

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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June 21, 2010

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Paul Robinson

Dear Board Members:

Submitted herein is the San Diego County Regional Airport Authority's (the Authority) adopted operating and capital budget for Fiscal Year (FY) 2011 and an approved conceptual budget for FY 2012, marking the Authority's first-ever budget covering two years. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Board of Directors (the Board) and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget also ensures adherence to the requirements of the master bond indenture governing the Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of using multiyear budgeting is to facilitate integration of financial and strategic planning and resource allocation. The approved conceptual FY 2012 budget will be reviewed by Authority staff as part of the ongoing budget process and revised next year to reflect any changes in goals and priorities as well as industry, economic and geopolitical events. This revised FY 2012 budget will be brought to the Board in June 2011 for review and formal adoption and a conceptual FY 2013 budget will be presented for approval.

Establishing the budget is a deliberative process reflecting the Board's continuous leadership and direction expressed through the Authority's strategic goals. A revised list of organizational goals and key strategies is provided under the Airport Authority Overview section of this budget. Each department has identified specific and measurable objectives that are linked to the Board approved organizational goals, key strategies and adopted sustainability objectives.

Authority management crafted a performance plan to match strategic goals with specific objectives. This approach was designed to address safety and security requirements, community outreach programs, customer service and satisfaction, maintenance of aging facilities and overall financial performance. Integrated within these target areas is the overarching goal of empowering employees to adopt a creative approach to service delivery and to drive toward achieving positive results.

The budgets support operating San Diego International Airport (SDIA, or the Airport) as a world-class facility in a time of challenges for the aviation industry. In addition to supporting the Authority's financial and operational requirements, the budgets also address the Authority's responsibilities related to meeting the long-term aviation needs of the region:

- ❖ Implementing the San Diego County Regional Airport Authority Reform Act (California Senate Bill 10), which was signed into law on October 5, 2007 by Governor Arnold Schwarzenegger. The new law took effect January 1, 2008, and called for:
 1. Completion of a Regional Aviation Strategic Plan (RASP) by the Airport Authority by June 30, 2011. The goal of the RASP is to improve the performance of all airports within San Diego County (See Guiding Principles).
 2. Preparation and adoption by San Diego Association of Governments (SANDAG) of an Airport Multimodal Accessibility Plan (AMAP) by December 31, 2013. The purpose of the AMAP is to improve surface transportation access to all airports in the county and adjacent counties.
- ❖ Studying, planning and implementing capital improvements to meet current and future facility requirements at SDIA including the Green Build Program (See Capital Improvement Program).
- ❖ Serving as the region's Airport Land Use Commission, a responsibility that includes developing comprehensive land use plans for the 16 public-use and military airports in San Diego County.
- ❖ Collaborating with partner agencies to coordinate a plan to provide for the ultimate build-out of SDIA, including the integration of enhanced air service capabilities with multimodal ground access.
- ❖ Strategically directing the allocation of resources to most effectively enable the Authority to operate SDIA in a manner that meets or exceeds customer expectations while simultaneously executing its legislative mandates. The budget funds, among other things, the activities, infrastructure, equipment and technology needed to fulfill the Authority's strategic goals in the coming fiscal year.

Guiding Principles

The Authority's guiding principles for the budget are to allocate scarce and restricted resources to SDIA programs and services in a way that:

- ❖ Provides a safe and secure operating environment;
- ❖ Meets regulatory, legal and contractual requirements;
- ❖ Ensures that SDIA continues to serve the region with a high level of customer service;
- ❖ Enhances regional partnerships through collaboration and coordination in near and long-term planning efforts;
- ❖ Solicits and promotes new domestic and international air route service;
- ❖ Addresses maintenance needs of aging facilities;
- ❖ Maintains current bond ratings;
- ❖ Expands the economic activity generated by SDIA in support of regional economic development;
- ❖ Reflects an efficient and economical operating organization;
- ❖ Encourages the use of best business practices;
- ❖ Effectively supports accomplishment of the Authority's strategic plan and key initiatives.

Strategies employed to attain these goals include cost reductions, personnel and service efficiencies and increased fees to match program expenses. The financial plan must also meet the Authority's financial policies and guidelines.

The budget addresses near and mid-term priorities, including a number of ongoing programs, studies and initiatives.

Cost Containment: In our ongoing efforts to remain competitive and recognize the financial pressures on our airline customers, we have undertaken cost containment measures that produce a modest 1.1% decrease in overall expenses before depreciation in the FY 2011 budget. These measures included decreased funding of major maintenance, promotional activities and materials, certain management consulting expenses, equipment outlay and Quieter Home Program expenditures.

Sustainability: Sustainability has emerged as a global environmental theme and a major business imperative. The four sustainability elements of Economic Viability (E), Operational Excellence (O) Natural Resource Conversation (N) and Social Responsibility (S) –EONS– have been adopted within the aviation industry as the core precepts for a holistic approach to airport sustainability. The Authority has established a commitment to a sustainable future for the airport and the region by incorporating these four elements into its business practices, objectives, policies and programs.

Regional Aviation Strategic Plan: The RASP will guide the region's efforts to improve air transportation services for San Diego County by identifying ways to increase the system capabilities of all 12 civilian airports. Tijuana International Airport and selected facilities in bordering counties are also included in the review. Through a companion study called the Airport Multimodal Accessibility Plan, SANDAG will also consider air/rail alignments between airport facilities and other centers of population in the Southern California region.

CIP and Green Build Programs: The Airport's \$1.2 billion capital expansion program through FY 2015 consists of the Capital Improvement Program (CIP) and the Green Build Program (also known as the Terminal Development Program). The CIP is a rolling five-year program and includes projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development of the north side of SDIA. The Green Build provides for 10 additional passenger gates, a dual-level roadway at Terminal 2, and additional aircraft Remain Overnight parking areas.

Destination Lindbergh – The Ultimate Build-out: As part of a comprehensive regional planning process called Destination Lindbergh, the area's leaders studied options and alternatives to: (1) optimize SDIA; (2) improve transit to the airport and region; and (3) reduce traffic congestion in the vicinity of the airport. The Ad Hoc Airport Regional Policy Committee, chaired by City of San Diego Mayor Jerry Sanders, also included representatives from the Airport Authority, the SANDAG, Port of San Diego, County of San Diego, Metropolitan Transit System, North County Transit District and the United States Department of Defense.

This Destination Lindbergh planning effort culminated in the Airport Authority Board's acceptance of a draft concept for public distribution. Currently, the Airport Authority is developing the first phase of the Destination Lindbergh study, which includes a Consolidated Rental Car facility on the north side of the airport, with an on-airport access road linking the rental car facility with the south side terminals.

Economic and Operational Trends Affecting the Budget: The budgets reflect, in part, the Authority's current and projected operating environment. Enplaned passenger traffic at SDIA is projected to increase in FY 2011 to 8.63 million enplaned passengers, a 1.5% increase over the projected FY 2010 enplaned passengers of 8.50 million. Enplanement increases over the previous year reflects, in part, the slight improvement in the economy; as shown in Figure 1:

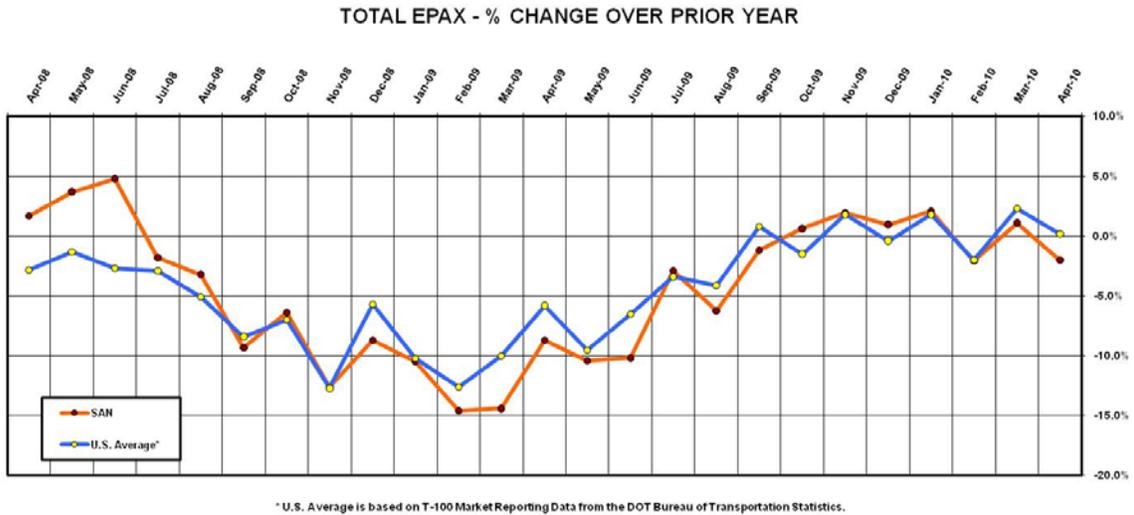


Figure 1 – Total Enplaned Passengers - SDIA vs. US Trend over Prior Year

The US economy is slowly emerging from a severe recession. The gross domestic product (GDP) decline in the fourth quarter 2008 (-5.4%) and first quarter 2009 (-4.6%) marked the most significant six month contraction since 1957–1958. GDP has subsequently increased in recent quarters reflecting improvements in the national economy (see Figure 2). In addition, recent equity gains are encouraging, with major indices nearing positive territory year-to-date. From its low on March 11, 2009, to June 1, 2010, the Dow Jones increased 51% (see Figure 3).

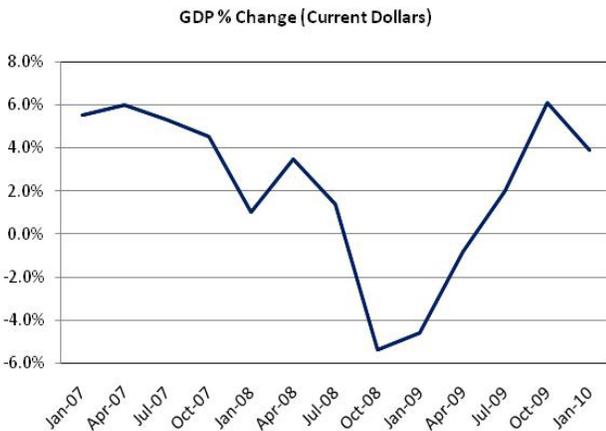


Figure 2 – GDP % Change

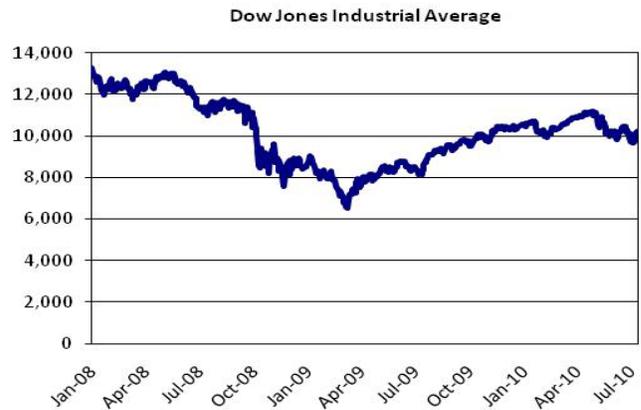


Figure 3 – Dow Jones Industrial Average

The nation’s airlines operate in an environment characterized by economic uncertainty, decreased passenger travel, fluctuating fuel prices, excess capacity and limited pricing power. While the airlines have taken steps to reduce capacity and passenger load factors have shown improvement, the airlines will continue to be impacted by these factors throughout the coming year. Most carriers have limited financial capability to absorb adverse business, economic or geopolitical shocks. Furthermore, legacy carriers continue to deal with pricing challenges posed by low-cost carriers.

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carrier operations. SDIA is an origin and destination airport where no one carrier dominates and where a significant number of low-cost carriers serve the market. Service is

provided by 17 scheduled passenger airlines. In CY 2009, Southwest Airlines served approximately 37% of all passengers who traveled through SDIA; their lead in market share is forecasted to continue. In CY 2009, low-cost carriers represented 43% of passenger enplanements at SDIA. Their presence in certain markets likely influenced pricing decisions by legacy carriers such as American, Delta and United in those markets, thereby further stimulating passenger demand.

SDIA Enplaned Passengers, CY 2009

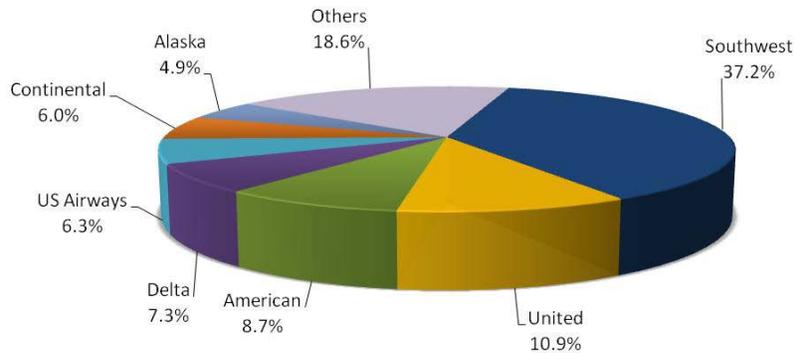
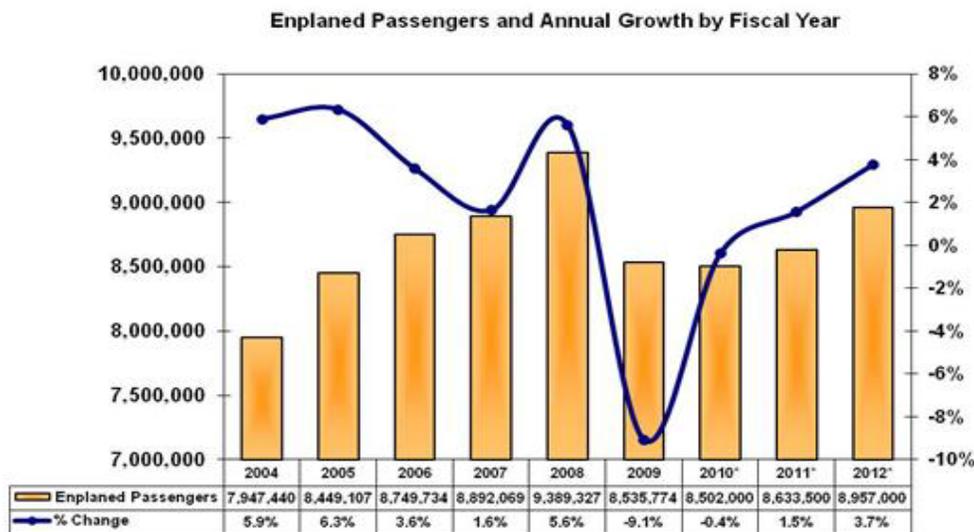


Figure 4 – SDIA Enplaned Passengers by Carrier

Based on slow economic improvement and the ongoing financial challenges faced by the airline industry, for the purpose of calculating projected FY 2011 revenues, enplaned passenger growth at SDIA has been projected to increase by 1.5%, reflecting the economy's projected impact on routes and travel habits. FY 2012 growth is projected to be a more robust 3.7%.



*Projected FY 2010 and Budgeted FY 2011 and FY 2012

Figure 5 – Enplaned Passengers and Annual Growth

Passengers departing from SDIA can fly non-stop to 46 domestic destinations with one-stop connections to over 250 international destinations around the world. More than 75% of San Diego travelers can reach their destination on a nonstop flight. The Authority's Air Service Development Department continues to pursue expanded international and domestic opportunities.

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 3,224,432 as of January 1, 2010. The county is the second largest county 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 (43%), Chula Vista (7%), Oceanside (6%), Escondido (5%), Carlsbad (3%) and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to exceed 5 million inhabitants.

San Diego County has enjoyed a stable economic climate during the past five years, with lower unemployment rates than the State of California. The US Bureau of Labor Statistics notes that the county's average annual unemployment rate for 2009 was 9.7% compared to 11.4% for the state. This reflects the nature of the region's economy, which was once highly dependent on the defense industry but is now more diversified, providing an attractive mix of leisure and business sectors. The county is home to more than 150 publicly traded companies.

Passenger Satisfaction

Measuring passenger satisfaction at SDIA is critical in order to keep up with passenger expectations and the ever-evolving airport experience. Since 2004, SDIA has measured passenger satisfaction on a quarterly basis, resulting in cumulative annual passenger satisfaction trends. In 2009, Phoenix Marketing International (PMI), a top marketing and research firm recognized by the American Marketing Association, reported an 88% satisfaction rating among passengers at SDIA, the airport's highest score in its six years of surveying. In 2008, the airport received an 87% satisfaction rating. This means that 88% of passengers rated their overall satisfaction a score of "4" or "5" (using a scale of 1 to 5, where 1 equals "very dissatisfied" and 5 equals "very satisfied").

Financial Plan

The financial plan, as outlined in the FY 2011 adopted budget and FY 2012 conceptually approved budget, is a result of several factors that control the Authority's planning and budgeting efforts. The San Diego County Regional Airport Authority Act, the Authority's enabling legislation, frames the Authority's financial parameters. As part of that act, the Authority must recommend a strategy for meeting the region's future airport needs. Costs associated with the near-term improvement of SDIA are also included in the budget. Other significant factors impacting the Authority's budget process include the airline operating agreement, master bond indenture and certain provisions required in Senate Bill 10.

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. Debt management policies are directed under the master bond indenture, which establishes various reserves as described in the Funds Summary and Debt Service sections of the budget. 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 FY 2011 budget assumes 8.63 million enplaning passengers, compared to the 8.20 million enplanements budgeted in FY 2010. The Authority currently projects to end FY 2010 with 8.50 million enplaned passengers. The FY 2012 conceptual budget was predicated on 8.95 million enplaned passengers, a 3.7% increase over budgeted FY 2011 enplanements. The enplaned passenger projections were determined by evaluating consultant and Federal Aviation Administration (FAA) forecasts, recent trends and airline service announcements. Since the Authority's revenues and daily operations are significantly impacted by passenger traffic, these projections are used in part to develop the FY 2011 and FY 2012 revenue and expense budgets.

The following tables highlight the forecasted revenue statement impact of the FY 2011 adopted Budget and FY 2012 conceptually approved budget before depreciation, bond principal repayment and capital equipment outlays:

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 18,689,465	\$ 20,146,400	\$ 19,030,300	\$ (1,116,100)	-5.5%	\$ 19,489,400	\$ 459,100	2.4%
Aircraft Parking Fees	3,221,515.29	3,275,700	2,861,000	(414,700)	-12.7%	2,912,300	51,300	1.8%
Building Rentals	23,056,795	26,479,250	28,655,305	2,176,056	8.2%	32,284,502	3,629,197	12.7%
Other Aviation Revenue	1,564,839	1,570,100	1,584,300	14,200	0.9%	1,587,500	3,200	0.2%
Security Surcharge	10,203,808	12,057,700	14,785,500	2,727,800	22.6%	17,229,431	2,443,931	16.5%
Total Airline Revenue	56,736,422	63,529,150	66,916,405	3,387,256	5.3%	73,503,133	6,586,728	9.8%
Non-Airline Revenue								
Parking/Ground Transportation	31,492,190	28,678,610	32,903,091	4,224,481	14.7%	33,836,782	933,691	2.8%
Concessions	36,280,004	35,583,435	37,049,714	1,466,279	4.1%	37,607,814	558,100	1.5%
Ground Rentals	5,775,628	5,761,056	6,226,266	465,210	8.1%	6,111,366	(114,900)	-1.8%
Grant Reimbursements	236,975	944,010	1,100,990	156,980	16.6%	214,500	(886,490)	-80.5%
Other Operating Revenue	455,987	412,100	686,396	274,296	66.6%	361,600	(324,796)	-47.3%
Total Nonairline Revenue	74,240,784	71,379,210	77,966,457	6,587,247	9.2%	78,132,062	165,605	0.2%
Total Operating Revenue	130,977,206	134,908,360	144,882,863	9,974,503	7.4%	151,635,195	6,752,333	4.7%
Operating Expenses:								
Salaries and Benefits	34,620,689	36,725,915	38,557,425	1,831,510	5.0%	41,064,346	2,506,921	6.5%
Contractual Services	27,464,613	29,792,912	29,291,161	(501,751)	-1.7%	29,072,753	(218,408)	-0.7%
Safety and Security	19,929,678	20,481,181	20,657,433	176,252	0.9%	20,772,833	115,400	0.6%
Space Rental	10,887,937	10,909,779	10,905,339	(4,440)	0.0%	10,905,979	640	0.0%
Maintenance	8,002,178	9,131,803	7,938,898	(1,192,905)	-13.1%	8,016,640	77,742	1.0%
Utilities	6,911,603	6,519,665	7,048,000	528,335	8.1%	7,239,715	191,715	2.7%
Operating Equipment & Systems	678,485	666,266	529,516	(136,750)	-20.5%	455,894	(73,622)	-13.9%
Operating Supplies	641,224	530,568	381,379	(149,189)	-28.1%	417,037	35,658	9.3%
Insurance	1,095,866	1,228,000	1,222,750	(5,250)	-0.4%	1,211,560	(11,190)	-0.9%
Employee Programs	1,150,362	1,457,778	1,340,969	(116,809)	-8.0%	1,365,427	24,458	1.8%
Business Development	2,509,314	2,851,200	2,202,076	(649,124)	-22.8%	2,478,340	276,264	12.5%
Equipment Rentals & Repairs	1,386,533	1,617,724	1,574,373	(43,351)	-2.7%	1,616,421	42,048	2.7%
Total Operating Expenses before Depreciation	115,278,482	121,912,791	121,649,319	(263,472)	-0.2%	124,616,945	2,967,626	2.4%
Income from Operations before Depreciation	15,698,724	12,995,569	23,233,544	10,237,974	78.8%	27,018,251	3,784,707	16.3%
Nonoperating Revenue/(Expense):								
Passenger Facility Charges	33,219,261	32,038,700	33,731,900	1,693,200	5.3%	34,995,900	1,264,000	3.7%
Customer Facility Charges	1,695,270	11,807,785	10,550,137	(1,257,648)	-10.7%	10,945,455	395,318	3.7%
Quieter Home Program (Net) and Joint Studies	(5,753,240)	(3,893,800)	(3,286,500)	607,300	15.6%	(3,286,500)	0	0.0%
Interest Income	9,434,141	5,397,500	5,982,549	585,049	10.8%	7,928,871	1,946,322	32.5%
Interest Expense	(2,998,111)	(3,685,372)	(5,670,833)	(1,985,461)	-53.9%	(10,986,229)	(5,315,396)	-93.7%
Bond Amortization Costs	(73,517)	(59,847)	(144,848)	(85,001)	-142.0%	(343,181)	(198,333)	-136.9%
Other Nonoperating income/(expenses)	316,081	(50,000)	(40,000)	(40,000)	20.0%	(40,000)	0	0.0%
Total Other Nonoperating Revenue, net	35,839,886	41,554,967	41,122,405	(432,562)	-1.0%	39,214,315	(1,908,089)	-4.6%
Income before Depreciation and Capital Grant Contributions	51,538,610	54,550,536	64,355,949	9,805,413	18.0%	66,232,566	1,876,618	2.9%
Capital Grant Contributions	4,645,643	23,353,455	43,318,051	19,964,596	85.5%	23,906,079	(19,411,972)	-44.8%
Net Income before Depreciation, Principal and Capital Outlay	\$ 56,184,253	\$ 77,903,991	\$ 107,674,000	\$ 29,770,009	38.2%	\$ 90,138,645	\$ (17,535,354)	-16.3%

Total operating revenues for FY 2011 are budgeted at \$144,882,863, an increase of \$9,974,503 (7.4%) over the FY 2010 budget. This revenue reflects two sources: (1) airline revenue of \$66,916,405 and (2) non-airline revenue of \$77,966,457. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees and ground rents. FY 2012 operating revenues are budgeted at \$151,635,195, an increase of \$6,752,333 (4.7%), of which \$73,503,133 represents airline revenue and \$78,132,062 is from non-airline revenue.

Total FY 2011 airline revenue reflects a modest increase of \$3,387,256, as compared to the FY 2010 budget. This result is driven by higher building rentals of \$2,176,056 and increased security surcharge costs of \$2,727,800, reflecting an increase in the percentage allocation to the airlines. This is offset by a projected \$1,116,100 decrease in landing fees reflecting a decline in aircraft landed weight. Total FY 2012 airline revenue is budgeted to increase by \$6,586,728 compared to FY 2011 reflecting higher building rental rates and security surcharge costs.

Total FY 2011 non-airline revenue is projected to increase \$6,587,247 (9.2%) from the FY 2010 budget. This is primarily driven by a \$4,224,481 budgeted increase in parking/ground transportation revenue, reflecting increased rates and longer duration time for short and long-term parking transactions.

Concession revenues are projected to increase \$1,466,279 mostly reflecting the increased minimum annual guaranties in the ATM and advertising agreements. Total FY 2012 non-airline revenue is budgeted to increase by \$165,605 compared to FY 2011 reflecting increased parking/ground transportation and concession revenues, which are offset by a decline in operating grant reimbursements.

The divisional and departmental budgets of \$121,649,319, which address the Authority's overall goals, objectives and mandated obligations, contributed to a 0.2% decrease in the Authority's FY 2011 operating expense budget over the FY 2010 budget. FY 2012 operating expenses are projected to increase by \$2,967,626 (2.4%) over the FY 2011 budget.

FY 2011 net decreases are driven by a number of factors. Salaries and Wages including overtime are projected to increase by \$918,668 (3.2%), which includes an increase of 13 positions and wage increases required under union contract agreements. Employee benefits expenses are projected to increase by \$2,686,229 (20.4%), reflecting increased costs associated with health and retirement benefits. These combined factors, together with capitalized labor expenses, resulted in a net increase of \$1,831,510 (5.0%) for FY 2011. Contractual services are projected to have a net decrease of \$501,751 (-1.7%), reflecting costs related to lower parking management contract costs, Facilities Development and Administrative Division consultant costs, temporary personnel, and legal expenses, which are offset by increased consultant costs in Airport Planning. FY 2011 Maintenance expenses are projected to decrease by \$1,192,905 (-13.1%) reflecting re-categorization of certain maintenance project costs from the operating budget to the capital budget. Utilities costs are projected to increase by \$528,335 (8.1%), reflecting additional facilities and anticipated rate increases. Business Development expenses are projected to decrease by \$649,124 (-22.8%) reflecting decrease in costs associated with promotional activities, material costs, and travel expenses. FY 2012 increases are mostly driven by scheduled increases in salaries and benefits.

FY 2011 non-operating revenue/(expense) is projected to generate \$432,562 less revenue and \$19,964,596 of additional capital grant contributions compared to the FY 2010 budget. The budgeted revenue decrease is primarily driven by Customer Facility Charge (CFC) revenue of \$1,257,648 (-10.7%) derived from a \$10 per transaction fee on car rentals initiated in FY 2010 that will fund the construction of a consolidated car rental facility. The net decline also reflects an increase in Interest Expense of \$1,985,461, which is offset by an increase in PFC and Interest Income and a decrease in net Quieter Home Program expenditures. FY 2012 non-operating revenue/(expense) is budgeted to decrease by \$1,908,089, resulting from higher Interest Expense, offset mostly by increased Interest Income and PFC revenues.

FY 2011 additional capital grant contributions of \$19,964,596 predominantly reflect FAA and Transportation Security Administration (TSA) grants to fund the remote and overnight aircraft parking expansion and an explosive detection system for baggage. FAA grant awards result from a federal program that provides funding for approved capital improvement projects. FY 2012 capital grant contributions are budgeted to decrease by \$19,411,972 due to a decrease in project cash flows for grant funded projects.

Projected Fund Balance

The Authority's fund balance statement projects that FY 2011 cash and investments will increase by \$53,627,552 to \$275,707,172 versus the FY 2010 reforecast of \$222,079,619. This increase of 24.1% is mostly due to increased operating revenues and the significant net increase in funds anticipated from the sale of long-term debt in Fall 2010 to fund capital projects. FY 2012 cash and investments are projected to increase by \$59,091,740 (21.4%) to \$ 334,798,911. A detailed fund statement is provided in the section titled "Budget Overview: Projected Fund Balance."

Capital Improvement Program

The Airport Master Plan for SDIA approved by the Board in May 2008 (the "Master Plan") was developed to address requirements for accommodating near-term passenger growth at SDIA through 2015 and to consider conceptual improvements through 2030. The Master Plan has identified several near-term improvement needs for SDIA, including, among others, additional terminal space, south-side aircraft remain-over-night parking positions, roadway access improvements and ground transportation facilities improvements to meet the forecasted demand of increased passenger traffic at SDIA. The Authority has developed its Green Build Program to implement these near-term improvements at SDIA. The Green Build Program has an estimated cost of approximately \$865 million. In addition to the Green Build Program, the Authority maintains a 5-year capital improvement program ("CIP") that is intended to address critical improvements and asset preservation of SDIA. The Authority's current 5-year CIP includes projects that are to be undertaken at SDIA between FY 2011 and FY 2015 at an estimated cost of approximately \$377 million.

In 2009, the Board authorized the design, construction and funding of the Green Build Program. Proposed facility improvements under the Green Build Program include, among other improvements:

- ❖ Constructing 10 new gates on Terminal 2 West
- ❖ Constructing a new aircraft parking apron and aircraft taxi lane
- ❖ Expanding vehicle circulation serving Terminal 2 East and West by constructing a dual-level roadway featuring an arrivals curb on level one and a departures curb on level two
- ❖ Expanding concession areas in Terminal 2 West by providing more dining and shopping options
- ❖ Constructing improved security checkpoints in Terminal 2 West
- ❖ Constructing enhanced holding areas at the gates in Terminal 2 West

Anticipated funding sources for the projects include AIP and TSA grants, PFCs, Customer Facility Charges (CFCs), airport operating revenues, airport revenue bonds and short-term borrowing using commercial paper.

Sources of Funds:

Revenue Bonds	\$875,436,000
Federal Grants	142,223,000
PFCs	178,296,000
Authority Funds	20,900,000
CFCs and Other Sources	<u>24,681,000</u>
Total Sources of Funds	\$1,241,536,000

Use of Funds:

Green Build Program	\$864,613,000
2011-2015 CIP	<u>376,923,000</u>
Total Use of Funds	\$1,241,536,000

Capital expenditures include any expenditure over \$5,000 with a useful life of at least one year. Projected FY 2011 CIP and Green Build capital expenditures total \$296,561,964. A detailed description of the CIP is provided in the section titled "Capital Improvement Program."

Airline Operating Agreement

The current five year airline operating agreement expires June 30, 2013. The Authority currently recovers almost 100% of its airfield costs through the landing fees and other aviation charges. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The Authority wants to encourage carriers to efficiently use existing aircraft parking positions, which are in short supply. Therefore, in FY 2009 a new charge, called the aircraft

parking fee, was created and is projected to recover approximately 12.8% of airfield costs in FY 2011 and in FY 2012. This charge is assessed based on the number of aircraft parking positions assigned to each carrier at the terminal gates and in remote parking positions, rather than the number of aircraft landings. The goal of this change is to reward carriers who are efficient in the use of their gates and who schedule flights with departures outside the morning peak period.

Terminal rentals reflect a recovery of terminal building costs allocated to airline occupied facilities. The current agreement contains cost recovery at 55% in FY 2011, with a progressive increase in this percentage to approximately 65% by FY 2013, based upon airline occupied areas divided by rentable square footage. The Authority does not receive revenue for vacant facilities.

The following table sets forth historical and projected landing fees, aircraft parking rate per position, terminal rental rates, costs per enplaned passenger and debt service coverage for FY 2009 through FY 2012:

	FY 2009 Actuals	FY 2010 Adopted Budget	FY 2011 Adopted Budget	FY 2012 Approved Conceptual Budget
Landing Fee ¹	\$ 1.62	\$ 1.77	\$ 1.77	\$ 1.73
Aircraft Parking per Position ²	\$ 59,524	\$ 64,814	\$ 56,521	\$ 57,546
Terminal Rental Rate ³	\$ 57.38	\$ 68.81	\$ 74.99	\$ 85.93
Airline Cost / Enplaned Passenger	\$ 6.36	\$ 7.45	\$ 7.49	\$ 7.92
Debt Service Coverage	4.33x	3.23x	3.06x	3.38x

1. Landing Fees are per 1000 lbs maximum gross landed weight.
2. Annual rate per parking position assigned to an air carrier.
3. Per square foot, net of janitorial credit.

Figure 6 – Airline Fees and Charges and Debt Service Coverage table

The agreement has no provisions that grant the airlines direct approval rights over Capital Improvement Projects (Majority-in-Interest provision). 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

The Authority’s outstanding long-term debt consists of \$41,225,000 of Revenue Refunding Bonds, Series 2005 as of July 1, 2010. 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 1.25 times debt service. This is further discussed in the Debt Service section of this document. Debt service coverage (generally consisting of revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in the preceding table. For FY 2011, coverage is projected to be 3.06x and for FY 2012 – 3.38x .

The Authority’s outstanding short-term debt consists of \$164,430,000 of Series A (non AMT), Series B (AMT) and Series C (taxable) commercial paper as of July 1, 2010. It is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2005 Bonds. The authorized program provides for borrowings up to \$250,000,000 through September 1, 2027. Each commercial paper note matures at the end of a period not to exceed 270 days and can be continually rolled into another issuance until the earlier of September 10, 2014, or five days prior to the date no letter of credit secures the commercial paper notes. At that time, the total outstanding principal becomes due. The commercial paper notes require that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10 times debt service on subordinate obligations, including the commercial

paper notes, for that year. Each series of notes is additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc. The letter of credit expires on September 10, 2014.

The Authority is anticipating selling additional debt in FY 2011 and FY2012 to fund the capital program. The exact amount and timing is currently being evaluated.

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 updating, reviewing and formulating the Authority's long-term goals and strategies. At the same time, division managers and staff develop programs, plans and objectives for the next fiscal year. From October-January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to balance divisional requirements with the Authority's overall strategic goals. The Authority Board is continually briefed to solicit input and direction throughout the process. If requested, strategic planning workshops and detailed briefings on the proposed Capital Improvement Program are held with the Board.

In January, the Financial Planning and Budget staff reviews the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's goals and objectives. 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. The Financial Planning, Human Resources, Purchasing Information Technology and Facility Development departments analyze the requests and determine the cost impact where appropriate. Meetings are held with each division to review their budget requests.

To ensure that the budget is adequately funded and to maintain the Authority's strong financial condition, the Finance Division 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. The Board adopts the budget as a whole. It may be amended as required, pending Board approval, at any time during the year.

Calendar Period	Action
October –January	<p>Review, update and formulate Authority strategic goals and objectives</p> <p>Strategic Budget Workshops held with the Board if requested</p> <p>Cross-functional meetings to balance divisional operating requirements with long-term goals and objectives</p>
February –March	<p>Departments draft goals and objectives, consistent with overall Authority goals</p> <p>Divisions update operating and capital budget plans and needs</p> <p>Finance Division reviews prior year's conceptual budget and prepares initial version of recast revenue budget and subsequent year's conceptual budget</p> <p>Departments develop and submit budget</p> <p>Financial Planning and Budget staff consolidates results and evaluates major variances between the approved conceptual budget and the preliminary recast 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 changes are made to requests in formulating the budget</p>
March – April	<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 recast budget proposal</p> <p>Proposed staffing levels and proposed expenditures are reviewed and changes are made to requests in formulating the budget</p>
April – May	<p>Final tentative recast budget and subsequent year's conceptual budget is reviewed with CEO</p> <p>Meet with airlines to present operating and capital budgets and resulting proposed airline rates and charges</p> <p>Proposed Operational and Capital Improvement Program budgets are distributed to Authority Board for review and direction</p> <p>The Authority Board and Finance Committee review proposed budgets and provide input and guidance</p>
June	<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 7 – SDCRAA Budget Calendar

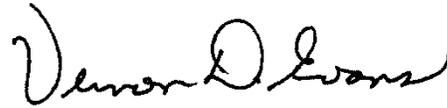
Conclusion

Every effort has been made to ensure that the FY 2011 and FY 2012 budgets reflect the priorities of the Authority's Board, and meets all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its strategic goals in the coming fiscal year and provides for the continued operation of SDIA while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



Thella F. Bowens
President/Chief Executive Officer



Vernon D. Evans, CPA
Treasurer/Chief Financial Officer

Recent Award

GFOA Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Airport Authority for its annual budget for the fiscal year beginning July 1, 2009. 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.



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Airport Authority Overview

Board of Directors

Robert H. Gleason, Chairman *

Tom Smisek, Vice Chair *

Bruce R. Boland

Supervisor Greg Cox*

Mayor Jim Desmond

Ramona Finnila

Jim Panknin

Councilman Anthony K. Young

Paul Robinson

Ex- Officio Members

Laurie Berman

Colonel Frank R. Richie

Governor's Appointment - Vacant

*Executive Committee

Executive Management Team

Thella F. Bowens

President / CEO

Mark Burchyett

Chief Auditor

Brent Buma

Vice President

Marketing & Communications Division

Vernon D. Evans

Vice President

Finance Division

Bryan Enarson

Vice President

Development Division

Angela Shafer-Payne

Vice President

Planning & Operations Division

Breton K. Lobner

General Counsel

Jeffrey Woodson

Vice President

Administration Division

Director Staff

Murray Bauer
Director
Landside Operations

David Boenitz
Director
Business Planning

Scott Brickner
Director
Financial Planning & Budget

George Condon
Director
*Airside Operations, Aviation Operations
and Public Safety*

Bob Bolton (Acting)
Director
Terminal Development Program (TDP)

Dan Frazee
Director
Airport Noise Mitigation

Iraj Ghaemi
Director
Facilities Development

Matt Harris
Senior Director
Executive Office

Wayne Harvey
Director
Facilities Maintenance

Kathy Kiefer
Director
Accounting

Howard Kourik, Jr.
Director
Information Technology

Mike Kulis
Director
Inter-Governmental Relations

Richard Kwiatkowski
Director
Marketing and Route Services Development

Troy Ann Leech
Director
Real Estate Management

Jeffrey Lindeman
Director
Human Resources

Diana Lucero
Director
Public, Community & Customer Relations

Paul Manasjan
Director
Environmental Affairs

Tony Russell
Director / Authority Clerk
Corporate Services

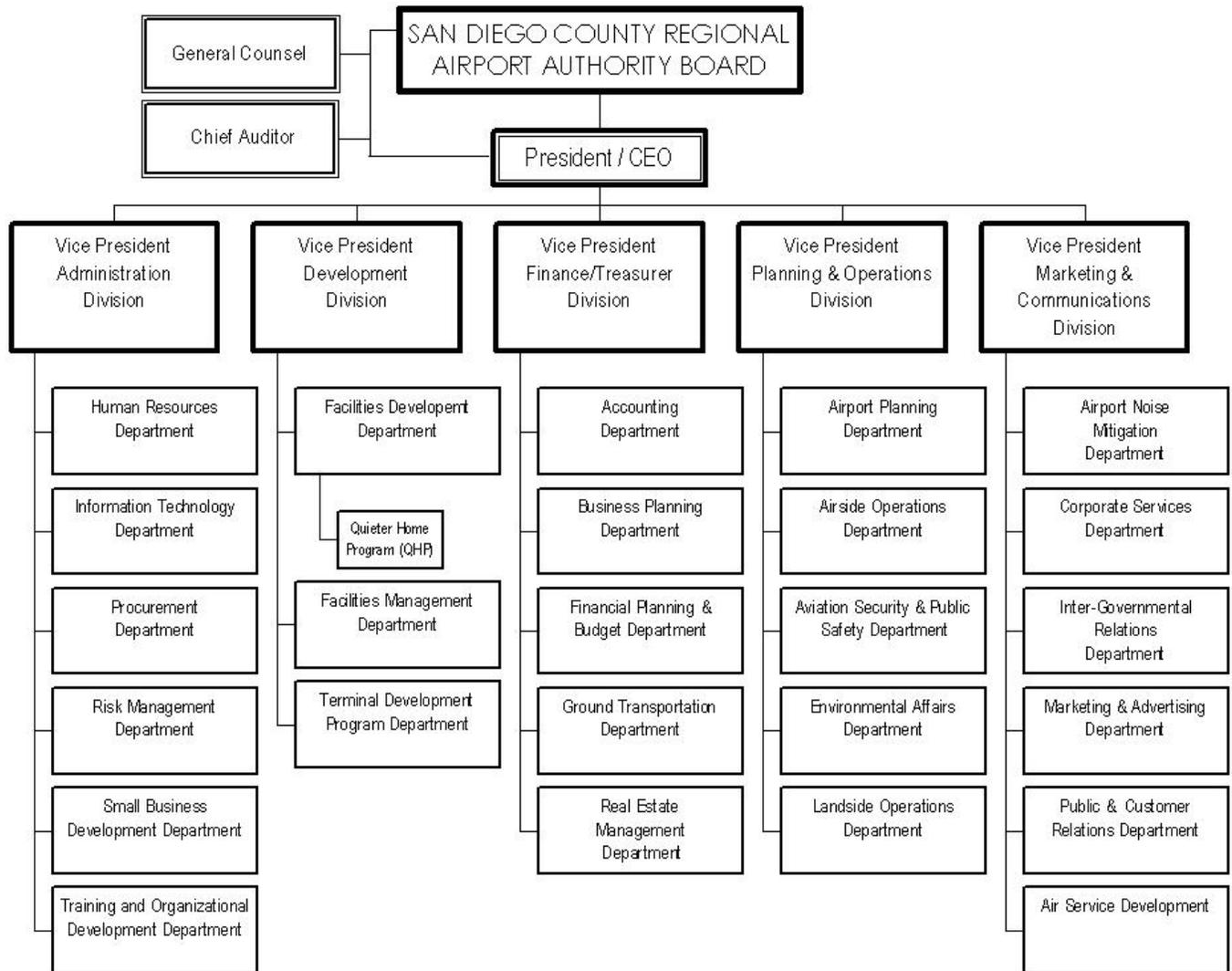
Bob Silvas
Director
Small Business Development

Jana Vargas
Director
Procurement

Keith Wilschetz
Director
Airport Planning

Diann Wilson
Director
Training and Organizational Development

SDCRAA Organizational Structure



Organizational Goals and Key Strategies

FY 2011 and FY 2012 Authority Goals and Strategies

- 1. Improve operational efficiency, safety and security**
 - ❖ Maintain a safe, secure and aesthetically pleasing environment
 - ❖ Enhance law enforcement and safety services
 - ❖ Ensure workplace and employee safety
 - ❖ Partner with local and federal law enforcement and security agencies

- 2. Anticipate and exceed both internal and external customer service expectations**
 - ❖ Understand and address customer service expectations and trends
 - ❖ Develop domestic and international air service to meet the region's growing air transportation needs
 - ❖ Develop a robust air cargo program
 - ❖ Improve aviation-related services for the region without compromising quality or standard of excellence

- 3. Enhance regional partnerships**
 - ❖ Identify and pursue opportunities to collaborate with other regional agencies on projects, funding and policy initiatives
 - ❖ Coordinate closely with partner agencies on a comprehensive Regional Aviation System Plan, including public transportation and roadway access
 - ❖ Seek opportunities to formally link the Authority with other regional agencies (i.e., ex-officio memberships)
 - ❖ Enhance communication between the Authority and Board Members with boards and staff of other regional agencies
 - ❖ Support efforts of regional partners on their policy initiatives of mutual interest

- 4. Create and build a credible community image as a transparent, trusted and highly responsive agency**
 - ❖ Engage in meaningful and transparent public participation efforts regarding short- and long-term planning for San Diego International Airport
 - ❖ Educate and develop two-way communication with regional partners, other stakeholders and the public
 - ❖ Proactively distribute consistent, accurate information
 - ❖ Enhance relationships with regional leadership

- 5. Enhance the financial position of the Authority**
 - ❖ Generate new business opportunities
 - ❖ Diversify revenues
 - ❖ Implement cost containment measures
 - ❖ Optimize investment opportunities
 - ❖ Maintain and enhance financial stakeholder confidence through prudent financial management

6. Provide optimal solutions for near- and long-term regional air transportation needs

- ❖ Garner support among key policy and decision makers for Authority programs and initiatives
- ❖ Enhance media relations and provide community outreach to educate a wide range of audiences regarding the region's long-term air transportation needs
- ❖ Provide public and stakeholder support for optimal regional air transportation solutions, now and in the future
- ❖ Provide air transportation infrastructure for the region
- ❖ Develop domestic and international air service to meet the region's growing air transportation needs

7. Be recognized as an aviation industry leader

- ❖ Establish and implement performance measures that define high levels of success and achievement
- ❖ Focus senior management on issues relating to long-term strategy and the future
- ❖ Find innovative ways to enhance the Authority's competitive position, both inside and outside the air transportation industry, by implementing and increasing business improvements

8. Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

- ❖ Nurture and embed accountability, ethics, honesty and integrity into the culture
- ❖ Create a diverse, high-performing and energetic team environment
- ❖ Stimulate a value-based organization promoting teamwork, respect for one another and open communication
- ❖ Foster an environment that focuses on the needs of customers
- ❖ Establish as norms the notions of innovation, creativity and the embracing of change and continuous improvement

Sustainability Goals and Strategies

FY 2011 and FY 2012 Authority Sustainability Goals and Strategies

Purpose

To formulate a formal policy statement of the Board of Directors of the San Diego County Regional Airport Authority and thus committing to a sustainable future for the airport, the Authority and the region.

Policy Statement

The Board recognizes the need for the Authority to be a truly sustainable organization. Sustainability has emerged as a global environmental theme and a major business imperative for the 21st century, dramatically influencing regional thinking and policy making. It is essential for San Diego International Airport to continue to evolve into a known benchmark and respected role model for best sustainable practices in the San Diego region and the aviation industry. Sustainability is consistent with and vigorously reinforces the Authority's Mission Statement, to operate San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.

Further, the Board endorses the four sustainability elements of **Economic Viability (E), Operational Excellence (O), Natural Resource Conservation (N), and Social Responsibility (S) —EONS—** to guide and implement the Authority's sustainable practices. These four elements have been presented within the aviation industry as the core precepts for a holistic approach to airport sustainability. Incorporating the EONS elements into the Authority's business practices, policies and programs would ensure sustainability is fully deployed across the Authority's operational and business functions.

By setting forth this policy, the Board commits the Authority to these sustainable practices:

- ❖ Affirm commitment to regulatory compliance, pollution prevention, continuous improvement and transparency in environmental performance.
- ❖ Actively participate in local and regional sustainability partnerships and strongly encourage and promote sustainable practices both in the aviation industry and the region.
- ❖ Review and evaluate all new programs and projects in terms of addressing all four Sustainability Elements (EONS), in a balanced, holistic and measurable approach.
- ❖ Analyze the life cycle operating costs and impacts of our facilities, operations and services, using a Total Cost of Ownership approach to determine project feasibility and economic sustainability.
- ❖ Adopt the standards set forth by the United States Green Building Council; Leadership in Energy and Environmental Design (LEED) as guiding criteria for achieving sustainable design in the development and remodeling of airport facilities.
- ❖ Apply EONS and LEED criteria as a significant factor when reviewing tenant development/redevelopment projects and provide incentive to encourage sustainable design features.

Overview of Financial Policies and Guidelines

Overview of Financial Policies and Guidelines

The Authority operates as an enterprise fund and prepares its budget on the accrual basis of accounting. The Authority's annual audited financial statement is 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, independent and local government entity.

The Authority's budget process actively incorporates various financial policies and guidelines articulated by the Board and management. The budget process and final outcome is performance-based and focused on goals, objectives 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/sdcraa/about_us/codes_policies.aspx

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 resources equal or exceed expenditures and other uses. 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 revenue less operations and maintenance expenses) equal at least 125% of aggregate annual debt service on outstanding bonds.

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

Debt Management – Debt plays an important role in meeting the financial needs of the Authority since it enables the funding for the Authority to build projects that will subsequently be repaid from future revenues. 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 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.

The policy stipulates that the Authority's debt issuance and management objectives are to:

- ❖ Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- ❖ 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; and
- ❖ 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, a present value savings of 3% over the life of the respective issue must be attainable. 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. It will strive to maintain a A+/A1/A+ public rating on its long-term debt from Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively.

On September 6, 2007, the Authority adopted a "Policy Regarding the Use and Management of Derivative Products." The use of derivative products is becoming more prevalent in state and local governments' debt and risk management programs. 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:

1. Allows for the Authority to use derivatives to increase its financing flexibility
2. Insures that derivatives are used appropriately and not for speculative purposes
3. Provides detailed and conservative criteria regarding qualifications of firms making swap payments (counterparties) or providing financial guarantees, including collateral requirements and exposure limits, to insure that the Authority maintains maximum flexibility and security when negotiating a specific derivative agreement
4. Provides for detailed monitoring and evaluation on an ongoing basis to identify all actual and potential risks associated with outstanding and anticipated derivative agreements
5. Requires Board approval of each agreement based upon guidelines provided for in the policy

6. Enhances price transparency by requiring derivative products to be competitively bid (unless the Board approves an alternative method)
7. 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 – 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 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, and the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 365 days of budgeted operating and maintenance expenses for the current fiscal year.

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010 Est.
Unrestricted & Undesignated Cash & Available Funds ('000)	\$65,477	\$68,841	\$79,738	\$68,242	\$106,143
Unrestricted and Designated for Specific Capital Projects and Other Commitments	8,218	16,154	8,773	6,151	20,896
O&M and R&R Reserves	42,201	44,797	49,988	47,303	45,708
Total Unrestricted and Available Funds per Board Policy	\$115,896	\$129,793	\$138,500	\$121,696	\$172,747
Operating Expenses	\$101,356	\$104,551	\$113,985	\$115,278	\$117,446
Days Cash on Hand	417	453	444	385	537

Figure 8 – FY 2006 to FY 2010 Est. 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. The 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 flow needs of the Authority. The investment policies and practices of the Authority are based upon prudent money management precepts and conform to all state and local statutes governing the investment of public funds.

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

Budget Overview: Expenses

FY 2011 – FY 2012 Expense Budget Comparison

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 25,899,697	\$ 27,320,891	\$ 28,277,634	\$ 956,743	3.5%	\$ 28,691,213	\$ 413,579	1.5%
Premium Overtime	857,508	1,011,733	973,658	(38,075)	-3.8%	979,500	5,842	0.6%
Employee Benefits	12,249,038	13,138,171	15,824,400	2,686,229	20.4%	18,172,379	2,347,979	14.8%
Subtotal	39,006,243	41,470,795	45,075,692	3,604,897	8.7%	47,843,092	2,767,400	6.1%
Less: Capitalized Labor	(3,335,613)	(3,749,671)	(5,464,036)	(1,714,365)	45.7%	(5,666,698)	(202,662)	3.7%
Less: QHP - Labor/Burden/Labor Overhead	(929,282)	(995,210)	(1,054,231)	(59,021)	5.9%	(1,112,047)	(57,816)	5.5%
Total Personnel Expenses	34,741,348	36,725,914	38,557,425	1,831,511	5.0%	41,064,347	2,506,922	6.5%
Non-Personnel Expenses								
Contractual Services	27,464,613	29,792,912	29,291,161	(501,751)	-1.7%	29,072,752	(218,409)	-0.7%
Safety and Security	19,929,678	20,481,181	20,657,433	176,252	0.9%	20,772,833	115,400	0.6%
Space Rental	10,887,937	10,909,779	10,905,339	(4,440)	0.0%	10,905,979	640	0.0%
Utilities	6,911,602	6,519,665	7,048,000	528,335	8.1%	7,239,715	191,715	2.7%
Maintenance	8,002,177	9,131,803	7,938,898	(1,192,905)	-13.1%	8,016,640	77,742	1.0%
Operating Equipment & Systems	678,485	666,266	529,516	(136,750)	-20.5%	455,894	(73,622)	-13.9%
Operating Supplies	641,225	530,568	381,379	(149,189)	-28.1%	417,037	35,658	9.3%
Insurance	1,095,867	1,228,000	1,222,750	(5,250)	-0.4%	1,211,560	(11,190)	-0.9%
Employee Programs	1,029,700	1,457,778	1,340,969	(116,809)	-8.0%	1,365,427	24,458	1.8%
Business Development	2,509,313	2,851,200	2,202,076	(649,124)	-22.8%	2,478,340	276,264	12.5%
Equipment Rentals & Repairs	1,386,533	1,617,724	1,574,373	(43,351)	-2.7%	1,616,421	42,048	2.7%
Total Non-Personnel Expenses	80,537,130	85,186,876	83,091,894	(2,094,982)	-2.5%	83,552,598	460,704	0.6%
Total Operating Expenses	\$ 115,278,479	\$ 121,912,790	\$ 121,649,319	\$ (263,471)	-0.2%	\$ 124,616,945	\$ 2,967,626	2.4%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	25,402,162	18,400,000	15,375,000	(3,025,000)	-16.4%	15,375,000	-	0.0%
Debt Service	6,021,627	6,850,219	9,080,681	2,230,462	32.6%	14,759,410	5,678,729	62.5%
Legal Settlements	75,105	50,000	40,000	(10,000)	-20.0%	40,000	-	0.0%
Total Non-Operating Expenses	31,498,894	25,300,219	24,495,681	(804,538)	-3.2%	30,174,410	5,678,729	23.2%
Total Expenses	146,777,373	147,213,009	146,145,000	(1,068,009)	-0.7%	154,791,355	8,646,355	5.9%
Equipment Outlay (over \$5,000)	1,459,511	845,991	293,000	(552,991)	-65.4%	513,645	220,645	75.3%
Total Authority Expenses incl Equip Outlay	\$ 148,236,883	\$ 148,059,000	\$ 146,438,000	\$ (1,621,000)	-1.1%	\$ 155,305,000	\$ 8,867,000	6.1%

Major Drivers of FY 2011 and FY 2012 Budget Increase

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Total FY 2010 & FY 2011 Budget	\$148,059,000	\$146,438,000
Personnel:		
Burden (benefits & employer taxes) increase for current staff	2,274,695	2,347,979
New / Unfrozen positions (salaries, benefits & employer taxes)	1,522,155	-
Merit increase net of vacancy savings	157,033	419,421
Eliminated / Frozen positions (salaries, benefits & employer taxes)	(349,985)	-
Capitalized labor / QHP - labor, burden, labor overhead decrease	(1,773,387)	(260,478)
Total increase in salaries and benefits, net	1,831,511	2,506,922
Safety and Security:		
Increase in law enforcement costs - Harbor Police Department	482,852	-
(Decrease) / Increase in Emergency Medical Services (EMS), Aircraft Rescue Fire Fight (ARFF) and contract security services costs	(306,600)	115,400
Regional Aviation Planning Programs:		
Increase / (Decrease) in other Airport Planning projects	605,000	(245,000)
Increase in Airport Land Use Compatibility Plans (ALUCPs) costs	545,000	-
Increase / (Decrease) in Green Build advertising and public outreach costs	307,570	(88,000)
Increase / (Decrease) in Regional Aviation Strategic Plan (RASP) costs	200,000	(900,000)
(Decrease) in Regional Aviation Strategic Plan (RASP) public outreach	(283,000)	(117,000)
Terminal and Landside (Operations & Maintenance):		
Increase in on-call tenant improvement support for Concession Development Program	-	900,000
Increase in utility (gas & electric, water, telephone services) costs	528,335	191,715
(Decrease) / Increase in temporary personnel costs	(170,873)	46,170
(Decrease) / Increase in Facilities Development consultant costs	(463,262)	15,691
(Decrease) / Increase in parking operating management contract costs	(561,230)	113,740
(Decrease) / Increase in major maintenance repair project costs	(1,315,000)	100,000
Other Operating Expenses:		
(Decrease) in legal costs	(190,000)	-
(Decrease) / Increase in domestic & international air service advertising costs	(200,000)	82,000
(Decrease) / Increase in seminars & training & travel costs	(219,678)	48,090
(Decrease) / Increase in Administrative Division consultant costs	(275,381)	49,750
(Decrease) / Increase in purchase of Authority-wide IT related and other misc operating equipment and systems, operating supplies and equipment rental & repair costs	(329,289)	4,084
(Decrease) / Increase in promotional activities and materials costs	(509,385)	224,615
Increase / (Decrease) other (net)	59,959	(80,552)
Total (Decrease) / Increase in Non-Personnel Operating expenses,	(2,094,982)	460,704
Total (Decrease) / Increase in Operating expenses	(263,471)	2,967,626
Debt Service:		
Increase in debt service costs	2,230,462	5,678,729
Other Non-Operating Expenses:		
Decrease in Quieter Home Program (QHP) costs	(3,000,000)	-
Other (net)	(35,000)	-
Total (Decrease) / Increase in Non-Operating expenses	(804,538)	5,678,729
Equipment Outlay:		
(Decrease) / Increase in equipment outlay costs	(552,991)	220,645
Total (Decrease) / Increase	(1,621,000)	8,867,000
FY 2011 & FY 2012 Budget	\$146,438,000	\$155,305,000

Overview

SDCRAA Total Expenses, including debt service and equipment outlay, are projected to decrease from \$148,059,000 in the FY 2010 Budget to \$146,438,000 in FY 2011. This represents a decrease of \$1,621,000 (-1.1%). The FY 2012 Budget contemplates Total Expenses increasing to \$155,305,000. This represents an increase of \$8,867,000 (6.1%).

Personnel Expenses

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

In FY 2011, Salaries & Wages are projected to increase by \$918,668 reflecting wage and salary increases required under union contract agreements and overtime. This is net of an increase of 13 authorized and funded positions. Employee benefits expenses are projected to increase by \$2,686,229 reflecting increased costs associated with health and retirement benefits. These combined factors, together with capitalized labor expenses, resulted in a net increase of \$1,831,511 (5.0%) in FY 2011. In FY 2012, Salaries and Wages are projected to increase by \$419,421 reflecting wage and salary increases required under union contract agreements and projected overtime. There is no increase in authorized and funded positions. Employee benefits expenses are projected to increase \$2,347,979 (14.8%). These combined factors, together with capitalized labor expenses are projected to result in a net increase of \$2,506,922 (6.5%) in FY 2012.

Non-Personnel Expenses

Contractual Services

Contractual Services consists of professional services such as computer, engineering, financial, legal, maintenance and other services.

In FY 2011, Contractual Services are budgeted to have a net decrease of \$501,751 (-1.7%). The largest components of this decrease reflects lower parking management contract costs, Facilities Development and Administrative Division consultant costs, and temporary personnel and legal expenses. These declines offset increased consultant costs in Airport Planning. In FY 2012, Contractual Services are budgeted to decline by \$218,409 (-0.7%) reflecting a decrease in Airport Planning consultant costs.

Safety and Security

Safety and Security are law enforcement, aircraft rescue and fire fighting, paramedic, inspection/guard services, and other similar services. Law enforcement services are provided under a service level agreement with the San Diego Unified Port District and the City of San Diego provides for fire, rescue and emergency response services.

In FY 2011, Safety and Security costs are projected to increase by \$176,252 (0.9%). The majority of this increase reflects an increase in budgeted Harbor Police costs, which are offset by decreases in Emergency Medical Services (EMS) and Aircraft Rescue Fire Fight (ARFF) and contract security service costs. FY 2012 Safety and Security costs are projected to increase by \$115,400 (0.6%) reflecting ARFF, EMS and contract security service costs.

Space Rental

Space Rental consists of lease payments for various properties contiguous to the airport, including the former General Dynamics, Teledyne Ryan and Harbor Island properties.

Space Rental costs are projected to remain flat in FY 2011 and FY 2012.

Utilities

Utilities include gas, electric, water and telephone costs.

FY 2011 Utilities costs are projected to increase by \$528,335 (8.1%), reflecting additional facilities and anticipated rate increases. FY 2012 Utilities costs are budgeted to increase by \$191,715 (2.7%) reflecting anticipated rate increases.

Maintenance

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

FY 2011 Maintenance expenses are projected to decrease by \$1,192,905 (-13.1%) reflecting re-categorization of major maintenance project costs. FY 2012 Maintenance expenses are projected to remain virtually flat.

Operating Equipment and Systems

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

FY 2011 Operating Equipment and Systems expenses are projected to decrease by \$136,750 (-20.5%). This decrease primarily reflects declines in IT related costs. FY 2012 Operating Equipment & Systems expenses are projected to decrease by \$73,622 (-13.9%) reflecting declines in IT related costs.

Operating Supplies

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

Costs associated with Operating Supplies are projected to decrease by \$149,189 (-28.1%) in FY 2011 and increase by \$35,658 (9.3%) in FY 2012.

Insurance

Insurance expenses are expected to remain virtually unchanged in FY 2011 and FY 2012.

Employee Programs

Employee Programs include 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, such as service awards, fingerprinting and uniforms.

FY 2011 Employee Programs expenses are projected to decrease by \$116,809 (-8.0%) reflecting cuts in travel and seminar expenses. FY 2012 Employee Programs expenses are projected to increase slightly by \$24,458 (1.8%).

Business Development

Business Development includes advertising and promotional activities expenses related primarily to Authority marketing and domestic and international air service development.

FY 2011 Business Development expenses are projected to decrease by \$649,124 (-22.8%) reflecting a decrease in costs associated with promotional activities, material costs and travel expenses. In FY 2012 Business Development expenses are budgeted to increase by \$276,264 (12.5%) reflecting increases in promotional activities.

Equipment Rentals and Repairs

Equipment Rental and Repairs include computer licenses, tenant improvement allowances, equipment leasing/rentals, and office equipment repair.

FY 2011 Equipment Rental and Repairs are projected to decrease by \$43,351 (-2.7%) and increase by \$42,048 (2.7%) in FY 2012.

Non-Operating Expenses

Debt Service

Debt Service includes interest, letter of credit and dealer fees on commercial paper notes, interest and principal on the Series 2005 Bonds, as well as trustee fees for both commercial paper and the Series 2005 Bonds.

FY 2011 Debt Service costs are projected to increase by \$2,230,462 (32.6%), mostly reflecting an increase in interest payments due to the anticipated issuance of long-term debt. In FY 2012, Debt Service costs are projected to increase by \$5,678,729 mostly due to interest on revenue bonds.

Joint-Studies/Sound Attenuation

The associated cost of airport facilities studies and the Quieter Home Program is expected to decrease by \$3,025,000 (-16.4%) over FY 2010 and remain flat in FY 2012 reflecting the amount of approved grants available for funding.

Equipment Outlay

Equipment Outlay includes equipment requests costing \$5,000 or more with a useful life of at least one year. These requests decreased by \$552,991 (-65.4%) from FY 2010 primarily due to a decrease in purchases of IT and maintenance equipment. In FY 2012, these costs are budgeted to increase by \$220,645 (75.3%) mostly for accounting software to support the Concessions Development Program.

FY 2011- FY 2012 Expense Budget by Division

Divisions	FY 2011
Planning & Operations	41,819,744
Finance	40,124,761
Development	\$ 37,757,521
Administration	13,000,929
Marketing & Communications	8,875,483
Executive	4,859,564
Total	\$ 146,438,000

*Divisional totals may differ due to rounding.

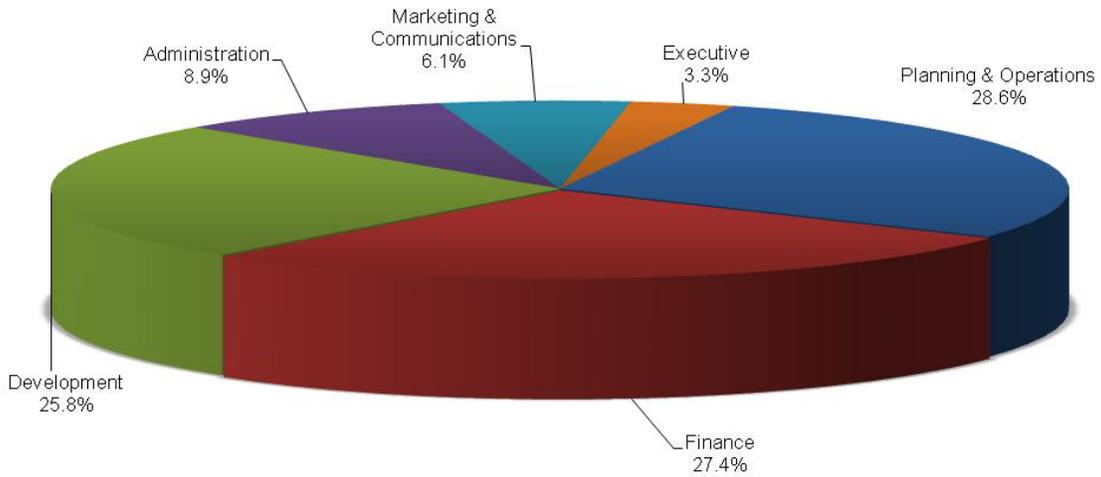


Figure 9 - FY 2011 Expense Budget by Division

FY 2011 - FY 2012 Expense Budget by Division

Divisions	FY 2012
Planning & Operations	41,561,370
Finance	47,547,714
Development	\$ 38,546,431
Administration	13,483,243
Marketing & Communications	9,055,085
Executive	5,111,156
Total	\$ 155,305,000

*Divisional totals may differ due to rounding.

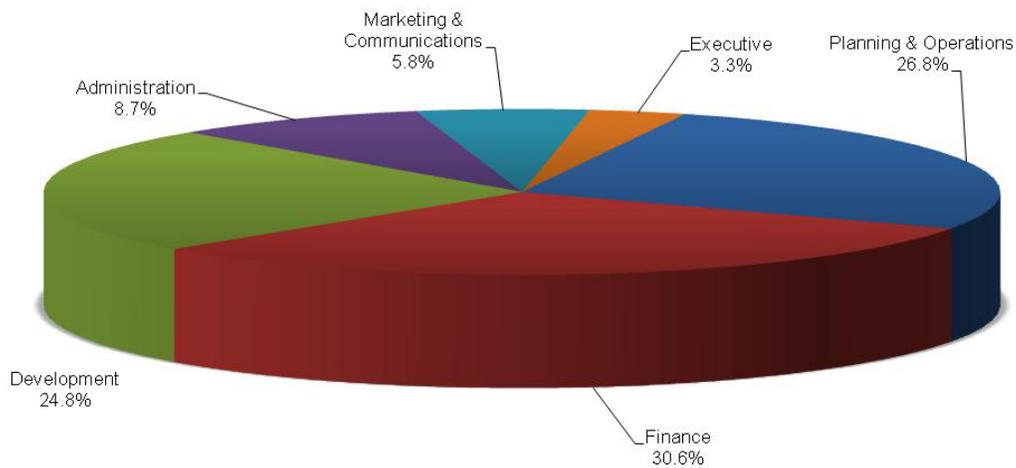


Figure 10 - FY 2012 Expense Budget by Division

FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011
Personnel Costs	\$ 38,557,425
Contractual Services	29,291,161
Safety & Security	20,657,433
Sound Attenuation Program/Legal/Misc	15,415,000
Space Rental	10,905,339
Debt Service	9,080,681
Maintenance	7,938,898
Utilities	7,048,000
Business Development	2,202,076
Equipment Rentals & Repairs	1,574,373
Employee Programs	1,340,969
Insurance	1,222,750
Operating Equipment & Systems/Equipment Outlay	822,516
Operating Supplies	381,379
Total	\$ 146,438,000

*Category totals may differ due to rounding.

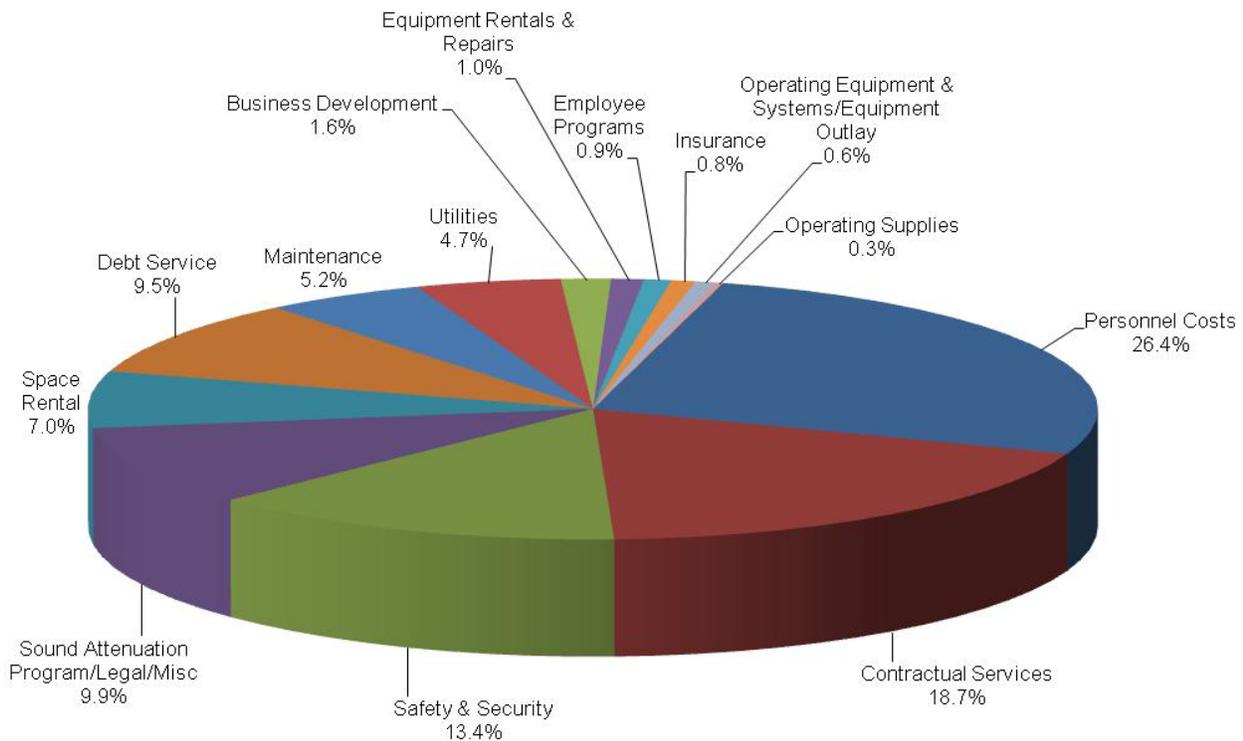


Figure 11 - FY 2011 Expense Budget by Category

FY 2011-FY 2012 Expense Budget by Category

Category	FY 2012
Personnel Costs	\$ 41,064,347
Contractual Services	29,072,752
Safety & Security	20,772,833
Sound Attenuation Program/Legal/Misc	15,415,000
Debt Service	14,759,410
Space Rental	10,905,979
Maintenance	8,016,640
Utilities	7,239,715
Business Development	2,478,340
Equipment Rentals & Repairs	1,616,421
Employee Programs	1,365,427
Insurance	1,211,560
Operating Equipment & Systems/Equipment Outlay	969,539
Operating Supplies	417,037
Total	\$ 155,305,000

*Category totals may differ due to rounding.

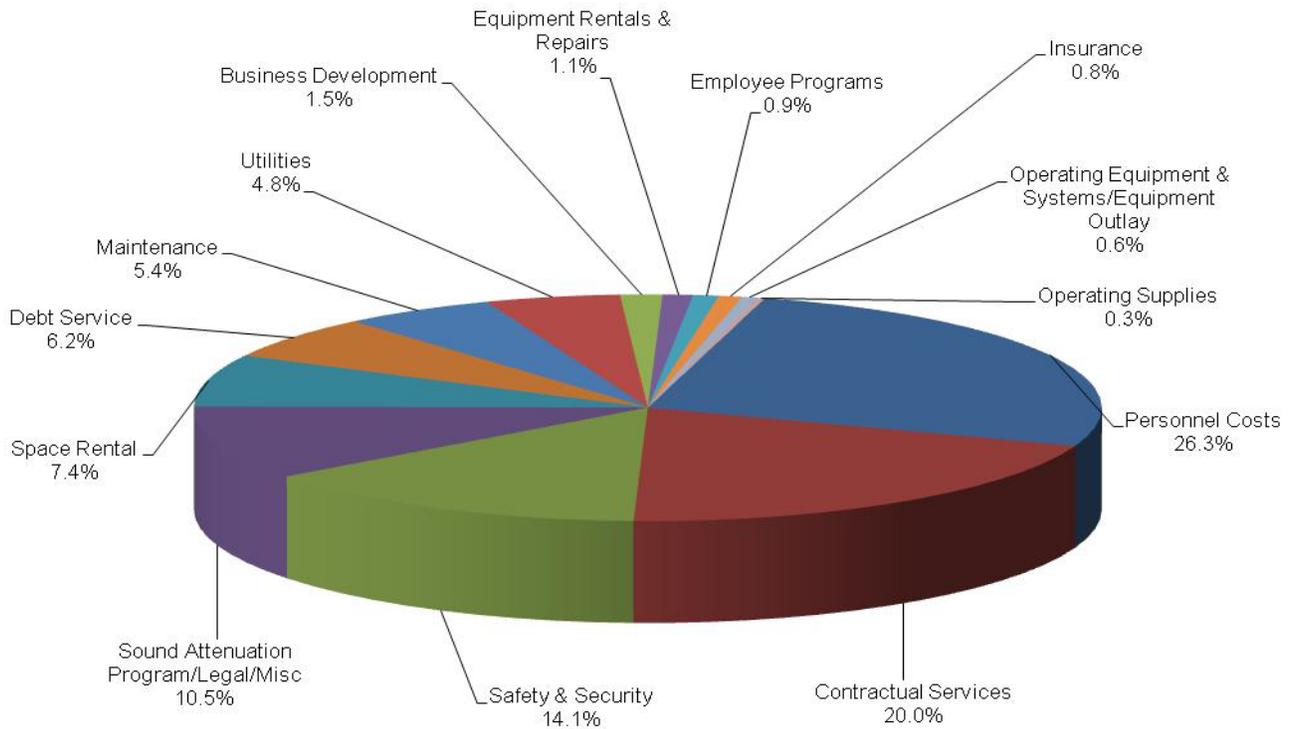


Figure 12 - FY 2012 Expense Budget by Category

Division Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY2011 Authorized & Funded Positions
Executive Group					
Authority Board	1	1	-	-	1
Executive Office	4	4	-	-	4
General Counsel	6	6	-	-	6
Chief Auditor	7	7	-	-	7
Total Executive Group	18	18	-	-	18
Planning & Operations					
Environmental Affairs	7	7	-	-	7
Airport Planning	13	11	-	-	11
Landside Operations	48	46	6	2	54
Aviation Security & Public Safety	12	12	(1)	-	11
Airside Operations	17	16	-	-	16
Total Planning & Operations	97	92	5	2	99
Finance					
Financial Planning & Budget	13	12	-	(1)	11
Accounting	13	12	-	-	12
Business Planning	4	4	-	-	4
Real Estate Management	16	16	3 ⁽²⁾	1	20
Ground Transportation	5	5	-	-	5
Total Finance	51	49	3	-	52
Development					
Facilities Management	75	66	-	1	67
Terminal Development Program	13	12	-	-	12
Facilities Development	35	29	-	-	29
Quieter Home Program	10	10	-	-	10
Total Development	133	117	-	1	118
Administration					
Risk Management	6	6	1	-	7
Small Business Development	4	4	2 ⁽¹⁾	-	6
T&O Development	3	3	-	-	3
Information Technology	22	22	-	-	22
Human Resources	11	11	-	(1)	10
Procurement	13	12	-	-	12
Total Administration	59	58	3	(1)	60
Marketing & Communications					
Corporate Services	7	7	-	-	7
Public and Customer Relations	10	9	-	-	9
Marketing and Advertising	9	10	(2)	-	8
Inter-governmental Relations	3	3	-	-	3
Noise Mitigation	4	4	-	-	4
Air Service Development	-	-	2	-	2
Total Marketing and Communications	33	33	-	-	33
TOTAL	391	367	11	2	380
Authorized and Unfunded Positions		24	(3) ⁽³⁾	(2)	19
Total Authorized Positions		391	8	-	399

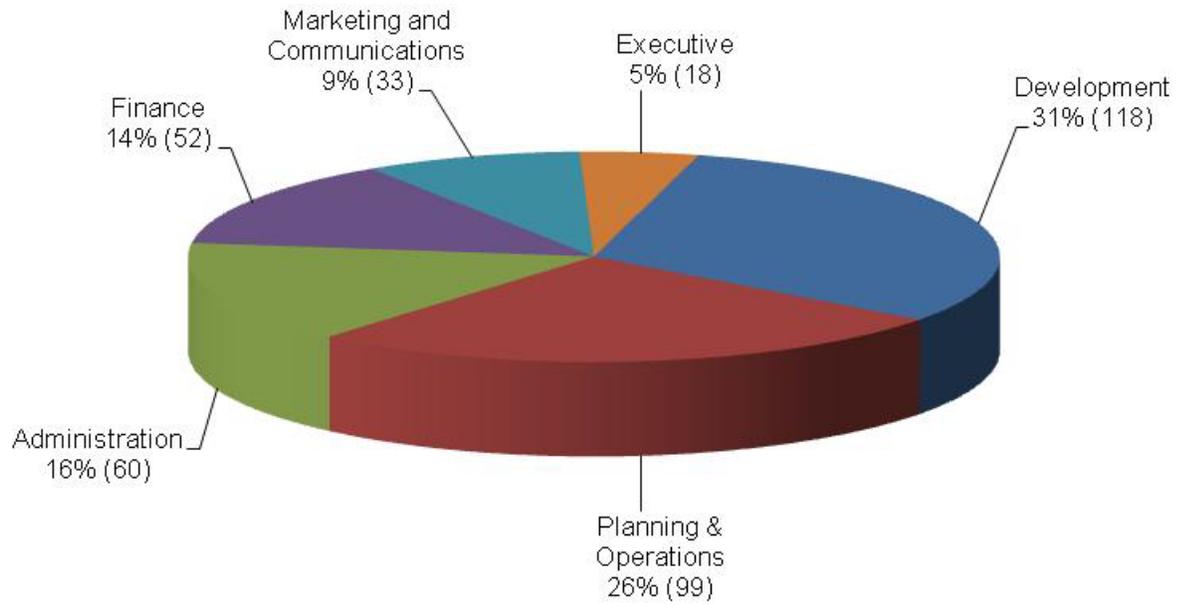
(1) Small Business Development - two positions hired in FY 2010.

(2) Real Estate Management - two of the three new positions hired in FY 2010.

(3) 3 unfunded positions eliminated in FY 2011: 2 in Airport Planning and 1 in Facilities Management

*No personnel changes are planned for FY 2012

FY 2011 – FY 2012 Personnel Budget by Division



*No personnel changes are planned for FY 2012

Figure 13 - Personnel by Division*

Personnel Changes FY 2011 vs. FY 2010

Administration Division	
Risk Management	One position added for a Risk Management Analyst
Human Resources	One unfunded position of a Human Resources Assistant
Small Business Development	Two positions added: a Program Manager and an Administrative Assistant I
Development Division	
Facilities Management	One unfrozen position of a Senior Manager, Facilities Management One unfunded position eliminated for a Fleet Manager
Finance Division	
Financial Planning & Budget	One unfunded position of a Treasury Analyst
Real Estate Management	Three positions added: two Real Estate Managers and one Tenant Improvement Manager One unfrozen position of a Senior Administrative Assistant
Planning & Operations Division	
Landside Operations	Six positions added for Airport Traffic Officers Two positions unfrozen: an Airport Traffic Officer and a Senior Airport Traffic Supervisor
Airport Planning	Two unfunded positions eliminated: an Airport Planner I and a Manager, Airport Planning
Aviation Security and Public Safety	One position eliminated for a Director, Aviation Security and Public Safety
Marketing Division	
Marketing & Advertising	Two positions transferred to Air Service Development: a Director, Air Service Development and an Air Service Analyst
Air Service Development	Two positions transferred from Marketing & Advertising: a Director, Air Service Development and an Air Service Analyst

Figure 14 -Personnel Changes FY 2011 vs. FY 2010

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Budget Overview: Revenue

FY 2011 - FY 2012 Revenue Budget Comparison

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 18,689,465	\$ 20,146,400	\$ 19,030,300	\$ (1,116,100)	-5.5%	\$ 19,489,400	\$ 459,100	2.4%
Aircraft Parking Fees	3,221,515	3,275,700	2,861,000	(414,700)	-12.7%	2,912,300	51,300	1.8%
Building Rentals	23,056,795	26,479,250	28,655,305	2,176,055	8.2%	32,284,502	3,629,197	12.7%
Other Aviation Revenue	1,564,839	1,570,100	1,584,300	14,200	0.9%	1,587,500	3,200	0.2%
Security Surcharge	10,203,808	12,057,700	14,785,500	2,727,800	22.6%	17,229,431	2,443,931	16.5%
Total Airline Revenue	56,736,422	63,529,150	66,916,405	3,387,255	5.3%	73,503,133	6,586,728	9.8%
Nonairline Revenue								
Parking/Ground Transportation	31,492,190	28,678,610	32,903,091	4,224,481	14.7%	33,836,782	933,690	2.8%
Concessions	36,280,004	35,583,434	37,049,714	1,466,280	4.1%	37,607,814	558,100	1.5%
Ground Rentals	5,775,627	5,761,056	6,226,266	465,210	8.1%	6,111,366	(114,900)	-1.8%
Grant Reimbursements	236,975	944,010	1,100,990	156,980	16.6%	214,500	(886,490)	-80.5%
Other Operating Revenue *	455,988	412,100	686,396	274,296	66.6%	361,600	(324,796)	-47.3%
Total Nonairline Revenue	74,240,784	71,379,210	77,966,458	6,587,248	9.2%	78,132,062	165,604	0.2%
Total Operating Revenue	130,977,206	134,908,360	144,882,863	9,974,503	7.4%	151,635,195	6,752,332	4.7%
Interest Income	9,434,140	5,397,500	5,982,549	585,049	10.8%	7,928,871	1,946,322	32.5%
Nonoperating Revenue								
Passenger Facility Charges	33,219,261	32,038,700	33,731,900	1,693,200	5.3%	34,995,900	1,264,000	3.7%
Customer Facility Charges (CONRAC)	1,695,270	11,807,785	10,550,137	(1,257,648)	-10.7%	10,945,455	395,318	3.7%
Quieter Home Program	19,648,924	14,506,200	12,088,500	(2,417,700)	-16.7%	12,088,500	-	0.0%
Capital Grant Contributions	4,645,643	23,353,455	43,318,051	19,964,596	85.5%	23,906,079	(19,411,972)	-44.8%
Other Nonoperating Revenue	391,186	-	-	-	-	-	-	-
Total Nonoperating Revenue	59,600,284	81,706,140	99,688,588	17,982,448	22.0%	81,935,934	(17,752,654)	-17.8%
Total Revenue	\$ 200,011,630	\$ 222,012,000	\$ 250,554,000	\$ 28,542,000	12.9%	\$ 241,500,000	\$ (9,054,000)	-3.6%

* Other Operating Revenue includes fingerprinting fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues.

FY 2011 – FY 2012 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2011
Airline Revenue	\$ 66,916,405
QHP & CIP Grants	55,406,551
Concessions	37,049,714
Passenger Facility Charges	33,731,900
Parking/Ground Transportation	32,903,091
Customer Facility Charges	10,550,137
Non-Airline Revenue - Other	8,013,652
Interest Income	5,982,549
Total Revenue	\$ 250,554,000

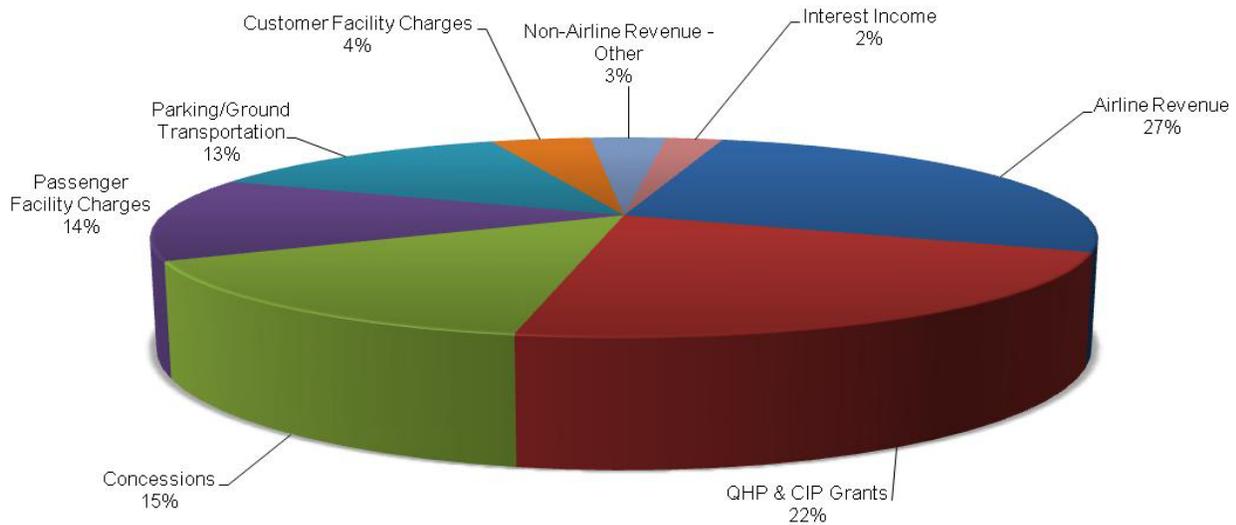


Figure 15 - FY 2011 Revenue Budget by Source

FY 2011 – FY 2012 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2012
Airline Revenue	\$ 73,503,133
Concessions	37,607,814
QHP & CIP Grants	35,994,579
Passenger Facility Charges	34,995,900
Parking/Ground Transportation	33,836,782
Customer Facility Charges	10,945,455
Interest Income	7,928,871
Non-Airline Revenue - Other	6,687,466
Total Revenue	\$ 241,500,000

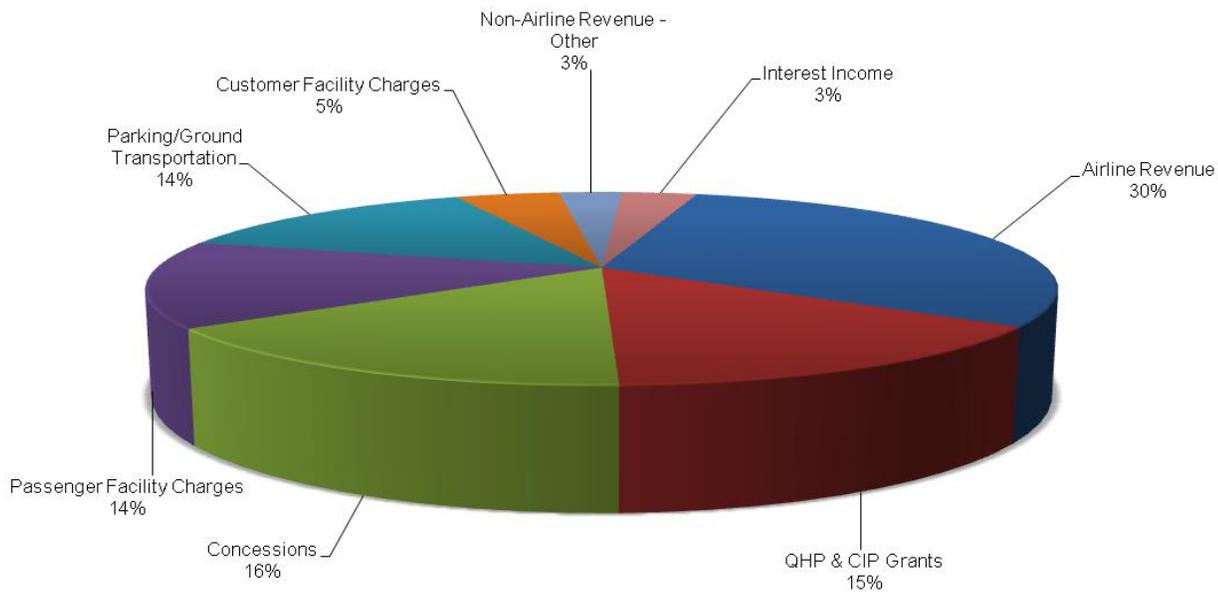


Figure 16 - FY 2012 Revenue Budget by Source

Overview

Operating and Non-Operating Revenues for FY 2011 are projected to be \$250,554,000, an increase of \$28,542,000 (12.9%) over the FY 2010 budget. FY 2012 Operating and Non-Operating Revenues are budgeted to decrease by \$9,054,000 (-3.6%).

Airline Operating Revenue

Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the airport. The fee is set to recover 87.2% in FY 2011 and FY2012 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 aircraft parking fee section.)

Landing fee revenues are projected to decrease by \$1,116,100 (-5.5%) to \$19,030,000 in the FY 2011 due to a projected 4.4% decline in landed weight from the 2010 budgeted amount of 11,382,000 (1,000 pound units) to 10,881,900 (1,000 pound units). However, the FY 2011 budgeted landed weight will remain flat when compared to the anticipated actual FY 2010 landed weight. The decline of landed weight and expenses resulted in the FY 2011 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$1.77, which represents no increase over the budgeted FY 2010 landing fee but will represent an increase over the projected year end FY 2010 landing fee. The FY 2012 landing fee revenues are budgeted to increase by \$459,100 (2.4%) due to the net effect of a projected increase in landed weight to 11,289,700 and a slight reduction in airline landing fees to \$1.73.

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 instead of landed weight as outlined under Landing Fees. With aircraft parking positions a scarce resource at SDIA, this cost recovery change will reward carriers who efficiently use their gates and schedule flights with departures outside the morning peak period.

Aircraft parking fees are forecasted to generate revenues of \$2,861,000 in the FY 2011 Budget, a \$414,700 (-12.7%) decrease from the FY 2010 amount reflecting decreased airfield O&M expenses and a reduced number of projected remote aircraft parking positions. FY 2012 Aircraft parking fees are projected to remain virtually flat.

Building and Other Rents

Building Rental Fixed revenue is comprised of revenues generated from rent paid by airlines for terminal space. Terminal rentals reflect a progressive scale for recovery of terminal building costs allocated to airline occupied facilities. The airline use and lease agreement contains FY 2011 cost recovery at 55%, increasing from 50% in FY 2010. This rate will increase to 60% in 2012 and approximately 65% by FY 2013 based upon airline occupied areas divided by rentable square footage. The Authority does not receive revenue for vacant space.

The FY 2011 budget projection of \$28,655,305, is an increase of \$2,176,000 (8.2%) over FY 2010. The terminal rental is budgeted at \$86.65 per square foot versus \$78.32 per square foot in the FY 2010 budget. The FY 2012 budget is projected to increase by \$3,629,197 (12.7%) over FY 2011 and the terminal rental is budgeted to increase to \$97.82 per square foot. The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Authority.

Other Aviation Revenue

Fuel Franchise Fees/Capital Recovery includes fees on fuel delivered to aircraft by the fixed base operator (FBO) and to non-participating airlines by the airline fuel consortium. In addition, this category includes a fuel farm improvement rent, which represents roughly 90% of this revenue category. It is

based on a straight-line amortization schedule that will not change in FY 2011 or FY 2012. The remainder of the revenue is generated from airline fuel sales, which are projected to be relatively flat.

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 a progressive recovery of terminal security costs from the airlines. The budget for FY 2011 is \$14,785,500, an increase of \$2,727,800 (22.6%) reflecting increased cost of services and the increase in percentage allocation of terminal security costs to 70% from 55% in FY 2010. The FY 2012 budget projects an increase of \$2,443,931 (16.5%) to \$17,229,431 reflecting an increase in the percentage allocation to 85%.

Non-Airline Operating Revenue

Non-airline operating revenue was derived by analyzing current agreements and recent trends, projected future events, and historic revenue patterns as they may be impacted by an estimated FY 2011 enplaned passenger traffic growth of 5.3% over the FY 2010 budgeted estimate, and 1.5% over the most recent FY 2010 projections. FY 2012 enplanements are projected to increase by 3.7% over FY 2011.

Parking/Ground Transportation

Parking revenue is generated from 6,155 spaces located on airport parking lots, including lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway. The FY 2011 revenue is projected to increase by \$4,202,125 (15.0%) over the FY 2010 budget, reflecting increased rates and longer duration for short and long-term parking transactions. The FY 2012 budget is projected to increase by \$332,495 (1.0%).

Citations revenue is generated from parking citations issued by the Airport Traffic Officers on the airport terminal roadways. FY 2011 revenue is projected to decline and remain flat in the FY 2012 budget.

Ground Transportation Permits include the taxi and hotel shuttle drive and vehicle permits issued to commercial drivers and their vehicles to allow them to conduct business at the airport. FY 2011 revenue projections of \$597,866, an increase of \$106,357 (21.6%) over FY 2010, reflect new fees and charges imposed as part of the new ground transportation cost recovery management plan. In FY 2012, these revenues are budgeted to increase by \$600,796 (100.5%) to \$1,198,662.

Concessions

Concessions are divided into three categories - concessions derived primarily from sales of food and merchandise in the Terminals, rental car company license fees, and other services/license fees as more fully described below:

Terminal Building Concession revenue is generated from food/beverage and gift/news concessions operated under an exclusive agreement with Host International, Inc. Rent is based on various percentages of food, beverage and merchandise sales. Other Concession Fees include advertising concession, money exchange services, baggage cart rentals, shoe shine stands, bank ATMs and telephone services. The FY 2011 budget is \$730,279 higher than the FY 2010 budget mostly reflecting the increased minimum annual guaranties in the ATM and advertising agreements. FY 2012 revenues are projected to decline by \$298,000 due to the effect of terminal construction on concession operations.

Rental car license fee revenue includes fees received from rental car companies that conduct business at the Airport. The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross income. In FY 2011, rental car license fees are projected to increase by \$395,900 compared to the FY 2010 budget reflecting increased enplaned passenger levels. FY 2012 revenues are projected to increase by \$797,300 also reflecting increased enplaned passenger levels.

License Fees - Other revenue is derived from Gate Gourmet and ground handling fees. Gate Gourmet is an off-site, in-flight food catering company that operates at the airport. Estimated revenue for FY 2011 is based on a percentage of Gate Gourmet's and the ground handling companies' gross revenues per their agreements with the Authority. FY 2011 revenues are budgeted to increase by \$340,100 and FY 2012 are projected to increase by \$58,800.

Ground Rentals

Ground Rental Fixed revenue consists of fixed rent received for leased cargo facilities, fixed base operations, and ancillary leases of various aviation and non-aviation uses. FY 2011 revenue is projected to increase \$539,460 due to lease revisions and execution of one new entrant carrier lease. FY 2012 is budgeted to decrease by \$115,000 assuming loss of tenant.

Ground Rental Percentage revenue includes percentage revenues received from vehicle storage and the fixed base operator (FBO). FY 2011 and FY 2012 projected revenues are expected to be almost flat.

Grant Reimbursements (Operating)

The FY 2011 Budget projects a net increase of \$156,980 over the FY 2010 budget mostly reflecting a grant from the FAA for RASP. The FY 2012 budgeted decrease of \$886,490 reflects the completion of the RASP program.

Other Operating Revenues

Other operating revenues primarily include revenues to process fingerprints for new tenants, their employees and any associated contractors or vendors who conduct business on the airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific account and are usually a one-time occurrence. Other operating revenues are budgeted to increase slightly in FY 2011 compared to FY 2010 by \$274,296 mostly reflecting utility increases and reimbursements. FY 2012 revenues are budgeted to decrease by \$324,796 reflecting an anticipated change in the concession contract.

Non-Operating Revenue

Passenger Facility Charges

Passenger Facility Charges (PFCs) are comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of an \$0.11 processing fee) attached to each ticketed passenger that boards an airplane at the Airport. The FY 2011 budget is based on the projected number of enplaned passengers for FY 2011 and an estimated collection rate of 89%. Certain types of passengers, including military, are excluded from paying the PFC. The amount of PFC revenues is expected to increase by \$1,693,200 (5.3%) in FY 2011 and by \$1,264,000 (3.7%) in FY 2012 reflecting projected increases in enplaned passengers.

Customer Facility Charges

Customer Facility Charges (CFCs) consist of \$10.00 per transaction fees levied on car rental contracts per State statute to support the consolidated rental car facility development project. In May 2009, car rental concessionaires began collecting and remitting CFC revenues to the Authority. CFC revenues in FY 2011 are projected to decrease by \$1,257,648 reflecting a decrease in anticipated transactions. In FY 2012 CFC revenues are budgeted to increase by \$395,318 due to increased enplanements.

Grant Reimbursements (Sound Attenuation & Capital)

The Quieter Home Program (QHP) is a program of sound attenuation construction improvements at all eligible single-family and multi-family dwellings with six or fewer units located in the 70-decibel Community Noise Equivalent Level contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.59%. 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 QHP revenues

will decrease by \$2,417,700 in FY 2011 due to decreased grant reimbursement funds. FY 2012 is anticipated to remain flat.

Capital Grants consist of grant funds, which the Authority expects to receive from the FAA and TSA for specified eligible capital projects. The grant amounts vary annually, based upon the number and cost of approved capital projects completed each fiscal year. The FY 2011 budgeted increase of \$19,964,596 is due to anticipated funding for the remote and overnight aircraft parking expansion and an explosive detection system for baggage. FY 2012 revenues are expected to decrease by \$19,411,972 due to decrease in project cash flows for grant funded projects.

Interest Income

Interest revenue is derived from interest earned by the Authority on discretionary funds and reserves established under the master bond indenture. This revenue also includes interest earned on notes paid by the Port District to the Authority. The estimated revenue for FY 2011 is projected to increase by \$585,049 and \$1,946,322 in FY 2012 reflecting projected increases in the debt service reserve fund cash balance.

Budget Overview: Projected Fund Balance

Overview

The Authority's fund balance is generally defined as the difference between assets and liabilities. The Authority's fund balance statement projects that FY 2011 cash and investments will increase by \$53,627,552 to \$275,707,172 versus the FY 2010 reforecast of \$222,079,619. This increase of 24.1% mostly reflects increased operating revenues and the significant net increase in funds anticipated from the sale of long term debt in Fall 2010 to fund capital projects. FY 2012 cash and investments are projected to increase by \$59,091,740 (21.4%) to \$334,798,911.

	FY 2009 Actuals	FY 2010 Budget	FY 2010 Re-forecast	FY 2011 Budget	FY 2012 Budget
Beginning Fund Balance:	\$ 221,373,305	\$ 245,015,054	\$ 236,373,986	\$ 222,079,619	\$ 275,707,172
Source of Funds					
Operating Revenue:					
Landing fees	18,689,465	20,146,400	17,972,100	19,030,300	19,489,400
Aircraft Parking Fees	3,221,515	3,275,700	3,240,702	2,861,000	2,912,300
Building Rentals	22,908,760	26,364,350	25,603,734	28,587,405	32,216,502
Other aviation Revenue	1,564,840	1,570,100	1,581,400	1,584,300	1,587,500
Federal Inspection Service (FIS) Use	148,035	114,900	114,900	67,900	68,000
Security Surcharge	10,203,808	12,057,700	12,128,400	14,785,500	17,229,431
Parking/Ground Transportation	31,492,190	28,678,610	30,708,324	32,903,092	33,836,782
Concessions	36,280,004	35,583,435	36,072,577	37,049,714	37,607,814
Ground Rentals	5,775,627	5,761,056	6,013,615	6,226,266	6,111,366
Grant Reimbursements	236,975	944,010	939,810	1,100,990	214,500
Other Operating Revenue	455,988	412,100	529,647	686,396	361,600
Total Operating Revenue	130,977,207	134,908,360	134,905,209	144,882,863	151,635,195
Non-Operating Revenue & Other Financing:					
Federal grants received (not including Quieter Home Program)	4,190,376	23,353,455	34,619,843	43,318,051	23,906,079
Proceeds from Passenger Facility Charges	32,104,249	32,038,700	33,218,200	33,731,900	34,995,900
Proceeds from Customer Facility Charges	660,864	-	10,389,056	10,550,137	10,945,455
Airport Revenue Bonds	-	350,935	92,644,998	344,771,211	372,355,000
Other Funding Sources	-	-	500,000	2,308,049	8,198,705
Transfer from Bond proceeds	-	-	-	36,930,018	27,774,910
Commercial Paper	35,000,000	52,024,451	(24,685,595)	-	-
Principal payments received on notes receivable	1,446,879	1,527,582	1,527,582	1,612,790	1,696,113
Interest received from notes receivable, investment securities and Series 1995 Bonds	4,825,293	3,290,100	3,634,655	2,979,549	3,044,671
Settlement and other misc receipts	-	-	-	-	-
Interest earnings	5,162,212	2,107,400	2,210,600	3,003,000	4,884,200
Total Non-Operating Revenue	83,389,873	114,692,623	154,059,339	479,204,705	487,801,032
Total Revenues	214,367,079	249,600,983	288,964,547	624,087,568	639,436,227
Use of Funds					
Operating Expenses:					
Payments to suppliers & employees	(118,792,612)	(121,962,790)	(119,799,480)	(121,689,319)	(124,801,945)
Total Operating Expenses	(118,792,612)	(121,962,790)	(119,799,480)	(121,689,319)	(124,801,945)
Non-Operating Expenses:					
Capital expenditures (not including QHP)	(70,101,256)	(147,409,842)	(172,673,794)	(438,361,750)	(438,584,686)
Quieter Home Program, net (not incl PFC funding) and Joint studies	(4,579,101)	(3,893,800)	(4,558,900)	(3,286,500)	(3,286,500)
Customer Facility Charges (CFC) expenditures	-	-	(500,000)	(739,264)	(4,146,151)
Payment of Series 2005 Bond principal	(2,805,000)	(2,950,000)	(2,950,000)	(3,105,000)	(4,945,000)
Interest and debt fees paid	(3,077,210)	(3,757,401)	(2,745,725)	(3,277,804)	(4,556,875)
Settlement and other misc payments	(11,220)	-	(31,014)	(379)	(23,330)
Total Non-Operating Expenses	(80,573,787)	(158,011,043)	(183,459,434)	(448,770,697)	(455,542,542)
Total Expenses	(199,366,399)	(279,973,834)	(303,258,914)	(570,460,016)	(580,344,487)
Excess (Deficit) of Source over Use of Funds	15,000,680	(30,372,851)	(14,294,367)	53,627,552	59,091,740
Ending Fund Balance	\$ 236,373,986	\$ 214,642,203	\$ 222,079,619	\$ 275,707,172	\$ 334,798,911
Unrestricted Cash and Investments	\$ 74,392,690	\$ 153,034,721	\$ 113,593,712	\$ 124,998,087	\$ 142,379,472
Total Bonds Reserves	52,709,769	55,398,453	52,709,769	90,642,126	119,677,238
Total Other Restricted Funds	109,271,528	6,209,030	55,776,139	60,066,959	72,742,201
Ending Fund Balance	\$ 236,373,986	\$ 214,642,203	\$ 222,079,619	\$ 275,707,172	\$ 334,798,911

Executive Division

Executive Division Overview

The Executive Division provides leadership and direction to Authority staff in accomplishing the Authority Board's goals and objectives. It consists of the Authority Board, Executive Office, General Counsel, and the Chief Auditor.

The twelve (12) member **Authority Board** is responsible for setting policies related to airport operations, airport land use planning and the future air transportation planning needs of the region.

On October 5, 2007, California Governor Arnold Schwarzenegger signed Senate Bill 10 into law. The new law, which took effect on January 1, 2008, mandated changes to the structure and compensation of the Airport Authority Board, including elimination of the salaries for the three-member Executive Committee of the Board.

Specifically Senate Bill 10 altered the structure and compensation of the Airport Authority Board as follows:

- ❖ Two ex-officio members will be added to the Board, representing Caltrans and the State Lands Commission. Other ex-officio members, such as members of the military, can be added, as determined by the Board. These will be non-voting, non-compensated members.
- ❖ The Board's Executive Committee will be required to be composed of Board Members representing the City of San Diego, the County of San Diego and one of the four sub-regions represented on the Airport Authority Board.
- ❖ Compensation for all nine voting Board members will be \$200 per day of service, with a maximum of eight days per month.
- ❖ Appointments by the Governor and County Sheriff will be transferred to the County Board of Supervisors.
- ❖ The Chair of the Airport Authority Board will be appointed by the Mayor of the City of San Diego.
- ❖ The Airport Authority Board's Audit Committee will be expanded with the addition of three members of the public.
- ❖ Beginning in January 2009, Board members have staggered terms of three years. Board members may be either reappointed or replaced at the end of their three-year terms.

The **Executive Office** ensures delivery of "World Class" services to the traveling public through a cooperative and collaborative partnership with Authority employees, airlines, various business partners and relevant government agencies. The Executive Office also coordinates and oversees the overall day-to-day operations of San Diego International Airport and the development and implementation of the Aviation Strategic Plan. Other responsibilities include:

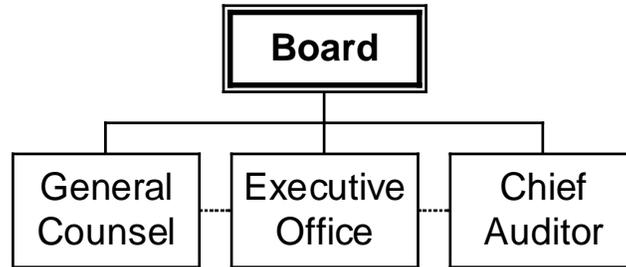
- ❖ Coordinating technical and staff support to the Authority Board and its various committees
- ❖ Promoting positive collaborative relationships with its business partners and the community
- ❖ Approving all contracts, deeds, leases and agreements that contractually bind the Authority and coordinates the identification and addressing of the region's long-term airport needs

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 and performs audits in accordance with current professional standards, and provides recommendations to enhance the Authority's internal control system. As authorized by the Board, the Office of the Chief Auditor is responsible for administering the Authority Ethics Program and confidential Hotline Reporting System. Other responsibilities include assisting management in maintaining the financial and operational integrity of the Authority, as well as analyzing and assessing the Authority's financial data, operations, and programs for compliance with applicable laws, policies, procedures, and mandates.

The **General Counsel** provides professional legal advice to the Authority Board and to the various divisions and departments of the Authority in limiting liability and exposure to claims and lawsuits. The General Counsel also is responsible for the following:

- ❖ Represents the Authority in all legal matters
- ❖ Assists in the preparation and review of all ordinances and resolutions
- ❖ Selects and hires all outside legal counsel
- ❖ Assists in the preparation and review of Authority bonds, deeds, leases, contracts and other instruments in which the Authority has an interest

Executive Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Executive Group					
Authority Board	1	1	-	-	1
Executive Office	4	4	-	-	4
General Counsel	6	6	-	-	6
Chief Auditor	7	7	-	-	7
Total	18	18	-	-	18
Authorized and Unfunded Positions		-	-	-	-
Total Authorized Positions		18	-	-	18

Executive Division FY 2011- FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY 11 vs FY 10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY 12 vs FY 11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,029,678	\$ 1,959,365	\$ 2,053,710	\$ 94,345	4.8%	\$ 2,117,097	\$ 63,387	3.1%
Premium Overtime	476	-	-	-	-	-	-	-
Employee Benefits	768,736	782,411	920,260	137,849	17.6%	1,082,861	162,601	17.7%
Subtotal	2,798,889	2,741,776	2,973,970	232,194	8.5%	3,199,958	225,988	7.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	-	-	-	-
Total Personnel Expenses	2,798,889	2,741,776	2,973,970	232,194	8.5%	3,199,958	225,988	7.6%
Non-Personnel Expenses								
Contractual Services	763,190	1,579,250	1,388,700	(190,550)	-12.1%	1,408,700	20,000	1.4%
Safety and Security	-	-	-	-	-	-	-	-
Space Rental	-	-	-	-	-	-	-	-
Utilities	144	1,250	1,000	(250)	-20.0%	1,000	-	0.0%
Maintenance	-	3,500	3,660	160	4.6%	3,840	180	4.9%
Operating Equipment & Systems	8,439	6,250	6,250	-	0.0%	6,500	250	4.0%
Operating Supplies	14,819	15,050	15,050	-	0.0%	15,150	100	0.7%
Insurance	-	-	-	-	-	-	-	-
Employee Programs	148,325	152,840	131,500	(21,340)	-14.0%	132,750	1,250	1.0%
Business Development	327,628	349,295	297,832	(51,463)	-14.7%	301,657	3,825	1.3%
Equipment Rentals & Repairs	4,293	3,500	1,600	(1,900)	-54.3%	1,600	-	0.0%
Total Non-Personnel Expenses	1,266,838	2,110,935	1,845,592	(265,343)	-12.6%	1,871,197	25,605	1.4%
Total Operating Expenses	4,065,727	4,852,711	4,819,562	(33,149)	-0.7%	5,071,155	251,593	5.2%
Non-Operating Expenses:								
Legal Settlements	75,105	50,000	40,000	(10,000)	-20.0%	40,000	-	0.0%
Total Non-Operating Expenses	75,105	50,000	40,000	(10,000)	-20.0%	40,000	-	0.0%
Total Expenses	4,140,832	4,902,711	4,859,562	(43,149)	-0.9%	5,111,155	251,593	5.2%
Equipment Outlay (over \$5,000)	-	-	-	-	-	-	-	-
Total Division Expenses incl Equip Outlay	\$ 4,140,832	\$ 4,902,711	\$ 4,859,562	\$ (43,149)	-0.9%	\$ 5,111,155	\$ 251,593	5.2%

Executive Division

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 / Inc (Dec) Budgets</u>	<u>FY 2012 / Inc (Dec) Budgets</u>
Executive Division		
FY 2010 Budget / FY 2011 Budget	\$ 4,902,711	\$ 4,859,562
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	137,849	162,601
Merit increase and salary adjustments	94,345	63,387
Proposed increases in personnel costs	232,194	225,988
Increase in audit services	-	20,000
Decrease in travel - business development	(7,000)	-
Decrease in seminars and training	(17,000)	-
Decrease in memberships and dues	(31,353)	-
Decrease in outside legal services and legal settlements	(190,000)	-
Other, net	(29,990)	5,606
FY 2011 Budget / FY 2012 Budget	<u>\$ 4,859,562</u>	<u>\$ 5,111,155</u>

Executive Division FY 2011- FY 2012 Expense Budget by Department

Departments	FY 2011 Budget
General Counsel	\$ 2,482,742
Executive Office	1,045,531
Chief Auditor	974,426
Authority Board	356,863
Total	\$ 4,859,562

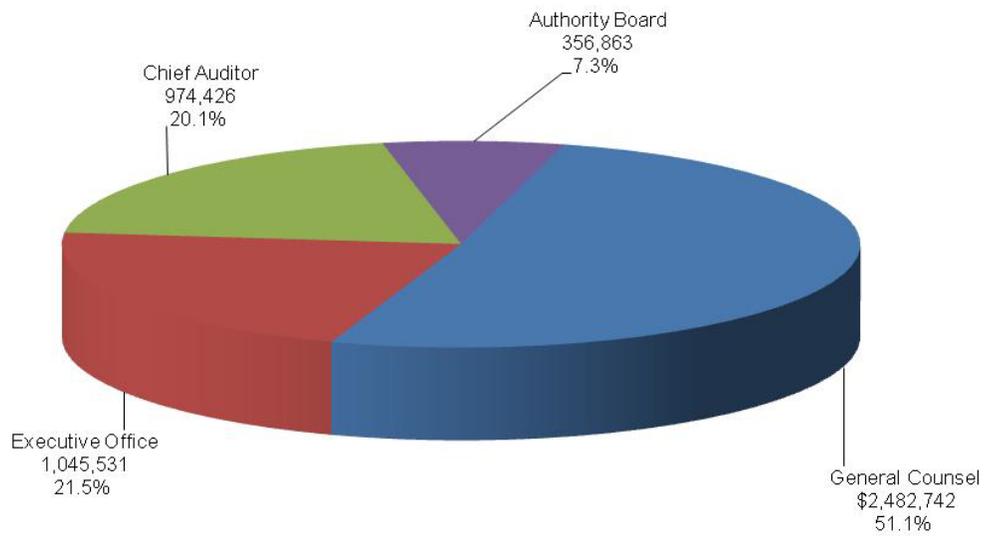


Figure 17 – FY 2011 Expense Budget by Department

Executive Division FY 2011- FY 2012 Expense Budget by Department

Departments	FY 2012 Budget
General Counsel	\$ 2,580,000
Executive Office	1,107,517
Chief Auditor	1,059,628
Authority Board	364,010
Total	\$ 5,111,155

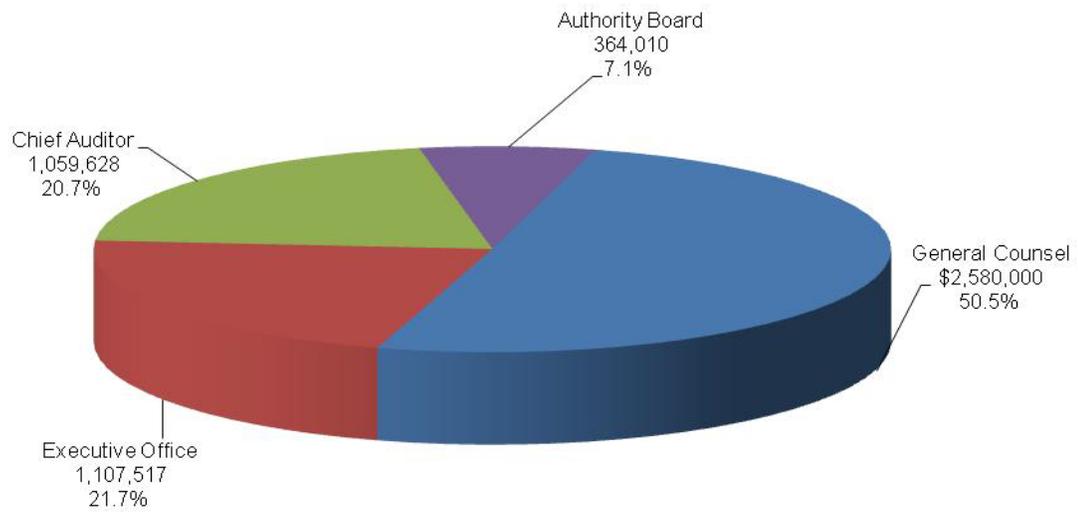
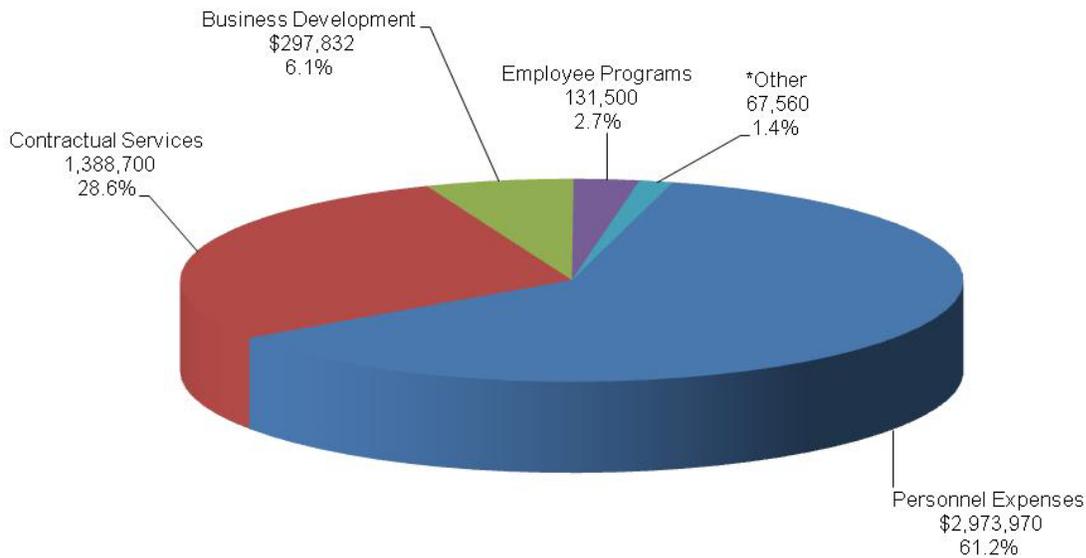


Figure 18 – FY 2012 Expense Budget by Department

Executive Division FY 2011- FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Personnel Expenses	\$ 2,973,970
Contractual Services	1,388,700
Business Development	297,832
Employee Programs	131,500
*Other	67,560
Total	\$ 4,859,562

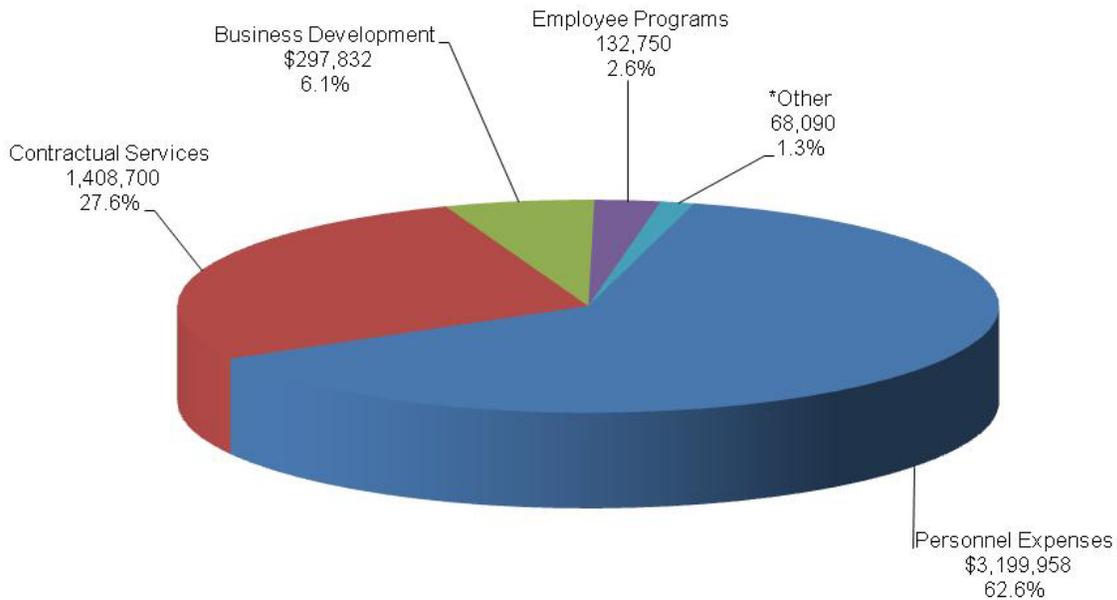


*Other includes operating equipment & systems, operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 19 – FY 2011 Expense Budget by Category

Executive Division FY 2011- FY 2012 Expense Budget by Category

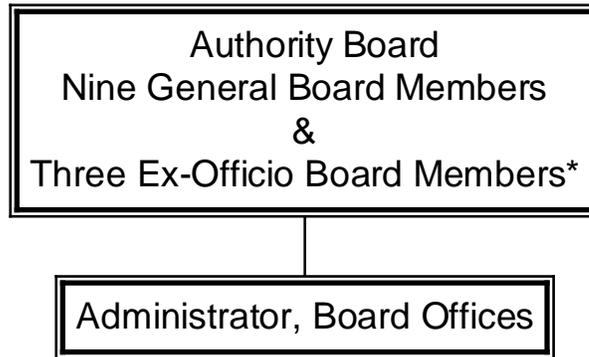
Category	FY 2012 Budget
Personnel Expenses	\$ 3,199,958
Contractual Services	1,408,700
Business Development	301,657
Employee Programs	132,750
*Other	68,090
Total	\$ 5,111,155



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

Figure 20 – FY 2012 Expense Budget by Category

Authority Board Organizational Structure



*Unpaid positions per SB10

Authority Board FY 2011- FY 2012 Expense Summary

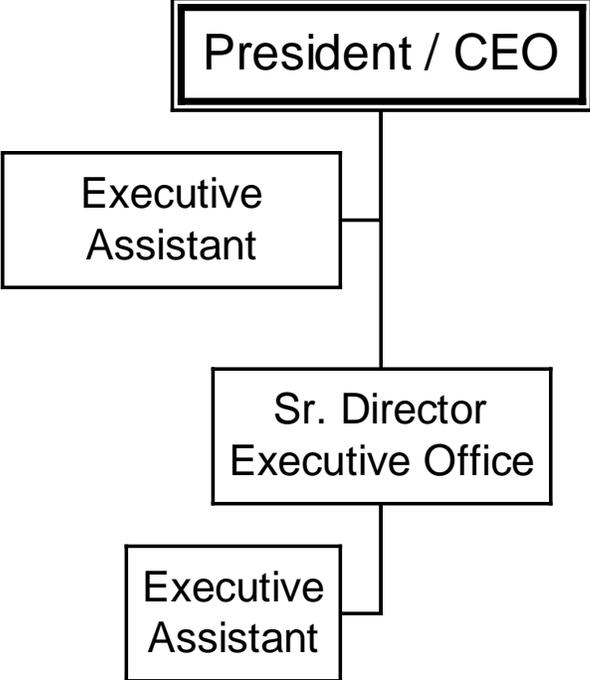
	FY2009	FY2010	FY2011	Inc/(Dec)		FY2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 79,255	\$ 79,215	\$ 80,583	\$ 1,368	1.7%	\$ 80,583	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	38,720	42,055	48,280	6,225	14.8%	55,427	7,147	14.8%
Subtotal	117,975	121,270	128,863	7,593	6.3%	136,010	7,147	5.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	117,975	121,270	128,863	7,593	6.3%	136,010	7,147	5.5%
Non-Personnel Expenses								
Contractual Services	121,498	122,500	122,500	-	0.0%	122,500	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	1,000	500	(500)	-50.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	20	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	4,294	5,000	5,000	-	0.0%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	51,498	48,500	30,500	(18,000)	-37.1%	30,500	-	0.0%
Business Development	84,683	101,500	68,500	(33,000)	-32.5%	68,500	-	0.0%
Equipment Rentals & Repairs	380	1,000	-	(1,000)	-100.0%	-	-	0.0%
Total Non-Personnel Expenses	262,373	280,500	228,000	(52,500)	-18.7%	228,000	-	0.0%
Total Operating Expenses	380,348	401,770	356,863	(44,907)	-11.2%	364,010	7,147	2.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	380,348	401,770	356,863	(44,907)	-11.2%	364,010	7,147	2.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 380,348	\$ 401,770	\$ 356,863	\$ (44,907)	-11.2%	\$ 364,010	\$ 7,147	2.0%

Authority Board

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	FY 2011 / Inc (Dec) Budgets	FY 2012 / Inc (Dec) Budgets
Authority Board		
FY 2010 Budget / FY 2011 Budget	\$ 401,770	\$ 356,863
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	6,225	7,146
Merit increase and salary adjustments	1,368	-
Proposed increases in personnel costs	7,593	7,146
Decrease in travel business development	(7,000)	-
Decrease in seminars and training	(17,000)	-
Decrease in memberships and dues	(22,500)	-
Other, net	(5,999)	-
FY 2011 Budget / FY 2012 Budget	\$ 356,863	\$ 364,010

Executive Office
Organizational Structure



Executive Office

FY 2011- FY 2012 Expense Summary

	FY2009	FY2010	FY2011	Inc/(Dec)		FY2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 566,804	\$ 510,599	\$ 521,319	\$ 10,720	2.1%	\$ 542,502	\$ 21,183	4.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	167,733	216,612	249,055	32,443	15.0%	286,358	37,303	15.0%
Subtotal	734,537	727,211	770,374	43,163	5.9%	828,860	58,486	7.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	734,537	727,211	770,374	43,163	5.9%	828,860	58,486	7.6%
Non-Personnel Expenses								
Contractual Services	-	15,000	15,000	-	0.0%	15,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,150	3,500	3,500	-	0.0%	3,500	-	0.0%
Operating Supplies	3,241	2,300	2,300	-	0.0%	2,300	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	27,499	39,000	32,500	(6,500)	-16.7%	32,500	-	0.0%
Business Development	226,937	229,460	220,607	(8,853)	-3.9%	224,107	3,500	1.6%
Equipment Rentals & Repairs	98	1,000	1,000	-	0.0%	1,000	-	0.0%
Total Non-Personnel Expenses	260,925	290,510	275,157	(15,353)	-5.3%	278,657	3,500	1.3%
Total Operating Expenses	995,463	1,017,721	1,045,531	27,810	2.7%	1,107,517	61,986	5.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	995,463	1,017,721	1,045,531	27,810	2.7%	1,107,517	61,986	5.9%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 995,463	\$ 1,017,721	\$ 1,045,531	\$ 27,810	2.7%	\$ 1,107,517	\$ 61,986	5.9%

Executive Office

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

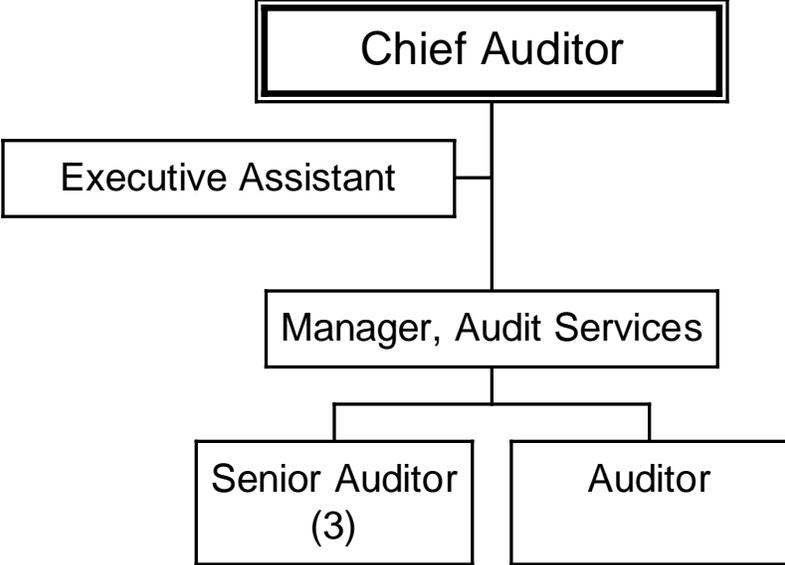
	FY 2011 / Inc (Dec) Budgets	FY 2012 / Inc (Dec) Budgets
Executive Office		
FY 2010 Budget/FY 2011 Budget	\$ 1,017,721	\$ 1,045,531
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	32,443	37,303
Merit increase and salary adjustments	10,720	21,183
Proposed increases in personnel costs	43,163	58,486
Decrease in memberships and dues	(8,853)	-
Other, net	(6,499)	3,500
FY 2011 Budget/FY 2012 Budget	\$ 1,045,531	\$ 1,107,517

Executive Office Goals & Objectives

FY 2011-FY 2012 Objectives

- Goal: #1 Improve operational efficiency, safety and security
- Goal: #2 Anticipate and exceed both internal and external customer service expectations
- Goal: #3 Enhance regional partnerships
- Goal: #4 Create and build a credible community image as a transparent, trusted and highly responsive agency
- Goal: #5 Enhance the financial position of the Authority
- Goal: #6 Provide optimal solutions for near and long-term regional air transportation needs.
- Goal: #7 Be recognized as an aviation industry leader
- Goal: #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

Chief Auditor
Organizational Structure



Chief Auditor FY 2011- FY 2012 Expense Summary

	FY2009	FY2010	FY2011	Inc/(Dec)		FY2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 629,722	\$ 631,301	\$ 647,353	\$ 16,052	2.5%	\$ 660,843	\$ 13,490	2.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	259,930	252,498	295,338	42,839	17.0%	345,445	50,107	17.0%
Subtotal	889,653	883,799	942,691	58,891	6.7%	1,006,288	63,597	6.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	889,653	883,799	942,691	58,891	6.7%	1,006,288	63,597	6.7%
Non-Personnel Expenses								
Contractual Services	13,052	750	200	(550)	-73.3%	20,200	20,000	10000.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	194	-	250	250	100%	250	-	0.0%
Maintenance	-	3,500	3,660	160	4.6%	3,840	180	4.9%
Operating Equipment & Systems	152	750	750	-	0.0%	1,000	250	33.3%
Operating Supplies	2,243	2,750	2,750	-	0.0%	2,850	100	3.6%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,192	20,940	21,300	360	1.7%	22,050	750	3.5%
Business Development	9,245	4,635	2,825	(1,810)	-39.1%	3,150	325	11.5%
Equipment Rentals & Repairs	3,678	900	-	(900)	-100.0%	-	-	0.0%
Total Non-Personnel Expenses	47,757	34,225	31,735	(2,490)	-7.3%	53,340	21,605	68.1%
Total Operating Expenses	937,409	918,024	974,426	56,402	6.1%	1,059,628	85,202	8.7%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	937,409	918,024	974,426	56,402	6.1%	1,059,628	85,202	8.7%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 937,409	\$ 918,024	\$ 974,426	\$ 56,402	6.1%	\$ 1,059,628	\$ 85,202	8.7%

Chief Auditor

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 / Inc (Dec) Budgets</u>	<u>FY 2012 / Inc (Dec) Budgets</u>
Chief Auditor		
FY 2010 Budget/FY 2011 Budget	\$ 918,024	\$ 974,426
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	42,839	50,107
Merit increase and salary adjustments	<u>16,052</u>	<u>13,490</u>
Proposed increases in personnel costs	58,891	63,597
Increase in audit services	-	20,000
Other, net	<u>(2,490)</u>	<u>1,606</u>
FY 2011 Budget/FY 2012 Budget	<u>\$ 974,426</u>	<u>\$ 1,059,628</u>

Chief Auditor Goals & Objectives

FY 2010 Progress Report

- 1. Effectively utilize Audit personnel's time performing audit work to achieve an audit time utilization rate equal to the cumulative percentage of the target utilization for all audit staff.**

Progress: The percentage of staff time spent on audit activities is currently at 85%, exceeding the 80% department goal.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**
- 2. Ensure revenues obtained from business partners, and costs paid to contractors, comply with the terms of agreements.**

Progress: Audit has identified \$484,183 of unbilled revenue or contract overpayments through January 2010.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal # 5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**
- 3. Provide workable audit recommendations that help improve the Authority's operations with a 90% implementation rate.**

Progress: Audit is on track to meet the 90% goal for 2010.

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**
- 4. Complete audit work in an efficient manner. Eighty percent (80%) of all audits completed within budget time as established within the annual audit plan approved by the Board.**

Progress: Audit is on track to meet the 80% goal for 2010.

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

- 5. Conduct audit engagements in a manner that meet the expectation of the customer. 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.**

Progress: Post Audit Surveys received relating to the 2010 Audit Plan has produced an average customer satisfaction ratio of 4.35, exceeding the 4.0 goal for 2010.

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **Yes.**

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

Progress: Audit has developed a performance audit universe that will focus on areas to help improve the effectiveness and efficiency of Authority operations.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Chief Auditor Goals & Objectives

FY 2011-FY 2012 Objectives

1. Effectively utilize Audit personnel's time performing audit work to achieve an audit time utilization rate equal to the cumulative percentage of the target utilization for all audit staff.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

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

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal # 5 Enhance the financial position of the Authority.

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

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

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

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

5. Conduct audit engagements in a manner that meet the expectation of the customer. 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.

Sustainability Goal: Operational Effectiveness and Efficiency.

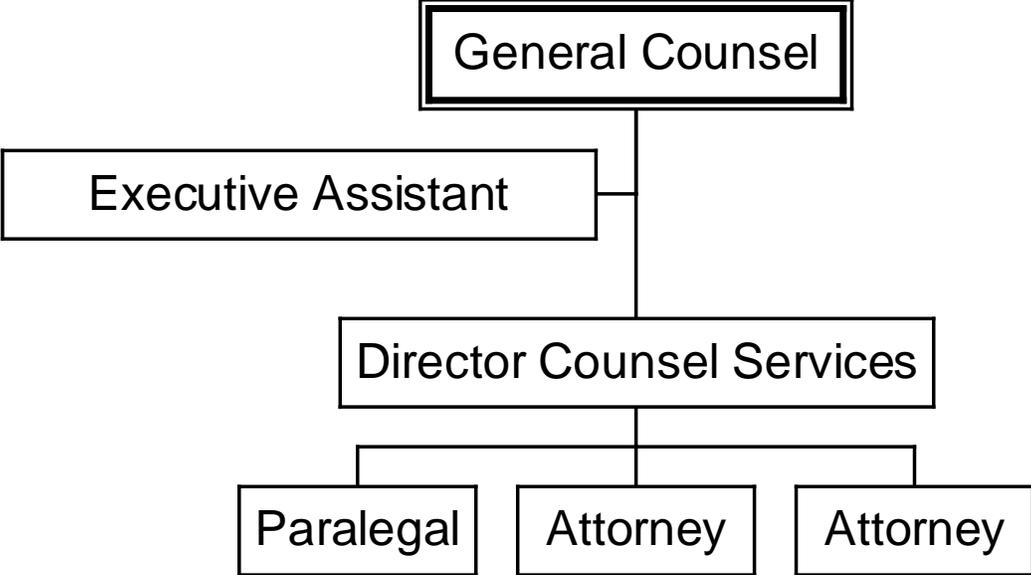
Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

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

Sustainability Goal: Operational Effectiveness and Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

General Counsel
Organizational Structure



General Counsel

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 753,896	\$ 738,250	\$ 804,455	\$ 66,205	9.0%	\$ 833,169	\$ 28,714	3.6%
Premium Overtime	476	-	-	-	0.0%	-	-	0.0%
Employee Benefits	302,353	271,246	327,587	56,341	20.8%	395,631	68,044	20.8%
Subtotal	1,056,725	1,009,496	1,132,042	122,546	12.1%	1,228,800	96,758	8.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,056,725	1,009,496	1,132,042	122,546	12.1%	1,228,800	96,758	8.5%
Non-Personnel Expenses								
Contractual Services	628,640	1,441,000	1,251,000	(190,000)	-13.2%	1,251,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	(50)	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	5,117	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	5,041	5,000	5,000	-	0.0%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	50,137	44,400	47,200	2,800	6.3%	47,700	500	1.1%
Business Development	6,763	13,700	5,900	(7,800)	-56.9%	5,900	-	0.0%
Equipment Rentals & Repairs	136	600	600	-	0.0%	600	-	0.0%
Total Non-Personnel Expenses	695,784	1,505,700	1,310,700	(195,000)	-13.0%	1,311,200	500	0.0%
Total Operating Expenses	1,752,509	2,515,196	2,442,742	(72,454)	-2.9%	2,540,000	97,258	4.0%
Non-Operating Expenses:								
Legal Settlements	75,105	50,000	40,000	(10,000)	-20.0%	40,000	-	0.0%
Miscellaneous	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	75,105	50,000	40,000	(10,000)	0.0%	40,000	-	0.0%
Total Expenses	1,827,614	2,565,196	2,482,742	(82,454)	-3.2%	2,580,000	97,258	3.9%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 1,827,614	\$ 2,565,196	\$ 2,482,742	\$ (82,454)	-3.2%	\$ 2,580,000	\$ 97,258	3.9%

General Counsel

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 / Inc (Dec) Budgets</u>	<u>FY 2012 / Inc (Dec) Budgets</u>
General Counsel		
FY 2010 Budget / FY 2011 Budget	\$ 2,565,196	\$ 2,482,742
Proposed personnel costs		
Merit increase and salary adjustments	66,205	28,714
Burden (benefits & employer taxes) increase for current staff	56,341	68,044
Proposed increases in personnel costs	122,546	96,758
Decrease in outside legal services costs	(190,000)	-
Other, net	(15,000)	500
FY 2011 Budget/FY 2012 Budget	\$ 2,482,742	\$ 2,580,000

General Counsel Goals & Objectives

FY 2010 Progress Report

1. Regularly confer with the division heads of the Authority's Departments to provide for early identification of legal issues and problems and to advise on successful alternatives and solutions.

Progress: This goal is being met. The General Counsel's staff meets regularly with Authority division heads to discuss legal issues and problems and provide advice on recommendations and alternatives. The General Counsel attends one weekly meeting with all of the division heads and at least one weekly meeting with all Vice Presidents. At least one special scheduled meeting is held each month with Procurement and the Chief Auditor.

Sustainability Goal: Operational excellence.

Authority Goal: #1 Improve operational efficiency, safety and security; (#8) Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Contain outside counsel costs by handling litigation and other legal matters in-house and carefully reviewing outside counsel bills.

Progress: The efforts to contain outside counsel costs over the past four years have been somewhat successful, but the amount of the bills each year remains largely dependent upon the number of cases and the complexity of the litigation brought against the Authority. Total billings in 2009 were \$658,566, compared with \$419,611 for 2008, \$1,762,594 for 2007 and \$2,241,556 for 2006. Our office has implemented a policy to reduce the hours of outside counsel by reviewing first in advance the necessity of having lawyers physically attend staff meetings or Board meetings.

Sustainability Goal: Economic viability.

Authority Goal: #2 Anticipate and exceed both internal and external customer service expectations; #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. Educate other departments and divisions regarding the role of the General Counsel and the legal principles applicable to their respective offices.

Progress: There has been good progress on this goal. General Counsel meets at least monthly with both the Procurement Department and the Chief Auditor to discuss the processing and performance of contracts. The General Counsel meets at least weekly with the Executive Staff and likewise with Senior Staff. *Ad hoc* meetings are held between other Division heads and representatives of the office depending on the issues and advice sought.

Sustainability Goal: Operational excellence.

Authority Goal: #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Promote the “open-door” policy of the General Counsel's office.

Progress: The open door policy continues to be a part of our office procedures. It has promoted a better relationship between the office and other divisions and breaks down the walls between various parts of the Authority.

Sustainability Goal: Operational excellence.

Authority Goal: #1 Improve operational efficiency, safety and security; (#2) Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Establish new and strengthen existing relationships with the region's attorneys from the San Diego Unified Port District, the City of San Diego, the County of San Diego, SANDAG and other relevant municipal and governmental entities.

Progress: Good progress is being made on this goal. Both coffee and lunch meetings have been used to reach out to the Port Attorney as a means of discussing matters of mutual concern. Application has been made to the San Diego County City Attorneys Association for membership and the General Counsel has attended a meeting of the group.

Sustainability Goal: Social responsibility.

Authority Goal: #1 Improve operational efficiency, safety and security; (#3) Enhance regional partnerships; #4 Create and build a credible community image as a transparent, trusted and highly responsible agency.

Fiscal Year: 2010. Continue in 2011? **No.**

6. Continue the law clerk program to allow law students exposure to aviation-related law.

Progress: This goal is being met. Two law students have participated in our program during the fiscal year. Both have had a broad range of assignments and experiences exposing them to aviation-related law.

Sustainability Goal: Social responsibility.

Authority Goal: #4 Create and build a credible community image as a transparent, trusted and highly responsible agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

7. Continue to provide timely and professional services in the preparation and review of Authority contracts, leases, licenses and other documents.

Progress: This goal is being met with the timely preparation of requested documents.

Sustainability Goal: Operational excellence.

Authority Goal: #1 Improve operational efficiency, safety and security; #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

8. Participate in and increase continuing legal educational activities to maintain and improve legal expertise.

Progress: All attorneys have met their continuing education requirements as required by the State Bar of California. During the reporting period, the General Counsel participated in more than 20 hours of formal continuing educational activities.

Sustainability Goal: Operational excellence.

Authority Goal: #1 Improve operational efficiency, safety and security; (#4) Create and build a credible community image as a transparent, trusted and highly responsible agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

9. Support the operational activities of the Authority, particularly the Terminal Development Program, Destination Lindbergh, TDY demolition project, and the environmental initiatives supporting such activities.

Progress: The office has been intricately and deeply involved in the Green Build Program, having reviewed and prepared the design-build contract and in providing advice and support for the Authority's Air Quality Management Program, Comprehensive Ground Transportation Program and in finalizing the Vehicle Implementation Program to meet the requirements set by the California Attorney General.

Sustainability Goal: Operational excellence and Social responsibility.

Authority Goal: #1 Improve operational efficiency, safety and security; #6 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes.**

10. Continue to review, analyze and provide advice concerning past, current and future Authority policies, codes and practices to minimize the risk of future litigation.

Progress: This is a continuing activity, which this past fiscal year involved legal advice and a comprehensive review, *inter alia*, of the Authority's travel policy, the procedures for implementing an internal lost and found program, the art program, ADA compliance, project labor agreements, health benefit trusts, and much more.

Sustainability Goal: Economic viability.

Authority Goal: #1 Improve operational efficiency, safety and security; #2 Anticipate and exceed both internal and external customer service expectations; #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

11. Provide proactive legal advice to streamline and improve the Authority's practices regarding draws on letters of credit, actions to collect accounts receivables, and efforts to recover funds owed the Authority by organizations in bankruptcy proceedings.

Progress: General Counsel's office has provided advice on coordinating an accounts receivable system and the letter of credit program which has resulted in the Authority's collecting accounts receivable in full.

Sustainability Goal: Economic viability.

Authority Goal: #1 Improve operational efficiency, safety and security; #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

12. Promote recycling in the department and continued use of electronic documents rather than paper documents when possible.

Progress: Our implementation of the Docushare software for document retention has been of some help in reducing the number of copies of paper documents being made when appropriate and expedient. **Sustainability Goal:** Natural Resource Conservation.

Authority Goal: #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? Yes.

General Counsel Goals & Objectives

FY 2011-FY 2012 Objectives

1. Increase and improve communication with Authority division heads to facilitate the early identification and efficient resolution of legal issues and provide successful alternatives and solutions.

Sustainability Goal: Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; #2 Anticipate and exceed both internal and external customer service expectations; #5 Enhance the financial position of the Authority; #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

2. Reduce outside counsel costs by handling litigation and other legal matters in-house when feasible and by closely reviewing outside counsel invoices.

Sustainability Goal: Economic Viability

Authority Goal: #2 Anticipate and exceed both internal and external customer service expectations; #5 Enhance the financial position of the Authority.

3. Educate the Authority's departments and divisions on the role of the General Counsel and the legal principles applicable to their responsibilities.

Sustainability Goal: Operational Excellence

Authority Goal: #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture); #2 Anticipate and exceed both internal and external customer service expectations.

4. Increase the airport staff's early access to legal advice and counsel by promoting awareness of the General Counsel's "open door" policy

Sustainability Goal: Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; #2 Anticipate and exceed both internal and external customer service expectations; #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

5. Increase the community image of the Authority by expanding the participation of the General Counsel's office in local, regional and national professional organizations.

Sustainability Goal: Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; #3 Enhance regional partnerships; #4 Create and build a credible community image as a transparent trusted and highly responsible agency.

6. Improve the law clerk program to improve efficiencies, reduce office costs, and promote exposure to aviation law

Sustainability Goal: Social Responsibility

Authority Goal: #4 Create and build a credible community image as a transparent trusted and highly responsible agency.

7. Provide timely and professional legal services in the preparation, review, execution and enforcement of Authority contracts, leases, licenses and other agreements.

Sustainability Goal: Operational excellence

Authority Goal: #1 Improve operational efficiency, safety and security; #3) Enhance regional partnerships; #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

8. Communicate timely and appropriate legal advice regarding the Green Build, Destination Lindbergh, the Attorney General's MOU regarding GHG, and the TDY Demolition Project and the environmental initiatives supporting such activities.

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: #1 Improve operational efficiency, safety and security; #2 Anticipate and exceed both internal and external customer service expectations; #3 Enhance regional partnerships; #6 Provide optimal solutions for near and long-term regional air transportation needs; #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

9. Provide timely advice concerning current and future Authority policies, codes and practices to minimize the Authority's exposure to litigation.

Sustainability Goal: Operational Excellence and Economic Viability

Authority Goal: #1 Improve operational efficiency, safety and security; #2 Anticipate and exceed both internal and external customer service expectations; #5 Enhance the financial position of the Authority; #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

10. Provide legal advice and services to protect the Authority's economic and legal positions regarding letters of credit, accounts receivable, and bankruptcy proceedings.

Sustainability Goal: Economic Viability

Authority Goal: #1 Improve operational efficiency, safety and security; #5 Enhance the financial position of the Authority.

11. Increase recycling in the department and the use of electronic documents rather than paper documents when possible.

Sustainability Goal: Natural Resource Conservation

Authority Goal: #1 Improve operational efficiency, safety and security

A d m i n i s t r a t i o n D i v i s i o n

Administration Division Overview

The Administration Division consists of five departments that provide the Authority with a wide range of specialized services in support of all other divisions and departments.

The **Human Resources** Department is responsible for employee recruitment, employee benefits program and labor/employee relations. The department is also responsible for the Authority's workers' compensation and employee safety programs as well as wage and salary plan administration.

The **Information Technology** 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, airlines and passengers via the Flight Information Displays and Common Use Terminal Equipment. The department is also responsible for developing and implementing the Authority's long-range automation plan.

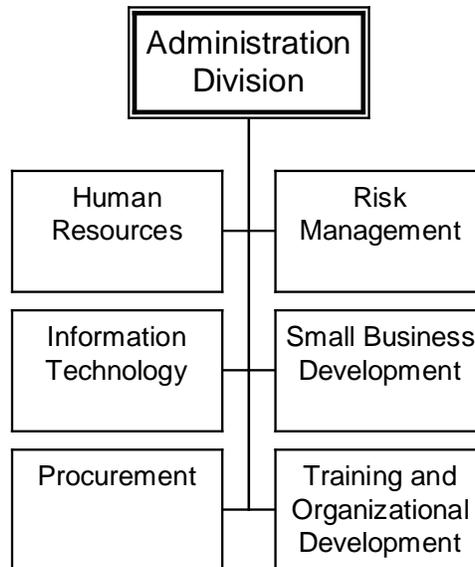
The **Procurement** Department manages the solicitation and contract award process in a legal, ethical and transparent manner. Department responsibilities include providing research on resources, trends, product and services options, business outreach, and negotiating contracts and price agreements. Additional responsibilities include managing the procurement card program, shipping, receiving and warehouse operations.

The **Risk Management** Department is responsible for coordinating with insurance brokers and carriers to identify risk exposures and securing and maintaining insurance coverage to protect the Authority's property and people assets at reasonable costs.

The **Small Business Development** Department manages the Authority's Small Business Program, including the Disadvantaged Business Enterprise (DBE) Program as required by federal regulations. The department also conducts outreach efforts to San Diego County's small business community, encouraging small business and DBE participation on Authority projects and concession opportunities.

The **Training and Organization Development** Department is responsible for all non-regulatory training and manages the employee development initiatives for the organization. The department is also responsible for administering the Employee Opinion Survey and overseeing employee action teams that respond to the survey results. The department interfaces with other Authority departments and facilitates implementation of appropriate change management initiatives associated with organization transition activities.

Administration Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Administration					
Risk Management	6	6	1	-	7
Small Business Development	4	4	2 (1)	-	6
T&O Development	3	3	-	-	3
Information Technology	22	22	-	-	22
Human Resources	11	11	-	(1)	10
Procurement	13	12	-	-	12
Total	59	58	3	(1)	60
Authorized and Unfunded Positions		1	-	1	2
Total Authorized Positions		59	3	-	62

(1) Small Business Development - two positions hired in FY 2010.

Administration Division FY 2011- FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 4,408,745	\$ 4,641,723	\$ 4,642,018	\$ 295	0.0%	\$ 4,642,018	\$ -	0.0%
Premium Overtime	145,512	166,259	161,759	(4,500)	-2.7%	161,759	-	0.0%
Employee Benefits	1,848,179	1,998,176	2,329,112	330,936	16.6%	2,737,711	408,599	17.5%
Subtotal	6,402,436	6,806,158	7,132,889	326,731	4.8%	7,541,488	408,599	5.7%
<i>Less: Capitalized Labor</i>	<i>(2,359)</i>	<i>-</i>	<i>(173,879)</i>	<i>(173,879)</i>	100.0%	<i>(173,879)</i>	<i>-</i>	0.0%
Total Personnel Expenses	6,400,077	6,806,158	6,959,010	152,852	2.2%	7,367,609	408,599	5.9%
Non-Personnel Expenses								
Contractual Services	1,872,874	2,212,029	1,873,844	(338,185)	-15.3%	1,919,132	45,288	2.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	412,008	501,865	480,500	(21,365)	-4.3%	482,615	2,115	0.4%
Maintenance	55	250	-	(250)	-100.0%	-	-	0.0%
Operating Equipment & Systems	426,631	455,359	316,672	(138,687)	-30.5%	282,900	(33,772)	-10.7%
Operating Supplies	44,289	95,184	64,450	(30,734)	-32.3%	68,922	4,472	6.9%
Insurance	1,095,867	1,228,000	1,222,750	(5,250)	-0.4%	1,211,560	(11,190)	-0.9%
Employee Programs	352,501	561,595	588,983	27,388	4.9%	552,730	(36,253)	-6.2%
Business Development	148,497	269,235	175,200	(94,035)	-34.9%	292,010	116,810	66.7%
Equipment Rentals & Repairs	726,306	1,019,723	1,171,520	151,797	14.9%	1,207,120	35,600	3.0%
Total Non-Personnel Expenses	5,079,028	6,343,240	5,893,919	(449,321)	-7.1%	6,016,989	123,070	2.1%
Total Operating Expenses	11,479,104	13,149,398	12,852,929	(296,469)	-2.3%	13,384,598	531,669	4.1%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	11,479,104	13,149,398	12,852,929	(296,469)	-2.3%	13,384,598	531,669	4.1%
Equipment Outlay (over \$5,000)	599,710	578,991	148,000	(430,991)	-74.4%	98,645	(49,355)	-33.3%
Total Division Expenses incl Equip Outlay	\$ 12,078,814	\$ 13,728,389	\$ 13,000,929	\$ (727,460)	-5.3%	\$ 13,483,243	\$ 482,314	3.7%

Administration Division

Major Drivers of FY 2011 - FY 2012 Budget Increase/Decrease

	FY 2011 Budget Inc/(Dec)	FY 2012 Budget Inc/(Dec)
Administration Division		
FY 2010 Budget / FY 2011 Budget	\$ 13,728,389	\$ 13,000,929
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	157,057	408,599
Merit increase and salary adjustments	(4,205)	
Proposed increases in personnel costs	152,852	408,599
Increase in repairs and office equipment	129,975	28,100
Increase in awards and services	87,900	-
Decrease in travel business development	(15,778)	-
Decrease in telephone, equip rental, office and operating supplies	(21,315)	-
Decrease/Increase in promotional activities	(50,700)	112,000
Decrease in recruiting	(52,000)	(35,350)
Decrease in equipment and systems	(136,810)	(27,372)
Decrease/Increase in services other professional	(347,031)	36,250
Decrease in equipment outlay	(423,491)	-
Other, net	(51,061)	(39,913)
FY 2011 Budget / FY 2012 Budget	\$ 13,000,929	\$ 13,483,243

Administration Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2011 Budget
Information Technology	\$ 5,655,035
Risk Management	2,788,641
Human Resources	2,085,308
Procurement	1,292,208
Small Business Development	611,827
Training and Development	567,911
Total	\$ 13,000,929

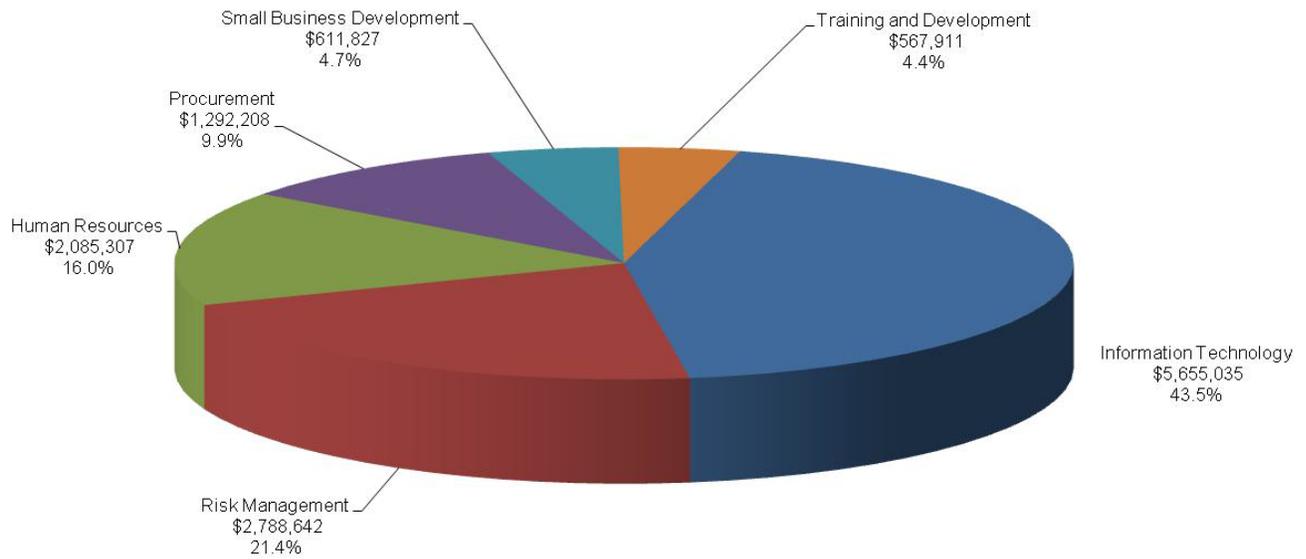


Figure 21 – FY 2011 Expense Budget by Department

Administration Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2012 Budget
Information Technology	\$ 5,768,136
Risk Management	2,844,053
Human Resources	2,178,907
Procurement	1,357,869
Small Business Development	744,112
Training and Development	590,168
Total	\$ 13,483,243

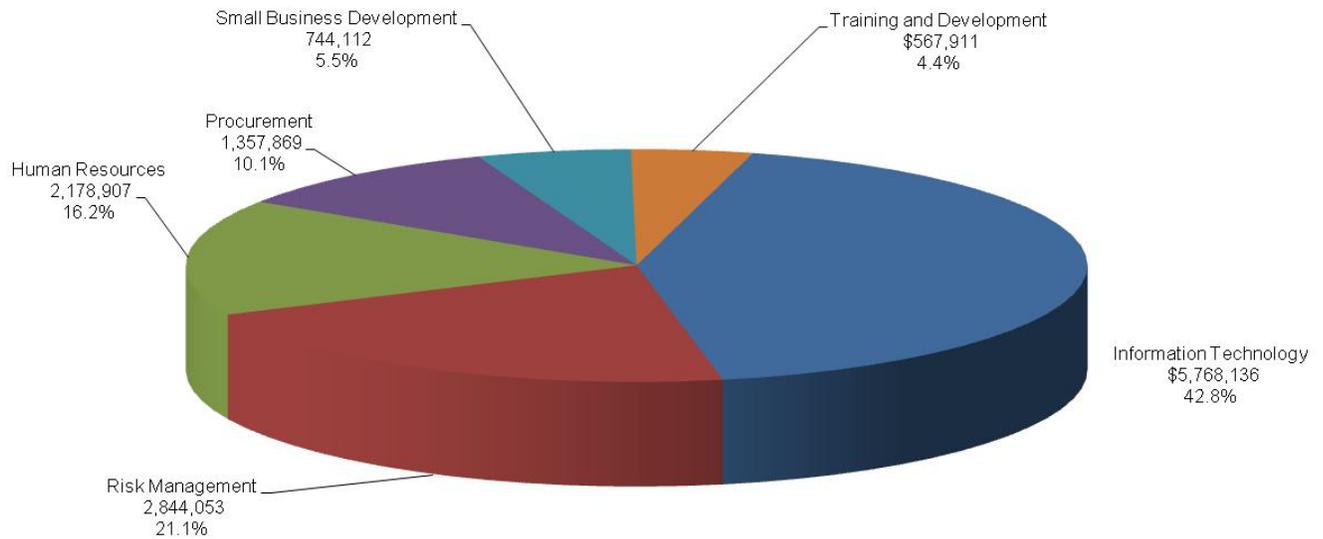
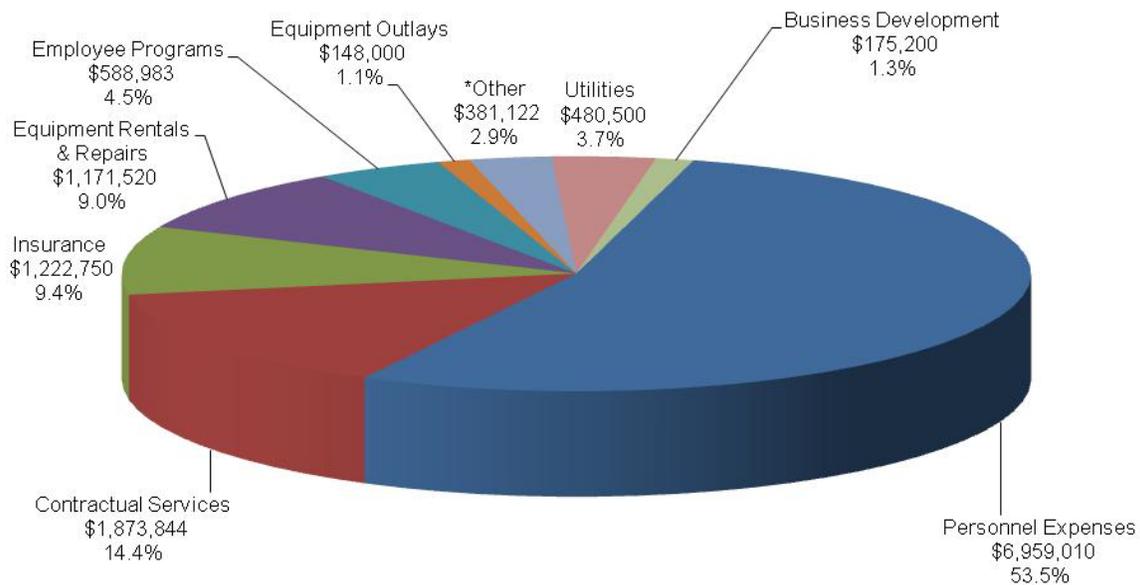


Figure 22 – FY 2012 Expense Budget by Department

Administration Division FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Personnel Expenses	\$ 6,959,010
Contractual Services	1,873,844
Insurance	1,222,750
Equipment Rentals & Repairs	1,171,520
Employee Programs	588,983
Utilities	480,500
*Other	381,122
Business Development	175,200
Equipment Outlays	148,000
Total	\$ 13,000,929

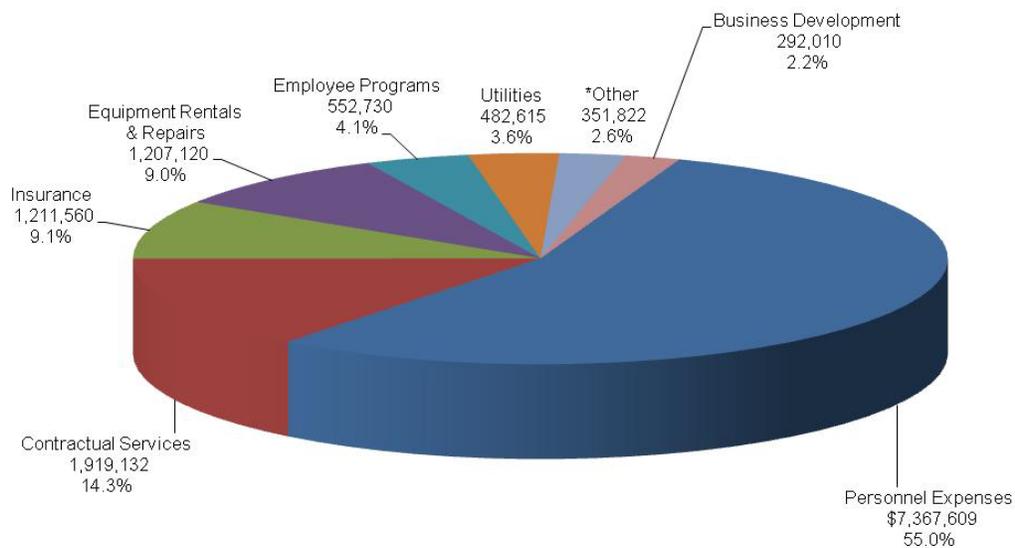


*Other includes operating equipment & systems, operating supplies, etc.

Figure 23 – FY 2011 Expense Budget by Category

Administration Division FY 2011 – FY 2012 Expense Budget by Category

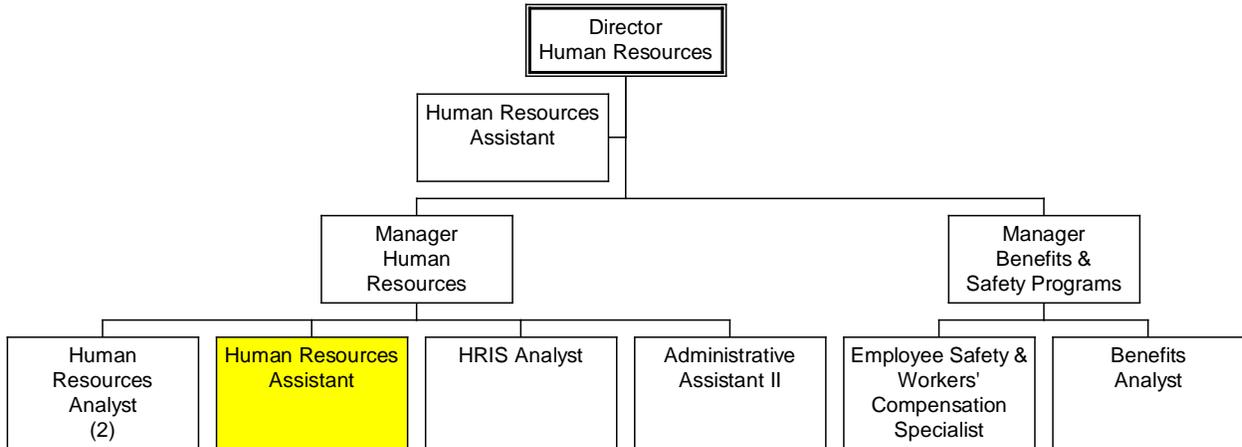
Category	FY 2012 Budget
Personnel Expenses	\$ 7,367,609
Contractual Services	1,919,132
Insurance	1,211,560
Equipment Rentals & Repairs	1,207,120
Employee Programs	552,730
Utilities	482,615
*Other	351,822
Business Development	292,010
Equipment Outlays	98,645
Total	\$ 13,384,598



*Other includes operating equipment & systems, operating supplies, etc.

Figure 24 – FY 2012 Expense Budget by Category

Human Resources Organizational Structure



*Unfunded positions shown in yellow

Human Resources

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 925,191	\$ 993,999	\$ 813,549	\$ (180,450)	-18.2%	\$ 813,549	\$ -	0.0%
Premium Overtime	982	10,000	7,000	(3,000)	-30.0%	7,000	-	0.0%
Employee Benefits	352,600	478,364	461,359	(17,005)	-3.6%	564,066	102,707	22.3%
Subtotal	1,278,773	1,482,363	1,281,908	(200,455)	-13.5%	1,384,615	102,707	8.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	-	-	-	-
Total Personnel Expenses	1,278,773	1,482,363	1,281,908	(200,455)	-13.5%	1,384,615	102,707	8.0%
Non-Personnel Expenses								
Contractual Services	304,158	480,450	378,300	(102,150)	-21.3%	403,100	24,800	6.6%
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	5,705	4,000	11,000	7,000	175.0%	5,100	(5,900)	-53.6%
Operating Supplies	9,191	14,500	11,000	(3,500)	-24.1%	11,220	220	2.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	146,362	311,839	335,600	23,761	7.6%	306,870	(28,730)	-8.6%
Business Development	55,243	121,978	67,000	(54,978)	-45.1%	67,502	502	0.7%
Equipment Rentals & Repairs	933	1,060	500	(560)	-52.8%	500	-	0.0%
Total Non-Personnel Expenses	521,592	933,827	803,400	(130,427)	-14.0%	794,292	(9,108)	-1.1%
Total Operating Expenses	1,800,365	2,416,190	2,085,308	(330,882)	-13.7%	2,178,907	93,599	4.5%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,800,365	2,416,190	2,085,308	(330,882)	-13.7%	2,178,907	93,599	4.5%
Equipment Outlay (over \$5,000)	9,682	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 1,810,047	\$ 2,416,190	\$ 2,085,308	\$ (330,882)	-13.7%	\$ 2,178,907	\$ 93,599	4.5%

Human Resources

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Human Resources		
FY 2010 Budget / FY 2011 Budget	\$ 2,416,190	\$ 2,085,308
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	(17,005)	102,707
Merit increase and salary adjustments	(183,450)	-
Proposed decreases / increases in personnel costs	(200,455)	102,707
Increase in awards and services	87,900	-
Decrease in travel for business development	(15,778)	-
Decrease in promotional activities & materials	(33,700)	-
Decrease in recruiting	(52,000)	(35,350)
Decrease/Increase in services for outside professional consultants	(100,500)	24,450
Other, net	(16,348)	1,792
FY 2011 Budget / FY 2012 Budget	<u>\$ 2,085,308</u>	<u>\$ 2,178,907</u>

Human Resources Goals & Objectives

FY 2010 Progress Report

1. **Maintain fiscal responsibility by implementing safe work practices to achieve workers' compensation cost containment measures. Success equals maintaining the loss rate per \$100 payroll at, or better than, the FY 2009 rate.**

Progress: On track to achieve fiscal year goal.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 4 Enhance the financial position of the Authority.

Fiscal Year: 2010. Will continue to FY 2011? **No.**

2. **Workforce sustainability – increase participation in the health risk assessment. Success equals 85% employee participation in Calendar Year 2009 health risk assessments.**

Progress: Achieved 85% employee participation rate.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Will continue into FY 2011? **No.**

3. **Enhance recruitment (sourcing and selection) process. Success equals 45 - 60 days average from advertising to offer acceptance.**

Progress: Average time to offer is within 57 days.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Will continue into FY 2011? **No.**

4. **Improve execution of performance reviews. Success equals 3 percentage point increase above FY 2009 on-time performance review execution in all applicable work groups.**

Progress: Achieved 6 percentage point increase.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Will continue into FY 2011? **No.**

5. **Improve HR department customer satisfaction in the area of responsiveness. Success equals a minimum 2 percentage point increase in customer satisfaction in the area of responsiveness on the next Division Customer Satisfaction Survey.**

Progress: Achieved an 8 percentage point increase.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Will continue into FY 2011? **No.**

Human Resources Goals and Objectives

FY 2011-FY 2012 Objectives

1. **Manage avoidable losses by implementing safe work practices to achieve workers' compensation cost containment measures. Success equals maintaining the organization's FY 10 loss rate per \$100 payroll through FY 2011.**

Sustainability Goal: Economic Viability

Authority Goal: Goal #4 Enhance the financial position of the Authority

2. **Manage benefit administration with zero payroll adjustments due to administrative errors along with 80% accuracy in benefit data maintenance in E-1 system through FY 2011.**

Sustainability Goal: Operational Excellence

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

3. **Achieve 85% participation in health risk assessment with improvement in organizational health results through FY 2011. Success equals an increase in the percentage of employees in normal BMI range compared to FY 10 results.**

Sustainability Goal: Social Responsibility

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

4. **Implement enhancements to performance management process. Success equals all required performance management meetings for the organization occur within FY 2011.**

Sustainability Goal: Operational Excellence

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

5. **Enhance recruitment sourcing and selection results. Success equals no more than 60 days from opening the recruitment to acceptance of an offer of employment plus written goals for each employee hired presented to employee within the 1st week of work.**

Sustainability Goal: Operational Excellence

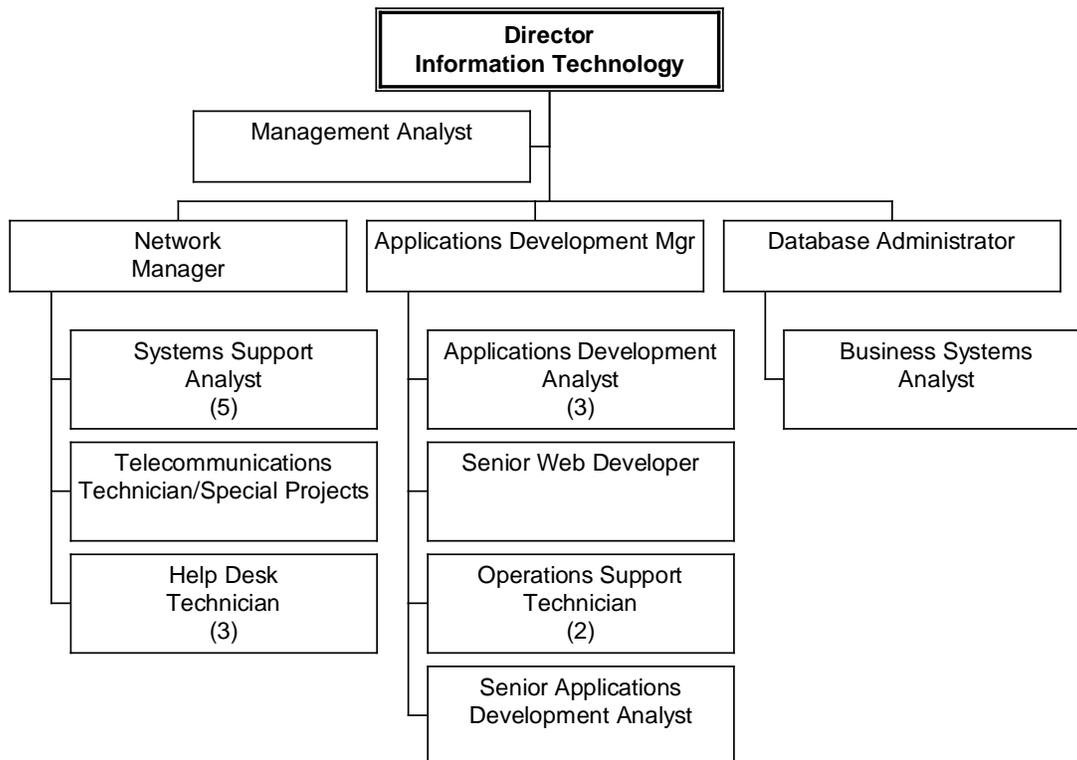
Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

6. **Enhance overall satisfaction rate of HR department as measured through annual Division Customer Satisfaction Survey. Success equals achieving overall level of customer satisfaction at 85% through FY 2011.**

Sustainability Goal: Social Responsibility

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Information Technology Organizational Structure



Information Technology

FY 2011-FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,652,329	\$ 1,734,453	\$ 1,721,759	\$ (12,694)	-0.7%	\$ 1,721,759	\$ -	0.0%
Premium Overtime	143,801	152,000	152,000	-	0.0%	152,000	-	0.0%
Employee Benefits	729,254	741,618	865,370	123,752	16.7%	1,009,771	144,401	16.7%
Subtotal	2,525,384	2,628,071	2,739,129	111,058	4.2%	2,883,530	144,401	5.3%
<i>Less: Capitalized Labor</i>	<i>(2,359)</i>	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	2,523,025	2,628,071	2,739,129	111,058	4.2%	2,883,530	144,401	5.3%
Non-Personnel Expenses								
Contractual Services	505,994	796,525	735,994	(60,531)	-7.6%	735,994	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	412,008	501,315	480,000	(21,315)	-4.3%	482,315	2,315	0.5%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	417,661	426,182	289,372	(136,810)	-32.1%	262,000	(27,372)	-9.5%
Operating Supplies	12,044	31,100	16,500	(14,600)	-46.9%	20,500	4,000	24.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	84,729	102,355	97,820	(4,535)	-4.4%	98,832	1,012	1.0%
Business Development	5,227	14,070	12,600	(1,470)	-10.4%	12,600	-	0.0%
Equipment Rentals & Repairs	686,238	974,263	1,135,620	161,357	16.6%	1,173,720	38,100	3.4%
Total Non-Personnel Expenses	2,123,901	2,845,810	2,767,906	(77,904)	-2.7%	2,785,961	18,055	0.7%
Total Operating Expenses	4,646,926	5,473,881	5,507,035	33,154	0.6%	5,669,491	162,456	2.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	4,646,926	5,473,881	5,507,035	33,154	0.6%	5,669,491	162,456	2.9%
Equipment Outlay (over \$5,000)	590,028	571,491	148,000	(423,491)	-74.1%	98,645	(49,355)	-33.3%
Total Dept Expenses incl Equip Outlay	\$ 5,236,954	\$ 6,045,372	\$ 5,655,035	\$ (390,337)	-6.5%	\$ 5,768,136	\$ 113,101	2.0%

Information Technology

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Information Technology		
FY 2010 Budget / FY 2011 Budget	\$ 6,045,372	\$ 5,655,035
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	123,752	144,401
Merit increase and salary adjustments	(12,694)	-
Proposed increases in personnel costs	111,058	144,401
Increase in repairs of office equipment and systems	129,975	28,100
Increase in equipment rental and leasing	31,382	-
Decrease in costs of telephone and other services and equipment	(21,315)	-
Decrease in use of outside services and professional services	(60,531)	-
Decrease in equipment and systems	(136,810)	(27,372)
Decrease in purchase of authority-wide IT related capital equipment	(423,491)	-
Other, net	(20,605)	(32,028)
FY 2011 Budget / FY 2012 Budget	<u>\$ 5,655,035</u>	<u>\$ 5,768,136</u>

Information Technology

Goals & Objectives

FY 2010 Progress Report

1. Assure availability of Authority computer systems by providing 99.5% up-time for all critical computing resources (network, servers).

Progress: On target to meet this goal. Currently maintaining 99.9% up-time.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Support business process improvement throughout the Authority.

Progress: On target. Working with Business Planning to define Operational Scenario for TDP. Working with Procurement, and Business Planning to refine and improve IT acquisition process.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. Ensure inclusion of appropriate technology in the Terminal Development Program (TDP) project, and proper integration and/or extension of existing IT systems with the TDP provided technology systems.

Progress: Working with TDP to ensure IT systems help improve operational efficiency and, improve operations business processes. Working with Concession Development Program (CDP) to ensure Information Technology. concessions needs will be met.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Maintain excellent Help Desk support response metrics. Continue to survey personnel with completed help desk trouble calls, and complete a minimum of two Authority-wide surveys. Achieve 90% customer satisfaction with services on all surveys.

Progress: Have stayed within 2% of last Administration Division survey for customer satisfaction. Continue to request immediate feedback from customers via TrackIT system, for closed work orders from the Help Desk. Will be implementing additional feedback initiatives. Also maintain E1 system Help Desk capability with prompt and effective responses to customer questions.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Continue to assist in implementing common use gates.

Progress: Added 8 additional common use ticket counter positions, to support West Jet and Hawaiian Airline operations.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Continuous improvement of the Authority network and computing infrastructure, to ensure the uninterrupted delivery of telecommunications and computing services. Continue to replace, and/or maintain the following systems:

- ❖ Maintain Authority phone switch with 99.5% up time.
- ❖ Replace network switches that will be five years or older by May 2010.
- ❖ Replace key file server systems that become or exceed five years of age by June 2010.

Progress: Bullet point one.: On track to meet with 100% up-time

Bullet point two: Replaced ½, with rest already ordered and being configured. Expect completion within FY 2010.

Bullet point three: Replaced 1/3, with remainder ordered. Expect completion in FY 2010.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

7. Provide training for IT personnel to enhance skill sets, and ensure critical Authority IT systems are properly maintained.

- ❖ Provide training on Enterprise One (E1) skill sets that require contractor support, to become more self-sufficient. Concentrate on network configuration training and improvement of core E1 module skills for IT personnel. Have four key IT personnel attend April 2010 training at Oracle Quest conference.
- ❖ Provide training for core IT systems (operating systems, desktop applications, network systems) to ensure that IT personnel have the necessary training to keep these systems properly operating.
 - i. Have 2 key server personnel attend Windows OS 2008 training by January 2010.
 - ii. Have two Help Desk personnel attend Windows OS 2008 server training by March 2010.
 - iii. Work with Authority training personnel to provide Windows 2007 application training to 100% of impacted Authority personnel by December 2009.
 - iv. Have one network person attend CISCO training classes by March 2010.

Progress: Bullet point one.: The IT personnel have taken over all of the routine E1 tasks that used to be performed by contractors. Additionally, our team took advantage of a local E1 convention to attend critical training sessions, to enhance their E1 skills.

Bullet point two, i.: Key server personnel have received the MS Server 2008 training.

Bullet point two, ii.: One Help Desk attended and the second scheduled for 1Q10.

Bullet point two, iii.: All Authority personnel were offered Office 2007 training, that needed the training, in conjunction with Training and O&D. The training sessions were very successful.

Bullet point two iv.; CISCO network classes were attended by the lead network person. Additional classes are planned within FY10.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

8. Ensure inclusion of appropriate and timely technology in all major Authority projects that could benefit or derive improvement from inclusion of technology. Actively participate in planning sessions for construction projects and assist with implementation of a gate management system.

Progress: Continue to work with Green Build to include new airside related technology. IT is currently having an upgrade installed to the FIDS that is resulting in the basic RMS being installed, which is the precursor to full implementation of the Gate Management System.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader. Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

9. Begin implementation of virtual servers.

Progress: Installation and implementation of two new NetApp virtual storage units to be completed in 1Q10. To place five production servers into the virtual environment by 4Q10.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader. Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in FY2011? **Yes.**

Information Technology Goals & Objectives

FY 2011-FY 2012 Objectives

1. **Achieve 99.5% availability of Authority computer and network systems from July 2010, through June 2011.**

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service.

2. **Achieve excellent Help Desk support service to the Authority by attaining customer satisfaction scores of 90% or higher on the Administrative Division's Customer Satisfaction survey.**

- ❖ Answer all emergency pages within 30 minutes, with repair/resolution in 4 hours.
- ❖ Answer all urgent requests within two work hours, with repair/resolution in 24 hours.
- ❖ Answer all standard requests within 8 work hours, with repair/resolution in 3 days.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service.

3. **Assist the Real Estate Management department in expansion of the common use systems, by implementing 100% of requested new ticket counter and/or gate positions.**

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation, and Social Responsibility

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service. Goal # 7 Be recognized as an aviation industry leader.

4. **Achieve 99.5% up-time for the Authority's desktop phone system.**

Sustainability Goal: Economic Viability, Operational Excellence

Authority Goal: Goal # 2. Anticipate and exceed both internal and external customer service.

5. **Provide technical training for IT personnel to ensure they have the appropriate skill sets to troubleshoot and maintain Authority server and network systems without requiring outside assistance, by ensuring at least 50% of all key disciplines receive training.**

- ❖ Provide training for network personnel on latest equipment and software.
- ❖ Ensure server personnel have training on the latest e-mail, Info Share, and server operating systems.
- ❖ Ensure Help Desk personnel are fully trained on the latest desktop operating systems.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation, and Social Responsibility

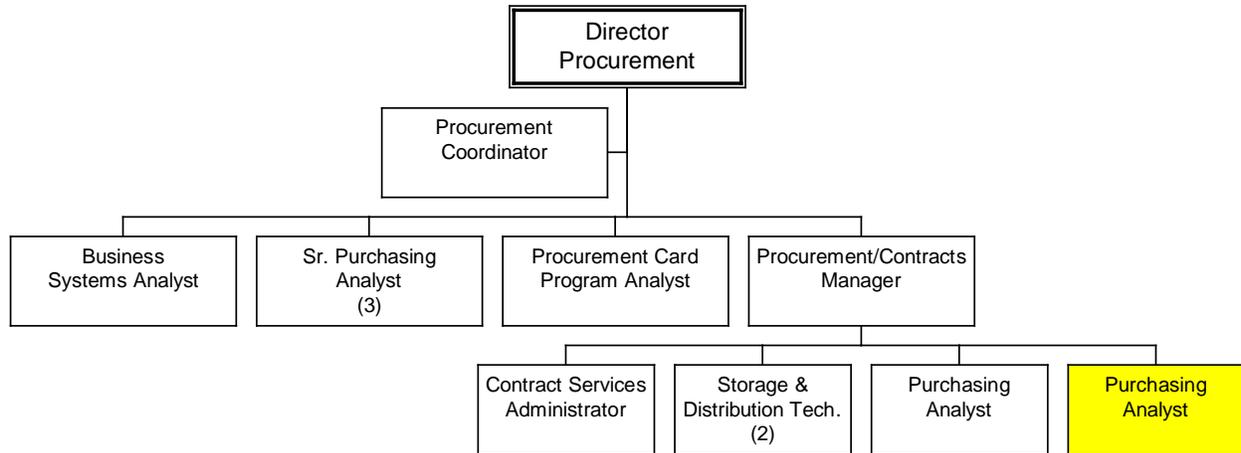
Authority Goal: Goal #8. Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

6. **Convert 20% of the 30 virtualization-eligible servers to the virtual server environment by July 2011.**

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader. Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Procurement Organizational Structure



*Unfunded position shown in yellow

Procurement

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 742,001	\$ 796,405	\$ 793,602	\$ (2,803)	-0.4%	\$ 793,602	\$ -	0.0%
Premium Overtime	472	3,000	1,500	(1,500)	-50.0%	1,500	-	0.0%
Employee Benefits	317,025	343,853	399,506	55,653	16.2%	464,167	64,661	16.2%
Subtotal	1,059,498	1,143,258	1,194,608	51,350	4.5%	1,259,269	64,661	5.4%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,059,498	1,143,258	1,194,608	51,350	4.5%	1,259,269	64,661	5.4%
Non-Personnel Expenses								
Contractual Services	85,399	70,000	30,000	(40,000)	-57.1%	32,500	2,500	8.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	55	250	-	(250)	-100.0%	-	-	0.0%
Operating Equipment & Systems	690	10,000	3,500	(6,500)	-65.0%	3,500	-	0.0%
Operating Supplies	13,554	16,400	7,700	(8,700)	-53.0%	7,700	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	7,206	23,448	17,700	(5,748)	-24.5%	18,200	500	2.8%
Business Development	2,821	14,352	10,800	(3,552)	-24.7%	11,300	500	4.6%
Equipment Rentals & Repairs	37,590	41,400	27,900	(13,500)	-32.6%	25,400	(2,500)	-9.0%
Total Non-Personnel Expenses	147,315	175,850	97,600	(78,250)	-44.5%	98,600	1,000	1.0%
Total Operating Expenses	1,206,813	1,319,108	1,292,208	(26,900)	-2.0%	1,357,869	65,661	5.1%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,206,813	1,319,108	1,292,208	(26,900)	-2.0%	1,357,869	65,661	5.1%
Equipment Outlay (over \$5,000)	-	7,500	-	(7,500)	-100.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 1,206,813	\$ 1,326,608	\$ 1,292,208	\$ (34,400)	-2.6%	\$ 1,357,869	\$ 65,661	5.1%

Procurement

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Procurement		
FY 2010 Budget / FY 2011 Budget	\$ 1,326,608	\$ 1,292,208
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	55,653	64,661
Merit increase and salary adjustments (and 1 unfunded position)	(4,303)	-
Proposed increases in personnel costs	51,350	64,661
Decrease in equipment rental and leasing costs	(17,000)	-
Decrease in use of outside professional consultants	(40,000)	-
Other, net	(28,749)	1,000
FY 2011 Budget / FY 2012 Budget	<u>\$ 1,292,208</u>	<u>\$ 1,357,869</u>

Procurement Goals & Objectives

FY 2010 Progress Report

1. Adopt a sustainable procurement process and incorporate sustainable requirements into Authority contracts.

Progress: Updated solicitation response requirements to limit paper. Implemented new practices to encourage electronic submissions when practical.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency & Goal #3 – Create and build a credible community image.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Improve customer service to the business community through transparency, increased contracting opportunities and outreach.

Progress: Engaged the business community through project specific outreach on current opportunities. Participated in seven outreach events sponsored by the Authority and various local business organizations. Updated the contract solicitation language to track local and small business participation.

Sustainability Goal: Economic Vitality and Operational Excellence.

Authority Goal: Goal # 3 Create and build a credible community image.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. Achieve a 6% overall cost savings through increased competition and negotiations.

Progress: Achieved an average cost savings of 8% on the purchase of material and equipment. Achieved a total negotiated savings of \$1,095,896 on contracts awarded in FY09 and estimate approximately \$500,000 in negotiated savings in FY10. Maximized returns on surplus property through established contracts for auction services, E-auction services and recycling contracts.

Sustainability Goal: Economic Vitality.

Authority Goal: Goal # 4 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Procurement Goals & Objectives

FY 2011-FY 2012 Objectives

1. **Adopt a sustainable procurement process and increase the number of solicitations accepting electronic submissions to 10% in FY11.**

Sustainability Goal: Operational efficiency, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #2 Anticipate and exceed both internal and external customer service expectations.

2. **Improve customer service to the business community through transparency, increased contracting opportunities and outreach. Success equals:**

- ❖ Development of a project specific outreach plan for 90% of the open and competitive solicitations issued through procurement in FY11.
- ❖ Development of an Authority Contracting webpage and an electronic brochure in FY11 that provides accurate and consistent information encouraging businesses to participate in contracting opportunities with the Authority.
- ❖ Document local and small business participation and contract awards achieved in FY11 through an open and competitive solicitation process to establish benchmarks for future outreach efforts.

Sustainability Goal: Economic Vitality and Operational Excellence

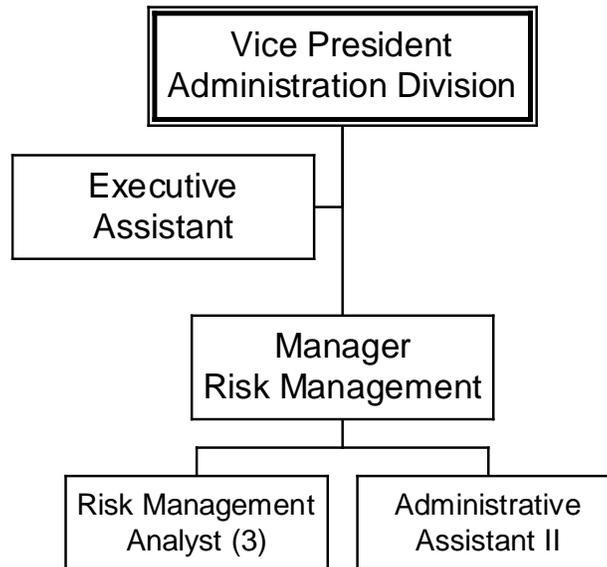
Authority Goal: Goal #3 Create and build a credible community image.

3. **Achieve an 8% overall cost savings through increased competition and negotiations in FY11.**

Sustainability Goal: Economic Vitality

Authority Goal: Goal # 4 Enhance the financial position of the Authority.

Risk Management Organizational Structure



Risk Management

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 564,292	\$ 572,147	\$ 642,918	\$ 70,771	12.4%	\$ 642,918	\$ -	0.0%
Premium Overtime	257	759	759	-	0.0%	759	-	0.0%
Employee Benefits	233,406	222,330	293,451	71,121	32.0%	341,690	48,239	16.4%
Subtotal	797,955	795,236	937,128	141,892	17.8%	985,367	48,239	5.1%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	797,955	795,236	937,128	141,892	17.8%	985,367	48,239	5.1%
Non-Personnel Expenses								
Contractual Services	425,841	547,181	559,400	12,219	2.2%	570,588	11,188	2.0%
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	789	-	-	-	0.0%	-	-	0.0%
Operating Supplies	3,761	24,000	20,100	(3,900)	-16.3%	20,402	302	1.5%
Insurance	1,095,867	1,228,000	1,222,750	(5,250)	-0.4%	1,211,560	(11,190)	-0.9%
Employee Programs	38,412	31,759	34,063	2,304	7.3%	36,528	2,465	7.2%
Business Development	9,190	19,396	15,200	(4,196)	-21.6%	19,608	4,408	29.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	1,573,860	1,850,336	1,851,513	1,177	0.1%	1,858,686	7,173	0.4%
Total Operating Expenses	2,371,815	2,645,572	2,788,641	143,069	5.4%	2,844,053	55,412	2.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,371,815	2,645,572	2,788,641	143,069	5.4%	2,844,053	55,412	2.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 2,371,815	\$ 2,645,572	\$ 2,788,641	\$ 143,069	5.4%	\$ 2,844,053	\$ 55,412	2.0%

Risk Management
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Risk Management		
FY 2010 Budget / FY 2011 Budget	\$ 2,645,572	\$ 2,788,641
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	71,121	48,239
Merit increase and salary adjustments (Additional of 1 Risk Management Analyst)	70,771	-
Proposed increases in personnel costs	141,892	48,239
Other, net	1,177	7,173
FY 2011 Budget / FY 2012 Budget	<u>\$ 2,788,641</u>	<u>\$ 2,844,053</u>

Risk Management Goals & Objectives

FY 2010 Progress Report

1. **Protect the assets of the organization using insured and self-insured techniques for 100 % of the probable maximum loss for FY 11.**

Progress: 100% of assets are protected for probable maximum loss.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes, with slight modification.**

2. **Perform timely contract risk analysis and establish insurance requirements on Requests for Proposals/Qualifications (RFP/RFQs) or other Airport agreements within 5 working days of receipt of complete submissions.**

Progress: Currently achieving this goal.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Risk Management Goals & Objectives

FY 2011-FY 2012 Objectives

1. Protect the assets of the organization using Insured and Self-Insured techniques for 100% of the probable maximum loss for FY11.

Sustainability Goal: Operational efficiency, Social Responsibility, Maintain a Safe & Secure Environment

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

2. Perform timely contract risk analysis and establish insurance requirements on Requests for Proposals/Qualifications (RFP/RFQ) and other types of Airport Agreements within 5 working days of receipt of complete submissions.

Sustainability Goal: Operational Efficiency and Social Responsibility

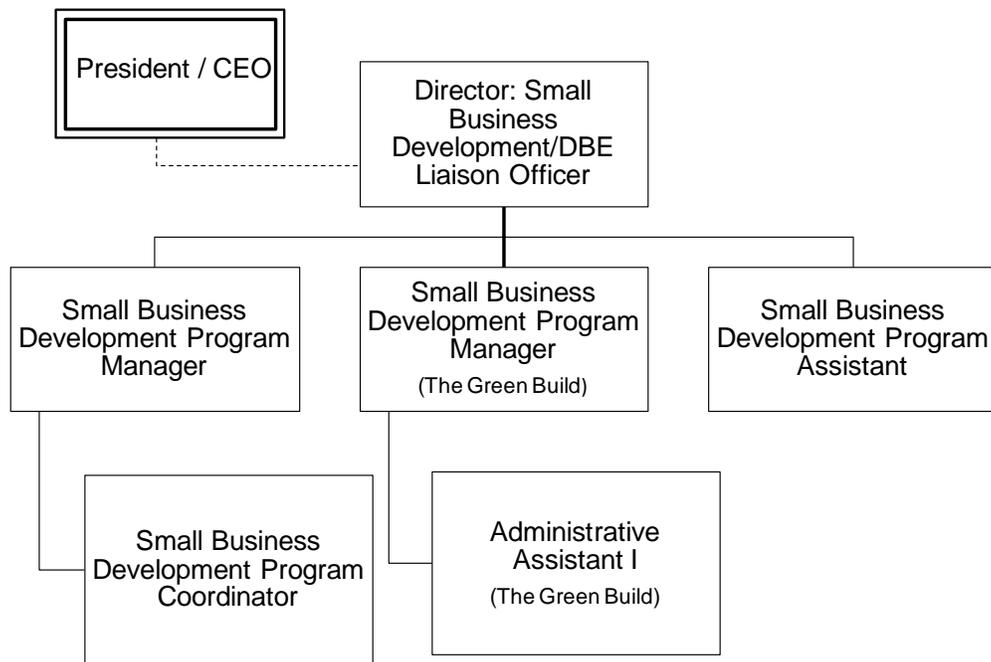
Authority Goal: Goal # 2 Anticipate and exceed internal and external customer service expectations.

3. Implement a driver training program for 100% of the Authority employees that drive as part of their employment duties and complete skills assessments by 12/31/10 and required training by 6/30/11.

Sustainability Goal: Operational efficiency, safety and security

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Small Business Development Organizational Structure



Small Business Development FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 295,679	\$ 302,075	\$ 423,087	\$ 121,012	40.1%	\$ 423,087	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	122,966	123,849	203,919	80,070	64.7%	231,754	27,835	13.7%
Subtotal	418,645	425,924	627,006	201,082	47.2%	654,841	27,835	4.4%
<i>Less: Capitalized Labor</i>	-	-	(173,879)	(173,879)	100.0%	(173,879)	-	0.0%
Total Personnel Expenses	418,645	425,924	453,127	27,203	6.4%	480,962	27,835	6.1%
Non-Personnel Expenses								
Contractual Services	461,645	140,150	65,150	(75,000)	-53.5%	57,950	(7,200)	-11.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	550	500	(50)	-9.1%	300	(200)	-40.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	36	15,000	12,000	(3,000)	-20.0%	12,000	-	0.0%
Operating Supplies	3,695	5,150	5,150	-	0.0%	5,100	(50)	-1.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	7,577	12,163	15,000	2,837	23.3%	15,500	500	3.3%
Business Development	63,080	81,743	60,900	(20,843)	-25.5%	172,300	111,400	182.9%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	536,033	254,756	158,700	(96,056)	-37.7%	263,150	104,450	65.8%
Total Operating Expenses	954,678	680,680	611,827	(68,853)	-10.1%	744,112	132,285	21.6%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	954,678	680,680	611,827	(68,853)	-10.1%	744,112	132,285	21.6%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 954,678	\$ 680,680	\$ 611,827	\$ (68,853)	-10.1%	\$ 744,112	\$ 132,285	21.6%

Small Business Development

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Small Business Development FY 2010 Budget / FY 2011 Budget	\$ 680,680	\$ 611,827
Proposed personnel costs		
Addition of 1 Administrative Assistant and 1 Small Business Development Program Manager	173,879	-
Burden (benefits & employer taxes) increase for current staff	80,070	27,835
Merit increase and salary adjustments	(52,867)	-
Capitalized Labor	(173,879)	-
Proposed increases in personnel costs	<u>27,203</u>	<u>27,835</u>
Decrease/Increase in promotional activities and materials	(17,000)	112,000
Decrease in disparity study costs	(75,000)	(7,200)
Other, net	(4,056)	(350)
	<u>(176,056)</u>	<u>104,450</u>
FY 2011 Budget / FY 2012 Budget	<u>\$ 611,827</u>	<u>\$ 744,112</u>

Small Business Development Goals & Objectives

FY 2010 Progress Report

1. Maintain 100% compliance with all federal and state regulations as they relate to Small Business Development.

Progress: ACDBE & DBE goals and achievement reports were submitted to FAA for review and approval.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No. 100% compliance will continue as an ongoing task and will not be listed as an objective.**

2. Enhance education program that will expand accessibility to valuable information regarding Authority concession opportunity by January 31, 2010.

Progress: Concession development program for small business was created and includes an orientation to airport concessions. Program is now in implementation phase.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectation; and Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Implement a strategic plan, in conjunction with Real Estate Management, to assist long-term participation in concession activities by small business operators by June 2010.

Progress: Small Business Development and Real Estate Management have teamed up to implement a strategic plan intended to assist small businesses with upcoming concession opportunities.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectation; and Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

4. Conduct and make available a series of education workshops designed to enhance performance by small businesses that will accommodate no less than 500 participants.

Progress: Small Business Development exceeded this target through a series of education workshops on business skill development, business development skills, and procurement opportunities at the airport.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectation; and Goal # Enhance regional partnerships; and Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Implement appropriate measures in response to disparity study findings, if needed, and should commence by December 2009.

Progress: The draft disparity study report is completed. Study recommendations and appropriate measures are being assessed.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

Small Business Development Goals & Objectives

FY 2011-FY 2012 Objectives

1. **Optimize the value of small businesses to the Authority by surveying small businesses and trade associations to determine the top five barriers to small business participation by December 31, 2010; and develop and implement remedies for at least two of these barriers by June 30, 2011.**

Sustainability Goal: Social Responsibility.

Authority Goal: #2 Anticipate and exceed both internal and external customer service expectation; and #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

2. **Enhance both regional and national awareness of Authority contracting opportunities by conducting at least six outreach events targeting small businesses. Maximize opportunity awareness efforts by partnering with trade organizations, utilizing social media, and other available tools by June 30, 2011.**

Sustainability Goal: Social Responsibility.

Authority Goal: #2 Anticipate and exceed both internal and external customer service expectation; and, #3 Enhance regional partnerships; and #4 – Create and build a credible community image as a transparent, trusted and highly responsive agency.

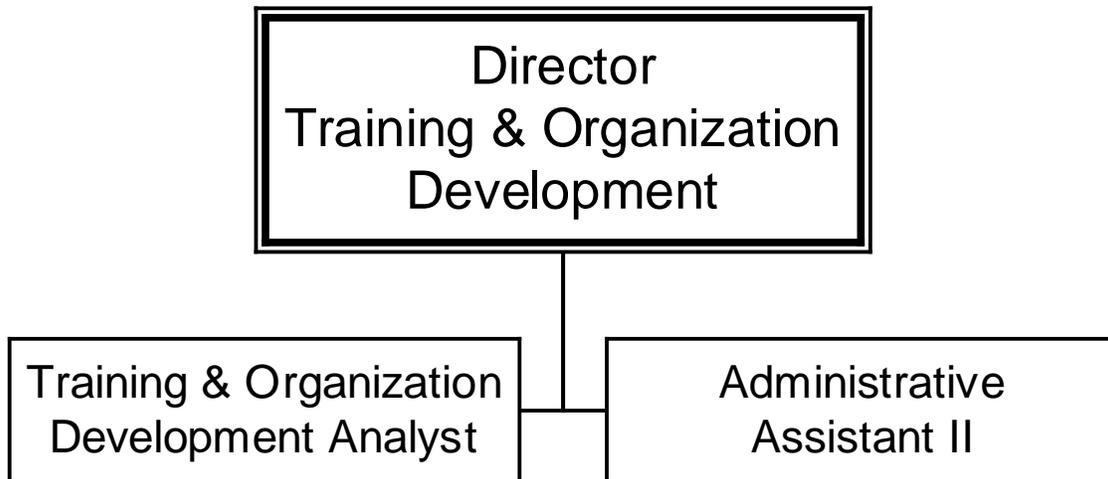
3. **By conducting at least twelve education workshops by June 30, 2011 we would have engaged no less than 300 businesses. Workshops will be designed to enhance the performance by small businesses in Authority contracting and concessions.**

Sustainability Goal: Social Responsibility.

Authority Goal: #2 Anticipate and exceed both internal and external customer service expectation; and, #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Training and Organization Development

Organizational Structure



Training and Organization Development FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 229,253	\$ 242,645	\$ 247,104	\$ 4,459	1.9%	\$ 247,104	\$ -	0.0%
Premium Overtime	-	500	500	-	0.0%	500	-	0.0%
Employee Benefits	92,928	88,162	105,507	17,345	19.1%	126,264	20,757	19.7%
Subtotal	322,181	331,307	353,111	21,804	6.6%	373,868	20,757	5.9%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	322,181	331,307	353,111	21,804	6.6%	373,868	20,757	5.9%
Non-Personnel Expenses								
Contractual Services	89,836	177,723	105,000	(72,723)	-40.9%	119,000	14,000	13.3%
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	1,751	177	800	623	352.0%	300	(500)	-62.5%
Operating Supplies	2,043	4,034	4,000	(34)	-0.8%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	71,171	80,531	90,300	9,769	12.1%	78,300	(12,000)	-13.3%
Business Development	8,839	14,396	4,500	(9,896)	-68.7%	4,500	-	0.0%
Equipment Rentals & Repairs	2,685	5,800	10,200	4,400	75.9%	10,200	-	0.0%
Total Non-Personnel Expenses	176,325	282,661	214,800	(67,861)	-24.0%	216,300	1,500	0.7%
Total Operating Expenses	498,506	613,968	567,911	(46,057)	-7.5%	590,168	22,257	3.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	498,506	613,968	567,911	(46,057)	-7.5%	590,168	22,257	3.9%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 498,506	\$ 613,968	\$ 567,911	\$ (46,057)	-7.5%	\$ 590,168	\$ 22,257	3.9%

Training and Organizational Development

Major Drivers of FY 2011- FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc/(Dec)</u>	<u>FY 2012 Budget Inc/(Dec)</u>
Training and Development		
FY 2010 Budget / FY 2011 Budget	\$ 613,968	\$ 567,911
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	17,345	20,757
Merit increase and salary adjustments	4,459	-
Proposed increases in personnel costs	21,804	20,757
Decrease/Increase in services other professional (employee opinion survey)	(71,000)	19,000
Decrease in travel for employee development		(9,000)
Other, net	3,139	(8,500)
FY 2011 Budget / FY 2012 Budget	<u>\$ 567,911</u>	<u>\$ 590,168</u>

Training and Organizational Development Goals & Objectives

FY 2010 Progress Report

1. **Strategically enhance employees' skills through conducting an organization-wide training needs assessment and develop a training and a strategic plan.**

Progress: Training needs assessment was completed in October 2009 and results shared with staff in November 2009 including a training plan. Activities to address the plan have begun and will continue in 2011

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

2. **Increase the efficiency and efficacy of Authority-wide training through the Learning Management System with 90% of all training activities tracked through the Management Training System in 2010.**

Progress: Through communications and meetings, we have increased the number of training activities tracked through the Learning Management System to 95% to date. We will continue to monitor and enforce this.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

3. **Reduce administrative costs and increase availability of training for all employees through the use of computer-based training and other independent learning opportunities which allows employees to take classes at times that are most convenient for them.**

Progress: We have created a computer-based contracts management course and posted it on our Learning Management System. We have identified additional courses that we will convert to computer based platform.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

4. Increase the variety of types of training activities beyond instructor-led classroom training in order to meet the needs of a diverse workforce with varied work schedules.

Progress: We combined all of the mandatory into one session called World Class Workplace. We will be converting the elements of this session into computer based training in the future. We have implemented Project Manager forums and Manager roundtables to enable learning in a less formal environment.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

Training and Organizational Development Goals & Objectives

FY 2011- FY 2012 Objectives

1. **Establish and promote two Authority learning labs that enable employees to take on-line classes in a private environment conducive to learning by December 2010. At least 10 on-line classes available and completed by April 2011.**

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8. Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

2. **Conduct an Authority-wide Employee Opinion Survey with a 70% participation rate by January 2011 and act on the results by May 2011**

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #8. Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

3. **Design Customer Service Training by May 2011. Training delivered to 70% of Authority employees and offered to airport employees by December 2011.**

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #2. Anticipate and exceed both internal and external customer service expectations.

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Development Division

Development Division Overview

The Development Division is composed of three departments responsible for the following activities:

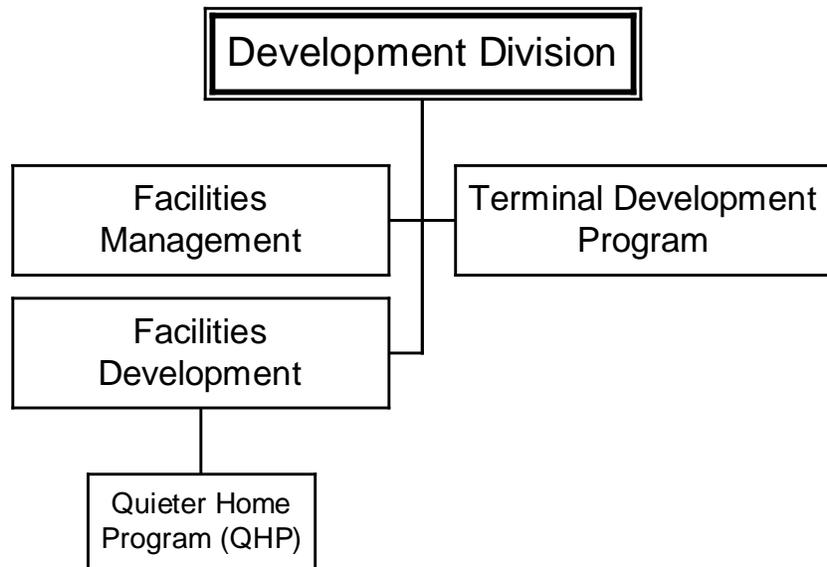
The **Facilities Development** Department executes the Airport's Capital Improvement Program (CIP) and major maintenance projects. It is also responsible for implementing noise attenuation improvements to qualified residential homes adjacent to the Airport under the Authority's **Quieter Home Program (QHP)**, a unit within the Facilities Development Department. QHP manages the Authority's community program to reduce interior noise level of residential homes determined to be within the 65+ decibel level contour map around San Diego International Airport homes. The Federal Aviation Administration has set a goal of reducing interior noise levels for San Diego residents by at least 5 decibels inside the home, providing a noticeable reduction in noise level.

The **Facilities Management** Department maintains Airport infrastructure and responds to all Airport and tenant service requests. The department also 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 and other specialized services.

The **Terminal Development Program** Department is responsible for implementing the Authority's Airport Master Plan, including the design and construction of terminal, airside and landside improvements. Specifically, these improvements include:

- ❖ 10 new jet gates at Terminal 2 West
- ❖ A dual-level roadway at Terminal 2, featuring an arrivals curb on level one and a departures curb on level two to relieve current curbside congestion and smart curb technology, which allows travelers to check in for their flight even before entering the terminal
- ❖ Additional parking for remain-over-night aircraft to eliminate the need for aircraft to taxi across the runway
- ❖ Taxiway improvements to enhance the flow of aircraft traffic
- ❖ New, expanded dining and shopping options
- ❖ More comfortable holding areas at the gates
- ❖ More and improved security checkpoints
- ❖ Public art integrated throughout the terminal expansion and outside areas

Development Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Development					
Facilities Management	75	66	-	1	67
Terminal Development Program	13	12	-	-	12
Facilities Development	35	29	-	-	29
Quieter Home Program	10	10	-	-	10
Total	133	117	-	1	118
Authorized and Unfunded Positions		14	(1) ⁽¹⁾	(1)	12
Total Authorized Positions		131	(1)	-	130

(1) Facilities Management - 1 unfunded position was eliminated in FY 2011.

Development Division FY 2011- FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 7,466,354	\$ 8,276,177	\$ 8,438,476	\$ 162,299	2.0%	\$ 8,529,658	\$ 91,182	1.1%
Premium Overtime	525,699	520,737	520,737	-	0.0%	521,579	842	0.2%
Employee Benefits	3,244,856	3,625,183	4,190,645	565,462	15.6%	4,761,906	571,261	13.6%
Subtotal	11,236,909	12,422,097	13,149,858	727,761	5.9%	13,813,143	663,285	5.0%
Less: Capitalized Labor	(3,333,255)	(3,749,671)	(4,866,447)	(1,116,776)	29.8%	(5,030,819)	(164,372)	3.4%
Less: QHP - Labor/Burden/Labor Overhead	(929,282)	(995,210)	(1,054,231)	(59,021)	5.9%	(1,112,047)	(57,816)	5.5%
Total Personnel Expenses	6,974,372	7,677,216	7,229,180	(448,036)	-5.8%	7,670,277	441,097	6.1%
Non-Personnel Expenses								
Contractual Services	2,290,509	2,143,033	1,596,271	(546,762)	-25.5%	1,611,962	15,691	1.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	6,498,464	6,000,050	6,560,000	559,950	9.3%	6,750,000	190,000	2.9%
Maintenance	6,637,153	7,787,181	6,542,100	(1,245,081)	-16.0%	6,642,100	100,000	1.5%
Operating Equipment & Systems	39,272	38,057	20,594	(17,463)	-45.9%	24,594	4,000	19.4%
Operating Supplies	182,850	87,634	61,139	(26,495)	-30.2%	63,039	1,900	3.1%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	136,231	212,493	123,456	(89,037)	-41.9%	135,527	12,071	9.8%
Business Development	61,933	132,851	60,279	(72,572)	-54.6%	64,433	4,154	6.9%
Equipment Rentals & Repairs	60,978	83,974	69,501	(14,473)	-17.2%	69,501	-	0.0%
Total Non-Personnel Expenses	15,907,390	16,485,273	15,033,340	(1,451,933)	-8.8%	15,361,156	327,816	2.2%
Total Operating Expenses	22,881,762	24,162,489	22,262,520	(1,899,969)	-7.9%	23,031,433	768,913	3.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	25,402,163	18,400,000	15,375,000	(3,025,000)	-16.4%	15,375,000	-	0.0%
Legal Settlements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	25,402,163	18,400,000	15,375,000	(3,025,000)	-16.4%	15,375,000	-	0.0%
Total Expenses	48,283,925	42,562,489	37,637,520	(4,924,969)	-11.6%	38,406,433	768,913	2.0%
Equipment Outlay (over \$5,000)	390,738	147,000	120,000	(27,000)	-18.4%	140,000	20,000	16.7%
Total Division Expenses incl Equip Outlay	\$ 48,674,663	\$ 42,709,489	\$ 37,757,520	\$ (4,951,969)	-11.6%	\$ 38,546,433	\$ 788,913	2.1%

Development Division
Major Drivers of FY 2011 - FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 42,709,489	\$ 37,757,520
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	528,885	515,129
Previously unfunded Senior Manager Facilities salary and burden increases	117,137	-
Interns Budgeted in Department	35,826	-
Merit increase and salary adjustments	45,913	148,156
Capitalized labor increase	(1,175,797)	(222,188)
Proposed decreases in personnel costs	(448,036)	441,097
Increase in utilities	550,000	190,000
Decrease/ Increase in Facilities Development consultant costs	(463,262)	15,691
Decrease/ Increase in Major Maintenance and Joint Studies	(1,365,000)	100,000
Decrease in Quieter Home Program project costs	(3,000,000)	-
Other, net	(225,671)	42,125
FY 2011 Budget / FY 2012 Budget	<u>\$ 37,757,520</u>	<u>\$ 38,546,433</u>

Development Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2011 Budget
Facilities Management	\$ 19,509,118
Quieter Home Program	15,009,617
Facilities Development	3,165,474
Terminal Development	73,312
Total	\$ 37,757,520

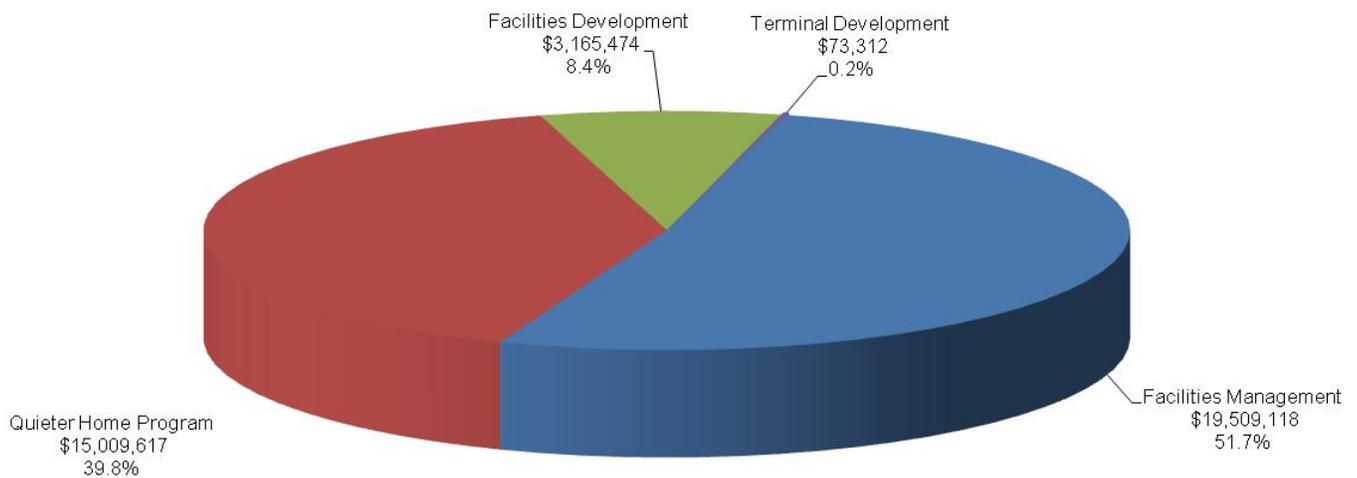


Figure 25 – FY 2011 Expense Budget by Department

Development Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2012 Budget
Facilities Management	\$ 20,131,037
Quieter Home Program	15,011,237
Facilities Development	3,328,811
Terminal Development	75,348
Total	\$ 38,546,433

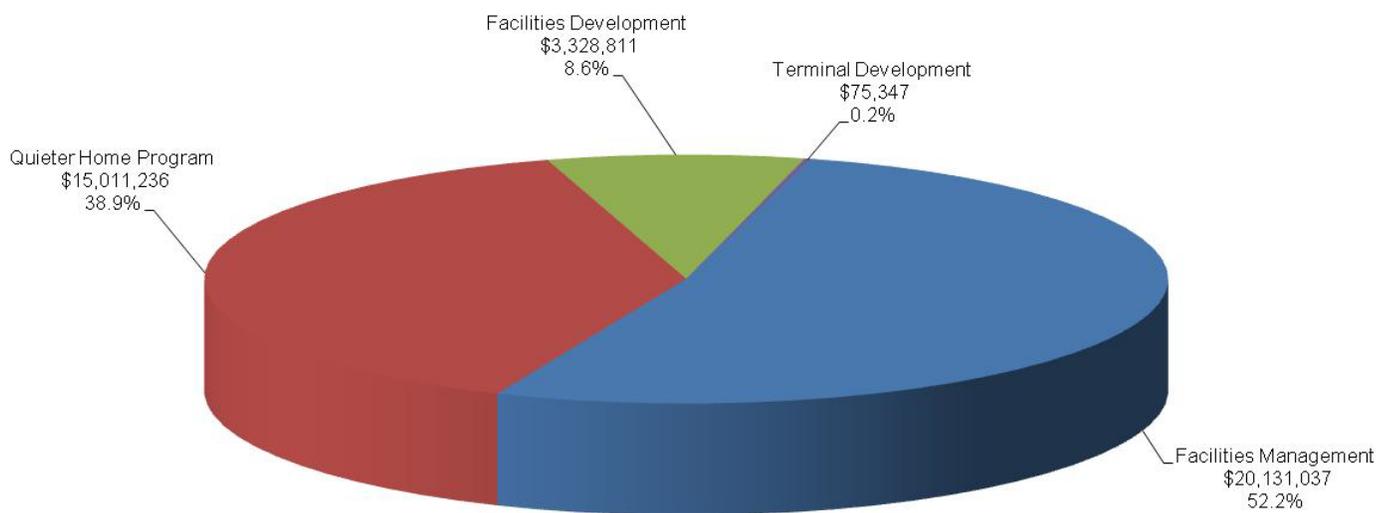
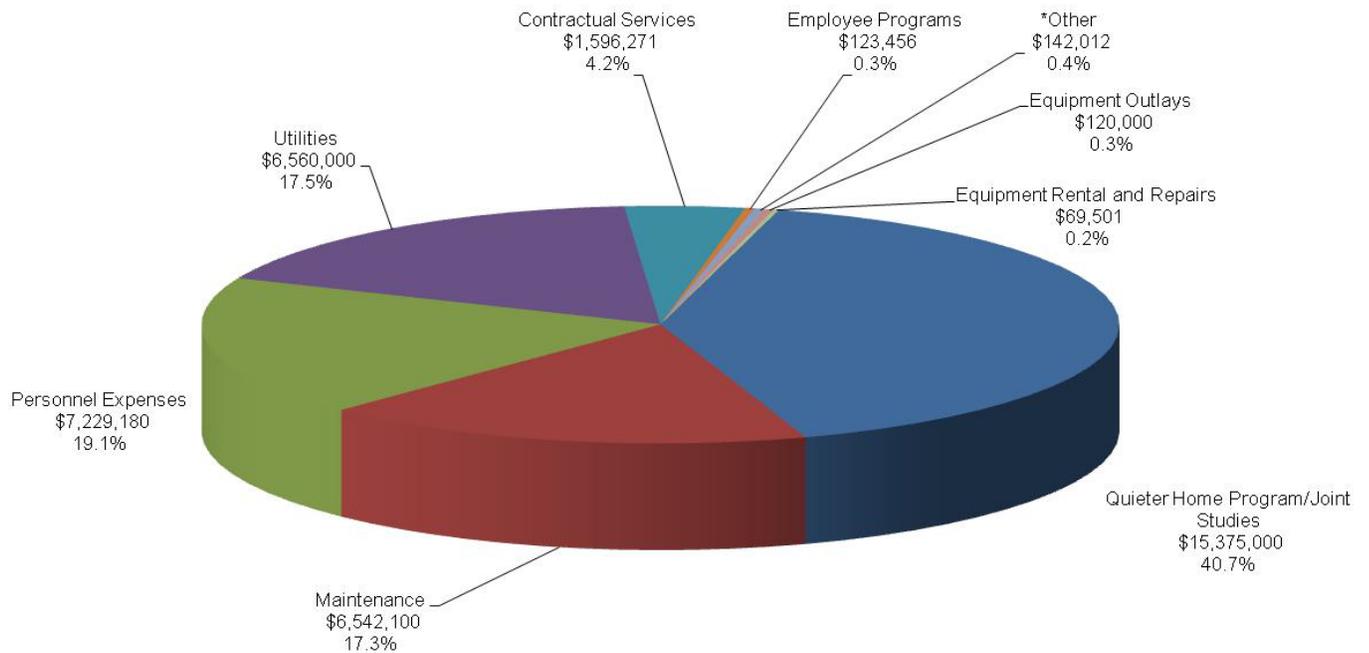


Figure 26 – FY 2012 Expense Budget by Department

Development Division FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Quieter Home Program/Joint Studies	\$ 15,375,000
Personnel Expenses	7,229,180
Utilities	6,560,000
Maintenance	6,542,100
Contractual Services	1,596,271
*Other	142,012
Employee Programs	123,456
Equipment Outlays	120,000
Equipment Rental and Repairs	69,501
Total	\$ 37,757,520

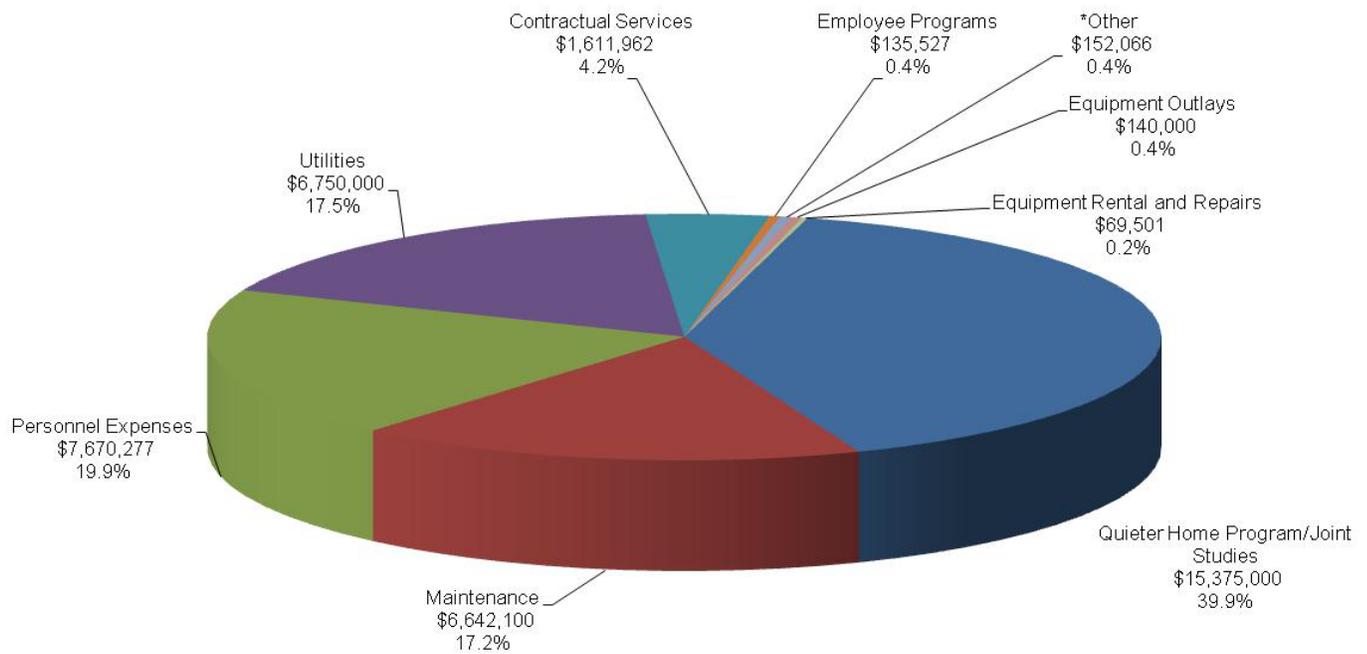


*Other includes operating equipment & systems, operating supplies and business development.

Figure 27 – FY 2011 Expense Budget by Category

Development Division FY 2011 – FY 2012 Expense Budget by Category

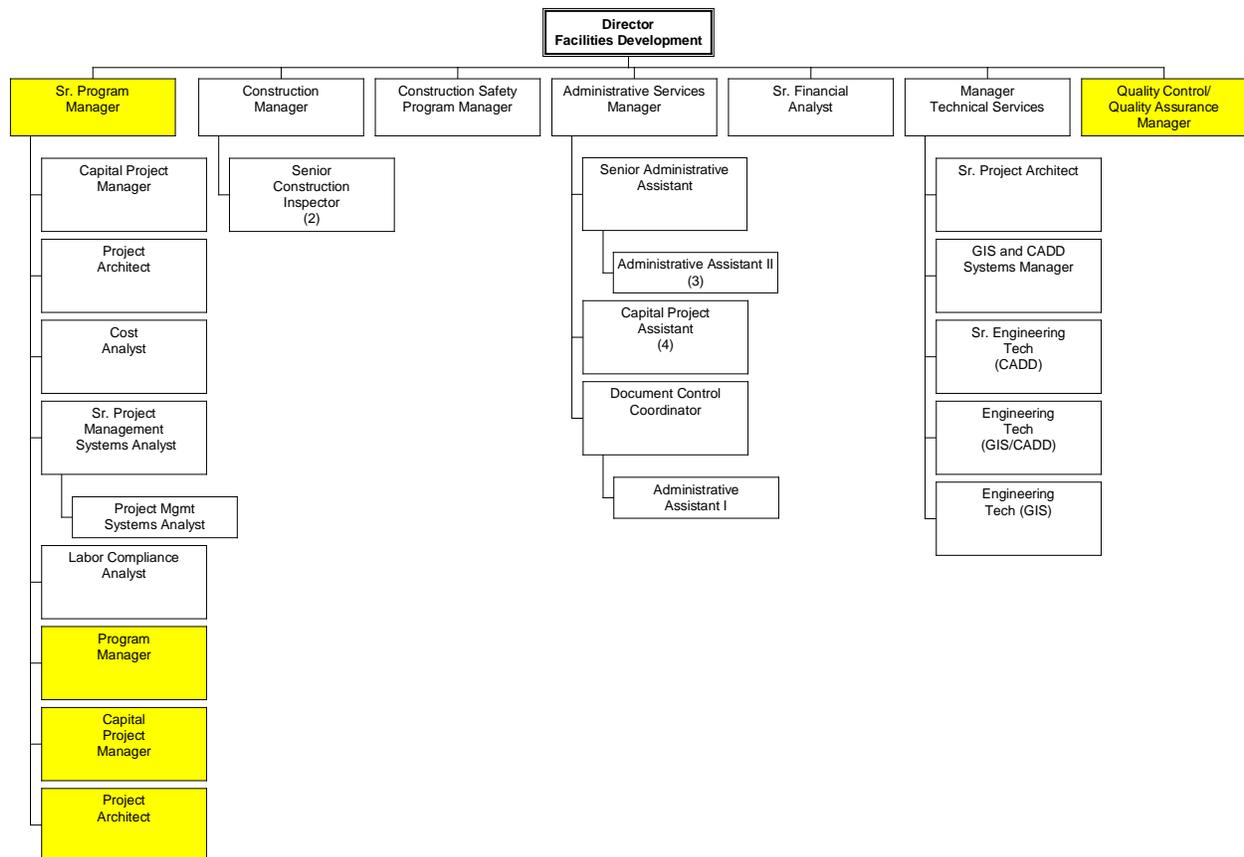
Category	FY 2012 Budget
Quieter Home Program/Joint Studies	\$ 15,375,000
Personnel Expenses	7,670,277
Utilities	6,750,000
Maintenance	6,642,100
Contractual Services	1,611,962
*Other	152,066
Equipment Outlays	140,000
Employee Programs	135,527
Equipment Rental and Repairs	69,501
Total	\$ 38,546,433



*Other includes operating equipment & systems, operating supplies and business development.

Figure 28 – FY 2012 Expense Budget by Category

Facilities Development Organizational Structure



*Unfunded positions shown in yellow

Facilities Development FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,084,272	\$ 2,146,992	\$ 2,213,720	\$ 66,728	3.1%	\$ 2,213,720	\$ -	0.0%
Premium Overtime	6,718	15,737	15,737	-	0.0%	15,737	-	0.0%
Employee Benefits	904,523	883,535	1,022,574	139,039	15.7%	1,183,494	160,920	15.7%
Subtotal	2,995,513	3,046,264	3,252,031	205,767	6.8%	3,412,951	160,920	4.9%
Less: Capitalized Labor	(2,006,097)	(2,068,003)	(2,471,818)	(403,815)	19.5%	(2,596,692)	(124,874)	5.1%
Less: QHP - Labor/Burden/Labor Overhead	(35,003)	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	954,413	978,261	780,213	(198,048)	-20.2%	816,259	36,046	4.6%
Non-Personnel Expenses								
Contractual Services	1,880,397	1,808,533	1,295,271	(513,262)	-28.4%	1,310,962	15,691	1.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	332,100	665,000	600,000	(65,000)	-9.8%	700,000	100,000	16.7%
Operating Equipment & Systems	3,137	18,057	6,594	(11,463)	-63.5%	10,594	4,000	60.7%
Operating Supplies	17,111	26,534	12,539	(13,995)	-52.7%	14,439	1,900	15.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,887	37,835	6,486	(31,349)	-82.9%	9,686	3,200	49.3%
Business Development	21,719	45,620	25,620	(20,000)	-43.8%	28,120	2,500	9.8%
Equipment Rentals & Repairs	15,716	48,724	43,751	(4,973)	-10.2%	43,751	-	0.0%
Total Non-Personnel Expenses	2,282,067	2,650,303	1,990,261	(660,042)	-24.9%	2,117,552	127,291	6.4%
Total Operating Expenses	3,236,480	3,628,564	2,770,474	(858,090)	-23.6%	2,933,811	163,337	5.9%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	179,565	400,000	375,000	(25,000)	-6.3%	375,000	-	0.0%
Total Non-Operating Expenses	179,565	400,000	375,000	(25,000)	-6.3%	375,000	-	0.0%
Total Expenses	3,416,045	4,028,564	3,145,474	(883,090)	-21.9%	3,308,811	163,337	5.2%
Equipment Outlay (over \$5,000)	79,572	25,000	20,000	(5,000)	-20.0%	20,000	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 3,495,617	\$ 4,053,564	\$ 3,165,474	\$ (888,090)	-21.9%	\$ 3,328,811	\$ 163,337	5.2%

Facilities Development

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Facilities Development FY 2010 Budget / FY2011 Budget	\$ 4,053,564	\$ 3,165,474
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	139,039	160,920
Merit increase and salary adjustments	30,902	-
Interns budgeted in department	35,826	-
Increase in Captilized labor costs	(403,815)	(124,874)
	<u>(198,048)</u>	<u>36,046</u>
Proposed decreases / increases in personnel costs		
Decrease in temporary labor costs	(50,000)	-
Decrease in Joint Studies Costs	(50,000)	-
Decrease/ Increase in major maintenance costs	(65,000)	100,000
Decrease/ Increase in Facilities Development consultant costs	(463,262)	15,691
Other, net	(61,780)	11,600
	<u>(61,780)</u>	<u>11,600</u>
FY 2011 Budget / FY2012 Budget	<u>\$ 3,165,474</u>	<u>\$ 3,328,811</u>

Facilities Development Goals & Objectives

FY 2010 Progress Report

1. Manage the Development Division programs to achieve its performance goals.

Progress: FDD has established an in-house employee recognition award program that has been well received. The last Authority team of the year was for an FDD project which recognized the contribution of a number of staff within FDD. Also, FDD has regular team meetings for sub-departments within FDD as well as regular all-hands FDD meetings.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

2. Comply with all federal, state, and local regulatory requirements as they pertain to the Facilities Development Department.

Progress: Audits of a number of FDD's projects have continued to demonstrate that FDD is in compliance with all regulatory requirements. Also, FDD has kept informed about changes to FAA and other regulations. For example, FDD has been providing the required regular reports that are now associated with projects that are funded by a Stimulus Grant.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Establish the baseline measurement for Internal Customer Satisfaction with the service provided.

Progress: The revised Tenant Project Review Process has improved the internal customer satisfaction regarding the service that FDD provides to Real Estate Department. Also, the process has improved the external customer satisfaction between the Authority and its tenants.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **No.**

4. Improve the Authority's GIS website by providing a faster, more dynamic and attractive interface through transparent panels and collapsible menus, contributing to the overall operational efficiency of the Authority.

Progress: The improvements to the Authority's GIS website have been completed. Tests of the new application show that the goals have been successfully met. We are now in the process of conducting training sessions for all Authority staff.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #3 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Dedicate 40 hours per employee to staff development.

Progress: Staff has been encouraged to pursue individual development by a number of avenues including attending Authority-training classes, in-house FDD Project Management classes, work-related lunch seminars, and attending airport-related or construction-related conferences.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Provide more tenant improvement support to the Real Estate Department including additional review of Tenant Projects by project architects and preparation of lease plat maps by engineering technicians.

Progress: FDD has worked with Real Estate to reorganize the Tenant Project Review Process. The new process has required the services of fewer project architects and inspectors within FDD while improving the support to the Real Estate Department.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #3 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **No.**

Facilities Development

Goals & Objectives

FY 2011- FY 2012 Objectives

1. By June 30, 2011, provide a minimum of 6 program management training sessions to 40% of staff within the Facilities Development Department to ensure consistent and uniform process for all Capital and Major Maintenance Projects. The focus will be on Design Bid Build and Alternative Project Delivery Methods and 40 percent attendance.

Sustainability Goal: Operational Efficiency and Social Responsibility

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2011.

2. By June 30, 2011, provide a minimum of 6 training sessions to educate FDD staff regarding requirements and benefits of utilizing Sustainability and LEED criteria for modifications to existing facilities.

Sustainability Goal: Operational Efficiency and Social Responsibility

Authority Goal: Goal # 1 Improve operational efficiency, safety, and security.

Fiscal Year: 2011.

3. By June 30, 2011, implement quarterly inspections on airport grounds using formal pavement management process. This pavement management process will guide FDD staff in allocating funds for pavement areas for repair or reconstruction. This will result in improving cash management and improve labor prioritization.

Sustainability Goal: Operational Efficiency and Social Responsibility

Authority Goal: Goal # 1 Improve operational efficiency, safety, and security.

Fiscal Year: 2011.

4. By June 30, 2011, improve the Authority's GIS website by establishing better integration with E1 to access up-to-date project and real estate information. Also, continue to improve the GIS database to keep it as current as possible.

Sustainability Goal: Operational Efficiency and Social Responsibility

Authority Goal: Goal # 1 Improve operational efficiency, safety, and security.

Fiscal Year: 2011.

5. By June 30, 2011, improve reporting tools implemented by FDD such as, Electronic Program Management (ePM), Docushare, Prolog, and E1 to provide:

- ❖ A Coordinated resource network
- ❖ Executive visibility of all current and forecasted CIP and Major Maintenance projects
- ❖ Detailed reports of all project issues, milestones, change requests, and submittals

Sustainability Goal: Operational Efficiency and Social Responsibility. The result of these tools will reduce paper filing by 50%, which will reduce support labor by 20 hours a week.

Authority Goal: Goal # 4 Create and build a creditable community image as a transparent, trusted and highly responsive agency

Quieter Home Program FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 627,508	\$ 700,648	\$ 710,907	\$ 10,259	1.5%	\$ 710,907	\$ -	0.0%
Premium Overtime	2,664	5,000	5,000	-	0.0%	5,842	842	16.8%
Employee Benefits	264,069	289,561	338,324	48,763	16.8%	395,298	56,974	16.8%
Subtotal	894,241	995,209	1,054,231	59,022	5.9%	1,112,047	57,816	5.5%
Less: Capitalized Labor	653	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	(894,278)	(995,209)	(1,054,231)	(59,022)	5.9%	(1,112,047)	(57,816)	5.5%
Total Personnel Expenses	616	-	-	-	-	-	-	-
Non-Personnel Expenses								
Contractual Services	(2,836)	-	-	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	258	-	-	-	0.0%	-	-	0.0%
Maintenance	405	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,489	-	-	-	0.0%	-	-	0.0%
Operating Supplies	17,079	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	41,096	9,335	4,970	(4,365)	-46.8%	5,807	837	16.8%
Business Development	13,886	34,967	4,647	(30,320)	-86.7%	5,430	783	16.8%
Equipment Rentals & Repairs	23,874	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	96,251	44,302	9,617	(34,685)	-78.3%	11,237	1,620	16.8%
Total Operating Expenses	96,867	44,302	9,617	(34,685)	-78.3%	11,237	1,620	16.8%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	25,222,598	18,000,000	15,000,000	(3,000,000)	-14.0%	15,000,000	-	0.0%
Total Non-Operating Expenses	25,222,598	18,000,000	15,000,000	(3,000,000)	-14.0%	15,000,000	-	0.0%
Total Expenses	25,319,465	18,044,302	15,009,617	(3,034,685)	-14.1%	15,011,237	1,620	0.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 25,319,465	\$ 18,044,302	\$ 15,009,617	\$ (3,034,685)	-14.1%	\$ 15,011,237	\$ 1,620	0.0%

Quieter Home Program
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Quieter Home Program FY 2010 Budget/ FY2011 Budget	\$ 18,044,302	\$ 15,009,617
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	48,762	842
Merit increase and salary adjustments	10,259	56,974
Capitalized labor / QHP - labor, burden, labor overhead increase	(59,021)	(57,816)
Proposed increases in personnel costs	(0)	(0)
Decrease in promotional materials	(20,000)	-
Decrease in Quieter Home Program project costs	(3,000,000)	-
Other, net	(14,685)	1,620
FY 2011 Budget / FY2012 Budget	<u>\$ 15,009,617</u>	<u>\$ 15,011,237</u>

Quieter Home Program

Goals & Objectives

FY 2010 Progress Report

1. **Develop a plan that creates a residential sound insulation program that other U.S. airports view as benchmark.**

Progress: Continued increased pace of Quieter Home Program (Program) to meet FAA's requirement to spend down existing grant funding which allowed Airport to close a grant. Bid 12 construction projects and insulated 332 homes.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. **Develop and maintain partnering relationships through meetings and customer service programs with the key stakeholders involved with the QHP.**

Progress: Conducted "Job Lunches" with stakeholders to give them a first-hand look at how the Program operates. Attended local AGC, ASA and other organizations to provide Program information to local, small, and disadvantaged contractors/businesses. Provided increased opportunities to engage the homeowners throughout construction to provide the best possible customer service.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. **Develop a clear Program Guideline for the Quieter Home Program.**

Progress: Established new Program checklists to ensure that staff is consistent in application of processes and procedures.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. **Increase the number of homes participating from the sound insulation program to over 300 per year in FY 2010.**

Progress: Insulated over 332 homes in FY 2010.

Sustainability Goal: Customer Service Expectations.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Quieter Home Program Goals & Objectives

FY 2011 – FY 2012 Objectives

1. By June 30, 2011, improve processes and procedures to utilize new electronic software programs to help streamline and automate the Quieter Home Program's efforts by reducing paperwork and increasing productivity, which can result in reduced filing by 50% or 10 hours weekly.

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: # 7 Be recognized as an aviation industry leader.

2. By June 30, 2011 develop and maintain partnering relationships with the stakeholders in the Quieter Home Program with nine face-to-face meetings, and five interactive "site tours", and improved customer service techniques.

Sustainability Goal: Operational Excellence and Social Responsibility

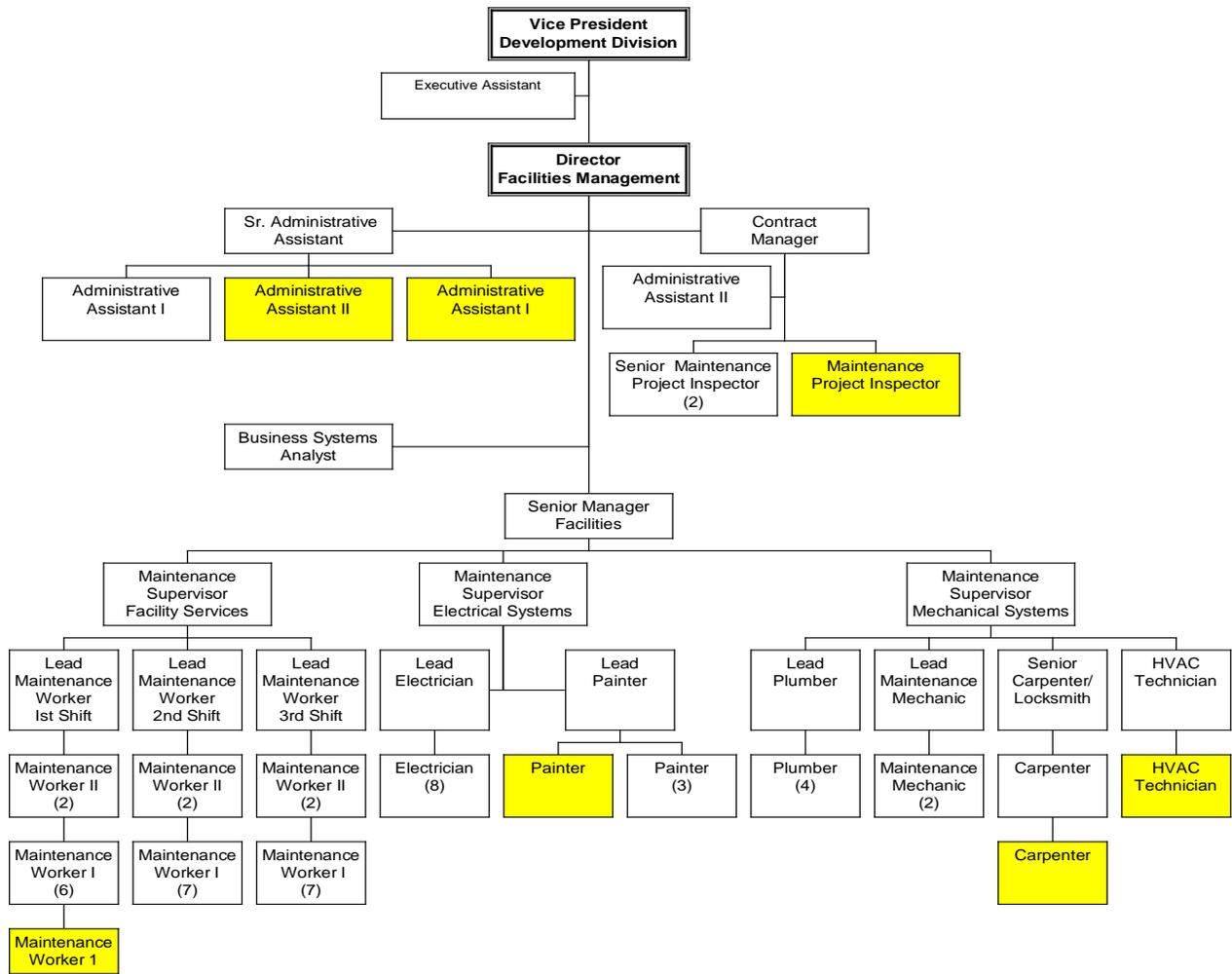
Authority Goal: #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

3. By June 30, 2011, provide sound insulation to at least 250 homes in FY 2011 by identifying opportunities to lower costs and increase productivity.

Sustainability Goal: Social Responsibility

Authority Goal: # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Facilities Management Organizational Structure



*Unfunded positions identified in yellow

Facilities Management FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 4,236,085	\$ 4,199,829	\$ 4,359,967	\$ 160,138	3.8%	\$ 4,451,148	\$ 91,181	2.1%
Premium Overtime	516,317	500,000	500,000	-	0.0%	500,000	-	0.0%
Employee Benefits	1,869,056	1,982,626	2,322,501	339,875	17.1%	2,636,039	313,538	13.5%
Subtotal	6,621,458	6,682,455	7,182,468	500,013	7.5%	7,587,187	404,719	5.6%
<i>Less: Capitalized Labor</i>	(602,246)	-	(750,000)	(750,000)	100.0%	(750,000)	-	0.0%
Total Personnel Expenses	6,019,212	6,682,455	6,432,468	(249,987)	-3.7%	6,837,187	404,719	6.3%
Non-Personnel Expenses								
Contractual Services	415,058	334,500	301,000	(33,500)	-10.0%	301,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	6,498,206	6,000,050	6,560,000	559,950	9.3%	6,750,000	190,000	2.9%
Maintenance	6,304,648	7,122,181	5,942,100	(1,180,081)	-16.6%	5,942,100	-	0.0%
Operating Equipment & Systems	33,647	20,000	14,000	(6,000)	-30.0%	14,000	-	0.0%
Operating Supplies	148,660	61,100	48,600	(12,500)	-20.5%	48,600	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	68,167	89,950	70,300	(19,650)	-21.8%	77,500	7,200	10.2%
Business Development	14,705	35,760	14,900	(20,860)	-58.3%	14,900	-	0.0%
Equipment Rentals & Repairs	21,388	35,250	25,750	(9,500)	-27.0%	25,750	-	0.0%
Total Non-Personnel Expenses	13,504,479	13,698,791	12,976,650	(722,141)	-5.3%	13,173,850	197,200	1.5%
Total Operating Expenses	19,523,691	20,381,246	19,409,118	(972,128)	-4.8%	20,011,037	601,919	3.1%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	19,523,691	20,381,246	19,409,118	(972,128)	-4.8%	20,011,037	601,919	3.1%
Equipment Outlay (over \$5,000)	155,709	122,000	100,000	(22,000)	-18.0%	120,000	20,000	20.0%
Total Dept Expenses incl Equip Outlay	\$ 19,679,400	\$ 20,503,246	\$ 19,509,118	\$ (994,128)	-4.8%	\$ 20,131,037	\$ 621,919	3.2%

Facilities Management

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Facilities Management		
FY 2010 Budget / FY2011 Budget	\$ 20,503,246	\$ 19,509,118
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	303,298	313,538
Previously unfunded Senior Manager Facilities salary and burden increases	117,137	-
Merit increase and salary adjustments	79,578	91,182
Increase in Capitialized labor costs	(750,000)	
Proposed decreases in personnel costs	(249,987)	404,720
Increase in utilities	550,000	190,000
Decrease in major maintenance costs	(1,250,000)	-
Other, net	(44,141)	27,200
FY 2011 Budget / FY2012 Budget	<u>\$ 19,509,118</u>	<u>\$ 20,131,037</u>

Facilities Management Goals & Objectives

FY 2010 Progress Report

1. Continue with terminal curbside improvements through pavement and sidewalk resurfacing and artistic design. Improve surface and reduce liability exposure.

Progress: Limited progress has been made. Restoration of paving on Winship Lane and addition of pedestrian cross walk to public safety. Cost constraints have limited progress in this area.

Sustainability Goal: Yes, contributes to Operational Efficiency and Social Responsibility, Enhances the overall image of the airport.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue? 2011. Yes.

2. Reduce overall energy and natural resource use through technology improvements. Alteration of landscape to a xeriscape concept and installation of electrical savings devices such as automatic controls, energy efficient lighting systems and modified operational procedures. Verification of progress and establishment of baseline data through a series of energy audits.

Progress: Energy reduction of 5.3% from 2008 baseline which equates to a saving of approximately \$500,000 as well as an overall water usage reduction in excess of 9,000,000 gallons within the first 6 months of FY 2010.

Sustainability Goal: Yes, contributes to Operational Efficiency and Social Responsibility, Enhances the overall image of the airport. Significantly contributes to the conservation of Natural Resources.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? Yes.

3. Continue an on-going major maintenance program focused on facility improvement through rapid response and reduced scale projects. Projects of this nature will reduce the current levels of deferred maintenance and contribute to the overall longevity and sustainability of the facilities.

Progress: Major maintenance program continues to develop. Projects this fiscal year are two building renovations, construction of Facility Management production shops, ARFF station remodel and Terminal 1 and Terminal 2 East tile and carpet replacement.

Sustainability Goal: Yes, contributes to Economic Viability, Operational Efficiency and Social Responsibility, Enhances the overall image of the airport.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? Yes.

4. Develop technical specification guidelines for all trades to be used in the construction and design of future facilities. These guidelines will significantly reduce project punch lists and end user dissatisfaction.

Progress: Specifications have been developed and disseminated to other departments to ensure consistency of construction. Updates are currently being collated for inclusion in the document.

Sustainability Goal: Yes, contributes to Economic Viability, Operational Efficiency and Social Responsibility, Enhances the overall image of the airport.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **No.**

5. Implement a program of comprehensive commissioning and facility activation which reduces implementation and operational costs for the facility life cycle.

Progress: Initial stages of the program have been implemented and cost savings for first 6 months documented at \$650,000.

Sustainability Goal: Yes, contributes to Economic Viability, Operational Efficiency and Social Responsibility, Enhances the overall image of the airport. Significant contribution to the Economic Viability and conservation of resources.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Reduce elevator and escalator equipment failure rate.

Progress: Elevator and escalator monitoring system is in place and operational. Response times and failure rates are being tracked and trends developed for analysis.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

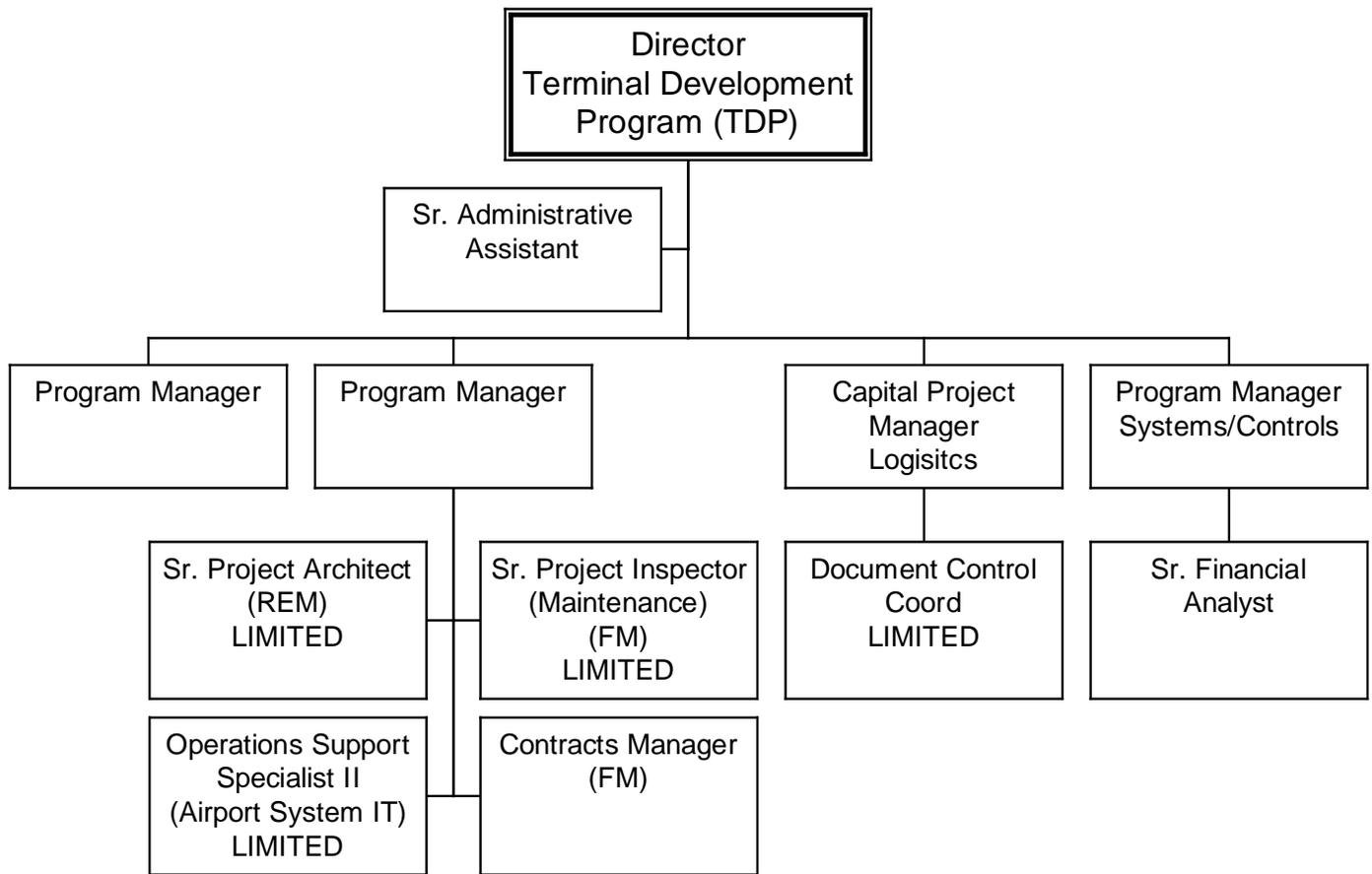
Fiscal Year: 2010. Continue in 2011? **No, though will continue to monitor performance.**

Facilities Management Goals & Objectives

FY 2011-FY 2012 Objectives

- 1. Implement the Life Cycle Asset Management Program in Terminal One, Commuter Terminal and Terminal Two East.**
Sustainability Goal: Operational Excellence and Social Responsibility
Authority Goal: # 1 Improve operational efficiency, safety and security
- 2. Establish and implement a professional development program for the Maintenance Supervisors and Lead Technicians to encompass Financial, Procurement, Airport Operations and other aspects of the aviation industry by June 2011.**
Sustainability Goal: Operational Excellence and Social Responsibility
Authority Goal: # 1 Improve operational efficiency, safety and security
- 3. Reduce overall energy usage by 5% from 2009 baseline by June 2011.**
Sustainability Goal: Economic Viability and Operational Excellence
Authority Goal: # 1 Improve operational efficiency, safety and security
- 4. Reduce water consumption by 5% from 2009 baseline by June 2011.**
Sustainability Goal: Economic Viability and Operational Excellence
Authority Goal: # 1 Improve operational efficiency, safety and security

Terminal Development Program Organizational Structure



Terminal Development Program FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 518,489	\$ 1,228,708	\$ 1,153,883	\$ (74,825)	-6.1%	\$ 1,153,883	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	207,208	469,460	507,246	37,786	8.0%	547,075	39,829	7.9%
Subtotal	725,697	1,698,168	1,661,129	(37,041)	-2.2%	1,700,958	39,829	2.4%
<i>Less: Capitalized Labor</i>	<i>(725,564)</i>	<i>(1,681,668)</i>	<i>(1,644,629)</i>	<i>37,041</i>	<i>-2.2%</i>	<i>(1,684,127)</i>	<i>(39,498)</i>	<i>2.4%</i>
Total Personnel Expenses	133	16,500	16,500	-	0.0%	16,831	331	2.0%
Non-Personnel Expenses								
Contractual Services	(2,110)	-	-	-	0.0%	-	-	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	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	-	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	15,081	75,373	41,700	(33,673)	-44.7%	42,534	834	2.0%
Business Development	11,622	16,504	15,112	(1,392)	-8.4%	15,983	871	5.8%
Equipment Rentals & Repairs	-	-	-	-	-	-	-	-
Total Non-Personnel Expenses	24,593	91,877	56,812	(35,065)	-38.2%	58,517	1,705	3.0%
Total Operating Expenses	24,726	108,377	73,312	(35,065)	-32.4%	75,348	2,036	2.8%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	24,726	108,377	73,312	(35,065)	-32.4%	75,348	2,036	2.8%
Equipment Outlay (over \$5,000)	155,457	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 180,183	\$ 108,377	\$ 73,312	\$ (35,065)	-32.4%	\$ 75,348	\$ 2,036	2.8%

Terminal Development Program
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Terminal Development Program FY 2010 Budget / FY2011 Budget	\$ 108,377	\$ 73,312
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	37,786	39,829
Increase in capitalized labor costs	37,040	(39,499)
Salary adjustments	(74,825)	-
	<u>-</u>	<u>330</u>
Proposed Increases in personnel costs		
Decrease in Employee Travel Costs	(23,373)	-
Other, net	(11,692)	1,706
	<u>(11,692)</u>	<u>1,706</u>
FY 2011 Budget / FY2012 Budget	<u>\$ 73,312</u>	<u>\$ 75,348</u>

Terminal Development Program

Goals & Objectives

FY 2010 Progress Report

1. Manage Terminal Development Program (TDP) to meet critical/key milestones.

Progress: The approval of the Terminal Development Program (TDP) was issued April 2, 2009. These actions began during Fiscal Year 2010 and will continue in Fiscal Year 2011.

Sustainability Goal: Economic Viability, Operational Excellence, Social Responsibility.

Authority Goal: Goal # 4 Enhance the financial position of the Authority;
Goal # 6 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue during 2011? **Yes.**

2. Survey stakeholder satisfaction with TDP.

Progress: The approval of the Terminal Development Program (TDP) was issued April 2, 2009. These actions will continue to be taken during Fiscal Year 2011.

Sustainability Goal: Operational Excellence, Social Responsibility.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue during 2011? **Yes.**

3. Obtain 90% TDP staff satisfaction rating on annual basis.

Progress: The approval of the Terminal Development Program (TDP) was issued April 2, 2009. A survey will be conducted during Fiscal Year 2011.

Sustainability Goal: Operational Excellence, Social Responsibility

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue during 2011? **Yes.**

4. Provide training and professional development.

Progress: The approval of the Terminal Development Program (TDP) was issued April 2, 2009. These actions will continue to occur during Fiscal Year 2011.

Sustainability Goal: Operational Excellence, Social Responsibility.

Authority Goal: Goal # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Begin design and construction of the TDP (includes FY08 Objective 5 & 6).

Progress: The approval of the Terminal Development Program (TDP) was issued April 2, 2009. These actions will continue to occur during Fiscal Year 2011. Cost and schedule validation plus preliminary design was completed December 2009. Schematic Design on both Contract 1 and 2 was completed during the first calendar quarter of 2010.

Sustainability Goal: Economic Viability, Operational Excellence, Natural Resource Conservation, Social Responsibility.

Authority Goal: Goal # 5 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue during 2011? **Yes.**

Terminal Development Program

Goals & Objectives

FY 2011-FY 2012 Objectives

1. TDP Critical Path Management:

- ❖ Begin construction on major components (airside paving, terminal building foundations and structure) of TDP Contract 1: Terminal 2 West Building and Airside Expansion by the 2nd Qtr of FY 2011.
- ❖ Begin construction on major components (underground utilities foundations and elevated roadway structure) of TDP Contract 2: Terminal 2 Landside Improvements by the 2nd Qtr of FY 2011.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: # 4 Enhance the financial position of the Authority (moving the program to completion for capitalization of work); # 6 Be recognized as an aviation industry leader (promoting economic vitality to the San Diego Regional area); # 6 Provide optimal solutions for near and long-term regional air transportation needs

2. Develop, conduct and attain a 80% TDP stakeholder approval rating on a TDP Stakeholder Satisfaction Survey by the end of the 2nd Qtr of FY 2011.

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

3. Develop, conduct and attain a 80% TDP Team member approval rating on a TDP Staff Satisfaction Survey by the end of the 2nd Qtr of FY 2011.

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

4. Provide every TDP Airport Authority staff member a minimum of one training and professional development course by June 2012.

Sustainability Goal: Operational Excellence and Social Responsibility

Authority Goal: # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

Finance Division

Finance Division

Overview

The Finance Division's five departments are responsible for providing the accounting, strategic business planning, financial planning, treasury, real estate and property management, terminal concession development, public parking and ground transportation services.

The **Accounting** Department is responsible for maintenance, reporting and management of all General Ledger accounts as well as providing cost accounting services in support of the Authority's financial goals and objectives. They are also responsible for:

- ❖ Timely and accurate reporting that complies with generally accepted accounting principles
- ❖ In-depth transaction review and strict adherence to Authority policies to ensure safeguarding of Authority assets
- ❖ Consistent, organized and systematic recordkeeping to provide detailed support of Authority financial history

The **Business Planning** Department is responsible for the development, implementation and tracking of the strategic business plan. The department's goal is to prepare the strategic business plan, institutionalize an annual planning and reporting process and to support Authority-wide business process improvement initiatives.

The **Financial Planning & Budget** Department is responsible for developing and administering the Operating and Capital Budgets to provide effective utilization of resources. The department is also responsible for the following:

- ❖ Revenue and expense forecasting
- ❖ Calculation of airline rates, fees and charges
- ❖ Grant and Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) administration
- ❖ Treasury and investment management
- ❖ Long-term and short-term debt issuance and oversight

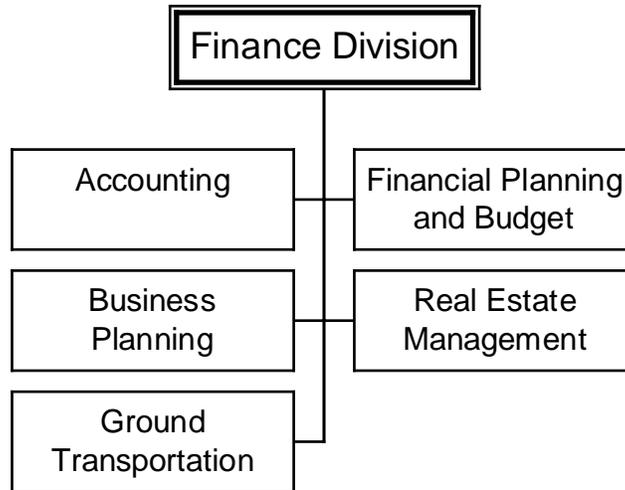
The **Ground Transportation** Department is responsible for operations from the terminal curb and roadways to the parking lots. There are two on-airport and four off-airport parking lots which require shuttle bus services. Additionally, the three terminals at SDIA are serviced by the Airport Loop shuttle bus. The department regulates the Airport's commercial transportation service providers, including, taxicabs, shuttles, limousines and courtesy vehicles. The department also:

- ❖ Manages Transportation Islands at Terminal 1 and Terminal 2 for travelers
- ❖ Issues permits for all ground transportation service provider vehicles
- ❖ Permits and completes security checks for taxicab and shuttle drivers
- ❖ Manages airport parking card program for external and internal stakeholders
- ❖ Manages employee parking lots and employee shuttles.

The **Real Estate Management** Department functions as the landlord for the Airport and other Authority-owned and operated facilities and leaseholds. It also serves as the Authority's representative in the following:

- ❖ Acquiring off-airport property rights from other parties
- ❖ Negotiating real estate related and Authority business agreements, including new Airline Operating Agreements with all carriers
- ❖ Conducting appraisal of airfield tenant leaseholds for rent adjustments
- ❖ Developing new concession opportunities, negotiating leases with the FAA, providing utility easements, and more

Finance Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Finance					
Financial Planning & Budget	13	12	-	(1)	11
Accounting	13	12	-	-	12
Business Planning	4	4	-	-	4
Real Estate Management	16	16	3 ⁽¹⁾	1	20
Ground Transportation	5	5	-	-	5
Total	51	49	3	-	52
Authorized and Unfunded Positions		3	-	-	3
Total Authorized Positions		52	3	-	55

(1) Real Estate Management - two of the three new positions hired in FY 2010.

Finance Division

FY 2011- FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 3,418,137	\$ 3,863,720	\$ 4,199,608	\$ 335,887	8.7%	\$ 4,199,608	\$ -	0.0%
Premium Overtime	11,316	16,068	15,568	(500)	-3.1%	15,568	-	0.0%
Employee Benefits	1,390,480	1,553,994	1,946,164	392,171	25.2%	2,245,809	299,645	15.4%
Subtotal	4,819,932	5,433,782	6,161,340	727,559	13.4%	6,460,985	299,645	4.9%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	4,819,932	5,433,782	6,161,340	727,559	13.4%	6,460,985	299,645	4.9%
Post Employment Benefits Authority-wide	1,465,017	1,273,555	1,711,385	437,830	34.4%	2,034,355	322,970	18.9%
Non-Personnel Expenses								
Contractual Services	12,244,332	12,563,699	11,837,970	(725,729)	-5.8%	12,760,670	922,700	7.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,887,637	10,908,579	10,904,139	(4,440)	0.0%	10,904,779	640	0.0%
Utilities	78	4,350	2,350	(2,000)	-46.0%	2,350	-	0.0%
Maintenance	10,078	15,872	15,900	28	0.2%	16,700	800	5.0%
Operating Equipment & Systems	36,655	14,000	29,900	15,900	113.6%	9,000	(20,900)	-69.9%
Operating Supplies	49,078	59,800	49,500	(10,300)	-17.2%	49,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	84,013	94,656	90,325	(4,331)	-4.6%	86,435	(3,890)	-4.3%
Business Development	427,029	146,659	184,970	38,311	26.1%	161,430	(23,540)	-12.7%
Equipment Rentals & Repairs	338,742	199,947	56,300	(143,647)	-71.8%	52,100	(4,200)	-7.5%
Total Non-Personnel Expenses	24,077,642	24,007,563	23,171,354	(836,209)	-3.5%	24,042,964	871,610	3.8%
Total Operating Expenses	30,362,592	30,714,899	31,044,079	329,180	1.1%	32,538,304	1,494,225	4.8%
Non-Operating Expenses:								
Debt Service	6,021,627	6,850,219	9,080,681	2,230,462	32.6%	14,759,410	5,678,729	62.5%
Total Non-Operating Expenses	6,021,627	6,850,219	9,080,681	2,230,462	32.6%	14,759,410	5,678,729	62.5%
Total Expenses	36,384,218	37,565,118	40,124,760	2,559,642	6.8%	47,297,714	7,172,954	17.9%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	250,000	250,000	100.0%
Total Division Expenses incl Equip Outlay	\$ 36,384,218	\$ 37,565,118	\$ 40,124,760	\$ 2,559,642	6.8%	\$ 47,547,714	\$ 7,422,954	18.5%

Finance Division

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Finance Division		
FY 2010 Budget / FY 2011 Budget	\$ 37,565,118	\$ 40,124,761
Proposed personnel costs		
Proposed staff and salary adjustments	335,387	-
Burden (benefits & employer taxes) increase for current staff	392,172	299,645
Proposed increases in personnel costs	727,559	299,645
Post Employment Benefits Authority-wide	437,830	322,970
Increase in interest expense	2,366,857	5,548,550
Increase in equipment outlay		250,000
Decrease in equipment rental and leasing	(42,147)	-
Decrease/Increase in services - other professional	(71,000)	759,500
Decrease/Increase in temporary personnel	(76,000)	48,000
Decrease in tenant improvements	(100,000)	-
Decrease/Increase in services-other	(151,000)	13,740
Decrease/Increase in services - facility	(416,230)	100,000
Other, net	(116,226)	80,549
FY 2011 Budget / FY 2012 Budget	\$ 40,124,761	\$ 47,547,714

Finance Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2011 Budget
Real Estate Management	\$ 14,162,665
Ground Transportation	11,161,052
Debt Service	9,080,681
Financial Planning & Budget	1,938,327
Post Employment Benefits Authority-wide	1,711,385
Accounting	1,596,239
Business Planning	474,412
Total	\$ 40,124,760

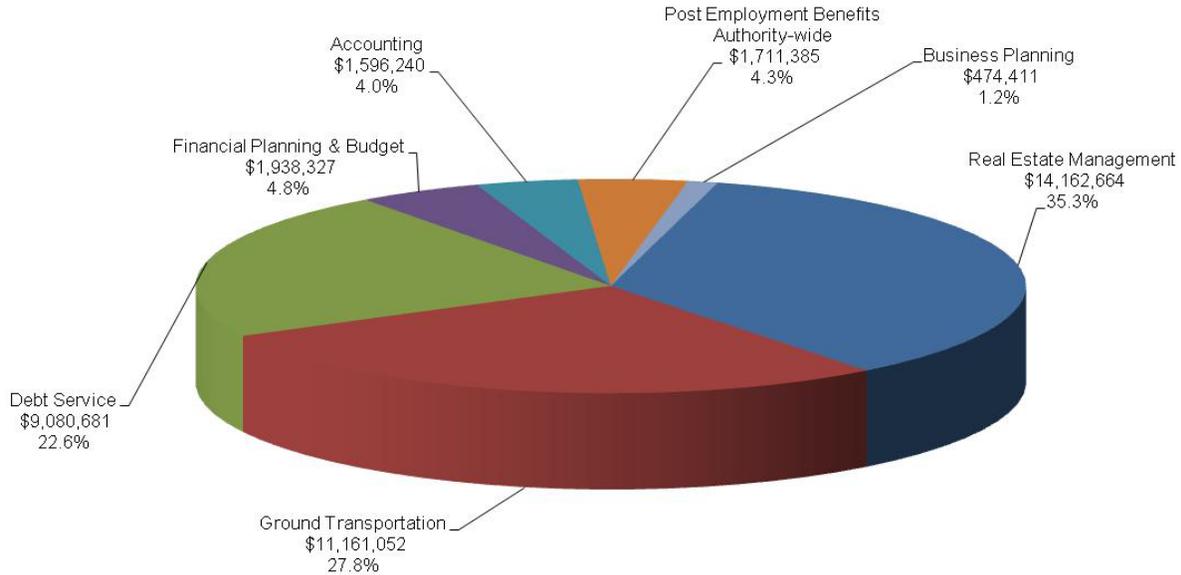


Figure 29 – FY 2011 Expense Budget by Department

Finance Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2012 Budget
Real Estate Management	\$ 15,017,101
Debt Service	14,759,410
Ground Transportation	11,304,610
Misc (Post Employment Benefits)	2,034,355
Financial Planning & Budget	1,977,860
Accounting	1,966,394
Business Planning	487,984
Total	\$ 47,547,714

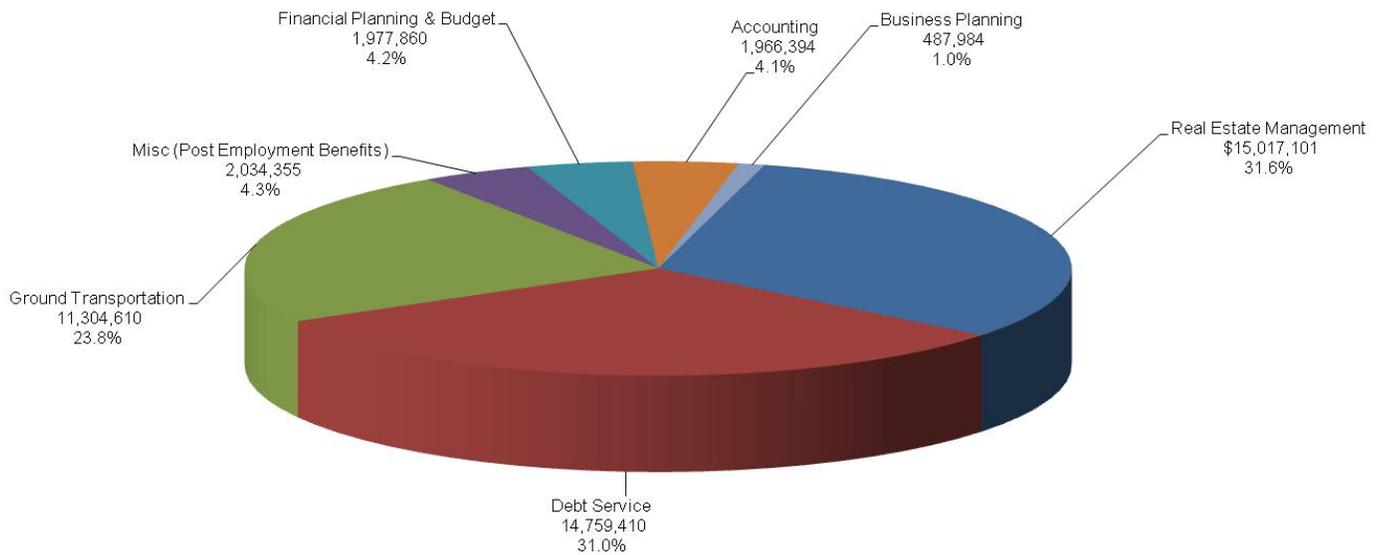
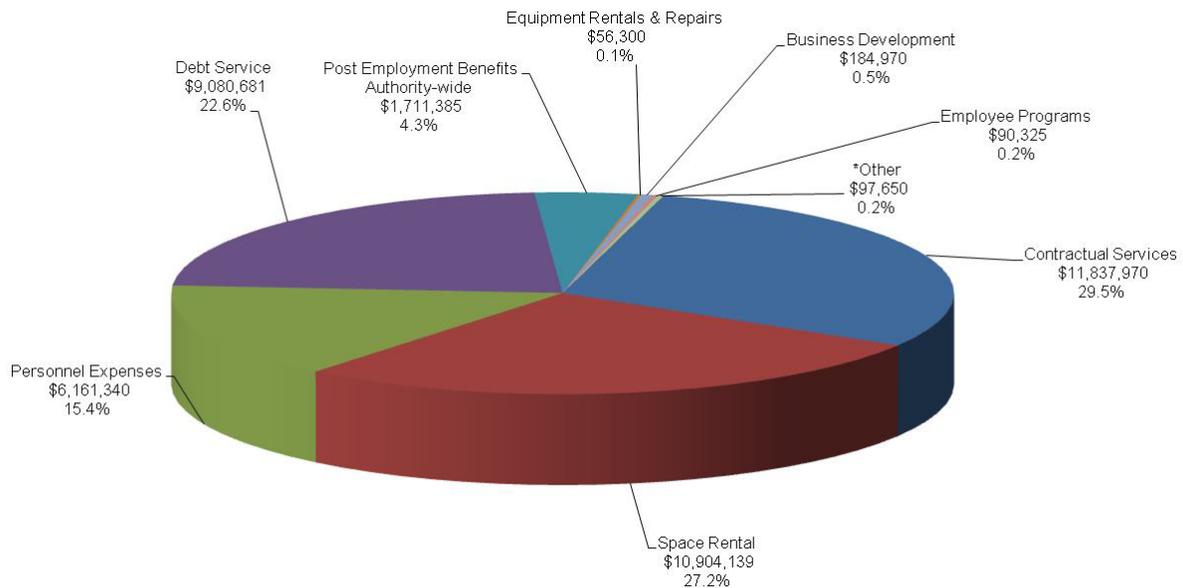


Figure 30 – FY 2012 Expense Budget by Department

Finance Division FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Contractual Services	\$ 11,837,970
Space Rental	10,904,139
Debt Service	9,080,681
Personnel Expenses	6,161,340
Post Employment Benefits Authority-wide	1,711,385
Business Development	184,970
Employee Programs	90,325
*Other	97,650
Equipment Rentals & Repairs	56,300
Total	\$ 40,124,760

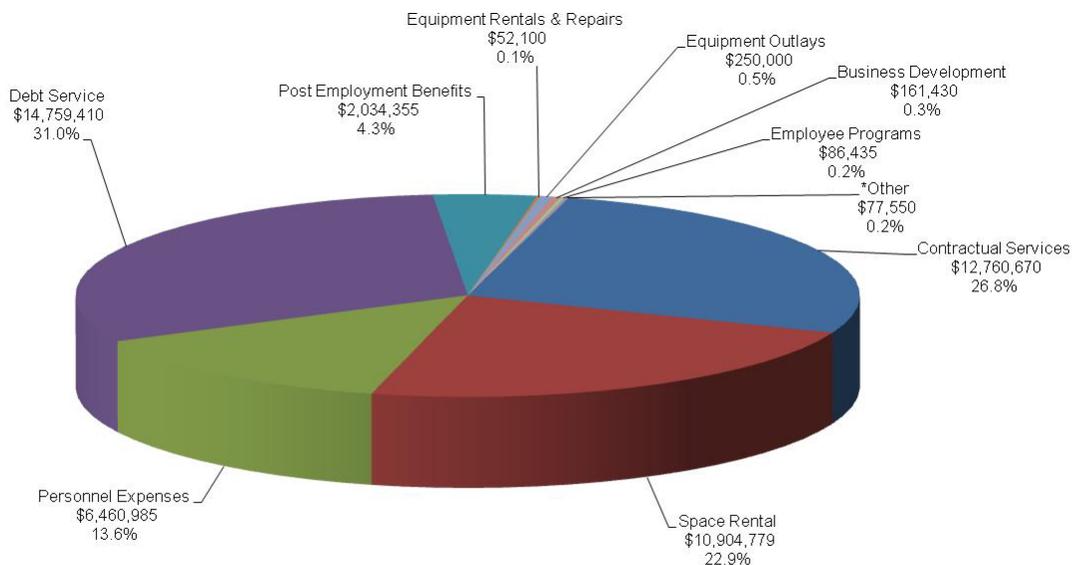


*Other includes utilities, maintenance, operating equipment & systems, operating supplies

Figure 31 – FY 2011 Expense Budget by Category

Finance Division FY 2011 – FY 2012 Expense Budget by Category

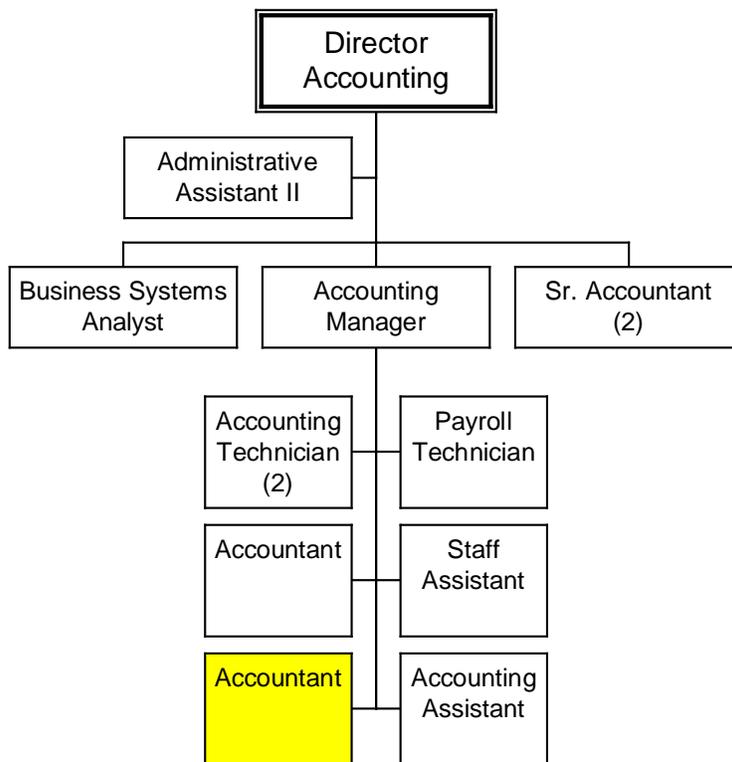
Category	FY 2012 Budget
Debt Service	\$ 14,759,410
Contractual Services	12,760,670
Space Rental	10,904,779
Personnel Expenses	6,460,985
Post Employment Benefits	2,034,355
Equipment Outlays	250,000
Business Development	161,430
Employee Programs	86,435
*Other	77,550
Equipment Rentals & Repairs	52,100
Total	\$ 47,547,714



*Other includes utilities, maintenance, operating equipment & systems, operating supplies

Figure 32 – FY 2012 Expense Budget by Category

Accounting Organizational Structure



*Unfunded positions identified in yellow.

Accounting

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 735,707	\$ 778,360	\$ 793,250	\$ 14,890	1.9%	\$ 793,250	\$ -	0.0%
Premium Overtime	6,116	7,568	7,568	-	0.0%	7,568	-	0.0%
Employee Benefits	335,731	340,921	400,621	59,700	17.5%	470,776	70,155	17.5%
Subtotal	1,077,554	1,126,849	1,201,439	74,590	6.6%	1,271,594	70,155	5.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,077,554	1,126,849	1,201,439	74,590	6.6%	1,271,594	70,155	5.8%
Non-Personnel Expenses								
Contractual Services	386,442	386,000	316,000	(70,000)	-18.1%	366,000	50,000	15.8%
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	9,498	1,000	2,000	1,000	100.0%	2,000	-	0.0%
Operating Supplies	11,692	11,000	12,000	1,000	9.1%	12,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	9,626	8,000	9,800	1,800	22.5%	9,800	-	0.0%
Business Development	336,484	58,350	55,000	(3,350)	-5.7%	55,000	-	0.0%
Equipment Rentals & Repairs	354	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	754,096	464,349	394,800	(69,549)	-15.0%	444,800	50,000	12.7%
Total Operating Expenses	1,831,650	1,591,198	1,596,239	5,041	0.3%	1,716,394	120,155	7.5%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,831,650	1,591,198	1,596,239	5,041	0.3%	1,716,394	120,155	7.5%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	250,000	250,000	100.0%
Total Dept Expenses incl Equip Outlay	\$ 1,831,650	\$ 1,591,198	\$ 1,596,239	\$ 5,041	0.3%	\$ 1,966,394	\$ 370,155	23.2%

Accounting

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Accounting		
FY 2010 Budget / FY 2011 Budget	\$ 1,591,198	\$ 1,596,239
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	59,700	70,155
Merit increase and salary adjustments / FY 12 Addition of 1 Accountant	14,890	-
Proposed increases in personnel costs	74,590	70,155
Increase in equipment outlay	-	250,000
Decrease in temporary personnel	(29,000)	-
Decrease/increase in use of outside professional consultants	(35,000)	50,000
Other, net	(5,549)	-
FY 2011 Budget / FY 2012 Budget	<u>\$ 1,596,239</u>	<u>\$ 1,966,394</u>

Accounting Goals & Objectives

FY 2010 Progress Report

1. **Complete E-1 Implementation Program to include reporting and update procedure by June 30, 2010.**

Progress: The Tools Upgrade was implemented successfully.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Ongoing

2. **Improve overall staff knowledge of the E-1 system through ongoing individual and group training sessions.**

Progress: Training was provided to the staff. Staff was required to develop two reports or process improvements to utilize the system more efficiently.

Sustainability Goal: Operational Efficiency and Economic Viability.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Ongoing

3. **Maintain a stable staff with good knowledge of history of the organization.**

Progress: We have had zero turn over in our department. We have also expanded our staff's knowledge of the airport business by providing tours of various areas of the airport such as, baggage handling, concessions and others.

Sustainability Goal: Operational efficiency and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Ongoing

4. **Develop and implement improved reports for internal accounting and other Authority departments.**

Progress: Accounting has developed trend reports by department and division. Accounting has also developed reports to analyze the variances by account and by department. We will continue to develop reports to assist in decision making.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #6 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Ongoing

5. **Review and revise internal processes and practices for payroll, accounts payable and accounts receivable.**

Progress: We have developed reports to analyze payroll variances that has improved accuracy and saved four hours per pay cycle. We have also developed detailed reports in accounts

receivable and accounts payable. We have consolidated some of related account reconciliations to save time.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #6 Be recognized as an aviation industry leader.

Fiscal Year: 2010. **Improve overall staff knowledge of the Preferred Strategies through ongoing individual and group training sessions.**

Progress: Training was provided to the staff. Staff was required to develop two reports or process improvements to utilize the system more efficiently.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Ongoing

6. Refine business practices and procedures within payroll, accounts payable and accounts receivable through E-1 system. This includes reviewing current processes, improving and reducing some of the inefficiencies and reducing duplicate work done by other departments.

Progress: We have developed automation in reporting to assist in review and communication with HR, Real Estate and Procurement.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Ongoing

Implement E-1 Tools upgrade. The upgrade is required to keep system current and to receive Oracle support.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

7. Update the format of the financial statements on the website with newer interactive technology. This to provide a more interesting look and experience in reviewing financial statements on the website.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Accounting Goals & Objectives

FY 2011-FY 2012 Objectives

1. **Support the Green Build by providing timely and accurate reporting through E-1 and Preferred Strategies.**

Sustainability Goal: Operational Efficiency and Economic Viability

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations and Goal #5 Enhance the financial position of the Authority

2. **Implement GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**

Sustainability Goal: Operational Efficiency and Economic Viability

Authority Goal: Goal #5 Enhance the financial position of the Authority

3. **Support the concession program by designing and implementing efficient concessions billing processes and the detailed tracking for reimbursement support services expenses**

Sustainability Goal: Operational Efficiency

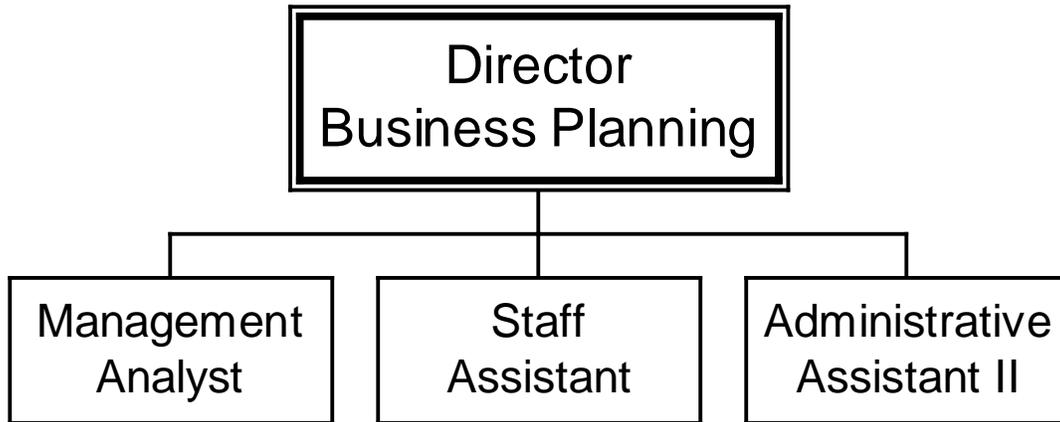
Authority Goal: Goal #5 Enhance the financial position of the Authority

4. **Update the format of the financial statements on the website with newer interactive technology to provide a more user friendly on-line experience.**

Sustainability Goal: Social Responsibility

Authority Goal: Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Business Planning
Organizational Structure



Business Planning

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 278,636	\$ 282,107	\$ 281,288	\$ (819)	-0.3%	\$ 281,288	\$ -	0.0%
Premium Overtime	-	2,500	2,500	-	0.0%	2,500	-	0.0%
Employee Benefits	118,036	125,336	145,624	20,288	16.2%	169,196	23,572	16.2%
Subtotal	396,672	409,943	429,412	19,469	4.7%	452,984	23,572	5.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	396,672	409,943	429,412	19,469	4.7%	452,984	23,572	5.5%
Non-Personnel Expenses								
Contractual Services	11,832	28,000	2,000	(26,000)	-92.9%	-	(2,000)	-100.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	1,000	1,000	-	0.0%	1,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	(712)	-	-	-	0.0%	-	-	0.0%
Operating Supplies	3,453	4,000	3,000	(1,000)	-25.0%	3,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	7,983	13,211	11,500	(1,711)	-13.0%	7,500	(4,000)	-34.8%
Business Development	15,220	20,039	5,500	(14,539)	-72.6%	1,500	(4,000)	-72.7%
Equipment Rentals & Repairs	11,758	23,000	22,000	(1,000)	-4.3%	22,000	-	0.0%
Total Non-Personnel Expenses	49,534	89,250	45,000	(44,250)	-49.6%	35,000	(10,000)	-22.2%
Total Operating Expenses	446,206	499,193	474,412	(24,781)	-5.0%	487,984	13,572	2.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	446,206	499,193	474,412	(24,781)	-5.0%	487,984	13,572	2.9%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 446,206	\$ 499,193	\$ 474,412	\$ (24,781)	-5.0%	\$ 487,984	\$ 13,572	2.9%

Business Planning
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Business Planning		
FY 2010 Budget / FY 2011 Budget	\$ 499,193	\$ 474,412
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	20,288	23,572
Merit increase and salary adjustments	(819)	-
Proposed increases in personnel costs	19,469	23,572
Decrease in services-other	(10,000)	-
Decrease in promotional activities and materials	(13,500)	-
Decrease in services - other professional	(15,500)	-
Other, net	(5,250)	(10,000)
FY 2011 Budget / FY 2012 Budget	\$ <u>474,412</u>	\$ <u>487,984</u>

Business Planning Goals & Objectives

FY 2010 Progress Report

1. **Implement, manage and report on the objectives found in the Authority's three year plan to continually build a culture of performance excellence.**

Progress: Complete

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? Yes.

2. **Gather and summarize key SDIA business performance metrics for ACI-NA Annual Airport Benchmarking study.**

Progress: Complete

Sustainability Goal: Operational Excellence.

Authority Goal: Goal: #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? Yes.

3. **Document Authority's core / critical business processes defining appropriate effectiveness and efficiency measures.**

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal: #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? Yes.

4. **Obtain approval from Executive Team regarding the evolution of the strategic business planning process and document and key planning criteria.**

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal: #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? Yes.

5. **Continue to enhance/ upgrade the Authority's Management System based on internal and external feedback to identify strengths and opportunities for improvement.**

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal: #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? Yes.

6. **Throughout FY 2010, document, communicate and implement the Authority's major sustainability initiatives: 1) consult with executive management to define key goals, strategies and success factors; 2) develop sustainable Business Plan(s) working with accountable divisional**

management; 3) conduct management forums and employee educational events; 4) disseminate informational and collateral materials; 5) develop appropriate performance measures, progress updates and management reviews; and 6) coordinate and implement sustainability initiatives with external agency representatives.

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

7. Throughout FY 2010, work with and support the designated Authority Divisions/Departments to identify and correct business process, other operational and implementation issues: 1) identify and document core/critical business processes; 2) assess the process for opportunities for improvement, process deficiencies and/or gaps; 3) document requisite procedures, work instruction and/or forms; 4) define appropriate effectiveness and efficiency measures; and 5) develop the necessary improvement plans.

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

8. Throughout FY 2010, expand the development and implementation of the Authority's performance management systems and the Quality Performance Reporting (QPR) measurement dashboard.

Progress: Ongoing

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Business Planning Goals & Objectives

FY 2011-FY 2012 Objectives

1. Implement, manage and report on the Authority's three year planning objectives to continually build a culture of performance excellence and organizational effectiveness. Work with the Senior Management staff to refine the Authority's strategic business planning process and document the key planning criteria.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

2. Throughout FY 2011, document, communicate and implement the Authority's major sustainability initiatives: 1) consult with executive management to define key goals, strategies and success factors; 2) develop sustainable Business Plan(s) working with accountable divisional management; 3) conduct management forums and employee educational events; 4) disseminate informational and collateral materials; 5) develop appropriate performance measures, progress updates and management reviews; and 6) coordinate and implement sustainability initiatives with external agency representatives.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

3. Throughout FY 2011, work with and support the designated Authority Divisions/Departments to identify and correct business process, other operational and implementation issues: 1) identify and document core/critical business processes; 2) assess the process for opportunities for improvement, process deficiencies and/or gaps; 3) document requisite procedures, work instruction and/or forms; 4) define appropriate effectiveness and efficiency measures; and 5) develop the necessary improvement plans.

Sustainability Goal: Operational Excellence.

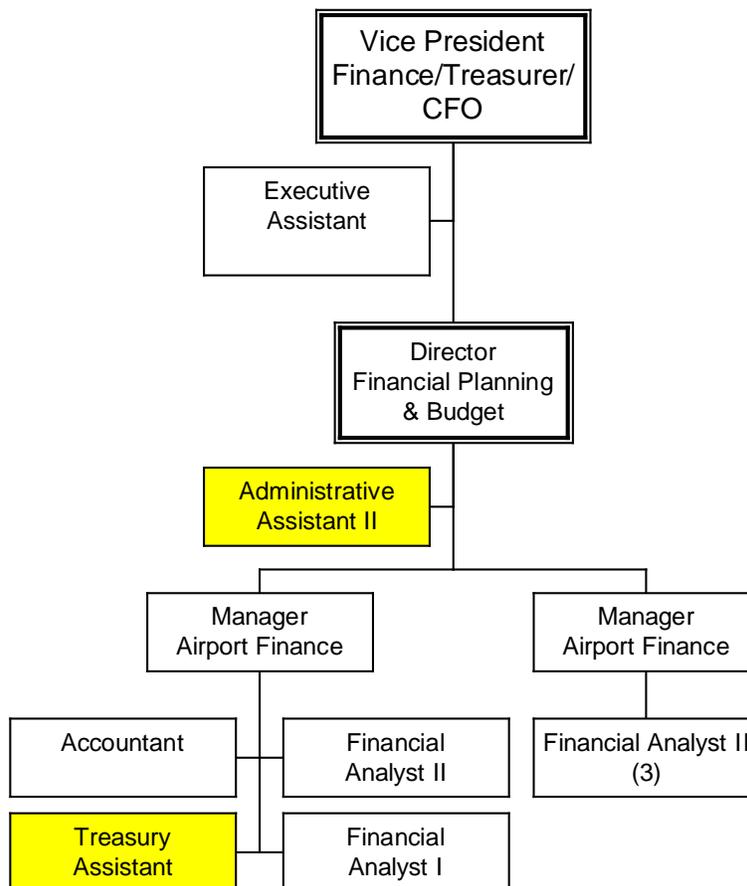
Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

4. Throughout FY 2011, expand the development and implementation of the Authority's performance management systems and the Quality Performance Reporting (QPR) measurement dashboard. Gather and summarize key SDIA business performance metrics from external references and other comparative sources.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 7 Be recognized as an aviation industry leader.

Financial Planning & Budget Organizational Structure



*Unfunded positions shown in yellow

Financial Planning & Budget

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 981,415	\$ 1,091,571	\$ 1,026,971	\$ (64,600)	-5.9%	\$ 1,026,971	\$ -	0.0%
Premium Overtime	48	3,500	3,500	-	0.0%	3,500	-	0.0%
Employee Benefits	366,385	423,397	471,731	48,334	11.4%	542,764	71,033	15.1%
Subtotal	1,347,848	1,518,468	1,502,202	(16,266)	-1.1%	1,573,235	71,033	4.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,347,848	1,518,468	1,502,202	(16,266)	-1.1%	1,573,235	71,033	4.7%
Non-Personnel Expenses								
Contractual Services	442,382	464,700	374,200	(90,500)	-19.5%	342,700	(31,500)	-8.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	78	1,350	1,350	-	0.0%	1,350	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,865	2,000	2,000	-	0.0%	2,000	-	0.0%
Operating Supplies	10,384	21,800	12,000	(9,800)	-45.0%	12,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,619	27,995	29,975	1,980	7.1%	29,975	-	0.0%
Business Development	22,266	18,100	16,100	(2,000)	-11.0%	16,100	-	0.0%
Equipment Rentals & Repairs	-	500	500	-	0.0%	500	-	0.0%
Total Non-Personnel Expenses	497,594	536,445	436,125	(100,320)	-18.7%	404,625	(31,500)	-7.2%
Total Operating Expenses	1,845,442	2,054,913	1,938,327	(116,586)	-5.7%	1,977,860	39,533	2.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,845,442	2,054,913	1,938,327	(116,586)	-5.7%	1,977,860	39,533	2.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 1,845,442	\$ 2,054,913	\$ 1,938,327	\$ (116,586)	-5.7%	\$ 1,977,860	\$ 39,533	2.0%

Financial Planning & Budget

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Financial Planning & Budget		
FY 2010 Budget / FY 2011 Budget	\$ 2,054,913	\$ 1,938,327
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	48,334	71,033
Merit increase and salary adjustments	(64,600)	-
Proposed decrease / increase in personnel costs in FY11/Increase in FY12	(16,266)	71,033
Decrease in use of temporary personnel	(9,000)	(6,000)
Decrease in office and operating supplies	(9,800)	-
Decrease in services other	(11,000)	-
Decrease in use of outside professional consultants and other services	(70,500)	(25,500)
Other, net	(20)	-
FY 2011 Budget / FY 2012 Budget	\$ 1,938,327	\$ 1,977,860

Financial Planning & Budget Goals & Objectives

FY 2010 Progress Report

1. Improve information and refine reporting to key stakeholders regarding Capital Improvement Projects.

Progress: The Capital/Treasury Group completed Phase I of this two phase project. The initial step was to fully integrate databases for the Debt Service Model/Plan of Finance for the Authority's capital projects, and the Funding Control Module which manages the budgeting of funding sources to projects and the usage of those sources to reimburse capital expenditures. Reports are produced from these integrated databases via spreadsheet software. Phase II will enable dashboard reporting to key stakeholders. It is anticipated that both standard reports and ad-hoc queries will be supported.

Sustainability Goal: Economic Viability, Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Maintenance and enhancement of Financial Feasibility Reporting to enable issuance of Airport System debt associated with the Capital Improvement Program and other capital improvements.

Progress: The Debt Service Model and Rates, Fees, and Charges Model have been individually improved to incorporate the necessary level of detail and then fully integrated with each other to support financial feasibility reporting.

Sustainability Goal: Economic Viability.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Research alternatives and complete database design for a new Budget Preparation Model by June 30, 2010.

Progress: The Operating Budget group researched several different alternatives (third-party software, ARP (Enterprise One) budget module, and in-house budget development). Due to complex requirements and budget constraints, it was determined that in-house budget development was the preferable solution. Actual vs. Budget Performance Analysis Reports with drill-down capabilities were developed on total Authority, Divisional and Departmental levels.

Sustainability Goal: Economic Viability and Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security and Goal # 5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

4. Complete refunding of existing commercial paper and provide funding for the proposed Terminal Development Program by issuing new fixed rate Airport System Revenue Bonds by June 30, 2010.

Progress: Continuing efforts are being made to prepare for debt issuance by June 2010 in the event the Authority elects to issue debt at that time. The Authority may decide to wait until FY2011 to issue debt, which will be dependent upon market conditions and the progress of capital projects.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 5 Enhance the financial position of the Authority and Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Improve cash flow forecasting to incorporate operating and capital plans into a fully-integrated comprehensive forecast by December 31, 2009.

Progress: A fully-integrated and comprehensive cash flow forecast was developed and completed in December 2009 and is currently being utilized for planning and forecasting cash balances, excess cash investment, and timing of borrowing needs.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

6. Select new cash management banking relationship and successfully implement new banking platform by June 30, 2010.

Progress: The incumbent cash management bank was selected through an RFP process. Cost savings and service enhancements have been realized.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: Goal #1 Improve operational efficiency, safety and security and Goal # 5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

Financial Planning & Budget Goals & Objectives

FY 2011-FY 2012 Objectives

1. Complete refunding of existing commercial paper and provide funding for the proposed Green Build (Terminal Development Program) and Capital Improvement Program by issuing new fixed and/or floating rate Airport System Revenue Bonds by June 30, 2011.

Sustainability Goal: Economic Viability

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

2. Reduce time to perform cash management and banking responsibilities 15 hours per week by removing redundant tasks and replacing manual processes with automation no later than December 31, 2010.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; # 5 Enhance the financial position of the Authority

3. Implement user-friendly budget front-end system which simplifies and expedites budget owners' input process by January 30, 2011.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security

4. Implement budget back-end system to increase financial analysts' efficiency in providing budget reporting, enhances existing budget reports and provides capabilities for creating new budget reports no later than January 30, 2011.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; # 5 Enhance the financial position of the Authority

5. Improve efficiency, analysis and reporting capabilities through enhancement of existing financial models and development of new financial models for new programs by June 30, 2011.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; # 5 Enhance the financial position of the Authority

6. Identify critical departmental functions and develop redundant expertise for those functions through cross-training and procedure documentation by June 30, 2011.

Sustainability Goal: Economic Viability and Operational Excellence

Authority Goal: #1 Improve operational efficiency, safety and security; # 8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture)

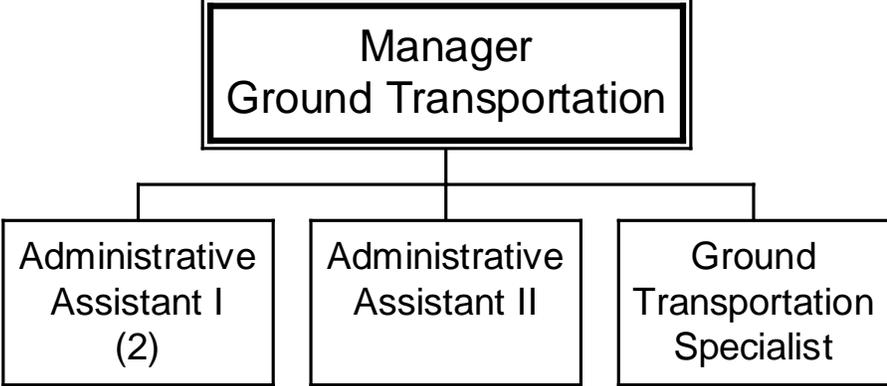
7. Lead development of a financing strategy to support implementation of master plan projects in the next 3-5 years through consideration of various funding sources and structures by June 30, 2011.

Sustainability Goal:

Economic Viability and Operational Excellence

Authority Goal: # 5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

Ground Transportation
Organizational Structure



Ground Transportation FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 202,111	\$ 266,623	\$ 270,622	\$ 3,999	1.5%	\$ 270,622	\$ -	0.0%
Premium Overtime	5,067	2,000	2,000	-	0.0%	2,000	-	0.0%
Employee Benefits	97,423	118,805	139,640	20,835	17.5%	164,128	24,488	17.5%
Subtotal	304,601	387,428	412,262	24,834	6.4%	436,750	24,488	5.9%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	304,601	387,428	412,262	24,834	6.4%	436,750	24,488	5.9%
Non-Personnel Expenses								
Contractual Services	11,152,698	11,278,000	10,711,770	(566,230)	-5.0%	10,828,970	117,200	1.1%
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	116	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	14,072	15,000	15,000	-	0.0%	15,500	500	3.3%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	5,688	17,250	7,250	(10,000)	-58.0%	7,360	110	1.5%
Business Development	8,132	14,670	13,770	(900)	-6.1%	15,030	1,260	9.2%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	11,180,706	11,325,920	10,748,790	(577,130)	-5.1%	10,867,860	119,070	1.1%
Total Operating Expenses	11,485,307	11,713,348	11,161,052	(552,296)	-4.7%	11,304,610	143,558	1.3%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	11,485,307	11,713,348	11,161,052	(552,296)	-4.7%	11,304,610	143,558	1.3%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 11,485,307	\$ 11,713,348	\$ 11,161,052	\$ (552,296)	-4.7%	\$ 11,304,610	\$ 143,558	1.3%

Ground Transportation

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Ground Transportation		
FY 2010 Budget / FY 2011 Budget	\$ 11,713,348	\$ 11,161,052
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	20,835	24,488
Merit increase and salary adjustments	3,999	-
Proposed increases in personnel costs	24,834	24,488
Decrease in fingerprinting expense	(12,500)	-
Decrease/Increase in employee bus services from Old Town and airport dispatcher	(145,000)	13,740
Decrease/Increase in parking lot facility attendant services	(416,230)	100,000
Other, net	(3,399)	5,329
FY 2011 Budget / FY 2012 Budget	\$ 11,161,052	\$ 11,304,610

Ground Transportation Goals & Objectives

FY 2010 Progress Report

1. Increase vehicle compliance inspections to five per year.

Progress: We are projected to complete two compliance reviews this fiscal year.

Sustainability Goal: Operational excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Implement background checks for 100% of limousine & courtesy van drivers by fiscal year end 2010.

Progress: Staff is awaiting outcome of a State Legislature bill that would mandate the State to provide these background checks. Authority will implement this program only if the bill is not approved.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal # 5 Enhance the financial position of the Authority. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Implement findings of Ground Transportation Management Plan.

Progress: Board adopted the Comprehensive Ground Transportation Management Plan recommendations on January 7, 2010. Portions of the plan are to be implemented by July 1, 2010.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations, Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Increase customer service enhancements for valet operation (car wash, detailing, oil changes, etc).

Progress: Car wash and detailing was included in the valet services on Aug 1, 2009.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations, Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

5. Increase alternative fuel capabilities of SAN Park fleet.

Progress: A new shuttle fleet will be delivered and operational by June 2010. More than 80% of this fleet will be alternative fuel vehicles.

Sustainability Goal: Natural resource conservation.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

Ground Transportation Goals & Objectives

FY 2011-FY 2012 Objectives

1. Increase vehicle compliance inspections to four per year.

Sustainability Goal: Operational excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

2. Implement recommendations of Ground Transportation Management Plan.

Sustainability Goal: Operational Excellence.

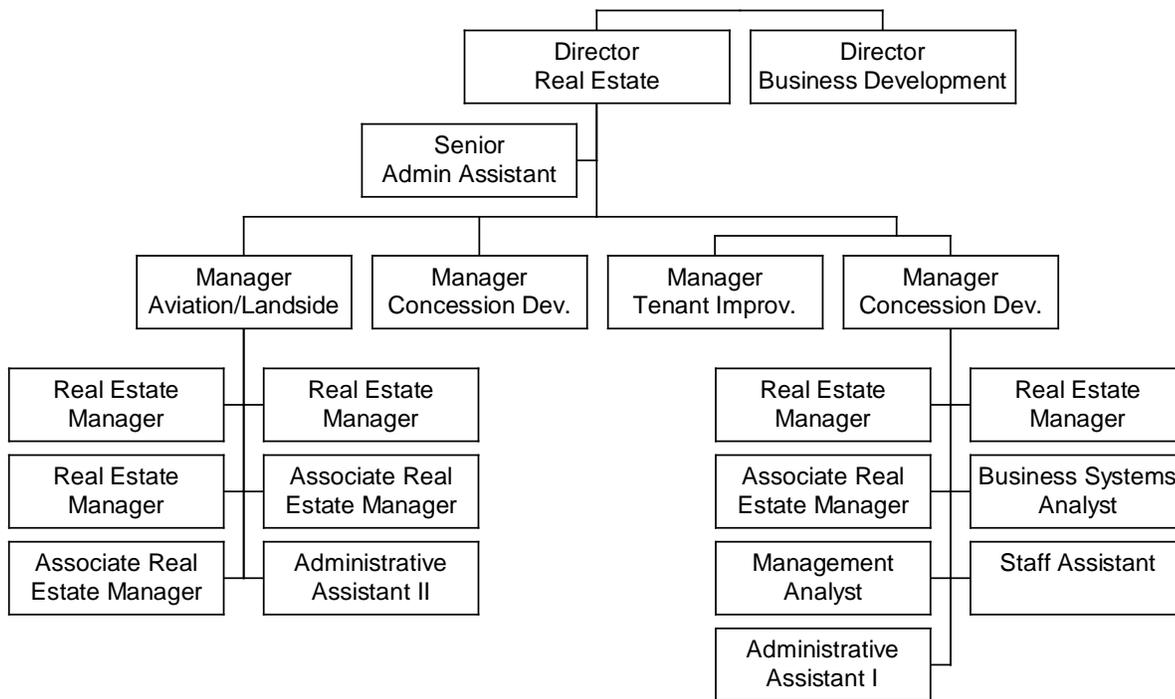
Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations, Goal #5 Enhance the financial position of the Authority.

3. Implement new Parking Services Management and Shuttle Services Management contracts.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # Goal # 2 Anticipate and exceed both internal and external customer service expectations, Goal #5 Enhance the financial position of the Authority.

Real Estate Management Organizational Structure



Real Estate Management

FY 2011-FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,220,269	\$ 1,445,058	\$ 1,827,477	\$ 382,419	26.5%	\$ 1,827,477	\$ -	0.0%
Premium Overtime	85	500	-	(500)	-100.0%	-	-	-
Employee Benefits	472,907	545,534	788,549	243,015	44.5%	898,945	110,396	14.0%
Subtotal	1,693,261	1,991,092	2,616,026	624,934	31.4%	2,726,422	110,396	4.2%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,693,261	1,991,092	2,616,026	624,934	31.4%	2,726,422	110,396	4.2%
Non-Personnel Expenses								
Contractual Services	250,978	407,000	434,000	27,000	6.6%	1,223,000	789,000	181.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,887,637	10,908,579	10,904,139	(4,440)	0.0%	10,904,779	640	0.0%
Utilities	-	2,000	-	(2,000)	-100.0%	-	-	0.0%
Maintenance	10,078	15,872	15,900	28	0.2%	16,700	800	5.0%
Operating Equipment & Systems	24,887	10,000	24,900	14,900	149.0%	4,000	(20,900)	-83.9%
Operating Supplies	9,478	8,000	7,500	(500)	-6.3%	7,000	(500)	-6.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	41,097	28,200	31,800	3,600	12.8%	31,800	-	0.0%
Business Development	44,927	35,500	94,600	59,100	166.5%	73,800	(20,800)	-22.0%
Equipment Rentals & Repairs	326,630	176,447	33,800	(142,647)	-80.8%	29,600	(4,200)	-12.4%
Total Non-Personnel Expenses	11,595,712	11,591,598	11,546,639	(44,959)	-0.4%	12,290,679	744,040	6.4%
Total Operating Expenses	13,288,973	13,582,690	14,162,665	579,975	4.3%	15,017,101	854,436	6.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	13,288,973	13,582,690	14,162,665	579,975	4.3%	15,017,101	854,436	6.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 13,288,973	\$ 13,582,690	\$ 14,162,665	\$ 579,975	4.3%	\$ 15,017,101	\$ 854,436	6.0%

Real Estate Management

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

Real Estate Management FY 2010 Budget / FY 2011 Budget	FY 2011 Budget Inc / (Dec)	FY 2012 Budget Inc / (Dec)
	\$ 13,582,690	\$ 14,162,665
Proposed personnel costs		
Addition of 2 Real Estate Manager and 1 Tenant Improvement Manager	311,595	-
Burden (benefits & employer taxes) increase for current staff	243,015	110,396
Merit increase and salary adjustments	70,823	-
Proposed increases in personnel costs	624,934	110,396
Increase in use of outside professional consultants	50,000	735,000
Increase in advertising	32,000	-
Increase/Decrease in travel business development	16,100	(11,800)
Increase in services other	15,000	-
Increase/Decrease in equipment and systems	14,900	(20,900)
Decrease/Increase in temporary personnel	(38,000)	54,000
Decrease in equipment rental / leasing costs	(42,147)	-
Decrease in tenant improvements	(100,000)	-
Other, net	7,189	(12,260)
FY 2011 Budget / FY 2012 Budget	\$ 14,162,665	\$ 15,017,101

Real Estate Management Goals & Objectives

FY 2010 Progress Report

1. Implement activities of Concession Development Program to optimize non-airline revenue opportunities and enhance customer service with existing and future concession space.

Progress: This is an on-going effort to transition the current concession program from one master food & beverage and retail tenant to multiple tenants.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Implement activities of Terminal 2 East expansion project to optimize non-airline revenue opportunities and enhance customer service.

Progress: This is an on-going effort to balance the concession square footage space allocation between pre- and post- security food& beverage and retail concessions.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. Continue to develop, review, and evaluate results of feasibility study and programmatic planning data in support of the Consolidated Rental Car Facility (CONRAC).

Progress: Real Estate has advanced from programmatic design to schematic design in support of the CONRAC and negotiated with rental car tenants a MOU in support of the program.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Develop, review, and evaluate a Strategic Air Cargo plan to determine feasibility and optimize revenue opportunities by year end FY10.

Progress: Real Estate has implemented Strategic Air Cargo Plan with Air Cargo tenants to develop programmatic design and identify equitable financing supporting feasibility for development.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 5 Enhance the Financial Position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Real Estate Management Goals & Objectives

FY 2011-FY 2012 Objectives

1. Continue the development and implementation of a comprehensive strategic plan for the Concessions Development Program, including release of Requests for Proposals in the Third Quarter of FY2011, to completely revitalize all food, beverage, and retail concessions in all terminal facilities at SDIA.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority

2. Lead project team to complete the Terminal 2 East expansion project design by Fourth Quarter FY2011 to optimize non-airline revenue opportunities and enhance customer service by adding airline hold-room space, fine-tuning the allocation of food, beverage, and retail space in pre- and post- security concession locations, and enlarging public restrooms.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority

3. Initiate design of Northside Development components by Fourth Quarter FY2011 including the site infrastructure, Consolidated Rental Car (CONRAC), air cargo, and general aviation facilities.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority.

4. Continue to support Green Build terminal development program by collaborating in design process, acting as liaison to tenant stakeholders, providing revenue projections, tenant space and gate allocations, preferred operational models, and integrating Concession Development Program.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 2 Anticipate and Exceed both Internal and External Customer Service Expectations. Goal #5 Enhance the Financial Position of the Authority.

Planning & Operations Division

Planning & Operations Division

Overview

The Planning & Operations Division is responsible for complying with several legislative mandates for San Diego International Airport and the Airport Authority, including compliance with state and federal environmental laws, development of the strategic plan for meeting the air transportation needs of the San Diego region, and support for the Authority Board in reviewing land use decisions in the areas surrounding the region's airports. The division frequently coordinates with regulatory agencies and regional transportation partners to accomplish the Authority's goals. The division is also responsible for meeting the safety and operational needs of the traveling public, both landside and airside. The division consists of five departments with distinctly different goals and responsibilities.

The **Airport Planning** Department is responsible for all short- and long-term planning for SDIA and the Airport Authority. It is also responsible for supporting the Authority Board in its role as the Airport Land Use Commission, as well as in the development of the comprehensive land use plans for all public airports in San Diego County (including military airfields). The Department also:

- ❖ Provides technical support in the Authority's efforts to meet the regional air transportation needs of San Diego County
- ❖ Updates the Airport Master Plan, including Master Plan Amendments
- ❖ Ensures compliance with environmental laws governing development at the Airport, including the California Environmental Quality Act, the National Environmental Policy Act, and the California Coastal Act
- ❖ Coordinate the development of the Regional Aviation Strategic Plan (RASP) to be adopted by the Authority by June 2011 as required under Senate Bill 10

The RASP will achieve the goals by:

- ❖ Defining the region's long range air transportation needs
- ❖ Developing strategies on how to maximize the efficiency and effectiveness of existing and planned facilities
- ❖ Exploring mechanisms for regional cooperation

The **Airside Operations** Department oversees the myriad of 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 (ACM)

The **Aviation Security and Public Safety** Department implements all required FAA and TSA security programs and security equipment improvements. The Department also:

- ❖ 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 (ASP), Airport Emergency Plan (AEP).

- ❖ Ensures high level of emergency / crisis preparedness through coordination with local, State, and Federal agencies

The Airside Operations Department and the Aviation Security and Public Safety Department have been combined this year into one position, the Director of Aviation Operations and Public Safety.

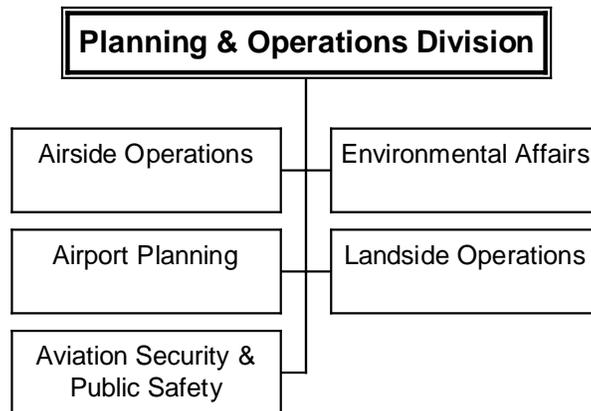
The **Environmental Affairs** Department manages environmental-related programs, including regulatory compliance, water and air quality, site remediation, hazardous material handling and natural resources protection. The department interfaces with other Authority departments to assess potential environmental impacts of all proposed projects. The department is also involved with long-range airport facility planning related to environmental and sustainability opportunities and initiatives.

The various programs administered by Environmental Affairs are as follows:

- ❖ Storm Water Management
- ❖ Hazardous Materials and Waste Management
- ❖ Air Quality Management
- ❖ Site Assessment and Remediation
- ❖ Waste Reduction and Recycling
- ❖ Industrial Hygiene
- ❖ Wildlife Preservation
- ❖ Airport Sustainability

The **Landside Operations** Department oversees the terminal operations, including facility conditions and tenant activities (airline, federal inspection service, concessionaires, etc.). The department coordinates facility improvements, maintenance, and repair activities within the terminal and landside areas. Additionally, the department manages and enforces ground transportation movement at the terminal complex and parking lots with Airport traffic officers.

Planning & Operations Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Planning & Operations					
Environmental Affairs	7	7	-	-	7
Airport Planning	13	11	-	-	11
Landside Operations	48	46	6	2	54
Aviation Security & Public Safety	12	12	(1)	-	11
Airside Operations	17	16	-	-	16
Total	97	92	5	2	99
Authorized and Unfunded Positions		5	(2) ⁽¹⁾	(2)	1
Total Authorized Positions		97	3	-	100

(1) Airport Planning - two unfunded positions were eliminated in FY 2011.

Planning & Operations Division FY 2011- FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 6,009,018	\$ 6,091,062	\$ 6,487,292	\$ 396,230	6.5%	\$ 6,589,916	\$ 102,624	1.6%
Premium Overtime	162,155	289,093	266,093	(29,000)	-10.0%	266,093	-	0.0%
Employee Benefits	2,512,047	2,703,851	3,363,722	659,871	24.4%	3,928,258	564,536	16.8%
Subtotal	8,683,220	9,084,006	10,117,107	1,033,101	11.4%	10,784,267	667,160	6.6%
<i>Less: Capitalized Labor</i>	-	-	(423,710)	(423,710)	100.0%	(462,000)	(38,290)	9.0%
Total Personnel Expenses	8,683,220	9,084,006	9,693,397	609,391	6.7%	10,322,267	628,870	6.5%
Non-Personnel Expenses								
Contractual Services	7,802,773	7,991,170	9,395,520	1,404,350	17.6%	8,366,589	(1,028,931)	-11.0%
Safety and Security	19,929,678	20,481,181	20,657,433	176,252	0.9%	20,772,833	115,400	0.6%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	888	11,400	3,400	(8,000)	-70.2%	3,000	(400)	-11.8%
Maintenance	1,354,836	1,325,000	1,377,238	52,238	3.9%	1,354,000	(23,238)	-1.7%
Operating Equipment & Systems	101,363	135,100	143,600	8,500	6.3%	124,650	(18,950)	-13.2%
Operating Supplies	316,997	221,300	162,640	(58,660)	-26.5%	183,226	20,586	12.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	208,697	212,917	220,675	7,758	3.6%	226,905	6,230	2.8%
Business Development	194,014	200,155	91,990	(108,165)	-54.0%	134,050	42,060	45.7%
Equipment Rentals & Repairs	43,912	59,450	48,850	(10,600)	-17.8%	48,850	-	0.0%
Total Non-Personnel Expenses	29,953,157	30,637,673	32,101,346	1,463,673	4.8%	31,214,103	(887,243)	-2.8%
Total Operating Expenses	38,636,377	39,721,679	41,794,743	2,073,064	5.2%	41,536,370	(258,373)	-0.6%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	38,636,377	39,721,679	41,794,743	2,073,064	5.2%	41,536,370	(258,373)	-0.6%
Equipment Outlay (over \$5,000)	333,909	120,000	25,000	(95,000)	-79.2%	25,000	-	0.0%
Total Division Expenses incl Equip Outlay	\$ 38,970,286	\$ 39,841,679	\$ 41,819,743	\$ 1,978,064	5.0%	\$ 41,561,370	\$ (258,373)	-0.6%

Planning & Operations Division
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc /(Dec)</u>	<u>FY 2012 Budget Inc /(Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 39,841,679	\$ 41,819,743
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	491,409	526,246
Previously unfunded Supervisor/Lead Traffic Officer and Air Traffic Officer salary and burden increases	175,778	-
Merit Increases and Salary Adjustments	139,143	102,624
Elimination of 1 Position of Director Aviation Security	(196,938)	-
Proposed increases in personnel costs	<u>609,391</u>	<u>628,870</u>
Increase in consultant and environmental analysis costs for Airport Land Use Compatibility Plans (ALUCPs)	545,000	-
Increase/ decrease in other outside professional services Airport Planning	605,000	(85,000)
Increase in law enforcement costs - Harbor Police Department	482,852	-
Increase/ decrease in Regional Aviation Strategic Plan (RASP)	200,000	(900,000)
Decrease/ increase in ARFF contract costs	(101,600)	76,400
Decrease/ increase in security guard services	(102,000)	39,000
Decrease in medical emergency services costs	(103,000)	-
Other, net	(157,579)	(17,643)
FY 2011 Budget / FY 2012 Budget	<u>\$ 41,819,743</u>	<u>\$ 41,561,370</u>

Planning & Operations Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2011 Budget
Aviation Security & Public Safety	\$ 19,432,415
Landside Operations	9,142,525
Airside Operations	5,957,618
Airport Planning	5,289,991
Environmental Affairs	1,997,195
Total	\$ 41,819,743

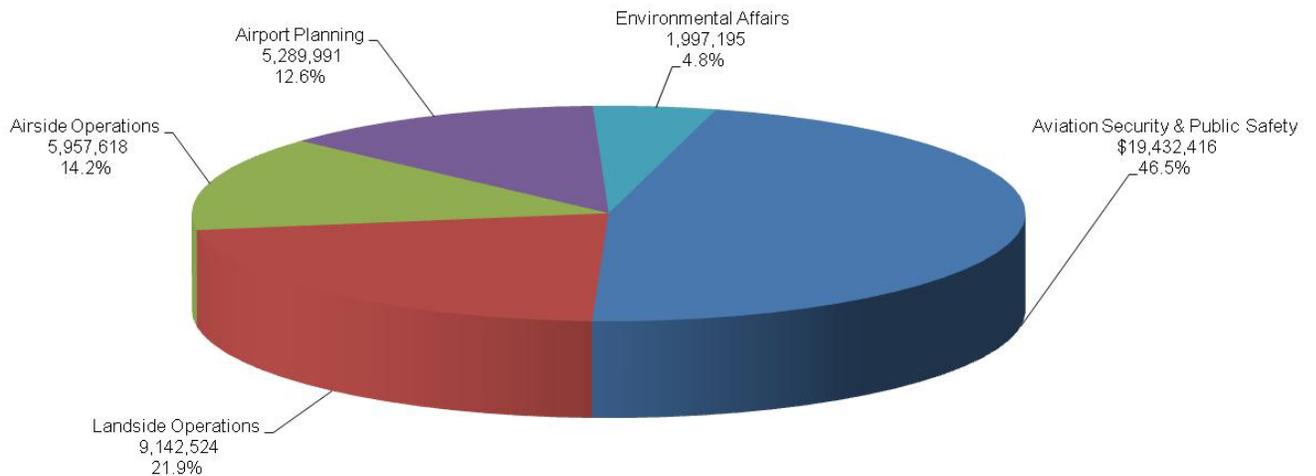


Figure 33 – FY 2011 Expense Budget by Department

Planning & Operations Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2012 Budget
Aviation Security & Public Safety	\$ 19,604,152
Landside Operations	9,585,348
Airside Operations	6,128,168
Airport Planning	4,206,564
Environmental Affairs	2,037,139
Total	\$ 41,561,370

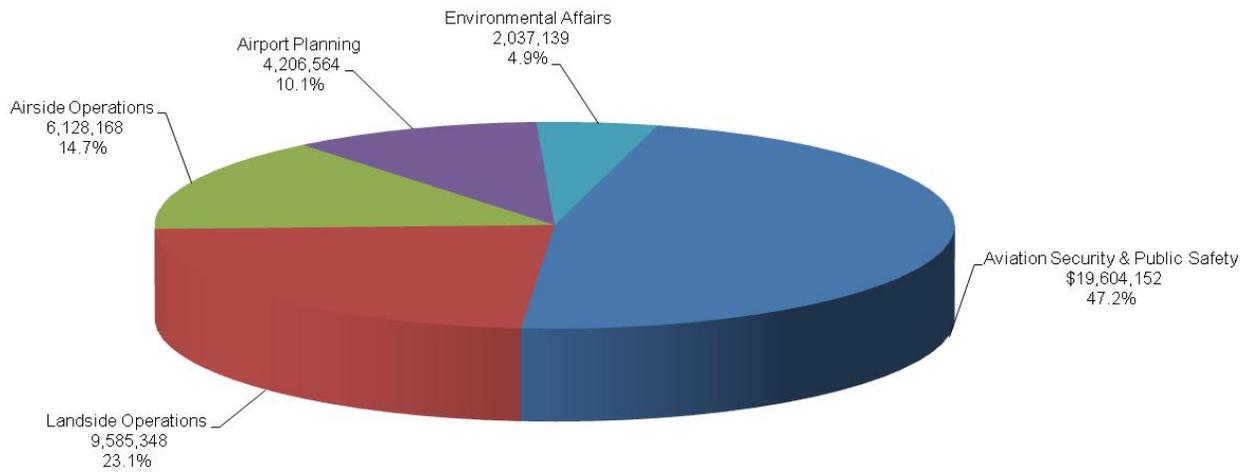
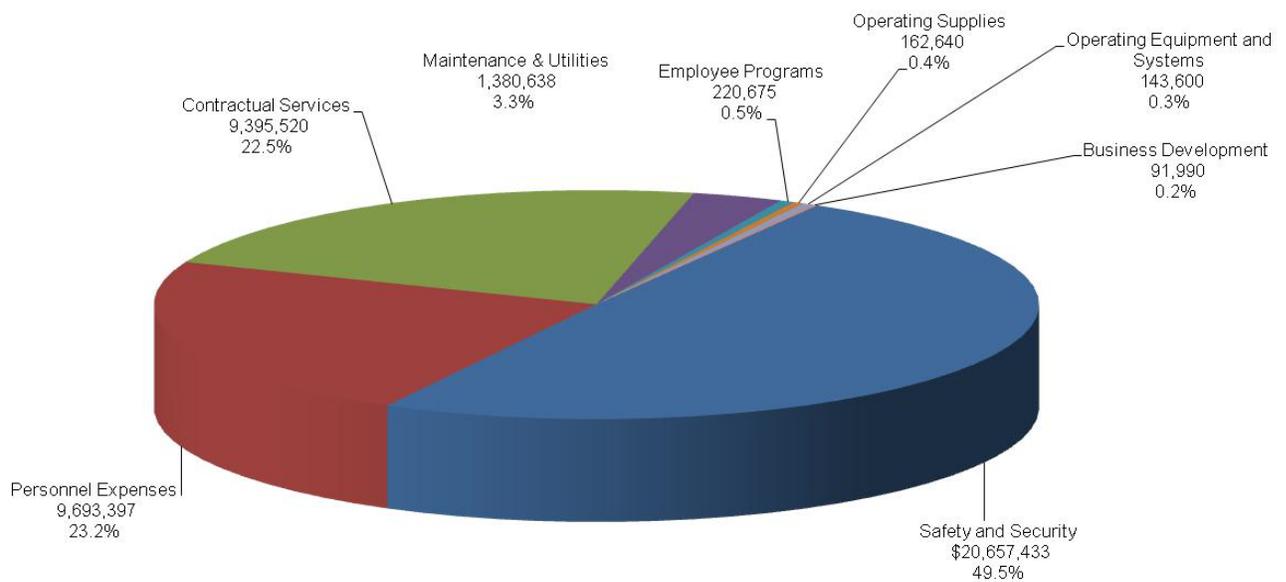


Figure 34 – FY 2012 Expense Budget by Department

Planning & Operations Division FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Safety and Security	\$ 20,657,433
Personnel Expenses	9,693,397
Contractual Services	9,395,520
Maintenance & Utilities	1,380,638
Employee Programs	220,675
Operating Supplies	162,640
Operating Equipment and Systems	143,600
Business Development	91,990
*Other	73,850
Total	\$ 41,819,743

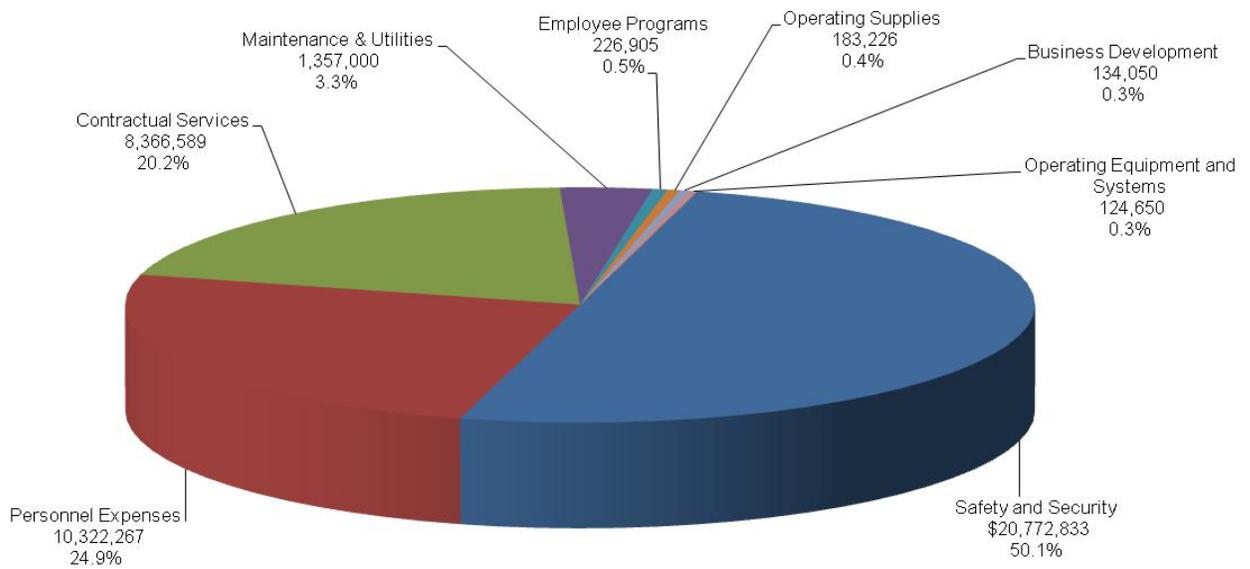


*Other includes equipment rentals & repairs and equipment outlays

Figure 35 - FY 2011 Expense Budget by Category

Planning & Operations Division FY 2011 – FY 2012 Expense Budget by Category

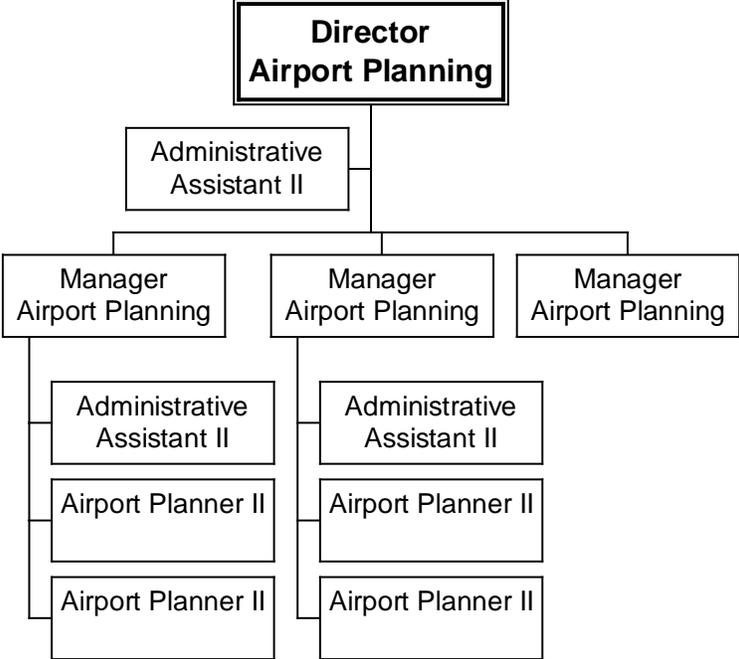
Category	FY 2012 Budget
Safety and Security	\$ 20,772,833
Personnel Expenses	10,322,267
Contractual Services	8,366,589
Maintenance & Utilities	1,357,000
Employee Programs	226,905
Operating Supplies	183,226
Business Development	134,050
Operating Equipment and Systems	124,650
*Other	73,850
Total	\$ 41,561,370



*Other includes equipment rentals & repairs and equipment outlays

Figure 36 – FY 2012 Expense Budget by Category

Airport Planning Organizational Structure



Airport Planning

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 858,455	\$ 907,558	\$ 910,391	\$ 2,833	0.3%	\$ 910,391	\$ -	0.0%
Premium Overtime	2,640	9,248	9,248	-	0.0%	9,248	-	0.0%
Employee Benefits	352,705	354,296	409,552	55,256	15.6%	473,425	63,873	15.6%
Subtotal	1,213,800	1,271,102	1,329,191	58,089	4.6%	1,393,064	63,873	4.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,213,800	1,271,102	1,329,191	58,089	4.6%	1,393,064	63,873	4.8%
Non-Personnel Expenses								
Contractual Services	2,699,557	2,550,000	3,890,000	1,340,000	52.5%	2,743,000	(1,147,000)	-29.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	2,000	2,000	-	0.0%	2,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,198	20,000	5,000	(15,000)	-75.0%	5,000	-	0.0%
Operating Supplies	16,697	18,000	18,000	-	0.0%	18,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	34,285	20,857	19,300	(1,557)	-7.5%	22,700	3,400	17.6%
Business Development	81,188	46,893	26,500	(20,393)	-43.5%	22,800	(3,700)	-14.0%
Equipment Rentals & Repairs	9,662	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	2,847,587	2,657,750	3,960,800	1,303,050	49.0%	2,813,500	(1,147,300)	-29.0%
Total Operating Expenses	4,061,388	3,928,852	5,289,991	1,361,139	34.6%	4,206,564	(1,083,427)	-20.5%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	4,061,388	3,928,852	5,289,991	1,361,139	34.6%	4,206,564	(1,083,427)	-20.5%
Equipment Outlay (over \$5,000)	83,813	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 4,145,201	\$ 3,928,852	\$ 5,289,991	\$ 1,361,139	34.6%	\$ 4,206,564	\$ (1,083,427)	-20.5%

Airport Planning

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
Airport Planning		
FY 2010 Budget / FY2011 Budget	\$ 3,928,852	\$ 5,289,991
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	55,255	63,873
Salary adjustments	2,833	-
Proposed increases in personnel costs	58,088	63,873
Increase in consultant and environmental analysis costs for Airport Land Use Compatibility Plans (ALUCPs)	545,000	-
Increase/ decrease in other outside professional services Airport Planning	605,000	(85,000)
Increase/ decrease in Regional Aviation Strategic Plan (RASP)	200,000	(900,000)
Decrease in GIS tool costs	-	(160,000)
Other, net	(46,950)	(2,300)
FY 2011 Budget / FY2012 Budget	<u>\$ 5,289,991</u>	<u>\$ 4,206,564</u>

Airport Planning Goals & Objectives

FY 2010 Progress Report

1. Present the ALUC with the five urban airport ALUCPs by summer of 2009. Also begin work on the San Diego International Airport ALUCP and prepare for the release of the North Island and Imperial Beach Air Installation Compatible Use Zones (AICUZ) document with a goal of completing the ALUCP for SDIA in spring 2010 and the military bases within 9 months of receiving the AICUZ.

Progress: Goal is on target. Five urban ALUCPs complete. SDIA working papers is on hold pending additional funding in FY11. Waiting for release of AICUZs.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #6 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes, Modified goal for FY11**

2. By September 2009, complete aviation demand allocation for RASP; by January 2010, complete airport system baseline; and continue with remaining phases toward a June 2011 completion.

Progress: On target. The demand allocation complete. System baseline complete.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #6 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes, Modified goal for FY11** (Included a replacement goal for FY11)

3. Provided that funding is made available, complete the Master Plan Update by June 2011.

Progress: RFP for Master Plan Update has been on hold pending Litigation on TDY demolition EIR.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal # 6 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes, Modified goal for FY11**

4. Successfully complete CEQA/NEPA/coastal permitting for airport improvement and CIP projects in accordance with state and federal law.

Progress: Complete

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #6 Provide optimal solutions for near and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **No.**

5. By June 30, 2010, improve the effectiveness of the Airport Planning Department internally and to other Authority departments by 10 percent compared to June 30, 2009 baseline. Improvement methods will include holding 2 team building sessions per year.

Progress: On target

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

Airport Planning Goals & Objectives

FY 2011 – FY 2012 Objectives

1. **Obtain contract approval from Board for Master Plan Phase II and complete Existing Conditions analysis no later than June 30, 2011, pending funding availability.**

Sustainability Goal: Operational Efficiency

Authority Goal: Goal #6, Provide optimal solutions for near- and long-term regional air transportation needs

2. **Prepare parking plan for TDY property no later than December 31, 2010, pending funding availability.**

Sustainability Goal: Operational Efficiency

Authority Goal: Goal #6, Provide optimal solutions for near- and long-term regional air transportation needs

3. **Complete Regional Aviation Strategic Plan (RASP) no later than December 31, 2010, pending funding availability.**

Sustainability Goal: Operational Efficiency

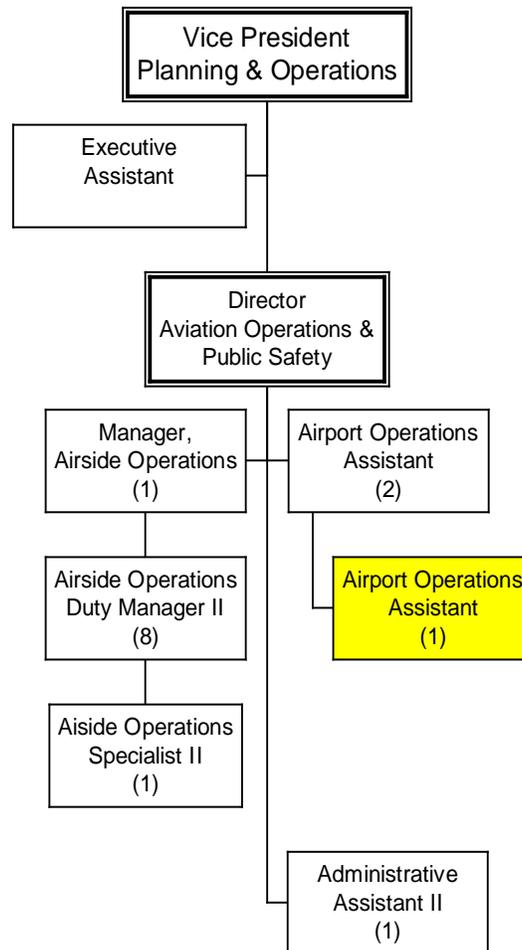
Authority Goal: Goal #6, Provide optimal solutions for near- and long-term regional air transportation needs

4. **Produce Draft SDIA ALUCP for internal review no later than June 30, 2011**

Sustainability Goal: Operational Efficiency, Social Responsibility

Authority Goal: Goal #6, Provide optimal solutions for near- and long-term regional air transportation needs

Airside Operations Organizational Structure



*Unfunded positions shown in yellow

Airside Operations

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,236,906	\$ 1,234,441	\$ 1,307,958	\$ 73,517	6.0%	\$ 1,307,958	\$ -	0.0%
Premium Overtime	6,385	55,000	32,000	(23,000)	-41.8%	32,000	-	0.0%
Employee Benefits	497,907	565,905	672,505	106,600	18.8%	766,655	94,150	14.0%
Subtotal	1,741,198	1,855,346	2,012,463	157,117	8.5%	2,106,613	94,150	4.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,741,198	1,855,346	2,012,463	157,117	8.5%	2,106,613	94,150	4.7%
Non-Personnel Expenses								
Contractual Services	2,266	780	780	-	0.0%	780	-	0.0%
Safety and Security	4,111,582	3,901,600	3,800,000	(101,600)	-2.6%	3,876,400	76,400	2.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	285,366	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	12,256	21,200	53,200	32,000	150.9%	33,200	(20,000)	-37.6%
Operating Supplies	51,926	71,400	11,600	(59,800)	-83.8%	31,600	20,000	172.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	38,950	21,616	22,425	809	3.7%	22,425	-	0.0%
Business Development	7,581	14,022	13,950	(72)	-0.5%	13,950	-	0.0%
Equipment Rentals & Repairs	11,112	17,800	18,200	400	2.2%	18,200	-	0.0%
Total Non-Personnel Expenses	4,521,039	4,048,418	3,920,155	(128,263)	-3.2%	3,996,555	76,400	1.9%
Total Operating Expenses	6,262,237	5,903,764	5,932,618	28,854	0.5%	6,103,168	170,550	2.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	6,262,237	5,903,764	5,932,618	28,854	0.5%	6,103,168	170,550	2.9%
Equipment Outlay (over \$5,000)	62,457	-	25,000	25,000	100.0%	25,000	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 6,324,694	\$ 5,903,764	\$ 5,957,618	\$ 53,854	0.9%	\$ 6,128,168	\$ 170,550	2.9%

Airside Operations

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2010 vs FY 2011 Budgets</u>	<u>FY 2011 vs FY 2012 Budgets</u>
Airside Operations		
FY 2010 Budget / FY2011 Budget	\$ 5,903,764	\$ 5,957,618
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	106,600	94,150
Salary adjustments	50,517	-
	<u>157,117</u>	<u>94,150</u>
Proposed increases in personnel costs		
Increase in equipment outlay	25,000	-
Decrease in Aircraft Rescue Fire Fight (ARFF) equipment and supplies	(29,200)	-
Decrease/ increase in ARFF contract costs	(101,600)	76,400
Other, net	2,537	-
	<u>2,537</u>	<u>-</u>
FY 2011 Budget / FY2012 Budget	\$ 5,957,618	\$ 6,128,168

Airside Operations Goals & Objectives

FY 2010 Progress Report

1. **Ensure that SDIA is continuously operated in compliance with Federal Aviation Regulations (FAR) Part 139.**

Progress: The FY 2010 FAA Part 139 Airport Certification Inspection for SAN was completed with no items for correction. SAN was found to be 100% compliant.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal # 1 Improve Operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. **Sponsor SDIA airfield projects to enhance safety and efficiency. Airfield projects include the Taxiway C reconstruction, Airfield Signs and Lights replacement and the Runway 9 ILS approach project. These projects will begin in June 2009 and continue through 2011.**

Progress: The taxiway C reconstruction and airfield signs & lights projects are in progress with completion scheduled for June 2010. The runway 09 ILS approach project is still in progress with a completion date TBD.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? Only the runway 09 ILS approach project.

3. **Implement and Manage a new Aircraft Rescue and Firefighting (ARFF) contract that is currently being negotiated with the City of San Diego Fire Fighters.**

Progress: Contract discussions are still in progress.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. **Provide opportunities for professional development and personal growth for all departmental staff to improve and enhance programs, plans, training, and operations.**

Progress: In FY2010 staff received National Incident Management System (NIMS) Training, World Class Tune Up training and annual Part 139 recurrent training. Several staff members are participating in the continuing education/college reimbursement program as they continue to pursue higher education.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal: #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

5. **Enhance working relationship with regulators, partners, and stakeholders by meeting three times annually with FAA Airports, Runway Safety, Airport District Office and Airport Traffic Control Tower personnel and monthly with airport tenants and stakeholders (airlines, TSA), Harbor Police, Aircraft Rescue and Firefighting (ARFF).**

Progress: This objective was accomplished through a series of monthly, quarterly and special meetings throughout FY2010.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #3 Enhance regional partnerships.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Continue the development of the Airside Operations staff as key safety and operations authorities and decision makers. Staff will also be more involved in projects, programs and meetings with tenants and regulatory agencies.

Progress: The Airside Operations Specialist job description was updated and reviewed. The job title was changed to Airside Operations Duty Manager to more accurately reflect their airport management responsibilities and authority. All Duty Managers were assigned special project/program management duties in addition to their normal duties.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Operational Excellence and Social Responsibility.

Fiscal Year: 2010. Continue in 2011? **No.**

Airside Operations Goals & Objectives

FY 2011-FY 2012 Objectives

1. Ensure that SDIA is in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of achieving a 100 percent compliance report. Completion date is August 31, 2010.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal # 1 Improve Operational Excellence and Social Responsibility.

2. Sponsor airfield capital projects to enhance airfield safety and efficiency. Projects include the Airfield Pavement Management Program, the Storm Water/Airfield Drainage project, Airfield Service Road Relocation, and the Runway 09 ILS/displaced threshold project. Sponsorship will include participation in project planning and design, as well as operational and safety oversight during construction. Planning, design and construction will take place throughout FY2011 and continue into FY2012.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal # 1 Improve Operational Excellence and Social Responsibility.

3. Negotiate a new SAN Aircraft Rescue and Fire Fighting (ARFF) contract. Work with the City of San Diego Fire Department to ensure that all new contract requirements are implemented and followed. Contract compliance will be documented and reviewed at the end of the year. Completion date is June 30, 2011.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # 1 Improve Operational Excellence and Social Responsibility.

4. Update the Airport Certification Manual to ensure that the content is current and in compliance with FAR Part 139 requirements. The updated Manual will be submitted to the FAA Office of Airport Safety for review and approval. Success will be measured by FAA approval. Completion date is September 1, 2010.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # Improve Operational Excellence and Social Responsibility.

5. Maintain and enhance working relationships with partners and stakeholders through participation in meetings with them. Meet at least monthly with FAA ATCT, ARFF, Police, and airport/airline tenants. The meetings will be documented throughout the year and at the end of FY2011 the documentation will be reviewed to determine the timeliness and effectiveness of the meetings.

Sustainability Goal: Operational Excellence

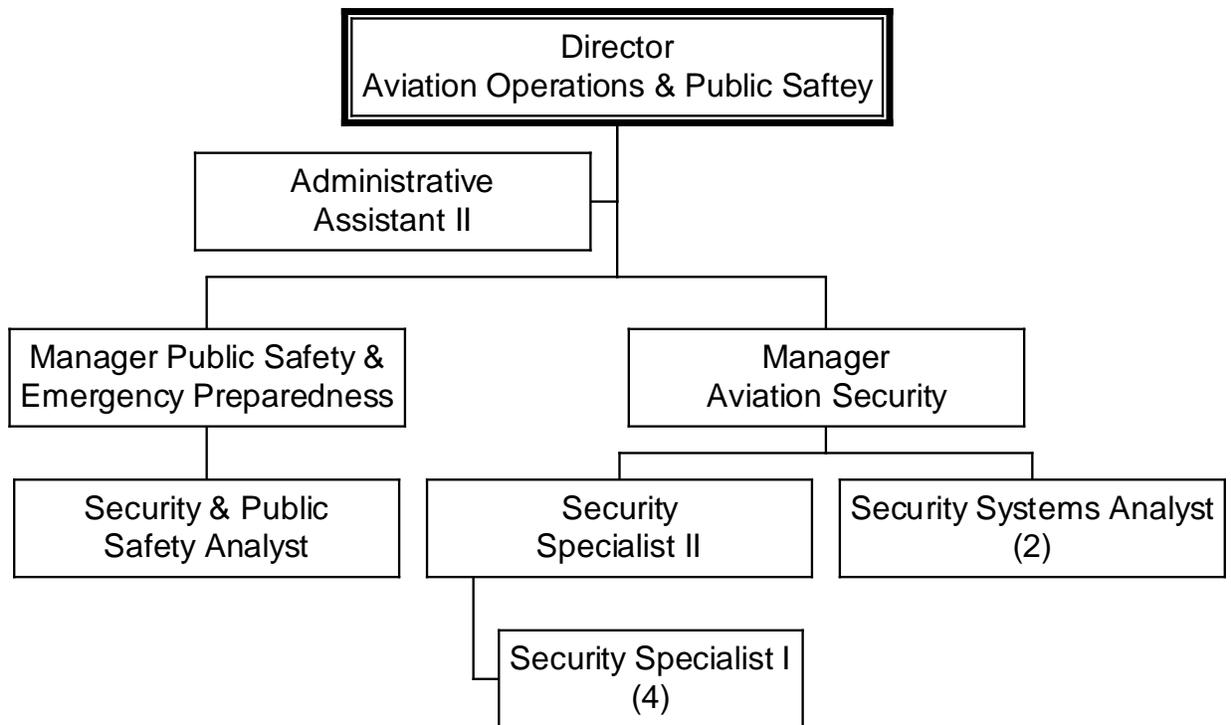
Authority Goal: Goal # 1 Improve Operational Excellence and Social Responsibility.

6. Participate in the weekly Green Build Operations Committee meetings to provide operational input for design/build contracts 1 and 2. Ensure that project design progress is communicated to the entire Airside Operations staff. It is anticipated that these meetings will continue until the end of FY2011.

Sustainability Goal: Operational Excellence

Authority Goal: Goal # 1 Improve Operational Excellence and Social Responsibility.

Aviation Security & Public Safety Organizational Structure



Aviation Security & Public Safety FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 930,264	\$ 870,422	\$ 737,159	\$ (133,263)	-15.3%	\$ 737,159	\$ -	0.0%
Premium Overtime	49,658	40,483	40,483	-	0.0%	40,483	-	0.0%
Employee Benefits	329,647	354,180	359,571	5,391	1.5%	422,603	63,032	17.5%
Subtotal	1,309,569	1,265,085	1,137,213	(127,872)	-10.1%	1,200,245	63,032	5.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,309,569	1,265,085	1,137,213	(127,872)	-10.1%	1,200,245	63,032	5.5%
Non-Personnel Expenses								
Contractual Services	455,704	298,890	339,740	40,850	13.7%	362,569	22,829	6.7%
Safety and Security	15,818,096	16,579,581	16,857,433	277,852	1.7%	16,896,433	39,000	0.2%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	374	8,000	-	(8,000)	-100.0%	-	-	0.0%
Maintenance	794,308	825,000	925,000	100,000	12.1%	944,000	19,000	2.1%
Operating Equipment & Systems	14,181	32,200	32,200	-	0.0%	32,200	-	0.0%
Operating Supplies	172,284	93,000	88,940	(4,060)	-4.4%	88,940	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,290	14,733	13,100	(1,633)	-11.1%	13,100	-	0.0%
Business Development	36,665	34,977	11,340	(23,637)	-67.6%	39,215	27,875	245.8%
Equipment Rentals & Repairs	16,354	32,450	27,450	(5,000)	-15.4%	27,450	-	0.0%
Total Non-Personnel Expenses	17,324,256	17,918,831	18,295,203	376,372	2.1%	18,403,907	108,704	0.6%
Total Operating Expenses	18,633,824	19,183,916	19,432,416	248,500	1.3%	19,604,152	171,736	0.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	18,633,824	19,183,916	19,432,416	248,500	1.3%	19,604,152	171,736	0.9%
Equipment Outlay (over \$5,000)	44,417	40,000	-	(40,000)	-100.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 18,678,241	\$ 19,223,916	\$ 19,432,416	\$ 208,500	1.1%	\$ 19,604,152	\$ 171,736	0.9%

Aviation Security & Public Safety

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	FY 2011 Budget Inc /(Dec)	FY 2012 Budget Inc /(Dec)
Aviation Security and Public Safety FY 2010 Budget/ FY2011 Budget	\$ 19,223,916	\$ 19,432,416
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	57,436	63,032
Salary adjustments	11,629	-
Elimination of 1 Position of Director Aviation Security	(196,938)	-
Proposed decreases/ increases in personnel costs	(127,872)	63,032
Increase in law enforcement costs - Harbor Police Department	482,852	-
Increase in Access Control system maintenance	125,000	19,000
Decrease in equipment outlay	(40,000)	-
Decrease/ increase in security guard services	(102,000)	39,000
Decrease in medical emergency services costs	(103,000)	-
Increase in radio contract	-	17,978
Increase in Emergency preparedness exercise	-	28,000
Other, net	(26,479)	4,726
FY 2011 Budget/ FY2012 Budget	\$ 19,432,416	\$ 19,604,152

Aviation Security & Public Safety Goals & Objectives

FY 2010 Progress Report

1. **Ensure that SDIA 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.**

Progress: Currently in the process of revising/rewriting/updating the Airport Emergency Plan in compliance with FAA Advisory Circular 150/5200-31C.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. **Continue to develop, enhance and implement a highly effective Emergency/Disaster Preparedness Program.**

Progress: Enhanced the Emergency Preparedness Program by implementing training for Authority staff in NIMS (National Incident Management System), EOC (Emergency Operations Center), WEB EOC, and BCP (Business Continuity Plan). Implemented a tenant group called PREP (Preparing Responsible Emergency Plans).

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. **Complete Project No.1 (Digital Video Management System) of the Security Technology Enhancement Program (STEP).**

Progress: Completed installation of a Digital Video Management System (DVMS) used to support TSA screening operations at six passenger screening checkpoints and all checked-baggage screening areas in December of 2009.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. **Design, develop, and implement the Airport's comprehensive Security Technology Enhancement Program (STEP), leveraging advanced technologies and engineering to improve and enhance security and safety.**

Progress: The STEP program was reviewed by staff and executive management and was determined that elements of the program would be removed and converted to independent projects to be implemented on the own merits.

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Cancelled MAY 2009.

5. Create and maintain a high performing and energetic team environment.

Progress: Ongoing: continue working with Organizational Development to improve business practices, internal / external communications, and training programs.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Provide opportunities for professional development and personal growth for all department staff.

Progress: Ongoing: continue to provide opportunities for professional training through Hirsch Electronics, Vicon, and NICE technologies. Continue providing opportunities for professional development through AAAE ACE and CM programs.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal #6 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

Aviation Security & Public Safety

Goals & Objectives

FY 2011-FY 2012 Objectives

1. Improve SAN operational efficiency and emergency preparedness by conducting the following exercises:

- ❖ Test the Airport Authority's operational readiness in response to a catastrophic event by conducting a joint Emergency Operations Center (EOC)/Business Continuity Planning (BCP) Tabletop Exercise in the Q2 11 with all pertinent Authority departments and employees.
- ❖ Conduct an FAA required annual Tabletop Exercise in the Q2 11 to review the Airport Emergency Plan with all tenants and agencies that are responsible for implementing these plans.
- ❖ Conduct a Tabletop Exercise with the Airlines and San Diego area Hospitals in the Q2 11 to test the Standard Operating Procedures for patient tracking during an aircraft accident event.
- ❖ Success will be measured by completion of exercises and After-Action Reports.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal # 1: Improve operational efficiency, safety and security.

2. Serve in the role of "Lead Airport" for the Western Airports Disaster Operations Group (WESTDOG) until December 31, 2010. In this capacity, SAN will be responsible for coordinating, updating and managing WESTDOG, an airport-to-airport disaster mutual aid program.

This will improve regional airport emergency preparedness and response in the event of a disaster in the western region of the United States.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal # 1: Improve operational efficiency, safety and security.

3. Ensure compliance with Department of Homeland Security requirements for Federal Inspection Services (FIS) Area by completing a retrofit of outdated video recording technology. Successful implementation is measured through the development of a comprehensive capital program by June 30, 2011.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal # 1: Improve operational efficiency, safety and security.

4. By June 30, 2011, design, develop, and implement a comprehensive transition program to migrate outdated existing analog security video technology to advanced digital imaging systems. This will enhance AVSEC/PS operational capabilities and provide enhanced support to law enforcement, TSA, and other federal agencies.

Sustainability Goal: Operational Excellence and Social Responsibility.

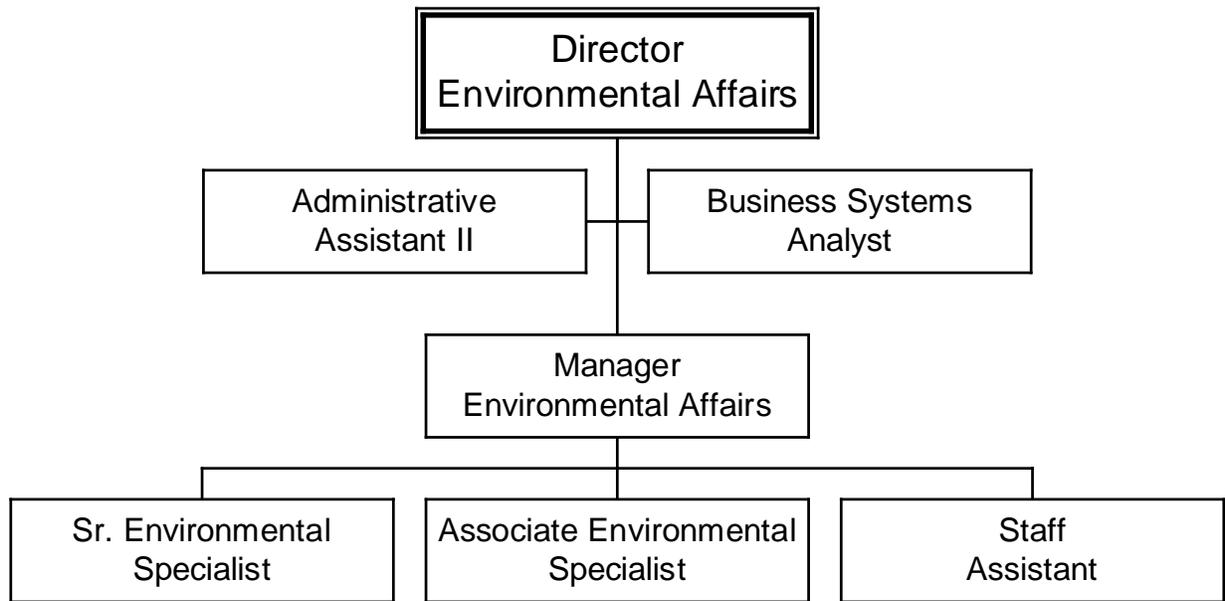
Authority Goal: Goal #1 Improve operational efficiency, safety and security.

5. Provide opportunities for professional development and personal growth for all department staff through professional training programs on Hirsch, Vicon, and NICE systems; as well as, AAE and ACI certification programs, and public safety-oriented programs (e.g., CPR, first aid, etc.). The program will become a model of the skills necessary to function as a well-rounded successful member of the AVSEC/PS staff. Documentation of the program curriculum will be completed by September 2011 with a target of enrolling at least 10% of AVSEC/PS staff by June 30, 2011.

Sustainability Goal: Enhance operational excellence and social responsibility.

Authority Goal: Goal # 6: Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Environmental Affairs Organizational Structure



Environmental Affairs

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 565,188	\$ 578,413	\$ 577,587	\$ (826)	-0.1%	\$ 577,587	\$ -	0.0%
Premium Overtime	1,174	4,363	4,363	-	0.0%	4,363	-	0.0%
Employee Benefits	239,870	234,729	281,357	46,628	19.9%	337,248	55,891	19.9%
Subtotal	806,232	817,505	863,307	45,802	5.6%	919,198	55,891	6.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	806,232	817,505	863,307	45,802	5.6%	919,198	55,891	6.5%
Non-Personnel Expenses								
Contractual Services	350,634	585,000	550,000	(35,000)	-6.0%	556,841	6,841	1.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	81	1,400	1,400	-	0.0%	1,000	(400)	-28.6%
Maintenance	560,040	500,000	452,238	(47,762)	-9.6%	410,000	(42,238)	-9.3%
Operating Equipment & Systems	2,045	3,000	1,000	(2,000)	-66.7%	1,000	-	0.0%
Operating Supplies	7,159	6,200	5,200	(1,000)	-16.1%	5,000	(200)	-3.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	84,116	97,700	92,800	(4,900)	-5.0%	95,200	2,400	2.6%
Business Development	55,382	69,474	29,250	(40,224)	-57.9%	46,900	17,650	60.3%
Equipment Rentals & Repairs	4,498	4,000	2,000	(2,000)	-50.0%	2,000	-	0.0%
Total Non-Personnel Expenses	1,063,954	1,266,774	1,133,888	(132,886)	-10.5%	1,117,941	(15,947)	-1.4%
Total Operating Expenses	1,870,186	2,084,279	1,997,195	(87,084)	-4.2%	2,037,139	39,944	2.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,870,186	2,084,279	1,997,195	(87,084)	-4.2%	2,037,139	39,944	2.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 1,870,186	\$ 2,084,279	\$ 1,997,195	\$ (87,084)	-4.2%	\$ 2,037,139	\$ 39,944	2.0%

Environmental Affairs

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc /(Dec)</u>	<u>FY 2012 Budget Inc /(Dec)</u>
Environmental Affairs		
FY 2010 Budget / FY2011 Budget	\$ 2,084,279	\$ 1,997,195
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	46,628	55,891
Salary adjustments	(826)	-
Proposed increases in personnel costs	45,802	55,891
Decrease in other professional services	(41,000)	-
Decrease in refuse and hazardous waste disposal	(47,762)	-
Other, net	(44,124)	(15,947)
FY 2011 Budget / FY2012 Budget	<u>\$ 1,997,195</u>	<u>\$ 2,037,139</u>

Environmental Affairs

Goals & Objectives

FY 2010 Progress Report

1. Conduct ground service equipment (GSE) and vehicle survey, prepare baseline air emissions inventory, and publish on website.

Progress: GSE inventory and vehicle survey was completed, along with the baseline air emissions inventory that includes the airport's total Greenhouse Gas (GHG) emissions calculated for 2010. This has now become a standard operating procedure, and is no longer a goal. These elements have been incorporated into an Air Quality Management Plan (AQMP) that was presented to the SDCRAA Board in December 2009. The AQMP has been submitted for publishing on the SDCRAA's website. Since the AQMP requires annual updates, the activities under this goal will continue into FY 2011 and beyond (see FY 2011 Goals & Objectives).

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Complete Authority-wide waste reduction and recycling (WR&R) survey and prepare report, develop a WR&R plan and reporting system, and publish on website.

Progress: WR&R survey was completed and report was submitted to and approved by the City of San Diego as compliant with State requirements; waste diversion metrics have been developed; updates to the WR&R plan are scheduled for completion by end of FY2010.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Assess potential for alternative fuel vehicle (AFV) conversions and apply for available grants.

Progress: An assessment study on the potential for AFV conversions with grant funding opportunities has been completed and included as an appendix of the AQMP; efforts will continue to secure grant funds in FY 2011 (see FY 2011 Goals & Objectives).

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Create interdepartmental work group charged with identifying, assessing and promoting potential sustainability initiatives for new and existing airport facilities.

Progress: A Core Sustainability Implementation Team has been formed and the following eight focus areas have been identified: Green Building, Energy and Water Conservation, Green Transportation, Waste Reduction, Green Procurement, Pollution Prevention, Outreach and Education, and Biodiversity. The activities of these sustainability focus groups, which include establishment of performance indicators and action plans, will continue into FY2011 as sustainability indicators are further developed and adapted for future inclusion in the Global Reporting Initiative effort (see FY 2011 Goals & Objectives).

Sustainability Goal: Operational Excellence and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader..

Fiscal Year: 2010. Continue in 2011? **No.**

5. Implement storm water best management practices (BMPs) training for Airport Authority staff and tenants.

Progress: The storm water BMPs training for Airport Authority staff was completed, while the tenant training program will be extended into FY 2011(see FY 2011 Goals & Objectives).

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Develop Alternate Fuel Vehicles (AFV) strategic plan to be completed by early FY 2010.

Progress: A total of twenty-four AFV conversions of SDCRAA's shuttle fleet will have been completed by third quarter of FY2010, resulting in an 83% fleet conversion rate. Work will continue on implementation of an AFV incentive plan for all ground transportation vehicles, which is scheduled for completion in third quarter of.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

7. Link Airport Authority's natural resource conservation initiatives to key sustainability indicators (KSIs).

Progress: The establishment of key sustainability indicators has been extend to fourth quarter of FY2010 as specific metrics are developed by each of the sustainability focus areas; the QPR "dashboard" will be utilized to track various performance indicators, including waste reduction, recycling, energy usage, water conservation, and GHG reduction measures. These efforts will continue as sustainability performance indicators are adapted for inclusion in the Global Reporting Initiative process.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

8. Prepare Greenhouse Gas Emissions Reduction Plan.

Progress: The baseline air emissions inventory for the airport's total GHG emissions was calculated for 2010 and reduction opportunities identified. These elements have been incorporated into the AQMP and have been submitted for publishing on the SDCRAA's website. Since the AQMP requires annual updates, the activities under this goal will continue into FY 2011 and beyond.

Sustainability Goal: (N) Natural Resource Conservation (Air Quality), (O) Operational Excellence.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

9. Achieve minimum best management practices (BMPs) implementation rate of 85% for all audited operations.

Progress: The 2009 Site-wide storm water compliance audit revealed that the minimum BMPs implementation rate exceeded 86% for all operations.

Sustainability Goal: (N) Natural Resource Conservation (Water Quality), (O) Operational Excellence.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

10. Increase recycling rate by 5% for Airport Authority generated waste over 2009 levels.

The recycling rate for the fourth quarter of 2009 (20%) increased by 13% from the same quarter of December 2008. Since the long-range goal is to meet a 50% diversion goal, the next step is to meet with the waste hauler and Landside Operations to re-evaluate current waste diversion efforts with goal to increase recycling rate significantly. It is suggested that Landside Operations assume this goal, since that department is the one responsible for managing the waste hauler and janitorial contracts.

Sustainability Goal: (N) Natural Resource Conservation (Waste Reduction), (O) Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

11. Develop and implement employee environmental stewardship and sustainability training.

Progress: Environmental stewardship and Sustainability training elements were added to the mandatory employee annual tune-up conducted in calendar year 2009.

Sustainability Goal: (S) Social Responsibility, (O) Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **No.**

Environmental Affairs

Goals & Objectives

FY 2011- FY 2012 Objectives

1. Calculate air emissions inventory for calendar year 2011, assess emissions reduction opportunities and make appropriate updates to the AQMP for publication on Authority's website by December 31, 2010.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010, 2011.

2. Establish sustainability performance indicators that are applicable to the Global Reporting Initiative (GRI) system and utilize the QPR "dashboard" to track progress in areas of waste generation, recycling, energy usage, water conservation, and GHG reduction measures by January 1, 2011.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010, 2011.

3. Implement storm water Best Management Practices training for Airport Authority tenants by June 30, 2011.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010, 2011.

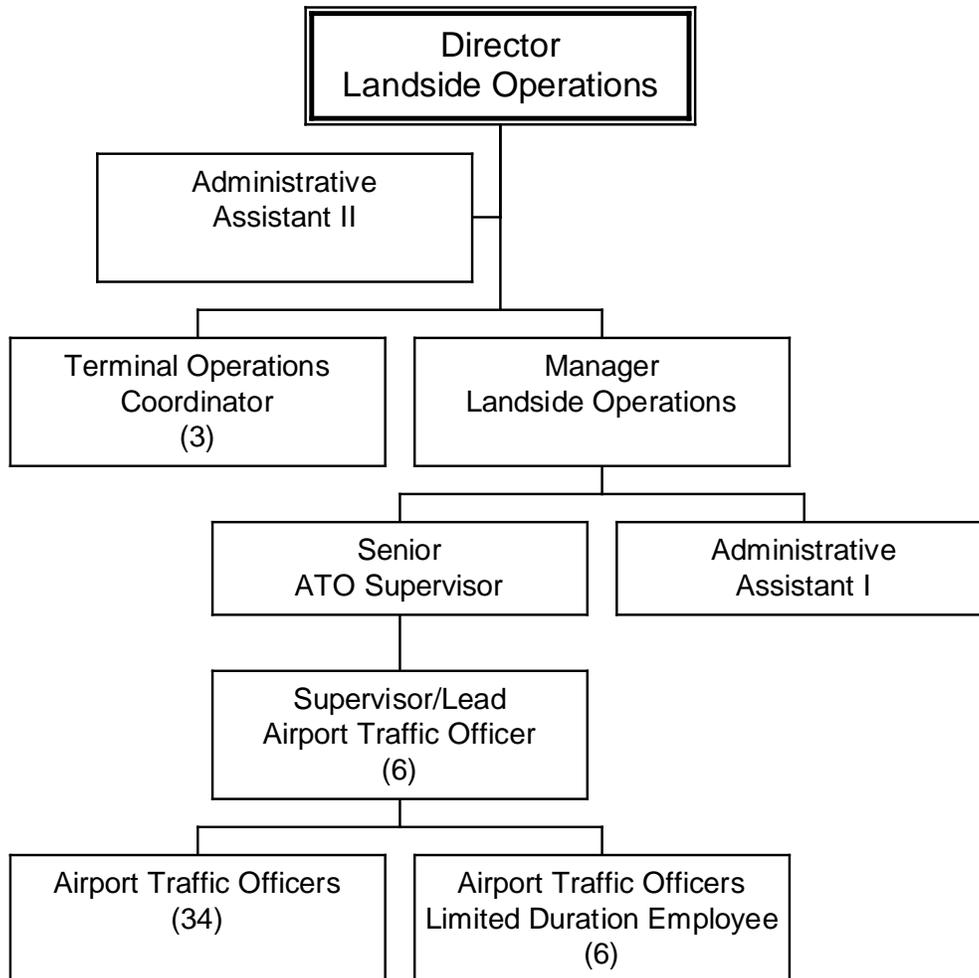
4. Expand capabilities of storm water management database system by December 31, 2010.

Sustainability Goal: Operational Excellence, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010, 2011.

Landside Operations Organizational Structure



Landside Operations FY 2011-2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,418,206	\$ 2,500,227	\$ 2,954,196	\$ 453,969	18.2%	\$ 3,056,820	\$ 102,624	3.5%
Premium Overtime	102,300	180,000	180,000	-	0.0%	180,000	-	0.0%
Employee Benefits	1,091,918	1,194,741	1,640,738	445,997	37.3%	1,928,327	287,589	17.5%
Subtotal	3,612,424	3,874,968	4,774,934	899,966	23.2%	5,165,147	390,213	8.2%
<i>Less: Capitalized Labor</i>	-	-	(423,710)	(423,710)	100%	(462,000)	(38,290)	9.0%
Total Personnel Expenses	3,612,424	3,874,968	4,351,224	476,256	12.3%	4,703,147	351,923	8.1%
Non-Personnel Expenses								
Contractual Services	4,294,612	4,556,500	4,615,000	58,500	1.3%	4,703,400	88,400	1.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	433	-	-	-	0.0%	-	-	0.0%
Maintenance	4	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	66,683	58,700	52,200	(6,500)	-11.1%	53,250	1,050	2.0%
Operating Supplies	68,931	32,700	38,900	6,200	19.0%	39,686	786	2.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	38,820	57,300	72,400	15,100	26.4%	72,830	430	0.6%
Business Development	9,434	35,500	11,600	(23,900)	-67.3%	11,835	235	2.0%
Equipment Rentals & Repairs	2,286	5,200	1,200	(4,000)	-76.9%	1,200	-	0.0%
Total Non-Personnel Expenses	4,481,203	4,745,900	4,791,300	45,400	1.0%	4,882,201	90,901	1.9%
Total Operating Expenses	8,093,627	8,620,868	9,142,524	521,656	6.1%	9,585,348	442,824	4.8%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	8,093,627	8,620,868	9,142,524	521,656	6.1%	9,585,348	442,824	4.8%
Equipment Outlay (over \$5,000)	143,222	80,000	-	(80,000)	-100%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 8,236,849	\$ 8,700,868	\$ 9,142,524	\$ 441,656	5.1%	\$ 9,585,348	\$ 442,824	4.8%

Landside Operations

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	FY 2011 Budget Inc /(Dec)	FY 2012 Budget Inc /(Dec)
Landside Operations		
FY 2010 Budget / FY2011 Budget	\$ 8,700,868	\$ 9,142,524
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	225,490	249,299
Previously unfunded Supervisor/Lead Traffic Officer and Air Traffic Officer salary and burden increases	175,778	-
Merit Increases and Salary Adjustments	74,990	102,624
Proposed Increases in personnel costs	476,257	351,922
Increase in airport custodial contract	33,000	74,520
Decrease in equipment outlay	(80,000)	-
Other, net	12,399	16,382
FY 2011 Budget / FY2012 Budget	\$ 9,142,524	\$ 9,585,348

Landside Operations

Goals & Objectives

FY 2010 Progress Report

1. Increase training for Airport Traffic Officers (ATO).

Progress: All (40) traffic officers receive training in customer service, traffic control and Ticketman procedures on an annual basis. The traffic officers continually receive 90% + positive comments as evidenced in the quarterly passenger survey results.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed internal and external customer service expectations. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Minimize dismissed traffic tickets.

Progress: The placement of a Manager to oversee the ATO staff has provided the oversight needed to maintain a fair and consistent ticket review. Dismissed traffic tickets have been reduced by 10 %.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

3. Augment Recycling Program.

Progress: This past year in cooperation with HMS Host/Starbucks we implemented a coffee ground recycling program. On average we are recycling approximately 2 tons of grounds per month.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Establish a baseline ATO satisfaction with facilities and equipment survey.

Progress: A survey was conducted and found that a large majority of ATOs requested certain new equipment and more convenient break rooms in relation to their work place activity. We built two new break rooms in the terminal facility, the Autocite (ticketing machines) have been replaced with 40 new ergonomically friendly and enhanced user friendly Ticketman machines, 25 camelback fluid packs were purchased for each officer and new lighter and ergonomically friendly flashlights were introduced.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

5. Maximize operational efficiency by decreasing passenger time in security checkpoints.

Progress: An additional security lane was introduced at checkpoint 6 with favorable results in passenger comments and shorter lines. The reworking of the queueing lanes to accommodate increased passenger loads continue to be on-going.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Expand Green Leaf Program usage.

Progress: The contract has been fine-tuned to replacement only as needed with no new plants being added.

Sustainability Goal: Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

7. Create a more user friendly passenger information displays in terminal & checkpoints.

Progress: Contract to replace/relocate/update all flight information displays and visual paging is underway and scheduled for completion mid May2010.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

8. Upgrade the current seating/tables in the Terminal 2 West (T2W) bag claim to maintain an aesthetically pleasing and comfortable environment.

Progress: New seating and tables were selected and installed.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #1 Improve operational efficiency, safety and security. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

9. Provide outdoor recycle containers and new combo units for inside terminals to maintain visual consistency throughout the airport.

Progress: One solar powered trash/recycling compactor container is currently onsite and being evaluated. Installation of additional compactors will depend on budgetary considerations.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed internal and external customer service expectations. Goal #5 Enhance the financial position of the Authority. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

Fiscal Year: 2010. Continue in 2011? **No.**

10. The existing Herman Miller seating throughout the terminals will be modified to include electric outlets at each seat.

Progress: Our maintenance department has engineered compatible outlets. Approximately 15 sets of seats have been completed.

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal # 2 Understand and address customer service expectations and trends
Goal #8 Foster an environment that focuses on the needs of customers. Establish as norms the notions, creativity and the embracing of change and continuous improvement.

Fiscal Year: 2010. Continue in 2011? **Yes.**

11. Install East Harbor Drive electronic roadway signage.

Progress: Discussions between the City of San Diego and the Authority are ongoing.

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal #2 Understand and address customer service expectations and trends
Goal #8 Foster an environment that focuses on the needs of customers. Establish as norms the notions, creativity and the embracing of change and continuous improvement.

Fiscal Year: 2010. Continue in 2011? **Yes.**

12. Design and install inbound baggage belt interlock system.

Progress: Project is ongoing with a projected completion date of May 2010.

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal # 2 Understand and address customer service expectations and trends
Goal #8 Foster an environment that focuses on the needs of customers. Establish as norms the notions, creativity and the embracing of change and continuous improvement.

Fiscal Year: 2010. Continue in 2011? **No.**

13. Install liquid collection station at security checkpoints.

Progress: Currently in progress. We expect the units to be operational by December, 2010.

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal # 1Partner with local and federal law enforcement and security agencies
Goal # 2 – Understand and address customer service expectations and trends.

Goal #8 Foster an environment that focuses on the needs of customers. Establish as norms the notions, creativity and the embracing of change and continuous improvement.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Landside Operations

Goals & Objectives

FY 2011-FY 2012 Objectives

1. **To broaden our local and state mandated traffic training by certifying Lead Traffic Officers for new hire and recurrent training. A cost savings would be realized through this internal training program.**

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed internal and external customer service expectations. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

2. **Establish stricter oversight of our recycling through the coordination efforts with our waste management partner and the airport janitorial staff. The oversight of our recycling program would ensure tenant compliance with the expectation of a minimum 20% increase in overall recycling efforts.**

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

3. **Maximize operational efficiency by decreasing average passenger time in security checkpoint lines to 15 minutes.**

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

4. **Incorporate new and improved outdoor waste containers to be placed in key areas of the curb to enhance our outdoor recycling efforts.**

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed internal and external customer service expectations. Goal #5 Enhance the financial position of the Authority. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment (positive work culture).

5. **Provide electrical power to 50% of the existing Herman Miller seating throughout the airport terminals.**

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal # 2 Understand and address customer service expectations and trends Goal #8 Foster an environment that focuses on the needs of customers. Establish as norms the notions, creativity and the embracing of change and continuous improvement.

6. **Install East Harbor Drive dynamic informational roadway signage to existing outdated and abandoned Coast Guard sign posts.**

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal #2 Understand and address customer service expectations and trends Goal #8 – Foster and environment that focuses on the needs of the customer. Establish as norms the notions, creativity and the embracing of the change and continuous improvement.

7. **Install liquid collection containers at each security checkpoint. Eliminating liquid filled containers reduces waste weight and increases container recyclability.**

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal #1 Partner with local and federal law enforcement and security agencies
Goal #2 – Understand and address customer service expectation and trends.

8. **Partner with the Air Carriers to maintain efficient and safe passenger flow throughout the terminals as we move into the Green Build Project.**

Sustainability Goal: Operational efficiency and social responsibility.

Authority Goal: Goal #2 – Understand and address customer service expectations and trends.
Goal #8 – Foster an environment that focuses on the needs of the customers. Establish as norms notions, creativity and the embracing of change and continuous improvement.

9. **Maintain fiscal responsibility by implementing safe work practices to achieve workers compensation cost containment measures. Success equals maintaining the loss rate per \$100 per payroll at, or better than the FY 2009 rate for the ATOs.**

Sustainability Goals: Operational efficiency and social responsibility.

Authority Goal: Goal #4 – Enhance the financial position of the Authority.

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Marketing & Communications Division

Marketing & Communications Division Overview

The Marketing & Communications Division is responsible for the marketing, route service development, customer service, inter-governmental relations, corporate and public notification services, and noise mitigation activities of the Airport and the Airport Authority. Its work is carried out through five departments.

The **Air Service Development** Department develops and implements strategies aimed at enhancing air service to San Diego International Airport. The Department also:

- ❖ Compiles and maintains the official airport passenger, operations and cargo statistics
- ❖ Develops of the annual air service strategic plan to target air service growth opportunities for San Diego International Airport.
- ❖ Develops of relationships between incumbent and potential new airlines at San Diego International Airport.
- ❖ Presents business cases for specific route opportunities at San Diego International Airport
- ❖ Manages San Diego International Airport's air service incentive policies
- ❖ Consults with regional stakeholders on air service opportunities

The **Airport Noise Mitigation** Department administers the Federal Noise Compatibility Program and maintains compliance with the California Noise Standards. Additional services include:

- ❖ Monitoring and enforcing compliance with Airport Use Regulations
- ❖ Participation in the Residential Sound Attenuation ("Quieter Home") Program
- ❖ Leading the Community Noise Information and Education Program
- ❖ Staff support to the Authority Board's community noise advisory committee

The **Corporate Services** Department develops and implements procedures that enhance communications with the Board and the public; provides support to public meetings of the Board and Board Committees and other Board-related events. The department is also responsible for:

- ❖ Administration of the Authority lobbyist filings
- ❖ Conflict of interest filings
- ❖ Reception and mailroom operations
- ❖ Authority's Records and Information Management Program
- ❖ Public records requests process

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.

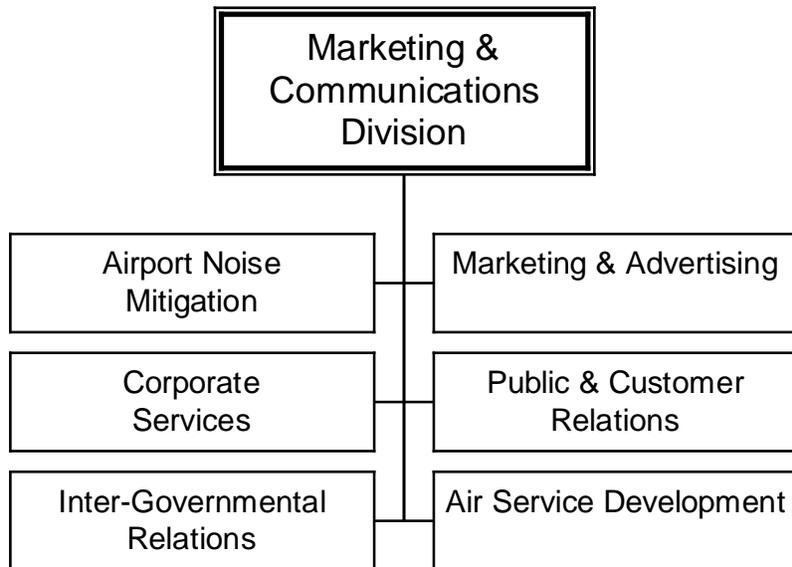
The **Marketing and Advertising** Departments develop, implement and manage marketing initiatives that result in increased air service and revenues. Its major responsibilities include:

- ❖ Umbrella Marketing Plans for Authority initiatives (e.g. Quieter Home Program, SAN Park, Small Business Development and Green Build.
- ❖ Advertising, creative design and development, identity and brand development
- ❖ Collateral materials and publications
- ❖ Special events (i.e. new air service inaugurals, grand openings, conferences)
- ❖ Web site development, video production and market research
- ❖ Regional partnerships and aviation education outreach
- ❖ Aviation Education
- ❖ Outreach and collaboration with regional partners (e.g. Chambers of Commerce, Convention and Visitors Bureau (CONVIS), Economic Development Corporation (EDC), World Trade Center (WTC), San Diego Convention Center Corporation (SDCCC)

The **Public & Customer Relations** Department provides media and public relations, strategic counsel, community outreach, corporate and internal communications, crisis communications, social media and customer-related services for the Authority. Specific activities include:

- ❖ Crisis communications plan
- ❖ Press conferences & media event planning
- ❖ News releases & media advisories
- ❖ External and internal publications (i.e. Annual Report, Aviation Matters, SAN e-Newsletter, e-JetStreams)
- ❖ Social media (employee blog, Facebook, Twitter, e-Newsroom)
- ❖ Speaker's Bureau & speechwriting
- ❖ Airport public tours
- ❖ Volunteer Airport Ambassador Program
- ❖ Customer satisfaction surveys
- ❖ Special services for the disabled
- ❖ Airport Art Program, including Visual and Performing Art
- ❖ Airport Advisory Committee coordination

Marketing & Communications Division Organizational Structure



Personnel Summary

	FY 2009 Authorized & Funded Positions	FY 2010 Authorized & Funded Positions	FY 2011 New/ (Eliminated) Positions	FY 2011 (Frozen)/ Unfrozen Positions	FY 2011 Authorized & Funded Positions
Marketing & Communications					
Corporate Services	7	7	-	-	7
Public and Customer Relations	10	9	-	-	9
Marketing and Advertising	9	10	(2)	-	8
Inter-governmental Relations	3	3	-	-	3
Noise Mitigation	4	4	-	-	4
Air Service Development	-	-	2	-	2
Total	33	33	-	-	33
Authorized and Unfunded Positions		1	-	-	1
Total Authorized Positions		34	-	-	34

Marketing & Communications Division FY 2011-FY 2012 Expense Summary

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	Inc/(Dec) FY11 vs FY10 Budget	% Change	FY 2012 Budget	Inc/(Dec) FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,567,766	\$ 2,626,136	\$ 2,612,917	\$ (13,219)	-0.5%	\$ 2,612,917	\$ -	0.0%
Premium Overtime	12,350	19,575	9,500	(10,075)	-51.5%	14,500	5,000	52.6%
Employee Benefits	1,019,723	1,063,711	1,206,723	143,012	13.4%	1,381,478	174,755	14.5%
Subtotal	3,599,839	3,709,422	3,829,140	119,718	3.2%	4,008,895	179,755	4.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	3,599,839	3,709,422	3,829,140	119,718	3.2%	4,008,895	179,755	4.7%
Non-Personnel Expenses								
Contractual Services	2,490,934	3,303,730	3,198,856	(104,874)	-3.2%	3,005,700	(193,156)	-6.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	300	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	20	750	750	-	0.0%	750	-	0.0%
Maintenance	55	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	66,124	17,500	12,500	(5,000)	-28.6%	8,250	(4,250)	-34.0%
Operating Supplies	33,192	51,600	28,600	(23,000)	-44.6%	37,200	8,600	30.1%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	99,932	223,277	186,030	(37,247)	-16.7%	231,080	45,050	24.2%
Business Development	1,350,210	1,753,005	1,391,805	(361,200)	-20.6%	1,524,760	132,955	9.6%
Equipment Rentals & Repairs	212,302	251,130	226,602	(24,528)	-9.8%	237,250	10,648	4.7%
Total Non-Personnel Expenses	4,253,069	5,602,192	5,046,343	(555,849)	-9.9%	5,046,190	(153)	0.0%
Total Operating Expenses	7,852,909	9,311,614	8,875,483	(436,131)	-4.7%	9,055,085	179,602	2.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	7,852,909	9,311,614	8,875,483	(436,131)	-4.7%	9,055,085	179,602	2.0%
Equipment Outlay (over \$5,000)	135,154	-	-	-	0.0%	-	-	0.0%
Total Division Expenses incl Equip Outlay	\$ 7,988,063	\$ 9,311,614	\$ 8,875,483	\$ (436,131)	-4.7%	\$ 9,055,085	\$ 179,602	2.0%

Marketing & Communications Division
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 9,311,614	\$ 8,875,483
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	143,012	174,755
Salary adjustments	(23,294)	5,000
Proposed increases in personnel costs	119,718	179,755
Increase in Green Build and other advertising costs	204,500	(30,000)
Increase in Green Build public outreach costs	102,570	(83,000)
Decrease in domestic & international air service advertising costs	(200,000)	82,000
Decrease in Regional Aviation Strategic Plan (RASP) public outreach costs	(283,000)	(117,000)
Decrease in promotional activities & materials costs	(336,125)	64,700
Other, net	(43,794)	83,147
FY 2011 Budget / FY 2012 Budget	<u>\$ 8,875,483</u>	<u>\$ 9,055,085</u>

Marketing & Communications Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2011 Budget
Public and Customer Relations	\$ 3,152,116
Marketing and Advertising	2,469,002
Air Service Development	1,026,012
Intergovernmental Relations	767,023
Corporate Services	765,231
Noise Mitigation	696,099
Total	\$ 8,875,483

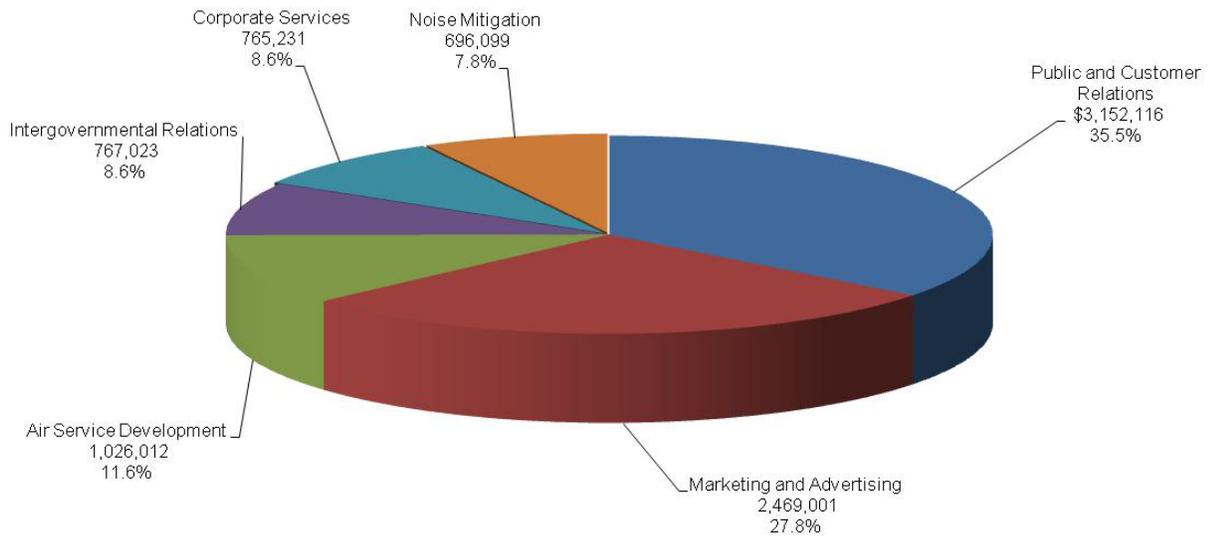


Figure 37 – FY 2011 Expense Budget by Department

Marketing & Communications Division FY 2011 – FY 2012 Expense Budget by Department

Department	FY 2012 Budget
Public and Customer Relations	\$ 3,101,108
Marketing and Advertising	2,564,573
Air Service Development	1,056,587
Corporate Services	805,991
Intergovernmental Relations	785,450
Noise Mitigation	741,376
Total	\$ 9,055,085

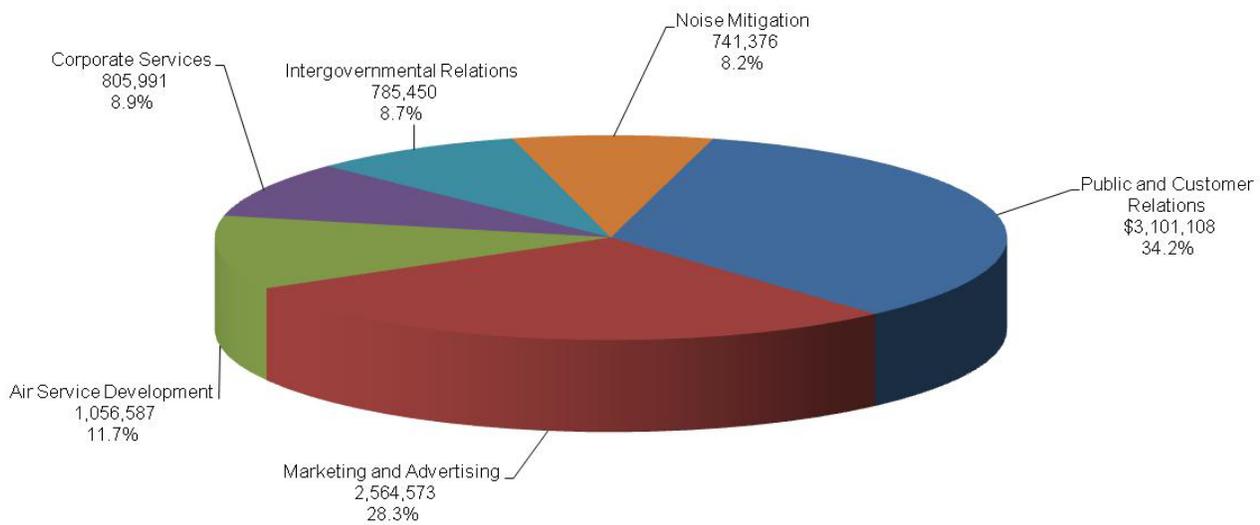
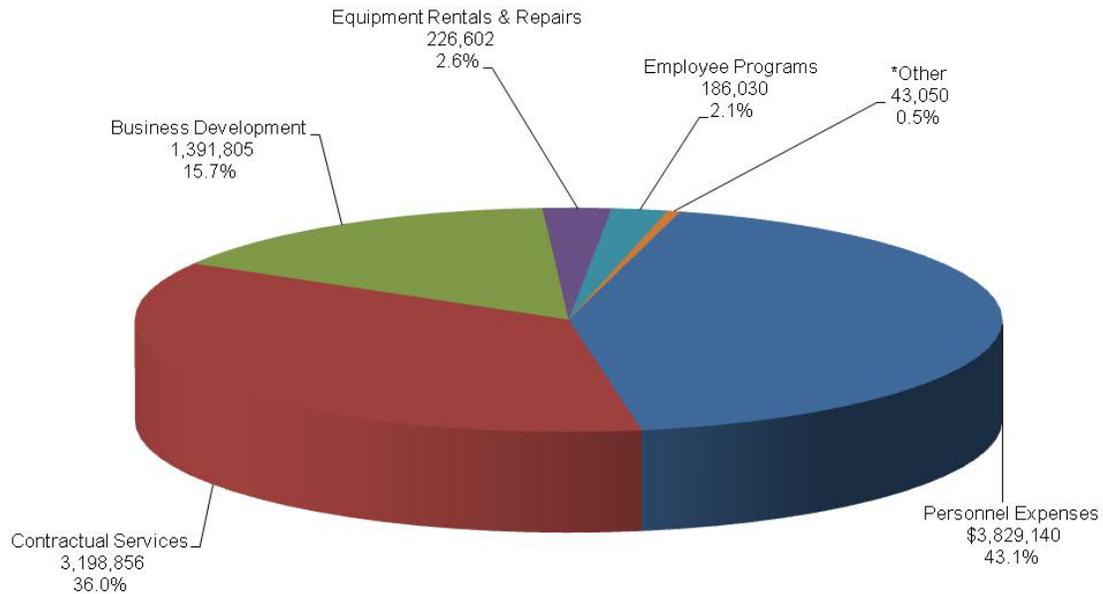


Figure 38 – FY 2012 Expense Budget by Department

Marketing & Communications Division FY 2011 – FY 2012 Expense Budget by Category

Category	FY 2011 Budget
Personnel Expenses	\$ 3,829,140
Contractual Services	3,198,856
Business Development	1,391,805
Equipment Rentals & Repairs	226,602
Employee Programs	186,030
*Other	43,050
Total	\$ 8,875,483

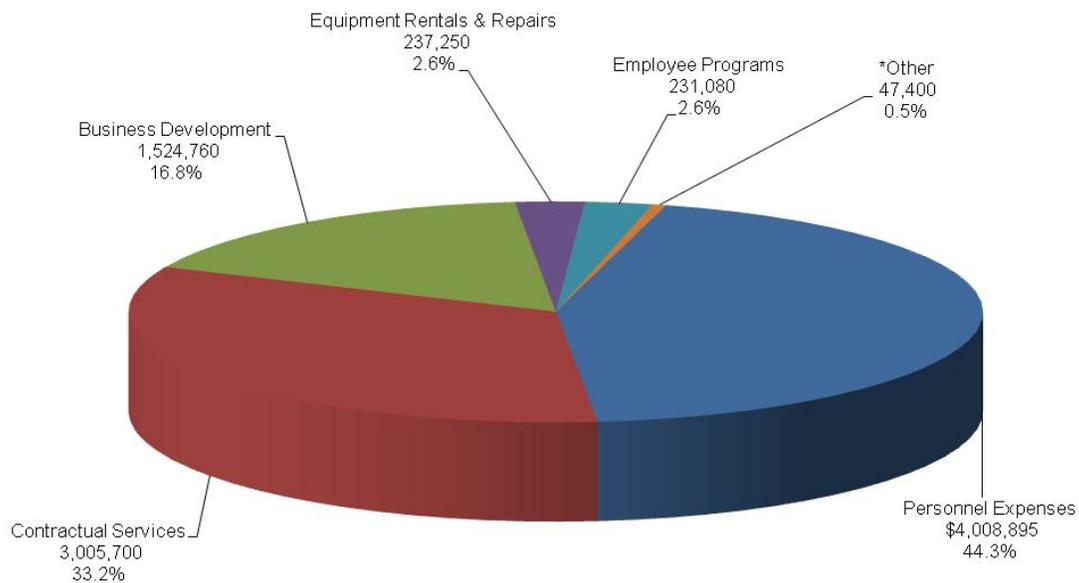


*Other includes space rental, Utilities, operating equipment & systems, operating supplies, etc.

Figure 39 – FY 2011 Expense Budget by Category

Marketing & Communications FY 2011 – FY 2012 Expense Budget by Category

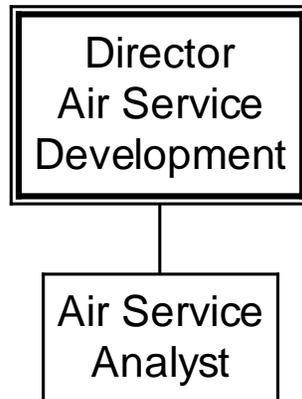
Category	FY 2012 Budget	
Personnel Expenses	\$	4,008,895
Contractual Services		3,005,700
Business Development		1,524,760
Equipment Rentals & Repairs		237,250
Employee Programs		231,080
*Other		47,400
Total	\$	9,055,085



*Other includes space rental, Utilities, operating equipment & systems, operating supplies, etc.

Figure 40 – FY 2012 Expense Budget by Category

Air Service Development Organizational Structure



Air Service Development

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ -	\$ -	\$ 166,835	\$ 166,835	0.0%	\$ 166,835	\$ -	0.0%
Premium Overtime	-	-	-	-	-	-	-	-
Employee Benefits	-	-	75,877	75,877	0.0%	99,452	23,575	31.1%
Subtotal	-	-	242,712	242,712	0.0%	266,287	23,575	9.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	-	-	242,712	242,712	0.0%	266,287	23,575	9.7%
Non-Personnel Expenses								
Contractual Services	-	-	366,000	366,000	0.0%	291,000	(75,000)	-20.5%
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	-	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	-	-	32,200	32,200	0.0%	32,200	-	0.0%
Business Development	-	-	385,100	385,100	0.0%	467,100	82,000	21.3%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	-	-	783,300	783,300	0.0%	790,300	7,000	0.9%
Total Operating Expenses	-	-	1,026,012	1,026,012	0.0%	1,056,587	30,575	3.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	-	-	1,026,012	1,026,012	0.0%	1,056,587	30,575	3.0%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ -	\$ -	\$ 1,026,012	\$ 1,026,012	0.0%	\$ 1,056,587	\$ 30,575	3.0%

Air Service Development
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ -	\$ 1,026,012
Proposed personnel costs		
Transfer of 2 positions from Marketing & Advertising and salary adjustments	166,835	-
Burden (benefits & employer taxes) for current staff	<u>75,877</u>	<u>23,575</u>
Proposed personnel costs	242,712	23,575
Domestic & international air service advertising costs	300,000	82,000
Air route development contract & air service database costs	290,000	-
Regional Business CEO outreach costs	75,000	(75,000)
Business development travel costs	72,500	-
Other, net	<u>45,800</u>	<u>(0)</u>
FY 2011 Budget / FY 2012 Budget	<u>\$ 1,026,012</u>	<u>\$ 1,056,587</u>

Air Service Development

Goals & Objectives

FY 2010 Progress Report

1. Secure air service to International Destinations.

Progress: Toronto service will be restored in 2010. Negotiations on air service to trans-oceanic destinations are ongoing.

Sustainability Goal: Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #4 Enhance the financial position of the Authority, Goal #5 Provide optimal solutions for near- and long-term regional air transportation needs

Fiscal Year: 2010. Continue to 2011? **Yes.**

2. Secure additional new air service to underserved domestic markets with load factors in excess of 90% or markets with greater than 70 passengers per day each way.

Progress: Secured replacement service for discontinued St. Louis service, augmented service to be added to Honolulu by June 2010, second Boston frequency to be added in summer 2010, and negotiations ongoing for new service in the summer 2010.

Sustainability Goal: Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue to 2011? **Yes.**

3. Educate and engage the business community in support of the air service initiatives.

Progress: Air Service Development presented to numerous business and community organizations as well as local conferences. Air Service has also joined the local chapter and presented to the San Diego Business Travel Association (SDBTA).

Sustainability Goal: Economic Viability and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue to 2011? **Yes.**

4. Secure air service to London and/or primary European hub (Amsterdam, Paris, Frankfurt or Munich).

Progress: Negotiations on air service to trans-oceanic destinations ongoing. **Sustainability Goal:** Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue to 2011? **Yes.**

5. Secure air service to Tokyo, Seoul or Asian hub and link key San Diego communities to Manila.

Progress: Negotiations with Asian carriers are being scheduled to take advantage of events in 2009 including a) Korean visa waiver approval, b) pending open skies agreement with Japan and c) first flight of the Boeing 787. Manila service has been applied for by PAL,

however service cannot commence until regulatory issues between FAA and the Philippines are settled.

Sustainability Goal: Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal: #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2008, 2009, 2010. Continue to 2011? **Yes.**

6. Secure new and additional air service to Vancouver, Toronto, Winnipeg and other markets as demand dictates.

Progress: Toronto will be restored on June 17, 2010. Additional Vancouver service is expected when PAL is permitted to operate at San Diego. Negotiations continue for service to Winnipeg and Edmonton.

Sustainability Goal: Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue to 2011? **Yes.**

7. Secure additional air service to Mexico and Central America.

Progress: Substantive talks have been held in FY 2010 and negotiations with carriers continue. The passage of The Authority's Mexican air service incentive policy has enhanced the tools necessary to add service.

Sustainability Goal: Economic Viability, Operational Efficiency and Social Responsibility

Authority Goal: Goal #5 Enhance the financial position of the Authority. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue to 2011? **Yes.**

Air Service Development Goals & Objectives

FY 2011-FY 2012 Objectives

1. Secure at least one new domestic destination after every fiscal year where overall national domestic available seat departure growth exceeds 5.0%. Maintain number of domestic destinations served if national seat departure growth is between 0-4.99%.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs.

2. Increase San Diego International Airport seat departures during years the national average seat departures grow.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs.

3. Secure air services to London and/or primary European hub (Amsterdam, Paris, Frankfurt or Munich) after the 5th year of consecutive US-Europe seat departure growth or secure charter activity to Europe after the 5th year of consecutive US-Europe seat departure growth.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

4. Assuming aircraft are developed with the technical capabilities (e.g. Boeing 787 and A350), secure air service to Tokyo, Seoul or Asian hub after the 5th year of consecutive US-East Asia seat departure growth and by the 5th year anniversary of technically capable aircraft delivery to at least 3 US-Asia airline candidate operators (JAL, ANA, Asiana and Korean Air).

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

5. Link San Diego to Manila with direct air service within 12 months of Philippine restoration to FAA IASA Category 1 status and by first 12 months of Philippine – US seat departure increases contributed by Philippine air carriers.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

6. Secure new, enhanced or additional air service to Canadian markets after the second year upon verifying that after an annual SAN-Canada market (e.g. Montreal, Edmonton, Winnipeg) reaches at least 50 passengers a day each way (PDEW), via connecting flights.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

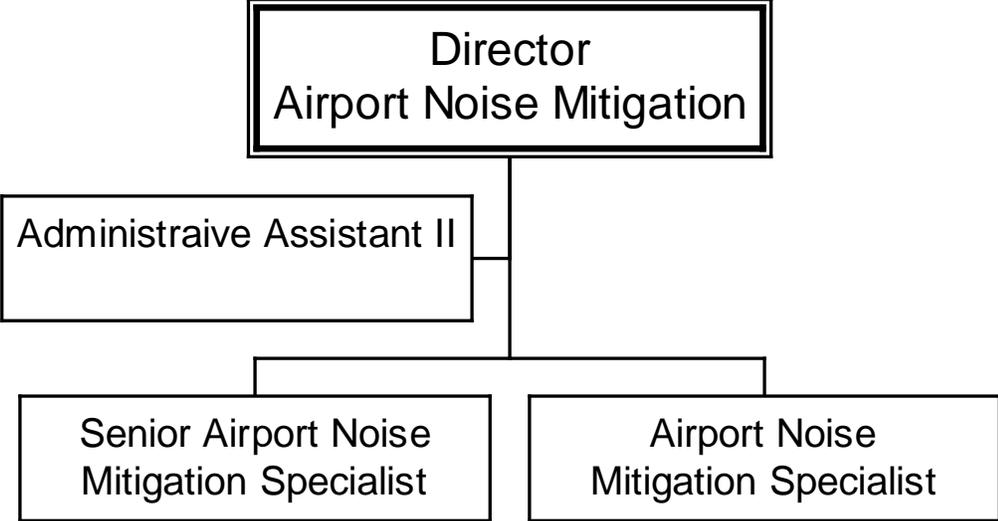
Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

7. Secure new, enhanced or additional air service Mexican markets by the second year after an annual SAN-Canada market (e.g. Mexico City, Puerto Vallarta) reaches at least 50 PDEW.

Sustainability Goal: Economic Viability, Operational Excellence and Social Responsibility

Authority Goal: #5 Enhance the financial position of the Authority; #6 Provide optimal solutions for near- and long-term regional air transportation needs

**Airport Noise Mitigation
Organizational Structure**



Airport Noise Mitigation

FY 2011-FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 282,412	\$ 276,252	\$ 273,958	\$ (2,294)	-0.8%	\$ 273,958	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	105,289	118,674	124,391	5,717	4.8%	139,393	15,002	12.1%
Subtotal	387,701	394,926	398,349	3,423	0.9%	413,351	15,002	3.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	387,701	394,926	398,349	3,423	0.9%	413,351	15,002	3.8%
Non-Personnel Expenses								
Contractual Services	76,171	45,000	14,000	(31,000)	-68.9%	14,100	100	0.7%
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	3,323	-	-	-	0.0%	-	-	0.0%
Operating Supplies	2,302	3,300	2,100	(1,200)	-36.4%	2,500	400	19.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,499	25,250	23,300	(1,950)	-7.7%	25,000	1,700	7.3%
Business Development	32,154	95,200	63,550	(31,650)	-33.2%	85,625	22,075	34.7%
Equipment Rentals & Repairs	188,473	196,205	194,800	(1,405)	-0.7%	200,800	6,000	3.1%
Total Non-Personnel Expenses	313,922	364,955	297,750	(67,205)	-18.4%	328,025	30,275	10.2%
Total Operating Expenses	701,623	759,881	696,099	(63,782)	-8.4%	741,376	45,277	6.5%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	701,623	759,881	696,099	(63,782)	-8.4%	741,376	45,277	6.5%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 701,623	\$ 759,881	\$ 696,099	\$ (63,782)	-8.4%	\$ 741,376	\$ 45,277	6.5%

Airport Noise Mitigation
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 759,881	\$ 696,099
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	5,717	15,002
Salary adjustments	<u>(2,293)</u>	<u>-</u>
Proposed increases in personnel costs	3,424	15,002
Decrease in promotional activities & materials costs (incl. Airport Advisory Committee costs)	(25,775)	16,300
Decrease in use of outside professional consultants (Airport Advisory Committee Facilitator)	(30,000)	-
Other, net	<u>(11,431)</u>	<u>13,975</u>
FY 2011 Budget / FY 2012 Budget	<u>\$ 696,099</u>	<u>\$ 741,376</u>

Airport Noise Mitigation Goals & Objectives

FY 2010 Progress Report

1. **Enhance Air Carrier Recognition Program – to publically evaluate and rate tenant air carrier and transient operations at SDIA and benchmark against a standardized scale.**

Progress: Element of ongoing 14 CFR Part 150 (Noise Compatibility Program) update.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: **2010**. Continue through FY2011? **Yes**.

2. **Expand Quieter Home Program eligibility criteria.**

Progress: Program doubled number of sound attenuated residences in the noise-impacted area.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: **2010**. Continue through 2011? **Yes**.

3. **Work with General Counsel to re-write Authority Policy 9.40 and Administrative Procedures that govern processes dealing with aircraft noise curfew violations.**

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

4. **Complete Federal Noise Compatibility Study (Part 150) Update.**

Progress: Part 1 of 2 parts completed.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: **2010**. Continue through 2011? **Yes**.

Airport Noise Mitigation Goals & Objectives

FY 2011-FY 2012 Objectives

1. Obtain FAA approval of SAN's Noise Compatibility Program (14 CFR Part 150) Update. Success equals Noise Compatibility Program approval by FAA by end of FY 2011.

Sustainability Goal: Social Responsibility, Enhance financial position of the Authority

Authority Goal: Goal # 2, 4 and 5; Goal #2 by referring programs for FAA acceptance that meet customer demand to mitigate aircraft noise. Goal #4 by engaging in an ongoing transparent public process to develop meaningful programs. Goal #5 by getting FAA grant funding for approved mitigation and attenuation programs.

2. Maintain Quieter Home (Residential Sound Insulation) Program acceleration and spending level. Success equals at least the same number of parcels sound attenuated as FY 2010.

Sustainability Goal: Social Responsibility

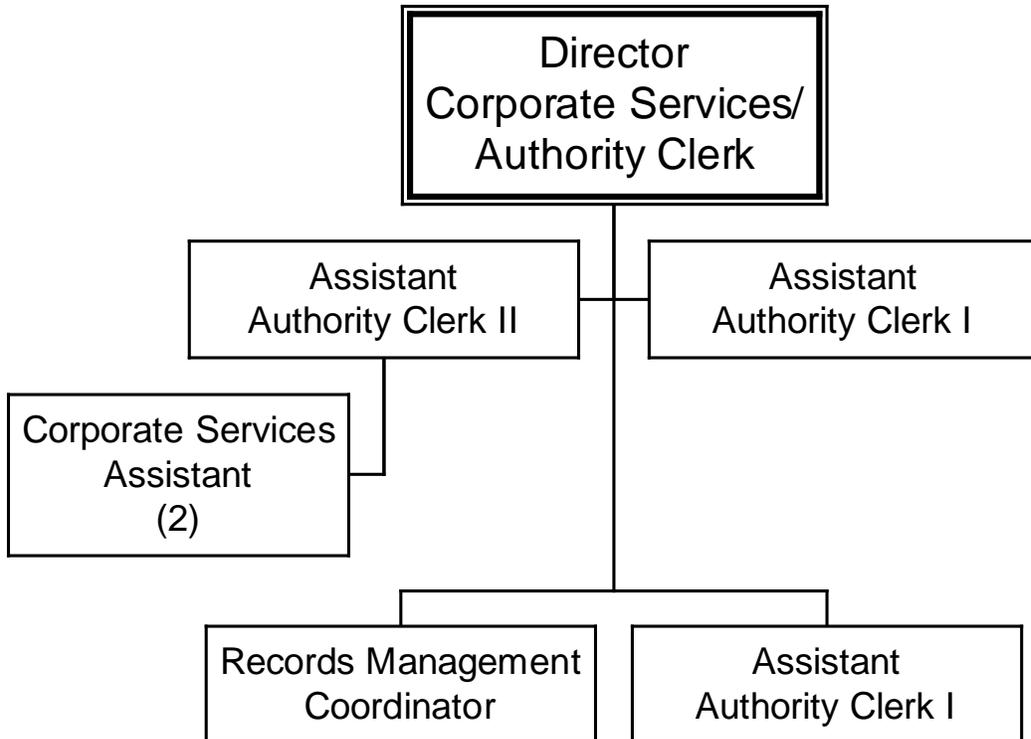
Authority Goal: Goal # 6; Garnering support among key policy and decision makers for Authority programs and initiatives

3. Obtain Authority Board approval of update to Authority Policy 9.40 and Administrative Procedures governing processes dealing with penalties for aircraft noise curfew violations. Success equals successful negotiation with Authority General Counsel and Authority Board acceptance.

Sustainability Goal: Social Responsibility

Authority Goal: Goal # 4; create and build a credible community image as a transparent, trusted and highly responsive agency

Corporate Services
Organizational Structure



Corporate Services

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 427,992	\$ 458,733	\$ 457,407	\$ (1,326)	-0.3%	\$ 457,407	\$ -	0.0%
Premium Overtime	2,507	2,000	2,000	-	0.0%	2,000	-	0.0%
Employee Benefits	171,998	190,568	221,242	30,674	16.1%	256,854	35,612	16.1%
Subtotal	602,497	651,301	680,649	29,348	4.5%	716,261	35,612	5.2%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	602,497	651,301	680,649	29,348	4.5%	716,261	35,612	5.2%
Non-Personnel Expenses								
Contractual Services	70,562	35,950	19,400	(16,550)	-46.0%	20,900	1,500	7.7%
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	7,953	-	-	-	0.0%	-	-	0.0%
Operating Supplies	5,025	8,000	6,000	(2,000)	-25.0%	6,500	500	8.3%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	10,937	16,636	13,230	(3,406)	-20.5%	15,230	2,000	15.1%
Business Development	27,172	34,750	24,000	(10,750)	-30.9%	24,500	500	2.1%
Equipment Rentals & Repairs	23,420	31,425	21,952	(9,473)	-30.1%	22,600	648	3.0%
Total Non-Personnel Expenses	145,069	126,761	84,582	(42,179)	-33.3%	89,730	5,148	6.1%
Total Operating Expenses	747,566	778,062	765,231	(12,831)	-1.6%	805,991	40,760	5.3%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	747,566	778,062	765,231	(12,831)	-1.6%	805,991	40,760	5.3%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 747,566	\$ 778,062	\$ 765,231	\$ (12,831)	-1.6%	\$ 805,991	\$ 40,760	5.3%

Corporate Services

Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 778,062	\$ 765,231
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	30,674	35,612
Salary adjustments	(1,326)	-
Proposed increases in personnel costs	<u>29,348</u>	<u>35,612</u>
Decrease in advertising costs	(12,750)	-
Decrease in use of outside professional consultants	(16,000)	-
Other, net	(13,429)	5,148
FY 2011 Budget / FY 2012 Budget	<u><u>\$ 765,231</u></u>	<u><u>\$ 805,991</u></u>

Corporate Services Goals & Objectives

FY 2010 Progress Report

1. Conduct semi annual training sessions (2 sessions) during this fiscal year, or as needed, on staff report preparation so that materials are properly completed and submitted on time.

Progress: Completed

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #1 Improve operational efficiency, safety and security.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Promote employee development to increase job knowledge, improve decision making skills and improve the employees ability to participate in the implementation of best practices for Corporate Services by supporting employee attendance at least one (1) of any of the following: conferences, college courses, seminars, internal and external training sessions and workshops.

Progress: Completed

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

3. Ensure that official records are accurately and efficiently prepared by posting and distributing regular and special Board and Committee meeting notices and information 100% of the time in accordance with Authority policies and the Brown Act.

Progress: Goal attained.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. Improve organizational efficiency by responding to requests from Authority staff for active and inactive records and information within 72 hours.

Progress: Goal attained.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue to 2011? **Yes.**

Corporate Services Goals & Objectives

FY 2011-FY 2012 Objectives

1. Conduct semi-annual training sessions (2 sessions) during the fiscal year, or as needed, on staff report preparation so that materials are completed on time and in the right format and made available to the Board, public and staff.

Sustainability Goal: Operational Efficiency

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal #4 Create a credible community image as a transparent, trusted and highly responsive agency.

2. Ensure that official postings and the distribution of regular and special Board and Committee meetings notices and information are done 100% of the time in accordance with Authority policies and the Brown Act.

Sustainability Goal: Operational Efficiency

Authority Goal: Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

3. Respond to public records requests from the public and media 100% of the time in accordance to the California Public Records Act.

Sustainability Goal: Operational Efficiency

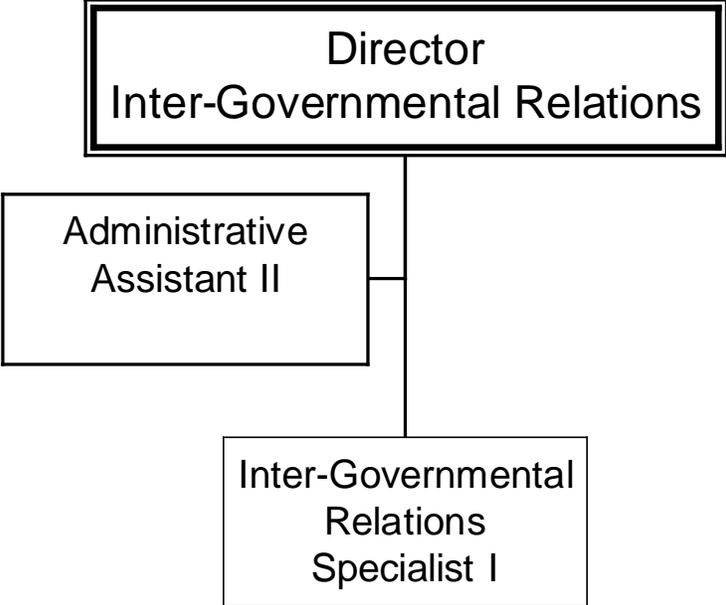
Authority Goal: Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

4. Improve organizational efficiency by responding to requests from Authority staff for active and inactive records and information within 72 hours.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations.

Inter- Governmental Relations
Organizational Structure



Inter- Governmental Relations FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 229,651	\$ 261,230	\$ 262,189	\$ 959	0.4%	\$ 262,189	\$ -	0.0%
Premium Overtime	828	500	500	-	0.0%	500	-	0.0%
Employee Benefits	92,021	102,923	118,109	15,186	14.8%	135,536	17,427	14.8%
Subtotal	322,500	364,653	380,798	16,145	4.4%	398,225	17,427	4.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	322,500	364,653	380,798	16,145	4.4%	398,225	17,427	4.6%
Non-Personnel Expenses								
Contractual Services	302,818	327,250	327,000	(250)	-0.1%	327,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	118	1,000	250	(750)	-75.0%	250	-	0.0%
Operating Supplies	3,788	3,300	3,000	(300)	-9.1%	3,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,252	13,200	14,000	800	6.1%	14,000	-	0.0%
Business Development	46,994	47,850	41,375	(6,475)	-13.5%	42,375	1,000	2.4%
Equipment Rentals & Repairs	98	1,000	350	(650)	-65.0%	350	-	0.0%
Total Non-Personnel Expenses	373,068	393,850	386,225	(7,625)	-1.9%	387,225	1,000	0.3%
Total Operating Expenses	695,568	758,503	767,023	8,520	1.1%	785,450	18,427	2.4%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	695,568	758,503	767,023	8,520	1.1%	785,450	18,427	2.4%
Equipment Outlay (over \$5,000)	-	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 695,568	\$ 758,503	\$ 767,023	\$ 8,520	1.1%	\$ 785,450	\$ 18,427	2.4%

Inter- Governmental Relations
Major Drivers of FY 2011 – FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 758,503	\$ 767,023
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	15,186	17,427
Salary adjustments	959	-
Proposed increases in personnel costs	16,145	17,427
Increase in memberships & dues costs	10,525	-
Decrease in promotional activities costs	(10,000)	-
Other, net	(8,150)	1,000
FY 2011 Budget / FY 2012 Budget	\$ 767,023	\$ 785,450

Inter- Governmental Relations Goals & Objectives

FY 2010 Progress Report

1. Continue to strengthen relationships with elected officials/ staff and community leaders in order to garner support for Authority programs and initiatives.

Progress: Inter-Governmental Relations (IGR) staff continues to meet with the elected and appointed officials representing the San Diego region to brief them on major airport programs and projects (e.g. the Green Build, Regional Aviation Strategic Plan) and to provide airfield tours. IGR staff has worked with the California Airports Council (CAC) and state legislators to introduce AB 1660 this year to allow for additional emergency medical flight operations.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. Identify and include language in the FAA Reauthorization Act that will strategically position the Authority to maximize federal funding awards for SDIA projects.

Progress: IGR staff continues to work through state and national airport associations (e.g. CAC, ACI-NA, AAAE) to include favorable language and optimal funding levels in the FAA Re-authorization bill and to exclude harmful provisions from this legislation.

Sustainability Goal: Economic Viability.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

3. Obtain authority from Department of Homeland Security allowing Authority to participate in alternate funding options for in-line Explosive Detection System (EDS) installation.

Progress: SDIA is attempting to fund this via traditional TSA funding methods (e.g. Other Transactional Agreement) which may preclude the need for alternate funding options.

Sustainability Goal: Economic Viability.

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **TBD**

4. To enter into an agreement with the Transportation Security Administration providing the financing necessary to complete the in-line installation of EDS equipment at SDIA.

Progress: In FY 2010, Authority staff provided a presentation and tour for TSA's Washington, DC staff and submitted an application for in-line EDS installation funding for the Green Build. Staff now anticipates approval for either a partial or full amount requested in the Authority's grant application for in-line EDS installation funding.

Sustainability Goal: Operational Excellence.

Authority Goal: Goal #1 Improve operational efficiency, safety, and security. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Maintain historic levels of Airport Improvement Program funding, Quieter Home Program funding, and increase the allowable Passenger Facility Charge fee level.

Progress: IGR staff is continuing to work through state and federal airport advocacy associations to include the highest possible funding levels for these programs.

Sustainability Goal: Economic Viability.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Prevent the passage/enactment of State and Federal legislation and regulations that would negatively impact the Airport Authority and/or San Diego International Airport.

Progress: Authority staff and legislative consultants were successful in insulating the Authority from the state budget crisis and harmful state and federal legislation and regulations in FY 2010 and plan to continue to do so in FY 2011. Our membership in the CAC has also allowed the Authority to successfully oppose several state bills during FY 2010.

Sustainability Goal: Economic Viability, Operational Excellence.

Authority Goal: Goal # 3 Enhance regional partnerships. Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

Fiscal Year: 2010. Continue in 2011? **Yes.**

7. Work with federal legislative consultants, airport associations, federal delegation members, and others to pass a multi-year FAA Reauthorization bill that includes an increased PFC limit.

Progress: IGR staff continues to work with various parties on the passage of a multi-year FAA Reauthorization bill. The House-passed version would increase the Passenger Facility Charge from the current \$4.50 limit to a new level of \$7.00.

Sustainability Goal: Economic Viability, Operational Excellence.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal # 5 Enhance the financial position of the Authority. Goal # 7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

8. Continue to strengthen relationships with local, state, and federal legislators and appointed officials by keeping them apprised of major Airport Authority programs and projects.

Progress: As mentioned under Goal #1, IGR staff continues to strengthen our relationship with local, state, and federal legislators and appointed officials. We are also performing outreach to establish early relationships with newly elected/appointed officials to educate them on airport projects and programs.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations. Goal # 3 Enhance regional partnerships. Goal # 4 Create and build a credible

community image as a transparent, trusted and highly responsive agency. Goal # 6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **No, instead, combine with Goal #1**

9. Proactively support the efforts of other Airport Authority departments in obtaining political/public support for key SDIA initiatives and funding requests.

Progress: IGR staff has continued to work closely with other Authority departments in obtaining support for initiatives and funding requests. We are working with Terminal Development Program and Aviation Security and Public Safety staff to obtain EDS funding, working with Marketing and Arts staff to advocate for approval of National Endowment for the Humanities and National Endowment for the Arts grants, and worked with Facilities Development staff and FAA staff to help secure \$5 million in federal stimulus funding.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal # 2 Anticipate and exceed both internal and external customer service expectations. Goal # 5 Enhance the financial position of the Authority. Goal # 6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Inter- Governmental Relations

Goals & Objectives

FY 2011-FY 2012 Objectives

1. Continue to strengthen relationships with current elected/appointed officials and staff and key community leaders in San Diego and establish relationships with newly elected/appointed officials as well as non-San Diego officials holding key transportation/security positions.

Sustainability Goal: Operational Excellence

Authority Goal: Goal #6 Provide optimal solutions for near-term and long-term regional air transportation needs.

2. Identify and include language in a multi-year FAA Reauthorization Act that will strategically position the Authority to maximize federal funding awards for SDIA projects (e.g. increased PFC level) and exclude language in the bill detrimental to the interests of SDIA (e.g. new and costly ARFF provisions). Work with state and national airport associations to obtain passage of a bill in 2010.

Sustainability Goal: Economic Viability

Authority Goal: Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #5 Enhance the financial position of the Authority. Goal # 7 Be recognized as an aviation industry leader

3. To enter into an agreement with the Transportation Security Administration providing the financing necessary to complete the in-line installation of EDS equipment at SDIA.

Sustainability Goal: Operational Excellence

Authority Goal: Goal #1 Improve operational efficiency, safety, and security. Goal #5 Enhance the financial position of the Authority.

4. Maintain historic levels of Airport Improvement Program funding, Quieter Home Program funding, and increase the allowable Passenger Facility Charge fee level.

Sustainability Goal: Economic Viability.

Authority Goal: Goal #5 Enhance the financial position of the Authority.

5. Prevent the passage/enactment of State and Federal legislation and regulations that would negatively impact the Airport Authority and/or San Diego International Airport.

Sustainability Goal: Economic Viability, Operational Excellence.

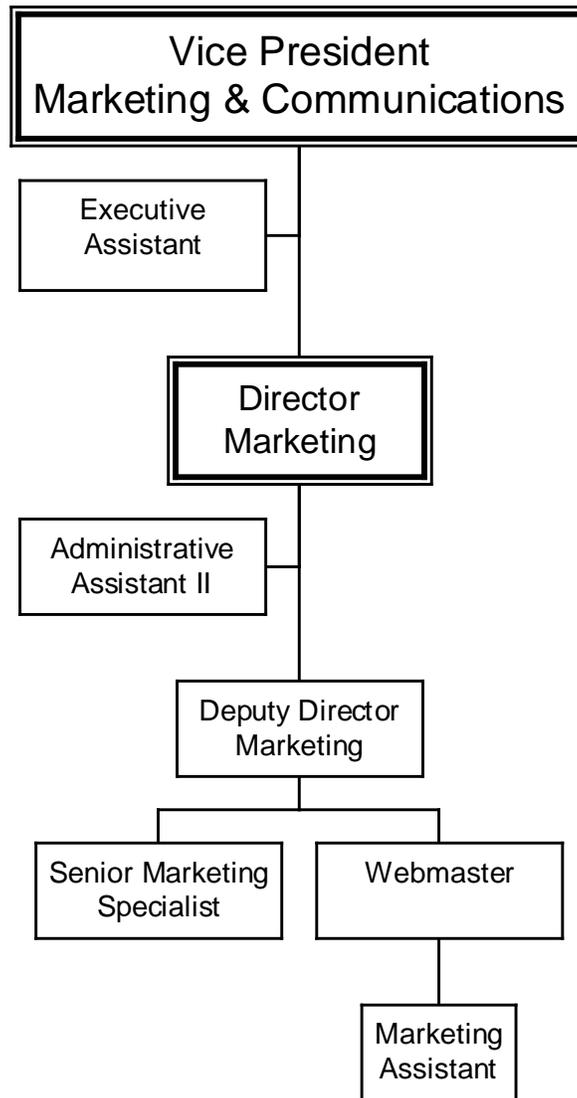
Authority Goal: Goal # 3 Enhance regional partnerships. Goal # 4 Create and build a credible community image as a transparent, trusted and highly responsive agency.

6. Proactively support the efforts of other Airport Authority departments in obtaining political/public support for key SDIA initiatives and funding requests.

Sustainability Goal: Economic Viability.

Authority Goal: Goal # 1 Improve operational efficiency, safety and security. Goal # 2 Anticipate and exceed both internal and external customer service expectations. Goal # 5 Enhance the financial position of the Authority. Goal # 6 Provide optimal solutions for near- and long-term regional air transportation needs.

Marketing & Advertising Organizational Structure



Marketing & Advertising FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 901,396	\$ 918,820	\$ 756,933	\$ (161,887)	-17.6%	\$ 756,933	\$ -	0.0%
Premium Overtime	7,482	14,000	5,000	(9,000)	-64.3%	10,000	5,000	100.0%
Employee Benefits	383,127	368,424	352,838	(15,586)	-4.2%	401,410	48,572	13.8%
Subtotal	1,292,005	1,301,244	1,114,771	(186,473)	-14.3%	1,168,343	53,572	4.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,292,005	1,301,244	1,114,771	(186,473)	-14.3%	1,168,343	53,572	4.8%
Non-Personnel Expenses								
Contractual Services	796,513	880,000	640,500	(239,500)	-27.2%	690,500	50,000	7.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	300	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	20	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	37,743	8,500	5,000	(3,500)	-41.2%	5,000	-	0.0%
Operating Supplies	6,195	15,000	7,500	(7,500)	-50.0%	7,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	34,136	48,050	34,200	(13,850)	-28.8%	34,200	-	0.0%
Business Development	1,065,885	1,267,430	662,830	(604,600)	-47.7%	654,830	(8,000)	-1.2%
Equipment Rentals & Repairs	212	12,000	3,000	(9,000)	-75.0%	3,000	-	0.0%
Total Non-Personnel Expenses	1,941,004	2,232,180	1,354,230	(877,950)	-39.3%	1,396,230	42,000	3.1%
Total Operating Expenses	3,233,009	3,533,424	2,469,001	(1,064,423)	-30.1%	2,564,573	95,572	3.9%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	3,233,009	3,533,424	2,469,001	(1,064,423)	-30.1%	2,564,573	95,572	3.9%
Equipment Outlay (over \$5,000)	34,186	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 3,267,195	\$ 3,533,424	\$ 2,469,001	\$ (1,064,423)	-30.1%	\$ 2,564,573	\$ 95,572	3.9%

Marketing & Advertising
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 3,533,424	\$ 2,469,001
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	46,421	48,572
Salary adjustments	(9,442)	5,000
Transfer of 2 positions to Air Service Development	(223,451)	-
Proposed decreases / increases in personnel costs	(186,472)	53,572
Increase in Green Build and other miscellaneous advertising costs	204,500	(30,000)
Increase in use of outside professional consultants	75,000	50,000
Decrease in seminars & training costs	(12,500)	-
Transfer of business development travel costs to Air Service Development	(75,000)	-
Decrease in promotional activities & materials costs	(220,000)	20,000
Transfer of domestic air service advertising costs to Air Service Development	(250,000)	-
Transfer of international air service advertising costs to Air Service Development	(250,000)	-
Transfer of air route development contract & air service database costs to Air Service Development	(290,000)	-
Other, net	(59,951)	2,001
FY 2011 Budget / FY 2012 Budget	\$ 2,469,001	\$ 2,564,573

Marketing & Advertising Goals and Objectives

FY 2010 Progress Report

1. **Provide strategic marketing and communications leadership and services to other Authority Divisions and Departments. Ensure on time production both internally and externally to minimize costs.**

Progress: The Marketing Department has completed more than 200 jobs for Authority Departments. This included the launch of the new san.org website and the annual report. The Authority experienced great saving by keeping the production of these jobs internal rather than using an outside agency. The Marketing department is always looking for ways to manage expenses.

Sustainability Goal: Economic Viability and Operational Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **Yes.**

2. **Increase the number of Aviation Education Forums and similar outreach events to diverse audiences and expand reach into all areas of the County. These forums should educate the community about both the short term and long term vision of the airport.**

Progress: Due to budget constraints, no education forums were held in FY2010.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **No.**

3. **Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to the business leaders to ensure that the airport messages are communicated.**

Progress: The Marketing Director did a considerable number of presentations and one-on-one meetings with key stakeholders in FY2010. He continues to reach out to the business community by participating in multiple local business organizations including the North County EDC, Japan Society of San Diego and Tijuana, the Convention Visitors Bureau Marketing Committee, the ABA Marketing Committee and others.

Sustainability Goal: Economic Viability and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. **Increase the number of unique visitors to the Authority/Airport website. We will continue to test and change the web site to improve our communication with the community.**

Progress: In calendar year 2009, the san.org web site exceeded the 2.2 million unique visitors mark achieved in 2009. The Marketing Department was also instrumental in the design, development and on-going content updates for the Airport Master Plan and Destination

Lindbergh outreach program sanplan.com web site. In addition, a new design was completed for san.org and launched in October 2009.

Sustainability Goal: Economic Viability and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

5. Advance the knowledge of the San Diego region's youth on airports, aviation and aviation related careers by increasing the number of outreach events/programs each year. Also, initiate outreach to local schools using the Bessie Coleman book as a driving force to communicate the message.

Progress: The most significant event in FY 2010 was the publication by the Authority of a children's paperback book "Laverne, the Runway Stowaway" authored by Judy McSweeney and illustrated by Sharon Gonzales. The Authority continued to partner with San Diego Junior Achievement and completed a mock airport at JA BizTown. More than 12,000 San Diego 5th graders go through the program after 6 weeks of in-class curriculum. San Diego International Airport is the first airport business in any JA BizTowns nationwide. The ever-popular YMCA Camp and Miramar Air Show Aviation Education Day were both held in FY2009. Marketing was also instrumental in the 2010 Youth Aviation Art Contest and is in the process of developing, in partnership with the Public Art Program, an RFP for artist selection for the mural at JA Biztown.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

6. Re-design and maintain the master Airport Authority database.

Progress: ACT was acquired, but due to personnel changes and time constraints, the overhaul of the database was delayed.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2010. Continue in 2011? **No.**

7. Expand aviation education outreach events to diverse audiences and expand reach into all areas of the County.

Progress: Aviation education efforts reached into East, North and South County.

Sustainability Goal: Economic Viability and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

8. **Implement advanced technologies to enhance website customer experience and access to vital information (e.g. flights, site selection, Airport Master Plan, ALUC, ATAG, parking services, concessions).**

Progress: A new web site was launched on October 31, 2010 for san.org. This website includes many enhancements that make it visually appealing and easy to use for our customers.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Marketing & Advertising Goals & Objectives

FY 2011-FY 2012 Objectives

1. Provide strategic marketing, advertising and communications leadership and services to other Authority Divisions and Departments. Success equals increasing the number of in-house creative jobs completed in FY10.

Sustainability Goal: Economic Viability and Operational Efficiency

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #5 Enhance the financial position of the Authority.

Fiscal Year: 2009, 2010. Continue to 2011? Yes.

2. Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to the business leaders and organizations to ensure the airport messages are communicated. Success equals increasing the awareness of airport related matters that affect both business and community.

Sustainability Goal: Economic Viability and Social Responsibility

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2009, 2010. Continue to 2011? Yes.

3. Increase the number of visitors to the Authority/Airport website. Success equals an increase of 8-10% overall. In addition, Marketing will continue to test and enhance the web site by implementing advanced technologies to enhance the customer experience and provide access to vital information (e.g. flights, Green build, contracting opportunities, concessions etc.) and to improve our communication with the community.

Sustainability Goal: Economic Viability and Social Responsibility

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2009, 2010. Continue to 2011? Yes.

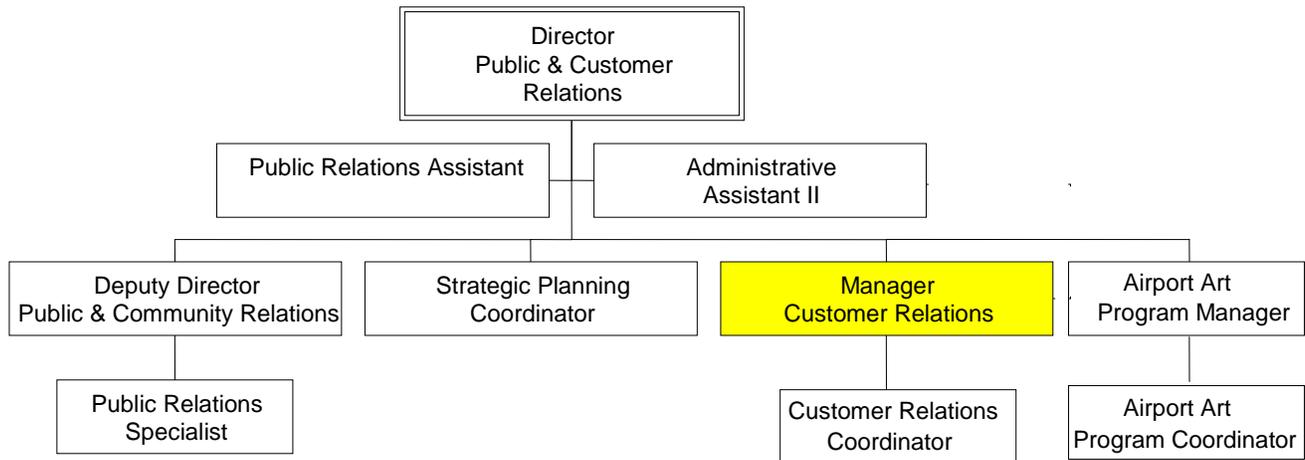
4. Advance youth education in the areas of airports, aviation and aviation-related careers, especially through six specific annual outreach programs. Success equals communication through curriculum participation and/or educational item distribution to 10,000 children in the San Diego region.

Sustainability Goal: Social Responsibility

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2009, 2010. Continue to 2011? Yes.

Public & Customer Relations Organizational Structure



*Unfunded position shown in yellow.

Public & Customer Relations

FY 2011- FY 2012 Expense Summary

	FY 2009	FY 2010	FY 2011	Inc/(Dec)		FY 2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10	% Change	Budget	FY12 vs FY11	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 726,314	\$ 711,102	\$ 695,595	\$ (15,507)	-2.2%	\$ 695,595	\$ -	0.0%
Premium Overtime	1,533	3,075	2,000	(1,075)	-35.0%	2,000	-	0.0%
Employee Benefits	267,288	283,122	314,265	31,143	11.0%	348,833	34,568	11.0%
Subtotal	995,135	997,299	1,011,860	14,561	1.5%	1,046,428	34,568	3.4%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	995,135	997,299	1,011,860	14,561	1.5%	1,046,428	34,568	3.4%
Non-Personnel Expenses								
Contractual Services	1,244,871	2,015,530	1,831,956	(183,574)	-9.1%	1,662,200	(169,756)	-9.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	500	500	-	0.0%	500	-	0.0%
Maintenance	55	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	16,987	8,000	7,250	(750)	-9.4%	3,000	(4,250)	-58.6%
Operating Supplies	15,883	22,000	10,000	(12,000)	-54.5%	17,700	7,700	77.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	24,108	120,141	69,100	(51,041)	-42.5%	110,450	41,350	59.8%
Business Development	178,005	307,775	214,950	(92,825)	-30.2%	250,330	35,380	16.5%
Equipment Rentals & Repairs	98	10,500	6,500	(4,000)	-38.1%	10,500	4,000	61.5%
Total Non-Personnel Expenses	1,480,007	2,484,446	2,140,256	(344,190)	-13.9%	2,054,680	(85,576)	-4.0%
Total Operating Expenses	2,475,142	3,481,745	3,152,116	(329,629)	-9.5%	3,101,108	(51,008)	-1.6%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,475,142	3,481,745	3,152,116	(329,629)	-9.5%	3,101,108	(51,008)	-1.6%
Equipment Outlay (over \$5,000)	100,968	-	-	-	0.0%	-	-	0.0%
Total Dept Expenses incl Equip Outlay	\$ 2,576,110	\$ 3,481,745	\$ 3,152,116	\$ (329,629)	-9.5%	\$ 3,101,108	\$ (51,008)	-1.6%

Public & Customer Relations
Major Drivers of FY 2011-FY 2012 Budget Increase/Decrease

	<u>FY 2011 Budget Inc / (Dec)</u>	<u>FY 2012 Budget Inc / (Dec)</u>
FY 2010 Budget / FY 2011 Budget	\$ 3,481,745	\$ 3,152,116
Proposed personnel costs		
Burden (benefits & employer taxes) increase for current staff	31,143	34,568
Salary adjustments	(16,582)	-
Proposed increases in personnel costs	<u>14,561</u>	<u>34,568</u>
Increase in Green Build public outreach costs	102,570	(83,000)
Decrease in seminars & training costs	(22,041)	16,150
Decrease in employee development travel costs	(29,000)	25,000
Decrease in promotional activities & materials costs	(81,950)	28,400
Decrease in Regional Aviation Strategic Plan (RASP) public outreach costs	(283,000)	(117,000)
Other, net	(30,769)	44,874
FY 2011 Budget / FY 2012 Budget	<u><u>\$ 3,152,116</u></u>	<u><u>\$ 3,101,108</u></u>

Public & Customer Relations

Goals & Objectives

FY 2010 Progress Report

1. **Goodwill Ambassadors Program: Create Airport Authority 'Goodwill Ambassadors', an employee program. The Goal of the Goodwill Ambassador program will be to train and inform an additional 40% of all employees on the Airport Authority's major strategic initiatives by June 30, 2010.**

Progress: The Goodwill Ambassador Program was put on hold due to the success of reaching the majority of Airport Authority employees as well as cost savings reasons. However, the spirit and goals of the program live on in the popular, award-winning Ambassablog – the internal/external employee blog of the Airport Authority.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #3 Enhance regional partnerships. Goal #7 Be recognized as an aviation industry leader. Goal #8 Create, nurture and maintain a diverse, high performing and energetic team environment and a positive work culture.

Fiscal Year: 2010. Continue in 2011? **No.**

2. **'New Media' Communications Initiatives: Explore and develop series of 'New Media' communications initiatives to engage the public and other stakeholders in new and innovative ways.**

Progress: A Facebook Fan Page and Twitter account for the Airport Authority were launched. The Ambassablog was further developed. **Sustainability Goal:** Economic Viability, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2010. Continue in 2011? **Yes, plans for 2011 include launching and Airport Authority Flickr site for photo sharing and exploring additional emerging social media technologies.**

3. **Public Outreach Program: Elicit meaningful participation and input from the public and other stakeholders on the Terminal 2 improvements, SDIA long-range vision plan and Regional Air Strategic Plan (RASP).**

Progress: Media briefings, news releases, articles, social media posts, tours, news coverage and other activities all took place to support this goal.

Sustainability Goal: Operational Efficiency and Social Responsibility.

Authority Goal: Goal #3 Enhance regional partnership. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010. Continue in 2011? **Yes.**

4. **Develop an international student-segment to the Volunteer Airport Ambassador program by June 30, 2010.**

Progress: Goal not attainable due to difficulties in reaching out to international student groups.

Sustainability Goal: Operational Efficiency.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **No.**

5. **Initiate a new branding campaign to establish a unique and distinct identification for San Diego International Airport's airport art program by June 30, 2010.**

Progress: A new branding and program has been completed for the Performing Art Series. Logo development for the entire Art Program is ongoing.

Sustainability Goal: Social Responsibility.

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010. Continue in 2011? **Yes.**

Public & Customer Relations

Goals & Objectives

FY 2011-FY 2012 Objectives

1. **Public Outreach:** Elicit meaningful participation and input from the public and other stakeholders on The Green Build, Regional Aviation Strategic Plan (RASP) and Airport Land Use Compatibility Plans (ALUCPs) by increasing the number of, and improving and monitoring the effectiveness of, the ways these audiences can interact with the Airport Authority regarding these issues. Success equals

- ❖ reaching at least 1,800 Twitter followers by the middle of FY 2011 and 2,000 by the end of FY 2011
- ❖ reaching at least 25,000 Ambassablog visitors by the end of FY 2011
- ❖ reaching at least 750 Facebook fans by the end of FY 2011
- ❖ consistently reaching out to at least 1,000 e-alert recipients.

Sustainability Goal: Operational Efficiency and Social Responsibility

Authority Goal: Goal # Goal #3 Enhance regional partnership. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #6 Provide optimal solutions for near- and long-term regional air transportation needs.

Fiscal Year: 2010, 2011

2. **Social Media:** Build Airport Authority's social media outreach and enhance communications with stakeholders and the community regarding The Green Build by adding the Flickr photo sharing service to the social media tools currently being used (Facebook, Twitter and the employee blog). Success equals establishing an Airport Authority presence on Flickr by the middle of FY 2011.

Sustainability Goal: Economic Viability, Natural Resource Conservation and Social Responsibility.

Authority Goal: Goal # Goal #2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal #7 Be recognized as an aviation industry leader.

Fiscal Year: 2011

3. **ADA Communications** Launch a new section of the www.san.org website specifically tailored to the needs of visitors with disabilities. Success equals getting the Web site up and running by the end of FY 2011.

Sustainability Goal: Social Responsibility

Authority Goal: Goal # 2 Anticipate and exceed both internal and external customer service expectations. Goal #4 Create and build a credible community image as a transparent, trusted and highly responsive agency. Goal 7 Be recognized as an aviation industry leader.

Fiscal Year: 2011

4. **Public Art:** Initiate a new branding campaign to establish a unique and distinct identification for San Diego International Airport's airport art program by June 30, 2010. Success equals launching the campaign by the end of FY 2010.

Sustainability Goal: Social Responsibility

Authority Goal: Goal #2 Anticipate and exceed both internal and external customer service expectations.

Fiscal Year: 2010, 2011

Debt Service

Debt Service

Overview

Capital improvement 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 the revenue bond interest and principal payments and the expenses associated with the commercial paper program. Debt service expenses are projected at \$6,850,219 for the FY 2011 operating budget.

Allowed Purposes and Types of Debt

The Authority does not have taxing power and 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.

Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements to be in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority's debt is limited by the outstanding bond indenture requirement that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% of annual debt service. This debt service coverage test is shown on page 302. The Authority has a cap on the annual debt service, not a cap on the amount of outstanding debt. This is a common provision in airport bond resolutions.

Outstanding Debt

Series 2005 Bonds

In fiscal year 1996, the California Maritime Infrastructure Authority issued Airport Revenue Bonds (the Series 1995 Bonds) for the Port District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds, together with investment income thereon, were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, to fund a reserve account, and to pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Authority on January 1, 2003, the Authority assumed these bond obligations. The Series 1995 Bonds were refunded with Airport Revenue Refunding Bonds Series 2005 in October 2005 (the Series 2005 Bonds).

The Series 2005 Bonds were issued in the aggregate principal amount of \$56,270,000 and were structured as serial bonds that bear interest at rates ranging from 4.5% to 5.25% maturing in fiscal years 2007 to 2021. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2005 Bonds are payable solely from and secured by "Pledged Revenues." Pledged Revenues are defined as all revenues and other cash receipts of the Authority's airport operations, reduced by operation and maintenance expenses. Pledged Revenues do not include cash received from Passenger Facility Charges or federal grants.

The Series 2005 Bonds require that charges for services be set each fiscal year at rates sufficient to produce Pledged Revenues of at least 125% of debt service for that year. This test of net pledged revenues is shown in this section.

The following table outlines the credit ratings for both the insured bond issue and the underlying credit of the Authority.

Series 2005 Revenue Bonds – Credit Ratings (as of June 1, 2010)

Rating Agency	S&P	Moody's	Fitch
Rating	A+	A1	A+

The Series 2005 bonds are insured by the American Municipal Bond Assurance Corporation (AMBAC) and were initially rated AAA/Aaa/AAA by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively. AMBAC's financial strength ratings have been subsequently downgraded and as of June 1, 2010 Moody's carries a rating of Caa2, Standard & Poors has a rating of R (reflecting that they are under regulatory supervision), and Fitch withdrew their ratings at the AMBAC's request.

The Authority is not directly impacted by AMBAC's downgrades. The insurance policy on the bonds remains in effect. Additionally, the Authority holds a fully funded debt service reserve equal to one year's annual debt service. In the unlikely event that the Authority was not able to make a debt service payment, AMBAC is contractually required to make the payment and seek reimbursement from the Authority.

Series 2005 Airport Revenue Bonds

Year Ended July 1	Principal	Interest	Total
2010	\$3,105,000	\$2,244,475	\$5,349,475
2011	3,265,000	2,089,225	5,354,225
2012	3,430,000	1,925,975	5,355,975
2013	3,610,000	1,754,475	5,364,475
2014	3,790,000	1,573,975	5,363,975
2015	3,985,000	1,384,475	5,369,475
2016	4,160,000	1,215,113	5,375,113
2017	4,380,000	996,713	5,376,713
2018	4,615,000	766,763	5,381,763
2019	4,865,000	524,475	5,389,475
2020	5,125,000	269,063	5,394,063
Total	\$44,330,000	\$14,744,727	\$59,074,727

Commercial Paper Series A, B and C

The Authority's outstanding commercial paper, Series A (non AMT) and Series B (AMT) and Series C (taxable) is secured by a pledge of airport revenues, subordinated to the pledge of net airport revenues securing the payment of the Series 2005 Bonds. The authorized program provides for borrowings up to \$250,000,000 through September 1, 2027. Each commercial paper note matures at the end of a period not to exceed 270 days and can be continually rolled into another issuance until the earlier of September 10, 2014 or five days prior to the date no letter of credit is securing the commercial

paper notes. At that time, the total outstanding principal becomes due. The commercial paper notes require that the charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10 times the debt service on subordinate obligations, including the commercial paper notes, for that year.

Each series of notes are additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc. The letter of credit expires on September 10, 2014. Interest on the notes is paid at a rate based on the market for similar commercial paper notes.

Commercial Paper Series A and B Rating	S & P	Moody's
	A-1 +	P-1

The principal amount of Series A, B and C Commercial Paper Notes outstanding as of June 1, 2010 were \$40,976,000, \$57,254,000 and \$16,200,000 respectively.

Debt Service Coverage – Series 2005 Bonds

	FY 2009 Actuals	FY 2010 Budget	FY 2011 Budget	FY 2012 Budget
Airport Revenues¹	\$138,334,601	\$138,657,351	\$149,285,239	\$158,721,562
Operations & Maintenance Expenses¹	\$(115,221,068)	\$(121,368,780)	\$(120,923,329)	\$(124,922,445)
Net Airport Revenues¹	\$23,113,533	\$17,288,571	\$28,361,910	\$33,799,117
Debt Service	\$5,341,975	\$5,349,475	\$9,256,132	\$10,007,618
Debt Service Coverage (x)	4.33x	3.23x	3.06x	3.38x

¹ FY 2009 calculated in accordance with the Trust Agreement. FY 2010, FY 2011 and FY 2012 calculated on a budget basis, with adjustments made in accordance with the trust Agreement; the difference in net revenues between the two methods of calculation is not significant.

FY 2011- FY 2012 Debt Service by Source

	FY2009	FY2010	FY2011	Inc/(Dec)		FY2012	Inc/(Dec)	
	Actuals	Budget	Budget	FY11 vs FY10 Budget	% Change	Budget	FY12 vs FY11 Budget	% Change
Debt Service								
Interest on Commercial Paper	\$ 541,494	\$ 1,047,893	\$ 140,625	\$ (907,268)	-86.6%	\$ -	\$ (140,625)	-100.0%
Principal on Revenue Bonds	2,950,000	3,105,000	3,265,000	160,000	5.2%	3,430,000	165,000	5.1%
Interest on Revenue Bonds	2,391,975	2,244,475	5,358,600	3,114,125	138.7%	10,882,775	5,524,175	103.1%
Fees	352,128	393,004	171,608	(221,396)	-56.3%	103,454	(68,154)	-39.7%
Amortization of Bond Discount and Cost of Issuance	59,848	59,847	144,848	85,001	142.0%	343,181	198,333	136.9%
Other	(273,818)	-	-	-	-	-	-	-
Total Debt Service	\$ 6,021,627	\$ 6,850,219	\$ 9,080,681	\$ 2,230,462	32.6%	\$ 14,759,410	\$ 5,678,729	62.5%

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Capital Improvement Program

Capital Improvement Program

Overview

The capital program at SDIA consists of the Capital Improvement Program (CIP) and the Green Build/Terminal Development Program (Green Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include FAA and TSA grants, PFCs, CFCs, airport operating revenues, airport revenue bonds, and short-term borrowing using commercial paper. Included in the CIP is funding for the Green Build which provides for 10 additional passenger gates, a new dual-level roadway at Terminal 2, and additional aircraft Remain Overnight parking areas. The Green Build is expected to be completed in 2013 and is estimated to cost approximately \$ 865 million.

Program Summary

FY 2010 Capital Improvement Program	\$ 249,400,075
FY 2010 Project Cancellations	(15,073,019)
FY 2010 Project Additions and Savings, Net	994,013
FY 2010 Capital Improvement Program Balance	<u>235,321,069</u>
Proposed New Projects	141,602,020
The Green Build	864,612,702
Proposed FY 2011 – 2015 Capital Improvement Program	<u><u>\$ 1,241,535,791</u></u>

Sources & Uses of Funds by Fiscal Year

Sources of Funds

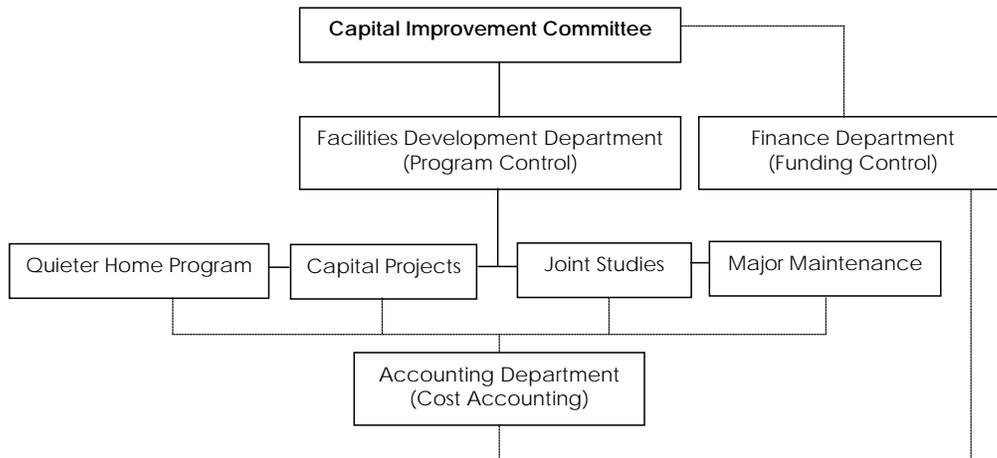
	Pre FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
The Green Build							
Federal Grants	\$ 9,851,983	\$ 37,689,742	\$ 20,378,599	\$ 423,098	\$ -	\$ -	\$ 68,343,421
Passenger Facility Charges	56,000,015	29,130,696	27,220,804	5,750,103	-	-	118,101,619
Airport Revenue Bonds	53,151,416	186,293,588	285,845,311	152,110,104	-	-	677,400,419
Airport Cash	700,437	66,806	-	-	-	-	767,243
Other	-	-	-	-	-	-	-
TOTAL	\$ 119,703,852	\$ 253,180,832	\$ 333,444,714	\$ 158,283,304	\$ -	\$ -	\$ 864,612,702
Capital Improvement Program							
Federal Grants	\$ 33,614,638	\$ 5,628,309	\$ 3,527,480	\$ 3,448,499	\$ 13,805,538	\$ 13,855,210	\$ 73,879,674
Passenger Facility Charges	42,018,928	10,561,845	120,769	830,567	3,325,047	3,337,010	60,194,165
Airport Revenue Bonds	67,565,945	21,158,122	42,317,048	43,130,386	17,531,723	6,332,850	198,036,073
Airport Cash	10,409,947	5,293,592	3,871,829	556,965	-	-	20,132,333
Other	1,538,664	739,264	4,146,151	5,965,462	5,451,375	6,839,928	24,680,844
TOTAL	\$ 155,148,122	\$ 43,381,132	\$ 53,983,277	\$ 53,931,879	\$ 40,113,683	\$ 30,364,997	\$ 376,923,089
TOTAL SOURCES OF FUNDS	\$ 274,851,974	\$ 296,561,964	\$ 387,427,991	\$ 212,215,183	\$ 40,113,683	\$ 30,364,997	\$ 1,241,535,791

Uses of Funds

	Pre FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
The Green Build							
Airside	\$ 16,014,611	\$ 41,369,274	\$ 1,338,215	\$ 2,207,297	\$ -	\$ -	\$ 60,929,398
Terminal	71,220,990	142,046,406	260,360,415	131,761,479	-	-	605,389,289
Administrative / Other	-	-	-	-	-	-	-
Landside	32,468,252	69,765,151	71,746,084	24,314,528	-	-	198,294,015
TOTAL	\$ 119,703,852	\$ 253,180,832	\$ 333,444,714	\$ 158,283,304	\$ -	\$ -	\$ 864,612,702
Capital Improvement Program							
Airside	\$ 92,119,699	\$ 12,960,032	\$ 8,800,228	\$ 4,309,287	\$ 17,130,585	\$ 20,925,069	\$ 156,244,900
Terminal	42,155,701	22,318,474	23,216,815	25,796,178	4,632,640	1,900,000	120,019,808
Administrative / Other	15,247,765	3,716,402	3,414,863	150,000	3,000,000	700,000	26,229,031
Landside	5,624,956	4,386,223	18,551,371	23,676,414	15,350,458	6,839,928	74,429,350
TOTAL	\$ 155,148,122	\$ 43,381,132	\$ 53,983,277	\$ 53,931,879	\$ 40,113,683	\$ 30,364,997	\$ 376,923,089
TOTAL USES OF FUNDS	\$ 274,851,974	\$ 296,561,964	\$ 387,427,991	\$ 212,215,183	\$ 40,113,683	\$ 30,364,997	\$ 1,241,535,791

Capital Improvement Committee

The Capital Improvement Committee (CIC) is composed of the Airport Authority's five (5) Vice Presidents and oversees the Capital Improvement Program. 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.



Capital Program Process

The Capital Improvement Program is designed to be a dynamic process. The CIC may review new project requests throughout the year to accommodate the ever-changing airport environment and regulatory requirements.

The capital program process begins by each department 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 the CIC.

After the request is submitted to the CIC, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Starting with the adoption of the Authority Sustainability Policy, a holistic review is completed with a focus on total costs of ownership to determine project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible is evaluated.

If the results of the interview support further scope definition and budget development, the CIC directs the Facilities Development Department (FDD), in coordination with project sponsors, to define the project deliverable and report on estimated costs through 30% schematic design and/or finished construction. Project budgets, schedules, issues and proposed funding sources are presented to the CIC. 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, FDD project teams begin the project as planned and approved.

Funding

Airport Improvement Program

AIP grants are offered to the Authority to provide funding assistance to those eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP program. 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 that generates the revenues in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP program includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boardings and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs.

During Fiscal Year 2010, the Authority received \$10 million in AIP grants for the Quieter Home Program, and \$41 million for construction of Terminal 2 West apron. The AIP program typically provides funding up to 80.59% of eligible project costs.

Passenger Facility Charge

PFCs were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies, which 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 PFC is that the PFC is a fee directly to the passenger, is administratively retained by the airport, and is considered local funds versus airport funds.

SDIA 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 Federal Aviation Administration approved the third passenger facility application on May 20, 2003 with authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. A seventh application was approved by the FAA in September 2009 for a total collection authority of \$85 million. An eighth application for approximately \$1.1 billion in support of the Terminal Development Program is expected to be submitted in early Fiscal Year 2011.

Customer Facility Charge

California state law authorizes an airport to collect fees for financing, designing, and constructing consolidated car rental facilities as well as terminal modifications to accommodate and provide customer access to common-use transportation systems. Implementation of a Customer Facility Charge at SDIA was approved by the Board in FY 2009. Authorization for the use of CFCs was given in FY 2010. The fee collected is \$10 per car rental transaction. This will fund the construction of a consolidated car rental facility as well as certain costs associated with common-use transportation systems. Projected usage of CFCs in FY 2011 and FY 2012 are \$11 million.

Transportation Security Agency Other Transaction Agreement

The Transportation Security Agency is authorized by the Homeland Security Act of 2002 to utilize Other Transaction Agreements (OTA) to fund its Explosive Baggage Screening Program (EBSP) and its Closed Circuit TV (CCTV) Program at the Nation's airports. TSA's use of OTAs is primarily as a mechanism for providing reimbursement funding and outlining the roles and responsibilities associated with these shared airport projects. SDIA received a \$28 million OTA from the TSA in FY 2010 for installation and construction costs associated with Explosive Detection Systems as part of the Terminal 2 expansion.

Project Descriptions & Funding Sources

Airside Projects

103044 – NTC Landfill Remediation

Description: The project includes the required environmental remediation of the contaminated areas on the former Naval Training Center (NTC), which is approximately 51 acres of land transferred to the Port District from the Navy for Airport use.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
44,644,511	6,195				\$ 44,650,706
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
		325,167	44,325,539		\$ 44,650,706

104004 – Master Plan Update and EIR/EA - Airside

Description: The Master Plan will describe potential development scenarios to meet the year 2030 aviation activity forecast, including preparation of a development/construction phasing plan and cost estimates for long-term improvements including airfield, terminal, roadway/parking, and ancillary airport facilities and preparation of environmental review studies in compliance with state and federal regulations.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,952,854					\$ 2,952,854
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
450,000	1,433,422		1,069,432		\$ 2,952,854

104026 – Rehabilitate Taxiway C

Description: This project reconstructs deteriorated pavement, and relocates Taxiway C to meet minimum standards for taxiway-to-runway separation distance.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
28,231,908	5,269,484				\$ 33,501,392
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
24,492,420	9,008,972				\$ 33,501,392

104046 – FAR Part 150 Update

Description: Updates the 1989 Noise Exposure Map and redefines SDIA’s noise mitigation measures and Quieter Home Program (Residential Sound Insulation) eligibility criteria.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,361,954	20,747				\$ 1,382,700
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
1,013,505	268,700			100,495	\$ 1,382,700

104057 – Storm Water Management Pilot

Description: This two-year pilot project captures pollutants from entering San Diego Bay via Airport storm drains utilizing Best Available Technology economically achievable (BAT) and Best Conventional Pollutant Control Technology (BCT) for storm water conveyance in conformance with local regulatory requirements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
201,808					\$ 201,808
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			201,808		\$ 201,808

104059 – Airfield Informational Signs Upgrade & Runway Guard Lights

Description: This project replaces existing airfield signs, cables and isolation transform to provide consistency in placement and appearance, to conform to FAA Advisory Circulars. Included in this project is the installation of a Runway Guard Lighting (RGL) system at all runway-taxiway crossings. The function of the RGL system is to alert the pilots that they are at the boundary of an active runway and to assist in preventing runway incursions.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
4,795,077	80,460				\$ 4,875,537
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
4,875,537					\$ 4,875,537

104061 – Replace/Upgrade Taxiway Lights

Description: This project replaces existing taxiway edge lights with energy efficient LED (Light Emitting Diode) edge lights and energy efficient isolation transformers.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,171,707	76,930				\$ 1,248,637

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	1,248,637				\$ 1,248,637

104084 – ARFF Vehicle

Description: Provide ARFF vehicle with a nozzle option for airside fire fighting.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
985,652					\$ 985,652

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
776,979	208,673				\$ 985,652

104087 – Runway 9 Displaced Threshold Relocation

Description: This project relocates the Runway 09 displaced threshold by 300 ft. east and includes pavement striping, marking, relocation, and color change-out of existing threshold, touchdown, and approach lighting systems.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
237,784	110,870				\$ 348,654

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				348,654	\$ 348,654

104110 – Rehabilitate Storm Water/Airfield Drainage

Description: This project will improve and strengthen drainage pipes located on the airfield beneath the runway and taxiways.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
301,732	4,766,410	2,431,858			\$ 7,500,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
2,129,970			5,370,030		\$ 7,500,000

103058 – Replace Perimeter Fencing and Gates

Description: This project is the removal and replacement of 5,400 feet of security fencing adjacent to the Teledyne Ryan and south air cargo areas to comply with security requirements. In addition, several perimeter gates will be standardized, electronically controlled, and sized for emergency access.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
4,301,745					\$ 4,301,745
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
3,210,556	556,521			534,668	\$ 4,301,745

104111 – Relocate Vehicle Service Road West Runway 9-27

Description: This project relocates the existing vehicle service road so that it is outside the Runway Safety Area and will be aligned to connect with the proposed perimeter road for the Terminal Development Program.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	1,690,000	10,000			\$ 1,700,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
1,370,030			329,970		\$ 1,700,000

104112 – Airfield Pavement Management Program

Description: Study to evaluate the condition of the runway, taxiway, apron pavements and recommend which areas require repair or reconstruction.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
235,054	456,926				\$ 691,980

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			691,980		\$ 691,980

104055 – Solid Waste Disposal & Recycle Facility

Description: Erect steel framed metal structure to enclose existing solid waste operations and reconfigure existing storm water and sump pumps. Work will also include related items of work to ensure regulatory compliance.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
186,106					\$ 186,106

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			186,106		\$ 186,106

104097 – Airport Property Map Update - Airside

Description: This project will provide updates to the Airport Property Map including lease boundaries, lease plats, and easements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
214,961					\$ 214,961

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			157,063	57,898	\$ 214,961

104064 – Destination Lindbergh Planning - Airside

Description: Project will produce the long-term development plan for SDIA. Beginning with the existing Master Plan and the planning work that has been done over the past four years, the project would first determine the future aviation demand at SDIA, accounting for capacity limitations, future passenger and operational forecasts. The demand would be converted into facility requirements for airfield, terminal and landside facilities. This demand will then be compared to the existing airport infrastructure and a determination will be made of potential capacity shortfalls. The capacity of the airport's three primary functional areas (airside, terminal, and landside) will be compared to determine the functional area that will ultimately constrain the entire airport system. The capacity of the other two functional areas would be planned accordingly. A series of development options will be prepared for the Authority's consideration with qualitative and quantitative analysis to assist in selection of a preferred alternative.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,296,848					\$ 2,296,848

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,697,704	599,144	\$ 2,296,848

New – North Side Cargo Taxi Lanes/Developer Oversight

Description: This project provides two taxi lanes to connect the cargo apron with Taxiway C and developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	482,010	5,736,169	30,221		\$ 6,248,400

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
3,500,000			2,748,400		\$ 6,248,400

New – FBO Taxi Lane/Developer Oversight

Description: This project provides a single taxi lane to connect the FBO apron with Taxiway C and provides developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	FY2015	Total
					3,732,850	\$ 3,732,850

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			3,732,850		\$ 3,732,850

New – Relocate Taxiway B

Description: 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.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	FY2015	Total
		622,200	4,279,066	17,130,585	17,192,219	\$ 39,224,070

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
31,610,678	7,613,392				\$ 39,224,070

Landside Projects

103066 – NTC Access Improvements

Description: This project reconstructs the intersection of McCain Road and Harbor Drive to enhance access to the proposed terminal expansion and westerly long-term parking lot. Reconstruction of the intersection will include a traffic signal to improve traffic circulation.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,337,679	124,046				\$ 2,461,725
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			2,6461,725		\$ 2,461,725

103078A – T1 Pedestrian Bridge – Public Art

Description: This project creates a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
5,950	174,050				\$ 180,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				180,000	\$ 180,000

104041A – Curbside Seating – Public Art

Description: This is an opportunity for an artist to design seating environments for the Terminal 1 arrivals/departures curb.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
175,000					\$ 175,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				175,000	\$ 175,000

104075 – Upgrade Coast Guard Signage

Description: This project replaces three antiquated existing message board signs and supports adjacent to the U.S. Coast Guard Station on N. Harbor Drive. The signs will be used to display airport traffic information as well as message for intended Coast Guard aircraft crossing.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
659,650					\$ 659,650

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			659,650		\$ 659,650

104081 – Demo Airmail Freight Building

Description: This project has two phases. Phase I will demo the old outdated and vacant air mail facility and Phase II converts the employee parking lot to a parking lot for shuttle bus operations and to house for the relocated paramedics unit.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,503,954					\$ 1,503,954

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,503,954		\$ 1,503,954

104095 – SAN Park – Pacific Highway Pavement

Description: This project provides for placement of 2-inches of asphalt pavement over scarified & re-compacted existing material. Scope includes re-striping, relocation of fences, installation of permanent lighting, storm drain tie-ins, electrical distribution for the primary and secondary overflow SAN PARK lots.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
3,651	1,000,000				\$ 1,003,651

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				1,003,651	\$ 1,003,651

104107 – North Side Utilities Project

Description: This project funds several enabling North-side Utilities projects to include: 30% Schematic Design, an Environmental Study (Phase II), a Geotechnical Study, Coastal Permits, CEQA and NEPA for planned north side improvements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
439,072	160,928				\$ 600,000

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				600,000	\$ 600,000

104109 – CONRAC

Description: This project will initiate, define, plan and determine feasibility for a CONRAC on General Dynamic's site.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
500,000					\$ 500,000

Funding Source					
AIP	PFC	CFC	Revenue Bonds	Airport Funds	Total
		500,000			\$ 500,000

New – Washington Street Intersection & Access Improvements

Description: This project includes modifications to the existing Washington Street / Pacific Highway Off-Ramp intersection and reconstruction of the Washington Street SDIA and MCRD access roadway south of the Pacific Highway Off-Ramp.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	335,673	2,681,625	70,502		\$ 3,087,800

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
		1,235,120	1,852,680		\$ 3,087,800

New – Interior North Side Road

Description: This project provides an interior roadway which extends between the existing Pacific Coast Highway / Sassafras intersection and the extension of Washington Street south of Pacific Coast Highway. The road will house the utilities that will service the entire north side development plan.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
			1,061,340	2,846,200	\$ 3,907,540
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			3,907,540		\$ 3,907,540

New – Dedicated Access Road to Terminals

Description: This project provides a dedicated perimeter road that connects the airport terminals to the proposed Consolidated Rental Agency Center (CONRAC).

Project Cash Flow						
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	FY2015	Total
		117,143	634,764	3,177,576	6,839,928	\$ 10,769,410
Funding Source						
AIP	PFC	CFC	Revenue Bonds	Airport Funds		Total
		10,769,410				\$ 10,769,410

New – North Side Utilities

Description: 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.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	1,210,774	9,388,684	15,992,095	6,821,397	\$ 33,412,950
Funding Source					
AIP	PFC	CFC	Revenue Bonds	Airport Funds	Total
		11,137,650	22,275,300		\$ 33,412,950

New – GD San Park Modification

Description: This project reconfigures the existing parking facility to the south and east of Sassafras Street and includes the vacant lot area to the north and west of the existing FBO. The project will provide a number of parking spaces equivalent to the existing parking facility.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	504,552	3,495,448			\$ 4,000,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			4,000,000		\$ 4,000,000

New- CONRAC

Description: This project provides for an at-grade quick turn-around parking area and 40,000 sf. customer service building with a 4-level parking garage, 1,400 parking stalls per level, with separate helical ramps for circulation. Included in the project is the potential for interior or exterior fleet vehicle fueling.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
0					\$ 0
Funding Source					
AIP	PFC	CFC	Revenue Bonds	Airport Funds	Total
					0

104119 – Central Receiving & Distribution Developer Oversight

Description: This project provides the necessary developer oversight to support the implementation of a new centralized receiving and distribution center for the Airport.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	800,000	800,000			\$ 1,600,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,600,000		\$ 1,600,000

New – Storm Water BMP's

Description: This project provides for installation of Storm Water Treatment Best Management Practices (BMP's) in existing parking lots, airport internal roadways and lawn areas including wire mesh screen at curb inlets, curb inlet filters and replacement of existing lawn areas with artificial turf.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
			97,615	964,985	\$ 1,062,600

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,062,600		\$ 1,062,600

New – South Side Demo Slab/Soil Remediation

Description: This project provides demolition of building slabs and soil remediation of the 40 acre site.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
					\$ 0

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
					\$ 0

New – South Side Interim Site Protection Plan

Description: This project provides finish grading, compaction, and paving the approximately 40 acre site with approximately 2-inches of asphalt following demolition of buildings and foundations. Included in the work is the installation of surface swales and drainage piping.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	76,200	1,994,186	3,705,859	352,025	\$ 6,128,270

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			6,128,270		\$ 6,128,270

New – South Side Planning Interim Parking Plan

Description: This project provides interim parking striping and signage for approximately 1,140 spaces including conduit, luminaries and site security cameras. Included in the work is the installation of landscaping and fencing along the roadway perimeter and the creation of approximately 100 additional cell phone parking spaces for the traveling public.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
		74,286	2,114,239	1,188,275	\$ 3,376,800

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			3,376,800		\$ 3,376,800

Terminal Projects

103096O – Improve Baggage Screening Capacity-T1W & T2W

Description: This project will reconfigure BHS and modify terminal facilities to allow for installation of additional EDS machines to increase baggage screening capacity and protect airline operations from the elements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,621,424					\$ 2,621,424
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	2,621,424				\$ 2,621,424

103097 – T1 Electrical Upgrades

Description: This project upgrades the Terminal 1 electrical distribution equipment to increase the electrical system capacity and reliability meeting current electrical codes. Electrical system upgrades will allow for major expansion and renovations with minimal disruptions to the electrical system.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
7,478,153					\$ 7,478,153
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	7,478,153				\$ 7,478,153

104004 – Master Plan Update and EIR/EA – Terminal

Description: The Master Plan will describe potential development scenarios to meet the year 2030 aviation activity forecast, including preparation of a development/construction phasing plan and cost estimates for long-term improvements. These improvements include airfield, terminal, roadway/parking and ancillary airport facilities as well as preparation of environmental review studies in compliance with state and federal agencies.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,952,854					\$ 2,952,854
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
450,000	1,433,422		1,069,432		\$ 2,952,854

104021 – Wireless Network System

Description: This project will establish an interior optical fiber infrastructure in terminals that would support general network requirements as well as wireless requirements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
631,650	2,318,350				\$ 2,950,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			2,950,000		\$ 2,950,000

104043 – Remodel T1 Volunteer Information Desk

Description: This project will renovate/replace the Terminal 1 Volunteer Airport Ambassador Information Desk

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
396,021					\$ 396,021
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				396,021	\$ 396,021

104054 – Replace/Protect T1 Escalators

Description: Replacement of the two escalators at Terminal 1 East Rotunda and three escalators at Terminal 1 Parking Lot; construction of a canopy over the escalators and stairway at Terminal 1 Parking Lot; addition of CCTV cameras and event recording devices for all escalators; and provision of monitoring and automatic fault notification for all elevator and escalator equipment.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
5,607,635					\$ 5,607,635
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	5,607,427			2,208	\$ 5,607,635

104056 – Expand T2E Facilities

Description: This project will expand the Terminal 2 East building area between Gates 24/26 and 26/28 to increase hold room and concession area by approximately 6,300 ft², relocate American Airlines Admiral’s Club and build out the second story above American Airlines’ Bag Makeup area, approximately 7,360 ft², to allow concession core to be moved from Pre-Security to Post-Security. This project increases seating capacity, increases concession space Post-Security, enhances customer service expenditure, increases revenue and provides ability to expand ticket lobby and relieve passenger congestion.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,086,904	15,359,463	18,708,246	16,845,387		\$ 53,000,000

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	7,675,500		45,324,500		\$ 53,000,000

104056-1 – Replace T2E Waterline – Fire Suppression

Description: This project replaces an aging underground 12-inch diameter waterline serving the terminal and supporting fire hydrants.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,372,926	567,006				\$ 1,939,932

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,939,932		\$ 1,939,932

104060 – EVIDS Upgrade

Description: Replacement of existing bulky EVIDS cabinets with new technology streamlined profile of flat screen monitors.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,144,581	21,364				\$ 1,165,945

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	1,165,945				\$ 1,165,945

104063 – Energy Reduction Initiative

Description: This project provides for modification of the Commuter Terminal roof top HVAC equipment.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,002,414	63,186	311,797	764,603		\$ 2,142,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			2,142,000		\$ 2,142,000

104067 – ADA Self Evaluation

Description: This project provides for a review and survey of the San Diego International Airport terminal buildings and parking facilities to improve compliance with current accessibility and disability regulatory guidelines.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
4,179					\$ 4,179
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				4,179	\$ 4,179

104073 – TSA-OTA Check Point/Baggage Screening CCTV

Description: This project provides for security system access and immediate digital video replay capability for TSA screening checkpoints and checked baggage inspection areas

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
4,156,302					\$ 4,156,302
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	3,442,805	713,497			\$ 4,156,302

104079 – Bag Belt Start/FIDS Interlock

Description: This project improves customer service and bag delivery performance by providing an interlock between the incoming bag belt and Flight Information Display system, ensuring that the incoming bag belt cannot be started until carousel handlers have entered a flight number on the carousel.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
468,760	221,570				\$ 690,330

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			690,330		\$ 690,330

104080 – Airport Visual Paging System

Description: This project will add approximately 24 LCD monitors in all three terminals to provide visual paging in compliance with the Americans with Disabilities Act; and will provide voice to text capability to ensure all audible pages of the existing PA system are automatically transcribed to dedicated visual paging monitors.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,222,036	5,908				\$ 1,227,944

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,227,944		\$ 1,227,944

104102 – T1 Elevated Wall public Art

Description: Artwork for face of soffit wall of Terminal 1 above baggage claim

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
25,000	155,000				\$ 180,000

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				180,000	\$ 180,000

104041B & 104108 – T2E Ticketing – Public Art

Description: This is an opportunity for an artist or artist team to affect the walls, columns, and other areas throughout the Terminal 2 East concourse, ticketing areas, and North Gates.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
240,000					\$ 240,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				240,000	\$ 240,000

104015 – Airport-Wide Security Enhancements

Description: Develop and implement comprehensive security master plan based on Airport's Threat Vulnerability Assessment.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,605,880					\$ 1,605,880
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	1,605,880				\$ 1,605,880

104019 – Common Use Terminal Equipment

Description: Implement a pilot common use terminal equipment configuration at two (2) to eight (8) agent ticket locations in Terminal 2 East (T2E) and up to 4 identified gate locations in Terminal 2 East. The system will be the minimum configuration possible to support the pilot concept process. Project was expanded to add eight (8) additional ticket agents and air-conditioning in the server equipment location.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
3,339,408					\$ 3,339,408
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	3,339,408				\$ 3,339,408

104065 – Gate 1A Reconfiguration

Description: Provide a passenger hold room area and passenger boarding bridge for Gate 1A to allow for improved customer service and increased flight activity.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
3,287,768					\$ 3,287,768
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	3,287,768				\$ 3,287,768

104097 – Airport Property Map Update - Terminal

Description: Provide updates to the Airport Property Map including lease boundaries, lease plats, and easements.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
214,961					\$ 214,961
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			157,063	57,898	\$ 214,961

104041 – Public Art Allowance

Description: The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with appropriate CIP Project.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	556,965	556,965	556,965		\$ 1,670,896
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				1,670,896	\$ 1,670,896

104064 – Destination Lindbergh Planning - Terminal

Description: Project will produce the long-term development plan for SDIA. Beginning with the existing Master Plan and the planning work that has been done over the past four years, the project would first determine the future aviation demand at SDIA, accounting for capacity limitations and future passenger and operational forecasts. The demand would be converted into facility requirements for airfield, terminal, and landside facilities. This demand will then be compared to the existing airport infrastructure, and a determination will be made of potential

capacity shortfalls. The capacity of the airport's three primary functional areas (airside, terminal, and landside) will be compared to determine the functional area that will ultimately constrain the entire airport system. The capacity of the other two functional areas would be planned accordingly. A series of development options will be prepared for the Authority's consideration, with qualitative and quantitative analysis to assist in selection of a preferred alternative.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,296,848					\$ 2,296,848

Funding Source

AIP	PFC	Other	Revenue		Total
			Bonds	Airport Funds	
			1,697,704	599,144	\$ 2,296,848

New – Refurbish Concession Support Infrastructure

Description: This project includes reviewing existing concessions infrastructure in the Commuter Terminal, Terminal 2 East, and Terminal 2 West, providing recommendations based on the report to refurbish, renovate, or add additional infrastructure for the proposed concession program.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
	99,661	514,807	4,954,222	1,582,640	\$ 7,151,330

Funding Source

AIP	PFC	Other	Revenue		Total
			Bonds	Airport Funds	
			7,151,330		\$ 7,151,330

New – Facilities Management Department Capital Expenditures - Terminal

Description: This project provides for the necessary ongoing maintenance of various capital improvement projects.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	FY2015	Total
	2,950,000	3,125,000	2,675,000	3,050,000	1,900,000	\$ 13,700,000

Funding Source

AIP	PFC	Other	Revenue		Total
			Bonds	Airport Funds	
			13,700,000		\$ 13,700,000

Administrative/Other Projects

104042 – Implement Program Management System

Description: This project is to implement an electronic Program Management (ePM) solution to: 1) Provide executives and managers easy access to roll up reports; 2) Allow for stakeholder and consultant collaboration both inside and outside the Airport Authority; 3) Allow access to and control of program information and reports.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
3,382,291					\$ 3,382,291
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			3,140,435	241,856	\$ 3,382,291

104105 – Commuter Terminal 2nd Floor Build-out

Description: This project provides for the build-out of the west half of the Commuter Terminal 2nd Floor including hard/soft wall construction and designing and constructing offices, cubicles, meeting rooms and other office space.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
4,000,000					\$ 4,000,000
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				4,000,000	\$ 4,000,000

104106 – Commuter Terminal 1st Floor Build-out

Description: This project provides for the construction of office space on the Commuter Terminal 1st Floor. Twelve new cubicles will be gained as well as three offices. General workspace enhancements are included (drop ceilings, security system, new lighting, etc).

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
282,379					\$ 282,379
Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				282,379	\$ 282,379

104062 – West Wing Standby Generator

Description: This project provides for a 150 kW standby generator to power the entire West Wing in the event that a catastrophe or power outage renders the CT unusable.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
407,909					\$ 407,909

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			349,270	58,639	\$ 407,909

104082 – Remodel Board Room

Description: This project provides for the remodel of the existing Board Room (CT Wright Conference Room) to allow for additional Board Member & Public space. The Board Room will be expanded by approximately 1200 square feet.

Project Cash Flow					
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
1,521,521					\$ 1,521,521

Funding Source					
AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,521,521		\$ 1,521,521

New – Facilities Management Department Capital Expenditures - Administrative

Description: This project provides for the necessary ongoing maintenance of various capital improvement projects.

Project Cash Flow						
Prior Years	FY 2011	FY 2012	FY 2013	FY2014	FY2015	Total
	250,000	100,000	150,000	3,000,000	700,000	\$ 4,200,000

Funding Source						
AIP	PFC	Other	Revenue Bonds	Airport Funds		Total
			4,200,000			\$ 4,200,000

104066 – TDY Site Demolition

Description: This project consists of site demolition and environmental remediation, both of which are governed by the Settlement Agreement; “2701 North Harbor Drive Site Demolition and Remediation Settlement Agreement, Releases, and Covenants Not to Sue” executed March 23, 2007. The parties to the agreement are the SDCRAA, Port District and Allegheny Technologies, Inc. SDCRAA’s role includes oversight and coordination with the other two parties to ensure visibility of the expenditure of the settlement funds. The scope of the demolition includes removal of all infrastructures above and below the surface with the exception of a few active storm water conveyances.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,323,023	2,941,035	1,735,943			\$ 7,000,000

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
				7,000,000	\$ 7,000,000

104088 – IT Power Implementation

Description: This project provides for upgrades to existing power supply and backup power provided for IT systems in terminals to support the service quality levels required for IT equipment and applications.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
700,376	330,624				\$ 1,031,000

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,031,000		\$ 1,031,000

104099 – Exterior Campus Communication Infrastructure

Description: This project provides for design and construction of exterior backbone cable routes, duct bank adjustments, cabling and associated infrastructure around the airport campus for increased efficiency in communications.

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
34,643	194,744	1,578,921			\$ 1,808,307

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			16,915	1,791,392	\$ 1,808,307

104050 – Sky Chef Facilities

Description: Convert vacant Sky Chef Facilities to Procurement, Maintenance, and Central Receiving Facilities

Project Cash Flow

Prior Years	FY 2011	FY 2012	FY 2013	FY2014	Total
2,595,624					\$ 2,595,624

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
	2,200,077		387,295	8,252	\$ 2,595,624

Operating Budget Impact

The following tables indicate the potential incremental effect on the operating budget in various fiscal years resulting from the proposed Capital Improvement Program. Amounts for FY 2011 are reflected in the FY 2011 SDCRAA Budget. Future year amounts are estimates and will be included in future budgets if appropriate.

Expenses

CIP #	Project	Expense Category	FY11	FY12	FY13
104021	Wireless Network Systems	Contractual Services	\$ 62,500	\$ 125,000	\$ 125,000
104056	Expand T2E Facilities	Contractual Services, Utilities, Maintenance	0	0	29,375
104079	Bag Belt Start / FIDS Interlock	Maintenance	5,102	10,270	10,338
104080	Airport Visual Paging System	Maintenance	5,585	5,752	5,925
104088	IT Power Implementation	Maintenance, Materials and Supplies	40,727	41,933	43,176
104095	San Park Pacific Highway Pavement	Maintenance, Contractual Services	0	122,500	122,750
104099	Exterior Campus Communication Infrastructure	Maintenance	0	0	3,950
104118	Washington Street Expansion	Contractual Services and Utilities	0	0	3,525
N/A	North Side Utilities	Contractual Services	3,750	7,650	7,650

Green Build Program Budget Impact

The following tables indicate the potential incremental effect on the operating budget in various fiscal years resulting from the proposed Green Build

Expenses

CIP #	Project	Expense Category	FY11	FY12	FY13
201201	Airside Expansion Project	Contractual Services	\$ 3,500	\$ 4,000	\$ 4,500
201251	RON Waste Disposal Apron	Contractual Services / Utilities	500	151,000	501,500
201301	T2W Expansion Project	Utilities, Safety and Security, Maintenance, Personnel, Contractual Services, Training/Travel/ Transportation, Materials and Supplies	121,623	280,695	1,996,646
201401	Landside Improvements Project	Contractual Services / Utilities	0	20,000	25,000
201301D	CUP Expansion	Contractual Services, Utilities, Maintenance, Personnel	0	217,518	617,518
201301F	BHS Construction	Utilities, Personnel	0	0	417,518
201401D	Elevated Roadway and Smart Curb	Utilities , Contractual Services	0	100,000	205,000

P e r f o r m a n c e I n d i c a t o r s

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, 2004 to 2012

Fiscal Year	Operating Expenses ⁽¹⁾	Operating Revenue ⁽¹⁾	Operating Ratio	% Change
2004	\$81,633	\$96,572	0.85	-1.3%
2005	91,369	108,123	0.85	0.0%
2006	101,356	119,495	0.85	0.4%
2007	104,551	125,367	0.83	-1.7%
2008	113,985	135,682	0.84	0.7%
2009	115,278	130,977	0.88	4.8%
2010*	121,913	134,908	0.90	2.7%
2011*	121,649	144,883	0.84	-7.1%
2012*	124,617	151,635	0.82	-2.1%

⁽¹⁾ In thousands

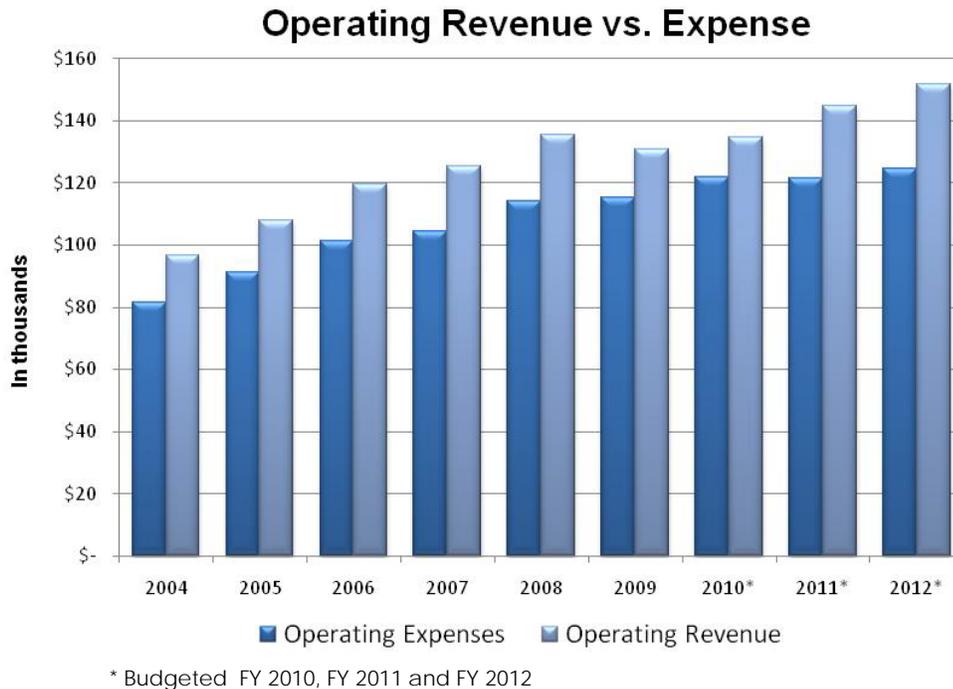


Figure 41 – Operating Ratio

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Operating Revenue per Enplanement

This is a measure of airline and non-airline derived operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2004 to 2012

Fiscal Year	Operating Revenue ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Revenue per Enplanement	% Change
2004	\$96,572	7,947	\$12.15	6.9%
2005	108,123	8,449	12.80	5.3%
2006	119,495	8,750	13.66	6.7%
2007	125,367	8,892	14.10	3.2%
2008	131,320	9,389	13.99	-0.8%
2009	130,977	8,536	15.34	9.7%
2010*	134,908	8,502**	15.87	3.4%
2011*	144,883	8,634	16.78	5.8%
2012*	151,635	8,957	16.93	0.9%

⁽¹⁾ In thousands

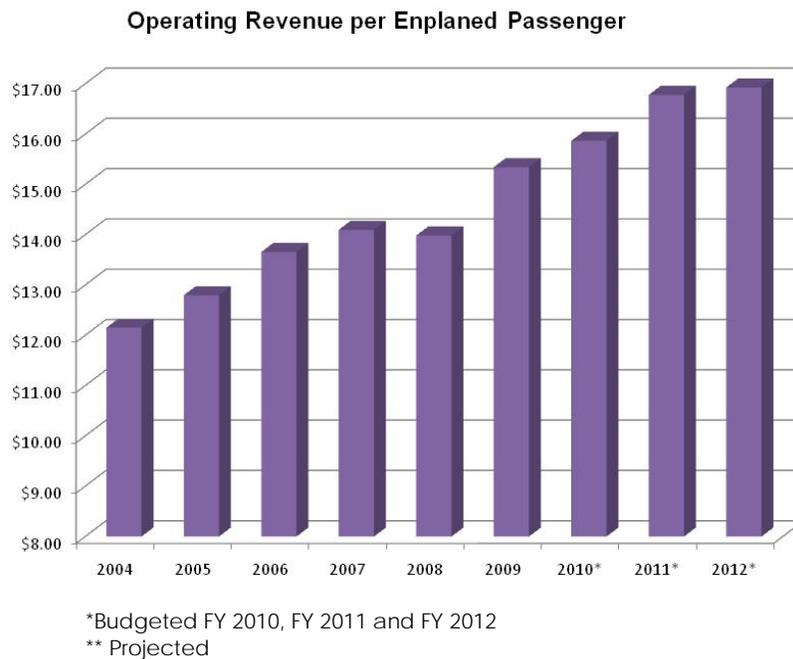


Figure 42 – Operating Revenue per Enplaned Passenger

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

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, 2004 to 2012

Fiscal Year	Non-Airline Revenue ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Non-Airline Revenue per Enplanement	% Change
2004	\$52,375	7,947	\$6.59	6.1%
2005	57,918	8,449	6.86	4.0%
2006	66,489	8,750	7.60	10.8%
2007	68,667	8,892	7.72	1.6%
2008	76,227	9,389	8.12	5.1%
2009	74,241	8,536	8.70	7.1%
2010*	71,379	8,502 **	8.40	-3.5%
2011*	77,966	8,634	9.03	7.6%
2012*	78,132	8,957	8.72	-3.4%

⁽¹⁾ In thousands

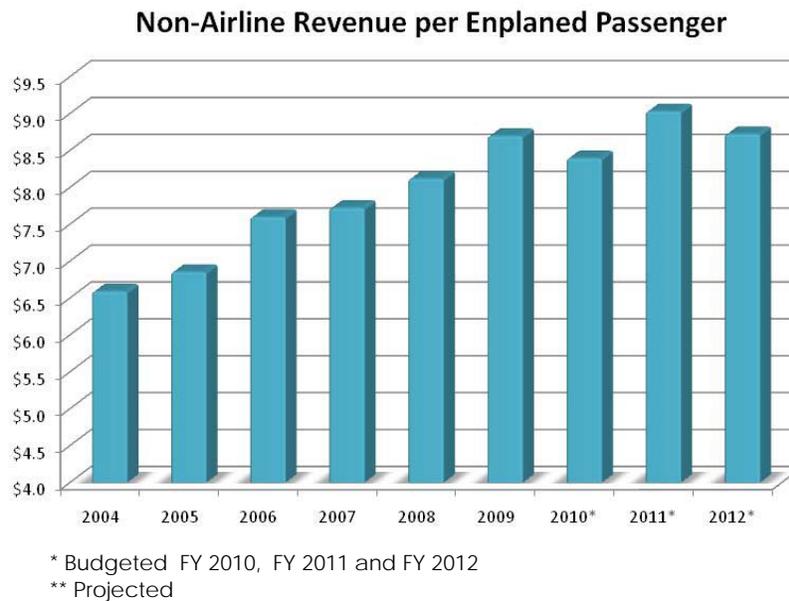


Figure 43 – Non-Airline Revenue per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Increase in FY 2011 is primarily driven by increased parking/ground transportation revenues resulting from longer duration for long-term parking transactions and increased parking rates.

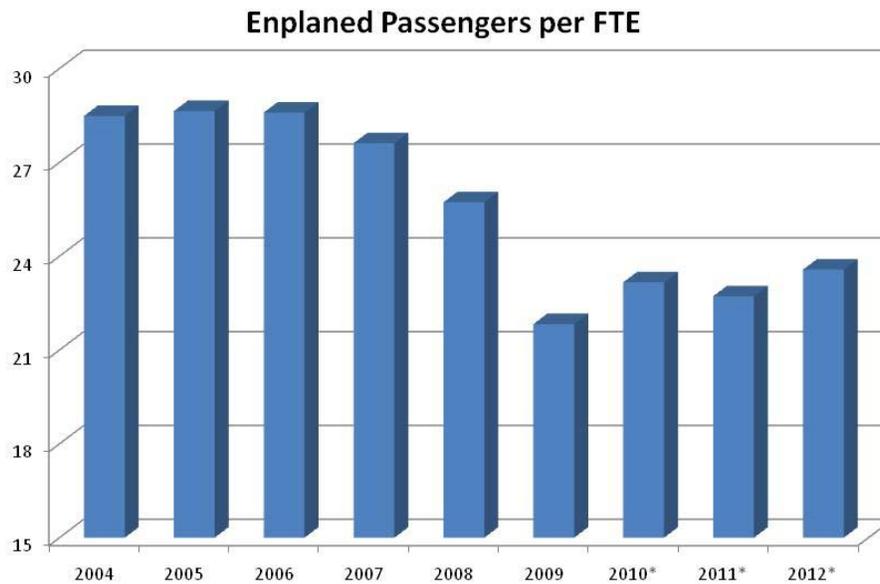
Enplaned Passengers per FTEs

This divides the full time equivalent employees by enplaned passengers and measures the airports the airports staffing productivity level.

Fiscal Years ended June 30, 2004 to 2012

Fiscal Year	Enplaned Passengers per FTEs	FTEs	Enplaned Passengers ⁽¹⁾
2004	28	279	7,947
2005	29	295	8,449
2006	29	306	8,750
2007	28	322	8,892
2008	26	365	9,389
2009	24	362	8,536
2010*	23	367	8,502
2011*	23	380	8,634
2012*	24	380	8,957

⁽¹⁾ In thousands



Authorized and Funded FY 2010, FY 2011 and FY 2012

Figure 44 - Enplaned Passengers per FTEs

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

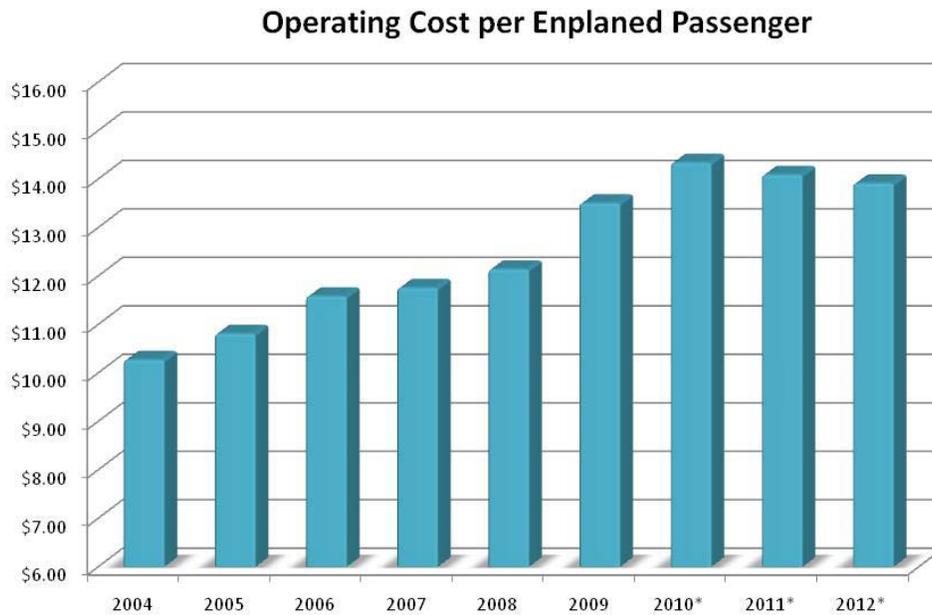
Operating Cost per Enplanement

This divides operating costs by enplanement and measures the Authority's relative operating efficiency.

Fiscal Years ended June 30, 2004 to 2012

Fiscal Year	Operating Costs ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Cost per Enplanement	% Change
2004	\$81,633	7,947	\$10.27	5.4%
2005	91,369	8,449	10.81	5.3%
2006	101,356	8,750	11.58	7.1%
2007	104,551	8,892	11.76	1.5%
2008	113,985	9,389	12.14	3.2%
2009	115,278	8,536	13.51	11.2%
2010*	121,913	8,502 **	14.34	6.2%
2011*	121,649	8,634	14.09	-1.7%
2012*	124,617	8,957	13.91	-1.3%

⁽¹⁾In thousands



* Budgeted FY 2010, FY 2011 and FY 2012

**Projected

Figure 45 – Operating Cost per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

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, and the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 365 days of budgeted operating and maintenance expenses for the current fiscal year.

Days Cash on Hand Compared to Board Approved Target

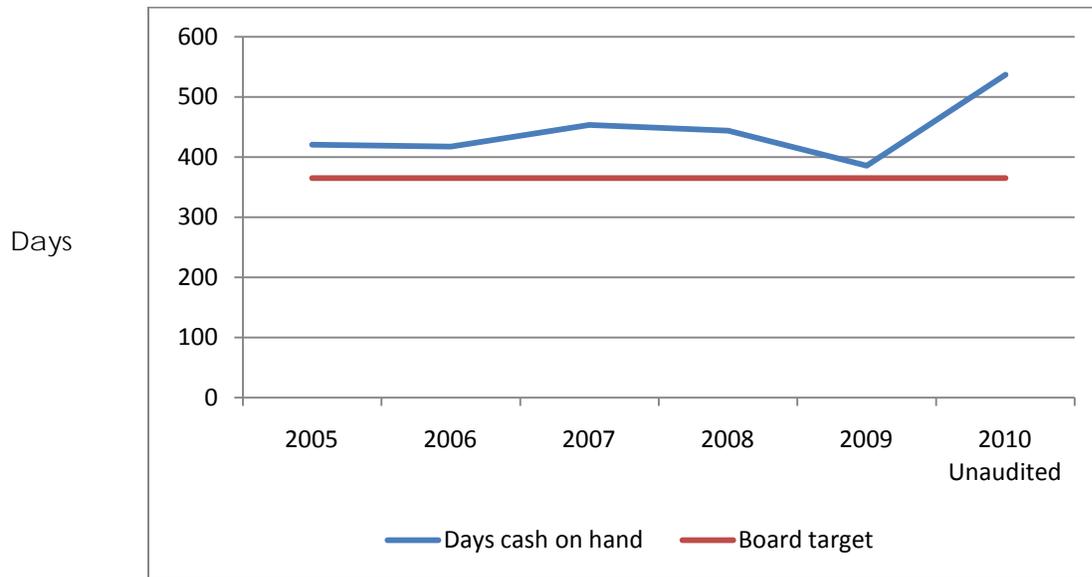


Figure 46 – Days Cash on Hand

Source: San Diego County Regional Airport Authority. Information presented reflects those years with full year's audited financial statements

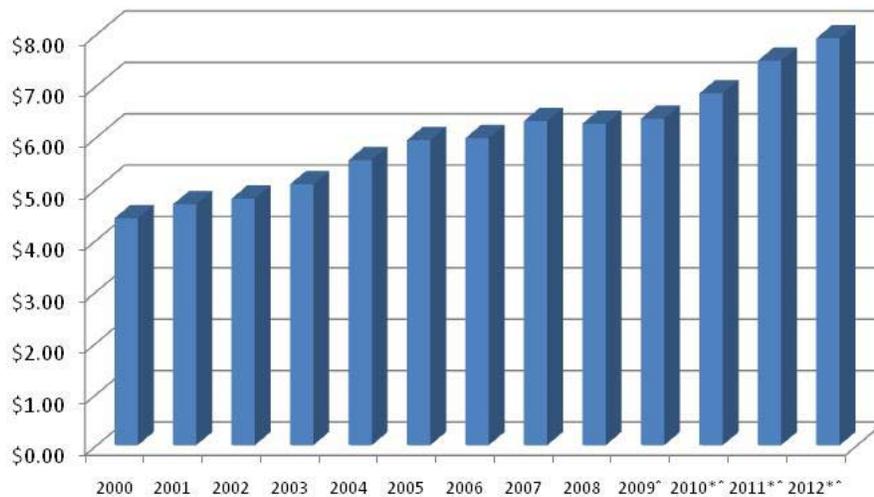
Airline Cost per Enplaned Passenger

Airline Cost per Enplaned Passenger 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, 2004 to 2012

Fiscal Year	Enplaned Passengers	Cost per Enplaned Passenger
2000	7,768,050	\$4.42
2001	8,004,178	\$4.69
2002	7,299,511	\$4.80
2003	7,505,705	\$5.08
2004	7,947,440	\$5.55
2005	8,449,107	\$5.94
2006	8,749,734	\$5.98
2007	8,892,069	\$6.31
2008	9,389,327	\$6.26
2009 [^]	8,535,774	\$6.36
2010 ^{**}	8,502,000	\$6.85
2011 ^{**}	8,633,500	\$7.49
2012 ^{**}	8,957,000	\$7.92

Cost per Enplaned Passenger



^{*}Projected FY 2010 and Budgeted FY 2011 & FY 2012.

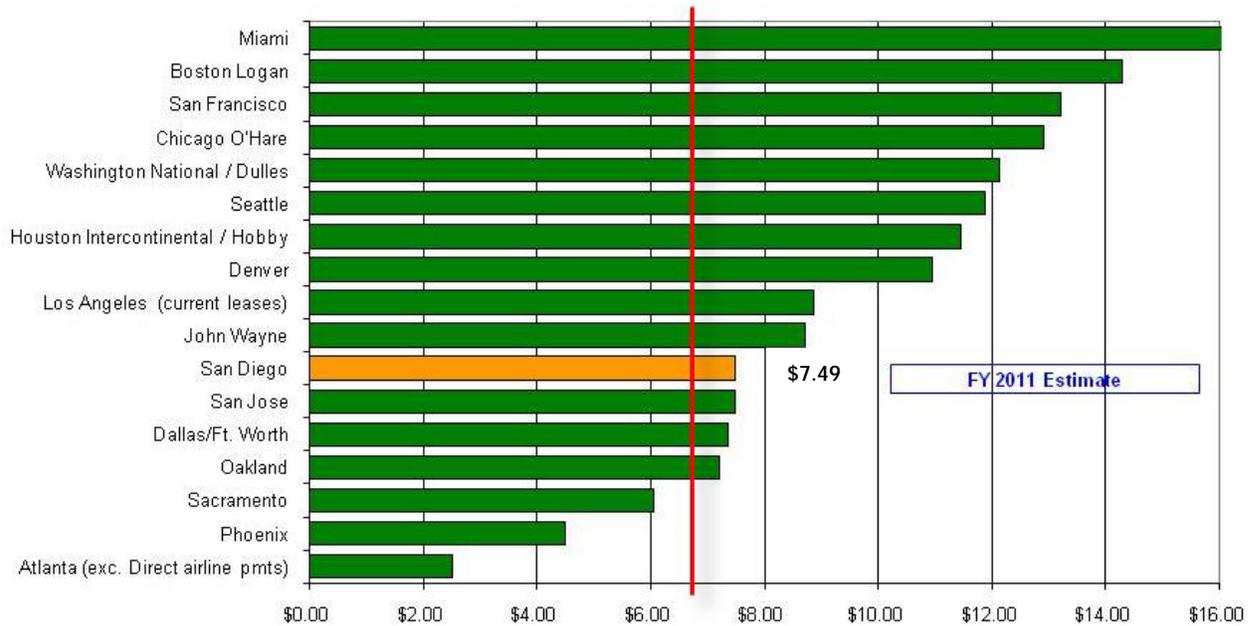
[^]Fuel farm cost recovery and fuel franchise fees are excluded from the calculation in FY 2009 – FY 2012 per Airline Operating Agreement methodology

Figure 47 – Airline Cost per Enplaned Passenger

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

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 SDIA compares to other large airports.



Most recent available national Median for all Moody's Rated airports [6.89]
 Source: Moody's Investor Service, MFRA Database, as of June, 2010

Figure 48 – Airline Cost per Enplaned Passenger by Airport

Since 2004 SDIA has been measuring passenger satisfaction on a quarterly basis. Based on a five (5) point scale where one (1) is very dissatisfied and five (5) is very satisfied. The satisfaction rating graphs outline the percentage of customers that rated a four (4) or better.

Overall Passengers Satisfaction Rating



Figure 49 – Passenger Satisfaction Rating

Food and Beverage Satisfaction Rating

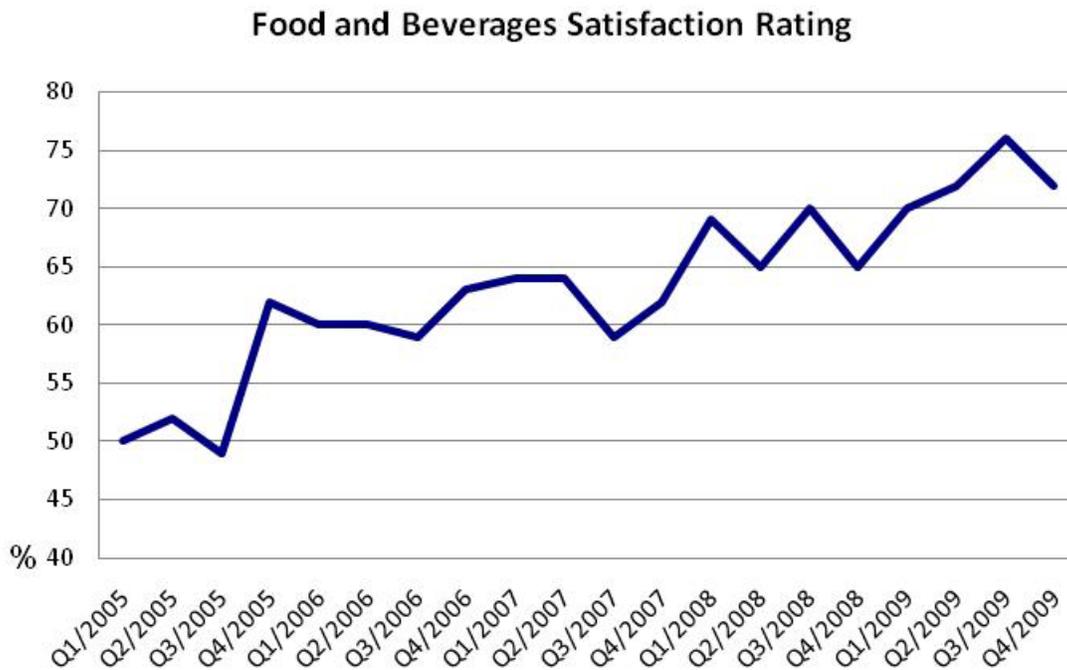


Figure 50 – Food and Beverage Satisfaction Rating

Baggage Delivery Satisfaction Rating



Figure 51 – Baggage Delivery Rating

Terminal Facilities Satisfaction Rating



Figure 52 – Terminal Facilities Satisfaction Rating

Security Checkpoint Satisfaction Rating



Figure 53 – Security Checkpoint Satisfaction Rating

Retail Satisfaction Rating



Figure 54 – Retail Rating

Supplemental Data

Supplemental Data Annual Enplaned Passengers

Fiscal Years ended June 30, 2000 to 2012

Fiscal Year	Enplaned Passengers	% Change
2000	7,768,050	2.8%
2001	8,004,178	3.0%
2002	7,299,511	-8.8%
2003	7,505,705	2.8%
2004	7,947,440	5.9%
2005	8,449,107	6.3%
2006	8,749,734	3.6%
2007	8,892,069	1.6%
2008	9,389,327	5.6%
2009	8,535,774	-9.1%
2010*	8,502,000	-0.4%
2011*	8,633,500	1.5%
2012*	8,957,000	3.7%

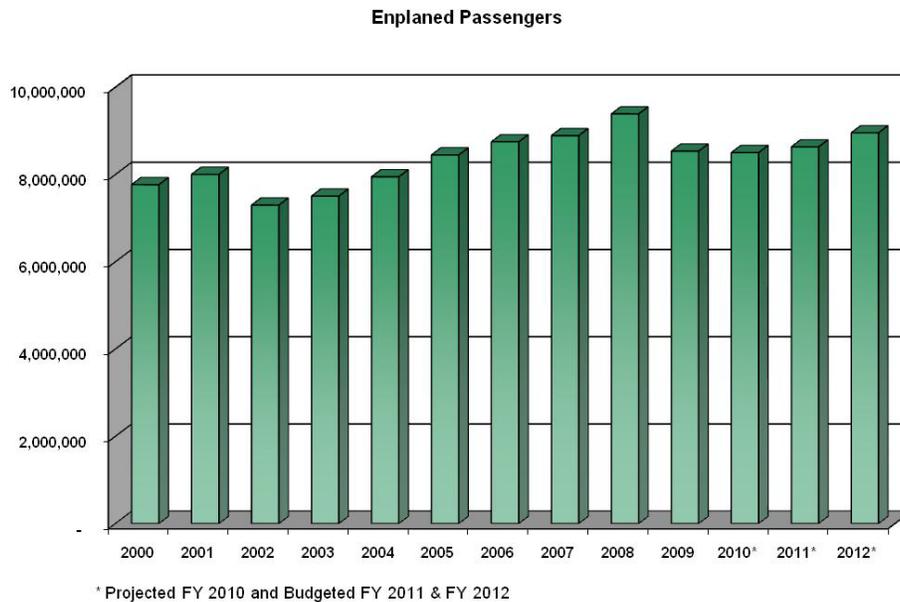


Figure 55 – Annual Enplaned Passengers

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Enplaned Passengers – Fiscal Year 2011 enplaned passengers at SDIA are projected to be 8.6 million, or 1.5% higher than the FY 2010 projections of 8.5 million. The estimated increase is based on a slow economic recovery and the ongoing financial challenges faced by the airline industry reflecting the economy's projected impact on routes and travel habits. FY 2012 growth is a more robust 3.7%.

Airline Market Share FY 2003 – FY 2009

Air Carrier	2003		2004		2005		2006		2007		2008		2009	
	Enplane-ments	Share	Enplane-ments	Share	Enplane-ments	Share	Enplane-ments	Share	Enplane-ments	Share	Enplane-ments	Share	Enplane-ments	Share
Aeromexico	43,154	0.6%	47,533	0.6%	49,488	0.6%	58,969	0.7%	39,518	0.4%	32,223	0.3%	27,772	0.3%
Alaska	419,644	5.6%	439,430	5.5%	476,395	5.6%	492,891	5.6%	536,784	6.0%	498,169	5.3%	428,515	5.3%
Aloha	--	--	--	--	29,051	0.3%	41,882	0.5%	38,418	0.4%	33,620	0.4%	--	0.0%
America West	369,279	4.9%	450,256	5.7%	466,615	5.5%	451,904	5.2%	374,072	4.2%	78,298	0.8%	--	0.0%
American	860,889	11.5%	831,823	10.5%	879,144	10.4%	968,832	11.1%	873,624	9.8%	808,790	8.6%	735,067	9.1%
AirTran Airways	--	--	--	--	--	--	--	--	7,983	0.1%	97,937	1.0%	66,475	0.8%
British Airways	59,937	0.8%	16,756	0.2%	--	--	--	--	--	--	--	--	--	--
Continental	319,737	4.3%	354,114	4.5%	401,803	4.8%	454,699	5.2%	503,189	5.7%	520,856	5.5%	510,624	6.0%
Delta	711,123	9.5%	674,570	8.5%	713,872	8.4%	666,101	7.6%	633,772	7.1%	687,104	7.3%	618,127	7.7%
Frontier	99,325	1.3%	140,846	1.8%	152,917	1.8%	171,544	2.0%	196,598	2.2%	231,926	2.5%	203,689	2.5%
Hawaiian	81,393	1.1%	101,847	1.3%	108,798	1.3%	112,410	1.3%	154,932	1.7%	160,939	1.7%	100,626	1.2%
Jet Blue	706	0.0%	119,517	1.5%	118,762	1.4%	161,594	1.8%	151,984	1.7%	224,205	2.4%	235,199	2.9%
Mesa	51,090	0.7%	42,235	0.5%	114,010	1.3%	117,330	1.3%	42,219	0.5%	17,098	0.2%	7,381	0.1%
Midwest Airlines	--	--	--	--	--	--	18,688	0.2%	34,551	0.4%	42,763	0.5%	8,380	0.1%
Northwest	303,878	4.0%	310,795	3.9%	319,790	3.8%	292,393	3.3%	286,952	3.2%	295,724	3.1%	272,684	3.4%
Southwest	2,613,353	34.8%	2,741,470	34.5%	2,866,405	33.9%	2,979,763	34.1%	3,106,431	34.9%	3,306,386	35.2%	3,122,090	38.7%
Sun County	12,864	0.2%	21,515	0.3%	27,339	0.3%	41,091	0.5%	45,931	0.5%	44,454	0.5%	35,885	0.4%
United	890,984	11.9%	939,722	11.8%	982,535	11.6%	989,744	11.3%	990,725	11.1%	978,816	10.4%	927,023	11.5%
US Air	237,094	3.2%	241,167	3.0%	251,629	3.0%	212,622	2.4%	300,568	3.4%	552,751	5.9%	563,392	7.0%
Virgin America	--	--	--	--	--	--	--	--	--	--	57,292	0.6%	155,649	1.9%
Other	24,555	0.3%	--	--	8,439	0.1%	27,329	0.3%	63,526	0.7%	102,288	1.1%	45,330	0.6%
Total Air Carrier	7,099,005	94.6%	7,473,596	94.0%	7,966,992	94.3%	8,259,786	94.4%	8,381,777	94.3%	8,771,639	93.4%	8,063,908	94.5%
Commuter														
American Eagle	216,014	2.9%	276,485	3.5%	288,843	3.4%	287,136	3.3%	275,087	3.1%	238,147	2.5%	232,289	2.7%
SkyWest	182,545	2.4%	197,359	2.5%	193,272	2.3%	202,812	2.3%	217,602	2.4%	177,112	1.9%	203,543	43.1%
Express Jet	--	--	--	--	--	--	--	--	17,603	0.2%	202,429	2.2%	36,034	7.6%
Other	8,141	0.1%	--	--	--	--	--	--	--	--	--	--	--	--
Total Commuter	406,700	5.4%	473,844	6.0%	482,115	5.7%	489,948	5.6%	510,292	5.7%	617,688	6.6%	471,866	5.5%
Total Enplanements	7,505,705	100%	7,947,440	100%	8,449,107	100.0%	8,749,734	100%	8,892,069	100%	9,389,327	100%	8,535,774	100%

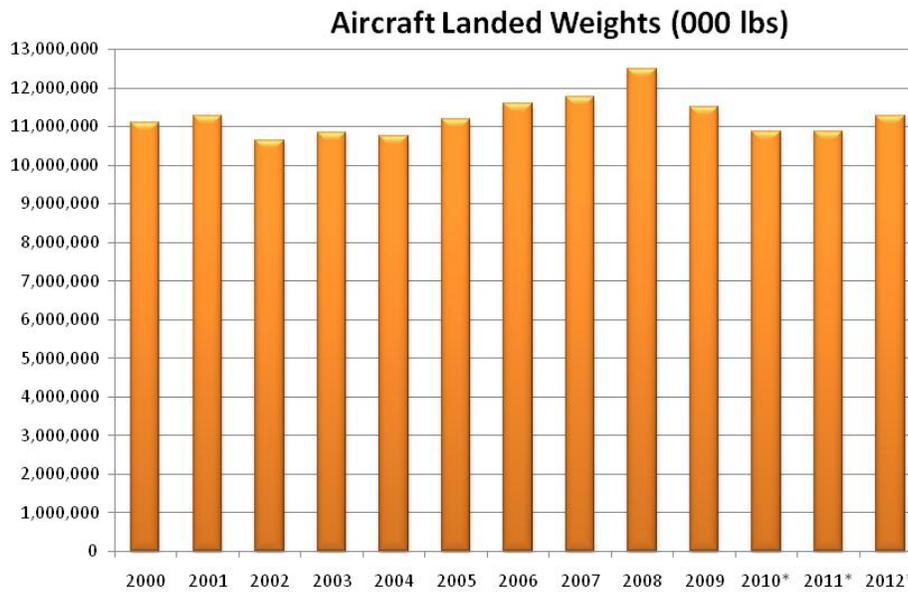
Figure 56 – Airline Market Share

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. Eight carriers accounted for 82% of the enplaned passengers. Information presented reflects those years that the Authority was in operation.

Aircraft Landed Weight

Fiscal Years ended June 30, 2000 to 2012

Aircraft Landed Weight		
Fiscal Year	per 1000lbs	% Change
2000	11,106,313	1.8%
2001	11,275,236	1.5%
2002	10,626,416	-5.8%
2003	10,841,140	2.0%
2004	10,748,648	-0.9%
2005	11,200,204	4.2%
2006	11,604,873	3.6%
2007	11,773,957	1.5%
2008	12,501,491	6.2%
2009	11,496,758	-8.0%
2010*	10,881,388	-5.4%
2011*	10,881,916	0.0%
2012*	11,289,664	3.7%



* Projected FY2010 and Budgeted FY2011 & 2012

Figure 57 – Aircraft Landed Weight

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

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 2011, landed weight is estimated to stay flat to FY 2010 projections reflecting a slow economic recovery and the ongoing financial challenges faced by the airline industry.

Aircraft Landed Weight

Aircraft Landed Weight (Thousand pounds)

Top 15 Ranked on Fiscal Year 2009 Results

Airline	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total
1. Southwest	3,286,030	30.3%	3,418,786	31.8%	3,570,052	31.9%	3,768,374	32.5%	3,956,170	33.6%	4,416,996	35.3%	4,415,780	38.4%
2. United	1,234,404	11.4%	1,192,898	11.1%	1,278,347	11.4%	1,269,465	10.9%	1,270,371	10.8%	1,222,906	9.8%	1,148,637	10.0%
3. American	1,231,431	11.4%	1,045,382	9.7%	1,009,498	9.0%	1,089,872	9.4%	961,143	8.2%	890,796	7.1%	848,513	7.4%
4. Delta	1,051,990	9.7%	963,140	9.0%	927,763	8.3%	850,348	7.3%	798,104	6.8%	839,172	6.7%	713,622	6.2%
5. US Airways	307,783	2.8%	307,919	2.9%	298,983	2.7%	250,303	2.2%	391,358	3.3%	713,030	5.7%	684,354	6.0%
6. Alaska	568,499	5.2%	574,698	5.3%	605,435	5.4%	616,552	5.3%	668,390	5.7%	612,282	4.9%	536,281	4.7%
7. Continental	423,145	3.9%	441,702	4.1%	454,189	4.1%	497,929	4.3%	533,322	4.5%	538,786	4.3%	521,842	4.5%
8. Federal Express	341,374	3.1%	343,931	3.2%	384,702	3.4%	445,744	3.8%	456,152	3.9%	447,636	3.6%	402,665	3.5%
9. JetBlue	--	--	144,191	1.3%	123,145	1.1%	174,337	1.5%	175,333	1.5%	288,239	2.3%	297,340	2.6%
10. Northwest	385,725	3.6%	352,928	3.3%	363,268	3.2%	315,608	2.7%	326,140	2.8%	334,692	2.7%	294,147	2.6%
11. American Eagle	271,184	2.5%	341,205	3.2%	335,439	3.0%	338,424	2.9%	321,712	2.7%	280,234	2.2%	280,413	2.4%
12. Frontier	127,679	1.2%	176,080	1.6%	194,758	1.7%	246,749	2.1%	283,898	2.4%	287,387	2.3%	237,275	2.1%
13. Virgin America	-	-	-	-	-	-	-	-	-	-	3,122	0.02%	221,333	1.9%
14. SkyWest	233,991	2.2%	239,521	2.2%	247,215	2.2%	251,902	2.2%	246,559	2.1%	195,777	1.6%	219,416	1.9%
15. Hawaiian	117,934	1.1%	135,040	1.3%	145,920	1.3%	145,920	1.3%	211,840	1.8%	235,200	1.9%	137,145	1.2%
Subtotal	9,581,169	88.4%	9,677,421	90.0%	9,938,714	88.7%	10,261,526	88.4%	10,600,491	90.0%	11,306,255	90.4%	10,958,763	95.3%
All Others	1,259,971	11.6%	1,071,227	10.0%	1,261,490	11.3%	1,343,347	11.6%	1,173,466	10.0%	1,195,236	9.6%	537,995	4.7%
TOTAL	10,841,140	100.0%	10,748,648	100.0%	11,200,204	100.0%	11,604,873	100.0%	11,773,957	100.0%	12,501,491	100.0%	11,496,758	100.0%
Annual % Change	2.0%		-0.9%		4.2%		3.6%		1.5%		6.2%		-8.0%	

Figure 58 – Top 15 Ranked by Aircraft Landed Weight

Source: San Diego Unified Port District (for the first six months of Fiscal Year 2003) and SDCRAA.

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 SDIA.

Information presented reflects those years that the Authority was in operation.

Landing Fees

Fiscal Years Ended June 30, 2000 to 2012

Fiscal Year	Landing Fees Per 1,000 lbs.	% Change
2000	\$1.50	18.1%
2001	1.56	4.0%
2002	1.62	3.8%
2003	2.13	31.5%
2004	2.21	3.8%
2005	2.02	-8.6%
2006	1.92	-5.0%
2007	2.04	6.2%
2008	1.98	-2.9%
2009	1.62	-18.0%
2010*	1.65	1.7%
2011*	1.77	7.2%
2012*	1.73	-2.3%

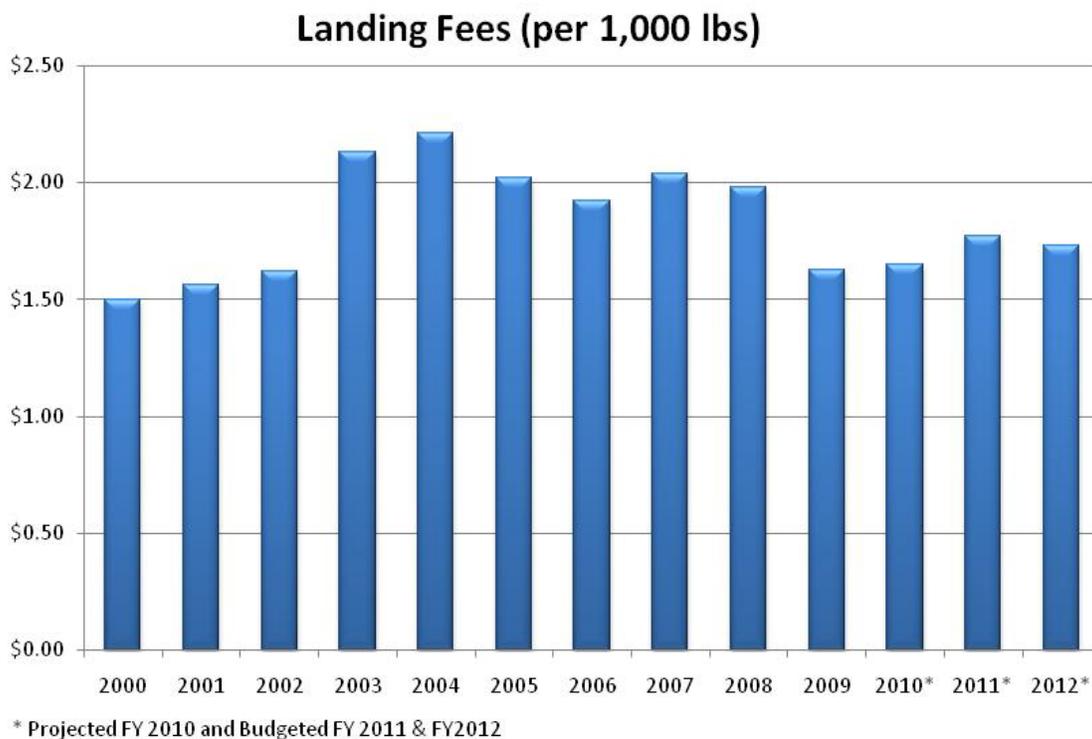


Figure 59 – Landing Fees

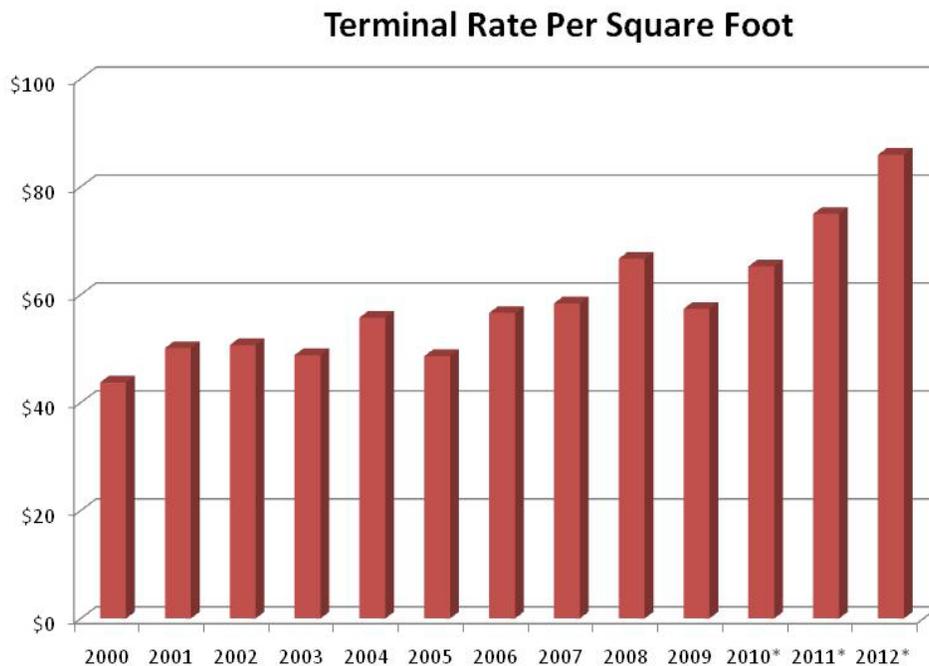
Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Landing fees are revenues from passenger and cargo airlines for commercial landings at the airport. Beginning with FY 2005, the Security Surcharge was excluded from the Landing Fee and charged separately, and beginning with FY 2009, Aircraft parking was excluded from Landing Fees and charged separately.

Terminal Rates Billed to Airlines

Fiscal Years Ended June 30, 2000 to 2012

Fiscal Year	Terminal Rates Per	
	Square Foot **	% Change
2000	\$43.74	-0.7%
2001	50.12	14.6%
2002	50.67	1.1%
2003	48.81	-3.7%
2004	55.75	14.2%
2005	48.62	-12.8%
2006	56.62	16.5%
2007	58.39	3.1%
2008	66.67	14.2%
2009	57.38	-13.9%
2010*	65.24	13.7%
2011*	74.99	14.9%
2012*	85.93	14.6%



* Projected FY 2010 and Budgeted FY 2011 and FY 2012

** Net of janitorial credit

Figure 60 – Terminal Rates

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Terminal Rates are rates billed to airlines for the rent of terminal space per square foot. Beginning with FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

Aircraft Operations (Takeoffs and Landings)

Fiscal Year	Air		Total	Civil	Military	Total
	Carriers	Air Commuters				
2000	152,582	43,070	195,652	16,916	723	213,291
2001	152,180	44,850	197,030	14,694	968	212,692
2002	143,615	40,163	183,778	14,139	1,622	199,539
2003	143,283	47,802	191,085	14,415	1,229	206,729
2004	144,156	46,418	190,574	15,080	1,761	207,415
2005	148,975	51,377	200,352	17,069	1,094	218,515
2006	154,092	54,156	208,248	17,383	1,121	226,752
2007	157,198	50,068	207,266	17,195	983	225,444
2008	167,753	55,373	223,126	16,123	1,040	240,289
2009	155,766	39,122	194,888	12,721	1,174	208,783

Airfield Operations

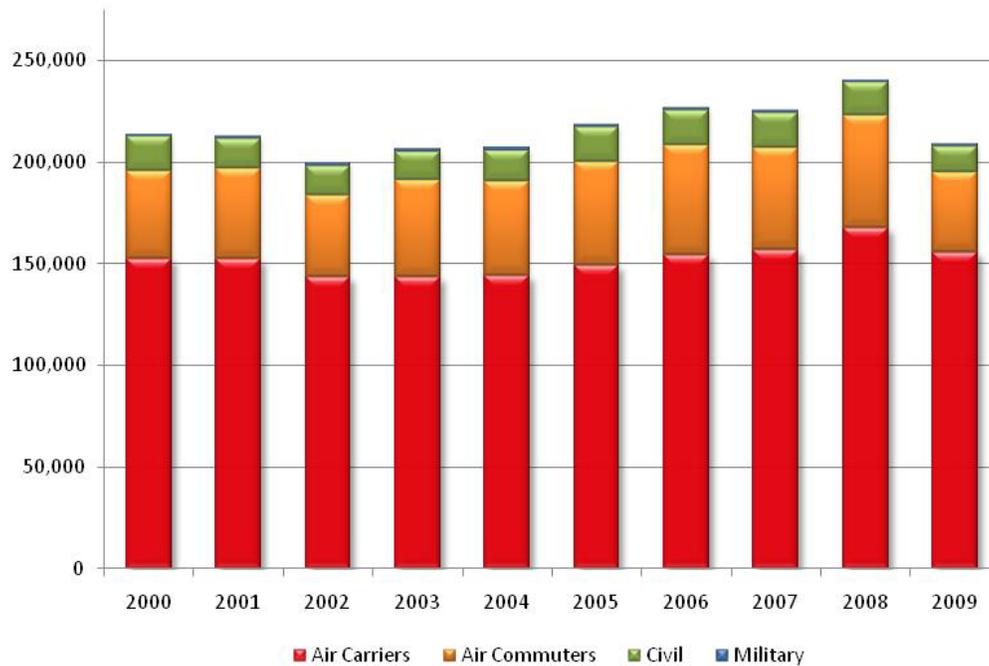


Figure 61 – Airfield Operations

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Aircraft operations are the takeoffs and landings at SDIA, which represent the level of demand. They represent the level of demand for air service by the airlines operating at SDIA.

Authority Largest Sources of Revenues

Tenant	2004	2005	2006	2007	2008	2009	% of Total Operating Revenue
Southwest Airlines	\$ 10,692,447	\$ 12,767,378	\$ 13,464,404	\$ 15,624,767	\$ 16,920,722	\$ 17,658,629	13.5%
Host International	7,106,523	8,038,435	9,147,356	9,808,385	10,875,857	9,883,713	7.5%
United Airlines	4,989,506	5,877,927	5,717,234	6,623,373	6,522,426	6,344,127	4.8%
Hertz Rent-A-Car	4,901,573	5,316,755	5,979,512	6,728,751	6,860,949	5,816,230	4.4%
American Airlines	7,772,143	8,472,274	10,191,557	8,303,616	7,750,147	5,543,732	4.2%
Avis Budget Group	3,103,562	4,966,532	6,002,357	4,465,182	6,193,565	5,505,770	4.2%
Delta Airlines	4,774,243	5,010,848	4,876,095	5,347,415	5,168,634	4,647,333	3.5%
US Airways	699,542	672,643	571,874	1,714,362	4,048,246	3,478,789	2.7%
Continental Airlines	1,849,721	2,123,291	2,364,096	2,995,689	3,314,090	3,026,644	2.3%
Alaska Airlines	2,027,193	2,400,679	2,464,162	2,843,993	2,800,385	2,754,173	2.1%
Enterprise Rent-A-Car	858,956	1,084,031	2,888,849	2,007,684	2,530,192	2,501,720	1.9%
Northwest Airlines	1,944,832	2,116,996	2,185,926	2,195,324	2,064,861	1,616,359	1.2%

Figure 62 – Authority Largest Sources of Revenues

Source: San Diego County Regional Airport Authority

Information presented reflects those years that the Authority was in operation.

Population and Economic Metrics

San Diego County (2000-2010)

Calendar Year	Estimated		Calendar Year	Per Capita		Labor Force
	Population	% Change		Personal Income	% Change	
2000	2,813,833	-1.5%	2000	32,789	8.5%	1,376,008
2001	2,865,208	1.8%	2001	33,801	3.1%	1,409,726
2002	2,922,758	2.0%	2002	34,612	2.4%	1,450,497
2003	2,975,082	1.8%	2003	35,676	3.1%	1,468,198
2004	3,011,770	1.2%	2004	38,452	7.8%	1,490,781
2005	3,038,074	0.9%	2005	40,383	5.0%	1,505,892
2006	3,065,077	0.9%	2006	42,801	6.0%	1,520,474
2007	3,100,132	1.1%	2007	45,911	7.0%	1,542,445
2008	3,131,552	1.0%	2008	46,649	2.0%	1,548,700
2009	3,173,407	1.3%	2009	N/A		
2010	3,224,432	1.2%	2010	N/A		

Figure 63 – Population Metrics

Sources:

E1 / City/ County Population Estimates – California Department of Finance and Demographics.

Income Data US Department of Commerce, Bureau of Economic Analysis

Employment Data – US Department of Labor, Bureau of Labor Statistics

Households & Income

Households	2000-2008		
	2000	2008	Change
Number of Households	450,691	487,975	8.3%
Median Household Income	47,360	49,422	4.4%

Income Distribution	2000	2007
Less than \$15,000	12.5%	12.5%
\$15,000-29,999	18.0%	17.1%
\$30,000-44,999	17.3%	16.5%
\$45,000-59,999	13.9%	13.3%
\$60,000-74,999	11.0%	10.9%
\$75,000-99,999	11.5%	11.8%
\$100,000-124,999	6.6%	7.1%
\$125,000-149,999	3.3%	3.7%
\$150,000-199,999	2.9%	3.7%
\$200,000 or more	3.0%	3.5%

Figure 64 – Household and Incomes

Source: San Diego Association of Governments, 2008 (Income in real 1999 dollars, adjusted for inflation). Percentages may not add to 100% due to rounding.

Labor Force, Employment, Unemployment Rate

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				(SD County)	State
2003	1,496,800	1,393,300	76,500	5.2%	6.8%
2004	1,492,400	1,421,700	70,700	4.7%	6.2%
2005	1,507,800	1,442,700	65,100	4.3%	5.4%
2006	1,518,000	1,457,500	60,500	4.0%	4.9%
2007	1,542,500	1,471,600	70,900	4.6%	5.4%
2008	1,555,100	1,462,300	92,900	6.0%	7.2%
2009	1,557,400	1,406,100	151,300	9.7%	11.4%

Figure 65 – Labor Force, Employment, Unemployment Rate

Source: California Employment Development Dept. 2009 Benchmark (not seasonally adjusted); American Community Survey, 2009

Principal Employers

Principal Employers

Employer	2009			2000		
	Employees (1)	Rank	Percentage total of County Employment (2)	Employees (3)	Rank	Percentage total of County Employment (4)
U.S. Federal Government	41,600	1	2.94%	43,000	1	3.27%
State of California	41,600	2	2.94%	35,600	2	2.71%
University of California, San Diego	29,337	3	2.07%	20,653	3	1.57%
County of San Diego	17,189	4	1.22%	16,555	4	1.26%
San Diego Unified School District	14,555	5	1.03%	12,784	5	0.97%
Sharp Health Care	14,400	6	1.02%	8,003	7	0.61%
Scripps Health	12,622	7	0.89%	0		0.00%
City of San Diego	11,087	8	0.78%	11,500	6	0.88%
Qualcomm Inc.	9,859	9	0.70%	7,000	9	0.53%
Kaiser Foundation	7,618	10	0.54%	6,600	10	0.50%
US Postal Service				7,124	8	0.54%
Total	199,867		14.13%	168,819		12.84%

Sources:
 (1) San Diego Business Journal
 (2) California Labor Market Info
 Percentage is calculated by dividing employees by total employment of 1,414,600 for June 2009
 (3) San Diego Regional Chamber of Commerce - Total number of employees for SD County Major Employers
 Percentage is calculated by dividing employees by total employment of 1,315,100 for June 2009
 (4) County of San Diego 2009 and 2000 Adopted Operational Plans

Figure 66 – Principal Employers

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Glossary

AAAE – American Association of Airport Executives

ACCRUAL BASIS OF ACCOUNTING - Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

ACI – Airports Council International.

AIRCRAFT OPERATION – The landing or takeoff of an aircraft.

AIRLINE COST PER ENPLANEMENT - The total annual cost of fees and charges paid by the airlines divided by the total enplanements.

AIRPORT – Refers to the San Diego International Airport.

AIRPORT IMPROVEMENT PROGRAM – A Federal Aviation Administration program periodically authorized by Congress which 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 – The Airport Land Use Commission (ALUC) is an agency required by state law to exist in counties served by a commercial and/or a 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 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 NOISE COMPATIBILITY PROGRAM – The mission of Airport Noise Compatibility Program is to reduce the aircraft noise impact on the community through mitigation programs while monitoring compliance with local, state and federal regulations, thus maintaining an environmentally viable airport.

AIRPORT RESOURCE PLANNING (ARP) – A comprehensive information technology system with specific applications in the areas of human resources, accounting, procurement, real estate management and customer relationship management.

ARFF – Aircraft Rescue and Fire Fighting.

THE AUTHORITY – Refers to the San Diego County Regional Airport Authority.

AVIATION ACTIVITY FORECAST – A forecast of aviation activities that is used in airport facilities planning and in evaluating environmental and fiscal impacts on the airport. These forecasts typically contain projections of passenger demand, airline flights and other activity segments that are likely to grow in the future and seek to measure when an existing facility will not be able to accommodate the projected growth.

BUDGET – A financial plan for a specified period of time (fiscal year) 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.

BOND COVENANT – An agreement with bond holders, which defines, among other things, the priority of payment of debt service in the use of revenues.

CAPITAL IMPROVEMENT PROGRAM – 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, improve airfield safety and enhance revenue potential.

CAPITALIZED LABOR – Personnel salaries, taxes and benefits expenses that are associated with capital projects.

COMMERCIAL PAPER – Commercial Paper (CP) is a 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, one Alternative Minimum Tax (AMT) and one non-AMT.

COMMUTER AIRLINE – An airline that operates aircraft with a maximum of 60 seats and with an operating frequency of at least five scheduled round trips per week between two or more points. See also “Major Airline,” “National Airline,” and “Regional Airline.”

CONCESSIONAIRE – A person or company having a lease, contract or operating permit arrangement with the Authority, entitling them to do business on the airport.

CONNECTING PASSENGER – A passenger who transfers from one flight to another en route to a final destination.

COST CENTER – An area of the Airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

DEBT SERVICE – Principal and interest payments on bonds. The bond-financed portions of the CIP are recovered through debt service, instead of depreciation. See “Statement of Operations” for further clarification.

DEBT SERVICE COVERAGE – An amount equal to 125 percent of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

DISCRETIONARY GRANTS – See “Federal Grants.”

DISTRICT – The San Diego Unified Port District.

E1 – See Airport Resource Planning.

EMPLOYEE ANNUAL TUNE UP – Annual training session for employees covering policies and procedures.

ENPLANED PASSENGER – Any revenue passenger boarding at the Airport, including any passenger that previously disembarked from another aircraft (i.e., connecting passenger).

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 REVIEW (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.

ENVIRONMENTAL IMPACT STATEMENT (EIS) – The EIS is an impact document prepared pursuant to the National Environmental Policy Act (NEPA) that documents the potential environmental impact of an airport infrastructure expansion or modification.

FEDERAL AVIATION ADMINISTRATION (FAA) – The FAA is part of the Department of Transportation 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 development of public-use airports.

FEDERAL GRANTS – The FAA’S Airport Improvement Program provides both entitlement and discretionary grants for eligible airport projects. Entitlement funds are determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants 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 Letter of Intent 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 approved LOI from FAA are used by the Authority as the estimate of federal discretionary grants to be received.

FISCAL YEAR – The annual period beginning July 1 and ending June 30.

FIXED BASE OPERATORS (FBOs) – Those commercial businesses at the Airport authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

FUND BALANCE - The Authority's fund balance is generally defined as the difference between its assets and liabilities.

GAAP – General Accepted Accounting Principals are uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB – Governmental Accounting Standards Board, the body responsible for establishing GAAP for governmental entities.

GENERAL AVIATION (GA) – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

GSE – Ground Service equipment.

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 the airport.

LEGACY CARRIERS – refers to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. US legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska and Hawaiian airlines.

MAJOR MAINTENANCE PROGRAM – Includes projects that are defined as major repairs to existing buildings or structures and do 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.

PASSENGER FACILITY CHARGE (PFC) – A \$4.50 charge (net \$4.39 to Airport) 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.

QUIETER HOME PROGRAM (QHP) – See Residential Sound Attenuation Program.

RASP – Regional Aviation Strategic Plan. Required by the San Diego Regional Airport Authority Reform Act (SB10). The RASP will guide the regions efforts to improve all transportation services for San Diego County by identifying ways to increase the system capacities of all twelve civil airports, Tijuana Rodriguez International Airport and selected bordering counties. The RASP will also consider air/rail alignments between facilities and other centers of population in the Southern California region.

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 dB Community Noise Equivalent Contour.

SDCRAA – San Diego County Regional Airport Authority.

SDIA – San Diego International Airport.

SERVICE LEVEL AGREEMENT – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

TDP – Terminal Development Program includes a variety of terminal and airfield improvements essential to accommodating the growing passengers' demands at SDIA.

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