



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

**FY 2016 ADOPTED BUDGET &
FY 2017 APPROVED CONCEPTUAL BUDGET**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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May 21, 2015

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Dear Board Members:

Submitted herein is the San Diego County Regional Airport Authority's (SDCRAA, or Authority) adopted operating and capital budget for Fiscal Year (FY) 2016 and approved conceptual budget for FY 2017. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Airport Authority Board and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget ensures adherence to the requirements of the master and subordinate bond indentures governing the Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of multiyear budgeting is to facilitate the integration of financial and strategic planning and resource allocation. Last year, the Board approved a FY 2016 Conceptual Budget as part of the FY 2015-2016 budget process. This year the FY 2016 Conceptual Budget was revised, and subsequently adopted, as the FY 2016 Budget. The FY 2017 Conceptual Budget was also approved. Next year, the FY 2017 Conceptual Budget will be revised to reflect any changes in initiatives, as well as industry, economic and geopolitical events. After completion of the Authority's budget preparation and evaluation process, a revised FY 2017 Budget will be presented to the Board in May 2016 for review and formal adoption and a FY 2018 Conceptual Budget will also be presented for approval at that time.

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

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

GUIDING PRINCIPLES

The Authority’s organizational strategies are the guiding principles used for allocating scarce and restricted resources to SAN programs as part of the budget process.

Authority’s five strategies are:

- Community – Be a trusted and highly responsive agency.
- Customer – Achieve the highest level of internal and external customer satisfaction.
- Employee – Achieve the highest level of employee commitment and performance.
- Financial – Enhance the financial position of the Airport Authority.
- Operations – Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

ORGANIZATIONAL INITIATIVES

Guided by the organizational strategies, the budget addresses three (3) organizational initiatives, including a number of ongoing programs and studies. Initiatives are areas of focus that the organization is concentrating on over the next one to three years.

1. Developing a Sustainable Long Term Capital Plan:

The Authority is committed to providing innovative, sustainable facilities necessary to provide a positive passenger experience, exceed customer expectations, serve travel demand, and meet our commitments to sustainability through efficient use of existing and future assets. Therefore, a feasible 20-year capital spending plan is being prepared and will be maintained, that accounts for the Airport Development Plan, future airport-wide O&M costs, and all other required airport capital expenditures.

2. Pursuing Revenue Generation and Cost Control Opportunities:

The Authority is committed to remaining a sustainable enterprise. Through revenue optimization, cost containment efforts and efficiency improvements the Authority will ensure its financial strength by:

- Increasing innovation
- Adhering to a financing plan
- Identifying and implementing new products and services
- Positioning the Authority for immediate and future opportunities
- Implementing cost reduction efforts

3. Strategically Engaging our Employees in Sustainable Business Practices:

To assure that the next 87 years of the airport's operations meet and exceed the success of the past 87, the Airport Authority is continually honing its ability to manage the triple bottom line – earnings, employees and environment, in all of its business operations. Making sustainable business practices a part of our organization's cultural DNA is a critical initiative to sustain the organization's relevance and success.

Detailed descriptions are provided in the section titled ***Airport Authority Overview***.

PASSENGER SATISFACTION

Measuring passenger satisfaction at San Diego International Airport (SAN) provides insight into evolving passenger expectations and opportunities to continuously improve the airport experience. Customer satisfaction has also been demonstrated to have a positive effect on a company's bottom line.

SAN participates in an Airport Service Quality (ASQ) survey, the world's largest airport passenger satisfaction benchmark sponsored by Airports Council International. Surveys are collected on a quarterly basis asking airport passengers to rate their experience. Based on combined results for CY 2014, SAN experienced a significant increase in overall passenger satisfaction, achieving a rating of 4.22, compared to 4.09 in CY 2013 on a 5-point Likert scale. According to the survey, 82 percent of the 1,400 departing passengers surveyed in CY 2014 rated SAN high in Overall Satisfaction, selecting either a 4 (Very Good) or 5 (Excellent) rating.

As SAN continues to pursue its vision of Mastering the Art of Airports, the organization has set an annual goal to achieve an overall passenger satisfaction increase of .05 or better, a statistically significant increase. This goal informs internal decision making on projects that can positively impact the passenger experience, and results provide an effective measure of our success in achieving the highest level of passenger satisfaction.

ECONOMIC AND OPERATIONAL TRENDS AFFECTING THE BUDGET

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

The U.S. economy continues to recover from a recession. Gross Domestic Product (GDP) increased 2.4% during 2014, reflecting continued modest growth in the national economy (*see Figure 59 in Supplemental Data*). In addition the Dow Jones Industrial Average (DJIA) grew 7.5% in 2014 (*see Figure 60 in Supplemental Data*).

The Air Trade Area for the airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3,227,496 as of January 1, 2015. The county is the second largest in California in terms of population and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42%), Chula Vista (8%), Oceanside (5%), Escondido (5%), Carlsbad (3%), and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to be around 5 million inhabitants.

San Diego County has enjoyed a relatively stable economic climate during the past four years, with lower unemployment rates than the State of California. The U.S. Bureau of Labor Statistics notes that the county's average unemployment rate for April 2015 was 4.6% compared to 6.3% for the state. This reflects the nature of

the region’s diverse economy, providing an attractive mix of leisure, business sectors and government. The county is home to more than 120 publicly traded companies.

In calendar year (CY) 2014 all major U.S. airlines recorded a profit and the domestic airline industry collectively realized a \$11.7B profit (excluding special items), up from \$7.4B in CY 2013. Main drivers of growth include strong domestic demand, sharply lower oil prices in the second half of the year, and continued pricing power due to years of industry capacity discipline. Mainline capacity for most airlines is projected to grow slightly compared to CY 2014, with a focus on domestic expansion. In addition, network and fleet restructuring is continuing. Airlines are disciplined in their efforts to pare down service to smaller and unprofitable airports and focus on ordering large, fuel efficient aircraft to replace aging fleets.

SAN traffic growth has mostly outperformed the national averages since April 2013, as seen in *Figure 1*.

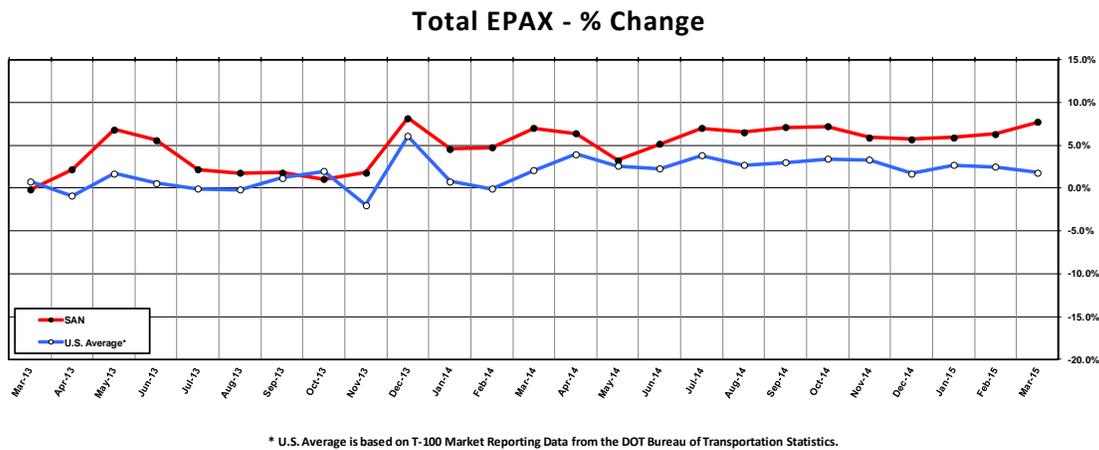


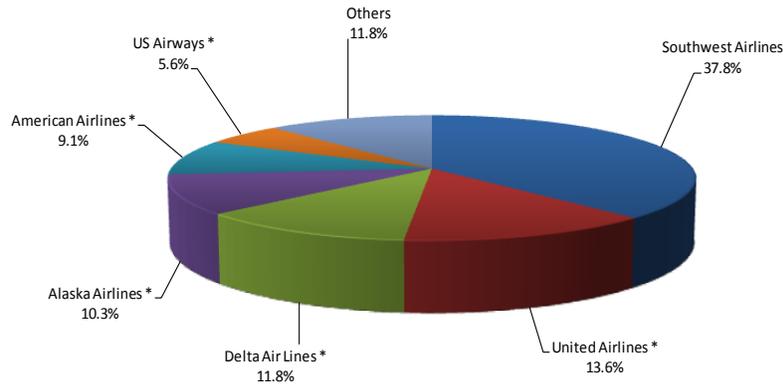
FIGURE 1 – TOTAL ENPLANED PASSENGERS – SAN VS. U.S. TREND

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

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carriers. SAN is an origin and destination airport where no one carrier dominates, and where a significant number of low-cost carriers serve the market. In CY 2014, air service was provided by 22 passenger airlines, including regional affiliates. Southwest Airlines, the largest carrier, served 37.8% of the passengers who traveled through SAN (see *Figure 2*); its lead in market share is expected to continue.

In CY 2014, low-cost carriers accounted for 49.9% of seat capacity and 46.7% of enplaned passengers. Their presence in certain markets serves to stimulate pricing competition among all carriers, which typically stimulates demand through lower fares.

SAN Enplaned Passengers, CY 2014



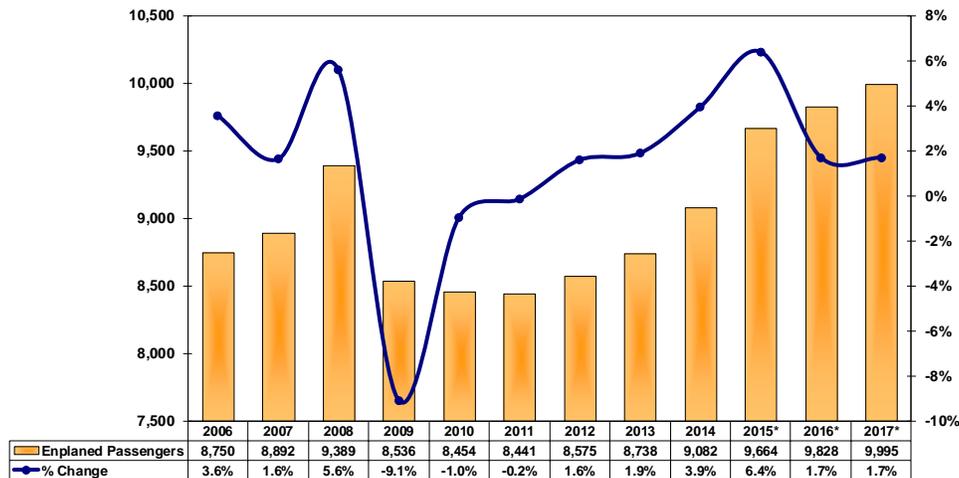
* Including regional affiliates

FIGURE 2 – SAN ENPLANED PASSENGERS BY CARRIER

Passengers departing from SAN can fly non-stop to 51 domestic and 9 international destinations, with one-stop connections to over 300 international destinations around the world. CY 2014 saw the addition of service to Salt Lake City with Alaska Airlines, Seattle with Delta Air Lines, Burbank and San Felipe with Seaport Airlines, Dallas/Love Field, Orlando, Portland, Seattle and the restoration of service to New Orleans with Southwest Airlines, and Houston/Bush with Spirit Airlines. The Authority’s Air Service Development Department continues to build upon this success and pursue expanded international and domestic opportunities.

All of these economic and industry factors together with additional air service are reflected in the FY 2016 Budget and the FY 2017 Conceptual Budget, which are predicated on modest passenger growth as shown in Figure 3. In FY 2016, enplaned passenger traffic at SAN is projected to reach 9.83 million, which represents an increase of 8.5% from the 9.06 million enplanements used in the FY 2015 Budget and a 1.7% increase over the 9.66 million enplanements projected for FY 2015. Enplaned passengers are projected to increase by 1.7% to 10.0 million in the FY 2017 Conceptual Budget.

Enplaned Passengers and Annual Growth by Fiscal Year



* Projected FY 2015 and Budgeted FY 2016 and FY 2017

FIGURE 3 – ENPLANED PASSENGERS AND ANNUAL GROWTH

BUDGET PROCESS

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

In January, the budget staff reviews financial results of the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment) and capital projects are proposed and reviewed. The Business & Financial Management, Talent, Culture & Capability, Accounting, Information & Technology Services, Risk Management, Facilities Management and Facilities Development departments analyze the requests and weigh the cost/benefit impact, where appropriate. Meetings are held with each division to review their budget requests.

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

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

Calendar Period	Action
October – January	<p>Review, update and formulate Authority strategies, goals and initiatives.</p> <p>Strategic Budget Workshops held with the Board as appropriate.</p> <p>Cross-functional meetings to balance divisional operating requirements with strategies and initiatives.</p>
February – March	<p>Departments draft goals, consistent with overall Authority strategies and initiatives.</p> <p>Divisions update operating and capital budget plans and needs.</p> <p>Financial Management reviews prior year's conceptual budget and prepares initial version of recast revenue budget and subsequent year's conceptual revenue budget.</p> <p>Departments develop and submit budget.</p> <p>Financial Management staff consolidates results and evaluates major variances between the approved conceptual budget and the preliminary 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 and Executive staff 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>
April – May	<p>Final draft recast budget and subsequent year's conceptual budget is reviewed with President/CEO and Executive staff .</p> <p>Meeting held with airlines to present operating and capital budgets and resulting proposed airline rates and charges.</p> <p>Proposed operational and capital program budgets are distributed to Authority Board for review and direction.</p> <p>Budget workshop held with the Authority Board to review proposed budgets and receive input and guidance.</p> <p>Formal budget document is submitted to Authority Board for adoption.</p> <p>Formal budget is adopted and subsequent year conceptual budget is approved by the Authority Board.</p>

FIGURE 4 – SDCRAA BUDGET CALENDAR

FINANCIAL PLAN

The financial plan, which includes the FY 2016 Budget and the FY 2017 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, which is the Authority's enabling legislation, and costs associated with near-term improvements at SAN. Other major factors affecting the Authority's financial planning include the airline operating agreement, master and subordinate bond indentures, Memorandum of Understanding with the California Attorney General, and various levels of federal funding.

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

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

BUDGET SUMMARY

The following table summarizes the forecasted revenue and expenses of the FY 2016 Budget and FY 2017 Conceptual Budget before depreciation, bond principal repayment and capital equipment outlays.

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 19,107,258	\$ 23,704,477	\$ 24,612,835	\$ 908,358	3.8%	\$ 26,210,325	\$ 1,597,490	6.5%
Aircraft Parking Fees	2,503,181	2,768,087	2,875,302	107,215	3.9%	3,039,706	164,404	5.7%
Building Rentals	47,761,512	49,969,936	53,222,551	3,252,615	6.5%	56,288,056	3,065,504	5.8%
Common Use Systems Support Charges	1,133,839	1,124,994	1,206,527	81,533	7.2%	1,206,527	-	0.0%
Other Aviation Revenue	1,593,918	1,589,711	1,587,163	(2,548)	-0.2%	1,590,358	3,195	0.2%
Security Surcharge	25,776,517	26,529,900	27,684,810	1,154,910	4.4%	29,219,841	1,535,031	5.5%
Total Airline Revenue	97,876,224	105,687,106	111,189,189	5,502,083	5.2%	117,554,814	6,365,625	5.7%
Non-Airline Revenue								
Terminal Rent - Non-Airline	1,157,565	1,500,586	1,428,694	(71,892)	-4.8%	1,442,961	14,266	1.0%
Terminal Concessions	18,798,533	19,783,233	21,323,828	1,540,595	7.8%	21,746,728	422,899	2.0%
Rental Car License Fees	24,900,830	24,576,100	25,812,269	1,236,169	5.0%	27,411,065	1,598,796	6.2%
License Fees Other	4,070,505	4,146,700	4,475,900	329,200	7.9%	4,551,800	75,900	1.7%
Parking Revenue	36,424,594	38,688,776	38,161,518	(527,258)	-1.4%	37,931,821	(229,697)	-0.6%
Ground Transportation Permits and Citations	2,534,428	2,906,415	4,179,037	1,272,623	43.8%	4,571,791	392,753	9.4%
Ground Rentals	8,445,275	11,356,903	13,798,184	2,441,281	21.5%	17,865,342	4,067,158	29.5%
Grant Reimbursements	368,385	292,000	292,000	-	0.0%	292,000	-	0.0%
Other Operating Revenue	1,160,501	469,744	473,304	3,560	0.8%	475,118	1,814	0.4%
Total Non-Airline Revenue	97,860,616	103,720,456	109,944,735	6,224,278	6.0%	116,288,625	6,343,890	5.8%
Total Operating Revenue	195,736,841	209,407,563	221,133,924	11,726,361	5.6%	233,843,439	12,709,515	5.7%
Operating Expenses								
Salaries and Benefits	39,135,284	51,744,164	45,168,794	(6,575,370)	-12.7%	47,535,810	2,367,016	5.2%
Contractual Services	31,559,243	34,073,655	38,273,668	4,200,012	12.3%	41,307,797	3,034,129	7.9%
Safety and Security	24,150,563	25,001,794	25,704,383	702,589	2.8%	26,399,553	695,170	2.7%
Space Rental	10,478,262	10,450,296	10,428,514	(21,782)	-0.2%	10,191,450	(237,064)	-2.3%
Utilities	8,680,410	9,557,536	13,121,913	3,564,377	37.3%	14,804,627	1,682,714	12.8%
Maintenance	13,981,690	16,085,448	14,653,671	(1,431,777)	-8.9%	16,136,099	1,482,428	10.1%
Operating Equipment & Systems	670,237	558,235	573,065	14,830	2.7%	466,025	(107,040)	-18.7%
Operating Supplies	440,009	409,508	416,210	6,702	1.6%	420,788	4,578	1.1%
Insurance	988,382	1,071,422	1,322,477	251,055	23.4%	1,405,457	82,980	6.3%
Employee Development & Support	1,170,551	1,229,248	1,339,274	110,026	9.0%	1,358,810	19,536	1.5%
Business Development	2,661,222	2,685,228	2,777,327	92,099	3.4%	2,766,134	(11,194)	-0.4%
Equipment Rentals & Repairs	2,502,478	2,526,119	2,803,917	277,798	11.0%	2,807,924	4,008	0.1%
Tenant Improvements	402,305	1,200,000	1,050,000	(150,000)	-12.5%	1,020,000	(30,000)	-2.9%
Total Operating Expenses before depreciation & amortization	136,820,635	156,592,653	157,633,212	1,040,560	0.7%	166,620,473	8,987,261	5.7%
Income from Operations before depreciation & amortization	58,916,206	52,814,909	63,500,711	10,685,802	20.2%	67,222,965	3,722,254	5.9%
Nonoperating Revenue/(Expense)								
Passenger Facility Charges	35,769,515	36,614,900	39,261,900	2,647,000	7.2%	39,929,000	667,100	1.7%
Customer Facility Charges	27,545,001	30,350,379	33,070,709	2,720,331	9.0%	36,995,921	3,925,212	11.9%
Quieter Home Program (Net) and Joint Studies	(2,902,136)	(3,151,143)	(3,106,962)	44,181	-1.4%	(3,110,962)	(4,000)	0.1%
BAB Interest Rebate	4,636,215	4,636,215	4,631,219	-	0.0%	4,631,219	-	0.0%
Interest Income	5,210,854	4,707,690	4,724,296	16,606	0.4%	4,922,502	198,206	4.2%
Interest Expense	(56,375,725)	(51,963,594)	(59,261,101)	(7,297,506)	14.0%	(67,380,848)	(8,119,748)	13.7%
Bond Amortization Costs	4,392,862	4,329,790	4,243,249	(86,541)	-2.0%	4,153,112	(90,137)	-2.1%
Other Nonoperating Income/(Expenses)	434,049	(10,000)	(10,000)	-	0.0%	(10,000)	-	0.0%
Total Other Nonoperating Revenue, net	18,710,636	25,514,237	23,553,311	(1,960,926)	-7.7%	20,129,944	(3,423,367)	-14.5%
Income before capital grant contributions	77,626,842	78,329,146	87,054,022	8,724,876	11.1%	87,352,910	298,887	0.3%
Capital Grant Contributions	3,924,332	9,786,680	11,592,103	1,805,423	18.4%	4,610,070	(6,982,033)	-60.2%
Net Income before depreciation, principal & capital outlay	\$ 81,551,173	\$ 88,115,826	\$ 98,646,125	\$ 10,530,299	12.0%	\$ 91,962,980	\$ (6,683,147)	-6.8%

Total operating revenues for FY 2016 are budgeted at \$221.1M, an increase of \$11.7M (5.6%) over the FY 2015 Budget. This revenue reflects two sources: 1) airline revenue of \$111.2M; and 2) non-airline revenue of \$109.9M. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, common use system support charges and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2017 operating revenues are budgeted at \$233.8M, an increase of \$12.7M (5.7%), of which \$117.6M represents airline revenue and \$116.3M is from non-airline revenue.

Total FY 2016 airline revenue includes an increase of \$5.5M (5.2%), as compared to the FY 2015 Budget. This result is mostly driven by higher building rentals of \$3.3M, mainly reflecting higher recoverable operating and maintenance expenses for terminal facilities, an increase in debt service and an increase in amortization for new terminal projects funded with cash, increased security surcharge costs of \$1.2M, due to increased cost of services and an increase in security checkpoints rent due to a higher terminal rental rate and an increase in landing fee revenues of \$0.9M, reflecting higher net airfield expenses.

Total FY 2017 airline revenue is budgeted to increase by \$6.3M (5.7%) compared to FY 2016 mainly for increased building rental fees, landing fees and security surcharge costs.

Total FY 2016 non-airline revenue projects a net increase of \$6.2M (6.0%) from the FY 2015 Budget. This is primarily driven by: 1) an increase in ground rentals of \$2.4M, primarily reflecting RCC opening in January 2016; 2) an increase of \$1.5M in terminal concessions revenue due to increased passenger traffic and stronger gross sales per passenger; 3) an increase of \$1.3M in ground transportation permits revenue mostly reflecting increased expenses and the additional revenue of Transportation Network Company (TNC) pilot program costs and 4) an increase of \$1.2M in rental car license fees revenue due to increased passenger traffic and RCC cost recovery.

Total FY 2017 non-airline revenue is budgeted to increase by \$6.3M (5.8%) compared to FY 2016. This increase reflects several factors including: 1) an increase in ground rental revenue of \$4.1M primarily due to a full year of RCC operation; 2) an increase of \$1.6M in car rental license fees due to higher enplanements and full year of RCC cost recovery; 3) an increase of \$0.4M in terminal concessions, due to increased passenger traffic; and 4) an increase of \$0.4M in ground transportation permits revenue, mostly reflecting increased costs related to ground transportation capital improvements.

The divisional and departmental operating expense budgets of \$157.6M, which address the Authority's overall strategies, initiatives and mandated obligations, reflect an increase of \$1.0M (0.7%) in the FY 2016 operating expense budget from the FY 2015 Budget. FY 2017 operating expenses are projected to increase by \$9.0M (5.7%) over the FY 2016 Budget.

The FY 2016 operating expense increase of \$1.0M (0.7%) is driven by a variety of factors. Salaries and wages including overtime are projected to increase by \$1.3M from the FY 2015 Budget reflecting a net increase of ten (10) Full-Time Equivalent (FTE) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to decrease by \$8.0M from the FY 2015 Budget reflecting a one-time, non-cash, unfunded actuarial liability expense of \$7.6M that was expensed in FY 2015. Also contributing to the decrease are lower retirement benefit costs due to a decrease in the required retirement contribution and health benefit costs. These combined factors, together with lower capitalized labor expenses, resulted in a net decrease of salary and benefits of \$6.6M (-12.7%) in the FY 2016 Budget over the FY 2015 Budget.

In FY 2016, Contractual Services are budgeted to have a net increase of \$4.2M (12.3%) from the FY 2015 Budget primarily reflecting RCC busing operation costs and parking credit card fees being expensed. FY 2016 Utilities costs are projected to increase by \$3.6M (37.3%) over the FY 2015 Budget reflecting rate increases in electricity and the opening of the RCC.

FY 2016 maintenance expenses are projected to decrease by \$1.4M (-8.9%) from the FY 2015 Budget mainly reflecting reduced costs in 12kV micro-grid system costs, and the airfield pavement and striping not having to be done in FY 2016.

FY 2017 operating expenses are budgeted to increase by \$9.0M (5.7%); these increases reflect a net increase of two (2) FTE positions, wage and salary increases, required under union contract agreements and pay-for-performance increases for non-union employees. In addition these increases are driven by contractual services, safety and security costs, increases in maintenance costs and utility costs. These increases are partially offset by decreases in space rental costs.

FY 2016 non-operating revenue/(expense) is projected to decrease by \$2.0M (-7.7%) from the FY 2015 Budget primarily reflecting an increase in interest expense of \$7.3M (14.0%). This decrease is offset by increases in CFCs of \$2.7M and PFCs of \$2.7M due to higher projected enplanements.

FY 2017 non-operating revenue/(expense) is budgeted to decrease by \$3.4M (-14.5%) from the FY 2016 Budget reflecting an increase in interest expense of \$8.1M (13.7%). This is offset by an increase in PFCs of \$0.7M (1.7%), due to higher enplanements and an increase in CFCs of \$3.9M (11.9%), due to higher enplanements and an increase in the CFC rate for the last six months of the fiscal year.

Capital grant contributions are FAA grant awards from the federal Airport Improvement Program (AIP) that provide funding for certain approved capital improvement projects. FY 2016 capital grant contributions increased by \$1.8M (18.4%) primarily due to timing of grant eligible projects. FY 2017 capital grant contributions are budgeted to decrease by \$7.0M (-60.2%) due to fewer new grant funded projects.

PROJECTED FUND BALANCE

The Authority's fund balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2016 cash and investments will decrease by \$176,248,995 to \$470,052,137 versus the FY 2015 Projected of \$646,301,132. This decrease of (-27.3%) from the FY 2015 Projected is mostly due to usage of bond proceeds, increased expenditures of PFCs and CFCs. FY 2017 cash and investments are projected mainly to increase by \$8,414,884 (1.8%) to \$478,467,021, mainly reflecting increase in revenues and decrease in capital expenditures.

CAPITAL PROGRAM

The Authority maintains a five year Capital Program that is intended to address critical improvements and asset preservation of SAN. The Authority's current Capital Program includes projects started prior to FY 2016, as well as new projects to be undertaken at SAN between FY 2016 and FY 2020 at an estimated total cost of approximately \$814.3M.

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

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

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

Sources of Funds

Airport Revenue Bonds	\$ 63,304,196
Customer Facility Charges	115,810,872
Federal Grants	51,413,046
Passenger Facility Charges	57,216,818
Authority Funds	222,203,973
Variable Rate Debt	59,800,000
Special Facility Bonds	<u>244,577,760</u>
Total Sources of Funds	\$ <u>814,326,662</u>

Use of Funds

FY 2015 – 2019 Carryover	\$ 726,831,462
FY 2016 – 2020 New Projects	<u>87,495,200</u>
Total Use of Funds	\$ <u>814,326,662</u>

Projected FY 2016 Capital Program expenditures total \$265,790,980, and projected FY 2017 expenditures are \$89,847,808. Further discussion of these expenditures along with detailed descriptions can be found in the section titled *Capital Program*.

AIRLINE OPERATING AGREEMENT

The current five-year airline operating agreement will expire on June 30, 2018. The operating agreement establishes how the signatory airlines will be assessed annual rates and charges for their use of the Airport. The Authority currently recovers substantially all of its airfield costs through the landing fees and other aviation

charges assessed to the airlines. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft’s maximum gross landed weight. The FY 2016 landing rate is \$2.15. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely. The aircraft parking fee is projected to recover approximately 10.4% of airfield costs in FY 2016 and in FY 2017.

Terminal rental revenues reflect the airline use and lease agreement’s methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2016 terminal rental rate of \$144.00 per square foot reflects the fully loaded cost to the airlines. In addition, the FY 2016 Budget includes a Common Use System Support Charge relating to a common use terminal equipment system allowing the airlines to operate out of any gate or ticket counter in Terminal 2. The following table sets forth historical and projected landing fees, aircraft parking rates per position, terminal rental rates and costs per enplaned passenger for FY 2014 through FY 2017:

	FY 2014 Actual	FY 2015 Budget	FY 2016 Budget	FY 2017 Conceptual Budget
Landing Fee ¹	\$1.74	\$2.10	\$2.15	\$2.24
Aircraft Parking per Position ²	\$48,293	\$52,228	\$54,251	\$57,353
Terminal Rental Rate ³	\$126.94	\$130.44	\$144.00	\$152.52
Airline Cost / Enplaned Passenger	\$10.54	\$11.37	\$11.03	\$11.45

¹Landing Fees are per 1,000 lbs maximum gross landed weight

²Annual rate per parking position assigned to an air carrier

³Per square foot, excluding janitorial credit

FIGURE 5 – AIRLINE FEES AND CHARGES

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

OUTSTANDING DEBT

As of July 1, 2015 the Authority’s outstanding long-term debt will consist of \$555,420,000 of subordinate airport revenue bonds (Series 2010 Bonds), \$377,555,000 of senior airport revenue bonds (Series 2013 Bonds) and \$305,285,000 of senior special facility revenue bonds. The Authority does not have a legal debt limit. The master bond indenture requires the Authority to establish certain reserves and to maintain net revenues (after the payment of operation and maintenance expenses) equal to at least 1.25x annual senior lien debt service and subordinate net revenues at 1.10x annual subordinate lien debt service. The Board approved Debt Policy calls for minimum senior lien debt service coverage of 1.75x and aggregate debt service coverage (senior and subordinate) of 1.50x.

Further discussion of the Authority’s debt can be found in the Debt Service section of this document. Debt service coverage (generally consisting of operating revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in *Figure 6*. For FY 2016, debt service coverage on aggregate debt is projected to be 2.12x and 2.36x for FY 2017. The Authority’s outstanding variable rate debt will consist of \$17,908,000 of Series B (AMT) and \$20,796,000 of Series C revolving line of credit as of July 1, 2015.

The authorized revolving line of credit provides for borrowings up to \$125,000,000 and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 Bonds. The Revolving Credit Agreement requires that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations for that year.

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Budget</u>	FY 2016 <u>Budget</u>	FY 2017 <u>Conceptual Budget</u>
Aggregate Debt Service Coverage(x)	2.25	1.98	2.12	2.36
Senior Lien Debt Service Coverage(x)	6.65	5.69	6.39	7.21
Subordinate Lien Debt Service Coverage(x)	2.89	2.51	2.68	3.03

FIGURE 6 – DEBT SERVICE COVERAGE

CONCLUSION

Every effort has been made to ensure that the FY 2016 Budget and the FY 2017 Conceptual Budget both reflect the Authority’s strategies and initiatives as supported and directed by the Board, while meeting all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its mission of providing air transportation for the San Diego region and supports the continued operation of SAN while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



Thella F. Bowens
President/Chief Executive Officer



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

TENTH CONSECUTIVE AWARD OF THE GFOA DISTINGUISHED BUDGET PRESENTATION AWARD

The Authority received its tenth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual budget for the fiscal year beginning July 1, 2014. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

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

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



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AIRPORT AUTHORITY OVERVIEW

BOARD OF DIRECTORS

Robert H. Gleason, Chairman

Paul Robinson, Vice Chair

Councilman David Alvarez

C. April Boling

Supervisor Greg Cox

Mayor Jim Desmond

Lloyd B. Hubbs

Jim Janney

Mayor Mary Sessom

Ex-Officio Members

Laurie Berman

Colonel John Farnam

Eraina Ortega

EXECUTIVE MANAGEMENT TEAM

Thella F. Bowens

PRESIDENT / CHIEF EXECUTIVE OFFICER

Breton K. Lobner

GENERAL COUNSEL

Mark Burchyett

CHIEF AUDITOR

Scott M. Brickner

VICE PRESIDENT / TREASURER

Finance & Asset Management Division

Angela Shafer-Payne

VICE PRESIDENT

Operations Division

Jeffrey Woodson

VICE PRESIDENT

Development Division

DIRECTOR STAFF

Murray Bauer

DIRECTOR

Facilities Management

Rick Belliotti

DIRECTOR

Information & Technology Services

David Boenitz

DIRECTOR

Ground Transportation

Hampton Brown

DIRECTOR

Air Services Development

Bob Bolton

DIRECTOR

Airport Design and Construction (ADC)

George Condon

DIRECTOR

Airside Operations, Public Safety & Security

Kurt Gering

DIRECTOR

Talent, Culture & Capability

Iraj Ghaemi

DIRECTOR

Facilities Development

Amy Gonzalez

SENIOR DIRECTOR

General Counsel

Matt Harris

SENIOR DIRECTOR

Assets & Alliances

Kathy Kiefer

SENIOR DIRECTOR

Finance & Asset Management

Mike Kulis

DIRECTOR

Inter-Governmental Relations

Jeffrey Lindeman

SENIOR DIRECTOR

Talent & Engagement

Diana Lucero

DIRECTOR

Vision, Voice & Engagement

Paul Manasjan

DIRECTOR

Environmental Affairs

Jeff Rasor

DIRECTOR

Terminal & Tenants

Tony Russell

DIRECTOR / AUTHORITY CLERK

Corporate & Information Governance

Michael Sears

DIRECTOR

Business & Financial Management

Jana Vargas

DIRECTOR

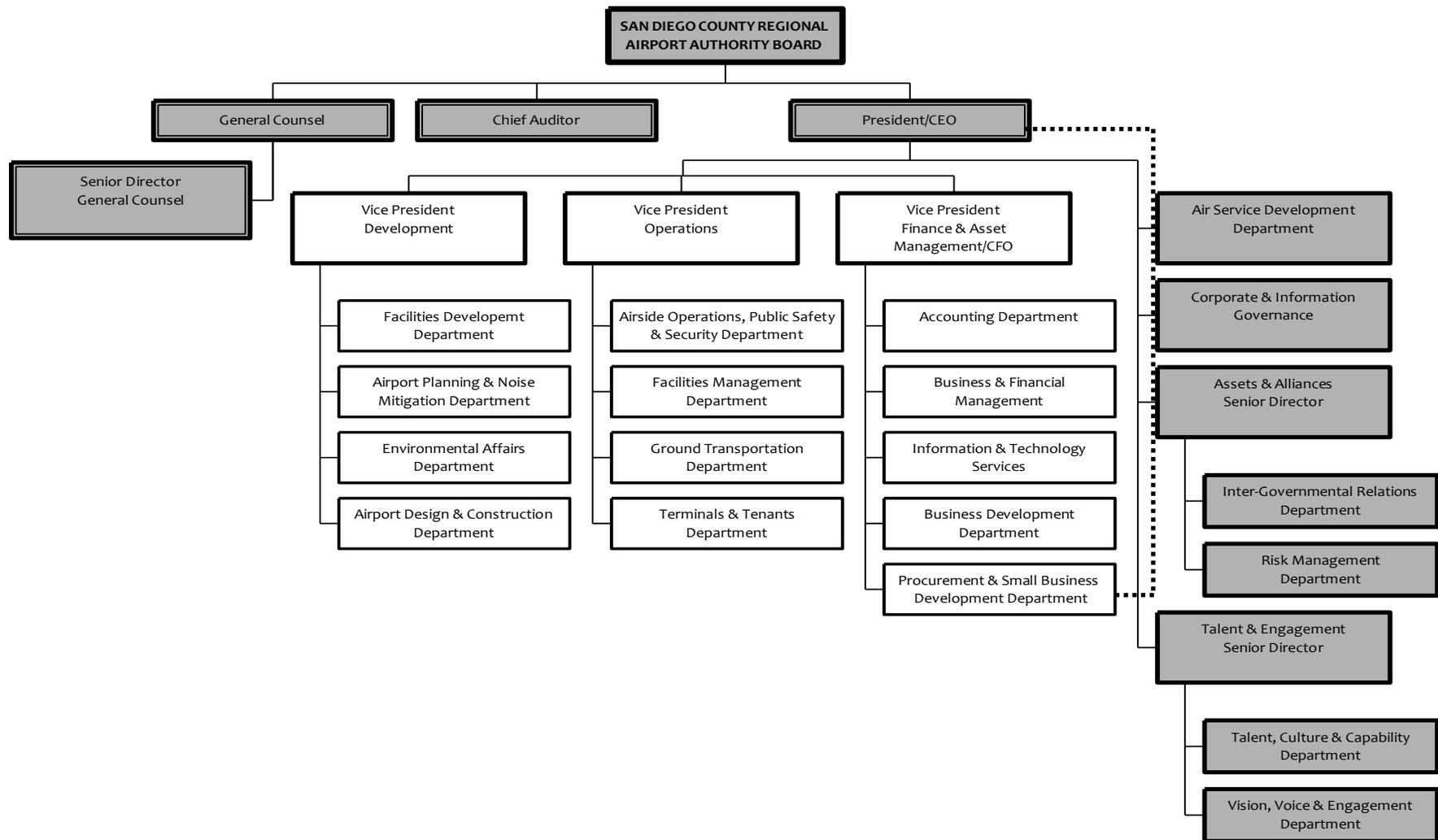
Procurement & Small Business Development

Keith Wilschetz

DIRECTOR

Airport Planning & Noise Mitigation

SDCRAA ORGANIZATIONAL STRUCTURE



The dotted line relationship indicates the appointed **Disadvantaged Business Enterprise Liaison Officer** designated from the Procurement & Small Business Development Department reports directly to the Authority CEO.

Boxes in grey reside in the Executive Division.

ORGANIZATIONAL STRATEGIES AND INITIATIVES

During FY 2015, the Authority refocused its strategies and initiatives, which are the guiding principles used for the allocation of scarce and restricted resources to SAN programs as part of the annual budget process.



FIGURE 7 – AUTHORITY STRATEGIES AND SUSTAINABILITY VALUES

ORGANIZATIONAL INITIATIVES

Guided by the organizational strategies, the budget addresses three (3) organizational initiatives, including a number of ongoing programs and studies. Initiatives are areas of focus that the organization is concentrating on over the next one to three years.

1. Developing a Sustainable Long Term Capital Plan:

The Authority is committed to providing innovative, sustainable facilities necessary to provide a positive passenger experience, exceed customer expectations, serve travel demand, and meet our commitments to sustainability through efficient use of existing and future assets. Therefore, a feasible 20-year capital spending plan is being prepared and will be maintained, that accounts for the Airport Development Plan, future airport-wide O&M costs, and all other required airport expenditures. In order to accomplish this, a process of continual stakeholder involvement in the capital planning process is used to:



2. Pursuing Revenue Generation and Cost Control Opportunities:

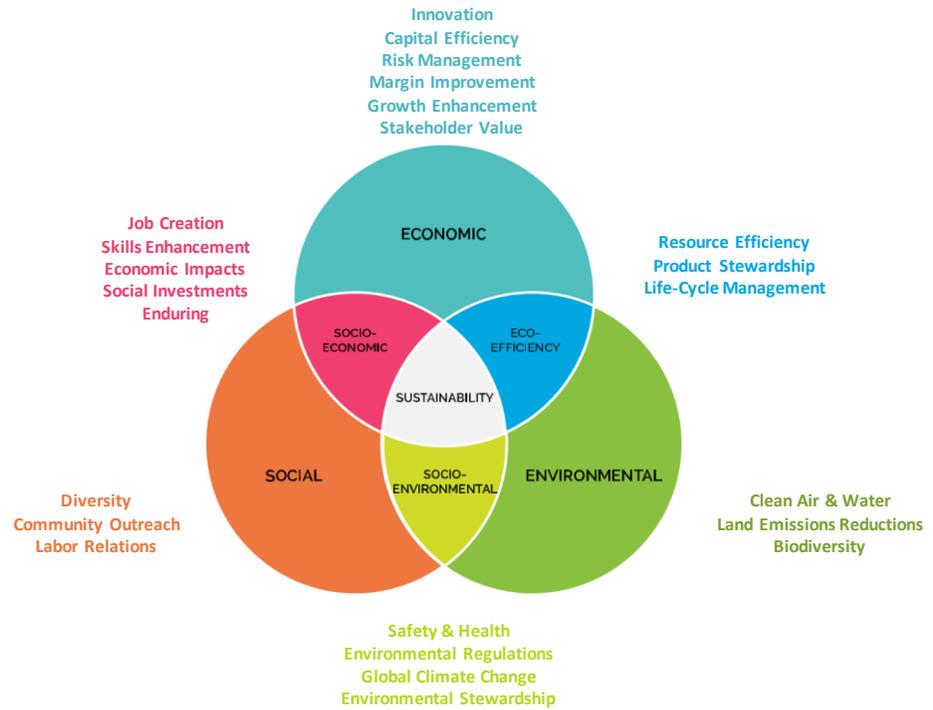
The Authority is committed to remaining a sustainable enterprise. Through revenue optimization, cost containment efforts and efficiency improvements the Authority will ensure its financial strength by:

- Increasing innovation
- Adhering to a financing plan
- Identifying and implementing new products and services
- Positioning the Authority for immediate and future opportunities
- Implementing cost reduction efforts

3. Strategically Engaging our Employees in Sustainable Business Practices:

Making decisions today,
as if tomorrow matters.

- Customer
- Community
- Employee
- Financial
- Operational



OVERVIEW OF FINANCIAL POLICIES & 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 statements are also prepared on the accrual basis. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority has one fund with many revenue sources and operates as a separate and independent, local government entity.

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

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

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

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

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

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

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

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

- 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.
- Protect the assets and funds entrusted to the Authority.

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

When the Authority finances capital projects by issuing long-term debt, it will pay back the bonds within a period not to exceed the estimated useful life of the project. The Authority will not use long-term debt for current operations. The Authority will maintain good communications with the bond rating agencies regarding its financial condition and will follow a policy of full disclosure in every financial report and offering prospectus. For Senior Lien Airport Revenue Bonds it will strive to maintain an A+/A1/A+ public rating from Standard & Poor's, Moody's Investors Services and Fitch Ratings, respectively.

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

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

The adopted policy provides for the following:

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

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

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

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

The Authority’s unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days, as of June 5, 2014, of budgeted operating and maintenance expenses for the current fiscal year. (See *Figure 42* in **Performance Indicators**.)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Projected
Unrestricted & Undesignated Cash and Available Funds	\$ 105,997	\$ 106,366	\$ 113,519	\$ 147,781	\$ 149,719	\$ 186,920
Unrestricted & Designated for Specific Capital Projects and Other Commitments	\$ 20,896	\$ 8,149	\$ 9,063	\$ 9,566	\$ 17,145	\$ 23,650
O&M and R&R Reserves	\$ 45,708	\$ 45,098	\$ 47,829	\$ 52,007	\$ 54,943	\$ 56,868
Total Unrestricted & Available Funds per Board Policy	\$ 172,600	\$ 159,613	\$ 170,411	\$ 209,354	\$ 221,807	\$ 267,438
Operating Expenses	\$ 117,288	\$ 117,841	\$ 119,169	\$ 126,796	\$ 136,821	\$ 145,660
Days Cash on Hand	537	494	522	603	592	670

FIGURE 8 – FY 2010 TO FY 2015 PROJECTED AND HISTORICAL LIQUIDITY

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

INVESTMENTS: The Authority invests public funds in a manner that will provide the highest level of security while meeting the daily cash needs of the Authority. The investment policies and practices of the Authority are based upon prudent money management precepts and conform to all state and local statutes governing the investment of public funds.

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

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

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OVERVIEW OF PROJECTED FUND BALANCE

OVERVIEW

The Authority's fund balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2016 cash and investments will decrease by \$176,248,995 to \$470,052,137 versus the FY 2015 Projected of \$646,301,132. This decrease of (-27.3%) from the FY 2015 Projected is mostly due to usage of bond proceeds, increased expenditures of PFCs and CFCs. FY 2017 cash and investments are projected mainly to increase by \$8,414,884 (1.8%) to \$478,467,021, mainly reflecting increase in revenues and decrease in capital expenditures.

	FY 2014 Actuals	FY 2015 Budget	FY 2015 Projected	FY 2016 Budget	FY 2017 Conceptual Budget
Beginning Fund Balance:	\$ 672,667,610	\$ 819,252,735	\$ 831,558,416	\$ 646,301,132	\$ 470,052,137
Source of Funds					
Operating Revenue:					
Receipts from customers	194,613,113	209,407,563	208,732,357	221,133,924	233,843,439
Total Operating Revenue	194,613,113	209,407,563	208,732,357	221,133,924	233,843,439
Non-Operating Revenue & Other Financing:					
Federal Grants received (excluding Quieter Home Program)	3,924,332	9,786,680	7,161,465	11,592,103	4,610,070
Passenger Facility Charges Receipts	37,248,983	36,614,900	38,604,800	39,261,900	39,929,000
Customer Facility Charges Receipts	26,451,216	30,350,379	32,028,710	33,070,709	36,995,921
Revolving line of Credit Proceeds	-	-	-	26,217,105	33,582,895
Special Facility Bonds Proceeds	305,879,266	-	-	-	-
Principal Payments received on Notes Receivable	1,446,896	1,446,896	1,528,512	1,608,986	1,705,491
Interest Received from Notes Receivable & Investments	5,210,853	5,698,479	5,121,562	4,724,249	4,922,472
Passenger Facility Charges (PFC) transfer to debt service fund	27,859,163	30,224,211	30,224,211	29,822,000	30,005,333
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	-	-	7,923,906	18,045,908
Other Funding Sources	646,457	-	102,114	-	-
BAB Interest Rebate	4,636,215	4,636,215	4,631,219	4,631,219	4,631,219
Total Non-Operating Revenue	413,303,381	118,757,760	119,402,593	158,852,178	174,428,309
Total Revenues	607,916,494	328,165,323	328,134,951	379,986,101	408,271,748
Use of Funds					
Operating Expenses:					
Payments to Suppliers & Employees	(134,497,275)	(148,868,402)	(145,874,747)	(155,427,107)	(161,382,410)
Total Operating Expenses	(134,497,275)	(148,868,402)	(145,874,747)	(155,427,107)	(161,382,410)
Non-Operating Expenses:					
Capital Expenditures	(12,475,164)	(20,617,993)	(14,644,331)	(64,402,199)	(51,619,095)
Capital Expenditures Financed from Bond Proceeds	(139,264,254)	(82,734,487)	(56,473,418)	(24,350,228)	-
Capital Expenditures Financed from Special Facility Bonds	(47,219,183)	(158,219,462)	(159,222,756)	(70,139,037)	-
Capital Expenditures Financed from Revolving Line of Credit	-	-	-	(26,217,105)	(33,582,895)
Quieter Home Program, net and Joint Studies	(5,010,909)	(3,151,143)	(3,151,143)	(3,106,962)	(3,110,962)
Customer Facility Charges (CFC) Expenditures	(25,909,211)	(40,150,994)	(23,863,335)	(57,136,820)	(7,181,184)
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	-	-	(7,923,906)	(18,045,908)
Passenger Facility Charges (PFC) Expenditures (excl QHP)	(292,241)	(17,293,926)	(235,900)	(30,972,629)	(8,031,183)
Passenger Facility Charges (PFC) transfer to debt service fund	(27,859,163)	(30,224,211)	(30,224,211)	(29,822,000)	(30,005,333)
Principal on Bonds and Variable rate debt paid	(11,870,000)	(14,824,000)	(16,874,000)	(17,214,000)	(17,718,000)
Interest and Debt Fees Paid (excl PFC funding)	(36,654,853)	(42,040,871)	(45,177,868)	(49,965,989)	(66,102,995)
Capitalized Interest Debt Service Payment	(7,631,774)	(536,243)	(536,243)	(204,005)	-
Capitalized Interest Special Facility Bonds Payment	-	(14,162,382)	(14,162,382)	(16,341,210)	-
Other Miscellaneous Payments	-	(49,971)	(10,000)	(10,000)	(10,000)
Payment of capital lease	(341,661)	(911,900)	(911,900)	(911,900)	(911,900)
Total Non-Operating Expenses	(314,528,413)	(424,917,584)	(367,517,487)	(400,807,990)	(238,474,455)
Total Expenses	(449,025,688)	(573,785,986)	(513,392,234)	(556,235,097)	(399,856,864)
Excess (Deficit) of Source over Use of Funds	158,890,806	(245,620,663)	(185,257,284)	(176,248,995)	8,414,884
Ending Fund Balance	\$ 831,558,416	\$ 573,632,071	\$ 646,301,132	\$ 470,052,137	\$ 478,467,021
Unrestricted Cash and Investments	\$ 166,863,849	\$ 224,301,595	\$ 210,570,012	\$ 191,471,644	\$ 190,904,152
Total Bonds Reserves	527,377,991	252,945,064	279,895,827	171,372,722	175,249,255
Total Other Restricted Funds	137,316,576	96,385,412	155,835,294	107,207,771	112,313,613
Ending Fund Balance	\$ 831,558,416	\$ 573,632,071	\$ 646,301,132	\$ 470,052,137	\$ 478,467,021

FINANCIAL PROJECTIONS

FINANCIAL PROJECTIONS

Based on the actual results experienced by the Authority during FY 2014 and the budget for FY 2015, FY 2016 and FY 2017, the following table shows projections for FY 2018.

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

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	FY 2017 Conceptual Budget	FY 2018 Projected
Total Airline Revenue	\$ 97,876,224	\$ 105,687,106	\$ 111,189,189	\$ 117,554,814	\$ 121,695,911
Total Non-Airline Revenue	97,860,616	103,720,456	109,944,735	116,288,625	131,236,902
Total Operating Revenue	195,736,841	209,407,563	221,133,924	233,843,439	252,932,813
Total Operating Expenses before depreciation & amortization	136,820,635	156,592,653	157,633,212	166,620,473	172,929,881
Income from Operations before depreciation & amortization	58,916,206	52,814,909	63,500,711	67,222,965	80,002,932
Nonoperating Revenue/(Expense)					
Passenger Facility Charges	35,769,515	36,614,900	39,261,900	39,929,000	40,448,400
Customer Facility Charges	27,545,001	30,350,379	33,070,709	36,995,921	40,884,119
Quieter Home Program (Net) and Joint Studies	(2,902,136)	(3,151,143)	(3,106,962)	(3,110,962)	(3,117,082)
BAB Interest Rebate	4,636,215	4,636,215	4,631,219	4,631,219	4,631,219
Interest Income	5,210,854	4,707,690	4,724,296	4,922,502	5,446,490
Interest Expense	(56,375,725)	(51,963,594)	(59,261,101)	(67,380,848)	(67,084,283)
Bond Amortization Costs	4,392,862	4,329,790	4,243,249	4,153,112	4,059,229
Other Nonoperating Income/(Expenses)	434,049	(10,000)	(10,000)	(10,000)	(10,300)
Total Other Nonoperating Revenue, net	18,710,636	25,514,237	23,553,311	20,129,944	25,257,791
Income before capital grant contributions	77,626,842	78,329,146	87,054,022	87,352,910	105,260,723
Capital Grant Contributions	3,924,332	9,786,680	11,592,103	4,610,070	1,935,982
Net Income before depreciation, principal & capital outlay	\$ 81,551,173	\$ 88,115,826	\$ 98,646,125	\$ 91,962,980	\$ 107,196,705

	FY 2014 Actual	FY 2015 Budget	FY 2016 Budget	FY 2017 Conceptual Budget	FY 2018 Projected
Landing Fee Rate	\$1.74	\$2.10	\$2.15	\$2.24	\$2.29
Terminal Rental Rate	\$126.94	\$130.44	\$144.00	\$152.52	\$158.29
Cost Per Enplanement	\$10.54	\$11.37	\$11.03	\$11.45	\$11.71
Debt Service Coverage	2.25	1.98	2.12	2.36	2.34
Enplanements	9,082,244	9,061,000	9,828,000	9,995,000	10,125,000
% Increase in Enplanements	3.9% ⁽¹⁾	-0.2%	8.5%	1.7%	1.3%

⁽¹⁾ Comparison to FY 2013 actuals

FIGURE 9 – FY 2014 TO FY 2018 FINANCIAL PROJECTIONS

BUDGET OVERVIEW: REVENUE

FY 2016 REVENUE BUDGET – FY 2017 CONCEPTUAL REVENUE BUDGET

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 19,107,258	\$ 23,704,477	\$ 24,612,835	\$ 908,358	3.8%	\$ 26,210,325	\$ 1,597,490	6.5%
Aircraft Parking Fees	2,503,181	2,768,087	2,875,302	107,215	3.9%	3,039,706	164,404	5.7%
Building Rentals	47,761,512	49,969,936	53,222,551	3,252,615	6.5%	56,288,056	3,065,504	5.8%
Common Use System Support Charges	1,133,839	1,124,994	1,206,527	81,533	7.2%	1,206,527	-	0.0%
Other Aviation Revenue	1,593,918	1,589,711	1,587,163	(2,548)	-0.2%	1,590,358	3,195	0.2%
Security Surcharge	25,776,517	26,529,900	27,684,810	1,154,910	4.4%	29,219,841	1,535,031	5.5%
Total Airline Revenue	97,876,224	105,687,106	111,189,189	5,502,083	5.2%	117,554,814	6,365,625	5.7%
Non-Airline Revenue								
Terminal rent non-Airline	1,157,565	1,500,586	1,428,694	(71,892)	-4.8%	1,442,961	14,266	1.0%
Terminal concessions	18,798,533	19,783,233	21,323,828	1,540,595	7.8%	21,746,728	422,899	2.0%
Rental Car License Fees	24,900,830	24,576,100	25,812,269	1,236,169	5.0%	27,411,065	1,598,796	6.2%
License Fees Other	4,070,505	4,146,700	4,475,900	329,200	7.9%	4,551,800	75,900	1.7%
Parking Revenue	36,424,594	38,688,776	38,161,518	(527,258)	-1.4%	37,931,821	(229,697)	-0.6%
Ground Transportation Permits and Citations	2,534,428	2,906,414	4,179,037	1,272,624	43.8%	4,571,791	392,753	9.4%
Ground Rentals	8,445,275	11,356,903	13,798,184	2,441,281	21.5%	17,865,342	4,067,158	29.5%
Grant Reimbursements	368,385	292,000	292,000	-	0.0%	292,000	-	0.0%
Other Operating Revenue *	1,160,501	469,744	473,304	3,560	0.8%	475,118	1,814	0.4%
Total Non-Airline Revenue	97,860,616	103,720,455	109,944,735	6,224,279	6.0%	116,288,625	6,343,890	5.8%
Total Operating Revenue	195,736,841	209,407,562	221,133,924	11,726,362	5.6%	233,843,439	12,709,515	5.7%
Interest Income	5,210,854	4,707,690	4,724,296	16,606	0.4%	4,922,502	198,206	4.2%
Non-Operating Revenue								
Passenger facility charges	35,769,515	36,614,900	39,261,900	2,647,000	7.2%	39,929,000	667,100	1.7%
Customer facility charges (Rental Car Center)	27,545,001	30,350,379	33,070,709	2,720,331	9.0%	36,995,921	3,925,212	11.9%
Quieter Home Program	12,373,861	11,804,573	11,627,849	(176,724)	-1.5%	11,627,849	-	0.0%
BAB Interest Rebate	4,636,215	4,636,215	4,631,219	(4,996)	-0.1%	4,631,219	-	0.0%
Capital grant contributions	3,924,332	9,786,680	11,592,103	1,805,423	18.4%	4,610,070	(6,982,033)	-60.2%
Other Nonoperating Revenue	459,050	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Revenue	84,707,974	93,192,747	100,183,780	6,991,033	7.5%	97,794,059	(2,389,721)	-2.4%
Total Revenue	\$ 285,655,669	\$ 307,308,000	\$ 326,042,000	\$ 18,734,000	6.1%	\$ 336,560,000	\$ 10,518,000	3.2%

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

FY 2016 REVENUE BUDGET BY MAJOR SOURCES

<u>Revenue by Major Sources</u>	<u>FY 2016 Budget</u>
Airline Revenue	\$ 111,189,189
Parking and Ground Transportation	42,340,555
Passenger Facility Charges	39,261,900
Customer Facility Charges	33,070,709
Rental Car License Fees and License Fees Other	30,288,169
QHP & CIP Grants	23,219,952
Terminal Concessions	21,323,828
Ground Rentals	13,798,184
Interest Income	4,724,296
BAB Interest Rebate	4,631,219
Non-Airline Revenue - Other*	2,193,998
Total Revenue ⁽¹⁾	<u><u>\$ 326,042,000</u></u>

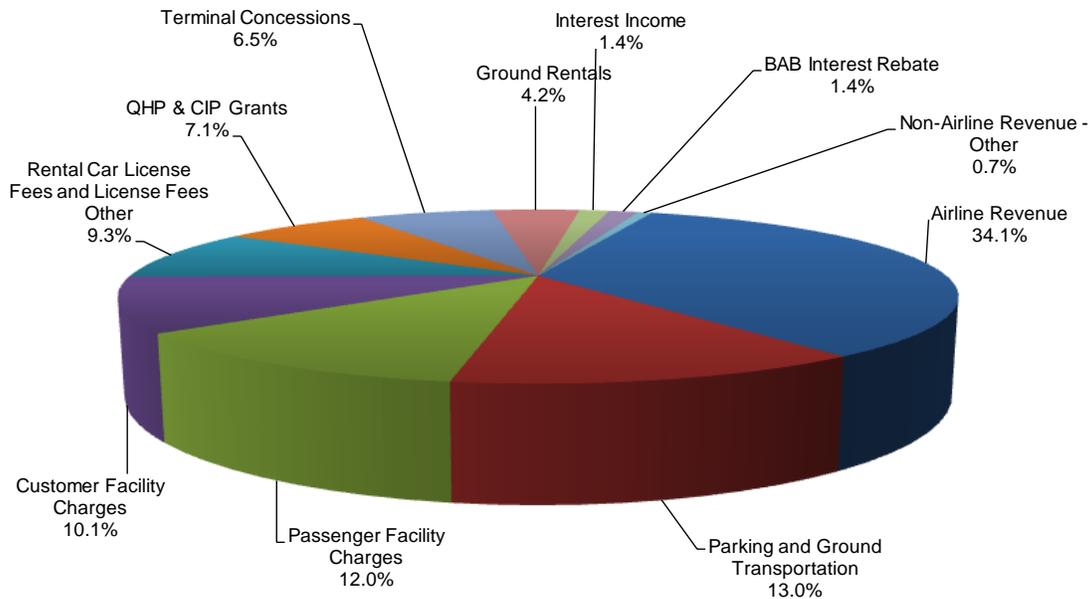


FIGURE 10 – FY 2016 REVENUE BUDGET BY SOURCES

⁽¹⁾ Major Sources total may differ due to rounding

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

FY 2017 REVENUE BUDGET BY MAJOR SOURCES

<u>Revenue by Major Sources</u>	<u>FY 2017 Budget</u>
Airline Revenue	\$ 117,554,814
Parking and Ground Transportation	42,503,612
Passenger Facility Charges	39,929,000
Customer Facility Charges	36,995,921
Rental Car License Fees and License Fees Other	31,962,865
Terminal Concessions	21,746,728
Ground Rentals	17,865,342
QHP & CIP Grants	16,237,919
Interest Income	4,922,502
BAB Interest Rebate	4,631,219
Non-Airline Revenue - Other *	2,210,078
Total Revenue ⁽¹⁾	<u><u>\$ 336,560,000</u></u>

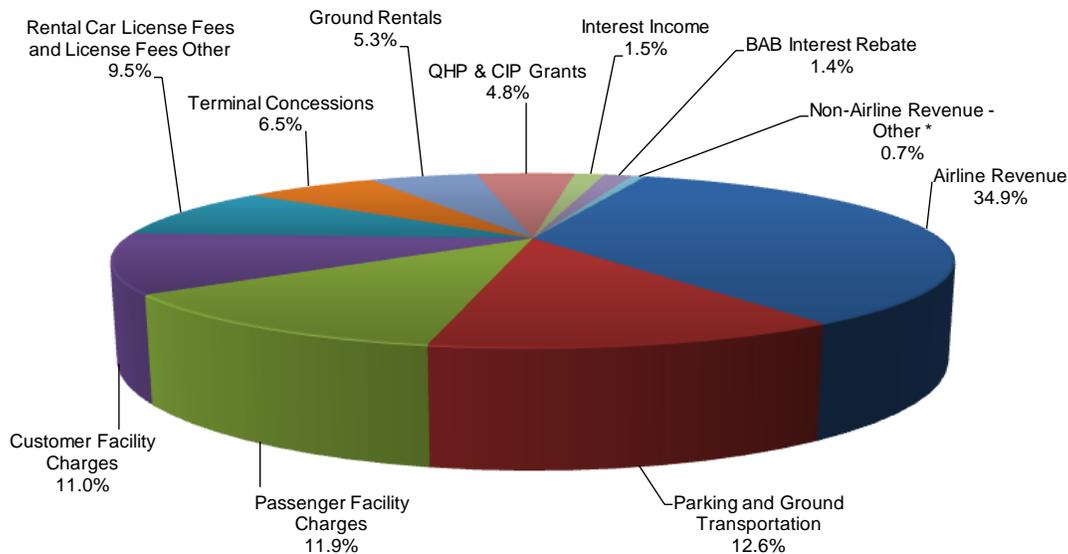


FIGURE 11 – FY 2017 REVENUE BUDGET BY SOURCES

⁽¹⁾ Major Sources total may differ due to rounding

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

OVERVIEW

Operating and Non-Operating revenues for FY 2016 are projected to be \$326,042,000, an increase of \$18,734,000 (6.1%) above the FY 2015 Budget. FY 2017 Conceptual Operating and Non-Operating revenues are budgeted to increase by \$10,518,000 (3.2%) over the FY 2016 Budget.

AIRLINE OPERATING REVENUE

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

LANDING FEES

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the airport. The fee is set to recover 89.6% in both FY 2016 and FY 2017 of the direct and allocated costs of the airfield, including maintenance and operation expenses, debt service and amortization of capital investments. The balance is recovered from aircraft parking fees (see the following *Aircraft Parking Fees* section).

In FY 2016, landing fee revenues are projected to increase to \$24,612,835 which is \$908,358 (3.8%) over the FY 2015 Budget, primarily due to higher net airfield expenses and increased amortization for new airfield projects to be funded with cash. Estimated landed weight for FY 2016 is projected to increase to 11,516,829 (1,000 pound units), a 1.3% increase from 11,365,731 (1,000 pound units) in the FY 2015 Budget. The combination of higher landed weight and increased costs results in the FY 2016 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$2.15, a 2.5% increase over the FY 2015 Budget landing fee of \$2.10.

In FY 2017, landing fee revenues are projected to increase by \$1,597,490 (6.5%) to \$26,210,325 over the FY 2016 Budget. The increase reflects higher net airfield expenses and increased amortization for new airfield projects to be funded with cash. The FY 2017 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to increase to \$2.24, (4.0%), an increase over the FY 2016 budgeted landing fee of \$2.15, mainly reflecting a combination of increased net airfield costs and a 1.7% increase in projected landed weight to 11,712,526 (1,000 pound units) from 11,516,829 (1,000 pound units).

AIRCRAFT PARKING FEES

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

In FY 2016, aircraft parking fees are projected to generate revenues of \$2,875,302, a \$107,215 (3.9%) increase over the FY 2015 Budget. This increase primarily reflects an increase in net airfield costs.

In FY 2017, aircraft parking fees are projected to increase by \$164,404 (5.7%) over the FY 2016 Budget.

BUILDING RENTALS

FY 2016 Building Rental revenues reflect recovery of terminal building costs allocated to airline occupied facilities. The FY 2016 Budget projection of \$53,222,551 is an increase of \$3,252,615 (6.5%) over the FY 2015 Budget. The FY 2016 terminal rental rate of \$144.00 per square foot, versus \$130.44 per square foot in the FY 2015 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities, an increase in debt service and an increase in amortization for new terminal projects to be funded with cash.

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

In FY 2017, Building Rentals revenue is projected to increase by \$3,065,504 (5.8 %) over the FY 2016 Budget due to higher operating and maintenance expenses for existing and new facilities, and an increase in amortization charges for new terminal projects to be funded with cash. The FY 2017 terminal rental rate is projected to increase to \$152.52 per square foot.

COMMON USE SYSTEM SUPPORT CHARGES

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

FY 2016 Common Use System Support Charges are projected to be \$1,206,527, an increase of \$81,533 (7.2%) over FY 2015 Budget.

In FY 2017 the charges are projected to be flat to the FY 2016 Budget.

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 2016 or FY 2017. 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 95% of terminal security costs from the airlines.

The budget for FY 2016 is \$27,684,810, an increase of \$1,154,910 (4.4%) over the FY 2015 Budget. The increase over the FY 2015 Budget reflects increased cost of services and increase in security checkpoints rent due to higher terminal rate.

In FY 2017, Security Surcharge revenue is projected to increase by \$1,535,031 (5.5%) to \$29,219,841 reflecting the increase in cost of services and increase in security checkpoints rent, due to higher terminal rate.

NON-AIRLINE OPERATING REVENUE

Non-Airline Operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events and historic revenue patterns, taking into consideration the projected FY 2016 enplaned passenger traffic. The FY 2016 Budget assumes 9.83 million enplaned passengers, which represents an 8.5% increase from the 9.06 million enplanements used in the FY 2015 Budget and a 1.7% increase over the 9.66 million FY 2015 year end projected enplanements. FY 2017 enplanements are projected to grow to 9.99 million, a 1.7% increase over the FY 2016 Budget enplanements.

TERMINAL RENT NON-AIRLINE

Terminal Rent Non-Airline includes revenue from non-airline tenants like the U.S. General Services Administration (Drug Enforcement Agency and Transportation Security Administration), Elite Line Services, Inc. and others.

The budget for FY 2016 is \$1,428,694, representing a decrease of \$71,892 (-4.8%) over the FY 2015 Budget due to delay in implementation of renewed leases with a higher rental rate. The FY 2017 Budget is projected to increase by a nominal \$14,266 (1.0%) over the FY 2016 Budget.

TERMINAL CONCESSIONS

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

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

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

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

The FY 2016 Budget for Terminal Concessions is \$21,323,828, an increase of \$1,540,595 (7.8%) over the FY 2015 Budget. This is due to increased passenger traffic and stronger gross sales per passenger.

FY 2017 revenues are budgeted at \$21,746,728, an increase of \$422,899 (2.0%) over the FY 2016 Budget. This reflects an increase in food/beverage and retail revenue due primarily to increased passenger traffic.

RENTAL CAR LICENSE FEE

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport. The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross sales.

In FY 2016, rental car license fees are projected at \$25,812,269, an increase of \$1,236,169 (5.0%) over the FY 2015 Budget reflecting increased passenger traffic and Rental Car Center (RCC) cost recovery.

FY 2017 revenues are projected at \$27,411,065, an increase of \$1,598,796 (6.2%) due to higher enplanements and a full year of RCC cost recovery.

LICENSE FEES – OTHER

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

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

FY 2016 revenues are budgeted at \$4,475,900, an increase of \$329,200 (7.9%) from the FY 2015 Budget due to higher enplanements.

In FY 2017, license fees revenues are projected to increase by a nominal \$75,900 (1.7%) to \$4,551,800 due to higher enplanements.

PARKING

Parking revenue is generated from the 6,286 spaces located on airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway.

The FY 2016 revenue is budgeted at \$38,161,518, a projected decrease of \$527,258 (-1.4%) from the FY 2015 Budget primarily reflecting a decrease in utilization due to construction of the parking plaza, that decrease was partially offset by an increased transactions due to higher enplanements.

The FY 2017 Budget is \$37,931,821, a projected decrease of \$229,697 (-0.6%), primarily reflecting a full year decrease in utilization due to construction of the parking plaza, that decrease was partially offset by an increased transactions due to higher enplanements and estimated rate increase.

GROUND TRANSPORTATION PERMITS AND CITATIONS

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

FY 2016 revenue projections of \$4,179,037, an increase of \$1,272,624 (43.8%) over the FY 2015 Budget, mostly reflect increased expenses and the additional revenue of Transportation Network Company (TNC) pilot program costs. These increases are partially offset by increased conversion incentives.

In FY 2017, these revenues are budgeted at \$4,571,791, an increase of \$392,753 (9.4%) mostly reflecting increased costs relating to ground transportation capital improvements.

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 2016 revenue is budgeted at \$13,484,712, an increase of \$2,764,926 (25.8%) over the FY 2015 Budget primarily due to RCC opening in January 2016. In FY 2017, revenues are budgeted at \$17,865,342, an increase of \$4,380,630 (32.5%), mainly due to a full year of RCC operation.

Ground Rental Percentage revenue includes percentage revenues received from rental car vehicle storage, occasional trailer storage and revenue from the airport owned off-site salt plant. FY 2016 Budgeted revenues are \$313,472, a decrease of \$323,644 (-50.8%) from the FY 2015 Budget due to discontinued operations of vehicle storage for rental car vehicles in January 2016 with the opening of the RCC. In FY 2017 this revenue source is eliminated due to RCC full year of operation.

GRANT REIMBURSEMENTS (OPERATING)

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

The FY 2016 and FY 2017 budgeted Grant Reimbursement revenue is \$292,000 and is flat to the FY 2015 Budget.

OTHER OPERATING REVENUES

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

In FY 2016, these revenues are budgeted to increase by a nominal \$3,560 (0.8%) from the FY 2015 Budget. FY 2017 revenues are budgeted to increase by a nominal \$1,814 (0.4%).

INTEREST INCOME

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

In FY 2016 interest income is budgeted at \$4,724,296, a projected nominal increase of \$16,606 (0.4%) from the FY 2015 Budget.

In FY 2017, these revenues are projected at \$4,922,502, an increase of \$198,206 (4.2%) over the FY 2016 Budget reflecting a projected increase in interest rates.

Non-Operating Revenue

PASSENGER FACILITY CHARGES

Passenger Facility Charges (PFCs) revenue is comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of \$0.11 for the airline processing fee) paid by each ticketed passenger that boards an airplane at the Airport. The FY 2016 Budget is based on the projected number of enplaned passengers for FY 2016 at an estimated collection rate of 91%. Certain types of passengers, including military, are excluded from paying the PFCs.

FY 2016 PFC revenues are budgeted at \$39,261,900, an increase of \$2,647,000 (7.2%) from the FY 2015 Budget due to higher enplaned passengers.

In FY 2017, PFC revenues are projected at \$39,929,000, an increase of \$667,100 (1.7%) over the FY 2016 Budget reflecting increases in enplaned passengers.

CUSTOMER FACILITY CHARGES

Customer Facility Charges (CFCs) revenue is collected by the car rental concessionaires and remitted to the Authority according to state law to support the consolidated RCC development project. In January 2014, in accordance with state statute, the collection methodology changed from \$6.00 per rental car transaction to \$7.50 per rental day (up to a maximum of five days) and will increase to \$9.00 per rental day (up to a maximum of five days) in January 2017.

For FY 2016, CFC revenues are projected at \$33,070,709, an increase of \$2,720,331 (9.0%) over the FY 2015 Budget due to increase in enplaned passengers. In FY 2017, CFC revenues are budgeted at \$36,995,921, an increase of \$3,925,212 (11.9%) over the FY 2016 Budget due to higher enplanements and increase in rate for the last 6 months of the fiscal year.

BUILD AMERICA BOND (BAB) INTEREST REBATE

BAB Interest Rebate revenue of \$4,631,219 represents a direct federal subsidy of 33.2% of the interest paid on the Series 2010C revenue bonds. In FY 2016, the estimated revenue is projected to decrease by nominal \$4,996 (-0.1%) from the FY 2015 Budget. These revenues are projected to remain flat in the FY 2017 Budget.

GRANT REIMBURSEMENTS (SOUND ATTENUATION AND CAPITAL)

The Quieter Home Program (QHP) is a residential sound insulation program for eligible single and multi-family dwellings located within the FAA-accepted San Diego International Airport (SAN) 65-decibel Community Noise Equivalent Level (CNEL) contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.0% for FY 2016. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that the FY 2016 and FY 2017 QHP revenue will be \$11,627,849.

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital projects. The FY 2016 capital grant contributions increase of \$1,805,423 (18.4%) is primarily due to timing of grant eligible projects. FY 2017 capital grant contributions are budgeted to decrease by \$6,952,033 (-60.2%) due to fewer new grant funded projects.

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BUDGET OVERVIEW: EXPENSES

FY 2016 EXPENSE BUDGET – FY 2017 CONCEPTUAL EXPENSE BUDGET

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 29,241,594	\$ 32,375,837	\$ 33,804,959	\$ 1,429,122	4.4%	\$ 35,101,263	\$ 1,296,304	3.8%
Premium Overtime	969,743	841,000	699,500	(141,500)	-16.8%	701,000	1,500	0.2%
Employee Benefits	14,533,452	25,246,940	17,275,552	(7,971,388)	-31.6%	18,508,792	1,233,240	7.1%
Subtotal	44,744,789	58,463,777	51,780,011	(6,683,766)	-11.4%	54,311,055	2,531,044	4.9%
Less: Capitalized Labor	(4,924,983)	(6,055,685)	(5,936,320)	119,365	-2.0%	(6,071,838)	(135,517)	2.3%
Less: QHP - Labor/Burden/Labor Overhead	(684,521)	(663,928)	(674,897)	(10,969)	1.7%	(703,408)	(28,511)	4.2%
Total Personnel Expenses	39,135,284	51,744,164	45,168,794	(6,575,370)	-12.7%	47,535,810	2,367,016	5.2%
Non-Personnel Expenses								
Contractual Services	31,559,243	34,073,655	38,273,668	4,200,012	12.3%	41,307,797	3,034,129	7.9%
Safety and Security	24,150,563	25,001,794	25,704,383	702,589	2.8%	26,399,553	695,170	2.7%
Space Rental	10,478,262	10,450,296	10,428,514	(21,782)	-0.2%	10,191,450	(237,064)	-2.3%
Utilities	8,680,410	9,557,536	13,121,913	3,564,377	37.3%	14,804,627	1,682,714	12.8%
Maintenance	13,981,690	16,085,448	14,653,671	(1,431,777)	-8.9%	16,136,099	1,482,428	10.1%
Operating Equipment & Systems	670,237	558,235	573,065	14,830	2.7%	466,025	(107,040)	-18.7%
Operating Supplies	440,009	409,508	416,210	6,702	1.6%	420,788	4,578	1.1%
Insurance	988,382	1,071,422	1,322,477	251,055	23.4%	1,405,457	82,980	6.3%
Employee Programs	1,170,551	1,229,248	1,339,274	110,026	9.0%	1,358,810	19,536	1.5%
Business Development	2,661,222	2,685,228	2,777,327	92,099	3.4%	2,766,134	(11,194)	-0.4%
Equipment Rentals & Repairs	2,502,478	2,526,119	2,803,917	277,798	11.0%	2,807,924	4,008	0.1%
Tenant Improvements	402,305	1,200,000	1,050,000	(150,000)	-12.5%	1,020,000	(30,000)	-2.9%
Total Non-Personnel Expenses	97,685,351	104,848,490	112,464,418	7,615,929	7.3%	119,084,663	6,620,245	5.9%
Total Operating Expenses	136,820,635	156,592,654	157,633,212	1,040,559	0.7%	166,620,473	8,987,261	5.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	15,275,997	14,955,716	14,734,811	(220,905)	-1.5%	14,738,811	4,000	0.0%
Debt Service	63,980,316	64,658,631	72,418,977	7,760,346	12.0%	81,150,716	8,731,739	12.1%
Legal Settlements Expense	25,000	10,000	10,000	0	0.0%	10,000	-	0.0%
Total Non-Operating Expenses	79,281,313	79,624,347	87,163,788	7,539,441	9.5%	95,899,527	8,735,739	10.0%
Total Expenses	216,101,948	236,217,000	244,797,000	8,580,000	3.6%	262,520,000	17,723,000	7.2%
Equipment Outlay	1,702,225	147,000	932,000	785,000	534.0%	810,000	(122,000)	-13.1%
Total Authority Expenses incl Equip Outlay	\$ 217,804,173	\$ 236,364,000	\$ 245,729,000	\$ 9,365,000	4.0%	\$ 263,330,000	\$ 17,601,000	7.2%

MAJOR DRIVERS OF FY 2016 BUDGET

	Total Inc / (Dec) FY 2016 Budget vs. FY 2015 Budget
FY 2015 Budget	\$236,364,000
Personnel:	
Contracted wage increases and pay-for-performance	934,067
12 new and 2 eliminated position (salaries and burden)	932,512
Salary adjustments for current staff, decrease in overtime and change in capitalized labor	(215,671)
Burden (benefits & employer taxes) for current staff	(626,278)
SDCERS Unfunded Actuarial Liability (GASB change)	(7,600,000)
Total Increase / (Decrease) in Salaries and Burden, Net	(6,575,370)
Non-Personnel:	
Terminal and Landside (Operations & Maintenance):	
Northside Development:	
Rental Car Center (RCC) Busing	2,866,409
Utilities (gas and electric and water) costs	679,568
Insurance costs	133,018
Total Increase / (Decrease) Due to Northside Development	3,678,995
Other Terminal and Landside:	
Utilities (gas and electric, and water) costs	2,884,810
Transportation Network Company (TNC) Pilot	247,600
Annual maintenance and supplies costs	(165,227)
12kV maintenance	(513,000)
Airfield pavement and striping	(861,000)
Total Increase / (Decrease) Due to Other Terminal and Landside	1,593,182
Total Increase / (Decrease) in Terminal and Landside (Operations & Maintenance)	5,272,177
Safety and Security:	
Law enforcement costs - Harbor Police and contract security services	589,999
Aircraft Rescue Fire Fight (ARFF)	145,590
Maintenance of access control system costs	107,450
Total Increase / (Decrease) in Safety and Security	\$843,039

MAJOR DRIVERS OF FY 2016 BUDGET (CONT'D)

	Total Inc / (Dec) FY 2016 Budget vs. FY 2015 Budget
Other Operating Expenses:	
Credit Card fees	\$750,000
Ground Transportaion software maintenance	205,000
Information & Technology (IT) Help Desk Technicians	200,000
Concessions Marketing Program	172,400
Terminal 2 East Common Use Passenger Processing System (CUPPS) Expansion	146,000
Insurance costs	118,037
Authority-wide IT equipment & systems maintenance costs	(118,235)
Concession Development Program (CDP) Hood and Vent Cleaning	(160,342)
Other (net)	187,853
Total Increase / (Decrease) in Other Operating Expenses	1,500,712
Total Increase / (Decrease) in Non-Personnel Operating Expenses, Net	7,615,929
Total Increase / (Decrease) in Operating Expenses	1,040,558
Debt Service:	
Debt service costs	7,760,346
Other Non-Operating Expenses:	
Decrease in Quieter Home Program	(220,905)
Total Increase / (Decrease) in Non-Operating Expenses	7,539,441
Equipment Outlay:	
Authority-wide IT equipment	375,000
Accesss control cameras	200,000
Vehicles Replacement	200,000
Other (net)	10,000
Total Increase / (Decrease) in Equipment Outlay	785,000
Total Increase / (Decrease)	9,365,000
FY 2016 Proposed Budget	\$245,729,000

MAJOR DRIVERS OF FY 2017 CONCEPTUAL BUDGET

	Total Inc / (Dec) FY 2017 Conceptual vs. FY 2016 Budget
FY 2016 Budget	\$245,729,000
Personnel:	
Burden (benefits & employer taxes) for current staff	1,180,925
Contracted wage increases and pay-for-performance	1,068,292
Salary adjustments for current staff	105,296
2 new positions (salaries and burden)	176,531
Capitalized labor / QHP - labor, burden, labor overhead	<u>(164,028)</u>
Total Increase / (Decrease) in Salaries and Burden, Net	2,367,016
Non Personnel:	
Terminal and Landside (Operations & Maintenance):	
Northside Development:	
Rental Car Center (RCC) Busing	2,909,958
Utilities (gas and electric, and water) costs	<u>744,035</u>
Total Increase / (Decrease) Due to Northside Development	3,653,992
Other Terminal and Landside:	
Utilities (gas and electric, and water) costs	938,679
Annual maintenance and supplies costs	832,428
Shuttles and parking operation costs	301,255
Space rental costs	(237,064)
Transportation Network Company (TNC) Pilot	<u>(247,600)</u>
Total Increase / (Decrease) Due to Other Terminal and Landside	1,587,698
Total Increase / (Decrease) in Terminal and Landside (Operations and Maintenance)	5,241,691
Safety and Security:	
Maintenance of access control system costs	\$650,000
Law enforcement costs - Harbor Police and contract security services	519,112
Aircraft Rescue Fire Fight (ARFF)	<u>155,058</u>
Total Increase / (Decrease) in Safety and Security	1,324,170
Other Operating Expenses:	
Other (net)	<u>54,384</u>
Total Increase / (Decrease) in Other Operating Expenses	54,384
Total Increase / (Decrease) in Non-Personnel Operating Expenses, Net	6,620,245
Total Increase / (Decrease) in Operating Expenses	\$8,987,261

MAJOR DRIVERS OF FY 2017 CONCEPTUAL BUDGET (CONT'D)

	Total Inc / (Dec) FY 2017 Conceptual vs. FY 2016 Budget
Debt Service:	
Debt service costs	\$8,731,739
Other Non-Operating Expenses:	
Quieter Home Program	4,000
Total Increase / (Decrease) in Non-Operating Expenses	8,735,739
Equipment Outlay:	
Equipment outlay costs	(122,000)
Total Increase / (Decrease)	17,601,000
FY 2017 Proposed Conceptual Budget	<u><u>\$263,330,000</u></u>

Overview

In FY 2016, SDCRAA total expenses, including debt service and equipment outlay, are projected to increase to \$245,729,000 from \$236,364,000 in the FY 2015 Budget. This represents an increase of 9,365,000 (4.0%). The FY 2017 Conceptual Budget contemplates total expenses increasing to \$263,330,000, representing an increase of \$17,601,000 (7.2%).

Operating Expenses

Personnel Expenses

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

In FY 2016, salaries and wages including overtime are projected to increase by \$1,287,622 over the FY 2015 Budget reflecting a net increase of ten (10) Full-Time Equivalent (FTE) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to decrease by \$7,971,388 from the FY 2015 Budget primarily due to the reduction of the one-time non-cash, unfunded actuarial liability expense of \$7,600,000 booked in FY 2015. Also a decrease in the required retirement contribution and no decrease in the health benefit costs. These combined factors, together with lower capitalized labor expenses, resulted in a net decrease of \$6,575,370 (-12.7%) in the FY 2016 Budget over the FY 2015 Budget for personnel expenses.

In FY 2017, salaries and wages including overtime are projected to increase by \$1,297,804 reflecting a net increase of two (2) FTE position, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by \$1,233,240 (7.1%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with higher capitalized labor expenses are projected to result in a net increase of \$2,367,016 (5.2%) in FY 2017.

Non-Personnel Expenses

CONTRACTUAL SERVICES

Contractual Services expenses include a variety of professional services such as computer, engineering, financial, legal, maintenance and other services.

In FY 2016, Contractual Services are budgeted to have a net increase of \$4,200,012 (12.3%) over the FY 2015 Budget primarily reflecting RCC busing operation costs and parking credit card fees being expensed.

In FY 2017, Contractual Services are budgeted to increase by \$3,034,129 (7.9%) from the FY 2016 Budget mainly reflecting a full year of RCC busing operation costs.

SAFETY AND SECURITY

Safety and Security expenses 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. Fire, rescue and emergency response services are provided by The City of San Diego.

In FY 2016, Safety and Security costs are projected to increase by \$702,589 (2.8%) over the FY 2015 Budget. The increase primarily reflects an increase in Harbor Police costs, an increase in contract security services costs and increase in the City of San Diego Aircraft Rescue Firefighting (ARFF) costs.

FY 2017 Safety and Security costs are projected to increase by \$695,170 (2.7%) over the FY 2016 Budget. The majority of this increase reflects contractual increases for Harbor Police, ARFF and Emergency Medical Services (EMS).

SPACE RENTAL

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

FY 2016 Space Rental costs are projected to decrease by \$21,782 (-0.2%) compared to FY 2015 Budget reflecting termination of an FBO expansion area lease from The San Diego Unified Port District.

FY 2017 Space Rental costs are projected to decrease by \$237,064 (-2.3%) compared to the FY 2016 Budget reflecting termination of the taxi hold lot lease.

UTILITIES

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

FY 2016 utilities costs are projected to increase by \$3,564,377 (37.3%) from the FY 2015 Budget mainly reflecting electricity rate increase and the RCC opening.

FY 2017 utilities costs are budgeted to increase by \$1,682,714 (12.8%) over the FY 2016 Budget mainly due to anticipated electricity rate increases.

MAINTENANCE

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

FY 2016 maintenance expense is projected to decrease by \$1,431,777 (-8.9%) from the FY 2015 Budget reflecting reduced costs in 12kV micro-grid system costs and the airfield pavement and striping not having to be done in FY 2016.

FY 2017 maintenance expense is projected to increase by \$1,482,428 (10.1%) reflecting increase in cost for access control system in Security. Maintenance costs for street striping, landscape, elevator/escalator maintenance, HVAC and others to keep the airport running efficiently.

OPERATING EQUIPMENT AND SYSTEMS

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

FY 2016 Operating Equipment and Systems costs are projected to increase by \$14,830 (2.7%) over the 2015 Budget and FY 2017 Operating Equipment and Systems expenses are projected to decrease by \$107,040 (-18.7%) over the FY 2016 Budget reflecting a reduction in costs for the Business Continuity Plan in Corporate and Information Governance and reduction in costs for security due to equipment being replaced in FY 2016.

OPERATING SUPPLIES

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

FY 2016 and FY 2017 Operating Supplies expenses are projected to remain nearly flat.

INSURANCE

FY 2016 Insurance expense is projected to increase by \$251,055 (23.4%) over the FY 2015 Budget reflecting the addition of the RCC facility and increased insurance premiums.

FY 2017 Insurance expense is projected to increase by \$82,980 (6.3%) over the FY 2016 Budget reflecting the addition of increased insurance premiums.

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 (e.g. service awards), fingerprinting and uniforms.

FY 2016 Employee Programs expense is projected to increase by \$110,026 (9.0%) over the FY 2015 Budget due to increase in seminars and training costs.

FY 2017 Employee Programs expense is projected to increase by \$19,536 (1.5%) over the FY 2016 Budget.

BUSINESS DEVELOPMENT

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

FY 2016 Business Development expenses are projected to increase by \$92,099 (3.4%) over the FY 2015 Budget reflecting an increase in concession marketing program.

FY 2017 Business Development expenses are projected to remain relatively flat over the FY 2016 Budget.

EQUIPMENT RENTALS AND REPAIRS

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

FY 2016 Equipment Rental and Repairs expense is projected to increase by \$277,798 (11.0%) over the FY 2015 Budget mainly reflecting increases in Common Use Passenger Processing System (CUPPS) and Ground Transportation system.

FY 2017 Equipment Rental and Repairs expense is projected to remain flat over the FY 2016 Budget.

TENANT IMPROVEMENTS

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

FY 2016 Tenant Improvement expense is projected to decrease by \$150,100 (-12.5%) from the FY 2015 Budget reflecting reduced movement by airlines in the terminal and concession development program being completed.

FY 2017 Tenant Improvement expense is projected to decrease by \$30,000 (-2.9%) from the FY 2016 Budget.

Non-Operating Expenses

Joint-Studies/Sound Attenuation

The associated costs of airport facilities studies and the Quieter Home Program are expected to decrease by \$220,905 (-1.5%) from the FY 2015 Budget due to reductions in the grant money availability. FY 2017 is expected to increase slightly by \$4,000.

Debt Service

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

FY 2016 Debt Service costs are projected to increase by \$7,760,346 (12.0%) over the FY Budget 2015 primarily due to an increase in interest expense on the 2014 Special Facility bonds.

In FY 2017 Debt Service costs are projected to increase by \$8,731,739 (12.1%) mostly due to debt service costs for the 2014 Special Facility bonds.

Equipment Outlay

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

In FY 2016, these requests are projected to increase by \$785,000 (534.0%) over the FY 2015 Budget, reflecting purchases of capital equipment for Aviation Security and Information & Technology Services.

In FY 2017, Equipment Outlay costs are budgeted to decrease by \$122,000 (-13.1%) compared to the FY 2016 Budget, due to equipment being purchased in FY 2016.

FY 2016 EXPENSE BUDGET BY DIVISION

<u>Division</u>	<u>FY 2016 Budget</u>
Operations	\$ 102,120,750
Debt Service	72,418,977
Finance and Asset Management	28,046,582
Development	25,122,941
Executive	18,019,750
Total ⁽¹⁾	\$ 245,729,000

⁽¹⁾ Total may differ due to rounding.

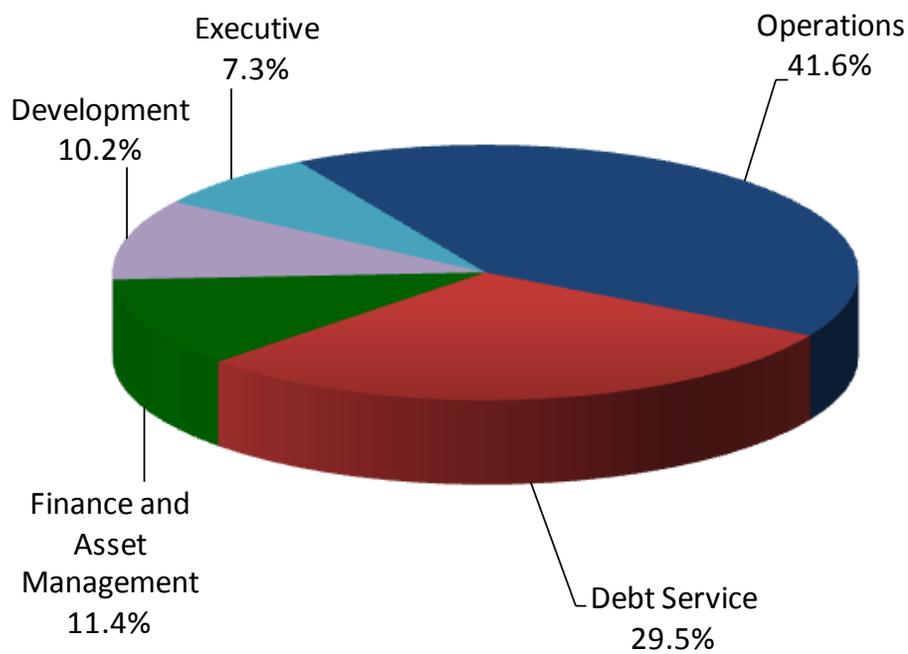


FIGURE 12 – FY 2016 EXPENSE BUDGET BY DIVISION

FY 2017 EXPENSE BUDGET BY DIVISION

<u>Division</u>	<u>FY 2017 Conceptual Budget</u>
Operations	\$ 109,714,833
Debt Service	81,150,716
Finance and Asset Management	28,347,781
Development	25,389,504
Executive	18,727,167
Total ⁽¹⁾	\$ 263,330,000

⁽¹⁾ Total may differ due to rounding.

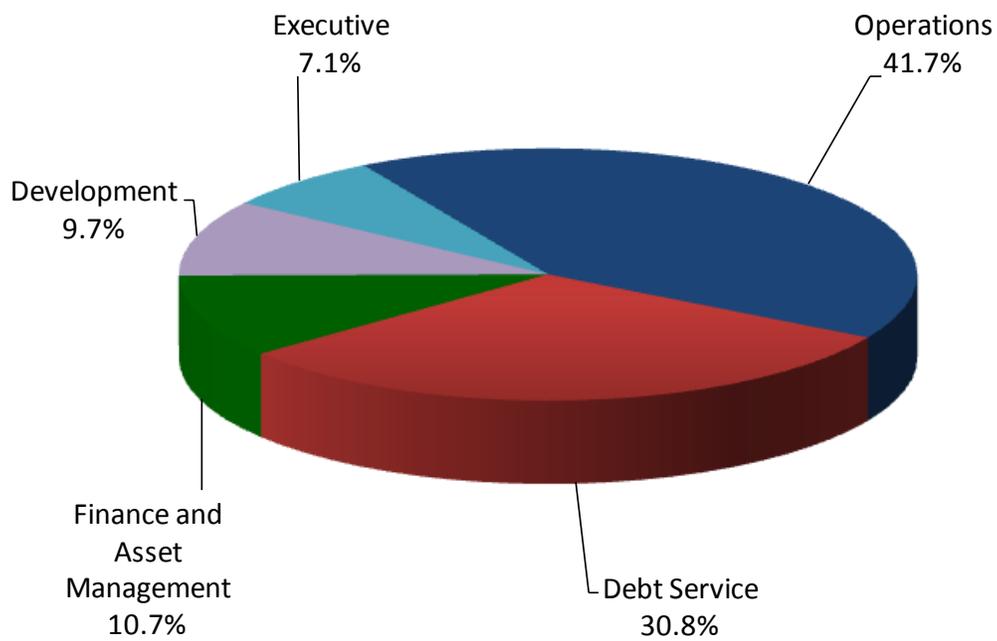


FIGURE 13 – FY 2017 EXPENSE BUDGET BY DIVISION

FY 2016 EXPENSE BUDGET BY CATEGORY

<u>Category</u>	<u>FY 2016 Budget</u>
Debt Service	\$ 72,418,977
Personnel Costs	45,168,794
Contractual Services	38,273,668
Safety & Security	25,704,383
Sound Attenuation Program/Legal/Misc	15,676,811
Maintenance	14,653,671
Utilities	13,121,913
Space Rental	10,428,514
Equipment Rentals & Repairs	2,803,917
Business Development	2,777,327
Employee Programs	1,339,274
Insurance	1,322,477
Tenant Improvements	1,050,000
Operating Equipment & Systems/Equipment Outlay	573,065
Operating Supplies	416,210
Total ⁽¹⁾	\$ 245,729,000

⁽¹⁾Total may differ due to rounding.

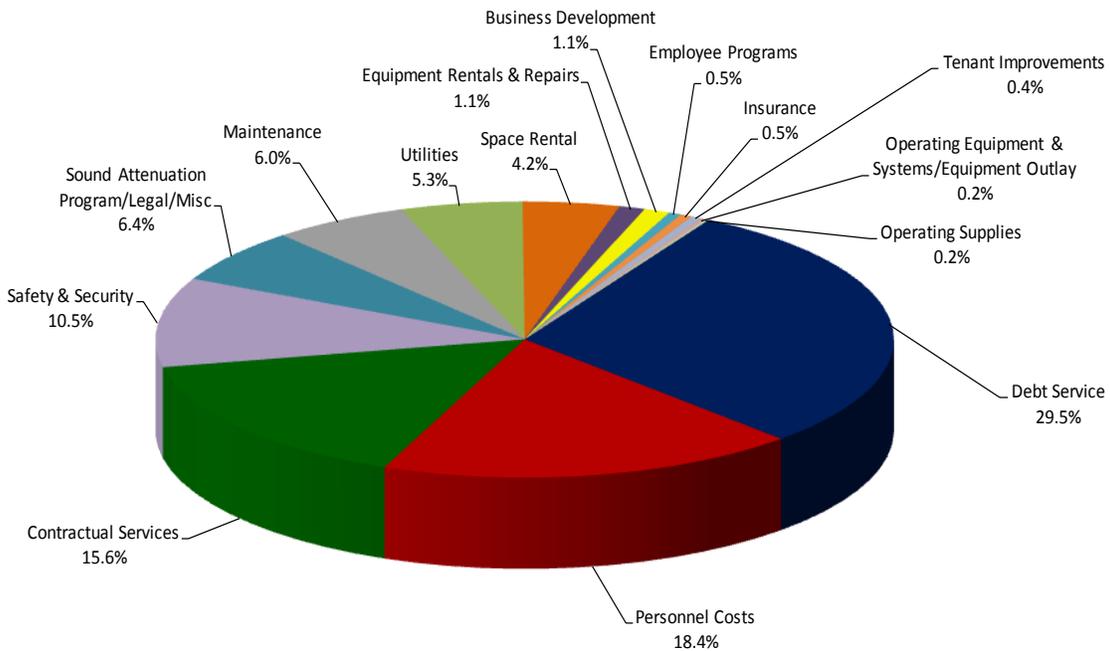


FIGURE 14 – FY 2016 EXPENSE BUDGET BY CATEGORY

FY 2017 EXPENSE BUDGET BY CATEGORY

<u>Category</u>	<u>FY 2017 Conceptual Budget</u>
Debt Service	\$ 81,150,716
Personnel Costs	47,535,810
Contractual Services	41,307,797
Safety & Security	26,399,553
Maintenance	16,136,099
Sound Attenuation Program/Legal/Misc	15,558,811
Utilities	14,804,627
Space Rental	10,191,450
Equipment Rentals & Repairs	2,807,924
Business Development	2,766,134
Insurance	1,405,457
Employee Programs	1,358,810
Tenant Improvements	1,020,000
Operating Equipment & Systems/Equipment Outlay	466,025
Operating Supplies	420,788
Total ⁽¹⁾	\$ 263,330,000

⁽¹⁾ Total may differ due to rounding.

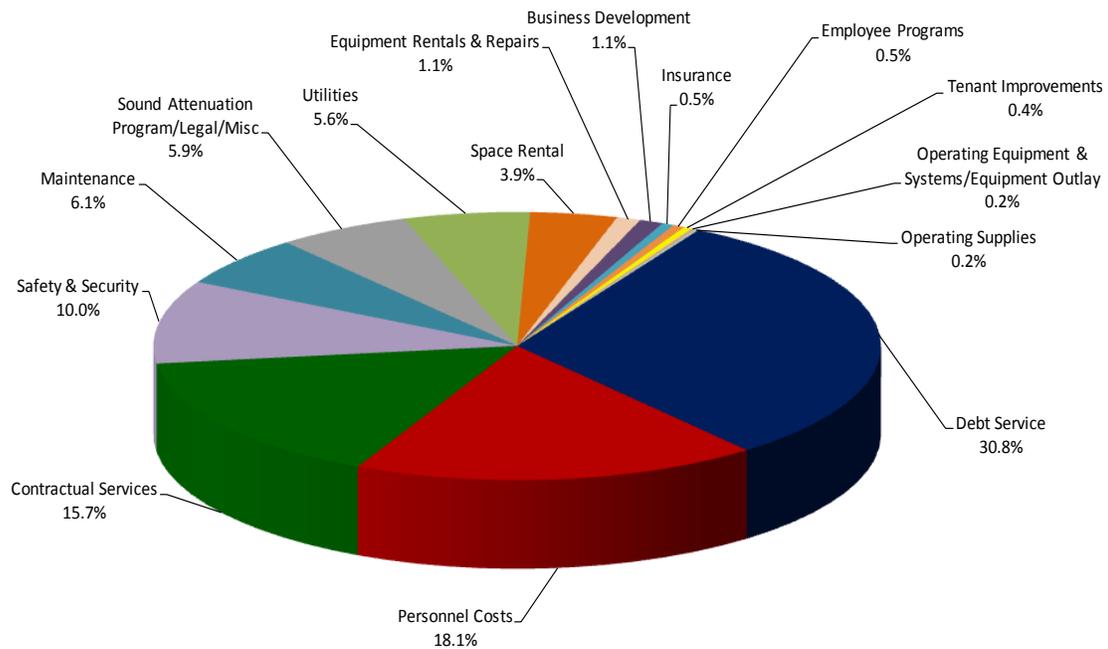


FIGURE 15 – FY 2017 EXPENSE BUDGET BY CATEGORY

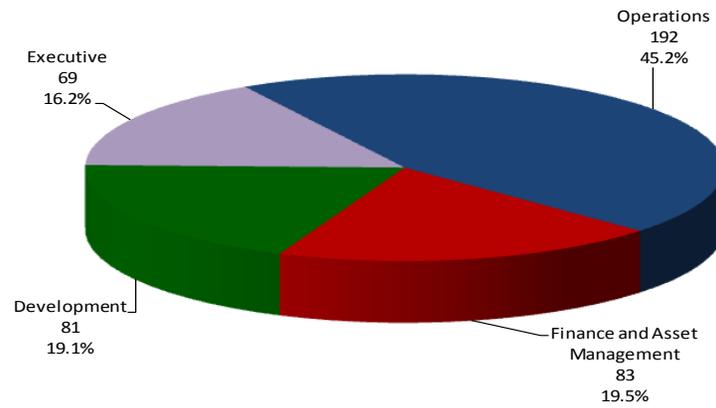
DIVISION PERSONNEL SUMMARY

	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget Transfers	FY 2016 Budget New/ (Eliminated)	FY 2016 Budget Funded/ (Unfunded)	FY 2016 Budget	FY 2017 Budget New/ (Eliminated)	FY 2017 Conceptual Budget
Executive								
Executive Office	4	4	0	0	0	4	0	4
Corporate and Information Governance	8	8	0	1	0	9	0	9
Air Service Development	2	2	0	1	0	3	0	3
Talent, Culture & Capability	18	17	0	0	0	17	0	17
Vision, Voice & Engagement	14	14	0	0	0	14	1	15
Inter-governmental Relations	4	3	0	0	0	3	0	3
Risk Management	6	5	0	0	0	5	0	5
General Counsel	6	6	0	0	0	6	0	6
Chief Auditor	8	8	0	0	0	8	0	8
Total Executive Division	70	67	0	2	0	69	1	70
Operations								
Terminal & Tenants	14	14	-1	1	0	14	0	14
Aviation Security & Public Safety	11	11	0	1	0	12	0	12
Airside Operations	16	17	0	1	0	18	0	18
Ground Transportation	60	60	0	4	0	64	0	64
Facilities Management	83	83	-1	2	0	84	1	85
Total Operations Division	184	185	-2	9	0	192	1	193
Finance & Asset Management								
Business & Financial Management	26	25	1	0	0	26	0	26
Accounting	13	12	0	0	0	12	0	12
Information & Technology Services	24	27	1	1	0	29	0	29
Procurement & Small Business Development	17	15	0	0	0	15	0	15
Business Development	1	1	0	0	0	1	0	1
Total Finance & Asset Management Division	81	80	2	1	0	83	0	83
Development								
Facilities Development	36	39	0	0	0	39	0	39
Airport Design & Construction	14	15	0	-2	0	13	0	13
Environmental Affairs	7	9	0	0	0	9	0	9
Airport Planning & Noise Mitigation	21	20	0	0	0	20	0	20
Total Development Division	78	83	0	-2	0	81	0	81
TOTAL	413	415	0	10	0	425	2	427
Authorized and Unfunded Positions	6	4	0	0	-4	0	0	0
Total Authorized Positions	419	419	0	10	-4	425	2	427

Definitions

- **AUTHORIZED POSITIONS:** Positions that are approved and authorized by the Board.
- **FUNDED POSITIONS:** Authorized positions that are funded in the budget.
- **UNFUNDED POSITIONS:** Authorized positions that are not funded in the budget
- **NEW POSITIONS:** Positions that are authorized and funded for the first time in the approved budget.

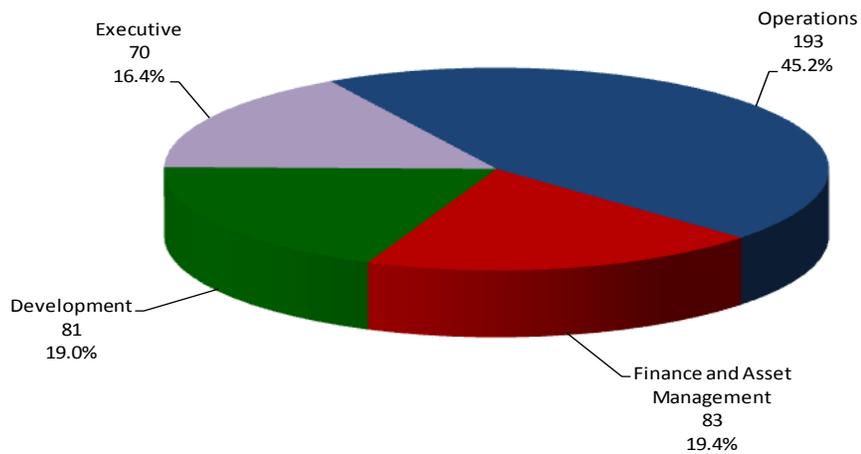
FY 2016 PERSONNEL BUDGET BY DIVISION



FY 2016 total authorized positions: 425

FIGURE 16 – FY 2016 PERSONNEL BUDGET BY DIVISION

FY 2017 PERSONNEL BUDGET BY DIVISION



FY 2017 total authorized positions: 427

FIGURE 17 – FY 2017 PERSONNEL BUDGET BY DIVISION

PERSONNEL CHANGES FY 2016 BUDGET VS. FY 2015 BUDGET

Operations	
Airside Operations	One position added for Airside Operations Duty Manager II
Aviation Security / Public Safety	One position added for Security & Public Safety Analyst
Facilities Management	One position added for Carpenter / Locksmith
Facilities Management	One position added for Maintenance Mechanic
Ground Transportation	Four positions added for Airport Traffic Officers Limited
Terminals & Tenants	One position added for Staff Assistant
Executive	
Air Service Development	One position added for Network Strategist
Corporate & Information Governance	One position added for Records & Information Management Specialist
Finance and Asset Management	
Information & Technology Services	One position added for Cyber Security Specialist
Development	
Airport Design & Construction	Eliminated two funded positions, Capital Project Managers

FIGURE 18 – PERSONNEL CHANGES FY 2016 BUDGET VS. FY 2015 BUDGET

PERSONNEL CHANGES FY 2017 CONCEPTUAL BUDGET VS. FY 2016 BUDGET

Operations	
Facilities Management	One position added for Program Coordinator
Executive	
Vision, Voice & Engagement	One position added for Art Coordinator

FIGURE 19 – PERSONNEL CHANGES FY 2017 CONCEPTUAL BUDGET VS. FY 2016 BUDGET

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EXECUTIVE DIVISION

EXECUTIVE DIVISION

Overview

The **EXECUTIVE DIVISION** provides leadership and direction to Authority staff in accomplishing the Authority Board's strategies and initiatives. It consists of the Authority Board, Executive Office, General Counsel, Office of the Chief Auditor, Air Service Development Department, Corporate & Information Governance, Assets & Alliances Group and the Talent & Engagement Group.

The twelve-member **AUTHORITY BOARD OF DIRECTORS** is responsible for setting policies related to airport operations, airport land use planning and the future air transportation planning needs of the region.

The nine voting Board members are appointed to staggered terms of three years by various appointing authorities (the Chair of the San Diego County Board of Supervisors, the Mayor of the City of San Diego and groups of Mayors of the other cities in San Diego County). Board members may either be reappointed or replaced at the end of their three-year terms. The Mayor of the City of San Diego designates the Board Chair.

Compensation for all nine voting Board members is \$200 per day of service, with a maximum of eight days of service per month. The Board chair receives an additional \$500 stipend per month.

There are also three non-voting ex-officio Board members who serve without compensation.

The **EXECUTIVE OFFICE** is mastering the Art of Airports through fostering a cooperative and collaborative relationship amongst and between Authority employees, airlines, various business partners as well as relevant government agencies and stockholder groups. The Executive Office also coordinates and oversees the overall day-to-day operations and development of San Diego International Airport.

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.
- Ensuring that the region's long-term airport needs are identified and addressed.

The **OFFICE OF THE CHIEF AUDITOR** provides professional internal auditing services to promote full accountability, efficiency and effectiveness of services by the Authority to the traveling public and the airlines. The Office of the Chief Auditor reports to the Audit Committee of the Board 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 OFFICE** provides professional legal advice and representation to the Authority's Board, executive staff and the various divisions and departments of the Authority. The General Counsel Office is responsible for the following:

- Represents the Authority in all litigation and legal matters.
- Assists in the preparation and review of Authority leases, contracts and legal documents.
- Assists in the preparation and review of all ordinances and resolutions.

- Selects and manages all outside legal counsel.
- Advises with the objective to limit liability and exposure to claims and lawsuits.
- Assists in the preparation of Authority bonds and other instruments.

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 the annual air service strategic plan to target air service growth opportunities for San Diego International Airport.
- Develops 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 **CORPORATE AND INFORMATION GOVERNANCE DEPARTMENT** ensures compliance with state and local laws and Authority codes and policies pertaining to the administration of public Board and Committee meetings, legislative actions and other Board related activities; financial disclosure; public access to public records; and the creation, maintenance and retention of Authority records and information. These laws and policies include, but are not limited to, the Brown Act, Political Reform Act, the Public Records Act and the approved Records and Information Management Program. The department is also responsible for managing the following activities and programs:

- Coordinates communications with the Board of Directors, executive and senior staff.
- Provides guidance and professional assistance regarding corporate governance.
- Develops and maintain an accountability framework and policies for, and the management of, information governance.
- Serves as the executive sponsor for the Authority's Business Continuity Plan (BCP).
- Coordinates and manages public Board and Committee meetings.
- Manages the Conflict of Interest Filings and other filings required by the Political Reform Act.
- Manages the Public records request process.
- Manages the Authority's lobbyist program.
- Manages mail and reception operations.
- Manages the Authority's Records and Information Management Program.

The **ASSETS & ALLIANCES GROUP** is responsible for ensuring the protection of the Authority's physical and human capital assets as well as establishing and maintaining key relationships with critical stakeholders at all levels of government. These goals are accomplished through two departments:

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. In addition, the department oversees defense and/ or presentation of first and third party claims asserted on behalf of or against the Authority; the oversight of employee safety initiatives as required by OSHA and Cal OSHA guideline; employee wellness programs such as ergonomic initiatives as well as implementing and reviewing strategic risk management strategies encompassing hazard, reputational and financial risk throughout the organization.

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

The **TALENT & ENGAGEMENT GROUP** consists of the Talent, Culture and Capability department as well as the Vision, Voice and Engagement department. These departments primarily work with internal and external stakeholder groups to ensure that the organization's performance, and its' brand promise, are aligned.

The San Diego County Regional Airport Authority's mission includes:

- Exceeding customer expectations.
- Promoting regional prosperity.
- Protecting the region's quality of life.

The Talent & Engagement group measures various key organizational performance indicators as well as supports the alignment of employee commitment and performance to the organization's mission, vision, values, strategies and initiatives. The group also ensures that key stakeholder groups are educated and informed on the value of the organization's contributions within the San Diego community.

The **TALENT, CULTURE & CAPABILITY DEPARTMENT** provides Talent's services and support that inform effective business decisions, enhance organizational capabilities and create a culture of success.

Key Responsibilities:

- Measures and reports on key performance indicators (e.g., passenger satisfaction, engagement, etc.)
- Manages talent acquisition
- Manages employee wellness and reward programs
- Supports process mapping and redesign
- Oversees employee development
- Monitors employee retention

Through these services the department assures continued organizational development, strategic workforce planning, and ongoing process optimization.

The **VISION, VOICE & ENGAGEMENT DEPARTMENT** is responsible for providing a wide range of public relations services, marketing initiatives and a robust airport art program. The departmental staff serves as the Authority's designated point of contact for the media.

The Vision, Voice & Engagement team works with other divisions and departments of the Authority to promote the Authority's activities and initiatives that engage the public, generate positive media coverage and increase awareness of the Authority and airport. The department develops, implements and manages marketing initiatives that support the Authority's initiatives and result in increased revenues. The department produces the Authority's Annual Report, quarterly report to jurisdictions, an annual sustainability report in conformance with Global Reporting Initiatives requirements and the SAN e-Newsletter for the public. Social media, news releases, media advisories, speeches and presentations are among the communications tools used by the department.

The Vision, Voice & Engagement team also manages the Airport Art Program, which presents artwork and programming that engages travelers in innovative, memorable and considerate experiences. Through the exhibition and production of art from individual artists and work from cultural institutions, the program

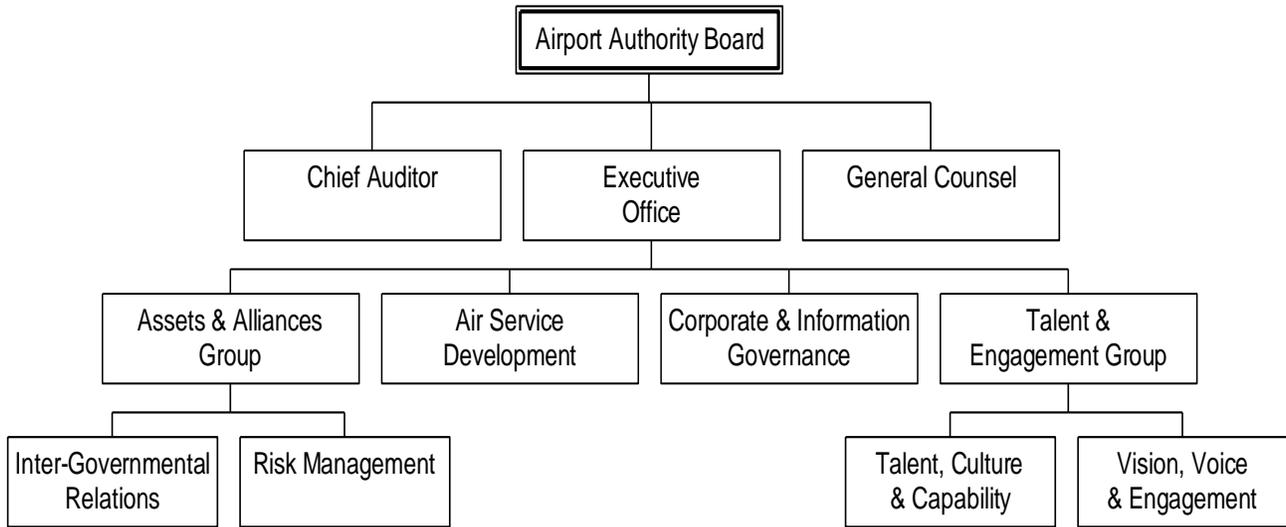
contributes to the airport's vision by promoting regional prosperity and cultural tourism. The art program has three main components: Temporary and Rotating Exhibits, Performing Art and Public Art.

By keeping the media, general public and external audiences informed, the Vision, Voice & Engagement Department seeks to enhance the visibility of San Diego International Airport and establish the Airport Authority as a trusted and highly responsive regional agency.

Key Responsibilities:

- Provides strategic counsel on issues impacting the Airport Authority
- Develops public relations strategies and key messaging
- Serves as the official voice of the Airport Authority to the media and as a primary point of contact for media inquiries and requests
- Develops and maintains various forms of employee communication
- Promotes the various programs and services offered to San Diego International Airport customers
- Develops community outreach programs in support of the Airport Authority's goals and objectives
- Presents artwork and programming to provide memorable and considerate experiences for the traveling public
- Develops and administers the Airport Authority's Speakers Bureau
- Coordinates free "Terminals to Tarmac" airport tours for the public
- Coordinates the Airport Art Program
- Develops umbrella marketing plans for Authority initiatives (e.g., Quieter Home Program, SAN Park, and Small Business Development)
- Markets and promotes new air service
- Develops advertising, creative design and, brand identity
- Designs and produces collateral materials and special events
- Manages website development, video production and market research
- Develops regional partnerships and aviation education outreach
- Creates and implements aviation education
- Collaborates with regional partners (e.g., Chambers of Commerce, Tourism Authority, Economic Development Corporation (EDC), World Trade Center (WTC), San Diego Convention Center Corporation (SDCCC))

EXECUTIVE DIVISION
FY 2016 – FY 2017 Organizational Structure



Division Personnel Summary

	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget Transfers	FY 2016 Budget New/ (Eliminated)	FY 2016 Budget Funded/ (Unfunded)	FY 2016 Budget	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget
Executive								
Executive Office	4	4	-	-	-	4	-	4
Corporate and Information Governance	8	8	-	1	-	9	-	9
Air Service Development	2	2	-	1	-	3	-	3
Talent, Culture & Capability	18	17	-	-	-	17	-	17
Vision, Voice & Engagement	14	14	-	-	-	14	1	15
Inter-governmental Relations	4	3	-	-	-	3	-	3
Risk Management	6	5	-	-	-	5	-	5
General Counsel	6	6	-	-	-	6	-	6
Chief Auditor	8	8	-	-	-	8	-	8
Total Funded Positions	70	67	-	2	-	69	1	70
Authorized and Unfunded Positions	2	1	-	-	(1)	-	-	-
Total Authorized Positions	72	68	-	2	(1)	69	1	70

EXECUTIVE DIVISION

FY 2016 Budget – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 6,132,600	\$ 6,583,151	\$ 6,787,113	\$ 203,962	3.1%	\$ 7,071,943	\$ 284,830	4.2%
Premium Overtime	14,061	-	-	-	0.0%	-	-	0.0%
Employee Benefits	2,713,954	3,229,158	3,118,541	(110,618)	-3.4%	3,350,967	232,427	7.5%
Subtotal	8,860,615	9,812,310	9,905,654	93,344	1.0%	10,422,910	517,256	5.2%
Less: Capitalized Labor	(4,002)	(69,479)	(103,298)	(33,819)	48.7%	-	103,298	-100.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	8,856,613	9,742,831	9,802,356	59,525	0.6%	10,422,910	620,554	6.3%
Non-Personnel Expenses								
Contractual Services	3,410,700	4,108,937	4,147,350	38,413	0.9%	4,191,250	43,900	1.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	261	18,150	3,400	(14,750)	-81.3%	3,425	25	0.7%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	68,793	33,650	86,400	52,750	156.8%	36,900	(49,500)	-57.3%
Operating Supplies	34,365	40,475	38,935	(1,540)	-3.8%	38,035	(900)	-2.3%
Insurance	988,382	1,071,422	1,322,477	251,055	23.4%	1,405,457	82,980	6.3%
Employee Programs	487,677	554,515	591,405	36,890	6.7%	595,405	4,000	0.7%
Business Development	2,140,476	1,962,302	1,938,902	(23,400)	-1.2%	1,928,085	(10,817)	-0.6%
Equipment Rentals & Repairs	52,415	80,550	72,325	(8,225)	-23.0%	69,500	(2,825)	-13.2%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	7,183,068	7,871,201	8,202,394	331,193	4.2%	8,269,257	66,863	0.8%
Total Operating Expenses	16,039,680	17,614,032	18,004,750	390,718	2.2%	18,692,167	687,417	3.8%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	25,000	10,000	10,000	0	0.0%	10,000	-	0.0%
Total Non-Operating Expenses	25,000	10,000	10,000	0	0.0%	10,000	-	0.0%
Total Expenses	16,064,680	17,624,032	18,014,750	390,718	2.2%	18,702,167	687,417	3.8%
Equipment Outlay	78,978	20,000	5,000	(15,000)	-75.0%	25,000	20,000	400.0%
Total Executive Division Expenses	\$ 16,143,658	\$ 17,644,032	\$ 18,019,750	\$ 375,718	2.1%	\$ 18,727,167	\$ 707,417	3.9%

EXECUTIVE DIVISION

Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$17,644,032	\$18,019,750
Personnel Costs		
Salary adjustments and pay-for-performance	120,310	213,096
Burden (benefits & employer taxes) for current staff	(146,049)	203,068
1 New position of Records & Information Management Specialist (salaries, benefits & employer taxes)	-	-
1 New position of Network Strategist (salaries, benefits & employer taxes)	-	-
1 New position Art Program Coordinator (salaries, benefits & employer taxes)	-	101,093
Capitalized Labor	(33,819)	103,298
Total Increase / (Decrease) in Personnel Costs	(59,558)	620,554
Outside professional services	135,500	(22,100)
Insurance	251,055	82,980
Other, net	48,721	25,983
Total Increase / (Decrease) in Non-Personnel Costs	435,276	86,863
Total Increase / (Decrease)	375,718	707,417
FY 2016 Budget / FY 2017 Conceptual Budget	\$18,019,750	\$18,727,167

EXECUTIVE DIVISION
FY 2016 Expense Budget by Department

<u>Department</u>	<u>FY 2016 Budget</u>
Vision, Voice & Engagement	\$ 3,874,478
Talent Culture & Capability	3,286,749
General Counsel	2,595,824
Risk Management	2,410,123
Air Service Development	1,311,382
Chief Auditor	1,217,606
Corporate & Information Governance	1,124,650
Executive Offices	1,120,721
Intergovernmental Relations	896,717
Board Services	181,500
Total ⁽¹⁾	\$ 18,019,750

⁽¹⁾ Total may differ due to rounding.

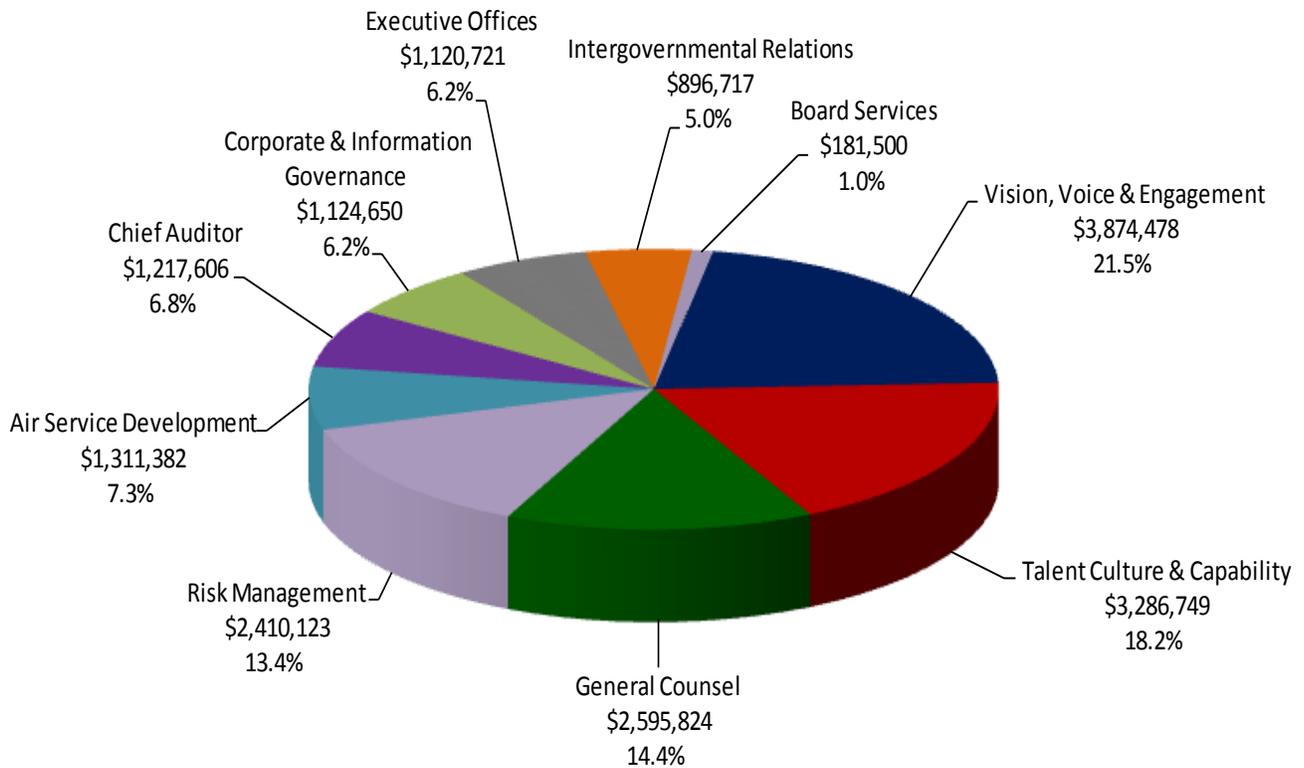


FIGURE 20 – FY 2016 EXPENSE BUDGET BY DEPARTMENT

EXECUTIVE DIVISION
FY 2017 Expense Budget by Department

<u>Department</u>	<u>FY 2017</u> <u>Conceptual Budget</u>
Vision, Voice & Engagement	\$ 4,171,858
Talent Culture & Capability	3,403,616
General Counsel	2,635,216
Risk Management	2,496,630
Air Service Development	1,377,037
Chief Auditor	1,251,038
Executive Offices	1,167,079
Corporate & Information Governance	1,126,261
Intergovernmental Relations	912,932
Board Services	185,500
Total ⁽¹⁾	\$ 18,727,167

⁽¹⁾ Total may differ due to rounding.

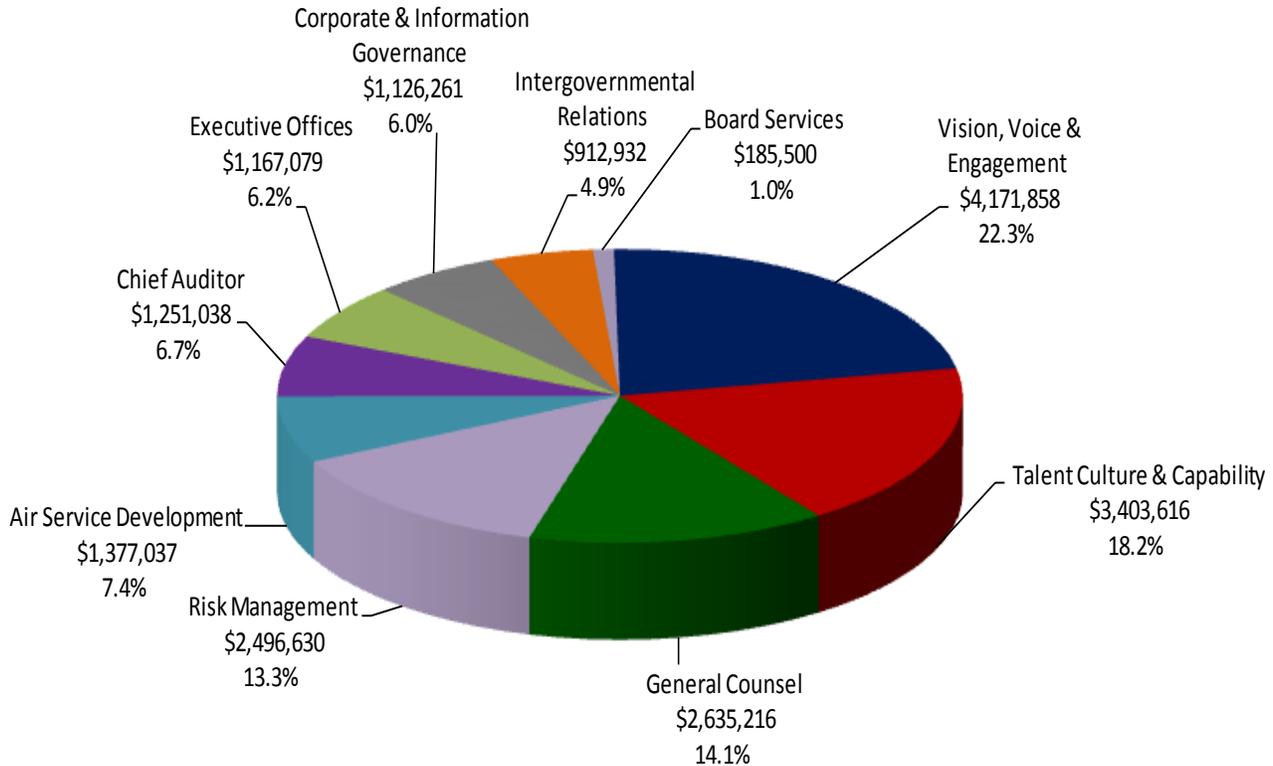


FIGURE 21 – FY 2017 EXPENSE BUDGET BY DEPARTMENT

EXECUTIVE DIVISION
FY 2016 Expense Budget by Category

<u>Category</u>	<u>FY 2016 Budget</u>
Personnel Expenses	\$ 9,802,356
Contractual Services	4,147,350
Business Development	1,938,902
Insurance	1,322,477
Employee Programs	591,405
Other *	217,260
Total ⁽¹⁾	\$ 18,019,750

⁽¹⁾Total may differ due to rounding

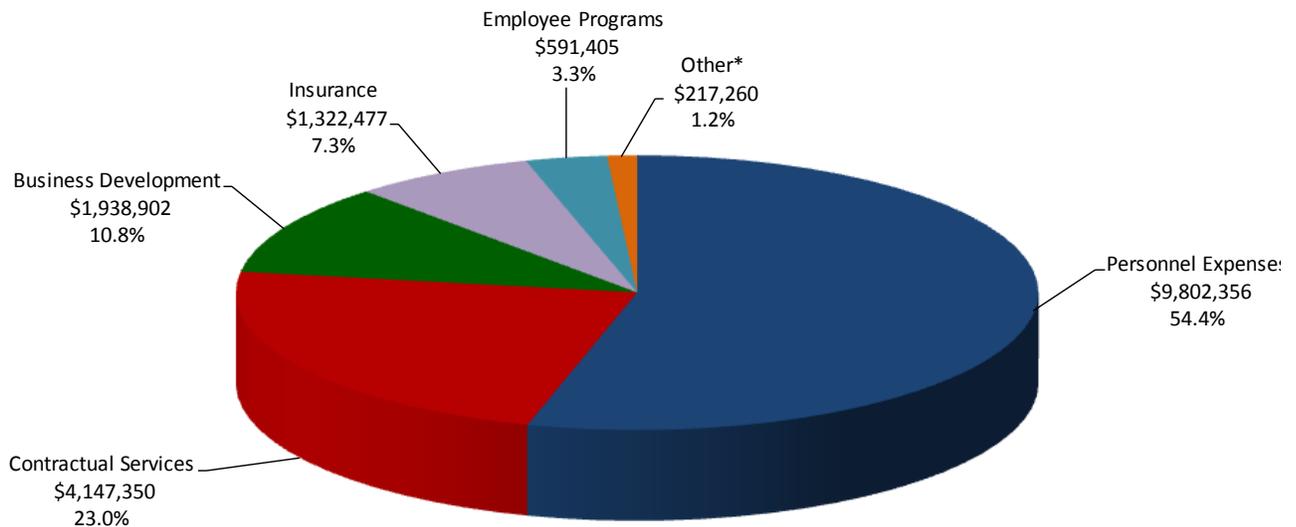


FIGURE 22 – FY 2015 EXPENSE BUDGET BY CATEGORY

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

EXECUTIVE DIVISION
FY 2017 Expense Budget by Category

<u>Category</u>	<u>FY 2017</u> <u>Conceptual</u>
Personnel Expenses	\$ 10,422,910
Contractual Services	4,191,250
Business Development	1,928,085
Insurance	1,405,457
Employee Programs	595,405
Other *	184,060
Total ⁽¹⁾	<u>\$ 18,727,167</u>

⁽¹⁾Total may differ due to rounding

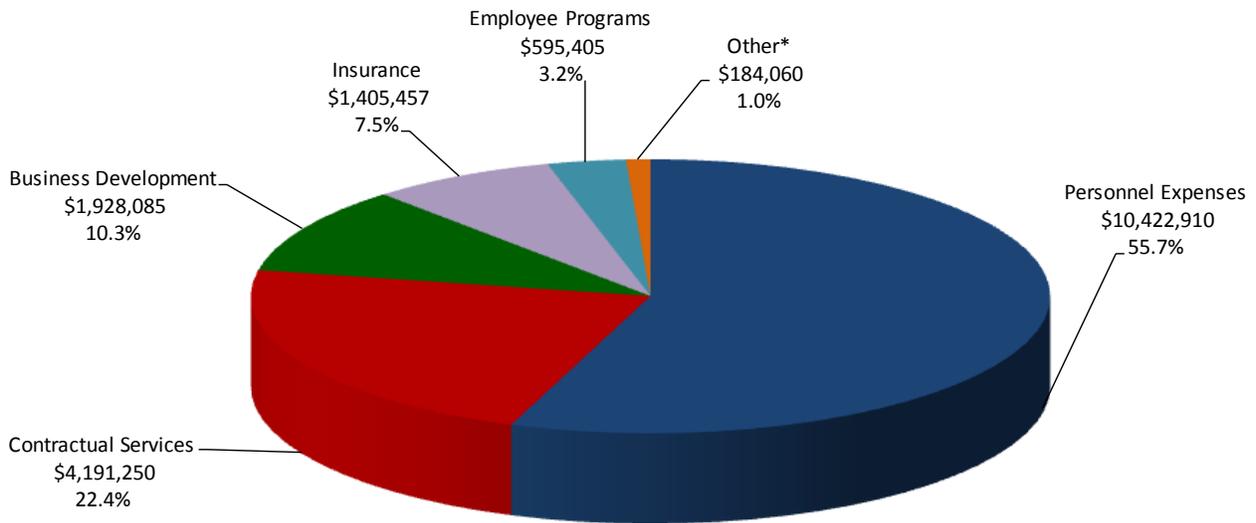
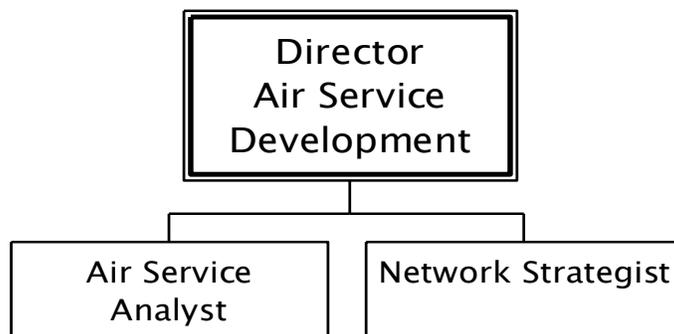


FIGURE 23 – FY 2017 EXPENSE BUDGET BY CATEGORY

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

EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 177,189	\$ 180,809	\$ 223,343	\$ 42,534	23.5%	\$ 266,986	\$ 43,643	19.5%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	89,365	99,793	119,789	19,996	20.0%	141,801	22,011	18.4%
Subtotal	266,554	280,602	343,132	62,530	22.3%	408,787	65,655	19.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	266,554	280,602	343,132	62,530	22.3%	408,787	65,655	19.1%
Non-Personnel Expenses								
Contractual Services	277,941	292,000	282,000	(10,000)	-3.4%	282,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	(259)	-	-	-	0.0%	-	-	0.0%
Operating Supplies	14	1,200	1,200	-	0.0%	1,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	28,220	29,450	29,450	-	0.0%	29,450	-	0.0%
Business Development	571,643	655,600	655,600	-	0.0%	655,600	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	877,559	978,250	968,250	(10,000)	-1.0%	968,250	-	0.0%
Total Operating Expenses	1,144,113	1,258,852	1,311,382	52,530	4.2%	1,377,037	65,655	5.0%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,144,113	1,258,852	1,311,382	52,530	4.2%	1,377,037	65,655	5.0%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,144,113	\$ 1,258,852	\$ 1,311,382	\$ 52,530	4.2%	\$ 1,377,037	\$ 65,655	5.0%

EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$1,258,852	\$1,311,382
Personnel Costs		
Salary adjustments and pay-for-performance	6,666	43,643
Burden (benefits & employer taxes) for current staff	5,916	22,011
1 New position of Network Strategist (salaries, benefits & employer taxes)	49,948	-
Total Increase / (Decrease) in Personnel Costs	62,530	65,655
Other, net	(10,000)	-
Total Increase / (Decrease) in Non-Personnel Costs	(10,000)	-
Total Increase / (Decrease)	52,530	65,655
FY 2016 Budget / FY 2017 Conceptual Budget	\$1,311,382	\$1,377,037

EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT

Departmental Goals

FY 2015 PROGRESS REPORT

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

PROGRESS: Although seat departure has been below 5% for the fiscal year, the number of domestic destinations have increased with the addition of Kona, Dallas (Love), Milwaukee (Saturday service), and Burbank. Including the removal of Cincinnati hub services, the number of domestic destinations grew by three (3) in FY 2015.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Retain Air Service to London.

PROGRESS: London service has been retained.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. Retain Air Service to Tokyo.

PROGRESS: Tokyo service has been retained.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

4. Secure additional service to Canada and Mexico (when markets exceed 50 PDEW) and continue efforts to link San Diego to Central/South America and the Philippines.

PROGRESS: Additional air service has been secured to San Felipe (México) and good progress is being made on Central / South America goals.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT
Departmental Goals

FY 2016 – FY 2017 GOALS

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

INITIATIVE: Focus on revenue generation and cost control.

- 2. Retain Air Service to London.**

INITIATIVE: Focus on revenue generation and cost control.

- 3. Retain Air Service to Tokyo.**

INITIATIVE: Focus on revenue generation and cost control.

- 4. Secure additional service to a European hub.**

INITIATIVE: Focus on revenue generation and cost control.

- 5. Secure additional service to Canada and Mexico (when markets exceed 50 PDEW) and continue efforts to link San Diego to Central/South America and the Philippines.**

INITIATIVE: Focus on revenue generation and cost control.

EXECUTIVE DIVISION – AUTHORITY BOARD
FY 2016 – FY 2017 Organizational Structure

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

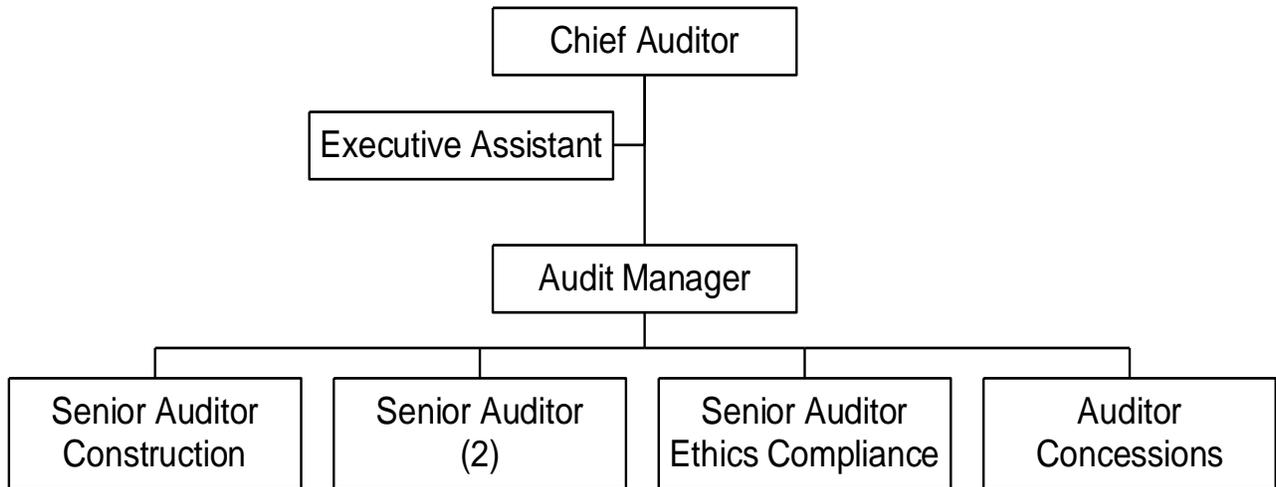
EXECUTIVE DIVISION – AUTHORITY BOARD
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 86,296	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	40,768	-	-	-	0.0%	-	-	0.0%
Subtotal	127,064	-	-	-	0.0%	0	-	0.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	127,064	-	-	-	0.0%	0	-	0.0%
Non-Personnel Expenses								
Contractual Services	105,005	125,800	121,500	(4,300)	-3.4%	125,500	4,000	3.3%
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	-	250	250	-	0.0%	250	-	0.0%
Operating Supplies	792	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	9,651	17,300	17,300	-	0.0%	17,300	-	0.0%
Business Development	20,613	43,950	42,450	(1,500)	-3.4%	42,450	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	136,062	187,300	181,500	(5,800)	-3.1%	185,500	4,000	2.2%
Total Operating Expenses	263,126	187,300	181,500	(5,800)	-3.1%	185,500	4,000	2.2%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	263,126	187,300	181,500	(5,800)	-3.1%	185,500	4,000	2.2%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 263,126	\$ 187,300	\$ 181,500	\$ (5,800)	-3.1%	\$ 185,500	\$ 4,000	2.2%

EXECUTIVE DIVISION – AUTHORITY BOARD
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$187,300	\$181,500
Personnel Costs		
Salary adjustments and pay-for-performance	-	-
Burden (benefits & employer taxes) for current staff	-	-
Total Increase / (Decrease) in Personnel Costs	-	-
Other, net	(5,800)	4,000
Total Increase / (Decrease) in Non-Personnel Costs	(5,800)	4,000
Total Increase / (Decrease)	(5,800)	4,000
FY 2016 Budget / FY 2017 Conceptual Budget	\$181,500	\$185,500

EXECUTIVE DIVISION – CHIEF AUDITOR
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – CHIEF AUDITOR
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 740,063	\$ 780,617	\$ 809,836	\$ 29,219	3.7%	\$ 832,952	\$ 23,116	2.9%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	334,701	362,816	360,070	(2,745)	-0.8%	375,680	15,610	4.3%
Subtotal	1,074,764	1,143,433	1,169,906	26,473	2.3%	1,208,633	38,726	3.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,074,764	1,143,433	1,169,906	26,473	2.3%	1,208,633	38,726	3.3%
Non-Personnel Expenses								
Contractual Services	6,777	375	750	375	100.0%	750	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	250	250	-	0.0%	275	25	10.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,904	500	-	(500)	-100.0%	-	-	0.0%
Operating Supplies	2,592	2,600	5,900	3,300	126.9%	2,750	(3,150)	-53.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,787	28,150	28,700	550	2.0%	29,200	500	1.7%
Business Development	4,317	4,000	4,225	225	5.6%	4,380	155	3.7%
Equipment Rentals & Repairs	4,200	4,700	7,875	3,175	82.5%	5,050	(2,825)	-26.1%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	36,578	40,575	47,700	7,125	17.6%	42,405	(5,295)	-11.1%
Total Operating Expenses	1,111,342	1,184,008	1,217,606	33,598	2.8%	1,251,038	33,431	2.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,111,342	1,184,008	1,217,606	33,598	2.8%	1,251,038	33,431	2.7%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,111,342	\$ 1,184,008	\$ 1,217,606	\$ 33,598	2.8%	\$ 1,251,038	\$ 33,431	2.7%

EXECUTIVE DIVISION – CHIEF AUDITOR
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$1,184,008	\$1,217,606
Personnel Costs		
Salary adjustments and pay-for-performance	29,219	23,116
Burden (benefits & employer taxes) for current staff	(2,745)	15,610
Total Increase / (Decrease) in Personnel Costs	26,473	38,726
Other, net	7,125	(5,295)
Total Increase / (Decrease) in Non-Personnel Costs	7,125	(5,295)
Total Increase / (Decrease)	33,598	33,431
FY 2016 Budget / FY 2017 Conceptual Budget	\$1,217,606	\$1,251,038

EXECUTIVE DIVISION – CHIEF AUDITOR
Departmental Goals

FY 2015 PROGRESS REPORT

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

PROGRESS: The department utilization goal is 80%. During the last reporting period, Audit had a utilization rate of 89%.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

PROGRESS: During the most recent reporting period the department had identified \$113,494 of additional revenue / cost savings during the Fiscal Year 2015.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

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

PROGRESS: To date, 50% of the recommendations provided to departments in Fiscal Year 2015 have been implemented. The goal for implementation is 90% by the end of the fiscal year, and the department appears to be on track to achieve this goal.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

PROGRESS: Currently 83% of the audits conducted during the Fiscal Year 2015 have been completed within the budgeted time. The departmental goal is 80%.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

PROGRESS: Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.83.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

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

PROGRESS: The department developed a risk assessment objectively ranking auditable areas and developed an audit plan based on risk assessment scoring. The Audit Committee and Board approved the audit plan before the beginning of the fiscal year.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

PROGRESS: Staff is on track to achieve required continued professional education levels of training, and to meet target for them during the annual performance reviews..

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

EXECUTIVE DIVISION – CHIEF AUDITOR
Departmental Goals

FY 2016 – FY 2017 GOALS

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

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

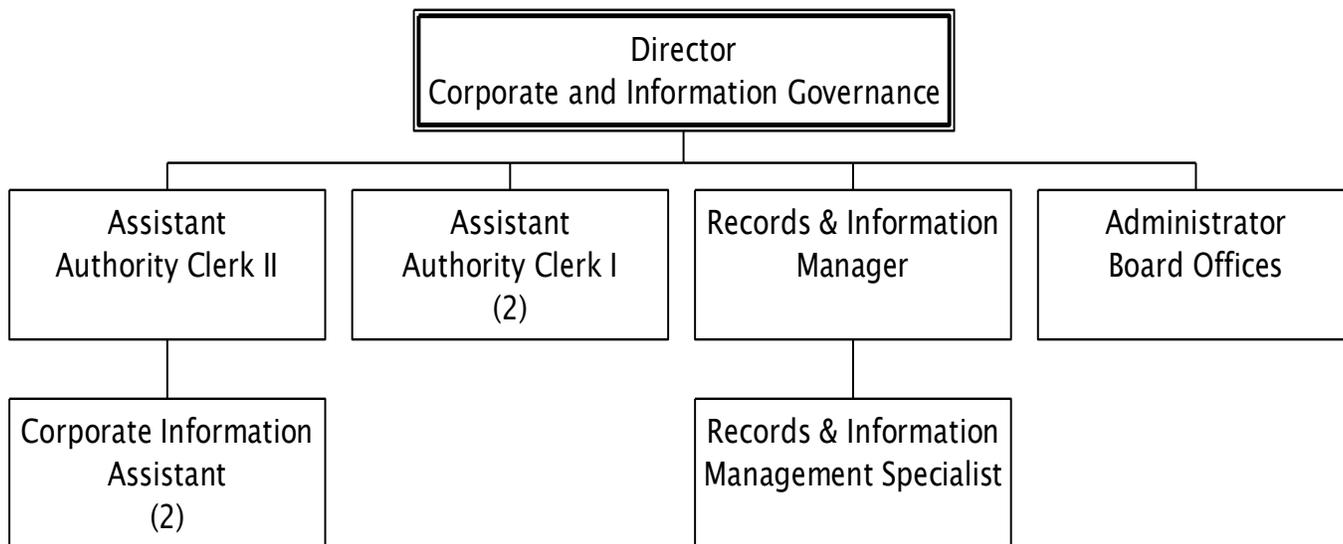
6. **Conduct audits that focus on the key risk areas of the Authority and its business partners.**

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 463,583	\$ 565,184	\$ 633,917	\$ 68,734	12.2%	\$ 657,409	\$ 23,492	3.7%
Premium Overtime	1,205	-	-	-	0.0%	-	-	0.0%
Employee Benefits	249,239	341,618	340,527	(1,091)	-0.3%	364,447	23,920	7.0%
Subtotal	714,027	906,802	974,445	67,643	7.5%	1,021,856	47,412	4.9%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	714,027	906,802	974,445	67,643	7.5%	1,021,856	47,412	4.9%
Non-Personnel Expenses								
Contractual Services	53,589	34,400	32,900	(1,500)	-4.4%	29,100	(3,800)	-11.6%
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	5,447	500	55,000	54,500	10900.0%	10,000	(45,000)	-81.8%
Operating Supplies	4,029	6,675	4,675	(2,000)	-30.0%	4,675	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,595	15,230	16,230	1,000	6.6%	19,230	3,000	18.5%
Business Development	15,168	11,750	10,300	(1,450)	-12.3%	10,300	-	0.0%
Equipment Rentals & Repairs	31,084	26,800	26,100	(700)	40.0%	26,100	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	125,911	95,355	145,205	49,850	52.3%	99,405	(45,800)	-31.5%
Total Operating Expenses	839,938	1,002,157	1,119,650	117,493	11.7%	1,121,261	1,612	0.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	839,938	1,002,157	1,119,650	117,493	11.7%	1,121,261	1,612	0.1%
Equipment Outlay	62,128	-	5,000	5,000	0.0%	5,000	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 902,066	\$ 1,002,157	\$ 1,124,650	\$ 122,493	12.2%	\$ 1,126,261	\$ 1,612	0.1%

EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$1,002,157	\$1,124,650
Personnel Costs		
Salary adjustments and pay-for-performance	20,949	23,492
Burden (benefits & employer taxes) for current staff	(22,441)	23,920
1 New position of Records & Information Management Specialist (salaries, benefits & employer taxes)	69,135	-
Total Increase / (Decrease) in Personnel Costs	67,643	47,412
Business Continuity Plan system	55,000	(45,000)
Other, net	(150)	(800)
Total Increase / (Decrease) in Non-Personnel Costs	54,850	(45,800)
Total Increase / (Decrease)	122,493	1,612
FY 2016 Budget / FY 2017 Conceptual Budget	\$1,124,650	\$1,126,261

EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE

Departmental Goals

FY 2015 PROGRESS REPORT

1. Enhance access to records and information through the completion of the design and implementation of an Enterprise Content Management System (ECMS) by May 2015.

PROGRESS:

- Completed Requirements Assessment.
- Completed Design Review Prototype meetings.
- Complete Functional Design Specification by February 1, 2015.
- System training and pilot testing is scheduled for March 2015.
- Anticipate beginning system roll-out in April 2015.

SUSTAINABILITY GOAL: Economic Sustainability, Operational Excellence

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. Maintain the Department's External Customer Satisfaction Score of 92 percentage points for Fiscal Year 2015.

PROGRESS:

- Received 14 external customer survey responses.
- 100 % of our external customers who responded to the survey rated our customer service as "Professional" and/or "Very Professional".
- 78.6 % of those who responded rated our customer service as "Very Professional".

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

3. Increase the department's employee engagement score by 5 percentage points on the 2015 Employee Opinion Survey.

PROGRESS: Employee opinion survey is scheduled to be conducted in March 2015.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE
Departmental Goals

FY 2016 – FY 2017 GOALS

- 1. Enhance access to records and information through the completion of the design and implementation of an Enterprise Content Management System (ECMS) by February 2016.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

- 2. Enhance access and search ability of codes and polices via the intranet through the creation of a published PDF searchable document by December 2015.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

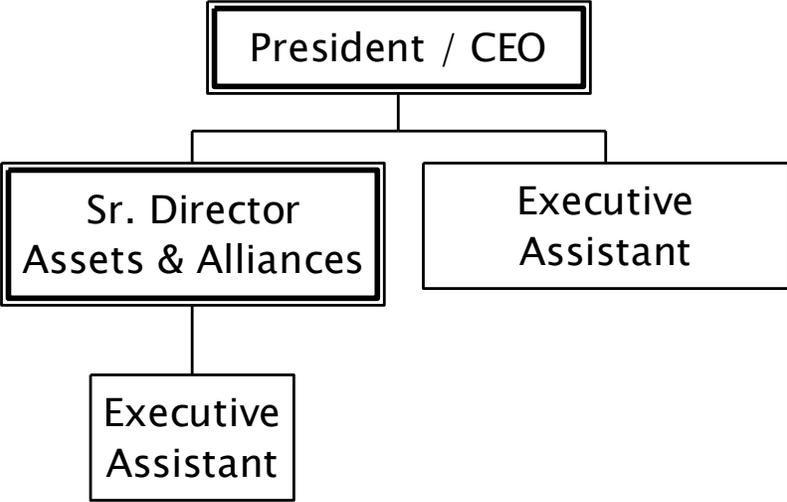
- 3. Increase the Departments Employee Engagement Score by 5 percentage points on the 2016 Employee Opinion Survey.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

- 4. Research the ability to automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by April 2016.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

EXECUTIVE DIVISION – EXECUTIVE OFFICE
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

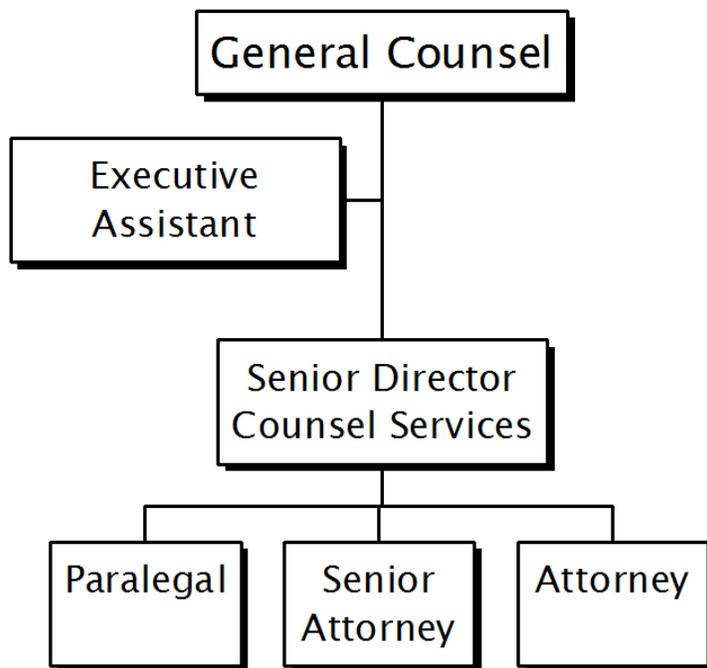
EXECUTIVE DIVISION – EXECUTIVE OFFICE
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 590,658	\$ 575,031	\$ 608,206	\$ 33,175	5.8%	\$ 624,510	\$ 16,303	2.7%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	212,490	278,643	270,797	(7,846)	-2.8%	292,524	21,726	8.0%
Subtotal	803,149	853,675	879,004	25,329	3.0%	917,034	38,030	4.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	803,149	853,675	879,004	25,329	3.0%	917,034	38,030	4.3%
Non-Personnel Expenses								
Contractual Services	26,137	20,000	-	(20,000)	-100.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	65	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	459	-	500	500	0.0%	-	(500)	-100.0%
Operating Supplies	3,447	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	28,706	24,000	24,000	-	0.0%	24,000	-	0.0%
Business Development	214,108	196,767	214,717	17,950	9.1%	223,545	8,828	4.1%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	272,922	243,267	241,717	(1,550)	-0.6%	250,045	8,328	3.4%
Total Operating Expenses	1,076,070	1,096,942	1,120,721	23,779	2.2%	1,167,079	46,358	4.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,076,070	1,096,942	1,120,721	23,779	2.2%	1,167,079	46,358	4.1%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,076,070	\$ 1,096,942	\$ 1,120,721	\$ 23,779	2.2%	\$ 1,167,079	\$ 46,358	4.1%

EXECUTIVE DIVISION – EXECUTIVE OFFICE
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$1,096,942	\$1,120,721
Personnel Costs		
Salary adjustments and pay-for-performance	33,175	16,303
Burden (benefits & employer taxes) for current staff	(7,846)	21,726
Total Increase / (Decrease) in Personnel Costs	25,329	38,030
Outside professional services	(20,000)	-
Memberships and dues	11,250	6,328
Other, net	7,200	2,000
Total Increase / (Decrease) in Non-Personnel Costs	(1,550)	8,328
Total Increase / (Decrease)	23,779	46,358
FY 2016 Budget / FY 2017 Conceptual Budget	<u>\$1,120,721</u>	<u>\$1,167,079</u>

**EXECUTIVE DIVISION – GENERAL COUNSEL
FY 2016 – FY 2017 Organizational Structure**



No personnel changes in FY 2017.

EXECUTIVE DIVISION – GENERAL COUNSEL
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 885,311	\$ 906,812	\$ 934,790	\$ 27,978	3.1%	\$ 958,863	\$ 24,073	2.6%
Premium Overtime	156	-	-	-	0.0%	-	-	0.0%
Employee Benefits	375,236	391,745	382,733	(9,012)	-2.3%	396,453	13,720	3.6%
Subtotal	1,260,703	1,298,557	1,317,524	18,966	1.5%	1,355,316	37,793	2.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,260,703	1,298,557	1,317,524	18,966	1.5%	1,355,316	37,793	2.9%
Non-Personnel Expenses								
Contractual Services	374,228	1,201,000	1,186,000	(15,000)	-1.2%	1,186,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	36	250	250	0	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	31,624	1,000	1,000	0	0.0%	1,000	-	0.0%
Operating Supplies	3,328	4,000	4,000	0	0.0%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	59,633	60,400	68,400	8,000	13.2%	69,900	1,500	2.2%
Business Development	4,988	6,850	7,550	700	10.2%	7,650	100	1.3%
Equipment Rentals & Repairs	62	1,100	1,100	0	0.0%	1,100	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	473,897	1,274,600	1,268,300	(6,300)	-0.5%	1,269,900	1,600	0.1%
Total Operating Expenses	1,734,600	2,573,157	2,585,824	12,667	0.5%	2,625,216	39,393	1.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	25,000	10,000	10,000	0	0.0%	10,000	-	0.0%
Total Non-Operating Expenses	25,000	10,000	10,000	0	0.0%	10,000	-	0.0%
Total Expenses	1,759,600	2,583,157	2,595,824	12,667	0.5%	2,635,216	39,393	1.5%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,759,600	\$ 2,583,157	\$ 2,595,824	\$ 12,667	0.5%	\$ 2,635,216	\$ 39,393	1.5%

EXECUTIVE DIVISION – GENERAL COUNSEL
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$2,583,157	\$2,595,824
Personnel Costs		
Salary adjustments and pay-for-performance	27,978	24,073
Burden (benefits & employer taxes) for current staff	(9,012)	13,720
Total Increase / (Decrease) in Personnel Costs	18,966	37,793
Legal Services	(15,000)	-
Other, net	8,700	1,600
Total Increase / (Decrease) in Non-Personnel Costs	(6,300)	1,600
Total Increase / (Decrease)	12,667	39,393
FY 2016 Budget / FY 2017 Conceptual Budget	\$2,595,824	\$2,635,216

EXECUTIVE DIVISION – GENERAL COUNSEL
Departmental Goals

FY 2015 PROGRESS REPORT

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

PROGRESS: Outside legal costs have decreased by reducing reliance on the use of outside law firms and assigning in-house staff to the work where staff was available and capable of providing the legal services. The hourly rates for outside firms have not been allowed to increase and invoices are carefully reviewed for reasonableness and at times the legal bills are reduced. Unless new unanticipated litigation occurs, the office expenses for outside counsel will be substantially under budget by more than \$400,000.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

- 2. Provide timely and professional legal services in preparing, reviewing, executing and enforcing Authority contracts, leases and agreement to meet the needs of the Authority while complying with applicable laws and regulations.**

PROGRESS: During the first 6 months of FY 2015, the General Counsel’s office has negotiated, prepared, reviewed or amended more than 300 contracts, leases, licenses, permits and amendments, including a number of significant complexity and uniqueness. Although each agreement, depending on its complexity and negotiations, varies in the amount of time needed to complete legal review, our internal office records reflect quick turnarounds on the vast majority of requested legal services. Periodic meetings with representatives from Procurement and Business Management reflect satisfaction with the timeliness of our services, and an extraordinary record of being responsive to “rush” requests.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

PROGRESS: The General Counsel’s office continues to offer and conduct educational seminars and opportunities for Board, management and staff. Recent educational activities have covered ethics, federal and state laws applicable to airports, and various aspects of contracting.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Provide timely and professional legal services and advice concerning the Authority's Codes, Policies, Rules and Regulations and standard practices to ensure compliance with state and federal law and to minimize the Authority's exposure to litigation.

PROGRESS: The General Counsel's office has provided legal services and advice to support the adoption of new Authority Policies related to commercial advertising, commercial ground transportation applicable to Transportation Network Companies (TNCs), e-cigarettes, pest management and domestic partner benefits for parties contracting with the Authority. The Authority's Rules and Regulations have been amended with regard to TNCs and aircraft parking. Amendments to the Rules of the San Diego City Employees Retirement Board have also been reviewed. The office participated in the finalization of a FAA required Competition Plan affecting airline service at San Diego International Airport. Each of these services was completed in a timely and professional manner.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

EXECUTIVE DIVISION – GENERAL COUNSEL
Departmental Goals

FY 2016 – FY 2017 GOALS

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

INITIATIVE: Focus on revenue generation and cost control.

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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

4. **Provide timely and professional legal services and advice concerning the Authority's Codes, Policies, Rules and Regulations and standard practices to ensure compliance with state and federal law and to minimize the Authority's exposure to litigation.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

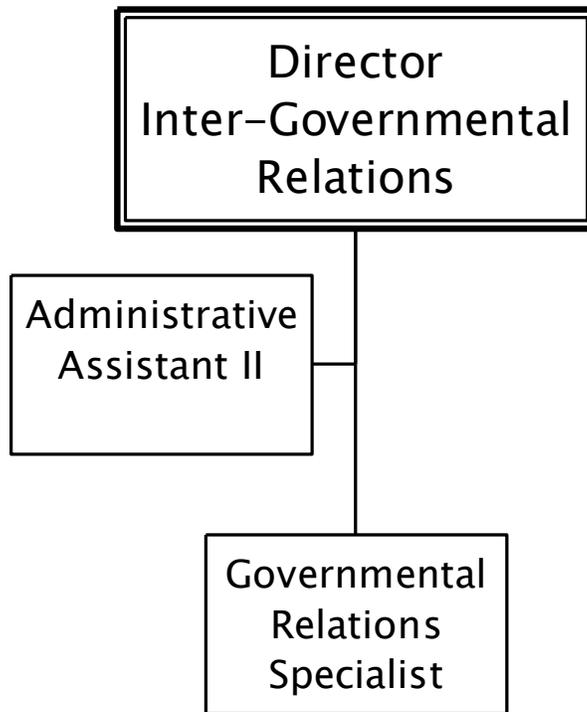
EXECUTIVE DIVISION – ASSETS & ALLIANCES GROUP
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 689,697	\$ 738,422	\$ 727,246	\$ (11,176)	-1.5%	\$ 736,704	\$ 9,457	1.3%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	232,120	355,510	341,717	(13,793)	-3.9%	363,451	21,734	6.4%
Subtotal	921,817	1,093,932	1,068,964	(24,969)	-2.3%	1,100,155	31,192	2.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	921,817	1,093,932	1,068,964	(24,969)	-2.3%	1,100,155	31,192	2.9%
Non-Personnel Expenses								
Contractual Services	499,334	563,000	718,500	155,500	27.6%	696,400	(22,100)	-3.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	916	3,500	1,250	(2,250)	-64.3%	1,250	-	0.0%
Operating Supplies	6,874	7,000	6,000	(1,000)	-14.3%	8,250	2,250	37.5%
Insurance	988,382	1,071,422	1,322,477	251,055	23.4%	1,405,457	82,980	6.3%
Employee Programs	34,730	35,400	48,200	12,800	36.2%	53,000	4,800	10.0%
Business Development	148,176	137,825	141,050	3,225	2.3%	144,650	3,600	2.6%
Equipment Rentals & Repairs	972	450	250	(200)	-100.0%	250	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	1,679,386	1,818,747	2,237,877	419,130	23.0%	2,309,407	71,530	3.2%
Total Operating Expenses	2,601,203	2,912,679	3,306,841	394,161	13.5%	3,409,562	102,722	3.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,601,203	2,912,679	3,306,841	394,161	13.5%	3,409,562	102,722	3.1%
Equipment Outlay	16,850	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 2,618,053	\$ 2,912,679	\$ 3,306,841	\$ 394,161	13.5%	\$ 3,409,562	\$ 102,722	3.1%

EXECUTIVE DIVISION – ASSETS & ALLIANCES GROUP
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$2,912,679	\$3,306,841
Personnel Costs		
Salary adjustments and pay-for-performance	(11,176)	9,457
Burden (benefits & employer taxes) for current staff	(13,793)	21,734
Total Increase / (Decrease) in Personnel Costs	(24,969)	31,192
Outside professional services	155,500	(22,100)
Insurance	251,055	82,980
Other, net	12,575	10,650
Total Increase / (Decrease) in Non-Personnel Costs	419,130	71,530
Total Increase / (Decrease)	394,161	102,722
FY 2016 Budget / FY 2017 Conceptual Budget	\$3,306,841	\$3,409,562

EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 285,838	\$ 265,921	\$ 259,882	\$ (6,039)	-2.3%	\$ 261,498	\$ 1,616	0.6%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	101,300	141,659	133,985	(7,674)	-5.4%	142,184	8,199	6.1%
Subtotal	387,138	407,580	393,867	(13,713)	-3.4%	403,682	9,815	2.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	387,138	407,580	393,867	(13,713)	-3.4%	403,682	9,815	2.5%
Non-Personnel Expenses								
Contractual Services	284,207	328,150	352,150	24,000	7.3%	352,150	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	5,190	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,394	13,900	21,200	7,300	52.5%	23,900	2,700	12.7%
Business Development	141,430	124,600	125,600	1,000	0.8%	129,300	3,700	2.9%
Equipment Rentals & Repairs	-	450	250	(200)	-100.0%	250	-	0.0%
Equipment/Improvement-Tenants	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	442,222	470,750	502,850	32,100	6.8%	509,250	6,400	1.3%
Total Operating Expenses	829,359	878,330	896,717	18,387	2.1%	912,932	16,215	1.8%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	829,359	878,330	896,717	18,387	2.1%	912,932	16,215	1.8%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 829,359	\$ 878,330	\$ 896,717	\$ 18,387	2.1%	\$ 912,932	\$ 16,215	1.8%

EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$878,330	\$896,717
Personnel Costs		
Salary adjustments and pay-for-performance	(6,039)	1,616
Burden (benefits & employer taxes) for current staff	(7,674)	8,199
Total Increase / (Decrease) in Personnel Costs	(13,713)	9,815
Outside professional services	24,000	-
Other, net	8,100	6,400
Total Increase / (Decrease) in Non-Personnel Costs	32,100	6,400
Total Increase / (Decrease)	18,387	16,215
FY 2016 Budget / FY 2017 Conceptual Budget	\$896,717	\$912,932

EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS

Departmental Goals

FY 2015 PROGRESS REPORT

1. **Coordinate with the Facilities Development Department and the Environmental Affairs Department to identify and apply for two major state/federal/private funding opportunities in Fiscal Year 2015. Inter-Governmental Relations staff will work closely with Facilities Development, Environmental Affairs and the Authority’s legislative consultants to identify specific projects and potential funding sources and provide letters of support from regional leaders to accompany the funding applications.**

PROGRESS: The Inter-Governmental Relations Department (IGR) is working with several Authority departments, including FDD and Environmental Affairs, in developing a process to identify and apply for unanticipated funding opportunities. The third meeting of the committee is scheduled to occur in early March. After obtaining consensus from committee members, staff will submit funding requests for at least two grants/funding opportunities and seek support from regional leaders for the applications/requests submitted.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the Financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure environmentally sound, effective and efficient manner.

2. **Coordinate with the AIR SERVICE DEVELOPMENT DEPARTMENT to obtain support from elected officials and other community leaders to assist in securing new air service that AIR SERVICE DEVELOPMENT is working to obtain in Fiscal Year 2015.**

PROGRESS: IGR staff continues to coordinate with the Air Service Development team to strategize on obtaining nonstop service to DCA during the consideration of the FAA Reauthorization bill. IGR staff is also prepared to support the Air Service Development team by obtaining letters of support from elected officials and others once new potential SAN routes have been identified.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure environmentally sound, effective and efficient manner.

3. **Develop specific actions in consort with the Vision, Voice and Engagement Department to support and enhance stakeholder perception of trust and responsiveness by the Authority by May 31, 2015.**

PROGRESS: The IGR team continues to work closely with the VVE team to inform community leaders of planned projects and initiatives, including the Airport Development Plan, expected to impact them or their constituents. IGR and VVE staffs are also working to proactively support efforts to modernize the Passenger Facility Charge by building local support for a PFC increase.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS
Departmental Goals

FY 2016 – FY 2017 GOALS

1. **Coordinate with Airports Council International-North America, the American Association of Airport Executives, the California Airports Council, and others to obtain significant regional support for the inclusion of Passenger Facility Charge modernization language in the next Federal Aviation Administration Reauthorization bill.**

INITIATIVE: Focus on revenue generation and cost control.

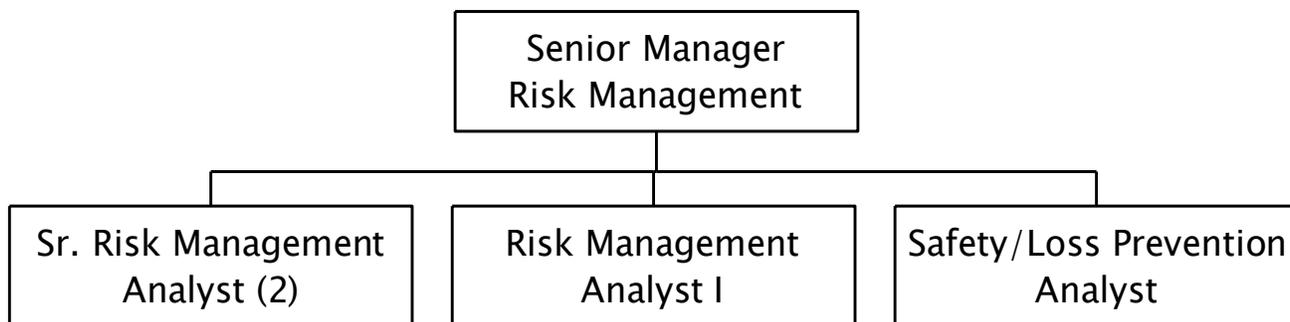
2. **Achieve an Inter-Governmental Relations Department employee engagement score of at least 80% on the 2016 Employee Opinion Survey.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. **Coordinate with the Authority's grants / external funding committee members to identify and apply for two potential unanticipated funding opportunities by May 31, 2016 and obtain support from San Diego community leaders for these applications.**

INITIATIVE: Focus on revenue generation and cost control.

EXECUTIVE DIVISION – RISK MANAGEMENT
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – RISK MANAGEMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 403,859	\$ 472,501	\$ 467,364	\$ (5,137)	-1.1%	\$ 475,205	\$ 7,841	1.7%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	130,820	213,851	207,732	(6,119)	-2.9%	221,268	13,536	6.5%
Subtotal	534,679	686,352	675,096	(11,256)	-1.6%	696,473	21,377	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	534,679	686,352	675,096	(11,256)	-1.6%	696,473	21,377	3.2%
Non-Personnel Expenses								
Contractual Services	215,127	234,850	366,350	131,500	56.0%	344,250	(22,100)	-6.0%
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	916	2,500	250	(2,250)	-90.0%	250	-	0.0%
Operating Supplies	1,684	4,500	3,500	(1,000)	-22.2%	5,750	2,250	64.3%
Insurance	988,382	1,071,422	1,322,477	251,055	23.4%	1,405,457	82,980	6.3%
Employee Programs	23,337	21,500	27,000	5,500	25.6%	29,100	2,100	7.8%
Business Development	6,746	13,225	15,450	2,225	16.8%	15,350	(100)	-0.6%
Equipment Rentals & Repairs	972	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	1,237,164	1,347,997	1,735,027	387,030	28.7%	1,800,157	65,130	3.8%
Total Operating Expenses	1,771,843	2,034,349	2,410,123	375,774	18.5%	2,496,630	86,507	3.6%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,771,843	2,034,349	2,410,123	375,774	18.5%	2,496,630	86,507	3.6%
Equipment Outlay	16,850	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,788,693	\$ 2,034,349	\$ 2,410,123	\$ 375,774	18.5%	\$ 2,496,630	\$ 86,507	3.6%

EXECUTIVE DIVISION – RISK MANAGEMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$2,034,349	\$2,410,123
Personnel Costs		
Salary adjustments and pay-for-performance	(5,137)	7,841
Burden (benefits & employer taxes) for current staff	(6,119)	13,536
Total Increase / (Decrease) in Personnel Costs	(11,256)	21,377
Outside professional services	131,500	(22,100)
Insurance	251,055	82,980
Other, net	4,475	4,250
Total Increase / (Decrease) in Non-Personnel Costs	387,030	65,130
Total Increase / (Decrease)	375,774	86,507
FY 2016 Budget / FY 2017 Conceptual Budget	<u>\$2,410,123</u>	<u>\$2,496,630</u>

EXECUTIVE DIVISION – RISK MANAGEMENT

Departmental Goals

FY 2015 PROGRESS REPORT

1. In support of the Authority’s initiative to sustain the Cost per Enplaned Passenger (CPE) below budget in FY15, in the first quarter of FY15, Risk Management will develop a baseline for the Total Cost of Risk per enplaned passenger for FY15 and then subsequently develop and begin to implement an action plan to improve the Total Cost of Risk per enplaned passenger for FY16. The Total Cost of Risk is comprised of the costs associated with the Authority’s Operational insurance program, supporting contracted services, costs of claims, and Administrative costs for the Risk Management Department measured against Key Performance Indicators (KPI) such as Annual Revenue or Annual Enplanements.

PROGRESS: The baseline Total Cost of Risk per enplaned passenger for FY 15 has been established and tested. The implementation process is just now beginning and is on target to be operational by 5-31-15.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

2. Support and build upon the risk assessment pilot program initiated in FY14 wherein risk assessments were completed as part of the analysis by the Capital Improvement Program (CIP) Prioritization Team for three of the proposed CIP projects. Risk Management will allocate sufficient resources in FY15 to perform risk assessments for the CIP Prioritization Team on all proposed projects identified by the Team as requiring a risk assessment. A risk analysis will be performed and a report issued within three business days of conducting the risk assessment with the project sponsor and identified stakeholders. The risk assessment report will be provided to the CIP Prioritization Team and the project sponsor.

PROGRESS: The Risk Assessment/Analysis procedure, as discussed above has been fully implemented and currently is being utilized by Risk Management in conjunction with all construction projects at the Authority. The Assessments are being completed within three (3) business days and are provided to the CIP Prioritization Team as well as the project sponsor as designed. This goal has been met.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

EXECUTIVE DIVISION – RISK MANAGEMENT
Departmental Goals

FY 2016 – FY 2017 GOALS

- 1. Commence the development of a long-term risk mitigation program utilizing all aspects of Risk tools sustaining the Authority through its Airport Development Plan for over the next 20+ years.**

INITIATIVE: Developing a long-term capital plan and revenue generation and cost control.

- 2. Implement a sustainable Safety Program by developing various long term initiatives to enhance employee wellness and reduce workplace hazards in conjunction with the Airport Development Plan over the next 20+ years.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

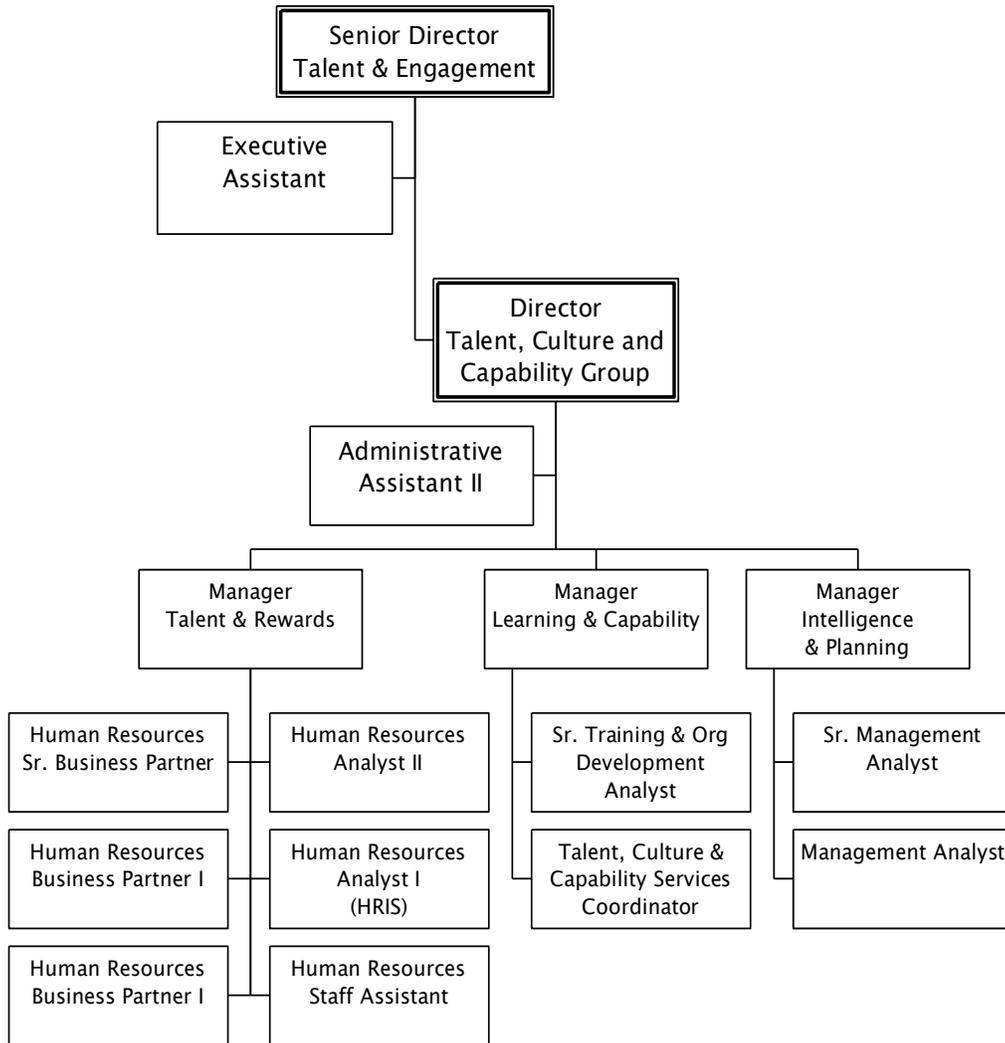
EXECUTIVE DIVISION – TALENT & ENGAGEMENT GROUP
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,499,803	\$ 2,836,276	\$ 2,849,774	\$ 13,498	0.5%	\$ 2,994,519	\$ 144,745	5.1%
Premium Overtime	12,700	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,180,034	1,399,033	1,302,905	(96,127)	-6.9%	1,416,610	113,705	8.7%
Subtotal	3,692,536	4,235,309	4,152,679	(82,629)	-2.0%	4,411,129	258,450	6.2%
Less: Capitalized Labor	(4,002)	(69,479)	(103,298)	(33,819)	48.7%	-	103,298	-100.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	3,688,534	4,165,830	4,049,382	(116,448)	-2.8%	4,411,129	361,747	8.9%
Non-Personnel Expenses								
Contractual Services	2,067,688	1,872,362	1,805,700	(66,662)	-3.6%	1,871,500	65,800	3.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	160	17,500	2,750	(14,750)	-84.3%	2,750	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	28,703	27,900	28,400	500	1.8%	24,400	(4,000)	-14.1%
Operating Supplies	13,288	16,500	14,660	(1,840)	-11.2%	14,660	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	293,355	344,585	359,125	14,540	4.2%	353,325	(5,800)	-1.6%
Business Development	1,161,464	905,560	863,010	(42,550)	-4.7%	839,510	(23,500)	-2.7%
Equipment Rentals & Repairs	16,096	47,500	37,000	(10,500)	-26.3%	37,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	3,580,754	3,233,107	3,111,845	(121,262)	-3.8%	3,144,345	32,500	1.0%
Total Operating Expenses	7,269,288	7,398,937	7,161,227	(237,710)	-3.2%	7,555,474	394,247	5.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	7,269,288	7,398,937	7,161,227	(237,710)	-3.2%	7,555,474	394,247	5.5%
Equipment Outlay	-	20,000	-	(20,000)	-100.0%	20,000	20,000	0.0%
Total Authority Expenses incl Equip Outlay	\$ 7,269,288	\$ 7,418,937	\$ 7,161,227	\$ (257,710)	-3.5%	\$ 7,575,474	\$ 414,247	5.8%

EXECUTIVE DIVISION – TALENT & ENGAGEMENT GROUP
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$7,418,937	\$7,161,227
Personnel Costs		
Salary adjustments and pay-for-performance	13,498	73,011
Burden (benefits & employer taxes) for current staff	(96,127)	84,346
Capitalized Labor	(33,819)	103,298
1 New position Art Program Coordinator (salaries, benefits & employer taxes)	-	101,093
Total Increase / (Decrease) in Personnel Costs	(116,448)	361,747
Customer Satisfaction Survey	(45,000)	-
Talent Management Suite Implementation	(20,000)	20,000
Marketing, promotional activities and materials	(38,200)	24,000
Seminars & Training	(18,500)	(6,300)
Other, net	(19,562)	14,800
Total Increase / (Decrease) in Non-Personnel Costs	(141,262)	52,500
Total Increase / (Decrease)	(257,710)	414,247
FY 2016 Budget / FY 2017 Conceptual Budget	\$7,161,227	\$7,575,474

EXECUTIVE DIVISION – TALENT CULTURE & CAPABILITY
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

EXECUTIVE DIVISION – TALENT, CULTURE & CAPABILITY
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,458,185	\$ 1,677,255	\$ 1,681,565	\$ 4,310	0.3%	\$ 1,719,530	\$ 37,965	2.3%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	683,490	802,462	730,174	(72,288)	-9.0%	777,076	46,902	6.4%
Subtotal	2,141,675	2,479,717	2,411,739	(67,978)	-2.7%	2,496,606	84,867	3.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	2,141,675	2,479,717	2,411,739	(67,978)	-2.7%	2,496,606	84,867	3.5%
Non-Personnel Expenses								
Contractual Services	540,255	518,862	488,200	(30,662)	-5.9%	514,000	25,800	5.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	62	-	250	250	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	14,543	3,400	3,400	-	0.0%	3,400	-	0.0%
Operating Supplies	6,333	7,800	7,800	-	0.0%	7,800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	269,809	280,225	294,925	14,700	5.2%	288,625	(6,300)	-2.1%
Business Development	48,255	99,985	50,435	(49,550)	-49.6%	42,935	(7,500)	-14.9%
Equipment Rentals & Repairs	7,000	40,500	30,000	(10,500)	-26.3%	30,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	886,257	950,772	875,010	(75,762)	-8.0%	887,010	12,000	1.4%
Total Operating Expenses	3,027,932	3,430,489	3,286,749	(143,740)	-4.2%	3,383,616	96,867	2.9%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	3,027,932	3,430,489	3,286,749	(143,740)	-4.2%	3,383,616	96,867	2.9%
Equipment Outlay	-	20,000	-	(20,000)	-100.0%	20,000	20,000	0.0%
Total Authority Expenses incl Equip Outlay	\$ 3,027,932	\$ 3,450,489	\$ 3,286,749	\$ (163,740)	-4.7%	\$ 3,403,616	\$ 116,867	3.6%

EXECUTIVE DIVISION – TALENT, CULTURE & CAPABILITY
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$3,450,489	\$3,286,749
Personnel Costs		
Salary adjustments and pay-for-performance	4,310	37,965
Burden (benefits & employer taxes) for current staff	(72,288)	46,902
Total Increase / (Decrease) in Personnel Costs	(67,978)	84,867
Customer Satisfaction Survey	(45,000)	-
Talent Management Suite Implementation	(20,000)	20,000
Seminars & Training	(18,500)	(6,300)
Other, net	(12,262)	18,300
Total Increase / (Decrease) in Non-Personnel Costs	(95,762)	32,000
Total Increase / (Decrease)	(163,740)	116,867
FY 2016 Budget / FY 2017 Conceptual Budget	\$3,286,749	\$3,403,616

EXECUTIVE DIVISION – TALENT, CULTURE & CAPABILITY

Departmental Goals

FY 2015 PROGRESS REPORT

1. Integrate outcomes of workforce planning, training plans and recruitment strategy to assure an enhanced talent pipeline and development of the organizational capabilities required to meet identified future strategic and operational needs.

PROGRESS: Developing and Acquiring Capabilities Required to Execute Our Strategy

- Developed and implemented workforce plans for three Authority departments designed to support development and acquisition of key talent required for the next 3 – 5 years to sustain organizational success.
- Executed recruitments to support succession plans and eliminate potential capability gaps including Director, Tenants & Terminals, Sr. Manager Facilities Management, Program Manager Environmental Sustainability and Sr. Manager Risk Management.
- Piloted a Manager Peer Group development program to enhance leadership capabilities and drive greater employee engagement and laid a foundation for replication.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure and environmentally sound, effective and efficient manner.

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

2. Execute iterative survey instruments that measure designated tenant and stakeholder perceptions of trust in, and responsiveness from, San Diego International Airport in a manner that assures a minimum of 30% participation and track action plans for designated departments accountable for tenant, passenger and community survey results to assure execution.

PROGRESS: Developing and Acquiring Capabilities Required to Execute Our Strategy

- Developed and executed a Community survey instrument to assess perceptions of trustworthiness and responsiveness of the Authority by key stakeholder groups (Advisory Committees, Quieter Home Program Participants, Contractors and ALUC members) establishing an initial benchmark rating of 3.85 out of 5.
- Developed and executed a Tenant survey instrument to assess perceptions of trustworthiness and responsiveness of the Authority by key stakeholder groups (Airlines, Concession, Rental Car, Other Tenants) establishing an initial benchmark rating of 4.15 out of 5.
- Initiated action planning process with key departments to identify process and service improvements to sustain or improve benchmark scores in 2015 survey.

- Through “Process Takes Off” initiatives:
 - Established and implemented a Facilities Maintenance cost recovery process that has recouped \$105,633 since January of 2014 with an additional \$50,000 pending;
 - Facilitated development of Capital Improvement Committee planning processes to better align with construction program management and establish more accurate Total Cost of Ownership projections;
 - Coordinated response procedures between Environmental Affairs and Facilities Management to support ongoing Wildlife Rescue Procedures; and
 - Engaged multiple departments in process improvements to assure Authority record retention policies meet regulatory requirements for FAA funded projects.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. Identify and define sustainable employee and retiree wellness strategies that engage each community in a planning and communication process resulting in reduced organizational health risks, high quality healthcare, timely annual renewals and continued cost containment within budget parameters.

PROGRESS: 2015 Employee Healthcare and Wellness Programs.

- 90% of employees and 48% of covered spouses/domestic partners participated in the Employee Wellness Program (biometric screenings and completion of personal health profiles).
- Approximately 16 of 24 employee non-participants in wellness screenings could participate in future.
- Maintained market competitive healthcare cost share model (83% employer/17% employee).
- Approximately \$443,287 in annual savings over budgeted healthcare costs resulting from effective marketing of healthcare plans (Zero cost increase for 2015).
- Employee Benefits Task Force (19 cross-functional members) contributed expertise and guidance as marketing and selection of plans progressed.
- Retirement planning:
 - Alumni Communication Team (ACT) formed to facilitate smart decision making as employees approach retirement eligibility.
 - First initiative resulting from ACT includes development of FAQs and five module pre-retirement education program launched for employees with 59% of those invited participating in at least one module.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

4. Sustain employee engagement and strategic engagement at 80% and 81% respectively by enhancing onboarding effectiveness, leveraging technology to sustain performance and delivering targeted leadership and management development opportunities.

PROGRESS: Enhancing Employee Productivity and Commitment.

- Performance Management Team initiated and on track to implement improvements to the Authority's performance management practices on or before July 1, 2015 that better align with the Authority's vision and strategic goals.
- Executive Team development plan designed to enhance trust, collaboration and team communication in progress.
- Leadership and team building sessions facilitated with departments and teams targeting improvements in areas of opportunity identified in the Employee Opinion Survey.
- Implemented a revised onboarding program aligned to our vision and values to support greater strategic engagement.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

EXECUTIVE DIVISION – TALENT, CULTURE & CAPABILITY
Departmental Goals

FY 2016 – FY 2017 GOALS

- 1. Embed workforce plans throughout the organization that assure business leaders identify required future capabilities and appropriate strategies to achieve vision with 50% of departments having a plan in place.**

INITIATIVE: Strategically engaging employees in sustainable business practices.

- 2. Integrate new performance management practices that align to the needs of the business and achieve sustained employee engagement as measured by increased opinion scores on performance management attributes (65% / 47%).**

INITIATIVE: Strategically engaging employees in sustainable business practices.

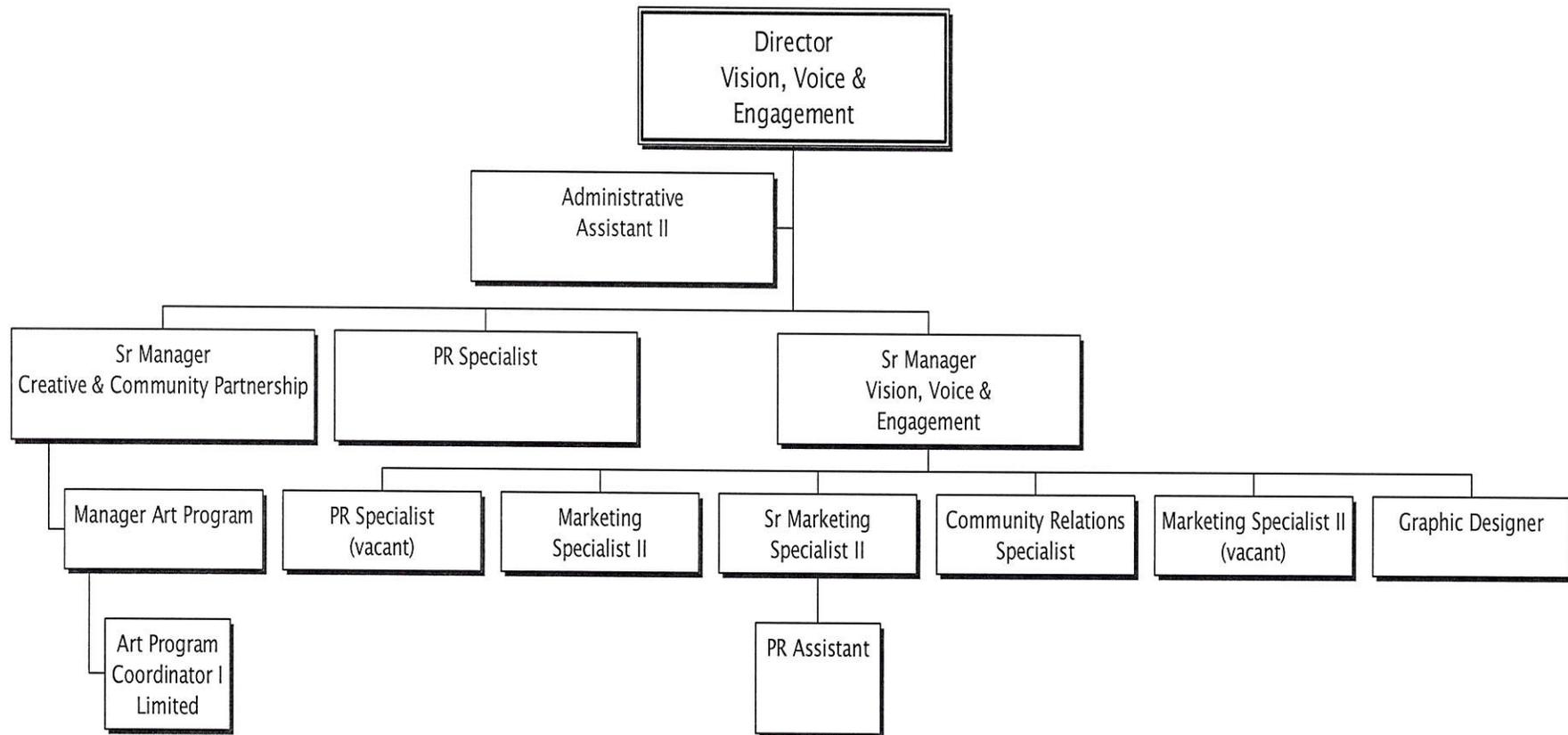
- 3. Deliver alternative sustainable total rewards program proposals that create greater portability for evaluation by the Executive Team before June 1, 2016.**

INITIATIVE: Strategically engaging employees in sustainable business practices.

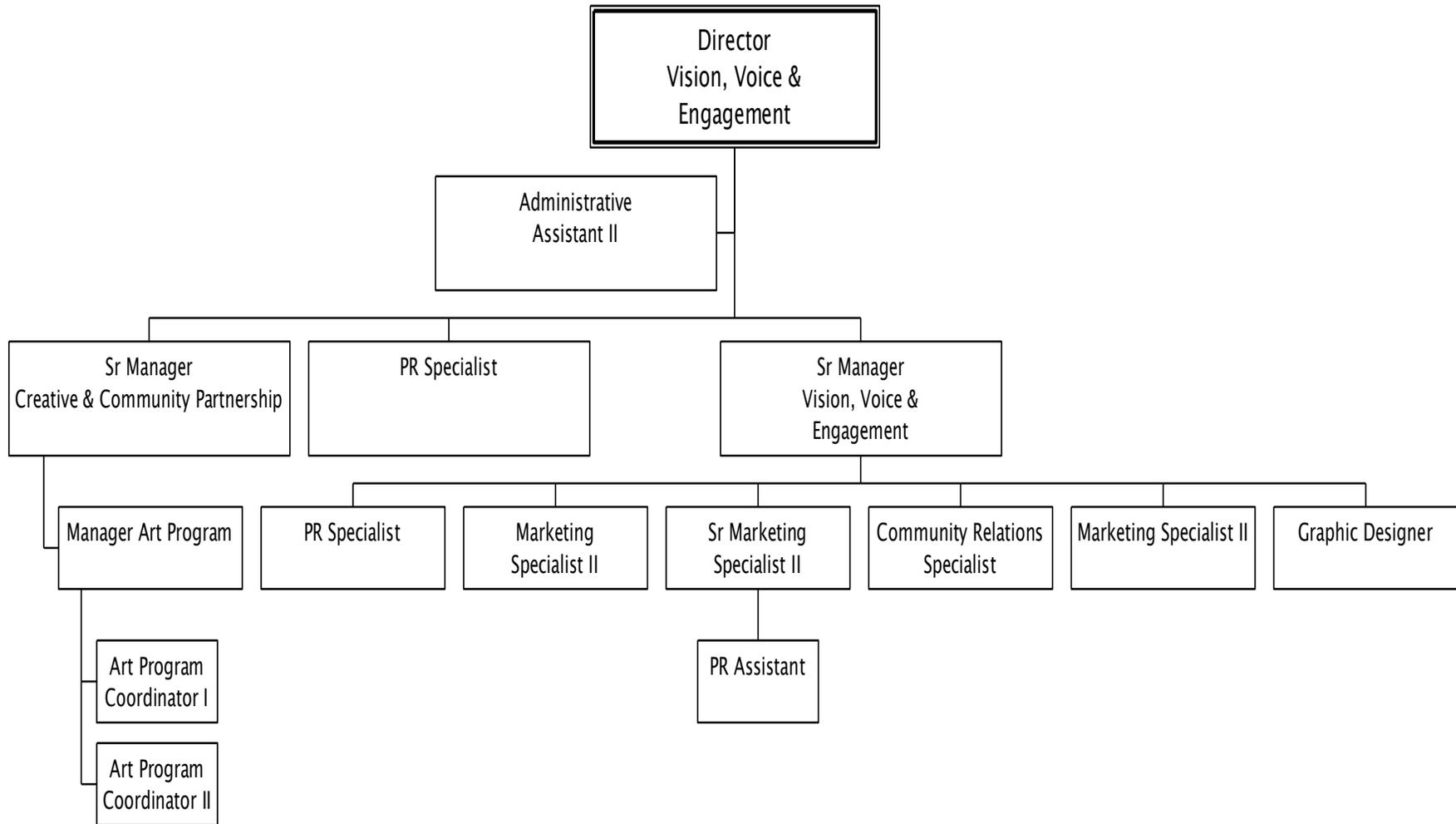
- 4. Manage ASQ data and improvement planning to assure improved customer satisfaction scores in identified attributes correlated to high satisfaction consistent with the annual action plan.**

INITIATIVE: Strategically engaging employees in sustainable business practices, pursuing revenue generation and cost control opportunities.

EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT
FY 2016 Organizational Structure



EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT
FY 2017 Organizational Structure



EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,041,617	\$ 1,159,021	\$ 1,168,209	\$ 9,188	0.8%	\$ 1,274,989	\$ 106,781	9.1%
Premium Overtime	12,700	-	-	-	0.0%	-	-	0.0%
Employee Benefits	496,544	596,571	572,731	(23,839)	-4.0%	639,534	66,803	11.7%
Subtotal	1,550,861	1,755,592	1,740,940	(14,651)	-0.8%	1,914,523	173,583	10.0%
Less: Capitalized Labor	(4,002)	(69,479)	(103,298)	(33,819)	48.7%	-	103,298	-100.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,546,859	1,686,113	1,637,643	(48,470)	-2.9%	1,914,523	276,881	16.9%
Non-Personnel Expenses								
Contractual Services	1,527,434	1,353,500	1,317,500	(36,000)	-2.7%	1,357,500	40,000	3.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	98	17,500	2,500	(15,000)	-85.7%	2,500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	14,161	24,500	25,000	500	2.0%	21,000	(4,000)	-16.0%
Operating Supplies	6,955	8,700	6,860	(1,840)	-21.1%	6,860	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	23,545	64,360	64,200	(160)	-0.2%	64,700	500	0.8%
Business Development	1,113,209	805,575	812,575	7,000	0.9%	796,575	(16,000)	-2.0%
Equipment Rentals & Repairs	9,096	7,000	7,000	-	0.0%	7,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	2,694,498	2,282,335	2,236,835	(45,500)	-2.0%	2,257,335	20,500	0.9%
Total Operating Expenses	4,241,357	3,968,448	3,874,478	(93,970)	-2.4%	4,171,858	297,381	7.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	4,241,357	3,968,448	3,874,478	(93,970)	-2.4%	4,171,858	297,381	7.7%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 4,241,357	\$ 3,968,448	\$ 3,874,478	\$ (93,970)	-2.4%	\$ 4,171,858	\$ 297,381	7.7%

EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$3,968,448	\$3,874,478
Personnel Costs		
Salary adjustments and pay-for-performance	9,188	35,046
Burden (benefits & employer taxes) for current staff	(23,839)	37,444
1 New position Art Program Coordinator (salaries, benefits & employer taxes)	-	101,093
Capitalized Labor	(33,819)	103,298
Total Increase / (Decrease) in Personnel Costs	(48,470)	276,881
Marketing, promotional activities and materials	(38,200)	24,000
Other, net	(7,300)	(3,500)
Total Increase / (Decrease) in Non-Personnel Costs	(45,500)	20,500
Total Increase / (Decrease)	(93,970)	297,381
FY 2016 Budget / FY 2017 Conceptual Budget	\$3,874,478	\$4,171,858

EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT

Departmental Goals

FY 2015 PROGRESS REPORT

1. **By January 2015, install an airport-wide exhibition in recognition of the 2015 Balboa Park centennial. The exhibit will consist of a retrospective on the innovation and technology showcased at the 1915 Panama-California Exposition compared to today's innovation and technology. Success equals installation of the exhibit and positive community feedback on the exhibit as measured by the design and execution of a survey among SAN travelers, community members and partner organizations.**

PROGRESS: The Airport Art Program's airport-wide vision for an exhibit to recognize the centennial of the Panama-California Exposition in Balboa Park is being realized. When, a total of 31 areas in the terminals will showcase large-scale reproductions of historical photographs and postcards, artifacts from the Exposition, and contemporary perspectives offered by 10 regional artists.

In celebration of the exhibit, a reception was held on February 12. The reception was well attended by representatives of the art community and Balboa Park.

This particular exhibit has furthered the Authority's Customer and Community strategic initiatives by providing an enhanced airport ambience for the traveling public that embraces aspects of the region's cultural history and diversity.

With high-caliber exhibit programming such as the one to recognize the centennial of the Balboa Park Exposition, SAN is being heralded for its leadership role in celebrating this important cultural event.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. **To feature the Airport Authority as an "employer of choice," partner with JUNIOR ACHIEVEMENT (JA) to plan, build and operate Finance Park, a reality-based experiential learning program for youth, families and community partners that focuses on career planning and financial responsibility. Success equals the start of park construction by October 2014, collaboration with JA to meet project milestones and publication of at least one news article regarding the Airport's involvement in the JA Finance Park by June 2015.**

PROGRESS: With approximately \$3.2 million in commitments to date, Finance Park is on track to launch its interactive curriculum in 2016. The airport's early pledge encouraged additional community leaders to participate: The Farrell Family Foundation matched the airport's pledge to co-sponsor the Career Center of Finance Park. Outreach is projected at 8,000 students in the 2015/16 school year, 12,000 the next year, and peaking at 15,000 each year afterward.

In celebration Demolition started in October 2014, on target with construction goals. A "wall breaking" event occurred in December 2014, garnering media coverage and identifying the Airport as a major sponsor and supporter of financial literacy and careers in the region.

Various high level events sponsored by the San Diego Business Journal, Town & Country Hotel, University Club, and other businesses have brought C-level business leaders together with spokespersons for Finance Park to elevate community interest and support. Airport officials have attended these events.

The project is on strong financial standing, and has been embraced by the media, the business community, and the San Diego region. Finance Park will enable the Airport to influence tens of thousands of tomorrow's professionals in an inviting, engaging and controlled environment to learn life skills and consider career possibilities in airports and aviation.

How each contributes to a sustainable SAN over the next 10 years: The future success of the region and its international airport lies in the cultivation of young professionals. This capstone project will provide a hands-on experience for students in a high-tech environment. It will be an exceptional asset to the San Diego community, and will provide the Airport access to the region's young leaders during the critical years of selecting their future occupations and career paths.

Which single effort will have greatest impact on our vision: Our support will help to ensure education, growth and competitiveness in the next generation. The Airport's involvement, specifically in the Career Center, will feature the tremendous opportunities in the aviation and airport industry, and provide young leaders with tools, resources and planning advice to prepare for those careers.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

- 3. Develop and gain approval of a Green Building Education Plan for the Rental Car Center (RCC) to satisfy LEED Innovation in Design Criteria and contribute to LEED Certification of the RCC by the United States Green Building Council. Gain approval of the Green Building Education Plan for the RCC by Airport Design & Construction in the first quarter of FY 2015 and implement plan elements through the remainder of FY 2015.**

PROGRESS: This goal is being moved to next fiscal year.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

- 4. Increase employee perceptions of the Airport Authority by providing information on changes in the organization through designing and delivering more relevant employee communications. Success equals a reduction in the disagree rating to below 20% of the Employee Opinion Survey question: "SDCRAA is doing a good job of providing information on changes in the organization."**

PROGRESS: VVE staff has strategically enhanced communications with employees to deliver relevant, timely information and increase engagement.

1. SANformation meetings have been restructured to address feedback from earlier formats, and now provide a shorter meeting with more substance and celebration of employee accomplishments. A themed brochure is also created for each meeting, listing employee accomplishments, promotions, milestones, and featuring inspirational stories.
2. SANOnline was redesigned to better deliver critical content to employees, and new team members were added to produce cross-departmental relevance. The team also implemented a media calendar, with commitments to bi-weekly updates from across the organization every other Tuesday.
3. The airport launched a new brand identity at the annual employee appreciation event, followed by brand presentations to each Airport Authority department to help employees understand how and why branding is vital to the organization.
4. Communications plans were developed—for both the relocation of departments throughout the Authority and the Delta Air Lines relocation to Terminal 2—to ensure that critical moves within the organization, and those that affect our business, are communicated effectively to eliminate confusion and last-minute questions or concerns.

Our success is based in large part on our ability to communicate goals, business impacts, and knowledge across the organization. So, strategic communications will remain a vital component to sustaining airport operations and delivering on the Airport Authority's mission, now and over the next ten years.

Likewise, the airport's new brand identity effectively brings who we are in line with the mission of delivering top-quality travel products and services to our customers. The brand was designed to cultivate a new sense of purpose in airport employees, business partners and travelers.

Each of these communication tools creates an impression. Those impressions create brand loyalty (in employees, as well as customers and business partners), and brand loyalty fuels engagement.

The new brand will drive all other communication tools, and will make the greatest impact on our vision, as it will exemplify our voice—what we say and how we say it—and deliver on the brand promise our vision articulates: mastery of all we do at San Diego International Airport.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT

Departmental Goals

FY 2016 – FY 2017 GOALS

1. **Green Building Education Plan:** Develop and gain approval of a Green Building Education Plan for the Rental Car Center (RCC) to satisfy LEED Innovation in Design Criteria and contribute to LEED Certification of the RCC by the U.S. Green Building Council. Gain approval of the Green Building Education Plan for the RCC by Airport Design & Construction in the final quarter of calendar year 2015.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

2. **Parking Incentives Program:** Develop a value-added program that motivates customers to use airport-owned parking lots. Gather usage data to help determine the most effective strategies. Success can be measured in increased usage of parking resources and/or increased revenue.

INITIATIVE: Focus on revenue generation and cost control; strategically engaging our employees in sustainable business practices.

3. **Community Art Workshop:** Boost awareness and perception of Airport Art Program by hosting at least one interactive workshop in the community where members of the public can learn about and experience art.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

4. **Build an Overall, Inclusive “Airport” Brand:** Propose an airport-wide brand-ownership program that unites employees of the Airport Authority, the airlines and other airport tenants in the pursuit of a common goal: Go beyond standard customer service to create special experiences that elevate the San Diego International Airport brand. Develop a survey instrument that measures what kinds of incentives motivate employees to improve their level of service. Use that data to create a program that makes it easy for everyone to get involved and feel like they have a stake in the overall success of the airport. Compare subsequent customer satisfaction survey results in key areas against prior results to measure effectiveness.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

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DEVELOPMENT DIVISION

DEVELOPMENT DIVISION

Overview

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

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

The **Airport Planning & Noise Mitigation Department** is composed of several previously independent departments, including Airport Planning (which includes Airport Land Use Planning), Airport Systems Planning, Airport Noise Mitigation and the Airport Noise Abatement Program (Quieter Home Program). As a result, the Airport Planning & Noise Mitigation Department is responsible for a variety of efforts, both on and off-airport. These include all short-range and long-range planning for the Airport Authority, such as preparing and maintaining the Airport Master Plan for San Diego International Airport. The Department is also responsible for ensuring compliance with state and federal environmental laws for any Airport development projects. It supports the Airport Land Use Commission in addressing the land use issues surrounding all 16 airports in San Diego County. The Department also administers all noise-related issues, including the Airport's departure curfew. It also manages and administers the noise insulation construction of homes surrounding the airport through the Quieter Home Program.

Specific responsibilities of the Airport Planning & Noise Mitigation Department include:

- Address short-term planning issues for the Authority, such as administrative space needs and employee and public parking locations.
- Prepare and maintain the Master Plan for San Diego International Airport (SAN).
- Prepare all necessary environmental documentation for approval and permitting of all Airport projects.
- Obtain coastal development permits for all Airport projects.
- Comply with environmental laws governing Airport development.
- Prepare Airport Land Use Compatibility Plans (ALUCPs) for 16 public-use and military airports in San Diego County.
- Review specific project development applications proposed near the 16 airports in San Diego County for consistency with the ALUCPs.
- Review all violations of the aircraft departure curfew and determine imposition of penalties on airlines, when appropriate.
- Perform noise mitigation construction on residential homes and apartments in the vicinity of SAN.

The **Environmental Affairs Department** manages environmental-related programs, including regulatory compliance, water quality, air quality, site remediation, hazardous material handling and natural resources protection. The department interfaces with other Authority departments to assess potential environmental impacts of all proposed projects. The department is also involved with long-range airport facility planning related to environmental and sustainability opportunities and initiatives.

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 **Airport Design and Construction Department** (ADC) is responsible for implementing the Authority's Airport Development Plan, including the design and construction of terminal, airside and landside improvements. Additionally ADC is responsible for the design and construction of the Rental Car Center (RCC) located on the Northside Development. Specifically, these projects include:

- 2M square feet of consolidated rental car facility (customer service, quick turn-around, ready/returned vehicles and vehicle staging/storage).
- Additional parking for remain-over-night aircraft, eliminating the need for aircraft to taxi across the runway.
- Taxiway improvements to enhance the flow of aircraft traffic.
- 460,000 square foot expansion of Terminal 2 West including:
 - 10 new jet gates and ticket lobby
 - Expanded dining and shopping options
 - More comfortable seating and waiting areas at the gates
 - 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 provide a check-in pavilion that allows travelers to check in for their flight before entering the terminal.
 - New enlarged security checkpoint.
 - Public art integrated throughout the terminal expansion and check-in pavilions.
- **The Green Build** is the largest project in the history of San Diego International Airport. Called "The Green Build" due to the Airport Authority's commitment to sustainability and the environment, as well as positive economic impact, "The Green Build" will create approximately 1,000 jobs at peak construction and provide contract opportunities for small businesses. Project highlights include:
 - Ten new jet gates to reduce terminal congestion and provide expanded, more comfortable passenger waiting areas.
 - "California Check-In," allowing most passengers to check in, print boarding passes and check baggage before entering the terminal at an easy-to-use curbside kiosk.
 - Dual-level roadway, to relieve curb-front traffic congestion by separating arriving and departing passenger vehicle traffic.
 - Up to twelve security lanes (increased from six today) to improve flow of passengers through the security while enhancing non-airline revenue.
 - Sunset Cove concessions area providing more dining and shopping options.

DEVELOPMENT DIVISION
FY 2016 – FY 2017 Organizational Structure



Division Personnel Summary

	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget Transfers	FY 2016 Budget New/ (Eliminated)	FY 2016 Budget Funded/ (Unfunded)	FY 2016 Budget	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget
Development								
Facilities Development	36	39	-	-	-	39	-	39
Airport Design & Construction	14	15	-	(2)	-	13	-	13
Environmental Affairs	7	9	-	-	-	9	-	9
Airport Planning, Noise Mitigation & QHP	21	20	-	-	-	20	-	20
Total Authorized Funded Positions	78	83	-	(2)	-	81	-	81
Authorized and Unfunded Positions	1	1	-	-	(1)	-	-	-
Total Authorized Positions	79	84	-	(2)	(1)	81	-	81

DEVELOPMENT DIVISION
FY 2016 Budget – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 5,618,007	\$ 6,797,309	\$ 6,937,067	\$ 139,758	2.1%	\$ 7,138,459	\$ 201,392	2.9%
Premium Overtime	31,761	20,000	20,000	-	0.0%	20,500	500	2.5%
Employee Benefits	2,666,595	3,522,602	3,404,181	(118,421)	-3.4%	3,620,293	216,112	6.3%
Subtotal	8,316,363	10,339,911	10,361,248	21,337	0.2%	10,779,252	418,004	4.0%
Less: Capitalized Labor	(4,735,957)	(5,886,206)	(5,733,023)	153,184	-2.6%	(5,971,838)	(238,815)	4.2%
Less: QHP - Labor/Burden/Labor Overhead	(684,521)	(663,928)	(674,897)	(10,969)	1.7%	(703,408)	(28,511)	4.2%
Total Personnel Expenses	2,895,885	3,789,777	3,953,329	163,552	4.3%	4,104,007	150,678	3.8%
Non-Personnel Expenses								
Contractual Services	3,210,500	3,737,089	4,076,114	339,025	9.1%	4,149,303	73,189	1.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	614	1,600	14,600	13,000	812.5%	16,620	2,020	13.8%
Maintenance	540,966	838,690	710,000	(128,690)	-15.3%	724,200	14,200	2.0%
Operating Equipment & Systems	17,890	2,838	(5,635)	(8,473)	-298.6%	(7,225)	(1,590)	28.2%
Operating Supplies	54,863	15,303	17,975	2,672	17.5%	19,753	1,778	9.9%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	308,418	264,098	280,369	16,271	6.2%	284,105	3,736	1.3%
Business Development	94,182	162,034	160,830	(1,204)	-0.7%	162,354	1,524	0.9%
Equipment Rentals & Repairs	340,454	257,696	270,549	12,853	-93.1%	267,577	(2,972)	-40.1%
Tenant Improvements	-	1,000,000	900,000	(100,000)	-10.0%	920,000	20,000	2.2%
Total Non-Personnel Expenses	4,567,887	6,279,348	6,424,802	145,453	2.3%	6,536,685	111,884	1.7%
Total Operating Expenses	7,463,772	10,069,125	10,378,130	309,005	3.1%	10,640,693	262,562	2.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	15,275,997	14,955,716	14,734,811	(220,905)	-1.5%	14,738,811	4,000	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	15,275,997	14,955,716	14,734,811	(220,905)	-1.5%	14,738,811	4,000	0.0%
Total Expenses	22,739,769	25,024,841	25,112,941	88,100	0.4%	25,379,504	266,562	1.1%
Equipment Outlay	133,815	80,000	10,000	(70,000)	-87.5%	10,000	-	0.0%
Total Development Division Expenses	\$ 22,873,584	\$ 25,104,841	\$ 25,122,941	\$ 18,100	0.1%	\$ 25,389,504	\$ 266,562	1.1%

DEVELOPMENT DIVISION

Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$25,104,841	\$25,122,941
Personnel Costs		
Capitalized labor	142,215	(267,326)
Salary adjustments and pay-for-performance	139,758	201,892
Burden (benefits & employer taxes) for current staff	(118,421)	216,112
Total Increase / (Decrease) in Personnel Costs	163,552	150,678
Facility Development Outside Professional Services	186,025	(340)
Planning and land use projects	120,000	-
Stormwater management program	117,000	14,500
Tenant improvement	(100,000)	20,000
Water quality, San Diego bay sediment quality	(150,000)	100,000
Major maintenance	(178,690)	2,200
Quieter Home Program	(220,905)	-
Other, net	81,118	(20,476)
Total Increase / (Decrease) in Non-Personnel Costs	(145,452)	115,884
Total Increase / (Decrease)	18,100	266,562
FY 2016 Budget / FY 2017 Conceptual Budget	\$25,122,941	\$25,389,504

DEVELOPMENT DIVISION
FY 2016 Expense Budget by Department

<u>Department</u>	<u>FY 2016 Budget</u>
Airport Planning & Noise Mitigation	\$ 18,598,486
Environmental Affairs	3,951,622
Facilities Development	2,408,661
Airport Design & Construction	164,172
Total ⁽¹⁾	\$ 25,122,941

⁽¹⁾ Total may differ due to rounding.

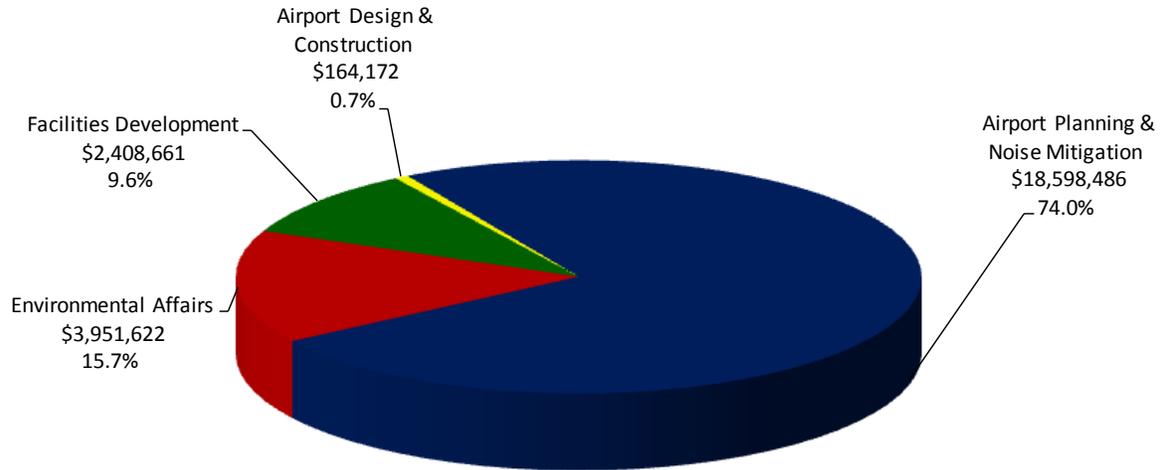


FIGURE 24 – FY 2016 EXPENSE BUDGET BY DEPARTMENT

DEVELOPMENT DIVISION
FY 2017 Expense Budget by Department

<u>Department</u>	<u>FY 2017 Conceptual Budget</u>
Airport Planning & Noise Mitigation	\$ 18,669,119
Environmental Affairs	4,093,178
Facilities Development	2,457,694
Airport Design & Construction	169,513
Total ⁽¹⁾	\$ 25,389,504

⁽¹⁾ Total may differ due to rounding.

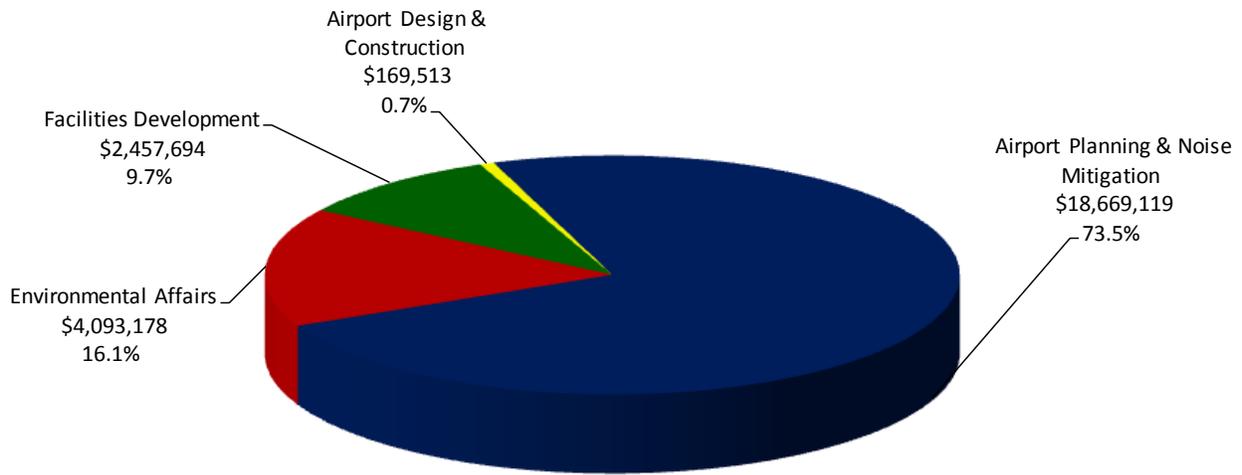


FIGURE 25 – FY 2017 EXPENSE BUDGET BY DEPARTMENT

DEVELOPMENT DIVISION
FY 2016 Expense Budget by Category

<u>Category</u>	<u>FY 2016 Budget</u>
Quieter Home Program/Joint Studies	\$ 14,734,811
Contractual Services	4,076,114
Personnel Expenses	3,953,329
Tenant Improvement	900,000
Maintenance	710,000
Employee Programs	280,369
Equipment Rentals & Repairs	270,549
Business Development	160,830
Other*	36,940
Total ⁽¹⁾	\$ 25,122,941

⁽¹⁾ Total may differ due to rounding.

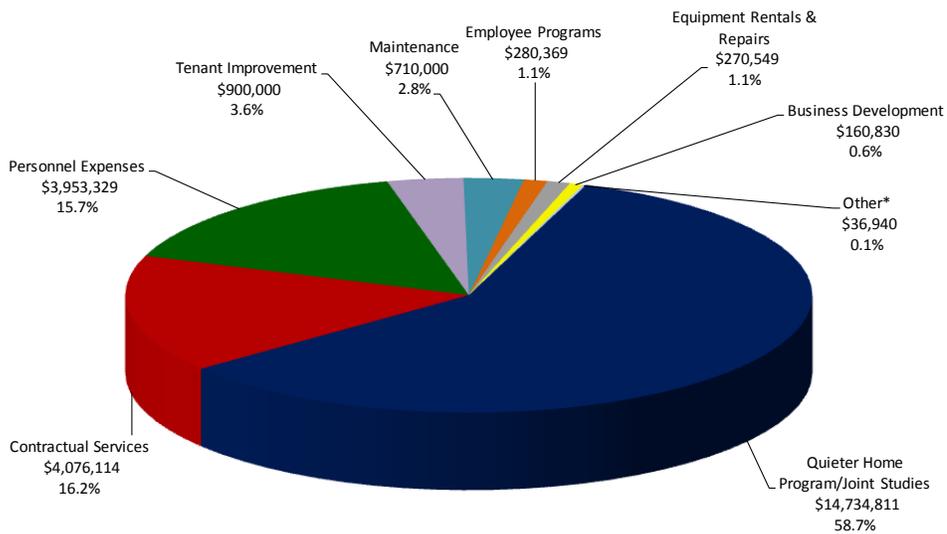


FIGURE 26 – FY 2016 EXPENSE BUDGET BY CATEGORY

*Other includes operating equipment and systems, utilities and operating supplies

DEVELOPMENT DIVISION
FY 2017 Expense Budget by Category

<u>Category</u>	<u>FY 2017 Conceptual Budget</u>
Quieter Home Program/Joint Studies	\$ 14,738,811
Contractual Services	4,149,303
Personnel Expenses	4,104,007
Tenant Improvement	920,000
Maintenance	724,200
Employee Programs	284,105
Equipment Rentals & Repairs	267,577
Business Development	162,354
Other*	39,148
Total ⁽¹⁾	\$ 25,389,504

⁽¹⁾ Total may differ due to rounding.

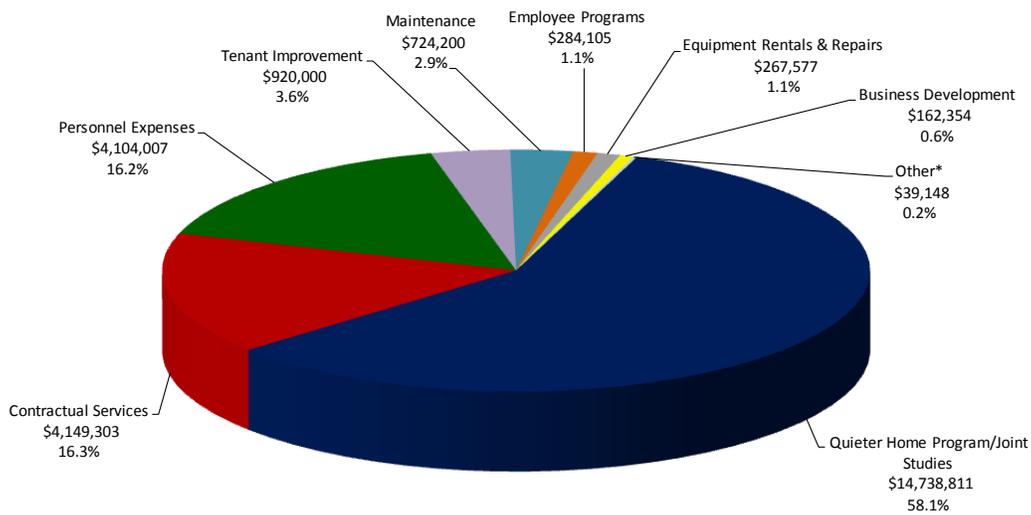
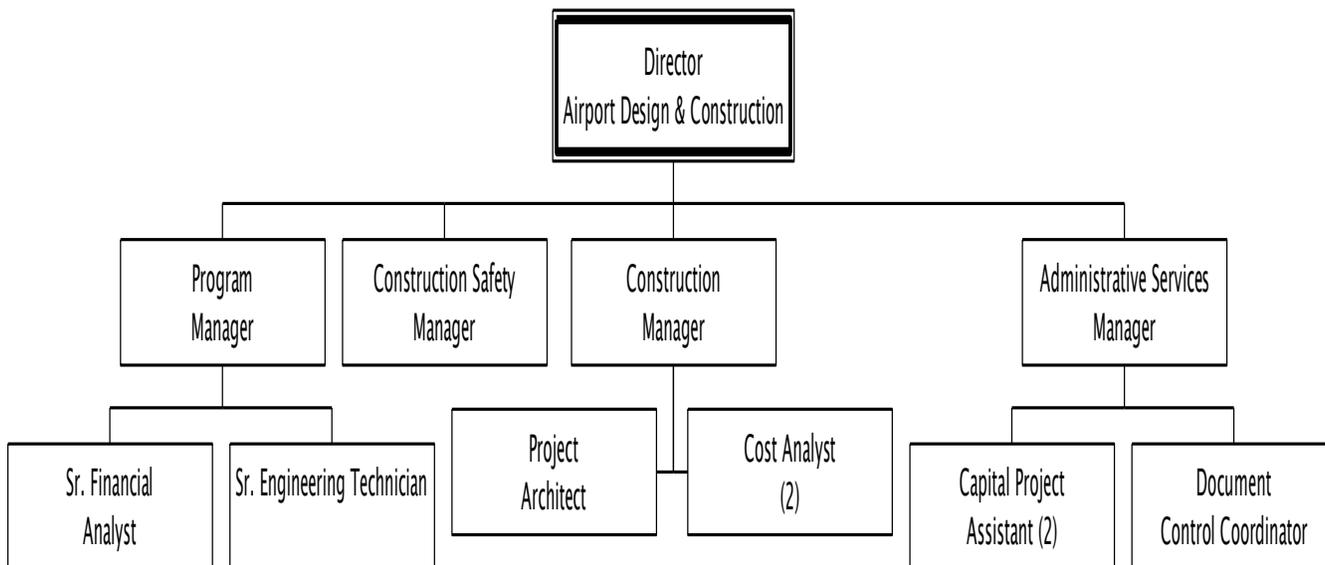


FIGURE 27 – FY 2017 EXPENSE BUDGET BY CATEGORY

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

DEVELOPMENT DIVISION –AIRPORT DESIGN & CONSTRUCTION
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 981,009	\$ 1,310,815	\$ 1,213,106	\$ (97,709)	-7.5%	\$ 1,249,320	\$ 36,213	3.0%
Premium Overtime	511	-	-	-	0.0%	-	-	0.0%
Employee Benefits	501,329	674,942	596,919	(78,022)	-11.6%	636,843	39,924	6.7%
Subtotal	1,482,850	1,985,757	1,810,026	(175,731)	-8.8%	1,886,163	76,137	4.2%
Less: Capitalized Labor	(1,465,946)	(1,985,757)	(1,692,012)	293,745	-14.8%	(1,762,808)	(70,796)	4.2%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	16,904	(0)	118,014	118,014	0%	123,355	5,341	4.5%
Non-Personnel Expenses								
Contractual Services	19,705	-	-	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	4,893	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	17,618	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	14,583	26,736	26,141	(595)	-2.2%	26,141	-	0.0%
Business Development	19,663	18,517	20,017	1,500	8.1%	20,017	-	0.0%
Equipment Rentals & Repairs	380	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	76,842	45,253	46,158	905	2.0%	46,158	-	0.0%
Total Operating Expenses	93,746	45,253	164,172	118,919	262.8%	169,513	5,341	3.3%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	93,746	45,253	164,172	118,919	262.8%	169,513	5,341	3.3%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 93,746	\$ 45,253	\$ 164,172	\$ 118,919	262.8%	\$ 169,513	\$ 5,341	3.3%

DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$45,253	\$164,172
Personnel Costs		
Capitalized labor	293,745	(70,796)
Burden (benefits & employer taxes) for current staff	(78,022)	39,924
Salary adjustments and pay-for-performance	(97,709)	36,213
Total Increase / (Decrease) in Personnel Costs	118,014	5,341
Other, net	905	0
Total Increase / (Decrease) in Non-Personnel Costs	905	0
Total Increase / (Decrease)	118,919	5,341
FY 2016 Budget / FY 2017 Conceptual Budget	\$164,172	\$169,513

DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION

Departmental Goals

FY 2015 PROGRESS REPORT

1. Partner with the Finance and Asset Management (FAM) division to develop the RCC and Restaurant concept's Request for Proposals (RFP) in FY 2015. Also, create the restaurant design and business opportunity for alternative non-airline revenue while providing a unique dining option to the community. Success will be measured by completion of construction documents and the build-out of "shell space" that supports the RFP timeline.

Measures of success:

- Top out of RCC: December 2014.
- Shell space completion: June 2015.

PROGRESS:

- Top out of RCC delayed 90 days (recovery schedule enacted).
- Projected on schedule.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence and Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Throughout FY 2014 - FY 2015 forecast a final cost for the RCC Program within or better than the approved budget of \$316.1 million, as measured by providing a (quarterly) forecast at completion report that demonstrates the RCC program is trending "on-budget" at \$316.1 million. ADC will manage costs to provide end-of-program savings by achieving one of the following:

Measures of success:

- Over the course of the RCC Program, proactively manage scope creep by limiting additional scope to 50% below the total Program Reserve Fund.
- Maintain an efficient, lean and cost effective staff that will result in a \$2.0 million staff budget end-of-program savings.

PROGRESS:

- 57% of the Program reserve fund has been used since the GMP.
- Tracking at 100% of target goal.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

3. Throughout FY 2014 - FY 2015, progress construction on the RCC to meet construction milestones and forecast a substantial completion date for the RCC program within or better than the revised "GMP Baseline" schedule, as measured by providing a quarterly forecast at completion report that demonstrates the RCC program is trending "on-schedule" for the completion of "GMP Baseline" and the substantial completion by October 2015.

PROGRESS: Implementation of recovery schedule has mitigated a 90 day project delay. Project is currently on schedule for October 2015 completion.

SUSTAINABILITY GOAL: Economic Viability, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

4. Throughout FY 2014-FY 2015, forecast a final completion date for the Green Build program within or better than the revised “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Green Build program is trending “on-schedule” for the completion of “GMP Baseline” and the completion of areas in the new and existing T2W Expansion program by December 2014. ADC will work with the design builder to successfully implement a plan that would permit the phased opening and final completion of the T2W Expansion program so key elements of work (e.g. additional change-order terrazzo and fire alarm system) are complete between August 29, 2014 and December 31, 2014.

PROGRESS: This goal has been met as stated; however, additional scope to reroof existing T2W extended final completion date to January 2016.

SUSTAINABILITY GOAL: Economic Viability, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

5. Ensure robust communications for ADC customers/stakeholders (internal and external) and enhance the community’s (public, professional and tenants) understanding of the department’s active programs, as measured by completing the following activities:

Measures of success:

- Quarterly reports and briefings to the Board and Senior Management.
- Briefings to customers/stakeholders.
 - Stakeholders’ survey results in 75% satisfaction.
- Monthly Construction Progress Updates.
- Quarterly Program Update (*Aviation Matters*).
- Jobsite tours for internal/external Stakeholders.
- Provide communication of ADC program to public.
 - Survey of attendees resulting in 75% satisfaction.
- Monthly ADC “All-Hands” Meeting with staff.
 - Staff survey results in 75% satisfaction.
- ADC Program planning and engagement for ADC staff.
 - ADC staff survey results in 75% of respondents felt that this was accomplished.
- Develop staff to help present public RCC updates.

PROGRESS: Goal a Except for satisfaction survey of stakeholders and staff, all listed activities have been accomplished as scheduled.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION

Departmental Goals

FY 2016 – FY 2017 GOALS

1. Partner with the Finance and Asset Management (FAM) division to develop and implement the RCC and Restaurant concept in FY 2016. Also, assist with implementation of the restaurant design and business opportunity for alternative non-airline revenue while providing a unique dining option to the community. Success will be measured by completion of construction to build-out the “shell space” that supports the timeline for opening the restaurant business.

Measures of success:

- Restaurant shell space completion: July 2015.
- Restaurant tenant improvement completion by July 2016.

INITIATIVE: Focus on revenue generation and cost control.

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

Measures of success:

- Over the course of the RCC Program, proactively manage scope creep by limiting additional scope to 60% of the total Program Reserve Fund.
- Maintain an efficient, lean and cost effective staff that will result in a \$2.0 million staff budget end-of-program savings.

INITIATIVE: Focus on revenue generation and cost control.

3. Progress construction on the RCC to meet construction milestones and forecast a substantial completion date for the RCC program within or better than the revised “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the RCC program is trending “on-schedule” for the completion of “GMP Baseline” and the substantial completion by October 2015.

INITIATIVE: Focus on revenue generation and cost control.

4. Forecast a final completion and close-out date for the Green Build program within or better than the revised “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Green Build program is trending “on-schedule” for the completion of “GMP Baseline” construction work and close-out activities by the end of December 2015. Additionally, ADC will complete construction work and close-out activities for added scope in areas of the new and existing T2W Expansion program by the end of February 2016. ADC will work with the design-builder to successfully implement a plan that will ensure final completion of construction work and close-out activities of the entire T2W Expansion program, so key elements of added work (e.g. additional change-order: terrazzo, fire alarm system, ticket lobby expansion, and existing roof replacement) are complete by the end of February, 2016.

INITIATIVE: Focus on revenue generation and cost control.

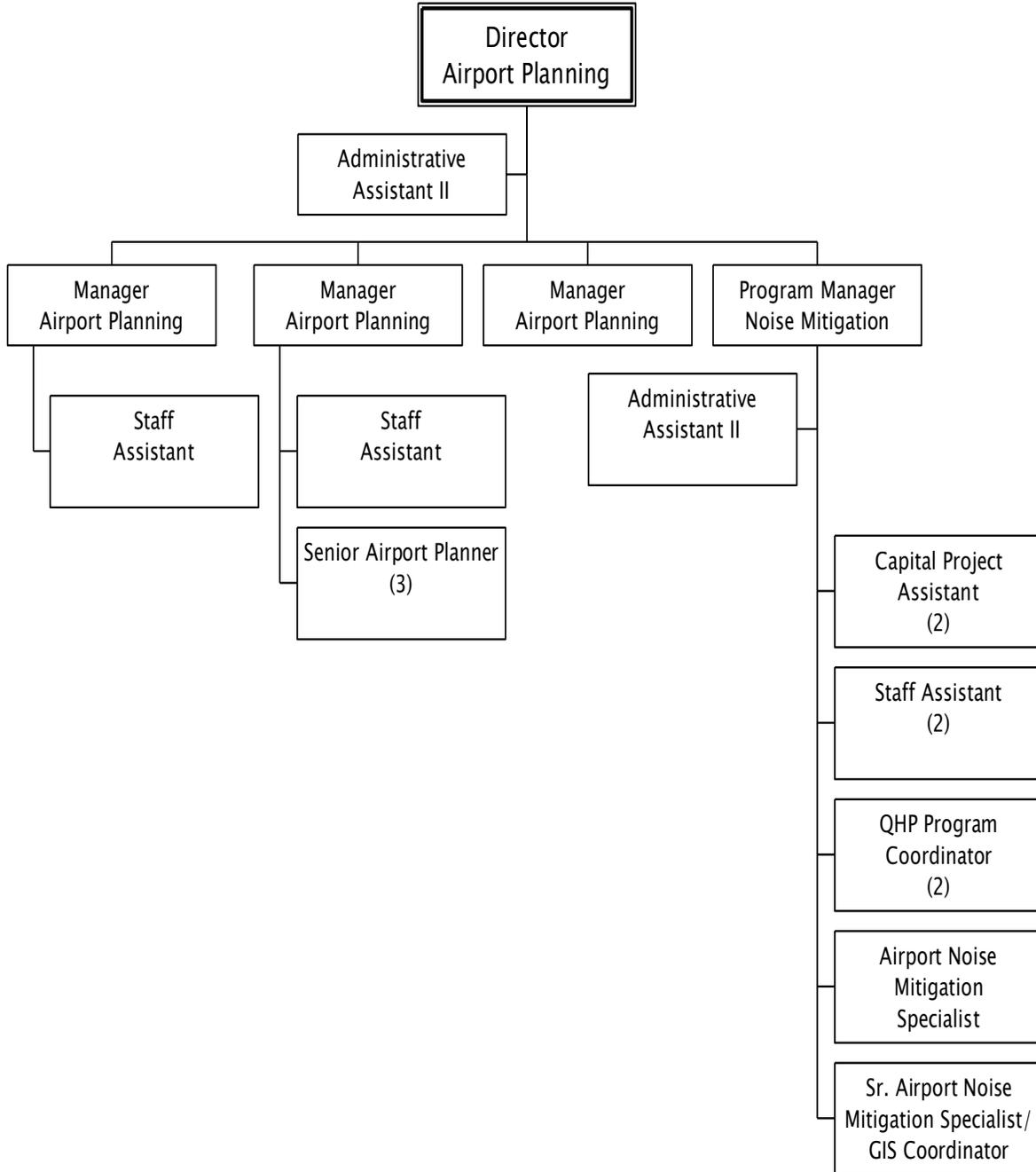
5. Throughout FY ensure robust communications for ADC employees and customers/stakeholders (internal and external) to enhance the community's (public, professional and tenants) understanding of the department's active programs, as measured by completing the following activities:

Measures of success:

- Quarterly ADC reports and briefings to the Board and Senior Management.
- Briefings to customers/stakeholders.
 - Stakeholders' survey results in 75% satisfaction.
- Monthly Construction Progress Updates.
- Program updates for Aviation Matters.
- ADC jobsite tours for internal/external Stakeholders.
- Provide communication of ADC program to external community groups.
 - Survey of attendees resulting in 75% satisfaction.
- Monthly ADC "All-Hands" Meeting with staff.
 - Staff survey results in 75% satisfaction.
- ADC Program planning and engagement for ADC staff.
 - ADC staff survey results in 75% of respondents felt that this was accomplished.
- Develop staff to help present public ADC updates.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

**DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION
FY 2016 – FY 2017 Organizational Structure**



No personnel changes in FY 2017.

DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,654,915	\$ 1,471,711	\$ 1,583,644	\$ 111,933	7.6%	\$ 1,624,974	\$ 41,329	2.6%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	753,661	793,619	802,327	8,709	1.1%	853,641	51,314	6.4%
Subtotal	2,408,576	2,265,330	2,385,972	120,642	5.3%	2,478,615	92,644	3.9%
Less: Capitalized Labor	(346)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	(665,305)	(663,928)	(674,897)	(10,969)	1.7%	(703,408)	(28,511)	4.2%
Total Personnel Expenses	1,742,925	1,601,402	1,711,075	109,673	6.8%	1,775,208	64,133	3.7%
Non-Personnel Expenses								
Contractual Services	1,170,656	1,915,500	2,000,500	85,000	4.4%	2,000,500	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	467	500	500	-	0.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	7,839	-	-	-	0.0%	-	-	0.0%
Operating Supplies	16,721	5,500	4,000	(1,500)	-27.3%	5,500	1,500	37.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	47,853	61,100	62,400	1,300	2.1%	62,400	-	0.0%
Business Development	32,197	67,904	57,200	(10,704)	-15.8%	57,200	-	0.0%
Equipment Rentals & Repairs	208,038	222,000	228,000	6,000	2.7%	233,000	5,000	2.2%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	1,483,772	2,272,504	2,352,600	80,096	3.5%	2,359,100	6,500	0.3%
Total Operating Expenses	3,226,697	3,873,906	4,063,675	189,769	4.9%	4,134,308	70,633	1.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	15,124,142	14,755,716	14,534,811	(220,905)	-1.5%	14,534,811	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	15,124,142	14,755,716	14,534,811	(220,905)	-1.5%	14,534,811	-	0.0%
Total Expenses	18,350,839	18,629,622	18,598,486	(31,136)	-0.2%	18,669,119	70,633	0.4%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 18,350,839	\$ 18,629,622	\$ 18,598,486	\$ (31,136)	-0.2%	\$ 18,669,119	\$ 70,633	0.4%

DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$18,629,622	\$18,598,486
Personnel costs		
Salary adjustments and pay-for-performance	111,933	41,329
Burden (benefits & employer taxes) for current staff	8,709	51,314
Capitalized labor	(10,969)	(28,511)
Total Increase / (Decrease) in personnel costs	109,673	64,133
Planning and land use projects	250,000	-
North Island / Imperial Beach and Urban Airport Land Use Plans	(130,000)	-
Quieter Home Program	(220,905)	-
Other, net	(39,904)	6,500
Total Increase / (Decrease) in non-personnel costs	(140,809)	6,500
Total Increase / (Decrease)	(31,136)	70,633
FY 2016 Budget / FY 2017 Conceptual Budget	\$18,598,486	\$18,669,119

DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION

Departmental Goals

FY 2015 PROGRESS REPORT

1. **The Airport Development Plan (ADP) will define future airport facilities through the year 2035. By May 31, 2015, the ADP technical document and the Administrative Draft Environmental Impact Report (EIR) will be complete.**

PROGRESS: The Airport Development Plan (ADP) team prepared a series of alternatives for replacing Terminal 1. The alternatives included preliminary phasing and cost estimates. The information was shared with airport and regional stakeholders in over 100 briefings, to educate people and to receive feedback on the information. In January 2015, the Board was briefed on all of the information and their input was received. This goal will have the greatest impact on our vision going forward.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. **By May 31, 2015, the draft Airport Land Use Compatibility Plan (ALUCP) for Naval Outlying Field (NOLF) Imperial Beach and the draft ALUCP for Naval Air Station North Island will be complete.**

PROGRESS: A management decision was made at the beginning of the fiscal year to postpone any further progress on the ALUCPs for NOLF Imperial Beach and Naval Air Station North Island until February 2015.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency

3. **Maintain the Quieter Home Program (residential sound insulation) levels of acceleration and spending so that at least the same amount of funding and a similar number of homes are attenuated in FY 2015 as in FY 2014.**

PROGRESS:

- The Quieter Home Program has proceeded on schedule, with the 3,000th home being sound attenuated in the most recent quarter.
- During the first half of the fiscal year, the team attenuated more homes in 2014 than in 2013, while spending less money. During this period in 2014, 330 homes were attenuated, while 278 homes were attenuated in 2013.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION
Departmental Goals

FY 2016 – FY 2017 GOALS

1. **The Airport Development Plan (ADP) will define future airport facilities through the year 2035. By May 31, 2016, the ADP technical document will be complete and the Administrative Draft Environmental Impact Report (EIR) will be underway.**

INITIATIVE: Developing a sustainable long term capital plan.

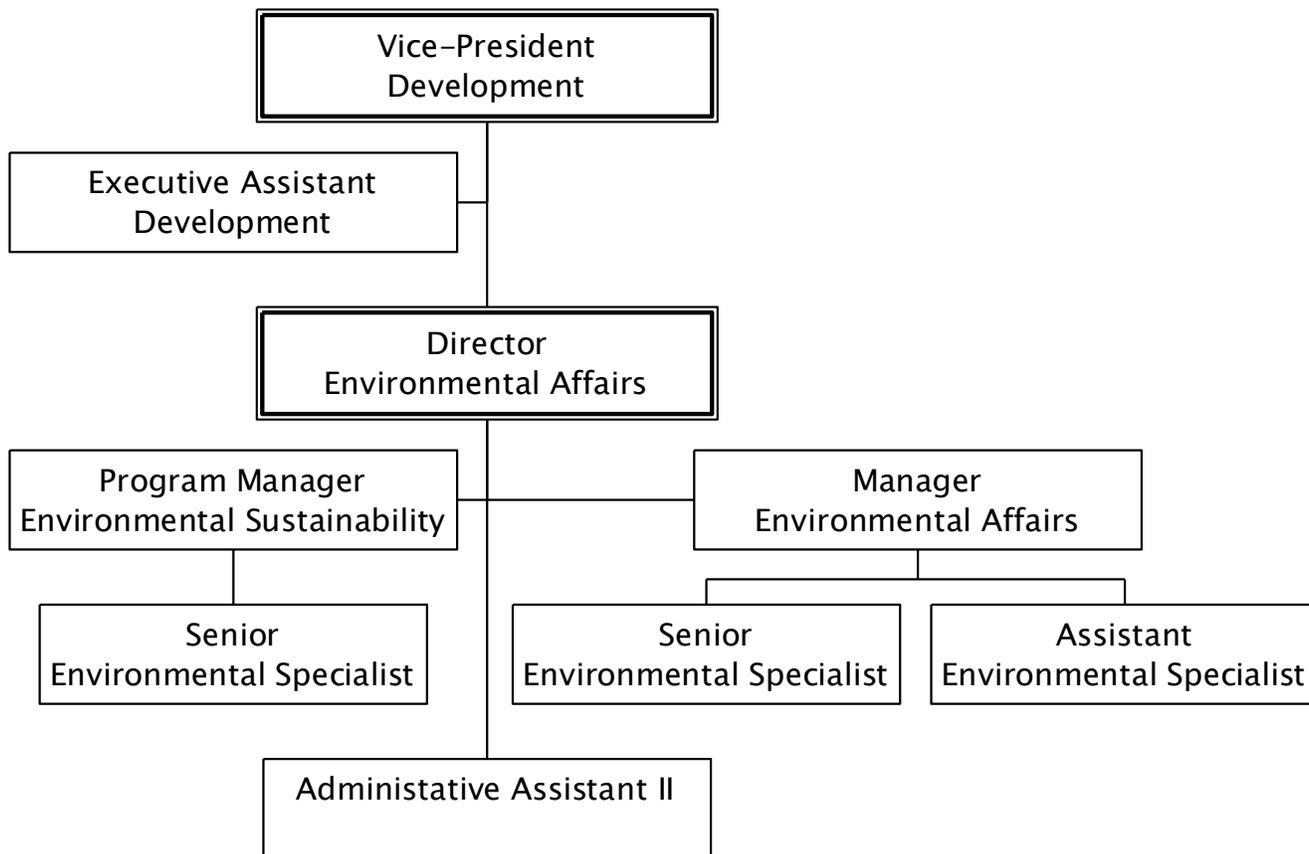
2. **By May 31, 2016, the draft Airport Land Use Compatibility Plan (ALUCP) for Naval Outlying Field Imperial Beach will be complete and the initial community outreach plan will complete for the Naval Air Station North Island ALUCP.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. **Maintain the Quieter Home Program (residential sound insulation) levels of acceleration and spending so that at least the same amount of funding and a similar number of homes are attenuated in FY 2016 as in FY 2015.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 658,047	\$ 890,892	\$ 959,464	\$ 68,572	7.7%	\$ 988,248	\$ 28,784	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	263,288	453,847	451,483	(2,363)	-0.5%	474,246	22,763	5.0%
Subtotal	921,336	1,344,739	1,410,947	66,208	4.9%	1,462,494	51,547	3.7%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	921,336	1,344,739	1,410,947	66,208	4.9%	1,462,494	51,547	3.7%
Non-Personnel Expenses								
Contractual Services	943,460	1,616,450	1,683,450	67,000	4.1%	1,756,579	73,129	4.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	21	1,000	1,000	-	0.0%	1,020	20	2.0%
Maintenance	524,061	550,000	600,000	50,000	9.1%	612,000	12,000	2.0%
Operating Equipment & Systems	3,131	1,000	1,000	-	0.0%	1,020	20	2.0%
Operating Supplies	4,051	6,100	6,100	-	0.0%	6,220	120	2.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	239,055	172,850	183,850	11,000	6.4%	187,424	3,574	1.9%
Business Development	34,505	55,275	63,275	8,000	14.5%	64,381	1,106	1.7%
Equipment Rentals & Repairs	-	2,000	2,000	-	0.0%	2,040	40	4.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	1,748,284	2,404,675	2,540,675	136,000	5.7%	2,630,684	90,009	3.5%
Total Operating Expenses	2,669,619	3,749,414	3,951,622	202,208	5.4%	4,093,178	141,555	3.6%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,669,619	3,749,414	3,951,622	202,208	5.4%	4,093,178	141,555	3.6%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 2,669,619	\$ 3,749,414	\$ 3,951,622	\$ 202,208	5.4%	\$ 4,093,178	\$ 141,555	3.6%

DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$3,749,414	\$3,951,622
Personnel Costs		
Salary adjustments and pay-for-performance	68,572	28,784
Burden (benefits & employer taxes) for current staff	(2,363)	22,763
Total Increase / (Decrease) in Personnel Costs	66,208	51,547
Stormwater management program	117,000	14,500
Environmental management system	75,000	(50,000)
Sustainability program development	75,000	-
Water quality, San Diego bay sediment quality	(150,000)	100,000
Other, net	19,000	25,509
Total Increase / (Decrease) in Non-Personnel Costs	136,000	90,009
Total Increase / (Decrease)	202,208	141,555
FY 2016 Budget / FY 2017 Conceptual Budget	\$3,951,622	\$4,093,178

DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS

Departmental Goals

FY 2015 PROGRESS REPORT

1. Revise and update Environmental Management System (EMS) Plan to incorporate Global Report Initiative (GRI) environmental performance indicators by December 31, 2014.

PROGRESS: 2015 Environmental sustainability management system plan.

Two factors have developed since this goal was presented that need to be taken into consideration before moving forward, which include: 1) the transition from the GRI-G3 reporting format to the new GRI-G4 version; and, 2) the decision to proceed with the development of an Airport Sustainability Management Plan with potential for FAA-funding for the project. This goal will be rolled under into the FY 2016 departmental goals.

SUSTAINABILITY GOAL: Operational Excellence, Natural Resource Conservation, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Development of site-wide strategic CIP Storm water Drainage Master Plan by June 30, 2015.

PROGRESS: 2015 Storm water drainage master plan.

- The existing drainage facilities have been mapped and a hydrologic model of the drainage system has been completed.
- Technical memos have are currently being developed regarding Storm water Storage and Reuse, Water Quality, and the impacts of Climate Change.
- The technical memos and a final report are projected for completion by the end of the 3rd quarter of FY15.

SUSTAINABILITY GOAL: Operational Excellence, Natural Resource Conservation, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. Ensure the development of a storm water-monitoring program that will evaluate the efficacy of the Green Build structural BMPs, both airside and landside, while also addressing the requirements of the Municipal Permit and Industrial Permit by December 31, 2014.

PROGRESS: 2015 Storm water monitoring program.

- The Wet Weather and Dry Weather Sampling Plans have been revised to address the requirements of the recently adopted Industrial General Permit and the San Diego Municipal Permit.
- On-going studies, first begun in 2006, of the effectiveness of best management practices (BMPs) deployed to prevent storm water pollution, have been expanded in the Wet Weather Sampling Plan to evaluate the performance and effectiveness of structural and non-structural treatment control BMPs developed as part of the Green Build Expansion Project. Several storm water runoff sampling sites have been relocated to incorporate evaluation of the performance of the new Green Build BMPs.
- Based upon the directives of San Diego Regional Water Quality Control Board (RWQCB) Draft Investigative Order (IO) No. R9-2012-009 and final IO R9-2014-0007, the Wet Weather Sampling Plan has been revised to include analysis of polychlorinated biphenyls (PCBs), polycyclic aromatic hydrocarbons (PAHs), chlordane (a pesticide). The IO addresses the contamination of sediments in the Laurel-Hawthorne Embayment, an area of San Diego Bay that encompasses the Downtown Anchorage, and a part of San Diego Bay to which portions of the airport drain.
- Based on a review of the Clean Water Act Section 303(d) list of impaired portions of San Diego Bay to which the airport drains, the Wet Weather Sampling Plan has also been revised to include the analysis of additional pollutants that have been named or implicated in the impairments of water quality in relevant portions of San Diego Bay.
- By the middle of FY15, 3 wet weather sampling events had been completed in accordance with the revised plan. Dry weather sampling has not yet been conducted in FY15.

SUSTAINABILITY GOAL: Operational Excellence, Natural Resource Conservation, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS
Departmental Goals

FY 2016 – FY 2017 GOALS

- 1. Revise and update the Sustainability Report using the new Global Reporting Initiative (GRI), Version G4 and complete report by June 30, 2016.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

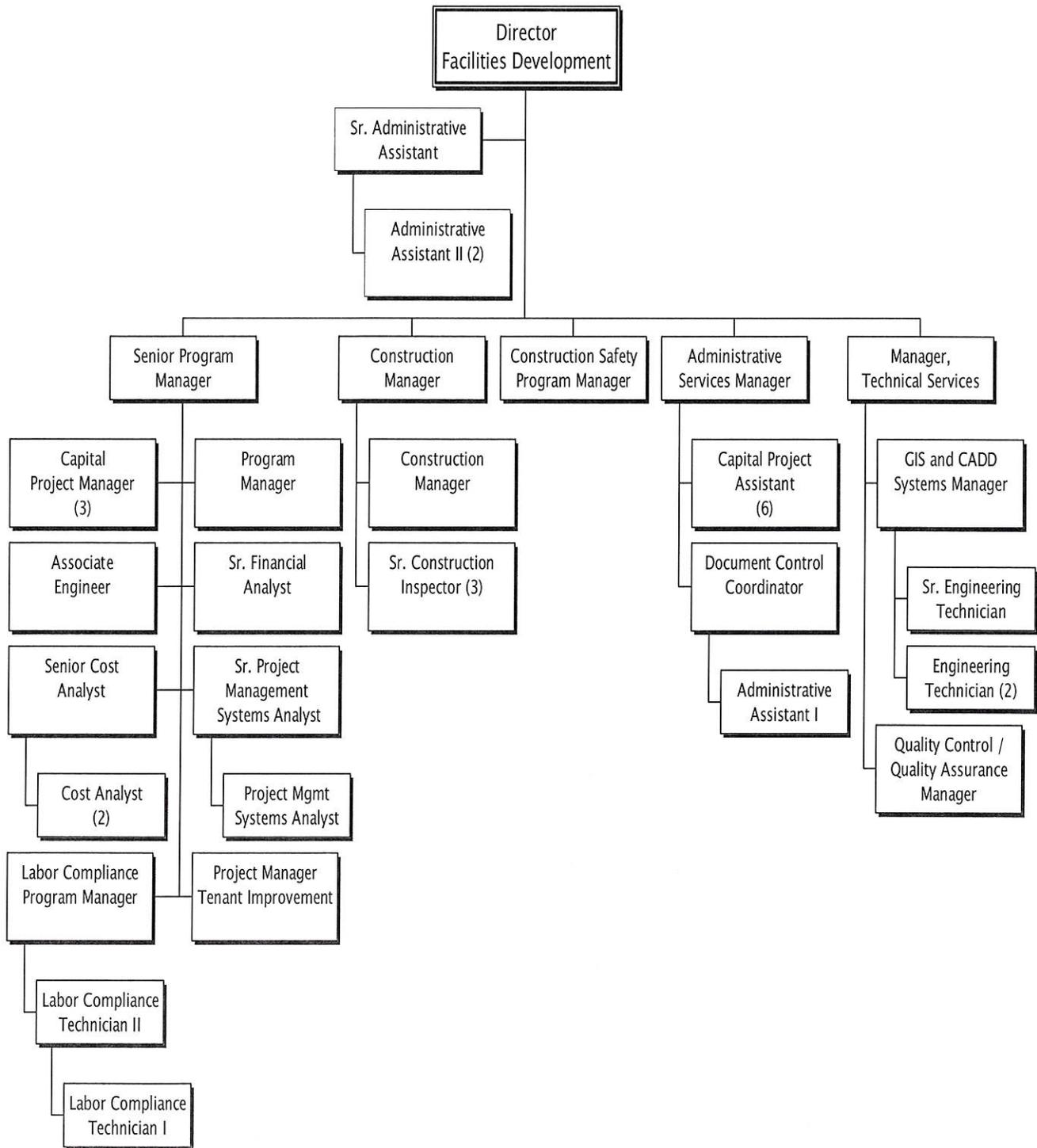
- 2. Develop an Airport Sustainability Management Plan by June 30, 2016.**

INITIATIVE: Focus on revenue generation and cost control; strategically engaging our employees in sustainable business practices.

- 3. Implement the Authority’s San Diego Bay Water Quality Improvement Plan to reduce the concentrations of copper and zinc in storm water runoff.**

INITIATIVE: Focus on revenue generation and cost control; strategically engaging our employees in sustainable business practices.

DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,324,035	\$ 3,123,890	\$ 3,180,852	\$ 56,962	1.8%	\$ 3,275,918	\$ 95,066	3.0%
Premium Overtime	31,250	20,000	20,000	-	0.0%	20,500	500	2.5%
Employee Benefits	1,148,316	1,600,195	1,553,451	(46,744)	-2.9%	1,655,562	102,111	6.6%
Subtotal	3,503,601	4,744,085	4,754,304	10,218	0.2%	4,951,980	197,677	4.2%
Less: Capitalized Labor	(3,269,665)	(3,900,449)	(4,041,011)	(140,561)	3.6%	(4,209,030)	(168,019)	4.2%
Less: QHP - Labor/Burden/Labor Overhead	(19,216)	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	214,720	843,636	713,293	(130,343)	-15.5%	742,950	29,658	4.2%
Non-Personnel Expenses								
Contractual Services	1,076,680	205,139	392,164	187,025	91.2%	392,224	60	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	125	100	13,100	13,000	13000.0%	15,100	2,000	15.3%
Maintenance	12,012	288,690	110,000	(178,690)	-61.9%	112,200	2,200	2.0%
Operating Equipment & Systems	6,920	1,838	(6,635)	(8,473)	-461.0%	(8,245)	(1,610)	24.3%
Operating Supplies	16,472	3,703	7,875	4,172	112.7%	8,033	158	2.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	6,928	3,412	7,978	4,566	133.8%	8,140	162	2.0%
Business Development	7,817	20,338	20,338	-	0.0%	20,756	418	2.1%
Equipment Rentals & Repairs	132,036	33,696	40,549	6,853	-100.4%	32,537	(8,012)	-34.2%
Tenant Improvements	-	1,000,000	900,000	(100,000)	-10.0%	920,000	20,000	2.2%
Total Non-Personnel Expenses	1,258,990	1,556,916	1,485,369	(71,547)	-4.6%	1,500,744	15,375	1.0%
Total Operating Expenses	1,473,710	2,400,552	2,198,661	(201,891)	-8.4%	2,243,694	45,033	2.0%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	151,855	200,000	200,000	-	0.0%	204,000	4,000	2.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	151,855	200,000	200,000	-	0.0%	204,000	4,000	2.0%
Total Expenses	1,625,565	2,600,552	2,398,661	(201,891)	-7.8%	2,447,694	49,033	2.0%
Equipment Outlay	133,815	80,000	10,000	(70,000)	-87.5%	10,000	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,759,381	\$ 2,680,552	\$ 2,408,661	\$ (271,891)	-10.1%	\$ 2,457,694	\$ 49,033	2.0%

DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT
Major Drivers of FY 2016 Budget & FY Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$2,680,552	\$2,408,661
Personnel Costs		
Salary adjustments and pay-for-performance	56,962	95,566
Burden (benefits & employer taxes) for current staff	(46,744)	102,111
Capitalized labor	(140,561)	(168,019)
Total Increase / (Decrease) in Personnel Costs	(130,343)	29,658
Facility Development Outside Professional Services	186,025	(340)
Tenant improvement	(100,000)	20,000
Major maintenance	(178,690)	2,200
Other, net	(48,883)	(2,485)
Total Increase / (Decrease) in Non-Personnel Costs	(141,547)	19,375
Total Increase / (Decrease)	(271,891)	49,033
FY 2016 Budget / FY 2017 Conceptual Budget	\$2,408,661	\$2,457,694

DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT

Departmental Goals

FY 2015 PROGRESS REPORT

1. In order to achieve an 80% favorable rating on Employee Engagement, hold bi-weekly meetings with FDD Authority staff to discuss Authority and departmental policies and matters related to accountability, performance, and responsibility within the Authority's established Strategies and Sustainability goals.

PROGRESS: 2015 Employee Engagement:

- FDD holds bi-weekly meetings to discuss employee commitment and performance goals.
- Lean construction techniques and lessons (typical examples):
 - Proactively managing project resources without authority
 - How to Develop and Understand Affinity Diagrams
 - How to Develop Cause and Effect Analysis developing Fishbone Diagrams
 - Learning Earned Value Management
 - Describing Project Value Using a Business Case
 - Techniques to Get Back on Budget using "Zero Tolerance" Scope Change Management, Budget Contingencies, and Process Improvement
 - Quality Control (inspection) and Quality Assurance (prevention)
 - Challenges of Proving the Value of Project Management
- Review FY 2015 - 2016 Authority, Division and FDD Goals.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

2. Execute and deliver 100% of the Capital Improvement Program (CIP) projects, including projects that support the Northside development, on time and within budget in order to achieve milestones by June 30, 2015.

PROGRESS: Rolling 5-year Capital Improvement Program Budget.

- Current CIP Budget \$530.6million (excluding RCC).
- 55 projects.
- Projects on Scope, Schedule, and Budget. Any changes to the scope, schedule, and budget approved by CIC committee.
- Current projects are within Board approved Capital Improvement Program.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. By June 30, 2015, prepare draft standard technical specifications that incorporate lessons learned from past Authority projects in order to mitigate risk and avoid change orders on future projects.

PROGRESS: Numerous past projects have been reviewed to identify technical specifications for landside/airside projects that resulted in successful projects. Approximately 100 standard specifications have been prepared, improved by further review by technical experts, and presented to FDD's Project Management team.

In January 2015, the final version of the standard specifications for landside/airside projects was presented to Project Management staff from FDD and ADC. Following are some of the major categories of standard specifications developed:

- Part 1 – Division One (FAA)
- Part 2 – Preparatory Construction Activities
- Part 3 – Earthworks
- Part 4 – Subgrade and Stabilization Treatment, Sub-base
- Part 5 – Flexible Base Courses
- Part 6 – Rigid Base Courses
- Part 7 – Flexible Surface Courses
- Part 8 – Rigid Pavement
- Part 9 – Prime and Tack Coats
- Part 10 – Concrete
- Part 11 – Painting and Grooving
- Part 12 – Pavement Surface Seals
- Part 13 – Fencing
- Part 14 – Drainage
- Part 15 – Lighting Installation
- Part 16 – Turfing

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

4. By June 30, 2015, upgrade the Authority's internal GIS system to categorize the property space information to identify airline spaces, public spaces and unleased areas in order to meet the needs of various Authority departments for maximizing revenue enhancement, improving information for bond rating agencies and planning for future airport facilities.

PROGRESS: Numerous meetings have been held with various Authority departments to determine their needs for property space information and data. As a result, the internal GIS terminal floor plans have been subdivided into areas showing the following categories and subcategories:

➤ **LEASABLE**

▪ **Concession**

- Food and Beverages
- Office/Support
- Service
- Retail
- Storage Miscellaneous
- Vacant

▪ **Airlines**

- CUPPS
- Exclusive Use
- Joint Use
- Shared Use
- Airline Clubs
- Vacant

▪ **Other**

- Government
- SDCRAA
- Ground Lease
- Miscellaneous
- Public/Private
- Vacant

➤ **NON-LEASABLE**

▪ **Public**

- Food Court
- Building Core
- Other

▪ **Non-Public**

- SDCRAA
- Building Core
- Other

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT
Departmental Goals

FY 2016 – FY 2017 GOALS

1. **Execute and deliver 100% of the Capital Improvement Program (CIP) projects on time and within budget in order to achieve milestones by June 30, 2016.**

INITIATIVE: Developing a sustainable long term capital plan.

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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. **By June 30, 2016, fully implement E-Project Management System to effectively manage the Capital Improvement Program, thereby improving process efficiency, and increasing collaboration between project teams, consultants and contractors. When fully implemented, the E-Project Management System will serve as a single software solution, enabling consistent data collection, reporting and forecasting. Additionally, the system will have the capability to upload project documentation electronically which will decrease process time, cost of postage, courier services and reduction of paper.**

INITIATIVE: Developing a sustainable long term capital plan.

4. **In order to maintain productivity, retain the average chargeability ratio for FDD above 75% and maintain an overhead factor of 2.0 or less.**

INITIATIVE: Developing a sustainable long term capital plan.

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FINANCE & ASSET MANAGEMENT DIVISION

FINANCE & ASSET MANAGEMENT DIVISION

Overview

The **FINANCE & ASSET MANAGEMENT DIVISION**'s five departments are responsible for providing the accounting, business management, business development, procurement, information and technology services, small business participation, financial planning, budgeting, capital funding, treasury, real estate and property management and concession development for the organization.

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 with Generally Accepted Accounting Principles (GAAP).
- 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 & FINANCIAL MANAGEMENT DEPARTMENT** is responsible for the effective utilization and management of Authority resources. Primary functions include calculating rates, fees and charges, developing and administering the Operating and Capital Budgets and serving as the landlord of San Diego International Airport and other Authority controlled property and facilities.

The department strives to maintain a fiscally sound and sustainable organization that conforms to financial management best practices; provides for beneficial treasury management; enhances operational efficiency and stability through the acquisition, management and disposal of Authority facilities; maintains an effective debt management program; and delivers financial advisory services to all Authority departments.

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

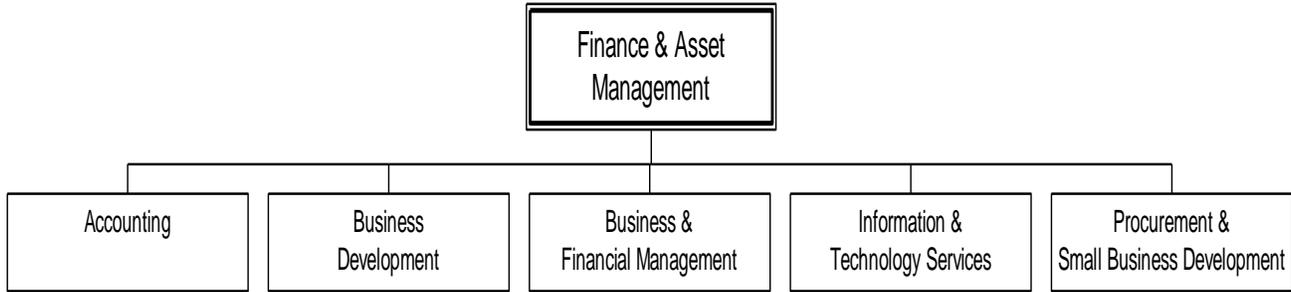
The **BUSINESS DEVELOPMENT DEPARTMENT** identifies, reviews and prioritizes new business opportunities for the Authority. The focus is on opportunities that will drive incremental revenue and/or reduce costs and those that enhance the overall passenger experience.

The **INFORMATION & TECHNOLOGY SERVICES DEPARTMENT (ITS)** 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, with network connectivity, internet services, desktop computing, telephone connection and hosted system services. I&TS provides the airlines with common use services (CUSS kiosks, CUPPS workstations) at the elevated departure roadway, gates and ticket

counters and Flight Information Display System (FIDS). Passengers are served by FIDS, free Wi-Fi, Paging and the SAN.ORG website maintained by I&TS with content provided by Vision, Voice and Engagement.

The **PROCUREMENT AND SMALL BUSINESS DEVELOPMENT DEPARTMENT** manages the business outreach, solicitation and contract award process in a legal, ethical and transparent manner. The team is committed to ensuring that local, small, historically underutilized, disabled veteran and emerging businesses have every opportunity to do business with the Airport. Department responsibilities include providing research on resources, trends, products and service options, business outreach, providing small business development services, negotiating contracts and price agreements. Additional responsibilities include managing the procurement card program, shipping, receiving and warehouse operations.

**FINANCE & ASSET MANAGEMENT DIVISION
FY 2016 – FY 2017 Organizational Structure**



Division Personnel Summary

	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget Transfers	FY 2016 Budget New/ (Eliminated)	FY 2016 Budget Funded/ (Unfunded)	FY 2016 Budget	FY 2017 Budget New/ (Eliminated)	FY 2017 Conceptual Budget
Finance & Asset Management								
Business & Financial Management	26	25	1	-	-	26	-	26
Accounting	13	12	-	-	-	12	-	12
Information & Technology Services	24	27	1	1	-	29	-	29
Procurement & Small Business Development	17	15	-	-	-	15	-	15
Business Development	1	1	-	-	-	1	-	1
Total Authorized Funded Positions	81	80	2	1	-	83	-	83
Authorized and Unfunded Positions	1	1	-	-	(1)	-	-	-
Total Authorized Positions	82	81	2	1	(1)	83	-	83

FINANCE & ASSET MANAGEMENT DIVISION

FY 2016 Budget – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Personnel Expenses								
Salaries and Wages	\$ 6,223,564	\$ 6,788,358	\$ 7,055,974	\$ 267,616	3.9%	\$ 7,346,526	\$ 290,553	4.1%
Premium Overtime	161,712	150,000	150,000	-	0.0%	150,000	-	0.0%
Employee Benefits *	2,885,519	11,231,018	3,527,243	(7,703,775)	-68.6%	3,792,107	264,864	7.5%
Subtotal	9,270,795	18,169,376	10,733,217	(7,436,159)	-40.9%	11,288,633	555,416	5.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses **	9,270,795	18,169,376	10,733,217	(7,436,159)	-40.9%	11,288,633	555,416	5.2%
Non-Personnel Expenses								
Contractual Services	1,759,097	2,056,420	2,995,831	939,411	45.7%	3,012,631	16,800	0.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,478,262	10,449,096	10,427,314	(21,782)	-0.2%	10,190,250	(237,064)	-2.3%
Utilities	347,190	466,000	407,200	(58,800)	-12.6%	407,200	-	0.0%
Maintenance	19,086	19,650	20,240	590	3.0%	20,000	(240)	-1.2%
Operating Equipment & Systems	497,803	340,547	274,000	(66,547)	-19.5%	274,000	-	0.0%
Operating Supplies	102,610	91,580	96,950	5,370	5.9%	97,600	650	0.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	204,823	177,725	187,450	9,725	5.5%	200,050	12,600	6.7%
Business Development	106,872	148,975	152,500	3,525	2.4%	147,500	(5,000)	-3.3%
Equipment Rentals & Repairs	1,898,047	2,043,143	2,226,879	183,736	-21.6%	2,234,916	8,037	9.1%
Tenant Improvements	402,305	200,000	150,000	(50,000)	-25.0%	100,000	(50,000)	-33.3%
Total Non-Personnel Expenses	15,816,096	15,993,136	16,938,364	945,228	5.9%	16,684,147	(254,217)	-1.5%
Total Operating Expenses	25,086,891	34,162,512	27,671,582	(6,490,931)	-19.0%	27,972,781	301,199	1.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	25,086,892	34,162,512	27,671,582	(6,490,931)	-19.0%	27,972,781	301,199	1.1%
Equipment Outlay	744,453	-	375,000	375,000	0.0%	375,000	-	0.0%
Total Finance & Asset Management Division Expenses	\$ 25,831,345	\$ 34,162,512	\$ 28,046,582	\$ (6,115,931)	-17.9%	\$ 28,347,781	\$ 301,199	1.1%

* Reflects the reduction in Unfunded Actuarial Liability of \$7.6M budgeted for FY 2015.

** Includes Vacancy Savings.

FINANCE & ASSET MANAGEMENT DIVISION
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$34,162,512	\$28,046,582
Personnel Costs		
1 New Position of Cyber Security Specialist (salaries, benefits & employer taxes)	69,135	-
1 Position transferred from Facilities Management (salaries, benefits & employer taxes)	110,337	-
Salary adjustments and pay-for-performance	141,665	290,553
Burden (benefits & employer taxes) for current staff	(157,296)	264,864
SDCERS Unfunded Actuarial Liability (GASB change)	(7,600,000)	-
Total Increase / (Decrease) in Personnel Costs *	(7,436,159)	555,416
Parking Credit Card Fees	750,000	37,500
Ground Transportation Systems	205,000	-
Information & Technology (IT) Help Desk Technicians	200,000	-
Terminal 2 East CUPPS Expansion	146,000	-
Space rental	(21,782)	(237,064)
Other, net	41,010	(54,653)
Total Increase / (Decrease) in Non-Personnel Costs	1,320,228	(254,217)
Total Increase / (Decrease)	(6,115,931)	301,199
FY 2016 Budget / FY 2017 Conceptual Budget	\$28,046,582	\$28,347,781

**Personnel costs include vacancy saving.*

FINANCE & ASSET MANAGEMENT DIVISION FY 2016 Expense Budget by Department

<u>Department</u>	<u>FY 2016 Budget</u>
Business and Financial Management	\$ 15,663,745
Information & Technology Services	8,158,588
Procurement and Small Business Development	2,127,916
Accounting	1,593,645
Business Development	320,903
Other *	181,785
Total ⁽¹⁾	\$ 28,046,582

⁽¹⁾Total may differ due to rounding

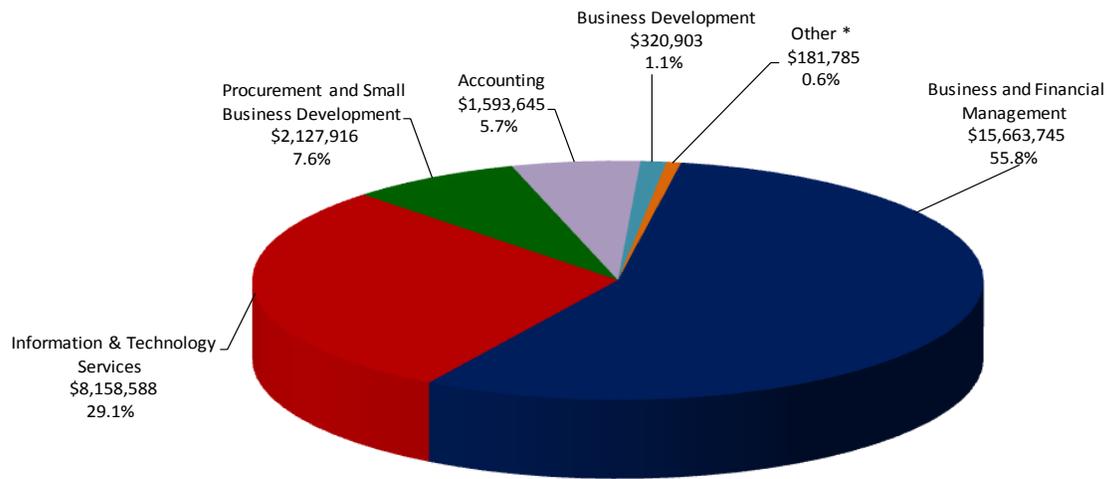


FIGURE 28 – FY 2016 EXPENSE BUDGET BY DEPARTMENT

* Vacancy Savings and Workers' Compensation Losses

FINANCE & ASSET MANAGEMENT DIVISION FY 2017 Expense Budget by Department

<u>Department</u>	<u>FY 2017 Conceptual Budget</u>
Business and Financial Management	\$ 15,623,300
Information & Technology Services	8,387,910
Procurement and Small Business Development	2,202,924
Accounting	1,687,518
Business Development	275,873
Other *	170,256
Total ⁽¹⁾	\$ 28,347,781

⁽¹⁾Total may differ due to rounding

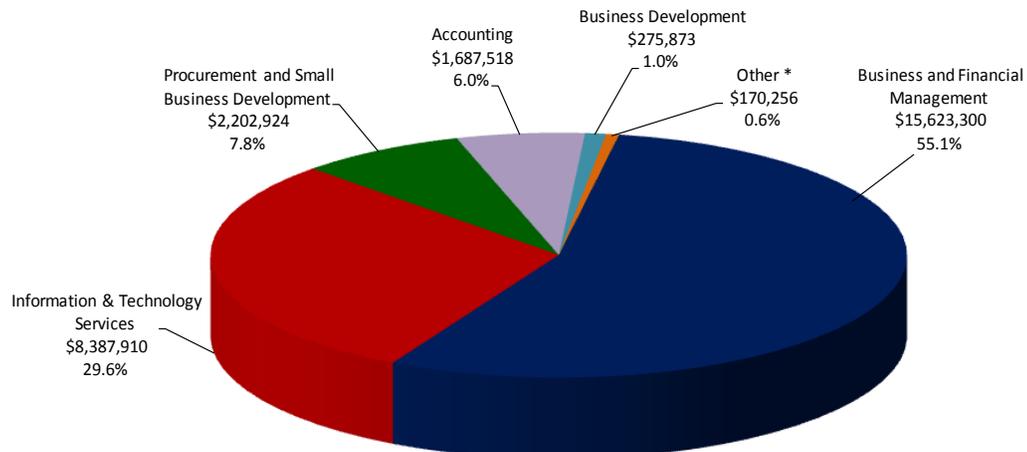


FIGURE 29 – FY 2017 EXPENSE BUDGET BY DEPARTMENT

* Vacancy Savings and Workers' Compensation Losses

FINANCE & ASSET MANAGEMENT DIVISION FY 2016 Expense Budget by Category

<u>Category</u>	<u>FY 2016 Budget</u>
Personnel Expenses	\$ 10,733,217
Space Rental	10,427,314
Contractual Services	2,995,831
Equipment Rentals & Repairs	2,226,879
Utilities	407,200
Equipment Outlay	375,000
Operating Equipment & Systems	274,000
Employee Programs	187,450
Business Development	152,500
Tenant Improvements	150,000
Other*	117,190
Total⁽¹⁾	\$ 28,046,582

⁽¹⁾ Total may differ due to rounding.

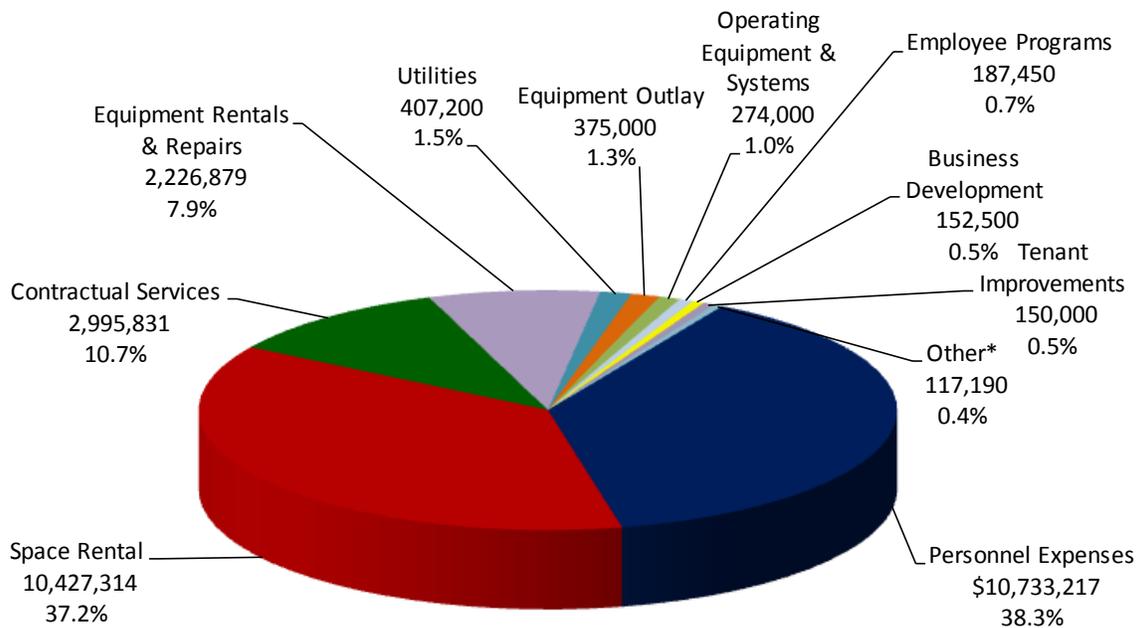


FIGURE 30 – FY 2016 EXPENSE BUDGET BY CATEGORY

*Other includes maintenance and operating supplies.

FINANCE & ASSET MANAGEMENT DIVISION

FY 2017 Expense Budget by Category

<u>Category</u>	<u>FY 2017 Conceptual Budget</u>
Personnel Expenses	\$ 11,288,633
Space Rental	10,190,250
Contractual Services	3,012,631
Equipment Rentals & Repairs	2,234,916
Utilities	407,200
Equipment Ourlay	375,000
Operating Equipment & Systems	274,000
Employee Programs	200,050
Business Development	147,500
Tenant Improvements	100,000
Other*	117,600
Total⁽¹⁾	\$ 28,347,781

⁽¹⁾ Total may differ due to rounding.

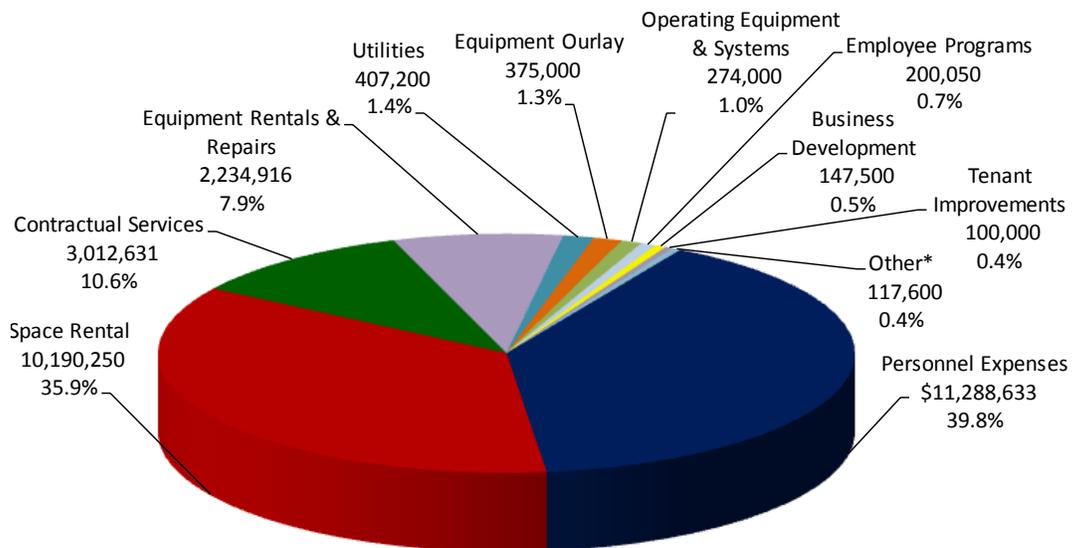
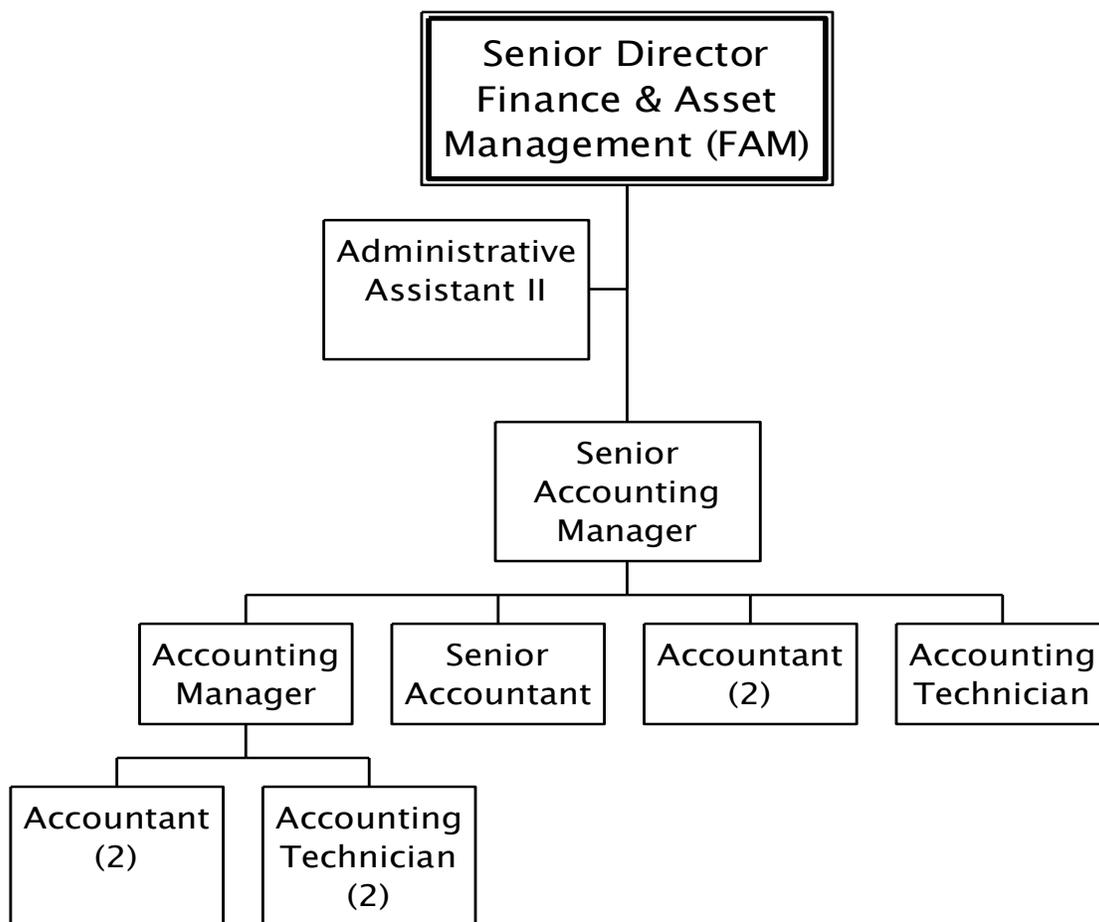


FIGURE 31 – FY 2017 EXPENSE BUDGET BY CATEGORY

*Other includes maintenance and operating supplies.

FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 868,107	\$ 838,454	\$ 883,318	\$ 44,863	5.4%	\$ 909,817	\$ 26,500	3.0%
Premium Overtime	2,527	-	-	-	0.0%	-	-	0.0%
Employee Benefits	469,319	501,390	478,427	(22,963)	-4.6%	511,200	32,773	6.9%
Subtotal	1,339,953	1,339,844	1,361,745	21,900	1.6%	1,421,018	59,273	4.4%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,339,953	1,339,844	1,361,745	21,900	1.6%	1,421,018	59,273	4.4%
Non-Personnel Expenses								
Contractual Services	338,990	175,500	175,500	0	0.0%	208,000	32,500	18.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	9	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,111	2,000	2,000	-	0.0%	2,000	-	0.0%
Operating Supplies	15,876	13,500	12,300	(1,200)	-8.9%	12,300	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	10,850	8,300	10,300	2,000	24.1%	12,400	2,100	20.4%
Business Development	24,482	29,100	31,800	2,700	9.3%	31,800	-	0.0%
Equipment Rentals & Repairs	12	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	393,329	228,400	231,900	3,500	1.5%	266,500	34,600	14.9%
Total Operating Expenses	1,733,281	1,568,244	1,593,645	25,400	1.6%	1,687,518	93,873	5.9%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	0	-	-	-	0.0%	-	-	0.0%
Total Expenses	1,733,282	1,568,244	1,593,645	25,400	1.6%	1,687,518	93,873	5.9%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 1,733,282	\$ 1,568,244	\$ 1,593,645	\$ 25,400	1.6%	\$ 1,687,518	\$ 93,873	5.9%

FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$1,568,244	\$1,593,645
Personnel Costs		
Salary adjustments and pay-for-performance	44,863	26,500
Burden (benefits & employer taxes) for current staff	(22,963)	32,773
Total Increase / (Decrease) in Personnel Costs	21,900	59,273
Auditing Services	(15,000)	50,000
Other, net	18,500	(15,400)
Total Increase / (Decrease) in Non-Personnel Costs	3,500	34,600
Total Increase / (Decrease)	25,400	93,873
FY 2016 Budget / FY 2017 Conceptual Budget	\$1,593,645	\$1,687,518

FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING Departmental Goals

FY 2015 PROGRESS REPORT

1. Less than three audit findings for FY 2014 audit with new auditors.

PROGRESS: Completed with no audit findings.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Implement the Enterprise Content Management System (ECMS) in conjunction with the Board Services Department by May 2015.

PROGRESS: This is on target with training scheduled in February.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

3. Achieve highest level of employee performance and commitment as evidenced by at least an 80% Employee Opinion Survey (EOS) engagement score.

PROGRESS: This is ongoing with the survey scheduled in the spring.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

4. Identify and implement potential areas of revenue enhancement and cost savings (beyond budget) through all divisions. Accounting can accurately and consistently record expenses for correct cost recovery. Accounting can also work more closely with Finance and Business & Financial Management to identify additional recovery costs and costs pools, also set up training on capital versus expense for accurate budgeting.

PROGRESS: The accounting manager is looking for opportunities to insert Accounting in the budgeting process to train on accounting requirements to align the development of the budget. Also Accounting wants to be aware of the departmental budgets to ensure correct accounting. Accounting will schedule with Finance to have training on the rates, fees and charges to ensure the importance of cost recovery.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING Departmental Goals

FY 2016 – FY 2017 GOALS

1. Successfully complete the FY 2015 audit with less than two audit findings.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

2. Develop an engagement plan between Accounting and Financial Management departments to enhance communication and understanding between departments on financial and operating issues by November 2015 with implementation of the plan continuing until June 2016. Examples may include cost recovery on concession expenses, tracking of Customer Facility Charges, refinement of GASB 68 versus budget requirements, etc.

INITIATIVE: Pursuing revenue generation and cost control opportunities, strategically engaging employees in sustainable business practices.

3. Strengthen controls and improve communication with internal customers. Success equals:

- Work with Procurement, Internal Audit, and other stakeholders to review procurement, p-card, receiving, inventory, and payment procedures.
- Recommend and implement enhancements if/when appropriate.
- Provide additional training to Authority staff on existing policies and procedures and any modifications implemented.

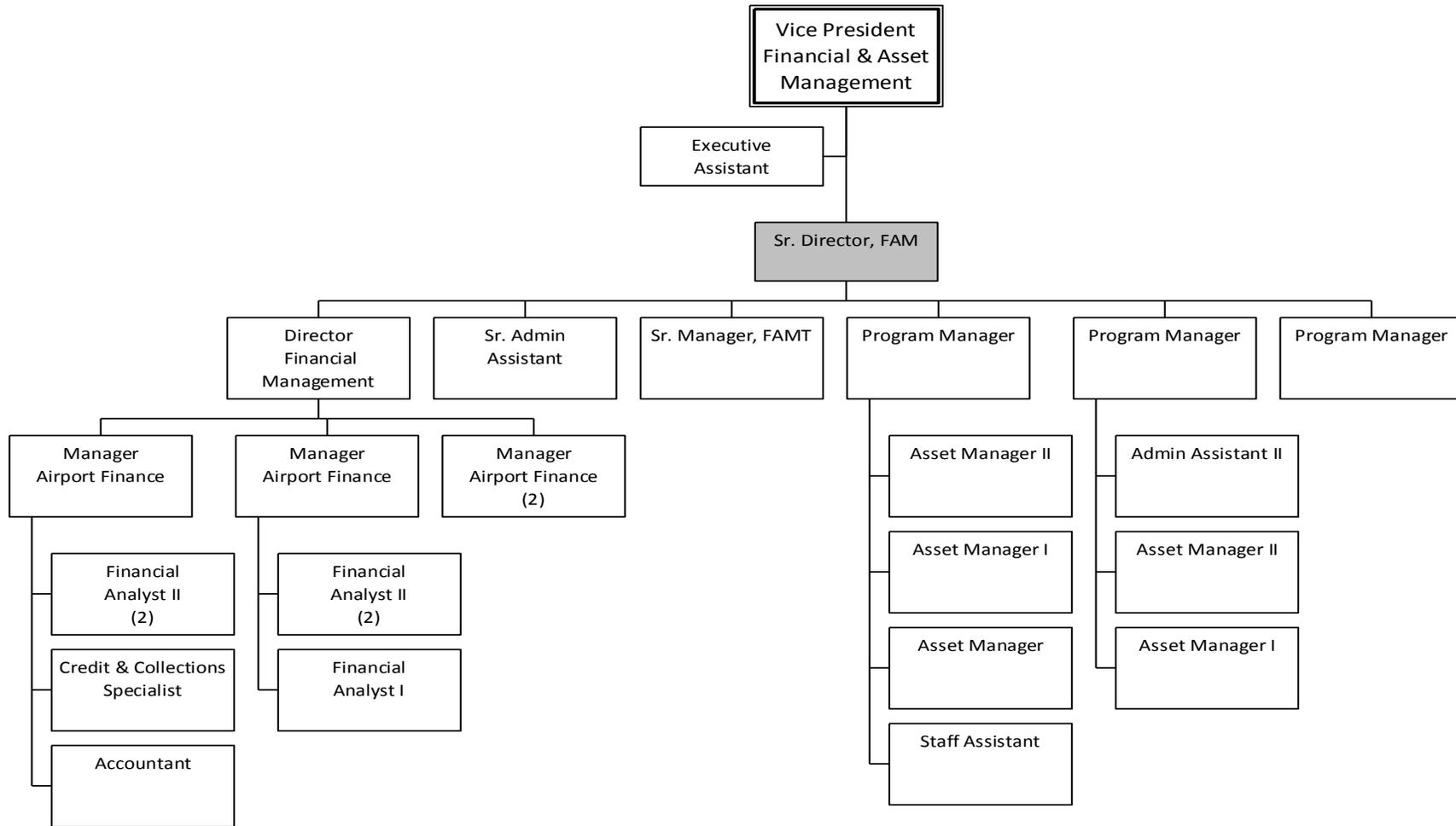
INITIATIVE: Pursuing revenue generation and cost control; strategically engaging our employees in sustainable business practices.

4. Promote high levels of employee performance and commitment by creating and piloting a job shadowing and training program. Identification of the pilot program participants, structure and desired outcomes will be determined by October 2015 with the pilot program continuing until June 2016.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT

FY 2016 - FY 2017 Organizational Structure



** Position in grey resides in the Accounting Department and is shown for structural purposes.
No personnel changes in FY 2017.*

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 2,255,585	\$ 2,440,979	\$ 2,460,481	\$ 19,502	0.8%	\$ 2,581,485	\$ 121,005	4.9%
Premium Overtime	80	-	-	-	0.0%	-	-	0.0%
Employee Benefits	930,918	1,210,962	1,183,910	(27,052)	-2.2%	1,275,315	91,404	7.7%
Subtotal	3,186,583	3,651,941	3,644,391	(7,550)	-0.2%	3,856,800	212,409	5.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	3,186,583	3,651,941	3,644,391	(7,550)	-0.2%	3,856,800	212,409	5.8%
Non-Personnel Expenses								
Contractual Services	494,906	494,920	1,278,100	783,180	158.2%	1,312,400	34,300	2.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,478,262	10,449,096	10,427,314	(21,782)	-0.2%	10,190,250	(237,064)	-2.3%
Utilities	1,447	2,900	2,900	-	0.0%	2,900	-	0.0%
Maintenance	19,021	19,650	20,240	590	3.0%	20,000	(240)	-1.2%
Operating Equipment & Systems	15,821	7,000	7,000	(0)	0.0%	7,000	-	0.0%
Operating Supplies	11,178	12,180	12,350	170	1.4%	12,500	150	1.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	58,939	63,575	71,600	8,025	12.6%	71,600	-	0.0%
Business Development	40,094	43,650	48,850	5,200	11.9%	48,850	-	0.0%
Equipment Rentals & Repairs	21,709	21,576	1,000	(20,576)	-100.0%	1,000	-	0.0%
Tenant Improvements	402,305	200,000	150,000	(50,000)	-25.0%	100,000	(50,000)	-33.3%
Total Non-Personnel Expenses	11,543,682	11,314,547	12,019,354	704,807	6.2%	11,766,500	(252,854)	-2.1%
Total Operating Expenses	14,730,265	14,966,487	15,663,745	697,258	4.7%	15,623,300	(40,445)	-0.3%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	14,730,265	14,966,487	15,663,745	697,258	4.7%	15,623,300	(40,445)	-0.3%
Equipment Outlay	420,639	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 15,150,904	\$ 14,966,487	\$ 15,663,745	\$ 697,258	4.7%	\$ 15,623,300	\$ (40,445)	-0.3%

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$14,966,487	\$15,663,745
Personnel Costs		
Salary adjustments and pay-for-performance	19,502	121,005
Burden (benefits & employer taxes) for current staff	(27,052)	91,404
Total Increase / (Decrease) in Personnel Costs	(7,550)	212,409
Parking Credit Card Fees	750,000	37,500
Space rental	(21,782)	(237,064)
Other, net	(23,411)	(53,290)
Total Increase / (Decrease) in Non-Personnel Costs	704,807	(252,854)
Total Increase / (Decrease)	697,258	(40,445)
FY 2016 Budget / FY 2017 Conceptual Budget	\$15,663,745	\$15,623,300

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT Departmental Goals

FY 2015 PROGRESS REPORT

1. Propose cost savings or revenue enhancement ideas worth at least \$500,000 and implement all approved ideas.

PROGRESS: The department is working closely with the Business Development department and others to identify opportunities for revenue enhancement. In conjunction with Business Development, Information & Technology Services and Ground Transportation, implementation of proposed parking operations improvements have begun and will continue over the next several years. It is anticipated that the improvements to the current parking revenue stream could result in over \$1 million in enhanced revenue. The department is continuing to develop and research cost savings or revenue enhancement ideas and will do so throughout the remainder of the fiscal year.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

2. Sustain high levels of employee performance and commitment as evidenced by sustaining at least a 78%-81% score in both engagement as well as strategic engagement scores as measured by the FY 2015 Employee Opinion Survey (EOS).

PROGRESS: This is ongoing with the survey scheduled in the spring.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

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

PROGRESS: This effort is ongoing. To date, the department has collaborated closely with the Facilities Development Department (FDD) to incorporate space tracking requirements into the GIS database maintained by FDD whereby staff may query existing Authority space usage and attributes via the GIS system thereby eliminating extensive manual research of space related data. The department is collaborating with FDD on the implementation of the PMWeb software to ensure that the financial aspects of capital improvement projects are updated within the software and that the software is programmed to provide standard and ad hoc reports as needed. Additionally, the department is collaborating with Accounting and Information Technologies Services to develop electronic invoicing capability which will increase efficiency in accounts receivables process and provide a higher level of service to Authority tenants. Completion of these efforts is expected by the end of FY 2015. As part of the implementation on these efforts, the operational benefits and any possible fiscal savings are being documented. The final benefit of these efforts won't be fully realized until the project are complete and in use.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence, Natural Resource Conservation.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONAL STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Support the business development function through analyzing and prioritizing ideas and meeting all implementation milestones for approved ideas.

PROGRESS: A substantial increase in the amount and relevance of information provided to the business development function was achieved through early stakeholder engagement, subject matter expert input and collaboration with various departments. As a result, several obstacles to implementation were identified early in the process and adjustments were easily made to ensure that the approved idea proceeded as envisioned.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT Departmental Goals

FY 2016 – FY 2017 GOALS

1. Support a sustainable long term capital plan (e.g. Airport Development Plan, 20 Year Capital Plan) to maintain our infrastructure and enhance the customer experience through development and recommendation of a financially resilient funding strategy by October 2015 and initial implementation by June 2016.

INITIATIVE: Developing a sustainable long term capital plan.

2. Promote high levels of employee performance and commitment by creating and piloting a job shadowing and training program. Identification of the pilot program participants, structure and desired outcomes will be determined by October 2015 with the pilot program continuing until June 2016.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. Support the financial analysis, prioritization and business decision making process for Information Technology Master Plan projects and all Business Development opportunities in accordance with approved project schedules.

INITIATIVE: Pursuing revenue generation and cost control opportunities, developing a sustainable long term capital plan.

4. Develop an engagement plan (identification of participants, structure and desired outcomes) to enhance communication and understanding between departments on financial and operating issues by November 2015 with implementation of the plan continuing until June 2016. Examples may include establishment of teams between Terminal & Tenants and Business Management on concession ideas and airline relocations, Rental Car Center activation, Airport Development Plan, etc.

INITIATIVE: Pursuing revenue generation and cost control opportunities, strategically engaging our employees in sustainable business practices.

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT
FY 2016 – FY 2017 Organizational Structure**

Director
Business Development

No personnel changes in FY 2017.

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 60,363	\$ 98,706	\$ 94,210	\$ (4,496)	-4.6%	\$ 97,036	\$ 2,826	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	13,474	29,385	21,693	(7,692)	-26.2%	28,837	7,144	32.9%
Subtotal	73,837	128,091	115,903	(12,188)	-9.5%	125,873	9,970	8.6%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	73,837	128,091	115,903	(12,188)	-9.5%	125,873	9,970	8.6%
Non-Personnel Expenses								
Contractual Services	-	200,000	200,000	-	0.0%	150,000	(50,000)	-25.0%
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	117	1,500	-	(1,500)	-100.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	3,815	9,200	-	(9,200)	-100.0%	-	-	0.0%
Business Development	127	8,500	5,000	(3,500)	-41.2%	-	(5,000)	-100.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	4,059	219,200	205,000	(14,200)	-6.5%	150,000	(55,000)	-26.8%
Total Operating Expenses	77,896	347,291	320,903	(26,388)	-7.6%	275,873	(45,030)	-14.0%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	77,896	347,291	320,903	(26,388)	-7.6%	275,873	(45,030)	-14.0%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 77,896	\$ 347,291	\$ 320,903	\$ (26,388)	-7.6%	\$ 275,873	\$ (45,030)	-14.0%

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$2,084,830	\$2,127,916
Personnel Costs		
Salary adjustments and pay-for-performance	74,061	27,243
Burden (benefits & employer taxes) for current staff	(26,500)	37,265
Total Increase / (Decrease) in Personnel Costs	47,561	64,508
Other, net	(4,475)	10,500
Total Increase / (Decrease) in Non-Personnel Costs	(4,475)	10,500
Total Increase / (Decrease)	43,086	75,008
FY 2016 Budget / FY 2017 Conceptual Budget	\$2,127,916	\$2,202,924

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT Departmental Goals

FY 2015 PROGRESS REPORT

1. Identify, propose and do a business plan for a minimum of 3 potential projects to drive incremental revenue and/or reduce costs (beyond budget).

PROGRESS: Business plans completed and approved for 4 new products/services to drive revenue and improve customer service:

- Mobile app using Beacons
- Parking reservation and other parking proposals
- Fuel rod portable charge
- Charging for filming rights

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

2. Execute customer research to help identify areas of opportunity to enhance the passenger experience (and ideally drive revenue at the same time).

PROGRESS: Customer research completed for parking, broader research in progress.

SUSTAINABILITY GOAL: Operational Excellence, Economic Viability.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

3. Engage SAN employees in business development process, as appropriate.

PROGRESS: Business development has engaged employees by presenting an overview of the Business Development process at the various department meetings. This included sharing the current list of ideas, getting feedback on these and bringing all employees into the Business Development process.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT

Departmental Goals

FY 2016 – FY 2017 GOALS

1. Promote high levels of employee performance and commitment by participating in the piloting of a job shadowing and training program. Identification of the pilot program participants, structure and desired outcomes will be determined by October 2016 with the pilot program continuing until June 2016.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

2. Execute consumer research including focus groups and customer surveys and obtain the data necessary to identify areas of opportunity to enhance passenger service and/or drive incremental revenue.

INITIATIVE: Pursuing revenue generation and cost control opportunities.

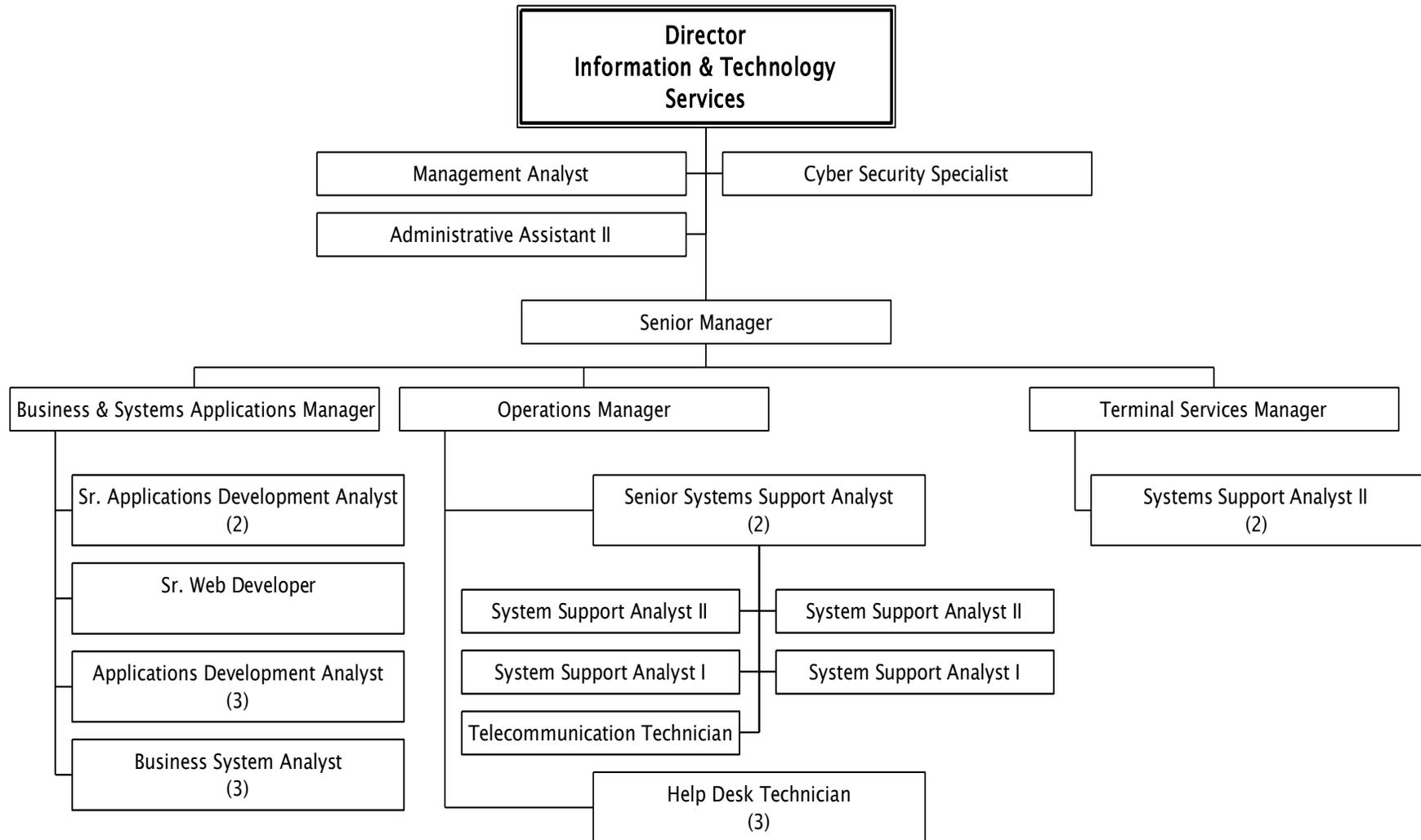
3. Collaborate with internal stakeholders to develop business plans and present recommendations for at least 3 new business concepts aimed at driving incremental revenue and/or reducing costs beyond that budgeted for Fiscal Year 2016.

INITIATIVE: Pursuing revenue generation and cost control opportunities.

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

INITIATIVE: Pursuing revenue generation and cost control opportunities.

FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES

FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,908,639	\$ 2,183,299	\$ 2,322,558	\$ 139,260	6.4%	\$ 2,441,001	\$ 118,442	5.1%
Premium Overtime	159,105	150,000	150,000	-	0.0%	150,000	-	0.0%
Employee Benefits	958,164	1,233,850	1,260,519	26,670	2.2%	1,362,862	102,342	8.1%
Subtotal	3,025,908	3,567,149	3,733,078	165,929	4.7%	3,953,862	220,785	5.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	3,025,908	3,567,149	3,733,078	165,929	4.7%	3,953,862	220,785	5.9%
Non-Personnel Expenses								
Contractual Services	668,731	905,000	1,061,231	156,231	17.3%	1,061,231	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	345,636	463,000	404,200	(58,800)	-12.7%	404,200	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	477,623	331,547	265,000	(66,547)	-20.1%	265,000	-	0.0%
Operating Supplies	66,624	53,800	61,900	8,100	15.1%	61,900	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	109,169	62,400	74,700	12,300	19.7%	79,700	5,000	6.7%
Business Development	4,513	8,100	8,100	-	0.0%	8,100	-	0.0%
Equipment Rentals & Repairs	1,817,207	1,971,067	2,175,379	204,312	-16.9%	2,178,916	3,537	0.2%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	3,489,502	3,794,914	4,050,510	255,596	6.7%	4,059,047	8,537	0.2%
Total Operating Expenses	6,515,410	7,362,063	7,783,588	421,525	5.7%	8,012,910	229,322	2.9%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	6,515,410	7,362,063	7,783,588	421,525	5.7%	8,012,910	229,322	2.9%
Equipment Outlay	323,814	-	375,000	375,000	0.0%	375,000	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 6,839,224	\$ 7,362,063	\$ 8,158,588	\$ 796,525	10.8%	\$ 8,387,910	\$ 229,322	2.8%

FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$7,362,063	\$8,158,588
Personnel Costs		
1 New Position of Cyber Security Specialist (salaries, benefits & employer taxes)	69,135	-
1 Position transferred from Facilities Management (salaries, benefits & employer taxes)	110,337	-
Salary adjustments and pay-for-performance	13,309	118,442
Burden (benefits & employer taxes) for current staff	(26,851)	102,342
Total Increase / (Decrease) in Personnel Costs	165,929	220,785
Ground Transportation Systems	205,000	-
Information & Technology (IT) Help Desk Technicians	200,000	-
Terminal 2 East CUPPS Expansion	146,000	-
Other, net	79,596	8,537
Total Increase / (Decrease) in Non-Personnel Costs	630,596	8,537
Total Increase / (Decrease)	796,525	229,322
FY 2016 Budget / FY 2017 Conceptual Budget	\$8,158,588	\$8,387,910

FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES

Departmental Goals

FY 2015 PROGRESS REPORT

1. **Continue working with the RCC team to ensure successful opening of the RCC facility in FY 2016, and other north side development, with all necessary Authority technology systems operating properly and delivering telecommunications services to the north side developments.**

PROGRESS: Information & Technology Services Department continues to work with the RCC team to ensure that all telecommunications services are delivered in support of the north side development projects. To date, we have coordinated installation of the network connectivity, as well as working with the project team to install a Distributed Antenna System (DAS) which will be compatible with our terminal DAS. The progress to date is allowing the Authority to recognize savings on future projects by reducing the need to install additional telecommunications infrastructure in future projects.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. **Implement the Enterprise Content Management System (ECMS) in conjunction with the Board Services Department by May 2015.**

PROGRESS: I&TS continues to work with Corporate Information Governance to implement the ECMS. The ECMS rollout is anticipated to begin in late summer, but all development, configuration, and testing will be completed prior to May. I&TS developed a solution which will allow the ECMS to operate at a high performance level, improving the employee experience.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

3. **Continue to work with other departments to develop IT-related non-airline revenue opportunities (such as Wi-Fi advertising revenue), by implementing or improving at least one new technology related non-airline revenue income stream, by May 2015.**

PROGRESS: I&TS is providing support to other departments in the procurement of revenue enhancing opportunities. I&TS worked with Business Development to develop and roll out the Fuel Rod pilot, as well as the Beacon project currently under way. I&TS is also working with Business Management to select various revenue producing solutions such as pay phone operators, CNN television, and renewal of the Wi-Fi advertising product.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

4. Provide technical training for IT personnel to ensure that they have the appropriate skills to maintain a high level of expertise to be able to meet the goals in items 1, 2, and 3 above.

PROGRESS: I&TS personnel are focusing on continuing education opportunities and the budget is being refined to provide each section within I&TS the budget necessary for their training needs.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

EMPLOYEE STRATEGY: Ensure the highest level of employee commitment and performance.

FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES
Departmental Goals

FY 2016 – FY 2017 GOALS

- 1. Identify opportunities for information technology solutions to increase non-aeronautical revenue sources, or create cost containment solutions. Coordinate with Business development, the Technology Steering Committee, and other Authority departments to implement. Identify three opportunities for implementation by December 2015.**

INITIATIVE: Developing a sustainable long term capital plan; pursuing revenue generation and cost control opportunities.

- 2. Promote high levels of employee performance and commitment by creating and piloting a job shadowing and training program. Identification of the pilot program participants, structure and desired outcomes will be determined by October 2015 with the pilot program continuing until June 2016.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

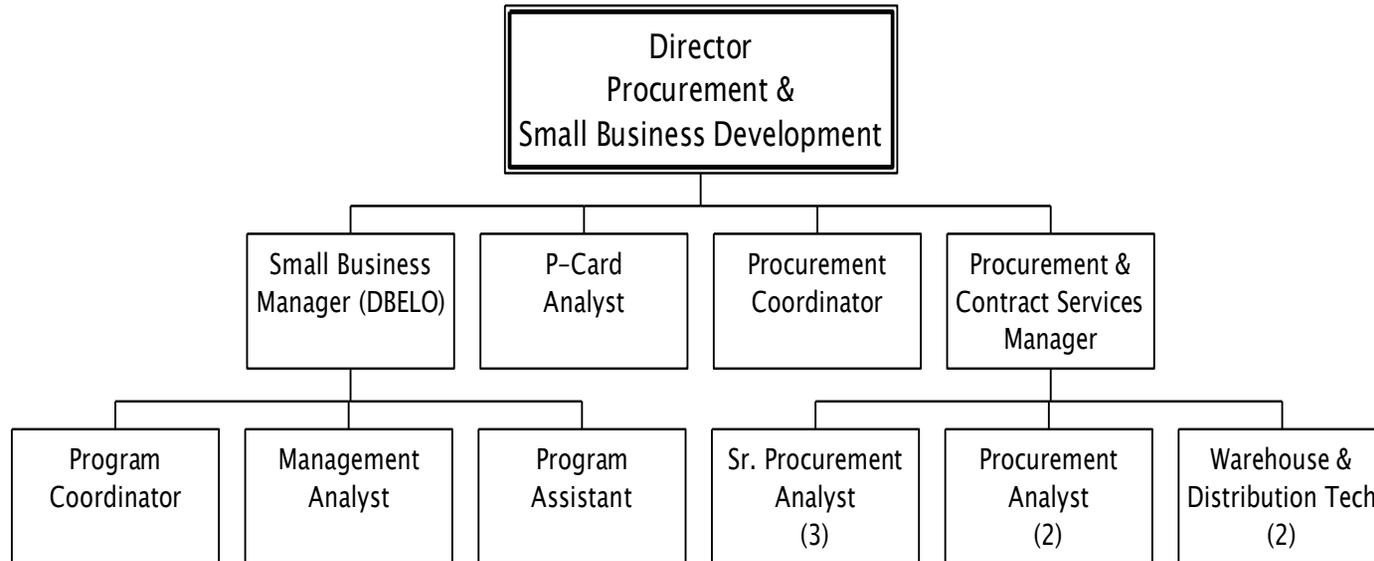
- 3. Develop the Information Technology Master Plan and define an implementation roadmap for identified projects and priorities by June, 2016.**

INITIATIVE: Pursuing revenue generation and cost control opportunities, developing a sustainable long term capital plan.

- 4. Identify opportunities for partnering and improving collaboration with other departments by developing an engagement plan (identification of components, processes, etc.) by November 2015 with implementation of the plan continuing until June 2016.**

INITIATIVE: Pursuing revenue generation and cost control opportunities, strategically engaging our employees in sustainable business practices.

FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 1,138,568	\$ 1,040,049	\$ 1,114,111	\$ 74,061	7.1%	\$ 1,141,354	\$ 27,243	2.4%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	546,882	608,706	582,205	(26,500)	-4.4%	619,470	37,265	6.4%
Subtotal	1,685,450	1,648,755	1,696,316	47,561	2.9%	1,760,824	64,508	3.8%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,685,450	1,648,755	1,696,316	47,561	2.9%	1,760,824	64,508	3.8%
Non-Personnel Expenses								
Contractual Services	256,471	281,000	281,000	-	0.0%	281,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	98	100	100	-	0.0%	100	-	0.0%
Maintenance	65	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,248	-	-	-	0.0%	-	-	0.0%
Operating Supplies	8,815	10,600	10,400	(200)	-1.9%	10,900	500	4.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	22,051	34,250	30,850	(3,400)	-9.9%	36,350	5,500	17.8%
Business Development	37,656	59,625	58,750	(875)	-1.5%	58,750	-	0.0%
Equipment Rentals & Repairs	59,119	50,500	50,500	-	0.0%	55,000	4,500	8.9%
Total Non-Personnel Expenses	385,524	436,075	431,600	(4,475)	-1.0%	442,100	10,500	2.4%
Total Operating Expenses	2,070,974	2,084,830	2,127,916	43,086	2.1%	2,202,924	75,008	3.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	2,070,974	2,084,830	2,127,916	43,086	2.1%	2,202,924	75,008	3.5%
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 2,070,974	\$ 2,084,830	\$ 2,127,916	\$ 43,086	2.1%	\$ 2,202,924	\$ 75,008	3.5%

FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$2,084,830	\$2,127,916
Personnel Costs		
Salary adjustments and pay-for-performance	74,061	27,243
Burden (benefits & employer taxes) for current staff	(26,500)	37,265
Total Increase / (Decrease) in Personnel Costs	47,561	64,508
Other, net	(4,475)	10,500
Total Increase / (Decrease) in Non-Personnel Costs	(4,475)	10,500
Total Increase / (Decrease)	43,086	75,008
FY 2016 Budget / FY 2017 Conceptual Budget	\$2,127,916	\$2,202,924

FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT Departmental Goals

FY 2015 PROGRESS REPORT

1. Achieve an overall cost savings of 8% through increased competition and negotiations, and report on department revenue generated in FY 2015.

PROGRESS: The Procurement Department continues to achieve cost savings through increased competition and negotiations. Contract negotiations also results in value added services and operational efficiencies for the Authority. A savings of 18% has been achieved through increased competition and a savings of 10% has been achieved through contract negotiations.

SUSTAINABILITY GOAL: Economic Viability.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

2. Improve customer service to the business community through education, outreach and transparency. Success equals:

- Host a minimum of 10 opportunity awareness events and participate in a minimum of 15 meetings and events with regional agencies and local business associations in FY 2015.
- Document small and local business participation achieved in FY 2015 through an open, competitive solicitation process.
- Implement enhancements to the Small Business Compliance Program in FY 2015.
- Develop and launch a tutorial on Electronic Submissions in FY 2015.

PROGRESS: The team continues to host opportunity awareness and training events monthly. On January 28, 2015 over 250 attendees came to learn about opportunities with the RCC, Parking Plaza and general bids and service opportunities at the Airport. Staff actively participates in meetings and events throughout San Diego County in conjunction with other government agencies and various San Diego County business associations with a focus on those organizations that support small, minority, women and veteran business enterprises.

All of the solicitations in FY15 document small and local business participation. Outreach plans include preferences under policies 5.12 and 5.14 as applicable. During the first 2 quarters of FY15; 437 new vendors registered in the Authority’s Vendor Database as a result of outreach by Procurement and Small Business. 1472 vendors have actively participated in a solicitation by downloading the opportunity; 29% are certified SBEs, 43% are self-declared LBEs, 9.2% are DBE certified and 2.2% are DVB certified.

Staff continues to initiate enhancements to the Small Business Compliance Program. Enhancements include automating prompt payment reporting, launching a new ACDBE compliance and monitoring program for airport concessions and working with the Facilities Development Division to educate vendors about state registration requirements under SB854. In an effort to contain costs, the department has purchased a license to create tutorials for “Doing Business with the Authority” and “Electronic Submissions” in-house.

SUSTAINABILITY GOAL: Social Responsibility.

AUTHORITY STRATEGY:

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. Continue to develop staff and promote employee engagement and best practices. Success equals:

- Sustain high levels of employee performance and commitment as evidenced by sustaining at least a 78%-81% score in employee engagement as measured by the FY 2015 Employee Opinion Survey (EOS).
- Receive the Achievement of Excellence in Procurement Award for FY 2014 by obtaining a high score of at least 120 points based on standardized criteria designed to measure innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.

PROGRESS: To achieve high levels of employee performance and commitment, Department leaders effectively utilize the various tools and resources provided by the Authority (COMPASS, performance management system and conversations, employee recognition program, etc.) in day to day actions to inspire and engage staff. The Employee Opinion Survey will be released in March 2015 to measure results.

The updated criteria and application for the FY 2014 Achievement of Excellence in Procurement Award was released in January. Staff is actively working together on the submission.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Improve communication with internal customers by increasing customer training. Success equals:

- Ensure 100% annual training for p-card holders and approvers by June 2015.
- Provide 2 internal training sessions specific to Procurement and Small Business Development in FY 2015.
- Update the solicitation checklist and samples available to employees on the intranet by May 2015.

PROGRESS: In addition to working with Accounting and Audit to tighten controls, the Annual training for p-card holders and approvers will be complete by June 2015. Any p-card holders or approvers that do not complete training and pass a comprehension exam will lose their p-card privileges until both the training and exam are complete.

In an effort to improve communication with our internal customers, the second internal training workshop specific to Procurement and Small Business Development is scheduled for February 26, 2015. An updated solicitation checklist is available to employees on the intranet and the department is on schedule to update samples and a new procurement procedures manual in FY15.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: To achieve the highest level of internal and external customer satisfaction.

FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT Departmental Goals

FY 2016 – FY 2017 GOALS

1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 2016.

INITIATIVE: Pursuing revenue generation and cost control opportunities.

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

- Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2016.
- Document small, local, disadvantaged and disabled veteran owned business participation and track awards of subcontractors on major construction contracts achieved in FY 2016.

INITIATIVE: Developing a sustainable long term capital plan.

3. Promote high levels of employee performance and commitment by creating and piloting a job shadowing and training program. Identification of the pilot program participants, structure and desired outcomes will be determined by October 2015 with the pilot program continuing until June 2016:

INITIATIVE: Strategically engaging our employees in sustainable business practices.

4. Strengthen controls and improve communication with internal customers. Success equals:

- Work with Accounting, Internal Audit, and other stakeholders to review procurement, p-card, receiving, inventory, and payment procedures.
- Recommend and implement enhancements if/when appropriate.
- Provide additional training to Authority staff on existing policies and procedures and any modifications implemented.

INITIATIVE: Strategically engaging our employees in sustainable business practices. Pursuing revenue generation and cost control opportunities.

OPERATIONS DIVISION

OPERATIONS DIVISION

Overview

The OPERATIONS DIVISION is responsible for complying with legislative mandates and operating requirements for San Diego International Airport (SAN) and the Airport Authority. These include compliance with local, state and federal laws, state and federal aviation security rules and regulations. The division frequently coordinates with regulatory agencies 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, including concession operations and daily tenant interactions. The division consists of four departments with distinctly different goals and responsibilities.

The AIRSIDE OPERATIONS, AVIATION SECURITY & PUBLIC SAFETY 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 & 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 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 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 that require shuttle bus services. Additionally, the three terminals at SAN 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.

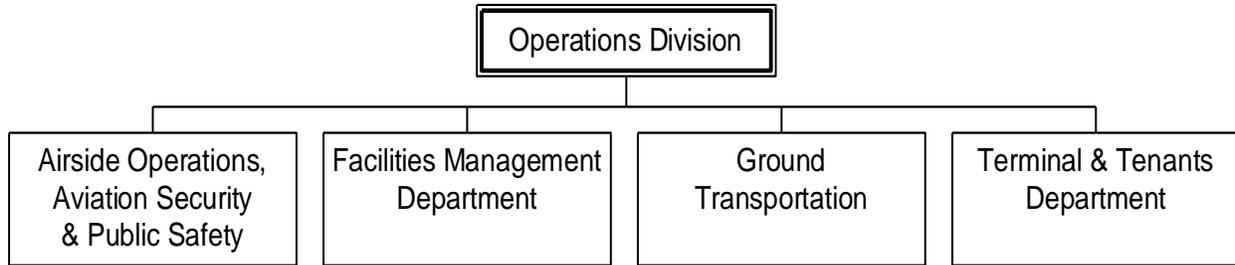
The department also:

- 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 TERMINALS & TENANTS DEPARTMENT oversees the airport terminal buildings and select facilities. Participates in the inspection of Terminal buildings and select facilities to identify any maintenance and safety deficiencies to ensure operating standards are being met; ensures the prompt reporting of any deficiencies identified; oversees the administration of contracts for custodial and waste collection services to ensure contract requirements are met.

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

OPERATIONS DIVISION
FY 2016 – FY 2017 Organizational Structure



Division Personnel Summary

	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget Transfers	FY 2016 Budget New/ (Eliminated)	FY 2016 Budget Funded/ (Unfunded)	FY 2016 Budget	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget
Operations								
Terminal & Tenants	14	14	(1)	1	-	14	-	14
Aviation Security & Public Safety	11	11	-	1	-	12	-	12
Airside Operations	16	17	-	1	-	18	-	18
Ground Transportation	60	60	-	4	-	64	-	64
Facilities Management	83	83	(1)	2	-	84	1	85
Total Authorized Funded Positions	184	185	(2)	9	-	192	1	193
Authorized and Unfunded Positions	2	1	-	-	(1)	-	-	-
Total Authorized Positions	186	186	(2)	9	(1)	192	1	193

OPERATIONS DIVISION
FY 2016 Budget – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 11,267,423	\$ 12,207,019	\$ 13,024,805	\$ 817,786	6.7%	\$ 13,544,335	\$ 519,530	4.0%
Premium Overtime	762,209	671,000	529,500	(141,500)	-21.1%	530,500	1,000	0.2%
Employee Benefits	6,267,384	7,264,161	7,225,587	(38,573)	-0.5%	7,745,425	519,837	7.2%
Subtotal	18,297,016	20,142,180	20,779,892	637,712	3.2%	21,820,259	1,040,367	5.0%
Less: Capitalized Labor	(185,025)	(100,000)	(100,000)	-	0.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	18,111,991	20,042,180	20,679,892	637,712	3.2%	21,720,259	1,040,367	5.0%
Non-Personnel Expenses								
Contractual Services	23,178,709	24,171,209	27,054,373	2,883,163	11.9%	29,954,613	2,900,240	10.7%
Safety and Security	24,150,563	25,001,794	25,704,383	702,589	2.8%	26,399,553	695,170	2.7%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	8,332,346	9,071,786	12,696,713	3,624,927	40.0%	14,377,382	1,680,669	13.2%
Maintenance	13,421,637	15,227,108	13,923,431	(1,303,677)	-8.6%	15,391,899	1,468,468	10.5%
Operating Equipment & Systems	85,751	181,200	218,300	37,100	20.5%	162,350	(55,950)	-25.6%
Operating Supplies	248,171	262,150	262,350	200	0.1%	265,400	3,050	1.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	169,633	232,910	280,050	47,140	20.2%	279,250	(800)	-0.3%
Business Development	319,692	411,917	525,095	113,178	27.5%	528,195	3,100	0.6%
Equipment Rentals & Repairs	211,562	144,730	234,164	89,434	202.9%	235,931	1,768	1.8%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	70,118,064	74,704,804	80,898,858	6,194,054	8.3%	87,594,573	6,695,715	8.3%
Total Operating Expenses	88,230,055	94,746,984	101,578,750	6,831,766	7.2%	109,314,833	7,736,082	7.6%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	88,230,055	94,746,984	101,578,750	6,831,766	7.2%	109,314,833	7,736,082	7.6%
Equipment Outlay	744,978	47,000	542,000	495,000	1053.2%	400,000	(142,000)	-26.2%
Total Operations Division Expenses	\$ 88,975,033	\$ 94,793,984	\$ 102,120,750	\$ 7,326,766	7.7%	\$ 109,714,833	\$ 7,594,082	7.4%

OPERATIONS DIVISION

Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$94,793,984	\$102,120,750
Personnel Costs		
Salary adjustments,contracted wage increases and pay for performance	272,766	468,048
4 New Air Traffic Officers position (salaries, benefits & employer taxes)	260,146	-
2 New positions of Carpenter/Locksmith and Maintenance Mechanic (salaries, benefits & employer taxes)	163,037	-
1 New position of Airside Operations Duty Mgr II (salaries, benefits & employer taxes)	105,613	-
1 New Security & Public Safety Analyst position (salaries, benefits & employer taxes)	100,389	-
1 New Staff Assistant position (salaries, benefits & employer taxes)	69,813	-
1 New Program Coordinator position (salaries, benefits & employer taxes)	-	75,438
1 Position transferred to IT department (salaries, benefits & employer taxes)	(110,337)	-
Burden (benefits & employer taxes) for current staff	(223,714)	496,881
Total Increase / (Decrease) in Personnel Costs	637,713	1,040,367
Utilities	3,625,927	1,680,669
Rental Car Center(RCC) busing	2,866,409	2,909,958
Law enforcement costs - Harbor Police Department	339,999	519,112
Access Control System maintenance	307,450	650,000
Security guard services	250,000	-
Parking and shuttles operations	245,605	122,855
Vehicles replacement	200,000	-
12kV maintenance	(513,000)	-
Airfield pavement and striping	(861,000)	193,000
Other annual repair and services contracts	(60,227)	572,808
Other, net	287,890	(94,686)
Total Increase / (Decrease) in Non-Personnel Costs	6,689,053	6,553,715
Total Increase / (Decrease)	7,326,766	7,594,082
FY 2016 Budget / FY 2017 Conceptual Budget	\$102,120,750	\$109,714,833

OPERATIONS DIVISION
FY 2016 Expense Budget by Department

<u>Department</u>	<u>FY 2016 Budget</u>
Facilities Management	\$ 35,008,888
Aviation Security/Public Safety	24,855,786
Ground Transportation	22,465,846
Terminals & Tenants	11,379,243
Airside Operations	8,410,987
Total ⁽¹⁾	\$ 102,120,750

⁽¹⁾ Total may differ due to rounding.

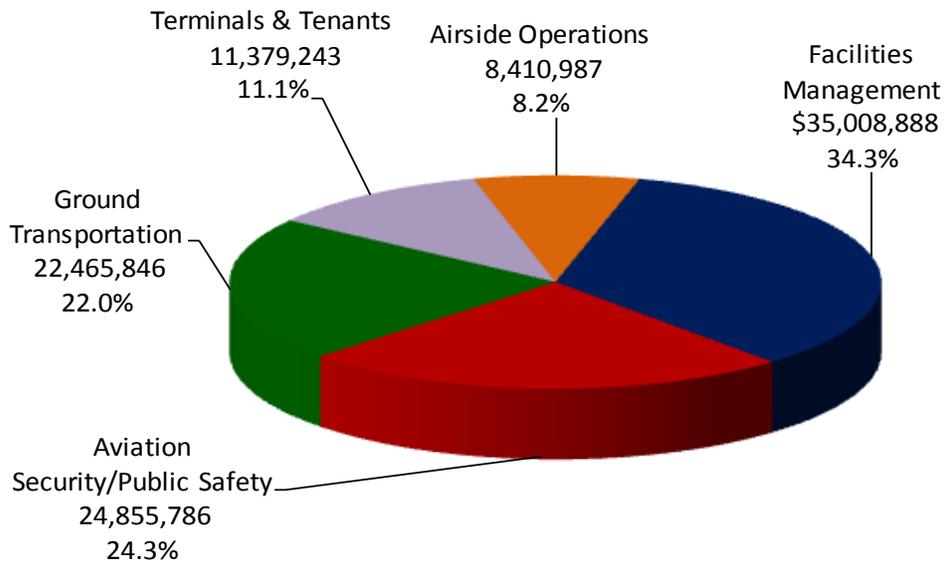


FIGURE 32 – FY 2016 EXPENSE BUDGET BY DEPARTMENT

OPERATIONS DIVISION
FY 2017 Expense Budget by Department

<u>Department</u>	<u>FY 2017 Conceptual Budget</u>
Facilities Management	\$ 38,050,278
Aviation Security/Public Safety	25,869,376
Ground Transportation	25,719,225
Terminals & Tenants	11,409,701
Airside Operations	8,666,253
Total ⁽¹⁾	<u>\$ 109,714,833</u>

⁽¹⁾ Total may differ due to rounding.

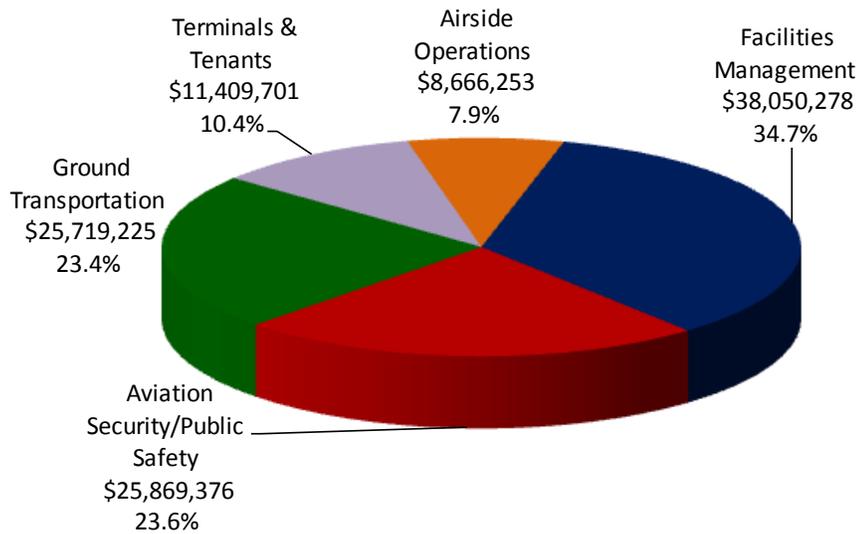


FIGURE 33 – FY 2017 EXPENSE BUDGET BY DEPARTMENT

OPERATIONS DIVISION
FY 2016 Expense Budget by Category

<u>Category</u>	<u>FY 2016 Budget</u>
Contractual Services	\$ 27,054,373
Maintenance & Utilities	26,620,144
Safety & Security	25,704,383
Personnel Expenses	20,679,892
Equipment Outlay	542,000
Business Development	525,095
Employee Programs	280,050
Operating Supplies	262,350
Other*	452,464
Total ⁽¹⁾	\$ 102,120,750

⁽¹⁾ Total may differ due to rounding.

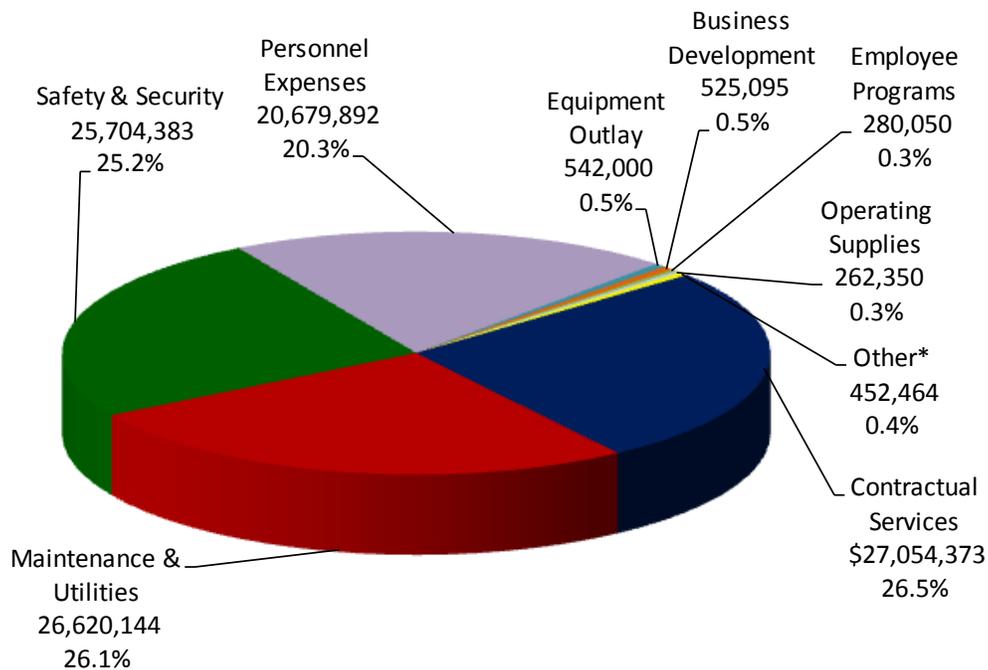


FIGURE 34 – FY 2016 EXPENSE BUDGET BY CATEGORY

*Other includes operating equipment and systems, and equipment rental and repair.

OPERATIONS DIVISION
FY 2017 Expense Budget by Category

<u>Category</u>	<u>FY 2017 Conceptual Budget</u>
Contractual Services	\$ 29,954,613
Maintenance & Utilities	29,769,281
Safety & Security	26,399,553
Personnel Expenses	21,720,259
Business Development	528,195
Equipment Outlay	400,000
Employee Programs	279,250
Operating Supplies	265,400
Other*	398,281
Total ⁽¹⁾	\$ 109,714,833

⁽¹⁾ Total may differ due to rounding.

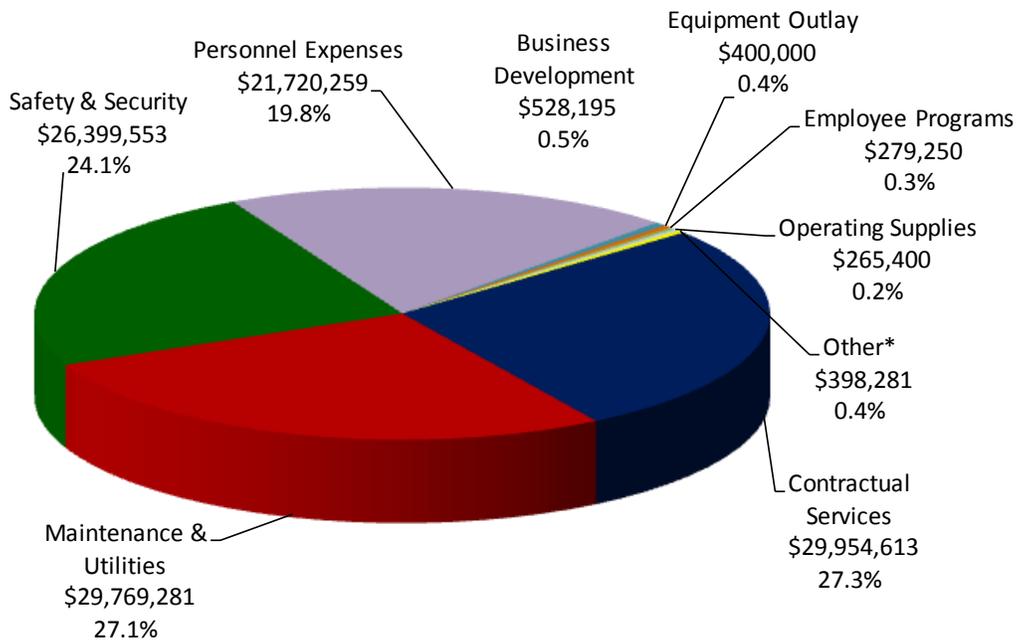
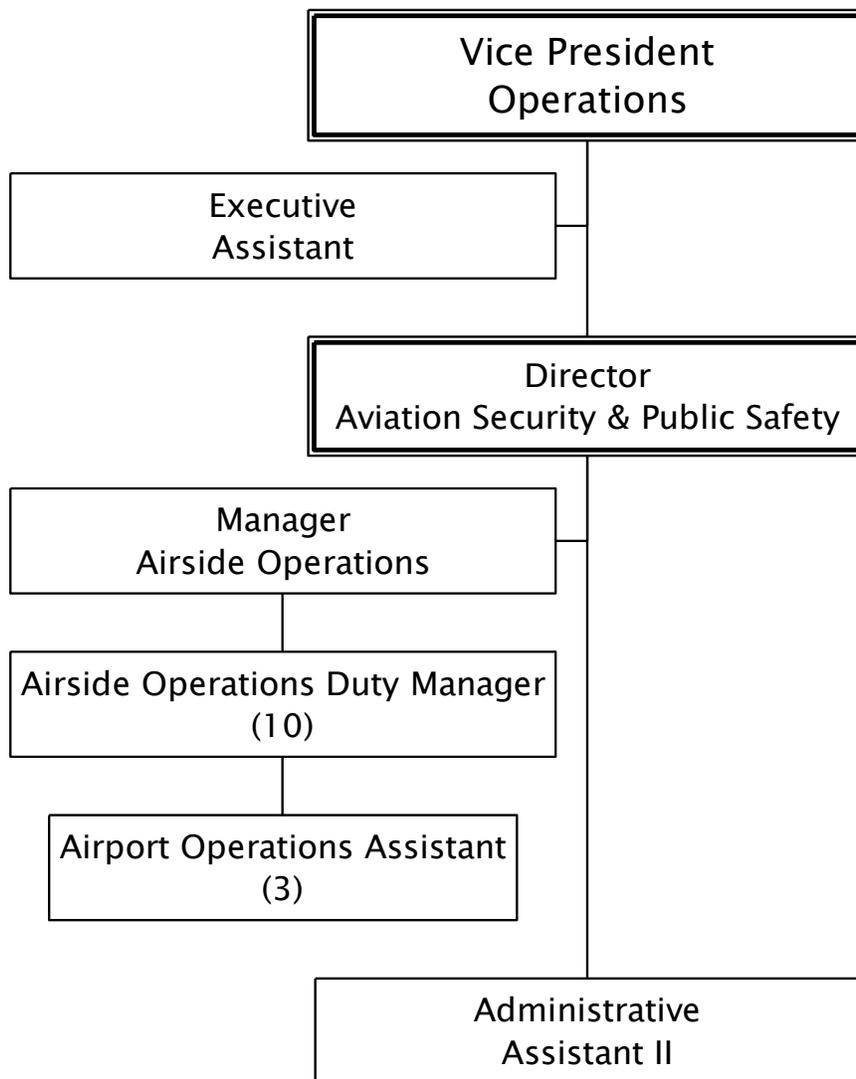


FIGURE 35 – FY 2017 EXPENSE BUDGET BY CATEGORY

*Other includes operating equipment and systems, and equipment rental and repair.

OPERATIONS DIVISION – AIRSIDE OPERATIONS
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

OPERATIONS DIVISION – AIRSIDE OPERATIONS
FY 2016 – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$1,434,749	\$ 1,435,190	\$ 1,550,768	\$ 115,577	8.1%	\$ 1,597,291	\$ 46,523	3.0%
Premium Overtime	12,803	15,000	16,000	1,000	6.7%	17,000	1,000	6.3%
Employee Benefits	796,380	794,738	816,266	21,528	2.7%	869,383	53,117	6.5%
Subtotal	2,243,933	2,244,928	2,383,034	138,106	6.2%	2,483,674	100,640	4.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	2,243,933	2,244,928	2,383,034	138,106	6.2%	2,483,674	100,640	4.2%
Non-Personnel Expenses								
Contractual Services	755,313	890,000	842,000	(48,000)	-5.4%	832,000	(10,000)	-1.2%
Safety and Security	4,380,961	4,853,030	4,998,620	145,590	3.0%	5,153,678	155,058	3.1%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	15,597	31,200	31,600	400	1.3%	31,650	50	0.2%
Operating Supplies	24,569	11,600	11,600	-	0.0%	11,650	50	0.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	34,339	52,650	47,600	(5,050)	-9.6%	53,100	5,500	11.6%
Business Development	9,757	21,842	29,270	7,428	34.0%	31,370	2,100	7.2%
Equipment Rentals & Repairs	867	97,730	67,264	(30,467)	-95.9%	69,131	1,868	3.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	5,221,403	5,958,052	6,027,954	69,902	1.2%	6,182,579	154,626	2.6%
Total Operating Expenses	7,465,336	8,202,980	8,410,987	208,007	2.5%	8,666,253	255,266	3.0%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	7,465,336	8,202,980	8,410,987	208,007	2.5%	8,666,253	255,266	3.0%
Equipment Outlay	22,319	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 7,487,655	\$ 8,202,980	\$ 8,410,987	\$ 208,007	2.5%	\$ 8,666,253	\$ 255,266	3.0%

OPERATIONS DIVISION – AIRSIDE OPERATIONS
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$8,202,980	\$8,410,987
Personnel Costs		
1 New position of Airside Operations Duty Mgr II (salaries, benefits & employer taxes)	105,613	-
Salary adjustments and pay for performance	40,596	47,523
Burden (benefits & employer taxes) for current staff	(8,103)	53,117
Total Increase / (Decrease) in Personnel Costs	138,106	100,640
Aircraft Rescue Fire Fight (ARFF) contract costs	145,590	155,058
Other, net	(75,689)	(432)
Total Increase / (Decrease) in Non-Personnel Costs	69,902	154,626
Total Increase / (Decrease)	208,007	255,266
FY 2016 Budget / FY 2017 Conceptual Budget	\$8,410,987	\$8,666,253

OPERATIONS DIVISION – AIRSIDE OPERATIONS

Departmental Goals

FY 2015 PROGRESS REPORT

- 1. Sponsor airfield capital projects to enhance airfield safety and efficiency. Projects include the Runway 9 displaced threshold/ILS antenna relocation project (to include the installation of a Runway 9 Precision Approach Path Indicator) as well as the rehabilitation of Taxiway B8 and terminal aprons. Planning and design for these projects continued in FY 2014 with construction expected to start in May 2015 for the Runway 9 displaced threshold and completion of Taxiway B8 and the terminal aprons by June 2016.**

PROGRESS: Planning efforts in support of the displaced threshold project continues. The project has been bid and a contractor has been identified, pending Board approval. Currently we are working with Facilities Development Department to finalize the projects reimbursable agreement with the Federal Aviation Administration (FAA). This project has a significant impact on the airports overall operational safety and efficiency since we will acquire a FAA standard glideslope angle, install a precision approach path indicator on Runway 9, and we will see a significant improvement to the weather minimums for the Runway 9 Instrument Landing System approach, ultimately resulting in fewer missed approaches and diverted flights.

Planning efforts continue with respect to the rehabilitation of Taxiway B8 and around Terminal 1. We will consolidate multiple runway projects during the runway hard closures driven by displaced threshold project to minimize the impact to our carriers.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

- 2. Ensure that SAN is operated and maintained in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of no more than one noted discrepancy. Completion date is August 29, 2014.**

PROGRESS: The 2014 Annual FAR Part 139 inspection was completed and the Inspector identified four minor items during the inspection. Those items were rectified and documented back to the Inspector.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

- 3. Work with internal and external stakeholders to safely facilitate numerous airfield construction projects while minimizing negative impacts to our tenants and ATC operations. These projects include the FBO taxiway installation and tie-in to Taxiway Charlie, terminal link roadway Triturator/GSE wash facility construction. Completion of these projects is expected by December 2014.**

PROGRESS: The new Fixed Based Operations taxiway opened last summer and the new triturate and wash rack facility opened on January 26, 2015. Work continues on the new terminal link roadway project which is scheduled for completion later this summer. Both of these projects were critical to in order to meet construction deadlines associated with the north side development projects.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

OPERATIONS DIVISION – AIRSIDE OPERATIONS
Departmental Goals

FY 2016 – FY 2017 GOALS

1. **Oversee the planning, coordination, and construction activities to displace the threshold of Runway 9 an additional 300 feet and complete the ancillary runway projects (PAPI installation, paint removal and rehabilitation of Taxiway B8 that will take place during the runway hard closures between May and September of 2015.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

2. **Oversee the planning, coordination and construction activities to install Taxiway Juliet south of the Landmark Aviation ramp. This work will take place between April and November of 2015.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

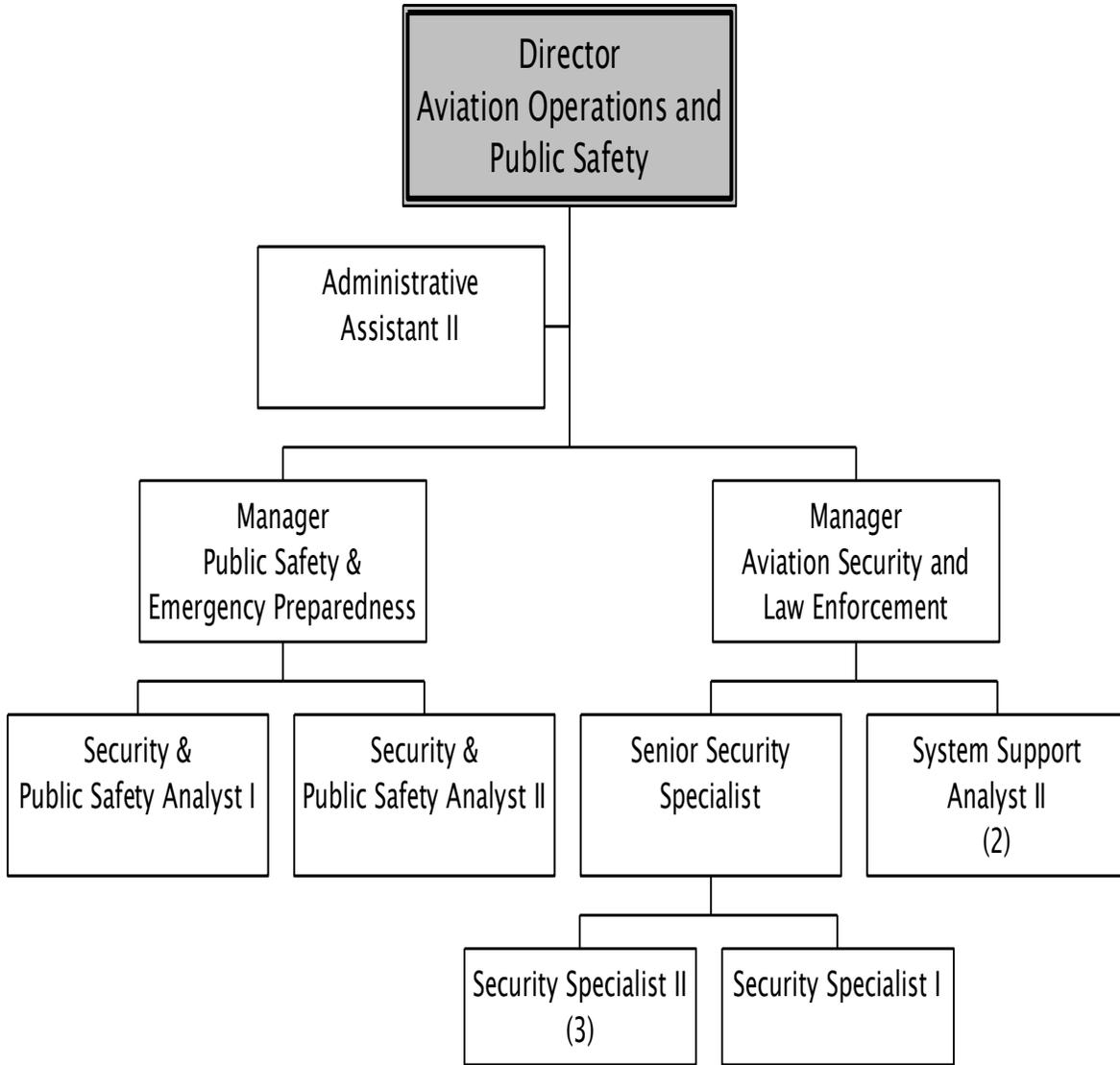
3. **Ensure that SAN is operated in compliance with FAA FAR Part 139 requirements. Success for this goal will be achieved if both: 1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty and 2) there are no SAN airfield incidents/accidents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

INITIATIVE: Strategically engaging our employees in sustainable business practices.

4. **The department staff will continue to participate in the ADP. Staff will participate in meetings and provide input and comments for design concepts and phasing plans. The department will focus on aircraft ground movements, aircraft parking, fueling operations, airfield vehicle service roads, ARFF facilities and equipment, as well as Part 77 and TERPS impacts.**

INITIATIVE: Strategically engaging our employees in sustainable business practices.

**OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY
 FY 2016 – FY 2017 Organizational Structure**



** Position in grey resides in the Airside Operations Department and is shown for structural purposes.
 No personnel changes in FY 2017.*

OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 808,217	\$ 808,056	\$ 916,818	\$ 108,761	13.5%	\$ 944,322	\$ 27,505	3.0%
Premium Overtime	47,171	40,000	40,000	-	0.0%	40,000	-	0.0%
Employee Benefits	404,746	459,170	465,387	6,217	1.4%	495,160	29,773	6.4%
Subtotal	1,260,134	1,307,227	1,422,205	114,978	8.8%	1,479,483	57,278	4.0%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,260,134	1,307,227	1,422,205	114,978	8.8%	1,479,483	57,278	4.0%
Non-Personnel Expenses								
Contractual Services	464,592	689,500	756,568	67,068	9.7%	704,568	(52,000)	-6.9%
Safety and Security	19,769,602	20,148,764	20,705,763	556,999	2.8%	21,245,875	540,112	2.6%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	1,006,226	1,242,550	1,350,000	107,450	8.6%	2,000,000	650,000	48.1%
Operating Equipment & Systems	20,513	44,200	89,000	44,800	101.4%	56,000	(33,000)	-37.1%
Operating Supplies	88,733	121,200	121,200	-	0.0%	121,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	8,613	23,350	38,800	15,450	66.2%	24,000	(14,800)	-38.1%
Business Development	3,601	41,250	11,250	(30,000)	-72.7%	11,250	-	0.0%
Equipment Rentals & Repairs	31,150	27,000	27,000	-	0.0%	27,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	21,393,030	22,337,814	23,099,581	761,767	3.4%	24,189,893	1,090,312	4.7%
Total Operating Expenses	22,653,164	23,645,041	24,521,786	876,745	3.7%	25,669,376	1,147,590	4.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	22,653,164	23,645,041	24,521,786	876,745	3.7%	25,669,376	1,147,590	4.7%
Equipment Outlay	325,237	21,000	334,000	313,000	1490.5%	200,000	(134,000)	-40.1%
Total Authority Expenses incl Equip Outlay	\$ 22,978,401	\$ 23,666,041	\$ 24,855,786	\$ 1,189,745	5.0%	\$ 25,869,376	\$ 1,013,590	4.1%

OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY
Major Driver of FY 2016 Budget & FY 2017 Conceptual Budget

	Inc / (Dec) FY16 vs FY15	Inc / (Dec) FY17 Conceptual vs FY16
FY 2015 Budget / FY 2016 Budget	\$23,666,041	\$24,855,786
Personnel Costs		
1 New Security & Public Safety Analyst position (salaries, benefits & employer taxes)	100,389	-
Salary adjustments and pay for performance	37,027	27,505
Burden (benefits & employer taxes) for current staff	(22,438)	29,773
Total Increase / (Decrease) in Personnel Costs	114,978	57,278
Law enforcement costs - Harbor Police Department	339,999	519,112
Access Control System maintenance	307,450	650,000
Security guard services	250,000	-
Other, net	177,318	(212,800)
Total Increase / (Decrease) in Non-Personnel Costs	1,074,767	956,312
Total Increase / (Decrease)	1,189,745	1,013,590
FY 2016 Budget / FY 2017 Conceptual Budget	\$24,855,786	\$25,869,376

OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY

Departmental Goals

FY 2015 PROGRESS REPORT

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations to achieve excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification. This will be done by planning and conducting a full-scale mass-casualty field exercise in compliance with FAR Part 139.325(h) by second quarter FY 2015 (November 2014) and a Tabletop Exercise in compliance with FAR Part 139.325(g)(4) by second quarter FY 2016 (November 2015).

PROGRESS: SAN complied with FAR Part 139.325(h) by conducting our triennial full-scale mass-casualty field exercise and our family reception center exercise on October 8, 2014. SAN also conducted a related EOC functional exercise on October 29, 2014. SAN will continue to comply with all applicable federal regulations to achieve excellence in the areas of Public Safety, Emergency Disaster Preparedness and Airport Certification by conducting our annual FAR 139 Tabletop by October 31, 2015.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Ensure that SAN remains at the forefront of implementing operational efficiencies that benefit both the Authority and its stakeholders by implementing computer-based training for security and driver training required by TSA and FAA regulations by third quarter FY 2015 (March 2015).

PROGRESS: AVSEC & PS has completed a review of all training modules; and expects the burn-in phase of implementation by March 2015; with full implementation by June 2015.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

3. Restructure the Aviation Security & Public Safety (AVSEC & PS) Department roles and responsibilities and relocate the Access Control Office (ACO). Implement role and responsibilities changes recommended by the Business Planning and Workforce Planning Departments. The ACO staff has outgrown their current office space. A new location for the office will be identified and a relocation plan will be established and implemented.

PROGRESS: AVSEC & PS roles and responsibilities, particularly with respect to support of the Ground Transportation function have been completed. Decisions by the Executive Team have temporarily interrupted any plans to move the Access Control Office.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY

Departmental Goals

FY 2016 – FY 2017 GOALS

1. Ensure that SAN continues to comply with all applicable federal, state, and local regulations and achieves excellence in the areas of Public Safety, Emergency/Disaster Preparedness, and Airport Certification by planning and conducting tabletop exercises in compliance with FAR Part 139.325(g)(4) for FY 2016 (November 2015) and FY 2017 (November 2016).

INITIATIVE: Strategically engaging our employees in sustainable business practices.

2. Enhance Emergency/Disaster Preparedness training of Authority staff and appropriate agencies by conducting an Emergency Operations Center (EOC) Functional Exercise, to be completed by the second quarter of FY 2016.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. Implement a computer-based training for TSA security and FAA driver training programs. This new training delivery system will reduce Access Control Office (ACO) staff training time while maintaining training quality and effectiveness. Computer-based training will also allow the ACO staff to provide recurrent security training on a more regular and timely basis. The system will be implemented in the first quarter of FY 2016. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

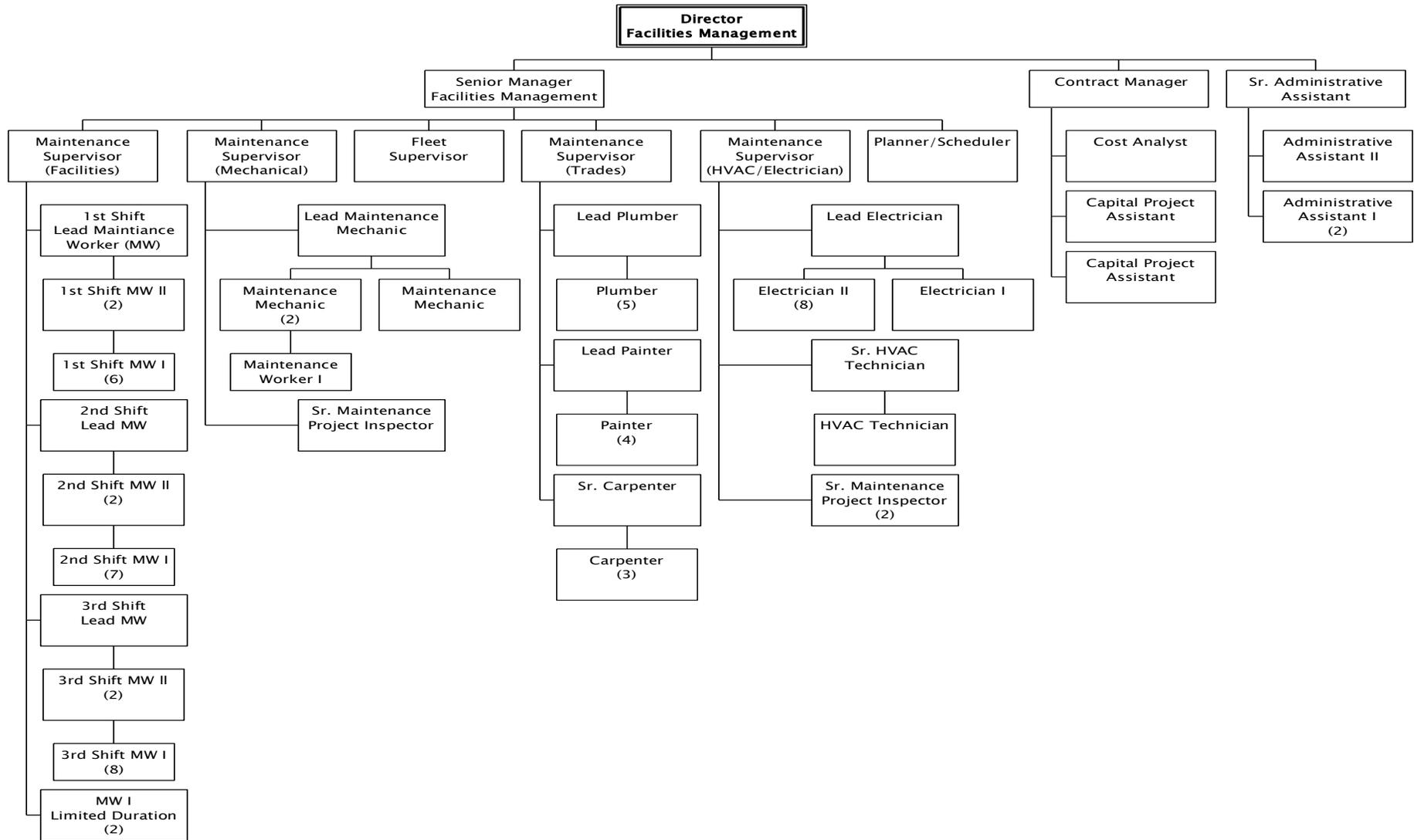
INITIATIVE: Strategically engaging our employees in sustainable business practices. Focus on revenue generation and cost control.

4. Implement a credential management system (CMS) for the Access Control Office (ACO). This system will reduce ACO staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

INITIATIVE: Strategically engaging our employees in sustainable business practices. Focus on revenue generation and cost control.

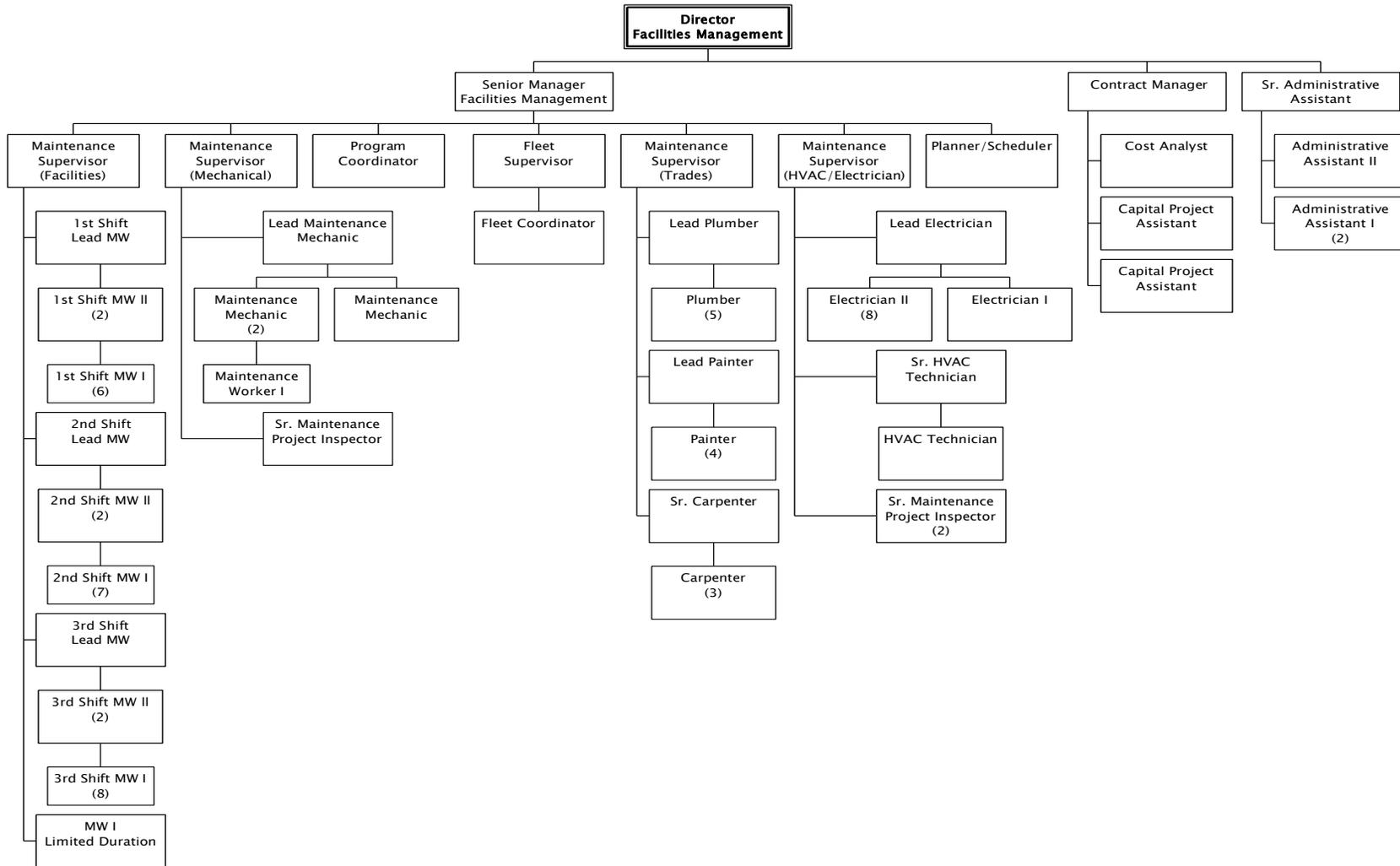
OPERATIONS DIVISION – FACILITIES MANAGEMENT

FY 2016 Organizational Structure



OPERATIONS DIVISION – FACILITIES MANAGEMENT

FY 2016 Organizational Structure



OPERATIONS DIVISION – FACILITIES MANAGEMENT
2016 Budget – FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 4,955,942	\$ 5,545,282	\$ 5,753,109	\$ 207,827	3.7%	\$ 6,051,644	\$ 298,535	5.2%
Premium Overtime	452,071	450,000	427,500	(22,500)	-5.0%	427,500	-	0.0%
Employee Benefits	2,757,462	3,290,325	3,195,210	(95,116)	-2.9%	3,446,929	251,719	7.9%
Subtotal	8,165,475	9,285,607	9,375,819	90,212	1.0%	9,926,073	550,254	5.9%
Less: Capitalized Labor	(185,025)	(100,000)	(100,000)	-	0.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	7,980,450	9,185,607	9,275,819	90,212	1.0%	9,826,073	550,254	5.9%
Non-Personnel Expenses								
Contractual Services	126,209	111,000	85,000	(26,000)	-23.4%	85,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	8,329,348	9,070,636	12,696,563	3,625,927	40.0%	14,377,232	1,680,669	13.2%
Maintenance	12,415,412	13,984,558	12,573,431	(1,411,127)	-10.1%	13,391,899	818,468	6.5%
Operating Equipment & Systems	7,813	30,000	15,000	(15,000)	-50.0%	15,000	-	0.0%
Operating Supplies	51,107	57,850	59,850	2,000	3.5%	59,850	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	52,192	71,910	76,500	4,590	6.4%	76,500	-	0.0%
Business Development	3,950	4,675	6,425	1,750	37.4%	6,425	-	0.0%
Equipment Rentals & Repairs	123,403	12,300	12,300	-	0.0%	12,300	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	21,109,435	23,342,929	25,525,069	2,182,140	9.3%	28,024,206	2,499,137	9.8%
Total Operating Expenses	29,089,885	32,528,536	34,800,888	2,272,352	7.0%	37,850,278	3,049,391	8.8%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	29,089,885	32,528,536	34,800,888	2,272,352	7.0%	37,850,278	3,049,391	8.8%
Equipment Outlay	322,341	26,000	208,000	182,000	700.0%	200,000	(8,000)	-3.8%
Total Authority Expenses incl Equip Outlay	\$ 29,412,225	\$ 32,554,536	\$ 35,008,888	\$ 2,454,352	7.5%	\$ 38,050,278	\$ 3,041,391	8.7%

OPERATIONS DIVISION – FACILITIES MANAGEMENT
Major Drivers of FY 2016 Budget – FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$32,554,536	\$35,008,888
Personnel Costs		
2 New positions of Carpenter/Locksmith and Maintenance Mechanic (salaries, benefits & employer taxes)	163,037	-
Salary adjustments,contracted wage increases and pay for performance	149,058	246,053
1 New positions of Program Coordinator (salaries, benefits & employer taxes)	-	75,438
1 Position transferred to IT department (salaries, benefits & employer taxes)	(110,337)	-
Burden (benefits & employer taxes) for current staff	(111,546)	228,763
Total Increase / (Decrease) in Personnel Costs	90,212	550,254
Utilities	3,625,927	1,680,669
Vehicles replacement	200,000	-
12kV maintenance	(513,000)	-
Airfield pavement and striping	(861,000)	193,000
Other annual repair and services contracts	(60,227)	572,808
Other, net	(27,561)	44,660
Total Increase / (Decrease) in Non-Personnel Costs	2,364,140	2,491,137
Total Increase / (Decrease)	2,454,352	3,041,391
FY 2016 Budget / FY 2017 Conceptual Budget	\$35,008,888	\$38,050,278

OPERATIONS DIVISION – FACILITIES MANAGEMENT

Departmental Goals

FY 2015 PROGRESS REPORT

1. Develop and administer familiarization department meetings (internal/external) of Facilities Management policies and procedures.

Progress would be identified in two phases –

- Develop/write a familiarization plan for internal and external staff by December 31st, 2014.
- Conduct meetings with each Authority and air carrier departments by May 30th, 2014.

PROGRESS: Each year we receive numerous inquiries through work orders, e-mail, text's and voicemails from internal and external customers asking for information i.e. help in writing work requests, where can blank work requests be found in the computer, why does it take so long to receive a response, why can't a broken chair be fixed ASAP, there are some plants in my cube that are dying so could someone from maintenance water them, can someone bring more ice to the break room before lunch and, and the list goes on. There are many other requests that simply just need a quick yes or no answer.

- It was apparent to our department we needed to cut down on the uninformed callers so we could focus our attention to matters that made a difference in how our airport functions.
- Our goal this year is to present classes on airport maintenance 101 and our core responsibility. We would introduce members of our staff, cover differences in maintenance worker crafts, how the work order process works, things we can and cannot do, why it may take longer to receive service, what the tenant is responsible for and end with a Q&A.
- Our goal is to have a well-run, well maintained facility with highly responsive staff to service all our internal and external customers. Better communication above all is the one greatest impact on our vision.
- Our mid-year goal is work in progress with end of year goal in sight of completion.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

2. Develop a customer service survey measurement tool that identifies the strengths and weaknesses of the Facility Management department.

The survey will be administered in two phases –

- Develop questions that better identify areas to focus on. Administer survey with results setting the bar from which to start.
- Six months following, administer second survey with goal being a 20% improvement in satisfaction.

PROGRESS: We found there were some internal and external customers that felt our department's follow-up communication to them regarding work order status was poor at best. We spoke to the maintenance workers, solicited their feedback and ideas in how we could improve our way of doing business.

- Next we developed a survey and reached out to the customers who submitted work orders asking them some basic questions i.e. how satisfied are you with the work order process, do you receive updates on work status, are you made aware when a job is completed etc.. The results were average, some surveys came back with glowing praise and others were much more dissatisfied.
- We took those results, brainstormed until we came up with a plan of better communication between the actual maintenance worker completing the work and the person who submitted the work request. A form was developed introducing the maintenance worker to the requestor, how long the work should take and when the work is completed and closed.
- Since the introduction of this procedure we have received numerous positive results and we are anxious to send out another survey before fiscal year ends. Our goal is to improve our survey results by 20% compared to the first survey we administered this past fall.

SUSTAINABILITY GOAL: Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

CUSTOMER STRATEGY: Achieve the highest level of internal and external customer satisfaction.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

OPERATIONS DIVISION – FACILITIES MANAGEMENT

Departmental Goals

FY 2016 – FY 2017 GOALS

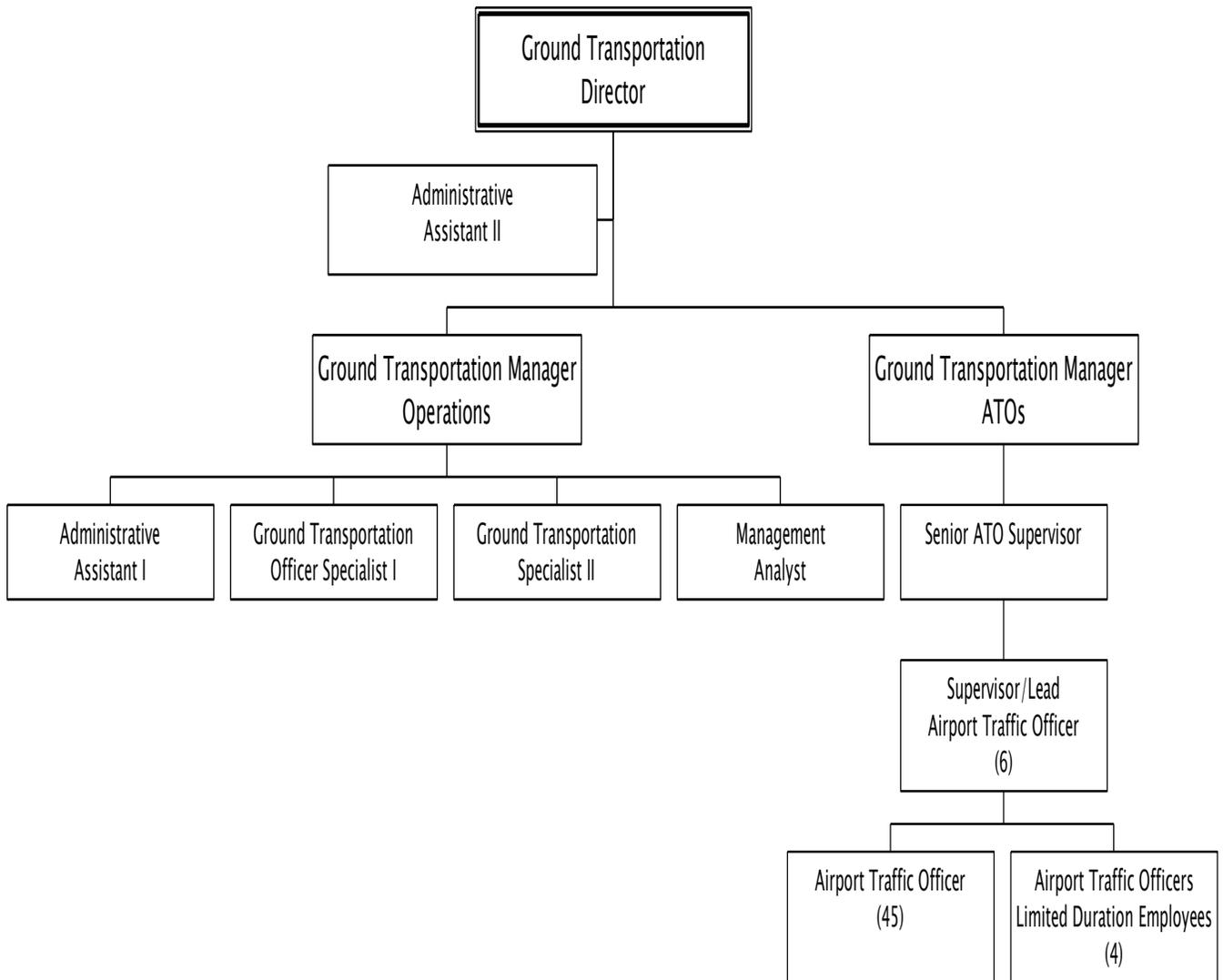
1. During Fiscal Year 2016 FMD is planning to implement a Computerized Maintenance Management System (CMMS). The CMMS consists of an advanced software package that enhances the existing E-1 system allowing FMD to manage the maintenance of equipment and facilities in a more efficient and sustainable process. This CMMS enhancement should improve productivity, lower overall operating costs, and store valuable information about maintenance functions at the Airport.

INITIATIVE: Developing a sustainable long-term capital plan, focus on revenue generation and cost control; strategically engaging our employees in sustainable business practices.

2. During Fiscal Year 2016 FMD will be conducting a Facility Condition Assessment (FCA) for all of our buildings. The FCA will document the conditions of the facilities and estimate the costs of needed repairs and renovations. Other benefits of the FCA include the ability to forecast facility conditions and funding scenarios and maintain data in a system that allows users to develop future budgets.

INITIATIVE: Developing a sustainable long-term capital plan, focus on revenue generation and cost control; strategically engaging our employees in sustainable business practices.

**OPERATIONS DIVISION – GROUND TRANSPORTATION
FY 2016 – FY 2017 Organizational Structure**



No personnel changes in FY 2017.

OPERATIONS DIVISION – GROUND TRANSPORTATION
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 3,133,469	\$ 3,313,620	\$ 3,686,684	\$ 373,063	11.3%	\$ 3,806,308	\$ 119,625	3.2%
Premium Overtime	246,217	166,000	46,000	(120,000)	-72.3%	46,000	-	0.0%
Employee Benefits	1,883,358	2,115,387	2,162,119	46,732	2.2%	2,309,260	147,141	6.8%
Subtotal	5,263,044	5,595,008	5,894,802	299,795	5.4%	6,161,568	266,766	4.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	5,263,044	5,595,008	5,894,802	299,795	5.4%	6,161,568	266,766	4.5%
Non-Personnel Expenses								
Contractual Services	12,850,749	13,307,155	16,300,794	2,993,639	22.5%	19,279,906	2,979,113	18.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2,757	1,000	-	(1,000)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	7,719	3,100	7,000	3,900	125.8%	7,000	-	0.0%
Operating Supplies	55,576	54,300	55,800	1,500	2.8%	58,800	3,000	5.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	53,268	54,650	70,450	15,800	28.9%	76,450	6,000	8.5%
Business Development	18,748	18,000	15,500	(2,500)	-13.9%	14,000	(1,500)	-9.7%
Equipment Rentals & Repairs	48,002	1,500	121,500	120,000	8000.0%	121,500	-	0.0%
Total Non-Personnel Expenses	13,036,820	13,439,705	16,571,044	3,131,339	23.3%	19,557,656	2,986,613	18.0%
Total Operating Expenses	18,299,864	19,034,712	22,465,846	3,431,134	18.0%	25,719,225	3,253,378	14.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	18,299,864	19,034,712	22,465,846	3,431,134	18.0%	25,719,225	3,253,378	14.5%
Equipment Outlay	27,035	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 18,326,899	\$ 19,034,712	\$ 22,465,846	\$ 3,431,134	18.0%	\$ 25,719,225	\$ 3,253,378	14.5%

OPERATIONS DIVISION – GROUND TRANSPORTATION
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$19,034,712	\$22,465,846
Personnel Costs		
4 New Airport Traffic Officers position (salaries, benefits & employer taxes)	260,146	-
Salary adjustments,contracted wage increases and pay for performance	81,089	119,625
Burden (benefits & employer taxes) for current staff	(41,441)	147,141
Total Increase / (Decrease) in Personnel Costs	299,795	266,766
Rental Car Center(RCC) busing	2,866,409	2,909,958
Parking and shuttles operations	245,605	122,855
Other, net	19,325	(46,200)
Total Increase / (Decrease) in Non-Personnel Costs	3,131,339	2,986,613
Total Increase / (Decrease)	3,431,134	3,253,378
FY 2016 Budget / FY 2017 Conceptual Budget	\$22,465,846	\$25,719,225

OPERATIONS DIVISION – GROUND TRANSPORTATION

Departmental Goals

FY 2015 PROGRESS REPORT

1. Integrate and implement the planned ground transportation technologies e.g., taxicab trip coupon and dispatch system, commercial vehicle automated vehicle identification (AVI) system and commercial vehicle and driver management software to improve and enhance the Airport's commercial vehicle transportation management and operations.

PROGRESS.

- Commercial Vehicle Management System (CVMS) Software upgrade - Installation complete, in use.
- Terminal Parking and Revenue Control system - Upgrade and install T1 parking and revenue control equipment completed April 2015, replacing end-of- life equipment, minimizing repair costs, downtime and customer dissatisfaction.
- Commercial Vehicle and Driver self-permitting website enabling commercial vehicle operators and permit holders to maintain their data thus reducing overall time to create and administer permits.
- Automated Vehicle Identification (AVI) system scheduled to be installed on the airport roadway March-April 2015 and the Taxicab/VFH Hold Lot by March 2016 to collect and reconcile commercial vehicle trips.
- Automated Trip Coupon (ATC) system consisting of 1) Trip count collection and reconciliation (AVI system); 2) Trip payment calculations; 3) Operator Invoicing; and 4) Operator payment and disputes by June 2015.

Construction and Infrastructure development:

- RCC Bus Procurement - May 2015 delivery of sixteen (16) 40 ft. CNG advanced technology buses.
- Employee Parking Lot expansion- 30% Design.
- Taxicab and VFH Hold Lot- 30% Design.
- T2 Parking Plaza- Initial facility operation and technical requirements.

Other:

- Passenger Queue Time Management employs equipment and software analytics to record, analyze and notify staff of greater than 10 minute passenger wait times for taxicabs.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. Extend the current Taxicab Memorandum of Agreement (MOA) to October 31, 2014 and include specific performance measures and data collection methods for customer satisfaction, taxi cab availability, and passenger wait times, vehicle appearance and driver professionalism; recommend a strategy and plan for the Taxicab MOA agreement after October 31, 2014.

PROGRESS: Airport taxicab MOA requirements and consequences were signed December 2014 to commence January 1, 2015. The requirements of:

- 1) Vehicle safety, condition and appearance;
- 2) Driver training, customer service and professionalism;
- 3) Taxicab availability;
- 4) Passenger wait times;
- 5.1) Taxicab modernization - systems, equipment, operations;
- 5.2) Taxicab modernization - conversion;
- 6) Dispatch Operations and Customer Service Representative (“CSR”) Personnel;
- 7) Americans with Disability Act (“ADA”) Services; and
- 8) Industry Communication and Collaboration.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

3. Devise a workable business plan/operational model/plan for the Airport Vehicle for Hire (VFH) commercial vehicle operators; implement recommendations and actions based on Board (May 2014) Meeting.

PROGRESS: Vehicle MOA requirements and consequences were signed December 2014 to commence January 1, 2015. The requirements of:

- 1) Vehicle safety, condition and appearance;
- 2) Driver training, customer service and professionalism;
- 3) Taxicab availability;
- 4) Passenger wait times;
- 5.1) VFH modernization - systems, equipment, operations;
- 5.2) VFH modernization - conversion;
- 6) Dispatch Operations and Customer Service Representative (“CSR”) Personnel;
- 7) Americans with Disability Act (“ADA”) Services; and
- 8) Industry Communication and Collaboration.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Manage the RCC Bus Procurement and Operation contract implementation plan to achieve the June 2015 bus delivery and storage facility start-up.

PROGRESS:

- RCC bus procurement on schedule with vehicles scheduled for delivery to the Authority mid-May 2015.
- RCC bus staging and storage facility currently at 90% Design including paved area and dispatch building with completion by late September 2015.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

OPERATIONS DIVISION – GROUND TRANSPORTATION
Departmental Goals

FY 2016 – FY 2017 GOALS

1. Through June 30, 2016, implement and manage the Transportation Network Company (TNC) Pilot Program to ensure the desired level of customer service is provided, that operational efficiency is attained, airport trip fees are fully accounted for and that required records and data are compliant with the airport permit.

INITIATIVE: Focus on revenue generation and cost control.

2. Through June 30, 2016, ensure the effective and efficient planning, startup and implementation RCC Bus Operations by working closely with the RCC Bus contractor to define the requisite bus operating procedures, parameters and customer service standards.

INITIATIVE: Focus on revenue generation and cost control.

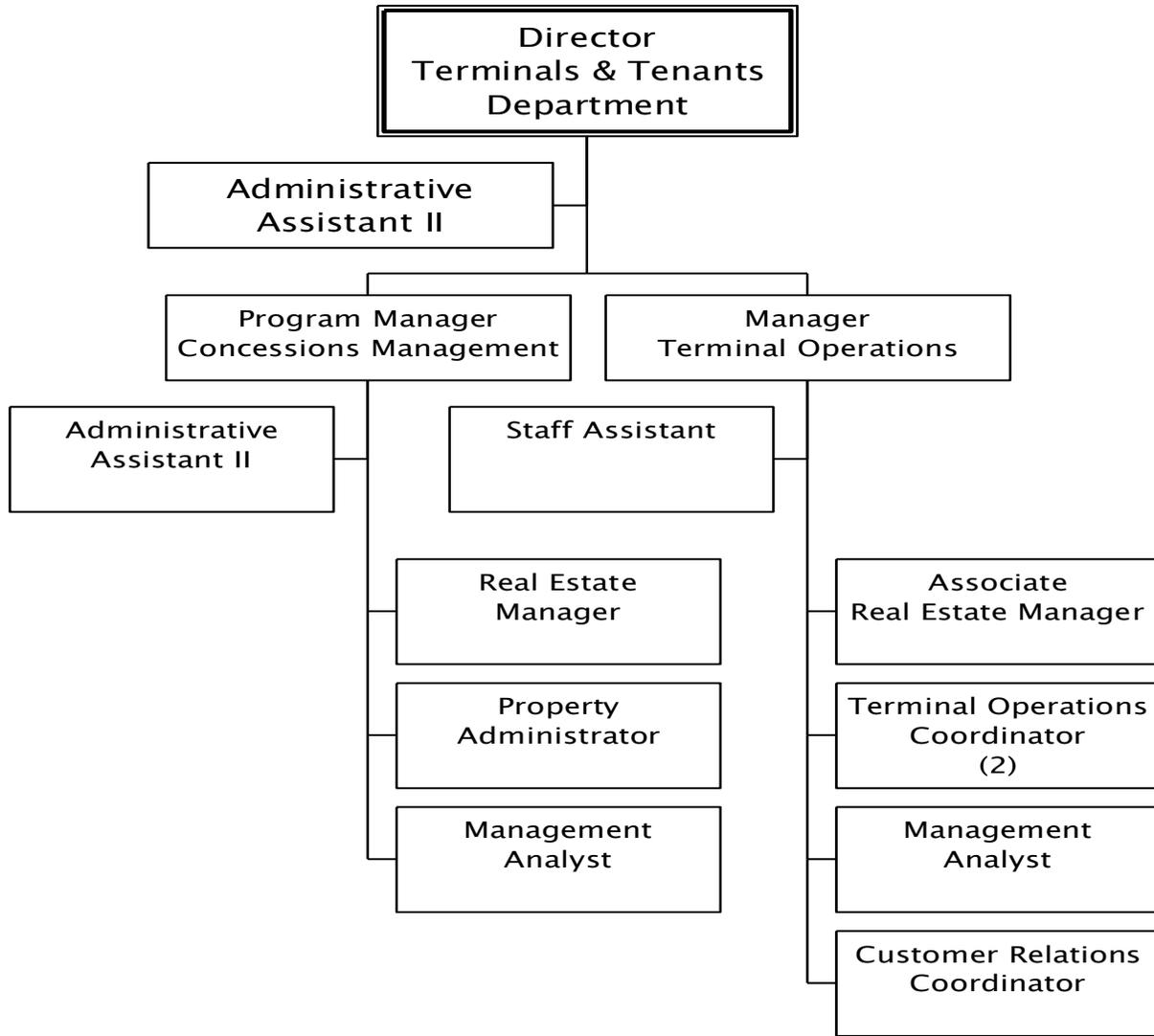
3. Through June 30, 2016, fulfill commitments and manage compliance with the Taxicab and VFH Memorandum of Agreement (MOA) including VFH CSR transition, ground transportation technology and infrastructure improvements and trip fee transitions.

INITIATIVE: Focus on revenue generation and cost control.

4. By August 2015, replace the currently in use, but outdated ticket issuing devices with newer software and hardware technology to reduce equipment's maintenance and operating costs, eliminate citation errors and enhance ATO productivity.

INITIATIVE: Focus on revenue generation and cost control.

OPERATIONS DIVISION – TERMINALS & TENANTS
FY 2016 – FY 2017 Organizational Structure



No personnel changes in FY 2017.

OPERATIONS DIVISION – TERMINALS & TENANTS
FY 2016 Budget - FY 2017 Conceptual Budget Expense Summary

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 935,046	\$ 1,104,870	\$ 1,117,427	\$ 12,557	1.1%	\$ 1,144,770	\$ 27,343	2.4%
Premium Overtime	3,947	-	-	-	0.0%	-	-	0.0%
Employee Benefits	425,438	604,540	586,606	(17,935)	-3.0%	624,693	38,087	6.5%
Subtotal	1,364,431	1,709,410	1,704,032	(5,378)	-0.3%	1,769,462	65,430	3.8%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	1,364,431	1,709,410	1,704,032	(5,378)	-0.3%	1,769,462	65,430	3.8%
Non-Personnel Expenses								
Contractual Services	8,981,846	9,173,555	9,070,011	(103,544)	-1.1%	9,053,139	(16,872)	-0.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	241	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	34,109	72,700	75,700	3,000	4.1%	52,700	(23,000)	-30.4%
Operating Supplies	28,185	17,200	13,900	(3,300)	-19.2%	13,900	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	21,220	30,350	46,700	16,350	53.9%	49,200	2,500	5.4%
Business Development	283,635	326,150	462,650	136,500	41.9%	465,150	2,500	0.5%
Equipment Rentals & Repairs	8,140	6,200	6,100	(100)	-50.0%	6,000	(100)	-100.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	9,357,376	9,626,305	9,675,211	48,906	0.5%	9,640,239	(34,972)	-0.4%
Total Operating Expenses	10,721,807	11,335,715	11,379,243	43,528	0.4%	11,409,701	30,458	0.3%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	10,721,807	11,335,715	11,379,243	43,528	0.4%	11,409,701	30,458	0.3%
Equipment Outlay	48,046	-	-	-	0.0%	-	-	0.0%
Total Authority Expenses incl Equip Outlay	\$ 10,769,853	\$ 11,335,715	\$ 11,379,243	\$ 43,528	0.4%	\$ 11,409,701	\$ 30,458	0.3%

OPERATIONS DIVISION – TERMINALS & TENANTS
Major Drivers of FY 2016 Budget & FY 2017 Conceptual Budget

	<u>Inc / (Dec) FY16 vs FY15</u>	<u>Inc / (Dec) FY17 Conceptual vs FY16</u>
FY 2015 Budget / FY 2016 Budget	\$11,335,715	\$11,379,243
Personnel Costs		
1 New Staff Assistant position (salaries, benefits & employer taxes)	69,813	-
Salary adjustments and pay for performance	(35,005)	27,343
Burden (benefits & employer taxes) for current staff	(40,186)	38,087
Total Increase / (Decrease) in Personnel Costs	(5,378)	65,430
Concessions Marketing Program	172,400	-
Custodial contract	90,394	(87,739)
Hood vent cleaning for concessioners	(160,342)	596
Other, net	(53,546)	52,170
Total Increase / (Decrease) in Non-Personnel Costs	48,906	(34,972)
Total Increase / (Decrease)	43,528	30,458
FY 2016 Budget / FY 2017 Conceptual Budget	<u>\$11,379,243</u>	<u>\$11,409,701</u>

OPERATIONS DIVISION – TERMINALS & TENANTS

Departmental Goals

FY 2015 PROGRESS REPORT

- 1. Centralize facility inspection programs under the Terminal Operations Department. Assume inspection oversight of airfield, terminals, concessions, tenant leaseholds, pest control, preventative maintenance, security, ramp walks, construction, storm water, prohibited items inventory, public safety, airport facilities, equipment and systems. Receives findings from all inspectors and manage centralized repository of inspection data. Coordinate all inspections. Act as single point of contact for inspections for airport tenants. Introduce LAMC briefing module by December 2014.**

PROGRESS: Terminals & Tenants staff has facilitated stakeholder meetings with the goal of developing a uniform software/platform to be used across types of inspections. Concession inspections have commenced, all other inspections are slated to begin by the end of the fiscal year. This accomplishment is critical to maintaining the Authority's assets in a sustainable fashion over the next 10 years and beyond.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound effective and efficient manner.

- 2. Ensure regulatory compliance with city, state and federal ordinances on waste diversion and recycling. Work with new concession tenants on commercial food waste recycling system. Meet monthly with janitorial service providers, restaurateurs, recycling hauler and SDCRAA staff to review and reinforce BMPs. Reduce waste disposal costs and increase airport wide waste diversion by 10% by June, 30 2015.**

PROGRESS: The state has passed a new legislation, AB1826 making mandatory the diversion of yard and food waste commencing April 1, 2016. In November of 2014 the Terminals and Tenants Department completed the implementation of a post-consumer food recycling program with all food and beverage (F&B) concessioners at SAN. Food Recycling Program highlights includes:

- Participation by 4 master Food & Beverage concessioners at over 40 restaurants and prep-kitchens.
- Over 600 F&B employees trained on how to participate in the Food Recycling Program.
- Recycling and waste diversion of over 7 tons of food per week.
- Compliance with AB1826 requirements eighteen months before implementation of the new law.
- Recognized as Recycler of the Year for the 11th Year running

On February 17, 2015 Terminals and Tenants attended the 2nd annual Zero Waste San Diego Symposium. Representatives of the state *CalRecycle* and from the *City of San Diego* will be presenting principles on; source reduction and reuse strategies, policy and compliance with new state legislation.

We continue to work with our janitorial service provider, restaurateurs, recycling hauler and SDCRAA staff to review and reinforce BMPs. This goal has assisted in reducing waste disposal costs and the Authority is forecast to meet our goal of increasing airport wide waste diversion by 10% by the end of the fiscal year. This accomplishment was selected because it aligns with our mission to protect quality of life in the region.

SUSTAINABILITY GOAL: Economic Viability, Operational Excellence, Social Responsibility.

AUTHORITY STRATEGY:

FINANCIAL STRATEGY: Enhance the financial position of the Airport Authority.

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

COMMUNITY STRATEGY: Be a trusted and highly responsive regional agency.

3. Quarterly property inspections of all tenancies in the airport.

PROGRESS: Quarterly inspections of all concessions have commenced, inspections of all other tenancies will commence once new inspection software/platform is operational by the end of the fiscal year. This accomplishment is critical to maintaining the Authority's assets in a sustainable fashion over the next 10 years and beyond.

SUSTAINABILITY GOAL: Operational Excellence.

AUTHORITY STRATEGY:

OPERATIONS STRATEGY: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

OPERATIONS DIVISION – TERMINALS & TENANTS

Departmental Goals

FY 2016 – FY 2017 GOALS

1. Contracted waste and recycling fees are scheduled to increase in FY16. We plan to decrease the number of annual waste and recycling disposal removal trips by 5%. A reduction in trip numbers will help reduce traffic on the airfield and on Harbor Drive.

INITIATIVE: Focus on revenue generation and cost control.

2. Ensure biannual property inspections of all terminal tenancies on the airport. By completing thorough inspections and implementing corrective action on all findings the SAN terminal assets will serve our stakeholders and customers through a full life cycle.

INITIATIVE: Strategically engaging our employees in sustainable business practices.

3. Working with the SAN Concessionaire Marketing Advisory Committee, Vision Voice and Engagement department and marketing agency, develop a Concession Marketing Strategy to pursue measurable on-airport and digital marketing initiatives which can directly attribute to a 5% increase in overall sales per enplanement versus FY15.

INITIATIVE: Focus on revenue generation and cost control.

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DEBT SERVICE

Debt Service

Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on payments of principal, interest, and fees for the revenue bonds and variable debt. Debt service expenses (including amortization, fees, capitalized leases and net of capitalized interest) are projected at \$72,418,977 for the FY 2016 Budget and \$81,150,716 for the FY 2017 Conceptual Budget (see *Debt Service by Source*).

Allowed Purposes and Types of Debt

The Authority does not have taxing power and therefore issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the airport system. The Authority may also issue special facility obligations to finance capital projects. Such obligations must be secured by a defined revenue stream derived from or relating to discrete facilities.

Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority does not have a legal debt limit, but is constrained by its bond indenture requirement for debt service coverage, which requires that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% (1.25x) of annual senior lien bond debt service and that subordinate net revenues shall exceed 110% (1.10x) of subordinate lien debt service. This acts as a cap on the annual debt service, not a cap on the amount of outstanding debt, and is a common provision in airport bond resolutions. A debt service coverage table is shown on page 252.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% (1.75x) for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150% (1.50x).

Outstanding Debt

Series 2010 Bonds – Subordinate Airport Revenue Bonds

On October 5, 2010, the Authority issued \$572,565,000 in Subordinate Airport Revenue Bonds. The bond proceeds are being used primarily for construction of The Green Build as well as for projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$313,150,000; Series B (non-AMT) \$44,055,000; and Series C (Build America Bonds) \$215,360,000.

The purpose of Build America Bonds (BABs) was to reduce the cost of borrowing for state and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Authority issued Direct Payment BABs which provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority. The federal subsidy has been reduced by 7.3% due to sequestration. The subsidy is not included in "Net revenues," rather it is used to pay debt service.

The Series 2010 Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00% to 6.63% (prior to BAB subsidy) maturing in Fiscal Years 2015 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2010 Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Authority's

airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Series 2013 Bonds – Senior Airport Revenue Bonds

On January 30, 2013, the Authority issued \$379,585,000 in Senior Airport Revenue Bonds. The bond proceeds are being used to finance a portion of the construction of the Green Build and certain projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$107,285,000; and Series B (AMT) \$272,300,000.

The Series 2013 Bonds were structured as serial and term bonds that bear interest rates ranging from 3.0% to 5.0% maturing in Fiscal Years 2016-2044.

The Series 2013 Bonds are payable solely from and secured by a pledge of “Net Revenues.” Net Revenues are generally defined as all revenues and other cash receipts of the Authority’s airport operations less amounts required to pay operations and maintenance expenses of the Airport. Pledged “Net Revenues” do not include cash received from PFCs, CFCs or Federal grants.

Series 2014 Bonds – Senior Special Facilities Revenue Bonds

On February 19, 2014, the Authority issued \$305,285,000 in Senior Special Facilities Revenue Bonds. The Bond Proceeds will be used to primarily to finance the construction of the Rental Car Center (RCC) and certain associated projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$29,390,000; and Series B (AMT) \$275,895,000.

The Series 2014 Bonds were structured as serial and term bonds that bear interest rates ranging from 2.537% to 5.594% maturing in Fiscal Years 2019-2045.

The Series 2014 Bonds are payable solely from and secured by a pledge of the “Trust Estate” which includes Customer Facility Charges (CFCs) and bond funding supplemental consideration, payable by the rental car companies in the event that CFCs are insufficient to meet the Bond funding obligations.

Debt Rating

The following table outlines the credit ratings for the Authority’s outstanding bond issues.

<u>Rating Agency</u>	<u>Standard & Poor’s</u>	<u>Moody’s</u>	<u>Fitch</u>
Series 2013 (Senior)	A+	A1	A+
Series 2010 (Subordinate)	A	A2	A
Series 2014 (Special Facility)	A-	A3	N/A

Variable Rate Debt

The Authority replaced its commercial paper program with a revolving line of credit, issued by US Bank, on September 5, 2014. The Revolving Credit Agreement is for a term of three (3) years and has a total available commitment of \$125,000,000.

The Authority’s outstanding short-term debt consists of \$17,908,000 of Series B (AMT) and \$20,796,000 of Series C revolving line of credit as of July 1, 2015. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of “Subordinate Net Revenues” (which are generally defined as all revenues and other cash receipts of the Authority’s airport operations that are remaining after Senior Lien obligations have been met).

Debt Service Coverage

The following table shows debt service coverage on the aggregate senior and subordinate lien debt.

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	FY 2017 Conceptual Budget
Airport Revenues	\$ 199,834,454	\$ 213,444,883	\$ 224,769,334	\$ 239,452,750
Operations & Maintenance Expenses	(136,602,067)	(148,629,402)	(154,403,107)	(160,484,410)
Net Revenue available for Senior & Subordinate Lien Debt Service	63,232,387	64,815,481	70,366,227	78,968,341
Senior Bond Debt Service	16,645,434	20,064,575	20,504,600	20,504,950
PFCs used to pay Debt Service	(7,139,150)	(8,669,966)	(9,490,326)	(9,548,626)
Senior Bond Debt Service, Net of PFCs	\$ 9,506,285	\$ 11,394,609	\$ 11,014,274	\$ 10,956,324
Senior Bonds Debt Service Coverage (x)	6.65	5.69	6.39	7.21
Subordinate Net Revenues	\$ 53,726,102	\$ 53,420,871	\$ 59,351,953	\$ 68,012,017
Subordinate Lien Bond Debt Service	37,490,498	40,149,398	40,151,798	40,146,248
Variable Rate Debt Service	6,446,951	7,330,665	6,925,845	7,402,042
PFCs used to pay Debt Service	(20,720,012)	(21,554,245)	(20,331,674)	(20,456,707)
BAB Subsidy	(4,636,215)	(4,636,215)	(4,631,219)	(4,631,219)
Subordinate Debt Service, Net of PFCs and BAB Subsidy	\$ 18,581,222	\$ 21,289,603	\$ 22,114,750	\$ 22,460,364
Subordinate Debt Service Coverage (x)	2.89	2.51	2.68	3.03
Aggregate (Senior and Subordinate Lien) Debt Service	\$ 60,582,884	\$ 67,544,639	\$ 67,582,243	\$ 68,053,240
PFCs used to pay Debt Service	(27,859,162)	(30,224,211)	(29,822,000)	(30,005,333)
BAB Subsidy	(4,636,215)	(4,636,215)	(4,631,219)	(4,631,219)
Total Debt Service, Net of PFCs and BAB Subsidy	\$ 28,087,507	\$ 32,684,213	\$ 33,129,024	\$ 33,416,688
Total Debt Service Coverage (x)	2.25	1.98	2.12	2.36

The following table shows debt service coverage on the CFC bond debt. *

	FY 2016 Budget	FY 2017 Conceptual Budget
CFC Collections	\$ 33,070,709	\$ 36,995,921
Interest Earnings	320,550	354,882
Total Amounts Available	\$ 33,391,259	\$ 37,350,803
Rolling Coverage Fund Balance	2,451,182	4,902,363
Total Amounts Available, plus Rolling Coverage Fund Balance	\$ 35,842,440	\$ 42,253,166
Aggregate Annual Debt Service	\$ 8,170,605	\$ 16,341,210
Coverage excluding Rolling Coverage Fund	4.09	2.29
Coverage including Rolling Coverage Fund	4.39	2.59

* Outstanding debt service starting FY 2016.

Outstanding Debt Service *

Aggregate Senior and Subordinate Debt					Special Facility Debt
Year Ended July 1	Variable Debt Principal, Interest and Fees	2013 Senior Bonds Principal and Interest	2010 Subordinate Bonds Principal and Interest	Total	2014 CFC Bonds
2016**	\$ 6,925,845	\$ 20,504,600	\$ 40,151,798	\$ 67,582,243	\$ 8,170,605
2017**	7,402,042	20,504,950	40,146,248	68,053,240	16,341,210
2018	13,789,733	20,503,750	40,149,748	74,443,232	21,921,210
2019	14,069,894	20,494,150	40,145,848	74,709,892	21,919,646
2020	8,727,695	26,006,350	40,143,798	74,877,843	21,918,789
2021	8,616,405	26,000,100	40,150,548	74,767,053	21,917,940
2022	8,509,634	25,994,350	40,151,423	74,655,407	21,920,783
2023	8,402,285	26,003,100	40,144,111	74,549,496	21,917,242
2024	8,294,359	25,999,600	40,148,486	74,442,445	21,919,123
2025	8,185,855	25,998,350	40,149,486	74,333,691	21,920,025
2026	8,076,774	26,003,100	40,147,486	74,227,360	21,918,832
2027	7,967,115	26,002,350	40,143,236	74,112,701	21,919,423
2028	1,881,879	25,996,000	40,151,736	68,029,615	21,920,401
2029	1,891,084	25,989,850	40,151,736	68,032,670	21,920,366
2030	1,899,615	26,002,750	40,145,486	68,047,851	21,917,921
2031		16,667,500	50,928,986	67,596,486	21,921,667
2032		16,979,000	50,619,205	67,598,205	21,919,646
2033		17,239,750	50,356,695	67,596,445	21,920,459
2034		17,606,000	49,994,740	67,600,740	21,917,149
2035		18,016,250	49,581,574	67,597,824	21,918,038
2036		18,551,750	49,045,358	67,597,108	21,920,887
2037		19,104,500	48,493,038	67,597,538	21,918,459
2038		19,691,500	47,909,880	67,601,380	21,918,797
2039		20,293,750	47,306,652	67,600,402	21,919,383
2040		20,923,000	46,678,384	67,601,384	21,917,699
2041		67,600,250	-	67,600,250	21,921,229
2042		67,600,250	-	67,600,250	21,921,896
2043		67,597,500	-	67,597,500	21,921,902
2044		-	-	-	21,918,750
Total	\$ 114,640,213	\$ 755,874,350	\$ 1,093,135,686	\$ 1,963,650,249	\$ 616,339,477

* Net of capitalized interest and excludes Passenger Facility Charge applied to Debt Service and Build America Bond Rebate

** FY 2016 – 2017 Budgeted.

Debt Service by Source

	FY 2014 Actuals	FY 2015 Budget	FY 2016 Proposed Budget	Inc / (Dec) FY16 Budget vs FY15 Budget	% Change	FY 2017 Proposed Conceptual Budget	Inc / (Dec) FY17 Conceptual vs FY16 Budget	% Change
Principal on variable rate debt	\$ 6,065,000	\$ 6,159,000	\$ 6,124,000	\$ (35,000)	-0.6%	\$ 6,133,000	\$ 9,000	0.1%
Principal on Revenue Bonds	5,785,000	10,695,000	11,090,000	395,000	3.7%	11,585,000	495,000	4.5%
Principal & Interest Expense - Capitalized Leases	933,870	877,298	877,298	(0)	0.0%	877,298	-	0.0%
Interest on Revenue Bonds and variable rate debt	50,266,141	49,967,809	50,145,953	178,144	0.4%	50,214,548	68,595	0.1%
Interest on Special Facility Bonds	5,991,777	-	8,170,605	8,170,605	0.0%	16,341,210	8,170,605	100.0%
Fees	318,581	789,314	254,370	(534,944)	-67.8%	152,772	(101,598)	-39.9%
Amortization of Bond Premium	(4,392,862)	(3,829,790)	(4,243,249)	(413,459)	10.8%	(4,153,112)	90,137	-2.1%
Other	(986,955)	-	-	-	0.0%	-	-	0.0%
Total Debt Service	\$ 63,980,552	\$ 64,658,631	\$ 72,418,977	\$ 7,760,346	12.0%	\$ 81,150,715	\$ 8,731,738	12.1%

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CAPITAL PROGRAM

Capital Program Overview

Capital expenditures include any expenditure over \$5,000 with a useful life of at least one year.

The capital program at SAN consists of the Capital Improvement Program (CIP), as well as The Green Build which was implemented under an alternative project delivery method (Design-Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes capital improvement projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include Federal Aviation Administration's Airport Improvement Program (AIP), Transportation Security Agency grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), airport operating revenues, airport revenue bonds, special facility bonds and short-term borrowing using commercial paper/revolving line of credit.

Capital Program Process

The Capital Program is designed to incorporate a dynamic process. The annual development of the capital program begins with departments submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to a capital program working group comprised of staff representatives from various Authority departments.

After the request is submitted to the working group, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Taking into account the Authority's Sustainability Policy, a complete review is performed with a focus on developing a business case that includes total costs of ownership, project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the working group forwards evaluations of the proposed projects to a review group comprised of key department Directors. The review group then forwards recommendations including project budgets, schedules, issues and proposed funding sources to the Capital Improvement Committee (CIC) which is composed of the Airport Authority's three Vice Presidents and President/CEO who oversee the CIP. The CIC meets monthly and reviews all new project requests, changes to project scopes, budgets and schedules and ensures the efficient use of the Authority's capital resources. The CIC may direct the project sponsors and development team to define the project deliverables and report on estimated costs. The CIC recommends the project to be included in the CIP or the CIC may revise the list of projects to be presented to the Authority Board based on funding availability and project necessity. Following Authority Board approval of the CIP, project teams request the CIC to release funding and begin the project as planned and approved.

During each fiscal year, budget schedule and scope changes to on-going projects are reviewed and approved by the CIC. The CIC may also review new project requests throughout the year to accommodate the ever-changing airport environment and regulatory requirements.

Program Summary

FY 2015 – 2019 Capital Improvement Program	\$ 846,769,570
The Green Build	<u>820,000,000</u>
FY 2015 – 2019 Capital Program Budget	1,666,769,570
FY 2015 – 2019 CIP Project Closeouts & Adjustments	(127,116,438)
The Green Build Closeout (Except Roof & Project Close-Out)	<u>(812,821,670)</u>
FY 2015 – 2019 Capital Program Balance	726,831,462
FY 2016 – 2020 CIP Projects and Adjustments	<u>87,495,200</u>
FY 2016 – 2020 Capital Program Budget	\$ <u>814,326,662</u>

Sources and Uses of Funds by Fiscal Year

Sources of Funds

Capital Program	Pre FY2016	FY2016	FY2016	FY2017	FY2018	FY2019	Total
Customer Facility Charges *	\$ 62,917,853	\$ 52,893,019	\$ -	\$ -	\$ -	\$ -	\$ 115,810,872
Airport Revenue Bonds	53,892,537	9,411,659	-	-	-	-	63,304,196
Federal Grants	7,567,390	11,592,103	4,610,070	1,935,982	2,611,875	23,095,625	51,413,046
Passenger Facility Charges	1,194,400	32,189,391	10,245,817	4,359,710	870,625	8,356,875	57,216,818
Airport Funds	32,155,801	90,848,665	41,409,025	34,466,440	17,967,742	5,356,300	222,203,973
Variable Rate Debt	-	26,217,105	33,582,895	-	-	-	59,800,000
Special Facility Bonds	201,938,719	42,639,037	-	-	-	-	244,577,757
TOTAL SOURCES OF FUNDS	\$ 359,666,701	\$265,790,980	\$ 89,847,807	\$ 40,762,132	\$ 21,450,242	\$ 36,808,800	\$ 814,326,662

Use of Funds

Capital Program	Pre FY2016	FY2016	FY2016	FY2017	FY2018	FY2019	Total
Landside and Ancillary	\$ 317,989,520	186,849,275	\$ 45,580,594	\$ 1,676,232	\$ -	\$ -	\$ 552,095,621
Airside	10,630,811	26,581,049	18,093,458	18,669,450	10,064,837	33,427,500	117,467,106
Terminal	25,517,077	43,249,948	21,968,756	17,416,450	11,385,404	3,381,300	122,918,935
Administrative	5,529,292	9,110,708	4,205,000	3,000,000	-	-	21,845,000
TOTAL USES OF FUNDS	\$ 359,666,701	\$265,790,980	\$ 89,847,808	\$ 40,762,132	\$ 21,450,242	\$ 36,808,800	\$ 814,326,662

*Includes proceeds from CFC backed special facility bonds and pay-as-you-go usage.

Funding

Airport Improvement Program

Airport Improvement Program (AIP) grants are offered to the Authority to provide funding assistance for eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP 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 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. The AIP program typically provides funding up to 75% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. However, the Authority expends funds for eligible capital projects and is then reimbursed with grant proceeds. Projected expenditures to be reimbursed by AIP grants are \$11.6 million in FY 2016 and \$4.6 million in FY 2017.

Passenger Facility Charge

Passenger Facility Charges (PFCs) were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFCs is that the PFCs are a fee charged directly to the passenger, is administratively retained by the airport and is considered local funds versus airport funds.

SAN began collecting a PFC of \$3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the airport's PFC program occurred on December 16, 1997, and on June 5, 2001. The FAA approved the third passenger facility application on May 20, 2003 that established authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. The FAA approved an eighth application in November 2010 for a total collection authority of approximately \$1.1 billion in support of the Terminal Development Program. A ninth application for \$31.3 million was approved in July 2012. The majority of this application will provide funding for the Quieter Home Program as well as the completed Rehabilitate Taxiway "C" project. Submittal of a twelfth PFCs application is anticipated for FY 2016. This application will request approximately \$64.7 million to fund various airfield projects, passenger boarding bridges, as well the local match for future Quieter Home Program phases.

Customer Facility Charge (CFCs)

California state law authorizes an airport to collect fees for financing, designing and constructing consolidated car rental facilities, constructing and operating a common-use transportation system and terminal modifications to accommodate and provide customer access. Implementation of CFCs at SAN was approved by the Board in FY 2009. Board authorization for the use of CFCs for initial planning efforts was given in FY 2010. As allowed per State legislation, the CFC collection methodology changed in January 2012 from a charge of \$10.00 per rental car transaction to \$6.00 per rental day. Starting January 2014, the rate increased from \$6.00 to \$7.50 per rental day. CFCs will support the funding for the construction of a consolidated car rental facility. Projected pay-as-you-go usage of CFCs for enabling projects is \$52.9 million in FY 2016.

Current CIP Projects

Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	\$3,250,000	PFC	Q3/2011	Q4/2016	None
104129A	Environmental Assessment for Taxiway B Relocation	This project will provide the environmental assessment for the area included in the Taxiway B relocation per regulations.	\$300,000	Cash / PFC	Q3/2012	Q4/2016	None
104129B	Relocate Taxiway B - Phase II	This project relocates the existing parallel Taxiway "B" from its current position of 362.5 feet south of Runway 9/27 centerline to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.	\$30,000,000	AIP / PFC	Q3/2018	Q4/2021	None
104129	Relocate Taxiway B - Phase I	This project will clear objects from the Taxiway B OFA for unrestricted taxi by Group V aircraft. A new secured access gate, vehicle service road and perimeter fence will be constructed. A new Airport electric vault, backup generator and miscellaneous FAA facilities will be constructed.	\$8,924,070	AIP / PFC	Q3/2014	Q1/2018	None
104164	Upgrade Remaining 12 Remote Noise Monitoring Poles	This project will replace twelve remote noise monitoring poles in the community which have been in place since the 1970s and 1980s, in order to meet State Dept. of Transportation requirements, as well as address liability and safety issues.	\$722,541	PFC / Cash	Q1/2013	Q2/2016	None
104177	Rehabilitate Cross Taxiway B8 and Terminal Aprons	This project will reconstruct portions of Taxiway B8, Taxi Lane W, Terminal 1 apron, Terminal 2 apron and the Cargo apron.	\$8,519,550	Cash / PFC	Q3/2013	Q2/2016	None
104087	Runway 9 Displaced Threshold Relocation	This project relocates the Runway 9 displaced threshold by 300 feet east and includes pavement striping, marking, relocation, color change of existing threshold, touchdown and approach lighting systems.	\$5,606,919	AIP / PFC	Q4/2007	Q2/2016	None
104176	Construct North Side Bypass Taxiway	This project will replace the existing pavement on the northeastern end of Runway 9-27 to support Group 5 aircraft loading and relieve aircraft traffic on Taxiway C.	\$10,000,000	AIP / PFC	Q3/2013	Q2/2016	None
103044	NTC Landfill Remediation Project	This 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.	\$1,460,571	Bonds / Cash	Q3/2004	Q4/2016	None
	Cargo Taxiways	This project will provide two taxiways connecting Taxiway Charlie with the planned North Side cargo facility. This will include demolition of existing pavement, excavation and disposition of soil, compaction and a base layer.	\$9,545,000	PFC	TBD	TBD	None

Current CIP Projects

Airside Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Rehabilitate Runway 9-27 Wing Pavement	This project provides for rehabilitation of the airfield asphalt pavement on the Runway 9/27 wing sections which includes milling and replacing the top three inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	\$12,300,000	AIP / PFC	Q1/2016	Q1/2019	None
	Rehabilitate Cross Taxiways (B4-B7, C3-C6) & CT Apron	This project will replace the existing pavement on Cross Taxiways B4-B7, Cross Taxiways C3-C6 and the Commuter Terminal apron.	\$12,289,440	Cash	Q1/2016	Q1/2019	None
	Reconstruct Aprons at Cargo Terminal and T1	This project will replace the existing pavement on cross taxiways B4-B7, cross taxiways C3-C6 and the Commuter Terminal apron.	\$1,169,015	AIP / PFC	Q3/2017	Q3/2019	None
	Rehabilitate Runway 9-27 Keel Pavement	This project provides for rehabilitation of the airfield asphalt pavement on Runway 9/27 keel section which includes milling and replacing the top three inches of the approximately 9,400 feet x 75 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	\$7,300,000	AIP / PFC	Q3/2017	Q3/2021	None

Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104133	Comprehensive Strategic Master Drainage Plan	This project provides for installation of Storm Water Treatment Best Management Practices (BMPs) in existing parking lots, airport internal roadways and lawn areas, including wire mesh screen at curb inlets and curb inlet filters, and replacement of existing lawn areas with artificial turf.	\$1,062,600	Bonds	Q1/2014	Q4/2015	None
104166	Update Ground Transportation Systems - Phase I	This project will upgrade the ground transportation systems to include a taxicab trip fee payment system, automatic vehicle identification (AVI) reader replacement and an automated taxi and shuttle dispatch system. Planning costs for this project were incurred previously and funded by the FY 2013 CIP.	\$2,380,000	Cash	Q1/2013	Q3/2015	None
104166A	Update Ground Transportation Systems - Phase II	Implement technology & mgmt. system allowing better cab/shuttle pax mgmt. and alerting cab/shuttle dispatch of needed pax pickups. Evaluate and replace/refurbish parking mgmt. equipment.	\$577,469	Cash	Q3/2014	Q1/2016	None
104168A	SDIA Wayfinding Signage –Terminals	Project consists of procurement and installation of thirty-one (31) touchscreen terminal concession directories, software, and associated power, and data infrastructure throughout the three terminals to insure improved customer service.	\$1,900,000	Cash	Q3/2013	Q3/2015	None
104168B	SDIA Wayfinding Signage – Parking	Project consists of upgrading terminal parking lot signage to match the Green Build signage standards.	\$680,000	Cash	Q3/2014	Q1/2016	None
104168C	SDIA Wayfinding Signage – RCC	Project provides wayfinding directions for customers accessing the Rental Car Center facility.	\$1,700,000	CFC	Q2/2014	Q1/2016	None

Current CIP Projects

Landside Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104168D	SDIA Wayfinding Signage - RCC Bus Notification System	This project will install and operate two digital signs that will provide RCC bus passengers with the information on the next bus arrival time. The signage will also direct the RCC passengers to the appropriate bus pick up areas.	\$710,000	Cash/CFC	Q1/2015	Q1/2016	None
104181	Construct RCC Bus Parking Facility	This project will provide a facility for parking and fueling of the RCC buses including: a maintenance building with office space, fueling stations for two buses, a dual bay wash rack and parking for 25 CNG buses, 2 Zero Emission Vehicle (ZEV) buses and employees.	\$8,831,200	CFC	Q4/2013	Q1/2016	\$10,000
104190	Construct Taxi Hold Lot	This project relocates the taxi hold lot from the Harbor Island location to the former TDY location to reduce taxi transit time to terminal and improve patron serviceability.	\$5,654,000	Cash	Q3/2014	Q3/2016	minimal \$20,300
104200	East Side Fiber Loop Installation	Project will install 432-strand single mode fiber optic cable around the east loop of the Authority utilizing the conduit that was put in place during the 12KV project.	\$700,000	Cash	Q1/2015	Q1/2016	None
104187	Terminal 2 Parking Plaza	Project will construct three level parking plaza to accommodate 3,000 parking stalls with an aesthetically pleasing design, implement smart parking technology, include interior and exterior art opportunities and infrastructure for installation of Photo Voltaic (PV) panels by a third party vendor.	\$80,880,000	Cash	Q3/2014	Q4/2017	None
	Terminal 2 Parking Plaza - Public Art	Project will provide artist services and design, fabrication, and construction for artistic enhancement to integrated into the Terminal 2 Parking Plaza.	\$1,200,000	Cash	Q1/2015	Q4/2017	None
104188	RCC Small Market-share Build-outs	This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.	\$4,679,560	Cash	Q3/2014	Q2/2016	None
	Cargo Development Oversight	This project will provide project management oversight for a cargo building tenant improvement on the North Side.	\$1,550,500	Cash	TBD	TBD	None
104118E	North Side Utility Infrastructure - Storm Drain Trunk	This project provides a 32 cfs storm water pump station, approximately 8,600 feet of storm water force main and outfall from the pump station heading westerly to the existing boat channel and approximately 1,700 feet of gravity storm water trunk line, upgrading of the pump station along the interior road/utility corridor to drain the North Side development.	\$14,014,587	AIP/Bonds/CFC	Q3/2010	Q3/2016	None
104134	Terminal Link Road	This project provides a two-way dedicated perimeter road that connects the airport terminals to the RCC.	\$13,957,711	Bonds/Cash/CFC	Q4/2011	Q4/2015	\$47,500
104136	Construct Airport Electrical Distribution System	This project will construct a new 12kV electrical distribution system to provide power to the new facilities at Teledyne Ryan and on the north side of the airport.	\$28,677,292	Bonds/Cash/CFC	Q3/2010	Q4/2015	\$900,000

Current CIP Projects

Landside Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104171	Acquire RCC Buses	This project will purchase or provide for a capital lease for CNG buses to provide passengers transportation between the RCC on the North Side and all terminals.	\$8,875,000	CFC	Q2/2013	Q4/2015	None
104173	Northside Additional Landscaping	This project will provide improvements along Pacific Highway from Washington Street to the Wind Tunnel Fence. This will include trees and landscaping, sidewalk, rehabilitation of the street and relocation of dry and wet utilities to accommodate the sidewalk improvements.	\$3,358,630	Cash / CFC	Q3/2013	Q4/2015	None
104175	Restaurant Development at RCC	This project will develop a shell space for a food and beverage tenant improvement in the RCC. This will include foundations, floor and roof structures, exterior cladding, stairs/vertical transportation and on-site utilities.	\$6,924,000	Cash	Q3/2013	Q2/2016	None
104185	Employee Parking Lot 6 Expansion	This project will provide an additional 650 parking spaces to more effectively cover current and future Airport employee parking needs and recapture paid parking spaces in Terminals 1 and 2.	\$6,598,000	Cash	Q3/2014	Q1/2016	Minimal \$16,258
104066	TDY Site Demolition (Residual for Phase II)	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 SDCRAA, the 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.	\$3,984,309	Bonds / CP	Q1/2007	Q3/2015	None
104118	Interior North Side Road and Utilities	This project provides the necessary utility infrastructure to support the implementation of the North Side development plan including sewer, water, natural gas, electrical, telecommunications and storm drains.	\$17,814,959	Bonds/Cash/CFC	Q3/2010	Q3/2015	minimal \$10,000
104134A	TLR – Triturator	This project will construct a new triturator to replace the existing triturator that is being removed for the construction of the Terminal Link Road.	\$2,311,699	Cash	Q3/2014	Q3/2015	None

Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104041	Public Art Allowance - Program	The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with the appropriate CIP Project.	\$1,719,441	Bonds / Cash	Q3/2015	Q2/2020	None

Current CIP Projects

Terminal Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	\$3,250,000	PFC	Q3/2011	Q4/2016	None
104194	Replace & Refurbish Passenger Boarding Bridges	This project provides for a four-year plan to replace and/or refurbish existing passenger boarding bridges based on an updated assessment.	\$23,300,000	Cash / PFC	Q4/2014	Q2/2019	\$30,479
104199	Construct Concessionaire & Janitorial Wash Areas	This project consists of construction of three (3) wash areas to assist the janitorial service in housekeeping and maintenance of the Authority's premises and the tenants in maintaining their premises. These three (3) wash areas will be located in Terminal 1, Terminal 2 East and Terminal 2 West.	\$50,000	Cash	Q1/2015	Q2/2016	None
104179	Reconfig. Security Chkpt 2/Refurb T1 Rot./Bag. Claim	This project will enhance the T1 baggage claim area by raising the ceiling, replacing light fixtures, carpeting, signage and fascia and repositioning FIDS and artwork. The T2E ceiling upgrade will replace the ceiling at the security checkpoint and ticket counter to match the rest of T2E.	\$8,400,000	Bonds / Cash	Q3/2013	Q3/2015	None
104182	T2E CUPPS Expansion	This project will install seven CUPPS in T2E; replacing existing ticket counters with CUPPS stations.	\$2,800,000	Cash	Q4/2013	Q4/2015	None
104184	FIS Passenger Processing Improvements	This project provides for passport clearance kiosks for processing international passengers, provide automated signs to improve quality/visibility to passengers and remove the existing west wall on upper level to create a new automated processing lane.	\$1,460,000	Cash	Q3/2014	Q3/2015	minimal \$15,000
104186	Modernize SIEMENS APPOGEE Bldg. Control System	This project provides for the upgrade of the existing 15 year-old building automation system software that controls and monitors all HVAC systems and electrical usage. This will be crucial to controlling future energy consumption.	\$1,000,000	Cash	Q3/2014	Q4/2015	None
104147	T2E Ceiling Art Integration - Public Art	This project will create a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.	\$300,000	Cash	Q1/2011	Q4/2015	None
104152	Concession Development Program Support	This project includes 3rd party program management, architectural review and construction inspection support for SDIA's Concession Development Program.	\$4,469,000	Bonds / Cash	Q4/2011	Q3/2015	None
104167	CT Exterior East-Facing Wall - Public Art	This project will fabricate and install a billboard-type metal structural truss/support system on the east-facing wall of the Commuter Terminal to house a replicated vinyl mural that will be created.	\$327,250	Bonds	Q2/2013	Q3/2020	None
104178	Replace Passenger Boarding Bridges in T1	This project will replace three passenger loading bridges and bridge foundations at gates 3, 5 and 16 in Terminal 1.	\$2,770,000	PFC	Q3/2013	Q3/2015	

Current CIP Projects

Terminal Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104180	Terminal Flight Information Display System Update	This project will replace the current 32" FIDS monitors with 67 new 46" monitors, including surrounds, steel frames, free-standing steel towers and controller.	\$942,000	PFC	Q4/2013	Q3/2015	None
FMD	FMD Capital Expenditures – Terminal	This project provides for the necessary ongoing maintenance of various capital improvement projects.	\$3,682,714	Bonds / Cash	Q3/2012	Q4/2016	None
	Replace Terminal Seating in T1 & T2	This project provides for the replacement of approximately 2,266 seats in Terminal 1 and Terminal 2 in order to provide electrical connectivity to passengers and for ease of replacing worn or damaged seats.	\$5,420,000	Cash	Q3/2015	Q4/2016	\$25,607

Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104183	Develop Administrative Space	This project will accommodate the Authority's existing space needs with anticipation of the ultimate build-out of spaces when the Airport Development Plan is implemented.	\$4,650,000	Cash	Q2/2014	Q4/2016	NA
	Develop Administrative Space - Parking Improvements	This project will demolish taxi building and build 56 stall parking lot for staff parking, construct two speed bumps at west end of Spruance Rd. and install extra conduits for a future EV charger in parking lot.	\$650,000	Cash	Q3/2014	TBD	NA
104192	Hazardous Waste Storage Facility	This project will purchase and install a pre-fab storage unit to consolidate, store and manage hazardous waste being processed for disposal per Federal, State and local laws and regulations. This waste storage will reduce risk and the liability of potential safety and environmental hazards.	\$640,000	Cash	Q4/2014	Q4/2016	NA
104193	Solid Waste Disposal and Recycling Facility	This project will enclose the waste disposal and recycling facility within a steel-framed structure to contain trash and pollutants and ensure storm water regulatory compliance.	\$1,050,000	Cash	Q3/2014	Q3/2017	minimal \$2,328
104161A	Enterprise Content Management System	The ECM project will provide the Authority with an integrated document/image, records and e-mail management solution as well as a workflow solution, if needed.	\$1,500,000	Cash	Q4/2012	Q3/2016	\$40,000
104161B	E-Project Management System	The E-Project Mgmt. System will select and pilot a web-based single software solution (owner focused) that meets all of SDCRAA's project management and collaboration requirements.	\$500,000	Cash	Q4/2013	Q4/2015	

Current CIP Projects

Ancillary Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104191	Air Freight Buildings Roof Replacement	This project provides for the replacement of the roofs on the air freight buildings on Stillwater Road and Air Lane Road.	\$2,240,000	Cash	Q3/2014	Q2/2016	None
104195	Pavement Rehabilitation - Air Freight Bldg.	This project provides for the necessary replacement of pavement per contractual lease obligations to maintain the property and to avoid potential safety impacts of injuries due to poor conditions.	\$1,100,000	Cash	Q4/2014	Q1/2016	None
104195A	Pavement Rehab. - Pavement Management Study	This project will update the 2011 Pavement Maintenance Management Study	\$500,000	Cash	Q4/2014	Q4/2015	None
104196	Exhibition Display Equipment - Public Art	Project provides for the purchase of equipment to become part of the Public Art Program's permanent cache of installation/display resources and provide flexibility for future art exhibits.	\$50,000	Cash	Q3/2014	Q4/2015	None
104197	Wind Tunnel South-Facing Wall - Public Art	Project provides opportunity for artistic design and enhancement to be integrated on the Wind Tunnel south facing wall.	\$350,000	Cash	Q3/2014	TBD	None

Other Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104151	Rental Car Center	This project consists of developing a rental car facility on the North Side site. It will provide on-airport rental car parking stalls for those companies that want to operate on-airport and an opportunity for passenger bus transfers for companies that elect to conduct their operations off-airport.	\$316,124,104	CFC	Q4/2011	Q4/2015	\$1,566,064
201000	The Green Build (Closeout & reroofing)	Project provides for closeout of outstanding punch list items for the Green Build and installation of approx. 190,000 sq. ft. of Sarnafill roofing system over the existing roof on the existing T2 West building to facilitate installation of Photovoltaic system	\$7,178,330	Bonds	Q4/2014	Q1/2016	None

Total FY 2016 - FY 2020 Capital Program Current Projects

\$ 726,831,462

Proposed CIP Projects

Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Replace 3 ARFF Vehicles	Project replaces three Rescue vehicles due to escalating repair costs to aging vehicles.	\$4,080,000	AIP/PFC	Q3/2015	Q2/2018	None
	Develop Mitigation Plan for Least Terns	Project prepares a mitigation plan to secure and prepare a site with a suitable nesting habitat for Least Terns.	\$2,000,000	Cash	Q4/2016	Q3/2018	None

Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Widen Sassafras Street Intersection	Project will increase the width of Sassafras St. between Pacific Hwy. & Kettner up to the railroad crossing in order to mitigate traffic impacts due to RCC opening, increase FBO tenants and future cargo use.	\$6,000,000	Cash	Q3/2015	Q2/2018	None
104118E	North Side Utility Infrastructure - Storm Drain Trunk	Project will provide a storm drain pump station, force main and outfall for the North Side development.	\$1,400,000	AIP/Bonds/CFC	Q3/2010	Q3/2016	None
	Observation Area at Palm Street	Project will develop an observation area at the former Landmark location to enable the community to observe aircraft.	\$2,250,000	Cash	Q3/2015	Q2/2017	None
	Ground Transportation Systems Phase 3	Project will implement the "virtual hold lot" concept to efficiently locate and identify airport-permitted commercial vehicles off airport premises. This will include hardware/software to ensure minimal response time.	\$1,100,000	Cash	Q1/2016	Q2/2017	None

Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	HVAC Modernization in T2E & T2W	Project will upgrade air handler units and fan coils in T2E and T2W and modernize the T2W existing pump room.	\$16,549,000	Cash	Q3/2015	Q2/2020	None
	T1 & T2E Roof Replacement	Project will replace the roof waterproofing/roofing membrane in T1 and T2E due to aging of existing roof.	\$15,000,000	Cash	TBD	TBD	None
	Electrical Modernization in T2W	Project will replace electrical switchgear panels, transformers and generator in T2W.	\$5,590,000	Cash	Q3/2015	Q2/2020	None
	Modernize Vertical Conveyance - T1 & T2	Project will replace hydraulics in escalators and hydraulics and doors on elevators in T1, T2E and T2W.	\$4,431,700	Cash	Q3/2015	Q4/2017	None
	Terminal 2 East Improvements	Project will replace ceiling tiles and ticket counter in the ticket lobby; replace gate podia shells, back walls, monitors, lights, and charging stations in the main concourse; and add new restrooms to the international hold room.	\$4,170,000	Cash	Q3/2015	Q2/2017	None

Proposed CIP Projects

Terminal Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Fire Suppression System	Project will replace/upgrade the wet system in terminals due to aging of existing system	\$3,000,000	Cash	TBD	TBD	None
	Expand Wi-Fi Coverage	Project will provide denser Wi-Fi coverage throughout passenger spaces and ramp area to increase customer usability and satisfaction.	\$2,839,500	Cash	Q3/2015	Q3/2017	None
	Terminal Paging System Upgrade	Project will replace aging amplifiers that will integrate with T2W and integrate configuration of T1 paging system with Green Build Paging zoning configuration.	\$2,330,000	Cash	Q3/2015	Q3/2017	None
	T2W Restroom Remodel	Project will remodel two set of restrooms located on the 1st floor of T2W including interior finishes, fixtures and accessories, lighting and toilet partitions.	\$1,200,000	Cash	Q3/2015	Q3/2016	None
	Construct Janitorial Wash Areas in Terminals	Project will provide three centrally-located was areas in T1, T2E and T2W for janitorial service provider and tenants	\$740,000	Cash	Q3/2015	Q2/2016	None
	Public Art Allowance	The Public Art Allowance is a program account to provide a source of funds for inclusion of public art in conjunction with appropriate CIP projects.	\$205,000	Cash	Q3/2015	Q2/2020	None
	Capital Project Allowance	The Capital Project Allowance is a program account to provide a source of funds for the design and construction of unforeseen projects during the course of implementing the Airport Capital Improvement Program.	\$5,000,000	Cash	Q3/2015	Q2/2016	None

Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Hazardous Waste Storage Facility	Project will purchase and install a pre-fab storage unit to consolidate, store and manage hazardous waste being processed for disposal per Federal, State and local laws and regulations. This waste storage will reduce risk and the liability of potential safety and environmental hazards.	\$600,000	Cash	Q4/2014	Q4/2016	None
	CT Roof Replacement	Project will replace roof waterproofing/roofing membrane with a ten-year life.	\$3,000,000	Cash	TBD	TBD	None
	Commuter Terminal 1st Floor Build-out	Project will provide a re-use of the 1st floor for Authority staff offices post air carrier operations moving to Terminals 1 and 2.	\$1,500,000	Cash	Q3/2015	Q3/2016	None
	CT - Replace 2 Boilers	Project will replace two boilers at the Central Utility Plant due to end of useful life of existing boilers.	\$1,500,000	Cash	TBD	TBD	None

Proposed CIP Projects

Administrative Projects - Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Facilities Condition Assessment	Project will provide a 20-year strategic planning of the long and short range costs associated with facilities maintenance and/or replacements.	\$800,000	Cash	Q3/2015	Q1/2017	None
	Construct McCain Road Parking Lot	Project will demolish taxi building and construct a 56 stall parking lot at McCain Road and Spruance Road.	\$650,000	Cash	Q3/2015	Q2/2016	None
	Update IT Master Plan	Project will update the existing IT Master Plan produced in 2008 including data, security, software and hardware applications.	\$250,000	Cash	Q3/2015	Q3/2016	None

Ancillary Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	World Trade Center Demolition	Project will demolish the World Trade Center building including foundation and underground utilities to enable development of site for future use.	\$1,310,000	Cash	Q3/2016	Q1/2018	None

Total FY 2016 - FY 2020 CIP Program Proposed Projects

\$ 87,495,200

Total FY 2016 - FY 2020 CIP Program Projects

\$ 814,326,662

PERFORMANCE INDICATORS

The following performance indicators are a selection of the various operational and financial metrics that the Authority monitors during the course of the year.

Operating Ratio

This is a measure of operating efficiency that compares operating expense to operating revenue. Operating revenue must exceed operating expenses to provide a financial cushion and cover debt service expenses.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Operating Expenses \$ ⁽¹⁾	Operating Revenue \$ ⁽¹⁾	Operating Ratio	% Change
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	117,288	133,695	0.88	-0.3%
2011	117,841	144,007	0.82	-6.7%
2012	119,169	153,550	0.78	-5.2%
2013	126,796	177,498	0.71	-8.0%
2014	136,821	195,737	0.70	-2.1%
2015*	156,593	209,408	0.75	7.0%
2016*	157,633	221,134	0.71	-4.7%
2017*	166,620	233,843	0.71	0.0%

⁽¹⁾ In thousands.

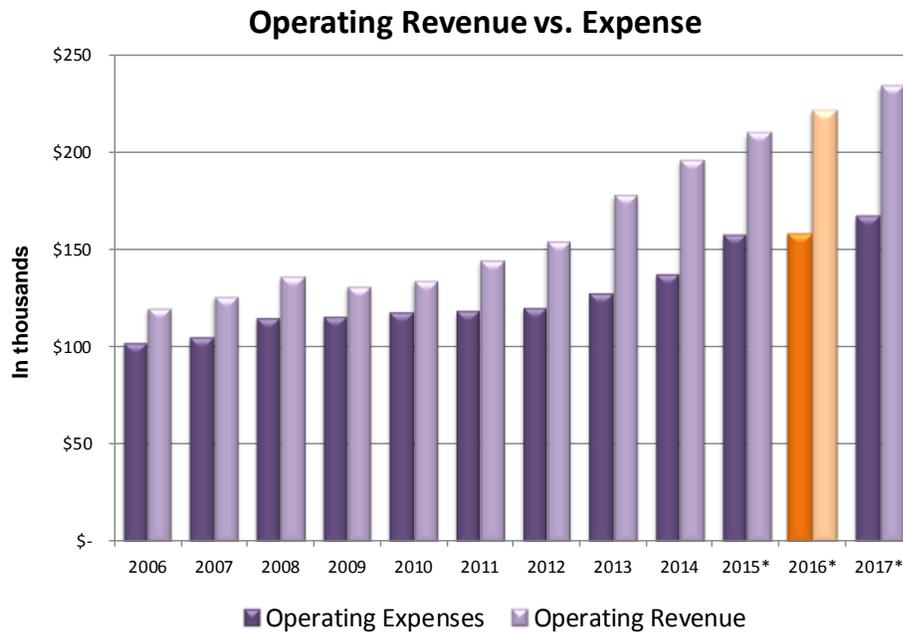


FIGURE 36 – OPERATING RATIO

*Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

Operating Revenue per Enplanement

This is a measure of operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Operating Revenue \$ ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Revenue per Enplanement \$	% Change
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	133,695	8,454	15.81	3.1%
2011	144,007	8,441	17.06	7.9%
2012	153,550	8,575	17.91	5.0%
2013	177,498	8,738	20.31	13.5%
2014	195,737	9,082	21.55	6.1%
2015*	209,408	9,664**	21.67	0.5%
2016*	221,134	9,828	22.50	3.8%
2017*	233,843	9,995	23.40	4.0%

⁽¹⁾ In thousands

** FY 2015 projected enplanements

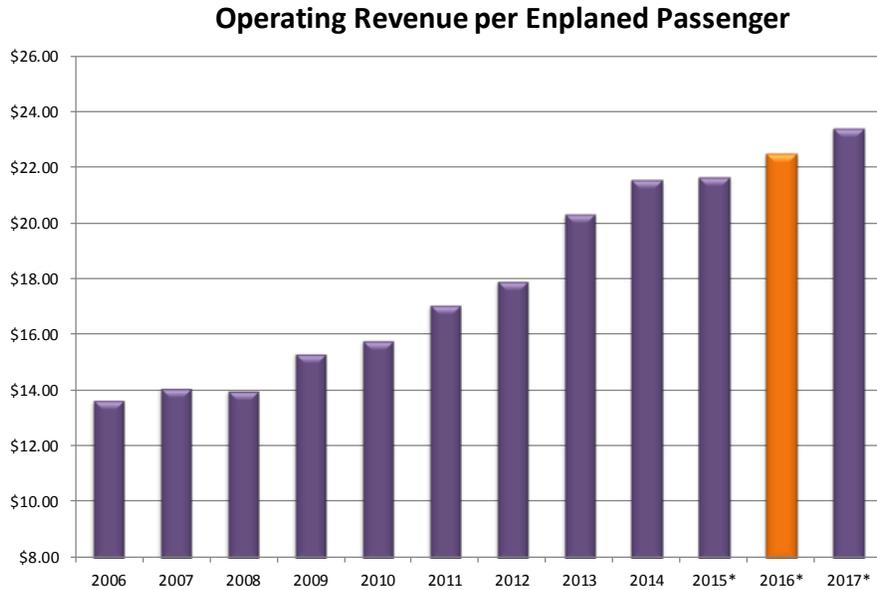


FIGURE 37 – OPERATING REVENUE PER ENPLANED PASSENGER

* Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

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, 2006 to 2017

Fiscal Year	Non-Airline Revenue \$ ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Non-Airline Revenue per Enplanement \$	% Change
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	74,297	8,454	8.79	1.0%
2011	79,044	8,441	9.36	6.5%
2012	81,120	8,575	9.46	1.0%
2013	87,858	8,738	10.06	6.3%
2014*	97,861	9,082	10.77	7.2%
2015*	103,720	9,664**	10.73	-0.4%
2016*	109,945	9,828	11.19	4.2%
2017*	116,289	9,995	11.63	4.0%

⁽¹⁾ In thousands

** FY 2015 projected enplanements

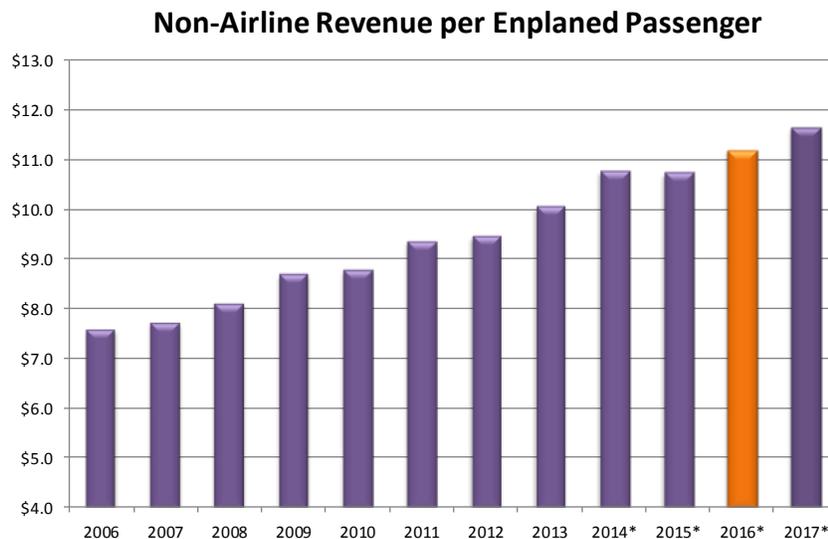


FIGURE 38 – NON-AIRLINE REVENUE PER ENPLANEMENT

* Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the airport's staffing productivity level.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Enplaned		Enplaned Passengers ⁽¹⁾
	Passengers per FTEs	FTEs	
2006	29	306	8,750
2007	28	322	8,892
2008	26	365	9,389
2009	24	362	8,536
2010	24	352	8,454
2011	22	380	8,441
2012	24	356	8,575
2013	23	388	8,738
2014	24	376	9,082
2015*	23	415	9,664**
2016*	23	425	9,828
2017*	23	427	9,995

⁽¹⁾ In thousands

** FY 2015 projected enplanements

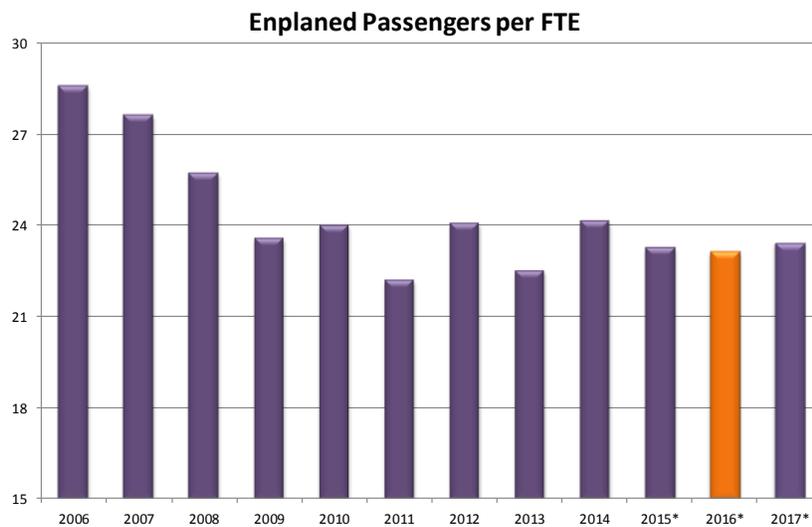


FIGURE 39 – ENPLANED PASSENGERS PER FTE

* Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

Operating Expenses per Enplanement

This divides operating expenses by enplanement and measures the Authority's relative operating efficiency.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Operating Expenses \$ ⁽¹⁾	Enplaned Passengers ⁽¹⁾	Operating Expenses per Enplanement \$	% Change
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	117,288	8,454	13.87	2.7%
2011	117,841	8,441	13.96	0.6%
2012	119,169	8,575	13.90	-0.5%
2013	126,796	8,738	14.51	4.4%
2014	136,821	9,082	15.06	3.8%
2015*	156,593	9,664**	16.20	7.5%
2016*	157,633	9,828	16.04	-1.0%
2017*	166,620	9,995	16.67	3.9%

⁽¹⁾ In thousands

** FY 2015 projected enplanements

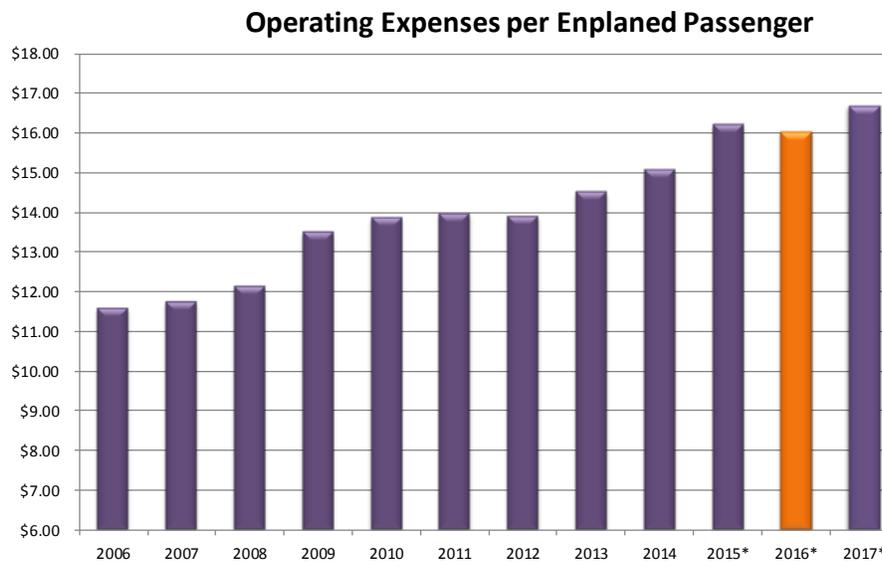


FIGURE 40 – OPERATING EXPENSES PER ENPLANEMENT

* Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

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, 2006 to 2019

Fiscal Year	Enplaned Passengers ⁽¹⁾	Cost per Enplaned Passenger \$
2006	8,750	5.98
2007	8,892	6.31
2008	9,389	6.26
2009	8,536	6.36
2010	8,454	6.73
2011	8,441	7.54
2012	8,575	8.33
2013	8,738	10.16
2014	9,082	10.54
2015*	9,664	10.47
2016*	9,828	11.03
2017*	9,995	11.45

⁽¹⁾ In thousands.

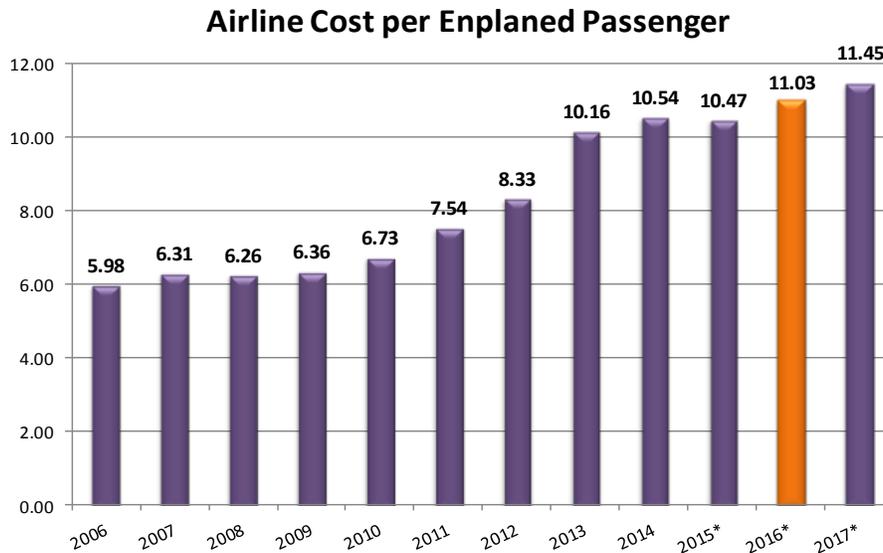


FIGURE 41 – AIRLINE COST PER ENPLANED PASSENGER

* Budgeted FY 2015, FY 2016, FY 2017.

Source: San Diego County Regional Airport Authority.

Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year

Days Cash on Hand Compared to Board Approved Target

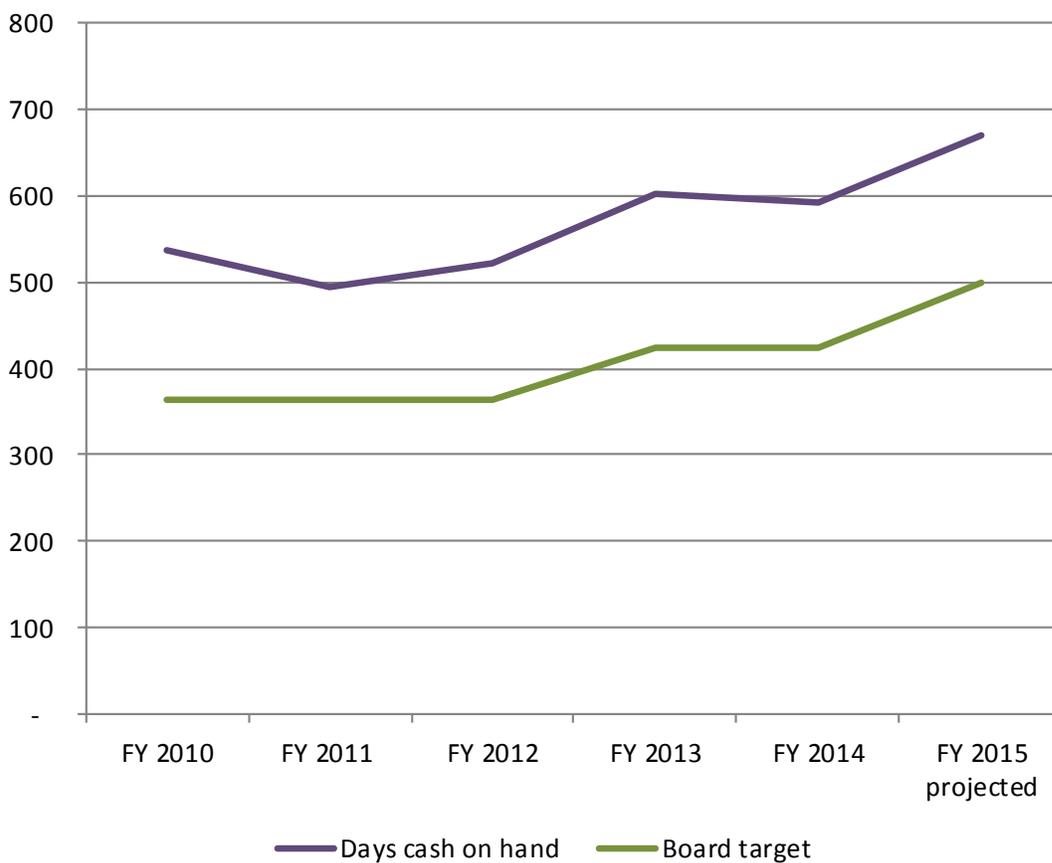
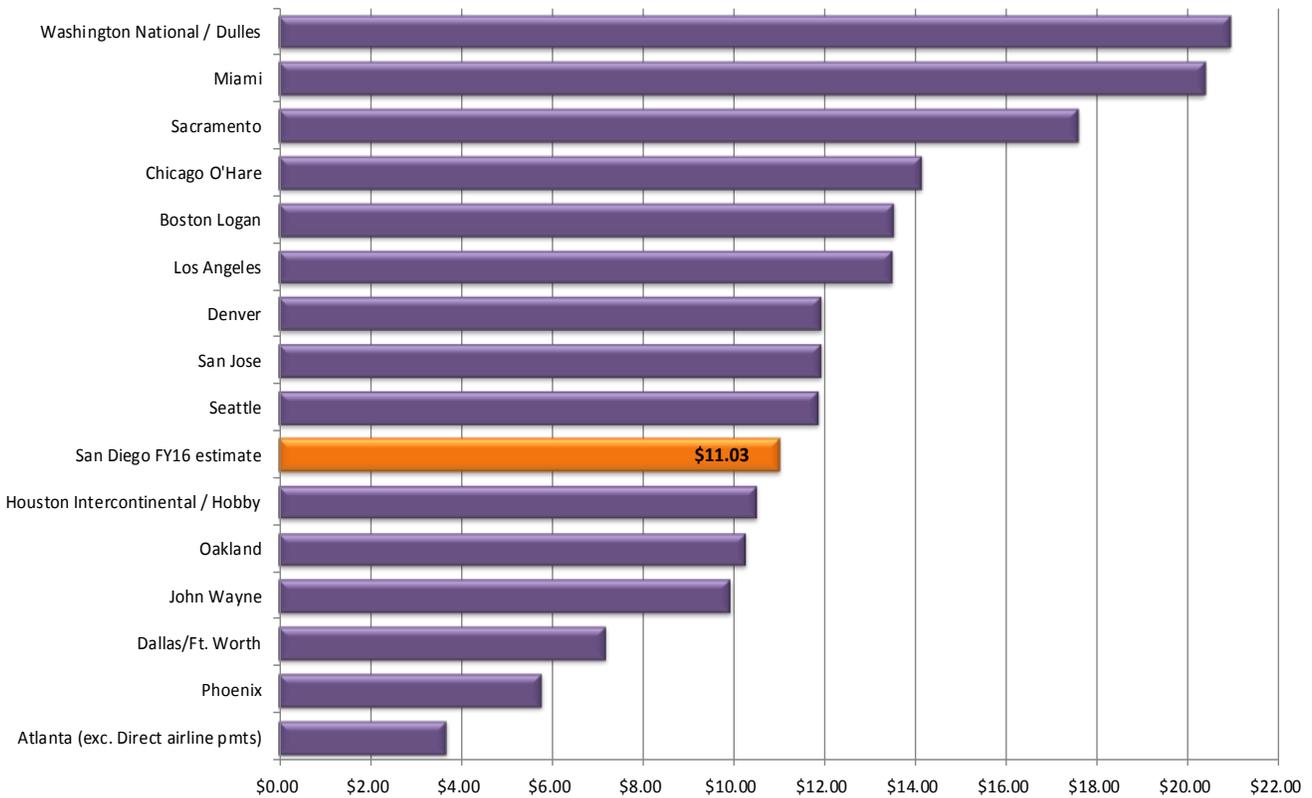


FIGURE 42 – DAYS CASH ON HAND

Source: San Diego County Regional Airport Authority.

Airline Cost per Enplaned Passenger by Airport

Airline cost per enplaned passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SAN compares to other large airports.



Median (\$11.91) for the above selected Moody's rated airports

FIGURE 43 – AIRLINE COST PER ENPLANED PASSENGER BY AIRPORT

Source: Moody's Investor Service, MFRA Database, as of April 2015.

Passenger Satisfaction Rating

San Diego International Airport (SAN) conducts an Airport Service Quality (ASQ) survey, the world’s largest airport passenger satisfaction benchmark, on a quarterly basis to rate airport passenger satisfaction. Based on combined results for 2014, SAN experienced a significant increase in overall passenger satisfaction, achieving a rating of 4.22 on a 5-point Likert scale, compared to 4.09 in 2013. According to the survey, 82 percent of the 1,400 departing passengers surveyed in 2014 rated SAN high in Overall Satisfaction, selecting either a 4 (Very Good) or 5 (Excellent) rating.

The below graphs represent the six airport attributes at SAN that are most important to overall passenger satisfaction. Each year, SAN identifies the top drivers of passenger satisfaction, measures performance on these attributes and identifies strategies to enhance passenger experiences in these areas.

Overall Passenger Satisfaction

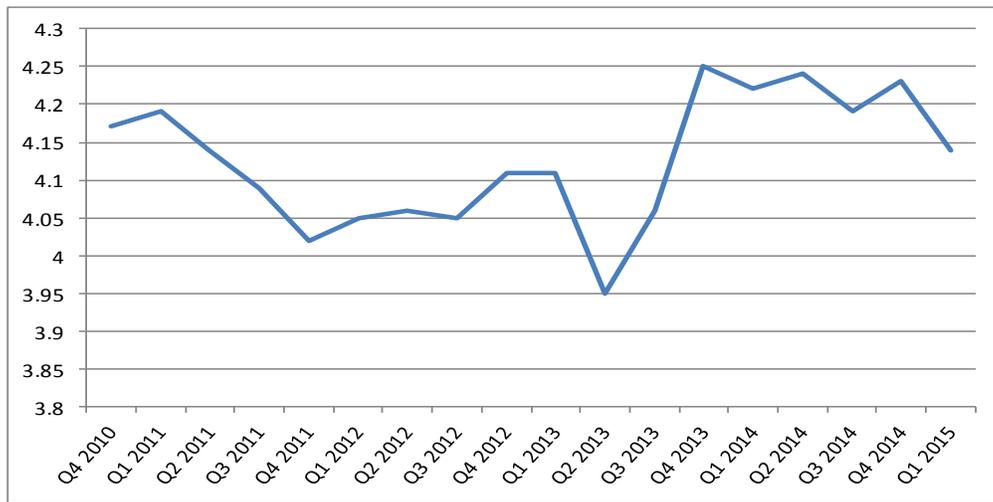


FIGURE 44 – OVERALL PASSENGER SATISFACTION RATING

Wait Time at Check-In Satisfaction

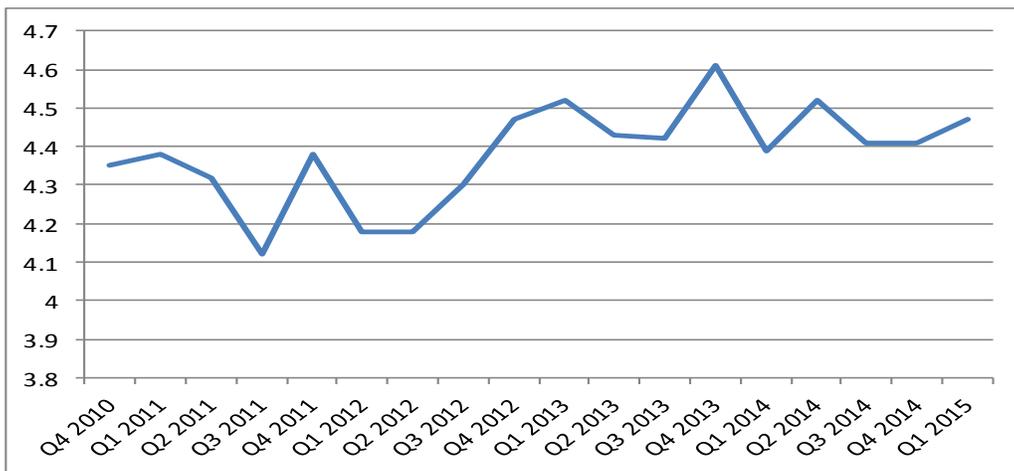


FIGURE 45 – WAIT TIME AT CHECK-IN RATING

Passenger Satisfaction Rating (Cont'd)

Wait Time At Security Satisfaction

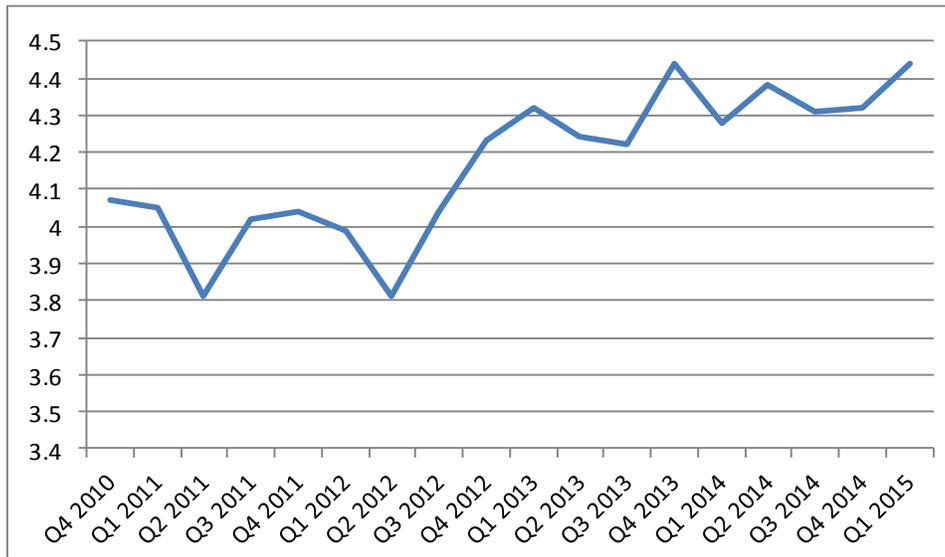


FIGURE 46 – WAIT TIME AT SECURITY SATISFACTION

Wi-Fi Satisfaction

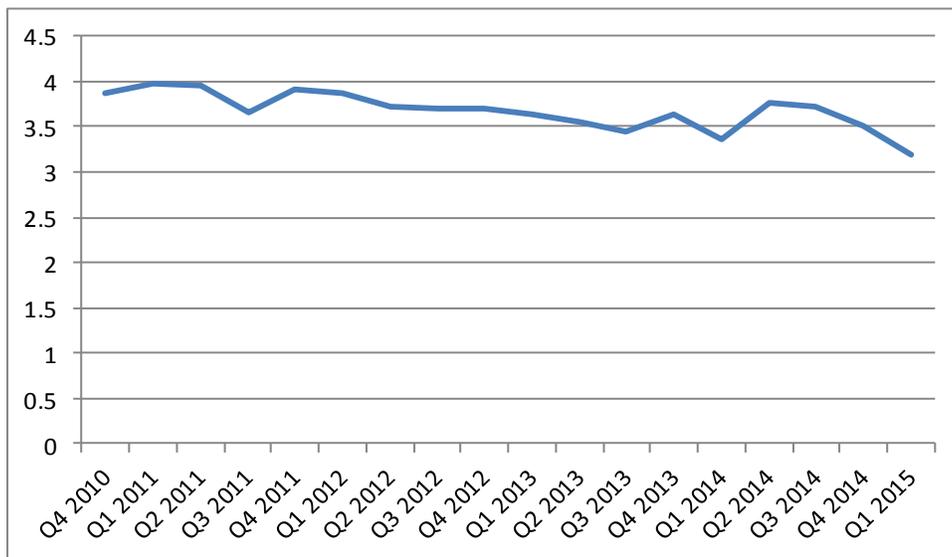


FIGURE 47 – WI-FI SATISFACTION RATING

Passenger Satisfaction Rating (Cont'd)

Way Finding Satisfaction

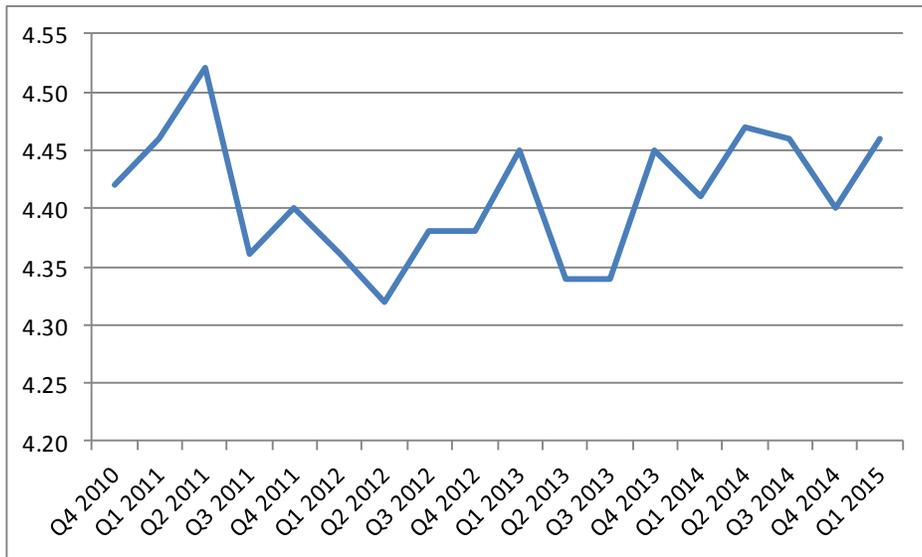


FIGURE 48 – WAY FINDING SATISFACTION RATING

Comfort of Gate/Wait Areas Satisfaction

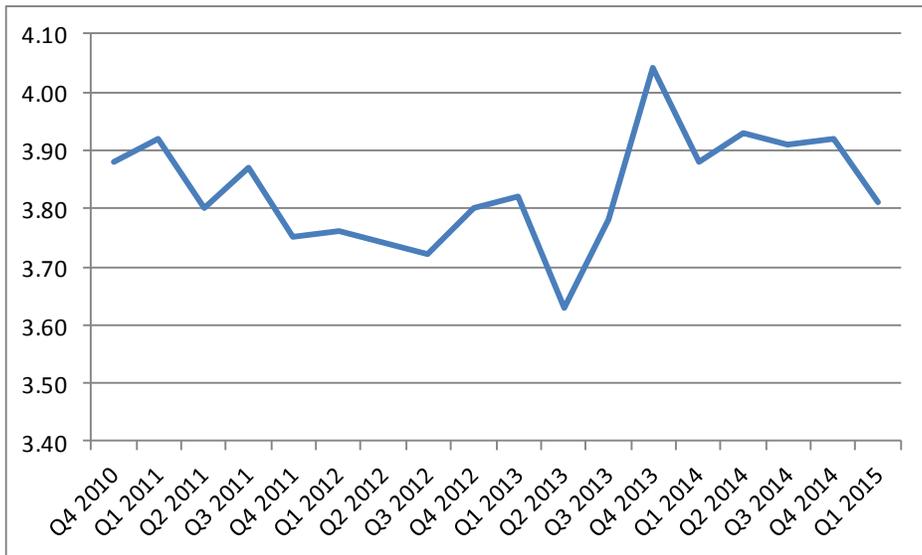


FIGURE 49 – COMFORT OF GATE/WAIT AREAS SATISFACTION RATING

SUPPLEMENTAL DATA

Annual Enplaned Passengers

In FY 2016, enplaned passenger traffic at SAN is projected to reach 9.83 million, which represents an increase of 8.5% from the 9.06 million enplanements used in the FY 2015 Budget and a 1.8% increase over the 9.66 million enplanements projected for FY 2015. Enplaned passengers are projected to increase by 1.7% to 10.00 million in the FY 2017 Conceptual Budget.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Enplaned Passengers⁽¹⁾	% Change
2006	8,750	3.6%
2007	8,892	1.6%
2008	9,389	5.6%
2009	8,536	-9.1%
2010	8,454	-1.0%
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014	9,082	3.9%
2015*	9,664	6.4%
2016*	9,828	1.7%
2017*	9,995	1.7%

⁽¹⁾ In thousands

Annual Enplaned Passengers

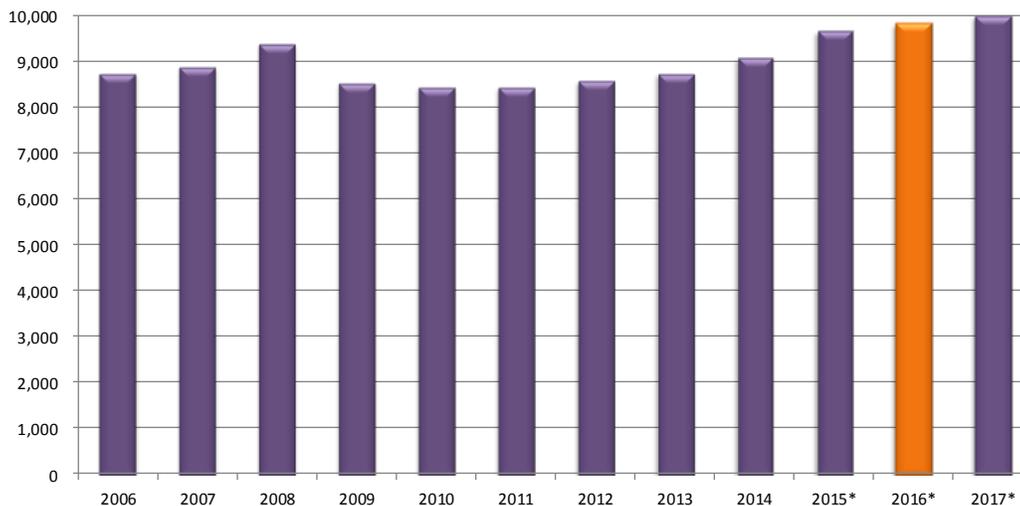


FIGURE 50 – ANNUAL ENPLANED PASSENGERS

*Projected FY 2015 and Budgeted FY 2016, 2017.

Source: San Diego County Regional Airport Authority.

Airline Market Share FY 2005 – FY 2013

The more diverse an airport's airline market share, the less susceptible it is to the effects of an airline's financial position or changing service levels. Seven carriers accounted for approximately 87% of the enplaned passengers.

Annual Enplaned Passengers

Air Carrier	2006		2007		2008		2009		2010		2011		2012		2013		2014	
	Enplane-ments	Share																
Aeromexico	58,969	0.7%	39,518	0.4%	32,223	0.3%	27,772	0.3%	24,335	0.3%	-	-	-	-	-	-	-	-
Air Canada	-	-	55,398	0.6%	55,031	0.6%	27,255	0.3%	46,959	0.6%	58,539	0.7%	56,470	0.7%	45,058	0.5%	36,636	0.4%
AirTran Airways	-	-	7,983	0.1%	97,937	1.0%	66,475	0.8%	37,530	0.4%	17,978	0.2%	-	-	-	-	-	-
Alaska Airlines	492,891	5.6%	536,784	6.0%	498,169	5.3%	428,515	5.0%	435,722	5.2%	514,498	6.1%	579,457	6.8%	673,731	7.7%	830,349	9.1%
Aloha Airlines	41,882	0.5%	38,418	0.4%	33,620	0.4%	-	-	-	-	-	-	-	-	-	-	-	-
America West	451,904	5.2%	374,072	4.2%	78,298	0.8%	-	-	-	-	-	-	-	-	-	-	-	-
American Airlines	968,832	11.1%	873,624	9.8%	808,790	8.6%	735,067	8.6%	704,909	8.3%	658,752	7.8%	664,466	7.7%	650,826	7.4%	693,995	7.6%
British Airways	-	-	-	-	-	-	-	-	-	-	6,912	0.1%	81,437	0.9%	81,534	0.9%	84,600	0.9%
Delta Airlines	666,101	7.6%	633,772	7.1%	687,104	7.3%	618,127	7.2%	900,510	10.7%	919,323	10.9%	935,777	10.9%	904,734	10.4%	915,907	10.1%
Frontier Airlines	171,544	2.0%	196,598	2.2%	231,926	2.5%	203,689	2.4%	196,628	2.3%	219,008	2.6%	198,708	2.3%	184,020	2.1%	185,270	2.0%
Hawaiian Airlines	112,410	1.3%	154,932	1.7%	160,939	1.7%	100,626	1.2%	90,874	1.1%	98,887	1.2%	86,211	1.0%	94,283	1.1%	98,667	1.1%
Japan Airlines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,249	0.2%	54,213	0.6%
JetBlue Airlines	161,594	1.8%	151,984	1.7%	224,205	2.4%	235,199	2.8%	167,031	2.0%	141,684	1.7%	147,051	1.7%	152,571	1.7%	173,282	1.9%
Midwest Airlines	18,688	0.2%	34,551	0.4%	42,763	0.5%	8,380	0.1%	-	-	-	-	-	-	-	-	-	-
Northwest Airlines	292,393	3.3%	286,952	3.2%	295,724	3.1%	272,684	3.2%	-	-	-	-	-	-	-	-	-	-
Southwest Airlines	2,979,763	34.1%	3,106,431	34.9%	3,306,386	35.2%	3,122,090	36.6%	3,183,084	37.7%	3,277,931	38.8%	3,252,290	37.9%	3,253,225	37.2%	3,352,870	36.9%
Spirit	-	-	-	-	-	-	-	-	-	-	-	77,873	0.9%	164,189	1.9%	201,414	2.2%	-
Sun Country Airlines	41,091	0.5%	45,931	0.5%	44,454	0.5%	35,885	0.4%	24,984	0.3%	24,175	0.3%	15,889	0.2%	23,836	0.3%	27,276	0.3%
United Airlines *	989,744	11.3%	990,725	11.1%	978,816	10.4%	927,023	10.9%	920,960	10.9%	878,307	10.4%	1,266,007	14.8%	1,175,869	13.5%	1,167,661	12.9%
US Airways	212,622	2.4%	300,568	3.4%	552,751	5.9%	563,392	6.6%	512,558	6.1%	523,378	6.2%	535,906	6.2%	560,738	6.4%	554,244	6.1%
Virgin America	-	-	-	-	57,292	0.6%	155,649	1.8%	151,110	1.8%	133,377	1.6%	166,326	1.9%	168,297	1.9%	156,729	1.7%
Volaris	-	-	-	-	-	-	-	-	-	-	-	45,589	0.5%	30,885	0.4%	23,285	0.3%	-
Other	27,329	0.3%	8,128	0.1%	47,257	0.5%	25,457	0.3%	51,541	0.6%	37,776	0.4%	43,634	0.5%	43,212	0.5%	39,664	0.4%
Total Air Carrier	8,142,456	93.1%	8,339,558	93.8%	8,754,541	93.2%	8,056,527	94.4%	7,956,178	94.1%	8,006,625	94.9%	8,153,091	95.1%	8,225,257	94.1%	8,596,062	94.6%
Commuter																		
American Eagle	287,136	3.3%	275,087	3.1%	238,147	2.5%	232,289	2.7%	207,272	2.5%	155,421	1.8%	140,574	1.6%	82,377	0.9%	51,126	0.6%
Compass (Delta Connection)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,563	0.1%
Express Jet Airlines	-	-	17,603	0.2%	202,429	2.2%	36,034	7.5%	-	-	-	-	-	-	-	-	-	-
Horizon	-	-	-	-	-	-	-	-	-	-	-	5,900	0.1%	77,392	0.9%	84,000	0.9%	
Mesa Airlines	117,330	1.3%	42,219	0.5%	17,098	0.2%	7,381	0.1%	18,670	0.2%	6,709	0.1%	12,766	0.1%	206	0.0%	-	
Seaport Airlines	-	-	-	-	-	-	-	-	-	-	-	-	-	196	0.0%	1,128	0.0%	
Skywest Airlines	202,812	2.3%	-	-	-	-	-	-	-	-	-	-	-	352,189	4.0%	341,365	3.8%	
Total Commuter	607,278	6.9%	552,511	6.2%	634,786	6.8%	479,247	5.6%	497,708	5.9%	434,495	5.1%	422,384	4.9%	512,360	5.9%	486,182	5.4%
Total Enplanements	8,749,734	100%	8,892,069	100%	9,389,327	100%	8,535,774	100%	8,453,886	100%	8,441,120	100%	8,575,475	100%	8,737,617	100%	9,082,244	100%

* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table starting FY 2012.

FIGURE 51 – AIRLINE MARKET SHARE

Aircraft Landed Weight

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2016, landed weight is estimated to increase by 0.6% over FY 2015 year end projections.

Fiscal Years ended June 30, 2006 to 2017

Fiscal Year	Million lbs	% Change
2005	11,200	4.2%
2006	11,605	3.6%
2007	11,774	1.5%
2008	12,501	6.2%
2009	11,497	-8.0%
2010	10,893	-5.3%
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014	11,187	1.6%
2015*	11,443	2.3%
2016*	11,517	0.6%
2017*	11,713	1.7%

Aircraft Landed Weight

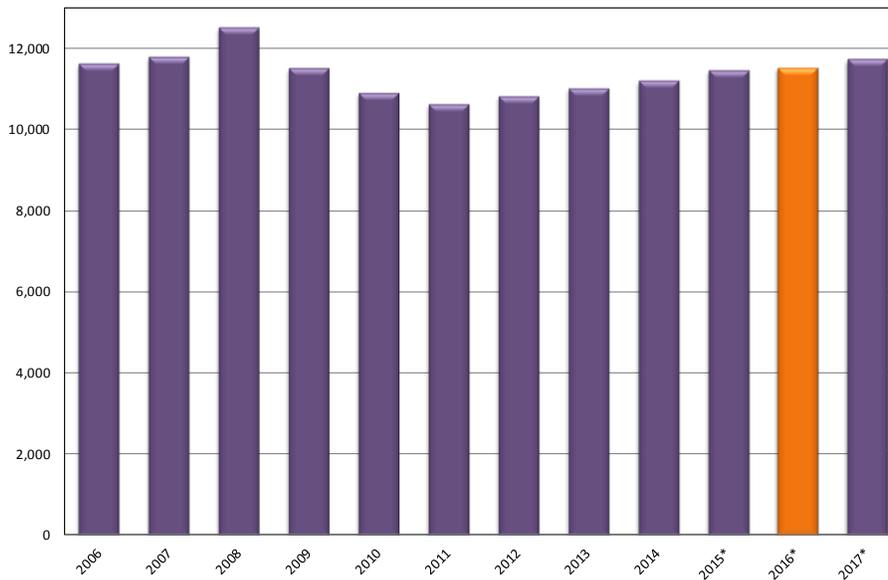


FIGURE 52 – AIRCRAFT LANDED WEIGHT

*Projected FY 2015 and Budgeted FY 2016, 2017.

Airline Landed Weight

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SAN.

Airline	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total	2013	% of Total	2014	% of Total
1 Southwest Airlines	3,768,374	32.5%	3,956,170	33.6%	4,416,996	35.3%	4,415,780	38.4%	4,068,974	37.4%	4,001,530	37.7%	3,953,536	36.5%	3,907,554	35.5%	3,925,362	35.1%
2 United Airlines *	1,767,394	15.2%	1,803,693	15.3%	1,761,692	14.1%	1,670,479	14.5%	1,662,541	15.3%	1,583,372	14.9%	1,502,203	13.9%	1,387,854	12.6%	1,340,736	12.0%
3 Delta Airlines	850,348	7.3%	798,104	6.8%	839,172	6.7%	713,622	6.2%	893,467	8.2%	1,062,254	10.0%	1,047,068	9.7%	1,023,608	9.3%	1,016,878	9.1%
4 Alaska Airlines	616,552	5.3%	668,390	5.7%	612,282	4.9%	536,281	4.7%	511,813	4.7%	595,238	5.6%	648,359	6.0%	750,000	6.8%	884,727	7.9%
5 American Airlines	1,089,872	9.4%	961,143	8.2%	890,796	7.1%	848,513	7.4%	766,151	7.0%	672,059	6.3%	701,126	6.5%	685,836	6.2%	718,069	6.4%
6 US Airways	250,303	2.2%	391,358	3.3%	713,030	5.7%	684,354	6.0%	626,510	5.8%	603,439	5.7%	643,014	5.9%	653,915	5.9%	631,485	5.6%
7 Federal Express	445,744	3.8%	456,152	3.9%	447,636	3.6%	402,665	3.5%	400,303	3.7%	421,239	4.0%	452,453	4.2%	451,797	4.1%	419,127	3.7%
8 Skywest Airlines	251,902	2.2%	246,559	2.1%	195,777	1.6%	219,416	1.9%	332,408	3.1%	338,812	3.2%	306,789	2.8%	428,595	3.9%	396,054	3.5%
9 Spirit Airlines	-	-	-	-	-	-	-	-	-	-	-	-	98,931	0.9%	208,200	1.9%	245,669	2.2%
10 Virgin America	-	-	-	-	3,122	0.0%	221,333	1.9%	205,348	1.9%	173,686	1.6%	208,253	1.9%	235,934	2.1%	232,136	2.1%
11 Frontier Airlines	246,749	2.1%	283,898	2.4%	287,387	2.3%	237,269	2.1%	227,847	2.1%	249,492	2.4%	208,936	1.9%	196,614	1.8%	192,493	1.7%
12 JetBlue Airlines	174,337	1.5%	175,333	1.5%	288,239	2.3%	297,340	2.6%	201,071	1.8%	167,369	1.6%	166,232	1.5%	168,080	1.5%	189,979	1.7%
13 British Airways	-	-	-	-	-	-	-	-	-	-	13,800	0.1%	167,440	1.5%	163,760	1.5%	166,980	1.5%
14 Hawaiian Airlines	145,920	1.3%	211,840	1.8%	235,200	1.9%	137,145	1.2%	121,600	1.1%	134,080	1.3%	118,088	1.1%	140,637	1.3%	147,325	1.3%
15 Japan Airlines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,125	0.4%	138,700	1.2%
Subtotal	9,607,495	82.8%	9,952,639	84.5%	10,691,329	85.5%	10,512,096	91.4%	10,136,906	93.1%	10,136,528	95.6%	10,342,881	95.6%	10,449,511	94.9%	10,645,720	95.2%
All Others	1,997,378	17.2%	1,821,318	15.5%	1,810,162	14.5%	984,661	8.6%	755,961	6.9%	469,632	4.4%	477,021	4.4%	566,205	5.1%	541,046	4.8%
TOTAL	11,604,873	100.0%	11,773,957	100.0%	12,501,491	100.0%	11,496,758	100.0%	10,892,867	100.0%	10,606,160	100.0%	10,819,902	100.0%	11,015,716	100.0%	11,186,766	100.0%
Annual % Change	3.6%		1.5%		6.2%		-8.0%		-5.3%		-2.6%		2.0%		1.8%		1.6%	

* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Source: San Diego County Regional Airport Authority.

FIGURE 53 – TOP 15 AIRLINES RANKED BY LANDED WEIGHT

Landing Fees

Landing fees are revenues from passenger and cargo aircraft 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.

Fiscal Years Ended June 30, 2006 to 2017

<u>Fiscal Year</u>	<u>Landing Fees Per 1,000 lbs.</u>	<u>% Change</u>
2006	1.92	-5.0%
2007	2.04	6.2%
2008	1.98	-2.9%
2009	1.62	-18.0%
2010	1.71	5.5%
2011	1.78	3.7%
2012	1.75	-1.6%
2013	1.83	4.7%
2014	1.74	-5.0%
2015*	1.92	10.4%
2016*	2.15	12.2%
2017*	2.24	4.0%

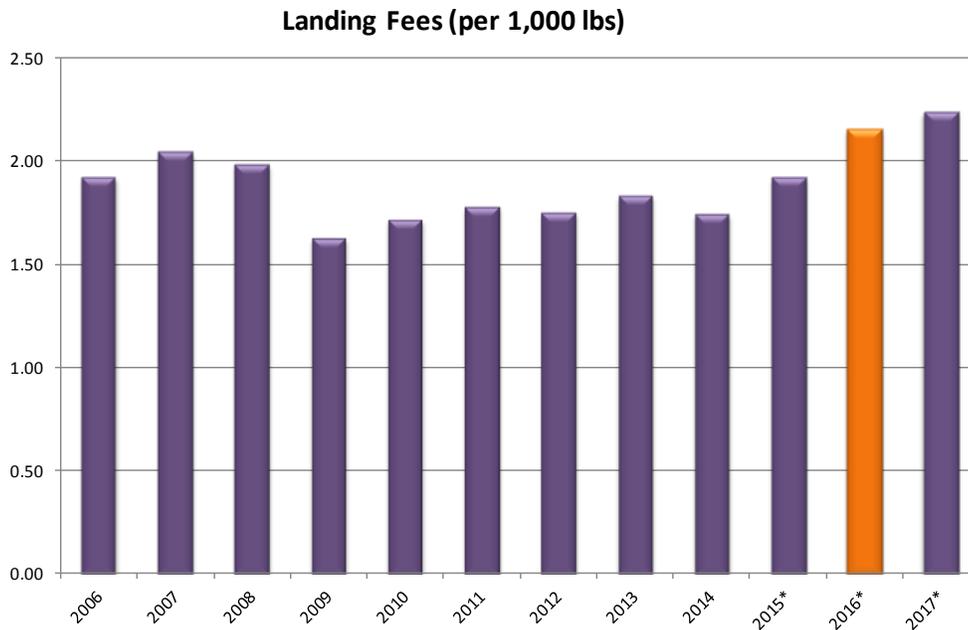


FIGURE 54 – LANDING FEES

*Projected FY 2015 and Budgeted FY 2016, FY 2017.
Source: San Diego County Regional Airport Authority.

Terminal Rates Billed to Airlines

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.

Fiscal Years Ended June 30, 2005 to 2017

<u>Fiscal Year</u>	<u>Terminal Rates Per Square Foot (\$) **</u>	<u>% Change</u>
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	59.53	3.7%
2011	73.09	22.8%
2012	83.31	14.0%
2013	117.00	40.4%
2014	109.61	-6.3%
2015*	112.82	2.9%
2016*	126.30	11.9%
2017*	135.05	6.9%

** Net of janitorial credit

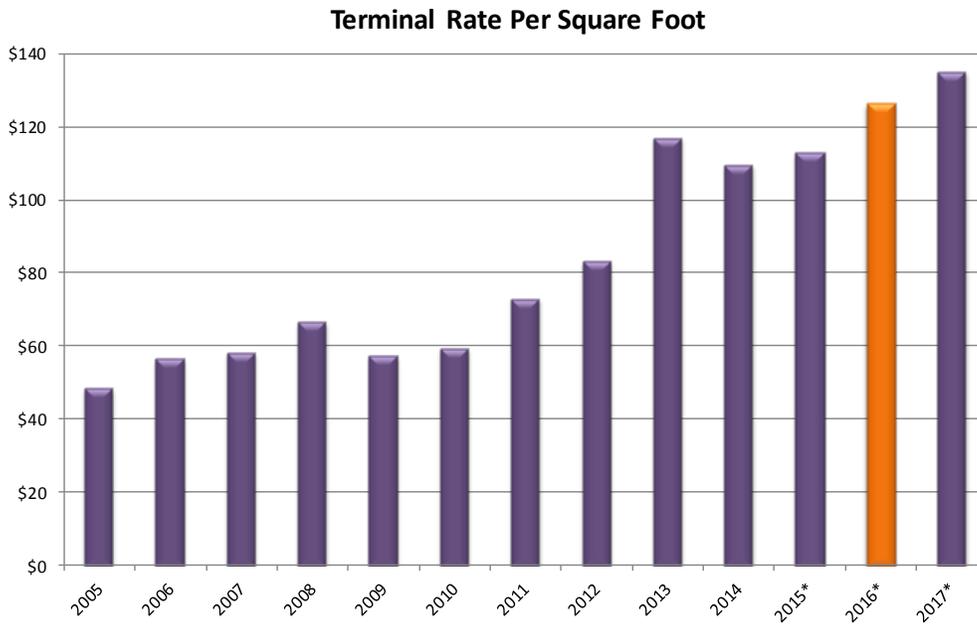


FIGURE 55 – TERMINAL RATES

* Projected FY 2015 and Budgeted FY 2016 and FY 2017.

Source: San Diego County Regional Airport Authority.

Aircraft Operations (Takeoffs and Landings)

Aircraft operations are the takeoffs and landings at SAN. They represent the level of demand for air service by the airlines operating at SAN.

Fiscal	Air			General		
Year	Carriers	Air Taxi	Total	Aviation	Military	Total
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
2010	149,718	32,100	181,818	11,674	1,017	194,509
2011	146,215	28,273	174,488	10,938	755	186,181
2012	149,104	26,398	175,502	12,120	658	188,280
2013	154,781	23,370	178,151	9,586	567	188,304
2014	155,310	22,953	178,263	8,930	597	187,790

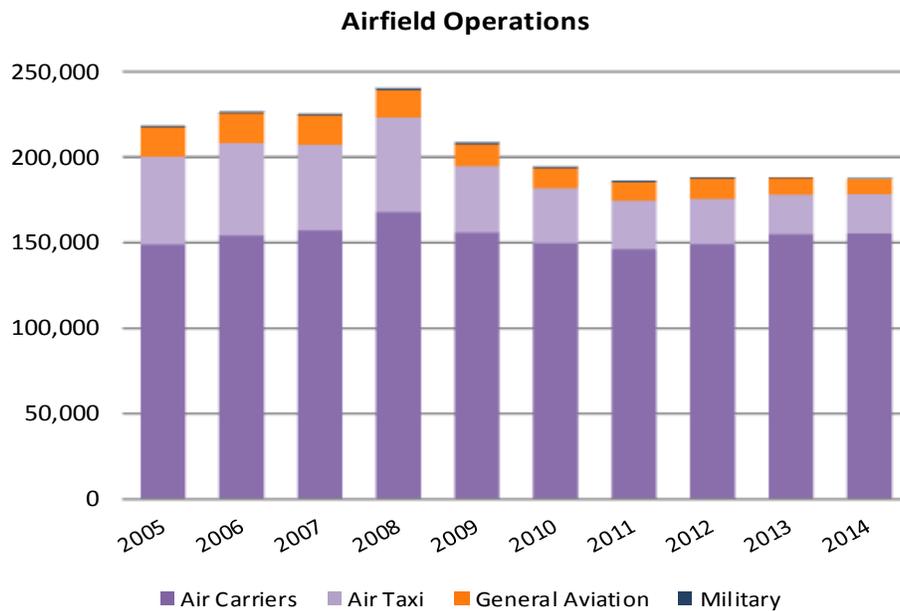


FIGURE 56 – AIRFIELD OPERATIONS

Source: San Diego County Regional Airport Authority.

Historical Revenue by Source

Revenue by Major Sources	FY 2006 Actuals	FY 2007 Actuals	FY 2008 Actuals	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Budget	FY 2016 Budget	FY 2017 Conceptual
Airline Revenue	\$ 53,006,915	\$ 56,699,199	\$ 59,454,904	\$ 56,736,422	\$ 59,397,783	\$ 64,963,067	\$ 72,430,221	\$ 89,639,923	\$ 97,876,224	\$ 105,687,106	\$ 111,189,189	\$ 117,554,814
Parking and Ground Transportation	26,904,460	28,391,558	31,037,940	31,492,190	30,295,842	34,248,867	34,648,504	39,238,955	43,029,527	45,741,890	46,816,455	47,055,412
Passenger Facility Charges	34,981,343	36,452,013	37,401,373	33,219,261	34,048,981	33,997,963	34,639,244	35,437,453	35,769,515	36,614,900	39,261,900	39,929,000
Customer Facility Charges ⁽¹⁾	-	-	-	1,695,270	10,782,512	10,986,467	11,486,962	19,117,217	27,545,001	30,350,379	33,070,709	36,995,921
Rental Car License Fees and License Fees Other	19,487,516	23,042,949	26,489,683	24,404,444	23,794,564	21,686,823	23,943,041	24,401,371	24,900,830	24,576,100	25,812,269	27,411,065
QHP & CIP Grants	14,552,020	12,382,922	11,133,583	24,294,567	46,348,876	40,767,277	31,846,851	29,318,938	16,298,193	21,591,253	23,219,952	16,237,919
Terminal Concessions	9,874,460	11,158,151	12,295,296	11,875,560	12,454,436	12,812,469	13,305,723	14,150,898	18,798,533	19,783,233	21,323,828	21,746,728
Ground Rentals	5,505,219	4,994,279	5,207,354	5,775,627	5,923,301	7,786,792	7,136,299	8,189,723	8,445,275	11,356,903	13,798,184	17,865,342
Interest Income	9,305,831	11,968,962	13,431,601	9,434,140	6,666,720	6,408,131	5,491,516	4,140,067	5,210,854	4,707,690	4,724,296	4,922,502
BAB Interest Rebate	-	-	-	-	-	3,691,431	4,995,921	4,778,599	4,636,215	4,636,215	4,631,219	4,631,219
Non-Airline Revenue - Other ⁽²⁾	5,501,857	(1,992,064)	1,557,251	1,084,149	847,262	2,516,131	(785,305)	(2,355,055)	3,145,502	2,262,330	2,193,998	2,210,078
Total Revenue	\$ 179,119,620	\$ 183,097,970	\$ 198,008,986	\$ 200,011,630	\$ 230,560,277	\$ 239,865,417	\$ 239,138,978	\$ 266,058,089	\$ 285,655,669	\$ 307,308,000	\$ 326,042,000	\$ 336,560,000

⁽¹⁾ The Customer Facility Charges began in FY 2009 after the Authority received approval from the State of California to impose a charge on rental cars at SAN.

⁽²⁾ Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues.

FIGURE 57 – HISTORICAL REVENUE BY SOURCE

Authority's Largest Sources of Revenues

Tenant	2006	2007	2008	2009	2010	2011	2012	2013	2014	% of Total Operating Revenue
Southwest Airlines	\$ 13,464,404	\$ 15,624,767	\$ 16,920,722	\$ 17,658,629	\$ 19,428,103	\$ 21,306,108	\$ 23,357,007	\$ 27,598,908	\$ 29,548,565	15.1%
United Airlines	5,717,234	6,623,373	6,522,426	6,344,127	7,905,284	9,280,812	10,931,601	15,817,886	15,364,094	7.8%
Delta Airlines	4,876,095	5,347,415	5,168,634	4,647,333	6,663,671	8,003,895	8,911,886	10,898,540	12,005,146	6.1%
American Airlines	10,191,557	8,303,616	7,750,147	5,543,732	7,693,564	7,611,443	8,197,015	9,765,412	10,030,675	5.1%
Alaska Airlines	2,464,162	2,843,993	2,800,385	2,754,173	2,951,554	3,482,098	4,265,739	6,167,257	8,008,057	4.1%
Enterprise Rent-A-Car	2,888,849	2,007,684	2,530,192	2,501,720	2,517,682	4,431,129	7,290,392	6,934,784	7,162,116	3.7%
Hertz Rent-A-Car	5,979,512	6,728,751	6,860,949	5,816,230	5,861,737	5,635,151	5,795,690	5,961,730	6,149,759	3.1%
US Airways	571,874	1,714,362	4,048,246	3,478,789	3,756,383	3,899,253	4,388,522	5,408,046	5,754,465	2.9%
Avis Budget Rent-A-Car Group	6,002,357	4,465,182	6,193,565	5,505,770	3,378,607	3,842,594	4,507,266	4,697,455	4,822,212	2.5%
Host International	9,147,356	9,808,385	10,875,857	9,883,713	9,907,860	10,360,436	10,793,503	6,960,141	3,262,531	1.7%

Source: San Diego County Regional Airport Authority

FIGURE 58 – AUTHORITY'S LARGEST SOURCES OF REVENUES

Economic and Operational Trends

U.S. Gross Domestic Product

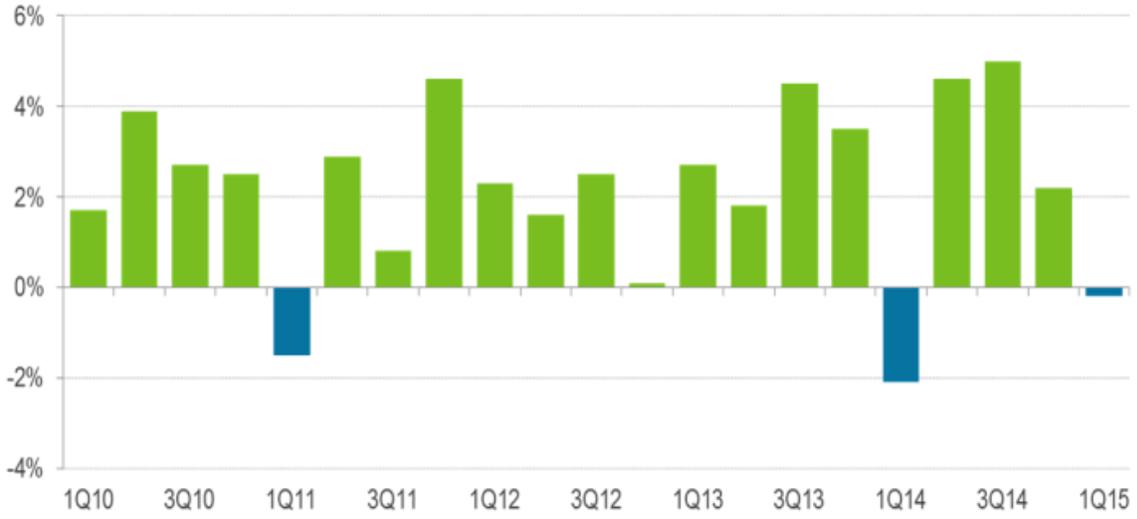


FIGURE 59 – AIRFIELD OPERATIONS

Dow Jones Industrial Avg. and S&P 500 Indices



FIGURE 60 – AUTHORITY LARGEST SOURCES OF REVENUES

Population and Economic Metrics San Diego County (CY 2005-2015)

Calendar Year	Estimated Population ^[1]	% Change	Per Capita Personal		Total Personal	
			Income(\$) ^[2]	% Change	Income(\$) ^[2]	% Change
2005	3,038,074	0.9 %	40,383	5.0 %	122,686,542,342	5.9 %
2006	3,065,077	0.9 %	42,801	6.0 %	131,188,360,677	6.9 %
2007	3,100,132	1.1 %	45,911	7.3 %	142,330,160,252	8.5 %
2008	3,131,552	1.0 %	46,649	1.6 %	146,083,769,248	2.6 %
2009	3,173,407	1.3 %	42,325	(9.3)%	134,314,451,275	(8.1)%
2010	3,091,579	(2.6)%	43,104	1.8 %	133,259,421,216	(0.8)%
2011	3,118,876	0.9 %	48,066	11.5 %	149,911,893,816	12.5 %
2012	3,128,734	0.3 %	49,719	3.4 %	155,557,525,746	3.8 %
2013	3,150,178	0.7 %	49,778	0.1 %	156,809,560,484	0.8 %
2014	3,192,457	1.3 %	51,331	3.1 %	163,872,010,267	4.5 %
2015	3,227,496	1.1 %	52,885	3.0 %	170,686,125,960	4.2 %

Sources:

⁽¹⁾ California Department of Finance, E-1 Population Estimates for Cities, Counties and the State, at January 1st of the calendar years shown.

⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income. 2013 and 2014 per capita personal income are estimates by the California Department of Transportation. Prior year's 2011 and 2012 per capita personal income has been updated.

FIGURE 61 – POPULATION AND ECONOMIC METRICS

Principal Employers

San Diego County

Employer	Percentage of Total Industry			Employer	Percentage of Total Industry		
	Local Employees	Rank	Employment		Local Employees	Rank	Employment
U.S. Federal Government	45,700	1	3.36%	U.S. Federal Government	40,700	1	3.10%
State of California	40,800	2	3.00%	State of California	38,800	2	2.96%
University of California, San Diego	27,832	3	2.05%	San Diego Unified School District	26,700	3	2.04%
Sharp Health Care	15,960	4	1.17%	University of California, San Diego	23,225	4	1.77%
County of San Diego	15,667	5	1.15%	County of San Diego	16,810	5	1.28%
Scripps Health	14,381	6	1.06%	Sharp Healthcare	12,945	6	0.99%
Qualcomm Inc.	13,400	7	0.98%	City of San Diego	12,398	7	0.95%
City of San Diego	10,306	8	0.76%	US Postal Service	11,611	8	0.89%
Kaiser Foundation	7,800	9	0.57%	Scripps Health	10,517	9	0.80%
General Atomics	7,668	10	0.56%	San Diego State University	6,512	10	0.50%

Total Industry Employment in San Diego County (June 2005): 1,311,300

Total Industry Employment in San Diego County (June 2014): 1,360,900

*Source: Employers - San Diego Daily Transcript 2005 and 2015 Book of Lists
Total Industry Employment - California Employment Development Department
Labor Market Info June 2014 - March 2013 Benchmark*

FIGURE 62 – PRINCIPAL EMPLOYERS

San Diego County Employment by Industry Sectors

Industry Sectors	June 2014	
	Industry Employment	% of Total
Trade, Transportation and Utilities	215,100	15.8%
Government	235,800	17.3%
Professional and Business Services	227,900	16.7%
Leisure and Hospitality	177,400	13.0%
Education and Health Services	183,100	13.5%
Manufacturing	96,600	7.1%
Construction and Mining	67,700	5.0%
Financial Activities	71,200	5.2%
Other Services	51,400	3.8%
Information	24,200	1.8%
Agriculture	10,500	0.8%
Total	1,360,900	

Source:

California Employment Development Dept.,
 Labor Market Info: Industry Employment & Labor Force, March 2013 Benchmark

FIGURE 63 – SAN DIEGO COUNTY EMPLOYMENT BY INDUSTRY SECTORS

Labor Force, Employment and Unemployment Rate

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				SD County	State
2005	1,505,892	1,442,700	65,100	4.32%	5.40%
2006	1,520,474	1,457,500	60,500	3.98%	4.87%
2007	1,542,445	1,471,600	70,900	4.60%	5.40%
2008	1,548,700	1,462,300	92,900	6.00%	7.20%
2009	1,554,100	1,406,100	151,300	9.74%	11.40%
2010	1,558,200	1,393,900	164,300	10.54%	12.40%
2011	1,583,700	1,419,400	164,300	10.37%	10.70%
2012	1,598,800	1,450,600	148,200	9.27%	10.70%
2013	1,596,000	1,470,900	125,100	7.84%	9.20%
2014	1,588,500	1,491,600	96,900	6.10%	7.30%

Source:

*California Employment Development Dept., Labor Market Information Division
Unemployment Rate and Labor Force, not seasonally adjusted*

FIGURE 64 – LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT RATE

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GLOSSARY

ACCRUAL BASIS OF ACCOUNTING – Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred.

ACI-NA (AIRPORTS COUNCIL INTERNATIONAL–NORTH AMERICA) – A regional office of *Airports Council International*, the global trade representative of the world’s airports, representing local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. It advocates policies and provides services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

AIP (AIRPORT IMPROVEMENT PROGRAM) – The FAA’s Airport Improvement Program (AIP) provides both entitlement and discretionary grants for eligible airport projects. This program, authorized periodically by Congress, distributes the proceeds of the federal tax on airline tickets to airports, through grants, for eligible construction projects and land acquisition. See *Federal Grants*.

AIRPORT – Refers to the San Diego International Airport (SAN).

AIRPORT AUTHORITY ACT – California State Bill AB 93: Division 17: Chapter 1, dated January 11, 2001, which establishes the San Diego County Regional Airport Authority, as a local governmental entity.

AIRPORT 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 – A voluntary federal program providing airport guidelines to document aircraft noise, using standards and systems to measure, estimate and describe noise, and establish programs to coordinate local land use, minimize incompatibilities and document analyses and development for FAA and public review processes.

AIRCRAFT OPERATIONS – The landing or takeoff of an aircraft.

AIRPORT DEVELOPMENT PLAN – A plan which defines phases of airport growth and improvement.

AIRPORT_REVENUE BONDS – Bonds issued by municipality or airport authority wherein airport revenues back the tax-exempt, lower interest rate bond.

ALUC (AIRPORT LAND USE COMMISSION) – An agency required by state law to exist in counties served by a commercial and/or general aviation airport. The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public’s exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority (SDCRAA) serves as the Airport Land Use Commission for airports in San Diego County.

ARFF (AIRCRAFT RESCUE AND FIREFIGHTING) – A special category of firefighting that involves the response, hazard mitigation, evacuation and possible rescue of passengers and crew of an aircraft (typically) involved in an airport ground emergency.

AUTHORITY – Refers to the *San Diego County Regional Airport Authority (SDCRAA)*.

AUTHORITY FUND BALANCE – The Authority’s fund balance is generally defined as the difference between its assets and liabilities.

BAB (BUILD AMERICA BONDS) – Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bond holder.

BOND COVENANT – An agreement with bond holders, which defines the priority of payment of debt service in the use of revenues, among other things.

BUDGET – A financial plan for a specified period of time (FY) that matches planned expenses and revenues with planned services.

BUDGET CALENDAR – The schedule of key dates, or milestones, that the Authority follows in the preparation, adoption and administration of the annual budget.

CAPITALIZED LABOR – Personnel salaries, taxes and benefits expenses that are associated with capital projects.

CFCS (CUSTOMER FACILITY CHARGE) – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

CIP (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, airfield safety improvement and enhanced revenue potential.

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 – An airline passenger who transfers from an arriving aircraft flight to a departing aircraft flight, in order to reach a final destination. (See *Enplaned Passenger*.)

COST CENTER – An area of the Airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

CP (COMMERCIAL PAPER) – 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, *Alternative Minimum Tax (AMT)* and *non-AMT*.

CPE (COST PER ENPLANED PASSENGER) – The total annual cost of fees and charges paid by the airlines, divided by the total enplanements.

CUPPS (COMMON USE PASSENGER PROCESSING SYSTEM) – A common use terminal equipment system which allows airlines to operate from any ticket counter and gate, if needed. It includes a common use self-service kiosk for passenger check in.

CUSS (COMMON USE SYSTEMS SUPPORT) – A shared service kiosk system, allowing for convenient passenger check-in, that can be used by multiple airlines.

CY (CALENDAR YEAR) – The annual period beginning January 1st, and ending December 31st.

DEBT POLICY – A framework by which decisions are made concerning the use and management of debt, with a comprehensive financial plan used in effecting strategic initiatives.

DEBT SERVICE – Principal and interest payments on bonds.

DEBT SERVICE COVERAGE – An amount equal to 125% of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

DISCRETIONARY GRANTS – See *Federal Grants*.

EIR (ENVIRONMENTAL IMPACT REPORT) – 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.

ENPLANED PASSENGER – Any revenue passenger boarding an aircraft at the *Airport*, including any passenger that previously disembarked from another aircraft (see *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.

FAA (FEDERAL AVIATION ADMINISTRATION) – The FAA is part of the Department of Transportation (DOT) and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system and administers federal grants for the development of public-use airports.

FBOS (FIXED BASE OPERATORS) – Those commercial businesses, at the Airport, authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

FEDERAL GRANTS – Entitlement funds, determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants of funds from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a LOI is subject to receipt of Congressional appropriations for grants to airports, and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in an approved LOI from the FAA are used by the Authority as an estimate of federal discretionary grants to be received.

FY (FISCAL YEAR) – The annual period beginning July 1st, and ending June 30th.

GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) – Uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB (GOVERNMENTAL ACCOUNTING STANDARDS BOARD) – a private, non-governmental organization responsible for establishing GAAP for State and Local governments in the United States entities.

GENERAL AVIATION – 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) – Equipment used to service the aircraft between flights.

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. U.S. legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska and Hawaiian Airlines.

MAJOR AIRLINE – U.S. designation for an air carrier with annual operating revenue of more than \$1 billion, such as American, Northwest and United Airlines. Also called a "major carrier".

MAJOR MAINTENANCE PROGRAM – Includes projects that are defined as major repairs to existing buildings or structures, and does not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized, and are expensed in the operating budget.

NATIONAL AIRLINE – U.S. term for an air carrier with annual operating revenue between \$100 million and \$1 billion. Also called a "national carrier."

NET REVENUE – Net revenue is generally defined as operating revenue less operating expenses.

ORGANIZATIONAL INITIATIVES – Areas of focus the organization is concentrating on over a set period of time.

PDEW (PASSENGERS DAILY EACH WAY) – A common measure of Origin–Destination market demand, used in the airline industry and also referred to as, "Passenger trips per day, each way."

PFCS (PASSENGER FACILITY CHARGES) – 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.

QHP (QUIETER HOME PROGRAM) – See *Residential Sound Attenuation Program*.

RCC (RENTAL CAR CENTER) – A facility to house all rental car companies in a single building.

RDC (RECEIVING AND DISTRIBUTION CENTER) – A central warehouse for the delivery and distribution of goods at the airport. All supplies for the concessions within the airport, as well as authority supplies, will flow through this center.

REGIONAL AIRLINE – U.S. term for commercial air carrier with an annual operating revenue below \$100 million.

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.

SAN – San Diego International Airport.

SAN DIEGO INTERNATIONAL AIRPORT – SAN / Airport.

SDCRAA – *San Diego County Regional Airport Authority*.

SERVICE LEVEL AGREEMENT – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

SUSTAINABLE BUSINESS PRACTICE – Implementing management of financial, social and environmental risks, obligations and opportunities which impact profits, people and the planet.

TERMINAL DEVELOPMENT PROGRAM – Planned series of various terminal and airfield improvements essential to accommodating the growing passengers' demands at SAN.

