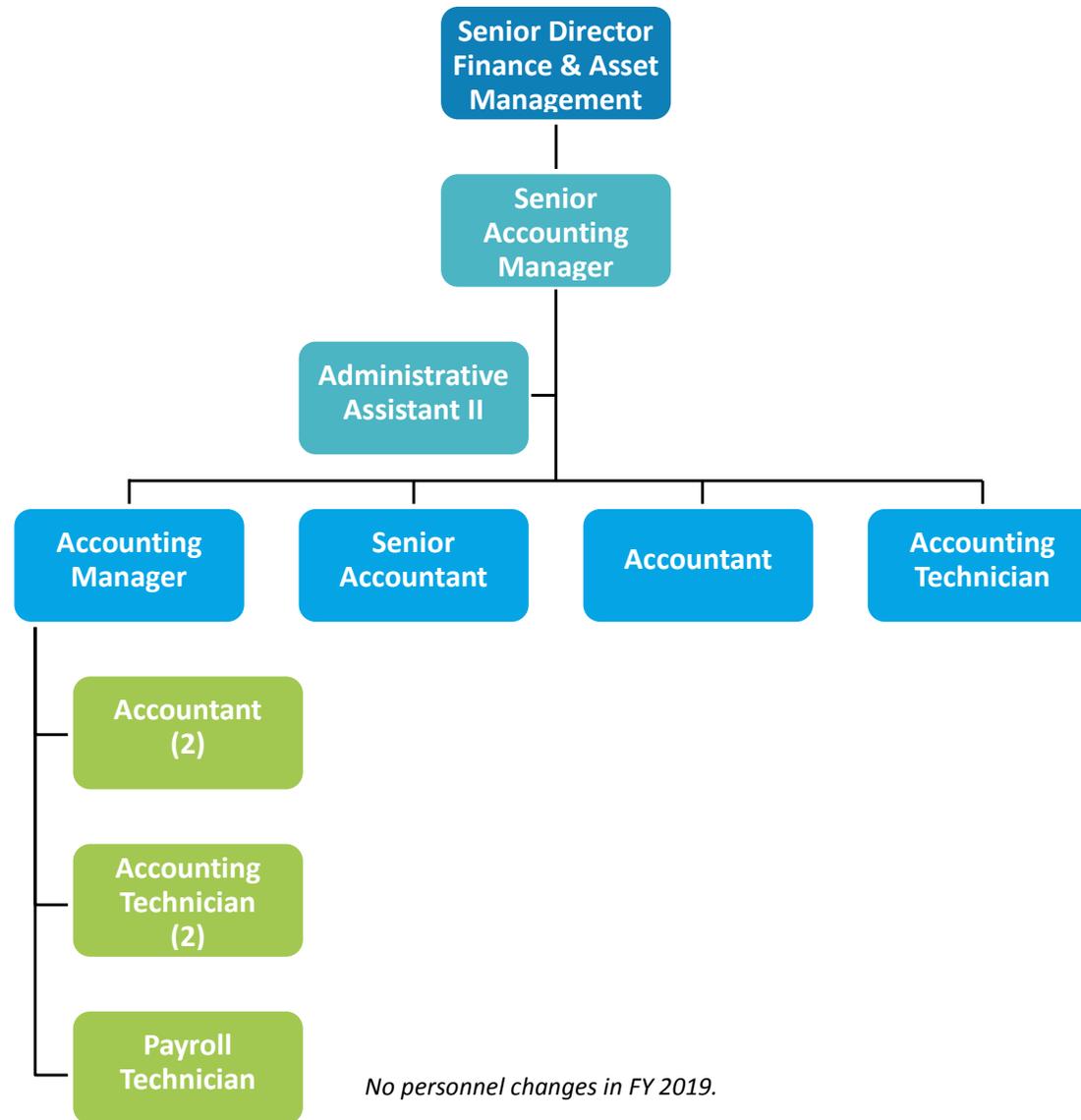


Figure 34 – FY 2019 Expense Budget by Category

\*Other includes tenant improvements, maintenance and operating supplies.

## Finance & Asset Management Division – Accounting

### FY 2018 – FY 2019 Organizational Structure



## Finance & Asset Management Division – Accounting

### 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 890,518	\$ 921,876	\$ 954,998	\$ 33,122	3.6%	\$ 993,198	\$ 38,200	4.0%
Premium Overtime	2,058	-	2,000	2,000	0.0%	2,000	-	0.0%
Employee Benefits	457,045	457,028	496,942	39,913	8.7%	562,992	66,050	13.3%
Subtotal	1,349,621	1,378,904	1,453,940	75,036	5.4%	1,558,190	104,250	7.2%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,349,621</b>	<b>1,378,904</b>	<b>1,453,940</b>	<b>75,036</b>	<b>5.4%</b>	<b>1,558,190</b>	<b>104,250</b>	<b>7.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	255,814	209,900	177,900	(32,000)	-15.2%	164,400	(13,500)	-7.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	42	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	7,478	3,000	5,000	2,000	66.7%	5,000	-	0.0%
Operating Supplies	13,245	15,500	15,500	-	0.0%	15,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	6,120	12,400	12,400	-	0.0%	12,400	-	0.0%
Business Development	165,681	16,500	15,500	(1,000)	-6.1%	15,500	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>448,380</b>	<b>257,300</b>	<b>226,300</b>	<b>(31,000)</b>	<b>-12.0%</b>	<b>212,800</b>	<b>(13,500)</b>	<b>-6.0%</b>
<b>Total Operating Expenses</b>	<b>1,798,001</b>	<b>1,636,204</b>	<b>1,680,240</b>	<b>44,036</b>	<b>2.7%</b>	<b>1,770,990</b>	<b>90,750</b>	<b>5.4%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,798,001</b>	<b>1,636,204</b>	<b>1,680,240</b>	<b>44,036</b>	<b>2.7%</b>	<b>1,770,990</b>	<b>90,750</b>	<b>5.4%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,798,001</b>	<b>\$ 1,636,204</b>	<b>\$ 1,680,240</b>	<b>\$ 44,036</b>	<b>2.7%</b>	<b>\$ 1,770,990</b>	<b>\$ 90,750</b>	<b>5.4%</b>

## Finance & Asset Management Division – Accounting

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 1,636,204</b>	<b>\$ 1,680,240</b>
<b>Personnel Costs</b>		
Burden (benefits & employer taxes) for current staff	39,913	66,050
Salary adjustments and pay-for-performance	35,122	38,200
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>75,036</b>	<b>104,250</b>
Post employment benefits valuation	17,500	(17,500)
Customer Facility Charge (CFC) rate audit	(49,800)	-
Other, net	1,300	4,000
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(31,000)</b>	<b>(13,500)</b>
<b>Total Increase / (Decrease)</b>	<b>44,036</b>	<b>90,750</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 1,680,240</b>	<b>\$ 1,770,990</b>

## Finance & Asset Management Division – Accounting

### FY 2017 Progress Report

1. Successfully complete the FY 2016 audit with no findings, to be completed by the end of October 2016.

**Progress:** The FY16 audit was completed with no findings.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Continue active engagement between Accounting and Financial Management departments to enhance communication and understanding between departments on financial and operating issues. Examples may include: rates, fees and charges processes and calculations; understanding of the budget process to enhance the month end analysis; Grant, PFC and CFC funding and accounting processes; continued refinement of Governmental Accounting Standards Board (GASB) 68 versus budget requirements; and implementation of GASB 74 – Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans.

**Progress:** To date the Accounting and Financial Management departments have collaborated on several detailed processes to enhance mutual understanding and improve efficiency and accuracy of business practices. Specific topics include:

- Refinement of GASB 68 versus budget requirements
- Grant, PFC and CFC funding and accounting processes
- Focus on FDD and ADC capital project accounting and budgeting
- AP team collaboration with Finance analysts regarding departments account variances
- Improved location coding at the department level

**Initiative:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

3. Implementation of recommendations, resulting from the Purchase-to-Pay review and assessment, by the end of FY 2017.

**Progress:** The Purchase to Pay review resulted in the implementation of the primary recommendations. The implementation also strengthened Purchase to Pay internal controls.

**Initiative:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

## Finance & Asset Management Division – Accounting

### FY 2018 – FY 2019 Goals

1. Successfully complete the FY 2017 Audit, with no findings, to be completed by the end of October 2017.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

2. Develop E-1 programming to automatically calculate PEPRAs wages and contributions, to eliminate the manual manipulation of data.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Continue to improve and enhance customer service to internal customers, actively promote the Accounting Department as an organizational business partner, and facilitate collaboration with stakeholders to formulate and implement innovative business processes that add value through increased efficiency and capacity.

#### Strategic Goals:

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

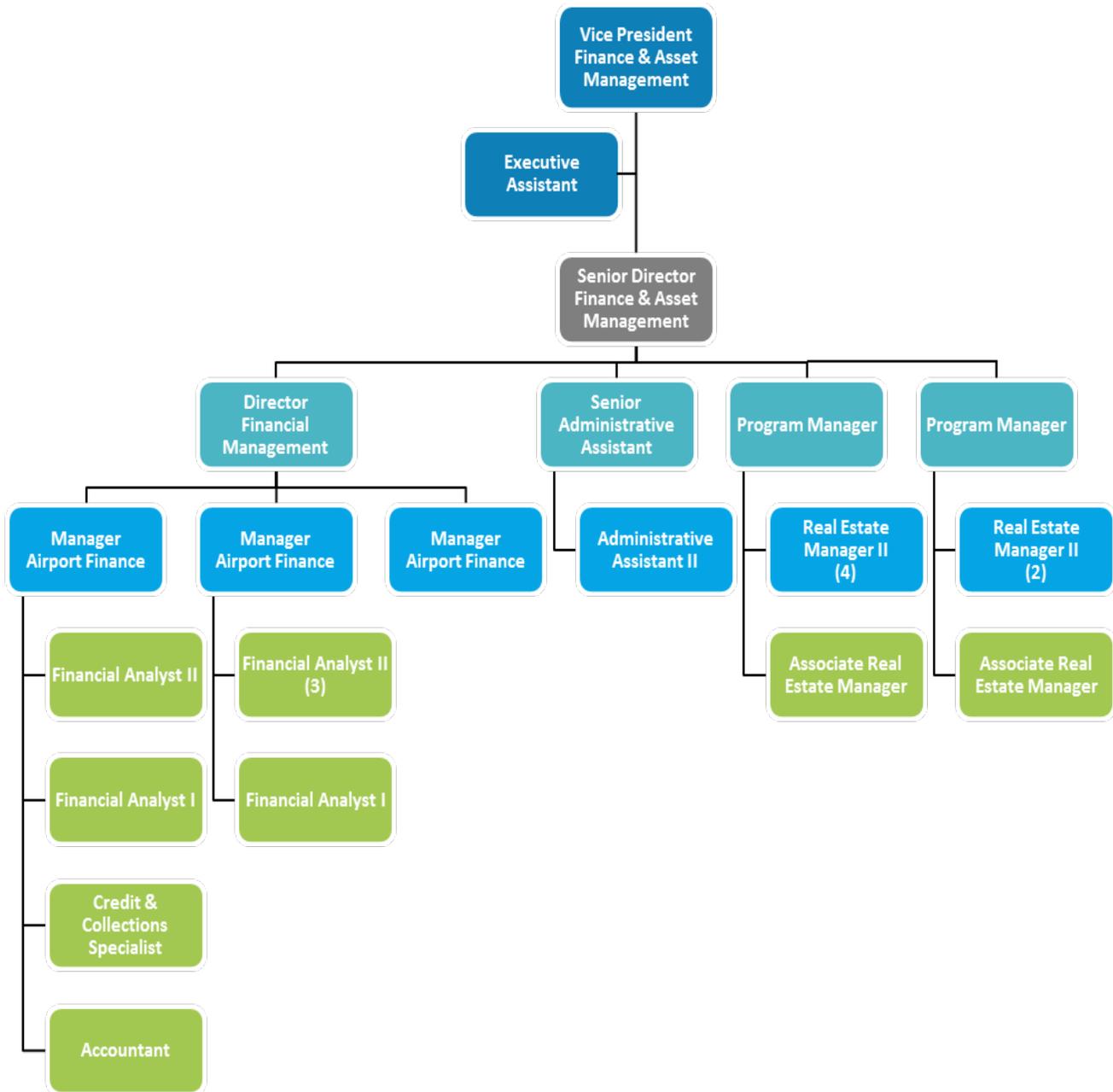
4. Collaborate with Finance department in the implementation of budget and planning software. Assist in developing reporting and management dash boards.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

# Finance & Asset Management Division – Business & Financial Management

## FY 2018 - FY 2019 Organizational Structure



*Position in grey resides in Accounting Department and is shown for structural purposes.*

*No personnel changes in FY 2019.*

## Finance & Asset Management Division – Business & Financial Management

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,256,464	\$ 2,522,484	\$ 2,583,496	\$ 61,011	2.4%	\$ 2,686,835	\$ 103,340	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	878,525	1,064,356	1,188,675	124,319	11.7%	1,349,757	161,082	13.6%
Subtotal	3,134,989	3,586,840	3,772,171	185,331	5.2%	4,036,593	264,422	7.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,134,989</b>	<b>3,586,840</b>	<b>3,772,171</b>	<b>185,331</b>	<b>5.2%</b>	<b>4,036,593</b>	<b>264,422</b>	<b>7.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,469,236	1,392,384	1,413,208	20,824	1.5%	1,548,209	135,001	9.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,367,148	10,190,250	10,190,750	500	0.0%	10,190,750	-	0.0%
Utilities	1,133	1,200	1,150	(50)	-4.2%	1,150	-	0.0%
Maintenance	21,188	20,000	20,000	-	0.0%	20,000	-	0.0%
Operating Equipment & Systems	32,686	9,000	9,500	500	5.6%	9,500	-	0.0%
Operating Supplies	15,902	14,200	14,200	-	0.0%	14,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	51,568	64,850	60,250	(4,600)	-7.1%	60,235	(15)	0.0%
Business Development	42,018	56,650	48,250	(8,400)	-14.8%	48,250	-	0.0%
Equipment Rentals & Repairs	24,781	-	75,000	75,000	0.0%	50,000	(25,000)	-33.3%
Tenant Improvements	(2,628)	-	10,000	10,000	0.0%	10,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>12,023,032</b>	<b>11,748,534</b>	<b>11,842,308</b>	<b>93,774</b>	<b>0.8%</b>	<b>11,952,294</b>	<b>109,986</b>	<b>0.9%</b>
<b>Total Operating Expenses</b>	<b>15,158,021</b>	<b>15,335,374</b>	<b>15,614,478</b>	<b>279,105</b>	<b>1.8%</b>	<b>15,988,886</b>	<b>374,408</b>	<b>2.4%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,158,021</b>	<b>15,335,374</b>	<b>15,614,478</b>	<b>279,105</b>	<b>1.8%</b>	<b>15,988,886</b>	<b>374,408</b>	<b>2.4%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 15,158,021</b>	<b>\$ 15,335,374</b>	<b>\$ 15,614,478</b>	<b>\$ 279,105</b>	<b>1.8%</b>	<b>\$ 15,988,886</b>	<b>\$ 374,408</b>	<b>2.4%</b>

## Finance & Asset Management Division – Business & Financial Management

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 15,335,374</b>	<b>\$ 15,614,478</b>
<b>Personnel Costs</b>		
Burden (benefits & employer taxes) for current staff	124,319	161,082
Salary adjustments and pay-for-performance	61,011	103,340
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>185,331</b>	<b>264,422</b>
Budget Software License Fees and Implementation	75,000	(25,000)
Investment Portfolio Management	54,000	-
Credit card fees	(19,001)	190,001
Other, net	(16,225)	(55,015)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>93,774</b>	<b>109,986</b>
<b>Total Increase / (Decrease)</b>	<b>279,105</b>	<b>374,408</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 15,614,478</b>	<b>\$ 15,988,886</b>

## Finance & Asset Management Division – Business & Financial Management

### FY 2017 Progress Report

1. Develop management reporting and dashboards on concessions, parking revenues and rental car license revenues by the end of FY 2017, to be incorporated in a monthly or quarterly packet to the executives and senior staff.

**Progress:** This goal is still in progress. The team is defining the information that is actionable.

**Initiative:** Focus on revenue generation and cost control opportunities.

2. Identify and prioritize the most beneficial automation opportunities, including analysis of the financial implications and operational benefits.

**Progress:** The Finance team has evaluated budget and planning software and will be issuing an RFP in April 2017. The Business Management team is developing E-1 input fields to improve tickler reporting on concession lease agreements to ensure timely oversight of lease terms.

**Initiative:** Focus on revenue generation and cost control opportunities.

3. Collaborate with Business Management in support the Airport Capital Plan by identifying and assessing funding sources and incorporating these sources into a long-term capital plan, which will assist in developing a sustainable and acceptable plan to the Authority's Board, Concessionaires and Airline Partners.

**Progress:** The Plan of Finance is an ongoing process. We are in the beginning stages of the Value for Money Analysis for the ADP. It is expected that the plan of finance will be completed as part of the budget process. Business Management is identifying new concession opportunities with ADP and researching airline agreements to incorporate into a new AOA.

**Initiative:** Maintain a sustainable long-term capital plan.

4. Commence evaluation of the Airline Operating and Lease Agreement ("AOA"), due to expire in July 2018, to ensure it is state of the art when benchmarking against other similar airports and to assist with negotiations with the Authority's Airline Partners for a new AOA. Work closely with Finance to incorporate the ideas into the business model and include ideas for concession development.

**Progress:** Business Management has developed a timeline and plan to meet with internal stakeholders and Airline Partners to begin the discussion.

**Initiative:** Focus on revenue generation and cost control opportunities.

5. Actively participate as a key stakeholder in the development of the Authority's Strategic Plan through identification of revenue development strategies and plan of finance considerations.

**Progress:** In partnership with Ground Transportation and Business Development, Finance is starting the process to build a business plan for increasing parking revenue. Business Management is working with Business Development to identify innovated opportunities, develop a refreshed concession program and develop ideas for AOA negotiations.

**Initiative:** Focus on revenue generation and cost control opportunities.

## Finance & Asset Management Division – Business & Financial Management

### FY 2018 – FY 2019 Goals

1. Implement new budget and planning software. Continue to develop management dash boards, automated reports that improve processes and database tools.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

2. Support the Airport Capital Program by identifying and assessing funding sources, revenue opportunities and incorporating these sources into a long-term capital plan, along with the completion of the value for money analysis for the ADP. This will assist in developing a sustainable and acceptable plan to the Authority’s Board and Airline Partners.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

3. Work in collaboration with Business Development and Business Management to create and evaluate new non-airline revenue opportunities in support of the Authorities goal of increasing non-airline revenue by \$3,000,000 per year by 2020.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

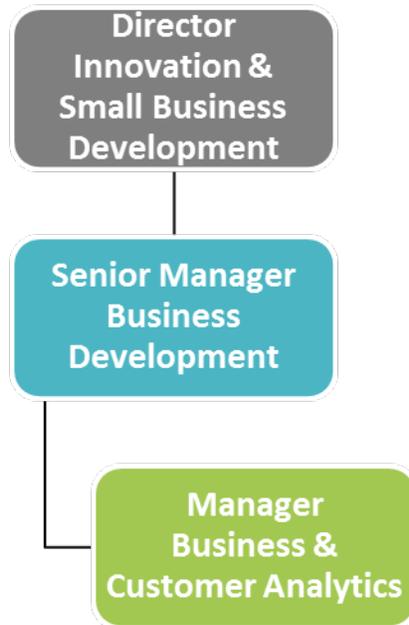
4. Commence evaluation of the Airline Operating and Lease Agreement (“AOA”), due to expire in July 2018, to ensure it meets the Authority’s stakeholders’ goals and to provide a strong negotiation position. Work closely with Finance to incorporate the ideas into the business model and include ideas for concession development.

#### Strategic Goals:

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.
- **Customer**, exceed our customers’ expectations by introducing innovative service and facility enhancements.

## Finance & Asset Management Division – Business Development

### FY 2018 – FY 2019 Organizational Structure



*Position in grey resides in Information and Technology Services Department and is shown for structural purposes.*

*No personnel changes in FY 2019.*

## Finance & Asset Management Division – Business Development

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 118,392	\$ 209,974	\$ 250,538	\$ 40,564	19.3%	\$ 260,560	\$ 10,022	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	74,104	75,486	90,761	15,275	20.2%	105,767	15,006	16.5%
Subtotal	192,496	285,460	341,299	55,839	19.6%	366,326	25,028	7.3%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>192,496</b>	<b>285,460</b>	<b>341,299</b>	<b>55,839</b>	<b>19.6%</b>	<b>366,326</b>	<b>25,028</b>	<b>7.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	69,872	100,000	100,000	-	0.0%	100,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	16	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	-	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	6,932	15,200	15,200	-	0.0%	15,200	-	0.0%
Business Development	4,157	10,000	10,000	-	0.0%	10,000	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>80,977</b>	<b>125,200</b>	<b>125,200</b>	<b>-</b>	<b>0.0%</b>	<b>125,200</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>273,473</b>	<b>410,660</b>	<b>466,499</b>	<b>55,839</b>	<b>13.6%</b>	<b>491,526</b>	<b>25,028</b>	<b>5.4%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>273,473</b>	<b>410,660</b>	<b>466,499</b>	<b>55,839</b>	<b>13.6%</b>	<b>491,526</b>	<b>25,028</b>	<b>5.4%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 273,473</b>	<b>\$ 410,660</b>	<b>\$ 466,499</b>	<b>\$ 55,839</b>	<b>13.6%</b>	<b>\$ 491,526</b>	<b>\$ 25,028</b>	<b>5.4%</b>

## Finance & Asset Management Division – Business Development

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 410,660</b>	<b>\$ 466,499</b>
<b>Personnel Costs</b>		
1 position of Manager, Capability & Planning (salaries & burden) transferred from Executive Division	146,619	-
Burden (benefits & employer taxes) for current staff	(18,484)	15,006
Salary adjustments and pay-for-performance	(72,296)	10,022
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>55,839</b>	<b>25,028</b>
Other, net	-	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>-</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>55,839</b>	<b>25,028</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 466,499</b>	<b>\$ 491,526</b>

## Finance & Asset Management Division – Business Development

### FY 2017 Progress Report

1. Collaborate with internal stakeholders to develop business plans and present recommendations for at least 3 new business concepts aimed at driving incremental revenue and/or reducing costs beyond that budgeted for FY 2017.

**Progress:** Business Development has successfully collaborated with internal stakeholders to implement and/or advance a parking reservation system, incentive program with the airport's parking management company, concessions mobile App and delivery service, new prestige cosmetics concession, and the Innovation Lab. Revenue to the Authority for the first six months operation of the parking reservation system launched mid-May 2016 was nearly \$690,000. The additional programs are in various stages of implementation.

**Initiative:** Focus on revenue generation and cost control opportunities.

2. Support the implementation of approved business concepts, in partnership with project owners (e.g., Business & Financial Management, Ground Transportation, and Information & Technology Services), in accordance with approved project schedules.

**Progress:** Business Development continuously researches and evaluates innovative concepts, assists in educating other Authority teams about the most promising opportunities, and facilitates and supports effective implementations by the internal subject matter experts such as those of the projects identified in Goal No. 1 above.

**Initiative:** Focus on revenue generation and cost control opportunities.

3. Actively participate as a key stakeholder in the development of the Authority's Strategic Plan ensuring that business opportunities are considered and incorporated where applicable.

**Progress:** Business Development is participating in the development of the Authority's Strategic Plan by advising the core team of opportunities that can drive value to the organization particularly related to potential new and enhancements to existing non-airline revenue lines of business.

**Initiative:** Focus on revenue generation and cost control opportunities.

## Finance & Asset Management Division – Information & Technology Services

### FY 2018 – FY 2019 Goals

1. Formulate innovative business concepts and facilitate the implementation of initiatives to meet the Strategic Plan goal of \$3M in new revenue within five years.

**Strategic Goals:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

2. Provide the strategic oversight and day-to-day management necessary to utilize the Innovation Lab as a catalyst to foster non-traditional collaborations aimed at creating solutions for airport-related challenges to meet the Strategic Plan goal of \$3M in new revenue within five years.

**Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

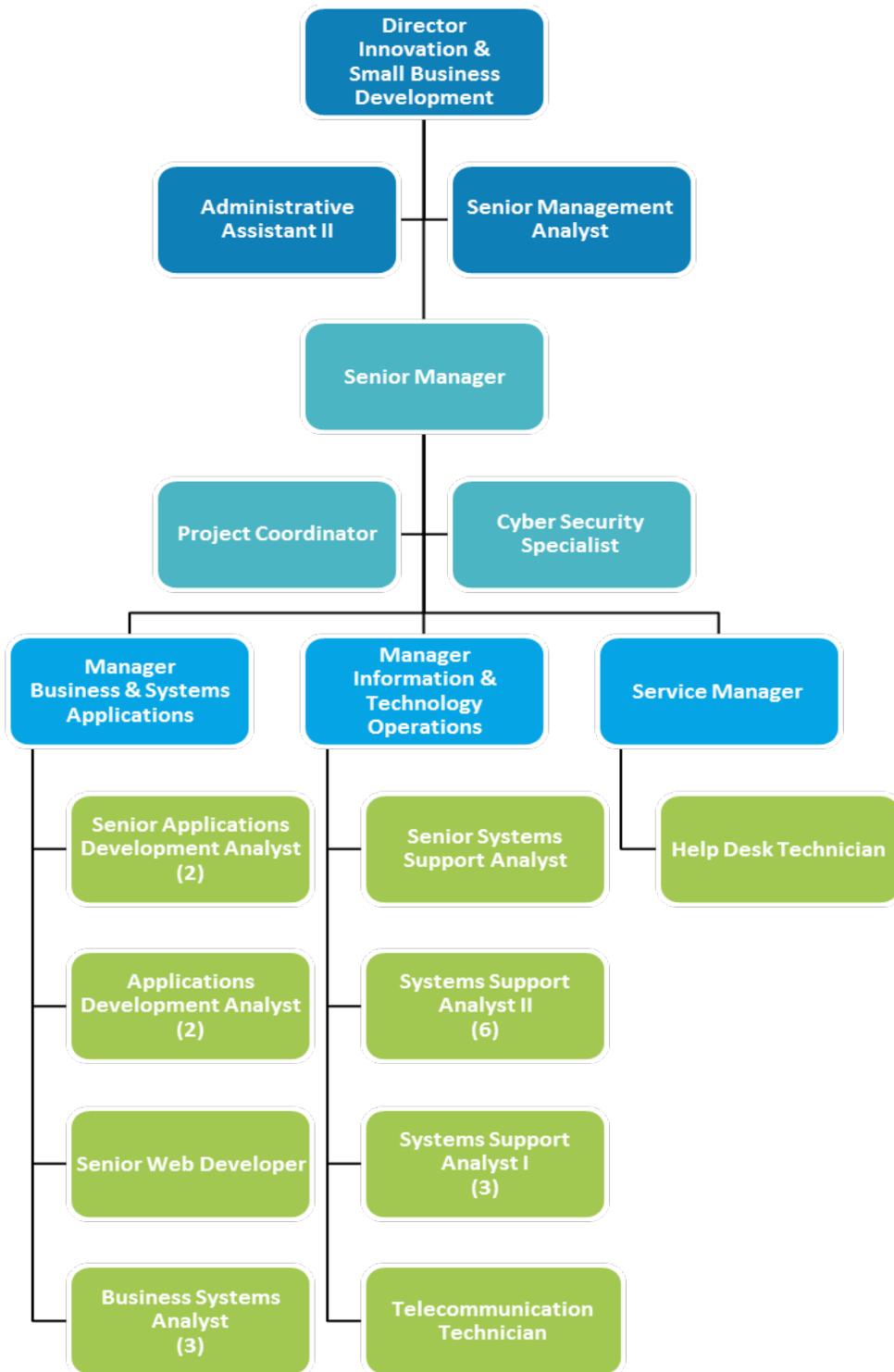
3. Work in collaboration with Business Development and Business Management to create and evaluate new non-airline revenue opportunities in support of the Authorities goal of increasing non-airline revenue by \$3M per year by 2020.

**Strategic Goals:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

# Finance & Asset Management Division – Information & Technology Services

## FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Finance & Asset Management Division – Information & Technology Services

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,340,339	\$ 2,427,192	\$ 2,501,262	\$ 74,070	3.1%	\$ 2,601,313	\$ 100,050	4.0%
Premium Overtime	86,790	150,000	150,000	-	0.0%	150,000	-	0.0%
Employee Benefits	1,103,289	1,208,743	1,316,260	107,517	8.9%	1,490,505	174,245	13.2%
Subtotal	3,530,417	3,785,935	3,967,522	181,587	4.8%	4,241,818	274,296	6.9%
<i>Less: Capitalized Labor</i>	(3,190)	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,527,228</b>	<b>3,785,935</b>	<b>3,967,522</b>	<b>181,587</b>	<b>4.8%</b>	<b>4,241,818</b>	<b>274,296</b>	<b>6.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,029,901	1,131,072	1,198,572	67,500	6.0%	1,251,072	52,500	4.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	373,649	415,400	449,400	34,000	8.2%	449,400	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	457,405	193,000	193,000	-	0.0%	193,000	-	0.0%
Operating Supplies	87,084	76,000	71,000	(5,000)	-6.6%	71,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	186,124	86,700	90,400	3,700	4.3%	90,400	-	0.0%
Business Development	8,633	8,100	13,050	4,950	61.1%	13,050	-	0.0%
Equipment Rentals & Repairs	1,784,812	2,078,695	1,984,578	(94,117)	-17.8%	2,132,126	147,548	8.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>3,927,608</b>	<b>3,988,967</b>	<b>4,000,000</b>	<b>11,033</b>	<b>0.3%</b>	<b>4,200,048</b>	<b>200,048</b>	<b>5.0%</b>
<b>Total Operating Expenses</b>	<b>7,454,836</b>	<b>7,774,902</b>	<b>7,967,522</b>	<b>192,620</b>	<b>2.5%</b>	<b>8,441,866</b>	<b>474,344</b>	<b>6.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>7,454,836</b>	<b>7,774,902</b>	<b>7,967,522</b>	<b>192,620</b>	<b>2.5%</b>	<b>8,441,866</b>	<b>474,344</b>	<b>6.0%</b>
Equipment Outlay	297,313	200,000	500,000	300,000	150.0%	500,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 7,752,149</b>	<b>\$ 7,974,902</b>	<b>\$ 8,467,522</b>	<b>\$ 492,620</b>	<b>6.2%</b>	<b>\$ 8,941,866</b>	<b>\$ 474,344</b>	<b>5.6%</b>

## Finance & Asset Management Division – Information & Technology Services

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 7,974,902</b>	<b>\$ 8,467,522</b>
<b>Personnel Costs</b>		
Burden (benefits & employer taxes) for current staff	107,517	174,245
Salary adjustments and pay-for-performance	74,070	100,050
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>181,587</b>	<b>274,296</b>
Authority wide computer replacement	310,000	(50,000)
Network Maintenance	89,270	5,300
Terminal Services	(6,812)	55,205
Mobile Applications	(20,000)	100,000
Server Maintenance	(119,201)	25,043
Other, net	57,776	64,500
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>311,033</b>	<b>200,048</b>
<b>Total Increase / (Decrease)</b>	<b>492,620</b>	<b>474,344</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 8,467,522</b>	<b>\$ 8,941,866</b>

## Finance & Asset Management Division – Information & Technology Services

### FY 2017 Progress Report

1. Identify opportunities for information technology solutions to increase non-aeronautical revenue sources, or create cost containment solutions. This will be achieved by implementing the Innovation Lab in coordination with other Departments, and having three new revenue generating projects implemented by June 2017.

**Progress:** The innovation lab is now active, and publicity is being created to promote the lab. In addition, the first solution, concession ordering and delivery are under negotiation, and are expected to start implementation in the fourth quarter of the fiscal year. Parking reservations became active at the beginning of the fiscal year, and the team is currently looking at technology solutions for corporate parking.

**Initiative:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control opportunities.

2. Improve the various IT processes involved in updating and maintaining existing IT systems and infrastructure. This will be achieved by creating or updating processes involved in change management, release management, project management, and incident management. Have new processes implemented by June 2017.

**Progress:** Change management, release management, and incident management are now active for the ITS Department. The team is continuing to improve the service desk process, and will be implementing better project management controls during the fourth quarter of the fiscal year.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Continue to improve collaboration with other departments by implementing, or in some cases refining, customer relationship processes. This will be achieved by conducting regular account manager meetings, increasing face to face interactions with our customers, implementing communications enhancements, and improving delivery processes.

**Progress:** Face to face interactions are increasing, both through the implementation of the IT Master Plan, as well as the implementation of the ITS service desk.

**Initiative:** Strategically engage our employees in sustainable business practices.

4. Coordinate the development of the IT Master Plan project with the planned Strategic Plan. During the implementation of the IT Master Plan, the ITS Department will ensure that coordination occurs with the team identified to implement the Strategic Plan. Adjustments may be made to the IT Master Plan to accommodate Strategic Plan initiatives, where appropriate.

**Progress:** The IT Master Plan is anticipated to be complete by May of 2017, so that the IT Master Plan can be coordinated with the Authority Strategic Plan.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Finance & Asset Management Division – Information & Technology Services

### FY 2018 – FY 2019 Goals

1. Improve delivery of IT services and customer satisfaction by increasing communication, adhering to service level agreements, and diversifying the ways our customers engage with ITS for the technical issues and requests.

#### Strategic Goals:

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Collaborate with departments to produce the IT Strategic Plan and implement technology based solutions to improve operations and/or passenger experiences.

Examples include:

- Collaborate with Terminals and Tenants Department to enhance passenger experience by providing better customer service and improve operational efficiency at checkpoints.
- Collaborate with Ground Transportation, VVE, and other stakeholders to develop a parking/airport rewards solution that is integrated into a single airport mobile app.
- Collaborate with departments and regional agencies to improve the Authority's cyber security defense posture.

#### Strategic Goals:

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

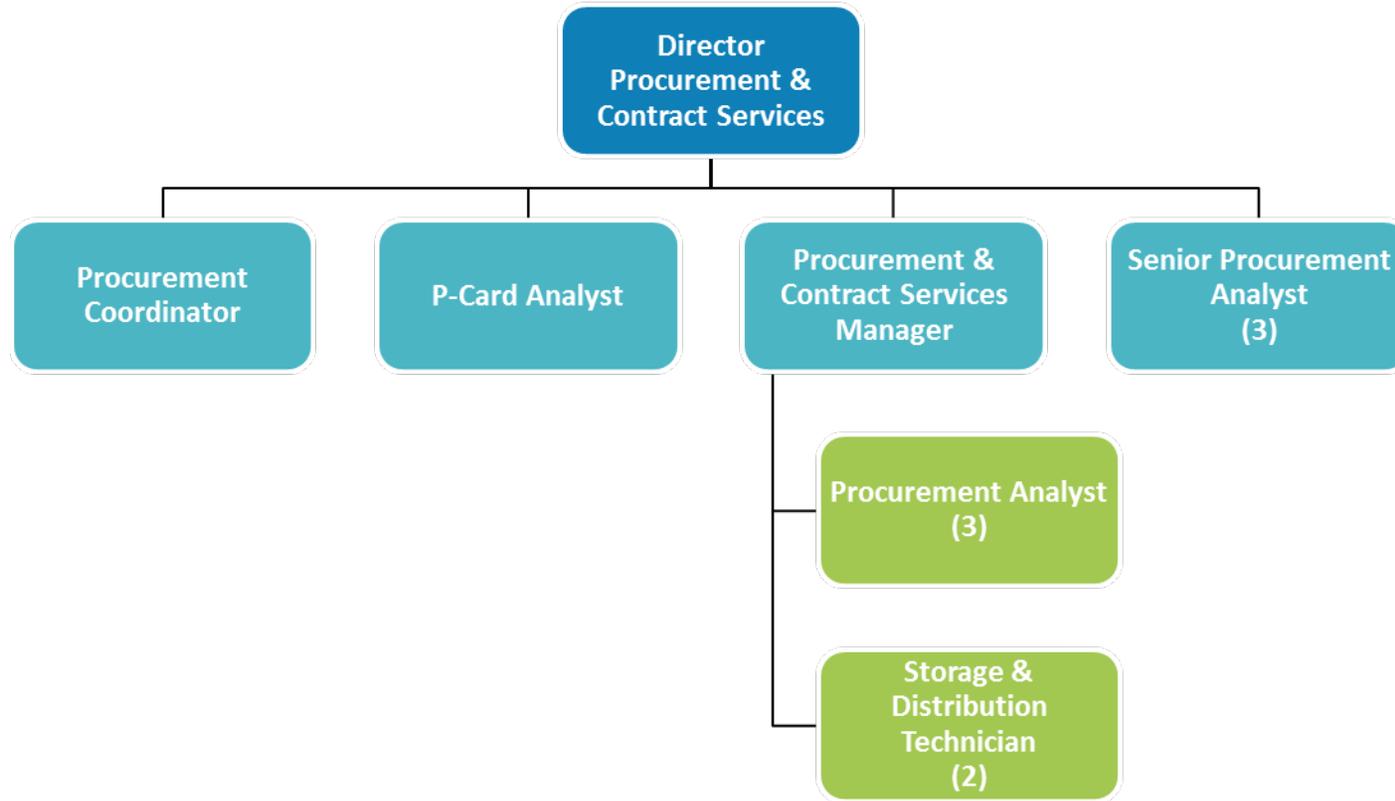
3. Support critical development projects, such as the FIS, parking plaza and the ADP, to ensure that technology decisions are incorporated into the design and implementation which will improve customer service, operational efficiency, or enhance business revenue.

#### Strategic Goals:

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

## Finance & Asset Management Division – Procurement

### FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Finance & Asset Management Division – Procurement

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 786,901	\$ 813,350	\$ 902,125	\$ 88,775	10.9%	\$ 938,210	\$ 36,085	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	387,737	413,895	469,113	55,217	13.3%	530,389	61,276	13.1%
Subtotal	1,174,638	1,227,245	1,371,238	143,992	11.7%	1,468,599	97,361	7.1%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,174,638</b>	<b>1,227,245</b>	<b>1,371,238</b>	<b>143,992</b>	<b>11.7%</b>	<b>1,468,599</b>	<b>97,361</b>	<b>7.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	15,804	13,500	18,000	4,500	33.3%	18,500	500	2.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	3,040	7,700	7,700	-	0.0%	7,700	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,138	16,550	16,550	-	0.0%	16,550	-	0.0%
Business Development	4,107	6,300	5,200	(1,100)	-17.5%	4,700	(500)	-9.6%
Equipment Rentals & Repairs	14,652	40,000	40,000	-	0.0%	40,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>48,741</b>	<b>84,050</b>	<b>87,450</b>	<b>3,400</b>	<b>4.0%</b>	<b>87,450</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>1,223,379</b>	<b>1,311,295</b>	<b>1,458,688</b>	<b>147,392</b>	<b>11.2%</b>	<b>1,556,049</b>	<b>97,361</b>	<b>6.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,223,379</b>	<b>1,311,295</b>	<b>1,458,688</b>	<b>147,392</b>	<b>11.2%</b>	<b>1,556,049</b>	<b>97,361</b>	<b>6.7%</b>
Equipment Outlay	26,314	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,249,693</b>	<b>\$ 1,311,295</b>	<b>\$ 1,458,688</b>	<b>\$ 147,392</b>	<b>11.2%</b>	<b>\$ 1,556,049</b>	<b>\$ 97,361</b>	<b>6.7%</b>

## Finance & Asset Management Division – Procurement

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 1,311,295</b>	<b>\$ 1,458,688</b>
<b>Personnel Costs</b>		
1 position of Procurement Analyst (salaries & burden) transferred from Small Business Development	90,944	-
Burden (benefits & employer taxes) for current staff	31,086	61,276
Salary adjustments and pay-for-performance	21,962	36,085
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>143,992</b>	<b>97,361</b>
Other, net	3,400	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>3,400</b>	-
<b>Total Increase / (Decrease)</b>	<b>147,392</b>	<b>97,361</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 1,458,688</b>	<b>\$ 1,556,049</b>

## Finance & Asset Management Division – Procurement

### FY 2017 Progress Report

1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 17. Consistently promote cost containment, value added services and operational efficiencies within the contracting process.

**Progress:** The Procurement Department continues to achieve cost savings through increased competition and negotiations. Contract negotiations also results in value added services and operational efficiencies for the Authority. A savings of 15% has been achieved through increased competition and a savings of 11% has been achieved through contract negotiations.

**Initiative:** Focus on revenue generation and cost control opportunities.

2. Enhance and improve customer service to the business community through education, outreach and transparency.

- Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 17.
- Document small, local, disadvantaged and disabled veteran owned business participation and track awards of subcontractors on major construction contracts achieved in FY 17.

**Progress:** All of the solicitations facilitated by Procurement in FY 17 document small, local, veteran and disadvantaged business participation. Outreach plans include preferences under policies 5.12 and 5.14 or inclusionary methods. As of February 2017; 720 new vendors have registered in the Authority's vendor database as a result of outreach by Procurement and Small Business Development. Of the 37 projects solicited since July 2016, 2,148 vendors have actively participated by downloading the opportunity; 16% are certified Small Business Enterprise (SBE), 39% are self-claimed Local Business Enterprise (LBE), 6.4% are certified Disadvantaged Business Enterprise (DBE) and 1.8% are Service-Disabled Veteran Small Business (SDVSB) certified.

The following summary activity reflects fully executed contract awards resulting from competitive solicitations that closed since July 2016.

- LBEs received 16 awards (72.7%) for a total of \$7.5M
- Certified SBE's received 10 awards (45.5%) for a total of \$6.1M
- Certified DBE's received 6 awards (27.3%) for a total of \$4.1M
- SDVSB's received 1 award (4.5%) for a total of \$1.3M

A Vendor Satisfaction Survey will be released to Procurement's external customers during the 3rd quarter.

**Initiative:** Maintain a sustainable long-term capital plan.

## Finance & Asset Management Division – Procurement

3. Strengthen controls and improve communication with internal customers in FY 17. Success equals:
- Work with Accounting and other internal stakeholders to improve contract management and the procure-to-pay process.
  - Recommend and implement enhancements if/when appropriate.
  - Provide additional training to Authority staff on existing policies and procedures and any modifications implemented.

**Progress:**

- Staff continues to collaborate with accounting to collect data and make recommendations to department leaders.
- P-Card spend reports are sent to Directors and Vice Presidents twice a year.
- A *Procurement 101* workshop is planned for internal customers in April or May 2017 and a contract management workshop and new manual will be rolled out next fall.

**Initiative:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control opportunities.

## Finance & Asset Management Division – Procurement

### FY 2018 – FY 2019 Goals

1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 2018. Consistently promote cost containment, value added services and operational efficiencies within the contracting process.

**Strategic Goal:**

- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

2. Promote customer service to the business community through education, outreach and transparency. Document small, local, disadvantaged and service disabled veteran owned small business participation and contract awards on projects solicited through Procurement in FY 2018.

**Strategic Goal:**

- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

3. Promote innovation, strengthen controls and improve communication with internal customers in FY 2018. Success equals:

- Continue to develop staff and work with internal stakeholders to explore new contracting methods that promote innovation and sound contracting practices.
- Develop a contract management guideline to assist internal departments and promote consistency.
- Provide additional training to Authority staff on existing policies, procedures and any new practices or modifications implemented.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

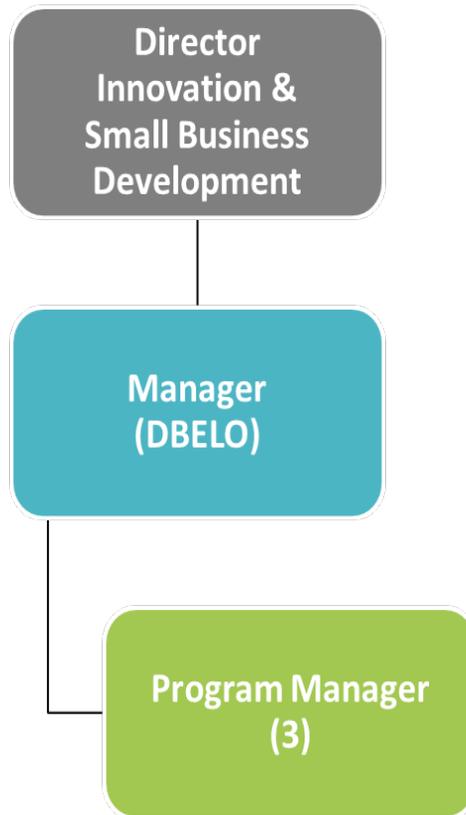
4. Collaborate with key stakeholders on new approaches supporting the development and financing of the ADP and Capital Program.

**Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise’s strong financial position.

## Finance & Asset Management Division – Small Business Development

### FY 2018 – FY 2019 Organizational Structure



*Position in grey resides in Information and Technology Services Department and is shown for structural purposes.*

*No personnel changes in FY 2019.*

## Finance & Asset Management Division – Small Business Development

### FY 2018 Budget – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 240,615	\$ 331,837	\$ 357,512	\$ 25,676	7.7%	\$ 371,573	\$ 14,060	3.9%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	99,571	125,862	138,331	12,469	9.9%	159,810	21,479	15.5%
Subtotal	340,186	457,698	495,843	38,145	8.3%	531,383	35,540	7.2%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>340,186</b>	<b>457,698</b>	<b>495,843</b>	<b>38,145</b>	<b>8.3%</b>	<b>531,383</b>	<b>35,540</b>	<b>7.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	278,999	261,000	60,000	(201,000)	-77.0%	60,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	220	300	300	-	0.0%	300	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	5,327	3,000	3,000	-	0.0%	3,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	7,257	16,250	23,750	7,500	46.2%	23,750	-	0.0%
Business Development	35,795	39,850	28,050	(11,800)	-29.6%	29,750	1,700	6.1%
Equipment Rentals & Repairs	5,417	15,000	45,000	30,000	200.0%	45,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>333,015</b>	<b>335,400</b>	<b>160,100</b>	<b>(175,300)</b>	<b>-52.3%</b>	<b>161,800</b>	<b>1,700</b>	<b>1.1%</b>
<b>Total Operating Expenses</b>	<b>673,201</b>	<b>793,098</b>	<b>655,943</b>	<b>(137,155)</b>	<b>-17.3%</b>	<b>693,183</b>	<b>37,240</b>	<b>5.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>673,201</b>	<b>793,098</b>	<b>655,943</b>	<b>(137,155)</b>	<b>-17.3%</b>	<b>693,183</b>	<b>37,240</b>	<b>5.7%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 673,201</b>	<b>\$ 793,098</b>	<b>\$ 655,943</b>	<b>\$ (137,155)</b>	<b>-17.3%</b>	<b>\$ 693,183</b>	<b>\$ 37,240</b>	<b>5.7%</b>

## Finance & Asset Management Division – Small Business Development

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 793,098</b>	<b>\$ 655,943</b>
<b>Personnel Costs</b>		
1 new position of Program Manager (salaries & burden)	117,431	-
Burden (benefits & employer taxes) for current staff	7,036	21,479
Salary adjustments and pay-for-performance	4,622	14,060
1 position of Procurement Analyst (salaries & burden) transferred to Procurement	(90,944)	-
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>38,145</b>	<b>35,540</b>
Contractual Services	(205,000)	-
Other, net	29,700	1,700
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(175,300)</b>	<b>1,700</b>
<b>Total Increase / (Decrease)</b>	<b>(137,155)</b>	<b>37,240</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 655,943</b>	<b>\$ 693,183</b>

## Finance & Asset Management Division – Small Business Development

### FY 2017 Progress Report

1. Enhance and improve customer service to the business community through education, outreach and transparency.
  - Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2017.
  - Document small, local, disadvantaged and disabled veteran owned business participation and track awards of subcontractors on major construction contracts achieved in FY 2017.

**Progress:** SBD continues to present information to the community on future contract opportunities, small business certifications, and how to do business with the Airport. From July 2016 to February 2017 SBD has participated in 18 outreach events. 3 outreach events had over 500 participants in attendance.

The team is currently researching and developing outreach plans for events such as “Meet and Greet for Concessionaires”, “Matchmaking for Small Businesses” and “Meet the Primes”. The objective of the outreach plans is to increase awareness, provide networking opportunities, and educate the small business community on how to do business with the Airport.

As of February 2017 SBD has enhanced their Airport landing page to highlight small businesses that have successfully navigated through the Authority’s policies and procedures and benefited from the Authority’s Small Business Program. In addition, the team has implemented an initiative to partner with prime contractors to train small businesses that are awarded subcontracts on major construction projects.

Staff meets quarterly with the CIP Oversight Committee to report the subcontract awards on major construction projects. Specifically for the Terminal 2 Parking Plaza project, SBD receives monthly reports from Swinerton that identify total dollars awarded to small businesses to date. According to the February 2017 report, to date Swinerton has awarded 69.21% (\$24,620,639) of its total contract value to small, local, veteran, and disadvantaged business enterprises.

The team is working with ITS Department to develop an SBD Program Automation Portal that will allow documentation of data required for annual reporting. In addition, the team is in the process of acquiring a Small Business Compliance Reporting System that will improve commitment and participation tracking and ensure the Authority is in compliance with federal regulations.

**Initiative:** Maintain a sustainable long-term capital plan

## Finance & Asset Management Division – Small Business Development

### FY 2018 – FY 2019 Goals

1. Continue to enhance and improve customer service to the business community through education, outreach and transparency.

- Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2018.

#### **Strategic Goals:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

2. Improve the collaboration between our internal stakeholders by engaging each department and promoting services that SBD can provide.

#### **Strategic Goals:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Ensure SBD participation in large capital programs working with the selected contractors to ensure that small, local, disadvantaged, and disabled veteran-owned business participation in subcontracts meet agreed to participation goals.

#### **Strategic Goals:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Community**, enhance community understanding of SAN as an economic engine and portal for prosperity.

# OPERATIONS DIVISION



## Operations Division

### Overview

The **Operations Division** is responsible for complying with legislative mandates and operating requirements for the airport and the Airport Authority. These include local, state and federal laws, and state and federal aviation security rules and regulations. The division frequently coordinates with regulatory agencies to accomplish the Authority's goals. The division works to meet the safety and operational needs of the traveling public, both landside and airside, including concession operations and daily tenant interactions. The division consists of the following four departments.

The **Airside Operations Department** oversees the myriad daily activities occurring on the airfield and is responsible for maintaining a safe, secure environment in which the airport's tenants can operate. The department manages these activities in accordance with federal and state regulations, local ordinances and the airport's Rules and Regulations. Trained Duty Managers monitor conditions on the airfield and in the terminals around the clock; direct remedial action to repair inoperative systems; and summon fire, police and life safety responders to urgent situations or potential emergencies. The department also develops, administers and implements the Airport Certification Manual.

The **Aviation Security & Public Safety Department** implements all required FAA and TSA security programs and security equipment improvements; manages the Service Level Agreement with Harbor Police; coordinates with all Homeland Security and state agencies for passenger inspection services; develops, administers and implements the Airport Security Program and Airport Emergency Plan; and ensures high level of emergency/crisis preparedness through coordination with local, state and federal agencies.

The **Facilities Management Department (FMD)** maintains airport infrastructure and responds to all airport and tenant service requests. The department plans and executes the Major Maintenance Program and assists Facilities Development in the execution of the CIP. It oversees numerous service contracts, including airfield paving and striping, runway rubber removal, landscaping, elevator and escalator maintenance, HVAC maintenance, fire alarm maintenance and other specialized services. Additionally it oversees several on-call ready service trade contracts including general construction, electrical, plumbing, flooring, painting, HVAC, fencing, and sheet metal. It also manages campus utilities and maintains the central utility plant, including the operation and maintenance of the 12-kv electrical distribution system. The department also manages fleet services for all authority vehicles and equipment; and provides lifecycle asset management through preventative maintenance, facilities condition analysis and planned capital replacement. The department provides services at all hours of the day and night, 365 days a year.

The **Ground Transportation Department** is responsible for operations from the terminal curb and roadways to the parking lots. This includes two terminal parking lots and three remote parking lots that require shuttle bus services. The department regulates the airport's commercial transportation service providers, including, taxicabs, shuttles, limousines and courtesy vehicles.

The Ground Transportation Department also manages transportation islands at Terminal 1 and Terminal 2 for travelers; issues permits for all ground transportation service provider vehicles; manages the Rental Car Center (RCC) busing operation in conjunction with the RCC bus contractor; manages the airport parking card program for external and internal stakeholders; and manages employee parking lots and employee shuttles.

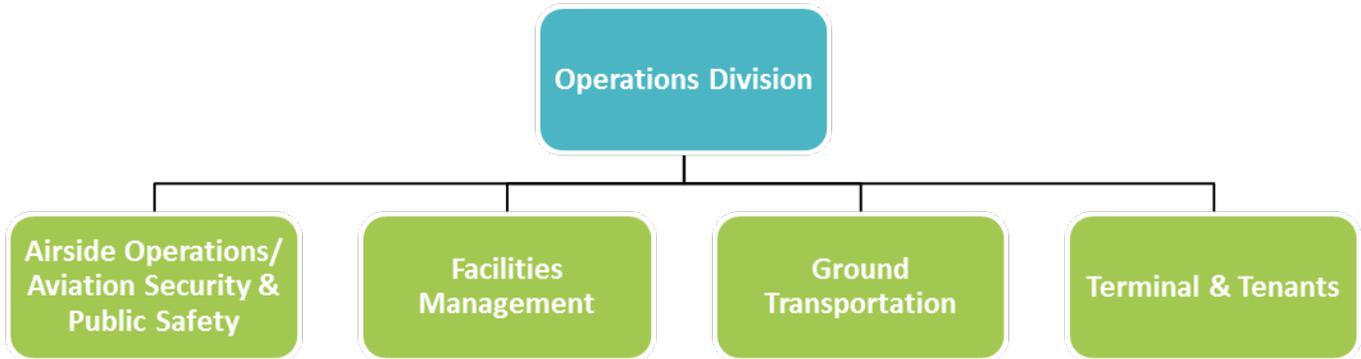
## Operations Division

The **Terminals & Tenants Department** oversees the airport terminal buildings and select facilities. It participates in the inspection of terminal buildings and select facilities to identify any maintenance and safety deficiencies to ensure operating standards are being met; ensures the prompt reporting of any deficiencies identified; and oversees the administration of contracts for custodial and waste collection services to ensure contract requirements are met.

The Terminals & Tenants Department also oversees the operations of the airport concession program, ensuring operational lease compliance and oversight of tenant development/improvement projects; oversees customer service activities and services for tenants and the traveling public; manages and directs the development and administration of service programs focused on travelers and other consumers; oversees and participates in the resolution of complaints involving terminal operations from customers and tenants; and oversees the airport's terminal assets and ensures management oversight of tenant activities.

# Operations Division

## FY 2018– FY 2019 Organizational Structure



## Division Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget Transfers	FY 2018 Budget New/ (Eliminated)	FY 2018 Budget	FY 2019 Budget New/ (Eliminated)	FY 2019 Conceptual Budget
<b>Operations</b>							
Terminal & Tenants	14	15	-	2	17	-	17
Aviation Security & Public Safety	12	12	3	2	17	1	18
Airside Operations	18	18	(3)	-	15	-	15
Ground Transportation	64	64	-	-	64	-	64
Facilities Management	84	86	-	2	88	1	89
<b>Total Authorized &amp; Funded Positions</b>	<b>192</b>	<b>195</b>	<b>-</b>	<b>6</b>	<b>201</b>	<b>2</b>	<b>203</b>

## Operations Division

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 13,528,050	\$ 13,764,873	\$ 15,064,227	\$ 1,299,355	9.4%	\$ 15,774,626	\$ 710,399	4.7%
Premium Overtime	601,174	494,500	577,000	82,500	16.7%	577,000	-	0.0%
Employee Benefits	6,562,815	6,994,407	7,734,737	740,331	10.6%	8,775,796	1,041,059	13.5%
Subtotal	20,692,038	21,253,779	23,375,965	2,122,186	10.0%	25,127,423	1,751,458	7.5%
<i>Less: Capitalized Labor</i>	<i>(86,635)</i>	<i>(100,000)</i>	<i>(318,604)</i>	<i>(218,604)</i>	<i>218.6%</i>	<i>(335,741)</i>	<i>(17,137)</i>	<i>5.4%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.0%</i>	<i>-</i>	<i>-</i>	<i>0.0%</i>
<b>Total Personnel Expenses</b>	<b>20,605,404</b>	<b>21,153,779</b>	<b>23,057,361</b>	<b>1,903,582</b>	<b>9.0%</b>	<b>24,791,682</b>	<b>1,734,321</b>	<b>7.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	26,864,364	32,609,493	34,967,343	2,357,851	7.2%	37,102,832	2,135,488	6.1%
Safety and Security	28,721,250	29,061,387	31,064,556	2,003,169	6.9%	32,964,718	1,900,162	6.1%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	11,099,247	12,474,338	11,777,893	(696,446)	-5.6%	12,460,470	682,577	5.8%
Maintenance	13,137,971	12,661,524	13,855,342	1,193,818	9.4%	13,868,254	12,912	0.1%
Operating Equipment & Systems	140,627	142,000	110,500	(31,500)	-22.2%	110,500	-	0.0%
Operating Supplies	288,781	252,990	293,280	40,290	15.9%	284,350	(8,930)	-3.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	202,072	241,735	247,850	6,115	2.5%	220,850	(27,000)	-10.9%
Business Development	405,544	121,354	152,290	30,936	25.5%	124,595	(27,695)	-18.2%
Equipment Rentals & Repairs	110,241	220,736	196,143	(24,593)	62.7%	174,967	(21,176)	-35.5%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>80,970,098</b>	<b>87,785,556</b>	<b>92,665,197</b>	<b>4,879,640</b>	<b>5.6%</b>	<b>97,311,535</b>	<b>4,646,338</b>	<b>5.0%</b>
<b>Total Operating Expenses</b>	<b>101,575,501</b>	<b>108,939,336</b>	<b>115,722,558</b>	<b>6,783,222</b>	<b>6.2%</b>	<b>122,103,217</b>	<b>6,380,659</b>	<b>5.5%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	4,000	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>101,579,501</b>	<b>108,939,336</b>	<b>115,722,558</b>	<b>6,783,222</b>	<b>6.2%</b>	<b>122,103,217</b>	<b>6,380,659</b>	<b>5.5%</b>
Equipment Outlay	1,787,172	1,225,650	937,000	(288,650)	-23.6%	867,000	(70,000)	-7.5%
<b>Total Operations Division Expenses</b>	<b>\$ 103,366,674</b>	<b>\$ 110,164,986</b>	<b>\$ 116,659,558</b>	<b>\$ 6,494,572</b>	<b>5.9%</b>	<b>\$ 122,970,217</b>	<b>\$ 6,310,659</b>	<b>5.4%</b>

## Operations Division

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 110,164,986</b>	<b>\$ 116,659,558</b>
<b>Personnel Costs</b>		
Salary adjustments, contracted wage increases and pay-for-performance	828,883	513,599
Burden (benefits & employer taxes) for current staff	624,622	1,013,116
2 new positions of Aviation Security & Public Safety Director and Aviation Security & Public Safety Specialist I (salaries & burden)	247,659	-
2 new positions of Energy Manager and Inspector, Planner & Estimator (salaries & burden)	202,417	112,850
1 new position of Security & Emergency Response Coordinator (salaries & burden)	-	94,756
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>\$ 1,903,582</b>	<b>\$ 1,734,321</b>

## Operations Division

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	<b>Inc / (Dec) FY 18 vs FY 17</b>	<b>Inc / (Dec) FY 19 Conceptual vs FY 18</b>
Parking and shuttle operations	\$ 2,181,843	\$ 418,132
Law enforcement costs - Harbor Police Department	1,722,136	1,451,352
Annual Maintenance	1,193,818	(385,788)
Contractual Services	389,950	(79,600)
Security guard services	350,000	67,000
Communication Center	242,029	5,242
CDP Hood, Duct, Vent Cleaning & Maintenance Services	166,000	-
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	161,568
Parking Plaza Operations and Maintenance	-	1,250,000
New FIS Maintenance	-	250,000
Access control system	(400,000)	-
RCC Busing	(506,989)	789,453
Utilities	(700,371)	678,570
Other, net	(204,287)	(29,590)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>4,590,990</b>	<b>4,576,338</b>
<b>Total Increase / (Decrease)</b>	<b>6,494,572</b>	<b>6,310,659</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 116,659,558</b>	<b>\$ 122,970,217</b>

# Operations Division

## FY 2018 Expense Budget by Department

In thousands

Departments	FY 2018 Budget
Facilities Management	\$ 36,744
Ground Transportation	29,982
Aviation Security/Public Safety	29,242
Terminals & Tenants	11,852
Airside Operations	8,840
<b>Total <sup>(1)</sup></b>	<b>\$ 116,660</b>

<sup>(1)</sup> Total may differ due to rounding.

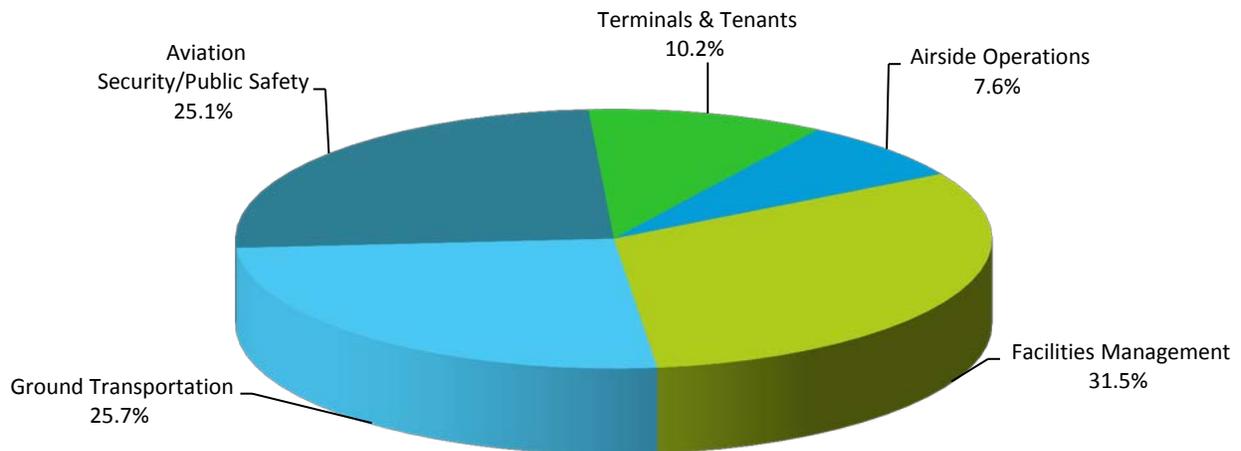


Figure 35 – FY 2018 Expense Budget by Department

## Operations Division

### FY 2019 Expense Budget by Department

In thousands

Departments	FY 2019 Conceptual Budget
Facilities Management	\$ 38,109
Ground Transportation	32,509
Aviation Security/Public Safety	31,183
Terminals & Tenants	11,975
Airside Operations	9,193
<b>Total <sup>(1)</sup></b>	<b>\$ 122,970</b>

<sup>(1)</sup> Total may differ due to rounding.

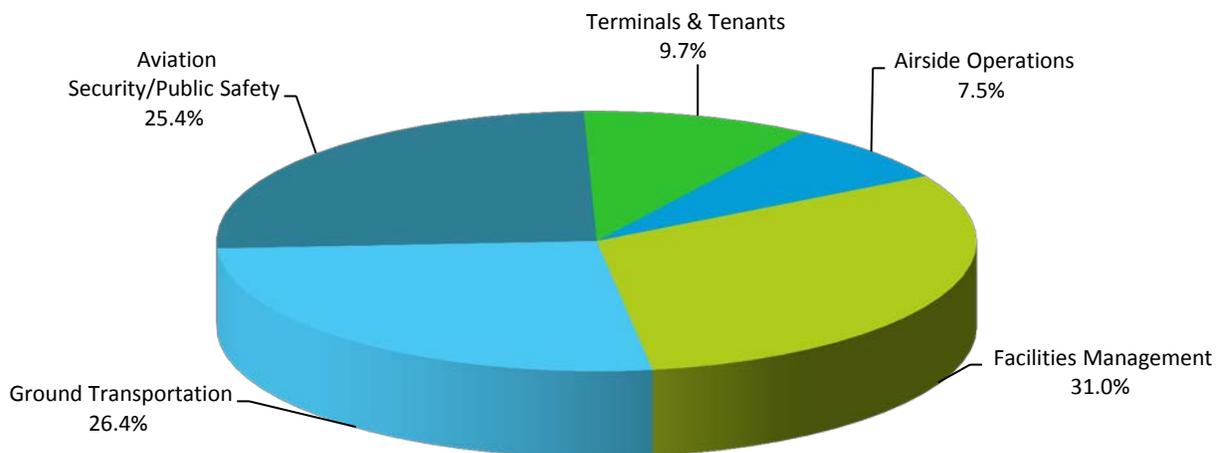


Figure 36 – FY 2019 Expense Budget by Department

## Operations Division

### FY 2018 Expense Budget by Category

In thousands

Category	FY 2018 Budget
Contractual Services	\$ 34,967
Safety & Security	31,065
Maintenance & Utilities	25,633
Personnel Expenses	23,057
Equipment Outlay	937
Operating Supplies	293
Employee Programs	248
Business Development	152
Other*	307
<b>Total <sup>(1)</sup></b>	<b>\$ 116,660</b>

<sup>(1)</sup> Total may differ due to rounding.

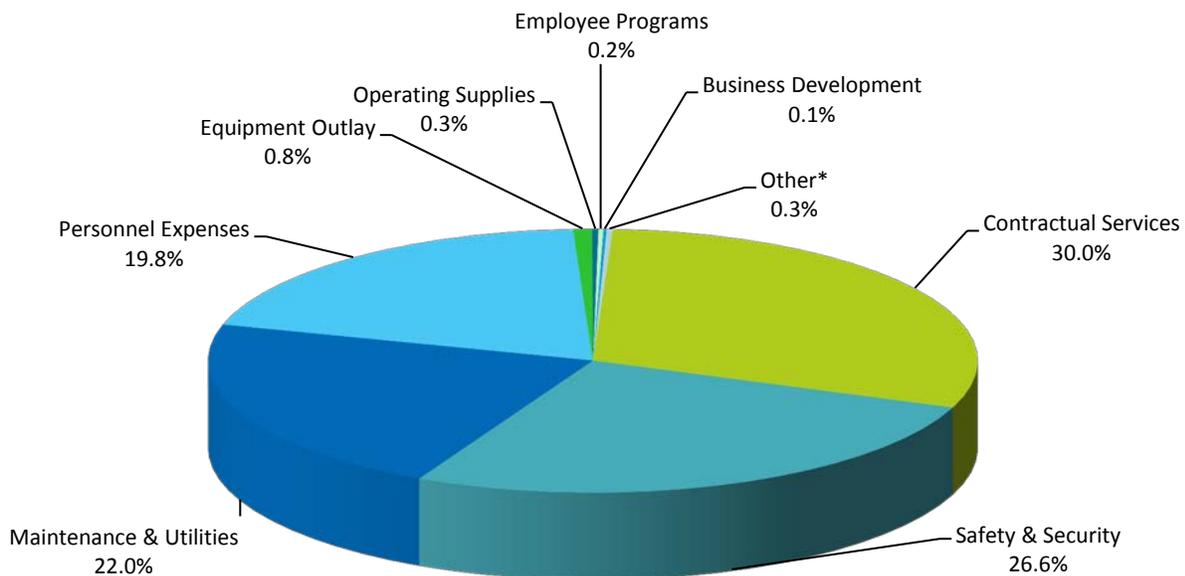


Figure 37 – FY 2018 Expense Budget by Category

\*Other includes operating equipment & systems, and equipment rentals & repairs.

## Operations Division

### FY 2019 Expense Budget by Category

In thousands

Category	FY 2019 Conceptual Budget
Contractual Services	\$ 37,103
Safety & Security	32,965
Maintenance & Utilities	26,329
Personnel Expenses	24,792
Equipment Outlay	867
Operating Supplies	284
Employee Programs	221
Business Development	125
Other*	285
<b>Total <sup>(1)</sup></b>	<b>\$ 122,970</b>

<sup>(1)</sup> Total may differ due to rounding.

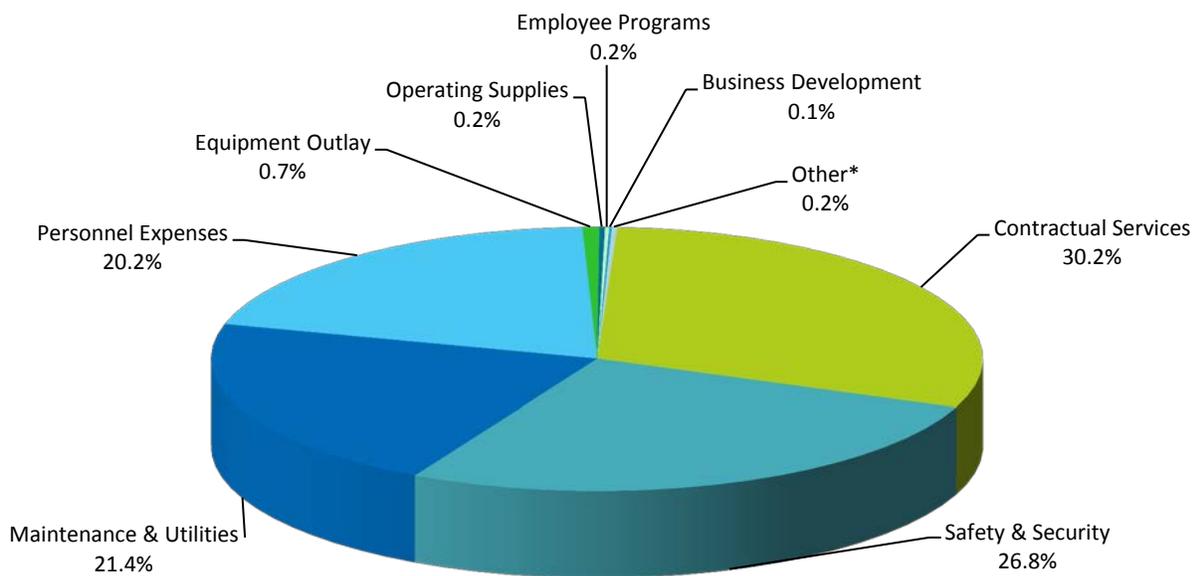
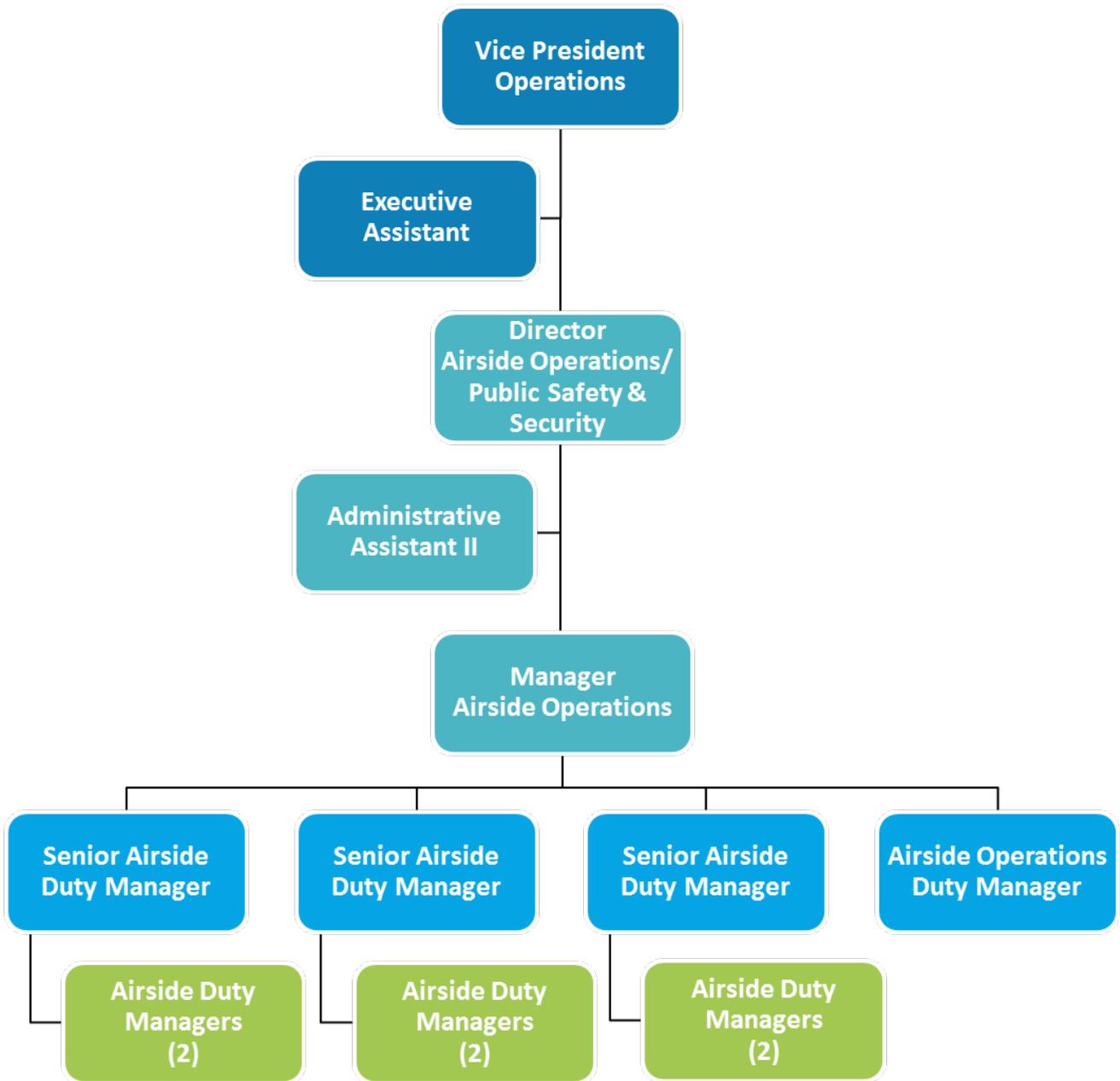


Figure 38 – FY 2019 Expense Budget by Category

\*Other includes operating equipment & systems, and equipment rentals & repairs.

# Operations Division – Airside Operations

## FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Operations Division – Airside Operations

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,700,830	\$ 1,619,739	\$ 1,653,126	\$ 33,387	2.1%	\$ 1,719,879	\$ 66,753	4.0%
Premium Overtime	26,012	17,000	17,000	-	0.0%	17,000	-	0.0%
Employee Benefits	762,250	796,682	788,470	(8,212)	-1.0%	892,112	103,641	13.1%
Subtotal	2,489,092	2,433,421	2,458,596	25,175	1.0%	2,628,991	170,395	6.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,489,092</b>	<b>2,433,421</b>	<b>2,458,596</b>	<b>25,175</b>	<b>1.0%</b>	<b>2,628,991</b>	<b>170,395</b>	<b>6.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	794,094	822,000	825,000	3,000	0.4%	841,360	16,360	2.0%
Safety and Security	5,205,401	5,228,778	5,385,640	156,862	3.0%	5,547,208	161,568	3.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	5	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,076	16,600	16,600	-	0.0%	16,600	-	0.0%
Operating Supplies	12,855	11,640	14,030	2,390	20.5%	14,100	70	0.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	32,949	45,685	41,800	(3,885)	-8.5%	43,350	1,550	3.7%
Business Development	60,895	26,905	29,015	2,110	7.8%	30,170	1,155	4.0%
Equipment Rentals & Repairs	63,645	67,886	69,143	1,257	2.0%	71,267	2,124	8.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>6,172,919</b>	<b>6,219,494</b>	<b>6,381,228</b>	<b>161,734</b>	<b>2.6%</b>	<b>6,564,055</b>	<b>182,827</b>	<b>2.9%</b>
<b>Total Operating Expenses</b>	<b>8,662,011</b>	<b>8,652,915</b>	<b>8,839,824</b>	<b>186,909</b>	<b>2.2%</b>	<b>9,193,046</b>	<b>353,222</b>	<b>4.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>8,662,011</b>	<b>8,652,915</b>	<b>8,839,824</b>	<b>186,909</b>	<b>2.2%</b>	<b>9,193,046</b>	<b>353,222</b>	<b>4.0%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 8,662,011</b>	<b>\$ 8,652,915</b>	<b>\$ 8,839,824</b>	<b>\$ 186,909</b>	<b>2.2%</b>	<b>\$ 9,193,046</b>	<b>\$ 353,222</b>	<b>4.0%</b>

## Operations Division – Airside Operations

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 8,652,915</b>	<b>\$ 8,839,824</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	205,776	66,753
Burden (benefits & employer taxes) for current staff	66,109	103,641
3 positions of Airport Operations Assistant (salaries & burden) transferred from Airside	(246,710)	-
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>25,175</b>	<b>170,395</b>
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	161,568
Other, net	4,872	21,259
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>161,734</b>	<b>182,827</b>
<b>Total Increase / (Decrease)</b>	<b>186,909</b>	<b>353,222</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 8,839,824</b>	<b>\$ 9,193,046</b>

## Operations Division – Airside Operations

### FY 2017 Progress Report

1. Ensure that SDIA is operated in compliance with FAA Federal Aviation Regulations (FAR) Part 139 requirements. Success for this goal will be achieved if both: 1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty, and 2) there are no SDIA airfield incidents/accidents attributed to Part 139 compliance.

**Progress:** FAA Inspection is expected in June 2017.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Oversee the planning, coordination and construction activities associated with the Taxiway Bravo Object Free Area (OFA) project. This work includes the physical relocation of the vehicle service road east of Taxiway B6, Gate P-18 removal / relocation, as well as the perimeter security fence, in order to support Group V operations along the entire length of Taxiway Bravo.

**Progress:** NTP currently delayed pending FDD resolution of several items with contractor.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. The department staff will continue to participate in the ADP. Staff will participate in meetings and provide input and comments for design concepts and phasing plans. The department will focus on aircraft ground movements, aircraft parking, fueling operations, airfield vehicle service roads, ARFF facilities and equipment, as well as Part 77 and TERPS impacts.

**Progress:** Department further refined RON requirements and hydrant fueling needs associated with ADP development.

**Initiative:** Strategically engage our employees in sustainable business practices.

## Operations Division – Airside Operations

### FY 2018 – FY 2019 Goals

1. Oversee the planning, coordination and construction activities to rehabilitate Runway 9 -27 and Cross Taxiways Bravo 1, Bravo 4, Bravo 5, Bravo 6, Bravo 7, Charlie 3, Charlie 4 and Charlie 6. This project is estimated to be completed by October 2018.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Oversee the planning, coordination and construction activities to improve the Taxiway Bravo OFA between Taxiway B6 and Taxiway Delta. The project's completion date is dependent upon a number of variables currently being addressed. Update to follow.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

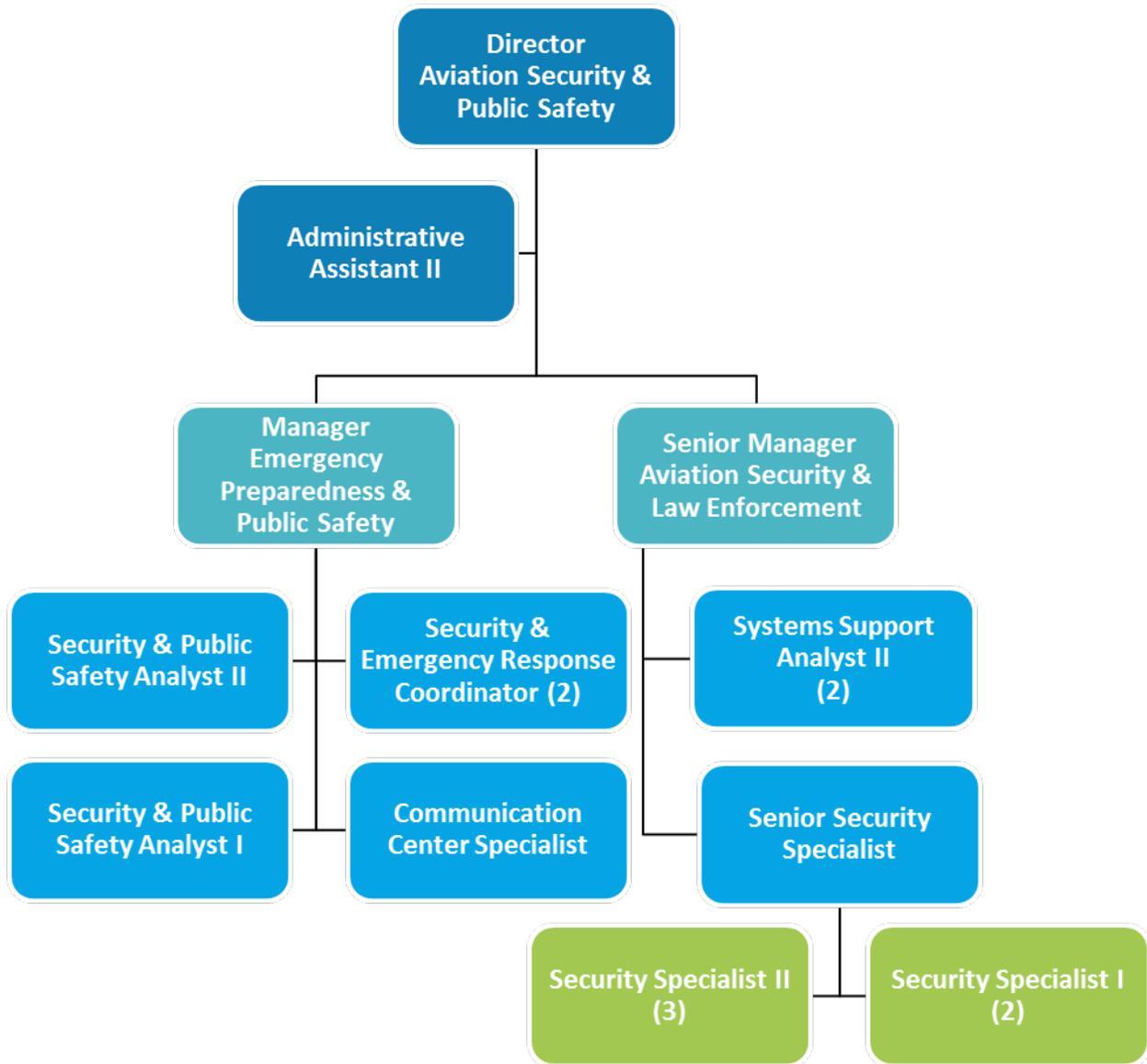
3. Ensure that SDIA is operated in compliance with FAA FAR Part 139 requirements. Success for this goal will be achieved if both: (1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty, and (2) there are no SDIA airfield incidents/accidents attributed to Part 139 compliance. The project's completion date will be met in part by the annual FAR Part 139 inspection usually scheduled in June.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

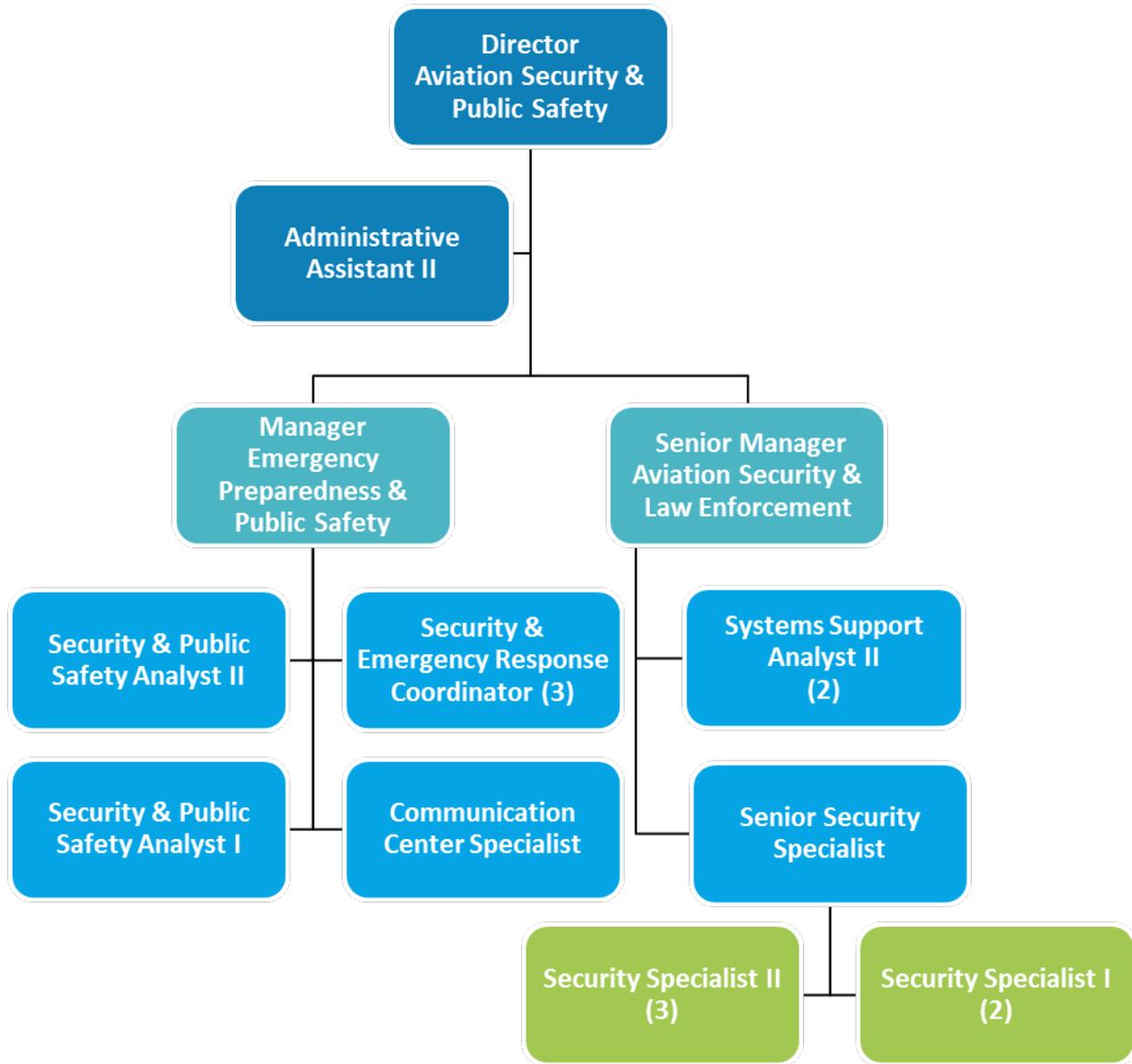
# Operations Division – Aviation Security & Public Safety

## FY 2018 Organizational Structure



# Operations Division – Aviation Security & Public Safety

## FY 2019 Organizational Structure



## Operations Division – Aviation Security & Public Safety

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 971,921	\$ 956,995	\$ 1,381,504	\$ 424,509	44.4%	\$ 1,502,267	\$ 120,763	8.7%
Premium Overtime	48,742	40,000	60,000	20,000	50.0%	60,000	-	0.0%
Employee Benefits	467,109	463,845	662,012	198,167	42.7%	780,911	118,899	18.0%
Subtotal	1,487,773	1,460,841	2,103,516	642,675	44.0%	2,343,177	239,662	11.4%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,487,773</b>	<b>1,460,841</b>	<b>2,103,516</b>	<b>642,675</b>	<b>44.0%</b>	<b>2,343,177</b>	<b>239,662</b>	<b>11.4%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	632,376	645,500	678,400	32,900	5.1%	683,400	5,000	0.7%
Safety and Security	23,515,849	23,832,609	25,678,916	1,846,307	7.7%	27,417,510	1,738,593	6.8%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	11	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,892	56,000	40,000	(16,000)	-28.6%	40,000	-	0.0%
Operating Supplies	113,027	121,200	135,000	13,800	11.4%	125,000	(10,000)	-7.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	24,241	28,100	29,800	1,700	6.0%	30,250	450	1.5%
Business Development	5,081	8,850	38,850	30,000	339.0%	8,850	(30,000)	-77.2%
Equipment Rentals & Repairs	16,769	22,000	22,950	950	28.8%	20,150	(2,800)	-28.1%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>24,314,244</b>	<b>24,714,259</b>	<b>26,623,916</b>	<b>1,909,657</b>	<b>7.7%</b>	<b>28,325,160</b>	<b>1,701,243</b>	<b>6.4%</b>
<b>Total Operating Expenses</b>	<b>25,802,017</b>	<b>26,175,100</b>	<b>28,727,432</b>	<b>2,552,333</b>	<b>9.8%</b>	<b>30,668,337</b>	<b>1,940,905</b>	<b>6.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	4,000	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>25,806,017</b>	<b>26,175,100</b>	<b>28,727,432</b>	<b>2,552,333</b>	<b>9.8%</b>	<b>30,668,337</b>	<b>1,940,905</b>	<b>6.8%</b>
Equipment Outlay	342,375	585,500	515,000	(70,500)	-12.0%	515,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 26,148,392</b>	<b>\$ 26,760,600</b>	<b>\$ 29,242,432</b>	<b>\$ 2,481,833</b>	<b>9.3%</b>	<b>\$ 31,183,337</b>	<b>\$ 1,940,905</b>	<b>6.6%</b>

## Operations Division – Aviation Security & Public Safety

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 26,760,600</b>	<b>\$ 29,242,432</b>
<b>Personnel Costs</b>		
2 new positions of Aviation Security & Public Safety Director and Aviation Security & Public Safety Specialist I (salaries & burden)	247,659	-
3 positions of Airport Operations Assistant (salaries & burden) transferred from Airside	246,710	-
Salary adjustments and pay-for-performance	83,984	53,950
Burden (benefits & employer taxes) for current staff	64,323	90,955
1 new position of Security & Emergency Response Coordinator (salaries & burden)	-	94,756
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>642,675</b>	<b>239,662</b>
Law enforcement costs - Harbor Police Department	1,722,136	1,451,352
Security guard services	350,000	67,000
Communication Center	242,029	5,242
Access control system	(400,000)	200,000
Other, net	(75,007)	(22,350)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>1,839,157</b>	<b>1,701,243</b>
<b>Total Increase / (Decrease)</b>	<b>2,481,833</b>	<b>1,940,905</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 29,242,432</b>	<b>\$ 31,183,337</b>

## Operations Division – Aviation Security & Public Safety

### FY 2017 Progress Report

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations and achieves excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification by planning and conducting tabletop and field exercises in compliance with FAR Part 139.325(g)(4) for FY 2017 (November 2016 - Tabletop) and FY 2018 (November 2017 – Field Exercise).

**Progress:** SAN conducted its FAA required Emergency Plan Tabletop exercise on October 2016.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Enhance Emergency/Disaster Preparedness training of Authority staff and appropriate agencies by conducting an Emergency Operations Center (EOC) Functional Exercise; to be completed by the fourth quarter of FY 2017.

**Progress:** EOC was not available due to being used as a SIDA badge classroom; however, EOC Orientation and WEB EOC training were conducted for all EOC team members. EOC functional exercise will take place in the second quarter of FY 2018 in coordination with the full scale mass-casualty exercise.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Continue implementation of a credential management system (CMS) for the Access Control Office (ACO). This system will reduce ACO staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

**Progress:** CIP Project created; and draft RFP in Procurement. Anticipate completion May 2018.

**Initiative:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

4. Enhance operational capabilities for FIS activities, as well as reduce overall maintenance and downtime costs for Aviation Security & Public Safety, by upgrading the analog Video Management System in the FIS. This goal would convert outdated technology to that of the Authority's main Digital Video Management System (DVMS); providing better coverage, image capture and recoding storage.

**Progress:** Necessary incremental improvements being made to current FIS; future improvements pending Board decision for construction of future FIS.

**Initiative:** Maintain a sustainable long-term capital plan; strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

## Operations Division – Aviation Security & Public Safety

### FY 2018 – FY 2019 Goals

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations and achieves excellence in the areas of Public Safety, Emergency / Disaster Preparedness and Airport Certification by planning and conducting tabletop and field exercises in compliance with FAR Part 139.325(g)(4) for FY 2018 (November 2017 – Field Exercise) and FY 2019 (November 2018 – Tabletop Exercise).

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Enhance Emergency/Disaster Preparedness training of Authority staff and appropriate agencies by conducting an EOC Functional Exercise; to be completed by the fourth quarter of FY 2018.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

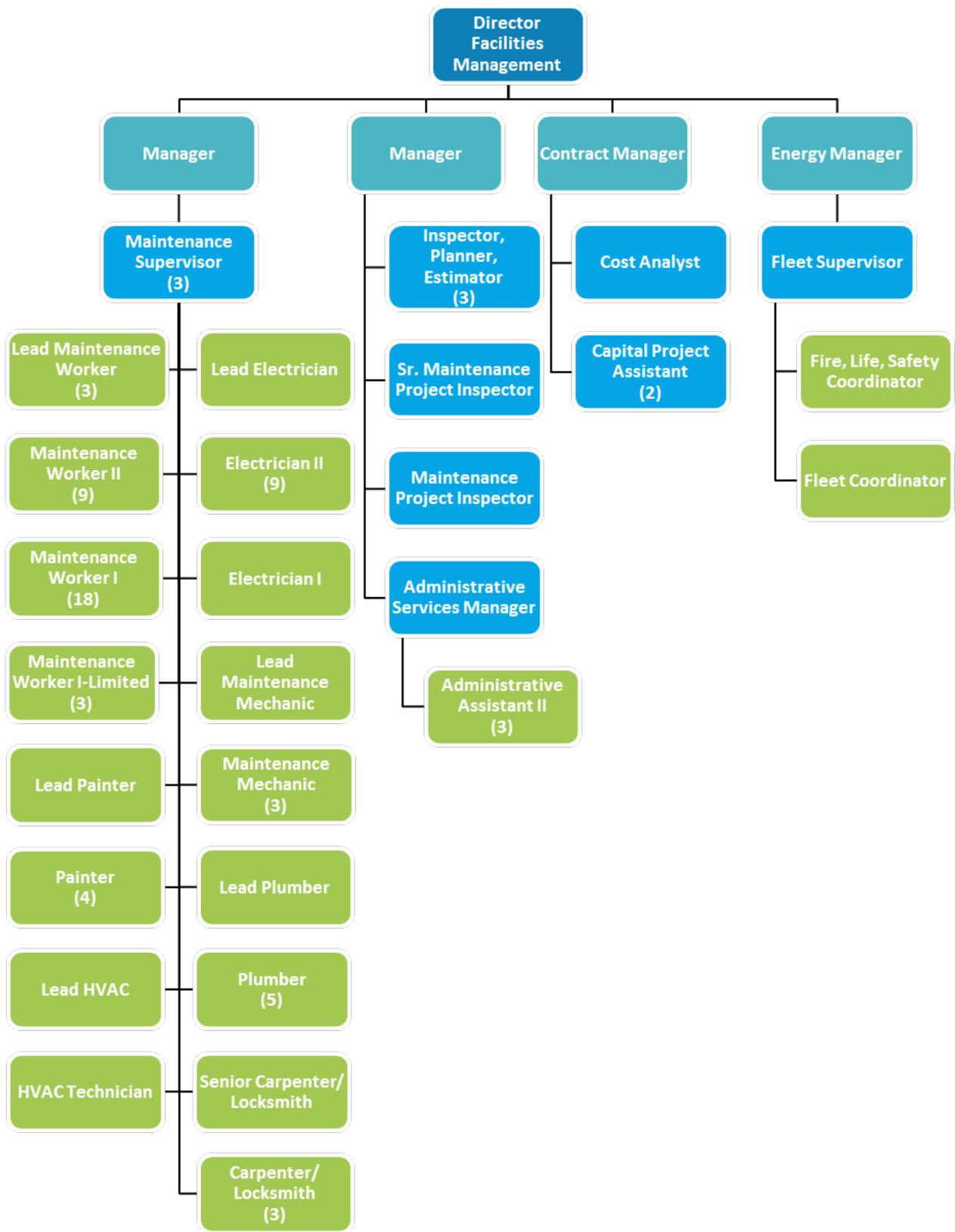
3. Continue implementation of a CMS / Identity Management System for the ACO. This system will reduce ACO staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

**Strategic Goal:**

- **Operations,** grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

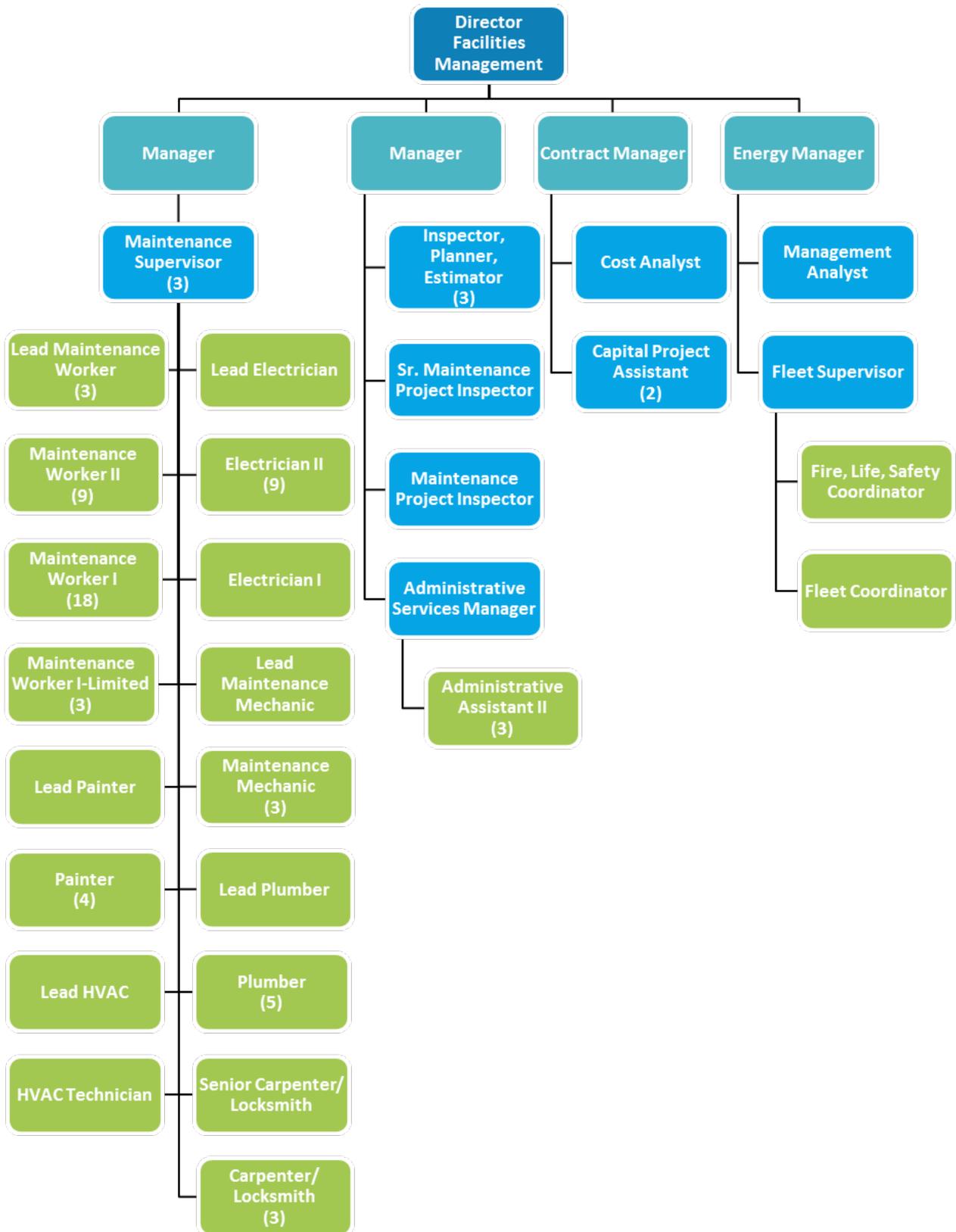
# Operations Division – Facilities Management

## FY 2018 Organizational Structure



# Operations Division – Facilities Management

## FY 2019 Organizational Structure



## Operations Division – Facilities Management

### FY 2018– FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 5,821,377	\$ 5,994,410	\$ 6,522,919	\$ 528,509	8.8%	\$ 6,863,540	\$ 340,621	5.2%
Premium Overtime	419,247	387,500	450,000	62,500	16.1%	450,000	-	0.0%
Employee Benefits	2,838,514	3,058,312	3,380,179	321,868	10.5%	3,842,466	462,287	13.7%
Subtotal	9,079,138	9,440,222	10,353,098	912,877	9.7%	11,156,006	802,908	7.8%
Less: Capitalized Labor	(86,635)	(100,000)	(100,000)	-	0.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>8,992,504</b>	<b>9,340,222</b>	<b>10,253,098</b>	<b>912,877</b>	<b>9.8%</b>	<b>11,056,006</b>	<b>802,908</b>	<b>7.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	69,731	50,000	245,000	195,000	390.0%	245,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	11,096,303	12,471,368	11,774,743	(696,626)	-5.6%	12,457,320	682,577	5.8%
Maintenance	13,137,961	12,661,524	13,855,342	1,193,818	9.4%	13,868,254	12,912	0.1%
Operating Equipment & Systems	34,793	15,000	15,000	-	0.0%	15,000	-	0.0%
Operating Supplies	81,989	65,050	75,050	10,000	15.4%	75,050	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	63,113	81,200	90,600	9,400	11.6%	62,600	(28,000)	-30.9%
Business Development	3,642	7,425	7,425	-	0.0%	7,425	-	0.0%
Equipment Rentals & Repairs	6,187	34,300	27,250	(7,050)	366.1%	22,750	(4,500)	-38.3%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>24,493,720</b>	<b>25,385,867</b>	<b>26,090,409</b>	<b>704,542</b>	<b>2.8%</b>	<b>26,753,399</b>	<b>662,990</b>	<b>2.5%</b>
<b>Total Operating Expenses</b>	<b>33,486,224</b>	<b>34,726,089</b>	<b>36,343,508</b>	<b>1,617,419</b>	<b>4.7%</b>	<b>37,809,405</b>	<b>1,465,897</b>	<b>4.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>33,486,224</b>	<b>34,726,089</b>	<b>36,343,508</b>	<b>1,617,419</b>	<b>4.7%</b>	<b>37,809,405</b>	<b>1,465,897</b>	<b>4.0%</b>
Equipment Outlay	1,379,385	600,000	400,000	(200,000)	-33.3%	300,000	(100,000)	-25.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 34,865,608</b>	<b>\$ 35,326,089</b>	<b>\$ 36,743,508</b>	<b>\$ 1,417,419</b>	<b>4.0%</b>	<b>\$ 38,109,405</b>	<b>\$ 1,365,897</b>	<b>3.7%</b>

## Operations Division – Facilities Management

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 35,326,089</b>	<b>\$ 36,743,508</b>
<b>Personnel Costs</b>		
Salary adjustments, contracted wage increases and pay-for-performance	388,592	227,771
Burden (benefits & employer taxes) for current staff	321,868	462,287
2 new positions of Energy Manager and Inspector, Planner & Estimator (salaries & burden)	202,417	112,850
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>912,877</b>	<b>802,908</b>
Annual Maintenance	1,193,818	(385,788)
Staff Augmentation	195,000	-
New FIS & Parking Plaza Maintenance	-	400,000
Utilities	(700,371)	678,570
Other, net	(183,905)	(129,793)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>504,542</b>	<b>562,990</b>
<b>Total Increase / (Decrease)</b>	<b>1,417,419</b>	<b>1,365,897</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 36,743,508</b>	<b>\$ 38,109,405</b>

## Operations Division – Facilities Management

### FY 2017 Progress Report

1. Continuing on its FY 2016 goal to implement a Computerized Maintenance Management System (CMMS) and the completion of Phase 1 (development of a work order Case Management data base) which was completed on October 15, 2015, FMD is executing Phase 2 and 3 of the CMMS enhancements. This includes enhanced timekeeping process, structured work flow integration and preventive maintenance scheduling improvements.
  - Progress:** FMD has identified critical equipment assets and uploaded them into JD Edwards E-1. Faithful & Gould has provided FMD with preventative maintenance schedules which have been uploaded into the system on February 28, 2017. One View Reporting (Phase 3) will be rolled out with the Authority wide E-1 upgrade by July 1, 2017 to provide FMD with real time reporting.
  - Initiative:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.
  
2. FMD is developing a Work Management Center to provide a higher level of customer service and increased efficiency in operations. Efforts will increase communications on work order status.
  - Progress:** FMD has established a Work Management Center on August 30, 2016 which facilitates distribution of all Work Requests to the necessary shops.
  - Initiative:** Maintain a sustainable long-term capital plan, focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

## Operations Division – Facilities Management

### FY 2018 – FY 2019 Goals

1. Continue to promote customer satisfaction and improve operations through improving employee engagement utilizing Talent Culture & Capability to identify opportunities and improve our internal processes utilizing structured workflow and update the Facilities Management Contracts Procedure Manual. Estimated completion is June 2018.

#### **Strategic Goals:**

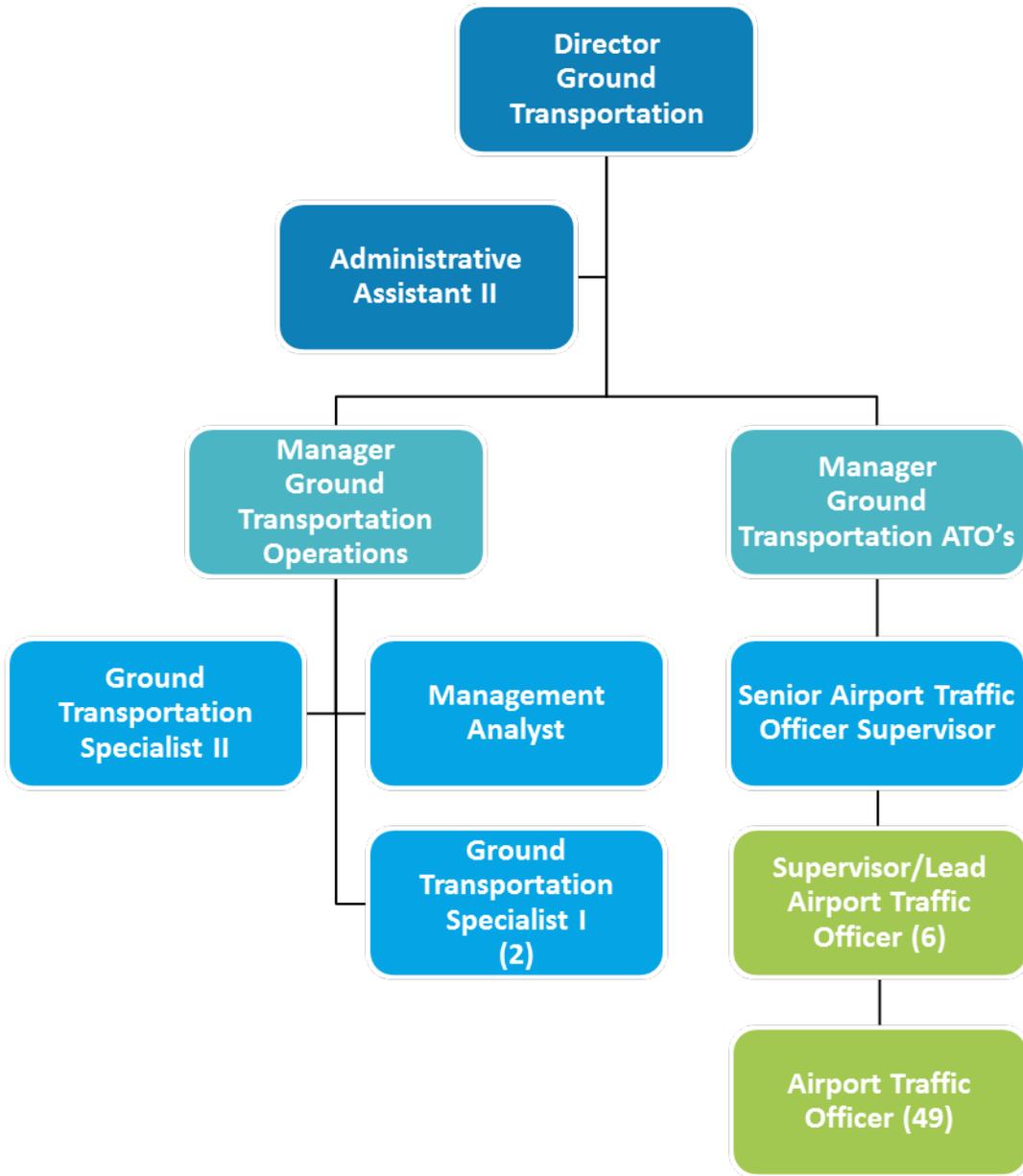
- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
  - **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
2. Identify maintenance projects which can be capitalized and incorporated into the Authorities long-term capital program while continuing to support daily operations without interruption. This is an on-going effort through FY 2022.

#### **Strategic Goals:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.
- **Financial**, execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.

# Operations Division – Ground Transportation

## FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Operations Division – Ground Transportation

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 3,830,584	\$ 3,846,644	\$ 4,025,646	\$ 179,002	4.7%	\$ 4,151,926	\$ 126,280	3.1%
Premium Overtime	107,173	50,000	50,000	-	0.0%	50,000	-	0.0%
Employee Benefits	1,968,634	2,067,260	2,198,306	131,045	6.3%	2,457,047	258,742	11.8%
Subtotal	5,906,391	5,963,904	6,273,952	310,048	5.2%	6,658,974	385,022	6.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>5,906,391</b>	<b>5,963,904</b>	<b>6,273,952</b>	<b>310,048</b>	<b>5.2%</b>	<b>6,658,974</b>	<b>385,022</b>	<b>6.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	16,676,607	21,857,164	23,532,018	1,674,853	7.7%	25,639,603	2,107,585	9.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2,874	2,820	3,000	180	6.4%	3,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	53,818	14,400	11,900	(2,500)	-17.4%	11,900	-	0.0%
Operating Supplies	66,162	41,800	54,900	13,100	31.3%	55,900	1,000	1.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	49,415	48,800	51,000	2,200	4.5%	51,000	-	0.0%
Business Development	16,862	14,024	16,150	2,126	15.2%	16,150	-	0.0%
Equipment Rentals & Repairs	23,494	90,550	16,800	(73,750)	-95.0%	20,800	4,000	88.9%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>16,889,231</b>	<b>22,069,558</b>	<b>23,685,768</b>	<b>1,616,209</b>	<b>7.3%</b>	<b>25,798,353</b>	<b>2,112,585</b>	<b>8.9%</b>
<b>Total Operating Expenses</b>	<b>22,795,622</b>	<b>28,033,463</b>	<b>29,959,720</b>	<b>1,926,257</b>	<b>6.9%</b>	<b>32,457,327</b>	<b>2,497,607</b>	<b>8.3%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>22,795,622</b>	<b>28,033,463</b>	<b>29,959,720</b>	<b>1,926,257</b>	<b>6.9%</b>	<b>32,457,327</b>	<b>2,497,607</b>	<b>8.3%</b>
Equipment Outlay	33,401	40,150	22,000	(18,150)	-45.2%	52,000	30,000	136.4%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 22,829,023</b>	<b>\$ 28,073,613</b>	<b>\$ 29,981,720</b>	<b>\$ 1,908,107</b>	<b>6.8%</b>	<b>\$ 32,509,327</b>	<b>\$ 2,527,607</b>	<b>8.4%</b>

## Operations Division – Ground Transportation

### Major Drivers of FY 2018 Budget & FY 2019 Conceptual Budget

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
<b>FY 2017 Budget / FY 2018 Budget</b>	<b>\$ 28,073,613</b>	<b>\$ 29,981,720</b>
<b>Personnel Costs</b>		
Salary adjustments, contracted wage increases and pay-for-per	179,002	126,280
Burden (benefits & employer taxes) for current staff	131,045	258,742
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>310,048</b>	<b>385,022</b>
Parking and shuttle operations	2,181,843	418,132
Parking Plaza Operations	-	900,000
RCC Busing	(506,989)	789,453
Other, net	(76,794)	35,000
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>1,598,059</b>	<b>2,142,585</b>
<b>Total Increase / (Decrease)</b>	<b>1,908,107</b>	<b>2,527,607</b>
<b>FY 2018 Budget / FY 2019 Conceptual Budget</b>	<b>\$ 29,981,720</b>	<b>\$ 32,509,327</b>

## Operations Division – Ground Transportation

### FY 2017 Progress Report

1. RCC Bus Operation – implement and improve Rental Car Bus transit to minimize customer wait times, provide the highest level of customer service and ensure overall operational efficiency.

**Progress:** RCC bus operations started January 20, 2016. Customer wait times, load times, and bus headways have remained within acceptable operating parameters. Nine buses were added to operations to increase operational efficiency. Ground transportation has secured Board approval to purchase fourteen new buses to increase fleet capacity. Ongoing operations, customer service representatives' activities, ridership, GPS tracking, and customer feedback are monitored continuously to ensure the highest level of customer service.

**Initiative:** Focus on revenue generation and cost control.

2. Transition the Airport's Taxicab and Vehicle for Hire (VFH) Hold Lot operation to the newly constructed location and implement, with successful implementation of automated dispatch system.

**Progress:** Taxicab and VFH operations were moved to the new hold lot facility and began operations March 2016. The new automated dispatch system was implemented in June 2016. Taxis are now automatically dispatched on an automatic demand-pull basis, based on the available vehicles and target limits set in the Gatekeeper system. Drivers can access the hold lot vehicle count and dispatch log and activity from an online webpage on their devices. Drivers are able to see how many taxis are in the hold lot, average wait time for dispatch, and taxis dispatched in the last hour to determine activity levels and airport activity.

**Initiative:** Focus on revenue generation and cost control.

3. Successfully manage the closure of the Terminal 2 parking lot and minimize the loss of parking patrons and revenues through new and customer-oriented parking programs.

**Progress:** The Terminal 2 parking lot was closed on August 6, 2016. A parking reservation system for Long-Term Lot 1 and the Economy Lot has been implemented to accommodate customers. Courtesy shuttle carts have been placed into operation in the Terminal 2 West lot to transport customers to the terminal crosswalks. Valet staff has been increased to accommodate increased Valet transactions. Parking shuttle service has been increased in Long Term Lot 1 and the Economy Lot. A corporate parking program, customer loyalty program, and enhancements to the reservation system are in process.

**Initiative:** Focus on revenue generation and cost control.

## Operations Division – Ground Transportation

### FY 2018 – FY 2019 Goals

1. Ensure the opening and efficient operation of Terminal 2 Parking Plaza. Maintain efficiency and safety of ground transportation operations through construction, qualification, and grand opening by June 2018.

**Strategic Goal:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

2. Competitively bid and execute contracts for parking operations management and parking and employee shuttle operations. Identify operators, obtain approval, and execute agreements before expiration of current contracts in August 2018.

**Strategic Goal:**

- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Negotiate the renewal of Taxicab and VFH Memorandums of Agreement through December 31, 2020. Engage Taxi and VFH modes and ATOs staff to identify areas of operational efficiency and customer service improvements.

**Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

4. Negotiate and implement the Transportation Network Company (TNC) Greenhouse Gas (GHG) Reduction Strategy. Negotiate and execute the new TNC permit effective January 1, 2018, incorporating the GHG strategy and incentives for GHG reductions. Engage TNC companies and ATO staff to identify areas for operational efficiency and customer service improvements.

**Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

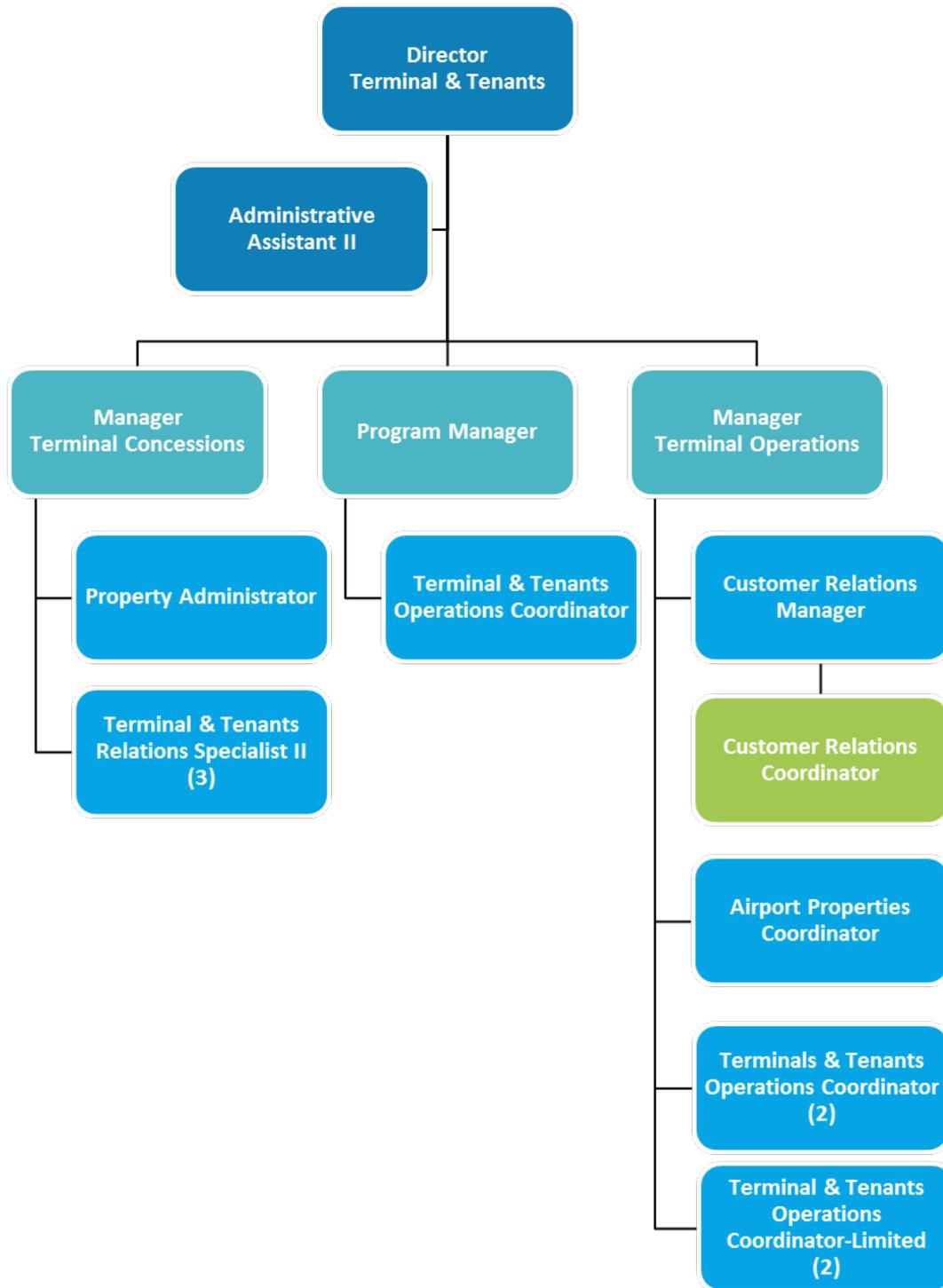
5. Engage ATO staff in planning and operations of ground transportation systems and initiatives. Leverage ATO operational expertise to improve the efficiency and safety of ground transportation operations, implement process improvements, and enhance the employee and customer experience through the end of FY 2018.

**Strategic Goal:**

- **Employee**, develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.

# Operations Division – Terminals & Tenants

## FY 2018 – FY 2019 Organizational Structure



*No personnel changes in FY 2019.*

## Operations Division – Terminals & Tenants

### FY 2018 – FY 2019 Conceptual Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,203,337	\$ 1,347,085	\$ 1,481,032	\$ 133,947	9.9%	\$ 1,537,014	\$ 55,982	3.8%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	526,308	608,307	705,770	97,463	16.0%	803,261	97,491	13.8%
Subtotal	1,729,645	1,955,392	2,186,802	231,410	11.8%	2,340,275	153,472	7.0%
<i>Less: Capitalized Labor</i>	-	-	(218,604)	(218,604)	0.0%	(235,741)	(17,137)	7.8%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,729,645</b>	<b>1,955,392</b>	<b>1,968,198</b>	<b>12,806</b>	<b>0.7%</b>	<b>2,104,534</b>	<b>136,336</b>	<b>6.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	8,691,557	9,234,828	9,686,926	452,097	4.9%	9,693,469	6,543	0.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	65	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	42,049	40,000	27,000	(13,000)	-32.5%	27,000	-	0.0%
Operating Supplies	14,749	13,300	14,300	1,000	7.5%	14,300	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	32,354	37,950	34,650	(3,300)	-8.7%	33,650	(1,000)	-2.9%
Business Development	319,064	64,150	60,850	(3,300)	-5.1%	62,000	1,150	1.9%
Equipment Rentals & Repairs	146	6,000	60,000	54,000	900.0%	40,000	(20,000)	-33.3%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>9,099,983</b>	<b>9,396,378</b>	<b>9,883,876</b>	<b>487,497</b>	<b>5.2%</b>	<b>9,870,569</b>	<b>(13,307)</b>	<b>-0.1%</b>
<b>Total Operating Expenses</b>	<b>10,829,628</b>	<b>11,351,770</b>	<b>11,852,074</b>	<b>500,304</b>	<b>4.4%</b>	<b>11,975,103</b>	<b>123,029</b>	<b>1.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>10,829,628</b>	<b>11,351,770</b>	<b>11,852,074</b>	<b>500,304</b>	<b>4.4%</b>	<b>11,975,103</b>	<b>123,029</b>	<b>1.0%</b>
Equipment Outlay	32,012	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 10,861,640</b>	<b>\$ 11,351,770</b>	<b>\$ 11,852,074</b>	<b>\$ 500,304</b>	<b>4.4%</b>	<b>\$ 11,975,103</b>	<b>\$ 123,029</b>	<b>1.0%</b>



## Operations Division – Terminals & Tenants

### FY 2017 Progress Report

1. Develop and secure executive approval for a campus-wide door numbering system by June 30, 2017. Space and door numbering details will be for the use of all SDCRAA departments and external stakeholders as needed (e.g. FMD, HPD and San Diego Fire Department (SDFD)). A single system will improve efficiency and life safety operations by providing consistent, readily available information to all stakeholders.

**Progress:** Received Executive approval in July 2016 to move forward with developing and implementing a single numbering system. Collaborating with FDD, FMD, Aviation Security and Airside Operations in initial phases of development. Mapping updates underway, numbering schema developed, software in place to number spaces in existing Computer-Aided Design and Drawings (CADD) and GIS maps. The next phase includes updating FDD and FMD procedures to ensure naming convention is maintained and applied, and maps/drawings are updated in a timely fashion.

**Initiative:** Strategically engage our employees in sustainable business practices.

2. Implementation of technology to streamline the bi-annual property inspections of all terminal concession tenancies at the Airport by June 30, 2017. Use of technology will enable staff to be more efficient when completing inspections and implementing corrective actions on all findings in the SDIA terminals.

**Progress:** Bi-annual property inspections: in the fall of 2016 we initiated the new technology inspection process and completed 114 inspections for retail and food and beverage concessions along with the concession office and storage areas. We also inspected the CRDC and the Airspace Lounge. With the initiation of the new technology inspection process we reduced staff time for the inspection process by more than 50%. The next round of Bi-annual inspections started in early February 2017.

**Initiative:** Strategically engage our employees in sustainable business practices.

3. Working with, and systematic monitoring of, the SAN concessionaires to assist them in maximization of sales, and to ensure that the overall concession program achieves a minimum increase of 3% in overall sales per enplanement in FY 17 versus FY 16.

**Progress:** 4% increase of overall sales per enplanement-through December 2016. We are at an SPE of \$11.30 which is 5.5% over the same period for prior year.

**Initiative:** Focus on revenue generation and cost control.

## Operations Division – Terminals & Tenants

### FY 2018 – FY 2019 Goals

1. Implement the campus-wide space and door numbering system for use by all SDCRAA departments and external stakeholders as needed (e.g. FMD, HPD and SDFD) by June 30, 2019 (complete Terminal 2 by June 30, 2018). This single system will improve efficiency and life safety operations by providing consistent, readily available information to all stakeholders. Implementation includes numbering of all spaces in AutoCAD and GIS systems, physical numbering of all doors, and process & procedure updates in FDD and FMD.

#### **Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

2. Ensure bi-annual property inspections of all terminal common areas at the airport by June 30, 2018. By completing thorough inspections and implementing corrective action on all findings the SAN terminal assets will serve our stakeholders and customers through a full life cycle.

#### **Strategic Goals:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.
- **Operations**, grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.

3. Develop and implement a concession mystery shopper program to monitor the concessions, develop benchmarks and ensure the concessions offer first class service, products and facilities as required in their lease agreements.

#### **Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

4. Create and initiate an onboarding/introduction and training program for Airport Ambassadors that ensures consistent, accurate information and promotes a high level of customer service by June 3, 2018. Pilot program for additional groups and/or terminal staff.

#### **Strategic Goal:**

- **Customer**, exceed our customers' expectations by introducing innovative service and facility enhancements.

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# DEBT SERVICE



## Debt Service

### Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on payments of principal, interest, and fees for the revenue bonds and variable debt. Debt service expenses (which also include amortization of bond premiums and cost of issuance fees) are projected at \$104.7M for the FY 2018 Budget and \$109.7M for the FY 2019 Conceptual Budget (see **Debt Service by Source**).

### Allowed Purposes and Types of Debt

The Authority does not have taxing power and therefore issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the Airport system. The Authority may also issue special facility obligations to finance capital projects. Such obligations must be secured by a defined revenue stream derived from or relating to discrete facilities.

### Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority does not have a legal debt limit, but is constrained by its bond indenture requirement for debt service coverage, which requires that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% (1.25x) of annual senior lien bond debt service and that subordinate net revenues shall exceed 110% (1.10x) of subordinate lien debt service. This acts as a cap on the annual debt service, not a cap on the amount of outstanding debt, and is a common provision in airport bond resolutions. A debt service coverage table is shown on page 229.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% (1.75x) for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150% (1.50x).

### Outstanding Debt

#### Series 2013 Bonds – Senior Airport Revenue Bonds

On January 30, 2013, the Authority issued \$379.6M in Senior Airport Revenue Bonds. The bond proceeds were used to finance a portion of the construction of the Green Build and certain projects in the CIP. The bonds were issued in the following series and amounts: Series A (non-AMT) \$107.3M; and Series B (AMT) \$272.3M.

The Series 2013 Bonds were structured as serial and term bonds that bear interest rates ranging from 3.0% to 5.0% maturing in Fiscal Years 2016-2044.

The Series 2013 Bonds are payable solely from and secured by a pledge of "Net Revenues." Net Revenues are generally defined as all revenues and other cash receipts of the Authority's Airport operations less amounts required to pay operations and maintenance expenses of the Airport. Pledged "Net Revenues" do not include cash received from PFCs, CFCs or Federal Grants

#### Series 2010 Bonds – Subordinate Airport Revenue Bonds

On October 5, 2010, the Authority issued \$572.6M in Subordinate Airport Revenue Bonds. The bond proceeds were used primarily for construction of The Green Build as well as for projects in the CIP. The bonds were issued

## Debt Service

in the following series and amounts: Series A (non-AMT) \$313.2M; Series B (non-AMT) \$44.1M; and Series C (Build America Bonds) \$215.4M.

The purpose of Build America Bonds (BABs) was to reduce the cost of borrowing for state and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Authority issued Direct Payment BABs which provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority. As a result of the ongoing sequestration, in 2017, the Authority expects that the subsidy receivable by it on the Subordinate Series 2010C Bonds will be reduced by 6.8% or approximately \$0.3M. The subsidy is not included in "Net revenues," rather it is used to pay debt service.

The Series 2010 Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00% to 6.63% (prior to BAB subsidy) maturing in Fiscal Years 2012 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2010 Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

### Series 2014 Bonds – Senior Special Facilities Revenue Bonds

On February 19, 2014, the Authority issued \$305.3M in Senior Special Facilities Revenue Bonds. The Bond Proceeds were used to finance the construction of the Rental Car Center (RCC) and certain associated projects in the CIP. The bonds were issued in the following series and amounts: Series A (non-AMT) \$29.4M; and Series B (AMT) \$275.9M.

The Series 2014 Bonds were structured as serial and term bonds that bear interest rates ranging from 2.537% to 5.594% maturing in Fiscal Years 2019-2045.

The Series 2014 Bonds are payable solely from and secured by a pledge of the "Trust Estate" which includes CFCs and bond funding supplemental consideration, payable by the rental car companies in the event that CFCs are insufficient to meet the Bond funding obligations.

## Debt Rating

The following table outlines the credit ratings for the Authority's outstanding bond issues.

<u>Rating Agency</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Series 2013 (Senior)	A+	A1	A+
Series 2010 (Subordinate)	A	A2	A
Series 2014 (Special Facility)	A-	A3	N/A

## Debt Service

### Variable Rate Debt

The Authority replaced its commercial paper program with a revolving line of credit, issued by US Bank, on September 5, 2014. The Revolving Credit Agreement is for an initial term of three (3) years and has a total available commitment of \$125.0M. The agreement was extended for an additional three years on June 29, 2017.

Additionally, In April of 2017 the Authority established a Subordinate Drawdown Bond program with Royal Bank of Canada (RBC) Municipal Products of up to \$100.0M. On April 1, 2017 the Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2017 the Authority and RBC Capital Markets LLC agreed upon a Subordinate Drawdown Bond Purchase Agreement. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. The Authority currently has no Subordinate Drawdown Bonds outstanding. The RBC Drawdown Bond commitment is also for a term of three years.

The Authority's outstanding short-term debt consists of \$32.6M of Series A (Non-AMT) \$15.8M of Series B (AMT) and \$10.6M of Series C revolving line of credit as of July 1, 2017. Obligations incurred under the Revolving Credit Agreement and are payable solely from and secured by a pledge of "Subordinate Net Revenues" (which are generally defined as all revenues and other cash receipts of the Authority's Airport operations that are remaining after Senior Lien obligations have been met).

### Proposed Debt issuance

#### Series 2017 Bonds – Subordinate Airport Revenue Bonds

The Authority intends to issue up to \$400.0M of Subordinate Airport Revenue bonds in August 2017. The proceeds from the sale of the Subordinate Series 2017 Bonds shall be used to provide funds for construction of the Parking Plaza and Federal Inspection Station Facility and certain other capital improvements at the Airport. Funds will also be used to refund the outstanding Series A non-AMT revolving line of credit.

## Debt Service

### Debt Service Coverage

The following table shows debt service coverage on the aggregate senior and subordinate lien debt.

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget
Airport Revenues	\$ 238,640,326	\$ 246,938,800	\$ 262,422,707	\$ 285,508,558
Operations & Maintenance Expenses	(151,327,219)	(157,416,764)	(166,138,947)	(172,477,452)
<b>Net Revenue available for Senior &amp; Subordinate Lien Debt Service</b>	87,313,106	89,522,036	96,283,760	113,031,106
Senior Bond Debt Service	20,504,600	20,504,950	20,503,750	20,494,150
PFCs used to pay Debt Service	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,261)
<b>Senior Bond Debt Service, Net of PFCs</b>	\$ 11,014,274	\$ 10,956,324	\$ 10,956,268	\$ 10,949,889
<b>Senior Bonds Debt Service Coverage (x)</b>	7.93	8.17	8.79	10.32
<b>Subordinate Net Revenues</b>	\$ 76,298,832	\$ 78,565,712	\$ 85,327,493	\$ 102,081,218
Subordinate Lien Bond Debt Service	40,151,798	40,146,248	40,149,748	40,145,848
Variable Rate Debt Service	6,760,189	7,163,388	7,291,534	6,935,379
PFCs used to pay Debt Service	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,072)
BAB Subsidy	(4,656,199)	(4,631,219)	(4,656,199)	(4,631,219)
<b>Subordinate Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 21,924,115	\$ 22,221,710	\$ 22,327,233	\$ 21,988,936
<b>Subordinate Debt Service Coverage (x)</b>	3.48	3.54	3.82	4.64
Aggregate (Senior and Subordinate Lien) Debt Service	\$ 67,416,588	\$ 67,814,586	\$ 67,945,033	\$ 67,575,377
PFCs used to pay Debt Service	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)
BAB Subsidy	(4,656,199)	(4,631,219)	(4,656,199)	(4,631,219)
<b>Total Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 32,938,389	\$ 33,178,034	\$ 33,283,501	\$ 32,938,825
<b>Total Debt Service Coverage (x)</b>	2.65	2.70	2.89	3.43

## Debt Service

The following table shows debt service coverage on the CFC bond debt.

	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget
CFC Collections	\$ 36,081,720	\$ 40,008,566	\$ 40,689,655
Interest Earnings	320,132	334,492	671,985
<b>Total Amounts Available</b>	\$ 36,401,852	\$ 40,343,057	\$ 41,361,640
Rolling Coverage Fund Balance	4,902,363	6,576,363	6,575,894
<b>Total Amounts Available, plus Rolling Coverage Fund Balance</b>	\$ 41,304,215	\$ 46,919,420	\$ 47,937,533
<b>Aggregate Annual Debt Service</b>	\$ 16,341,210	\$ 21,921,210	\$ 21,919,646
<b>Coverage excluding Rolling Coverage Fund</b>	2.23	1.84	1.89
<b>Coverage including Rolling Coverage Fund</b>	2.53	2.14	2.19

## Debt Service

### Outstanding Debt Service \*

Aggregate Senior and Subordinate Debt Service							Special Facility Debt
Year Ended July 1	Variable Debt Principal, Interest and Fees	2013 Senior Bonds Principal and Interest	2010 Subordinate Bonds Principal and Interest	2017 Subordinate Bonds Principal and Interest	2018 Senior Bonds Principal and Interest	Total	2014 CFC Bonds
2018	\$ 6,851,338	\$ 20,503,750	\$ 40,149,748	\$ 16,007,521	\$ -	\$ 83,512,358	\$ 21,921,210
2019	6,867,823	20,494,150	40,145,848	19,406,533	1,282,158	88,196,511	21,919,646
2020	5,762,131	26,006,350	40,143,798	20,793,000	30,237,900	122,943,179	21,918,789
2021	5,765,186	26,000,100	40,150,548	20,792,750	30,238,100	122,946,684	21,917,940
2022	5,772,743	25,994,350	40,151,423	20,789,250	30,238,200	122,945,966	21,920,783
2023	5,779,700	26,003,100	40,144,111	20,984,500	30,237,000	123,148,411	21,917,242
2024	5,786,060	25,999,600	40,148,486	20,790,000	30,238,300	122,962,446	21,919,123
2025	5,791,820	25,998,350	40,149,486	20,792,750	30,240,600	122,973,006	21,920,025
2026	3,915,983	26,003,100	40,147,486	20,789,250	30,237,400	121,093,219	21,918,832
2027	3,920,546	26,002,350	40,143,236	20,794,000	30,237,500	121,097,632	21,919,423
2028	1,797,265	25,996,000	40,151,736	20,795,750	30,239,100	118,979,851	21,920,401
2029	1,805,532	25,989,850	40,151,736	20,788,750	30,240,400	118,976,268	21,920,366
2030	1,811,673	26,002,750	40,145,486	20,792,500	30,239,600	118,992,009	21,917,921
2031	-	16,667,500	50,928,986	20,790,500	30,239,900	118,626,886	21,921,667
2032	-	16,979,000	50,619,205	20,792,000	30,239,200	118,629,405	21,919,646
2033	-	17,239,750	50,356,695	20,790,750	30,240,400	118,627,595	21,920,459
2034	-	17,606,000	49,994,740	20,795,750	30,241,100	118,637,590	21,917,149
2035	-	18,016,250	49,581,574	20,795,500	30,238,900	118,632,224	21,918,038
2036	-	18,551,750	49,045,358	20,789,000	30,236,400	118,622,508	21,920,887
2037	-	19,104,500	48,493,038	20,795,250	30,240,900	118,633,688	21,918,459
2038	-	19,691,500	47,909,880	20,792,250	30,239,100	118,632,730	21,918,797
2039	-	20,293,750	47,306,652	20,789,000	30,238,300	118,627,702	21,919,383
2040	-	20,923,000	46,678,384	20,794,000	30,240,200	118,635,584	21,917,699
2041	-	67,600,250	-	20,790,250	30,241,200	118,631,700	21,921,229
2042	-	67,600,250	-	20,791,500	30,237,700	118,629,450	21,921,896
2043	-	67,597,500	-	20,790,750	30,236,100	118,624,350	21,921,902
2044	-	-	-	20,791,250	30,237,200	51,028,450	21,918,750
2045	-	-	-	20,791,000	30,236,500	51,027,500	-
2046	-	-	-	20,793,000	30,239,500	51,032,500	-
2047	-	-	-	20,790,000	30,236,100	51,026,100	-
2048	-	-	-	-	30,236,500	30,236,500	-
<b>Total</b>	<b>\$ 61,627,800</b>	<b>\$ 714,864,800</b>	<b>\$ 1,012,837,640</b>	<b>\$ 555,404,304</b>	<b>\$ 757,252,858</b>	<b>\$ 3,101,987,401</b>	<b>\$ 591,827,662</b>

\* Net of capitalized interest and excludes Passenger Facility Charge applied to Debt Service and Build America Bond Rebate

\* 2017 and 2018 Bonds are shown with estimated Debt Service

## Debt Service

### Debt Service by Source

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Principal on Variable Rate Debt	\$ 6,124,000	\$ 6,123,000	\$ 6,275,000	\$ 152,000	2.5%	\$ 6,444,000	\$ 169,000	2.7%
Interest on Variable Rate Debt	309,624	782,725	576,338	(206,387)	-66.7%	423,823	(152,515)	-26.5%
Principal on Revenue Bonds	11,090,000	11,585,000	12,130,000	545,000	4.9%	12,685,000	555,000	4.6%
Interest on Revenue Bonds	49,566,399	49,066,198	64,531,020	15,464,821	31.2%	68,643,688	4,112,669	6.4%
Principal on Special Facility Bonds	-	-	5,580,000	5,580,000	0.0%	5,720,000	140,000	2.5%
Interest on Special Facility Bonds	16,342,210	16,341,210	16,341,210	-	0.0%	16,199,646	(141,565)	-0.9%
Principal & Interest Expense – Capitalized Leases	684,066	877,298	877,298	-	0.0%	877,298	-	0.0%
Cost of Issuance and other Fees	341,859	219,636	2,440,001	2,220,365	649.5%	2,582,791	142,790	5.9%
Amortization of Bond Premiums	(4,243,249)	(4,153,112)	(4,059,229)	93,883	-2.2%	(3,893,946)	165,282	-4.1%
<b>Total Debt Service</b>	<b>\$ 80,214,909</b>	<b>\$ 80,841,954</b>	<b>\$ 104,691,638</b>	<b>\$ 23,849,684</b>	<b>29.7%</b>	<b>\$ 109,682,299</b>	<b>\$ 4,990,661</b>	<b>4.8%</b>

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# CAPITAL PROGRAM



## Capital Program

### Overview

The capital program at SAN consists of the Capital Improvement Program (CIP) which uses traditional (Design-Bid-Build) project delivery, as well projects such as the Rental Car Center and FIS Build-out which were implemented under an alternative project delivery method (Design-Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes capital improvement projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include Federal Aviation Administration's AIP, Transportation Security Agency grants, PFCs, CFCs, Airport operating revenues, Airport revenue bonds, Special Facility Bonds and short-term borrowing using commercial paper/revolving line of credit.

### Capital Program Process

The Capital Program is designed to incorporate a dynamic process. The annual development of the capital program begins with departments submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to a capital program working group comprised of staff representatives from various Authority departments.

After the request is submitted to the working group, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Taking into account the Authority's Sustainability Policy, a complete review is performed with a focus on developing a business case that includes total costs of ownership, project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the working group forwards evaluations of the proposed projects to a review group comprised of key department Directors. The review group then forwards recommendations including project budgets, schedules, issues and proposed funding sources to the Capital Improvement Committee (CIC) which is composed of the Airport Authority's three Vice Presidents and President/CEO who oversee the CIP. The CIC meets monthly and reviews all new project requests, changes to project scopes, budgets and schedules and ensures the efficient use of the Authority's capital resources. The CIC may direct the project sponsors and development team to define the project deliverables and report on estimated costs. The CIC recommends the project to be included in the CIP or the CIC may revise the list of projects to be presented to the Authority Board based on funding availability and project necessity. Following Authority Board approval of the CIP, project teams request the CIC to release funding and begin the project as planned and approved.

During each fiscal year, budget schedule and scope changes to on-going projects are reviewed and approved by the CIC. The CIC may also review new project requests throughout the year to accommodate the ever-changing Airport environment and regulatory requirements.

## Capital Program

### Program Summary

In thousands

FY 2017 - 2021 Capital Program	\$ 631,403
Rental Car Center	<u>316,124</u>
<b>FY 2017 - 2021 Beginning Capital Program Budget</b>	<b>\$ 947,527</b>
Terminal 2 West FIS Build-out	\$ 229,474
FY 2017 - 2021 Project Closeouts/Cancellations	<u>(395,168)</u>
<b>FY 2017 - 2021 Ending Capital Program Balance</b>	<b>\$ 781,834</b>
FY 2018 - 2022 New Capital Projects/Allowances/Adjustments	<u>426,020</u>
<b>FY 2018 - 2022 Capital Program Budget</b>	<b><u><u>\$ 1,207,854</u></u></b>

### Sources of Funds by Fiscal Year

In thousands

Capital Program	Pre-FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Airport Revenue Bonds	\$ 53,865	\$ 276,705	\$ 316,437	\$ 29,772	\$ 8,633	\$ -	\$ 685,413
Airport Funds	78,644	94,856	73,478	20,544	8,453	34,387	310,363
Passenger Facility Charges	11,199	49,660	13,676	6,414	50	7,450	88,449
Federal Grants	750	11,700	13,296	2,604	2,700	23,150	54,200
Customer Facility Charges*	12,063	15,421	15,350	-	-	-	42,834
Special Facility Bonds	19,152	-	-	-	-	-	19,152
Variable Rate Debt	-	4,000	3,443	-	-	-	7,443
<b>Total Sources of Funds</b>	<b><u>\$ 175,675</u></b>	<b><u>\$ 452,342</u></b>	<b><u>\$ 435,680</u></b>	<b><u>\$ 59,333</u></b>	<b><u>\$ 19,837</u></b>	<b><u>\$ 64,987</u></b>	<b><u>\$ 1,207,854</u></b>

\*Includes proceeds from CFC backed Special Facility Bonds and pay-as-you-go usage

### Uses of Funds by Fiscal Year

In thousands

Capital Program	Pre-FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Landside and Ancillary	\$ 129,255	\$ 233,964	\$ 180,364	\$ 6,012	\$ 1,491	\$ 163	\$ 551,249
Airside	13,390	122,981	178,885	40,448	17,210	64,823	437,737
Terminal	26,811	81,386	48,632	9,945	336	-	167,110
Administrative	6,218	14,011	27,800	2,928	800	-	51,758
<b>Total Use of Funds</b>	<b><u>\$ 175,675</u></b>	<b><u>\$ 452,342</u></b>	<b><u>\$ 435,680</u></b>	<b><u>\$ 59,333</u></b>	<b><u>\$ 19,837</u></b>	<b><u>\$ 64,987</u></b>	<b><u>\$ 1,207,854</u></b>

## Funding

### Airport Improvement Program (AIP)

AIP grants are offered to the Authority to provide funding assistance for eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system and to meet the projected needs of the public. The program not only provides funding for development projects, but also Airport Planning and Noise Compatibility Programs. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boarding and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP typically provides funding up to 75% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. However, the Authority expends funds for eligible capital projects and is then reimbursed with grant proceeds. Projected expenditures to be reimbursed by AIP grants are \$11.7M in FY 2018 and \$13.3M in FY 2019.

### Passenger Facility Charge (PFCs)

PFCs were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFCs is that the PFCs are a fee charged directly to the passenger, is administratively retained by the airport and is considered local funds versus airport funds.

SAN began collecting a PFC of \$3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the Airport's PFC program occurred on December 16, 1997, and on June 5, 2001. The FAA approved the third passenger facility application on May 20, 2003 that established authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. The FAA approved an eighth application in November 2010 for a total collection authority of approximately \$1.1B in support of the Terminal Development Program. A ninth application for \$31.3M was approved in July 2012. The majority of this application will provide funding for the QHP as well as the completed Rehabilitate Taxiway "C" project. A tenth PFC application was approved by the FAA in October 2016. This application provides \$43.8M to fund various airfield projects, passenger boarding bridges, as well the local match for future QHP phases.

### Customer Facility Charge (CFCs)

California state law authorizes an airport to collect fees for financing, designing and constructing consolidated car rental facilities, constructing and operating a common-use transportation system and terminal modifications to accommodate and provide customer access. Implementation of CFCs at SAN was approved by the Board in FY 2009. Board authorization for the use of CFCs for initial planning efforts was given in FY 2010. As allowed per

## Funding

State legislation, the CFC collection methodology changed in January 2012 from a charge of \$10.00 per rental car transaction to \$6.00 per rental day. Starting January 2014, the rate increased from \$6.00 to \$7.50 per rental day. The rate subsequently increased to \$9.00 per rental day starting in January 2017. CFCs will support the debt service for the consolidated car rental facility and operating costs of the busing fleet.

## Airside CIP Projects

### Current Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY14	Cargo Taxiways	This project will provide 2 taxiways connecting Taxiway "Charlie" with the planned North Side cargo facility. This will include demolition of existing pavement, excavation and disposition of soil, compaction and a base layer.	\$ 9,545,000	PFC	Q1/2018	Q3/2020	None
104129B	Relocate Taxiway B	This project relocates the existing parallel Taxiway B, from its current position of 362.5 feet south of Runway 9-27 centerline, to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.	30,000,000	AIP / PFC	Q1/2022	Q1/2023	None
104220	Rehabilitate Cross Taxiways B1, B4-B7, C3, C4 & C6	This project will replace the existing pavement on cross Taxiways B4-B7, cross Taxiways C3-C6 and the Commuter Terminal apron.	18,800,000	AIP / PFC / Bonds	Q1/2016	Q1/2019	None
104164	Upgrade Remaining 12 Remote Noise Monitoring Poles	This project will replace 12 remote noise monitoring poles in the community which have been in place since the 1970s and 1980s, in order to meet State Dept. of Transportation requirements, as well as address liability and safety issues.	862,541	PFC / Cash	Q1/2013	Q1/2018	None
104193	Solid Waste Disposal and Recycling Facility	This project will enclose the waste disposal and recycling facility within a steel-framed structure, to contain trash and pollutants and ensure storm water regulatory compliance.	2,425,000	Cash	Q4/2014	Q3/2017	\$ 2,328
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	4,500,000	PFC / Cash	Q3/2011	Q3/2020	None
104129A	Environmental Assessment for Taxiway B Relocation	This project will provide the environmental assessment for the area included in the Taxiway B relocation per regulations.	300,000	PFC / Cash	Q1/2018	Q2/2019	None
New FY16	Develop Mitigation Plan for Least Terns	Project prepares a mitigation plan to secure and prepare a site with a suitable nesting habitat for Least Terns.	2,000,000	PFC / Cash	Q3/2018	Q3/2020	None
New FY17	Rehabilitate Terminal 2 Apron Pavement	The project will do partial slab replacements of approximately 49,000 square feet and 1.1M square feet of renovation and rehabilitation, to provide safe taxiway and apron areas.	\$ 16,589,200	AIP / PFC / Cash	Q1/2019	Q1/2020	None

## Airside CIP Projects

### Current Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY17	Construct Taxiway A	The project will construct a new 2,800' x 200' taxiway parallel to Taxiway B, including lighting, storm drain, electrical, striping and security fencing.	\$ 38,623,450	AIP / Cash	Q1/2021	Q1/2022	None
104129	Clear OFA – Taxiway B	This project will clear objects from the Taxiway B OFA for unrestricted taxi by Group V aircraft. A new secured access gate, vehicle service road and perimeter fence will be constructed. A new Airport electric vault, backup generator and miscellaneous FAA facilities will be constructed.	10,599,070	PFC / Bonds / Cash	Q3/2014	Q1/2019	None
104219	Rehabilitate Runway 9–27 Pavement	This project provides for rehabilitation of the airfield asphalt pavement on Runway 9-27, including milling and replacing the top 3 inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	33,900,000	AIP / PFC / Cash	Q1/2016	Q3/2019	None
104227	Rehabilitate Northside Vehicle Service Road	The project will remove and replace sub-base / asphalt, to support heavy fuel trucks and ARFF vehicles; replace a single lane with dual lane east of ILS glideslope antenna and relocate road further north; construct proper drainage to eliminate flooding; cap pavement adjacent to Taxiway J and FBO.	12,200,000	Bonds	Q3/2016	Q2/2019	None
104214	Replace 2 ARFF Vehicles	Project replaces 2 rescue vehicles due to escalating repair costs to aging vehicles.	2,600,000	Cash	Q4/2015	Q1/2018	None
400002A	ADP – Programmatic Docs (Airside)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	1,884,974	Bonds	Q1/2017	Q1/2019	None
<b>Subtotal – Current Airside CIP Projects</b>			<b>\$ 184,829,235</b>				

## Airside CIP Projects

### New Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY18	Airline Provisioning & Belly Cargo	New airline provisioning and cargo facilities located on South side with both public & airfield access to facilities.	\$ 32,185,810	Bonds	Q2/2018	Q2/2020	None
New FY18	Airline Maintenance Facility	Construction of a North side facility to service airline support equipment with airfield access. Includes industrial building, parking lot, utilities, lighting, fencing, airfield paving & fencing, parking and new multi-use building, etc.	31,022,705	Bonds	Q2/2018	Q1/2020	None
New FY18	Fuel Rack Relocation & Hydrant Fueling FIS Gates	Relocate 6 truck fueling stations to two new locations: one near T2 West and one near Liberator Way. Extend hydrant fueling lines to new FIS Gates 47 - 51 and provide gate hydrant fueling.	51,433,275	Bonds	Q3/2018	Q2/2021	None
New FY18	Solid Waste Disposal and Recycling Facility	Provides containment for airport solid waste operations to ensure regulatory compliance for both storm water and industrial waste permits.	10,444,300	Bonds	Q2/2018	Q1/2020	None
New FY18	Triturator and Vehicle Wash Facility	Relocate and organize airline support facilities on the South side. Includes triturator for airline waste and a vehicle wash facility.	7,693,930	Bonds	Q2/2018	Q1/2020	None
New FY18	Airfield Stormwater Treatment Control BMPs	Design/Install treatment control BMPs to reduce copper & zinc levels in water runoff. Comply with State Industrial General Permit & San Diego County MS4 Permit to prevent pollution of San Diego bay & avoid fines for non-compliance.	5,852,900	Cash	Q1/2018	Q2/2019	None
New FY18	FAR Part 150 Study Update	Update Noise Exposure Maps (NEMs) using FAA software & develop Noise Compatibility Program (NCP) report. Provides detailed existing & 5-year future airport/aircraft noise exposure patterns.	1,800,000	Cash	Q1/2018	Q1/2020	None
New FY18	Rehabilitate Cross Taxiways C1, C2, C5 & D	Rehabilitate cross taxiways per 2015 Pavement Management Study. Mill and overlay nominal 5-6" full depth asphalt replacement on taxiways C2, C5 & D. Reconstruct a portion of taxiway C1 with concrete pavement.	12,050,200	AIP / Cash	Q1/2018	Q3/2019	None
New FY18	Airside Electric Vehicle Supply Equipment	Install approximately 75 Electrical Vehicle Supply Equipment (EVSE) ports at T2 gates. Replace approximately 25 outdated EVSE ports at T2 gates. Potential funding from SDG&E or VW Settlement.	4,718,150	Other	Q1/2018	Q2/2019	None
New FY18	Northside RON Parking – Phase I	Provides 5 new Group III Remain Overnight concrete parking positions. Enables access to the existing Cargo facilities while the new North Cargo Facility is constructed.	\$ 40,365,850	Bonds	Q1/2018	Q3/2019	None

## Airside CIP Projects

### New Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY18	Northside RON Parking – Phase II	Provide 3 new Group III Remain Overnight concrete parking positions. This phase is after Cargo operators move into new North Cargo Building.	\$ 23,282,300	Bonds	Q2/2018	Q3/2019	None
New FY18	Stormwater/Condensate Reuse	Collect, treat and reuse stormwater for irrigation, cooling tower, Terminal gray water and RCC vehicle washes. Project will address current and future regulatory requirements.	50,196,850	Bonds	Q1/2018	Q1/2020	\$ 1,000,000
<b>Subtotal – New Airside CIP Projects</b>			<b>\$ 271,046,270</b>				
<b>Total Airside CIP Projects</b>			<b>\$ 455,875,505</b>				

## Landside CIP Projects

### Current Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104133A	Strategic Master Drainage Plan	This project provides for installation of Storm Water Treatment Best Management Practices (BMPs) in existing parking lots, Airport internal roadways and lawn areas, including wire mesh screen at curb inlets and curb inlet filters, and replacement of existing lawn areas with artificial turf.	\$ 670,893	Bonds / Cash	Q3/2013	Q2/2018	None
104228	Admiral Boland Way Entry/Exit Gates	The project will install gates, closed circuit television (CCTV), electrical and lights at the north and south ends of Admiral Boland Way to deter auto and pedestrian access.	2,152,000	CFC / Cash	Q3/2016	Q1/2019	None
104225	Rehabilitate Terminal 1 Loop Pavement	The project will rehabilitate 188,000 sq. ft. with 2-inch mill and overlay and rehabilitate 100,000 square feet with full-depth, partial A/C replacement to provide safe ingress / egress for passengers and service vehicles.	5,887,600	Cash	Q3/2016	Q1/2019	None
104212	Observation Area at Palm Street	Project will develop an observation area at the former Landmark location to enable the community to observe aircraft.	3,350,000	Bonds / Cash	Q4/2015	Q1/2019	None
104218	Admiral Boland Way Signage & Traffic Analysis	Project will perform traffic analysis for Admiral Boland Way from Washington Street to Palm Street to identify and install regulatory signage, wayfinding and safety improvements.	850,000	Cash	Q1/2016	Q1/2018	None
104205	Widen Sassafras Street Intersection	Project will increase the width of Sassafras Street between Pacific Hwy and Kettner Boulevard up to the railroad crossing in order to mitigate traffic impacts due to RCC opening, increased FBO tenants and future cargo use.	6,000,000	CFC	Q3/2015	Q4/2018	None
104226	Replace Sidewalk T2W Existing to Green Build	The project will replace approximately 25,400 square feet of concrete sidewalk, curb and base, in order to repair existing cracking, spalling and faulting.	1,808,000	Cash	Q3/2016	Q2/2019	None
104232	Install RCC Car Wash Blowers	This project will install car wash blower systems in twelve car wash bays in order to reduce the amount of water carried out into the facility by washed vehicles. Project costs will include reimbursement for Hertz/Dollar/Thrifty's installation of car wash blowers on the first floor of the RCC.	1,396,172	CFC	Q2/2017	Q2/2018	None
104217	Airport Centralized Communication Center	Project will create a centralized Airport Communications Center (ACC), co-located along with the existing Security Operations Center (SOC), on third floor of the SDCRAA Administration Building.	422,700	Cash	Q1/2016	Q1/2018	\$ 319,029
104233	Acquire RCC Buses	The project will provide 8-10 LNG buses for the RCC shuttle to meet customer demand.	\$ 7,600,000	CFC	Q3/2016	Q4/2018	\$ 265,000

## Landside CIP Projects

### Current Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104190	Construct Taxi Hold Lot	This project relocates the taxi hold lot from the Harbor Island location to the former TDY location to reduce taxi transit time to terminal and improve patron serviceability.	\$ 5,654,000	Cash	Q3/2014	Q1/2018	\$ 20,300
104134	Terminal Link Road	This project provides a two-way dedicated perimeter road that connects the Airport terminals to the RCC.	16,597,264	CFC / Bonds / Cash	Q4/2011	Q1/2018	47,500
104230	Ground Transportation Systems – Phase 3 (Virtual Hold Lot)	Project will implement the "virtual hold lot" concept to efficiently locate and identify Airport-permitted commercial vehicles off-Airport premises. This will include hardware / software to ensure minimal response time.	1,100,000	Cash	Q3/2017	Q3/2018	60,000
104224	Terminal 2 Loop Pavement Seal Coat	The project will seal coat 128,000 square feet of pavement and apply new markings on the Terminal 2 Loop Pavement to extend life of pavement.	750,230	Cash	Q3/2016	Q4/2018	None
New FY17	Rehabilitate Terminal 2 Loop Pavement	The project will rehabilitate 128,000 square feet with full depth, partial asphalt concrete replacement to provide safe ingress / egress for passengers and service vehicles.	2,274,220	Cash	Q1/2020	Q2/2021	None
104231	Northside Cargo Development	This project will provide project management oversight for a cargo building tenant improvement on the North Side.	1,550,500	Cash	Q1/2017	Q2/2020	None
104187B/C	Parking Plaza – Public Art	Artist services and design, fabrication, and construction for artistic enhancement to integrated into the Terminal 2 Parking Plaza.	1,700,000	Bonds / Cash	Q/2015	Q4/2018	None
104187	Terminal 2 Parking Plaza	Project will construct 3-level parking plaza to accommodate 3,000 parking stalls with an aesthetically pleasing design, implement smart parking technology, include interior and exterior art opportunities and an infrastructure for installation of Photo Voltaic (PV) panels by a third party vendor.	126,100,000	Bonds / Cash	Q3/2014	Q4/2018	\$ 1,650,000
104221	Update Ground Transportation Improvements	Project will provide improvements to the shuttle and parking operations, including new gate arms for Terminal 1 parking, LED signage for all parking exit booths and shuttle transponders.	550,000	Cash	Q2/2015	Q1/2018	Minimal
104215	Demolition of World Trade Center	Project will demolish the World Trade Center building, including abatement of asbestos and lead based paint, and asphalt cap the dirt areas after demolition.	1,570,000	Cash	Q1/2016	Q1/2018	None
104188	RCC Small Market–share Build–outs	This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.	\$ 4,279,560	Cash	Q2/2014	Q1/2018	None

## Landside CIP Projects

### Current Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104173	Northside Additional Landscaping	This project will provide improvements along Pacific Highway from Washington Street to the Wind Tunnel Fence. This will include trees and landscaping, sidewalk, rehabilitation of the street and relocation of dry and wet utilities to accommodate the sidewalk improvements.	\$ 3,853,630	CFC / Bonds / Cash	Q3/2013	Q1/2018	None
104118	Interior North Side Road and Utilities	This project provides the necessary utility infrastructure to support the implementation of the North Side Development plan including sewer, water, natural gas, electrical, telecommunications and storm drains.	17,814,959	CFC / Bonds / Cash	Q2/2010	Q1/2018	\$ 10,000
104175	Restaurant Development at RCC	This project will develop a shell space for a food and beverage tenant improvement in the RCC. This will include foundations, floor and roof structures, exterior cladding, stairs / vertical transportation and on-site utilities.	5,924,000	Cash	Q3/2013	Q1/2018	None
104166A	Update Ground Transportation Systems – Phase 2	Implement technology and management. system allowing better cab / shuttle pax management and alerting cab / shuttle dispatch of needed pax pickups. Evaluate and replace / refurbish parking management equipment.	883,469	Cash	Q3/2014	Q1/2018	\$ 30,000
104168C	SDIA Wayfinding Signage/Directories – RCC	Project provides wayfinding directions for customers accessing the Rental Car Center facility.	1,100,000	CFC	Q2/2014	Q1/2018	None
104168D	SDIA Wayfinding Signage/Directories – RCC Bus Notification Sys.	This project will install and operate 2 digital signs that will provide RCC bus passengers with the information on the next bus arrival time. The signage will also direct the RCC passengers to the appropriate bus pick-up areas.	710,000	CFC	Q1/2015	Q1/2018	None
104151	Rental Car Center	Funding for final closeout costs of the completed Rental Car Center to include design fees and insurance premium reconciliation.	3,000,000	CFC	Q1/2017	Q2/2018	None
400002C	ADP – Programmatic Docs (Landside)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	4,615,575	Bonds	Q1/2017	Q1/2019	None
<b>Subtotal – Current Landside CIP Projects</b>			<b>\$ 230,164,772</b>				

## Landside CIP Projects

### New Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY18	Landside Electric Vehicle Supply Equipment	Install up to 65 EVSE ports at T2 Parking Plaza and other parking areas. Will meet increasing demand for electric vehicle charging. Potential funding from SDG&E or VW Settlement.	\$ 2,725,100	Other	Q1/2018	Q2/2019	None
New FY18	Northside Utility Infrastructure	Provide new common site infrastructure - utilities, roads, exterior lighting, AOA gate and AOA fencing for Northside improvements including Airline Maintenance, Busing Operations, Airport Parking, North Cargo and North RON's. Utilities include water, sewer, gas, electric and communications.	24,279,700	Bonds	Q1/2018	Q4/2019	None
New FY18	Bus Parking, Propane/CNG Rack, Ground Transportation Ops	Relocate Bus Parking and Ground Transportation operations to the Northside. Includes new asphalt paving, service buildings and fueling facility.	30,699,550	Bonds	Q2/2018	Q4/2019	None
New FY18	Northside Airport Parking	New asphalt parking lot on Northside for Airport general use. Located in order to streamline busing operations between Busing facility, RCC and Terminals.	13,755,790	Bonds	Q1/2018	Q3/2019	None
New FY18	Cell Phone Lot Relocation	Relocate existing Cell Phone wait lot to existing Bus Parking facility on South side. Includes striping, cctv cameras, video display, etc.	1,528,315	Bonds	Q2/2018	Q3/2019	None
<b>Subtotal – New Landside CIP Projects</b>			<b>\$ 72,988,455</b>				
<b>Total Landside CIP Projects</b>			<b>\$ 303,153,227</b>				

## Terminal CIP Projects

### Current Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104236	Airport Support Facilities Definition	Develop initial scope, schedule and budget for north and south side projects that will allow for future growth.	\$ 150,000	Cash	Q2/2017	Q3/2017	None
104206	Expand Wi-Fi Coverage in Terminals	Project will provide denser Wi-Fi coverage throughout passenger spaces and ramp area, to increase customer usability and satisfaction.	2,839,500	Cash	Q3/2015	Q3/2018	None
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	4,500,000	PFC / Cash	Q1/2011	Q3/2020	None
104194B	Replace & Refurbish Passenger Boarding Bridges	This project provides for a 4-year plan to replace and / or refurbish existing passenger boarding bridges, based on an updated assessment.	29,400,000	PFC / Bonds /Cash	Q4/2014	Q2/2020	\$ 30,479
104210	T2E Improvements	Project will replace ceiling tiles and ticket counter in the ticket lobby; replace gate podia shells, back walls, monitors, lights and charging stations in the main concourse; add new restrooms to the international holdroom.	5,590,000	Cash	Q3/2015	Q3/2018	None
104213	Terminal Paging System Upgrade	Project will replace aging amplifiers that will integrate with T2W, and integrate configuration of T1 paging system with Green Build Paging zoning configuration.	1,830,000	Cash	Q3/2015	Q2/2018	None
104208	T2W Restroom Remodel	Project will remodel 2 sets of restrooms located on the 1st floor of T2W, including interior finishes, fixtures and accessories, lighting and toilet partitions.	2,490,000	Cash	Q3/2015	Q1/2018	None
104204	Replace Terminal Seating in T1 & T2	This project provides for the replacement of approximately 2,266 seats in Terminal 1 and Terminal 2, in order to provide electrical connectivity to passengers, and for ease of replacing worn or damaged seats.	5,720,000	Cash	Q2/2015	Q3/2018	\$ 25,607
104167	CT Exterior East-Facing Wall – Public Art	This project will fabricate and install a billboard-type metal structural truss/support system on the east-facing wall of the Commuter Terminal, to house a replicated vinyl mural that will be created.	327,250	Bonds / Cash	Q2/2013	Q3/2018	None
104238	Electrical Modernization in T2E & T2W	Project will replace electrical switchgear panels, transformers and generator in T2.	4,440,569	Cash	Q3/2015	Q4/2020	None
104239	Modernize Vertical Conveyance T2E & T2W	Project will replace hydraulics in escalators and hydraulics and doors on elevators in T2E and T2W.	\$ 7,339,500	Cash	Q3/2015	Q4/2020	None

## Terminal CIP Projects

### Current Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104240	T2E Roof Replacement	Project will replace the roof waterproofing / roofing membrane in T2E due to aging of existing roof.	\$ 5,166,580	Cash	Q4/2017	Q2/2019	None
New FY17	Improvements to T2E FIS Facility	The project will replace carpet with vinyl flooring; remove wallpaper and paint the entire facility; install stainless steel wainscoting; install magnetic stanchions to improve passenger flow; replace/repair inspection booths; replace baggage carousel to expedite customer processing.	6,317,800	Cash	Q3/2016	Q3/2020	None
104229	HVAC Modernization	Project will upgrade air handler units and fan coils in T2E and T2W, and modernize the T2W existing pump room.	19,145,817	Cash / Bonds	Q3/2015	Q3/2019	None
104199	Construct Concessionaire & Janitorial Wash Areas	This project consists of construction of 3 wash areas to assist the janitorial service in housekeeping and maintenance of the Authority's premises, and the tenants in maintaining their premises. These 3 wash areas will be located in Terminal 1 (T1), Terminal 2 East (T2E) and Terminal 2 West (T2W).	854,000	Cash	Q1/2015	Q1/2018	None
104223	Replace Existing Generator at CUP	The project will replace the existing emergency power generator to handle the CUP and future Parking Plaza IT equipment, security system and booth lighting. The generator will provide higher capacity for future power needs.	6,100,000	Cash	Q4/2015	Q2/2020	None
104194	Replace & Refurbish Passenger Boarding Bridges – Phase I	This project provides for a 4-year plan to replace and / or refurbish existing passenger boarding bridges, based on an updated assessment.	2,900,000	Bonds / Cash	Q4/2015	Q2/2018	None
400002T	ADP – Programmatic Docs (Terminal)	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	11,866,875	Bonds	Q1/2017	Q1/2019	None
<b>Subtotal – Current Terminal CIP Projects</b>			<b>\$ 116,977,891</b>				

## Terminal CIP Projects

### New Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
New FY18	Replace Baggage Screening Equipment	Replace 7 Explosive Detection System (EDS) units in T1E and T2E and supporting equipment. TSA to provide EDS machines and will reimburse a portion of installation & integration of costs. Units will handle increased processing speed to meet future capacity needs.	\$ 10,000,000	Other / Cash	Q1/2018	Q2/2019	None
New FY18	Airline Relocations at T1W and T2E	Supports airline growth by providing common use processors (CUP) in T1W, a build-out new airline offices in existing FIS & airline spaces in T1W & T2E, and an additional lane at T2E security checkpoint.	25,000,000	Cash	Q4/2017	Q2/2019	None
New FY18	Terminal 2 Post Security Information Desk	Enhances customer service with a new desk at the entrance to Sunset Cove in Terminal 2. Includes information displays for passengers and computer and phone capabilities for staff.	589,900	Cash	Q1/2018	Q2/2019	None
<b>Subtotal – New Terminal CIP Projects</b>			<b>\$ 35,589,900</b>				
<b>Total Terminal CIP Projects</b>			<b>\$ 152,567,791</b>				

## Administrative CIP Projects

### Current Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104207	Update IT Master Plan	Project will update the existing IT Master Plan produced in 2008, including data, security, software and hardware applications.	\$ 250,000	Cash	Q3/2015	Q1/2018	None
104209	Facilities Condition Assessment	Project will provide a 20-year strategic planning of the long- and short-range costs associated with facilities maintenance and / or replacements.	800,000	Cash	Q3/2015	Q3/2018	None
New FY17	Facilities Condition Assessment	Project will provide a 20-year strategic planning of the long- and short-range costs associated with facilities maintenance and / or replacements. Conducted every 5 years.	800,000	Cash	Q1/2021	Q3/2022	None
104161A	Enterprise Content Management System	The ECM project will provide the Authority with an integrated document / image, records and e-mail management solution, as well as a workflow solution, if needed.	1,475,000	Cash	Q4/2012	Q1/2018	\$ 40,000
104161B	E-Project Management System	The E-Project Management System will select, and pilot, a web-based single software solution (owner focused) that meets all of SDCRAA's project management and collaboration requirements.	550,000	Cash	Q4/2012	Q4/2017	None
104183	Develop Administrative Space	This project will accommodate the Authority's existing space needs, with anticipation of the ultimate build-out of spaces, when the Airport Development Plan is implemented.	6,569,359	Cash	Q2/2014	Q1/2018	None
104192	Interim Waste Storage Facility	This project will purchase and install a pre-fab storage unit to consolidate, store and manage hazardous waste being processed for disposal per Federal, State and local laws and regulations. This waste storage will reduce risk, and the liability of potential safety and environmental hazards.	640,000	Cash	Q4/2014	Q4/2016	None
FMD	FMD Capital Expenditures	This project provides for the necessary ongoing maintenance of various capital improvement projects.	14,145,842	Cash	Q3/2012	Q3/2018	None
<b>Subtotal – Current Administrative CIP Projects</b>			<b>\$ 25,230,201</b>				

## Administrative CIP Projects

### New Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104234	Identity Management System	Procure a system that integrates access control, fingerprinting & computer-based training into a single interface.	\$ 931,000	Cash	Q4/2017	Q1/2019	\$ 50,000
New FY18	Battery Energy Storage	This project will install up to a 2.5 MW battery energy storage system. It will tie into the 12 kV micro-grid to charge/discharge stored energy and reduce peak electricity demand and associated costs.	697,600	Cash	Q2/2018	Q4/2018	Savings 170,000
New FY18	Facilities Maintenance Department Shops, Storage and Offices	New Facilities Maintenance Department campus with offices, shops and warehouse relocated to the North side. Includes 7 shop buildings, 12 portable trailers, storage containers, parking, etc.	33,328,350	Bonds	Q2/2018	Q1/2020	None
104069	Capital Project Allowance (FY2018)	The Capital Project Allowance is a program account to provide a source of funds for the design and construction of unforeseen projects during the course of implementing the Airport Capital Improvement Program.	5,000,000	Cash	Q1/2018	Q4/2018	None
<b>Subtotal – New Administrative CIP Projects</b>			<b>\$ 39,956,950</b>				
<b>Total Administrative CIP Projects</b>			<b>\$ 65,187,151</b>				

## Ancillary CIP Projects

### Current Ancillary Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Operating Impact
104203	PalM Street Park – Public Art	Project will provide artist services and design, fabrication and construction for an artistic enhancement to be integrated into the Palm Street Observation Park.	\$ 181,850	Cash	Q2/2015	Q1/2018	None
104041	Public Art Allowance	The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with the appropriate CIP project.	1,239,193	Cash	Q1/2018	Q4/2022	None
104197	Admiral Boland Way Murals – Public Art	Project provides opportunity for artistic design and enhancement to be integrated on the Wind Tunnel south-facing wall.	125,000	Cash	Q4/2014	TBD	None
104240	T2W FIS Build-out	Construction of a new, 130,000 square-foot FIS to accommodate increased demand and improve the processing experience for passengers with reduced wait times. Features of the new facility include a second baggage claim and more queuing space in the lower level Customs hall, as well the newest processing technologies introduced by Customs and Border Protection.	229,474,214	PFC / Bonds / Cash	Q1/2017	Q4/2018	None
104196	Exhibition Display Equipment – Public Art	Project provides for the purchase of equipment to become part of the Public Art Program's permanent cache of installation / display resources and provide flexibility for future art exhibits.	50,000	Cash	Q4/2016	Q4/2018	None
<b>Total Ancillary CIP Projects</b>			<b>\$ 231,070,258</b>				
<b>Total FY 2018 – FY 2022 CIP Projects</b>			<b>\$ 1,207,853,933</b>				

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# PERFORMANCE INDICATORS



## Performance Indicators

The following performance indicators are a selection of the various operational and financial metrics that the Authority monitors during the course of the year.

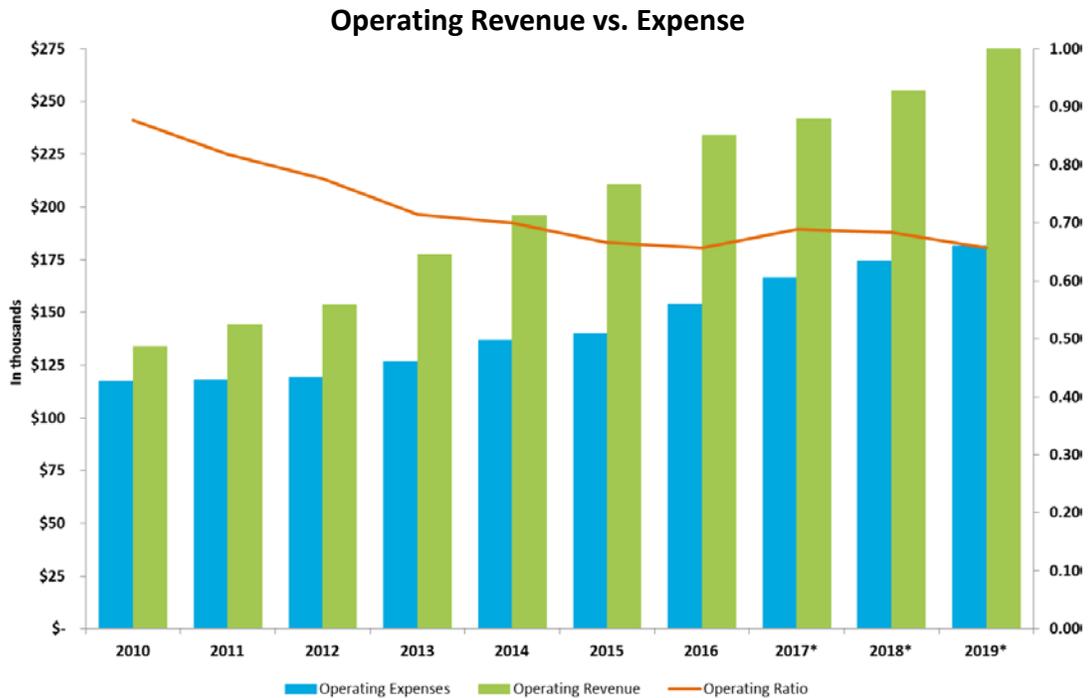
### Operating Ratio

This is a measure of operating efficiency that compares operating expense to operating revenue. Operating revenue must exceed operating expenses to provide a financial cushion and cover debt service expenses.

### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Operating Expenses	Operating Revenue	Operating Ratio	% Change
2010	117,288	133,695	0.88	-0.3%
2011	117,841	144,007	0.82	-6.7%
2012	119,169	153,550	0.78	-5.2%
2013	126,796	177,498	0.71	-8.0%
2014	136,821	195,737	0.70	-2.1%
2015	140,250	210,505	0.67	-4.7%
2016	153,655	233,994	0.66	-1.4%
2017*	166,422	241,671	0.69	4.9%
2018*	174,406	254,963	0.68	-0.7%
2019*	181,536	276,698	0.66	-4.1%

<sup>(1)</sup> In thousands



**Figure 39 – Operating Ratio**

\* Budgeted FY 2017, FY 2018, & FY 2019

Source: San Diego County Regional Airport Authority

## Performance Indicators

### Operating Revenue per Enplanement

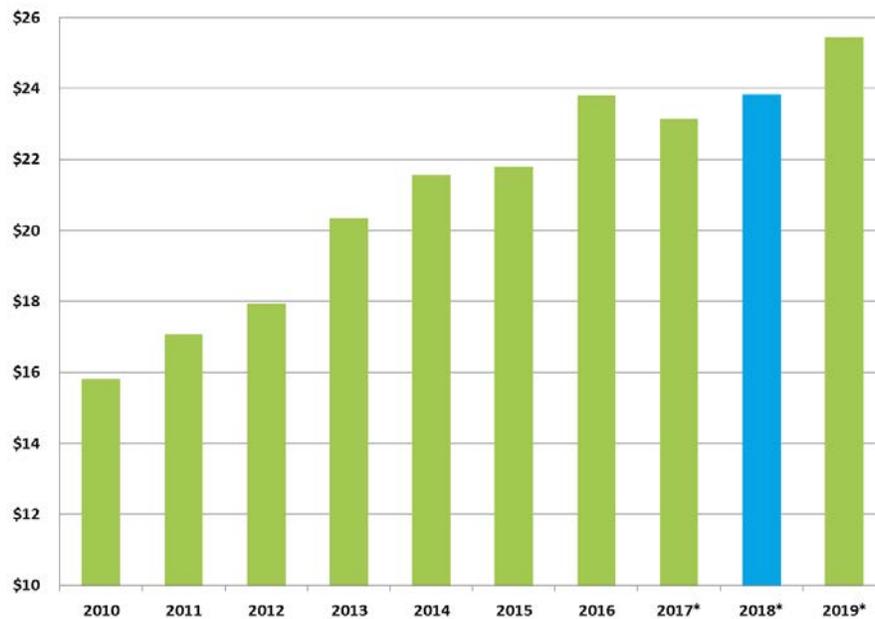
This is a measure of operating revenues per enplaned passenger.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Operating Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Revenue per Enplanement \$	% Change
2010	133,695	8,454	15.81	3.1%
2011	144,007	8,441	17.06	7.9%
2012	153,550	8,575	17.91	5.0%
2013	177,498	8,738	20.31	13.5%
2014	195,737	9,082	21.55	6.1%
2015	210,505	9,664	21.78	1.1%
2016	233,994	9,828	23.81	9.3%
2017*	241,671	10,446	23.14	-2.8%
2018*	254,963	10,707	23.81	2.9%
2019*	276,698	10,889	25.41	6.7%

<sup>(1)</sup> In thousands

**Operating Revenue per Enplaned Passenger**



**Figure 40 – Operating Revenue per Enplaned Passenger**

\* Budgeted FY 2017, FY 2018, & FY 2019

Source: San Diego County Regional Airport Authority

## Performance Indicators

### Non-Airline Revenue per Enplanement

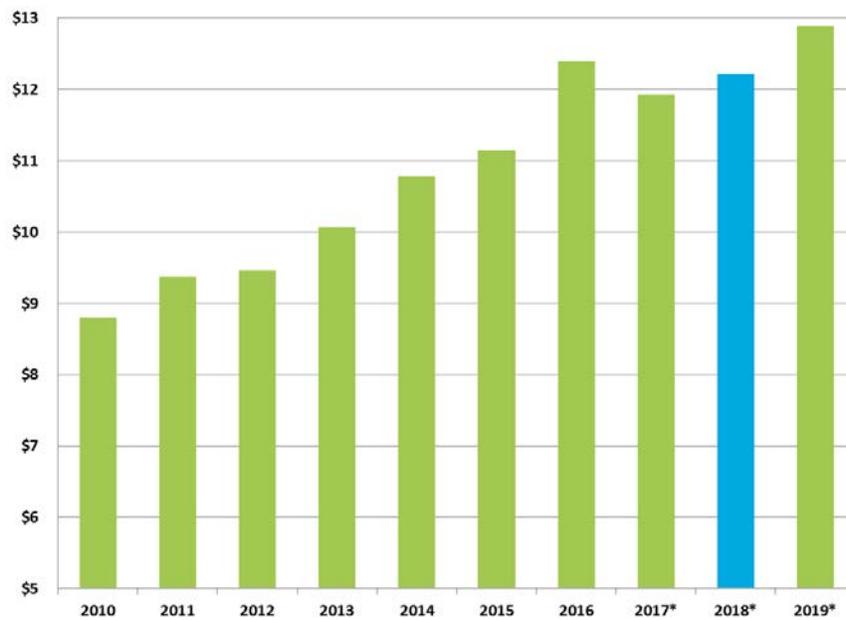
This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, rental car and ground rental revenues divided by enplanement.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Non-Airline Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Non-Airline Revenue per Enplanement \$	% Change
2010	74,297	8,454	8.79	1.0%
2011	79,044	8,441	9.36	6.5%
2012	81,120	8,575	9.46	1.0%
2013	87,858	8,738	10.06	6.3%
2014	97,861	9,082	10.77	7.2%
2015	108,174	9,713	11.14	3.4%
2016	121,789	9,828	12.39	11.3%
2017*	124,496	10,446	11.92	-3.8%
2018*	130,711	10,707	12.21	2.4%
2019*	140,192	10,889	12.87	5.5%

<sup>(1)</sup> In thousands

**Non-Airline Revenue per Enplaned Passenger**



**Figure 41 – Non-Airline Revenue per Enplaned Passenger**

\* Budgeted FY 2017, FY 2018, & FY 2019

Source: San Diego County Regional Airport Authority

## Performance Indicators

### Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the Airport's staffing productivity level.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Enplaned Passengers per Employee	FTEs	Enplaned Passengers <sup>(1)</sup>
2010	24	352	8,454
2011	22	380	8,441
2012	24	356	8,575
2013	23	388	8,738
2014	24	376	9,082
2015	23	415	9,713
2016	24	425	10,206
2017*	24	430	10,446
2018*	25	437	10,707
2019*	25	440	10,889

<sup>(1)</sup> In thousands

Enplaned Passenger per FTE

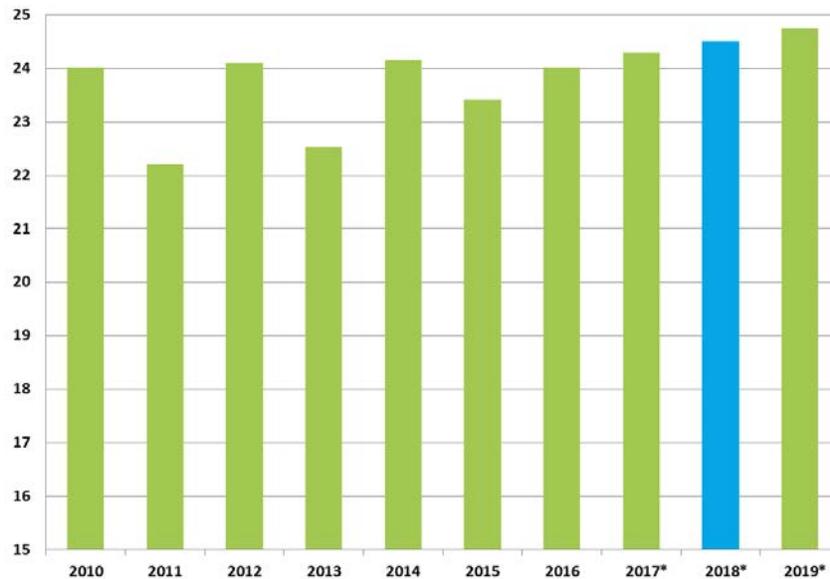


Figure 42 – Enplaned Passenger per FTE

\* Budgeted FY 2017, FY 2018, & FY 2019

Source: San Diego County Regional Airport Authority

## Performance Indicators

### Operating Expenses per Enplanement

This divides operating expenses by enplanement and measures the Authority’s relative operating efficiency.

#### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Operating Expenses \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Expenses per Enplanement \$	% Change
2010	117,288	8,454	13.87	2.7%
2011	117,841	8,441	13.96	0.6%
2012	119,169	8,575	13.90	-0.5%
2013	126,796	8,738	14.51	4.4%
2014	136,821	9,082	15.06	3.8%
2015	140,250	9,713	14.44	-4.2%
2016	153,655	9,828	15.63	8.3%
2017*	166,422	10,446	15.93	1.9%
2018*	174,406	10,707	16.29	2.2%
2019*	181,536	10,889	16.67	2.3%

<sup>(1)</sup> In thousands

#### Operating Expense per Enplaned Passenger

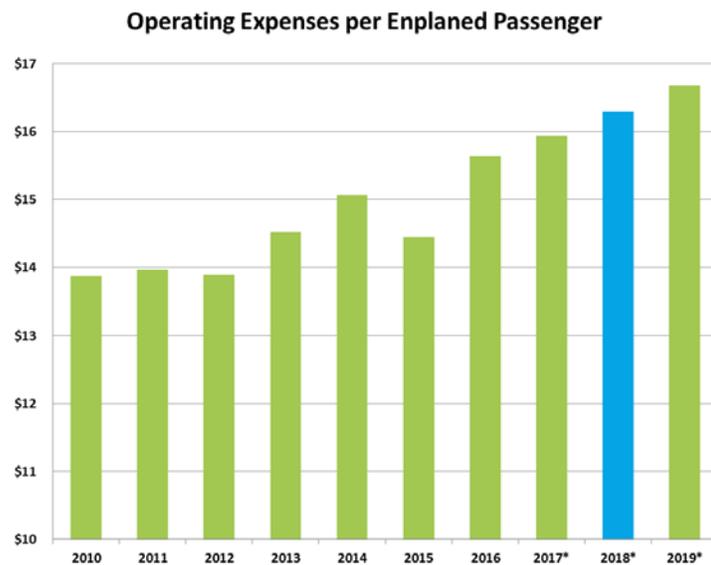


Figure 43 – Operating Expense per Enplaned Passenger

\* Budgeted FY 2017, FY 2018, & FY 2019

Source: San Diego County Regional Airport Authority

## Performance Indicators

### Airline Cost per Enplaned Passenger

Airline cost per enplaned passenger (CPE) is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Enplaned Passengers <sup>(1)</sup>	Cost per Enplaned Passenger \$
2010	8,454	\$6.73
2011	8,441	\$7.54
2012	8,575	\$8.33
2013	8,738	\$10.16
2014	9,082	\$10.54
2015	9,713	\$10.26
2016	10,206	\$10.71
2017*	10,446	\$10.80
2018**	10,707	\$11.45
2019**	10,889	\$12.38

<sup>(1)</sup> In thousands

#### Airline Cost per Enplaned Passenger



Figure 44 – Airline Cost per Enplaned Passenger

\* Projected FY 2017

\*\* Budgeted FY 2018 & FY2019

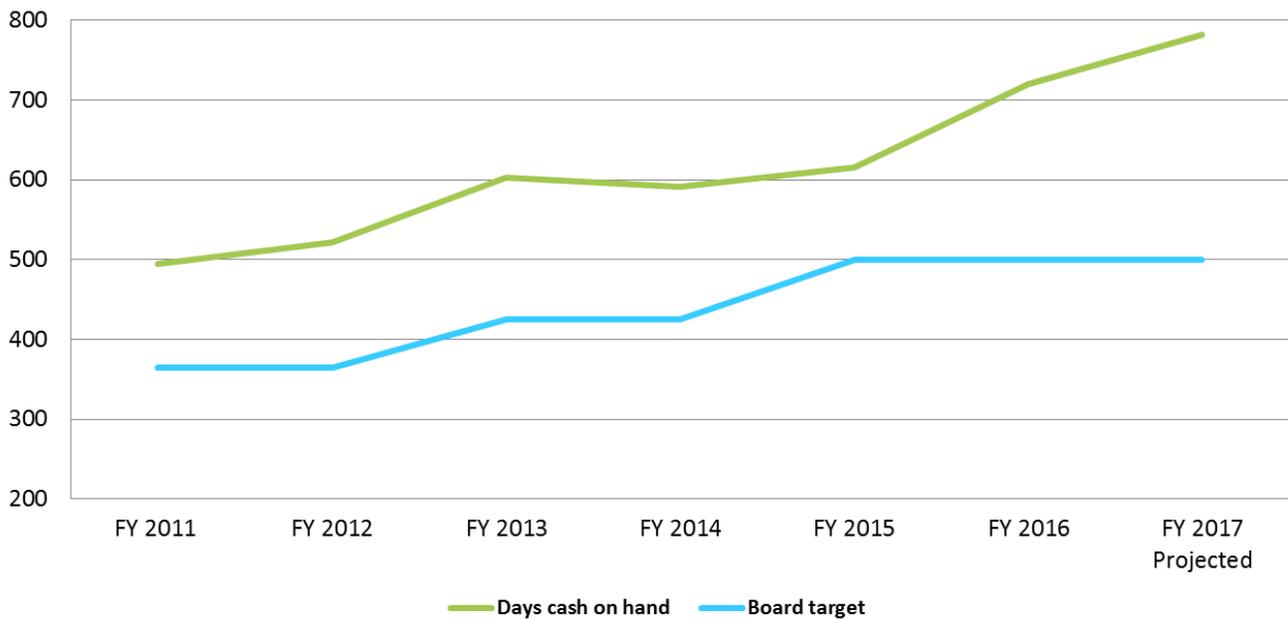
Source: San Diego County Regional Airport Authority

## Performance Indicators

### Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.

**Day Cash on Hand Compared to Board-Approved Target**



**Figure 45 – Days Cash on Hand**

## Performance Indicators

### Airline Cost per Enplaned Passenger by Airport

Airline cost per enplaned passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SAN compares to other large airports.

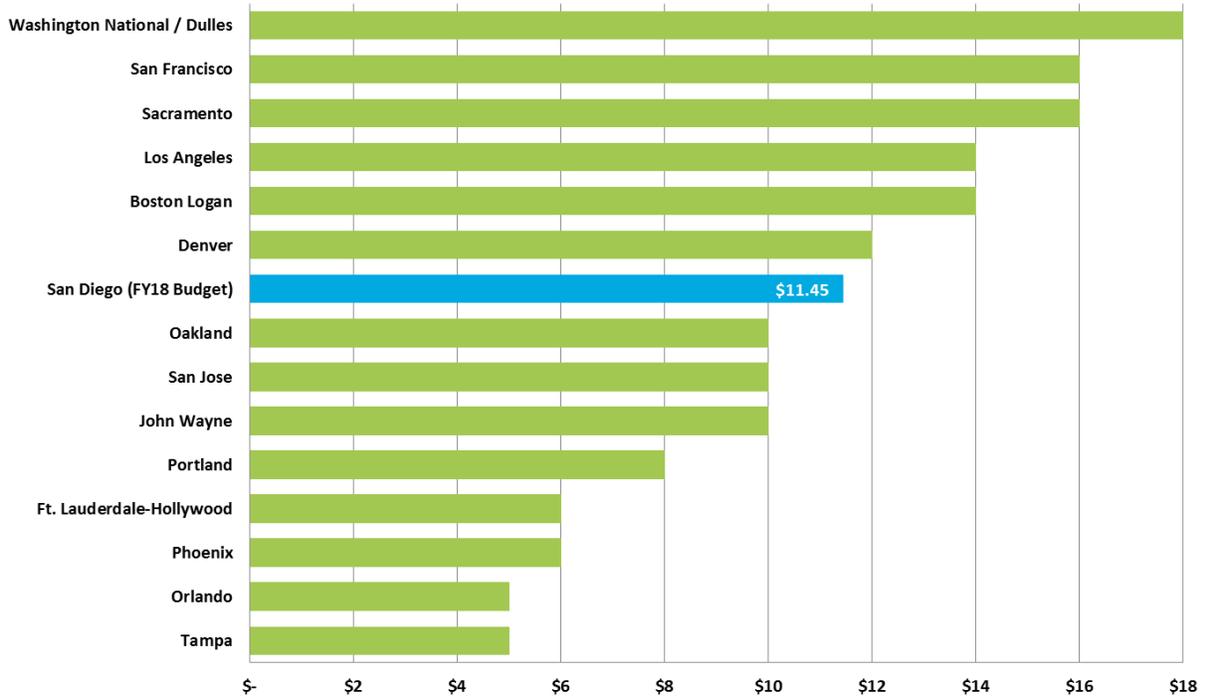


Figure 46 – Airline Cost per Enplaned Passenger by Airport

Source: Moody's Investor Service, MFRA Database, as of April 2017

## Performance Indicators

At San Diego International Airport, we take customer satisfaction seriously. That's why we're proud to participate in the Airport Council International's ASQ survey, the world's largest airport passenger satisfaction benchmark. Based on the 2016 annual results, SAN achieved an Overall Satisfaction rating of 4.20 out of 5. In the second quarter of 2016, the score was 4.25 and is tied for the highest scoring quarter at SAN since the fourth quarter of 2014. Of the passengers surveyed, 81% were satisfied with their experience at SAN. Key areas of importance to San Diego passengers in which SAN continues to exceed expectations include wait time and efficiency at check-in and security, walking distance inside the terminal, ease of wayfinding, and courtesy and helpfulness of check-in and inspection staff.

### Overall Passenger Satisfaction

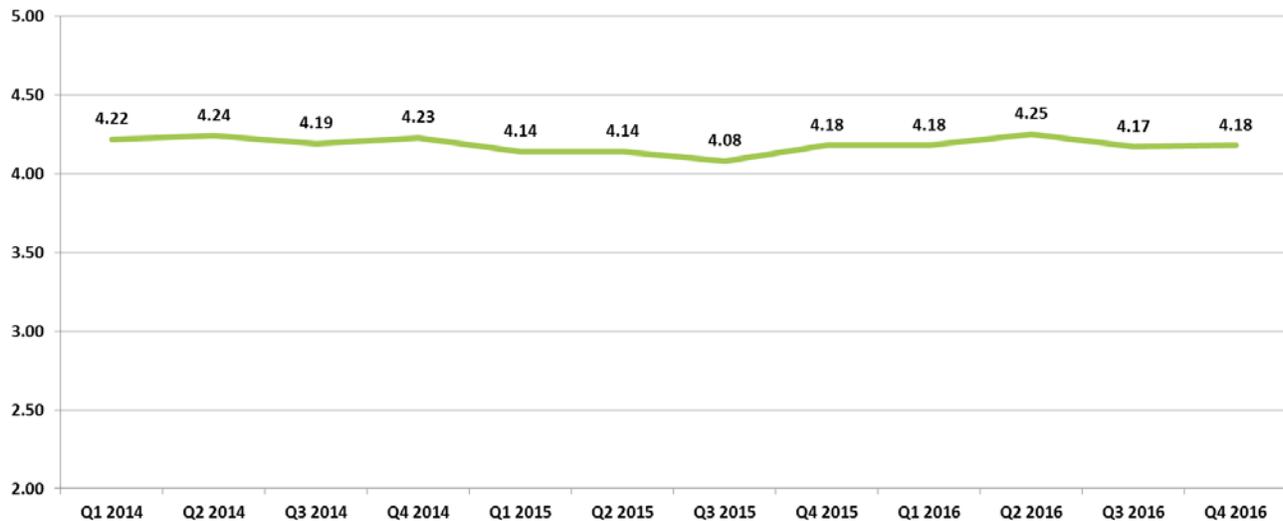


Figure 47 – Overall Passenger Satisfaction Rating

### Wait Time at Check-In Satisfaction

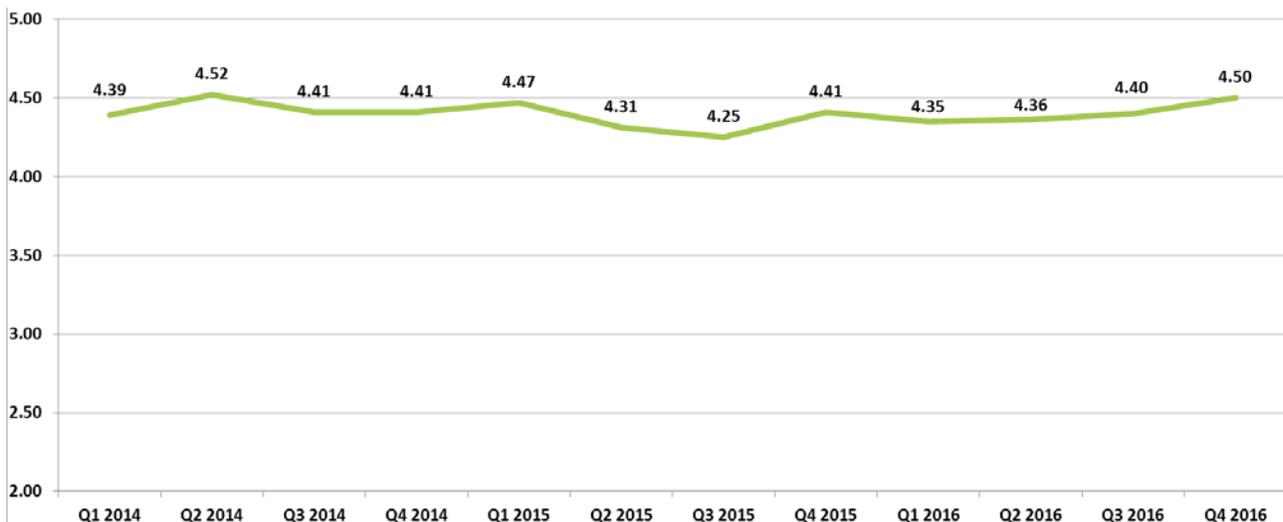


Figure 48 – Wait Time At Check-In Rating

## Performance Indicators

### Wait Time At Security Satisfaction

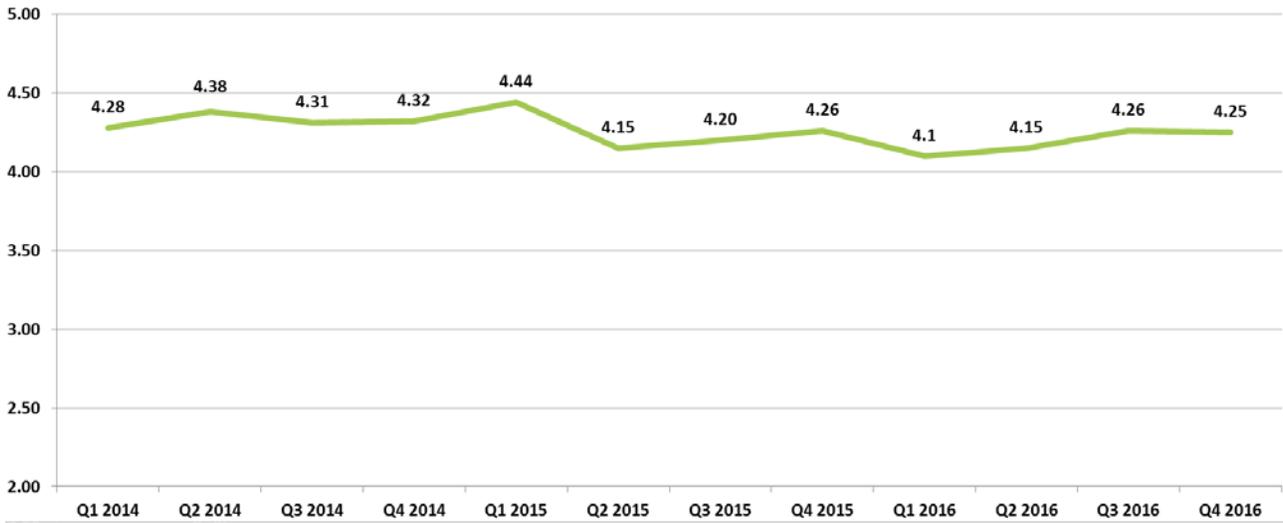


Figure 29 – Wait Time At Security Satisfaction

### Wi-Fi Satisfaction

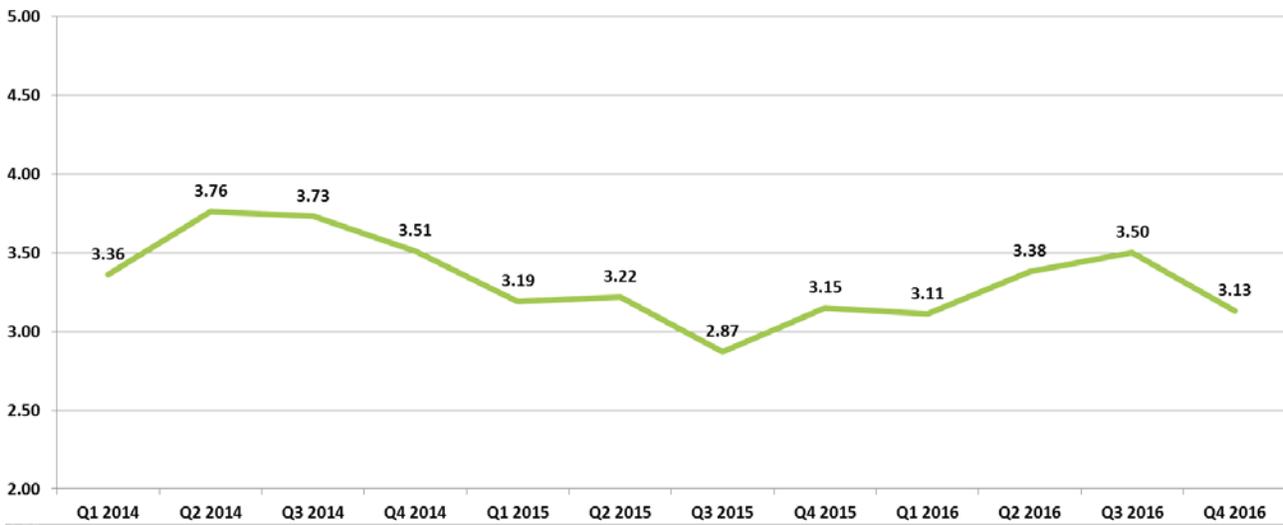


Figure 30 – Wi-Fi Satisfaction Rating

## Performance Indicators

### Way Finding Satisfaction

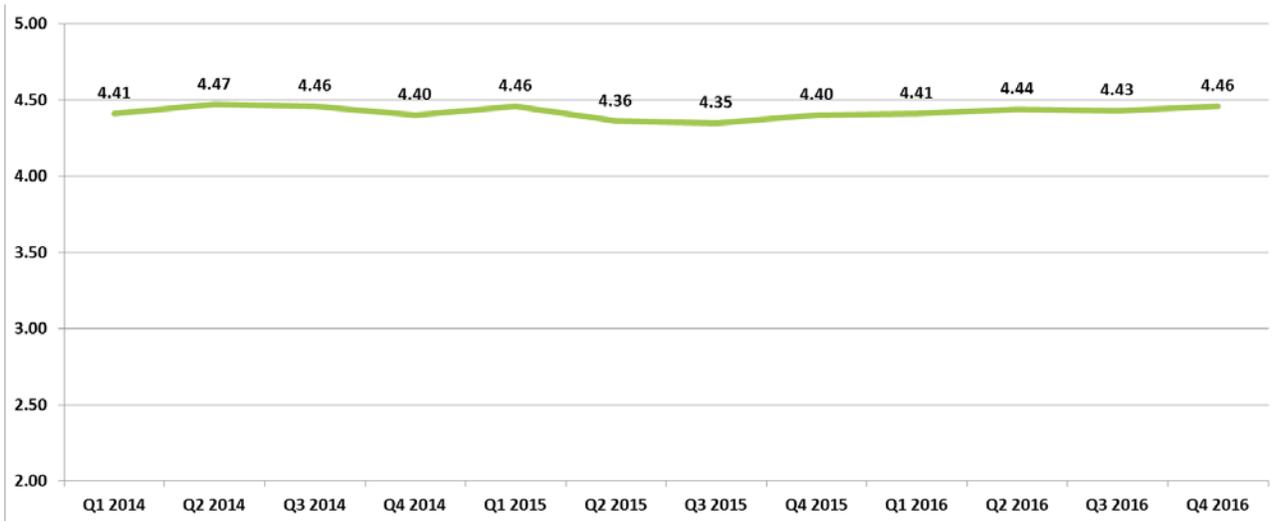


Figure 51 – Way Finding Satisfaction Rating

### Comfort of Gate / Wait Areas Satisfaction

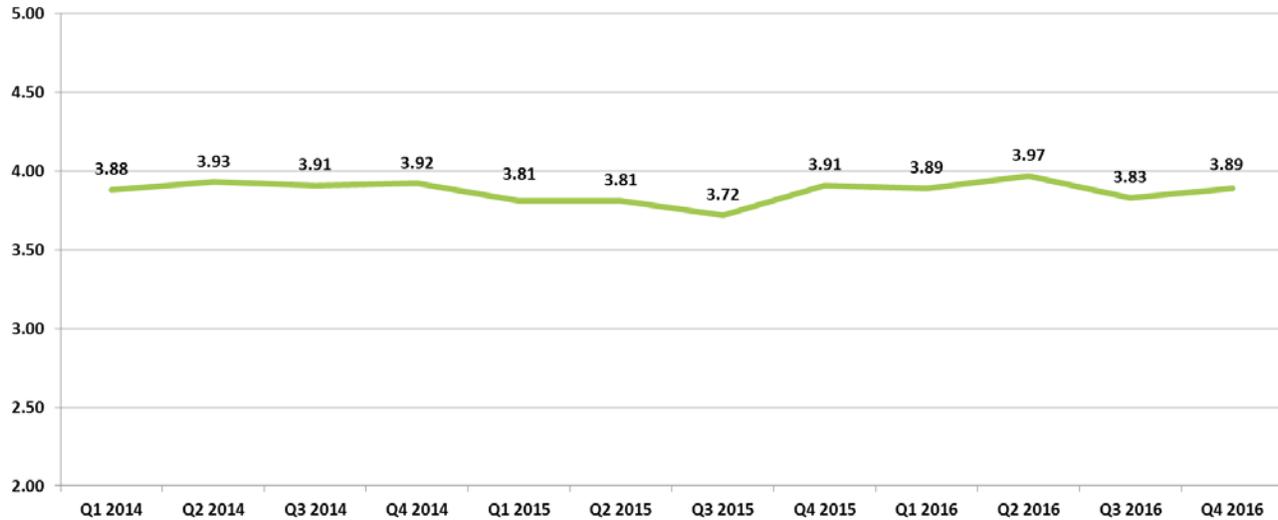
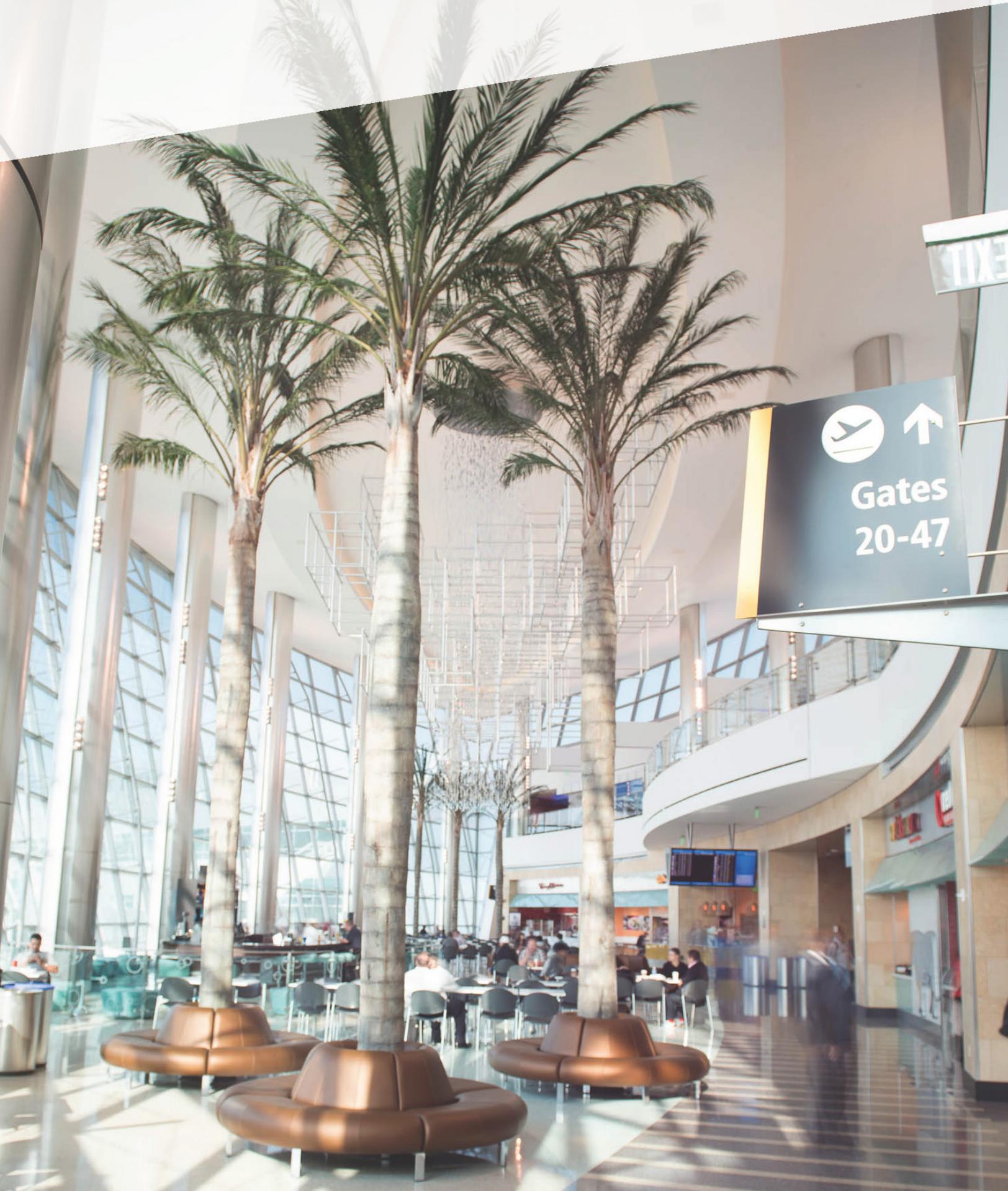


Figure 52 – Comfort of Gate/Wait Areas Satisfaction Rating

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# SUPPLEMENTAL DATA



## Supplemental Data

### Annual Enplaned Passengers

In FY 2018, enplaned passenger traffic at SAN is projected to reach 10.71M, which represents an increase of 0.9% from the 10.61M enplanements used in the FY 2017 Budget and a 2.5% increase over the 10.45M enplanements projected for FY 2017. Enplaned passengers are projected to increase by 1.7% to 10.89M in the FY 2019 Conceptual Budget.

### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Enplaned Passengers <sup>(1)</sup>	% Change
2010	8,454	-1.0%
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014	9,082	3.9%
2015	9,713	6.9%
2016	10,206	5.1%
2017*	10,446	2.3%
2018**	10,707	2.5%
2019**	10,889	1.7%

<sup>(1)</sup> In thousands

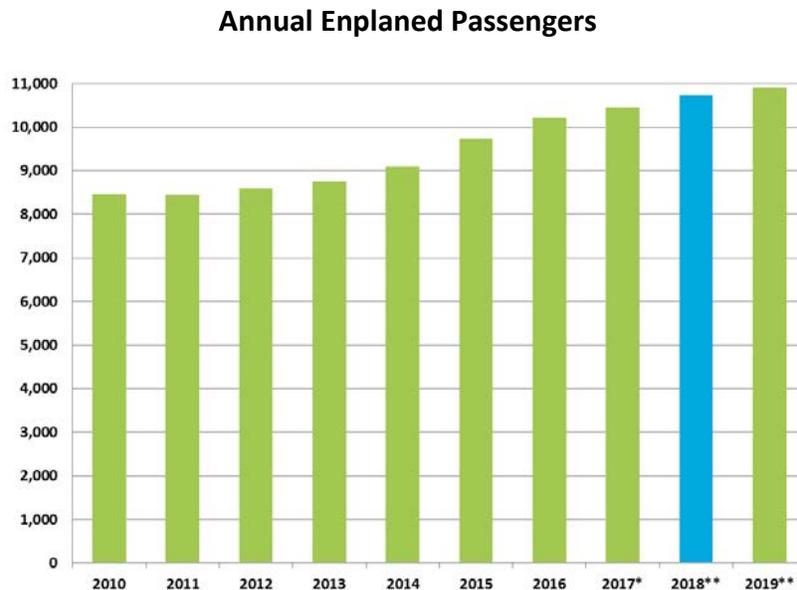


Figure 53 – Annual Enplaned Passengers

\* Projected FY 2017

\*\* Budgeted FY 2018 & FY2019

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Airline Market Share FY 2010 – FY 2016

The more diverse an airport's airline market share, the less susceptible it is to the effects of an airline's financial position or changing service levels. Seven carriers accounted for approximately 87% of the enplaned passengers.

Air Carrier	Enplanements (in thousands)							Market Share						
	2010	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016
Southwest Airlines	3,183	3,278	3,252	3,253	3,353	3,737	3,840	37.7%	38.8%	37.9%	37.2%	36.9%	38.5%	37.6%
American Airlines*	705	659	664	651	694	747	1,369	8.3%	7.8%	7.7%	7.4%	7.6%	7.7%	13.4%
United Airlines	921	878	1,266	1,176	1,168	1,114	1,166	10.9%	10.4%	14.8%	13.5%	12.9%	11.5%	11.4%
Delta Airlines	901	919	936	905	916	992	1,062	10.7%	10.9%	10.9%	10.4%	10.1%	10.2%	10.4%
Alaska Airlines	436	514	579	674	830	872	903	5.2%	6.1%	6.8%	7.7%	9.1%	9.0%	8.8%
Spirit	-	-	78	164	201	252	327	0.0%	0.0%	0.9%	1.9%	2.2%	2.6%	3.2%
Virgin America	151	133	166	168	157	176	211	1.8%	1.6%	1.9%	1.9%	1.7%	1.8%	2.1%
JetBlue Airlines	167	142	147	153	173	179	183	2.0%	1.7%	1.7%	1.7%	1.9%	1.8%	1.8%
Frontier Airlines	197	219	199	184	185	151	119	2.3%	2.6%	2.3%	2.1%	2.0%	1.6%	1.2%
Hawaiian Airlines	91	99	86	94	99	97	102	1.1%	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%
British Airways	-	7	81	82	85	84	90	0.0%	0.1%	0.9%	0.9%	0.9%	0.9%	0.9%
Japan Airlines	-	-	-	18	54	59	60	0.0%	0.0%	0.0%	0.2%	0.6%	0.6%	0.6%
Air Canada	47	59	56	45	37	41	49	0.6%	0.7%	0.7%	0.5%	0.4%	0.4%	0.5%
Sun Country Airlines	25	24	16	24	27	29	35	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%
WestJet	19	19	26	28	32	34	35	0.2%	0.2%	0.3%	0.3%	0.4%	0.3%	0.3%
Volaris	-	-	46	31	23	20	21	0.0%	0.0%	0.5%	0.4%	0.3%	0.2%	0.2%
Allegiant	33	18	18	15	8	7	17	0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%
Aeromexico	24	-	-	-	-	-	-	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AirTran Airways	38	18	-	-	-	-	-	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Continental Airlines**	507	496	-	-	-	-	-	6.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%
US Airways	513	523	536	561	554	523	-	6.1%	6.2%	6.2%	6.4%	6.1%	5.4%	0.0%
<b>Total Air Carrier</b>	<b>7,956</b>	<b>8,007</b>	<b>8,153</b>	<b>8,225</b>	<b>8,596</b>	<b>9,114</b>	<b>9,588</b>	<b>94.1%</b>	<b>94.9%</b>	<b>95.1%</b>	<b>94.1%</b>	<b>94.6%</b>	<b>93.8%</b>	<b>93.9%</b>
<b>Regional</b>														
American Eagle (Envoy)	207	155	141	82	51	-	-	2.5%	1.8%	1.6%	0.9%	0.6%	0.0%	0.0%
Compass	-	-	-	-	9	140	250	0.0%	0.0%	0.0%	0.0%	0.1%	1.4%	2.4%
Horizon	-	-	6	77	84	84	65	0.0%	0.0%	0.1%	0.9%	0.9%	0.9%	0.6%
Mesa Airlines	19	7	-	-	-	-	-	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Seaport Airlines	-	-	-	-	1	3	2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Skywest Airlines	272	272	263	352	341	372	302	3.2%	3.2%	3.1%	4.0%	3.8%	3.8%	3.0%
<b>Total Regional</b>	<b>498</b>	<b>434</b>	<b>422</b>	<b>512</b>	<b>486</b>	<b>599</b>	<b>618</b>	<b>5.9%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>5.9%</b>	<b>5.4%</b>	<b>6.2%</b>	<b>6.1%</b>
<b>Total Passengers</b>	<b>8,454</b>	<b>8,441</b>	<b>8,575</b>	<b>8,738</b>	<b>9,082</b>	<b>9,713</b>	<b>10,206</b>	<b>100%</b>						

Figure 54 – Airline Market Share

\* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are shown separately for the purpose of this table.

\*\* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

## Supplemental Data

### Aircraft Landed Weight

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2018, landed weight is estimated to increase by 1.0% over FY 2017 year end projections.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	In million lbs.	% Change
2010	10,893	-5.3%
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014	11,187	1.6%
2015	11,524	3.0%
2016	12,048	4.6%
2017*	12,623	4.8%
2018**	12,749	1.0%
2019**	12,966	1.7%



**Figure 55 – Aircraft Landed Weight**

\* Projected FY 2017

\*\* Budgeted FY 2018 & FY2019

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Airline Landed Weight FY 2010 – FY 2016

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SAN.

Airline	Landed Weight (in thousands)							Market Share						
	2010	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016
1 Southwest Airlines	4,068,974	4,001,530	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	37.4%	37.7%	36.5%	35.5%	35.1%	36.6%	35.3%
2 American Airlines *	1,392,660	1,275,498	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	12.8%	12.0%	12.4%	12.2%	12.1%	11.8%	12.2%
3 United Airlines **	1,662,541	1,583,372	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	15.3%	14.9%	13.9%	12.6%	12.0%	10.7%	10.4%
4 Delta Airlines	893,467	1,062,254	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	8.2%	10.0%	9.7%	9.3%	9.1%	9.3%	9.6%
5 Alaska Airlines	511,813	595,238	648,359	750,000	884,727	888,065	924,310	4.7%	5.6%	6.0%	6.8%	7.9%	7.7%	7.7%
6 Federal Express	400,303	421,239	452,453	451,797	419,127	384,686	444,038	3.7%	4.0%	4.2%	4.1%	3.7%	3.3%	3.7%
7 Skywest Airlines	332,408	338,812	306,789	428,595	396,054	408,608	359,197	3.1%	3.2%	2.8%	3.9%	3.5%	3.5%	3.0%
8 Spirit Airlines	-	-	98,931	208,200	245,669	296,925	351,977	0.0%	0.0%	0.9%	1.9%	2.2%	2.6%	2.9%
9 Compass Airlines	-	-	-	-	10,979	172,754	307,793	0.0%	0.0%	0.0%	0.0%	0.1%	1.5%	2.6%
10 Virgin America	205,348	173,686	208,253	235,934	232,136	240,781	281,411	1.9%	1.6%	1.9%	2.1%	2.1%	2.1%	2.3%
11 JetBlue Airlines	201,071	167,369	166,232	168,080	189,979	193,848	199,232	1.8%	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%
12 British Airways	-	13,800	167,440	163,760	166,980	166,980	183,760	0.0%	0.1%	1.5%	1.5%	1.5%	1.4%	1.5%
13 Hawaiian Airlines	121,600	134,080	118,088	140,637	147,325	146,284	147,406	1.1%	1.3%	1.1%	1.3%	1.3%	1.3%	1.2%
14 Japan Airlines	-	-	-	47,125	138,700	138,700	139,080	0.0%	0.0%	0.0%	0.4%	1.2%	1.2%	1.2%
15 United Parcel	118,874	120,158	120,454	118,180	121,742	127,660	135,318	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
<b>Subtotal</b>	<b>9,909,059</b>	<b>9,887,036</b>	<b>10,133,945</b>	<b>10,371,076</b>	<b>10,585,948</b>	<b>11,044,593</b>	<b>11,602,178</b>	<b>91.0%</b>	<b>93.2%</b>	<b>93.7%</b>	<b>94.1%</b>	<b>94.6%</b>	<b>95.8%</b>	<b>96.3%</b>
All Others	983,808	719,124	685,956	644,639	600,817	479,127	445,964	9.0%	6.8%	6.3%	5.9%	5.4%	4.2%	3.7%
<b>Total</b>	<b>10,892,867</b>	<b>10,606,160</b>	<b>10,819,902</b>	<b>11,015,716</b>	<b>11,186,766</b>	<b>11,523,720</b>	<b>12,048,142</b>	<b>100.0%</b>						
<b>Annual % Change</b>	-5.3%	-2.6%	2.0%	1.8%	1.6%	3.0%	4.6%							

**Figure 56 – Top 15 Airlines Ranked by Landed Weight**

\* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

\*\* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Landing Fees

Landing fees are revenues from passenger and cargo aircraft for commercial landings at the Airport. Beginning in FY 2009, aircraft parking was excluded from landing fees and charged separately.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Landing Fees \$ (per 1,000 lbs)	% Change
2010	1.71	5.5%
2011	1.78	3.7%
2012	1.75	-1.6%
2013	1.83	4.7%
2014	1.74	-5.0%
2015	1.88	7.9%
2016	2.00	6.5%
2017*	1.99	-0.4%
2018**	2.18	9.5%
2019**	2.43	11.4%



Figure 57 – Landing Fees

\* Projected FY 2017

\*\* Budgeted FY 2018 & FY2019

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Terminal Rates Billed to Airlines

Terminal rates are rates billed to airlines for the rent of terminal space per square foot. Beginning in FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

#### Fiscal Years ended June 30, 2010 to 2019

Fiscal Year	Terminal Rates Per Sq. Ft. \$ <sup>(1)</sup>	% Change
2010	59.53	3.7%
2011	73.09	22.8%
2012	83.31	14.0%
2013	117.00	40.4%
2014	109.61	-6.3%
2015	113.01	3.1%
2016	126.21	11.7%
2017*	130.19	3.2%
2018**	143.48	10.2%
2019**	141.25	-1.6%

<sup>(1)</sup> Net of janitorial credit

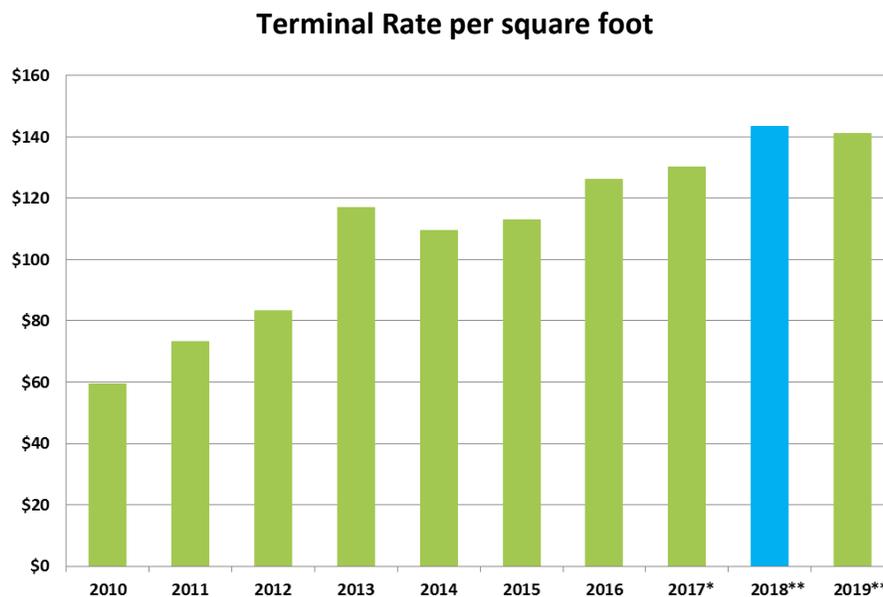


Figure 58 – Terminal Rates

\* Projected FY 2017

\*\* Budgeted FY 2018 & FY2019

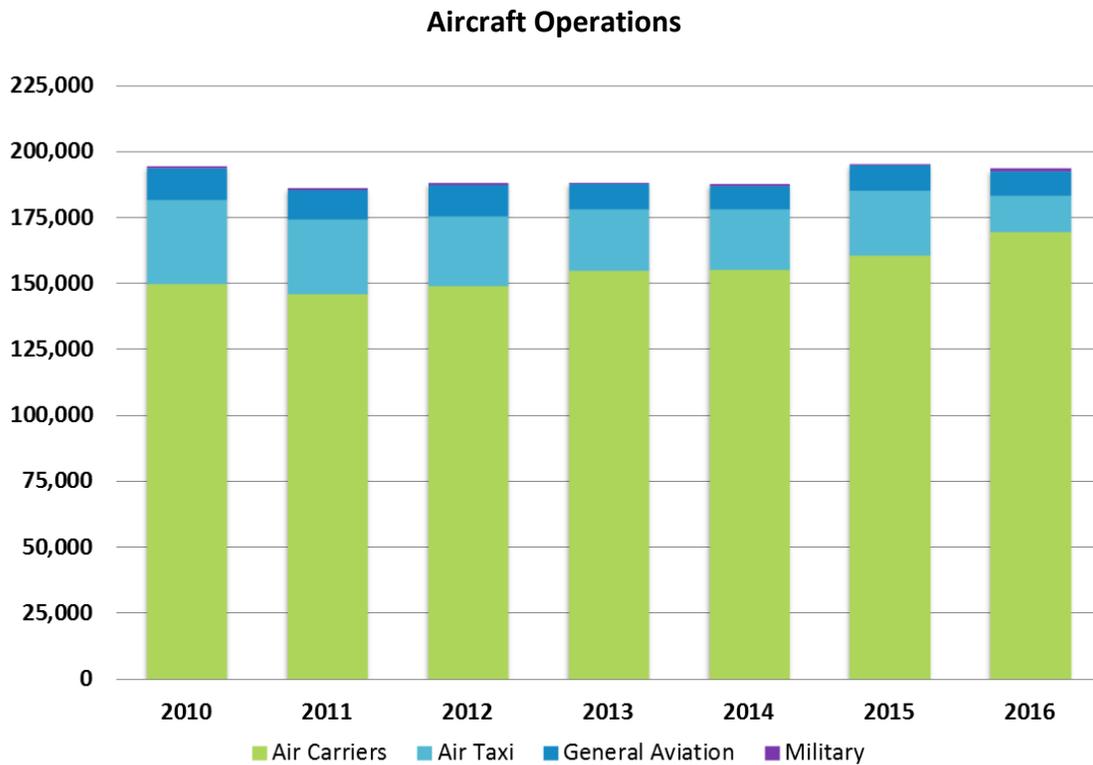
Source: San Diego County Regional Airport Authority

## Supplemental Data

### Aircraft Operations (Takeoffs and Landings)

Aircraft operations are the takeoffs and landings at SAN. They represent the level of demand for air service by the airlines operating at SAN.

Fiscal Year	Air Carriers	Air Taxi	Total	General Aviation	Military	Total
2010	149,718	32,100	181,818	11,674	1,017	194,509
2011	146,215	28,273	174,488	10,938	755	186,181
2012	149,104	26,398	175,502	12,120	658	188,280
2013	154,781	23,370	178,151	9,586	567	188,304
2014	155,310	22,953	178,263	8,930	597	187,790
2015	160,726	24,336	185,062	9,534	669	195,265
2016	169,365	13,741	183,106	9,439	906	193,451



**Figure 59 – Aircraft Operations**

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Historical Revenue by Source

Revenue by Major Sources	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	FY 2019 Conceptual Budget
Airline Revenue	\$ 59,397,783	\$ 64,963,067	\$ 72,430,221	\$ 89,639,923	\$ 97,876,224	\$ 102,331,098	\$ 112,205,238	\$ 117,175,589	\$ 124,252,924	\$ 136,506,276
Parking and Ground Transportation	30,295,842	34,248,867	34,648,504	39,238,955	43,029,527	45,957,705	52,546,200	51,158,738	52,763,165	61,474,596
Passenger Facility Charges	34,048,981	33,997,963	34,639,244	35,437,453	35,769,515	38,517,355	40,257,993	41,924,100	42,304,130	43,022,439
Customer Facility Charges <sup>(1)</sup>	10,782,512	10,986,467	11,486,962	19,117,217	27,545,001	32,464,843	33,207,946	37,286,862	40,008,566	40,689,655
Rental Car License Fees and License Fees - Other	23,794,564	21,686,823	23,943,041	24,401,371	24,900,830	26,209,701	27,815,816	28,683,541	30,081,562	30,196,721
QHP & CIP Grants	46,348,876	40,767,277	31,846,851	29,318,938	16,298,193	22,838,755	19,050,187	12,977,849	22,692,000	24,288,250
Terminal Concessions	12,454,436	12,812,469	13,305,723	14,150,898	18,798,533	21,961,517	24,017,969	23,856,777	25,702,218	26,430,755
Ground Rentals	5,923,301	7,786,792	7,136,299	8,189,723	8,445,275	11,567,849	15,193,757	18,582,841	19,805,203	19,711,964
Interest Income	6,666,720	6,408,131	5,491,516	4,140,067	5,210,854	5,747,326	5,998,970	6,535,556	8,782,637	9,991,223
BAB Interest Rebate	-	3,691,431	4,995,921	4,778,599	4,636,215	4,631,219	4,656,199	4,631,219	4,656,199	4,631,219
Non-Airline Revenue - Other <sup>(2)</sup>	847,262	2,516,131	(785,305)	(2,355,055)	3,145,502	3,849,774	4,840,078	2,213,928	2,358,398	2,377,902
<b>Total Revenue</b>	<b>\$ 230,560,277</b>	<b>\$ 239,865,417</b>	<b>\$ 239,138,978</b>	<b>\$ 266,058,089</b>	<b>\$ 285,655,669</b>	<b>\$ 316,077,143</b>	<b>\$ 339,790,353</b>	<b>\$ 345,027,000</b>	<b>\$ 373,407,000</b>	<b>\$ 399,321,000</b>

Figure 60 – Historical Revenue by Source

<sup>(1)</sup> The Customer Facility Charges revenue started in FY 2009 after the Authority received approval from the State of California to impose a charge on rental cars at SAN.

<sup>(2)</sup> Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues.

## Supplemental Data

### Authority's Largest Sources of Revenues

Tenant	2010	2011	2012	2013	2014	2015	2016	% of Total Operating Revenue
Southwest Airlines	\$ 19,428,103	\$ 21,306,108	\$ 23,357,007	\$ 27,598,908	\$ 29,548,565	\$ 33,107,335	\$ 33,838,686	14.5%
American Airlines*	11,449,947	11,510,696	12,585,537	15,173,458	15,785,140	15,888,023	15,321,505	6.5%
United Airlines	7,905,284	9,280,812	10,931,601	15,817,886	15,364,094	15,687,045	14,518,119	6.2%
Delta Airlines	6,663,671	8,003,895	8,911,886	10,898,540	12,005,146	13,560,515	14,418,056	6.2%
Alaska Airlines	2,951,554	3,482,098	4,265,739	6,167,257	8,008,057	9,712,564	10,612,367	4.5%
Enterprise Rent-A-Car	2,517,682	4,431,129	7,290,392	6,934,784	7,162,116	7,998,222	9,451,127	4.0%
Hertz Rent-A-Car	5,861,737	5,635,151	5,795,690	5,961,730	6,149,759	6,236,082	8,225,179	3.5%
Avis Budget Rent-A-Car Group	3,378,607	3,842,594	4,507,266	4,697,455	4,822,212	5,131,645	5,540,949	2.4%
Landmark Aviation	-	-	-	-	2,027,308	5,042,672	5,536,511	2.4%
SSP America	-	-	-	-	-	-	4,476,873	1.9%

**Figure 61 – Authority's Largest Sources of Revenues**

\* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are shown separately for the purpose of this table.

Source: San Diego County Regional Airport Authority

## Supplemental Data

### Economic and Operational Trends

#### U.S. Gross Domestic Product

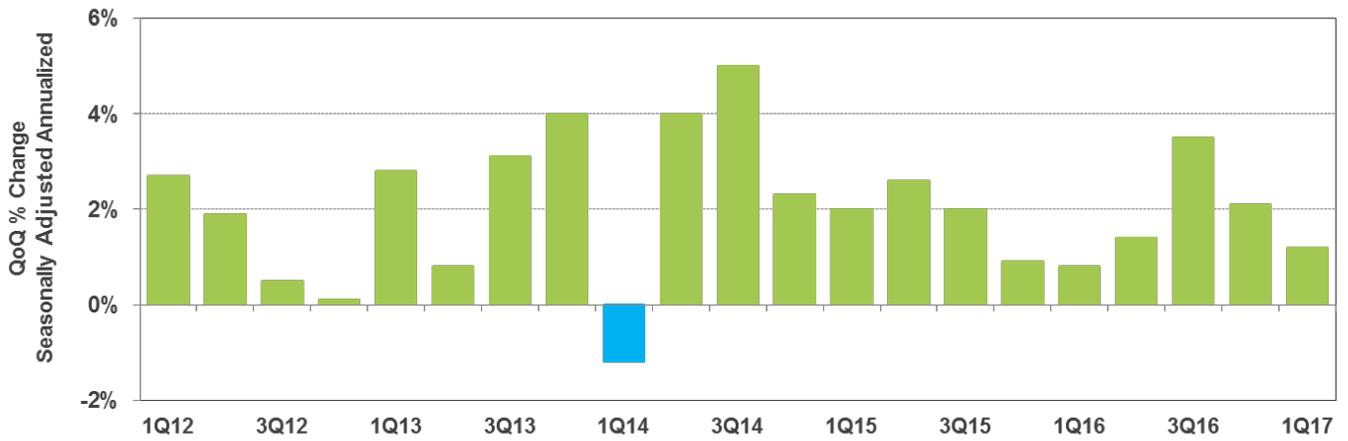


Figure 62 – U.S Gross Domestic Product

Source: Bureau of Economic Analysis

#### Dow Jones Industrial Average and S&P 500 Indices

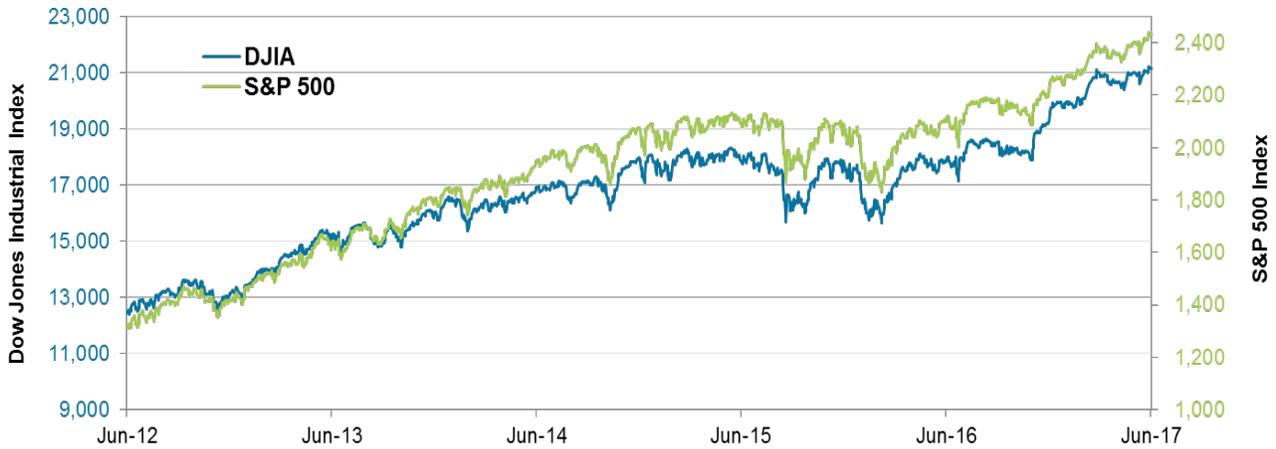


Figure 63 – Dow Jones Industrial Average and S&P 500 Indices

Source: Yahoo Finance

## Supplemental Data

### Population and Economic Metrics – San Diego County (CY 2010-2017)

Calendar Year	Estimated Population <sup>(1)</sup>	% Change	Per Capita Personal Income <sup>(1)</sup>	% Change	Total Personal Income <sup>(1)</sup> <i>(in billions)</i>	% Change
2010	3,102,852	0.8 %	\$48,286	(0.4)%	\$138.3	0.7 %
2011	3,137,283	1.1 %	\$49,745	3.0 %	\$148.0	7.0 %
2012	3,174,808	1.2 %	\$50,779	2.1 %	\$156.0	5.4 %
2013	3,209,225	1.1 %	\$51,250	0.9 %	\$160.8	3.1 %
2014	3,247,522	1.2 %	\$52,180	1.8 %	\$167.9	4.4 %
2015	3,275,546	0.9 %	\$54,249	4.0 %	\$177.7	5.8 %
2016	3,305,481	0.9 %	\$55,801	2.9 %	\$187.9	5.7 %
2017	3,337,300	1.0 %	\$57,037	2.2 %	\$199.7	6.3 %

**Figure 64 – Population and Economic Metrics**

Source: California Department of Transportation – San Diego County

<sup>(1)</sup> 2016 and 2017 population, per capita personal income and personal income are estimates by the California Department of Transportation.

### San Diego County Principal Employers

July 2016				July 2007			
Employer	Local Employees	Rank	Percentage of Total Industry Employment	Employer	Local Employees	Rank	Percentage of Total Industry Employment
State of California	48,300	1	3.1%	State of California	40,600	1	2.7%
U.S. Federal Government	46,700	2	3.0%	U.S. Federal Government	39,900	2	2.6%
University of California, San Diego	30,671	3	2.0%	University of California, San Diego	26,924	3	1.8%
Sharp Health Care	17,809	4	1.1%	County of San Diego	16,147	4	1.1%
Scripps Health	14,863	5	0.9%	San Diego Unified School District	14,555	5	1.0%
Qualcomm Inc.	12,186	6	0.8%	Sharp Health Care	13,872	6	0.9%
City of San Diego	11,347	7	0.7%	Scripps Health	12,196	7	0.8%
Kaiser Foundation	8,406	8	0.5%	San Diego State University	11,247	8	0.7%
UC San Diego Health System	7,438	9	0.5%	City of San Diego	11,195	9	0.7%
San Diego Community College District	5,902	10	0.4%	Qualcomm Inc.	8,008	10	0.5%
Total Civilian Labor Force in San Diego County (June 2016):			1,570,700	Total Civilian Labor Force in San Diego County (June 2007):			1,516,100

**Figure 65 – Principal Employers**

Source: Employers - San Diego Journal Book of Lists: 2017 & 2008

Total Industry Employment - California Employment Development Dept., Labor Market Info June 2016 - March 2016 Benchmark

## Supplemental Data

### San Diego County Employment by Industry Sectors

Industry Sectors	June 2016	
	Industry Employment	% of Total
Trade, Transportation and Utilities	219,900	15.3%
Government	246,800	17.2%
Professional and Business Services	237,000	16.5%
Leisure and Hospitality	195,700	13.6%
Education and Health Services	198,800	13.8%
Manufacturing	106,500	7.4%
Construction and Mining	72,200	5.0%
Financial Activities	73,500	5.1%
Other Services	55,200	3.8%
Information	23,900	1.7%
Agriculture	9,500	0.7%
<b>Total</b>	<b>1,439,000</b>	

**Figure 66 – San Diego County Employment by Industry Sectors**

California Employment Development Department, Labor Market Information Division  
Employment & Labor Force, March 2015 Benchmark

## Supplemental Data

### Labor Force, Employment and Unemployment Rate

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				SD County	State
2007	1,516,100	1,446,700	69,500	4.6%	5.3%
2008	1,547,300	1,454,400	92,800	6.0%	7.0%
2009	1,553,400	1,403,400	150,000	9.7%	11.3%
2010	1,513,100	1,350,500	162,600	10.7%	12.0%
2011	1,523,000	1,360,000	163,000	10.7%	12.0%
2012	1,544,200	1,400,000	146,300	9.5%	10.6%
2013	1,548,000	1,425,600	125,900	8.1%	9.2%
2014	1,544,000	1,450,200	99,300	6.4%	7.4%
2015	1,557,000	1,486,200	81,000	5.2%	6.3%
2016	1,570,700	1,499,800	80,400	5.1%	5.6%

**Figure 67 – Labor Force, Employment and Unemployment Rate**

California Employment Development Department, Labor Market Information Division  
Employment & Labor Force, March 2015 Benchmark

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# GLOSSARY



## Glossary

**ACCRUAL BASIS OF ACCOUNTING** – Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred.

**AIRCRAFT OPERATIONS** – The landing or takeoff of an aircraft.

**AIRCRAFT RESCUE AND FIRE FIGHTING (ARFF)** – A special category of firefighting that involves the response, hazard mitigation, evacuation and possible rescue of passengers and crew of an aircraft (typically) involved in an airport ground emergency.

**AIRPORT** – Refers to the San Diego International Airport (SAN).

**AIRPORT AUTHORITY ACT** – California State Bill AB 93: Division 17: Chapter 1, dated January 11, 2001, which establishes the San Diego County Regional Airport Authority, as a local governmental entity.

**AIRPORT DEVELOPMENT PLAN** – A plan which defines phases of airport growth and improvement.

**AIRPORT IMPROVEMENT PROGRAM (AIP)** – The FAA’s AIP provides both entitlement and discretionary grants for eligible airport projects. This program, authorized periodically by Congress, distributes the proceeds of the federal tax on airline tickets to airports, through grants, for eligible construction projects and land acquisition. See *Federal Grants*.

**AIRPORT LAND USE COMMISSION (ALUC)** – An agency required by state law to exist in counties served by a commercial and/or general aviation airport. The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public’s exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority (SDCRAA) serves as the Airport Land Use Commission for airports in San Diego County.

**AIRPORT MASTER PLAN** – An airport master plan represents the approved actions to be accomplished for phased development of the airport. Master plans address the airfield, terminal, landside access improvements, modernization and expansion of existing airports, and establish the premise for site selection and planning for a new airport.

**AIRPORT REVENUE BONDS** – Bonds issued by municipality or airport authority wherein airport revenues back the tax-exempt, lower interest rate bond.

**AIRPORT SERVICE QUALITY (ASQ)** – A survey conducted by Airport Council International to establish global benchmarking program measuring passengers’ satisfaction travelling through an airport.

**AIRPORTS COUNCIL INTERNATIONAL–NORTH AMERICA (ACI-NA)** – A regional office of *Airports Council International*, the global trade representative of the world’s airports, representing local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. It advocates policies and provides services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

**ALTERNATIVE MINIMUM TAX (AMT)** – A supplemental income tax imposed by the United States federal government required in addition to baseline income tax

**AUTHORITY** – Refers to the *San Diego County Regional Airport Authority (SDCRAA)*.

**AUTHORITY FUND BALANCE** – The Authority’s fund balance is generally defined as the difference between its assets and liabilities.

**BOND COVENANT** – An agreement with bond holders, which defines the priority of payment of debt service in the use of revenues, among other things.

## Glossary

**BUDGET** – A financial plan for a specified period of time (FY) that matches planned expenses and revenues with planned services.

**BUDGET CALENDAR** – The schedule of key dates, or milestones, that the Authority follows in the preparation, adoption and administration of the annual budget.

**BUILD AMERICA BONDS (BAB)** – Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bond holder.

**CALENDAR YEAR (CY)** – The annual period beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)** – A project undertaken by a public agency or a private activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment must receive some discretionary approval from a government agency.

**CAPITAL IMPROVEMENT PROGRAM (CIP)** – A rolling, near-term five-year program that provides for critical needed improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety improvement and enhanced revenue potential.

**CAPITALIZED LABOR** – Personnel salaries, taxes and benefits expenses that are associated with capital projects.

**COMMERCIAL PAPER (CP)** – Short-term promissory note issued for periods up to 270 days, with maturities commonly at 30, 60 and 90 days. The Authority currently has commercial paper programs with two series, AMT and *non-AMT*.

**COMMON USE PASSENGER PROCESSING SYSTEM (CUPPS)** – A common use terminal equipment system which allows airlines to operate from any ticket counter and gate, if needed. It includes a common use self-service kiosk for passenger check in.

**COMMON USE SYSTEM SUPPORT (CUSS)** – A shared service kiosk system used by multiple airlines that allow for convenient passenger check-in.

**CONCESSIONAIRE** – A person or company having a lease, contract or operating permit arrangement with the Authority, entitling them to do business at the airport.

**COST CENTER** – The area of an airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

**COST PER ENPLANED PASSENGER (CPE)** – The total annual cost of fees and charges paid by the airlines, divided by the total enplanements.

**CUSTOMER FACILITY CHARGE (CFC)** – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

**DEBT POLICY** – A framework by which decisions are made concerning the use and management of debt, with a comprehensive financial plan used in effecting strategic initiatives.

**DEBT SERVICE** – Principal and interest payments on bonds.

**DEBT SERVICE COVERAGE** – An amount equal to 125% of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

**DISADVANTAGED BUSINESS ENTERPRISE (DBE)** – A for-profit small business where socially and economically disadvantaged individuals owning at least a 51% interest also control the management and daily business operations.

**DISCRETIONARY FUNDS** – See **Federal Grants**.

**ENTERPRISE CONTENT MANAGEMENT SYSTEM (ECMS)** – Strategies, methods and tools used to capture, manage, store, preserve and deliver content and documents related to organizational processes.

## Glossary

**ENPLANED PASSENGER** – Any revenue passenger boarding an aircraft at the Airport, including any passenger that previously disembarked from another aircraft.

**ENTERPRISE FUND** – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

**ENVIRONMENTAL IMPACT REPORT (EIR)** – The review and analysis of the environmental impacts that might potentially arise from changes in facility design or use. Those issues typically addressed in an Environmental Impact Report, Negative Declaration, or similar document, are handled by the Airport Planning Department.

**FEDERAL AVIATION ADMINISTRATION (FAA)** – The FAA is part of the Department of Transportation (DOT) and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system and administers federal grants for the development of public-use airports.

**FEDERAL INSPECTION SERVICES (FIS)** – The FIS is a facility housing Customs and Border Protection and other international passenger arrival services.

**FEDERAL GRANTS** – Entitlement funds, determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants of funds from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a LOI is subject to receipt of Congressional appropriations for grants to airports, and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in an approved LOI from the FAA are used by the Authority as an estimate of federal discretionary grants to be received.

**FISCAL YEAR (FY)** – The annual period beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

**FIXED BASE OPERATOR (FBO)** – Commercial business, at the Airport, authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

**FLIGHT INFORMATION DISPLAY SYSTEM (FIDS)** – A computer system used in airports to display flight information to passengers.

**GENERAL AVIATION** – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** – Uniform minimum standards and guidelines for accounting and financial statement reporting.

**GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA)** – A group that represents public finance officials throughout the United States and Canada to promote excellence in state and local government financial management

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)** – A private, non-governmental organization responsible for establishing GAAP for State and Local governments in the United States entities.

**INNOVATION LAB** – A physical and / or virtual space to enable and support Airport related innovations.

**LANDED WEIGHT** – Refers to maximum gross certificated landed weight, in one thousand pound units, as stated in the airlines' flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport.

**LANDING FEES** – Revenues from passenger and cargo carriers for commercial aircraft landings at airports.

**LAW ENFORCEMENT OFFICERS (LEO)** – A public-sector employee whose duties primarily involve the enforcement of laws.

## Glossary

**LEGACY CARRIERS** – Refer to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. U.S. legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska and Hawaiian Airlines.

**LOCAL BUSINESS ENTERPRISE (LBE)** – Locally-owned business which provides goods and / or services to SAN.

**LOW-COST CARRIERS** – Refer to airlines such as JetBlue, Allegiant, Southwest, Alaska and Spirit.

**MAJOR MAINTENANCE PROGRAM (MMP)** – Includes projects that are defined as major repairs to existing buildings or structures, and does not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized and are expensed in the operating budget.

**MAJOR PASSENGER AIRLINE** – U.S. designation for an air carrier with annual operating revenue of more than \$1B, such as American, Northwest and United Airlines. Also called a “major carrier”.

**NET REVENUE** – Net revenue is generally defined as operating revenue less operating expenses.

**OBJECT FREE AREA (OFA)** – Area of ground centered on runway, taxiway or taxi lane centerline free of objects unnecessary for air navigation or ground maneuvering purposes.

**OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)** – An agency of the U.S. Department of Labor to assure safe and healthful working conditions by setting and enforcing standards and by providing training, outreach, education and assistance.

**PROCUREMENT CARD PROGRAM (P-CARD)** – A procurement card program assists in making payments to suppliers.

**PASSENGER FACILITY CHARGES (PFC)** – A charge attached to each ticketed passenger that boards an airplane at the Airport. Certain types of passengers, including military, are excluded from the Passenger Facility Charge.

**PHOTOVOLTAIC (PV)** – Panels that convert the sunlight directly into electricity.

**QUIETER HOME PROGRAM (QHP)** – See *Residential Sound Attenuation Program*.

**RECEIVING AND DISTRIBUTION CENTER (RDC)** – A central warehouse for the delivery and distribution of goods at an airport. All supplies for the concessions within an airport, as well as authority supplies, will flow through this center.

**RENTAL CAR CENTER (RCC)** – A facility to house all rental car companies in a single building.

**RESIDENTIAL SOUND ATTENUATION PROGRAM** – Includes sound attenuation construction at all eligible single-family and multi-family dwellings, with six or fewer units, located in the Year 2000 70 decibels Community Noise Equivalent Contour.

**SAN** – San Diego International Airport.

**SAN DIEGO INTERNATIONAL AIRPORT** – SAN / Airport.

**SDCRAA** – *San Diego County Regional Airport Authority*.

**SERVICE-DISABLED VETERAN SMALL BUSINESS (SDVSB)** – A business owned and controlled by a veteran with service-connected disability that has been determined by the Department of Veterans Affairs or Department of Defense.

**SERVICE LEVEL AGREEMENT** – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

## Glossary

**SMALL BUSINESS ENTERPRISE (SBE)** – Independently owned and operated for profit US business contributing to US economy, not dominant in national industry and NAICS (North American Industry Classification System) qualifies size standards by industry.

**TELEDYNE-RYAN (TDY)** – Former Teledyne-Ryan property within the Airport footprint to be used in the SDIA Airport Development Program and Green Build project.

**TERMINAL DEVELOPMENT PROGRAM** – Planned series of various terminal and airfield improvements essential to accommodating the growing passengers' demands at SAN.

**TRANSPORTATION NETWORK COMPANY (TNC)** – Connects paying passengers with drivers who provide the transportation on their own non-commercial vehicles.

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**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**