San Diego County Regional Airport Authority

FY 2013 Adopted Budget & FY 2014 Approved Conceptual Budget

Finance Division

Financial Planning and Budget

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

P.O. BOX 82776, SAN DIEGO, CA 92138-2776
619.400.2400 WWW.SAN.ORG

June 7, 2012

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Bruce R. Boland
Supervisor Greg Cox
Mayor Jim Desmond
Lloyd B. Hubbs
Paul Robinson
Tom Smisek
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Dear Board Members:

Submitted herein is the San Diego County Regional Airport Authority's (the Authority) adopted operating and capital budget for Fiscal Year (FY) 2013 and an approved conceptual budget for FY 2014, marking the third year the Authority has issued a budget covering a two-year period. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Board of Directors (the Board) and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget also ensures adherence to the requirements of the master 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 2013 Conceptual Budget as part of the FY 2012-2013 budget process. This year the FY 2013 Conceptual Budget was revised, and subsequently adopted as the FY 2013 Budget and the FY 2014 Conceptual Budget was approved. Next year, the FY 2014 Conceptual Budget will be revised to reflect any changes in strategies and initiatives, as well as industry, economic and geopolitical events. A revised FY 2014 budget will be presented to the Board in June 2013 for review and formal adoption and a FY 2015 Conceptual Budget will be presented for approval at that time.

Establishing the budget is a deliberative process reflecting the Board's continuous leadership and direction expressed through the Authority's strategies and initiatives as discussed in greater detail in the Airport Authority Overview section of this budget. The budgets support operating San Diego International Airport (SDIA, or the Airport) as a world-class facility in a time of challenges for the aviation industry. In addition to supporting the Authority's financial and operational requirements, the budgets also address the Authority's responsibilities related to meeting the long-term aviation needs of the region:

- ✈ Studying, planning, and implementing capital improvements to meet current and future facility requirements at SDIA including the Green Build Program. (See ***Capital Program*** section).

- Serving as the region's Airport Land Use Commission, 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 SDIA in a manner that meets or exceeds customer expectations while simultaneously executing its legislative mandates. The budget funds, among other things, the activities, infrastructure, equipment and technology needed to support execution of the Authority's strategies and priorities in the coming fiscal year.

Guiding Principles

The Authority's organizational strategies and values of sustainability are the guiding principles used for allocating scarce and restricted resources to SDIA programs as part of the budget process. Sustainability has emerged as a global environmental theme and a major business imperative. The four sustainability elements of Economic Viability (E), Operational Excellence (O), Natural Resource Conservation (N), and Social Responsibility (S) –"EONS"– have been adopted by the aviation industry as the core precepts for a holistic approach to airport sustainability. The Authority's strategies and values of sustainability are illustrated as follows:

STRATEGIES			VALUES OF SUSTAINABILITY	
1	Financial Strategy	Enhance the financial position of the Authority	E	Economic Viability
2	Customer Strategy	Achieve the highest level of internal and external customer satisfaction	O	Operational Excellence
3	Operations Strategy	Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner	N	Natural Resource Conservation
4	Employee Strategy	Ensure the highest level of employee satisfaction	S	Social Responsibility
5	Community Strategy	Be a trusted and highly responsive regional agency		

Figure 1 – FY 2013 & FY 2014 Authority Strategies & Sustainability Values

Budget Priorities

The budgets address near- and mid-term priorities, including a number of ongoing programs, studies, and initiatives as well as the Authority's strategies.

Cost Containment: In our ongoing efforts to remain competitive and recognize the financial pressures on our airline customers, we have undertaken cost containment measures that include decreased funding of major maintenance projects, management consulting expenses, insurance and parking and shuttle management contract costs.

During FY 2012, the Board and Executive Staff identified seven priorities that are critical for the Authority to execute over the next two to five years in order to support the Authority strategies. The seven priorities include:

Airport Development Plan: The Airport Development Plan (ADP) is the next phase of planning for SDIA. The ADP will identify improvements to enable the airport to meet demand through 2035 while maximizing efficiency, safety, security, and passenger service levels. The Plan will include substantial data collection, a passenger survey, new forecasts, identification of facility requirements, evaluation of alternatives and a recommended plan.

Concession Development Program: With the expansion of approximately 25,000 additional square feet and an increase in the number of food service and retail concession locations from 55 to 86, the San Diego County Regional Airport Authority is implementing a comprehensive Concession Development Program (CDP) to provide a world-class shopping and dining experience for the millions of passengers who use SDIA each year. The CDP will incorporate additional concession opportunities resulting from the Terminal 2 West (Green Build), Terminal 2 East expansion projects, and the re-concepting of most existing locations beginning in December 2012. Full program buildout is scheduled for early 2014.

Consolidated Rental Car Facility: In keeping with the organization's commitment to a sustainable environment, exuberant passenger experience and to improve operational efficiency, the organization is developing one rental car center on airport property. When completed in 2015, this facility will provide a customer service area, ready/return areas, overflow rental car storage, and quick turnaround ("QTA") facilities (vehicle fueling, cleaning and fluids). This will not only improve the passenger experience for those utilizing rental cars, but will also reduce congestion on roadways leading to airport terminals which will enhance the passenger experience for the millions of passengers utilizing other facilities at the San Diego International Airport.

Green Build Program: The Airport's $865 million Green Build Program (also known as the Terminal Development Program or TDP) is a capital expansion program to provide 10 additional passenger gates, a dual-level roadway at Terminal 2 and additional aircraft remain overnight parking areas.

Ground Transportation Initiatives: The Ground Transportation initiatives seek to make substantial improvements to the airport's ground transportation facilities, infrastructure, operations and service providers. Several widespread initiatives are being implemented to 1) reduce ground transportation vehicle greenhouse gas (GHG) emissions in accordance with the Attorney General Memorandum of Understanding (MOU); 2) improve taxicab and shuttle van service quality, including driver professionalism and training, vehicle appearance and comfort and improved customer satisfaction; and 3) enhance parking facilities and services and improve airport roadways and vehicle movement.

Revenue Enhancement: It is expected that, for the foreseeable future, the Authority will be operating in a resource constrained environment. In order to ensure execution of the Authority's Financial Strategy of "enhancing the financial position of the Authority", identification of new and enhanced revenue sources, especially non-airline revenue sources, is paramount.

Strategic Engagement: The Authority has embarked on a planned and deliberate approach to promote employee engagement, not only in their jobs but also in the airport enterprise. With an organizational competence at maintaining an engaged workforce (currently 80% relative to a national average of 29%), the Authority is focused on aligning the workforce with the most important business initiatives and priorities. This priority will be critical to future success as we navigate through a resource constrained environment. The approach includes management and leadership education and skill development, as well as work redesign and organizational structure changes. This advanced and preemptive thinking about employees and the work they perform, along with the new infrastructure, will set the foundation for an Airport Authority of the future—one able to anticipate and contend with the challenges of the 21st century.

Economic and Operational Trends Affecting the Budget

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

The US economy is slowly emerging from a severe recession. The gross domestic product (GDP) decline in the fourth quarter 2008 (-8.9%) and first quarter 2009 (-6.7%) marked the most significant six month contraction since 1957–1958. GDP has subsequently increased in recent quarters reflecting improvements in the national economy (see Figure 2). In addition, recent equity gains are encouraging. From its low on March 5, 2009, to June 1, 2012, the Dow Jones increased 90% (see Figure 3).

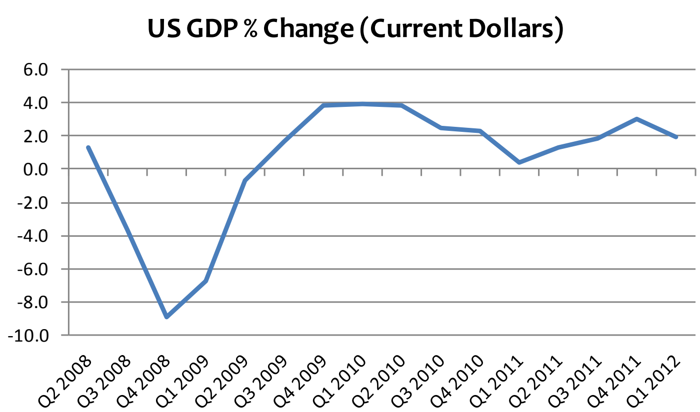


Figure 2 – GDP % Change

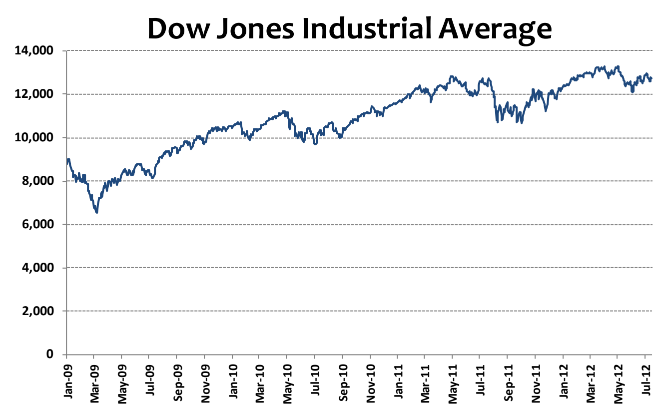


Figure 3 – Dow Jones Industrial Average

The nation's airlines operate in an environment characterized by economic uncertainty, fluctuating fuel prices, excess capacity and limited pricing power. While the airlines have taken steps to reduce capacity and passenger load factors have shown improvement, the airlines will continue to be impacted by these factors throughout the coming year. Most carriers have limited financial capability to absorb adverse business, economic or geopolitical shocks. Furthermore, despite the recent trend of imposing ancillary charges for baggage, premium seat options, ticketing services, ala carte food and other amenities, legacy carriers continue to deal with pricing challenges posed by low-cost carriers.

SDIA has been slightly ahead of US enplaned passenger (EPAX) trends since September 2011 as seen in Figure 4. This reflects, in part, the cutback in capacity at many smaller airports nationally and the lagging effects of the economic downturn.

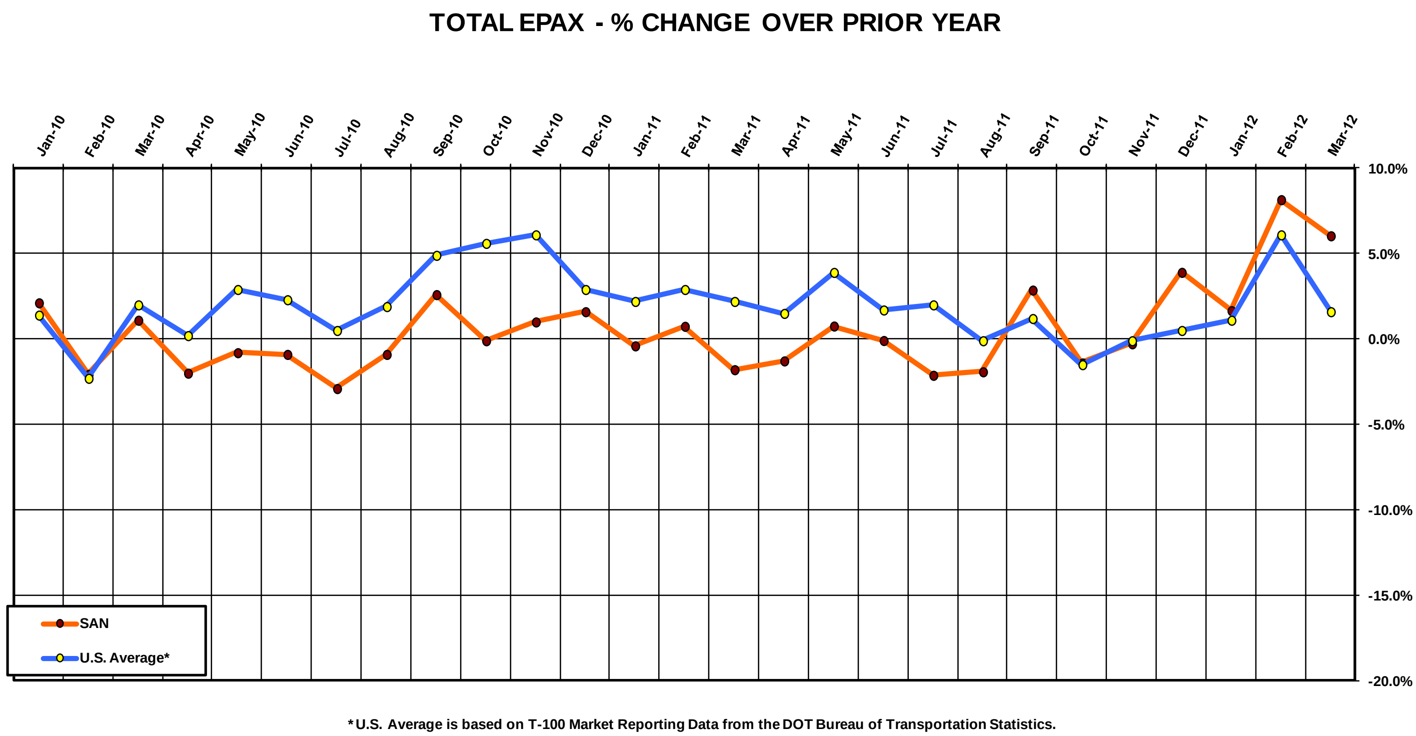


Figure 4 – Total Enplaned Passengers - SDIA vs. US Trend over Prior Year

Given these aforementioned uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carrier operations. SDIA is an origin and destination airport where no one carrier dominates and where a significant number of low-cost carriers serve the market. In CY 2011, air service was provided by 20 passenger airlines. Southwest Airlines, the largest carrier, served 38.4% of the passengers who traveled through SDIA (see figure 5); its lead in market share is expected to continue.

In CY 2011, low-cost carriers accounted for 49.3% of seat capacity and 45.8% of enplaned passengers. Their presence in certain markets serves to stimulate pricing competition among all carriers which typically stimulates demand through lower fares.

SDIA Enplaned Passengers, CY 2011

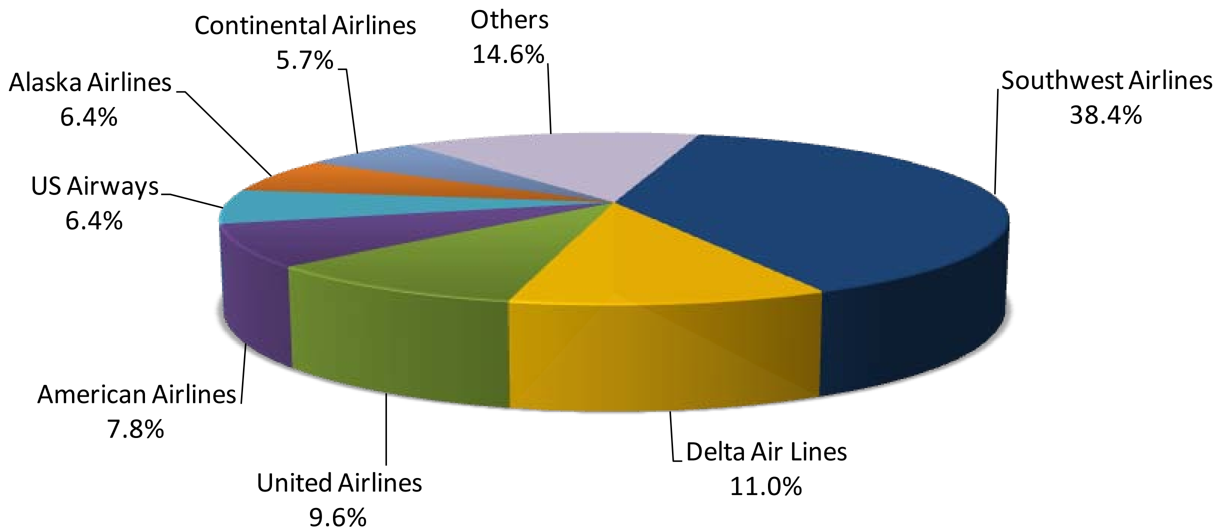
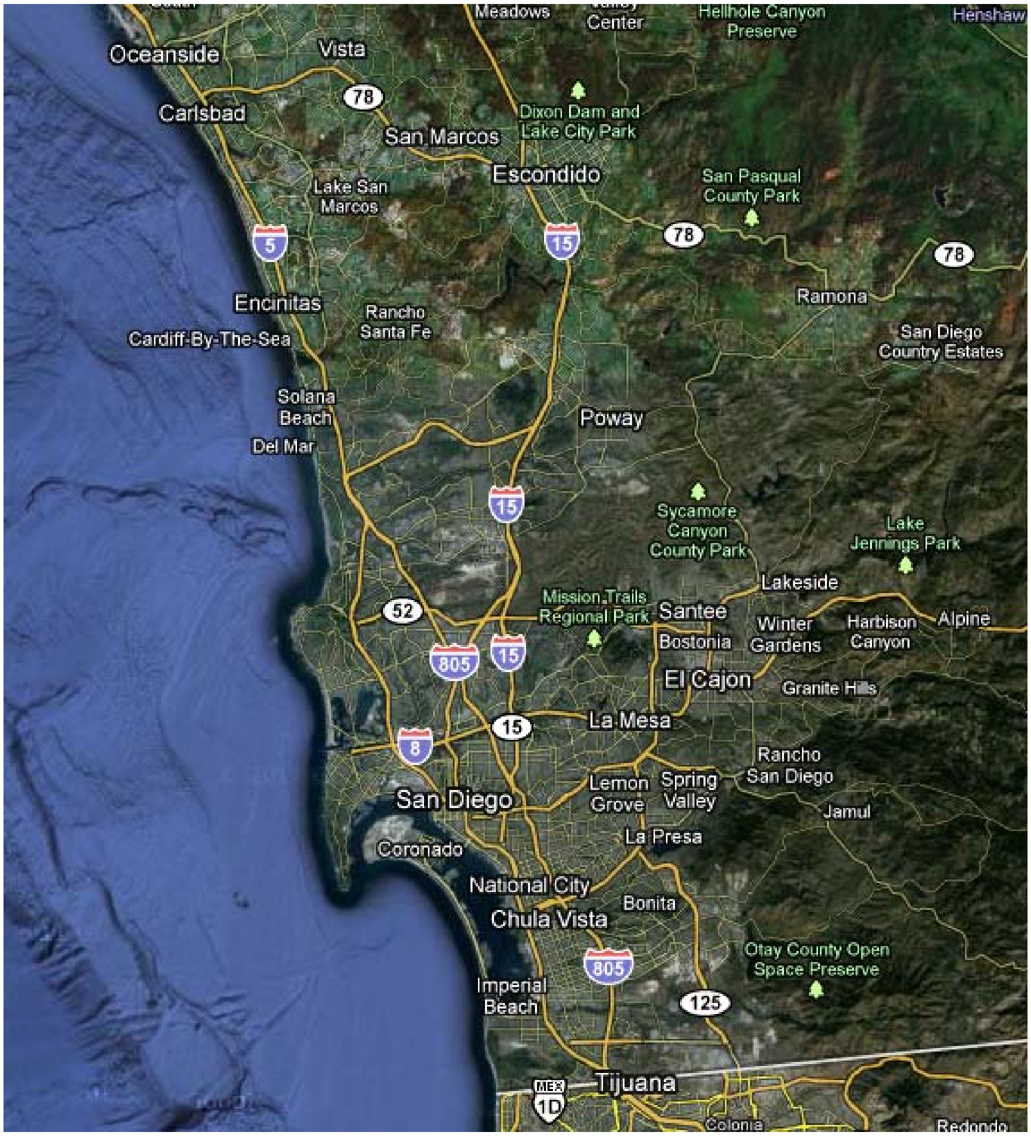


Figure 5 – SDIA Enplaned Passengers by Carrier

Passengers departing from SDIA can fly non-stop to 40 domestic and 8 international destinations, with one-stop connections to over 300 international destinations around the world. International service in CY 2011 expanded to include service by Mexican carrier Volaris to Mexico City and Guadalajara and the return of non-stop service by British Airways to London-Heathrow airport. Japan Airlines announced commencement of service to Tokyo-Narita Airport in late CY 2012 utilizing Boeing 787 aircraft. The Authority's Air Service Development Department continues to pursue expanded international and domestic opportunities.

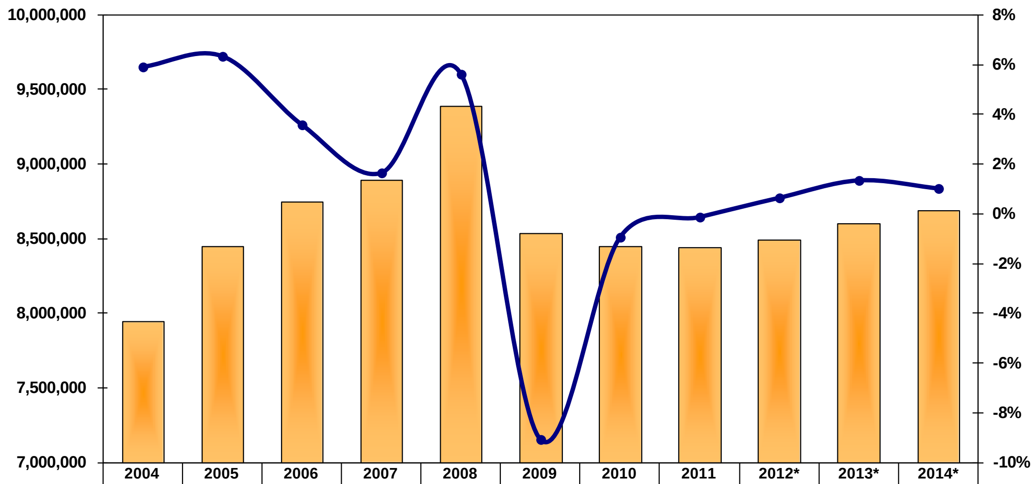
The Air Trade Area for the airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3,143,429 as of January 1, 2012. The county is the 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 exceed 5 million inhabitants.



San Diego County has enjoyed a relatively stable economic climate during the past five years, with lower unemployment rates than the State of California. The US Bureau of Labor Statistics notes that the county's average unemployment rate for June 2012 was 9.2% compared to 10.7% for the state. This reflects the nature of the region's economy, which was once highly dependent on the defense industry but is now more diversified, providing an attractive mix of leisure and business sectors. The county is home to more than 150 publicly traded companies.

All of these economic and industry factors together with additional air service, are reflected in the FY 2013 Budget and the FY 2014 Conceptual Budget, which are predicated on modest passenger growth as shown in Figure 6. In FY 2013, enplaned passenger traffic at SDIA is projected to reach 8.61 million, which represents a 0.4% reduction from the 8.64 million enplanements used in the FY 2012 Budget and a 1.3% increase over the 8.49 million enplanements projected for FY 2012. Enplaned passengers are projected to increase by 1.0% to 8.69 million in the FY 2014 Conceptual Budget.

Enplaned Passengers and Annual Growth by Fiscal Year



	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013*	2014*
Enplaned Passengers	7,947,440	8,449,107	8,749,734	8,892,069	9,389,327	8,535,774	8,453,886	8,441,120	8,493,683	8,606,000	8,692,000
% Change	5.9%	6.3%	3.6%	1.6%	5.6%	-9.1%	-1.0%	-0.2%	0.6%	1.3%	1.0%

* Projected FY 2012 and Budgeted FY 2013 and FY 2014

Figure 6 – Enplaned Passengers and Annual Growth

Passenger Satisfaction

Measuring passenger satisfaction at SDIA is critical in order to keep up with passenger expectations and the ever-evolving airport experience. Since 2004, SDIA has measured passenger satisfaction on a quarterly basis, resulting in cumulative annual passenger satisfaction trends. In 2011, Phoenix Marketing International (PMI), a top marketing and research firm recognized by the American Marketing Association with special airport expertise, reported an 87% satisfaction rating among passengers at SDIA. 696 passengers out of 800 (87%) rated their overall satisfaction a score of "4" or "5" (using a scale of 1 to 5, where 1 equals "very dissatisfied" and 5 equals "very satisfied"). SDIA has maintained at least an 87% annual score since 2008.

Financial Plan

The financial plan, which includes the FY 2013 Budget and the FY 2014 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, the Authority's enabling legislation, frames the Authority's financial parameters. As part of that Act, the Authority must recommend a strategy for meeting the region's future air transportation needs. In addition, costs associated with the near-term improvement of SDIA have a significant financial impact. Other major factors affecting the Authority's financial planning and budget process include the airline operating agreement, master bond indenture, and certain provisions required in Senate Bill 10.

The airline agreement, discussed later in this narrative section, provides the rate-setting formula by which airlines pay for the facilities and services they use. The Authority's debt management policy was developed to ensure compliance with the master bond indenture, which dictates the terms of the Authority's outstanding debt and establishes various reserves as described in the Funds Summary and Debt Service sections of the budget. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process. Detailed descriptions are provided in the section titled ***Overview of Financial Polices and Guidelines***.

Budget Summary

The following table summarizes the forecasted revenue and expenses of the FY 2013 Budget and FY 2014 Conceptual Budget before depreciation, bond principal repayment, and capital equipment outlays.

	FY 2011 Actuals	FY 2012 Budget	FY2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	$ 18,578,574	$ 19,774,600	$ 21,092,400	$ 1,317,800	6.7%	$ 21,327,500	$ 235,100	1.1%
Aircraft Parking Fees	2,920,891	3,030,600	3,299,900	269,300	8.9%	3,262,900	(37,000)	-1.1%
Building Rentals	26,980,351	31,923,700	43,356,900	11,433,200	35.8%	47,631,200	4,274,300	9.9%
Other Aviation Revenue	1,596,665	1,584,300	1,584,300	-	0.0%	1,587,500	3,200	0.2%
Security Surcharge	14,886,586	16,731,600	20,629,100	3,897,500	23.3%	23,676,600	3,047,500	14.8%
Total Airline Revenue	**64,963,067**	**73,044,800**	**89,962,600**	**16,917,800**	**23.2%**	**97,485,700**	**7,523,100**	**8.4%**
Non-Airline Revenue								
Terminal Rent - Non-Airline	869,212	904,316	959,811	55,495	6.1%	1,000,463	40,652	4.2%
Terminal Concessions	12,812,469	12,737,500	14,028,738	1,291,238	10.1%	17,020,418	2,991,681	21.3%
Rental Car License Fees	21,686,823	22,149,500	24,028,200	1,878,700	8.5%	24,753,800	725,600	3.0%
License Fees Other	2,604,193	2,599,200	2,860,000	260,800	10.0%	2,860,000	-	0.0%
Parking Revenue	30,909,430	32,316,357	31,301,505	(1,014,852)	-3.1%	33,824,719	2,523,214	8.1%
Ground Tansportation Permits and Citations	735,244	1,277,305	2,199,787	922,482	72.2%	3,187,374	987,587	44.9%
Ground Rentals	7,786,792	6,618,826	7,974,793	1,355,968	20.5%	7,554,175	(420,619)	-5.3%
Grant Reimbursements	869,711	214,500	218,800	4,300	2.0%	223,200	4,400	2.0%
Other Operating Revenue	769,910	737,896	552,540	(185,356)	-25.1%	422,900	(129,640)	-23.5%
Total Non-Airline Revenue	**79,043,784**	**79,555,400**	**84,124,174**	**4,568,774**	**5.7%**	**90,847,049**	**6,722,875**	**8.0%**
Total Operating Revenue	**144,006,851**	**152,600,200**	**174,086,774**	**21,486,574**	**14.1%**	**188,332,749**	**14,245,975**	**8.2%**
Operating Expenses								
Salaries and Benefits	38,266,479	38,388,355	39,414,626	1,026,271	2.7%	42,353,662	2,939,036	7.5%
Contractual Services	26,112,942	27,157,202	29,365,241	2,208,039	8.1%	31,090,921	1,725,680	5.9%
Safety and Security	21,343,967	20,850,032	22,408,160	1,558,128	7.5%	23,445,356	1,037,196	4.6%
Space Rental	10,906,405	11,416,345	11,416,345	-	0.0%	10,381,960	(1,034,385)	-9.1%
Maintenance	6,413,205	6,666,515	7,753,075	1,086,560	16.3%	8,643,075	890,000	11.5%
Utilities	8,174,021	7,722,794	8,234,743	511,949	6.6%	9,002,220	767,477	9.3%
Operating Equipment & Systems	570,394	355,679	459,048	103,369	29.1%	413,169	(45,879)	-10.0%
Operating Supplies	344,470	317,658	349,722	32,064	10.1%	345,741	(3,982)	-1.1%
Insurance	1,066,326	1,020,000	872,318	(147,682)	-14.5%	1,237,234	364,916	41.8%
Employee Development & Support	1,040,787	1,120,966	1,186,464	65,498	5.8%	1,178,615	(7,849)	-0.7%
Business Development	2,275,312	2,340,378	3,584,933	1,244,555	53.2%	2,148,533	(1,436,400)	-40.1%
Equipment Rentals & Repairs	1,327,158	1,678,046	2,261,650	583,604	34.8%	2,150,688	(110,962)	-4.9%
Total Operating Expenses before depreciation & amortization	**117,841,466**	**119,033,970**	**127,306,324**	**8,272,354**	**6.9%**	**132,391,173**	**5,084,848**	**4.0%**
Income from Operations before depreciation & amortization	**26,165,385**	**33,566,231**	**46,780,449**	**13,214,219**	**39.4%**	**55,941,577**	**9,161,127**	**19.6%**
Nonoperating Revenue/(Expense)								
Passenger Facility Charges	33,997,963	33,741,700	33,624,500	(117,200)	-0.3%	35,105,500	1,481,000	4.4%
Customer Facility Charges	10,986,467	10,553,192	16,422,631	5,869,439	55.6%	24,911,428	8,488,796	51.7%
Quieter Home Program (Net) and Joint Studies	(3,487,760)	(3,184,548)	(3,107,895)	76,653	-2.4%	(3,107,996)	(101)	0.0%
BAB Interest Rebate	3,691,431	4,995,921	4,995,921	-	0.0%	4,995,921	-	0.0%
Interest Income	6,408,131	5,338,136	5,204,219	(133,917)	-2.5%	5,809,121	604,902	11.6%
Interest Expense	(8,084,333)	(12,242,626)	(43,230,309)	(30,987,683)	253.1%	(65,309,529)	(22,079,220)	51.1%
Bond Amortization Costs	851,203	649,542	1,002,229	352,687	54.3%	909,798	(92,431)	-9.2%
Other Nonoperating Income/(Expenses)	(92,930)	(20,000)	(20,000)	-	0.0%	(20,000)	-	0.0%
Total Other Nonoperating Revenue, net	**44,270,171**	**39,831,317**	**14,891,297**	**(24,940,020)**	**-62.6%**	**3,294,243**	**(11,597,054)**	**-77.9%**
Income before capital grant contributions	**70,435,555**	**73,397,547**	**61,671,746**	**(11,725,801)**	**-16.0%**	**59,235,819**	**(2,435,927)**	**-3.9%**
Capital Grant Contributions	26,355,351	19,907,452	14,302,254	(5,605,198)	-28.2%	8,373,181	(5,929,073)	-41.5%
Net Income before depreciation, principal & capital outlay	**$ 96,790,907**	**$ 93,305,000**	**$ 75,974,000**	**$ (17,331,000)**	**-18.6%**	**$ 67,609,000**	**$ (8,365,000)**	**-11.0%**

Total operating revenues for FY 2013 are budgeted at $174,086,774, an increase of $21,486,574 (14.1%) over the FY 2012 Budget. This revenue reflects two sources: 1) airline revenue of $89,962,600 and 2) non-airline revenue of $84,124,174. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2014 operating revenues are budgeted at $188,332,749, an increase of $14,245,975 (8.2%), of which $97,485,700 represents airline revenue and $90,847,049 is from non-airline revenue.

Total FY 2013 airline revenue reflects an increase of $16,917,800 (23.2%), as compared to the FY 2012 Budget. This result is mostly driven by higher building rentals of $11,433,200 and increased security surcharge costs of $3,897,500, both reflecting increased net terminal operating costs and an increase in the percentage costs allocated to the airlines. In addition, the increase is driven by higher landing fee revenues of $1,317,800 and aircraft parking fees of $269,300, both reflect higher net airfield expenses. Total FY 2014 airline revenue is budgeted to increase by $7,523,100 (8.4%) compared to FY 2013 reflecting higher building Operation and Maintenance (O&M) costs and increased security surcharge costs.

Total FY 2013 non-airline revenue projects a net increase of $4,568,774 (5.7%) from the FY 2012 Budget. This is primarily driven by a $1,878,700 budgeted increase in rental car license fee revenues reflecting stronger gross revenues per passenger, an increase in ground rental revenues of $1,355,968 due to a new fixed base operator (FBO) agreement and an increase in terminal concession revenues of $1,291,238 due to reimbursement from concessionaires for certain operating expenses incurred by the Authority on their behalf as well as additional storage area revenues. These increases are partially offset by a $1,014,852 decrease in parking revenue reflecting the impact of Airport construction on parking availability.

Total FY 2014 non-airline revenue is budgeted to increase by $6,722,875 (8.0%) compared to FY 2013. This increase reflects several factors including the fourth year of the ground transportation management cost recovery increase from 75% to 100%, increased concession revenues due to concessionaire reimbursement, storage revenues, increased passenger traffic and stronger gross sales per passenger as a result of the Concession Development Program (CDP). In addition, the budget reflects higher parking revenue resulting from the full completion of the Terminal 2 parking lot and higher car rental revenues reflecting stronger gross revenues per passenger.

The divisional and departmental operating expense budgets of $127,306,324, which address the Authority's overall strategies, priorities, and mandated obligations, reflect an increase of $8,272,354 (6.9%) in the Authority's FY 2013 operating expense budget from the FY 2012 Budget. FY 2014 operating expenses are projected to increase by $5,084,848 (4.0%) over the FY 2013 Budget.

The FY 2013 net increases are driven by a variety of factors. Salaries and Wages including overtime are projected to increase compared to the FY 2012 Budget by $1,114,868 (3.9%), which reflects a net increase of nine (9) authorized and funded positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to decrease by $532,708 (-3.4%), reflecting lower retirement benefit costs due to a decrease in the required retirement contribution rate and lower short-term disability and workers' compensation insurance costs. These combined factors, together with lower capitalized labor expenses, resulted in a net increase of $1,026,271 (2.7%) in the FY 2013 Budget from the FY 2012 Budget. A projected net increase in Contractual Services of $2,208,039 (8.1%), reflect CRDC operator costs for 7 months, increased environmental consultant costs due to environmental regulatory requirements, increased waste removal and cleaning costs associated with the new terminal facilities under construction and CDP, and Ramp Control Facility services costs for 4.5 months. These increases are partially offset by decreases in parking and shuttle management contract costs and management consulting expenses. Safety and Security costs are projected to increase by $1,558,128 (7.5%) over the FY 2012 Budget mostly reflecting an increase in budgeted Harbor Police costs. FY 2013 Utilities costs are projected to increase by $1,086,560 (16.3%) reflecting additional facilities under construction and anticipated rate increases. FY 2013 Business Development expenses are projected to increase by $1,244,555 (53.2%) over the FY 2012 Budget reflecting an increase in domestic and international air service marketing costs, and public outreach and marketing costs associated with the Green Build Program. FY 2014 operating expense increases reflect a net increase of nine (9) authorized and funded positions and scheduled increases in salaries and benefits. In addition, these increases are driven by contractual services, safety and security costs, and utilities and maintenance costs associated with the new terminal facilities being placed into operation. These increases are partially offset by decreases in space rental and business development costs.

FY 2013 non-operating revenue/(expense) is projected to decrease by $24,940,020 (-62.6%) from the FY 2012 Budget. This decrease is primarily driven by an increase in interest expense of $30,987,683 (253.1%). It is partially offset by increased Customer Facility Charges (CFC) of $5,869,439 (55.6%) associated with an anticipated change in the collection methodology from a per transaction fee to a per day fee in accordance with state legislation. FY 2014 non-operating revenue/(expense) is budgeted to decrease by $11,597,054 (-77.9%) reflecting an increase in interest expense of $22,079,220. This is offset by increased CFCs of $8,488,796 (51.7%) associated with increased passenger traffic as well as the anticipated change in collection methodology described above. In addition, Passenger Facility Charges (PFCs) increased by $1,481,000 (4.4%).

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital improvement projects. The FY 2013 capital grant contributions decrease of $5,605,198 (-28.2%) is due to certain grant funded projects coming to completion, predominantly baggage handling system funded by the Transportation Security Administration (TSA). FY 2014 capital grant contributions are budgeted to decrease by $5,929,073 (-41.5%) due to completion of all prior-year grant projects of $14.3M offset by new grant revenue of $8.4M.

Projected Fund Balance

The Authority has one fund with many revenue sources. The Authority's fund balance statement projects that FY 2013 cash and investments will increase by $172,923,263 to $605,666,912 versus the FY 2012 Reforecast of $432,743,650. This increase of 40.0% is mostly due to a significant increase in funds from the anticipated FY 2013 sale of long-term debt to fund capital projects. FY 2014 cash and investments are projected to decrease by $86,820,290 (-16.7%) to $518,846,622 due to usage of bond funds for capital projects. A detailed fund statement is provided in the section titled ***Budget Overview: Projected Fund Balance***.

Capital Program

The Airport Master Plan for SDIA approved by the Board in May 2008 (the "Master Plan") was developed to address requirements for accommodating near-term passenger growth at SDIA through 2015 and to consider conceptual improvements through 2030. The Master Plan identified several near-term improvement needs for SDIA, including, among others, additional terminal space, south-side aircraft remain-over-night parking positions, roadway access improvements and ground transportation facilities improvements to meet the forecasted demand of increased passenger traffic at SDIA.

In 2009, the Board authorized the design, construction, and funding of the Green Build Program to implement these near-term improvements at SDIA. With an estimated cost of approximately $865 million, the proposed facility improvements under the Green Build Program include, among other improvements:

A. Ten new gates to reduce terminal congestion and provide expanded, more comfortable passenger waiting areas.
B. Enhanced curbside check-in, allowing passengers to print boarding passes, check baggage and view gate information at an easy-to-use curbside kiosk before entering the terminal.

C. Dual-level roadway to relieve curb-front traffic congestion by separating arriving and departing passengers.
D. More security lanes to improve flow of passengers through the terminal.
E. Expanded concession area providing more dining and shopping options.

In addition to the Green Build Program, the Authority maintains a five year Capital Improvement Program (CIP) that is intended to address critical improvements and asset preservation of SDIA. The Authority's current CIP includes projects that are to be undertaken at SDIA between FY 2013 and FY 2017 at an estimated cost of approximately $596 million. Together, the Green Build Program and CIP comprise the Authority's Capital Program.

Anticipated funding sources for the projects in the Capital Program include AIP and TSA grants, PFCs, CFCs (including CFC backed special facility bonds), airport operating revenues, airport revenue bonds and short-term borrowing using commercial paper. The amounts below exclude estimated revenue bond finance costs of approximately $120.5 million.

Sources of Funds	
Revenue Bonds	$ 856,051,075
CFCs	293,050,000
Federal Grants	147,801,208
PFCs	147,425,531
Authority Funds	16,368,498
Total Sources of Funds	**$ 1,460,696,311**

Use of Funds	
Green Build Program	$864,612,668
CIP 2013 – 2017	596,083,643
Total Use of Funds	**$1,460,696,311**

Capital expenditures include any expenditure over $5,000 with a useful life of at least one year. Projected FY 2013 Capital Program expenditures total $429,929,712. 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 expires June 30, 2013. The Authority currently recovers almost 100% of its airfield costs through the landing fees and other aviation charges. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely, which are in short supply. The aircraft parking fee is projected to recover approximately 13.2% of airfield costs in FY 2013 and in FY 2014.

Terminal rental revenues reflect the current airline use and lease agreement methodology for recovery of terminal building costs allocated to airline occupied facilities. FY 2013 is the final year of phasing in larger portions of terminal costs to the airlines. The FY 2013 terminal rental rate of $134.69 per square foot reflects the fully loaded cost to the airlines. The following table sets forth historical and projected landing fees, aircraft parking rate per position, terminal rental rates and costs per enplaned passenger for FY 2011 through FY 2014:

	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Conceptual Budget
Landing Fee[1]	$ 1.78	$ 1.89	$ 1.96	$ 1.94
Aircraft Parking per Position [2]	$ 56,521	$ 59,423	$ 62,262	$ 60,424
Terminal Rental Rate[3]	$ 84.13	$ 99.81	$ 134.69	$ 124.39
Airline Cost / Enplaned Passenger	$ 7.54	$ 8.32	$ 10.34	$ 11.06

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

Figure 7 – Airline Fees and Charges

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

Outstanding Debt

The Authority's outstanding long-term debt will consist of $34,530,000 of revenue refunding bonds, Series 2005 (Series 2005 Bonds) and $570,870,000 of subordinate airport revenue bonds, Series 2010 (Series 2010 Bonds) as of July 1, 2012. 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 8. For FY 2013, debt service coverage on aggregate debt is projected to be 2.40x and 1.57x for FY 2014.

The Authority's outstanding short-term debt will consist of $20,729,000 of Series B (AMT) commercial paper as of July 1, 2012. The authorized commercial paper program provides for borrowings up to $250,000,000 through September 1, 2027 and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2005 Bonds. Each series of notes is additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc, which expires on September 10, 2014. Each commercial paper note matures at the end of a period not to exceed 270 days and can be continually rolled into another issuance until the earlier of September 10, 2014, or five days prior to the date on which no letter of credit secures the commercial paper notes. At that time, the total outstanding principal becomes due. The commercial paper notes require that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations, including the commercial paper notes, for that year.

The Authority is anticipating selling additional debt in FY 2013 to fund the capital program. The FY 2013 Budget assumes an additional bond sale of approximately $514 million; however, the exact amount and timing will continue to be evaluated. The following table shows debt service coverage on aggregate, senior and subordinate lien debt. The subordinate lien debt includes Series 2010 Bonds and commercial paper.

	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget	FY 2014 Conceptual Budget
Aggregate Debt Service Coverage (x)	2.60	2.29	2.40	1.57
Senior Lien Debt Service Coverage (x)	6.64	8.06	10.49	3.05
Subordinate Lien Debt Service Coverage (x)	3.63	2.79	2.82	2.18

Figure 8 – Debt Service Coverage

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 Authority's long-term strategies and initiatives. At the same time, division managers and staff develop programs, plans, and objectives for the next fiscal year. From October–January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to balance divisional requirements with the Authority's overall strategic goals. The Authority Board is 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 Financial Planning and Budget staff reviews the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's 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 Financial Planning & Budget, Human Resources, Purchasing, Information Technology, and Facility Development departments analyze the requests and determine the cost impact where appropriate. Meetings are held with each division to review their budget requests.

To ensure that the budget is funded adequately and to maintain the Authority's strong financial condition, the Finance Division prepares a revenue budget that incorporates budget expenditure requests into the rate-setting formula to determine projected rates, fees, and charges to the airlines and other tenants. The Board adopts the budget as a whole. It may be amended as required with Board approval at any time during the year.

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

Figure 9 – SDCRAA Budget Calendar

Conclusion

Every effort has been made to ensure that the FY 2013 Budget and the FY 2014 Conceptual Budget reflect the priorities of the Authority's Board, and meets all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its strategies & initiatives in the coming fiscal year and provides for the continued operation of SDIA while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,

Thella F. Bowens

President/Chief Executive Officer

Vernon D. Evans, CPA

Treasurer/Chief Financial Officer

Seventh Consecutive Award of the GFOA Distinguished Budget Presentation Award

The Authority received its seventh 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, 2011. 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*

Jim Panknin, Vice Chair*

Bruce R. Boland

Supervisor Greg Cox*

Mayor Jim Desmond

Lloyd B. Hubbs

Paul Robinson

Tom Smisek

Councilman Anthony K. Young

Ex- Officio Members

Laurie Berman

Pedro Reyes

Colonel Frank R. Richie

*Executive Committee

Executive Management Team*

Thella F. Bowens
President / CEO

Brent Buma
Vice President
Marketing & Communications Division

Bryan Enarson
Vice President
Development Division

Breton K. Lobner
General Counsel

Jeffrey Woodson
Vice President
Administration Division

Mark Burchyett
Chief Auditor

Vernon D. Evans
Vice President
Finance Division

Angela Shafer-Payne
Vice President
Planning & Operations Division

*As of June 7, 2012

Director Staff*

Murray Bauer
Director
Landside Operations

David Boenitz
Director
Business Planning

Scott Brickner
Director
Financial Planning & Budget

Hampton Brown
Director
Air Services Development

David Brush
Director
Terminal Development Program (TDP)

George Condon
Director
Airside Operations, Aviation Security & Public Safety and Ground Transportation

Dan Frazee
Director
Airport Noise Mitigation

Iraj Ghaemi
Director
Facilities Development

Amy Gonzalez
Director
General Counsel

Matt Harris
Senior Director
Executive Office

Wayne Harvey
Director
Facilities Maintenance

Kathy Kiefer
Director
Accounting

Howard Kourik, Jr.
Director
Information Technology

Mike Kulis
Director
Inter-Governmental Relations

Richard Kwiatkowski
Director
Marketing

Troy Ann Leech
Director
Aviation & Commercial Business

Jeffrey Lindeman
Senior Director
Human Resources

Diana Lucero
Director
Public Relations

Paul Manasjan
Director
Environmental Affairs

Tony Russell
Director / Authority Clerk
Corporate Services

Bob Silvas
Director
Small Business Development

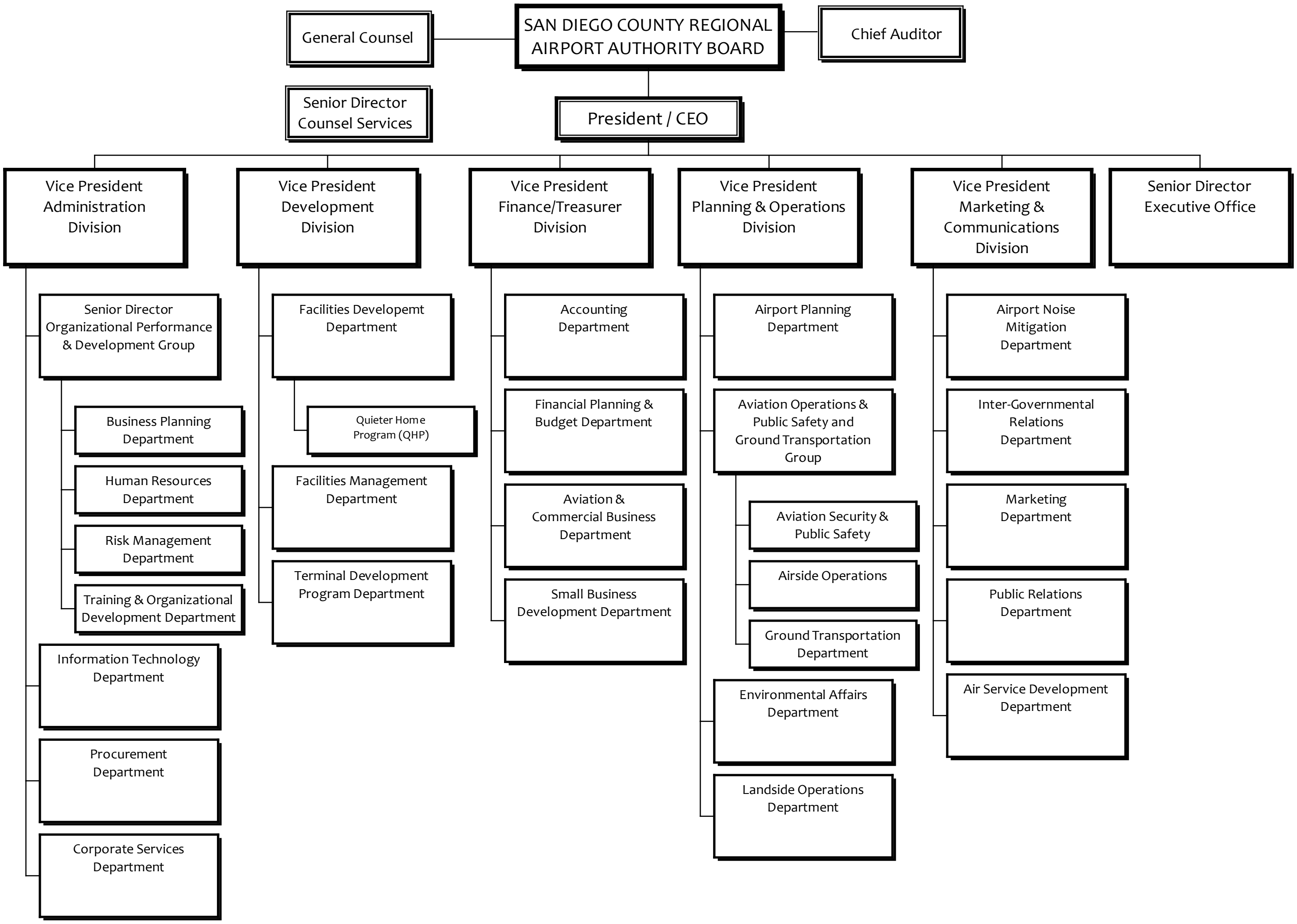
Jana Vargas
Director
Procurement

Keith Wilschetz
Director
Airport Planning

Diann Wilson
Director
Training and Organizational Development

*As of June 7, 2012

SDCRAA Organizational Structure*



*As of June 7, 2012

Organizational Strategies & Initiatives

During FY 2012, the Authority refocused its strategies and initiatives, which are the guiding principles used for the allocation of scarce and restricted resources to SDIA programs as part of the budget process.

STRATEGIES			VALUES OF SUSTAINABILITY	
1	Financial Strategy	Enhance the financial position of the Authority	E	Economic Viability
2	Customer Strategy	Achieve the highest level of internal and external customer satisfaction	O	Operational Excellence
3	Operations Strategy	Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner	N	Natural Resource Conservation
4	Employee Strategy	Ensure the highest level of employee satisfaction	S	Social Responsibility
5	Community Strategy	Be a trusted and highly responsive regional agency		

Figure 10 –Authority Strategies & Sustainability Values

1. Financial Strategy: Enhance the financial position of the Airport Authority

- Identify and acquire new, diversified, or enhanced revenue sources (e.g. new air service, enhanced concessions, parking revenue optimization).
- Implement prudent and effective cost containment measures.
- Identify, analyze, and execute investment opportunities to optimize Authority assets using business case and alternative analysis.
- Promote and preserve Authority credibility and stakeholder confidence through prudent but progressive financial, accounting, and business practices.

2. Customer Strategy: Achieve the highest level of internal and external customer satisfaction

- Identify opportunities to raise levels of passenger satisfaction.
- Identify opportunities to raise levels of tenant satisfaction.
- Provide, as part of The Green Build, state-of-the-art passenger processing facilities and increased concession offerings to enhance customer travel experience.

3. **Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner**
   - Maintain a safe, secure, and aesthetically pleasing environment.
   - Partner with local & federal law enforcement and security agencies.
   - Provide air transportation infrastructure for the region.
   - Work with appropriate regulatory agencies (FAA, TSA) to follow-up on lessons learned from tabletop/full-scale exercise or industry best practices to address areas for improvement.
   - Work with FAA to finalize design and implement Runway 09 ILS approach project.
   - Implement "total cost of ownership" philosophy into all Authority facility and infrastructure programs.

4. **Employee Strategy: Ensure the highest level of employee satisfaction**
   - Enhance recruitment processes and results.
   - Establish training programs to ensure employee growth and development and shape organization culture.
   - Ensure opportunities for employee engagement.

5. **Community Strategy: Be a trusted and highly responsive regional agency**
   - Raise public awareness about Airport Authority initiatives.
   - Enhance relationships with regional leadership.
   - Elicit meaningful, two-way participation from the public on Airport Authority initiatives.

Sustainability Values & Strategies

Purpose

The purpose of the policy statement of the Board of Directors of the San Diego County Regional Airport Authority is to underscore its commitment to a sustainable future for the airport, the Authority, and the region.

Policy Statement

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

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

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

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

Overview of Financial Policies and Guidelines

Overview of Financial Policies and Guidelines

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

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

All Authority codes and policies can be accessed on the Authority website at:
http://www.san.org/sdcraa/about_us/codes_policies.aspx

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

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

Interim Financial Reporting – The Authority 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 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, a present value savings of three percent (3%) over the life of the respective issue must be attainable. The Authority will only issue long-term debt if it meets the required covenants of the outstanding bond indenture including the additional bonds test and reserve requirements.

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

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

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

The adopted policy provides for the following:

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

7. Allows the Board the flexibility to change the policy in the future in response to market conditions, new products, or other factors.

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

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

The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long–term investments, the O&M Reserve, the O&M Subaccount Reserve, and the Renewal and Replacement Reserve) shall be at least 365 days of budgeted operating and maintenance expenses for the current fiscal year.

		FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		FY 2012 Projected
Unrestricted & Undesignated Cash & Available Funds ('000)	$	68,841	$	79,041	$	68,242	$	105,997	$	106,366	$	110,139
Unrestricted & Designated for Specific Capital Projects & Other Commitments		16,154		9,471		6,151		20,896		8,149		10,013
O&M and R&R Reserves		44,797		49,988		47,303		45,708		45,098		47,829
Total Unrestricted & Available Funds per Board Policy	**$**	**129,793**	**$**	**138,500**	**$**	**121,696**	**$**	**172,600**	**$**	**159,613**	**$**	**167,981**
Operating Expenses	**$**	**104,551**	**$**	**113,985**	**$**	**115,278**	**$**	**117,288**	**$**	**117,841**	**$**	**118,823**
Days Cash on Hand		**453**		**444**		**385**		**537**		**494**		**516**

Figure 11 – FY 2007 to FY 2012 Projected Historical Liquidity

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

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

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

Budget Overview: Expenses

FY 2013 Budget – FY 2014 Conceptual Budget Expense Comparison

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 27,240,220	$ 27,958,951	$ 29,065,129	$ 1,106,178	4.0%	$ 30,493,923	$ 1,428,795	4.9%
Premium Overtime	834,219	809,810	818,500	8,690	1.1%	768,500	(50,000)	-6.1%
Employee Benefits	14,809,504	15,730,912	15,198,203	(532,708)	-3.4%	16,445,506	1,247,303	8.2%
Subtotal	42,883,943	44,499,673	45,081,832	582,159	1.3%	47,707,930	2,626,098	5.8%
Less: Capitalized Labor	*(3,737,372)*	*(5,392,908)*	*(4,958,440)*	*434,468*	*-8.1%*	*(4,605,767)*	*352,673*	*-7.1%*
Less: QHP - Labor/Burden/Labor Overhead	*(880,093)*	*(718,409)*	*(708,766)*	*9,643*	*-1.3%*	*(748,501)*	*(39,735)*	*5.6%*
Total Personnel Expenses	**38,266,479**	**38,388,355**	**39,414,626**	**1,026,271**	**2.7%**	**42,353,662**	**2,939,036**	**7.5%**
Non-Personnel Expenses								
Contractual Services	26,112,942	27,157,202	29,365,241	2,208,039	8.1%	31,090,921	1,725,680	5.9%
Safety and Security	21,343,967	20,850,032	22,408,160	1,558,128	7.5%	23,445,356	1,037,196	4.6%
Space Rental	10,906,405	11,416,345	11,416,345	-	0.0%	10,381,960	(1,034,385)	-9.1%
Utilities	6,413,205	6,666,515	7,753,075	1,086,560	16.3%	8,643,075	890,000	11.5%
Maintenance	8,174,021	7,722,794	8,234,743	511,949	6.6%	9,002,220	767,477	9.3%
Operating Equipment & Systems	570,394	355,679	459,048	103,369	29.1%	413,169	(45,879)	-10.0%
Operating Supplies	344,470	317,658	349,722	32,064	10.1%	345,741	(3,982)	-1.1%
Insurance	1,066,326	1,020,000	872,318	(147,682)	-14.5%	1,237,234	364,916	41.8%
Employee Programs	1,040,787	1,120,966	1,186,464	65,498	5.8%	1,178,615	(7,849)	-0.7%
Business Development	2,275,312	2,340,378	3,584,933	1,244,555	53.2%	2,148,533	(1,436,400)	-40.1%
Equipment Rentals & Repairs	1,327,158	1,678,046	2,261,650	583,604	34.8%	2,150,688	(110,962)	-4.9%
Total Non-Personnel Expenses	**79,574,987**	**80,645,615**	**87,891,698**	**7,246,083**	**9.0%**	**90,037,511**	**2,145,813**	**2.4%**
Total Operating Expenses	**117,841,466**	**119,033,970**	**127,306,324**	**8,272,354**	**6.9%**	**132,391,173**	**5,084,849**	**4.0%**
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	17,899,686	15,264,946	15,181,596	(83,350)	-0.5%	15,182,096	500	0.0%
Debt Service	11,958,130	16,783,084	47,643,080	30,859,996	183.9%	74,934,731	27,291,651	57.3%
Legal Settlements Expense	100,229	20,000	20,000	-	0.0%	20,000	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	**29,958,045**	**32,068,030**	**62,844,676**	**30,776,646**	**96.0%**	**90,136,827**	**27,292,151**	**43.4%**
Total Expenses	**147,799,511**	**151,102,000**	**190,151,000**	**39,049,000**	**25.8%**	**222,528,000**	**32,377,000**	**17.0%**
Equipment Outlay	**975,865**	**198,000**	**1,382,000**	**1,184,000**	**598.0%**	**110,000**	**(1,272,000)**	**-92.0%**
Total Authority Expenses incl Equip Outlay	**$ 148,775,376**	**$ 151,300,000**	**$ 191,533,000**	**$ 40,233,000**	**26.6%**	**$ 222,638,000**	**$ 31,105,000**	**16.2%**

FY 2013 Budget – FY 2014 Conceptual Budget Expense Comparison (cont.)

FY 2013 Budget vs. FY 2012 Budget Expense Comparison

FY 2013 Budget Total Increase
$ 40,233,000 or 26.6%

- Increase in Debt Service, QHP and Equipment Outlay
  $ 31,960,646
  21.1%
- Increase in Green Build, Concessions Development Program, and North Side Development
  $ 4,715,605
  3.1%
- Increase in General Activity Operating Expenses
  $ 3,556,749
  2.4%

Figure 12 – FY 2013 vs. FY 2012 Budget Expense Comparison

FY 2014 Conceptual Budget vs. FY 2013 Budget Expense Comparison

FY 2014 Conceptual Budget Total Increase
$ 31,105,000 or 16.2%

- Increase in Debt Service, QHP, and Equipment Outlay
  $ 26,020,151
  13.6%
- Increase in Green Build, Concessions Development Program, and North Side Development
  $ 5,581,420
  2.9%
- Decrease in General Activity Operating Expenses
  ($ 496,571)
  (0.3%)

Figure 13 – FY 2014 vs. FY 2013 Budget Expense Comparison

Major Drivers of FY 2013 Budget Increase / Decrease

	Inc / (Dec) FY2013 Budget vs FY12 Budget
FY 2012 Budget	**$ 151,300,000**
Personnel:	
Contracted wage increases and pay-for-performance	752,454
4 New & 8 Unfrozen positions (salaries, benefits & employer taxes)	715,197
3 Eliminated positions (salaries, benefits & employer taxes)	(445,532)
Capitalized labor / QHP - labor, burden, labor overhead decrease	444,112
Decrease in burden (benefits & employer taxes) and salary adjustments net of vacancy savings for current staff	(439,959)
Total increase in salaries and benefits, net	**1,026,271**
Non Personnel:	
Green Build:	
Increase in utilities (gas & electric, water, telephone services) costs	908,500
Increase in Airport custodial contract costs	600,000
Increase in annual maintenance contract and other supplies costs	675,000
Increase in public outreach, marketing, promotional activities and materials costs	649,750
Increase in Ramp Control Facility professional services costs	245,600
Increase in terminal operation costs	233,400
Increase other (net)	197,004
Concession Development Program:	
Central Receiving & Distribution Center (CRDC) operator costs	869,108
Increase in Airport custodial contract and maintenance supplies costs	261,750
Capitalized on-call tenant improvement support costs and other outside consultant costs for Concession Development Program	(341,667)
Increase other (net)	35,000
Safety and Security:	
Increase in law enforcement costs - Harbor Police department	1,350,670
Increase in Aircraft Rescue Fire Fight (ARFF), Emergency Medical Services (EMS), and contract security services costs	207,458
Terminal and Landside (Operations & Maintenance):	
Increase in Tenant Improvement Program costs	316,800
Increase in utility (gas & electric, water, telephone services) and Airport custodial contract costs	241,007
Decrease in major maintenance repair project, annual maintenance contract and other supplies costs	(229,801)

Major Drivers of FY 2013 Budget Increase / Decrease (Cont.)

	Inc / (Dec) FY2013 Budget vs FY12 Budget
Other Operating Expenses:	
Increase in environmental costs due to environmental regulatory requirements	547,659
Increase in public outreach, marketing, promotional activities and materials costs	312,778
Increase in domestic & international air service marketing costs	265,000
Increase in organizational performance outside consultant and benefits broker fee costs	176,500
Alternative Fuel Vehicle incentive costs	188,094
Decrease in Automated Vehicle Identification (AVI) outside consultant costs	(150,000)
Decrease in insurance costs	(189,436)
Decrease other (net)	(124,091)
Total Increase in Non-Personnel Operating expenses, net	**7,246,084**
Total Increase in Operating expenses	**8,272,355**
Debt Service:	
Increase in debt service costs	30,859,995
Other Non-Operating Expenses:	
Other (net)	(83,350)
Total Increase in Non-Operating expenses	**30,776,645**
Equipment Outlay:	
Increase in equipment outlay costs	594,000
Increase in Green Build Program equipment outlay (Ramp Control Facilities,etc.) costs	590,000
Total Increase	**40,233,000**
FY 2013 Budget	**$ 191,533,000**

Major Drivers of FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY2014 Budget vs FY13 Budget
FY 2013 Budget	**$ 191,533,000**
Personnel:	
Increase in burden(benefits&employer taxes) and salary adjustments net of vacancy savings for current staff	1,229,759
Contracted wage increases and pay-for-performance	882,647
10 New (salaries, benefits & employer taxes)	532,587
1 Eliminated position (salaries, benefits & employer taxes)	(18,895)
Capitalized labor / QHP - labor, burden, labor overhead decrease	312,938
Total increase in salaries and benefits, net	**2,939,036**
Non Personnel:	
Green Build:	
Increase in utilities (gas & electric, water, telephone services) costs	958,000
Increase in annual maintenance contract and other supplies costs	868,433
Increase in contract security services costs	472,100
Increase in Ramp Control Facility professional services costs	423,363
Increase in purchase of Authority-wide IT related operating equipment & systems and repair costs	228,000
Increase in insurance costs	159,100
Decrease in public outreach, marketing, promotional activities and materials costs	(350,250)
Increase other (net)	124,200
Concession Development Program:	
Increase in Central Receiving & Distribution Center (CRDC) operator costs	620,792
Increase in Airport custodial contract and maintenance supplies costs	724,250
Increase other (net)	75,000
Safety and Security:	
Increase in law enforcement costs - Harbor Police department	387,400
Increase in Aircraft Rescue Fire Fight (ARFF), Emergency Medical Services (EMS), and contract security services costs	177,696
Terminal and Landside (Operations & Maintenance):	
Increase in parking and shuttles operating costs	614,359
Decrease in Tenant Improvement Program costs	(151,900)
Decrease in major maintenance repair project, annual maintenance contract and other supplies costs	(217,206)
Decrease in space rental costs	(1,034,385)

Major Drivers of FY 2014 Conceptual Budget Increase / Decrease (Cont.)

	Inc / (Dec) FY2014 Budget vs FY13 Budget
Other Operating Expenses:	
Increase in insurance costs	205,816
Decrease in legal services costs	(200,000)
Decrease in organizational performance outside consultant costs	(211,500)
Decrease in environmental costs due to environmental regulatory requirements	(459,500)
Decrease in public outreach, marketing, promotional activities and materials costs	(514,100)
Decrease in domestic & international air service marketing costs	(565,000)
Decrease other (net)	(188,855)
Total Increase in Non-Personnel Operating expenses, net	**2,145,812**
Total Increase in Operating expenses	**5,084,849**
Debt Service:	
Increase in debt service costs	27,291,651
Other Non-Operating Expenses:	
Other (net)	500
Total Increase in Non-Operating expenses	**27,292,151**
Equipment Outlay:	
Decrease in equipment outlay costs	(682,000)
Decrease in Green Build Program equipment outlay (Ramp Control Facilities and etc.) costs	(590,000)
Total Increase	**31,105,000**
FY 2014 Conceptual Budget	**$ 222,638,000**

Overview

In FY 2013, SDCRAA Total Expenses, including debt service and equipment outlay, are projected to increase to $191,533,000 from $151,300,000 in the FY 2012 Budget. This represents an increase of $40,233,000 (26.6%). The FY 2014 conceptual budget contemplates Total Expenses increasing to $222,638,000. This represents an increase of $31,105,000 (16.2%).

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). Fringe benefits include payroll taxes, retirement, health insurance, workers' compensation insurance, unemployment insurance, life insurance, and short-term disability insurance.

In FY 2013, Salaries & Wages including overtime are projected to increase by $1,114,868 from the FY 2012 Budget reflecting a net increase of nine (9) authorized and funded positions, wage & salary increases required under union contract agreements and pay-for-performance increases for non-union employees. This increase was partially offset by a projected $532,708 decrease in employee benefits from the FY 2012 Budget reflecting lower retirement benefit costs due to decreased actuarial rate of required retirement contribution, lower short-term disability and workers' compensation insurance costs. These lower costs partially offset increased health benefit costs. These combined factors, together with lower capitalized labor expenses, resulted in a net increase of $1,026,271 (2.7%) in the FY 2013 Budget from the FY 2012 Budget.

In FY 2014, Salaries and Wages including overtime are projected to increase by $1,378,795 reflecting a net increase of nine (9) authorized and funded positions, wage & salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by $1,247,303 (8.2%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with lower capitalized labor expenses, are projected to result in a net increase of $2,939,036 (7.5%) in FY 2014.

Non-Personnel Expenses

Contractual Services

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

In FY 2013, Contractual Services are budgeted to have a net increase of $2,208,039 (8.1%) from the FY 2012 Budget reflecting CRDC operator costs for 7 months, increased environmental consultant costs due to environmental regulatory requirements, increased waste removal and cleaning costs associated with the new terminal facilities under construction and CDP, and Ramp Control Facility services costs for 4.5 months. These increases are partially offset by decreases in parking and shuttle management contract costs and management consulting expenses.

In FY 2014, Contractual Services are budgeted to increase by $1,725,680 (5.9%) from the FY 2013 Budget reflecting CRDC operator costs for a full year, Ramp Control Facility professional services costs for the full year and increase in parking and shuttle management contract costs.

Safety and Security

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

In FY 2013, Safety and Security costs are projected to increase by $1,558,128 (7.5%) over the FY 2012 Budget. The majority of this increase reflects an increase in budgeted Harbor Police costs.

FY 2014 Safety and Security costs are projected to increase by $1,037,196 (4.6%) over the FY 2013 Budget. The majority of this increase reflects an increase in budgeted Harbor Police costs.

Space Rental

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

FY 2013 Space Rental costs are projected to remain flat comparing to FY 2012 Budget.

FY 2014 Space Rental costs are projected to decrease by $1,034,385 (-9.1%) over the FY 2013 Budget reflecting a termination of parking lot lease from San Diego Unified Port District.

Utilities

Utilities include gas, electric, water, and telephone costs.

FY 2013 Utilities costs are projected to increase by $1,086,560 (16.3%) from the FY 2012 Budget reflecting additional facilities under construction and anticipated rate increases.

FY 2014 Utilities costs are budgeted to increase by $890,000 (11.5%) over the FY 2013 Budget reflecting new terminal facilities coming on-line.

Maintenance

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

FY 2013 Maintenance expenses are projected to increase by $511,949 (6.6%) from the FY 2012 Budget reflecting additional facilities under construction.

FY 2014 Maintenance expenses are projected to increase by $767,477 (9.3%) reflecting new terminal facilities coming on-line.

Operating Equipment and Systems

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

FY 2013 Operating Equipment and Systems expenses are projected to increase by $103,369 (29.1%) from the FY 2012 Budget. This increase primarily reflects increases in IT related costs.

FY 2014 Operating Equipment & Systems expenses are projected to decrease by $45,879 (-10.0%) from FY 2013 Budget reflecting a decrease in Landside terminal equipment costs.

Operating Supplies

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

FY 2013 Operating Supplies expenses are projected to increase by $32,064 (10.1%) from the FY 2012 Budget.

FY 2014 Operating Supplies expenses are projected to remain almost flat to the FY 2013 Budget.

Insurance

FY 2012 Insurance expenses are projected to decrease by 147,682 (-14.5%) from the FY 2012 Budget.

FY 2014 Insurance expenses are projected to increase by $364,916 (41.8%) from the FY 2013 Budget reflecting additional new terminal facilities and insurance premiums increase.

Employee Programs

Employee Programs include recruiting expenses, staff training and development, book and periodical subscriptions, memberships in trade and professional organizations, seminars, registration fees, travel, tuition, and other staff-related expenses, such as service awards, fingerprinting, and uniforms.

FY 2013 Employee Programs expenses are projected to increase by $65,948 (5.8%) from the FY 2012 Budget.

FY 2014 Employee Programs expenses are projected to decrease slightly by $7,849 (-0.7%) over the FY 2013 Budget.

Business Development

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

FY 2013 Business Development expenses are projected to increase by $1,244,555 (53.2%) over the FY 2012 Budget reflecting an increase in domestic & international air service marketing costs, and public outreach and marketing costs associated with the Green Build program.

FY 2014 Business Development expenses are budgeted to decrease by $1,436,400 (-40.1%) over the FY 2013 Budget reflecting discontinuance of marketing and promotional activities associated with the Green Build program.

Equipment Rentals and Repairs

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

FY 2013 Equipment Rental and Repairs expenses are projected to increase by $583,604 (34.8%) over the FY 2012 Budget mainly reflecting costs associated with airline relocations.

FY 2014 Equipment Rental and Repairs expenses are projected to decrease by $110,962 (-4.9%) over the FY 2013 Budget.

Non-Operating Expenses

Joint-Studies/Sound Attenuation

The associated cost of airport facilities studies and the Quieter Home Program is expected to decrease by $83,350 (-0.5%) from the FY 2012 Budget mainly due to decreased airport studies costs. These costs are projected to remain flat in FY 2014.

Debt Service

Debt Service includes interest, letter of credit, and dealer fees on commercial paper notes, interest and principal on outstanding airport revenue bond debt, as well as trustee fees for both commercial paper and the revenue bonds.

FY 2013 Debt Service costs are projected to increase by $30,859,996 (183.9%) from the FY 2012 mostly reflecting an increase in interest payments due to a projected debt issuance in FY 2013.

In FY 2014, Debt Service costs are projected to increase by $27,291,651 (57.3%) mostly due to interest and principal payments on revenue bonds.

Equipment Outlay

Equipment Outlay includes equipment requests costing $5,000 or more with a useful life of at least one year. In FY 2013, these requests increased by $1,184,000 (598.0%) from the FY 2012 Budget primarily due to Ramp Control Facility equipment and furniture costs, automated taxi trip fee and driver badge debit system and miscellaneous security equipment.

In FY 2014, Equipment Outlay costs are budgeted to decrease by 1,272,000 (-92%) over the FY 2013 Budget.

FY 2013 Expense Budget by Division

Divisions		FY 2013 Budget
Planning & Operations	$	56,993,052
Development		38,517,864
Finance excl Debt Service		22,833,384
Debt Service Payment		47,643,080
Administration		12,631,932
Marketing & Communications		8,201,147
Executive		4,712,541
Total (1)	**$**	**191,533,000**

(1) *Divisional total may differ due to rounding*

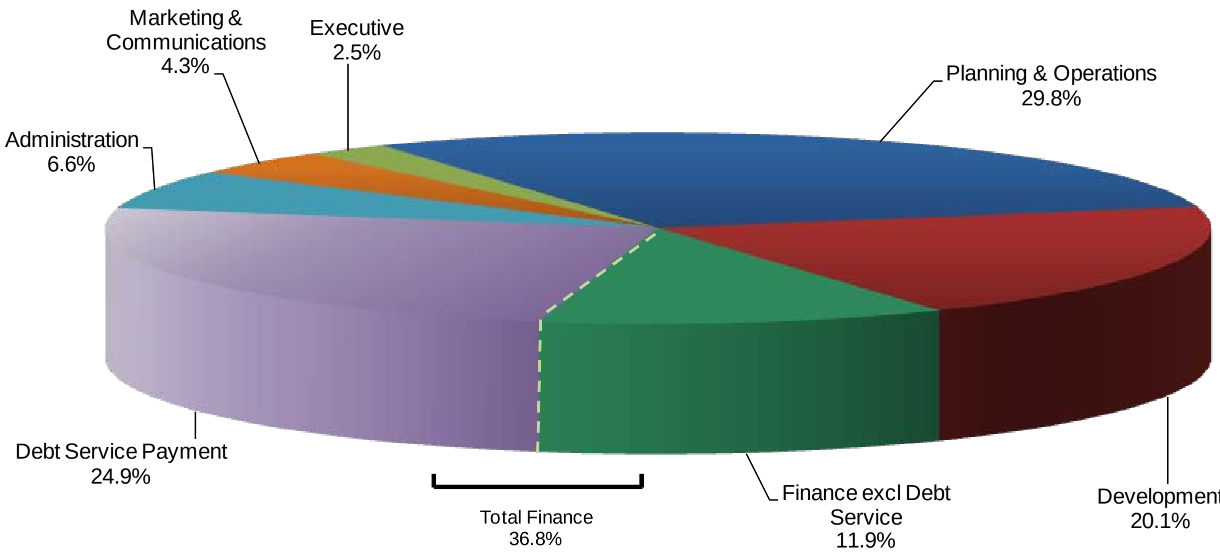


Figure 14 - FY 2013 Expense Budget by Division

FY 2014 Expense Budget by Division

Divisions	FY 2014 Conceptual Budget	
Debt Service Payment	$	74,934,731
Planning & Operations		59,735,247
Development		40,880,482
Finance excl Debt Service		21,914,566
Administration		13,428,715
Marketing & Communications		7,083,465
Executive		4,660,794
Total [1]	**$**	**222,638,000**

[1] *Divisional total may differ due to rounding*

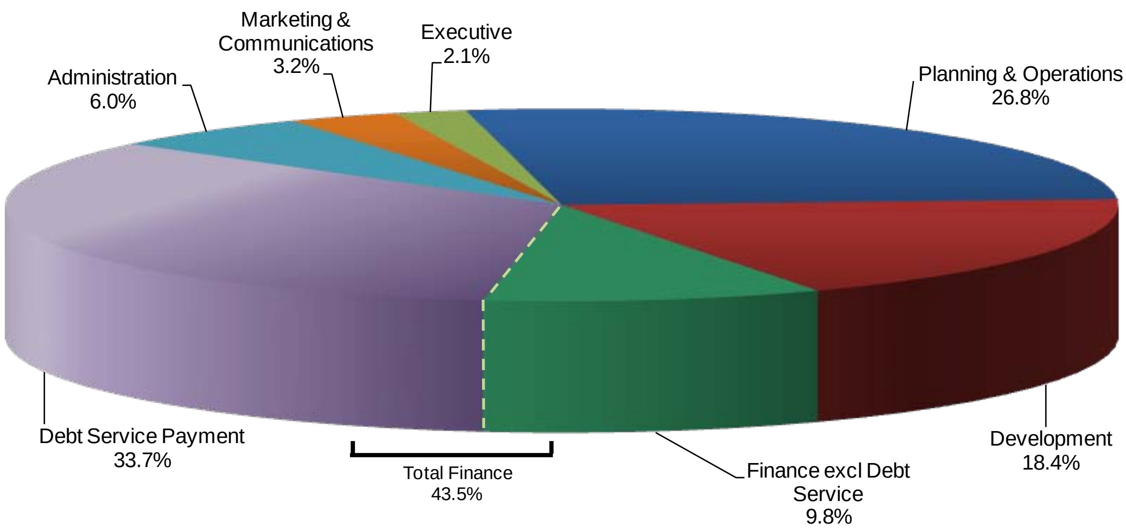


Figure 15 - FY 2014 Expense Budget by Division

FY 2013 Expense Budget by Category

Category	FY 2013 Budget
Debt Service	$ 47,643,080
Personnel Costs	39,414,626
Contractual Services	29,365,241
Safety & Security	22,408,160
Sound Attenuation Program/Legal/Misc	15,201,596
Space Rental	11,416,345
Maintenance	8,234,743
Utilities	7,753,075
Business Development	3,584,933
Equipment Rentals & Repairs	2,261,650
Operating Equipment & Systems/Equipment Outlay	1,841,048
Employee Programs	1,186,464
Insurance	872,318
Operating Supplies	349,722
Total	**$ 191,533,000**

** Category total may differ due to rounding*

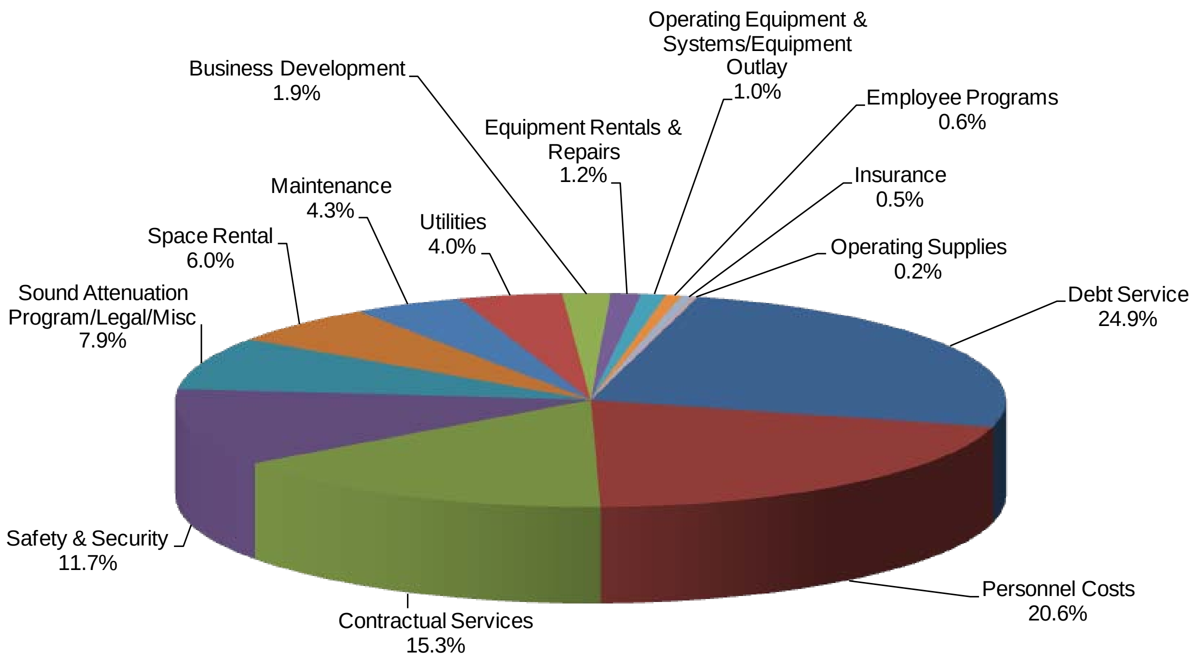


Figure 16 - FY 2013 Expense Budget by Category

FY 2014 Expense Budget by Category

Category	FY 2014 Conceptual
Debt Service	$ 74,934,731
Personnel Costs	42,353,662
Contractual Services	31,090,921
Safety & Security	23,445,356
Sound Attenuation Program/Legal/Misc	15,202,096
Space Rental	10,381,960
Maintenance	9,002,220
Utilities	8,643,075
Equipment Rentals & Repairs	2,150,688
Business Development	2,148,533
Insurance	1,237,234
Employee Programs	1,178,615
Operating Equipment & Systems/Equipment Outlay	523,169
Operating Supplies	345,741
Total	**$ 222,638,000**

** Category total may differ due to rounding*

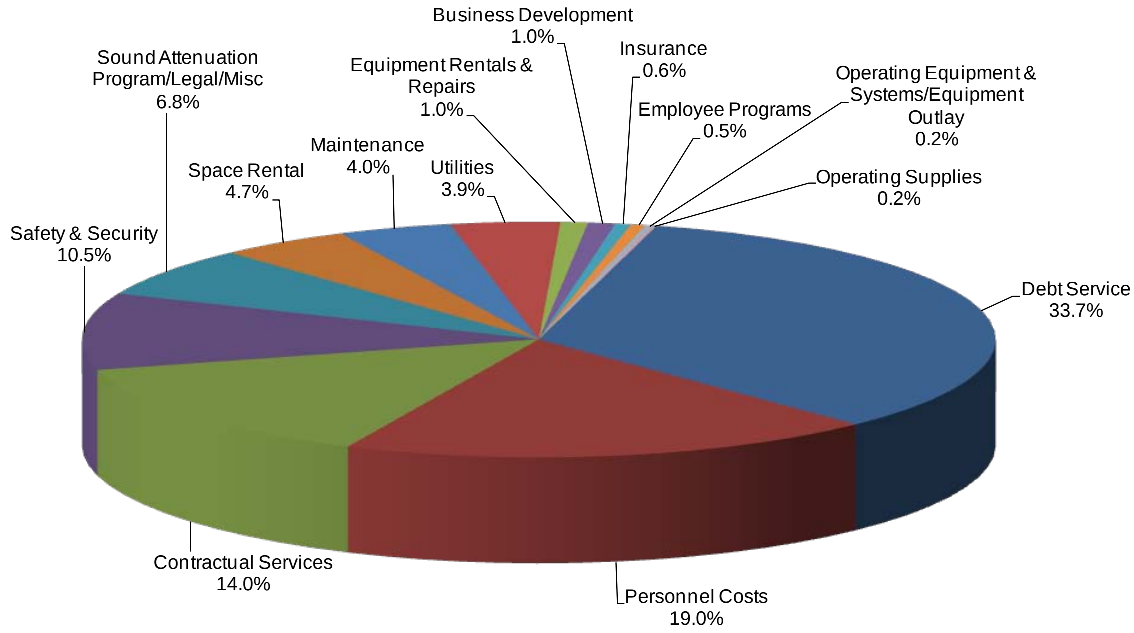


Figure 17 - FY 2014 Expense Budget by Category

Division Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Executive Group								
Authority Board	1	1	-	-	-	1	-	1
Executive Office	4	4	-	-	-	4	-	4
General Counsel	6	6	-	-	-	6	-	6
Chief Auditor	7	7	-	-	-	7	-	7
Total Executive Group	**18**	**18**	**-**	**-**	**-**	**18**	**-**	**18**
Planning & Operations								
Environmental Affairs	7	6	-	-	-	6	-	6
Airport Planning	11	10	-	-	-	10	-	10
Landside Operations	54	54	1 [1]	-	-	55	4	59
Aviation Security & Public Safety	11	11	-	-	-	11	-	11
Ground Transportation	5	5	-	1	-	6	-	6
Airside Operations	16	16	-	-	-	16	-	16
Total Planning & Operations	**104**	**102**	**1**	**1**	**-**	**104**	**4**	**108**
Finance								
Financial Planning & Budget	11	11	-	-	1	12	-	12
Accounting	12	13	-	-	-	13	-	13
Small Business Development	6	4	-	-	1	5	(1)	4
Aviation & Commercial Business	20	22	-	-	-	22	-	22
Total Finance	**49**	**50**	**-**	**-**	**2**	**52**	**(1)**	**51**
Development								
Facilities Management	67	70	-	2	5	77	6	83
Terminal Development Program	12	12	-	(3)	-	9	-	9
Facilities Development	29	30	-	-	-	30	-	30
Quieter Home Program	10	7	-	-	-	7	-	7
Total Development	**118**	**119**	**-**	**(1)**	**5**	**123**	**6**	**129**
Administration								
Risk Management	7	6	-	-	-	6	-	6
Business Planning	4	4	-	-	-	4	-	4
T&O Development	3	3	-	-	-	3	-	3
Information Technology	22	22	-	1	-	23	-	23
Human Resources	10	10	-	-	-	10	-	10
Corporate Services	7	7	-	-	-	7	-	7
Procurement	12	12	-	-	1	13	-	13
Total Administration	**65**	**64**	**-**	**1**	**1**	**66**	**-**	**66**
Marketing & Communications								
Public Relations	9	9	(1) [1]	-	-	8	-	8
Marketing	8	8	-	-	-	8	-	8
Inter-Governmental Relations	3	3	-	-	-	3	-	3
Noise Mitigation	4	4	-	-	-	4	-	4
Air Service Development	2	2	-	-	-	2	-	2
Total Marketing and Communications	**26**	**26**	**(1)**	**-**	**-**	**25**	**-**	**25**
TOTAL	**380**	**379**	**-**	**1**	**8**	**388**	**9**	**397**
Authorized and Unfunded Positions	19	19	-	-	-	11	-	11
Total Authorized Positions	**399**	**398**	**-**	**1**	**-**	**399**	**9**	**408**

[1] Transferred Customer Relations Coordinator position from Public Relations Department to Landisde Operations Department

FY 2013 Personnel Budget by Division

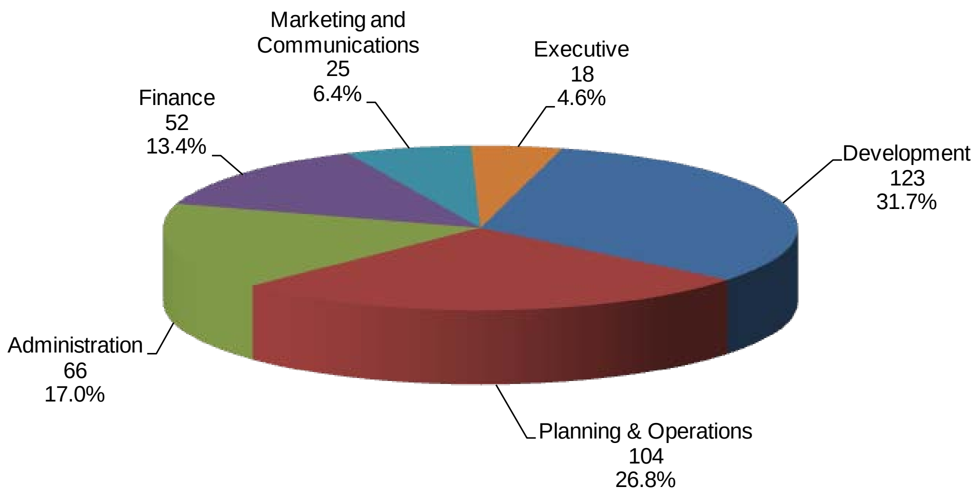


Figure 18 – FY 2013 Personnel by Division

FY 2014 Personnel Budget by Division

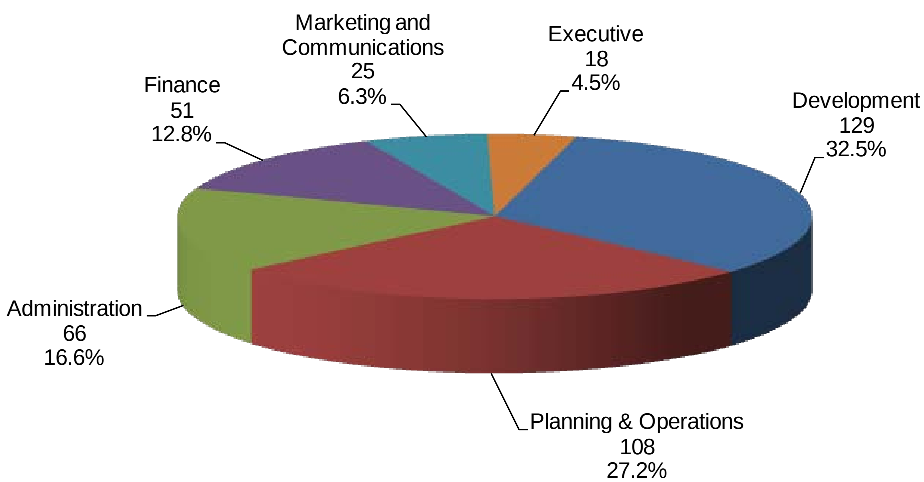


Figure 19 – FY 2014 Personnel by Division

Personnel Changes FY 2013 Budget vs. FY 2012 Budget

Administration Division	
Information Technology	One position added for Operations Support Technician
Procurement	One Procurement Analyst position transferred from unfunded to funded
Small Business Development	One Small Business Development Program Manager position transferred from unfunded to funded
Development Division	
Terminal Development Program	Eliminated one funded position, Director, Terminal Dev Program
	Eliminated one funded position, Program Manager
	Eliminated one funded position, Operations Support Specialist II
Facilities Management	Two positions added for Maintenance Worker 1
	One Maintenance Worker 1 position transferred from unfunded to funded
	One Administrative Assistant I position transferred from unfunded to funded
	One Carpenter position transferred from unfunded to funded
	One Painter position transferred from unfunded to funded
	One Maintenance Project Inspector position transferred from unfunded to funded
Finance Division	
Financial Planning & Budget	One Senior Accountant position transferred from unfunded to funded
Planning & Operations Division	
Ground Transportation	One position added for Code Compliance Officer

Figure 20 - Personnel Changes FY 2013 Budget vs. FY 2012 Budget

Personnel Changes FY 2014 Conceptual Budget vs. FY 2013 Budget

Administration Division	
Small Business Development	Eliminated one funded position, Small Business Development Program Manager
Development Division	
Facilities Management	Four positions added for a Airport Traffic Officer
	Six positions added for a Maintenance worker 1

Figure 21 - Personnel Changes FY 2014 Conceptual Budget vs. FY 2013 Budget

Budget Overview: Revenue

FY 2013 Budget - FY 2014 Conceptual Budget Revenue Comparison

`	FY 2011 Actuals	FY 2012 Budget	FY2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY2014 Conceptual Budget	Inc/(Dec) FY14Conceptual vs FY13 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	$ 18,578,574	$ 19,774,600	$ 21,092,400	$ 1,317,800	6.7%	$ 21,327,500	$ 235,100	1.1%
Aircraft Parking Fees	2,920,891	3,030,600	3,299,900	269,300	8.9%	3,262,900	(37,000)	-1.1%
Building Rentals	26,980,351	31,923,700	43,356,900	11,433,200	35.8%	47,631,200	4,274,300	9.9%
Other Aviation Revenue	1,596,665	1,584,300	1,584,300	-	0.0%	1,587,500	3,200	0.2%
Security Surcharge	14,886,586	16,731,600	20,629,100	3,897,500	23.3%	23,676,600	3,047,500	14.8%
Total Airline Revenue	**64,963,067**	**73,044,800**	**89,962,600**	**16,917,800**	**23.2%**	**97,485,700**	**7,523,100**	**8.4%**
Nonairline Revenue								
Terminal Rent - Non-Airline	869,212	904,316	959,811	55,495	6.1%	1,000,463	40,652	4.2%
Terminal Concessions	12,812,469	12,737,500	14,028,738	1,291,238	10.1%	17,020,418	2,991,681	21.3%
Rental Car License Fees	21,686,823	22,149,500	24,028,200	1,878,700	8.5%	24,753,800	725,600	3.0%
License Fees Other	2,604,193	2,599,200	2,860,000	260,800	10.0%	2,860,000	-	0.0%
Parking Revenue	30,909,430	32,316,357	31,301,505	(1,014,852)	-3.1%	33,824,719	2,523,214	8.1%
Ground Tansportation Permits and Citations	735,244	1,277,305	2,199,787	922,482	72.2%	3,187,374	987,587	44.9%
Ground Rentals	7,786,792	6,618,826	7,974,793	1,355,968	20.5%	7,554,175	(420,619)	-5.3%
Grant Reimbursements	869,711	214,500	218,800	4,300	2.0%	223,200	4,400	2.0%
Other Operating Revenue *	769,910	737,896	552,540	(185,356)	-25.1%	422,900	(129,640)	-23.5%
Total Nonairline Revenue	**79,043,784**	**79,555,400**	**84,124,174**	**4,568,774**	**5.7%**	**90,847,049**	**6,722,875**	**8.0%**
Total Operating Revenue	**144,006,851**	**152,600,200**	**174,086,774**	**21,486,574**	**14.1%**	**188,332,749**	**14,245,975**	**8.2%**
Interest Income	**6,408,131**	**5,338,136**	**5,204,219**	**(133,917)**	**-2.5%**	**5,809,121**	**604,902**	**11.6%**
Nonoperating Revenue								
Passenger Facility Charges	33,997,963	33,741,700	33,624,500	(117,200)	-0.3%	35,105,500	1,481,000	4.4%
Customer Facility Charges (CONRAC)	10,986,467	10,553,192	16,422,631	5,869,439	55.6%	24,911,428	8,488,796	51.7%
Quieter Home Program	14,411,926	12,080,400	12,073,700	(6,700)	-0.1%	12,074,100	400	0.0%
BAB Interest Rebate	3,691,431	4,995,921	4,995,921	-	0.0%	4,995,921	-	0.0%
Capital Grant Contributions	26,355,351	19,907,452	14,302,255	(5,605,198)	-28.2%	8,373,181	(5,929,074)	-41.5%
Other Nonoperating Revenue	7,298	-	-	-	0.0%	-	-	0.0%
Total Nonoperating Revenue	**89,450,436**	**81,278,665**	**81,419,007**	**140,343**	**0.2%**	**85,460,130**	**4,041,123**	**5.0%**
Total Revenue	**$ 239,865,417**	**$ 239,217,000**	**$ 260,710,000**	**$ 21,493,000**	**9.0%**	**$ 279,602,000**	**$ 18,892,000**	**7.2%**

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

FY 2013 Budget vs. FY 2012 Budget Expense Comparison

FY 2013 Budget Total Increase
$ 21,493,000 or 9.0%

- Increase in Airline Revenue
  $ 16,917,800
  7.1%
- Increase in Non Airline Revenue
  $ 4,568,774
  1.9%
- Increase in Other Revenue
  $ 6,426
  0.0%

Figure 22 – FY2013 vs. FY2012 Budget Revenue Comparison

FY 2014 Conceptual Budget vs. FY 2013 Budget Revenue Comparison

FY 2014 Proposed Budget Total Increase
$ 18,892,000 or 7.2%

- Increase in Airline Revenue
  $ 7,523,100
  2.9%
- Increase in Non Airline Revenue
  $ 6,722,875
  2.6%
- Increase in Other Revenue
  $ 4,646,025
  1.7%

Figure 23 – FY2014 vs. FY2013 Budget Revenue Comparison

FY 2013 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2013 Budget
Airline Revenue	$ 89,962,600
Passenger Facility Charges	33,624,500
Parking and Ground Transportation	33,501,292
Rental Car License Fees and License Fees Other	26,888,200
QHP & CIP Grants	26,375,955
Customer Facility Charges	16,422,631
Terminal Concessions	14,028,738
Ground Rentals	7,974,793
Interest Income	5,204,219
BAB Interest Rebate	4,995,921
Non-Airline Revenue - Other	1,731,151
Total Revenue [1]	**$ 260,710,000**

[1] *Major Sources total may differ due to rounding*

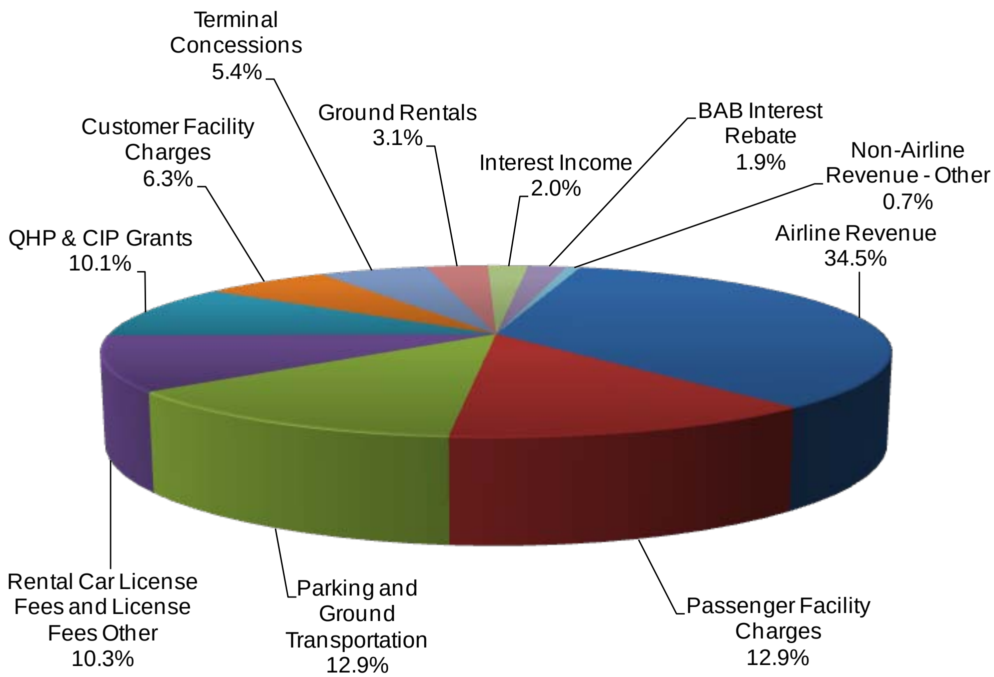


Figure 24 - FY 2013 Revenue Budget by Source

FY 2014 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2014 Budget
Airline Revenue	$ 97,485,700
Parking and Ground Transportation	37,012,093
Passenger Facility Charges	35,105,500
Rental Car License Fees and License Fees Other	27,613,800
Customer Facility Charges	24,911,428
QHP & CIP Grants	20,447,281
Terminal Concessions	17,020,418
Ground Rentals	7,554,175
Interest Income	5,809,121
BAB Interest Rebate	4,995,921
Non-Airline Revenue - Other	1,646,563
Total Revenue [(1)]	**$ 279,602,000**

(1) *Major Sources total may differ due to rounding*

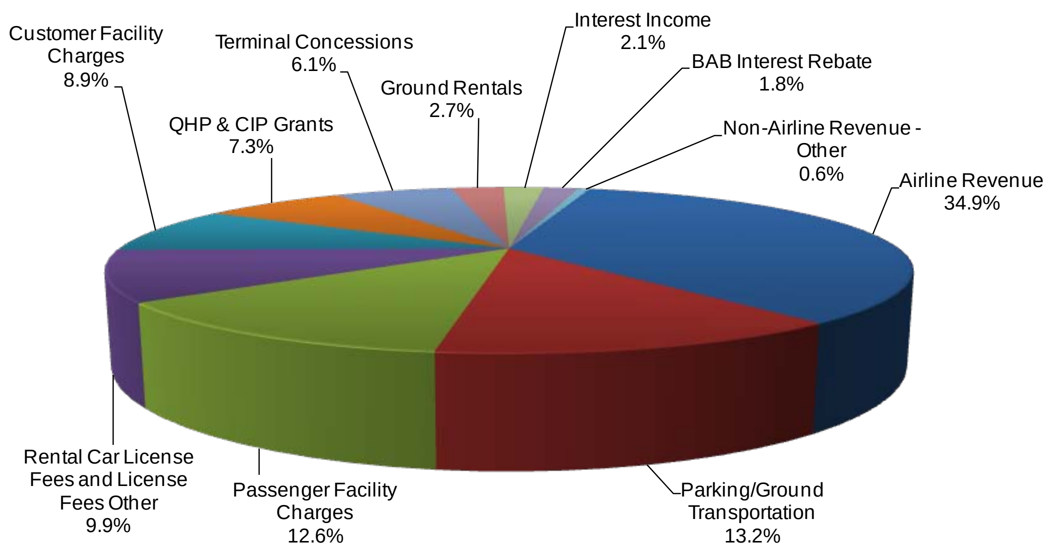


Figure 25 - FY 2014 Revenue Budget by Source

Overview

Operating and Non-Operating Revenues for FY 2013 are projected to be $260,710,000, an increase of $21,493,000 (9.0%) above the FY 2012 Budget. FY 2014 Operating and Non-Operating Revenues are budgeted to increase by $18,892,000 (7.2%) over the FY 2013 Budget.

Airline Operating Revenue

Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the airport. The fee is set to recover 86.8% in both FY 2013 and FY 2014 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 2013, landing fee revenues are projected to increase to $21,092,400, $1,317,800 (6.7%) over the FY 2012 Budget, primarily due to increased net airfield costs. Estimated landed weight for FY 2013 is projected to increase to 11,034,350 (1,000 pound units), a 3.5% increase from 10,657,839 (1,000 pound units) in the FY 2012 Budget. The combination of higher landed weight and increased costs resulted in the FY 2013 landing fee rate (per 1,000 pounds of maximum gross landed weight) of $1.96, a 3.7% increase over the FY 2012 Budget landing fee of $1.89. The FY 2013 budgeted landed weight and landing fees represent an increase of 2.3% and $0.14 respectively when compared to FY 2012 year end projections.

In FY 2014, landing fee revenues are projected to increase by $235,100 (1.1%) to $21,327,500 over the FY 2013 Budget. The increase reflects lower airline fee rebates per the terms of the air service marketing incentive program. The FY 2014 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to decrease to $1.94, 1.0% from the FY 2013 budgeted landing fee of $1.96 mainly reflecting a combination of decreased net airfield costs and 0.6% increase in landed weight to 11,097,810 (1,000 pound units) from 11,034,350 (1,000 pound units) per the ratemaking methodology.

Aircraft Parking Fees

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

In FY 2013, aircraft parking fees are projected to generate revenues of $3,299,900, a $269,300 (8.9%) increase from the FY 2012 Budget. This increase reflects increased net airfield costs and an increase in the number of projected remote aircraft parking positions.

In FY 2014, aircraft parking fees are projected to decrease by $37,000 (-1.1%) under the FY 2013 Budget reflecting decreased net airfield costs.

Building Rentals

FY 2013 Building Rental revenues reflect the current airline use and lease agreement methodology for recovery of terminal building costs allocated to airline occupied facilities. FY 2013 is the final year of phasing in larger portions of terminal costs to the airlines. The FY 2013 Budget projection of $43,356,900 is an increase of $11,433,200 (35.8%) over the FY 2012 Budget. The FY 2013 terminal rental rate of $134.69 per square foot, versus $99.81 per square foot in the FY 2012 Budget, reflects the fully loaded cost to the airlines. The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Authority.

In FY 2014, Building Rentals revenue is projected to increase by $4,274,300 (9.9%) over the FY 2013 Budget due to higher operating and management expenses for existing and new facilities. However, the terminal rental rate is projected to decrease to $124.39 per square foot because the number of square feet significantly increases with the opening of the new terminal facility.

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 2013 or FY 2014. The remainder of the revenue is generated from airline fuel sales, which are projected to be relatively flat.

Security Surcharge

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

The budget for FY 2013 is $20,629,100, an increase of $3,897,500 (23.3%) over the FY 2012 Budget. The increase over the FY 2012 Budget reflects increased cost of services, new facilities and the increase in percentage allocation of terminal security costs to 95% from 85% in FY 2012.

In FY 2014, Security Surcharge revenue is projected to increase by $3,047,500 (14.8%) to $23,676,600 reflecting an increase in cost of services for existing and new facilities.

Non-Airline Operating Revenue

Non-airline operating revenue was derived by analyzing current agreements and recent trends, projected future events, and historic revenue patterns taking into consideration the projected FY 2013 enplaned passenger traffic. FY 2013 Budget assumes 8.61 million enplaned passengers, which represents a 0.4% reduction from the 8.64 million used in the FY 2012 Budget and a 1.3% increase over the 8.49 million FY 2012 year end enplanements. FY 2014 enplanements are projected to increase by 1.0% over the FY 2013 Budget.

Terminal Rent-Non Airline

Terminal non-airline rent includes revenue from non-airline tenants like U.S. General Services Administration (Drug Enforcement Agency and TSA), Elite Line Services, Inc., among others.

The budget for FY 2013 is $959,811, representing an increase of $55,495 (6.1%) over the FY 2012 Budget. The FY 2014 budget increases by a nominal 40,652$ (4.2%) over the FY 2013 Budget.

Terminal Concessions

Terminal Building Concession revenue is generated from food/beverage and gift/news concessions operated under an exclusive agreement with Host International, Inc. Rent is based on various percentages of food, beverage, and merchandise sales. Other Concession Fees include advertising concession, money exchange services, baggage cart rentals, shoe-shine stands, bank ATMs, and telephone services. The FY 2013 budget for these revenues is $14,028,738, a projected increase of $1,291,238 (10.1%) over the FY 2012 Budget. This is due to reimbursement from concessionaires for certain operating expenses incurred by the Authority on their behalf as well as additional storage area revenues.

FY 2014 revenues are projected at $17,020,418, an increase of $2,991,681 (21.3%) due to concessionaire reimbursement, storage revenues, increased passenger traffic and stronger gross sales per passenger as a result of the Concession Development Program (CDP).

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 income. In FY 2013, rental car license fees are projected at $24,028,200, an increase of $1,878,700 (8.5%) over the FY 2012 Budget reflecting stronger gross revenues per passenger.

FY 2014 revenues are projected at $24,753,800, an increase of $725,600 (3.0%) due to an increase in gross sales per passenger and increased enplanements.

License Fees - Other

License Fees - Other license fee revenue is derived from Gate Gourmet, SkyChef, and ground handling operators. Gate Gourmet and SkyChef are off-site, in-flight food catering companies that operate at the airport. Estimated revenue for FY 2013 is based on a percentage of Gate Gourmet's, SkyChef's, and the ground handling companies' gross revenues per their agreements with the Authority. FY 2013 revenues are budgeted at $2,860,000, an increase of $260,800 (10.0%) from the FY 2012 Budget due to added ground handling services.

In FY 2014, license fees revenues are projected to remain flat.

Parking

Parking revenue is generated from the 6,311 spaces located on airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive, NTC, the interim Apron lot, and Pacific Highway. The FY 2013 revenue is budgeted at $31,301,505, a projected decrease of $1,014,852 (-3.1%) from the FY 2012 Budget reflecting a decline in transactions due to the impact of Airport construction projects on parking demand. This is partially offset by increased duration of stay at long-term parking and rate increase that was implemented in February 2012.

The FY 2014 budget is budgeted at $33,824,719, a projected increase of $2,523,214 (8.1%) reflecting a growth in transactions due to increased enplanements and the Terminal 2 parking lot operating at full capacity.

Ground Transportation Permits & Citations

Ground Transportation Permits include 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 on the airport terminal roadways. FY 2013 revenue projections of $2,199,787, an increase of $922,482 (72.2%) over the FY 2012 Budget, mostly reflect the scheduled third year ground transportation management plan cost recovery increase from 50% to 75%. In FY 2014, these revenues are budgeted at $3,187,374, an increase of $987,587 (44.9%) mostly reflecting the scheduled forth year ground transportation management plan cost recovery increase from 75% to 100%.

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 2013 revenue is budgeted at $7,319,994, a projected increase by $1,377,768 (23.2%) over the FY 2012 Budget due to execution of a new Fixed Base Operator (FBO) lease. In FY 2014, revenues are budgeted at $7,352,975, a projected increase of $32,981 (0.5%).

Ground Rental Percentage revenue includes percentage revenues received from vehicle storage and the FBO. FY 2013 Budget projected revenues are $654,800, a decrease of $21,800 (-3.2%) from the FY 2012 Budget. In FY 2014 revenues are budgeted at $201,200, a decrease of $453,600 (-69.3%) reflecting rental car vehicle storage no longer available due to CONRAC construction.

Grant Reimbursements (Operating)

The FY 2013 Budget grant reimbursements are projected to remain almost flat to FY 2012 Budget. In FY 2014, these revenues are projected to increase by $4,400 (2.0%).

Other Operating Revenues

Other Operating revenues primarily include revenues to process fingerprints for new tenants, their employees, and any associated contractors or vendors who conduct business on the airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific account and are usually a one-time occurrence. In FY 2013, these revenues are budgeted to decrease by $185,356 (-25.1%) under the FY 2012 Budget due to elimination of utility reimbursement associated with the termination of master concession agreement with Host International. FY 2014 revenues are budgeted to decrease further by $129,640 (-23.5%).

Interest Income

Interest Income revenue is derived from interest earned by the Authority on discretionary funds and reserves established under the master bond indenture. This revenue also includes interest earned on notes paid by the Port District to the Authority. In FY 2013 this is budgeted at $5,204,219, a projected decrease of $133,917 (-2.5%) from the FY 2012 Budget due to lower projected interest rates. In FY 2014, these revenues are projected at $5,809,121, an increase of $604,902 (11.6%) over the FY 2013 Budget reflecting projected increases in cash balances and a slight increase in projected interest rates.

Non-Operating Revenue

Passenger Facility Charges

Passenger Facility Charges (PFCs) are comprised of a $4.50 charge (net $4.39 to the Airport after deduction of a $0.11 processing fee) attached to each ticketed passenger that boards an airplane at the Airport. The FY 2013 budget is based on the projected number of enplaned passengers for FY 2013 and an estimated collection rate of 89%. Certain types of passengers, including military, are excluded from paying the PFC. In FY 2013, the amount of PFC revenues is budgeted at $33,624,500, a decrease of $117,200 (-0.3%) from the FY 2012 Budget due to slightly lower enplanements. In FY 2014, PFC revenues are projected at $35,105,500, an increase of $1,481,000 (4.4%) over the FY 2013 Budget reflecting projected increases in enplaned passengers.

Customer Facility Charges

Customer Facility Charges (CFCs) are collected by the car rental concessionaires and remitted to the Authority per State statute to support the consolidated rental car facility development project. In FY 2013, CFC revenues are projected at $16,422,631, an increase of $5,869,439 over the FY 2012 Budget due to a change in the CFC collection methodology, per State legislation, from charging $10 per rental car transaction to $6 per rental day anticipated in January 2013. In FY 2014, CFC revenues are budgeted at $24,911,428, an increase of $8,488,796 (51.7%) over the FY 2013 Budget due to increase in rate per rental day from $6 to $7.50 starting January 2014 and increased enplanements.

Build America Bond (BAB) Interest Rebate

BAB interest rebate revenue of $4,995,921 represents a direct federal subsidy of 35% of the interest paid on the Series 2010C revenue bonds. In FY 2013, the estimated revenue is projected to remain flat from the FY 2012 Budget. These revenues are projected to remain flat to the FY 2014 Budget.

Grant Reimbursements (Sound Attenuation & Capital)

The Quieter Home Program (QHP) is a program of sound attenuation construction improvements in all eligible single-family and multi-family dwellings with six or fewer units located in the 70-decibel Community Noise Equivalent Level contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.6%. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that in FY 2013 and FY 2014 the QHP revenues of roughly $12,703,000 will remain nearly flat to the FY 2012 and FY 2013 Budgets respectively.

Capital Grants consist of grant funds that the Authority expects to receive from the FAA and TSA for specified eligible capital projects. The grant amounts vary annually, based upon the number and cost of approved capital projects completed each fiscal year. In FY 2013, Capital Grants revenues are projected at $14,302,255, a decrease of $5,605,198 (-28.2%) from the FY 2012 Budget due to some grant funded projects coming to completion (predominantly baggage handling funding from TSA). FY 2014 revenues are budgeted at $8,373,181, an expected decrease of $5,929,074 (-41.5%) due to completion of all prior-year grant projects.

Budget Overview: Projected Fund Balance

Overview

The Authority has one fund with many revenue sources. The Authority's fund balance is generally defined as the difference between assets and liabilities. The Authority's fund balance statement projects that FY 2013 cash and investments will increase by $172,923,263 to $605,666,912 versus the FY 2012 Reforecast of $432,743,650. This increase of 40.0% is mostly due to significant increase in funds from the anticipated FY 2013 sale of long-term debt to fund capital projects. FY 2014 cash and investments are projected to decrease by $86,820,290 (-16.7%) to $518,846,622 due to usage of bond funds for capital projects.

	FY 2011 Actuals	FY 2012 Budget	FY 2012 Re-Forecast	FY 2013 Budget	FY 2014 Conceptual Budget
Beginning Fund Balance:	**$ 255,035,276**	**$ 307,606,559**	**$ 636,385,042**	**$ 432,743,650**	**$ 605,666,912**
Source of Funds					
Operating Revenue:					
Landing Fees	18,896,782	19,774,600	19,065,200	21,092,400	21,327,500
Aircraft Parking Fees	2,970,919	3,030,600	3,149,460	3,299,900	3,262,900
Building Rentals	27,304,046	31,705,200	31,289,500	42,930,300	47,158,000
Other Aviation Revenue	1,624,012	1,584,300	1,581,400	1,584,300	1,587,500
Federal Inspection Service (FIS) Use	138,418	218,500	386,100	426,600	473,200
Security Surcharge	15,141,559	16,731,600	16,549,600	20,629,100	23,676,600
Parking/Ground Transportation	32,186,676	33,593,662	30,343,122	33,501,292	37,012,093
Concessions	37,738,984	37,486,200	39,225,876	40,916,938	44,634,218
Ground Rentals	7,920,162	6,618,826	6,464,647	7,974,793	7,554,175
Grant Reimbursements	884,607	214,500	214,500	218,800	223,200
Terminal Rent - Non-Airlines	884,100	904,316	907,615	959,811	1,000,463
Other Operating Revenue	783,097	737,896	737,896	552,540	422,900
Total Operating Revenue	**146,473,362**	**152,600,200**	**149,914,916**	**174,086,774**	**188,332,749**
Non-Operating Revenue & Other Financing:					
Federal Grants received (not including Quieter Home Program)	25,867,627	19,907,452	25,566,098	14,302,254	8,373,181
Passenger Facility Charges Receipts	33,892,271	33,741,700	33,185,700	33,624,500	35,105,500
Customer Facility Charges Receipts	11,193,087	10,553,192	10,778,484	16,422,631	24,911,428
Bond Proceeds - Debt Service Reserve	51,198,973	-	-	46,048,501	-
Bond Proceeds - Construction Fund	375,832,314	336,822,696	-	456,488,108	-
Bond Proceeds - Capitalized Interest Reserve	26,381,314	-	-	-	-
Bond Proceeds - Capitalized Interest Debt Service to be paid	11,292,771	-	-	6,418,000	-
Principal Payments received on Notes Receivable	1,612,791	1,696,113	1,696,113	1,580,698	1,446,896
Interest Received from Notes Receivable & Investments	7,919,112	5,338,563	4,652,319	5,204,648	5,809,170
Other Miscelleneous Receipts & Grants		9,211,305	79,623		
Other Funding Sources	-	4,273,654	-	-	-
BAB Interest Rebate	3,609,056	4,995,921	4,995,921	4,995,921	4,995,921
Total Non-Operating Revenue	**548,799,316**	**426,540,596**	**80,954,258**	**585,085,262**	**80,642,096**
Total Revenues	**695,272,678**	**579,140,796**	**230,869,174**	**759,172,036**	**268,974,845**
Use of Funds					
Operating Expenses:					
Payments to Suppliers & Employees	(117,183,388)	(119,053,970)	(118,843,142)	(127,326,322)	(132,411,173)
Total Operating Expenses	**(117,183,388)**	**(119,053,970)**	**(118,843,142)**	**(127,326,322)**	**(132,411,173)**
Non-Operating Expenses:					
Capital Expenditures (excl QHP)	(88,363,818)	(405,747,357)	(48,115,370)	(49,549,106)	(11,546,745)
Capital Expenditures Financed from Bond Proceeds	(77,342,349)	-	(222,012,605)	(343,978,209)	(134,523,169)
Quieter Home Program, net (excl PFC funding) and Joint Studies	(3,405,304)	(3,184,500)	(3,182,900)	(3,107,900)	(3,108,000)
Customer Facility Charges (CFC) Expenditures	(1,155,585)	(4,273,654)	(3,329,341)	(21,708,879)	(2,857,079)
Payment of Series 2005 Bond Principal	(3,105,000)	(4,725,000)	(3,265,000)	(3,430,000)	(3,610,000)
Payment of Series 2010 Bond Principal	-	-	(715,000)	(980,000)	(1,000,000)
Payment of Commercial Paper Principal	(13,095,579)	(745,000)	(780,000)	(780,000)	(805,000)
Interest and Debt Fees Paid	(4,754,020)	(11,471,976)	(12,838,515)	(23,690,678)	(58,604,070)
Capitalized Interest Debt Service Payment	(5,517,870)	-	(21,428,692)	(10,785,780)	(6,418,000.00)
Other Miscelleneous Payments	-	21	-	(911,900)	(911,900)
Total Non-Operating Expenses	**(196,739,524)**	**(430,147,466)**	**(315,667,424)**	**(458,922,451)**	**(223,383,963)**
Total Expenses	**(313,922,912)**	**(549,201,435)**	**(434,510,566)**	**(586,248,774)**	**(355,795,135)**
Excess (Deficit) of Source over Use of Funds	**381,349,766**	**29,939,360**	**(203,641,392)**	**172,923,263**	**(86,820,290)**
Ending Fund Balance	**$ 636,385,042**	**$ 337,545,919**	**$ 432,743,650**	**$ 605,666,912**	**$ 518,846,622**
Unrestricted Cash and Investments	$ 114,514,435	$ 148,297,988	$ 120,151,601	$ 137,493,607	$ 161,418,196
Total Bonds Reserves	421,100,977	103,456,754	181,659,974	341,149,575	208,125,602
Total Other Restricted Funds	100,769,630	85,791,177	130,932,074	127,023,730	149,302,824
Ending Fund Balance	**$ 636,385,042**	**$ 337,545,919**	**$ 432,743,650**	**$ 605,666,912**	**$ 518,846,622**

Executive Division

Executive Division

Overview

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

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

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

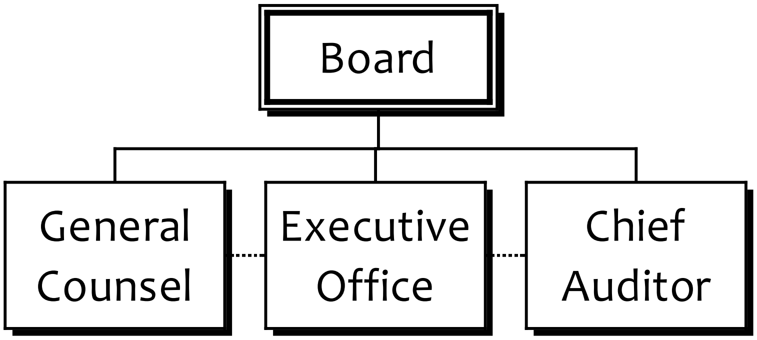
- Coordinating technical and staff support to the Authority Board and its various committees.
- Promoting positive collaborative relationships with its business partners and the community.
- Approving all contracts, deeds, leases, and agreements that contractually bind the Authority and coordinates the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

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

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

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

Executive Division
Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 Authorized & Funded Positions
Executive Group							
Authority Board	1	1	-	-	-	1	1
Executive Office	4	4	-	-	-	4	4
General Counsel	6	6	-	-	-	6	6
Chief Auditor	7	7	-	-	-	7	7
Total	**18**	**18**	**-**	**-**	**-**	**18**	**18**
Authorized and Unfunded Positions	-	-	-	-	-	-	-
Total Authorized Positions	**18**	**18**	**-**	**-**	**-**	**18**	**18**

Executive Division
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 2,002,553	$ 2,008,611	$ 2,119,495	$ 110,884	5.5%	$ 2,184,226	$ 64,732	3.1%
Premium Overtime	6,011	-	-	-	0.0%	-	-	0.0%
Employee Benefits	860,956	874,581	803,075	(71,506)	-8.2%	877,895	74,821	9.3%
Subtotal	2,869,519	2,883,191	2,922,569	39,378	1.4%	3,062,122	139,552	4.8%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**2,869,519**	**2,883,191**	**2,922,569**	**39,378**	**1.4%**	**3,062,122**	**139,552**	**4.8%**
Non-Personnel Expenses								
Contractual Services	971,786	1,436,600	1,380,100	(56,500)	-3.9%	1,187,100	(193,000)	-14.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	224	750	750	-	0.0%	750	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,921	2,750	2,750	-	0.0%	2,500	(250)	-9.1%
Operating Supplies	9,837	12,350	11,975	(375)	-3.0%	11,975	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	100,777	113,000	111,950	(1,050)	-0.9%	112,250	300	0.3%
Business Development	302,764	249,460	256,847	7,387	3.0%	258,497	1,650	0.6%
Equipment Rentals & Repairs	4,736	4,940	5,600	660	13.4%	5,600	-	0.0%
Total Non-Personnel Expenses	**1,397,044**	**1,819,850**	**1,769,972**	**(49,878)**	**-2.7%**	**1,578,672**	**(191,300)**	**-10.8%**
Total Operating Expenses	**4,266,564**	**4,703,041**	**4,692,541**	**(10,500)**	**-0.2%**	**4,640,794**	**(51,748)**	**-1.1%**
Non-Operating Expenses:								
Legal Settlements Expense	100,229	20,000	20,000	-	0.0%	20,000	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	**100,229**	**20,000**	**20,000**	**-**	**0.0%**	**20,000**	**-**	**0.0%**
Total Expenses	**4,366,793**	**4,723,041**	**4,712,541**	**(10,500)**	**-0.2%**	**4,660,794**	**(51,748)**	**-1.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 4,366,793**	**$ 4,723,041**	**$ 4,712,541**	**$ (10,500)**	**-0.2%**	**$ 4,660,794**	**$ (51,748)**	**-1.1%**

Executive Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

		Inc / (Dec) FY13 vs FY12 Budget		Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$**	**4,723,041**	**$**	**4,712,541**
Personnel costs				
Salary adjustments and pay-for-performance		110,884		64,732
Burden (benefits & employer taxes) Decrease / Increase for current staff		(71,506)		74,820
Total Increase in personnel costs		**39,378**		**139,552**
Increase / Decrease in outside legal services		50,000		(200,000)
Increase in use of outside professional services		38,500		-
Organizational performance consultant costs transferred to Human Resources		(145,000)		-
Other, net		6,623		8,700
Total Decrease in non-personnel costs		**(49,878)**		**(191,300)**
Total Decrease		**(10,500)**		**(51,748)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$**	**4,712,541**	**$**	**4,660,794**

Executive Division

FY 2013 – FY 2014 Expense Budget by Department

Departments	FY 2013 Budget	
General Counsel	$	2,503,022
Executive Office		966,709
Chief Auditor		952,095
Authority Board		290,716
Total [(1)]	**$**	**4,712,541**

[(1)] *Departmental total may differ due to rounding*

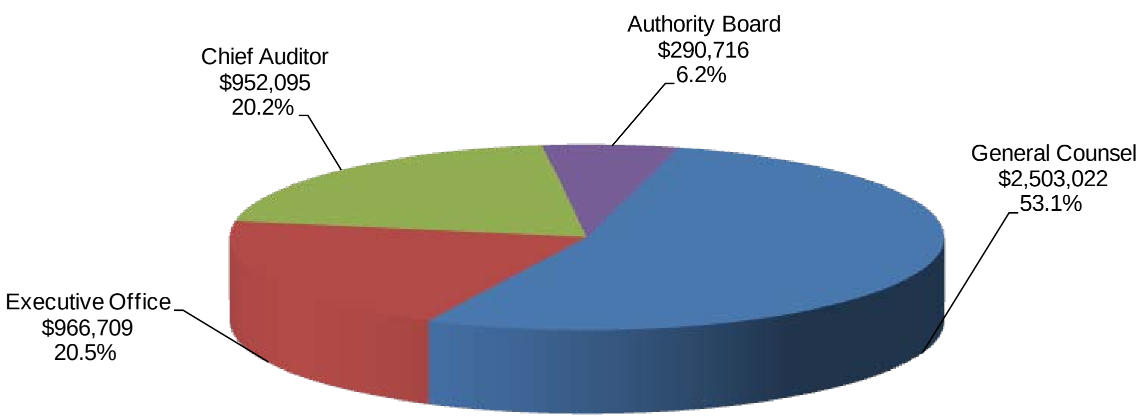


Figure 26 – FY 2013 Expense Budget by Department

Executive Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Departments		FY 2014 Conceptual Budget
General Counsel	$	2,342,048
Chief Auditor		1,030,952
Executive Office		992,329
Authority Board		295,465
Total [1]	**$**	**4,660,794**

[1] *Departmental total may differ due to rounding*

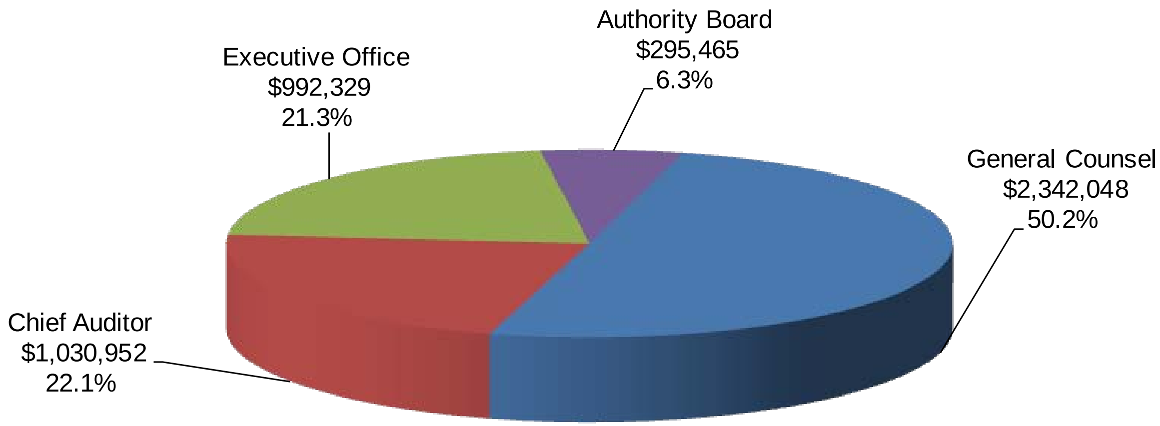


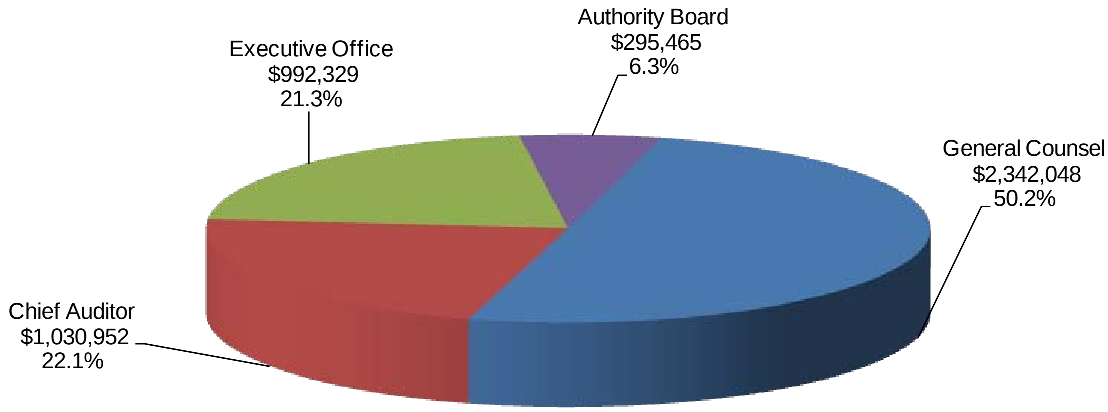
Figure 27 – FY 2014 Expense Budget by Department

Executive Division

FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Personnel Expenses	$	2,922,569
Contractual Services		1,380,100
Business Development		256,847
Employee Programs		111,950
Other*		41,075
Total [1]	**$**	**4,712,541**

[1] *Category total may differ due to rounding*



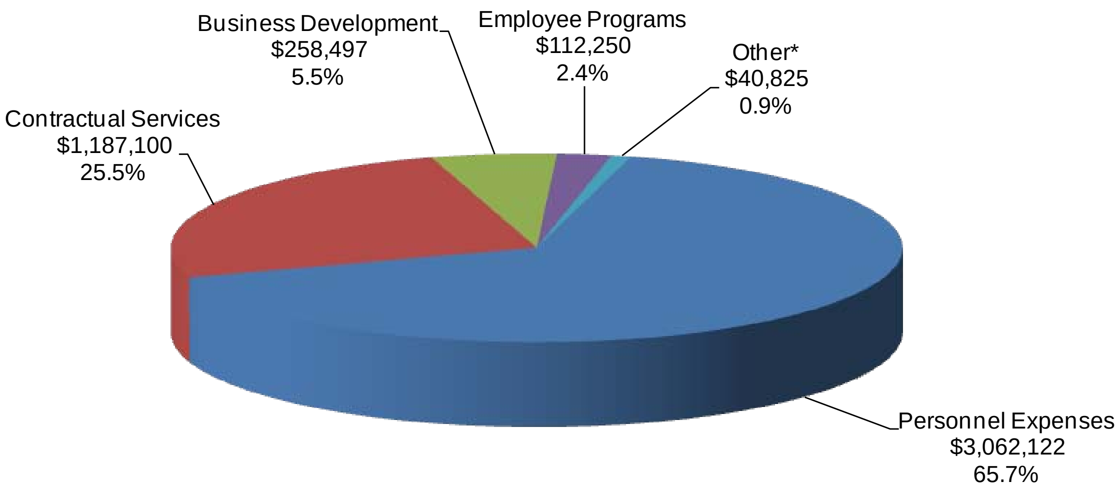
*Other includes operating equipment & systems, operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 28 – FY 2013 Expense Budget by Category

Executive Division
FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget	
Personnel Expenses	$	3,062,122
Contractual Services		1,187,100
Business Development		258,497
Employee Programs		112,250
Other*		40,825
Total [1]	**$**	**4,660,794**

[1] *Category total may differ due to rounding*

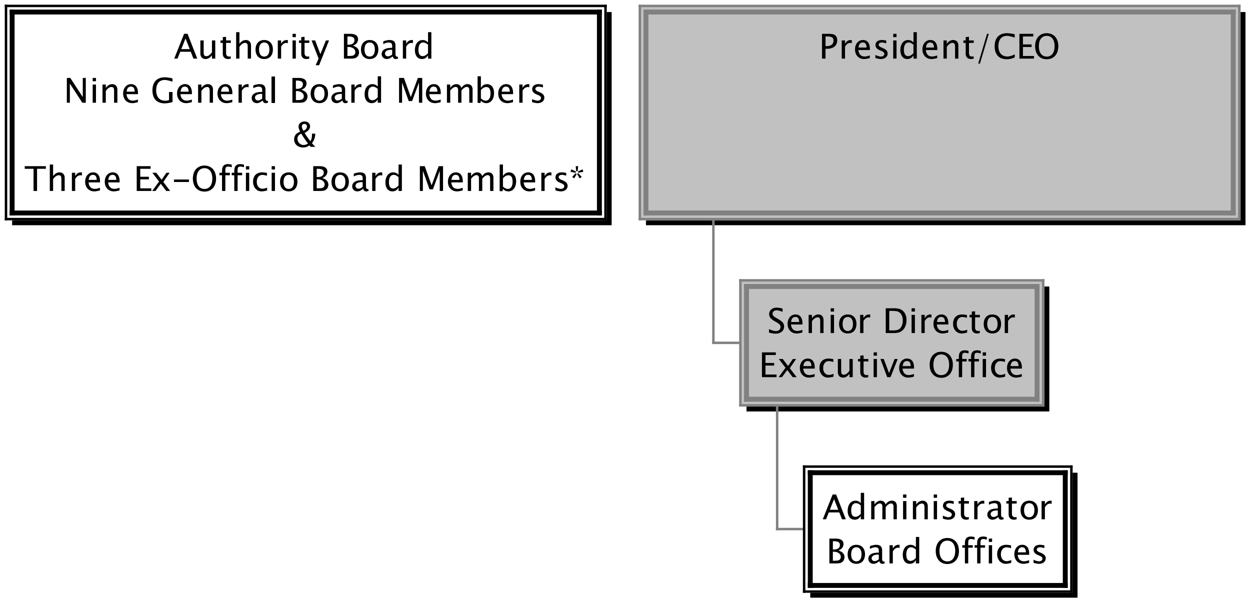


*Other includes operating equipment & systems, operating supplies, equipment rentals & repairs, legal settlements, etc.

Figure 29 – FY 2014 Expense Budget by Category

Authority Board

FY 2013 – FY 2014 Organizational Structure



Positions shown in grey reside in Executive Office Department and are shown for reporting structure.
*Unpaid positions per SB10

Authority Board

FY 2013 – FY 2014 Expense Budget Summary

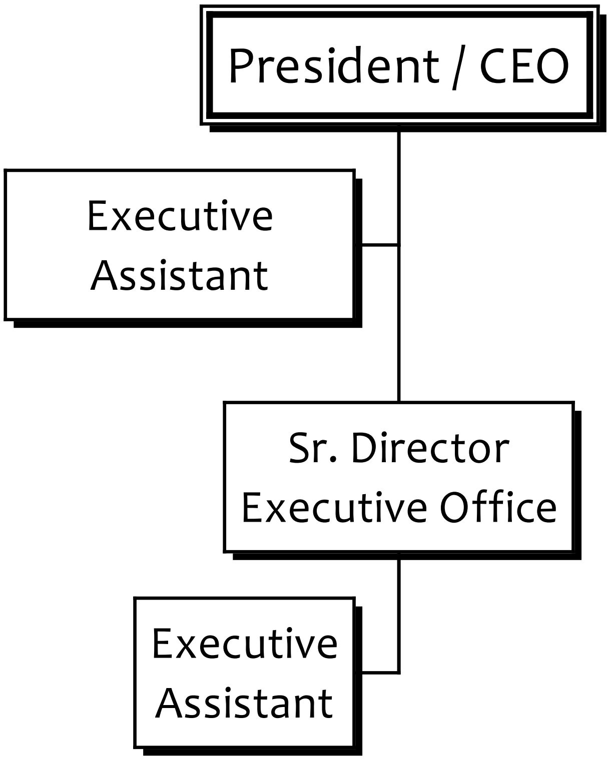
	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 81,791	$ 80,583	$ 83,001	$ 2,417	3.0%	$ 85,491	$ 2,490	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	40,573	40,321	38,040	(2,281)	-5.7%	40,899	2,859	7.5%
Subtotal	122,364	120,904	121,041	136	0.1%	126,390	5,349	4.4%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**122,364**	**120,904**	**121,041**	**136**	**0.1%**	**126,390**	**5,349**	**4.4%**
Non-Personnel Expenses								
Contractual Services	119,653	130,500	129,000	(1,500)	-1.1%	129,000	-	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	-	500	500	-	0.0%	250	(250)	-50.0%
Operating Supplies	1,810	3,500	3,075	(425)	-12.1%	3,075	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	7,232	15,250	13,300	(1,950)	-12.8%	13,300	-	0.0%
Business Development	18,736	31,000	23,800	(7,200)	-23.2%	23,450	(350)	-1.5%
Equipment Rentals & Repairs	44	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**147,475**	**180,750**	**169,675**	**(11,075)**	**-6.1%**	**169,075**	**(600)**	**-0.4%**
Total Operating Expenses	**269,839**	**301,654**	**290,716**	**(10,939)**	**-3.6%**	**295,465**	**4,749**	**1.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**269,839**	**301,654**	**290,716**	**(10,939)**	**-3.6%**	**295,465**	**4,749**	**1.6%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 269,839**	**$ 301,654**	**$ 290,716**	**$ (10,939)**	**-3.6%**	**$ 295,465**	**$ 4,749**	**1.6%**

Authority Board

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 301,654**	**$ 290,716**
Personnel costs		
Salary adjustments and pay for performance	2,417	2,490
Burden (benefits & employer taxes) Decrease / Increase for current staff	(2,281)	2,859
Total Increase in personnel costs	**136**	**5,349**
Decrease in seminars and training	(2,000)	-
Decrease in travel for business development	(5,000)	-
Other, net	(4,075)	(600)
Total Decrease in non-personnel costs	**(11,075)**	**(600)**
Total Decrease / Increase	**(10,939)**	**4,749**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 290,716**	**$ 295,465**

Executive Office
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Executive Office

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 484,962	$ 473,388	$ 519,382	$ 45,994	9.7%	$ 535,494	$ 16,112	3.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	203,213	209,777	196,505	(13,272)	-6.3%	204,013	7,508	3.8%
Subtotal	688,175	683,165	715,887	32,722	4.8%	739,507	23,620	3.3%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**688,175**	**683,165**	**715,887**	**32,722**	**4.8%**	**739,507**	**23,620**	**3.3%**
Non-Personnel Expenses								
Contractual Services	361,203	145,000	-	(145,000)	-100.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	77	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	285	500	500	-	0.0%	500	-	0.0%
Operating Supplies	2,898	3,000	3,000	-	0.0%	3,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,119	29,200	24,200	(5,000)	-17.1%	24,200	-	0.0%
Business Development	273,572	207,585	222,372	14,787	7.1%	224,372	2,000	0.9%
Equipment Rentals & Repairs	44	500	500	-	0.0%	500	-	0.0%
Total Non-Personnel Expenses	**657,198**	**386,035**	**250,822**	**(135,213)**	**-35.0%**	**252,822**	**2,000**	**0.8%**
Total Operating Expenses	**$ 1,345,373**	**$ 1,069,200**	**$ 966,709**	**$ (102,491)**	**-9.6%**	**$ 992,329**	**$ 25,620**	**2.7%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,345,373**	**1,069,200**	**966,709**	**(102,491)**	**-9.6%**	**992,329**	**25,620**	**2.7%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,345,373**	**$ 1,069,200**	**$ 966,709**	**$ (102,491)**	**-9.6%**	**$ 992,329**	**$ 25,620**	**2.7%**

Executive Office

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 1,069,200**	**$ 966,709**
Personnel costs		
Salary adjustments and pay for performance	45,994	16,112
Burden (benefits & employer taxes) Decrease / Increase for current staff	(13,272)	7,508
Total Increase in personnel costs	**32,722**	**23,620**
Organizational performance consultant costs transferred to Human Resources	(145,000)	-
Other, net	9,787	2,000
Total Decrease / Increase in non-personnel costs	**(135,213)**	**2,000**
Total Decrease / Increase	**(102,491)**	**25,620**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 966,709**	**$ 992,329**

Executive Office
Departmental Objectives

FY 2013 – FY 2014 Objectives

Strategy #1: Enhance the financial position of the Authority.

Strategy #2: Achieve the highest level of internal and external customer satisfaction.

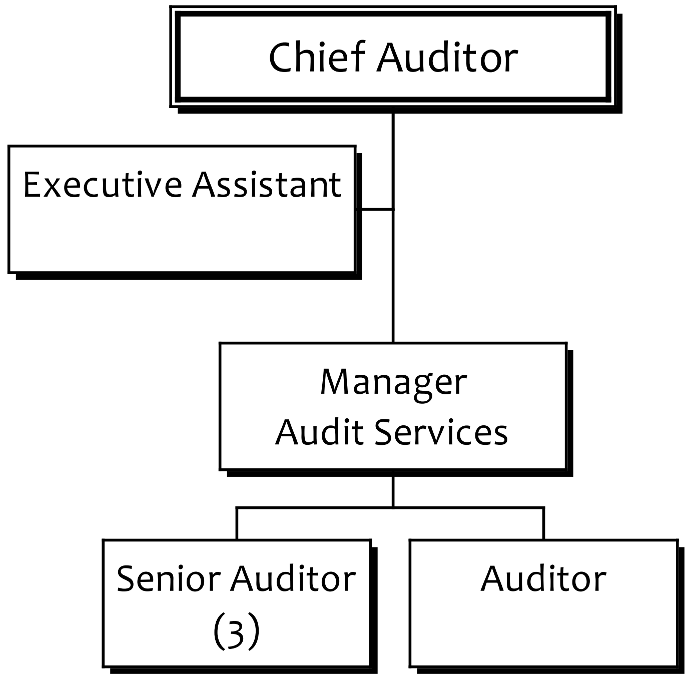
Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Strategy #4: Ensure the highest level of employee satisfaction.

Strategy #5: Be a trusted and highly responsive regional agency.

Chief Auditor

FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Chief Auditor

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 651,673	$ 648,962	$ 664,182	$ 15,219	2.3%	$ 684,420	$ 20,238	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	302,159	294,633	255,288	(39,345)	-13.4%	306,607	51,319	20.1%
Subtotal	953,832	943,595	919,470	(24,125)	-2.6%	991,027	71,557	7.8%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**953,832**	**943,595**	**919,470**	**(24,125)**	**-2.6%**	**991,027**	**71,557**	**7.8%**
Non-Personnel Expenses								
Contractual Services	391	100	100	-	0.0%	7,100	7,000	7000.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	4,641	750	750	-	0.0%	750	-	0.0%
Operating Supplies	2,853	2,850	2,900	50	1.8%	2,900	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	18,910	20,300	21,350	1,050	5.2%	21,650	300	1.4%
Business Development	4,779	3,175	3,275	100	3.1%	3,275	-	0.0%
Equipment Rentals & Repairs	3,704	3,840	4,000	160	4.2%	4,000	-	0.0%
Total Non-Personnel Expenses	**35,277**	**31,265**	**32,625**	**1,360**	**4.3%**	**39,925**	**7,300**	**22.4%**
Total Operating Expenses	**989,110**	**974,860**	**952,095**	**(22,765)**	**-2.3%**	**1,030,952**	**78,857**	**8.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**989,110**	**974,860**	**952,095**	**(22,765)**	**-2.3%**	**1,030,952**	**78,857**	**8.3%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 989,110**	**$ 974,860**	**$ 952,095**	**$ (22,765)**	**-2.3%**	**$ 1,030,952**	**$ 78,857**	**8.3%**

Chief Auditor

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 974,860**	**$ 952,095**
Personnel costs		
Salary adjustments and pay for performance	15,219	20,238
Burden (benefits & employer taxes) Decrease / Increase for current staff	(39,345)	51,319
Total Decrease / Increase in personnel costs	**(24,125)**	**71,557**
Increase in audit services	-	7,000
Other, net	1,360	300
Total Increase in non-personnel costs	**1,360**	**7,300**
Total Decrease / Increase	**(22,765)**	**78,857**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 952,095**	**$ 1,030,952**

Chief Auditor
Departmental Objectives

FY 2012 Progress Report

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

   Progress: The department utilization goal is eighty percent (80%). During the last reporting period, Audit had a utilization rate of eighty-three percent (83%).

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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 $2,133,619 of additional revenue/cost savings during FY 2012.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: To date, eleven (11) of the thirty (30) recommendations provided to departments in fiscal year 2012 have been implemented. The goal for implementation is ninety percent (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: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: Currently, eighty-six percent (86%) of the audits conducted during the fiscal year 2011 have been completed within the budgeted time.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.15.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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 the 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: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Chief Auditor
Departmental Objectives

FY 2013 – FY 2014 Objectives

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

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: 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.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

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

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: 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.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: 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.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: 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.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #1: Enhance the financial position of the Authority.

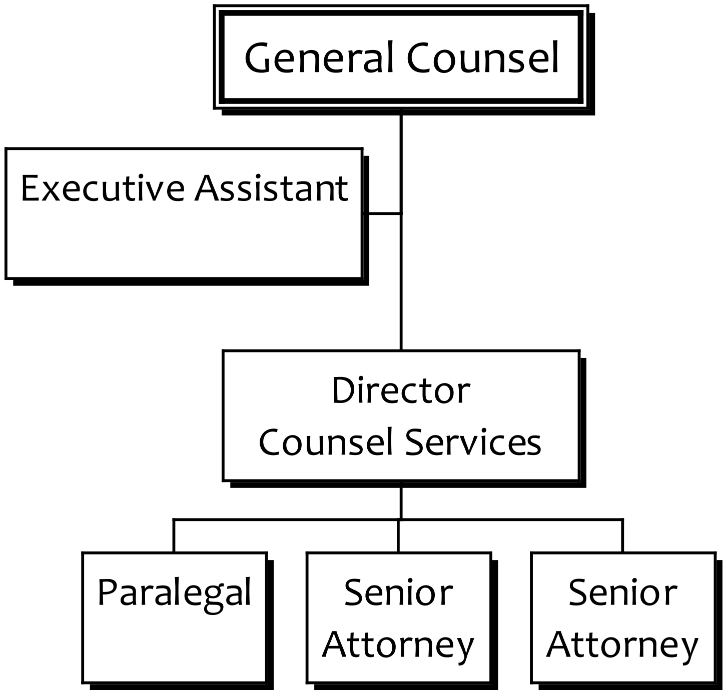
7. **Provide tools and training for staff to ensure adequacy and effectiveness of audits.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

General Counsel

FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

General Counsel

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 784,126	$ 805,677	$ 852,930	$ 47,253	5.9%	$ 878,822	$ 25,892	3.0%
Premium Overtime	6,011	-	-	-	0.0%	-	-	0.0%
Employee Benefits	315,011	329,851	313,242	(16,609)	-5.0%	326,376	13,134	4.2%
Subtotal	1,105,148	1,135,528	1,166,172	30,644	2.7%	1,205,198	39,026	3.3%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,105,148**	**1,135,528**	**1,166,172**	**30,644**	**2.7%**	**1,205,198**	**39,026**	**3.3%**
Non-Personnel Expenses								
Contractual Services	490,539	1,161,000	1,251,000	90,000	7.8%	1,051,000	(200,000)	-16.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	147	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,995	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	2,276	3,000	3,000	-	0.0%	3,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	55,516	48,250	53,100	4,850	10.1%	53,100	-	0.0%
Business Development	5,677	7,700	7,400	(300)	-3.9%	7,400	-	0.0%
Equipment Rentals & Repairs	944	600	1,100	500	83.3%	1,100	-	0.0%
Total Non-Personnel Expenses	**557,094**	**1,221,800**	**1,316,850**	**95,050**	**7.8%**	**1,116,850**	**(200,000)**	**-15.2%**
Total Operating Expenses	**1,662,242**	**2,357,328**	**2,483,022**	**125,694**	**5.3%**	**2,322,048**	**(160,974)**	**-6.5%**
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	100,229	20,000	20,000	-	0.0%	20,000	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	**100,229**	**20,000**	**20,000**	**-**	**0.0%**	**20,000**	**-**	**0.0%**
Total Expenses	**1,762,471**	**2,377,328**	**2,503,022**	**125,694**	**5.3%**	**2,342,048**	**(160,974)**	**-6.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,762,471**	**$ 2,377,328**	**$ 2,503,022**	**$ 125,694**	**5.3%**	**$ 2,342,048**	**$ (160,974)**	**-6.4%**

General Counsel

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 2,377,329**	**$ 2,503,022**
Personnel costs		
Salary adjustments and pay for performance	47,253	25,892
Burden (benefits & employer taxes) Decrease / Increase for current staff	(16,609)	13,134
Total Increase in personnel costs	**30,644**	**39,026**
Increase / Decrease in outside legal services	50,000	(200,000)
Increase in use of outside professional services	40,000	-
Other, net	5,049	
Total Increase / Decrease in non-personnel costs	**95,050**	**(200,000)**
Total Increase / Decrease	**125,694**	**(160,974)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 2,503,022**	**$ 2,342,048**

General Counsel
Departmental Objectives

FY 2012 Progress Report

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

   Progress: This is a continuing activity, including weekly meetings with division heads.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: Except for the extraordinary costs of the West Tech case, outside counsel costs are at record lows.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: This is a continuing activity.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: The open door policy for all attorneys is working and is used frequently.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: The office has successfully provided legal services during this year for contracts for parking management services, the airport shuttle, retail, food and beverage, fixed base operations, taxicab associations and more.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

6. **Participate in and increase continuing legal educational activities to maintain and improve the legal expertise of the legal staff.**

   Progress: The four attorneys in the office continue to exceed state requirements for meeting continuing education requirements as established by the California State Bar.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

7. **Support the operational activities of the Authority with timely and appropriate legal advice, particularly the Terminal Development Program ("Green Build"), the North Side Projects, the Fixed-Base redevelopment, the CRDC project, the Washington Street improvements, TDY demolition and development, compliance with the Attorney General's MOU regarding GHG emissions, and the environmental initiatives supporting such activities.**

   Progress: During the period, the office successfully supported these project and initiatives. The North Side environmental documents were completed; the FBO RFP process was completed; the CRDC project is underway; the Washington Street improvement has the supporting legal documents allowing development to proceed.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: The office is engaged in the process, working with the various affected divisions, to update the Authority's current policies and code.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: Electronic storage has occurred with regard to the office advice files.

   Sustainability Goal: Economic Viability, Natural Resource Conservation.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

    Progress: Continuing activity.

    Sustainability Goal: Operational Excellence, Social Responsibility.

    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

    Fiscal Year: 2012. **Continue in 2013?** Yes.

General Counsel
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Reduce and contain outside legal counsel costs by three percent (3%) by using in-house legal staff whenever feasible and through close reviews of legal counsel invoices.**

   Sustainability Goal: Economic Viability; Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Airport Authority. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

2. **Provide professional legal services in the preparation, review, execution, and enforcement of Authority contracts, leases, and agreements that meet the needs of the Authority while complying with applicable law.**

   Sustainability Goal: Economic Viability; Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Airport Authority. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Increase the educational activities of the office through at least quarterly educational seminars for Authority staff and management in legal areas regarding contracts, ethics, bidding, public records, and related areas.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.

4. **Provide timely and professional legal services and advice in the preparation, review, execution, and enforcement of Authority contracts, leases, and licenses.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner. Strategy #1: Enhance the financial position of the airport authority.

5. **Provide timely and professional legal services and advice concerning the Authority's Codes, Policies, Rules and Regulations, and practices to minimize the Authority's exposure to litigation.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.

Administration Division

Administration Division

Overview

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

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

The **Corporate Services Department** develops and implements procedures that enhance communications with the Board and the public, provides support to public meetings of the Board, Board Committees, and other Board-related events. The department is also responsible for:

- Administration of the Authority lobbyist filings.
- Conflict of interest filings.
- Reception and mailroom operations.
- Authority's Records and Information Management Program.
- Public records requests process.

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

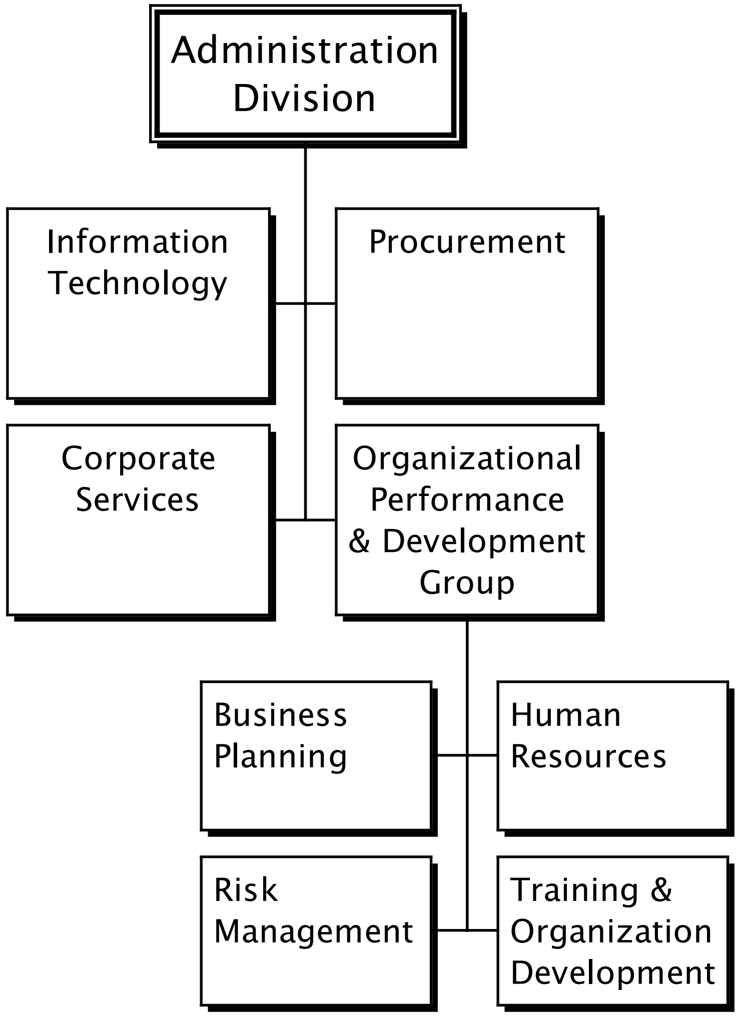
The **Information Technology Department** establishes and manages the Authority's information technology infrastructure, including hardware, software, and communications technology. The department provides information technology services to all Authority departments, airlines, and passengers via the Flight Information Displays and Common Use Terminal Equipment. The department is also responsible for developing and implementing the Authority's long-range automation plan.

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

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

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

Administration Division
Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Administration								
Risk Management	7	6	-	-	-	6	-	6
Business Planning	4	4	-	-	-	4	-	4
T&O Development	3	3	-	-	-	3	-	3
Information Technology	22	22	-	1	-	23	-	23
Human Resources	10	10	-	-	-	10	-	10
Corporate Services	7	7	-	-	-	7	-	7
Procurement	12	12	-	-	1	13	-	13
Total	**65**	**64**	**-**	**1**	**1**	**66**	**-**	**66**
Authorized and Unfunded Positions	2	3	-	-	-	2	-	2
Total Authorized Positions	**67**	**67**	**-**	**1**	**-**	**68**	**-**	**68**

Administration Division

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 4,849,534	$ 4,865,373	$ 5,074,325	$ 208,952	4.3%	$ 5,291,485	$ 217,161	4.3%
Premium Overtime	168,945	162,259	153,500	(8,759)	-5.4%	153,500	-	0.0%
Employee Benefits	2,366,092	2,367,194	2,233,559	(133,636)	-5.6%	2,416,206	182,647	8.2%
Subtotal	7,384,570	7,394,826	7,461,383	66,557	0.9%	7,861,191	399,808	5.4%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**7,384,570**	**7,394,826**	**7,461,383**	**66,557**	**0.9%**	**7,861,191**	**399,808**	**5.4%**
Non-Personnel Expenses								
Contractual Services	1,209,562	1,639,050	1,611,370	(27,680)	-1.7%	1,383,370	(228,000)	-14.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	451,856	397,215	398,125	910	0.2%	493,125	95,000	23.9%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	295,820	212,100	270,250	58,150	27.4%	265,650	(4,600)	-1.7%
Operating Supplies	32,913	59,100	40,500	(18,600)	-31.5%	54,400	13,900	34.3%
Insurance	1,066,326	1,020,000	872,318	(147,682)	-14.5%	1,237,234	364,916	41.8%
Employee Programs	453,007	466,156	468,355	2,199	0.5%	471,280	2,925	0.6%
Business Development	83,021	106,382	123,050	16,668	15.7%	100,075	(22,975)	-18.7%
Equipment Rentals & Repairs	966,320	1,325,406	1,386,581	61,175	4.6%	1,562,390	175,809	12.7%
Total Non-Personnel Expenses	**4,558,826**	**5,225,409**	**5,170,549**	**(54,860)**	**-1.0%**	**5,567,524**	**396,975**	**7.7%**
Total Operating Expenses	**11,943,396**	**12,620,235**	**12,631,932**	**11,697**	**0.1%**	**13,428,715**	**796,783**	**6.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**11,943,396**	**12,620,235**	**12,631,932**	**11,697**	**0.1%**	**13,428,715**	**796,783**	**6.3%**
Equipment Outlay	**334,272**	**78,000**	**-**	**(78,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 12,277,668**	**$ 12,698,235**	**$ 12,631,932**	**$ (66,303)**	**-0.5%**	**$ 13,428,715**	**$ 796,783**	**6.3%**

Administration Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 12,698,235**	**$ 12,631,932**
Personnel costs		
Salary adjustments and pay-for-performance	110,975	217,161
1 Unfrozen position - Procurement Analyst	90,766	-
1 New position - Operations Support Technician (Q3 FY13)	37,829	-
Burden (benefits & employer taxes) Decrease / Increase for current staff	(173,014)	182,647
Total Increase in personnel costs	**66,557**	**399,808**
Organizational performance outside consultant costs transferred from Executive Office	211,500	(211,500)
Benefits / workers' compensation broker fees	110,000	-
Increase / Decrease in equipment and systems costs	58,150	(4,600)
Increase in repairs of office equipment and systems	54,175	142,309
Increase in costs of telephone usage and other services and equipment	910	95,000
Decrease in equipment outlay costs	(78,000)	-
Decrease / Increase in insurance costs	(147,682)	364,916
Administration Fee (Bond Program) transferred to Small Business Development	(367,750)	-
Other, net	25,838	10,850
Total Decrease / Increase in non-personnel costs	**(132,860)**	**396,975**
Total Decrease / Increase	**(66,303)**	**796,783**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 12,631,932**	**$ 13,428,715**

Administration Division

FY 2013 – FY 2014 Expense Budget by Department

Department		FY 2013 Budget
Information Technology	$	5,255,619
Human Resources		2,241,596
Risk Management		2,036,716
Procurement		1,350,884
Corporate Services		751,679
Training & Organization Development		547,197
Business Planning		448,241
Total [(1)]	**$**	**12,631,932**

[(1)] *Departmental total may differ due to rounding*

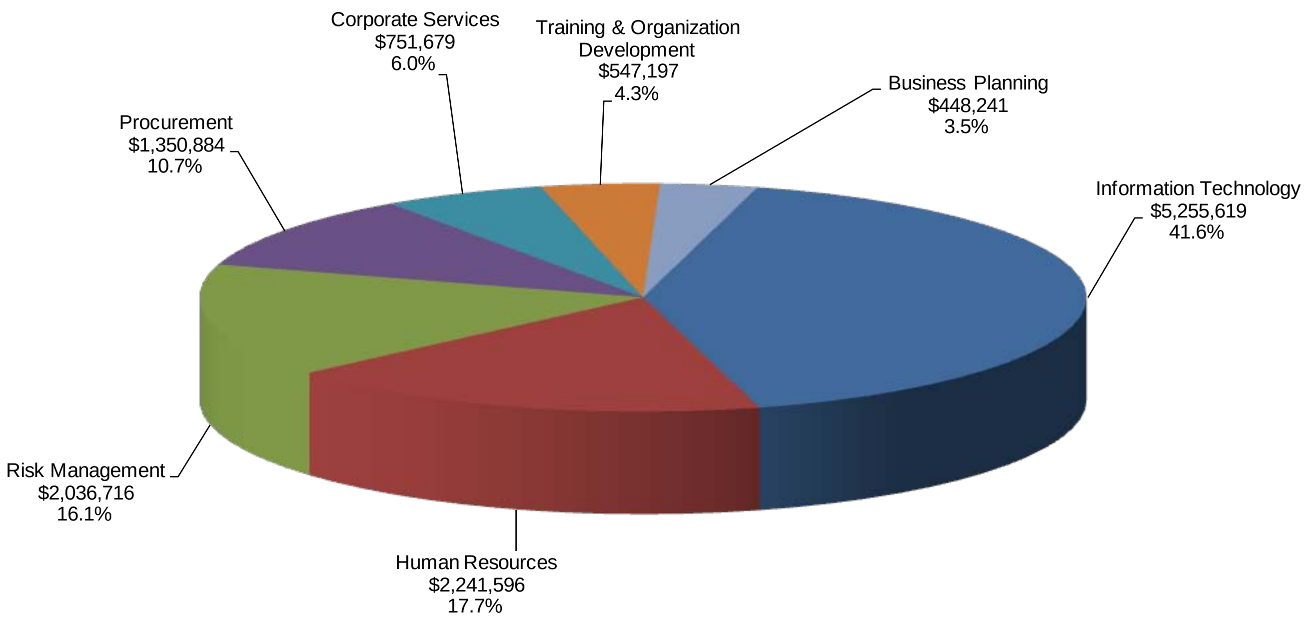


Figure 30 – FY 2013 Expense Budget by Department

Administration Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Department	FY 2014 Conceptual Budget
Information Technology	$ 5,754,073
Risk Management	2,411,731
Human Resources	2,055,568
Procurement	1,403,010
Corporate Services	778,124
Training & Organization Development	559,871
Business Planning	466,337
Total [1]	**$ 13,428,715**

[1] *Departmental total may differ due to rounding*

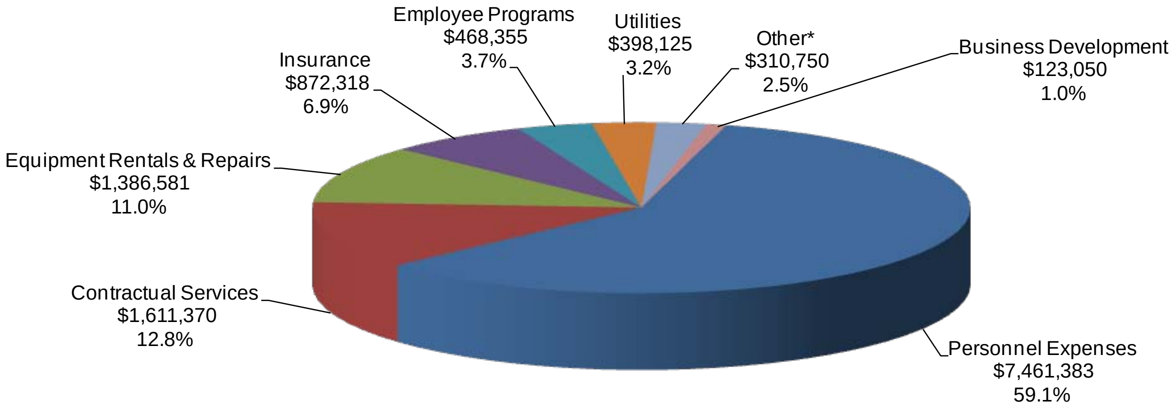
Figure 31 – FY 2014 Expense Budget by Department

Administration Division

FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Personnel Expenses	$	7,461,383
Contractual Services		1,611,370
Equipment Rentals & Repairs		1,386,581
Insurance		872,318
Employee Programs		468,355
Utilities		398,125
Other*		310,750
Business Development		123,050
Total [1]	**$**	**12,631,932**

[1] *Category total may differ due to rounding*



**Other includes operating equipment & systems, operating*

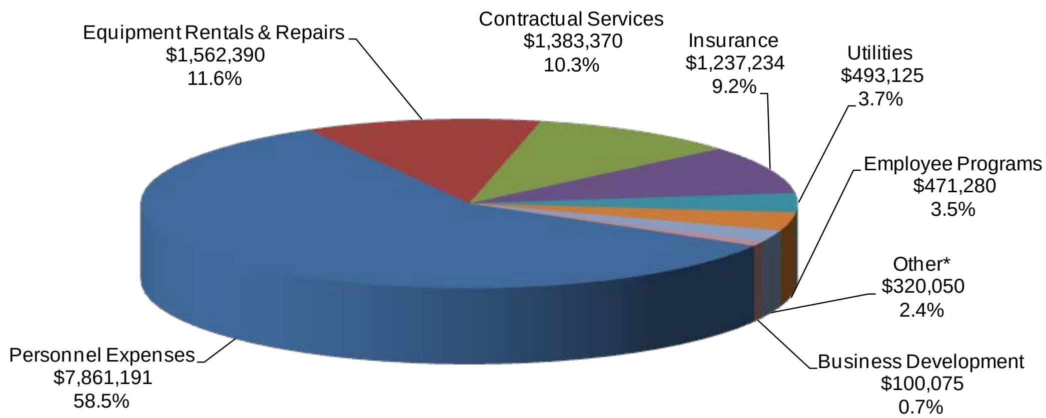
Figure 32 – FY 2013 Expense Budget by Category

Administration Division

FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget	
Personnel Expenses	$	7,861,191
Equipment Rentals & Repairs		1,562,390
Contractual Services		1,383,370
Insurance		1,237,234
Utilities		493,125
Employee Programs		471,280
Other*		320,050
Business Development		100,075
Total (1)	**$**	**13,428,715**

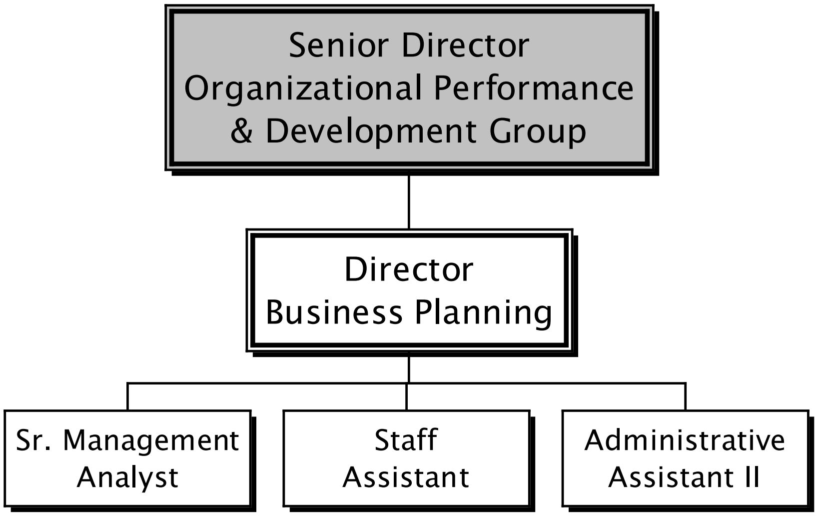
(1) Category total may differ due to rounding



**Other includes operating equipment & systems, operating*

Figure 33 – FY 2014 Expense Budget by Category

Business Planning
FY 2013 – FY 2014 Organizational Structure



Position shown in grey resides in Human Resources Department and is shown for reporting structure.
No personnel changes planned for FY 2014

Business Planning

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 290,688	$ 286,750	$ 295,353	$ 8,603	3.0%	$ 304,213	$ 8,861	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	143,084	143,262	132,639	(10,623)	-7.4%	142,174	9,536	7.2%
Subtotal	433,772	430,012	427,991	(2,021)	-0.5%	446,387	18,396	4.3%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**433,772**	**430,012**	**427,991**	**(2,021)**	**-0.5%**	**446,387**	**18,396**	**4.3%**
Non-Personnel Expenses								
Contractual Services	-	-	-	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	1,000	1,000	-	0.0%	1,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	771	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	515	2,000	2,000	-	0.0%	2,200	200	10.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	6,488	8,000	13,500	5,500	68.8%	13,000	(500)	-3.7%
Business Development	2,025	2,250	2,750	500	22.2%	2,750	-	0.0%
Equipment Rentals & Repairs	8,967	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**18,766**	**14,250**	**20,250**	**6,000**	**42.1%**	**19,950**	**(300)**	**-1.5%**
Total Operating Expenses	**452,538**	**444,262**	**448,241**	**3,979**	**0.9%**	**466,337**	**18,096**	**4.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**452,538**	**444,262**	**448,241**	**3,979**	**0.9%**	**466,337**	**18,096**	**4.0%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 452,538**	**$ 444,262**	**$ 448,241**	**$ 3,979**	**0.9%**	**$ 466,337**	**$ 18,096**	**4.0%**

Business Planning

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget		Inc / (Dec) FY14 Conceptual vs FY13	
FY 2012 Budget / FY 2013 Budget	**$**	**444,262**	**$**	**448,241**
Personnel costs				
Salary adjustments and pay for performance		8,603		8,861
Burden (benefits & employer taxes) Decrease / Increase for current staff		(10,623)		9,536
Total Decrease / Increase in personnel costs		**(2,021)**		**18,396**
Increase in seminars and training		2,500		-
Increase in travel for employee development		2,500		-
Other, net		1,000		(300)
Total Increase / Decrease in non-personnel costs		**6,000**		**(300)**
Total Increase		**3,979**		**18,096**
FY 2013 Budget / FY 2014 Conceptual Budget	**$**	**448,241**	**$**	**466,337**

Business Planning
Departmental Objectives

FY 2012 Progress Report

1. **Document, communicate, and implement the Authority's major sustainability initiatives: 1) Consult with executive management to define key goals, strategies, and success factors; 2) Develop sustainable Business Plan(s) working with accountable divisional management; 3) Conduct management forums and employee educational events; 4) Disseminate informational and collateral materials; 5) Develop appropriate performance measures, progress updates, and management reviews; and 6) Coordinate and implement sustainability initiatives with external agency representatives.**

   Progress: 1) Reviewed Global Reporting Initiative (GRI), reporting requirements and needed information; 2) Researched reporting formats and templates and assigned category responsibilities for Management Disclosures.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, effective, environmentally sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

2. **Work with and support the designated Authority Divisions/Departments to identify and enhance key business processes and address other operational and implementation issues, to include: 1) Identifying and documenting core/critical business processes; 2) Assessing the process for opportunities for improvement, processing deficiencies and/or gaps; 3) Documenting requisite procedures, work instruction and/or forms; 4) Defining appropriate effectiveness and efficiency measures; and 5) Developing the necessary improvement plans.**

   Progress: 1) Continued support for the Strategic Workforce Planning initiative with work done performed in Landside & Airside Operations, Aviation Security, Ground Transportation, Risk Management and Human Resources; 2) Business process improvements made in Fleet Safety, Airport Lost and Found and Information Technology; 3) Enhanced the Business Continuity Plan effectiveness and documentation; 4) Continued updates and improvements to the Airport Rules and Regulations; 5) Recommended improvements to the Ground Transportation Parking, Shuttle and Taxi cab operations.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, effective, environmentally sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

3. **Implement, manage, and report on the Authority's strategic planning initiatives and efforts to continually build a culture of performance excellence, improve organizational effectiveness, and minimize Authority risk. Work with the Senior Management staff to refine the Authority's strategic business planning process and document the key planning criteria.**

   Progress: Initiated the Program Management and Performance Measurement review process.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, effective, environmentally-sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

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

   Progress: Migrated the Quality Performance Reporting measurement dashboard to the BOE dashboard with updated performance measures.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, effective, environmentally sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

Business Planning
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Strategic Program Management and Performance Measurement - Develop and deploy a Strategic Program Management and Performance Measurement system by June 30, 2013. This goal supports the Authority's Strategic Engagement initiative to manage the "7 Priorities" project task tracking and to report on results. Success will be demonstrated by Authority management's use of this system to more effectively monitor project progress, measure key performance indicators and adapt the project's implementation based on changing business conditions.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

2. **Team Project Management Support - Integrate specified project risk management tools and methods into critical Authority projects by June 30, 2013 to ensure defined project requirements are fully met. A minimum of three (3) projects will be targeted to apply these tools and methods resulting in enhanced decision-making effectiveness, managed risk impact, reduced unforeseen issues and established contingency plans.**

   Sustainability Goal: Economic Viability, Operational Excellence.

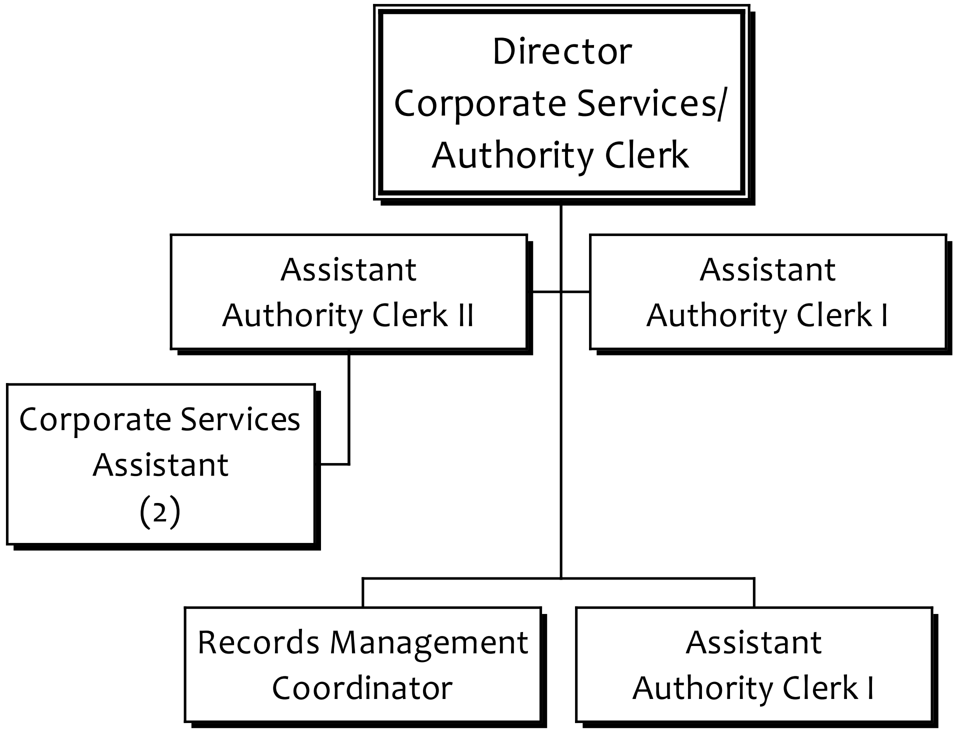
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

3. **Organizational change initiatives and business process improvement efforts - Implement a minimum of five (5) major organizational change efforts and/or business process improvement projects by June 30, 2013 to improve operational efficiency/productivity, engage the workforce and obtain greater customer satisfaction or more enhanced community image. All supporting documentation reflecting these operational improvements will be accurately and fully summarized upon completion.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

Corporate Services
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Corporate Services
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 424,728	$ 438,619	$ 465,957	$ 27,338	6.2%	$ 479,936	$ 13,979	3.0%
Premium Overtime	2,143	2,000	-	(2,000)	-100.0%	-	-	0.0%
Employee Benefits	209,842	224,090	208,140	(15,950)	-7.1%	223,506	15,366	7.4%
Subtotal	636,713	664,709	674,097	9,388	1.4%	703,442	29,344	4.4%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**636,713**	**664,709**	**674,097**	**9,388**	**1.4%**	**703,442**	**29,344**	**4.4%**
Non-Personnel Expenses								
Contractual Services	25,188	14,900	16,400	1,500	10.1%	16,400	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	66	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,941	-	-	-	0.0%	-	-	0.0%
Operating Supplies	5,336	5,500	5,000	(500)	-9.1%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	12,344	13,230	13,230	-	0.0%	13,230	-	0.0%
Business Development	23,451	22,200	21,500	(700)	-3.2%	18,600	(2,900)	-13.5%
Equipment Rentals & Repairs	14,849	21,452	21,452	-	0.0%	21,452	-	0.0%
Total Non-Personnel Expenses	**83,176**	**77,282**	**77,582**	**300**	**0.4%**	**74,682**	**(2,900)**	**-3.7%**
Total Operating Expenses	**719,889**	**741,991**	**751,679**	**9,688**	**1.3%**	**778,124**	**26,444**	**3.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**719,889**	**741,991**	**751,679**	**9,688**	**1.3%**	**778,124**	**26,444**	**3.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 719,889**	**$ 741,991**	**$ 751,679**	**$ 9,688**	**1.3%**	**$ 778,124**	**$ 26,444**	**3.5%**

Corporate Services

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 741,991**	**$ 751,679**
Personnel costs		
Salary adjustments and pay for performance	25,338	13,979
Burden (benefits & employer taxes) Decrease / Increase for current staff	(15,950)	15,366
Total Increase in personnel costs	**9,388**	**29,344**
Decrease in temporary personnel	-	-
Decrease in seminars and training	-	-
Other, net	300	(2,900)
Total Increase / Decrease in non-personnel costs	**300**	**(2,900)**
Total Increase	**9,688**	**26,444**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 751,679**	**$ 778,124**

Corporate Services
Departmental Objectives

FY 2012 Progress Report

1. **Conduct semi-annual training sessions (two sessions) during the fiscal year, or as needed, on staff report preparation so that materials are completed on time and in the right format and made available to the Board, public, and staff.**

   Progress: Goal Attained – Conducted 2 Sessions.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Ensure that official postings and the distribution of regular and special Board and Committee meetings notices and information are done one-hundred percent (100%) of the time in accordance with Authority policies and the Brown Act.**

   Progress: Goal Attained.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Improve organizational efficiency by responding to requests from Authority staff for active and inactive records and information within seventy-two (72) hours.**

   Progress: Goal Attained – 100% Compliance.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **Respond to public records requests from the public and media one-hundred percent (100%) of the time in accordance to the California Public Records Act.**

   Progress: Goal Attained.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Facilitate the review and of update all Authority Codes and Policies for Board review and approval.**

   Progress: Still in process – New completion deadline of September 2012.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

6. **Conduct two (2) training sessions during the fiscal year on the requirements of the Political Reform Act in regards to Statement of Economic Interest Filings (Form 700).**

   Progress: Goal Attained.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

7. **Conduct annual compliance reviews of each department to ensure compliance with the requirements of the Records and Information Management Program.**

   Progress: Goal Attained.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Corporate Services
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Ensure that official postings and the distribution of regular and special Board and Committee meeting notices and information are completed one-hundred percent (100%) of the time in accordance with Authority Policies and the Brown Act.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

2. **Respond to public records requests one-hundred percent (100%) if the time in accordance to the California Public Records Act and established procedures.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

3. **Facilitate the review and update of Authority Codes and Policies for Board review and approval by September 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Conduct annual compliance reviews of each department to ensure compliance with the requirements of the Approved Records and Information Management Program by December 2012.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

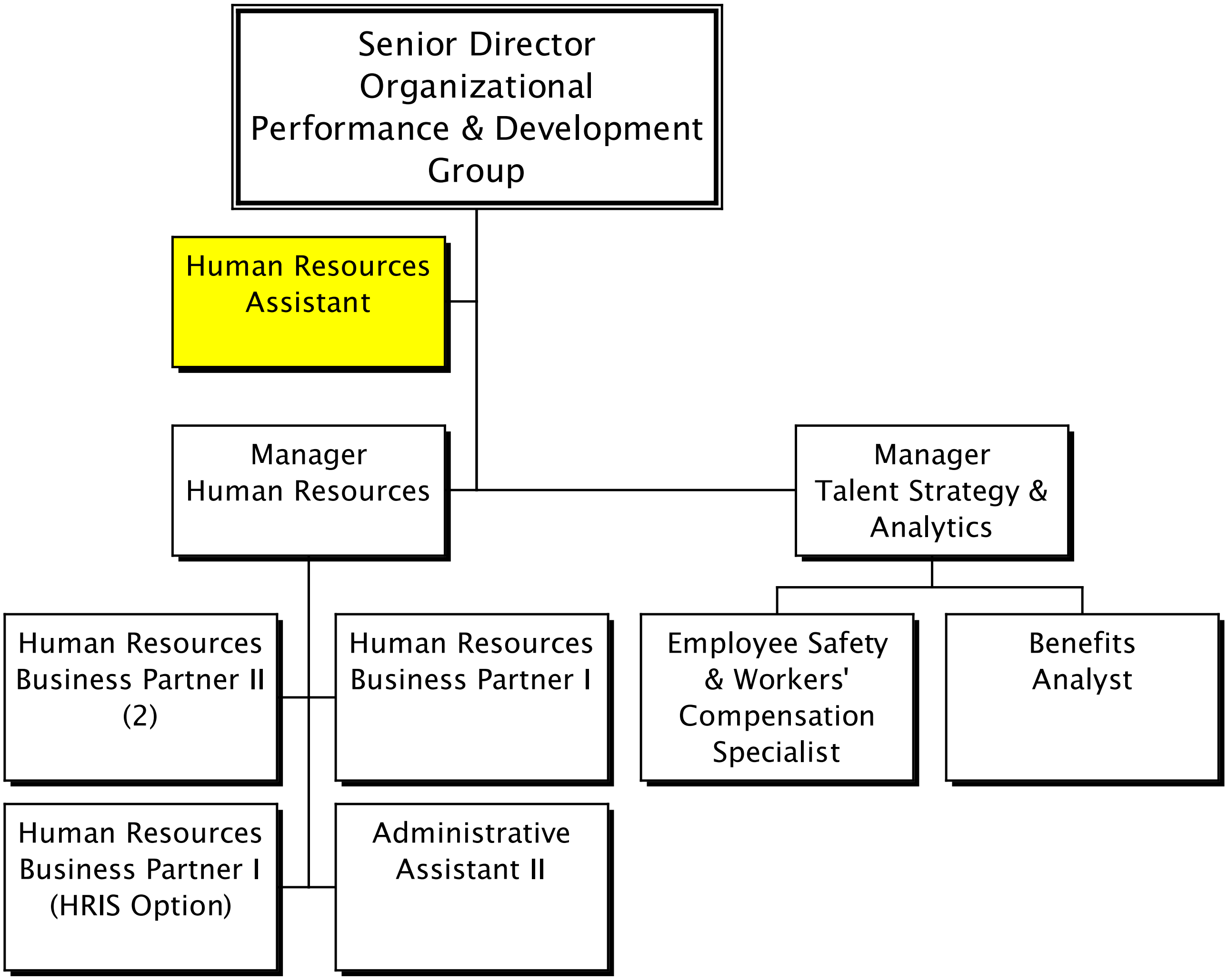
5. **To assist in achieving the Authority metric for reducing Xerox reprographic cost/consumption measures (5%/10%), Corporate Services will begin distributing ALUC, Board and Citizen Committee packets electronically to the fullest extent possible; and continue to provide access to official records electronically.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Human Resources

FY 2013 – FY 2014 Organizational Structure



Unfunded position shown in yellow
No personnel changes planned for FY 2014

Human Resources
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 835,080	$ 818,526	$ 869,589	$ 51,063	6.2%	$ 895,365	$ 25,776	3.0%
Premium Overtime	472	6,000	-	(6,000)	-100.0%	-	-	0.0%
Employee Benefits	425,452	365,078	341,716	(23,361)	-6.4%	364,338	22,622	6.6%
Subtotal	1,261,004	1,189,604	1,211,306	21,702	1.8%	1,259,703	48,398	4.0%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,261,004**	**1,189,604**	**1,211,306**	**21,702**	**1.8%**	**1,259,703**	**48,398**	**4.0%**
Non-Personnel Expenses								
Contractual Services	423,747	369,900	699,720	329,820	89.2%	486,220	(213,500)	-30.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	207	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	10,798	5,100	2,500	(2,600)	-51.0%	2,400	(100)	-4.0%
Operating Supplies	7,439	7,500	6,000	(1,500)	-20.0%	5,700	(300)	-5.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	274,385	270,476	253,825	(16,651)	-6.2%	256,200	2,375	0.9%
Business Development	34,014	45,032	62,745	17,713	39.3%	40,345	(22,400)	-35.7%
Equipment Rentals & Repairs	6,696	500	5,500	5,000	1000.0%	5,000	(500)	-9.1%
Total Non-Personnel Expenses	**757,286**	**698,508**	**1,030,290**	**331,782**	**47.5%**	**795,865**	**(234,425)**	**-22.8%**
Total Operating Expenses	**2,018,290**	**1,888,112**	**2,241,596**	**353,484**	**18.7%**	**2,055,568**	**(186,027)**	**-8.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,018,290**	**1,888,112**	**2,241,596**	**353,484**	**18.7%**	**2,055,568**	**(186,027)**	**-8.3%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 2,018,290**	**$ 1,888,112**	**$ 2,241,596**	**$ 353,484**	**18.7%**	**$ 2,055,568**	**$ (186,027)**	**-8.3%**

Human Resources

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 1,888,112**	**$ 2,241,596**
Personnel costs		
Salary adjustments and pay for performance	45,063	25,776
Burden (benefits & employer taxes) Decrease / Increase for current staff	(23,361)	22,622
Total Increase in personnel costs	**21,702**	**48,398**
Organizational performance outside consultant costs transferred from Executive Office	211,500	(211,500)
Benefits / workers' compensation broker fees	110,000	-
Increase / Decrease in promotional activities & materials	20,493	(22,100)
Decrease / Increase in awards and services	(20,625)	1,000
Other, net	10,414	(1,825)
Total Increase / Decrease in non-personnel costs	**331,782**	**(234,425)**
Total Increase / Decrease	**353,484**	**(186,027)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 2,241,596**	**$ 2,055,568**

Human Resources
Departmental Objectives

FY 2012 Progress Report

1. **Manage avoidable losses by implementing safe work practices to achieve workers' compensation cost containment measures. Success equals containing the organization's FY 2012 loss rate between .590 and .790, per $100 payroll.**

   Progress: On Target – Loss rate is within established parameters.

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Manage benefit administration with zero payroll adjustments due to administrative errors. Success equals 80% accuracy in benefit data maintenance in the E-1 system through FY 2012.**

   Progress: On Target – Exceeding eighty percent (80%) accuracy in benefit data maintenance.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Maintain 85% participation in health risk assessments and establish baseline bio-metric screenings for FY 2012. Success equals maintaining participation levels at 85% and baseline for bio-metric.**

   Progress: Achieved seventy-seven percent (77%) participation at submission of this milestone.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

Human Resources
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Maintain or improve workers compensation loss rate versus 5-year historical average as of July 1, 2012 through fiscal year 2013. Success equals maintaining loss rate within +/- 5% of average.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

2. **Develop and implement a wellness scorecard program model that will facilitate calculating return on investment for identified wellness program components by the June 30, 2013. Success equals activating benchmark program data gathering tool(s).**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

3. **Execute Strategic Workforce Planning and PACE action planning to meet stakeholder expectations. Success equals, that for each client group launched in FY 2013, that the process is completed through determining current state (PACE) by June 30, 2013.**

   Sustainability Goal: Operational Excellence.

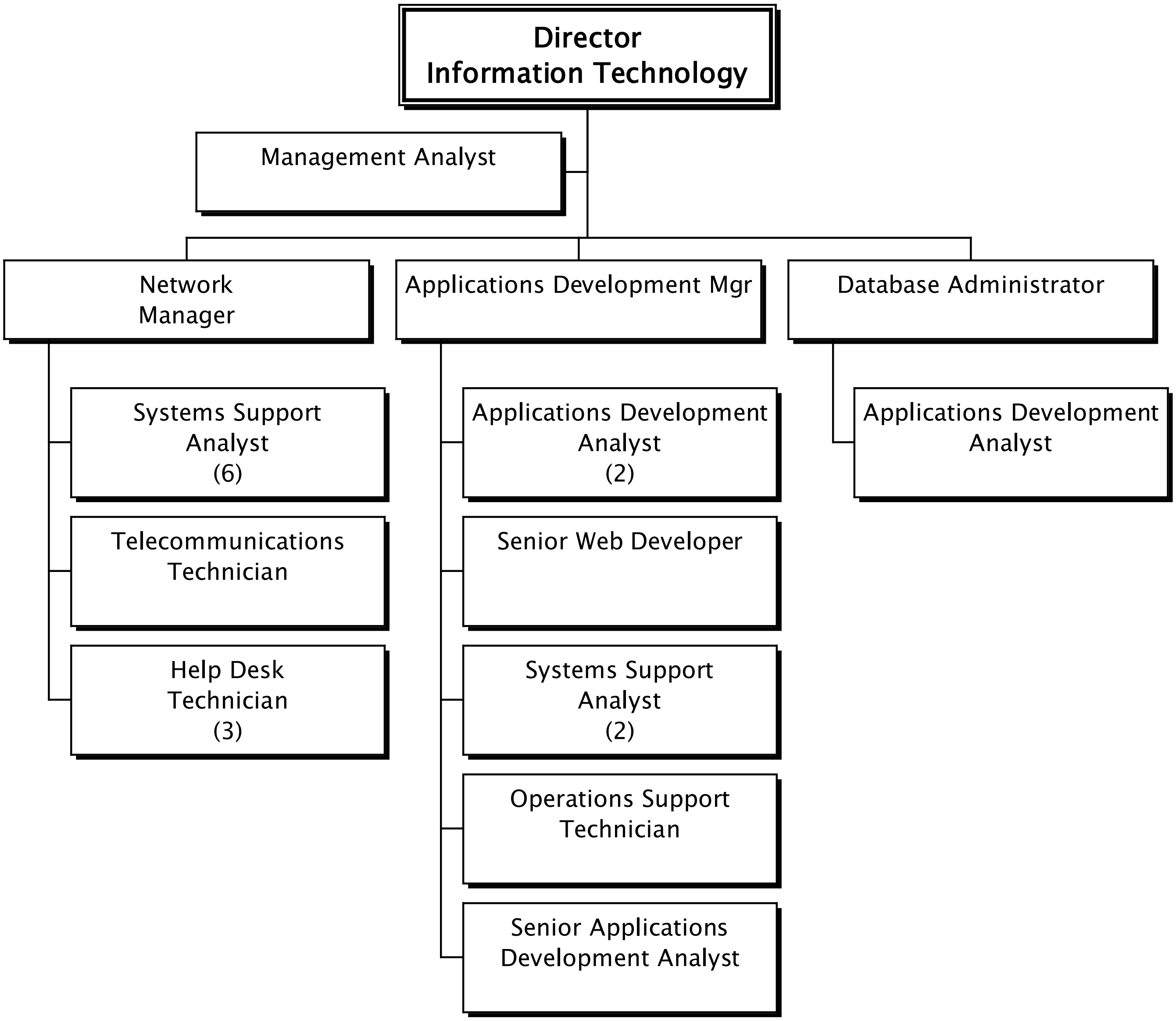
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

4. **Enhance the customer satisfaction rate of the HR department as measured through the annual Division Customer Satisfaction Survey. Success equals maintaining a 3-year average level of customer responsiveness above eighty percent (80%) through FY 2013.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Information Technology
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Information Technology
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 1,684,251	$ 1,713,135	$ 1,764,279	$ 51,144	3.0%	$ 1,879,495	$ 115,216	6.5%
Premium Overtime	165,774	152,000	152,000	-	0.0%	152,000	-	0.0%
Employee Benefits	844,782	869,877	822,185	(47,691)	-5.5%	905,115	82,929	10.1%
Subtotal	2,694,806	2,735,012	2,738,465	3,453	0.1%	2,936,610	198,146	7.2%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**2,694,806**	**2,735,012**	**2,738,465**	**3,453**	**0.1%**	**2,936,610**	**198,146**	**7.2%**
Non-Personnel Expenses								
Contractual Services	363,736	493,000	470,000	(23,000)	-4.7%	490,000	20,000	4.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	451,537	396,215	397,125	910	0.2%	492,125	95,000	23.9%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	280,180	202,000	261,500	59,500	29.5%	261,500	-	0.0%
Operating Supplies	10,076	13,300	13,300	-	0.0%	26,300	13,000	97.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	63,137	52,000	52,000	-	0.0%	52,000	-	0.0%
Business Development	4,222	7,100	7,100	-	0.0%	7,100	-	0.0%
Equipment Rentals & Repairs	905,934	1,268,054	1,316,129	48,075	3.8%	1,488,438	172,309	13.1%
Total Non-Personnel Expenses	**2,078,823**	**2,431,669**	**2,517,154**	**85,485**	**3.5%**	**2,817,463**	**300,309**	**11.9%**
Total Operating Expenses	**4,773,629**	**5,166,680**	**5,255,619**	**88,938**	**1.7%**	**5,754,073**	**498,455**	**9.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**4,773,629**	**5,166,680**	**5,255,619**	**88,938**	**1.7%**	**5,754,073**	**498,455**	**9.5%**
Equipment Outlay	**334,272**	**78,000**	**-**	**(78,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 5,107,901**	**$ 5,244,680**	**$ 5,255,619**	**$ 10,938**	**0.2%**	**$ 5,754,073**	**$ 498,455**	**9.5%**

Information Technology

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget		Inc / (Dec) FY14 Conceptual vs FY13	
FY 2012 Budget / FY 2013 Budget	**$**	**5,244,680**	**$**	**5,255,619**
Personnel costs				
1 New position - Operations Support Technician (Q3 FY13)		37,829		-
Salary adjustments and pay for performance		24,903		115,216
Burden (benefits & employer taxes) Decrease / Increase for current staff		(59,280)		82,929
Total Increase in personnel costs		**3,453**		**198,146**
Increase in equipment and systems costs		59,500		-
Increase in repairs of office equipment and systems		54,075		142,309
Increase in use of outside professional services		25,000		-
Increase in costs of telephone usage and other services and equipment		910		95,000
Decrease / Increase in equipment rental and leasing		(6,000)		30,000
Decrease / Increase in IT service (EnterpriseOne ERP Production and paging) costs		(45,000)		20,000
Decrease in equipment outlay costs		(78,000)		-
Other, net		(3,000)		13,000
Total Increase in non-personnel costs		**7,485**		**300,309**
Total Increase		**10,938**		**498,455**
FY 2013 Budget / FY 2014 Conceptual Budget	**$**	**5,255,619**	**$**	**5,754,073**

Information Technology
Departmental Objectives

FY 2012 Progress Report

1. **Achieve 99.5% availability of Authority computer and network systems from July 2011 through June 2013. Success is:**
   - **Critical application server maintaining 99.5% up-time.**
   - **Critical core switches maintaining 99.5% up-time.**

   Progress:
   - Critical Application server: 98.77% due to e-mail outage.
   - Critical Core Switches: 100% up-time.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: On target.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

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

   Progress: On target.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Continuous improvement of the Authority network and computing infrastructure to ensure the uninterrupted delivery of telecommunications and computing services. Continue to replace and/or maintain the following systems:**
   - **Maintain Authority phone switch with 99.5% up time.**
   - **Replace network switches that will be five years or older by May 2012.**
   - **Replace key file server systems that become or exceed five years of age by June 2012.**

   Progress: On target.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

5. **Convert 10% of the existing virtualization-eligible servers to the virtual server environment by June 2012.**

   Progress: On target.

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

6. **Provide technical training for IT personnel to ensure that they have the appropriate skills to troubleshoot and maintain Authority server, network, and software systems without requiring excessive outside technical support. This will be accomplished by:**
   - **Providing training for network personnel on latest equipment and software.**
   - **Ensuring server personnel receive training on server and desktop operating systems, and maintenance and operation of InfoShare, and Live Meeting.**
   - **Ensuring that software support personnel receive training on the variety of software systems they are responsible for maintaining.**

   Progress: On target.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

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

   Progress: On target.

   Sustainability Goal: Operational Excellence, Economic Viability.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

8. **Continue to be proactively involved in TDP construction design and review activities to ensure the proper integration and/or extension of new TDP provided and existing IT systems.**

   Progress: On target.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

9. **Continuous improvement of the Authority network infrastructure to ensure the uninterrupted delivery of telecommunications services by replacing older network equipment and upgrading the network infrastructure.**

   - **Complete upgrade of Authority network under CIP Project #104021.**

   Progress: On target.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

Information Technology
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Achieve 99.5% availability of computer and network systems, excluding scheduled maintenance down-times, from July 2012 through June 2013. Success is measured by:**
   - **Critical Application servers (e-mail, network files) maintaining 99.5% up-time.**
   - **Critical core switches (main computer room, not edge of network switches) maintaining 99.5% up-time.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **Work with the Green Build construction team to ensure that the existing Authority network, and the new Green Build network become a fully integrated system by May 2013. Success will be measured by:**
   - **Security access control systems will be fully operational from existing locations to newly installed Green Build systems.**
   - **Administrative network users can operate anywhere on the merged network, from old network locations across to newly installed Green Build systems.**
   - **Both the old network systems and newly installed Green Build systems can be managed by IT staff from one central location.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Achieve excellent IT Help Desk support service to the Authority by attaining customer satisfaction scores of ninety-three percent (93%) or higher on the December 2012 Administration Division's Customer Satisfaction Survey.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

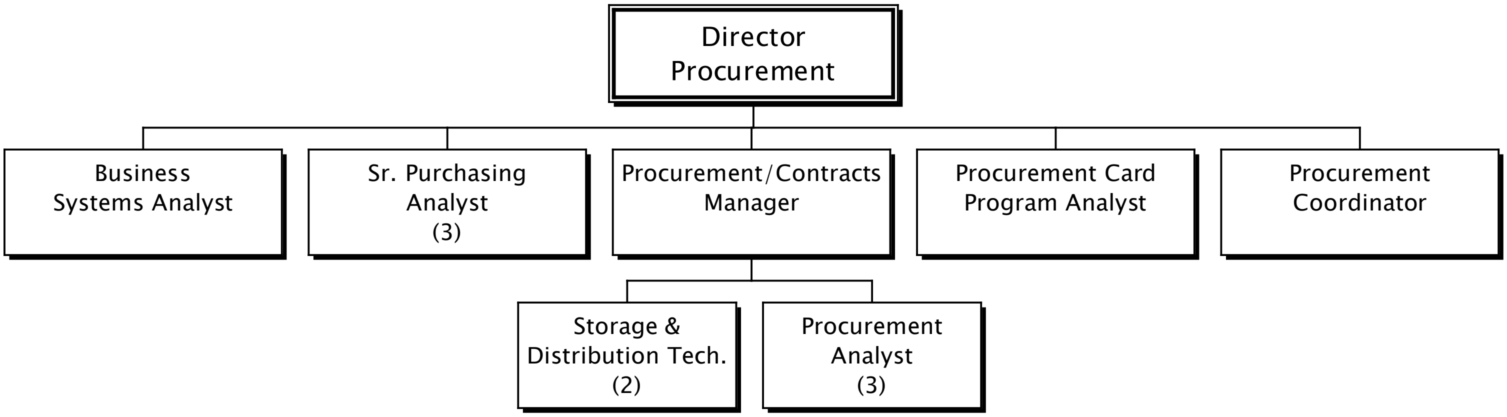
4. **Achieve 99.5% up-time for the Authority's desktop phone systems.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Procurement

FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Procurement

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 784,039	$ 778,458	$ 862,173	$ 83,716	10.8%	$ 888,039	$ 25,865	3.0%
Premium Overtime	3	1,000	1,000	-	0.0%	1,000	-	0.0%
Employee Benefits	366,009	389,574	392,511	2,937	0.8%	421,772	29,261	7.5%
Subtotal	1,150,051	1,169,032	1,255,684	86,652	7.4%	1,310,810	55,126	4.4%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,150,051**	**1,169,032**	**1,255,684**	**86,652**	**7.4%**	**1,310,810**	**55,126**	**4.4%**
Non-Personnel Expenses								
Contractual Services	34,779	26,000	21,000	(5,000)	-19.2%	21,500	500	2.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	69	3,500	4,500	1,000	28.6%	-	(4,500)	-100.0%
Operating Supplies	3,621	7,700	7,200	(500)	-6.5%	7,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	14,331	17,800	18,350	550	3.1%	17,850	(500)	-2.7%
Business Development	3,946	8,150	8,150	-	0.0%	8,150	-	0.0%
Equipment Rentals & Repairs	22,669	27,900	36,000	8,100	29.0%	37,500	1,500	4.2%
Total Non-Personnel Expenses	**79,415**	**91,050**	**95,200**	**4,150**	**4.6%**	**92,200**	**(3,000)**	**-3.2%**
Total Operating Expenses	**1,229,465**	**1,260,082**	**1,350,884**	**90,802**	**7.2%**	**1,403,010**	**52,126**	**3.9%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,229,465**	**1,260,082**	**1,350,884**	**90,802**	**7.2%**	**1,403,010**	**52,126**	**3.9%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,229,465**	**$ 1,260,082**	**$ 1,350,884**	**$ 90,802**	**7.2%**	**$ 1,403,010**	**$ 52,126**	**3.9%**

Procurement

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 1,260,082**	**$ 1,350,884**
Personnel costs		
1 Unfrozen position - Procurement Analyst	90,766	-
Salary adjustments and pay for performance	20,738	25,865
Burden (benefits & employer taxes) Decrease / Increase for current staff	(24,852)	29,261
Total Increase in personnel costs	**86,652**	**55,126**
Increase in computer licenses and agreements (Bid Management System)	8,000	1,500
Increase / Decrease in equipment and systems	1,000	(4,500)
Decrease / Increase in use of outside professional services	(5,500)	2,000
Other, net	650	(2,000)
Total Increase / Decrease in non-personnel costs	**4,150**	**(3,000)**
Total Increase	**90,802**	**52,126**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 1,350,884**	**$ 1,403,010**

Procurement
Departmental Objectives

FY 2012 Progress Report

1. **Maintain and promote a sustainable procurement process. Success equals:**
   - **Thirty-five percent (35%) of the solicitations processed in FY 2012 by the Procurement Department will allow for the acceptance of electronic submissions, which results in reducing the Authority's carbon footprint in addition to saving the business community time and money.**
   - **Identify and implement three waste reduction metrics for Procurement's contributions towards the Authority-wide waste reduction endeavor.**

   Progress:

   - Fifty percent (50%) of the solicitations processed in FY 2012 by the Procurement Department allowed for the acceptance of electronic submissions.
   - The Procurement Department tracks the following three waste reduction metrics:
     - Surplus resale, donation and recycling.
     - Document shredding (waste diversion).
     - Bio-degradable, compostable and recycled content of products stocked by the warehouse.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Achieve an eight percent (8%) overall cost savings through increased competition and negotiations in FY 2012.**

   Progress: The Procurement Department continues to achieve cost savings through increased competition and negotiations. Contract negotiations may also result in value added services, commitments and revenue for the Authority.

   Sustainability Goal: Economic Vitality.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Improve customer service to the business community through transparency, increased contracting opportunities, and outreach. Success equals:**
   - **Development of a project-specific outreach plan for ninety percent (90%) of the open and competitive solicitations issued through procurement in FY 2012.**
   - **Document and benchmark small and local business participation achieved in FY 2012 through an open and competitive solicitation process.**
   - **Participate in two vendor outreach events and conduct one vendor training workshop.**

   Progress:
   - Project specific outreach plans were developed for ninety-nine percent (99%) of the open and competitive solicitations issued through Procurement.
   - All solicitations issued through Procurement include an attachment to track responses for eligible certified small business enterprises and local business enterprises. A project specific procurement summary includes outreach, participation and responses for each solicitation. During the 1st six months of FY 2012, 2233 vendors have actively participated in a solicitation by downloading the opportunity. Of the 2233 vendors, twenty-four percent (24%) are Certified Small Business Enterprises, twenty-nine percent (29%) are Local Business Enterprises, and seven percent (7%) are Certified Disadvantaged Business Enterprises.
   - The Procurement Department has participated in a regional Small Business Matchmaking Event, and various trade shows and meetings sponsored by business organizations throughout the community.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Participate in ongoing professional education activities and benchmarked best practices for Procurement. Success equals:**
   - **Receive the Achievement of Excellence in Procurement Award for FY 2012.**
   - **Eighty percent (80%) of Procurement Staff and one-hundred percent (100%) of Procurement Analysts will receive a minimum of two Continued Educational Units and share the knowledge learned in FY 2012.**

   Progress: The Procurement Department is on track for meeting the best practices and standards required to submit for the Achievement of Excellence in Procurement Award for FY 2012. Procurement staff continues to receive training and instruction specifically related to trends and best practices for procurement and contracting.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Procurement

Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Promote a sustainable procurement process. Success equals:**
    - **Increase the number of solicitations accepting electronic submission to fifty percent (50%) in FY 2013, which results in reducing the Authority's carbon footprint in addition to saving the business community time and money.**
    - **Expand e-procurement capabilities to allow for the electronic submissions of public work construction projects by January 2013.**

    Sustainability Goal: Operational Excellence, Natural Resource Conservation.

    Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **Achieve an 8% overall cost savings through increased competition and negotiations in FY 2013.**

    Sustainability Goal: Economic Viability.

    Authority Strategy: Strategy #1: Enhance the financial position of the Authority

3. **Improve customer service to the business community through transparency, increased contracting opportunities, and outreach. Success equals:**
    - **Develop project-specific outreach plans for ninety percent (90%) of the open and competitive solicitations issued through procurement in FY 2013.**
    - **Document and benchmark small and local business participation achieved in FY 2013 through an open and competitive solicitation process.**
    - **Conduct one vendor training workshop and participate in two vendor outreach events in FY 2013.**

    Sustainability Goal: Social Responsibility.

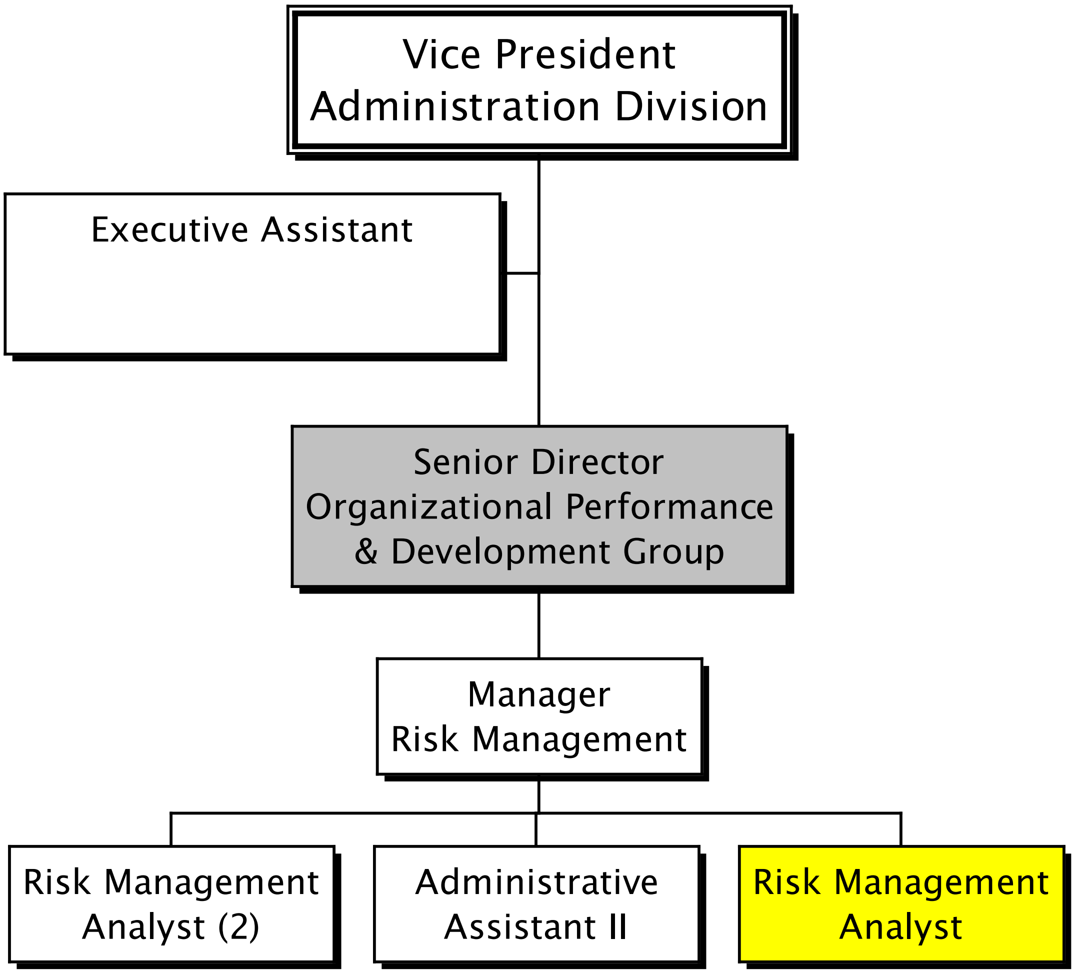
    Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

4. **Receive the Achievement of Excellence in Procurement Award for FY 2013, by obtaining a high score on criteria designed to measure innovation, e-procurement, professionalism, productivity and leadership attributes of the procurement function. Demonstrate excellence in procurement through adopted best practices in FY 2013.**

    Sustainability Goal: Operational Excellence, Social Responsibility.

    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

Risk Management
FY 2013 – FY 2014 Organizational Structure



Position shown in grey resides in the Human Resources Department and is shown for reporting purposes.
Unfunded position shown in yellow
No personnel changes planned for FY 2014

Risk Management
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 576,718	$ 573,469	$ 558,118	$ (15,351)	-2.7%	$ 577,816	$ 19,699	3.5%
Premium Overtime	-	759	500	(259)	-34.1%	500	-	0.0%
Employee Benefits	262,928	263,436	236,275	(27,160)	-10.3%	252,676	16,401	6.9%
Subtotal	839,646	837,663	794,893	(42,770)	-5.1%	830,992	36,099	4.5%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**839,646**	**837,663**	**794,893**	**(42,770)**	**-5.1%**	**830,992**	**36,099**	**4.5%**
Non-Personnel Expenses								
Contractual Services	323,199	652,250	307,250	(345,000)	-52.9%	281,250	(26,000)	-8.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	46	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	39	-	250	250	0.0%	250	-	0.0%
Operating Supplies	2,557	20,100	5,000	(15,100)	-75.1%	5,000	-	0.0%
Insurance	1,066,326	1,020,000	872,318	(147,682)	-14.5%	1,237,234	364,916	41.8%
Employee Programs	28,434	35,100	43,450	8,350	23.8%	43,450	-	0.0%
Business Development	5,772	13,500	13,555	55	0.4%	13,555	-	0.0%
Equipment Rentals & Repairs	160	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**1,426,533**	**1,740,950**	**1,241,823**	**(499,127)**	**-28.7%**	**1,580,739**	**338,916**	**27.3%**
Total Operating Expenses	**2,266,180**	**2,578,613**	**2,036,716**	**(541,897)**	**-21.0%**	**2,411,731**	**375,015**	**18.4%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,266,180**	**2,578,613**	**2,036,716**	**(541,897)**	**-21.0%**	**2,411,731**	**375,015**	**18.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 2,266,180**	**$ 2,578,613**	**$ 2,036,716**	**$ (541,897)**	**-21.0%**	**$ 2,411,731**	**$ 375,015**	**18.4%**

Risk Management

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 2,578,613**	**$ 2,036,716**
Personnel costs		
Salary adjustments and pay for performance	(15,610)	19,699
Burden (benefits & employer taxes) Decrease / Increase for current staff	(27,160)	16,401
Total Decrease / Increase in personnel costs	**(42,770)**	**36,099**
Decrease / Increase in insurance costs	(147,682)	364,916
Administration Fee (Bond Program) transferred to Small Business Development	(367,750)	-
Other, net	16,305	(26,000)
Total Decrease / Increase in non-personnel costs	**(499,127)**	**338,916**
Total Decrease / Increase	**(541,897)**	**375,015**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 2,036,716**	**$ 2,411,731**

Risk Management
Departmental Objectives

FY 2012 Progress Report

1. **Review and revise, where appropriate, the Authority's current use of insured and self-insured risk management techniques in response to various exposures. Conduct an ACI-NA benchmarking survey, using those results as a means to compare and analyze methods used at other large hub airports. Include survey results in the decision process to develop/implement the insured and self-insured strategies for the protection of one-hundred percent (100%) of the probable maximum loss of Authority assets during FY 2012.**

   Progress: On Target – Adequate insured and self insured techniques have been maintained to protect organization assets.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

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

   Progress: On Target – Average review time is performed in less than three working days.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Conduct an Enterprise Risk Management pilot study and deliver findings to the Authority Executive Team by June 30, 2012.**

   Progress: Presentation to Executive Team determined pilot study not needed; organization is pursuing alternative assessments.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **Secure the services of a consultant to perform a seismic study to estimate the affect an earthquake would have on identified important Airport structures by June 30, 2012. The study would provide a cost benefit analysis on different mitigation strategies that could be used to minimize the damage to some of the identified structures and point out concerns for buildings that house operations that could affect revenue should they be severely damaged.**

   Progress: Decision was made not to complete the seismic study but to utilize broader assessment methods.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

Risk Management
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Complete a revenue stream interruption study resulting from stakeholder interviews to develop contingency plans and enhance Executive and Senior Staff decision making, to be published by May 31, 2013.**

   Sustainability Goal: Economic Viability.

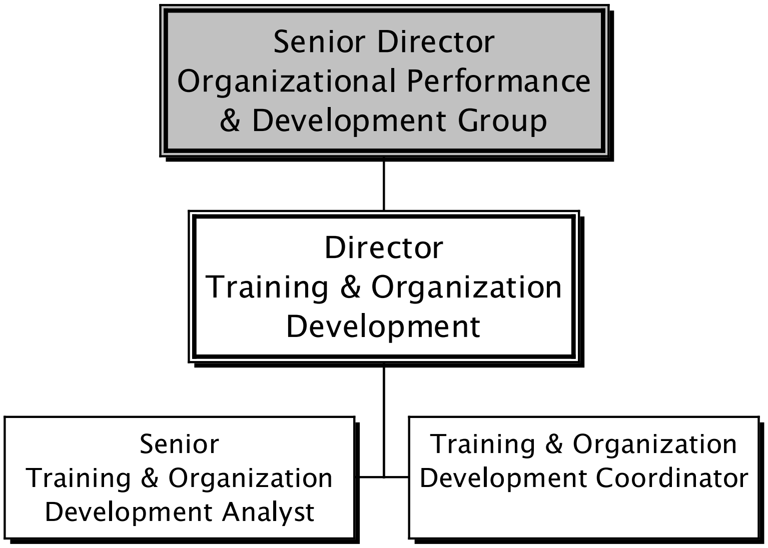
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

2. **Educate each project lead stakeholder in the use of applicable risk assessment tool(s) in their decision making process for Authority projects as identified by Business Planning function (e.g., GBAT, CDOG, and CIP planning). To be successful, the embedding of the risk assessment decision-making process will be offered to the project lead for each project identified by the Business Planning department initiated throughout FY 2013.**

   Sustainability Goal: Operational Excellence, Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

Training & Organization Development
FY 2013 – FY 2014 Organizational Structure



Position shown in grey resides in the Human Resources Department and is shown for reporting structure.
No personnel changes planned for FY 2014

Training & Organization Development
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 254,031	$ 256,416	$ 258,855	$ 2,439	1.0%	$ 266,621	$ 7,766	3.0%
Premium Overtime	554	500	-	(500)	-100.0%	-	-	0.0%
Employee Benefits	113,994	111,878	100,092	(11,786)	-10.5%	106,625	6,533	6.5%
Subtotal	368,578	368,794	358,947	(9,847)	-2.7%	373,246	14,299	4.0%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**368,578**	**368,794**	**358,947**	**(9,847)**	**-2.7%**	**373,246**	**14,299**	**4.0%**
Non-Personnel Expenses								
Contractual Services	38,913	83,000	97,000	14,000	16.9%	88,000	(9,000)	-9.3%
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	2,021	500	500	-	0.0%	500	-	0.0%
Operating Supplies	3,369	3,000	2,000	(1,000)	-33.3%	3,000	1,000	50.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	53,887	69,550	74,000	4,450	6.4%	75,550	1,550	2.1%
Business Development	9,591	8,150	7,250	(900)	-11.0%	9,575	2,325	32.1%
Equipment Rentals & Repairs	7,044	7,500	7,500	-	0.0%	10,000	2,500	33.3%
Total Non-Personnel Expenses	**114,826**	**171,700**	**188,250**	**16,550**	**9.6%**	**186,625**	**(1,625)**	**-0.9%**
Total Operating Expenses	**483,404**	**540,494**	**547,197**	**6,703**	**1.2%**	**559,871**	**12,674**	**2.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**483,404**	**540,494**	**547,197**	**6,703**	**1.2%**	**559,871**	**12,674**	**2.3%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 483,404**	**$ 540,494**	**$ 547,197**	**$ 6,703**	**1.2%**	**$ 559,871**	**$ 12,674**	**2.3%**

Training & Organizational Development
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 540,494**	**$ 547,197**
Personnel costs		
Salary adjustments and pay for performance	1,939	7,766
Burden (benefits & employer taxes) Decrease / Increase for current staff	(11,786)	6,533
Total Decrease / Increase in personnel costs	**(9,847)**	**14,299**
Increase / Decrease in use of outside professional services (employee opinion survey)	15,000	(10,000)
Increase in seminars and training costs	4,400	600
Decrease / Increase in temporary personnel	(1,000)	1,000
Other, net	(1,850)	6,775
Total Increase / Decrease in non-personnel costs	**16,550**	**(1,625)**
Total Increase	**6,703**	**12,674**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 547,197**	**$ 559,871**

Training & Organizational Development

Departmental Objectives

FY 2012 Progress Report

1. **Expand our two Authority learning labs that enable employees to take on-line classes in a private environment conducive to learning. Course content library available and completed by April 2012.**

   Progress: Course content library has been obtained and is now available through our Learning Management System.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Design Customer Service Training by May 2012. Training deliverd to seventy percent (70%) of Authority employees by December 2012.**

   Progress: Customer service standards have been developed and the training is currently being designed.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Develop customer service training for our airport partners (airlines, concessions, taxis) and deliver by October 2012.**

   Progress: We have written into contracts for new concessionaires and ground transportation providers that customer service training will be required. We are working with Access Control to incorporate the training into SIDA badge training so all new employees will be trained before starting work.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Conduct a skills needs assessment by December 2012 and develop & implement a strategic training plan to address the needs by July 2013.**

   Progress: Skills assessment is currently being designed and will be administered March-April 2012.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Training & Organizational Development
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Increase customer satisfaction scores by providing internal customer service training to SDCRAA employees, educating all employees on our customer service standards by December 2012.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

2. **Develop and deliver at least four new course offerings to address skill gaps identified through strategic engagement activities, Strategic Workforce Planning, and training needs assessment by June 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

3. **Design and coordinate activities to follow up on the results of the 2012 EOS pulse survey to increase the employee engagement index by 1 point by February 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

4. **Provide managers with access to information by creating and electronically distributing a management handbook for all Authority staff who manage employees by December 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

Development Division

Development Division
Overview

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

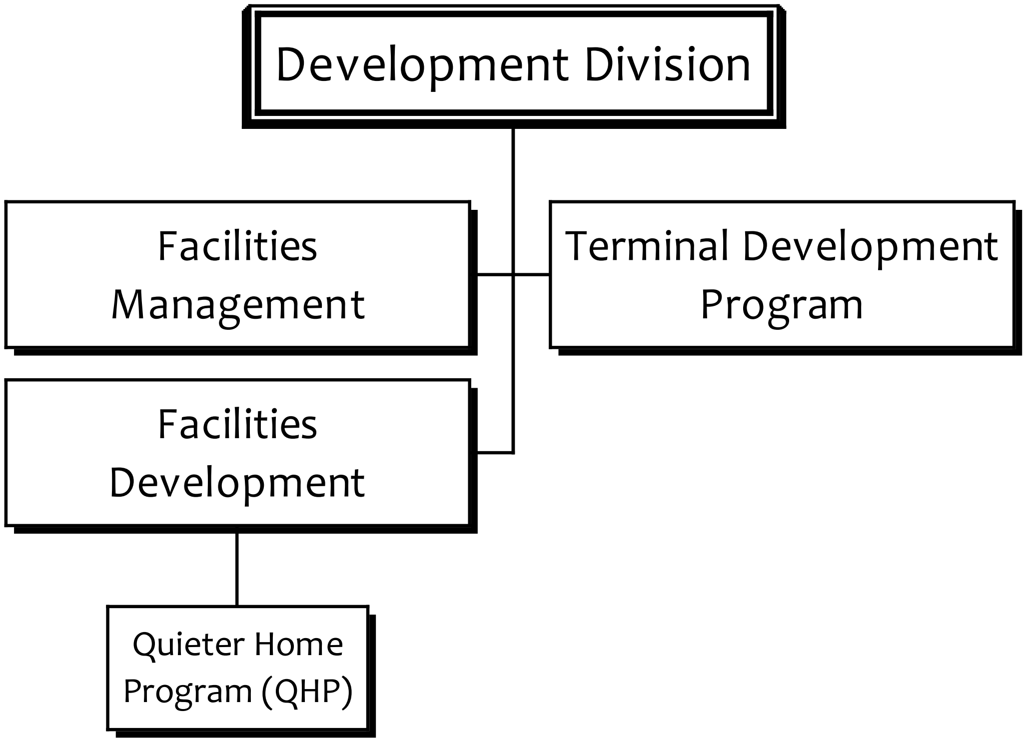
The **Facilities Development Department** executes the Airport's Capital Improvement Program (CIP) and major maintenance projects. It is also responsible for implementing noise attenuation improvements to qualified residential homes adjacent to the Airport under the Authority's **Quieter Home Program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

The **Facilities Management Department** maintains Airport infrastructure and responds to all Airport and tenant service requests. The department also plans and executes the Major Maintenance Program and assists Facilities Development in the execution of the CIP. It oversees numerous service contracts, including airfield paving and striping, runway rubber removal, landscaping, elevator and escalator maintenance and other specialized services.

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

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

Development Division
Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Development								
Facilities Management	67	70	-	2	5	77	6	83
Terminal Development Program	12	12	-	(3)	-	9	-	9
Facilities Development	29	30	-	-	-	30	-	30
Quieter Home Program	10	7	-	-	-	7	-	7
Total	**118**	**119**	**-**	**(1)**	**5**	**123**	**6**	**129**
Authorized and Unfunded Positions	12	9	-	-	-	4	-	4
Total Authorized Positions	**130**	**128**	**-**	**(1)**	**-**	**127**	**6**	**133**

Development Division
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 8,020,898	$ 8,462,750	$ 8,385,776	$ (76,974)	-0.9%	$ 9,121,472	$ 735,697	8.8%
Premium Overtime	410,390	415,000	460,000	45,000	10.8%	460,000	-	0.0%
Employee Benefits	3,885,791	4,273,075	3,925,676	(347,399)	-8.1%	4,429,000	503,324	12.8%
Subtotal	12,317,078	13,150,825	12,771,452	(379,373)	-2.9%	14,010,472	1,239,021	9.7%
Less: Capitalized Labor	*(3,318,151)*	*(4,908,161)*	*(4,465,578)*	*442,584*	*-9.0%*	*(4,605,767)*	*(140,189)*	*3.1%*
Less: QHP - Labor/Burden/Labor Overhead	*(880,093)*	*(718,409)*	*(708,766)*	*9,643*	*-1.3%*	*(748,501)*	*(39,735)*	*5.6%*
Total Personnel Expenses	**8,118,834**	**7,524,255**	**7,597,108**	**72,854**	**1.0%**	**8,656,205**	**1,059,096**	**13.9%**
Non-Personnel Expenses								
Contractual Services	1,257,410	1,107,576	826,183	(281,393)	-25.4%	1,042,709	216,526	26.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	5,956,620	6,265,000	7,350,000	1,085,000	17.3%	8,145,000	795,000	10.8%
Maintenance	6,714,769	6,383,100	7,030,600	647,500	10.1%	7,430,600	400,000	5.7%
Operating Equipment & Systems	51,984	22,729	26,048	3,319	14.6%	25,119	(929)	-3.6%
Operating Supplies	86,367	61,618	76,187	14,569	23.6%	73,366	(2,822)	-3.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	83,714	94,374	107,506	13,132	13.9%	113,249	5,743	5.3%
Business Development	36,299	52,466	61,241	8,775	16.7%	56,891	(4,350)	-7.1%
Equipment Rentals & Repairs	79,117	57,758	41,395	(16,363)	-28.3%	45,248	3,853	9.3%
Total Non-Personnel Expenses	**14,266,281**	**14,044,621**	**15,519,159**	**1,474,538**	**10.5%**	**16,932,181**	**1,413,021**	**9.1%**
Total Operating Expenses	**22,385,115**	**21,568,876**	**23,116,268**	**1,547,392**	**7.2%**	**25,588,386**	**2,472,118**	**10.7%**
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	17,899,686	15,264,946	15,181,596	(83,350)	-0.5%	15,182,096	500	0.0%
Total Non-Operating Expenses	**17,899,686**	**15,264,946**	**15,181,596**	**(83,350)**	**-0.5%**	**15,182,096**	**500**	**0.0%**
Total Expenses	**40,284,801**	**36,833,822**	**38,297,864**	**1,464,042**	**4.0%**	**40,770,482**	**2,472,618**	**6.5%**
Equipment Outlay	**292,873**	**120,000**	**220,000**	**100,000**	**83.3%**	**110,000**	**(110,000)**	**-50.0%**
Total Authority Expenses incl Equip Outlay	**$ 40,577,674**	**$ 36,953,822**	**$ 38,517,864**	**$ 1,564,042**	**4.2%**	**$ 40,880,482**	**$ 2,362,618**	**6.1%**

Development Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 36,953,822**	**$ 38,517,864**
Personnel costs		
Change in capitalized labor costs	452,227	(179,924)
FY13 5 New & 2 Unfrozen positions (salaries, benefits & employer taxes) and FY14 6 New positions (salaries, benefits & employer taxes)	296,002	268,817
Salary adjustments, contracted wage increases and pay-for-performance	105,674	553,697
Burden (benefits & employer taxes) Decrease / Increase for current staff	(335,516)	416,507
3 Eliminated positions (salaries, benefits & employer taxes)	(445,533)	-
Total Increase in personnel costs	**72,854**	**1,059,096**
Increase in utilities	1,085,000	795,000
Increase in annual repair and service contracts	704,500	487,000
Decrease / Increase in Facilities Development consultant costs	(251,393)	213,526
Decrease in major maintenance project costs	(275,000)	(90,000)
Other, net	228,081	(102,004)
Total Increase in non-personnel costs	**1,491,188**	**1,303,521**
Total Increase	**1,564,042**	**2,362,618**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 38,517,864**	**$ 40,880,482**

Development Division

FY 2013 – FY 2014 Expense Budget by Department

Department		FY 2013 Budget
Facilities Management	$	21,710,733
Quieter Home Program		15,000,000
Facilities Development		1,765,319
Terminal Development Program		41,812
Total [1]	**$**	**38,517,864**

[1] *Departmental total may differ due to rounding*

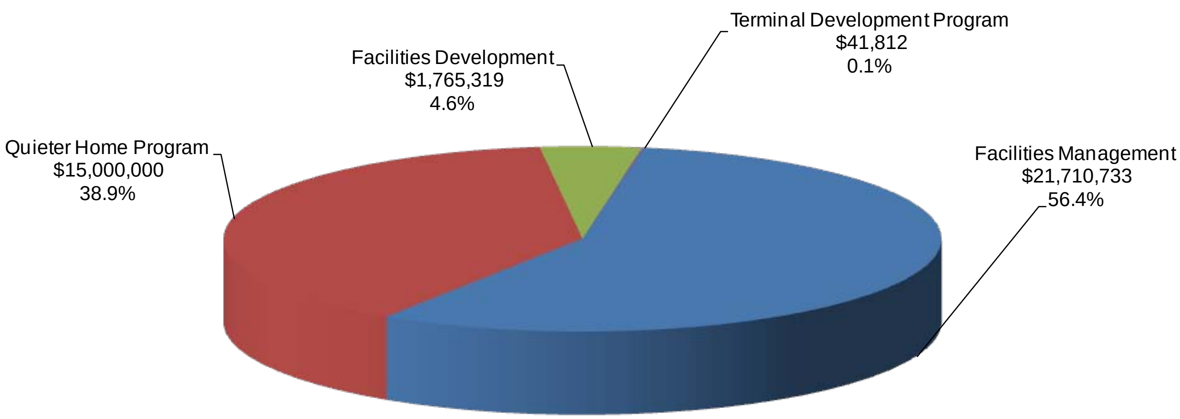


Figure 34 – FY 2013 Expense Budget by Department

Development Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Department	FY 2014 Conceptual Budget
Facilities Management	$ 23,895,242
Quieter Home Program	15,000,000
Facilities Development	1,943,428
Terminal Development Program	41,812
Total [1]	**$ 40,880,482**

[1] *Departmental total may differ due to rounding*

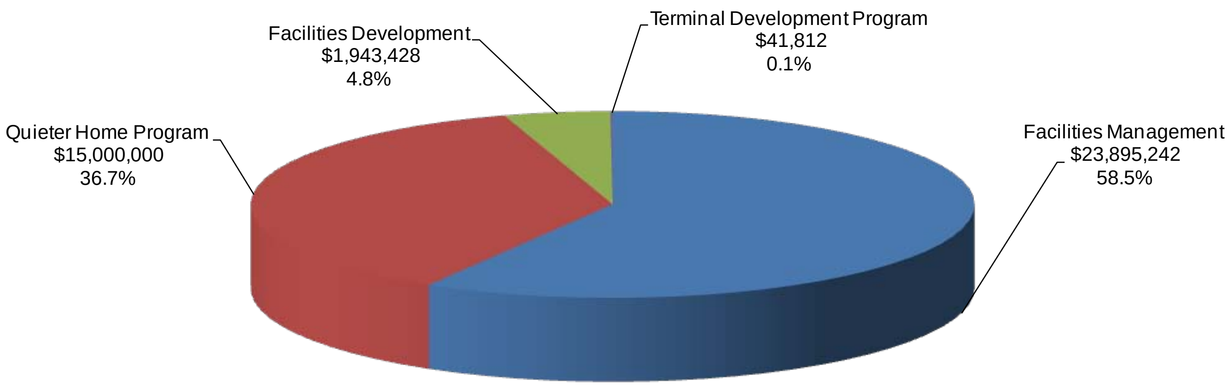


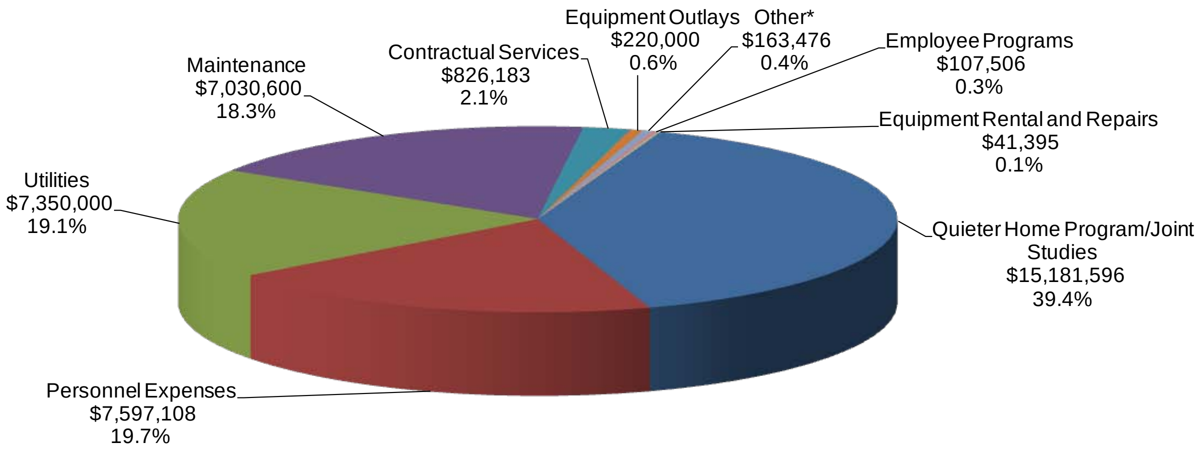
Figure 35 – FY 2014 Expense Budget by Department

Development Division

FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Quieter Home Program/Joint Studies	$	15,181,596
Personnel Expenses		7,597,108
Utilities		7,350,000
Maintenance		7,030,600
Contractual Services		826,183
Equipment Outlays		220,000
Other*		163,476
Employee Programs		107,506
Equipment Rental and Repairs		41,395
Total (1)	**$**	**38,517,864**

(1) *Category total may differ due to rounding*



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

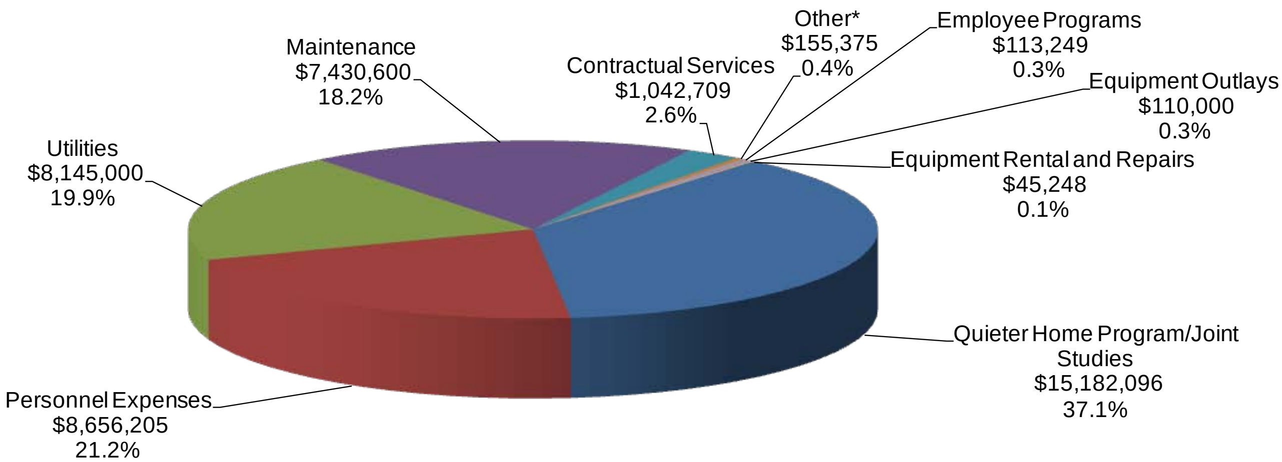
Figure 36 – FY 2013 Expense Budget by Category

Development Division

FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget
Quieter Home Program/Joint Studies	$ 15,182,096
Personnel Expenses	8,656,205
Utilities	8,145,000
Maintenance	7,430,600
Contractual Services	1,042,709
Other*	155,375
Employee Programs	113,249
Equipment Outlays	110,000
Equipment Rental and Repairs	45,248
Total [1]	**$ 40,880,482**

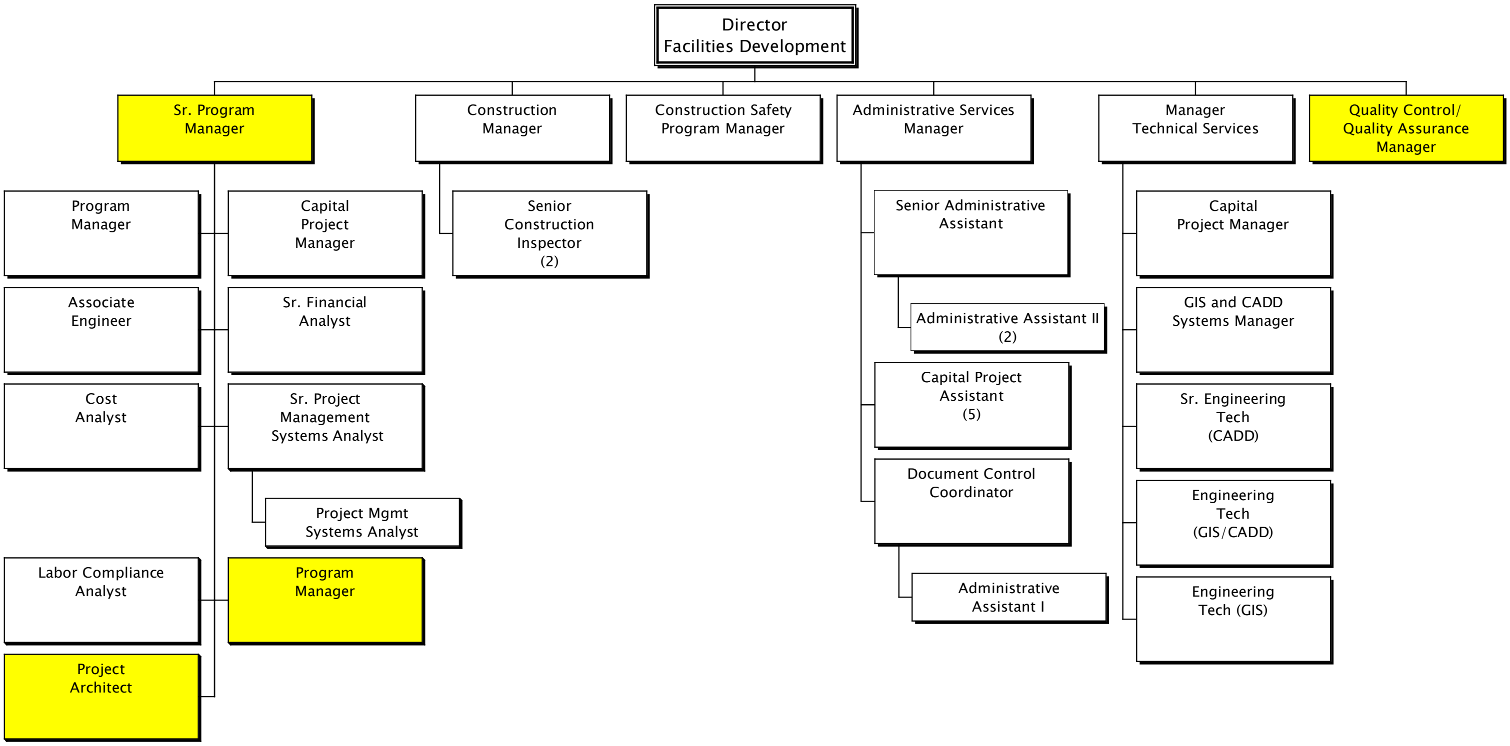
[1] *Category total may differ due to rounding*



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

Figure 37 – FY 2014 Expense Budget by Category

Facilities Development
FY 2013 – FY 2014 Organizational Structure



Unfunded positions shown in yellow
No personnel changes planned for FY 2014

Facilities Development
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 2,230,466	$ 2,255,444	$ 2,300,746	$ 45,303	2.0%	$ 2,369,020	$ 68,274	3.0%
Premium Overtime	8,969	10,000	10,000	-	0.0%	10,000	-	0.0%
Employee Benefits	1,006,405	1,044,537	963,334	(81,203)	-7.8%	1,032,241	68,907	7.2%
Subtotal	3,245,841	3,309,981	3,274,080	(35,900)	-1.1%	3,411,261	137,180	4.2%
Less: Capitalized Labor	*(1,996,332)*	*(2,519,456)*	*(2,760,095)*	*(240,639)*	*9.6%*	*(2,849,238)*	*(89,142)*	*3.2%*
Less: QHP - Labor/Burden/Labor Overhead	*(63,905)*	*-*	*-*	*-*	*0.0%*	*-*	*-*	*0.0%*
Total Personnel Expenses	**1,185,604**	**790,524**	**513,985**	**(276,539)**	**-35.0%**	**562,023**	**48,038**	**9.3%**
Non-Personnel Expenses								
Contractual Services	1,009,282	1,021,576	763,183	(258,393)	-25.3%	976,709	213,526	28.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	271,936	400,000	200,000	(200,000)	-50.0%	110,000	(90,000)	-45.0%
Operating Equipment & Systems	12,145	8,729	5,548	(3,181)	-36.4%	6,619	1,071	19.3%
Operating Supplies	14,747	8,118	5,137	(2,981)	-36.7%	5,516	378	7.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	8,252	5,459	3,701	(1,758)	-32.2%	4,944	1,243	33.6%
Business Development	12,705	21,120	23,620	2,500	11.8%	23,620	-	0.0%
Equipment Rentals & Repairs	69,295	46,508	30,145	(16,363)	-35.2%	33,998	3,853	12.8%
Total Non-Personnel Expenses	**1,398,362**	**1,511,510**	**1,031,333**	**(480,177)**	**-31.8%**	**1,161,405**	**130,071**	**12.6%**
Total Operating Expenses	**2,583,966**	**2,302,034**	**1,545,319**	**(756,716)**	**-32.9%**	**1,723,428**	**178,109**	**11.5%**
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	129,191	275,000	200,000	(75,000)	-27.3%	200,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	**129,191**	**275,000**	**200,000**	**(75,000)**	**-27.3%**	**200,000**	**-**	**0.0%**
Total Expenses	**2,713,157**	**2,577,034**	**1,745,319**	**(831,716)**	**-32.3%**	**1,923,428**	**178,109**	**10.2%**
Equipment Outlay	**19,122**	**20,000**	**20,000**	**-**	**0.0%**	**20,000**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 2,732,279**	**$ 2,597,034**	**$ 1,765,319**	**$ (831,716)**	**-32.0%**	**$ 1,943,428**	**$ 178,109**	**10.1%**

Facilities Development
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Proposed Budget	**$ 2,597,034**	**$ 1,765,319**
Personnel costs		
Salary adjustments and pay for performance	45,303	68,274
Burden (benefits & employer taxes) Decrease / Increase for current staff	(81,203)	68,907
Change in capitalized labor costs	(240,639)	(89,142)
Total Decrease / Increase in personnel costs	**(276,539)**	**48,038**
Decrease in Joint Studies costs	(75,000)	-
Decrease in major maintenance costs	(200,000)	(90,000)
Decrease / Increase in Facilities Development consultant costs	(251,393)	213,526
Other, net	(28,783)	6,546
Total Decrease / Increase in non-personnel costs	**(555,177)**	**130,071**
Total Decrease / Increase	**(831,716)**	**178,109**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 1,765,319**	**$ 1,943,428**

Facilities Development
Departmental Objectives

FY 2012 Progress Report

1. **Dedicate 40 hours per employee to staff development.**

   Progress: On Target. FDD has spent forty-eight percent (48%) of Seminar & Training budget for FY 2012.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **By June 30, 2012, FDD will provide a minimum of six program management training sessions to forty percent (40%) of staff within the Facilities Development Department to ensure consistent and uniform process for all Capital and Major Maintenance Projects. The focus will be on Design Bid Build and Alternative Project Delivery methods and forty percent (40%) attendance.**

   Progress: On Target. Three program management training sessions to 40% of FDD staff has been conducted.

   Sustainability Goal: Operational Excellence; Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **By June 30, 2012, provide a minimum of six training sessions to educate FDD staff regarding requirements and benefits of utilizing Sustainability and LEED criteria for modifications to existing facilities.**

   Progress: On Target. More than six LEED staff training sessions were conducted last year.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **By June 30, 2012, we will implement quarterly inspections on airport grounds using a formal pavement management process. This pavement management process will guide FDD staff in allocating funds for pavement areas for repairs or reconstruction. This will result in improving cash management and improve labor prioritization.**

   Progress: Exceeded Target. Pavement Management Program was completed last year.

   Sustainability Goal: Operational Excellence; Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes. (Use Pavement Management Program to determine pavement areas requiring repair).

5. **By June 30, 2012, we will implement ePM for all new FDD projects and the associated information. The projects teams, including external consultants/contractors, will be able to increase collaboration. The system will provide avenues to upload project documentation online. This innovation will decrease time, postage, and paper documentation.**

   Progress: Not on target. Because of off-site hosting service, maintenance issues with ePM seem to be surmounting leaves FDD with re-evaluating other resources to provide reliable service.

   Sustainability Goal: Operational Excellence; Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Facilities Development
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **In order to ensure consistent and uniform processes to implement Capital (CIP) and Major Maintenance Projects, Facilities Development (FDD) will provide a minimum of six (6) program management training sessions. At least sixty percent (60%) of staff will attend these training sessions and closely monitor staff to ensure that at least 80% are following the set processes. With the new program management consultants coming on board, this training will provide new staff the necessary tools to FDD's processes to implement the CIP Program. By December 31, 2012, FDD will conduct a minimum of three (3) training sessions, and by June 30, 2013, FDD will have completed a minimum of six (6) program management training sessions.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

2. **By June 30, 2013, finalize overall ConRAC delivery schedule for program management. Meet with the ConRAC project team once each month over the next 12 months to ensure a consistent and reportable approach. Meetings will be documented and minutes distributed to project teams to address progress and associated risk with project development.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

3. **By June 30, 2013, import applicable internal GIS data layers into a GIS format that is compliant with A/C 150/5300-18B. Upon initial review, it has been determined that there are 21 layers within the existing GIS database that will need to be imported into the new FAA compliant GIS format. By September 30, 2012, the FAA requirements will be fully researched and the existing database will be analyzed to determine the method of import into the new format. By March 30, 2013, the correct data layers will be imported. By June 13, 2013, quality control on the data transfer will be completed.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

4. **Dedicate 40 hours per employee to staff development.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

5. **By June 30, 2013, FDD will provide a minimum of six program management training sessions to forty percent (40%) of staff within the Facilities Development Department to ensure consistent and uniform process for all Capital and Major Maintenance Projects. The focus will be on Design Bid Build and Alternative Project Delivery methods and 40% attendance.**

   Sustainability Goal: Operational Excellence; Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

6. **By June 30, 2012, we will implement quarterly inspections on airport grounds using a formal pavement management process. The Pavement Management Program will guide FDD staff in allocating funds for pavement areas for repairs or reconstruction. This will result in improving cash management and improve labor prioritization.**

   Sustainability Goal: Operational Excellence; Social Responsibility.

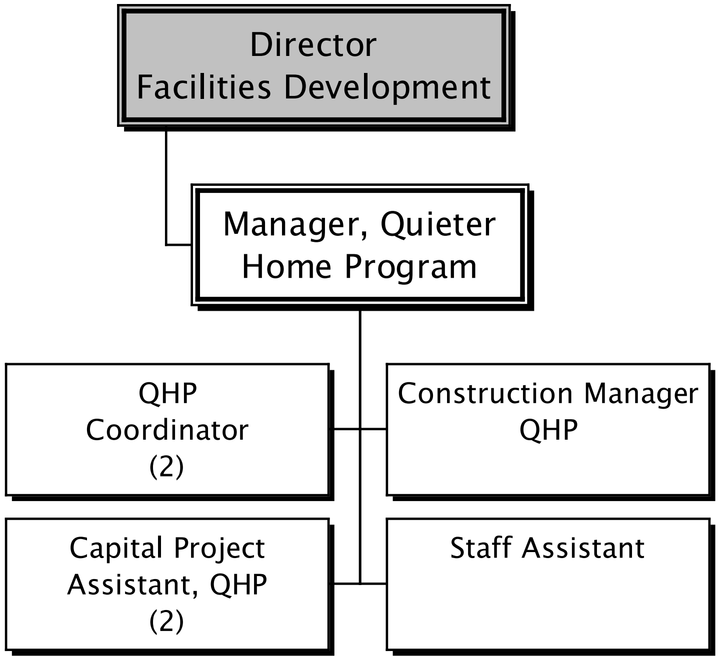
   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

7. **By June 30, 2013, we will implement ePM for all new FDD projects and the associated information. The projects teams, including external consultants/contractors, will be able to increase collaboration. The system will provide avenues to upload project documentation online. This innovation will decrease time, postage, and paper documentation.**

   Sustainability Goal: Operational Excellence; Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

Quieter Home Program
FY 2013 – FY 2014 Organizational Structure



Position shown in grey resides in the Facilities Development Department and is shown for reporting structure.
No personnel changes planned for FY 2014

Quieter Home Program
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 555,146	$ 472,738	$ 486,920	$ 14,182	3.0%	$ 501,528	$ 14,608	3.0%
Premium Overtime	386	5,000	-	(5,000)	-100.0%	-	-	0.0%
Employee Benefits	260,657	240,671	221,846	(18,826)	-7.8%	246,973	25,127	11.3%
Subtotal	816,188	718,410	708,766	(9,644)	-1.3%	748,501	39,735	5.6%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	*(816,188)*	*(718,409)*	*(708,766)*	*9,643*	*-1.3%*	*(748,501)*	*(39,735)*	*5.6%*
Total Personnel Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Non-Personnel Expenses								
Contractual Services	179	-	-	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,536	-	3,000	3,000	0.0%	3,000	-	0.0%
Operating Supplies	9,326	-	5,000	5,000	0.0%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	5,528	5,550	5,400	(150)	-2.7%	5,400	-	0.0%
Business Development	5,355	4,504	5,004	500	11.1%	4,504	(500)	-10.0%
Equipment Rentals & Repairs	367	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**24,290**	**10,054**	**18,404**	**8,350**	**83.1%**	**17,904**	**(500)**	**-2.7%**
Total Operating Expenses	**24,290**	**10,054**	**18,404**	**8,350**	**83.0%**	**17,904**	**(500)**	**-2.7%**
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	17,770,495	14,989,946	14,981,596	(8,350)	-0.1%	14,982,096	500	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	**17,770,495**	**14,989,946**	**14,981,596**	**(8,350)**	**-0.1%**	**14,982,096**	**500**	**0.0%**
Total Expenses	**17,794,786**	**15,000,000**	**15,000,000**	**-**	**0.0%**	**15,000,000**	**-**	**0.0%**
Equipment Outlay	**173,613**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 17,968,399**	**$ 15,000,000**	**$ 15,000,000**	**$ -**	**0.0%**	**$ 15,000,000**	**$ -**	**0.0%**

Quieter Home Program

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Proposed Budget	**$ 15,000,000**	**$ 15,000,000**
Personnel costs		
Capitalized labor / QHP - labor, burden, labor overhead Increase / Decrease	9,643	(39,735)
Salary adjustments and pay for performance	9,182	14,608
Burden (benefits & employer taxes) Decrease / Increase for current staff	(18,826)	25,127
Total Increase / Decrease in personnel costs	**-**	**-**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 15,000,000**	**$ 15,000,000**

Quieter Home Program
Departmental Objectives

FY 2012 Progress Report

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

   Progress: The Quieter Home Program Manager was selected to represent the Airport Authority on a Transportation Research Board Airport Cooperative Research Panel on Residential Sound Insulation. Manager also spoke at a national conference about the new electronic software programs implemented (see Goal #3).

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **By June 30 2012, develop and maintain partnering relationships with the stakeholders in the Quieter Home Program by conducting nine (9) interactive tours of the Program offices and field activities.**

   Progress: During FY 2012, Staff provided tours for five general contractors interested in bidding in the Program, two tours for KIPP Adalente School students, two High Tech High interns, a new Board Member, as well as representatives from Portland International Airport and Atlanta-Hartsfield International Airport.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **By June 30, 2012, we will improve processes and procedures to continue utilization of new electronic software programs (Note Vault, Quiet Link, ePM, Docushare) to help streamline and automate the Quieter Home Program's efforts by reducing paperwork and increasing productivity.**

   Progress: Staff continues to utilize electronic processes to help automate efforts, making processes more efficient and effective. During FY 2012, the Program implemented two new electronic processes in closeout and punch list procedures. This reduced our paper consumption and overall labor hours that were normally associated with these tasks.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **By June 30, 2012, provide sound insulation treatments to at least 300 homes in FY 2012 by identifying opportunities to lower costs and increase productivity.**

   Progress: During FY 2012, the Program insulated 399 dwellings. These dwellings included insulation of many multi-family condominium units as well as single family units. Another milestone included completion of the 2,000th home in November 2011.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Quieter Home Program
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **By June 30, 2013, develop and maintain partnering relationships with the stakeholders in the Quieter Home Program by conducting nine (9) interactive tours of the Program offices and field activities.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

2. **By June 30, 2013, we will improve processes and procedures to continue utilization of new electronic software programs (Note Vault, Quiet Link, ePM, Docushare) to help streamline and automate the Quieter Home Program's efforts by reducing paperwork and increasing productivity.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

3. **By June 30, 2013, provide sound insulation treatments to at least 300 homes by identifying opportunities to lower costs and increase productivity.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

4. **By June 30, 2013, incorporate different contracting and/or construction delivery methods to increase opportunities to utilize small, local and minority businesses and increase contractor involvement.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

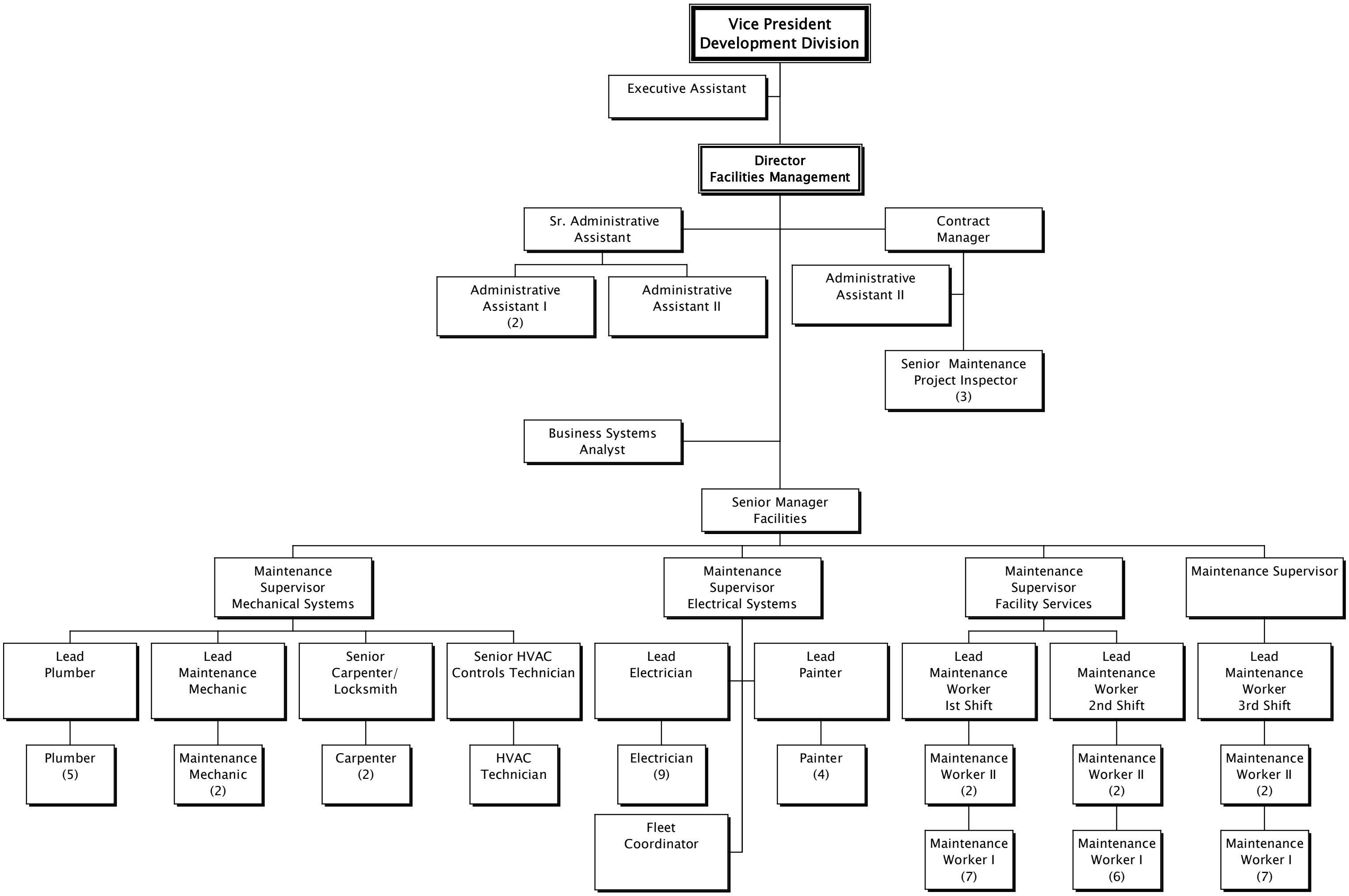
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

5. **On an annual basis, continue the involvement of the Team Building Team, made up of Program staff, to organize monthly team building events to foster inter-office relationships and prevent staff burn-out.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

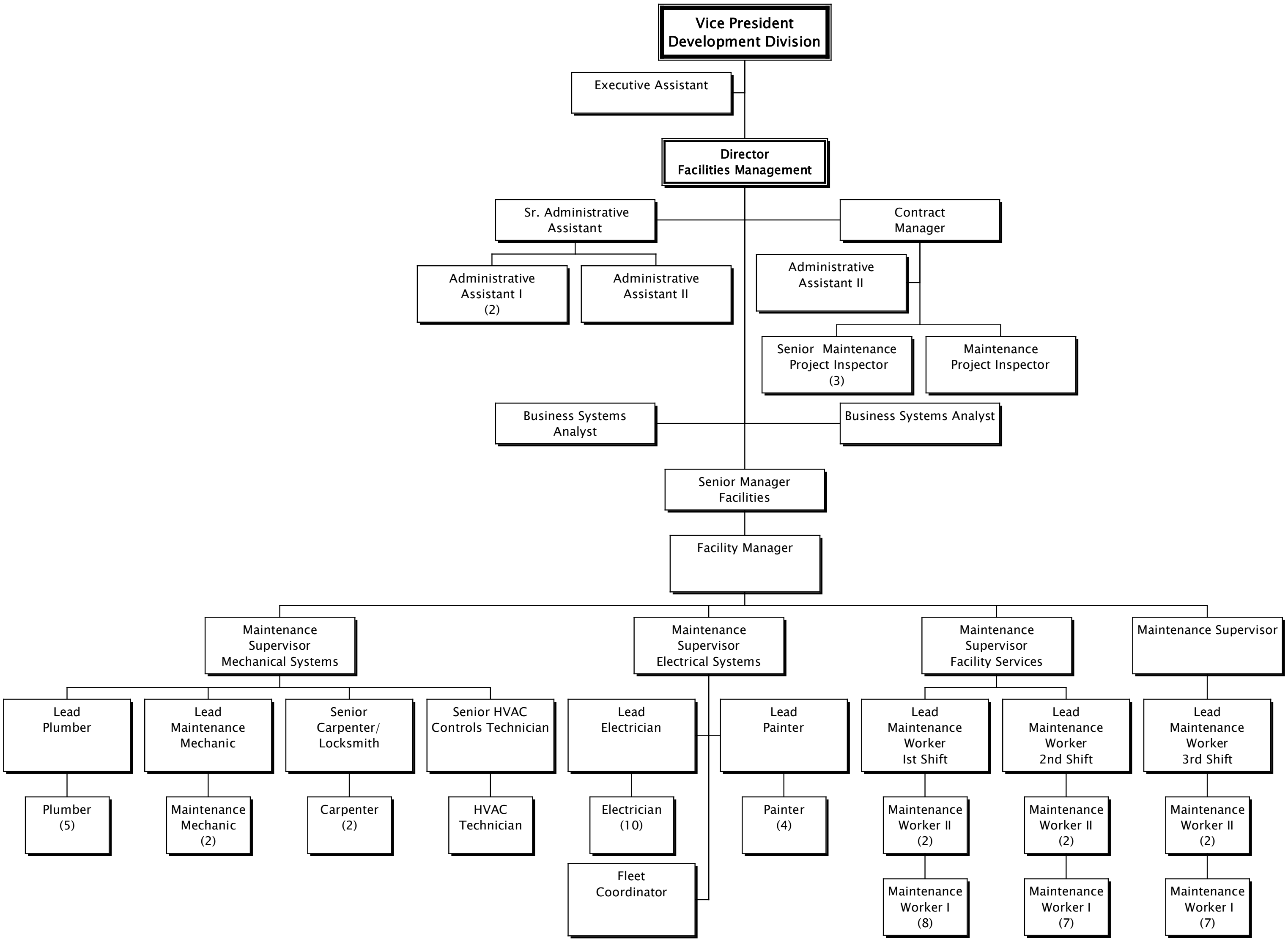
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Facilities Management
FY 2013 Organizational Structure



FY 2013 Organizational Structure

Facilities Management
FY 2014 Organizational Structure



FY 2014 Organizational Structure

Facilities Management

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 4,518,561	$ 4,621,750	$ 4,779,348	$ 157,598	3.4%	$ 5,407,601	$ 628,253	13.1%
Premium Overtime	400,522	400,000	450,000	50,000	12.5%	450,000	-	0.0%
Employee Benefits	2,301,679	2,502,491	2,400,210	(102,281)	-4.1%	2,785,199	384,989	16.0%
Subtotal	7,220,762	7,524,241	7,629,558	105,318	1.4%	8,642,800	1,013,242	13.3%
Less: Capitalized Labor	*(287,531)*	*(800,510)*	*(550,125)*	*250,386*	*-31.3%*	*(552,308)*	*(2,183)*	*0.4%*
Less: QHP - Labor/Burden/Labor Overhead	*-*	*-*	*-*	*-*	*0.0%*	*-*	*-*	*0.0%*
Total Personnel Expenses	**6,933,231**	**6,723,730**	**7,079,433**	**355,703**	**5.3%**	**8,090,492**	**1,011,059**	**14.3%**
Non-Personnel Expenses								
Contractual Services	235,479	86,000	63,000	(23,000)	-26.7%	66,000	3,000	4.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	5,956,620	6,265,000	7,350,000	1,085,000	17.3%	8,145,000	795,000	10.8%
Maintenance	6,442,834	5,983,100	6,830,600	847,500	14.2%	7,320,600	490,000	7.2%
Operating Equipment & Systems	36,304	14,000	17,500	3,500	25.0%	15,500	(2,000)	-11.4%
Operating Supplies	61,353	53,500	66,050	12,550	23.5%	62,850	(3,200)	-4.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	56,745	60,500	75,800	15,300	25.3%	80,300	4,500	5.9%
Business Development	5,332	11,600	17,100	5,500	47.4%	13,250	(3,850)	-22.5%
Equipment Rentals & Repairs	9,411	11,250	11,250	-	0.0%	11,250	-	0.0%
Total Non-Personnel Expenses	**12,804,078**	**12,484,950**	**14,431,300**	**1,946,350**	**15.6%**	**15,714,750**	**1,283,450**	**8.9%**
Total Operating Expenses	**19,737,309**	**19,208,680**	**21,510,733**	**2,302,053**	**12.0%**	**23,805,242**	**2,294,509**	**10.7%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**19,737,309**	**19,208,680**	**21,510,733**	**2,302,053**	**12.0%**	**23,805,242**	**2,294,509**	**10.7%**
Equipment Outlay	**100,137**	**100,000**	**200,000**	**100,000**	**100.0%**	**90,000**	**(110,000)**	**-55.0%**
Total Authority Expenses incl Equip Outlay	**$ 19,837,445**	**$ 19,308,680**	**$ 21,710,733**	**$ 2,402,053**	**12.4%**	**$ 23,895,242**	**$ 2,184,509**	**10.1%**

Facilities Management
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Proposed Budget	**$ 19,308,680**	**$ 21,710,733**
Personnel costs		
5 New & 2 Unfrozen positions in FY13 and 6 New positions in FY14 (salaries, benefits & employer taxes)	296,002	268,817
Changes in Capitilized labor costs	250,386	(2,183)
Salary adjustments, contracted wage increases and pay for performance	28,870	446,253
Burden (benefits & employer taxes) Decrease / Increase for current staff	(219,554)	298,172
Total Increase in personnel costs	**355,703**	**1,011,059**
Increase in utilities	1,085,000	795,000
Increase in annual repair and service contracts	704,500	487,000
Increase in facility supply costs	143,000	53,000
Increase / Decrease in equipment outlay costs	100,000	(110,000)
Other, net	13,850	(51,550)
Total Increase in non-personnel costs	**2,046,350**	**1,173,450**
Total Increase	**2,402,053**	**2,184,509**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 21,710,733**	**$ 23,895,242**

Facilities Management
Departmental Objectives

FY 2012 Progress Report

1. **Continue the implementation of the Life Cycle Asset Management Program throughout the Airport. Priorities for 2012 will be Best Practice review and implementation, operations manual, staff allocation, long-term capital equipment renewal program, and further retro-commissioning efforts for ancillary buildings.**

   Progress: Retro-commissioning program has concluded the initial phase of all primary buildings and facilities. Long term staffing analysis and allocation up through FY 2015 are concluded. Capital equipment overhaul and renewal process has been established and portions have been enacted starting with the passenger boarding bridges.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes

2. **By June 2012, develop and implement an operational procedure that will identify existing facility issues and ensure that they are incorporated into development programs. Likewise, they will also identify upcoming impacts to facilities that will allow for more closely coordinated projects. Overall procedure to incorporate a facility condition index system to indicate the current facility condition and allow for projections of condition based on projects.**

   Progress: Initial facility condition index has been established. Facility criteria documents have been established and incorporated into the design and construction phase of all projects.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Establish a professional development program for the Maintenance Supervisors and Lead Technicians to encompass finance, procurement, airport operations, and other aspects of the aviation industry. Program began in 2010 and continues through to June 2012. Elements will include: management team building, supervisory leadership and program management development, lead tradesmen skill development in the areas of job planning, job estimating, and crew leadership.**

   Progress: Program has been established and initial phases have been enacted with the assistance of Training and OD.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Reduce water consumption by 5% from 2010 baseline by June 2012.**

Progress: 17% reduction up to date for FY 2012.

Sustainability Goal: Operational Excellence, Natural Resource Conservation.

Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Reduce overall energy usage by 3% from 2010 baseline by June 2012.**

Progress: Program has been hugely successful; overall savings to date is 15% for FY 2012

Sustainability Goal: Operational Excellence, Natural Resources Conservation.

Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Fiscal Year: 2012. **Continue in 2013?** Yes.

Facilities Management
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Continue the implementation of the Life Cycle Asset Management Program. Priorities for 2013 will be:**
    - **By June 2013 establish listing of renewable systems and equipment and develop 10-year operational plan for renewal and overhaul.**
    - **By December 2012, complete retro-Commissioning of Commuter Terminal.**
    - **Reduce overall energy usage by 3% from 2010 baseline by June 2013.**
    - **Reduce water consumption by 5% from 2010 baseline by June 2013.**

    Sustainability Goal: Operational Excellence.

    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **By June 2013, develop and implement a fully operational Computerized Maintenance Management System.**

    Sustainability Goal: Operational Excellence.

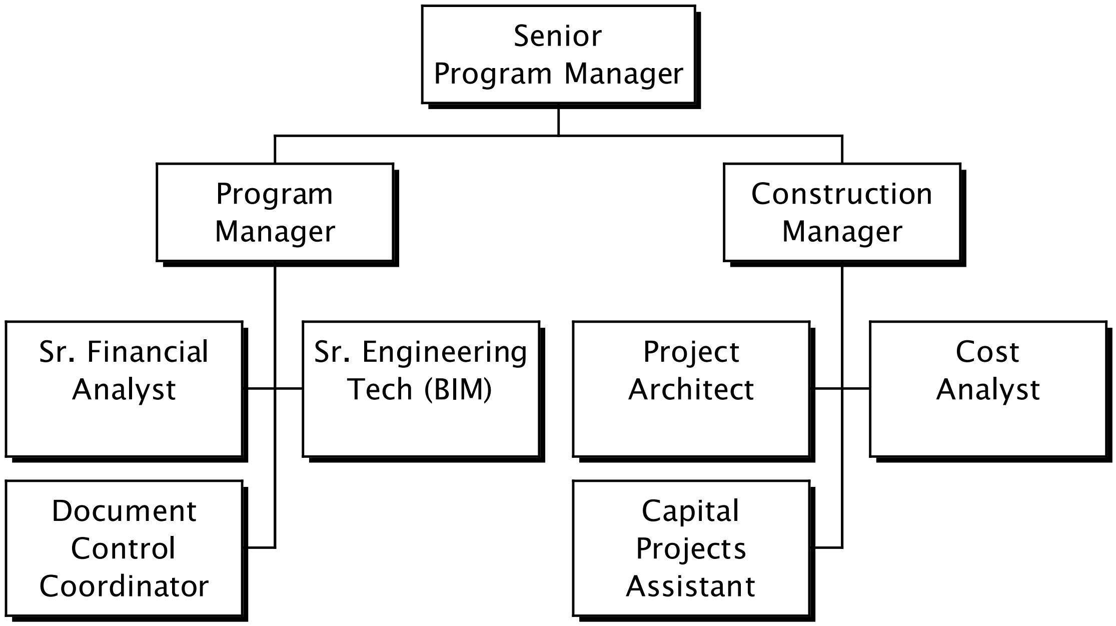
    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

3. **By June 2013 design and implement a fully operational Building Management System to support the activation and operation of the Green Build Project.**

    Sustainability Goal: Operational Excellence, Natural Resource Conservation.

    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Terminal Development Program
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Terminal Development Program

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 716,725	$ 1,112,818	$ 818,761	$ (294,057)	-26.4%	$ 843,323	$ 24,563	3.0%
Premium Overtime	512	-	-	-	0.0%	-	-	0.0%
Employee Benefits	317,050	485,377	340,287	(145,090)	-29.9%	364,588	24,301	7.1%
Subtotal	1,034,287	1,598,195	1,159,048	(439,147)	-27.5%	1,207,911	48,863	4.2%
Less: Capitalized Labor	*(1,034,287)*	*(1,588,195)*	*(1,155,358)*	*432,837*	*-27.3%*	*(1,204,221)*	*(48,863)*	*4.2%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**-**	**10,000**	**3,690**	**(6,310)**	**-63.1%**	**3,690**	**-**	**0.0%**
Non-Personnel Expenses								
Contractual Services	12,470	-	-	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	940	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	13,190	22,865	22,605	(260)	-1.1%	22,605	-	0.0%
Business Development	12,907	15,242	15,517	275	1.8%	15,517	-	0.0%
Equipment Rentals & Repairs	44	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**39,550**	**38,107**	**38,122**	**15**	**0.0%**	**38,122**	**-**	**0.0%**
Total Operating Expenses	**39,550**	**48,107**	**41,812**	**(6,295)**	**-13.1%**	**41,812**	**-**	**0.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**39,550**	**48,107**	**41,812**	**(6,295)**	**-13.1%**	**41,812**	**-**	**0.0%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 39,550**	**$ 48,107**	**$ 41,812**	**$ (6,295)**	**-13.1%**	**$ 41,812**	**-**	**0.0%**

Terminal Development Program

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12 Budget	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Proposed Budget	**$ 48,107**	**$ 41,812**
Personnel costs		
Change in capitalized labor costs	432,837	(48,863)
Salary adjustments and pay for performance	22,320	24,563
Burden (benefits & employer taxes) Decrease / Increase for current staff	(15,933)	24,301
3 eliminated positions (salaries, benefits & employer taxes)	(445,534)	-
Total Decrease in personnel costs	**(6,310)**	**-**
Other, net	15	-
Total Increase in non-personnel costs	**15**	**-**
Total Decrease	**(6,295)**	**-**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 41,812**	**$ 41,812**

Terminal Development Program

Departmental Objectives

FY 2012 Progress Report

1. **Enhance stakeholders' satisfaction with TDP by continuing to engage the stakeholders during the design, construction and activation of the Green Build. To support this, we will continue with weekly Green Build Activation Team meetings, quarterly board (TDP Committee) updates; provide budget and schedule updates to the Executive Steering Committee (ESC) and continue with the TDP satisfaction survey.**

   Progress:

   - TDP has conducted approximately 10 Green Build Activation Team meetings that are held every Friday, and 3 TDP Committee quarterly board meetings.
   - A Budget and Construction Update Report is released on a monthly basis. This year, seven (7) reports have been circulated.
   - Approximately seven (7) Green Build Construction tours were provided since June 2011.
   - We will continue with communication improvements based on the 2011 TDP's survey results.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue during 2013?** Yes.

2. **Develop the Green Build Activation Plan. The Activation Plan will be derived from meetings with stakeholders to gain their input and support. The goal will be to create a plan for the start-up/commissioning of key program elements while training key staff.**

   Progress:

   - Activation teams have been formed (internal/external airlines and TSA). Ten (10) Meetings were held this fiscal year and TDP is finalizing stakeholder input and preparing the Activation Plan.
   - Weekly Commissioning meetings have been held with C1 and C2 commissioning representatives and TDP/FMD.
   - For Commissioning of Special Systems we have activated the Logistics, Training and Test (LTT) facility for the Program (located in Rancho Bernardo).

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue during 2013?** Yes.

3. **Facilitate the implementation of the Green Build Activation Plan. Once the plan is developed, the GBOC will be responsible for working with TDP to implement the plan.**

   Progress: We have started the development of the Activation Plan by accomplishing several months of pre-planning in preparation for the kick-off meeting with the stakeholders scheduled for February 3rd. Activation planning and execution will extend into FY 2013 through FY 2014.

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue during 2013?** Yes.

4. **Provide opportunities for TDP staff to participate with the Green Build Activation Plan.**

   Progress: Key TDP staff has been involved with pre-planning activities for creating the Activation Plan. We are developing the Activation Plan to include TDP staff participation (from a cross-section of the department) in a variety of activation activities.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue during 2013?** Yes.

Terminal Development Program
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Maintain the 1,350 short-term temporary parking spaces that existed as of April 18, 2011 and work with the Landside Contractor to create a plan to open seven-hundred (700) short-term parking spaces in front of T2, as measured by opening sooner than the scheduled October 2012 date.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.

2. **Partner with ACB to create a temporary concessions program (by December 2012) to maintain the existing concession revenue during Green Build construction (T2W), as measured by total sales per EPAX.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.

3. **Throughout FY 2013-2014, forecast a final cost for the Green Build Program within or better than the approved budget of $864.6 million, as measured by providing a (quarterly) forecast at completion report that demonstrates the Green Build program is trending "on-budget" at $864.6 million. TDP will manage costs to provide end-of-program savings by achieving one of the following:**

   - **Over the course of the Green Build, proactively manage scope creep by limiting additional scope to thirty percent (30%) below the total Program Reserve Fund.**
   - **Reduce the amount of additional bonds that the Airport will need to sell in 2012 by rigorously monitoring and managing the use of contract contingency funds so the two design-build contracts close out at five percent (5%) below the guaranteed maximum prices (GMP).**
   - **Maintain a lean, cost effective staff that will result in a $1.0 million staff budget end-of-program savings.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the airport authority. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Throughout FY 2012, forecast a final completion date for the Green Build Program within or better than the "GMP Baseline" schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Green Build program is to trending "on-schedule" for the "GMP Baseline" to open all areas of the new T2W Expansion program to the traveling public by August 2013. TDP will work with the design-builder to successfully implement a plan that would permit the phased opening of the T2W Expansion program so key elements of work, e.g. the security checkpoint, baggage screening/sortation and the ticket counters are opened to the public between April 15, 2013 and August 1, 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

5. **Ensure Robust Communications for TDP (internal/external) and enhance the community's (public, professional, and tenants) understanding of the program, by, as measured by completing the following activities:**
   - **Quarterly reports and briefings to the Board and Senior Management.**
   - **As needed briefings to Stakeholders, Marketing, and Public Relations.**
   - **Monthly Construction Updates.**
   - **Quarterly Program Update [Aviation Matters].**
   - **Weekly Jobsite tours for internal/external Stakeholders.**
   - **Bi-Monthly TDP "All-Hands" Meeting with staff.**
   - **Activation planning and engagement for TDP staff.**
   - **Develop staff to help publically present Green Build updates.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Finance Division

Finance Division

Overview

The Finance Division's four departments are responsible for providing the accounting, small business participation, financial planning, treasury, real estate and property management, and terminal concession development.

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

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

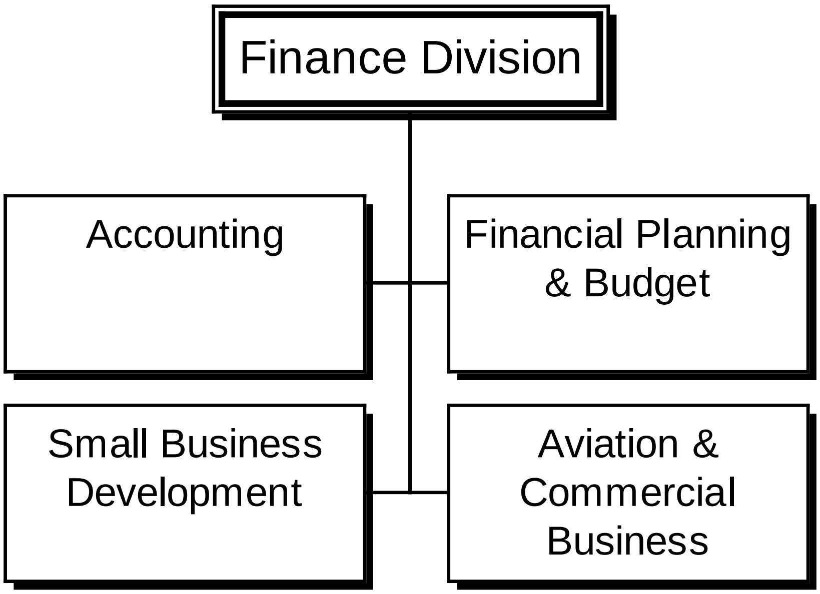
The **Aviation & Commercial Business Department** (formerly Real Estate Management Department) functions as the landlord of San Diego International Airport and other Authority-controlled property and facilities. It serves as the Authority's representative in acquiring off-airport property rights from other parties and is responsible for developing and implementing real estate-related agreements and business opportunities, including those with air carriers, ground servicing companies, fixed base operators, and other aviation-related businesses, concessionaires, advertising and car rental companies; as well as conducting appraisals of airfield tenant leaseholds for rent adjustments, negotiating leases with the FAA, TSA, other government agencies, and utility service providers. The department is in charge of the daily property management and agreement administration activities focused on enhancing customer service, optimizing revenue generation, and growing the value of the Authority's real estate assets. It is responsible for the business relationships and day-to-day administration of tenant activities. The department negotiates for and manages the receipt of rents, landing fees, and other revenue from tenants and other users of Authority property.

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

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

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

Finance Division
Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Finance								
Financial Planning & Budget	11	11	-	-	1	12	-	12
Accounting	12	13	-	-	-	13	-	13
Small Business Development	6	4	-	-	1	5	(1)	4
Aviation & Commercial Business	20	22	-	-	-	22	-	22
Total	**49**	**50**	**-**	**-**	**2**	**52**	**(1)**	**51**
Authorized and Unfunded Positions	3	3	-	-	-	1	-	1
Total Authorized Positions	**52**	**53**	**-**	**-**	**-**	**53**	**(1)**	**52**

Finance Division

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 3,567,728	$ 4,076,440	$ 4,293,839	$ 217,399	5.3%	$ 4,406,566	$ 112,726	2.6%
Premium Overtime	1,912	7,568	-	(7,568)	-100.0%	-	-	0.0%
Employee Benefits	1,636,095	1,878,901	1,785,725	(93,176)	-5.0%	1,879,331	93,606	5.2%
Subtotal	5,205,735	5,962,909	6,079,564	116,655	2.0%	6,285,897	206,333	3.4%
Less: Capitalized Labor	*(131,704)*	*(113,719)*	*(118,544)*	*(4,825)*	*4.2%*	-	*118,544*	*-100.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**5,074,031**	**5,849,190**	**5,961,020**	**111,829**	**1.9%**	**6,285,897**	**324,877**	**5.5%**
Post Employment Benefits Authority-wide	**1,713,109**	**1,795,827**	**2,577,091**	**781,263**	**43.5%**	**2,414,114**	**(162,976)**	**-6.3%**
Non-Personnel Expenses								
Contractual Services	1,237,431	1,217,467	1,787,658	570,191	46.8%	2,392,450	604,792	33.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,906,405	11,415,145	11,415,145	-	0.0%	10,380,760	(1,034,385)	-9.1%
Utilities	1,375	1,800	1,950	150	8.3%	1,950	-	0.0%
Maintenance	18,240	18,838	18,593	(245)	-1.3%	19,070	477	2.6%
Operating Equipment & Systems	16,066	21,000	12,000	(9,000)	-42.9%	4,500	(7,500)	-62.5%
Operating Supplies	22,627	28,450	30,260	1,810	6.4%	26,150	(4,110)	-13.6%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	68,286	81,225	96,775	15,550	19.1%	94,075	(2,700)	-2.8%
Business Development	44,438	240,200	370,700	130,500	54.3%	118,200	(252,500)	-68.1%
Equipment Rentals & Repairs	58,118	44,892	562,192	517,300	1152.3%	177,400	(384,792)	-68.4%
Total Non-Personnel Expenses	**12,372,986**	**13,069,017**	**14,295,273**	**1,226,256**	**9.4%**	**13,214,555**	**(1,080,718)**	**-7.6%**
Total Operating Expenses	**19,160,126**	**20,714,035**	**22,833,384**	**2,119,348**	**10.2%**	**21,914,566**	**(918,818)**	**-4.0%**
Non-Operating Expenses:								
Debt Service	11,958,130	16,783,084	47,643,080	30,859,996	183.9%	74,934,731	27,291,651	57.3%
Total Non-Operating Expenses	**11,958,130**	**16,783,084**	**47,643,080**	**30,859,996**	**183.9%**	**74,934,731**	**27,291,651**	**57.3%**
Total Expenses	**31,118,256**	**37,497,119**	**70,476,463**	**32,979,344**	**88.0%**	**96,849,297**	**26,372,834**	**37.4%**
Equipment Outlay	**43,548**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 31,161,804**	**$ 37,497,119**	**$ 70,476,463**	**$ 32,979,344**	**88.0%**	**$ 96,849,297**	**$ 26,372,834**	**37.4%**

Finance Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 37,497,119**	**$ 70,476,463**
Personnel costs		
2 unfrozen position (salaries, benefits & employer taxes)	206,867	-
Salary adjustments and pay-for-performance	63,849	125,770
Changes in Capitilized labor costs	(4,825)	118,544
Burden (benefits & employer taxes) Decrease / Increase for current staff	(154,061)	99,457
1 eliminated position (salaries, benefits, & employer taxes)	-	(18,895)
Total Increase in personnel costs	**111,829**	**324,877**
Post Employment Benefits Authority-wide	**781,263**	**(162,976)**
Increase in debt service costs	30,849,414	27,265,470
Central Receiving & Distribution center (CRDC) operator costs	869,108	620,792
Increase / Decrease in airline relocation costs	516,800	(351,900)
Increase / Decrease in Small Business Development promotional activities costs	149,000	(238,000)
Decrease in space rental costs	-	(1,034,385)
Decrease in auditing services	(110,000)	(14,000)
Decrease / Increase in use of outside professional consultants and other services	(173,917)	10,000
Other, net	(14,154)	(47,044)
Total Increase in non-personnel costs	**32,086,252**	**26,210,933**
Total Increase	**32,979,344**	**26,372,834**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 70,476,463**	**$ 96,849,297**

Finance Division

FY 2013 – FY 2014 Expense Budget by Department

Department		FY 2013 Budget
Debt Service	$	47,643,080
Aviation & Commercial Business		15,714,236
Post Employment Benefits Authority-wide		2,577,091
Financial Planning & Budget		1,974,294
Accounting		1,544,981
Small Business Development		1,022,782
Total [1]	**$**	**70,476,463**

[1] *Departmental total may differ due to rounding*

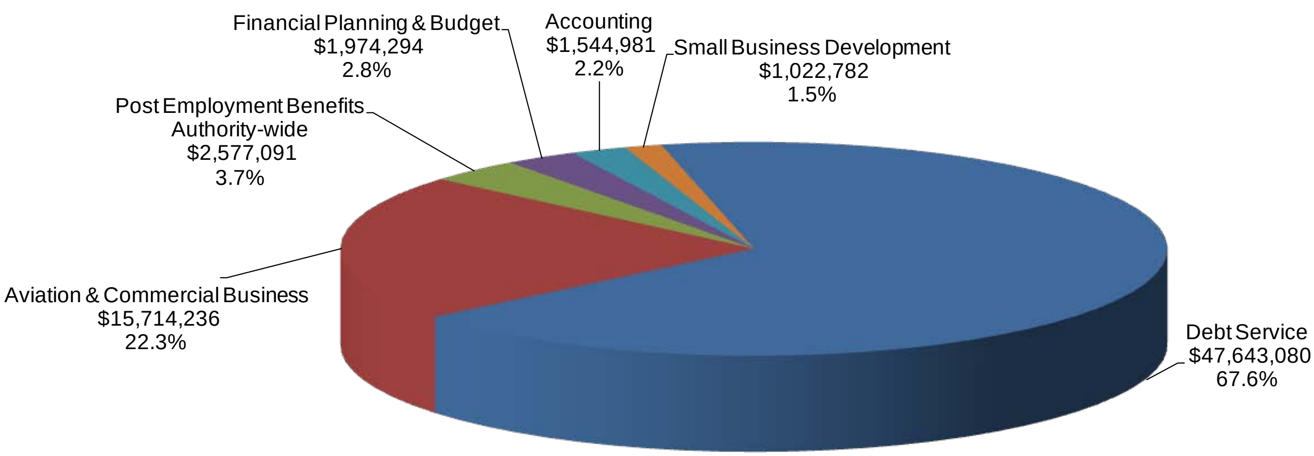


Figure 38 – FY 2013 Expense Budget by Department

Finance Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Department	FY 2014 Conceptual Budget
Debt Service	$ 74,934,731
Aviation & Commercial Business	14,994,269
Post Employment Benefits Authority-wide	2,414,114
Financial Planning & Budget	2,133,642
Accounting	1,585,635
Small Business Development	786,906
Total [1]	**$ 96,849,297**

[1] *Departmental total may differ due to rounding*

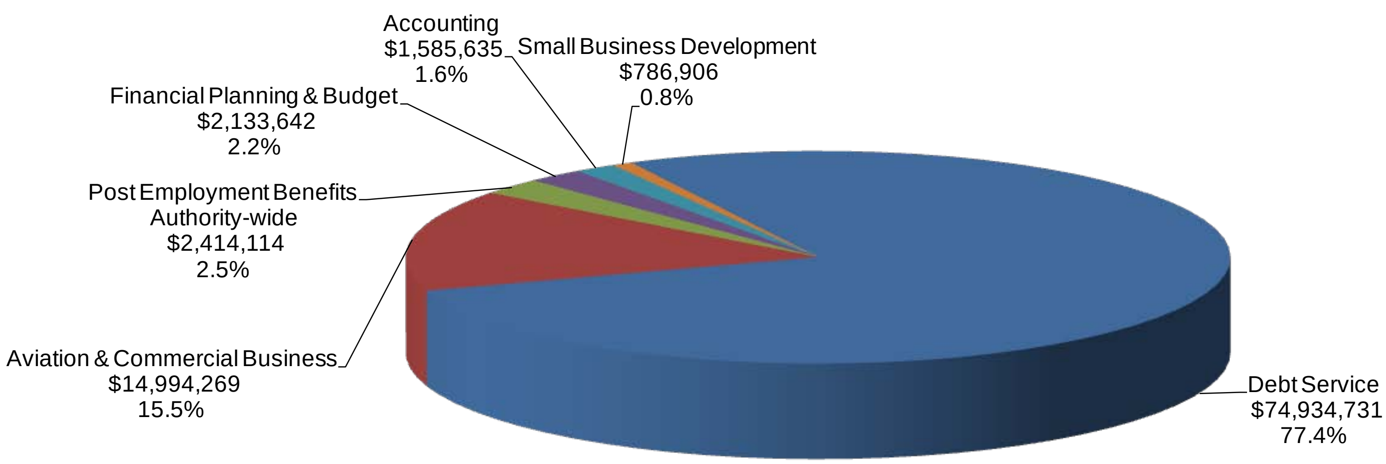
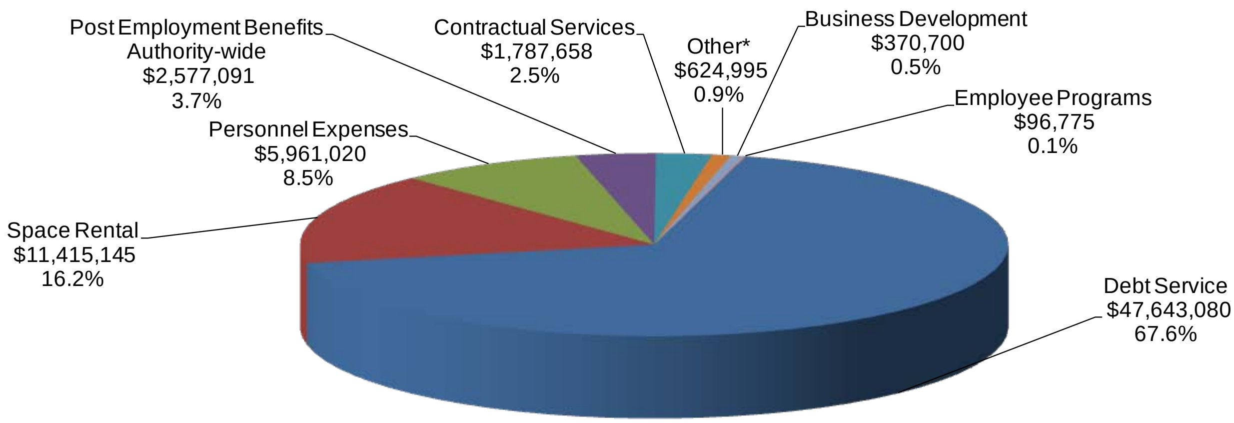


Figure 39 – FY 2014 Expense Budget by Department

Finance Division
FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Debt Service	$	47,643,080
Space Rental		11,415,145
Personnel Expenses		5,961,020
Post Employment Benefits Authority-wide		2,577,091
Contractual Services		1,787,658
Other*		624,995
Business Development		370,700
Employee Programs		96,775
Total (1)	**$**	**70,476,463**

(1) *Category total may differ due to rounding*



**Other includes utilities, maintenance, operating equipment & systems, operating supplies, equipment rentals and repairs*

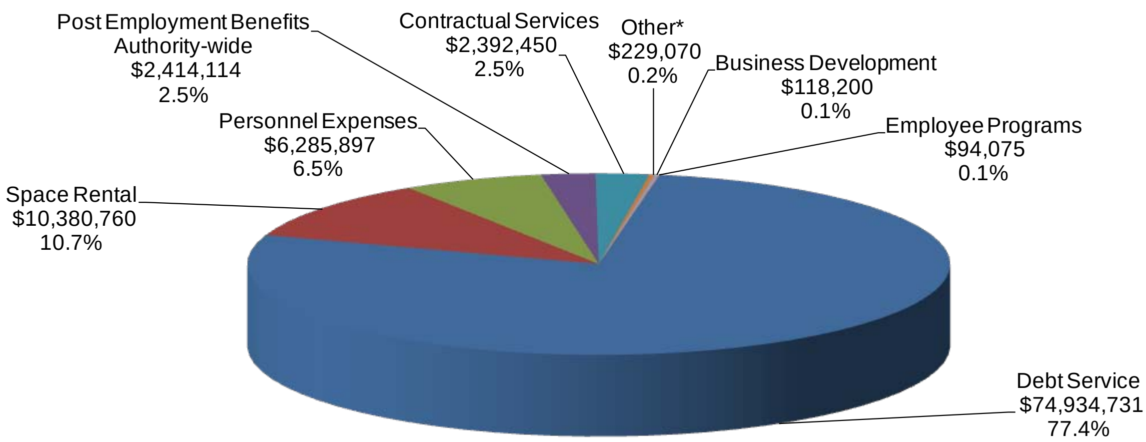
Figure 40 – FY 2013 Expense Budget by Category

Finance Division

FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget
Debt Service	$ 74,934,731
Space Rental	10,380,760
Personnel Expenses	6,285,897
Post Employment Benefits Authority-wide	2,414,114
Contractual Services	2,392,450
Other*	229,070
Business Development	118,200
Employee Programs	94,075
Total [(1)]	**$ 96,849,297**

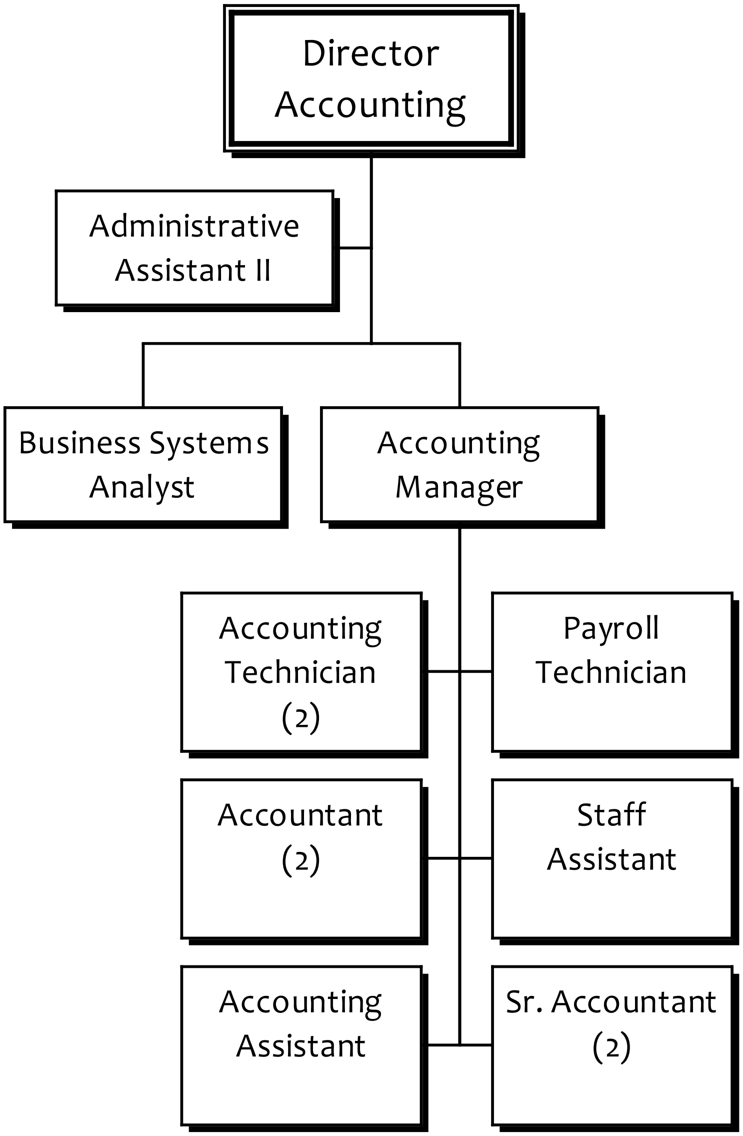
[(1)] Category total may differ due to rounding



**Other includes utilities, maintenance, operating equipment & systems, operating supplies, equipment rentals and repairs*

Figure 41 – FY 2014 Expense Budget by Category

Accounting
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Accounting
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 784,209	$ 810,788	$ 880,244	$ 69,456	8.6%	$ 906,651	$ 26,407	3.0%
Premium Overtime	749	7,568	-	(7,568)	-100.0%	-	-	0.0%
Employee Benefits	393,189	427,520	416,977	(10,543)	-2.5%	448,583	31,606	7.6%
Subtotal	1,178,147	1,245,877	1,297,221	51,344	4.1%	1,355,235	58,014	4.5%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,178,147**	**1,245,877**	**1,297,221**	**51,344**	**4.1%**	**1,355,235**	**58,014**	**4.5%**
Non-Personnel Expenses								
Contractual Services	199,981	374,000	194,000	(180,000)	-48.1%	194,000	-	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	931	2,000	2,000	-	0.0%	1,000	(1,000)	-50.0%
Operating Supplies	7,709	10,800	11,860	1,060	9.8%	9,500	(2,360)	-19.9%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	8,518	9,400	10,800	1,400	14.9%	6,800	(4,000)	-37.0%
Business Development	(40,890)	29,100	29,100	-	0.0%	19,100	(10,000)	-34.4%
Equipment Rentals & Repairs	44	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**176,293**	**425,300**	**247,760**	**(177,540)**	**-41.7%**	**230,400**	**(17,360)**	**-7.0%**
Total Operating Expenses	**1,354,440**	**1,671,177**	**1,544,981**	**(126,196)**	**-7.6%**	**1,585,635**	**40,654**	**2.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,354,440**	**1,671,177**	**1,544,981**	**(126,196)**	**-7.6%**	**1,585,635**	**40,654**	**2.6%**
Equipment Outlay	**15,000**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,369,440**	**$ 1,671,177**	**$ 1,544,981**	**$ (126,196)**	**-7.6%**	**$ 1,585,635**	**$ 40,654**	**2.6%**

Accounting
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

		Inc / (Dec) FY13 vs FY12		Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$**	**1,671,177**	**$**	**1,544,981**
Personnel costs				
Salary adjustments and pay for performance		61,888		26,407
Burden (benefits & employer taxes) Decrease / Increase for current staff		(10,543)		31,606
Total Increase in personnel costs		**51,344**		**58,014**
Decrease in allowances for bed debts		-		(10,000)
Decrease in computer&licenses agreements		-		-
Decrease / Increase in use of outside professional consultants		(70,000)		20,000
Decrease in auditing services		(110,000)		(14,000)
Other, net		2,460		(13,360)
Total Decrease in non-personnel costs		**(177,540)**		**(17,360)**
Total Decrease / Increase		**(126,196)**		**40,654**
FY 2013 Budget / FY 2014 Conceptual Budget	**$**	**1,544,981**	**$**	**1,585,635**

Accounting
Departmental Objectives

FY 2012 Progress Report

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

   Progress: Ongoing. We have developed processes with HR to reduce the number of errors and phone calls.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

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

   Progress: No turnovers.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Developed more payroll review reports to assist in adding internal controls.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue during 2012?** No.

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

   Progress: This has been completed.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Completed.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Completed October 2011.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Format is completed but the interactive feature is still open.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Ongoing. We have implemented additional reviews and processes for contracts payable and fixed asset capitalization.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction expectations. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue during 2013?** No.

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

   Progress: Implemented.

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue during 2013?** No.

10. **Implement the Concession Development Program (CDP) elements planned for FY 2012-13 including the billing, collection, and reporting for accounts receivable. Detailed recording and reporting of accounts payable to facilitate tracking expenses for cost recovery purposes.**

    Progress: We are meeting with REM and Finance to refine the lease agreement and understand the recording requirements.

    Sustainability Goal: Economic Viability.

    Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

    Fiscal Year: 2012. **Continue during 2013?** Yes.

11. **Support and accurately record and report all transactions to achieve zero audit findings or adjustments regarding terminal development, both Green Build and in general.**

    Progress: Completed with zero audit findings.

    Sustainability Goal: Economic Viability, Operational Excellence

    Authority Strategy: Strategy #1: Enhance the financial position of the Authority.
    Strategy #2: Achieve the highest level of internal and external customer satisfaction.

    Fiscal Year: 2012. **Continue during 2013?** No.

12. **Receive no "improvement findings" (management letters) from outside auditors.**

    Progress: No improvement findings.

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

    Authority Strategy: Strategy #1: Enhance the financial position of the Authority.
    Strategy #2: Achieve the highest level of internal and external customer satisfaction.
    Strategy #5: Be a trusted and highly responsive agency.

    Fiscal Year: 2012. **Continue during 2013?** No.

Accounting Department
Departmental Objectives

FY 2013 – 2014 Objectives

1. **Updated the format of the financial statements on the website with newer interactive technology. The purpose is to provide a more interesting look and experience in reviewing financial statements on the website. Success target is 10 hits a quarter in FY 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

2. **Implement the Concession Development Program (CDP) elements planned for FY 2012-13 including the billing, collection, and reporting for accounts receivable. The measurement of success will be when we go live the billing and pass through costs are accurate and on-time.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

3. **Support and accurately record and report all transactions to achieve zero audit findings or adjustments regarding terminal development, both Green Build and in general from the external auditors. The measurement will be zero audit findings from the external auditors.**

   Sustainability Goal: Economic Viability, Operational Excellence.

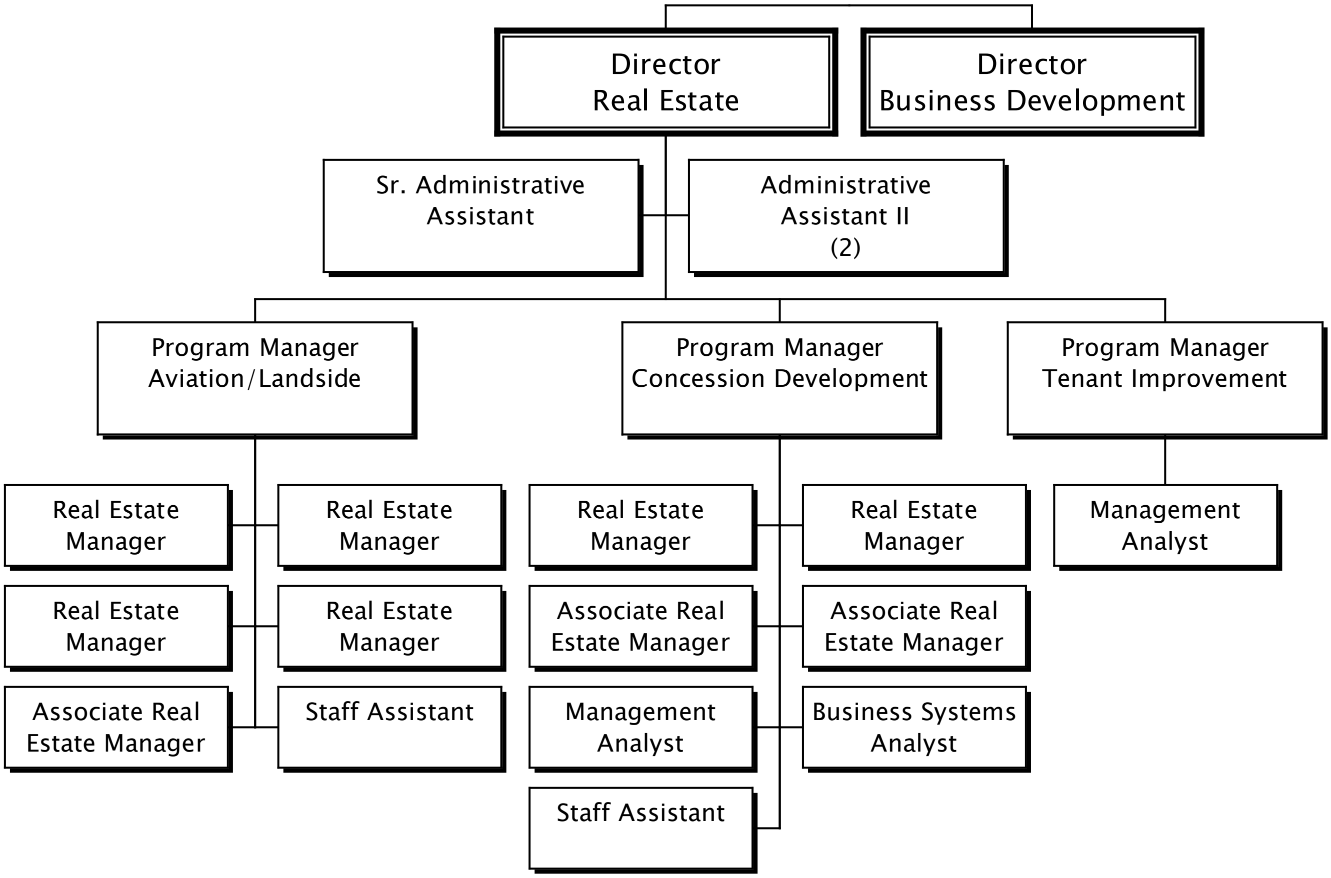
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.
   Strategy #2: Achieve the highest level of internal and external customer satisfaction.

4. **Final implementation of the new CFC fees in compliance with California Civil Code section 1936 by Fall of 2013.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

Aviation & Commercial Business
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Aviation & Commercial Business

FY 2013 Proposed – FY 2014 Proposed Conceptual Budget Expense Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 1,391,536	$ 1,923,841	$ 1,939,578	$ 15,737	0.8%	$ 1,995,112	$ 55,534	2.9%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	607,917	846,832	775,819	(71,012)	-8.4%	804,727	28,908	3.7%
Subtotal	1,999,454	2,770,673	2,715,398	(55,275)	-2.0%	2,799,839	84,442	3.1%
Less: Capitalized Labor	*(431)*	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,999,022**	**2,770,673**	**2,715,398**	**(55,275)**	**-2.0%**	**2,799,839**	**84,442**	**3.1%**
Non-Personnel Expenses								
Contractual Services	642,524	426,667	934,608	507,941	119.0%	1,555,400	620,792	66.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,906,405	11,415,145	11,415,145	-	0.0%	10,380,760	(1,034,385)	-9.1%
Utilities	843	500	1,000	500	100.0%	1,000	-	0.0%
Maintenance	18,240	18,838	18,593	(245)	-1.3%	19,070	477	2.6%
Operating Equipment & Systems	10,556	15,500	6,500	(9,000)	-58.1%	-	(6,500)	-100.0%
Operating Supplies	5,866	6,000	5,000	(1,000)	-16.7%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	21,209	28,500	37,300	8,800	30.9%	37,300	-	0.0%
Business Development	44,180	37,500	31,000	(6,500)	-17.3%	31,000	-	0.0%
Equipment Rentals & Repairs	57,973	32,892	549,692	516,800	1571.2%	164,900	(384,792)	-70.0%
Total Non-Personnel Expenses	**11,707,795**	**11,981,542**	**12,998,838**	**1,017,296**	**8.5%**	**12,194,430**	**(804,408)**	**-6.2%**
Total Operating Expenses	**13,706,818**	**14,752,215**	**15,714,236**	**962,021**	**6.5%**	**14,994,269**	**(719,967)**	**-4.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**13,706,818**	**14,752,215**	**15,714,236**	**962,021**	**6.5%**	**14,994,269**	**(719,967)**	**-4.6%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 13,706,818**	**$ 14,752,215**	**$ 15,714,236**	**$ 962,021**	**6.5%**	**$ 14,994,269**	**$ (719,967)**	**-4.6%**

Aviation & Commercial Business

Major Drivers of FY 2013 Proposed & FY 2014 Proposed Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 14,752,215**	**$ 15,714,236**
Personnel costs		
Salary adjustments and pay for performance	15,737	55,534
Burden (benefits & employer taxes) Decrease / Increase for current staff	(71,012)	28,908
Total Decrease / Increase in personnel costs	**(55,275)**	**84,442**
Increase in central receiving & distribution center (CRDC) operator costs	869,108	620,792
Increase / Decrease in airline relocation costs	516,800	(351,900)
Decrease in space rental costs	-	(1,034,385)
Concession Development Program (CDP) tenant support costs moved to Landside and Facility Maintenance Departments	-	-
Capitalized on-call tenant improvement support costs and other outside consultant costs for Concession Development Program	(349,167)	-
Other, net	(19,446)	(38,915)
Total Increase / Decrease in non-personnel costs	**1,017,296**	**(804,408)**
Total Increase / Decrease	**962,021**	**(719,967)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 15,714,236**	**$ 14,994,269**

Aviation & Commercial Business

Departmental Goals

FY 2012 Progress Report

1. **Continue to support Green Build terminal development program by collaborating in design process, acting as liaison to tenant stakeholders, providing revenue projections, tenant space and gate allocations, preferred operational models, and integrating Concession Development Program.**

   Progress: Involved in all aspects of Green Build operational planning including but not limited to, tenant space planning, gate allocation studies and Concession Development Program.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Implement the Concession Development Program (CDP) elements planned for FY 2012-13, which includes the planning and coordination of tenant improvement build-outs of 50–80 stores as determined by the CDP phasing plan to completely revitalize all food, beverage, and retail concessions in all terminal facilities at SDIA through entire fiscal year.**

   Progress: Orchestrated Request for Proposal process to award 16 food/beverage and retail packages among 11 concession teams for 80+ concession stores.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Continue to work on terminal development by leading project teams for Terminal 2 East Expansion and Concession Infrastructure Upgrades in Commuter Terminal, Terminal 1, and Terminal 2 West (existing) throughout the fiscal year to optimize non-airline revenue opportunities and enhance customer service. Continue to support the Green Build by acting as liaison to tenant stakeholders and integrating new stores as part of the Concession Development Program, gate allocation plans, and airline space allocations.**

   Progress: As project sponsors for Terminal 2 East and Concession Infrastructure projects, continued to drive projects through design process and award of contracts.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. Oversee SDIA North Side Development including completion of the Centralized Receiving and Distribution Center (CRDC), commencing construction of the Consolidated Rental Car (CONRAC) facility, and continuing development activities for air cargo and general aviation facilities by fourth quarter FY 2013.

Progress: Awarded CRDC to 3rd Party developer with construction beginning in February 2012, led CONRAC project planning and solicited FBO RFP for new general aviation facilities.

Sustainability Goal: Economic Viability, Operational Excellence.

Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

Fiscal Year: 2012. **Continue in 2013?** No.

Aviation & Commercial Business

Departmental Goals

FY 2013 – FY 2014 Goals

1. **Support the successful opening of the Green Build by: negotiating for and overseeing the construction of two airline lounges by August 2013 and directing the relocation of airlines planned to occupy space in Terminal 2 West ensuring airlines are operational by August 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

2. **Implement the Concession Development Program (CDP) transition plan, which includes the design review and tenant improvement build-outs of seventy-nine (79) stores as determined by the CDP phasing plan to completely revitalize all food, beverage, and retail concessions in all terminal facilities at SDIA. Close 51 existing concession units and re-open on December 1, 2012 with 33 temporary and 7 permanent units and transition to June 30, 2013 with 24 permanent units opened.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Oversee SDIA North Side Development by completing construction of the Centralized Receiving and Distribution Center (CRDC) by November 2012, design of the Consolidated Rental Car (CONRAC) center by June 2013, and the design and permitting for construction of new general aviation facilities by May 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

4. **Continue to support Green Build terminal development program by collaborating in design process, acting as liaison to tenant stakeholders, providing revenue projections, tenant space and gate allocations, preferred operational models, and integrating Concession Development Program.**

   Sustainability Goal: Economic Viability, Operational Excellence.

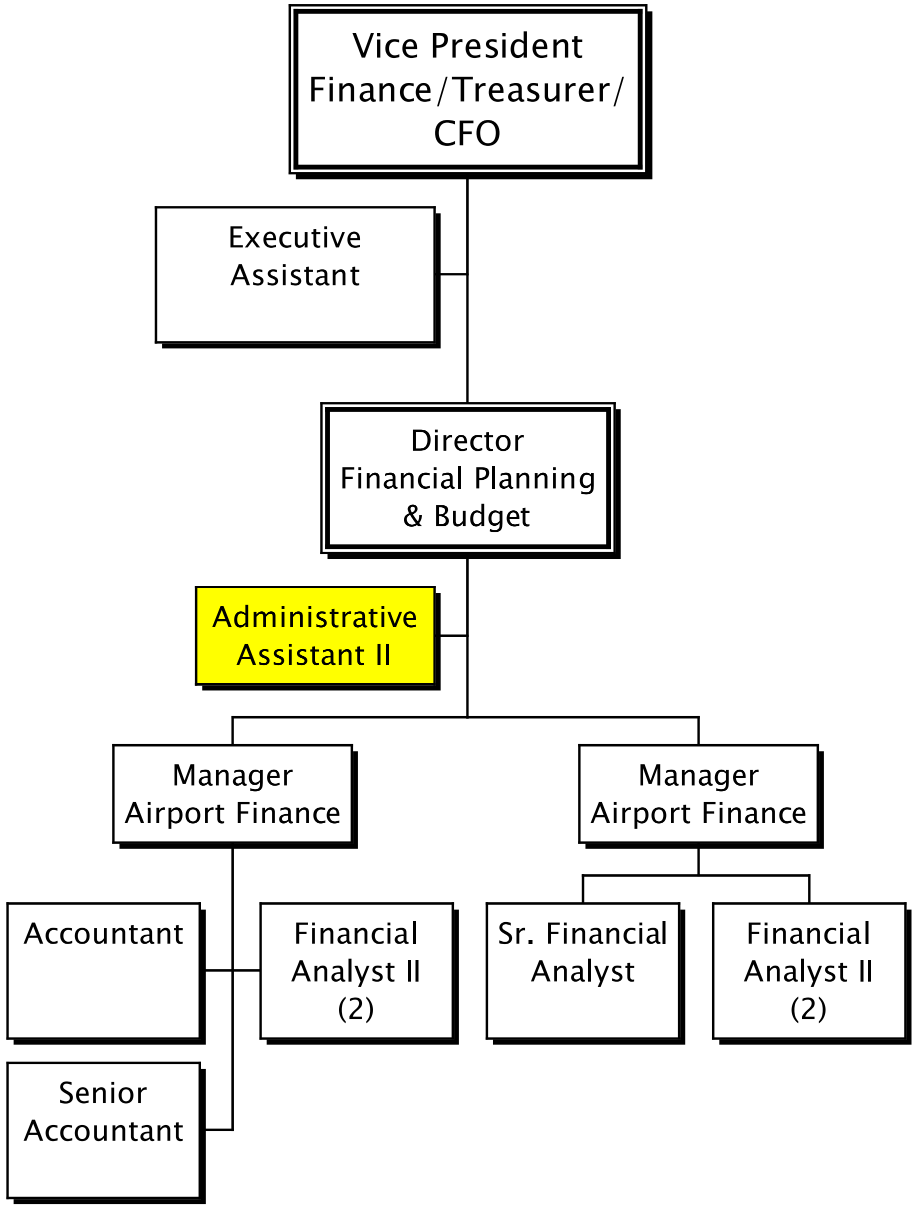
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

5. **Continue to work on terminal development by leading project teams for Terminal 2 East Expansion and Concession Infrastructure Upgrades in Commuter Terminal, Terminal 1, and Terminal 2 West (existing) throughout the fiscal year to optimize non-airline revenue opportunities and enhance customer service. Continue to support the Green Build by acting as liaison to tenant stakeholders and integrating new stores as part of the Concession Development Program, gate allocation plans, and airline space allocations.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

Financial Planning & Budget
FY 2013 – FY 2014 Organizational Structure



Unfunded positions shown in yellow
No personnel changes planned for FY 2014

Financial Planning & Budget

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 1,028,113	$ 1,035,899	$ 1,157,213	$ 121,314	11.7%	$ 1,191,930	$ 34,716	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	474,189	461,878	456,006	(5,872)	-1.3%	485,988	29,982	6.6%
Subtotal	1,502,302	1,497,777	1,613,219	115,442	7.7%	1,677,917	64,698	4.0%
Less: Capitalized Labor	-	-	*(99,650)*	*(99,650)*	*0.0%*	-	*99,650*	*-100.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,502,302**	**1,497,777**	**1,513,569**	**15,792**	**1.1%**	**1,677,917**	**164,348**	**10.9%**
Non-Personnel Expenses								
Contractual Services	339,619	350,150	405,400	55,250	15.8%	400,400	(5,000)	-1.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	335	1,000	650	(350)	-35.0%	650	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,793	3,500	3,500	-	0.0%	3,500	-	0.0%
Operating Supplies	7,319	9,000	9,000	-	0.0%	9,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	25,392	28,625	30,975	2,350	8.2%	30,975	-	0.0%
Business Development	9,913	10,900	11,200	300	2.8%	11,200	-	0.0%
Equipment Rentals & Repairs	44	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**386,415**	**403,175**	**460,725**	**57,550**	**14.3%**	**455,725**	**(5,000)**	**-1.1%**
Total Operating Expenses	**1,888,717**	**1,900,952**	**1,974,294**	**73,342**	**3.9%**	**2,133,642**	**159,348**	**8.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,888,717**	**1,900,952**	**1,974,294**	**73,342**	**3.9%**	**2,133,642**	**159,348**	**8.1%**
Equipment Outlay	**15,000**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,903,717**	**$ 1,900,952**	**$ 1,974,294**	**$ 73,342**	**3.9%**	**$ 2,133,642**	**$ 159,348**	**8.1%**

Financial Planning & Budget

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 1,900,952**	**$ 1,974,294**
Personnel costs		
1 unfrozen position of Senior Accountant (salaries, benefits & employer taxes)	99,650	-
Salary adjustments and pay for performance	51,314	34,716
Burden (benefits & employer taxes) Decrease / Increase for current staff	(35,522)	29,982
Changes in Capitilized labor costs	(99,650)	99,650
Total Increase in personnel costs	**15,792**	**164,348**
Increase / Decrease in use of outside professional consultants and other services	55,250	(5,000)
Increase in employee development travel	2,000	-
Other, net	300	-
Total Increase / Decrease in non-personnel costs	**57,550**	**(5,000)**
Total Increase	**73,342**	**159,348**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 1,974,294**	**$ 2,133,642**

Financial Planning & Budget
Departmental Objectives

FY 2012 Progress Report

1. **Improve efficiency, analysis, and reporting capabilities through enhancement of existing financial models and development of new financial models for new programs by June 30, 2012.**

   Progress: A database was designed and built that allows for quick and easy analysis and creation of ad-hoc reports. It contains data that can be organized by department, by account for the current year budget, by actual, forecast, and two-year following budgets. Additionally, an account analysis report that analyzes data by transaction was created.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Identify critical departmental functions and develop redundant expertise for those functions through cross-training and procedure documentation by June 30, 2012.**

   Progress: While the department did make significant strides in meeting this goal during the fiscal year, turnover and increased departmental responsibilities have created an unanticipated challenge to meeting this goal. The department will be undergoing a workforce planning analysis in FY 2013 to identify current and future needs for staffing levels, optimal structure, and employee skill sets.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Collaborate with Green Build program to ensure alignment of funding sources with costs and jointly develop periodic reports that provide adequate financial information and status on at least a quarterly basis.**

   Progress: In conjunction with Chief Auditor, processes are being implemented which are guiding funding eligibility reviews and creating associated status reports. This effort includes utilization of consultants with expertise on funding source alignment and eligibility requirements.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Support Concession Development Program (CDP) financial analysis needs and refine financial forecasting models by March 31, 2012.**

   Progress: A new financial model was requested by and designed for use by the Aviation and Commercial Business (ACB) department to analyze department functionality on a by-unit/by-package level. An initial template was provided to ACB to assist them during the FY 2013 budget process in mid-February 2012.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **By June 30, 2012, increase FP&B department involvement and visibility through inter-departmental coordination leading to at least five financial analyses that support business cases to be used by executive staff for decision-making.**

   Progress: This goal was significantly exceeded in FY 2012. The department is increasingly viewed as an internal business partner and a critical component for determining the financial impact for business case analysis. Analyses were performed for parking, ground transportation, credit card processing, concessions, route service, and cargo. These analyses provided the financial information necessary to support decisions that enhance the financial position of the Authority.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

6. **Enhance grants management by: 1) Expanding external networking and internal engagement to develop additional grant opportunities; 2) Providing or facilitating internal training on grant assurances and regulations; and 3) Incorporating "best practices" checklists throughout the life-cycle of each grant (i.e. identification, application, reimbursement, and closeout).**

   Progress: Financial Planning & Budget has collaborated with the Planning Department to perform outreach to Authority stakeholders in order to cultivate and increase potential grant opportunities. Additionally, in conjunction with Chief Auditor, standards and procedures for grants management are being developed. This will include follow-on training on assurances and the use of checklists.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

Financial Planning & Budget
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Support the Authority's revenue enhancement/cost reduction business cases priority by implementing a process to complete at least four financial analyses on proposed ideas no later than May 15, 2013. The goal includes providing Executive Staff with financial information necessary for their decision-making.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

2. **Collaborate with Internal Audit and Green Build program to ensure execution of enhanced capital funding processes and controls developed in FY 2012. The ultimate goal is that by the project completion date, all regulatory requirements are met, grant awards and PFC applications are amended or closed as needed, and zero audit findings have been achieved.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Engage Authority workforce planning team to perform departmental workforce planning assessment and recommendation. Begin execution of the plan and implement all accepted FY 2013 recommendations by May 15, 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

4. **Reduce FY 2013 parking revenue actual vs. budget variances by at least twenty-five percent (25%) compared to FY 2012 through increased collaboration of stakeholders and more precise forecasting.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

5. **Support Concession Development Program (CDP) financial analysis and reporting needs by taking ownership of the financial model that provides budgeting forecasting and monthly reporting capabilities by March 31, 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

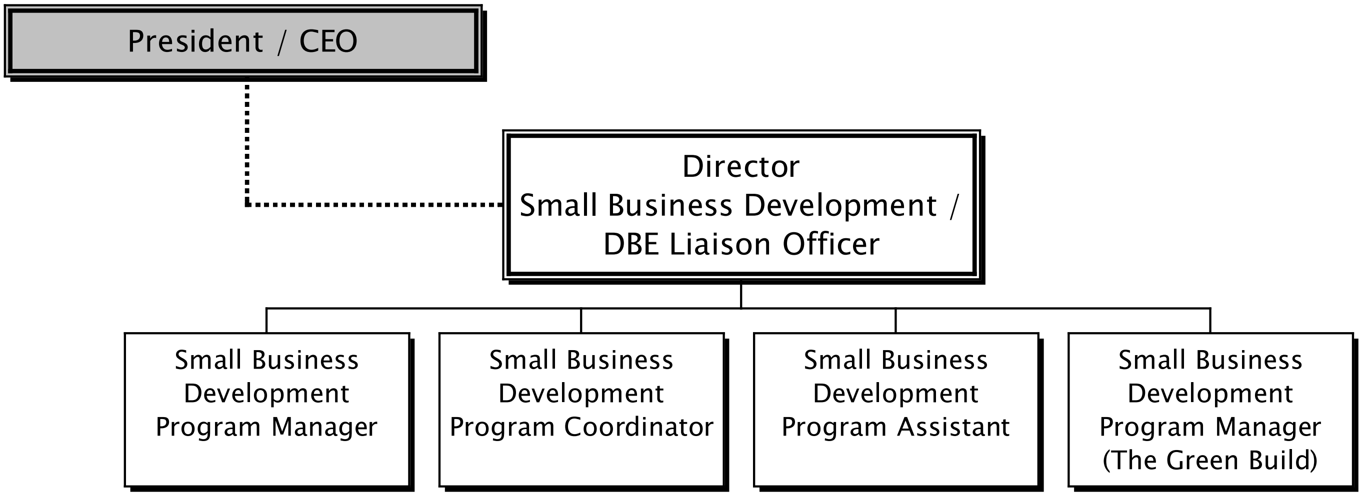
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

6. **By May 15, 2013, successfully execute the preparation and issuance of General Airport Revenue Bonds (GARBs) in an amount sufficient to complete necessary funding for the Green Build and relevant Capital Improvement Program projects. The goal also includes issuance of GARBs at an interest rate that allows successful execution of the Authority's plan of finance.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

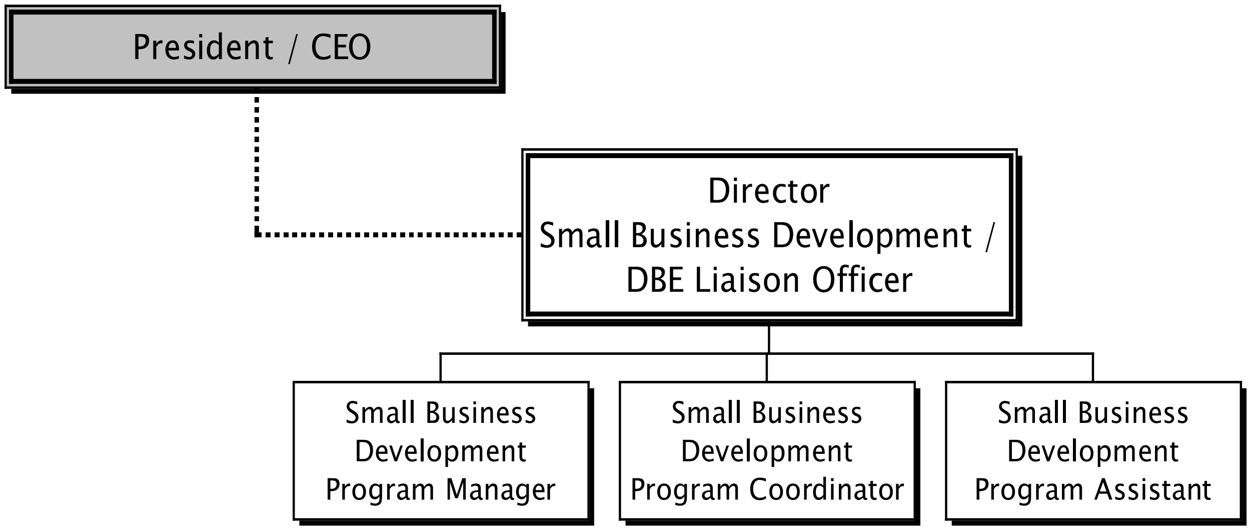
Small Business Development
FY 2013 Organizational Structure



Position shown in grey resides in the Executive Office and is shown for reporting structure.

FY 2013 Organizational Structure

Small Business Development
FY 2014 Organizational Structure



Position shown in grey resides in the Executive Office and is shown for reporting structure.

FY 2014 Organizational Structure

Small Business Development
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 363,869	$ 305,911	$ 316,803	$ 10,892	3.6%	$ 312,873	$ (3,931)	-1.2%
Premium Overtime	1,163	-	-	-	0.0%	-	-	0.0%
Employee Benefits	160,799	142,672	136,923	(5,749)	-4.0%	140,033	3,110	2.3%
Subtotal	525,832	448,583	453,727	5,144	1.1%	452,906	(821)	-0.2%
Less: Capitalized Labor	*(131,273)*	*(113,719)*	*(18,895)*	*94,824*	*-83.4%*	*-*	*18,895*	*-100.0%*
Less: QHP - Labor/Burden/Labor Overhead	*-*	*-*	*-*	*-*	*0.0%*	*-*	*-*	*0.0%*
Total Personnel Expenses	**394,559**	**334,864**	**434,832**	**99,968**	**29.9%**	**452,906**	**18,074**	**4.2%**
Non-Personnel Expenses								
Contractual Services	55,307	66,650	253,650	187,000	280.6%	242,650	(11,000)	-4.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	196	300	300	-	0.0%	300	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	785	-	-	-	0.0%	-	-	0.0%
Operating Supplies	1,734	2,650	4,400	1,750	66.0%	2,650	(1,750)	-39.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	13,167	14,700	17,700	3,000	20.4%	19,000	1,300	7.3%
Business Development	31,236	162,700	299,400	136,700	84.0%	56,900	(242,500)	-81.0%
Equipment Rentals & Repairs	57	12,000	12,500	500	4.2%	12,500	-	0.0%
Total Non-Personnel Expenses	**102,483**	**259,000**	**587,950**	**328,950**	**127.0%**	**334,000**	**(253,950)**	**-43.2%**
Total Operating Expenses	**497,042**	**593,864**	**1,022,782**	**428,918**	**72.2%**	**786,906**	**(235,876)**	**-23.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**497,042**	**593,864**	**1,022,782**	**428,918**	**72.2%**	**786,906**	**(235,876)**	**-23.1%**
Equipment Outlay	**13,548**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 510,590**	**$ 593,864**	**$ 1,022,782**	**$ 428,918**	**72.2%**	**$ 786,906**	**$ (235,876)**	**-23.1%**

Small Business Development

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 593,864**	**$ 1,022,782**
Personnel costs		
1 unfrozen position of Small Business Development Program Manager (salaries, benefits & employer taxes)	107,217	-
Changes in Capitilized labor costs	94,824	18,895
1 eliminated position of Small Business Development Program Manager-Green Build (salaries, benefits & employer taxes)	-	(18,895)
Burden (benefits & employer taxes) Decrease / Increase for current staff	(36,984)	8,961
Salary adjustments and pay for performance	(65,089)	9,113
Total Increase in personnel costs	**99,968**	**18,074**
Increase / Decrease in services - other professional	190,000	(5,000)
Increase / Decrease in promotional activities	149,000	(238,000)
Decrease in temporary personnel	(3,000)	(6,000)
Other, net	(7,050)	(4,950)
Total Increase / Decrease in non-personnel costs	**328,950**	**(253,950)**
Total Increase / Decrease	**428,918**	**(235,876)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 1,022,782**	**$ 786,906**

Small Business Development
Departmental Objectives

FY 2012 Progress Report

1. **Continue active implementation of remedies to address bonding issues and fostering relationships with prime contractors, which were two barriers to small business participation in SDCRAA contracts by June 30, 2012.**

   Progress: The Authority has implemented programs and modified outreach methodology to foster relationships between small businesses and prime contractors.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Continue to enhance local awareness of Authority contracting opportunities by hosting at least twelve (12) business opportunity outreach events and education programs targeting small businesses in order to maximize opportunity awareness efforts by June 30, 2012.**

   Progress: Small Business Development exceeded the outreach target for construction and concession opportunities by conducting and participating in over 12 regional and national events.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Oversee the planning, marketing, and implementation of the 29th Annual Airport Business Diversity Conference with over 1,000 attendees in June 2013.**

   Progress: The Authority is working closely with the Airport Minority Advisory Council in planning and marketing the 2013 Airport Business Diversity Conference.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Small Business Development
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Continue active implementation of remedies to address bonding issues and fostering relationships with prime contractors, which were two barriers to small business participation in SDCRAA contracts by June 30, 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

2. **Continue to enhance local awareness of Authority contracting opportunities by hosting at least twelve (12) business opportunity outreach events and education programs targeting small businesses in order to maximize opportunity awareness efforts by June 30, 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

3. **Oversee the planning, marketing, and implementation of the 29th Annual Airport Business Diversity Conference with over 1,000 attendees in June 2013.**

   Sustainability Goal: Social Responsibility

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Marketing & Communications Division

Marketing & Communications Division

Overview

The Marketing & Communications Division is responsible for the marketing, air service development, customer service, inter-governmental relations, corporate and public notification services, and noise mitigation activities of the Airport and the Airport Authority. Its work is carried out through five departments.

The **Air Service Development Department** develops and implements strategies aimed at enhancing air service to San Diego International Airport. The Department also:

- Compiles and maintains the official airport passenger, operations, and cargo statistics.
- Develops 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 **Airport Noise Mitigation Department** administers the Federal Noise Compatibility Program and maintains compliance with the California Noise Standards. Additional services include:

- Monitoring and enforcing compliance with Airport Use Regulations.
- Participation in the Residential Sound Attenuation (“Quieter Home”) Program.
- Leading the Community Noise Information and Education Program.
- Staff support to the Authority Board’s community noise advisory committee.

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

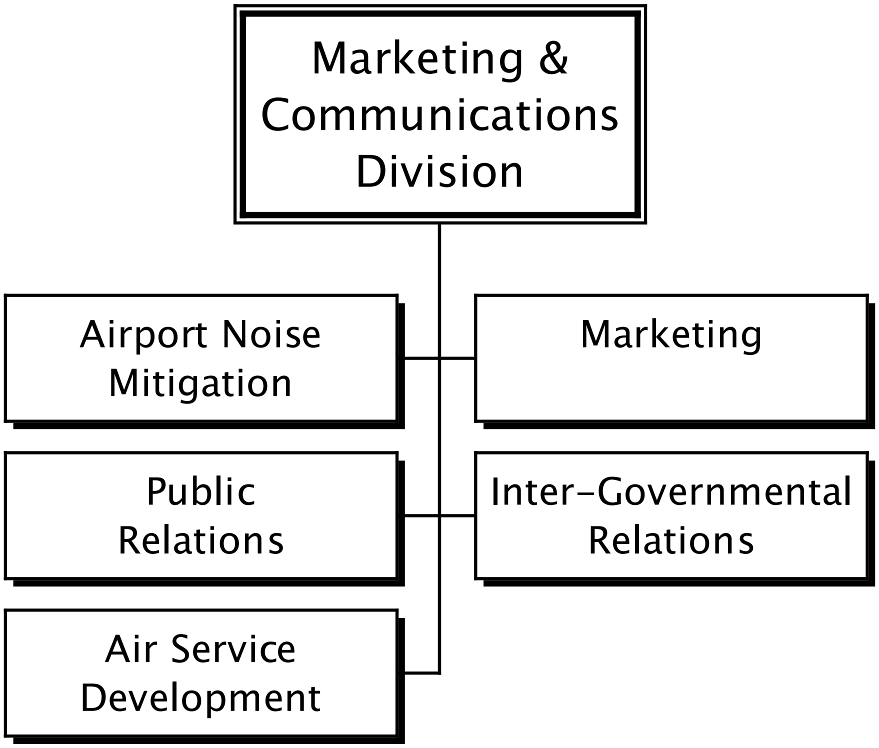
The **Marketing Department** develops, implements, and manages marketing initiatives that result in increased air service and revenues. Its major responsibilities include:

- Umbrella Marketing Plans for Authority initiatives (e.g. Quieter Home Program, SAN Park, Small Business Development, and Green Build).
- Advertising, creative design and development, identity and brand development.
- Collateral materials and publications.
- Special events (i.e. new air service inaugurals, grand openings, conferences).
- Website development, video production, and market research.
- Regional partnerships and aviation education outreach.
- Aviation Education.
- Outreach and collaboration with regional partners (e.g. Chambers of Commerce, Convention and Visitors Bureau (CONVIS), Economic Development Corporation (EDC), World Trade Center (WTC), San Diego Convention Center Corporation (SDCCC).

The **Public Relations Department** provides media and public relations, strategic counsel, social media, community outreach, corporate and internal communications, crisis communications and art services for the Authority. Specific activities include:

- News conferences & media event planning.
- News releases & media advisories.
- External and internal publications (i.e. Annual Report, Aviation Matters, SAN e-Newsletter, e-JetStreams).
- Social media (employee blog [Ambassablog.com], Facebook, Twitter, Flickr, YouTube, text alerts, and e-Newsroom).
- Speaker's Bureau & speechwriting.
- Airport public tours.
- Permanent public art.
- Temporary and rotating exhibits.
- Performing arts.

Marketing & Communications Division
Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Marketing & Communications								
Public Relations	9	9	(1)[1]	-	-	8	-	8
Marketing and Advertising	8	8	-	-	-	8	-	8
Inter-Governmental Relations	3	3	-	-	-	3	-	3
Noise Mitigation	4	4	-	-	-	4	-	4
Air Service Development	2	2	-	-	-	2	-	2
Total	**26**	**26**	**(1)**	**-**	**-**	**25**	**-**	**25**
Authorized and Unfunded Positions	1	1	-	-	-	-	-	-
Total Authorized Positions	**27**	**27**	**(1)**	**-**	**-**	**25**[2]	**-**	**25**

[1] 1 Transferred Customer Relations Coordinator from Public Relations Department to Landisde Operations Department
[2] 1 Unfunded Customer Service Manager was transferred from Public Relations Department to Landside Department

Marketing & Communications Division

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 2,163,939	$ 2,162,356	$ 2,180,640	$ 18,284	0.8%	$ 2,245,699	$ 65,059	3.0%
Premium Overtime	11,379	12,500	-	(12,500)	-100.0%	-	-	0.0%
Employee Benefits	962,210	984,717	885,422	(99,295)	-10.1%	940,556	55,133	6.2%
Subtotal	3,137,528	3,159,573	3,066,062	(93,511)	-3.0%	3,186,254	120,193	3.9%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**3,137,528**	**3,159,573**	**3,066,062**	**(93,511)**	**-3.0%**	**3,186,254**	**120,193**	**3.9%**
Non-Personnel Expenses								
Contractual Services	2,149,227	2,389,800	2,163,750	(226,050)	-9.5%	2,068,750	(95,000)	-4.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	40	750	750	-	0.0%	750	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	22,524	6,600	6,600	-	0.0%	11,600	5,000	75.8%
Operating Supplies	12,215	16,000	15,600	(400)	-2.5%	17,350	1,750	11.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	112,243	144,686	134,303	(10,383)	-7.2%	137,186	2,883	2.1%
Business Development	1,708,204	1,572,105	2,589,500	1,017,395	64.7%	1,434,925	(1,154,575)	-44.6%
Equipment Rentals & Repairs	166,545	202,050	223,382	21,332	10.6%	225,450	2,068	0.9%
Total Non-Personnel Expenses	**4,170,999**	**4,333,191**	**5,135,085**	**801,894**	**18.5%**	**3,897,211**	**(1,237,874)**	**-24.1%**
Total Operating Expenses	**7,308,527**	**7,492,764**	**8,201,147**	**708,383**	**9.5%**	**7,083,465**	**(1,117,681)**	**-13.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**7,308,527**	**7,492,764**	**8,201,147**	**708,383**	**9.5%**	**7,083,465**	**(1,117,681)**	**-13.6%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 7,308,527**	**$ 7,492,764**	**$ 8,201,147**	**$ 708,383**	**9.5%**	**$ 7,083,465**	**$ (1,117,681)**	**-13.6%**

Marketing & Communications Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 7,492,764**	**$ 8,201,147**
Personnel costs		
Salary adjustments and pay-for-performance	5,783	65,059
Burden (benefits & employer taxes) Decrease / Increase for current staff	(99,294)	55,133
Total Decrease/ Increase in personnel costs	**(93,511)**	**120,193**
Increase / Decrease in Green Build marketing and promotion costs	650,000	(350,000)
Increase / Decrease in domestic & international air service marketing costs	265,000	(565,000)
Increase / Decrease in use of outside professional consultants	132,250	(95,000)
Increase / Decrease in miscellaneous promotional activities & materials costs	115,500	(145,000)
Increase / Decrease in marketing costs	91,500	(95,000)
Customer relations expenses transfer to Landside department	(495,505)	-
Other, net	43,149	12,126
Total Increase / Decrease in non personnel costs	**801,894**	**(1,237,874)**
Total Increase / Decrease	**708,383**	**(1,117,681)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 8,201,147**	**$ 7,083,465**

Marketing & Communications Division
FY 2013 – FY 2014 Expense Budget by Department

Department		FY 2013 Budget
Marketing	$	3,341,846
Public Relations		1,933,907
Air Service Development		1,479,363
Inter-Governmental Relations		778,750
Airport Noise Mitigation		667,281
Total [1]	**$**	**8,201,147**

[1] *Departmental total may differ due to rounding*

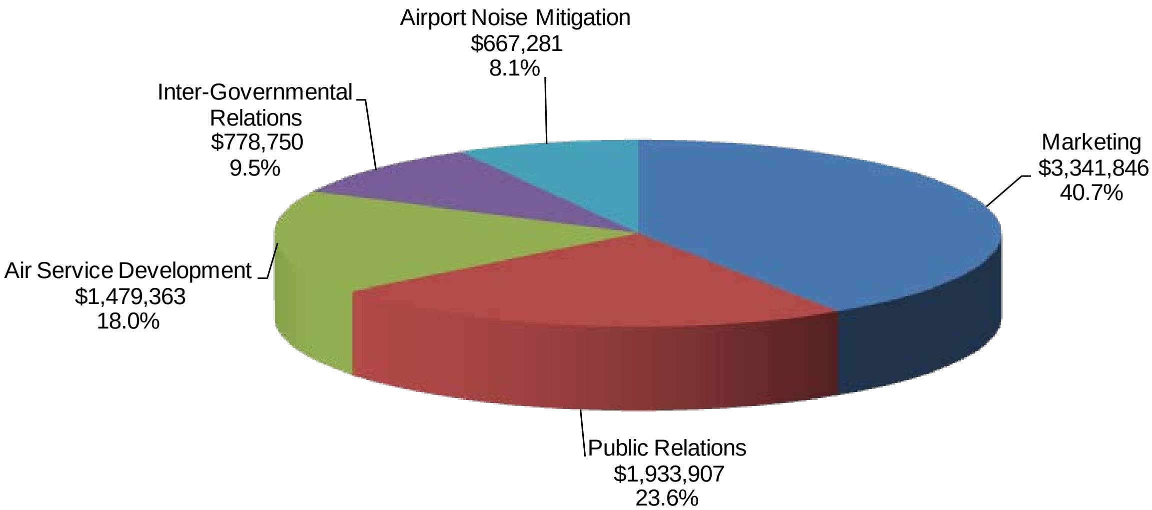


Figure 42 – FY 2013 Expense Budget by Department

Marketing & Communications Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Department		FY 2014 Conceptual Budget
Marketing	$	2,789,598
Public Relations		1,941,659
Air Service Development		870,607
Inter-Governmental Relations		794,716
Airport Noise Mitigation		686,885
Total [1]	**$**	**7,083,465**

[1] *Departmental total may differ due to rounding*

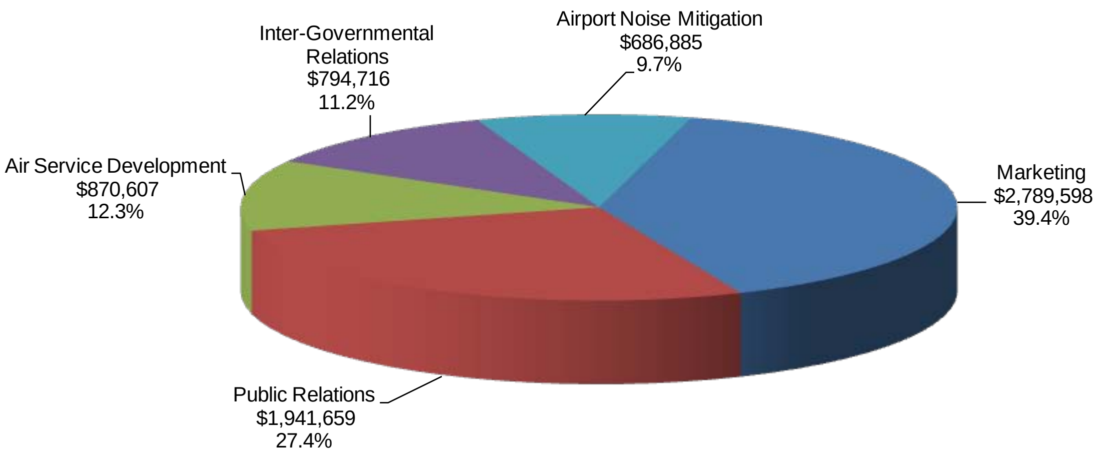
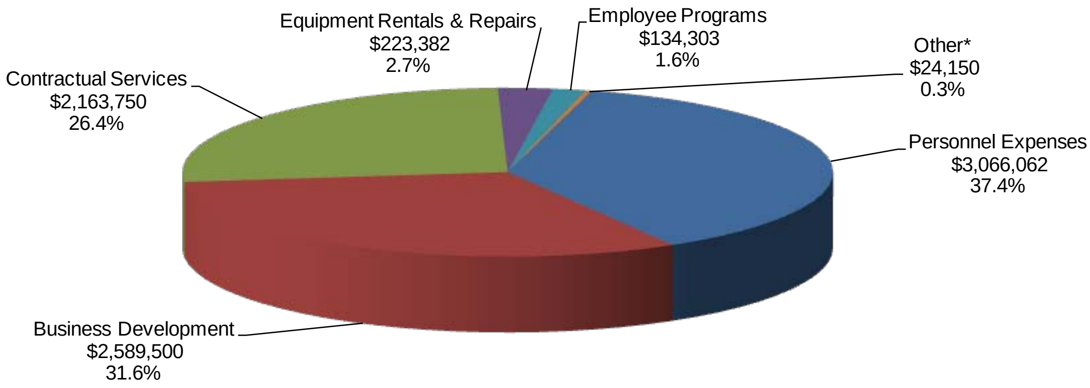


Figure 43 – FY 2014 Expense Budget by Department

Marketing & Communications Division
FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Personnel Expenses	$	3,066,062
Business Development		2,589,500
Contractual Services		2,163,750
Equipment Rentals & Repairs		223,382
Employee Programs		134,303
Other*		24,150
Total [1]	**$**	**8,201,147**

[1] *Category total may differ due to rounding*



**Other includes space rental, Utilities, operating equipment & systems, operating supplies, etc.*

Figure 44 – FY 2013 Expense Budget by Category

Marketing & Communications

FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget
Personnel Expenses	$ 3,186,254
Contractual Services	2,068,750
Business Development	1,434,925
Equipment Rentals & Repairs	225,450
Employee Programs	137,186
Other*	30,900
Total (1)	**$ 7,083,465**

(1) *Category total may differ due to rounding*

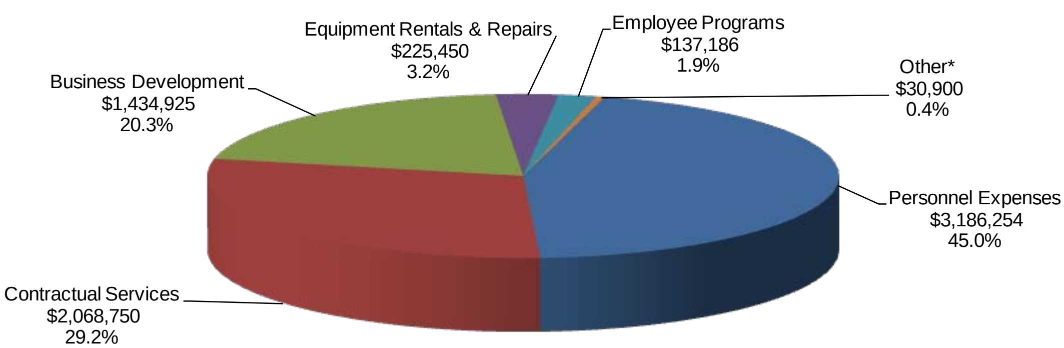
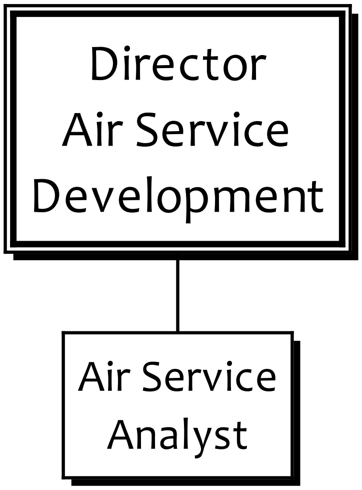


Figure 45 – FY 2014 Expense Budget by Category

**Other includes space rental, Utilities, operating equipment & systems, operating supplies, etc.*

Air Service Development

FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Air Service Development

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 176,647	$ 172,835	$ 171,840	$ (995)	-0.6%	$ 176,995	$ 5,155	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	82,855	78,750	73,273	(5,478)	-7.0%	78,362	5,089	6.9%
Subtotal	259,501	251,586	245,113	(6,473)	-2.6%	255,357	10,244	4.2%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**259,501**	**251,586**	**245,113**	**(6,473)**	**-2.6%**	**255,357**	**10,244**	**4.2%**
Non-Personnel Expenses								
Contractual Services	199,851	291,000	294,000	3,000	1.0%	240,000	(54,000)	-18.4%
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	33	-	1,200	1,200	0.0%	1,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	28,353	29,950	29,950	-	0.0%	29,950	-	0.0%
Business Development	576,325	644,100	909,100	265,000	41.1%	344,100	(565,000)	-62.1%
Equipment Rentals & Repairs	33	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**804,594**	**965,050**	**1,234,250**	**269,200**	**27.9%**	**615,250**	**(619,000)**	**-50.2%**
Total Operating Expenses	**1,064,096**	**1,216,636**	**1,479,363**	**262,727**	**21.6%**	**870,607**	**(608,756)**	**-41.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,064,096**	**1,216,636**	**1,479,363**	**262,727**	**21.6%**	**870,607**	**(608,756)**	**-41.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,064,096**	**$ 1,216,636**	**$ 1,479,363**	**$ 262,727**	**21.6%**	**$ 870,607**	**$ (608,756)**	**-41.1%**

Air Service Development

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

		Inc / (Dec) FY13 vs FY12		Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$**	**1,216,636**	**$**	**1,479,363**
Personnel costs				
Salary adjustments and pay for performance		(995)		5,155
Burden (benefits & employer taxes) Decrease / Increase for current staff		(5,478)		5,089
Total Decrease / Increase in personnel costs		**(6,473)**		**10,244**
Increase / Decrease in domestic & international air service marketing costs		265,000		(565,000)
Decrease in regional business CEO outreach costs		-		(50,000)
Other, net		4,200		(4,000)
Total Increase / Decrease in non personnel costs		**269,200**		**(619,000)**
Total Increase / Decrease		**262,727**		**(608,756)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$**	**1,479,363**	**$**	**870,607**

Air Service Development

Departmental Objectives

FY 2012 Progress Report

1. **Secure at least one new domestic destination after every fiscal year where overall national domestic available seat departure growth exceeds five percent (5.0%). Maintain number of domestic destinations served if national seat departure growth is between 0-4.99%.**

   Progress: Additional service to Honolulu secured and new service to California cities announced.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

2. **Increase San Diego International Airport seat departures during years the national average seat departures grow.**

   Progress: Anticipated national seat departures declined one percent (1%) between FY June 2012 and FY June 2011.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

3. **Retain air services to London.**

   Progress: London air service is performing to plan.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

4. **Assuming aircraft are developed with the technical capabilities (e.g. Boeing 787 and A350), secure air service to Tokyo, Seoul, or Asian hub after the fifth year of consecutive US-East Asia seat departure growth and by the fifth year anniversary of technically capable aircraft delivery to at least three US-Asia airline candidate operators (JAL, ANA, Asiana, and Korean Air).**

   Progress: Japan Airlines announced they will commence nonstop San Diego – Tokyo (Narita) flights effective December 2012. With the schedule announced, San Diego may be the second or third Asia service announced for the 787.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

5. **Link San Diego to Manila with direct air service within 12 months of Philippine restoration to FAA IASA Category 1 status and by the first twelve months of Philippine-US seat departure increases contributed by Philippine air carriers.**

   Progress: The Philippines remains in Category 2 status and is unable to add service to the United States until they are restored to Category 1.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

6. **Secure new, enhanced, or additional air service to Canadian markets after the second year upon verifying that after an annual SAN-Canada market (e.g. Montréal, Edmonton, Winnipeg) reaches at least 50 passengers a day each way (PDEW) via connecting flights.**

   Progress: One additional weekly frequency was secured to Calgary this year.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

7. **Secure new, enhanced, or additional air service to Mexican markets by the second year after an annual SAN-Mexico market (e.g. Mexico City, Puerto Vallarta) reaches at least 50 PDEW.**

   Progress: Volaris airlines inaugurated service to San Diego International Airport with service to Guadalajara and Mexico City. This was achieved before each market exceeded 50 PDEW.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue to 2013?** Yes.

Air Service Development
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Secure at least one new domestic destination after every fiscal year where overall national domestic available seat departure growth exceeds five percent (5.0%). Maintain number of domestic destinations served if national seat departure growth is between 0 - 4.99%.**

   Sustainability Goal: Economic Viability, Operational Excellence, Social Responsibility

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

2. **Increase San Diego International Airport seat departures during years the national average seat departures grow.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

3. **Retain air services to London.**

   Progress: London air service is performing to plan.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Successfully launch (initial annual load factor 70%) and retain air services to Tokyo.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

5. **Link San Diego to Manila with direct air service within twelve (12) months of Philippine restoration to FAA IASA Category 1 status <u>and</u> by the first twelve months of Philippine-US seat departure increases contributed by Philippine air carriers.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

6. **Secure new, enhanced, or additional air service to Canadian markets after the second year upon verifying that after an annual SAN-Canada market (e.g. Montréal, Edmonton, Winnipeg) reaches at least 50 passengers a day each way (PDEW) via connecting flights.**

   Sustainability Goal: Economic Viability, Operational Excellence.

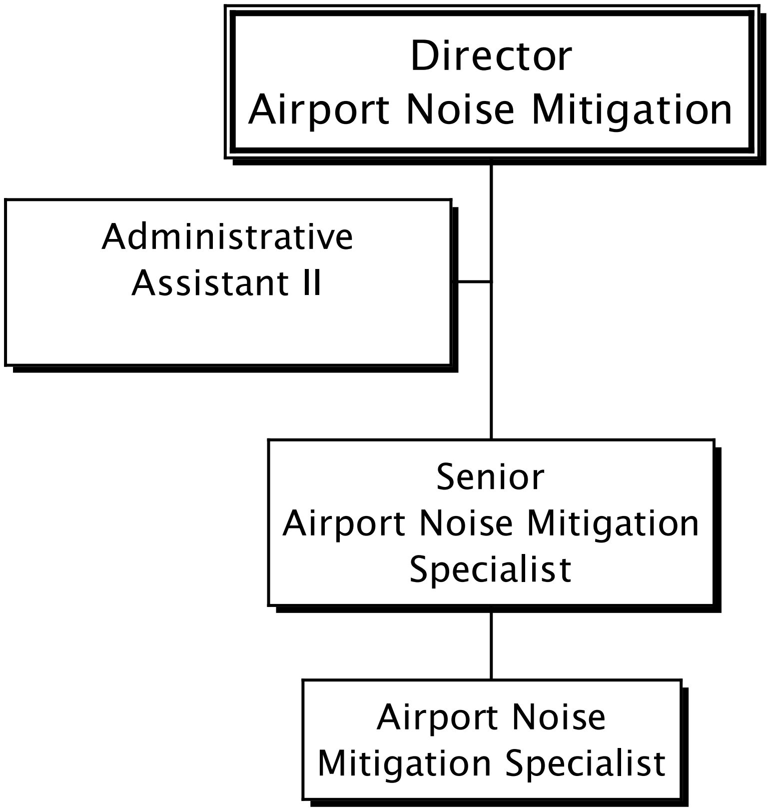
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

7. **Secure new, enhanced, or additional air service to Mexican markets by the second year after an annual SAN-Mexico market (e.g. Mexico City, Puerto Vallarta) reaches at least 50 PDEW.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Airport Noise Mitigation
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Airport Noise Mitigation
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 272,009	$ 272,775	$ 285,500	$ 12,725	4.7%	$ 294,065	$ 8,565	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	99,543	113,900	115,371	1,472	1.3%	122,984	7,613	6.6%
Subtotal	371,551	386,674	400,871	14,197	3.7%	417,049	16,178	4.0%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**371,551**	**386,674**	**400,871**	**14,197**	**3.7%**	**417,049**	**16,178**	**4.0%**
Non-Personnel Expenses								
Contractual Services	22,394	10,000	10,000	-	0.0%	10,000	-	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	225	-	-	-	0.0%	-	-	0.0%
Operating Supplies	1,214	1,500	1,850	350	23.3%	1,850	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	21,198	21,036	19,853	(1,183)	-5.6%	20,236	383	1.9%
Business Development	4,908	61,025	35,075	(25,950)	-42.5%	36,050	975	2.8%
Equipment Rentals & Repairs	166,380	198,800	199,632	832	0.4%	201,700	2,068	1.0%
Total Non-Personnel Expenses	**216,319**	**292,361**	**266,410**	**(25,951)**	**-8.9%**	**269,836**	**3,426**	**1.3%**
Total Operating Expenses	**587,870**	**679,035**	**667,281**	**(11,754)**	**-1.7%**	**686,885**	**19,604**	**2.9%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**587,870**	**679,035**	**667,281**	**(11,754)**	**-1.7%**	**686,885**	**19,604**	**2.9%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 587,870**	**$ 679,035**	**$ 667,281**	**$ (11,754)**	**-1.7%**	**$ 686,885**	**$ 19,604**	**2.9%**

Airport Noise Mitigation

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 679,035**	**$ 667,281**
Personnel costs		
Salary adjustments and pay for performance	12,725	8,565
Burden (benefits & employer taxes) Increase for current staff	1,472	7,613
Total Increase in personnel costs	**14,197**	**16,178**
Decrease in marketing costs	(3,500)	-
Decrease / Increase in promotional activities & materials costs	(23,400)	1,000
Other, net	949	2,426
Total Decrease / Increase in non personnel costs	**(25,951)**	**3,426**
Total Decrease / Increase	**(11,754)**	**19,604**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 667,281**	**$ 686,885**

Airport Noise Mitigation
Departmental Objectives

FY 2012 Progress Report

1. **Enhance Air Carrier Recognition Program – to publically evaluate and rate tenant air carrier and transient operations at SDIA and benchmark against a standardized scale.**

   Progress: Awaiting FY 2013 budgeting authority to implement enhanced program.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

2. **Obtain FAA approval of SAN's Noise Compatibility Program (14 CFR Part 150) Update. Success equals Noise Compatibility Program approval by FAA by end of FY 2011. Specific goals include:**
   - **Refer programs for FAA acceptance that meets customer demand to mitigate aircraft noise.**
   - **Engage in an ongoing transparent public process to develop meaningful programs.**
   - **Get FAA grand funding for approved mitigation and attenuation programs.**

   Progress: Completed (FAA acceptance of SAN's Noise Compatibility Program submittal on June 1, 2011).

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

   Authority Strategy: Strategy #2: Anticipate and exceed both internal and external customer service expectations. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013:** No.

3. **Maintain Quieter Home (Residential Sound Insulation) Program acceleration and spending level. Success equals at least the same number of parcels sound attenuated as FY 2010.**

   Progress: 2011 exceeded number of parcels attenuated in 2010.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

4. **Update SAN's variance to the California Noise Standards (California Code of Regulations, Title 21, Section 5000) for validation to the County of San Diego, California Department of Transportation (DOT), and the airport's noise-impacted community to demonstrate the Airport Authority's continuing commitment to mitigate aircraft noise to the maximum extent possible. Success equals completion of the variance process and approval by California DOT by end of FY 2013.**

   Progress: Submitted in June 2011; on track for California Department of Transportation, Division of Aeronautics approval.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy#5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

5. **Initiate approved elements of updated Federal Aviation Administration (FAA Part 150) Noise Compatibility Program (NCP). Success equals SAN NCP approval of eight (8) new elements by FAA by end of FY 2012 and budget authority to implement approved elements in FY 2013.**

   Progress: Awaiting FY 2013 budget process completion for 2013 implementation of FAA-approved elements.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy#3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy#5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

6. **Conduct preventative upgrade of the twelve remaining Remote Noise Monitoring Terminal (RMT) poles. Success equals approval by City of San Diego to upgrade RMT's in-place by end of FY 2012, budget authority to implement the project, and successful completion of all elements by FY 2013.**

   Progress: Submitted to CIC January 25, 2012; awaiting CIC action.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

   Authority Strategy: Strategy# 3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013:** Yes.

Airport Noise Mitigation
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Establish a Memorandum of Agreement (MOA) with the Federal Aviation Administration (FAA) to provide timely, accurate, and reliable flight tracking data for the Authority's web-based flight tracking system. Success equals FAA approval and Authority integration by June 30, 2013.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

2. **Coordinate further (3-year) variance to the California Noise Standards (California Code of Regulations, Title 21, Section 5000) with CA Department of Transportation (DOT) as required by regulation and to demonstrate the Authority's continuing commitment to mitigate aircraft noise to the maximum extent possible. Success equals DOT acceptance by June 30, 2013.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

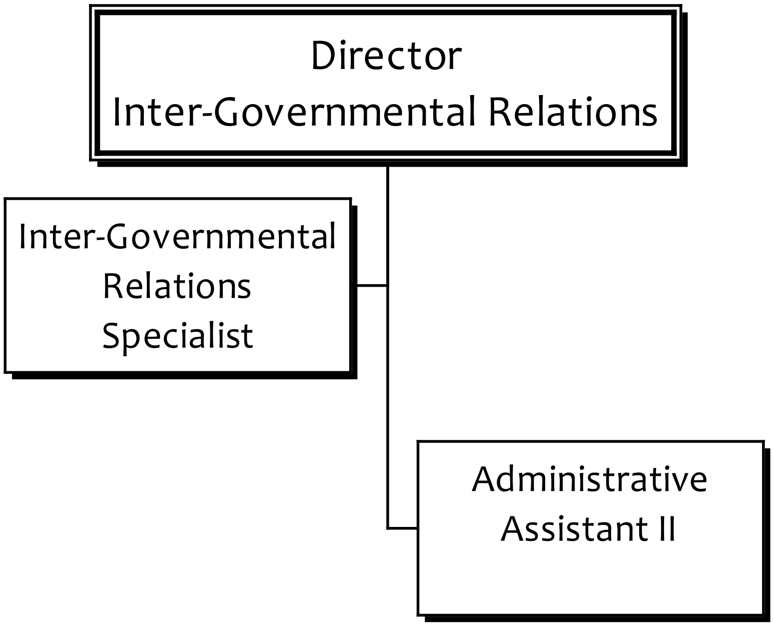
   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

3. **Implement approved elements of FAA Noise Compatibility Program (FAR Part 150). Success equals budget authority to implement approved elements by June 30, 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

Inter-Governmental Relations
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Inter-Governmental Relations

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 249,311	$ 262,189	$ 270,054	$ 7,866	3.0%	$ 278,156	$ 8,102	3.0%
Premium Overtime	-	500	-	(500)	-100.0%	-	-	0.0%
Employee Benefits	126,429	124,179	114,246	(9,933)	-8.0%	122,110	7,865	6.9%
Subtotal	375,740	386,868	384,300	(2,568)	-0.7%	400,266	15,966	4.2%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**375,740**	**386,868**	**384,300**	**(2,568)**	**-0.7%**	**400,266**	**15,966**	**4.2%**
Non-Personnel Expenses								
Contractual Services	301,093	296,500	296,500	-	0.0%	296,500	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	16	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	206	100	100	-	0.0%	100	-	0.0%
Operating Supplies	709	1,500	2,100	600	40.0%	2,100	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	15,071	14,900	15,400	500	3.4%	15,400	-	0.0%
Business Development	33,957	82,375	79,850	(2,525)	-3.1%	79,850	-	0.0%
Equipment Rentals & Repairs	44	250	250	-	0.0%	250	-	0.0%
Total Non-Personnel Expenses	**351,095**	**395,875**	**394,450**	**(1,425)**	**-0.4%**	**394,450**	**-**	**0.0%**
Total Operating Expenses	**726,835**	**782,743**	**778,750**	**(3,993)**	**-0.5%**	**794,716**	**15,966**	**2.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**726,835**	**782,743**	**778,750**	**(3,993)**	**-0.5%**	**794,716**	**15,966**	**2.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 726,835**	**$ 782,743**	**$ 778,750**	**$ (3,993)**	**-0.5%**	**$ 794,716**	**$ 15,966**	**2.1%**

Inter-Governmental Relations

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 782,743**	**$ 778,750**
Personnel costs		
Salary adjustments and pay for performance	7,366	8,102
Burden (benefits & employer taxes) Decrease / Increase for current staff	(9,933)	7,865
Total Decrease / Increase in personnel costs	**(2,568)**	**15,966**
Increase in travel business development costs	5,000	-
Decrease in memberships & dues costs	(7,525)	-
Other, net	1,100	-
Total Decrease in non personnel costs	**(1,425)**	**-**
Total Decrease / Increase	**(3,993)**	**15,966**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 778,750**	**$ 794,716**

Inter-Governmental Relations
Departmental Objectives

FY 2012 Progress Report

1. **Strengthen relationships with current elected/appointed officials and staff and key community leaders in San Diego. Establish relationships with newly elected/appointed officials as well as non-San Diego officials holding key transportation/security positions.**

   Progress: Inter-Governmental Relations (IGR) staff has met with/briefed more than twenty (20) elected officials/staff through the first six months of the fiscal year.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Identify and include language in a multi-year FAA Reauthorization Act that will strategically position the Authority to maximize federal funding awards for SDIA projects and exclude language in the bill detrimental to the interests of SDIA. Work with state and national airport associations to obtain passage of a bill in 2011.**

   Progress: IGR staff anticipates passage of a multi-year FAA Reauthorization Bill in February 2012.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Maintain historic levels of Airport Improvement Program (AIP) funding, Quieter Home Program (QHP) funding.**

   Progress: The current AIP authorization level is at the historic level of $3.5 billion. The Authority received $12 million in AIP sound attenuation (QHP) funding this fiscal year.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Monitor and work towards preventing the passage/enactment of State and Federal legislation and regulations that would negatively impact the Airport Authority and/or San Diego International Airport.**

   Progress: No bills opposed by the Authority have been passed yet this fiscal year.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Proactively support the efforts of other Airport Authority departments in obtaining political/public support for key SDIA initiatives and funding requests.**

   Progress: IGR staff played key roles in obtaining letters of support from elected officials and other community partners in support of grant requests. Staff has also assisted in obtaining support from leaders for other Authority initiatives and airport programs/projects.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

6. **Obtain Federal funding for the Washington Street Road / Entrance Project.**

   Progress: IGR staff obtained numerous letters of support for the Authority's TIGER grant application for Washington Street and worked with federal legislative representatives to advocate on behalf of the Authority for our TIGER application.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

7. **Work with federal legislative consultants, airport associations, federal delegation members, and others to pass a multi-year FAA Reauthorization bill.**

   Progress: IGR staff anticipates passage of a multi-year FAA Reauthorization Bill in February 2012.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

Inter-Governmental Relations
Departmental Objectives

FY 2013 – 2014 Objectives

1. **Strengthen relationships with elected/appointed officials and staff and partner organizations (e.g. San Diego chambers of commerce, economic development corporations, San Diego Taxpayers Association). Establish relationships with newly elected/appointed officials, and key trasportation committee members and staff. This will be accomplished via a minimum of thirty (30) airport briefings and/or airfield tours this year with a focus on the Green Build and other major SDIA projects and programs.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

2. **Work with airport advocacy associations to obtain passage of legislation that will strategically position the Authority to maximize federal funding awards for SDIA projects this year. This includes securing $3.35 billion in the FY 2013 Transportation Appropriations bill.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Obtain annual Quieter Home Program funding to SDIA at a minimum level of $10 million to fund the SDIA Quieter Home program in FY 2013.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

4. **Prevent the passage/enactment of all State and Federal legislation that would negatively impact the Airport Authority and/or San Diego International Airport.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

5. **Obtain political/public support for the Airport Development Plan, SDIA's Airport Land Use Compatibility Plan, and other key SDIA initiatives and funding requests this year.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

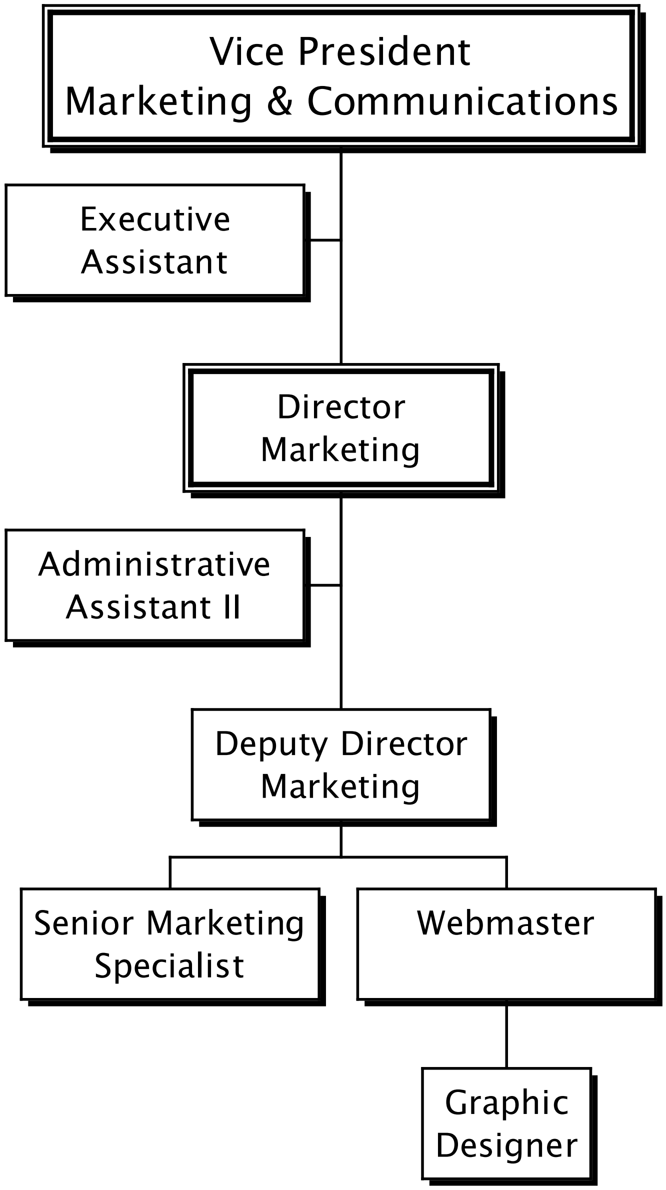
6. **Obtain unanticipated funding for one major Authority project or program of at least $500,000.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

Marketing

FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Marketing

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 766,631	$ 755,116	$ 789,113	$ 33,997	4.5%	$ 812,606	$ 23,493	3.0%
Premium Overtime	11,380	10,000	-	(10,000)	-100.0%	-	-	0.0%
Employee Benefits	325,893	345,235	316,778	(28,457)	-8.2%	336,037	19,259	6.1%
Subtotal	1,103,905	1,110,351	1,105,891	(4,461)	-0.4%	1,148,643	42,752	3.9%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,103,905**	**1,110,351**	**1,105,891**	**(4,461)**	**-0.4%**	**1,148,643**	**42,752**	**3.9%**
Non-Personnel Expenses								
Contractual Services	432,969	545,000	686,000	141,000	25.9%	671,000	(15,000)	-2.2%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	21,255	5,000	5,000	-	0.0%	10,000	5,000	100.0%
Operating Supplies	4,235	3,000	5,000	2,000	66.7%	7,500	2,500	50.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,651	25,200	25,200	-	0.0%	27,700	2,500	9.9%
Business Development	953,157	606,605	1,493,055	886,450	146.1%	903,055	(590,000)	-39.5%
Equipment Rentals & Repairs	44	-	20,500	20,500	0.0%	20,500	-	0.0%
Total Non-Personnel Expenses	**1,431,311**	**1,186,005**	**2,235,955**	**1,049,950**	**88.5%**	**1,640,955**	**(595,000)**	**-26.6%**
Total Operating Expenses	**2,535,216**	**2,296,356**	**3,341,846**	**1,045,489**	**45.5%**	**2,789,598**	**(552,248)**	**-16.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,535,216**	**2,296,356**	**3,341,846**	**1,045,489**	**45.5%**	**2,789,598**	**(552,248)**	**-16.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 2,535,216**	**$ 2,296,356**	**$ 3,341,846**	**$ 1,045,489**	**45.5%**	**$ 2,789,598**	**$ (552,248)**	**-16.5%**

Marketing
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 2,296,356**	**$ 3,341,846**
Personnel costs		
Salary adjustments and pay for performance	23,996	23,493
Burden (benefits & employer taxes) Decrease / Increase for current staff	(28,457)	19,259
Total Decrease / Increase in personnel costs	**(4,461)**	**42,752**
Increase / Decrease in Green Build marketing and promotion costs	650,000	(350,000)
Increase / Decrease in use of outside professional consultants	141,000	(15,000)
Increase / Decrease in miscellaneous promotional activities & materials costs	135,600	(115,000)
Increase / Decrease in miscellaneous marketing costs	95,000	(95,000)
Other, net	28,350	(20,000)
Total Increase / Decrease in non personnel costs	**1,049,950**	**(595,000)**
Total Increase / Decrease	**1,045,489**	**(552,248)**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 3,341,846**	**$ 2,789,598**

Marketing
Departmental Objectives

FY 2012 Progress Report

1. **Provide strategic marketing, advertising, and communications leadership and services to other Authority Divisions and Departments. Ensure on time production both internally and externally to minimize costs. Success equals increasing the number of in-house creative jobs completed in FY 2012.**

   Progress: The Marketing Department is on target to reach the highest efficiency between creative jobs completed in-house and by the marketing communications consultant. The budget for the marketing communications consultant was reduced by twenty-five percent (25%) over FY 2011. Moreover, the number of in-house creative jobs (300) has increased, including web jobs (1,000), by approximately two percent (2%). The Marketing Department continues to support the Authority Divisions/Departments in large and small initiatives, including but not limited to the Green Build, Concessions Development, Ground Transportation/Parking and Public Art.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to the business leaders and organizations to ensure the airport messages are communicated. Success equals increasing the awareness of airport related matters that affect both business and community.**

   Progress: Marketing continues to out-reach to key organizations. This year, the focus was reaching organizations like the North, South, and East County EDC's, many chambers of commerce, and local businesses. Marketing continues to promote outreach and community participation to other departments in an effort to maximize all messaging opportunities.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Increase the number of visitors to the Authority/Airport website. Success equals an increase of 8%-10% overall. In addition, Marketing will continue to test and enhance the web site by implementing advanced technologies to enhance the customer experience and provide access to vital information (e.g. flights, Green Build, contracting opportunities, concessions, etc.) and to improve our communication with the community.**

   Progress: The website has seen an 8.5% increase in the amount of unique visitors, when comparing the same *6-month* periods (July-December), year over year. Adding new and relevant content will continue to drive traffic to the web. The goal is to add appropriate changes that will enhance the customer experience.

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Advance youth education in the areas of airports, aviation, and aviation-related careers, especially through six specific annual outreach programs. Success equals communication through curriculum participation and/or educational item distribution to 11,000 children in the San Diego region.**

   Progress: Youth education programs remain strong at the Airport Authority. This year, they included the YMCA Camp, Miramar Air Show, Girls in Engineering Day, Junior Achievement BizTown, Holiday Bowl, Fleet Week, Swing for Kids Golf Tournament, Museum Day, Reality Changers Vision Team, Junior Achievement BizTown Mural Project, and several tours. In addition, an interactive game and new educational information has been added to the airportexplorers.com website. New projects also include a middle school engineering class partnership to teach the "forces of flight" and a partnership with the San Diego Air & Space Museum to bring children to their new *How Things Fly* interactive exhibit. Estimated connections to students through aviation outreach efforts are approximately 15,000 – 17,000 by fiscal year end. The marketing team continues to look for additional sustainable opportunities within the community to expand our reach.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Advance the role of marketing at airports through the participation in the ACI-NA Marketing and Communications Steering Committee and other industry organizations.**

   Progress: Cheryl Brown, Vice-Chair of the ACI-NA Marketing Communications Steering Committee, participates in four (4) meetings and twelve (12) conference calls per year. The committee provides professional support and educational opportunities for ACI-NA members in air service and business development, marketing, public affairs, customer service and community relations. The Committee develops aviation-related educational and policy programs for ACI-NA members, identifies issues, promotes public awareness of airports as economic generators for their communities, and develops strategies for delivering strong customer service and attracting new air service. The committee is responsible for two ACI-NA conferences per year and participates in the development of the ACI-NA Annual Conference program. In addition, San Diego International Airport hosted the 2011 Annual ACI-NA Conference and Exhibition October. The Marketing Department managed the responsibility with tremendous support from the entire Authority staff.

   Sustainability Goal: Operational Excellence, Economic Viability.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

Marketing

Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Provide strategic marketing, advertising, and communications leadership and services to other Authority Divisions and Departments. Marketing will ensure a ninety-five percent (95%) on-time completion for all projects both internally and externally to maximize efficiency and minimize costs. Increase the number of in-house creative jobs completed in FY 2013 by one percent (1%) over annual average of 200.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

2. **Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to a minimum six (6) business leaders and organizations to ensure the airport messages are appropriately communicated.**

   Sustainability Goal: Economic Viability, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

3. **Increase the number of visitors to the to the Authority web site by 8%. Marketing will continue to test and enhance the web site by implementing advanced technologies to enhance the customer experience and provide access to vital information (e.g. flights, Green Build, contracting opportunities, concessions etc.) and to improve our communication with the community.**

   Sustainability Goal: Economic Viability, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Marketing will also oversee the completion of the intranet that will be used for improved employee communication.**

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

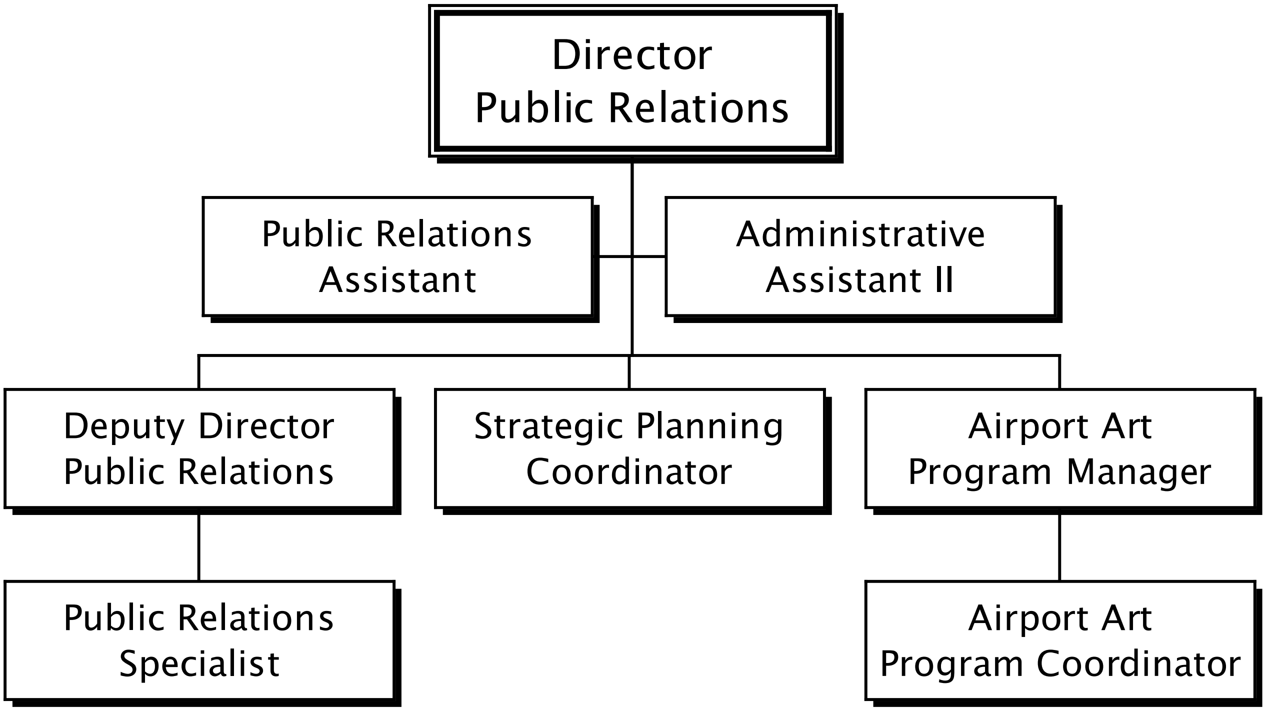
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

5. **Advance youth education in the areas of airports, aviation, and aviation-related careers, through planned specific annual outreach programs. Success equals communication through curriculum participation and/or educational item distribution to 11,000 children in the San Diego region.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

Public Relations
FY 2013 – FY 2014 Organizational Structure



No personnel changes planned for FY 2014

Public Relations

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 699,342	$ 699,441	$ 664,133	$ (35,309)	-5.0%	$ 683,877	$ 19,744	3.0%
Premium Overtime	-	2,000	-	(2,000)	-100.0%	-	-	0.0%
Employee Benefits	327,490	322,653	265,755	(56,898)	-17.6%	281,062	15,308	5.8%
Subtotal	1,026,832	1,024,094	929,887	(94,207)	-9.2%	964,939	35,052	3.8%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,026,832**	**1,024,094**	**929,887**	**(94,207)**	**-9.2%**	**964,939**	**35,052**	**3.8%**
Non-Personnel Expenses								
Contractual Services	1,192,921	1,247,300	877,250	(370,050)	-29.7%	851,250	(26,000)	-3.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	24	500	500	-	0.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	839	1,500	1,500	-	0.0%	1,500	-	0.0%
Operating Supplies	6,024	10,000	5,450	(4,550)	-45.5%	4,700	(750)	-13.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	27,970	53,600	43,900	(9,700)	-18.1%	43,900	-	0.0%
Business Development	139,857	178,000	72,420	(105,580)	-59.3%	71,870	(550)	-0.8%
Equipment Rentals & Repairs	44	3,000	3,000	-	0.0%	3,000	-	0.0%
Total Non-Personnel Expenses	**1,367,680**	**1,493,900**	**1,004,020**	**(489,880)**	**-32.8%**	**976,720**	**(27,300)**	**-2.7%**
Total Operating Expenses	**2,394,512**	**2,517,994**	**1,933,907**	**(584,087)**	**-23.2%**	**1,941,659**	**7,752**	**0.4%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,394,512**	**2,517,994**	**1,933,907**	**(584,087)**	**-23.2%**	**1,941,659**	**7,752**	**0.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 2,394,512**	**$ 2,517,994**	**$ 1,933,907**	**$ (584,087)**	**-23.2%**	**$ 1,941,659**	**$ 7,752**	**0.4%**

Public Relations

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 2,517,994**	**$ 1,933,907**
Personnel costs		
Salary adjustments and pay for performance	(37,309)	19,744
Burden (benefits & employer taxes) Decrease / Increase for current staff	(56,898)	15,308
Total Decrease / Increase in personnel costs	**(94,207)**	**35,052**
Decrease in use of outside professional consultants	(7,000)	(1,000)
Customer relations expenses transfer to Landside department	(495,505)	-
Other, net	12,625	(26,300)
Total Decrease in non personnel costs	**(489,880)**	**(27,300)**
Total Decrease / Increase	**(584,087)**	**7,752**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 1,933,907**	**$ 1,941,659**

Public Relations
Departmental Objectives

FY 2012 Progress Report

1. **'New Media' Communications Initiatives: Explore and develop series of 'New Media' communications initiatives to engage the public and other stakeholders in new and innovative ways.**

   Progress: Mobile web site launched.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Reach out to the public and media using conventional and social media tools at each pre-determined milestone for The Green Build, SDIA Airport Land Use Compatibility Plan, and SDIA Long-Range Vision Plan and show results with news coverage and social media comments from the public for each outreach effort over the course of FY 2012 and FY 2013.**

   Progress: Media audit undertaken by PR consultant.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes, replacing "SDIA Long-Range Plan" with "Airport Development Plan," which includes the North Side Development.

3. **Public Outreach: Elicit meaningful participation and input from the public and other stakeholders on The Green Build, Regional Aviation Strategic Plan (RASP), and Airport Land Use Compatibility Plans (ALUCPs) by increasing the number of, and improving and monitoring the effectiveness of, the ways these audiences can interact with the Airport Authority regarding these issues. Success equals:**
   - **Reaching at least 1,800 Twitter followers.**
   - **Reaching at least 25,000 Ambassablog visitors.**
   - **Reaching at least 750 Facebook fans.**
   - **Consistently reaching out to at least 1,000 e-alert recipients.**

   Progress: All goals above have been exceeded.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **Launch a comprehensive mobile device application for San Diego International Airport by third quarter FY 2012.**

   Progress: Development of mobile application progressing with Gate Guru Proposal under review for possible implementation in late FY 2012 or early FY 2013.

   Sustainability Goals: Operational Excellence, Social Responsibility.

   Authority Strategies: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Develop and launch Authority-wide "Perfecting the Approach" customer service training program by fourth quarter FY 2012.**

   Progress: This goal is being transferred over to Landside Operations due to recent reorganization.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** No.

6. **Establish a revenue-generating art sponsorship program whereby suitable sponsors are identified for both the Public Art Program (by third quarter FY 2012) and the Temporary and Rotating Exhibits Program (by second quarter FY 2012), with revenue streams from these efforts realized by first quarter FY 2013.**

   Progress: Progress made on researching organizational ability to accept sponsorship revenues; initial contacts made with potential sponsors.

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Public Relations
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Develop social media revenue generation proposal which identifies at least one revenue generation opportunity for each of the following social media tools by the end of the 2nd Quarter of FY 2013: Ambassablog, Facebook, Twitter, YouTube, and Flickr.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

2. **Develop special events revenue generation proposal via rental of airport facilities for public and private events, by the 2nd Quarter of FY 2013.**

   Sustainability Goal: Economic Viability; Social Responsibility.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

3. **Establish revenue-generating art sponsorship program whereby suitable sponsors are identified for both the Public Art Program and the Temporary and Rotating Exhibits Program, with revenue streams from these efforts realized by mid-FY 2013.**

   Sustainability Goal: Economic Viability.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority.

4. **Enhance Social Media Communications: Reach out to the public and media using conventional and social media tools at each pre-determined milestone for The Green Build and Airport Development Plan, including North Side Development, and show results with news coverage and social media comments from the public for each outreach effort over the course of FY 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

5. **Launch a comprehensive mobile device application for San Diego International Airport by mid-FY 2013.**

   Sustainability Goals: Operational Excellence, Social Responsibility.

   Authority Strategies: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

6. **Expand specialized community outreach to Little Italy, Mission Hills, and Downtown San Diego to establish stronger relationships with the Authority, as follows:**
   - **Little Italy and Mission Hills: Visit eight (8) to ten (10) businesses per quarter and attend one community meeting per quarter of the Mission Hills Town Council and Little Italy Association.**
   - **Downtown: Attend downtown business meeting (Friends of Downtown) monthly and expected to serve a two-year term as Board Member of the USS Midway Museum, attending meetings on a quarterly basis, starting in February 2012.**

   Sustainability Goal: Social Responsibility

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

Planning & Operations Division

Planning & Operations Division

Overview

The Planning & Operations Division is responsible for complying with several legislative mandates for San Diego International Airport and the Airport Authority. These include compliance with state and federal environmental laws, development of the strategic plan for meeting the air transportation needs of the San Diego region, and support for the Authority Board in reviewing land use decisions in the areas surrounding the region's airports. The division frequently coordinates with regulatory agencies and regional transportation partners to accomplish the Authority's goals. The division is also responsible for meeting the safety and operational needs of the traveling public, both landside and airside. The division consists of five departments with distinctly different goals and responsibilities.

The **Airport Planning Department** is responsible for all short- and long-term planning for SDIA and the Airport Authority. It is also responsible for supporting the Authority Board in its role as the Airport Land Use Commission, as well as in the development of the comprehensive land use plans for all public airports in San Diego County (including military airfields). The Department also:

- Provides technical support in the Authority's efforts to meet the regional air transportation needs of San Diego County.
- Prepares and updates the Airport Development Plan, including Development Plan Amendments.
- Ensures compliance with environmental laws governing development at the Airport, including the California Environmental Quality Act, the National Environmental Policy Act, and the California Coastal Act.

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

- Develops, administers, and implements the Airport Certification Manual (ACM).

The **Aviation Security & 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 **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 SDIA are serviced by the Airport Loop shuttle bus. The department regulates the Airport's commercial transportation service providers, including, taxicabs, shuttles, limousines and courtesy vehicles. The department also:

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

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

The various programs administered by Environmental Affairs are as follows:

- Storm Water Management.
- Hazardous Materials and Waste Management.
- Air Quality Management.
- Site Assessment and Remediation.
- Waste Reduction and Recycling.
- Industrial Hygiene.
- Wildlife Preservation.
- Airport Sustainability.

The **Landside Operations Department** oversees the airport terminal buildings and other facilities. Participates in the inspection of landside facilities (air carrier, federal inspection service, concessionaires, etc.) to identify any maintenance and safety deficiencies to ensure operating standards are being met; ensures the prompt resolution of any deficiencies identified; oversees the administration of contracts for custodial and waste collection services to ensure contract requirements are met.

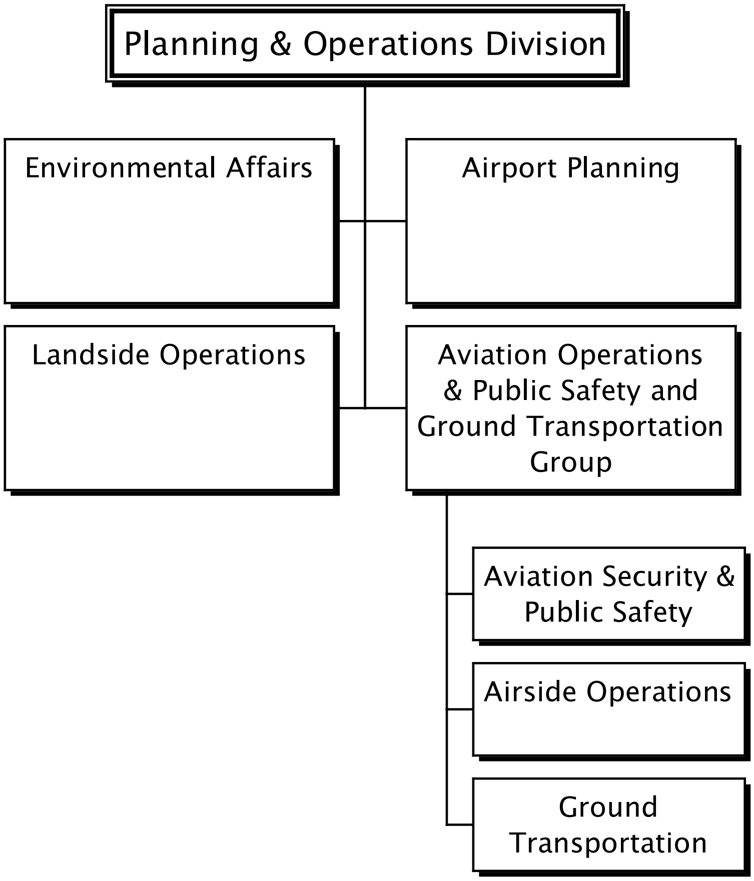
Oversees the Authorities traffic enforcement functions; manages traffic enforcement operations around airport terminal buildings, ensuring compliance with FAA, TSA, state and local law and regulations; oversees the issuance and processing of traffic and parking citations and hearings regarding disputed violations.

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 lost and found facility to ensure reasonable best efforts are attempted for returning lost property to their rightful owners.

Planning & Operations Division

Organizational Structure



Personnel Summary

	FY 2011 Authorized & Funded Positions	FY 2012 Authorized & Funded Positions	FY 2013 Transfers	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY 2013 Authorized & Funded Positions	FY 2014 New/ (Eliminated) Positions	FY 2014 Authorized & Funded Positions
Planning & Operations								
Environmental Affairs	7	6	-	-	-	6	-	6
Airport Planning	11	10	-	-	-	10	-	10
Landside Operations	54	54	1 [1]	-	-	55	4	59
Aviation Security & Public Safety	11	11	-	-	-	11	-	11
Ground Transportation	5	5	-	1	-	6	-	6
Airside Operations	16	16	-	-	-	16	-	16
Total	**104**	**102**	**1**	**1**	**-**	**104**	**4**	**108**
Authorized and Unfunded Positions	5	3	-	-	-	4 [2]	-	4
Total Authorized Positions	**109**	**105**	**1**	**1**	**-**	**108**	**4**	**112**

[1] 1 Transferred Customer Relations Coordinator from Public Relations Department to Landisde Operations Department
[2] Includes 1 Unfunded Customer Service Manager transferred from Public Relations Department to Landside Department as an authorized unfunded position

Planning & Operations Division
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 6,635,569	$ 6,509,805	$ 6,808,575	$ 298,769	4.6%	$ 7,206,395	$ 397,821	5.8%
Premium Overtime	235,583	212,483	205,000	(7,483)	-3.5%	155,000	(50,000)	-24.4%
Employee Benefits	3,385,251	3,430,232	3,190,136	(240,095)	-7.0%	3,526,484	336,347	10.5%
Subtotal	10,256,404	10,152,520	10,203,711	51,191	0.5%	10,887,879	684,168	6.7%
Less: Capitalized Labor	*(287,516)*	*(371,028)*	*(374,318)*	*(3,290)*	*0.9%*	-	*374,318*	*-100.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**9,968,887**	**9,781,492**	**9,829,393**	**47,901**	**0.5%**	**10,887,879**	**1,058,486**	**10.8%**
Non-Personnel Expenses								
Contractual Services	19,287,526	19,366,709	21,596,180	2,229,471	11.5%	23,016,542	1,420,362	6.6%
Safety and Security	21,343,967	20,850,032	22,408,160	1,558,128	7.5%	23,445,356	1,037,196	4.6%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3,090	1,000	1,500	500	50.0%	1,500	-	0.0%
Maintenance	1,441,012	1,320,856	1,185,550	(135,306)	-10.2%	1,552,550	367,000	31.0%
Operating Equipment & Systems	177,078	90,500	141,400	50,900	56.2%	103,800	(37,600)	-26.6%
Operating Supplies	180,511	140,140	175,200	35,060	25.0%	162,500	(12,700)	-7.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	222,760	221,525	267,575	46,050	20.8%	250,575	(17,000)	-6.4%
Business Development	100,585	119,765	183,595	63,830	53.3%	179,945	(3,650)	-2.0%
Equipment Rentals & Repairs	52,322	43,000	42,500	(500)	-1.2%	134,600	92,100	216.7%
Total Non-Personnel Expenses	**42,808,852**	**42,153,527**	**46,001,660**	**3,848,133**	**9.1%**	**48,847,368**	**2,845,708**	**6.2%**
Total Operating Expenses	**52,777,739**	**51,935,019**	**55,831,052**	**3,896,033**	**7.5%**	**59,735,247**	**3,904,194**	**7.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**52,777,739**	**51,935,019**	**55,831,052**	**3,896,033**	**7.5%**	**59,735,247**	**3,904,194**	**7.0%**
Equipment Outlay	**305,173**	**-**	**1,162,000**	**1,162,000**	**0.0%**	**-**	**(1,162,000)**	**-100.0%**
Total Authority Expenses incl Equip Outlay	**$ 53,082,912**	**$ 51,935,019**	**$ 56,993,052**	**$ 5,058,033**	**9.7%**	**$ 59,735,247**	**$ 2,742,194**	**4.8%**

Planning & Operations Division

Major Drivers of FY 2013 Budget & FY 2014 Conceptual Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 51,935,019**	**$ 56,993,052**
Personnel costs		
Salary adjustments, contracted wage increases and pay-for-performance	171,576	179,293
Salary and burden (benefits & employer taxes) position transferred	89,621	-
FY13 1 New Code Compliance Officer position (salaries, benefits & employer taxes) and FY14 4 New ATO positions (salaries, benefits & employer taxes)	83,733	263,770
Change in capitalized labor	(3,290)	374,318
Burden (benefits & employer taxes) Decrease/ Increase for current staff	(293,739)	241,105
Total Increase in personnel costs	**47,901**	**1,058,486**
Increase in Harbor Police costs	1,350,670	387,400
Increase / Decrease in equipment outlay	1,162,000	(1,162,000)
Increase in Airport custodial contract (due to Green Build, Concession Development Program, and general activity)	892,947	876,370
Increase / Decrease in other outside professional services	553,659	(494,500)
Customer Relations costs transferred from Public Relations department	450,301	-
Increase in Ramp Control Facility professional services costs	245,600	423,363
Alternative Fuel Vehicle incentive costs	188,094	37,471
Increase in Aircraft Rescue Fire Fight (ARFF) contract costs	150,678	155,197
Increase / Decrease in waste removal costs	150,000	(50,000)
Decrease / Increase in parking and shuttle operations	(141,492)	614,359
Decrease / Increase in Access Control system maintenance	(196,000)	417,000
Increase in guard services	-	472,100
Other, net	203,676	6,949
Total Increase in non-personnel costs	**5,010,132**	**1,683,708**
Total Increase	**5,058,033**	**2,742,194**
FY 2013 Budget / FY 2014 Conceptual Budget	**$ 56,993,052**	**$ 59,735,247**

Planning & Operations Division
FY 2013 – FY 2014 Expense Budget by Department

Department		FY 2013 Budget
Aviation Security and Public Safety	$	20,088,668
Ground Transportation		12,798,161
Landside Operations		10,330,443
Airside Operations		8,044,264
Airport Planning		3,383,286
Environmental Affairs		2,348,230
Total [1]	**$**	**56,993,052**

[1] *Departmental total may differ due to rounding*

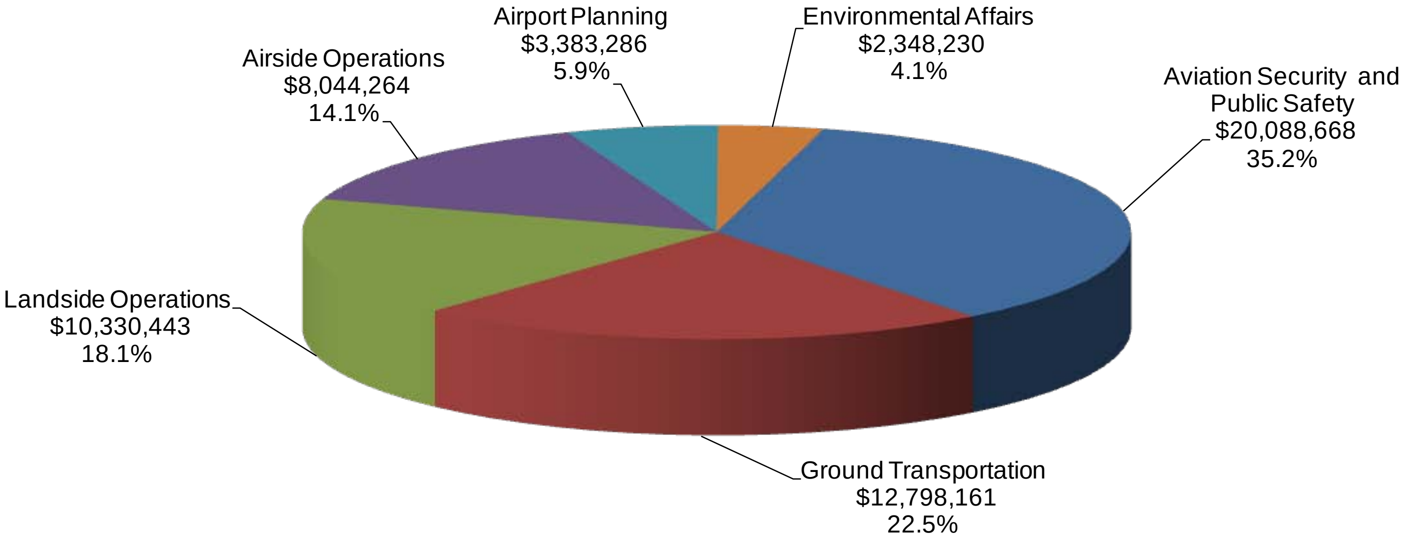


Figure 46 – FY 2013 Expense Budget by Department

Planning & Operations Division

FY 2013 – FY 2014 Expense Budget by Department (cont.)

Department	FY 2014 Conceptual Budget
Aviation Security and Public Safety	$ 21,012,869
Ground Transportation	13,171,500
Landside Operations	11,943,345
Airside Operations	8,203,764
Airport Planning	3,432,858
Environmental Affairs	1,970,911
Total [1]	**$ 59,735,247**

[1] *Departmental total may differ due to rounding*

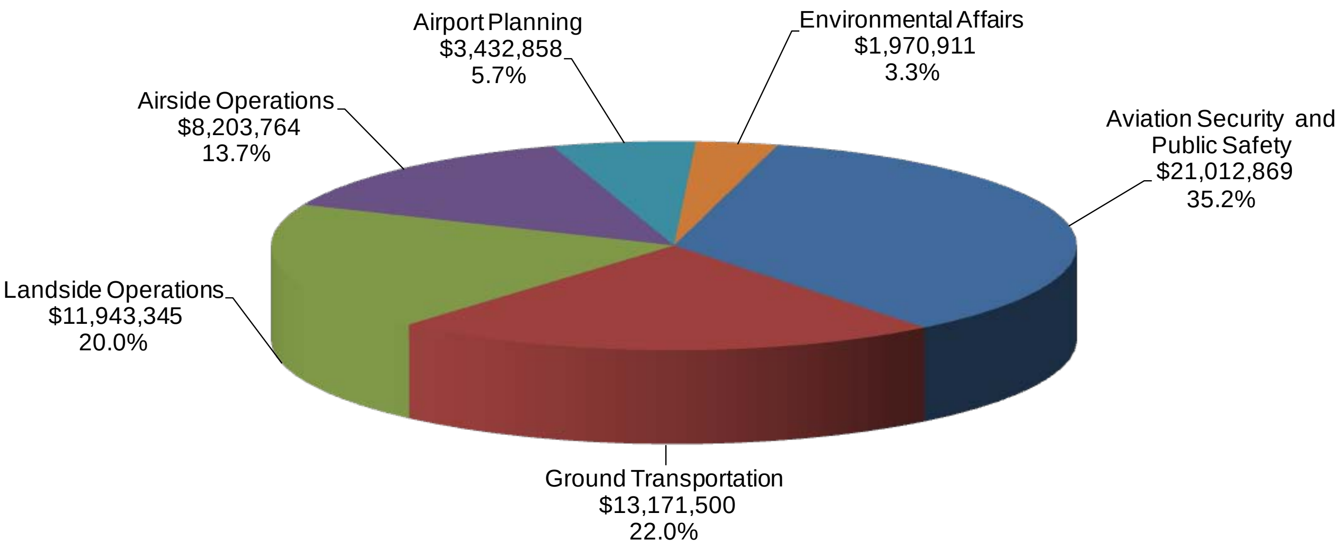
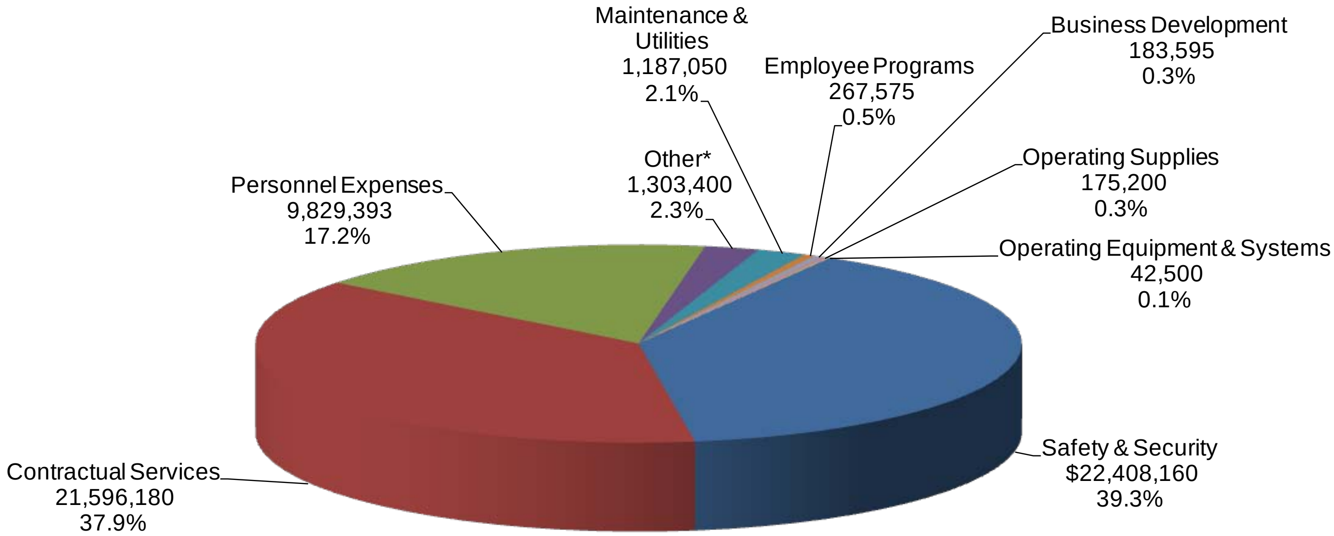


Figure 47 – FY 2014 Budget Expense Budget by Department

Planning & Operations Division
FY 2013 – FY 2014 Expense Budget by Category

Category		FY 2013 Budget
Safety & Security	$	22,408,160
Contractual Services		21,596,180
Personnel Expenses		9,829,393
Other*		1,303,400
Maintenance & Utilities		1,187,050
Employee Programs		267,575
Business Development		183,595
Operating Supplies		175,200
Operating Equipment & Systems		42,500
Total (1)	**$**	**56,993,052**

(1) *Category total may differ due to rounding*



*Other includes equipment rentals & repairs and equipment outlays

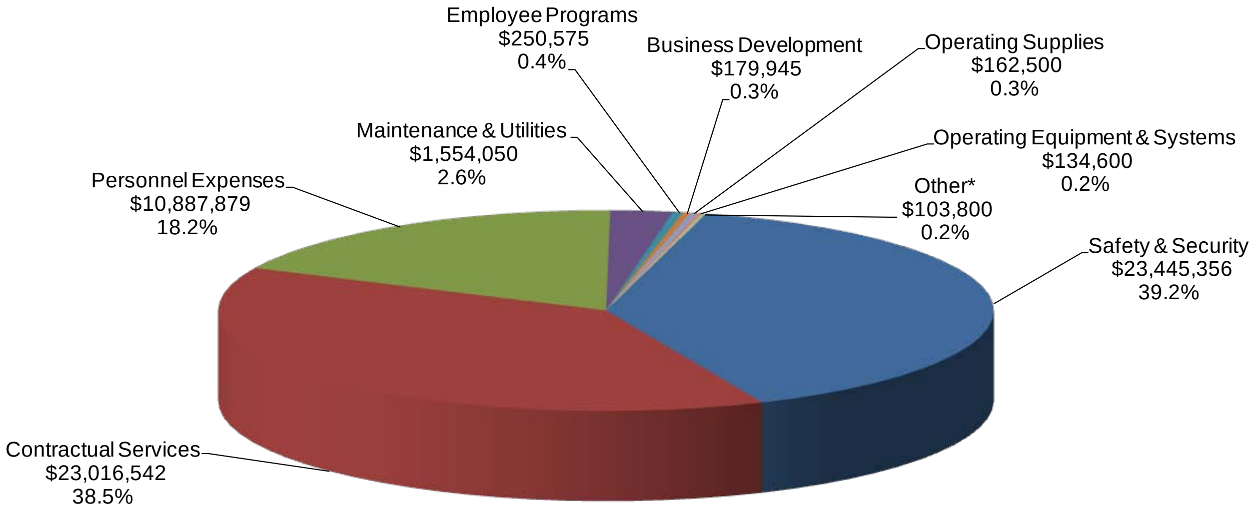
Figure 48 - FY 2013 Expense Budget by Category

Planning & Operations Division

FY 2013 – FY 2014 Expense Budget by Category (cont.)

Category	FY 2014 Conceptual Budget
Safety & Security	$ 23,445,356
Contractual Services	23,016,542
Personnel Expenses	10,887,879
Maintenance & Utilities	1,554,050
Employee Programs	250,575
Business Development	179,945
Operating Supplies	162,500
Operating Equipment & Systems	134,600
Other*	103,800
Total [1]	**$ 59,735,247**

[1] *Category total may differ due to rounding*

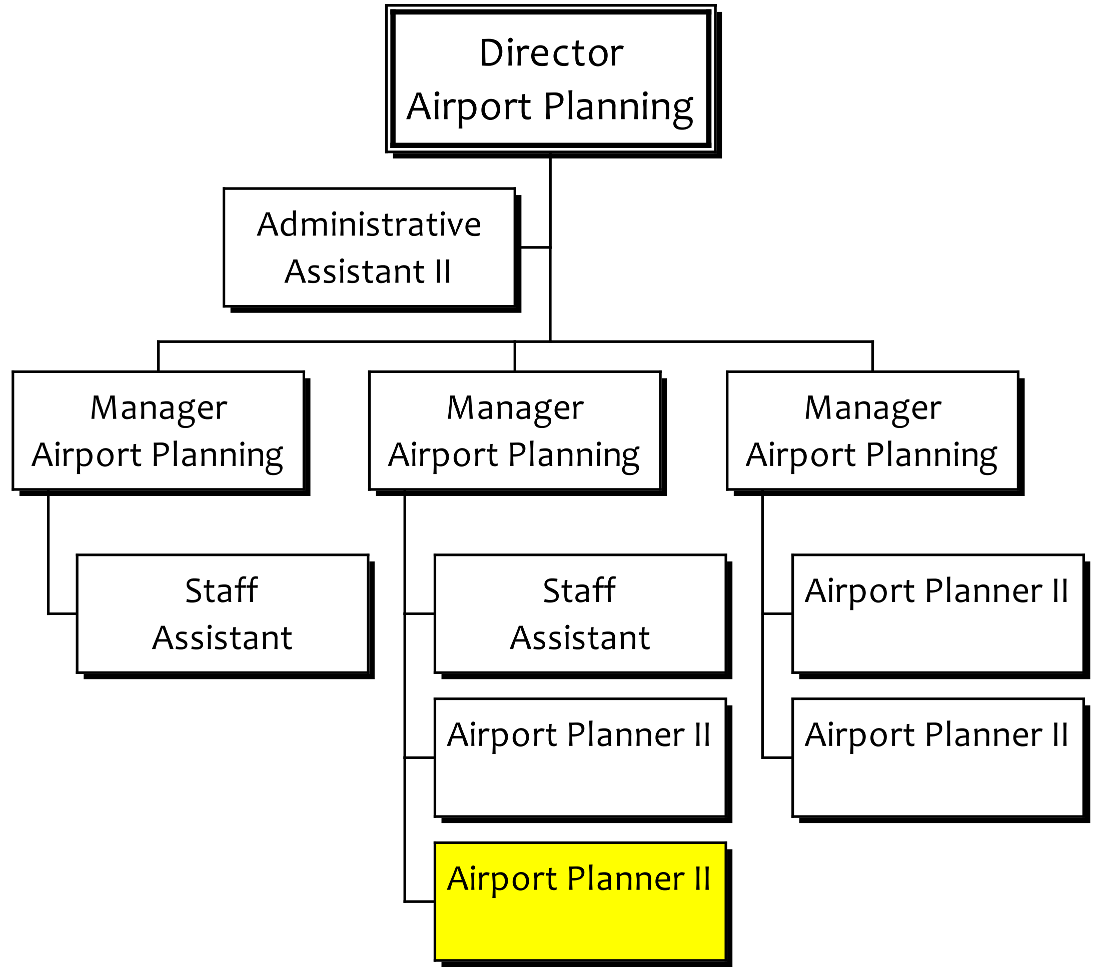


*Other includes equipment rentals & repairs and equipment outlays

Figure 49 – FY 2014 Expense Budget by Category

Airport Planning

FY 2013 – FY 2014 Organizational Structure



Unfunded position shown in yellow
No personnel changes planned for FY 2014

Airport Planning

FY 2013 - FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 821,881	$ 845,288	$ 870,219	$ 24,931	2.9%	$ 896,146	$ 25,927	3.0%
Premium Overtime	226	-	-	-	0.0%	-	-	0.0%
Employee Benefits	376,495	384,087	347,767	(36,320)	-9.5%	371,412	23,645	6.8%
Subtotal	1,198,603	1,229,375	1,217,986	(11,388)	-0.9%	1,267,558	49,572	4.1%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,198,603**	**1,229,375**	**1,217,986**	**(11,388)**	**-0.9%**	**1,267,558**	**49,572**	**4.1%**
Non-Personnel Expenses								
Contractual Services	2,171,786	1,992,000	2,110,000	118,000	5.9%	2,110,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	1,157	-	500	500	0.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	251	-	1,000	1,000	0.0%	1,000	-	0.0%
Operating Supplies	6,604	5,000	5,000	-	0.0%	5,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	30,994	21,800	41,000	19,200	88.1%	41,000	-	0.0%
Business Development	26,201	17,800	7,800	(10,000)	-56.2%	7,800	-	0.0%
Equipment Rentals & Repairs	(39)	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**2,236,953**	**2,036,600**	**2,165,300**	**128,700**	**6.3%**	**2,165,300**	**-**	**0.0%**
Total Operating Expenses	**3,435,556**	**3,265,975**	**3,383,286**	**117,312**	**3.6%**	**3,432,858**	**49,572**	**1.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**3,435,556**	**3,265,975**	**3,383,286**	**117,312**	**3.6%**	**3,432,858**	**49,572**	**1.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 3,435,556**	**$ 3,265,975**	**$ 3,383,286**	**$ 117,312**	**3.6%**	**$ 3,432,858**	**$ 49,572**	**1.5%**

Airport Planning

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 3,265,975**	**$ 3,383,286**
Personnel costs		
Salary adjustments and pay for performance	24,931	25,927
Burden (benefits & employer taxes) Decrease / Increase for current staff	(36,320)	23,645
Total Decrease / Increase in personnel costs	**(11,388)**	**49,572**
Increase / Decrease in other professional services	60,000	(100,000)
Increase / Decrease in GIS tool costs	50,000	-
Increase in Airport Land Use Compatibility Plans (ALUCPs) costs	41,000	100,000
Other, net	(22,300)	-
Total Increase in non-personnel costs	**128,700**	**-**
Total Increase	**117,312**	**49,572**
FY 2013 Budget / FY 2014 Budget	**$ 3,383,286**	**$ 3,432,858**

Airport Planning
Departmental Objectives

FY 2012 Progress Report

1. **The Airport Planning Department will evaluate and integrate greenhouse gas emission reduction measures into Airport Planning programs consistent with the CA Attorney General (AG) Memorandum of Understanding (MOU) by preparing three quarterly reports that summarize all the greenhouse gas emissions reduction measures for the adopted Airport Master Plan and Green Build Program including mitigation measures identified in the certified Final Programmatic EIR, coastal development permit and the adopted Air Quality Management Plan by May 30, 2012.**

   Progress: Three (3) quarterly progress reports have been prepared and submitted, as required. The fourth is in progress and will be complete by May 30, 2012.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **The Airport Planning Department will conduct planning activities that demonstrate leadership and recognition in planning by developing an educational component that can be disseminated to the Authority at SANformation, division meetings, open houses, or any other internal T/OD activity and give two (2) presentations at an airport industry conference or have one (1) paper published (in print or electronic media) on a relevant Authority topic by May 30, 2012.**

   Progress: An educational component of the Airport Land Use Compatibility Plan (ALUCP) process was prepared and presented to staff at the March 22, 2012, SANformation meeting. In addition, staff prepared and delivered three (3) presentations at industry conferences during FY2012.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **The Airport Planning Department will a) Strive to make individual passengers' experiences better at SDIA by providing directions, general knowledge, and assistance to passengers or guests in the terminals; and b) Increase community awareness of airport planning projects and programs. To that end, every member of the Department will know what airlines operate from what terminals (including the flights from the CT), the location of the USO, FIS, the TSA checkpoint numbers, where rental car shuttles can be found and all Authority branded parking lots by May 30, 2012. By that date, every member of the department will also spend a minimum of eight (8) hours in the terminals assisting in any approved activities such as: Experience SAN (through Customer Service), staffing of an inaugural flight or other Marketing Division event, conducting TSA line management, assisting during any of the busy holiday periods leading an educational or public airport tour, or assisting Landside Operations or Real Estate in an approved way. Up to two (2) hours may be credited for submitting approved substantial content to any SAN social media outlet.**

   Progress: Every Airport Planning staff met this goal.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

Airport Planning
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **The Airport Development Plan (ADP) will define the future airport facilities through the year 2035. Provided that timely and adequate funding is available, the following ADP tasks will be completed by May 31, 2013: Those tasks listed in the Scope of Work as Task 1, which include initial workshops, operational assessments, and defining the current state of the airport, and Task 2, which is defining the airport's facility requirements.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **Employee engagement opportunities will be provided in the Airport Development Plan (ADP) by preparing at least three (3) educational resources (e-mail blasts, information meetings, etc.) for all Authority employees by May 31, 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction.

3. **The Airport Planning Department will continue to make individual passengers' experiences better at SDIA by becoming highly educated regarding the Green Build projects and their upcoming opening, and increasing community awareness of airport projects and programs. To that end, every member of the Airport Planning Department will spend a minimum of four (4) hours in the terminals assisting in any approved activities such as: Experience SAN (through Customer Service), staffing of an inaugural flight or other Marketing Division event, conducting TSA line management, assisting during any of the busy holiday periods, leading an educational or public airport tour, or assisting Landside Operations or Aviation & Commercial Business in an approved way, by May 31, 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

4. **Greenhouse gas (GHG) emission reduction measures will be integrated into Airport Planning programs consistent with the CA Attorney General (AG) Memorandum of Understanding (MOU) by preparing quarterly reports that summarize all the greenhouse gas emissions reduction measures for the adopted Airport Master Plan and Green Build Program, including mitigation measures identified in the certified Final Programmatic EIR, coastal development permit and the adopted Air Quality Management Plan, by May 31, 2013.**

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

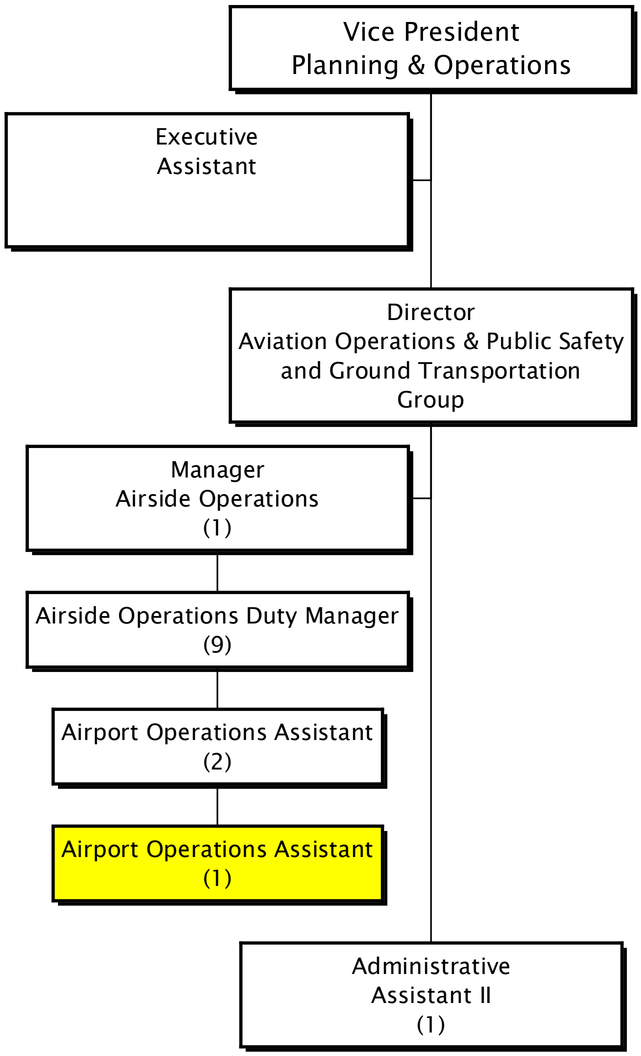
5. **The draft Airport Land Use Compatibility Plan (ALUCP) for SDIA, which will help guide future land use in the vicinity of the airport, and associated environmental documents, will be completed by May 31, 2013.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #1: Be a trusted and highly responsive regional agency.

Airside Operations

FY 2013 – FY 2014 Organizational Structure



Unfunded position shown in yellow
No personnel changes planned for FY 2014

Airside Operations
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 1,365,779	$ 1,302,269	$ 1,349,451	$ 47,182	3.6%	$ 1,389,934	$ 40,484	3.0%
Premium Overtime	12,113	20,000	15,000	(5,000)	-25.0%	15,000	-	0.0%
Employee Benefits	666,207	685,860	595,610	(90,250)	-13.2%	640,167	44,556	7.5%
Subtotal	2,044,098	2,008,129	1,960,061	(48,068)	-2.4%	2,045,101	85,040	4.3%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**2,044,098**	**2,008,129**	**1,960,061**	**(48,068)**	**-2.4%**	**2,045,101**	**85,040**	**4.3%**
Non-Personnel Expenses								
Contractual Services	1,349	780	345,600	344,820	44207.7%	668,963	323,363	93.6%
Safety and Security	4,915,685	5,022,600	5,173,278	150,678	3.0%	5,328,475	155,197	3.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,045	26,200	21,200	(5,000)	-19.1%	10,000	(11,200)	-52.8%
Operating Supplies	5,122	2,600	7,800	5,200	200.0%	7,800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	36,227	21,775	37,025	15,250	70.0%	22,025	(15,000)	-40.5%
Business Development	25,011	12,650	8,600	(4,050)	-32.0%	8,600	-	0.0%
Equipment Rentals & Repairs	13,951	18,200	20,700	2,500	13.7%	112,800	92,100	444.9%
Total Non-Personnel Expenses	**4,999,389**	**5,104,805**	**5,614,203**	**509,398**	**10.0%**	**6,158,663**	**544,460**	**9.7%**
Total Operating Expenses	**7,043,487**	**7,112,934**	**7,574,264**	**461,330**	**6.5%**	**8,203,764**	**629,500**	**8.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**7,043,487**	**7,112,934**	**7,574,264**	**461,330**	**6.5%**	**8,203,764**	**629,500**	**8.3%**
Equipment Outlay	**39,000**	**-**	**470,000**	**470,000**	**0.0%**	**-**	**(470,000)**	**-100.0%**
Total Authority Expenses incl Equip Outlay	**$ 7,082,487**	**$ 7,112,934**	**$ 8,044,264**	**$ 931,330**	**13.1%**	**$ 8,203,764**	**$ 159,500**	**2.0%**

Airside Operations

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 7,112,934**	**$ 8,044,264**
Personnel costs		
Salary adjustments and pay for performance	42,182	40,484
Burden (benefits & employer taxes) Decrease / Increase for current staff	(90,250)	44,556
3 eliminated and 1 frozen Duty Manager Positions	-	-
Total Decrease / Increase in personnel costs	**(48,068)**	**85,040**
Increase / Decrease in equipment outlay	470,000	(470,000)
Increase in Ramp Control Facility professional services	245,600	423,363
Increase / Decrease in Airfield Wildlife assessment	100,000	(100,000)
Increase in Aircraft Rescue Fire Fight (ARFF) contract costs	150,678	155,197
Other, net	13,120	65,900
Total Increase in non-personnel costs	**979,398**	**74,460**
Total Increase	**931,330**	**159,500**
FY 2013 Budget / FY 2014 Budget	**$ 8,044,264**	**$ 8,203,764**

Airside Operations
Departmental Objectives

FY 2012 Progress Report

1. **Sponsor airfield capital projects to enhance airfield safety and efficiency. Projects include the Runway 09 ILS/displaced threshold project. Sponsorship will include participation in project planning and design, as well as operational and safety oversight during construction. Planning, design, and construction will take place throughout FY 2011 and continue into FY 2012.**

   Progress: Coordination with FDD/FAA continues in respect to planning and design work. Work on this project is expected to continue into FY 2013.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Ensure the SDIA is in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of achieving a one-hundred percent (100%) compliance report. Completion date is August 31, 2011.**

   Progress: The 2011 annual FAA certification inspection was completed on August 5, 2011 with no discrepancies.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Facilitate Green Build construction and project implementation of airside activities through coordination with internal and external stakeholders. Projects will include the successful coordination and management of associated crane and construction activities and success will be measured by the implementation of the Crane Letter of Understanding (LOU) and the subsequent lack of impact on Airport Operations. Completion date is estimated for February 1, 2012.**

   Progress: The Crane LOU was successfully implemented with the FAA and work was completed without impact to Aircraft Operations.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **Identify and recommend an operational plan for the staffing and management of the ramp control tower being built as part of the Green Build construction. Develop and submit recommendations regarding staffing and management responsibilities by June 30, 2012.**

   Progress: Staff report being completed and should be forwarded to the Executive team for review no later than February 31, 2012.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

5. **Sponsor airfield capital improvement projects to enhance airfield safety and operational efficiency. Projects include the airfield vehicle service road relocation and the Rwy 09 ILS/displaced threshold. Sponsorship includes participating in the planning, design, and operational oversight during construction. Planning, design, and construction will commence in FY 2011 and be completed in FY 2012.**

   Progress: The VSR relocation work is scheduled for completion by mid March 2012, and the ILS/ displaced threshold relocation planning and design work will continue into FY 2013.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

Airside Operations
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Ensure that SDIA 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 achieving no discrepancies. Completion date is September 31, 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **Work with the FAA to develop operating procedures in support of the new ramp control facility that promote the safe and expeditious flow of ramp aircraft traffic from gates 32-51 to the movement area. Completion date is January 30, 2013.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

3. **Work with internal and external stakeholders to safely facilitate numerous upcoming airfield construction projects while minimizing negative impacts to our tenants and ATC operations. These projects include the storm drain rehabilitation project, forced main installation project, north side development, relocation of DHL, and the Rwy 9 ILS/displaced threshold project. Success will be measured by ensuring detailed coordination amongst stakeholders that result in no runway or taxiway incursions during the above projects.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

4. **Work with Planning and FDD to develop design improvements to Taxiway Bravo associated with the removal of the TDY buildings that meet with FAA approval, and minimize the Airside escorting requirements associated with Group V aircraft. Planning and design may continue into FY 2014. Success will be measured by approval of design plans that minimize airside escort requirements for Group V aircraft.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

Aviation Security & Public Safety
FY 2013 – FY 2014 Organizational Structure

Position shown in grey resides in the Airside Operations Department and is shown for reporting structure.
No personnel changes planned for FY 2014

Aviation Security & Public Safety

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 735,724	$ 732,826	$ 764,927	$ 32,101	4.4%	$ 787,875	$ 22,948	3.0%
Premium Overtime	43,982	40,483	40,000	(483)	-1.2%	40,000	-	0.0%
Employee Benefits	365,659	364,529	351,704	(12,825)	-3.5%	376,908	25,204	7.2%
Subtotal	1,145,365	1,137,838	1,156,631	18,793	1.7%	1,204,783	48,152	4.2%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**1,145,365**	**1,137,838**	**1,156,631**	**18,793**	**1.7%**	**1,204,783**	**48,152**	**4.2%**
Non-Personnel Expenses								
Contractual Services	425,186	327,568	367,855	40,287	12.3%	381,155	13,300	3.6%
Safety and Security	16,428,283	15,827,432	17,234,882	1,407,450	8.9%	18,116,881	881,999	5.1%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	894,774	920,550	725,550	(195,000)	-21.2%	1,142,550	417,000	57.5%
Operating Equipment & Systems	23,359	25,700	32,200	6,500	25.3%	32,200	-	0.0%
Operating Supplies	117,646	88,940	105,800	16,860	19.0%	95,100	(10,700)	-10.1%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	13,203	13,100	15,400	2,300	17.6%	15,400	-	0.0%
Business Development	3,365	36,215	11,250	(24,965)	-68.9%	7,700	(3,550)	-31.6%
Equipment Rentals & Repairs	540	20,100	17,100	(3,000)	-14.9%	17,100	-	0.0%
Total Non-Personnel Expenses	**17,906,355**	**17,259,605**	**18,510,037**	**1,250,432**	**7.2%**	**19,808,086**	**1,298,049**	**7.0%**
Total Operating Expenses	**19,051,720**	**18,397,443**	**19,666,668**	**1,269,225**	**6.9%**	**21,012,869**	**1,346,201**	**6.8%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**19,051,720**	**18,397,443**	**19,666,668**	**1,269,225**	**6.9%**	**21,012,869**	**1,346,201**	**6.8%**
Equipment Outlay	**212,191**	**-**	**422,000**	**422,000**	**0.0%**	**-**	**(422,000)**	**-100.0%**
Total Authority Expenses incl Equip Outlay	**$ 19,263,911**	**$ 18,397,443**	**$ 20,088,668**	**$ 1,691,225**	**9.2%**	**$ 21,012,869**	**$ 924,201**	**4.6%**

Aviation Security & Public Safety
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 18,397,443**	**$ 20,088,668**
Personnel costs		
Salary adjustments and pay for performance	31,618	22,948
Burden (benefits & employer taxes) Decrease / Increase for current staff	(12,825)	25,204
Total Increase in personnel costs	**18,793**	**48,152**
Increase in law enforcement costs - Harbor Police department	1,350,670	387,400
Increase / Decrease in equipment outlay	422,000	(422,000)
Increase in medical emergency services costs	59,280	22,499
Increase in Access Control system maintenance	-	417,000
Increase in security guard services	-	472,100
Other, net	(159,518)	(950)
Total Increase in non-personnel costs	**1,672,432**	**876,049**
Total Increase	**1,691,225**	**924,201**
FY 2013 Budget / FY 2014 Budget	**$ 20,088,668**	**$ 21,012,869**

Aviation Security & Public Safety
Departmental Objectives

FY 2012 Progress Report

1. **Ensure that SDIA continues to comply with all applicable federal, state, and local regulations and achieves excellence in the areas of Public Safety, Emergency/Disaster Preparedness, and Airport Certification by planning and conducting a full-scale mass-casualty field exercise in compliance with FAR Part 139.325(g)(4) by second quarter FY 2012 (November 30, 2011).**

   Progress: This goal was completed on October 26, 2011. An After Action Report was distributed to all participating agencies. The FAA sent a letter on October 27, 2011 stating that they accepted this exercise as meeting our FAR Part 139 requirement.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Continue to develop, enhance, and implement a highly effective Emergency/Disaster Preparedness Program by planning, training, and conducting exercises related to the Emergency Operations Center (EOC) and Family Reception Center (FRC). The training and exercises will involve Authority staff, Airport Tenants, and appropriate Regional Agencies and will be conducted by fourth quarter FY 2012 (June 2012).**

   Progress: The Family Reception Center Exercise was conducted on October 26, 2011. An EOC Functional Exercise is scheduled for February 29, 2012.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Enhance our regional partnership with the County of San Diego's Office of Emergency Services (OES) with the following initiatives: Improve the Authority's ability to track regional events that effect SDIA by making necessary upgrades to the Emergency Operations Center, during FY 2012 & FY 2013. Additionally, establish a cache of emergency supplies to ensure the Authority can sustain itself during the critical initial days of a region-wide emergency, to be completed during FY 2012 & FY 2013.**

   Progress: These items were not approved for the FY 2012 budget so we hope that they will be approved for the FY 2013 budget.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Design, develop, and implement a comprehensive transition program to update Access Control System technology campus-wide. This will enhance AVSEC/PS operational capabilities and provide enhanced support to law enforcement, TSA, and other federal agencies. Additionally, this upgrade will prepare the facility for implementation of a smart card/biometric-based system of credentialing and access.**

   Progress: The transition program concept and scope has been approved by both the department Director and the Division Vice President. Program financing will be submitted in the FY 2013 and FY 2014 budgets.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

5. **Enhance the Authority's partnership with TSA by working together to ensure a smooth transition from the national Homeland Security Advisory System (HSAS) to the newly created National Terror Threat Advisory System (NTAS). This transition will involve the creation and/or modification of over ten (10) large-scale plans and training programs; including the Airport Security Program (ASP).**

   Progress: The NTAS implementation was implemented. All plans and program changes will be completed by June 30, 2012.

   Sustainability Goal: Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

6. **Continue to provide opportunities for professional development and personal growth for all department staff, as well as, operational Authority staff through public safety-oriented programs (e.g., CPR, first aid, etc.) and operational specific training.**

   Progress: Staff sought and attended many free training opportunities throughout the County relating to Security/Terrorism and Public Safety. Our department also coordinated with Project Heartbeat to offer CPR/AED training to Authority staff.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #4: Ensure the highest level of employee satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Aviation Security & Public Safety
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Enhance our Emergency/Disaster Preparedness Training of Authority Staff, Airport Tenants, and appropriate Agencies by conducting the following training initiatives during FY 2013 and FY 2014: Active Shooter Training/Exercise for Authority Staff (to be completed by the 4th quarter of FY 2013); Tabletop Exercise for the Traffic Plan – Harbor Drive Closures (to be completed by the 4th quarter of FY 2013); Joint BCP/EOC Functional Exercise (to be completed by the 4th quarter of FY 2013); to initiate Fire Alarm/Terminal Evacuation Training sessions at Tenant staff meetings (to be conducted during FY 2013 & FY 2014). Success will be measured by the completion of these exercises & training initiatives; the completion of any necessary After Action Reports for lessons learned; and the completion of any necessary revisions of Plans & Procedures.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5**:** Be a trusted and highly responsive regional agency.

2. **Enhance our regional partnership with the County of San Diego's Office of Emergency Services (OES) with the following initiatives: Improve the Authority's ability to track regional events that effect SDIA by making necessary upgrades to the Emergency Operations Center during FY 2013 & FY 2014. Additionally, establish a cache of emergency supplies to ensure the Authority can sustain itself during the critical initial days of a region-wide emergency during FY 2013 & FY 2014.**

   Sustainability Goal: Operational Excellence

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5**:** Be a trusted and highly responsive regional agency.

3. **Participate in the Green Build Activation Team (GBAT) to ensure that all Security Special Systems are planned, designed and implemented. This will include all hardware and software, as well as the maintenance and management of the Access Control System (ACS).**

   Sustainability Goal: Operational Excellence

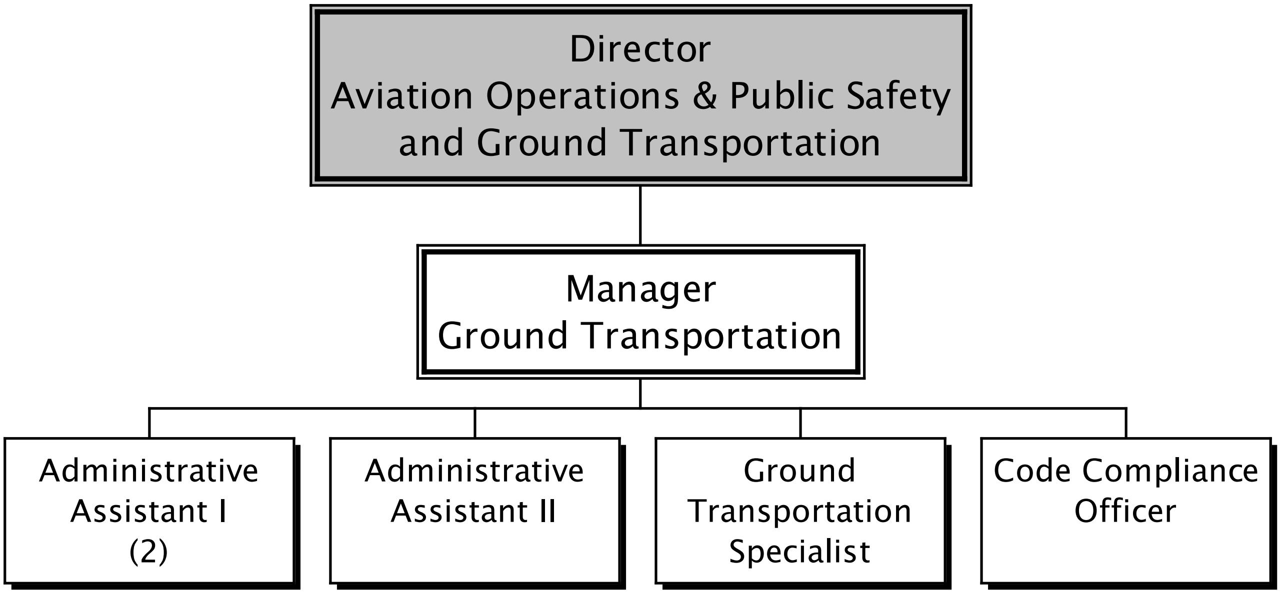
   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. **Work with the Harbor Police Department (HPD) to develop a Law Enforcement staffing model for the Green Build infrastructure. The staffing model will focus on meeting or exceeding all required TSA response times while ensuring Police Officer and Public Safety. Model planning will include new opportunities for HPD staff to respond inside Terminal Buildings using bicycles and other personal transport equipment.**

   Sustainability Goal: Operational Excellence and Social Responsibility

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective, and efficient manner.

Ground Transportation
FY 2013 – FY 2014 Organizational Structure



Position shown in grey resides in the Airside Operations Department and is shown for reporting structure.
No personnel changes planned for FY 2014

Ground Transportation

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 285,238	$ 265,054	$ 332,299	$ 67,244	25.4%	$ 345,677	$ 13,378	4.0%
Premium Overtime	17,288	2,000	-	(2,000)	-100.0%	-	-	0.0%
Employee Benefits	140,255	133,113	154,642	21,529	16.2%	167,773	13,131	8.5%
Subtotal	442,780	400,167	486,941	86,773	21.7%	513,450	26,509	5.4%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**442,780**	**400,167**	**486,941**	**86,773**	**21.7%**	**513,450**	**26,509**	**5.4%**
Non-Personnel Expenses								
Contractual Services	12,103,687	12,108,569	12,010,170	(98,398)	-0.8%	12,627,000	616,830	5.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,878	800	800	-	0.0%	800	-	0.0%
Operating Supplies	10,850	12,000	12,000	-	0.0%	12,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	5,889	7,550	5,250	(2,300)	-30.5%	5,250	-	0.0%
Business Development	7,082	14,500	13,000	(1,500)	-10.3%	13,000	-	0.0%
Equipment Rentals & Repairs	1,780	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**12,132,164**	**12,143,419**	**12,041,220**	**(102,198)**	**-0.8%**	**12,658,050**	**616,830**	**5.1%**
Total Operating Expenses	**12,574,944**	**12,543,586**	**12,528,161**	**(15,425)**	**-0.1%**	**13,171,500**	**643,339**	**5.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**12,574,944**	**12,543,586**	**12,528,161**	**(15,425)**	**-0.1%**	**13,171,500**	**643,339**	**5.1%**
Equipment Outlay	**-**	**-**	**270,000**	**270,000**	**0.0%**	**-**	**(270,000)**	**-100.0%**
Total Authority Expenses incl Equip Outlay	**$ 12,574,944**	**$ 12,543,586**	**$ 12,798,161**	**$ 254,575**	**2.0%**	**$ 13,171,500**	**$ 373,339**	**2.9%**

Ground Transportation
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 12,543,586**	**$ 12,798,161**
Personnel costs		
1 New Code Compliance Officer position (salaries, benefits & employer taxes)	83,733	-
Salary adjustments and pay for performance	7,826	13,378
Burden (benefits & employer taxes) Decrease / Increase for current staff	(4,785)	13,131
Total Increase in personnel costs	**86,773**	**26,509**
Increase / Decrease in equipment outlay	270,000	(270,000)
Increase in Alternative Fuel Vehicle incentive costs	188,094	37,471
Decrease / Increase parking and shuttle operations	(141,492)	614,359
Decrease in outside professional services	(145,000)	(35,000)
Other, net	(3,800)	-
Total Increase in non-personnel costs	**167,802**	**346,830**
Total Increase	**254,575**	**373,339**
FY 2013 Budget / FY 2014 Budget	**$ 12,798,161**	**$ 13,171,500**

Ground Transportation
Departmental Objectives

FY 2012 Progress Report

1. **Minimize wait times for taxicabs and implement Taxicab/VFH Memorandums of Agreement with industry associations. Success measured by average wait times of less than-one half hour by September 1, 2011. Conduct quarterly meetings with Association leadership and monitor compliance with rules and regulations through a code compliance officer.**

   Progress: Taxicab wait times decreased to an average of less than ten (10) minutes by September 1, 2012.

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Issue and enact Parking and Shuttle RFP's by September 1, 2011. Monitor financial performance of winning bidders and ensure companies are performing to customer service expectations through the use of secret shoppers and customer feedback.**

   Progress: The Agreement for Shuttle Services RFP was executed in February 2012. The Agreement for the Parking Services RFP was executed in March 2012.

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Conduct four vehicle (taxicabs and vehicles for hire) inspections by June 30, 2012. Benchmark results to ensure vehicles and drivers meet known standards and expectations.**

   Progress: Conducted two vehicle inspections in November 2011 and have two additional inspections planned for spring 2012.

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Ground Transportation
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Conduct monthly meetings with taxicab and vehicle for hire association leadership, present data from vehicle inspections and continue to monitor compliance with rules and regulations through code compliance officers.**

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

2. **Conduct four vehicle (taxicabs and vehicles for hire) inspections by June 30, 2013. Benchmark results to ensure vehicles and drivers meet known standards and expectations.**

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

3. **Monitor financial expenses of parking and shuttle operators to ensure actual expenses are +/- 5% of budgeted expenses.**

   Sustainability Goal: Economic Viability, Operational Excellence.

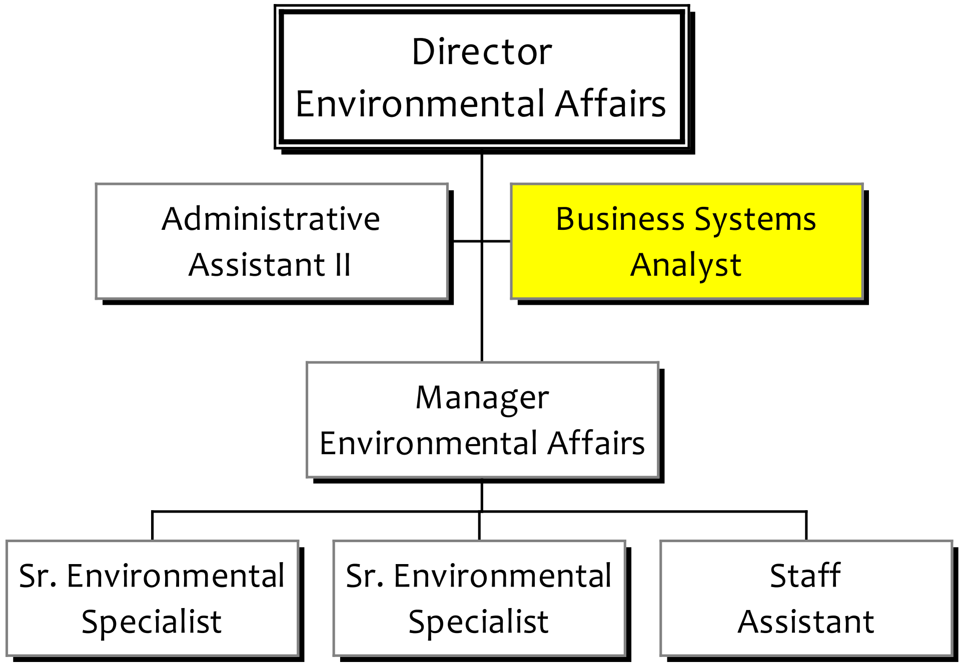
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

4. **Retire and replace certain shuttles from SDIA courtesy shuttle fleet by January 1, 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

Environmental Affairs
FY 2013 – FY 2014 Organizational Structure



Unfunded position shown in yellow
No personnel changes planned for FY 2014

Environmental Affairs

FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 542,109	$ 507,477	$ 522,521	$ 15,044	3.0%	$ 538,017	$ 15,496	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	262,555	244,646	231,609	(13,038)	-5.3%	248,294	16,686	7.2%
Subtotal	804,663	752,123	754,130	2,006	0.3%	786,311	32,181	4.3%
Less: Capitalized Labor	-	-	-	-	*0.0%*	-	-	*0.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**804,663**	**752,123**	**754,130**	**2,006**	**0.3%**	**786,311**	**32,181**	**4.3%**
Non-Personnel Expenses								
Contractual Services	448,880	543,841	991,500	447,659	82.3%	632,000	(359,500)	-36.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	50	1,000	1,000	-	0.0%	1,000	-	0.0%
Maintenance	540,837	400,306	460,000	59,694	14.9%	410,000	(50,000)	-10.9%
Operating Equipment & Systems	6,327	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	3,896	4,000	4,000	-	0.0%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	98,177	95,700	101,200	5,500	5.7%	101,200	-	0.0%
Business Development	32,183	33,900	33,900	-	0.0%	33,900	-	0.0%
Equipment Rentals & Repairs	44	1,500	1,500	-	0.0%	1,500	-	0.0%
Total Non-Personnel Expenses	**1,130,393**	**1,081,247**	**1,594,100**	**512,853**	**47.4%**	**1,184,600**	**(409,500)**	**-25.7%**
Total Operating Expenses	**1,935,057**	**1,833,370**	**2,348,230**	**514,859**	**28.1%**	**1,970,911**	**(377,319)**	**-16.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,935,057**	**1,833,370**	**2,348,230**	**514,859**	**28.1%**	**1,970,911**	**(377,319)**	**-16.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 1,935,057**	**$ 1,833,370**	**$ 2,348,230**	**$ 514,859**	**28.1%**	**$ 1,970,911**	**$ (377,319)**	**-16.1%**

Environmental Affairs

Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 1,833,370**	**$ 2,348,230**
Personnel costs		
Salary adjustments and pay for performance	15,044	15,496
Burden (benefits & employer taxes) Decrease / Increase for current staff	(13,038)	16,686
Total Increase in personnel costs	**2,006**	**32,181**
Increase / Decrease in other professional services	447,659	(359,500)
Increase / Decrease in refuse and hazardous waste disposal	59,694	(50,000)
Other, net	5,500	-
Total Increase / Decrease in non-personnel costs	**512,853**	**(409,500)**
Total Increase / Decrease	**514,859**	**(377,319)**
FY 2013 Budget / FY 2014 Budget	**$ 2,348,230**	**$ 1,970,911**

Environmental Affairs
Departmental Objectives

FY 2012 Progress Report

1. **Conduct Ground Service Equipment (GSE) and vehicle survey, prepare baseline air emissions inventory, and publish on website.**

   Progress: GSE survey was completed in 2011 and the associated air emissions will be calculated as part of air emissions inventory in Goal #4 (see below).

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

2. **Develop and implement a system to track all airside Ground Service Equipment (GSE) and service vehicles by June 30, 2012.**

   Progress: The RFP process has been initiated for a consultant services contract to perform these tasks, with the anticipation of going before the Board early this spring for approval of a selected candidate firm.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

3. **Assess potential for airside GSE and vehicle conversion to electric or alternative fuels; address infrastructure needs and apply for available grant funds by June 30, 2012.**

   Progress: The RFP process has been initiated for a consultant services contract to perform these tasks, with the anticipation of going before the Board early this spring for approval of a selected candidate firm.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

4. **Calculate air emissions inventory for calendar year 2012, evaluate effectiveness of Greenhouse Gas (GHG) reduction measures (including vehicle conversion incentive program and other commitments under the AG-MOU), and provide recommendations to enhance emission reduction opportunities with findings to be published by June 30, 2012.**

   Progress: The RFP process has been initiated for a consultant services contract to perform these tasks, with the anticipation of going before the Board early this spring for approval of a selected candidate firm.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

5. **Establish sustainability performance indicators that are applicable to the Global Reporting Initiative (GRI) system and utilize the new Performance Measurement System to track progress in areas of waste reduction, recycling, energy usage, water conservation, and GHG reduction measures by January 1, 2012.**

   Progress: Four performance indicators have been developed for GRI that are ready for reporting through the new Performance Measurement System, which is scheduled to be on-line in February 2012. Other GRI performance indicators have been identified for inclusion in the Airport Authority's first GRI Report due for completion by end of FY 2012.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

6. **Expand stormwater Best Management Practices training to include all Airport Authority tenants by June 30, 2012.**

   Progress: The Department has intended for this training to be tenant-specific and to focus on stormwater issues of concern for each tenant. The individual training needs have been prioritized by the size and complexity of each tenants operation, and by the number of concerns identified and training materials have been developed for several tenants. Staff resources have limited the ability to customize the training materials and to coordinate the training session. The Department expects to provide a limited number of training sessions by the end of FY 2012. Given the lack staff resources to customize the training materials and to coordinate the training session, the Department is re-evaluating this goal to determine if what training mechanisms might prove most efficient and effective; and whether all tenants require training or only a limited number.

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

7. **Expand capabilities of storm water management database system by December 31, 2011.**

   Progress: The database enhancements are now in-place and the FY 2012 Annual Airport-wide Stormwater inspection scheduled for March 2012 will be the Department's first opportunity to make use of the systems new capabilities. Additional improvements and operational efficiencies are being developed and should be completed in Fiscal Year 2013.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

Environmental Affairs
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Develop a strategic plan to convert all airside Ground Service Equipment (GSE) and airside service vehicles to electric or alternative clean fuels that is ready for implementation by June 30, 2013.**

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

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

2. **Update air emissions inventory for calendar year 2012, track Greenhouse Gas (GHG) reductions, and provide recommendations to enhance emission reduction opportunities with findings to be published in an updated Air Quality Management Plan by June 30, 2013.**

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

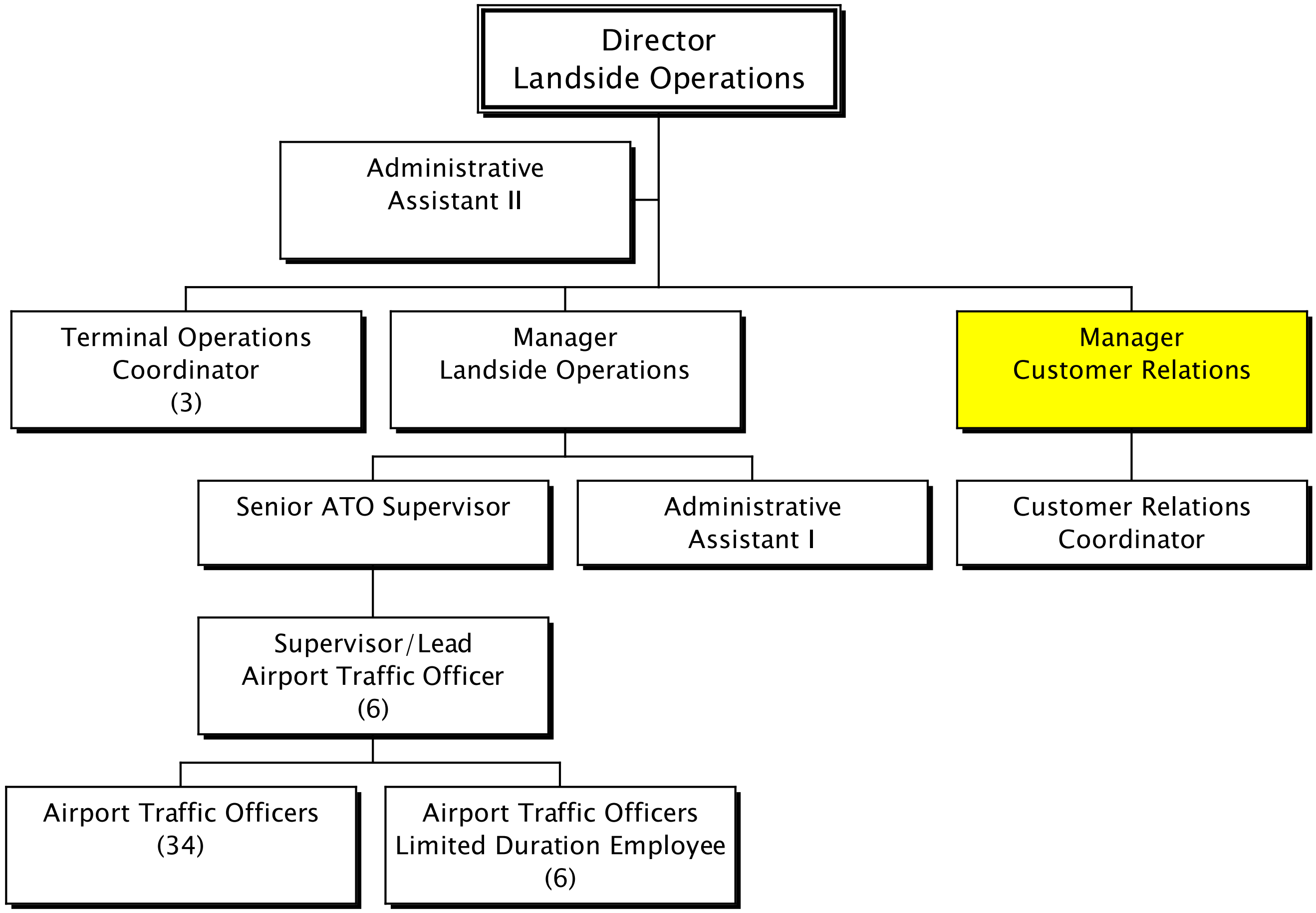
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

3. **By June 30, 2013, fully implement the use of an on-line inspection program database to evaluate and track compliance with the Authority's Storm Water Management Plan, which provides for paperless two-way communication with airport tenants through web access.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

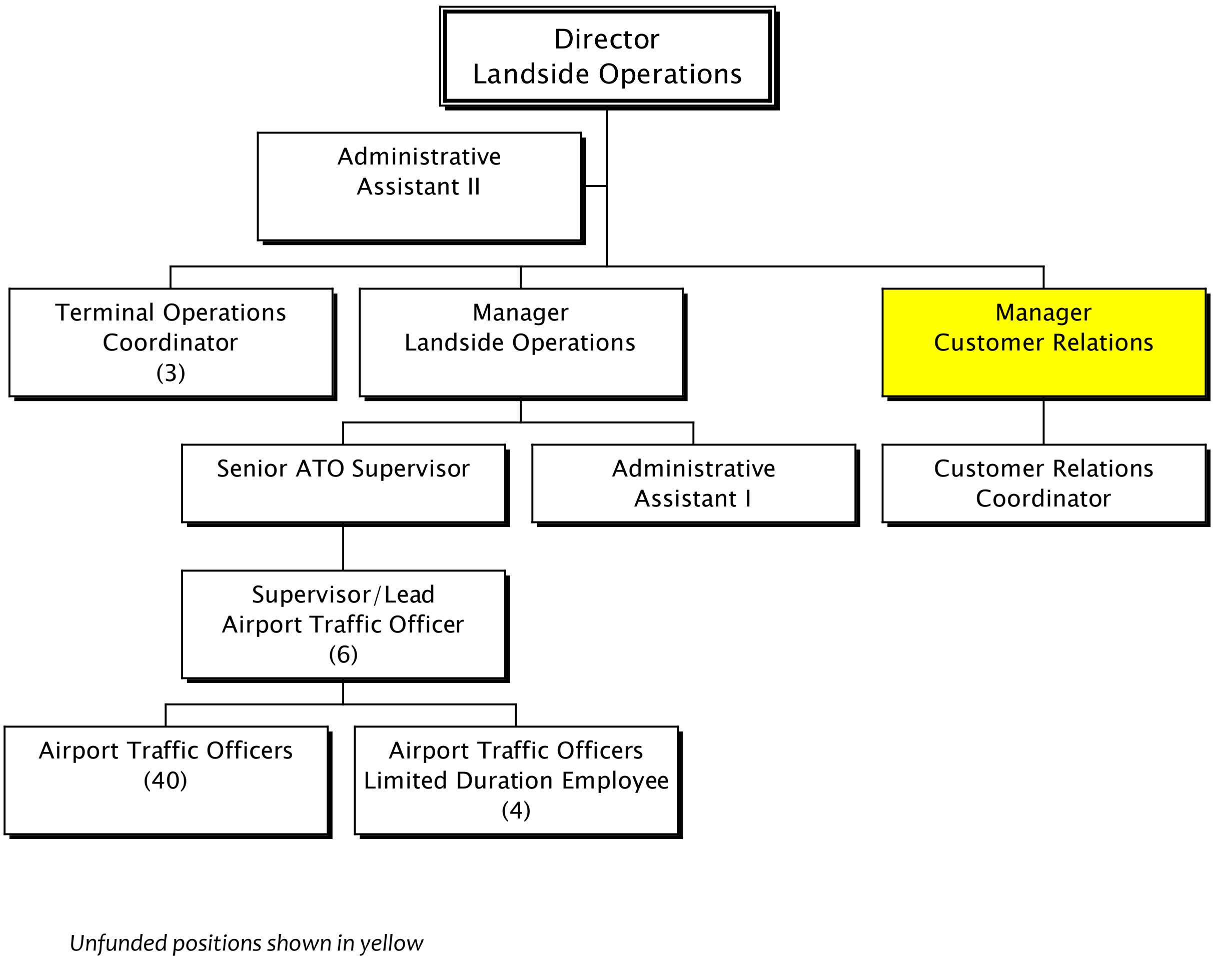
Landside Operations
FY 2013 Organizational Structure



Unfunded positions shown in yellow

FY 2013 Organizational Chart

Landside Operations
FY 2014 Organizational Structure



FY 2014 Organizational Chart

Landside Operations
FY 2013 – FY 2014 Expense Budget Summary

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	$ 2,884,839	$ 2,856,892	$ 2,969,158	$ 112,266	3.9%	$ 3,248,747	$ 279,589	9.4%
Premium Overtime	161,975	150,000	150,000	-	0.0%	100,000	(50,000)	-33.3%
Employee Benefits	1,574,081	1,617,996	1,508,804	(109,191)	-6.7%	1,721,929	213,124	14.1%
Subtotal	4,620,895	4,624,888	4,627,962	3,074	0.1%	5,070,676	442,713	9.6%
Less: Capitalized Labor	*(287,516)*	*(371,028)*	*(374,318)*	*(3,290)*	*0.9%*	-	*374,318*	*-100.0%*
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	*0.0%*	-	-	*0.0%*
Total Personnel Expenses	**4,333,378**	**4,253,860**	**4,253,644**	**(216)**	**0.0%**	**5,070,676**	**817,031**	**19.2%**
Non-Personnel Expenses								
Contractual Services	4,136,639	4,393,951	5,771,054	1,377,103	31.3%	6,597,424	826,370	14.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	1,884	-	-	-	0.0%	-	-	0.0%
Maintenance	5,402	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	142,220	36,800	85,200	48,400	131.5%	58,800	(26,400)	-31.0%
Operating Supplies	36,394	27,600	40,600	13,000	47.1%	38,600	(2,000)	-4.9%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	38,271	61,600	67,700	6,100	9.9%	65,700	(2,000)	-3.0%
Business Development	6,742	4,700	109,045	104,345	2220.1%	108,945	(100)	-0.1%
Equipment Rentals & Repairs	36,047	3,200	3,200	-	0.0%	3,200	-	0.0%
Total Non-Personnel Expenses	**4,403,597**	**4,527,851**	**6,076,799**	**1,548,948**	**34.2%**	**6,872,669**	**795,870**	**13.1%**
Total Operating Expenses	**8,736,975**	**8,781,711**	**10,330,443**	**1,548,732**	**17.6%**	**11,943,345**	**1,612,901**	**15.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**8,736,975**	**8,781,711**	**10,330,443**	**1,548,732**	**17.6%**	**11,943,345**	**1,612,901**	**15.6%**
Equipment Outlay	**53,981**	**-**	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 8,790,957**	**$ 8,781,711**	**$ 10,330,443**	**$ 1,548,732**	**17.6%**	**$ 11,943,345**	**$ 1,612,901**	**15.6%**

Landside Operations
Major Drivers of FY 2013 – FY 2014 Budget Increase / Decrease

	Inc / (Dec) FY13 vs FY12	Inc / (Dec) FY14 Conceptual vs FY13
FY 2012 Budget / FY 2013 Budget	**$ 8,781,711**	**$ 10,330,443**
Personnel costs		
Salary and burden (benefits & employer taxes) of Customer Relations Coordinator transferred from Public Relations Department	89,621	-
Salary adjustments, contracted wage increases and pay for performance	49,974	61,062
4 New ATO positions (salaries, benefits & employer taxes)	-	263,770
Change in capitalized labor	(3,290)	374,318
Burden (benefits & employer taxes) Decrease / Increase for current staff	(136,521)	117,882
Total Decrease / Increase in personnel costs	**(216)**	**817,031**
Increase in Airport custodial contract (due to Green Build, Concession Development Program and general activity)	892,947	876,370
Customer Relations costs transferred from Public Relations department	450,301	-
Increase / Decrease in waste removal costs	150,000	(50,000)
Other, net	55,700	(30,500)
Total Increase in non-personnel costs	**1,548,948**	**795,870**
Total Increase	**1,548,732**	**1,612,901**
FY 2013 Budget / FY 2014 Budget	**$ 10,330,443**	**$ 11,943,345**

Landside Operations
Departmental Objectives

FY 2012 Progress Report

1. **Maximize customer service training for Airport Traffic Officers (ATO). The current customer service ranking for the ATO's maintains a consistent average of ninety percent (90%). With the additional responsibility of the lost and found function, our department has an opportunity to increase this percentage to the mid 90's.**

   Progress: Two customer service training programs were developed and introduced to the ATO team. The syllabus was focused on two areas 1) Focus on the customer's needs while maintaining traffic control during challenging roadway congestion due to the Green Build; 2) Providing a positive approach to the needs of the customer by assuring them we will do everything possible to locate their lost item.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

2. **Maximize operational efficiency by decreasing average passenger time in security checkpoint lines to 15 minutes.**

   Progress: Redesigned pre-security signage has been added into the redesigned stanchion. The emphasis is to better educate the passengers on divesting early and not waiting until they enter the secured area. The initial introduction of the AIT machines did slow down the process but over the past couple of months we are back to meeting our goal overall.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

3. **Install one liquid collection containers at each security checkpoint. Eliminating liquid filled containers reduces substantial waste weight and increases container recyclabillity. Expect a 10,000 to 15,000 lb weight decrease a month in non-recylable waste.**

   Progress: Budget restrictions prevented us from acquiring the containers necessary for each checkpoint.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy#2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

4. **Broaden our local and state mandated traffic training by certifying seven (7) Lead Traffic Officers for new hire and recurrent training. We estimate that cost savings of approximately $7,000 would be realized through this internal training program.**

   Progress: Training completed.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

5. **Establish stricter oversight of our recycling through the coordination efforts with our waste management partner and the airport janitorial staff. The oversight of our recycling program would ensure tenant compliance with the expectation of a minimum fifteen percent (15%) increase in overall recycling efforts.**

   Progress: A cardboard bailer was purchased and installed in late 2011. Additional emphasis to separate recyclable material in the Authority offices took place in July of 2011. The two combined efforts have exceeded our expectations. We expect to make this goal by fiscal year end.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

6. **Hold monthly meetings with air carrier station managers, contractors, janitorial, & TSA coordinators to maintain efficient and safe passenger flow throughout the terminals as we move into the Green Build project.**

   Progress: These are ongoing meetings that provide open & consistent dialogue throughout the year.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

7. **Maintain fiscal responsibility by implementing safe work practices to achieve workers compensation cost containment measures. Success equals maintaining the loss rate per $80 per payroll at, or better than, the FY 2010 rate for the ATOs.**

   Progress: Fitness focus, daily line-up stretching and health material is provided to the ATO team on a regular basis. Our loss rate has declined to the $35 per payroll rate.

   Sustainability Goals: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

8. **Install 20 new outdoor waste containers to enhance our outdoor recycling efforts. These containers would supplement our existing indoor and back of house recycling efforts and help us maintain a fifteen percent (15%) plus increase in overall recycling efforts.**

   Progress: Budget restrictions caused us to hold off on the expense. This will be reviewed in further detail as we move closer to the Green Build.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** Yes.

9. **Install two eastbound Harbor Drive dynamic informational roadway signs using existing outdated and abandoned Coast Guard sign posts. Acquiring the existing infrastructure and current sign placement could save the Authority approximately $50,000 in new costs.**

   Progress: This project was cancelled due budget restraints.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer service satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

   Fiscal Year: 2012. **Continue in 2013?** No.

Landside Operations
Departmental Objectives

FY 2013 – FY 2014 Objectives

1. **Ensure that SDIA maintains code compliance with state and federal ADA laws. Success will be measured through quarterly self-audits, in anticipation of state and federal inspections being conducted sometime during the year.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

2. **Establish stricter oversight of our recycling through the coordination efforts with our waste management partner, REM concession program, and the airport janitorial staff. The oversight of our recycling program would ensure tenant compliance with the expectation of a minimum fifteen percent (15%) increase in overall recycling efforts. Success will be measured through monthly waste management statistics provided with the billing.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

3. **Activate a new and remodeled facility from the state of static completion to normal operations and to mitigate surprises on opening day. Success will be measured through a comprehensive training and familiarization program suitable to specific user needs, collaboration, a transparent process for all stakeholders, focus on the passenger experience, and scope, budget, and schedule reviews.**

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

4. **Partner with the air carrier station managers, contractors, janitorial, and TSA to maintain efficient and safe passenger flow throughout the terminals as we move through the Green Build construction. Success will be measured through daily interaction, monthly meetings, and passenger comments received through our customer service comment cards we receive through various media connections.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction. Strategy #1: Enhance the financial position of the airport authority. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

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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 the revenue bond interest and principal payments and the expenses associated with the commercial paper program. Debt service expenses (net of capitalized interest) are projected at $47,643,080 for the FY 2013 Budget and $74,934,731 for the FY 2014 Conceptual Budget.

Allowed Purposes and Types of Debt

The Authority does not have taxing power and issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the airport system.

Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority's debt is limited by the outstanding bond indenture requirement that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% of annual senior lien bond debt service and subordinate net revenues shall exceed 110% of subordinate lien debt service. This debt service coverage test is shown on page 314. The Authority has a cap on the annual debt service, not a cap on the amount of outstanding debt. This is a common provision in airport bond resolutions.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150%.

Outstanding Debt

Series 2005 Bonds

In fiscal year 1996, the California Maritime Infrastructure Authority issued Airport Revenue Bonds (the Series 1995 Bonds) for the Port District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds, together with investment income thereon, were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, to fund a reserve account, and to pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Authority on January 1, 2003, the Authority assumed these bond obligations. The Series 1995 Bonds were refunded with Airport Revenue Refunding Bonds Series 2005 in October 2005 (the Series 2005 Bonds).

The Series 2005 Bonds were issued in the aggregate principal amount of $56,270,000 and were structured as serial bonds that bear interest at rates ranging from 4.5% to 5.25% maturing in fiscal years 2007 to 2021. Interest on the bonds is payable semi-annually on January 1 and July 1 of each year.

The Series 2005 Bonds are payable solely from and secured by "Pledged Revenues." Pledged Revenues are generally defined as all revenues and other cash receipts of the Authority's airport operations, reduced by operation and maintenance expenses. Pledged Revenues do not include cash received from PFCs, CFCs, or federal grants.

The Series 2005 Bonds require that charges for services be set each fiscal year at rates sufficient to produce Pledged Revenues of at least 125% of debt service for that year. This test of net pledged revenues is shown in this section.

Series 2010 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 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) is 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 that provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority.

The Series 2010 Bonds were structured as serial bonds that bear interest at rates ranging from 2.0% 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 "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.

The following table outlines the credit ratings for the Authority's outstanding bond issues.

Rating Agency	S&P	Moody's	Fitch
Series 2005	**A+**	**A1**	**A+**
Series 2010	**A**	**A2**	**A**

Commercial Paper Series A, B, and C

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

Each series of notes are additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc. The letter of credit expires on September 10, 2014. Interest on the notes is paid at a rate based on the market for similar commercial paper notes.

Commercial Paper Series A and B Rating	S & P	Moody's
	A-1	**P-1**

The principal amount of Commercial Paper Notes outstanding as of June 30, 2012 will be $20,729,000 in Series B.

Debt Service Coverage

The following table shows debt service coverage on the aggregate Senior and Subordinate lien debt. The Subordinate lien debt includes Series 2010 Subordinate Airport Revenue Bonds and CP. The FY 2013 Budget and FY 2014 Conceptual Budget assumes an additional bond sale of approximately $514 million in FY 2013, however the exact amount and timing of issuance is being evaluated.

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	FY 2014 Conceptual Budget
Airport Revenues	$152,655,102	$162,245,021	$183,569,495	$198,325,670
Operations & Maintenance Expenses	($117,100,946)	($119,094,470)	($127,287,522)	($132,367,973)
Net Airport Revenues available for Senior & Subordinate Lien Debt Service	$35,554,156	$43,150,551	$56,281,973	$65,957,698
Aggregate (Senior & Subordinate Lien) Debt Service	$13,667,428	$18,883,725	$23,408,944	$41,915,911
Aggregate Debt Service Coverage (x)	2.60	2.29	2.40	1.57
Senior Lien Debt Service	$5,354,225	$5,355,975	$5,364,475	$21,620,638
Senior Lien Debt Service Coverage (x)	6.64	8.06	10.49	3.05
Net Airport Revenues available for Subordinate Lien Debt Service	$30,199,931	$37,794,576	$50,917,498	$44,337,060
Subordinate Lien Debt Service	$8,313,203	$13,527,750	$18,044,469	$20,295,273
Subordinate Lien Debt Service Coverage (x)	3.63	2.79	2.82	2.18

Outstanding Bond Debt Service

Year Ended July 1	2005 Bonds Principal and Interest	2010 Bonds Principal and Interest	Total
2010	$5,349,475		$5,349,475
2011	5,354,225	7,378,415	$12,732,640
2012	5,355,975	12,575,681	$17,931,656
2013	5,364,475	31,973,215	$37,337,690
2014	5,363,975	37,490,498	$42,854,473
2015	5,369,475	40,149,398	$45,518,873
2016	5,375,113	40,151,798	$45,526,911
2017	5,376,713	40,146,248	$45,522,961
2018	5,381,763	40,149,748	$45,531,511
2019	5,389,475	40,145,848	$45,535,323
2020	5,394,063	40,143,798	$45,537,861
2021		40,150,548	$40,150,548
2022		40,151,423	$40,151,423
2023		40,144,111	$40,144,111
2024		40,148,486	$40,148,486
2025		40,149,486	$40,149,486
2026		40,147,486	$40,147,486
2027		40,143,236	$40,143,236
2028		40,151,736	$40,151,736
2029		40,151,736	$40,151,736
2030		40,145,486	$40,145,486
2031		50,928,986	$50,928,986
2032		50,619,205	$50,619,205
2033		50,356,695	$50,356,695
2034		49,994,740	$49,994,740
2035		49,581,574	$49,581,574
2036		49,045,358	$49,045,358
2037		48,493,038	$48,493,038
2038		47,909,880	$47,909,880
2039		47,306,652	$47,306,652
2040		46,678,384	$46,678,384
Total	**$59,074,727**	**$1,222,702,893**	**$1,281,777,620**

FY 2013 – FY 2014 Debt Service by Source

	FY 2011 Actuals	FY 2012 Budget	FY 2013 Budget	Inc/(Dec) FY13 vs FY12 Budget	% Change	FY 2014 Conceptual Budget	Inc/(Dec) FY14 Conceptual vs FY13 Budget	% Change
Debt Service								
Principal on Commercial Paper	745,000	780,000	805,000	25,000	3.2%	960,000	155,000	19.3%
Principal on Revenue Bonds	3,980,000	4,410,000	4,610,000	200,000	4.5%	9,575,000	4,965,000	107.7%
Interest on Revenue Bonds and Commercial Paper *	7,751,189	11,941,814	42,875,729	30,933,915	259.0%	64,923,616	22,047,887	51.4%
Fees	333,144	300,812	354,579	53,767	17.9%	385,913	31,333	8.8%
Amortization of Bond Premium and Cost of Issuance	(851,203)	(649,542)	(1,002,229)	(352,687)	54.3%	(909,798)	92,431	-9.2%
Total Debt Service	**$ 11,958,130**	**$ 16,783,084**	**$ 47,643,080**	**$ 30,859,996**	**183.9%**	**$ 74,934,731**	**$ 27,291,651**	**57.3%**

** Change in Capitalized Interest methodology from accounting to cash basis*

Capital Program

Capital Program

Overview

The capital program at SDIA consists of the Capital Improvement Program (CIP) and the Green Build/Terminal Development Program (Green Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes 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 and Transportation Security Agency grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), airport operating revenues, airport revenue bonds, and short-term borrowing using commercial paper. The capital program includes funding for the Green Build to expand Terminal 2 with 10 additional passenger gates, a new dual-level roadway at Terminal 2, and additional aircraft Remain Overnight parking areas. The Green Build is expected to be completed in CY 2013 and is estimated to cost approximately $ 865 million.

Program Summary

FY 2012 Capital Improvement Program	$	569,882,393
FY 2012 Project Closeouts		(14,266,636)
FY 2012 Project Cancellations		(4,295,714)
FY 2012 Project Additions and Savings, Net		(472,190)
FY 2011 Capital Improvement Program Balance		550,847,853
Proposed New Projects		45,235,790
The Green Build		864,612,702
Proposed FY 2013 – 2017 Capital Program	**$**	**1,460,696,311**

Sources & Uses of Funds by Fiscal Year

Sources of Funds

The Green Build	Pre FY2013	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Airport Revenue Bonds	$ 329,988,400	$ 244,614,759	$ 107,372,987	$ -	$ -	$ -	$ 681,976,147
Passenger Facility Charges	100,232,510	18,314,933	238,008	-	-	-	118,785,451
Federal Grants	51,748,159	10,773,516	-	-	-	-	62,521,675
Airport Cash	932,073	152,296	245,026	-	-	-	1,329,395
Customer Facility Charges *	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-
TOTAL	**$ 482,901,142**	**$ 273,855,504**	**$ 107,856,022**	**$ -**	**$ -**	**$ -**	**$ 864,612,668**

Capital Improvement Program	Pre FY2013	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Customer Facility Charges *	$ 3,507,351	$ 41,483,933	$ 81,252,300	$ 117,871,417	$ 48,935,000	$ -	$ 293,050,000
Airport Revenue Bonds	27,058,381	98,252,782	27,150,181	15,737,900	5,875,684	-	174,074,928
Federal Grants	3,505,304	9,538,946	1,373,181	5,731,343	8,189,393	56,941,366	85,279,533
Passenger Facility Charges	7,235,492	1,471,450	2,828,530	1,417,947	1,972,405	13,714,256	28,640,080
Airport Cash	5,727,584	5,327,096	2,980,000	357,800	325,000	321,623	15,039,103
Commercial Paper	-	-	-	-	-	-	-
TOTAL	**$ 47,034,111**	**$ 156,074,208**	**$ 115,584,192**	**$ 141,116,406**	**$ 65,297,482**	**$ 70,977,245**	**$ 596,083,643**
TOTAL SOURCES OF FUNDS	**$ 529,935,253**	**$ 429,929,712**	**$ 223,440,214**	**$ 141,116,406**	**$ 65,297,482**	**$ 70,977,245**	**$ 1,460,696,311**

Use of Funds

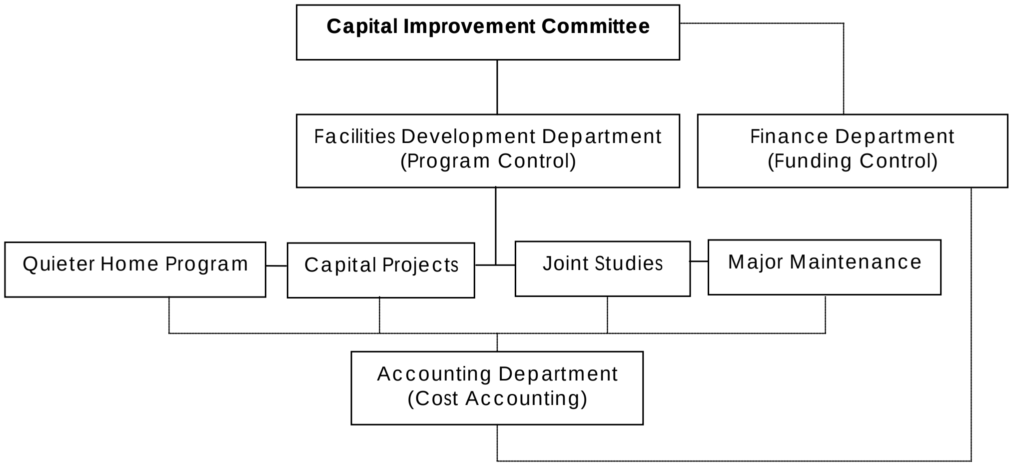
The Green Build	Pre FY2013	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Airside	$ 58,165,363	$ 13,577,134	$ 6,065,591	$ -	$ -	$ -	$ 77,808,088
Landside	131,839,943	80,310,721	24,332,343	-	-	-	236,483,007
Terminal	292,895,835	179,967,650	77,458,087	-	-	-	550,321,573
Administrative	-	-	-	-	-	-	-
TOTAL	**$ 482,901,142**	**$ 273,855,504**	**$ 107,856,022**	**$ -**	**$ -**	**$ -**	**$ 864,612,668**

Capital Improvement Program	Pre FY2013	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Airside	$ 5,893,189	$ 7,714,674	$ 11,223,071	$ 9,824,700	$ 10,558,627	$ 70,655,622	$ 115,869,884
Landside	18,134,301	98,782,568	93,475,146	126,183,867	49,177,925	-	385,753,807
Terminal	22,255,502	48,254,668	9,422,368	4,264,340	3,741,453	321,623	88,259,952
Administrative	751,119	1,322,298	1,463,607	843,499	1,819,477	-	6,200,000
TOTAL	**$ 47,034,111**	**$ 156,074,208**	**$ 115,584,192**	**$ 141,116,406**	**$ 65,297,482**	**$ 70,977,245**	**$ 596,083,643**
TOTAL USE OF FUNDS	**$ 529,935,253**	**$ 429,929,712**	**$ 223,440,214**	**$ 141,116,406**	**$ 65,297,482**	**$ 70,977,245**	**$ 1,460,696,311**

* Includes pay-as-you-go usage and proceeds from CFC backed special facility bonds.

Capital Improvement Committee

The Capital Improvement Committee (CIC) is composed of the Airport Authority's five (5) Vice Presidents and oversees the Capital Improvement Program. The CIC meets monthly and reviews all new project requests, changes to project scopes, budgets, and schedules and ensures the efficient use of the Authority's capital resources.



Capital Program Process

The **Capital Improvement Program** is designed to be a dynamic process. The CIC may review new project requests throughout the year to accommodate the ever-changing airport environment and regulatory requirements.

The capital program process begins by each department submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to the CIC.

After the request is submitted to the CIC, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Starting with the adoption of the Authority Sustainability Policy, a holistic review is completed with a focus on total costs of ownership to determine project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the CIC may direct the Facilities Development Department (FDD), in coordination with project sponsors, to define the project deliverable and report on estimated costs through 30% schematic design and/or finished construction. Project budgets, schedules, issues, and proposed funding sources are presented to the CIC. The CIC recommends the project to be included in the CIP or the CIC may revise the list of projects to be presented to the Authority Board based on funding availability and project necessity. Following Authority Board approval of the CIP, FDD project teams begin the project as planned and approved.

The **Green Build** is a separate program chartered with implementing specific terminal expansion, roadway, and airside projects. It is under the oversight of the Board's Terminal Development Program Committee as well as the Executive Steering Committee, which consists of the Authority's executive staff members.

Funding

Airport Improvement Program

Airport Improvement Program (AIP) grants are offered to the Authority to provide funding assistance to those eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP program. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system, and to meet the projected needs of the public. The program not only provides funding for development projects, but also airport planning and noise compatibility programs. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund that generates the revenues in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP program includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boardings and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP program typically provides funding up to 80.59% 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 is $20 million in FY 2013 and $1.4 million in FY 2014.

Passenger Facility Charge

PFCs were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies, which manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFC is that the PFC is a fee directly to the passenger, is administratively retained by the airport, and is considered local funds versus airport funds.

SDIA began collecting a PFC of $3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the airport's PFC program occurred on December 16, 1997 and on June 5, 2001. The Federal Aviation Administration approved the third passenger facility application on May 20, 2003 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 submitted in March 2012 with approval anticipated by July 2012. The majority of this application will provide funding for the Quieter Home Program as well as the completed Rehabilitate Taxiway "C" project.

Customer Facility Charge

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 a CFC at SDIA was approved by the Board in FY 2009. Board authorization for the use of CFCs for initial planning efforts was given in FY 2010. Subsequently in FY 2012, Board authorization was given for the use of CFCs for design and enabling projects in the amount of $60 million. The Authority is anticipating changing the CFC collection methodology no later than January 2013 as allowed per State legislation, from charging $10 per rental car transaction to $6 per rental day. Additional increases are anticipated in the future in order to provide adequate funding for the construction of a consolidated car rental facility, enabling projects, and certain costs associated with common-use transportation systems. Projected pay-as-you-go usage of CFCs is $22 million in FY 2013 and $2.9 million in FY 2014.

Transportation Security Agency Other Transaction Agreement

The Transportation Security Agency (TSA) is authorized by the Homeland Security Act of 2002 to utilize Other Transaction Agreements (OTA) to fund its Explosive Baggage Screening Program (EBSP) and its Closed Circuit TV (CCTV) Program at the Nation's airports. TSA's use of OTAs is primarily as a mechanism for providing reimbursement funding and outlining the roles and responsibilities associated with these shared airport projects. SDIA received a $28 million OTA from the TSA in FY 2010 for installation and construction costs associated with Explosive Detection Systems as part of the Terminal 2 expansion.

Project Descriptions & Funding Sources

Airside Projects

103044 – NTC Landfill Remediation

Description: The project includes the required environmental remediation of the contaminated areas on the former Naval Training Center (NTC), which is approximately 51 acres of land transferred to the Port District from the Navy for Airport use.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
1,812,751						**$ 1,812,751**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		518,567		1,294,004		**$ 1,812,751**

104087 – Runway 9 Displaced Threshold Relocation

Description: This project relocates the Runway 09 displaced threshold by 300 ft. east and includes pavement striping, marking, relocation, and color change-out of existing threshold, touchdown, and approach lighting systems.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
614,812	638,070	2,211,721				**$ 3,464,603**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
	3,464,603					**$ 3,464,603**

104110 – Rehabilitate Storm Water/Airfield Drainage

Description: This project will improve and strengthen drainage pipes located on the airfield beneath the runway and taxiways.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
3,155,466	4,344,534					**$ 7,500,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
6,044,250		1,455,750				**$ 7,500,000**

104130 – North Side Cargo Taxi Lanes and Development

Description: This project provides two taxi lanes to connect the cargo apron with Taxiway "C" and developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	500,000					**$ 500,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		500,000				**$ 500,000**

104128 – FBO Taxi Lane and Development

Description: This project provides a single taxi lane to connect the FBO apron with Taxiway "C" and provides developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	189,100	3,423,750	120,000			**$ 3,732,850**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		3,732,850				**$ 3,732,850**

104129 – Relocate Taxiway B

Description: This project relocates the existing parallel Taxiway "B" from its current position of 362.5 feet south of Runway 9/27 centerline to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
					39,224,070	**$ 39,224,070**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
31,610,678	7,613,392					**$ 39,224,070**

New – Rehabilitate Runway 9-27

Description: The project provides for rehabilitation of the airfield asphalt pavement on Runway 9/27 which includes milling and replacing the top three inches of the approximately 9,400 x 200 ft. pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking, and related work.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
					19,600,000	**$ 19,600,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
15,795,640	3,804,360					**$ 19,600,000**

104149 – SDIA Airport Development Plan (Airside Allocation)

Description: This project will define the future plan for SDIA through the year 2040. 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 (both CEQA and NEPA) and preparation of an FAA-approved Airport Layout Plan (ALP) package.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
310,340	847,610	847,610	847,610	396,830		**$ 3,250,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
	679,350	2,570,650				**$ 3,250,000**

New – Remote Noise Monitor Pole Replacement

Description: The project will replace twelve remote noise monitoring poles in the community which have been in place since the 1970's and 1980's, in order to meet State Dept. of Transportation requirements, as well as, address liability and safety issues.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	95,360	286,080	95,360			**$ 476,800**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
	419,000			57,800		**$ 476,800**

New – Relocate Blast Fence, Triturators, & VSR Gate

Description: The project will relocate the northerly portion of the Runway 27 blast fence, the triturator, and the VSR gates to provide space for the Terminal Link Road. Two new triturators will be constructed near Terminals 1 and 2.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	1,100,000	2,750,000	1,650,000			**$ 5,500,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		5,500,000				**$ 5,500,000**

New – Rehabilitate Cross Taxiway B8 & Terminal Aprons

Description: The project will reconstruct portions of Taxiway B8, Taxi Lane W, Terminal 1 apron, Terminal 2 apron, and the Cargo apron.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
		1,703,910	5,111,730	1,703,910		**$ 8,519,550**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
6,865,905	1,653,645					**$ 8,519,550**

New – Construct Taxiway C Hold Apron

Description: The 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.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
			2,000,000	6,000,000	2,000,000	**$ 10,000,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
8,059,000	1,941,000					**$ 10,000,000**

New – Rehabilitate Cross Taxiways (B4-B7 & C3-C6) & Commuter Terminal Apron

Description: The project will replace the existing pavement on Cross Taxiways B4-B7, Cross Taxiways C3-C6, and the Commuter Terminal apron.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
				2,457,888	9,831,552	**$ 12,289,440**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
9,904,060	2,385,380					**$ 12,289,440**

Landside Projects

104066 – TDY Site Demolition

Description: This project consists of site demolition and environmental remediation, both of which are governed by the Settlement Agreement: "2701 North Harbor Drive Site Demolition and Remediation Settlement Agreement, Releases, and Covenants Not to Sue" executed March 23, 2007. The parties to the agreement are 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.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	Total
7,633,452	3,566,548					**$ 11,200,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		3,168,504		8,031,496		**$ 11,200,000**

104118 – North Side Utility Infrastructure

Description: This project provides the necessary utility infrastructure to support the implementation of the North Side development plan including sewer, water, natural gas, electrical, telecommunications, and storm drains.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	Total
1,194,085	28,235,860	3,983,005				**$ 33,412,950**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
7,000,000		11,053,242	13,909,708	1,450,000		**$ 33,412,950**

104119 – Central Receiving & Distribution Center Development

Description: This project provides the necessary developer oversight to support the implementation of a new centralized receiving and distribution center for the Airport.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	Total
1,365,708	684,292					**$ 2,050,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		1,869,452		180,548		**$ 2,050,000**

104124 – Washington Street Intersection & Access Improvements

Description: This project includes modifications to the existing Washington Street / Pacific Highway Off-Ramp intersection and reconstruction of the Washington Street SDIA and MCRD access roadway south of the Pacific Highway Off-Ramp including access to the Central Receiving and Distribution Center.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
2,330,881	2,406,919					**$ 4,737,800**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		4,429,020	308,780			**$ 4,737,800**

104126 – South Side Interim Site Project Plan & Use

Description: This project provides finish grading, compaction, and paving the approximately 40-acre site with approximately 2-inches of asphalt following demolition of buildings and foundations. Included in the work is the installation of surface swales and drainage piping.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
835,341	5,292,929					**$ 6,128,270**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		6,128,270				**$ 6,128,270**

104127 – Reconstruction of Lot 8

Description: This project includes reconstruction of Lot 8 and SAN Park - Harbor Drive after all demolition and remediation operations are completed under Project No. 104066 - TDY Demolition.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
440,080	3,096,371					**$ 3,536,451**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		3,536,451				**$ 3,536,451**

104134 – Terminal Link Road

Description: This project provides a dedicated perimeter road that connects the airport terminals to the proposed Consolidated Rental Agency Center (CONRAC).

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
134,839	597,884	3,231,311	6,562,451	242,925		**$ 10,769,410**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		7,179,607	3,589,803			**$ 10,769,410**

104135 – Interior North Side Road & Site Prep

Description: This project provides an interior roadway that extends between the existing Pacific Coast Highway / Sassafras intersection and the extension of Washington Street south of Pacific Coast Highway. The road will house the utilities that will service the entire North Side development plan.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
573,046	3,295,095	39,399				**$ 3,907,540**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		3,907,540				**$ 3,907,540**

104136 – Airport Electrical Distribution System

Description: 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.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
1,704,132	11,671,567	6,523,087				**$ 19,898,786**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		12,957,077	6,941,709			**$ 19,898,786**

104145 – Relocate Lot 6 Employee Parking

Description: This project includes the relocation of Lot 6 employee parking on Harbor Island to a SAN Park - Harbor Drive location after all demolition and remediation operations on the TDY property are completed.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
191,642	7,158,358					**$ 7,350,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		7,350,000				**$ 7,350,000**

104146 – Washington St. Parking/Revenue Control

Description: The project consists of creating approximately 2,050 additional spaces located at the south easterly corner of Pacific Highway and Washington Street. This project provides a long term parking facility to replace existing parking areas that will be impacted by the development of the future CONRAC and FBO sites on the North Side.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
586,290	11,870,000	293,710				**$ 12,750,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		10,200,000	2,550,000			**$ 12,750,000**

104151 – ConRAC Development

Description: The project consists of developing a car rental facility on the North Side/Old General Dynamic 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.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
773,308	19,775,054	77,345,221	117,171,417	48,935,000		**$ 264,000,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
			264,000,000			**$ 264,000,000**

104133 – Storm Water BMP's

Description: This project provides for installation of Storm Water Treatment Best Management Practices (BMP's) in existing parking lots, airport internal roadways, and lawn areas including wire mesh screen at curb inlets & curb inlet filters, and replacement of existing lawn areas with artificial turf.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	53,186	1,009,414				**$ 1,062,600**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		1,062,600				**$ 1,062,600**

New – FBO Demolition and Site Remediation

Description: This project will remove the existing FBO facility and associated ramp areas, including underground storage tanks, and environmental remediation of the site for future development of North Side projects.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
		1,050,000	2,450,000			**$ 3,500,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		1,750,000			1,750,000	**$ 3,500,000**

New – Earthquake Fault Study for North Side & TDY Properties

Description: This project will conduct a fault study in order to determine the proper building placement on the North Side, as well as, planning of TDY site. The study will include the old General Dynamics site (excluding ConRAC site), TDY site, and three Least Tern nesting ovals.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
451,495	998,505					**$ 1,450,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		1,450,000				**$ 1,450,000**

Terminal Projects

103078A – T1 Pedestrian Bridge – Public Art

Description: This project will create a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
		180,000				**$ 180,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
				180,000		**$ 180,000**

104021 – Wireless Network System

Description: This project will establish an interior optical fiber infrastructure in terminals that would support general network requirements as well as wireless requirements.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
1,587,890	112,110					**$ 1,700,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		1,700,000				**$ 1,700,000**

104056 – Expand T2E Facilities

Description: This project will expand the Terminal 2 East building area between Gates 24/26 and 26/28 to increase hold room area, provide new concession and restroom areas by approximately 11,000 ft^2, relocate American Airlines Admiral's Club, build out the second story above American Airlines' Bag Makeup area by approximately 7,360 SF, and provide concession shell spaces. Pre-security, the concession area, and food court will be converted to new concession shell spaces and an expanded ticket lobby area. The project will also build out between Gates 25 and 27 by approximately 7,000 SF to provide for new concessions core area. The completion of the project will result in increased seating capacity, increased concession space post-security, enhanced customer service areas, increased revenue, and less passenger congestion in the ticket lobby.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
14,463,003	34,100,000	2,270,365				**$ 50,833,368**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
	6,000,000	44,248,102				**$ 50,833,368**

104122 – Refurbish Concession Support Infrastructure

Description: This project will demolish and rebuild concession shells, upgrade utilities and utility monitoring systems, redesign and rebuild neutral piers and sign bands, and perform tenant improvement design review and construction inspections at all proposed concession spaces in CT, T1 & partial T2W. The scope of work also includes rearrangement of T1- Food Court concession spaces and common seating area layout.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
3,352,142	8,640,058	2,459,130				**$ 14,451,330**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		14,451,330				**$ 14,451,330**

104152 – Concession Development Program Support

Description: This project includes 3rd party program management, architectural review, and construction inspection support for SDIA's Concession Development Program.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
737,875	1,079,971	340,344	141,810			**$ 2,300,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		2,300,000				**$ 2,300,000**

104041 – Public Art Allowance

Description: The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with appropriate CIP Project.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
(1,369)	300,000	300,000	300,000	325,000	321,623	**$ 1,545,254**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
				1,545,254		**$ 1,545,254**

104147 – T2 Ceiling Art Integration – Public Art

Description: This project will create a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
50,000	200,000	50,000				**$ 300,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
				300,000		**$ 300,000**

104149 – SDIA Airport Development Plan (Terminal Allocation)

Description: This project will define the future plan for SDIA through the year 2040. 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 (both CEQA and NEPA) and preparation of an FAA-approved Airport Layout Plan (ALP) package.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
310,340	847,610	847,610	847,611	396,829		**$ 3,250,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
	679,350	2,570,650				**$ 3,250,000**

FMD – Facilities Management Department Capital Expenditures - Terminal

Description: This project provides for the necessary ongoing maintenance of various capital improvement projects.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
1,755,619	2,974,919	2,974,919	2,974,919	3,019,624		**$ 13,700,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		13,700,000				**$ 13,700,000**

Administrative/Other Projects

FMD – Facilities Management Department Capital Expenditures - Administrative

Description: This project provides for the necessary ongoing maintenance of various capital improvement projects.

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
751,119	322,298	463,607	843,499	1,819,477		**$ 4,200,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
		4,200,000				**$ 4,200,000**

New – Capital Project Allowance

Description: This project will provide a source of funds for the design and construction of unforeseen projects during the course of implementing the Airport Capital Improvement Program (CIP).

Project Cash Flow

Prior Years	FY 2013	FY 2014	FY 2015	FY2016	FY2017	**Total**
	1,000,000	1,000,000				**$ 2,000,000**

Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	**Total**
				2,000,000		**$ 2,000,000**

Operating Budget Impact

Capital Improvement Program Budget Impact

The following tables indicate the potential incremental effect on the operating budget in various fiscal years resulting from the proposed Capital Program. Amounts for FY 2013 are reflected in the FY 2013 SDCRAA Budget. Future year amounts are estimates and will be included in future budgets if appropriate.

Revenue Impact:

Project No.	Project Description	Revenue Category	FY13	FY14	FY15
104119	**Central Receiving & Distribution Center Development (CRDC)** Cost Recovery from Central Receiving and Distribution Center operating expenses (including Utilities)	Terminal Concessions	$802,108	$1,472,405	$1,494,757
104152	**Concession Development Program** Cost recovery from concessionaires for operating and maintenance expenses	Terminal Concessions	261,750	986,000	1,015,580
		Grand Total:	**$1,063,858**	**$2,458,405**	**$2,510,337**

Expense Impact:

Terminal					
Project No.	Project Description	Expense Category	FY13	FY14	FY15
104021	WIRELESS NETWORK SYSTEM - I	Insurance	$ 363	$ 499	$ 550
104056	EXPAND T2E FACILITIES	Maintenance	22,286	138,541	-
		Utilities	55,016	161,485	-
104122	Concessions Support Infrastructure	Maintenance	44,572	118,750	-
		Sub Total:	**$ 122,238**	**$ 419,274**	**$ 550**
Landside					
104118	North Side Utility Infrastructure	Maintenance	$ 5,674	$ 8,062	$ -
104119	Central Receiving & Distr.-Developer Oversight	Contractual Services	904,108	1,549,900	1,573,428
104125	South Side Interim Parking Plan	Utilities	3,668	3,589	-
104126	South Side Interim Site Project Plan & Use (TDY Site)	Maintenance	4,457	3,958	-
104134	Terminal Link Road	Maintenance	40,115	47,500	-
104136	Construct Airport Electrical Distribution System	Insurance	6,714	9,211	10,155
		Maintenance	-	3,958	-
104145	Relocate Lot 6 Employee Parking (So. Side)	Utilities	3,668	4,665	-
104146	Washington St. Parking & Revenue Control	Space Rental	59,916	59,916	-
		Utilities	3,668	4,665	-
104151	CONRAC DEVELOPMENT	Insurance	-	-	112,457
		Maintenance	-	-	-
		Utilities	-	-	-
New	FBO Demolition And Site Remediation	Space Rental	58,320	58,320	-
	Relocate Solar Turbines Employee Parking	Utilities	-	3,589	-
		Grand Total:	**$ 1,212,546**	**$ 2,176,608**	**$ 1,696,590**

Green Build Program Budget Impact

The following table indicates the potential incremental effect on the operating expense budget in various fiscal years resulting from the Green Build:

Expense Impact:

Location	Expense Category	FY13	FY14	FY15
Airside	Insurance	$ 17,202	$ 23,602	$ 26,021
	Maintenance	4,457	43,542	-
	Personnel	25,103	71,750	-
	Utilities	40,345	111,245	-
	Sub Total:	**$ 87,108**	**$ 250,139**	**$ 26,021**
Landside	Insurance	$ 6,593	$ 41,114	$ 45,329
	Maintenance	-	3,958	-
	Utilities	91,694	186,605	-
	Sub Total:	**$ 98,287**	**$ 231,677**	**$ 45,329**
Terminal	Contractual Services	$ 833,400	$ 867,500	$ -
	Insurance	33,587	149,133	164,413
	Maintenance	601,438	989,664	-
	Personnel	270,899	1,428,937	-
	Utilities	710,442	1,260,658	-
	Sub Total:	**$ 2,449,765**	**$ 4,695,892**	**$ 164,413**
	Grand Total:	**$ 2,635,160**	**$ 5,177,707**	**$ 235,763**

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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.

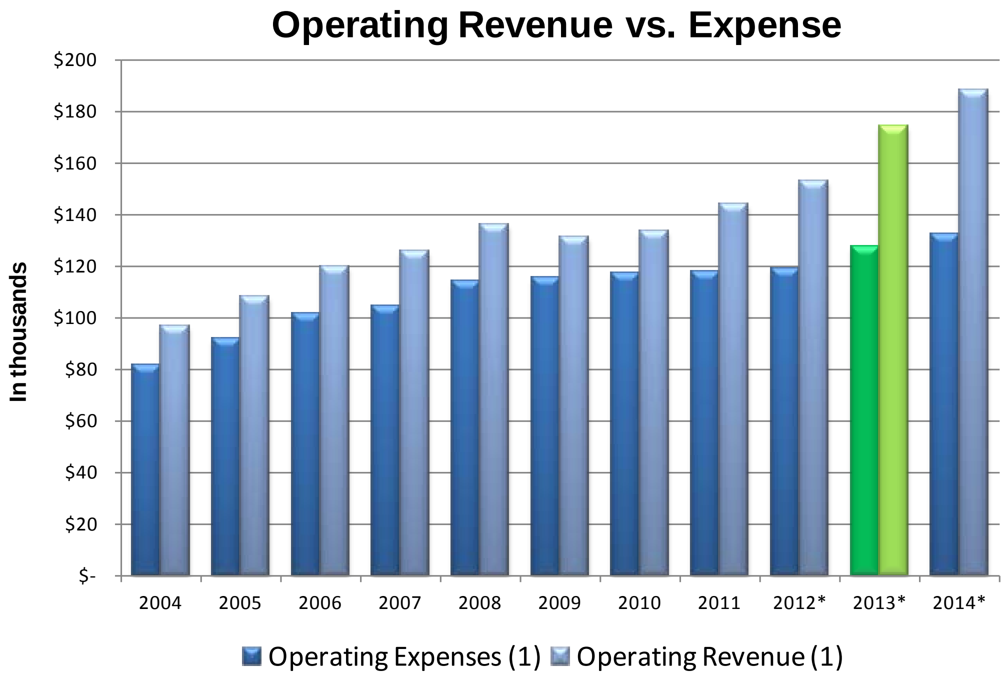
Operating Ratio

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, 2004 to 2014

Fiscal Year	Operating Expenses (1)	Operating Revenue (1)	Operating Ratio	% Change
2004	$81,633	$96,572	0.85	-1.3%
2005	91,369	108,123	0.85	0.0%
2006	101,356	119,495	0.85	0.4%
2007	104,551	125,367	0.83	-1.7%
2008	113,985	135,682	0.84	0.7%
2009	115,278	130,977	0.88	4.8%
2010	117,288	133,695	0.88	-0.3%
2011	117,841	144,007	0.82	-6.7%
2012*	119,034	152,600	0.78	-4.7%
2013*	127,306	174,087	0.73	-6.3%
2014*	132,391	188,333	0.70	-3.9%

(1) In thousands



* Budgeted FY 2012, FY 2013 & FY 2014

Figure 50 – Operating Ratio

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

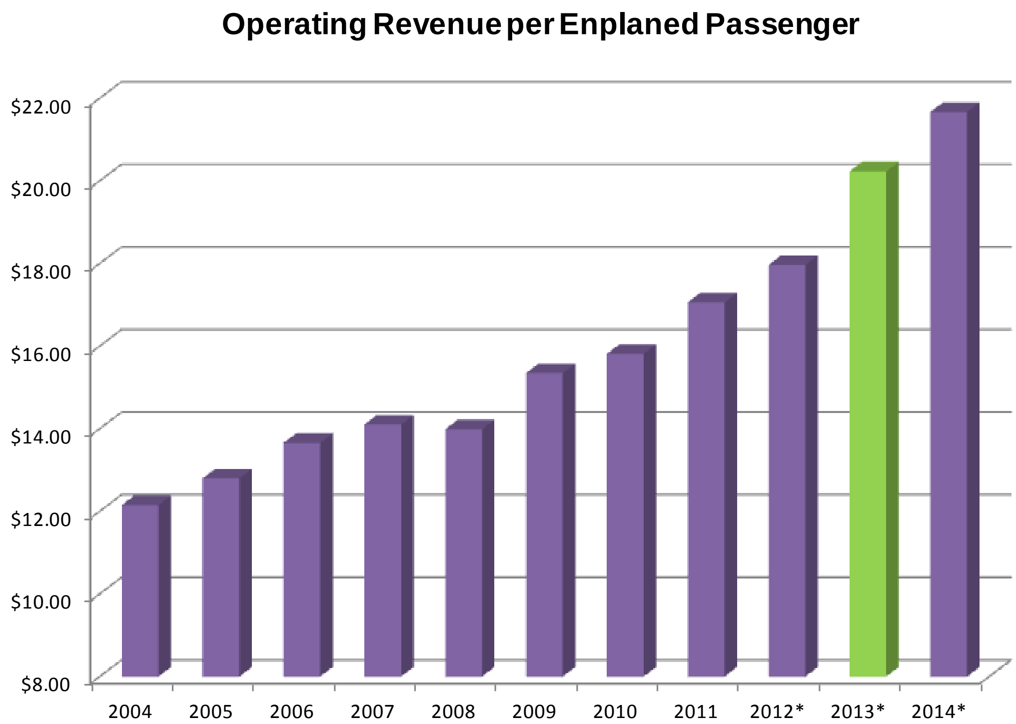
Operating Revenue per Enplanement

This is a measure of airline and non-airline derived operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2004 to 2014

Fiscal Year	Operating Revenue [1]	Enplaned Passengers [1]	Operating Revenue per Enplanement	% Change
2004	$96,572	7,947	$12.15	6.9%
2005	108,123	8,449	12.80	5.3%
2006	119,495	8,750	13.66	6.7%
2007	125,367	8,892	14.10	3.2%
2008	131,320	9,389	13.99	-0.8%
2009	130,977	8,536	15.34	9.7%
2010	133,695	8,454	15.81	3.1%
2011	144,007	8,441	17.06	7.9%
2012*	152,600	8,494 **	17.97	5.3%
2013*	174,087	8,606	20.23	12.6%
2014*	188,333	8,692	21.67	7.1%

[1] In thousands



* Budgeted FY 2012, FY 2013 & FY 2014
** Projected

Figure 51 – Operating Revenue per Enplaned Passenger

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

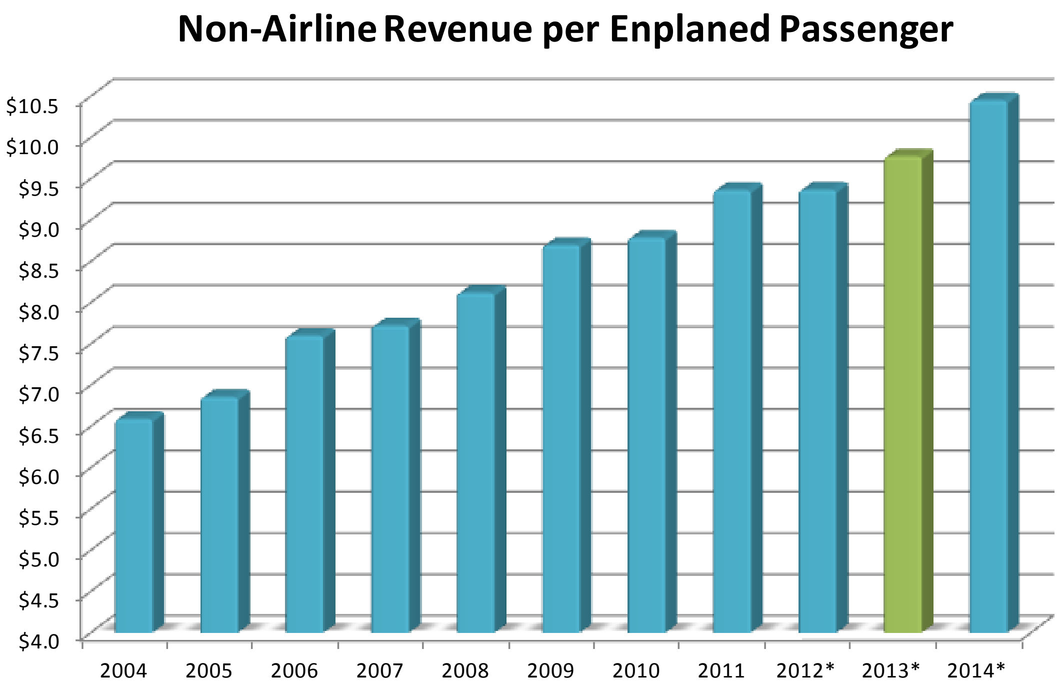
Non-Airline Revenue per Enplanement

This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, rental car, and ground rental revenues divided by enplanement.

Fiscal Years ended June 30, 2004 to 2014

Fiscal Year	Non-Airline Revenue [(1)]	Enplaned Passengers [(1)]	Non-Airline Revenue per Enplanement	% Change
2004	$52,375	7,947	$6.59	6.1%
2005	57,918	8,449	6.86	4.0%
2006	66,489	8,750	7.60	10.8%
2007	68,667	8,892	7.72	1.6%
2008	76,227	9,389	8.12	5.1%
2009	74,241	8,536	8.70	7.1%
2010	74,297	8,454	8.79	1.0%
2011	79,044	8,441	9.36	6.5%
2012*	79,555	8,494 **	9.37	0.0%
2013*	84,124	8,606	9.78	4.4%
2014*	90,847	8,692	10.45	6.9%

[(1)] In thousands



* Budgeted FY 2012, FY 2013 & FY 2014
** Projected

Figure 52 – Non-Airline Revenue per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

The increase in FY 2011 is primarily driven by increased parking/ground transportation revenues resulting from longer duration for long-term parking transactions and increased parking rates.

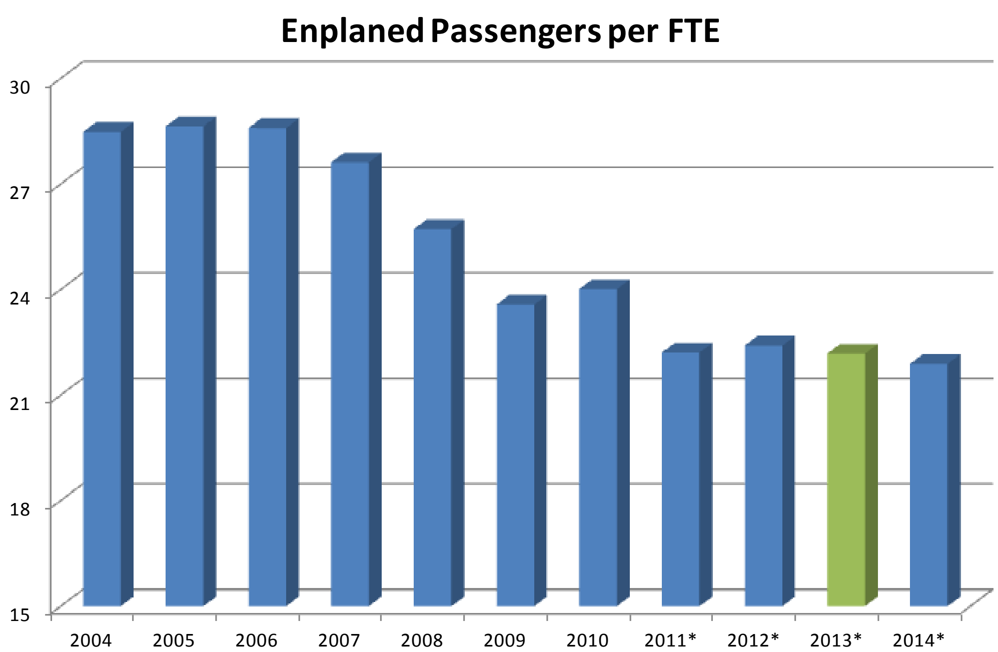
Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the airport's staffing productivity level.

Fiscal Years ended June 30, 2004 to 2014

Fiscal Year	Enplaned Passengers per FTEs	FTEs	Enplaned Passengers [(1)]
2004	28	279	7,947
2005	29	295	8,449
2006	29	306	8,750
2007	28	322	8,892
2008	26	365	9,389
2009	24	362	8,536
2010	24	352	8,454
2011	22	380	8,441
2012*	22	379	8,494
2013*	22	388	8,606
2014*	22	397	8,692

[(1)] In thousands



* Authorized and Funded FY 2012, FY 2013 & FY 2014

Figure 53 - Enplaned Passengers per FTEs

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Operating Cost per Enplanement

This divides operating costs by enplanement and measures the Authority's relative operating efficiency.

Fiscal Years ended June 30, 2004 to 2014

Fiscal Year	Operating Costs (1)	Enplaned Passengers (1)	Operating Cost per Enplanement	% Change
2004	$81,633	7,947	$10.27	5.4%
2005	91,369	8,449	10.81	5.3%
2006	101,356	8,750	11.58	7.1%
2007	104,551	8,892	11.76	1.5%
2008	113,985	9,389	12.14	3.2%
2009	115,278	8,536	13.51	11.2%
2010	117,288	8,454	13.87	2.7%
2011	117,841	8,441	13.96	0.6%
2012*	119,034	8,494 **	14.01	0.4%
2013*	127,306	8,606	14.79	5.6%
2014*	132,391	8,692	15.23	3.0%

(1) In thousands

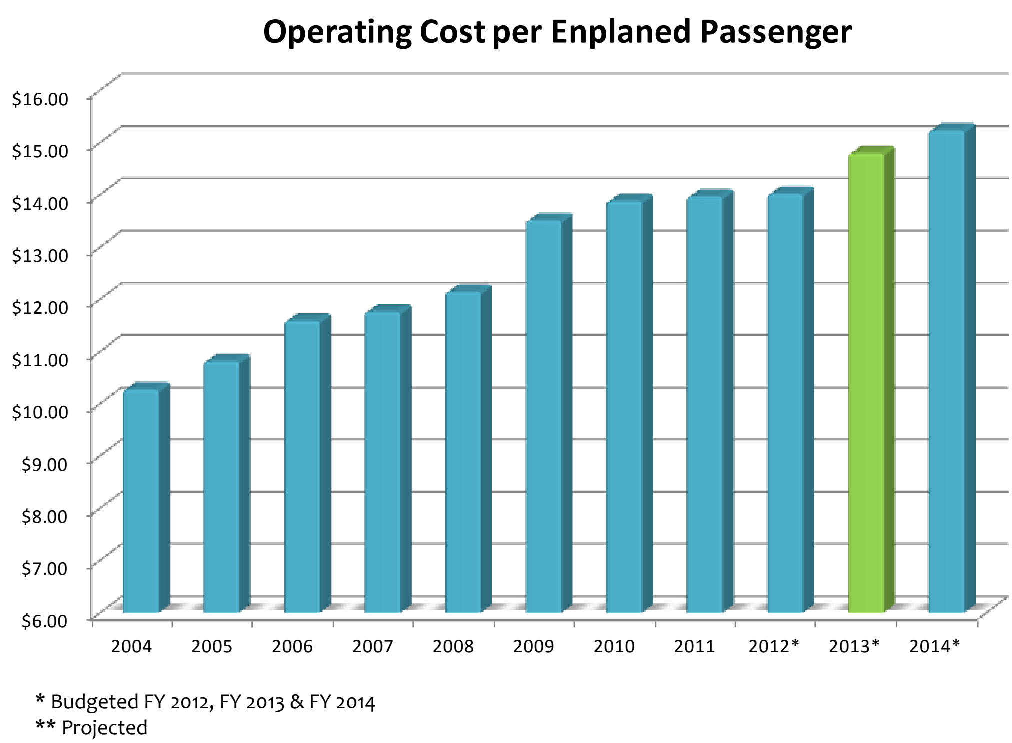


Figure 54 – Operating Cost per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long–term investments, the O&M Reserve, and the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 365 days of budgeted operating and maintenance expenses for the current fiscal year.

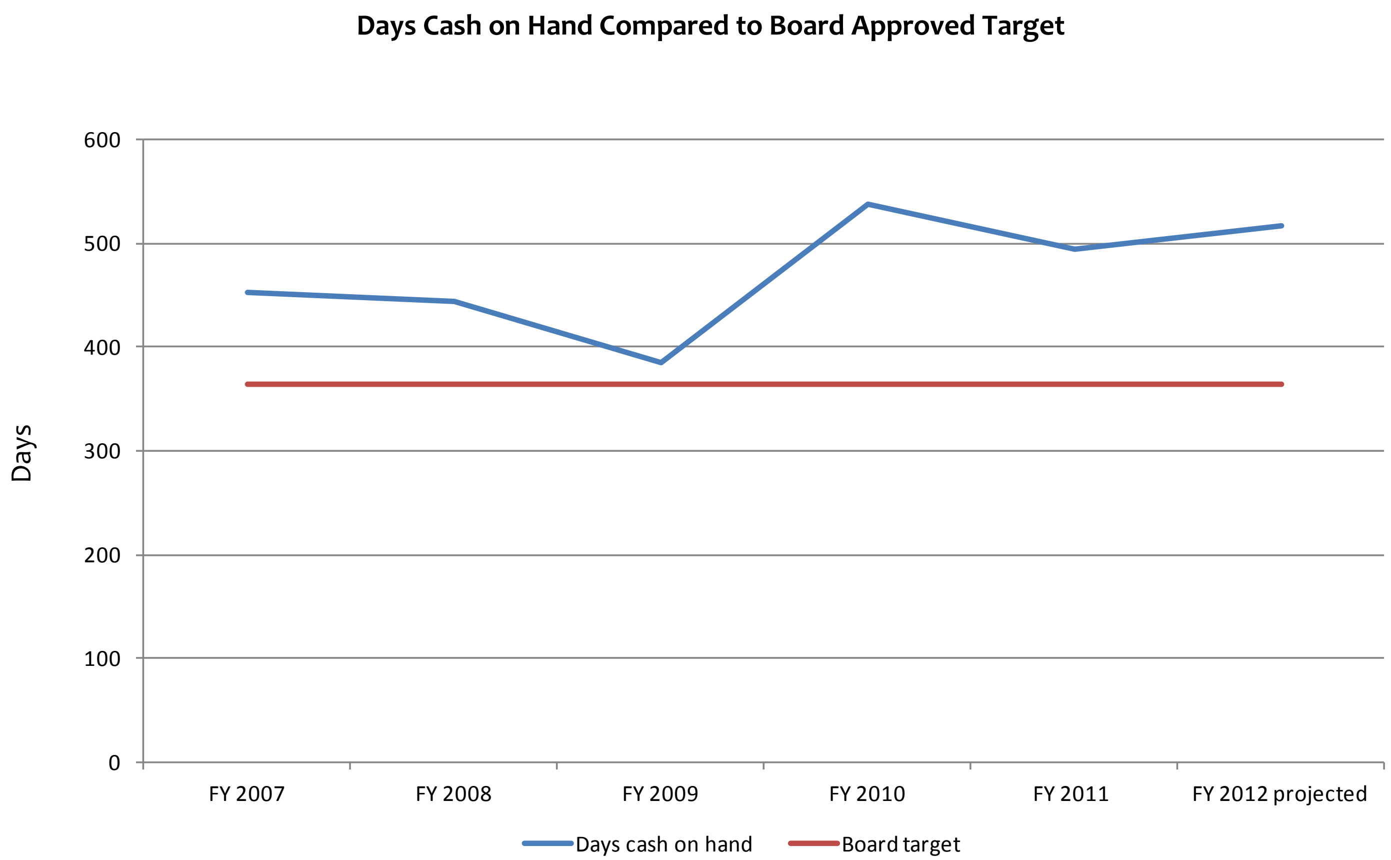


Figure 55 – Days Cash on Hand

Source: San Diego County Regional Airport Authority. Information presented reflects those years with full year's audited financial statements.

Airline Cost per Enplaned Passenger

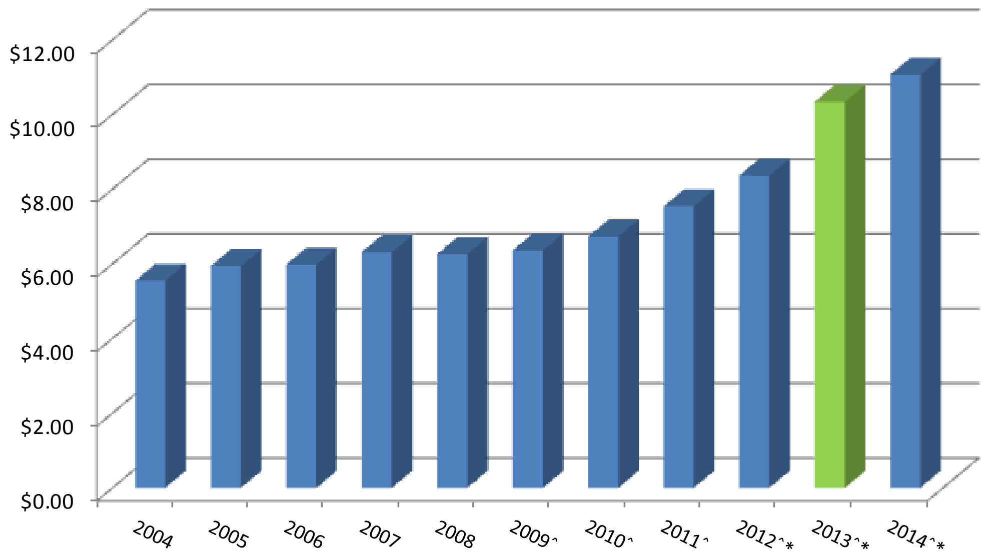
Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

Fiscal Years ended June 30, 2004 to 2014

Fiscal Year	Enplaned Passengers (1)	Cost per Enplaned Passenger
2004	7,947	$5.55
2005	8,449	$5.94
2006	8,750	$5.98
2007	8,892	$6.31
2008	9,389	$6.26
2009ˆ	8,536	$6.36
2010ˆ	8,454	$6.73
2011ˆ	8,441	$7.54
2012ˆ*	8,494	$8.37
2013ˆ*	8,606	$10.34
2014ˆ*	8,692	$11.06

(1) In Thousands

Cost per Enplaned Passenger



*Projected FY 2012 and Budgeted FY 2013 & FY 2014.

ˆFuel farm cost recovery and fuel franchise fees are excluded from the calculation in FY 2009 – FY 2013 per Airline Operating Agreement methodology

Figure 56 – Airline Cost per Enplaned Passenger

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Airline Cost per Enplaned Passenger by Airport

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SDIA compares to other large airports.

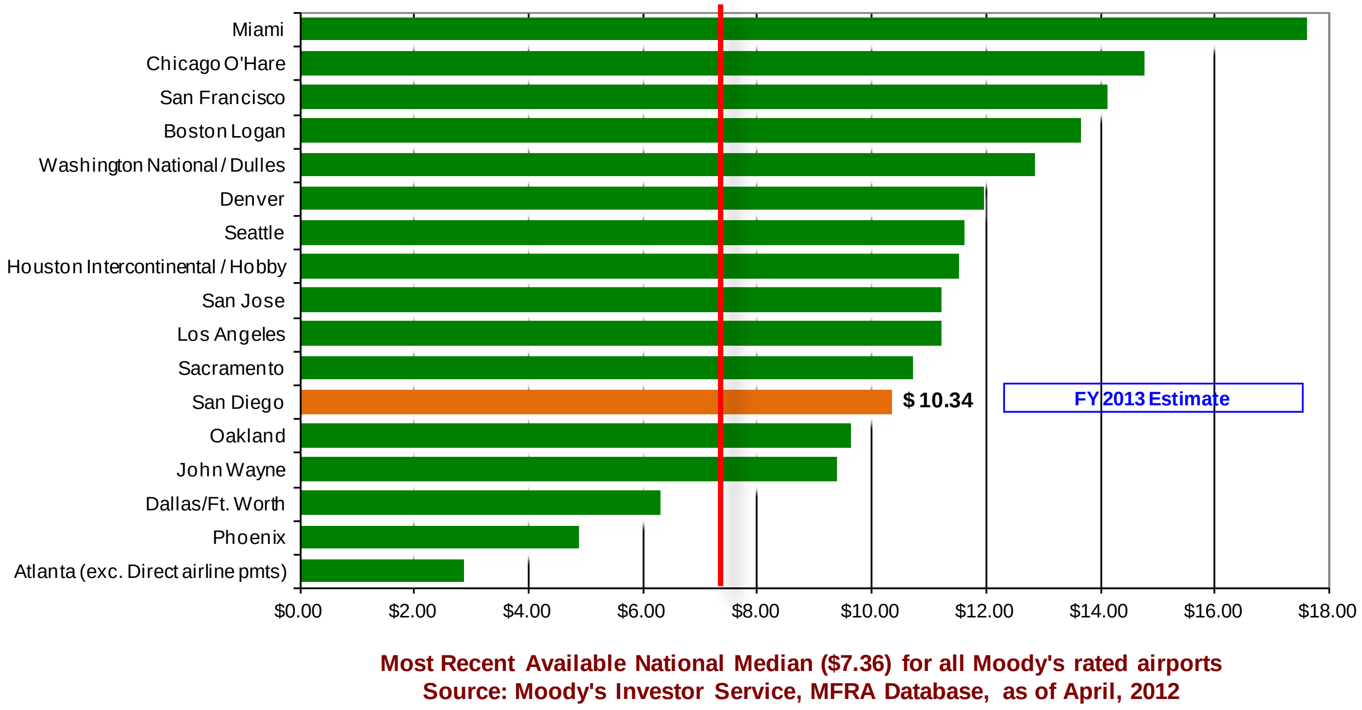


Figure 57 – Airline Cost per Enplaned Passenger by Airport

Passenger Satisfaction Rating

Since 2004 SDIA has been measuring passenger satisfaction on a quarterly basis. Based on a five (5) point scale where one (1) is very dissatisfied and five (5) is very satisfied. The satisfaction rating graphs outline the percentage of customers that rated a four (4) or better.

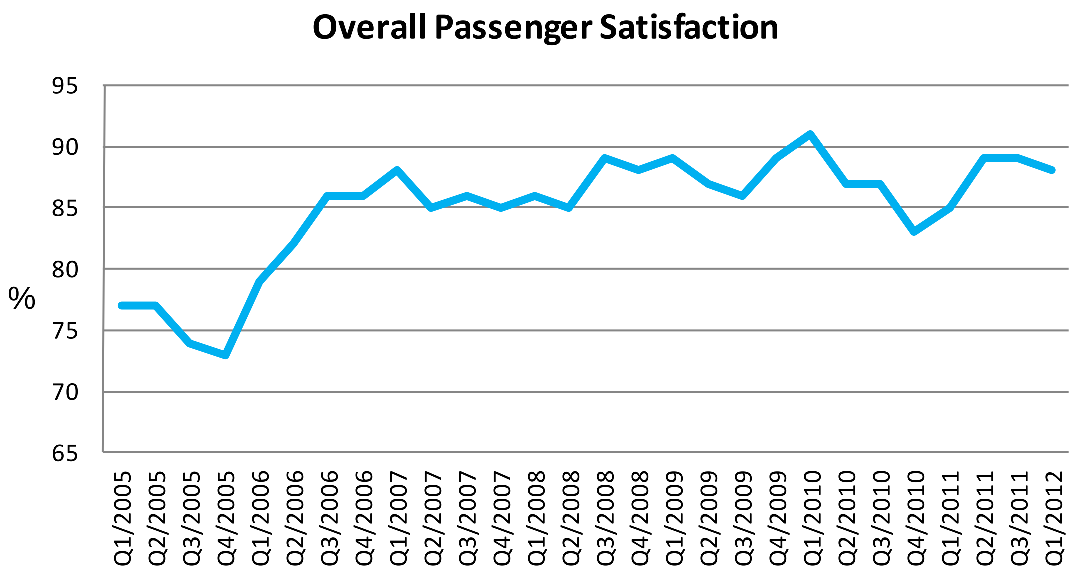


Figure 58 – Passenger Satisfaction Rating

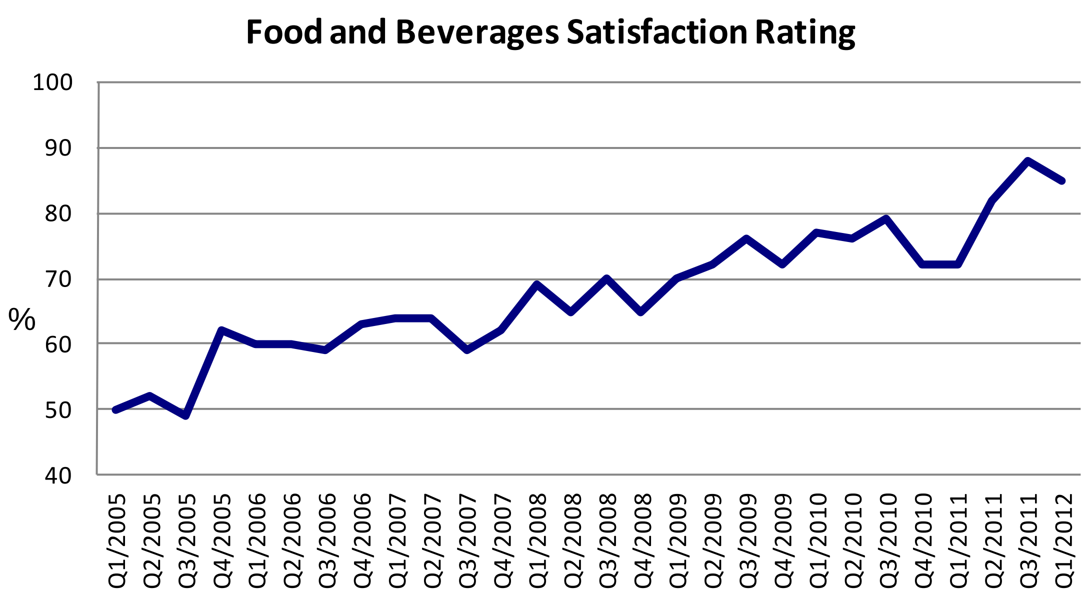


Figure 59 – Food and Beverage Satisfaction Rating

Passenger Satisfaction Rating (cont.)

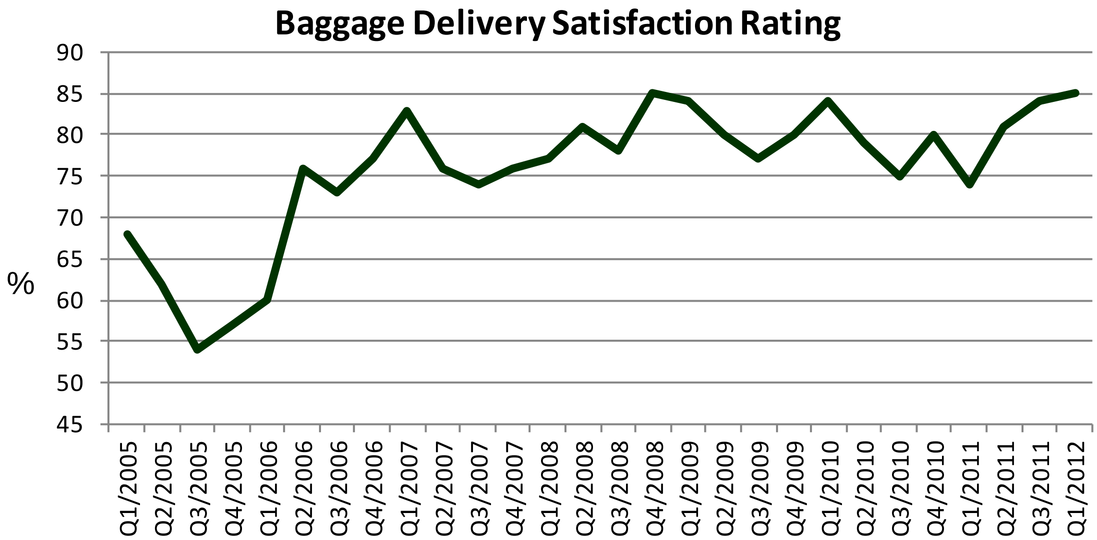


Figure 60 – Baggage Delivery Rating

Figure 61 – Terminal Facilities Satisfaction Rating

Passenger Satisfaction Rating (cont.)

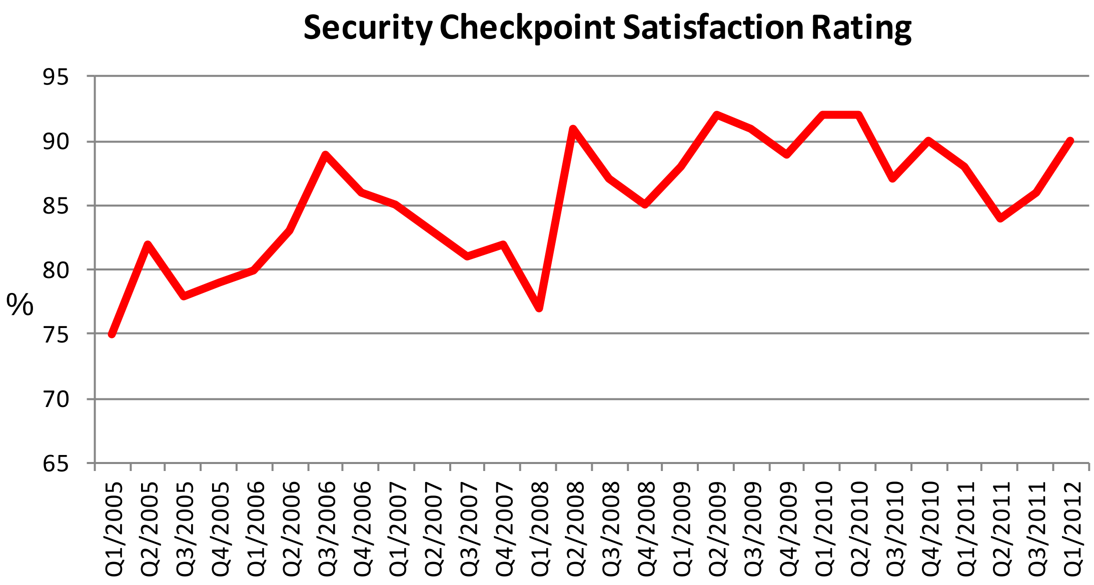


Figure 62 – Security Checkpoint Satisfaction Rating

Figure 63 – Retail Rating

Supplemental Data

Supplemental Data
Annual Enplaned Passengers

Fiscal years ended June 30, 2000 to 2014

Fiscal Year	Enplaned Passengers	% Change
2000	7,768,050	2.8%
2001	8,004,178	3.0%
2002	7,299,511	-8.8%
2003	7,505,705	2.8%
2004	7,947,440	5.9%
2005	8,449,107	6.3%
2006	8,749,734	3.6%
2007	8,892,069	1.6%
2008	9,389,327	5.6%
2009	8,535,774	-9.1%
2010	8,453,886	-1.0%
2011	8,441,120	-0.2%
2012*	8,493,683	0.6%
2013*	8,606,000	1.3%
2014*	8,692,000	1.0%

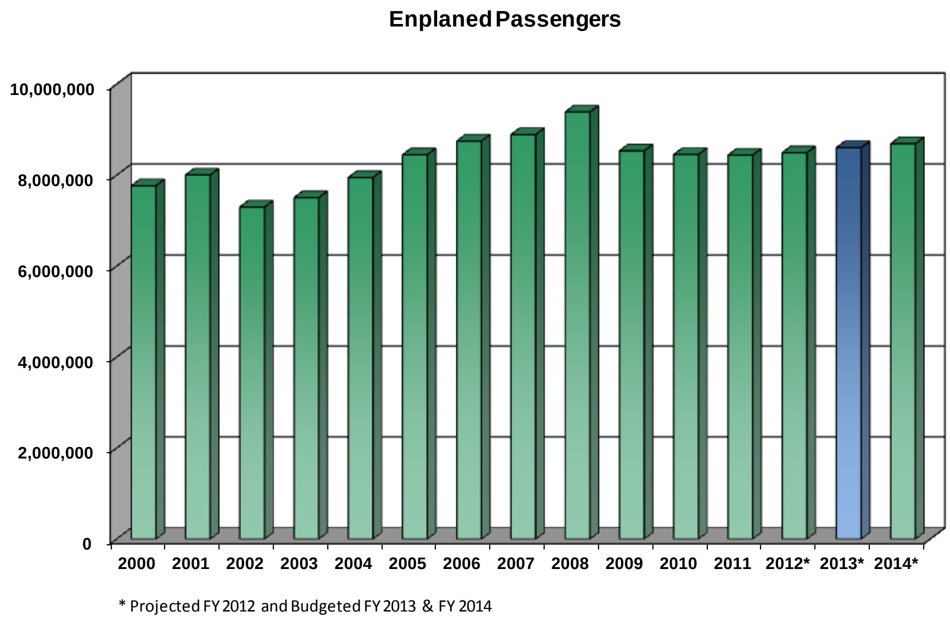


Figure 64 – Annual Enplaned Passengers

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

In FY 2013, enplaned passenger traffic at SDIA is projected to reach 8.61 million, which represents a 0.4% reduction from the 8.64 million enplanements used in the FY 2012 Budget and a 1.3% increase over the 8.49 million projected FY 2012 year end enplanements. Enplaned passengers are projected to increase by 1.0% to 8.69 million in the FY 2014 Conceptual Budget.

Airline Market Share FY 2003 – FY 2011

Air Carrier	2003 Enplane-ments	Share	2004 Enplane-ments	Share	2005 Enplane-ments	Share	2006 Enplane-ments	Share	2007 Enplane-ments	Share	2008 Enplane-ments	Share	2009 Enplane-ments	Share	2010 Enplane-ments	Share	2011 Enplane-ments	Share
Aeromexico	43,154	0.6%	47,533	0.6%	49,488	0.6%	58,969	0.7%	39,518	0.4%	32,223	0.3%	27,772	0.3%	24,335	0.3%	—	0.0%
Air Canada	–	–	–	–	–	–	–	–	55,398	0.6%	55,031	0.6%	27,255	0.3%	46,959	0.6%	58,539	0.7%
AirTran Airways	–	–	–	–	–	–	–	–	7,983	0.1%	97,937	1.0%	66,475	0.8%	37,530	0.4%	17,978	0.2%
Alaska Airlines	419,644	5.6%	439,430	5.5%	476,395	5.6%	492,891	5.6%	536,784	6.0%	498,169	5.3%	428,515	5.0%	435,722	5.2%	514,498	6.1%
Aloha Airlines	–	–	–	–	29,051	0.3%	41,882	0.5%	38,418	0.4%	33,620	0.4%	–	0.0%	—	0.0%	—	0.0%
America West	369,279	4.9%	450,256	5.7%	466,615	5.5%	451,904	5.2%	374,072	4.2%	78,298	0.8%	–	0.0%	—	0.0%	—	0.0%
American Airlines	860,889	11.5%	831,823	10.5%	879,144	10.4%	968,832	11.1%	873,624	9.8%	808,790	8.6%	735,067	8.6%	704,909	8.3%	658,752	7.8%
British Airways	59,937	0.8%	16,756	0.2%	–	–	–	–	–	–	–	–	–	0.0%	—	0.0%	6,912	0.1%
Continental Airlines	319,737	4.3%	354,114	4.5%	401,803	4.8%	454,699	5.2%	503,189	5.7%	520,856	5.5%	503,242	5.9%	507,443	6.0%	496,100	5.9%
Delta Airlines	711,123	9.5%	674,570	8.5%	713,872	8.4%	666,101	7.6%	633,772	7.1%	687,104	7.3%	618,127	7.2%	900,510	10.7%	919,323	10.9%
Frontier Airlines	99,325	1.3%	140,846	1.8%	152,917	1.8%	171,544	2.0%	196,598	2.2%	231,926	2.5%	203,689	2.4%	196,628	2.3%	219,008	2.6%
Hawaiian Airlines	81,393	1.1%	101,847	1.3%	108,798	1.3%	112,410	1.3%	154,932	1.7%	160,939	1.7%	100,626	1.2%	90,874	1.1%	98,887	1.2%
JetBlue Airlines	706	0.0%	119,517	1.5%	118,762	1.4%	161,594	1.8%	151,984	1.7%	224,205	2.4%	235,199	2.8%	167,031	2.0%	141,684	1.7%
Midwest Airlines	–	–	–	–	–	–	18,688	0.2%	34,551	0.4%	42,763	0.5%	8,380	0.1%	—	0.0%	—	0.0%
Northwest Airlines	303,878	4.0%	310,795	3.9%	319,790	3.8%	292,393	3.3%	286,952	3.2%	295,724	3.1%	272,684	3.2%	—	0.0%	—	0.0%
Southwest Airlines	2,613,353	34.8%	2,741,470	34.5%	2,866,405	33.9%	2,979,763	34.1%	3,106,431	34.9%	3,306,386	35.2%	3,122,090	36.6%	3,183,084	37.7%	3,277,931	38.8%
Sun Country Airlines	12,864	0.2%	21,515	0.3%	27,339	0.3%	41,091	0.5%	45,931	0.5%	44,454	0.5%	35,885	0.4%	24,984	0.3%	24,175	0.3%
United Airlines	890,984	11.9%	939,722	11.8%	982,535	11.6%	989,744	11.3%	990,725	11.1%	978,816	10.4%	927,023	10.9%	920,960	10.9%	878,307	10.4%
US Airways	237,094	3.2%	241,167	3.0%	251,629	3.0%	212,622	2.4%	300,568	3.4%	552,751	5.9%	563,392	6.6%	512,558	6.1%	523,378	6.2%
Virgin America	–	–	–	–	–	–	–	–	–	–	57,292	0.6%	155,649	1.8%	151,110	1.8%	133,377	1.6%
Other	24,555	0.3%	–	–	8,439	0.1%	27,329	0.3%	8,128	0.1%	47,257	0.5%	25,457	0.3%	51,541	0.6%	37,776	0.4%
Total Air Carrier	7,047,915	93.9%	7,431,361	93.5%	7,852,982	92.9%	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%
Commuter																		
American Eagle	216,014	2.9%	276,485	3.5%	288,843	3.4%	287,136	3.3%	275,087	3.1%	238,147	2.5%	232,289	2.7%	207,272	2.5%	155,421	1.8%
Express Jet Airlines	–	–	–	–	–	–	–	–	17,603	0.2%	202,429	2.2%	36,034	7.5%	—	0.0%	—	0.0%
Mesa Airlines	51,090	0.7%	42,235	0.5%	114,010	1.3%	117,330	1.3%	42,219	0.5%	17,098	0.2%	7,381	0.1%	18,670	0.2%	6,709	0.1%
Skywest Airlines	182,545	2.4%	197,359	2.5%	193,272	2.3%	202,812	2.3%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Skywest- Delta Connection	–	–	–	–	–	–	–	–	55,646	0.6%	36,610	0.4%	66,783	0.8%	93,380	1.1%	92,818	1.1%
Skywest- United Express	–	–	–	–	–	–	–	–	161,956	1.8%	140,502	1.5%	136,760	1.6%	178,386	2.1%	179,547	2.1%
Other	8,141	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Total Commuter	457,790	6.1%	516,079	6.5%	596,125	7.1%	607,278	6.9%	552,511	6.2%	634,786	6.8%	479,247	5.6%	497,708	5.9%	434,495	5.1%
Total Enplanements	7,505,705	100%	7,947,440	100%	8,449,107	100.0%	8,749,734	100%	8,892,069	100%	9,389,327	100%	8,535,774	100%	8,453,886	100%	8,441,120	100%

Figure 65 – Airline Market Share

The more diverse an airport's airline market share, the less susceptible it is to the effects of an airline's financial position or changing service levels. Seven carriers accounted for approximately 86% of the enplaned passengers. Information presented reflects those years that the Authority was in operation.

Aircraft Landed Weight

Fiscal Years ended June 30, 2000 to 2014

Fiscal Year	Aircraft Landed Weight (000 lbs)	% Change
2000	11,106,313	1.8%
2001	11,275,236	1.5%
2002	10,626,416	-5.8%
2003	10,841,140	2.0%
2004	10,748,648	-0.9%
2005	11,200,204	4.2%
2006	11,604,873	3.6%
2007	11,773,957	1.5%
2008	12,501,491	6.2%
2009	11,496,758	-8.0%
2010	10,892,867	-5.3%
2011	10,606,160	-2.6%
2012*	10,786,253	1.7%
2013*	11,034,350	2.3%
2014*	11,097,810	0.6%

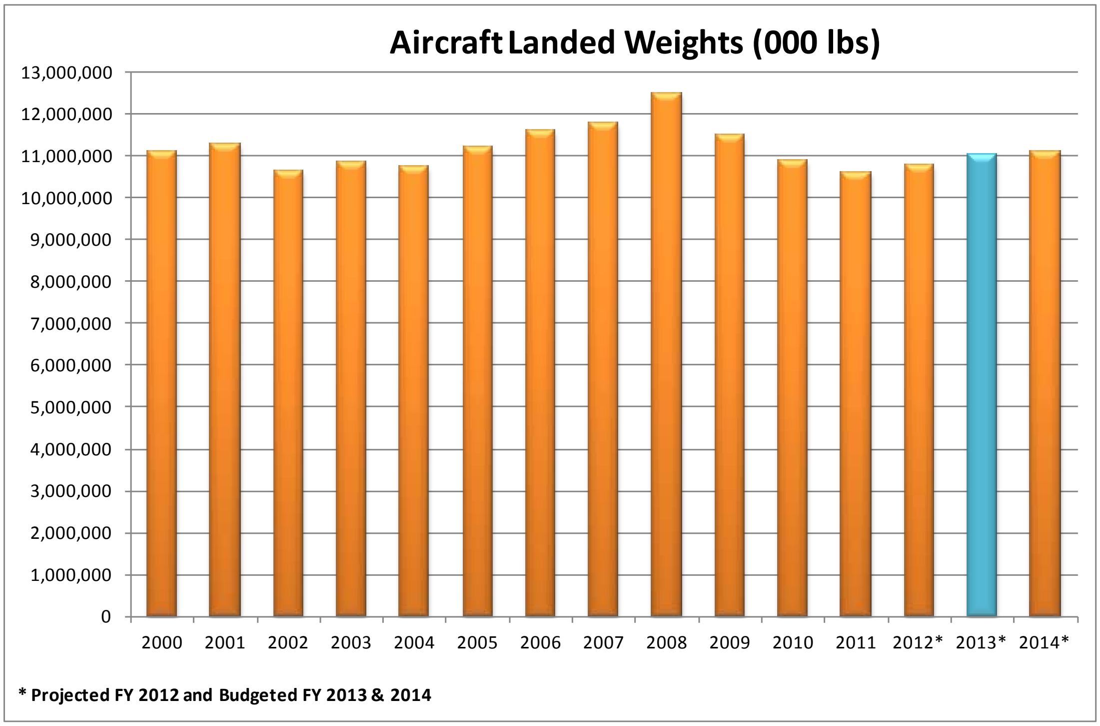


Figure 66 – Aircraft Landed Weight

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2013, landed weight is estimated to increase by 2.3% over FY 2012 year end projections reflecting a new airline service.

Aircraft Landed Weight (cont.)

Aircraft Landed Weight (Thousand pounds)
Top 15 Ranked on Fiscal Year 2011 Results

	Airline	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total
1.	Southwest Airlines	3,286,030	30.3%	3,418,786	31.8%	3,570,052	31.9%	3,768,374	32.5%	3,956,170	33.6%	4,416,996	35.3%	4,415,780	38.4%	4,068,974	37.4%	4,001,530	37.7%
2.	United Airlines	1,234,404	11.4%	1,192,898	11.1%	1,278,347	11.4%	1,269,465	10.9%	1,270,371	10.8%	1,222,906	9.8%	1,148,637	10.0%	1,147,560	10.5%	1,075,569	10.1%
3.	Delta Airlines	1,051,990	9.7%	963,140	9.0%	927,763	8.3%	850,348	7.3%	798,104	6.8%	839,172	6.7%	713,622	6.2%	893,467	8.2%	1,062,254	10.0%
4.	American Airlines	1,231,431	11.4%	1,045,382	9.7%	1,009,498	9.0%	1,089,872	9.4%	961,143	8.2%	890,796	7.1%	848,513	7.4%	766,151	7.0%	672,059	6.3%
5.	US Airways	307,783	2.8%	307,919	2.9%	298,983	2.7%	250,303	2.2%	391,358	3.3%	713,030	5.7%	684,354	6.0%	626,510	5.8%	603,439	5.7%
6.	Alaska Airlines	568,499	5.2%	574,698	5.3%	605,435	5.4%	616,552	5.3%	668,390	5.7%	612,282	4.9%	536,281	4.7%	511,813	4.7%	595,238	5.6%
7.	Continental Airlines	423,145	3.9%	441,702	4.1%	454,189	4.1%	497,929	4.3%	533,322	4.5%	538,786	4.3%	521,842	4.5%	514,981	4.7%	507,803	4.8%
8.	Federal Express	341,374	3.1%	343,931	3.2%	384,702	3.4%	445,744	3.8%	456,152	3.9%	447,636	3.6%	402,665	3.5%	400,303	3.7%	421,239	4.0%
9.	Skywest Airlines	233,991	2.2%	239,521	2.2%	247,215	2.2%	251,902	2.2%	246,559	2.1%	195,777	1.6%	219,416	1.9%	332,408	3.1%	338,812	3.2%
10.	Frontier Airlines	127,679	1.2%	176,080	1.6%	194,758	1.7%	246,749	2.1%	283,898	2.4%	287,387	2.3%	237,269	2.1%	227,847	2.1%	249,492	2.4%
11.	American Eagle	271,184	2.5%	341,205	3.2%	335,439	3.0%	338,424	2.9%	321,712	2.7%	280,234	2.2%	280,413	2.4%	254,122	2.3%	174,888	1.6%
12.	Virgin America	-	-	-	-	-	-	-	-	-	-	3,122	0.02%	221,333	1.9%	205,348	1.9%	173,686	1.6%
13.	JetBlue Airlines	-	-	144,191	1.3%	123,145	1.1%	174,337	1.5%	175,333	1.5%	288,239	2.3%	297,340	2.6%	201,071	1.8%	167,369	1.6%
14.	Hawaiian Airlines	117,934	1.1%	135,040	1.3%	145,920	1.3%	145,920	1.3%	211,840	1.8%	235,200	1.9%	137,145	1.2%	121,600	1.1%	134,080	1.3%
15.	United Parcel													127,900	1.1%	118,874	1.1%	120,158	1.1%
	Subtotal	**9,195,444**	**88.4%**	**9,324,493**	**90.0%**	**9,575,446**	**88.7%**	**9,945,919**	**88.4%**	**10,274,351**	**90.0%**	**10,971,563**	**90.4%**	**10,792,510**	**93.9%**	**10,391,028**	**95.4%**	**10,297,615**	**97.1%**
	All Others	1,645,696	15.2%	1,424,155	13.2%	1,624,758	14.5%	1,658,955	14.3%	1,499,606	12.7%	1,529,928	12.2%	704,248	6.1%	501,839	4.6%	308,544	2.9%
	TOTAL	**10,841,140**	**103.6%**	**10,748,648**	**103.3%**	**11,200,204**	**103.2%**	**11,604,873**	**102.7%**	**11,773,957**	**102.8%**	**12,501,491**	**102.7%**	**11,496,758**	**100.0%**	**10,892,867**	**100.0%**	**10,606,160**	**100.0%**

Figure 67 – Top 15 Ranked by Aircraft Landed Weight

Source: San Diego Unified Port District (for the first six months of Fiscal Year 2003) and SDCRAA.

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual.

Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SDIA.

Information presented reflects those years that the Authority was in operation.

Landing Fees

Fiscal Years Ended June 30, 2000 to 2014

Fiscal Year	Landing Fees Per 1,000 lbs.	% Change
2000	$1.50	18.1%
2001	1.56	4.0%
2002	1.62	3.8%
2003	2.13	31.5%
2004	2.21	3.8%
2005	2.02	-8.6%
2006	1.92	-5.0%
2007	2.04	6.2%
2008	1.98	-2.9%
2009	1.62	-18.0%
2010	1.71	5.5%
2011	1.78	3.7%
2012*	1.82	2.3%
2013*	1.96	7.8%
2014*	1.94	-1.0%

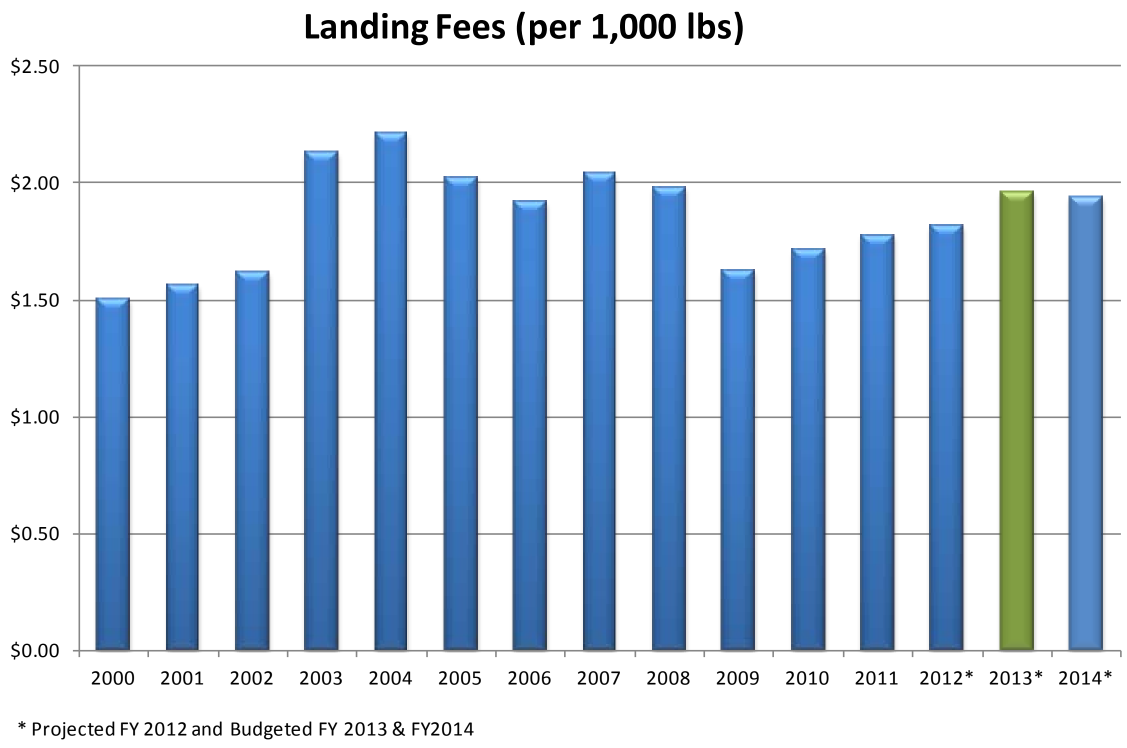


Figure 68 – Landing Fees

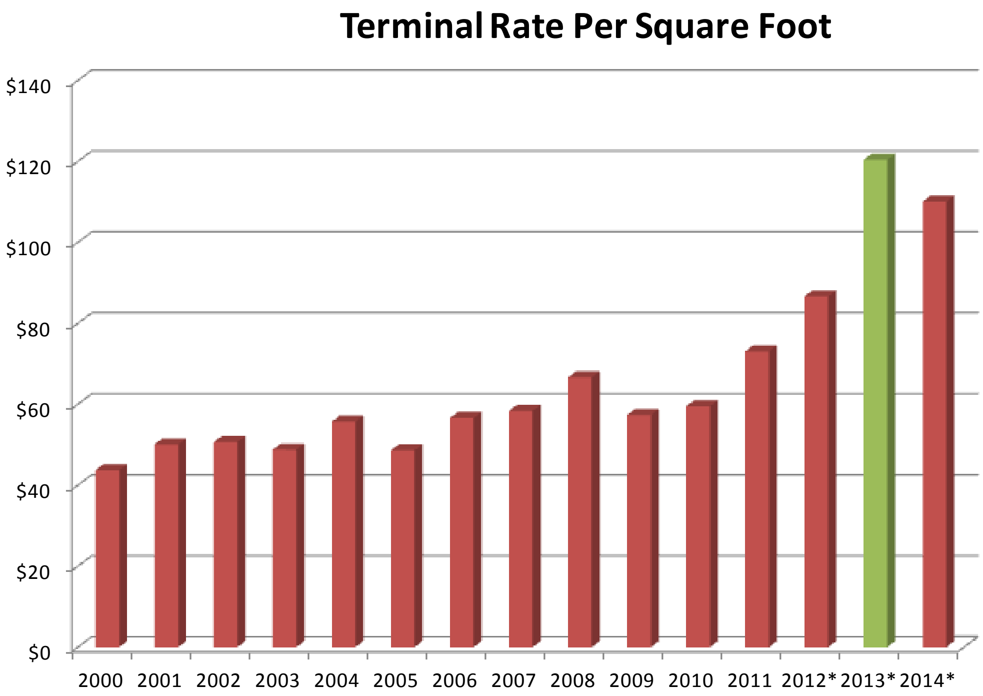
Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Landing fees are revenues from passenger and cargo airlines for commercial landings at the airport. Beginning with FY 2005, the Security Surcharge was excluded from the Landing Fee and charged separately, and beginning with FY 2009, Aircraft parking was excluded from Landing Fees and charged separately.

Terminal Rates Billed to Airlines

Fiscal Years Ended June 30, 2000 to 2014

Fiscal Year	Terminal Rates Per Square Foot **	% Change
2000	$43.74	-0.7%
2001	50.12	14.6%
2002	50.67	1.1%
2003	48.81	-3.7%
2004	55.75	14.2%
2005	48.62	-12.8%
2006	56.62	16.5%
2007	58.39	3.1%
2008	66.67	14.2%
2009	57.38	-13.9%
2010	59.53	3.7%
2011	73.09	22.8%
2012*	86.67	18.6%
2013*	120.40	38.9%
2014*	110.06	-8.6%



* Projected FY 2012 and Budgeted FY 2013 and FY 2014
** Net of janitorial credit

Figure 69 – Terminal Rates

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Terminal Rates are rates billed to airlines for the rent of terminal space per square foot. Beginning with FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

Aircraft Operations (Takeoffs and Landings)

Fiscal Year	Air Carriers	Air Commuters	Total	Civil	Military	Total
2000	152,582	43,070	195,652	16,916	723	213,291
2001	152,180	44,850	197,030	14,694	968	212,692
2002	143,615	40,163	183,778	14,139	1,622	199,539
2003	143,283	47,802	191,085	14,415	1,229	206,729
2004	144,156	46,418	190,574	15,080	1,761	207,415
2005	148,975	51,377	200,352	17,069	1,094	218,515
2006	154,092	54,156	208,248	17,383	1,121	226,752
2007	157,198	50,068	207,266	17,195	983	225,444
2008	167,753	55,373	223,126	16,123	1,040	240,289
2009	155,766	39,122	194,888	12,721	1,174	208,783
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

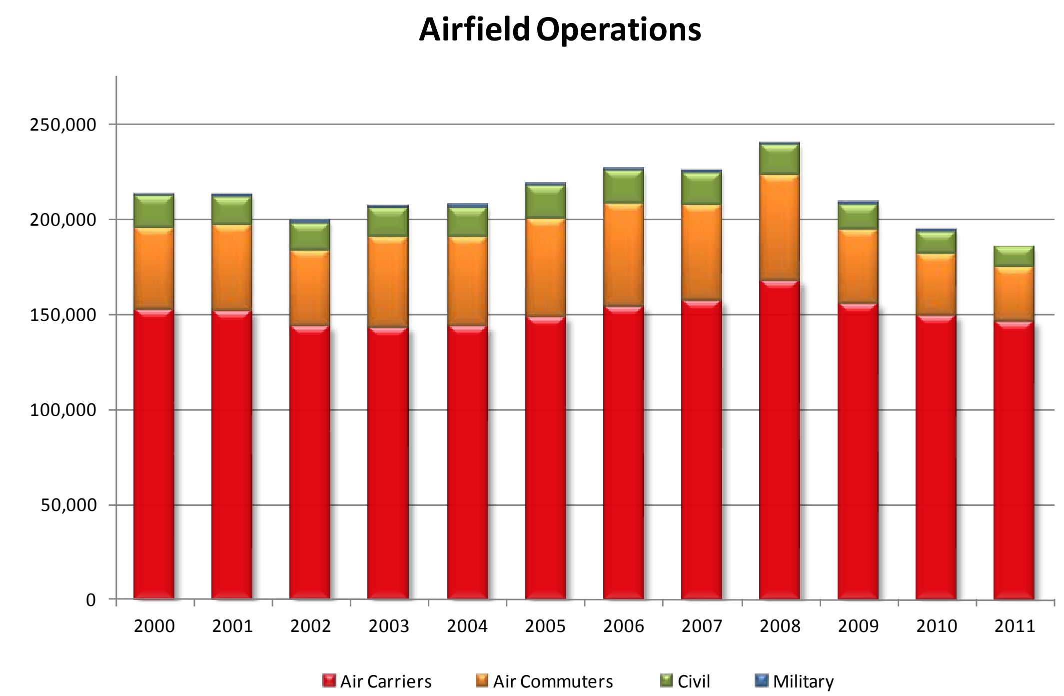


Figure 70 – Airfield Operations

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Aircraft operations are the takeoffs and landings at SDIA, which represent the level of demand. They represent the level of demand for air service by the airlines operating at SDIA.

Authority Largest Sources of Revenues

Tenant	2004	2005	2006	2007	2008	2009	2010	2011	% of Total Operating Revenue
Southwest Airlines	$ 10,692,447	$ 12,767,378	$ 13,464,404	$ 15,624,767	$ 16,920,722	$ 17,658,629	$ 19,428,103	$ 21,306,108	14.8%
Host International	7,106,523	8,038,435	9,147,356	9,808,385	10,875,857	9,883,713	9,907,860	10,360,436	7.2%
United Airlines	4,989,506	5,877,927	5,717,234	6,623,373	6,522,426	6,344,127	7,905,284	9,280,812	6.4%
Delta Airlines	4,774,243	5,010,848	4,876,095	5,347,415	5,168,634	4,647,333	6,663,671	8,003,895	5.6%
American Airlines	7,772,143	8,472,274	10,191,557	8,303,616	7,750,147	5,543,732	7,693,564	7,611,443	5.3%
Hertz Rent-A-Car	4,901,573	5,316,755	5,979,512	6,728,751	6,860,949	5,816,230	5,861,737	5,635,151	3.9%
Enterprise Rent-A-Car	858,956	1,084,031	2,888,849	2,007,684	2,530,192	2,501,720	2,517,682	4,431,129	1.7%
US Airways	699,542	672,643	571,874	1,714,362	4,048,246	3,478,789	3,756,383	3,899,253	2.7%
Continental Airlines	1,849,721	2,123,291	2,364,096	2,995,689	3,314,090	3,026,644	3,502,608	3,858,514	2.7%
Avis Budget Rent-A-Car Group	3,103,562	4,966,532	6,002,357	4,465,182	6,193,565	5,505,770	3,378,607	3,842,594	2.7%

Figure 71 – Authority Largest Sources of Revenues

Source: San Diego County Regional Airport Authority, CAFR 2011

Information presented reflects those years that the Authority was in operation.

Population & Economic Metrics
San Diego County (CY 2000-2012)

Calendar Year	Estimated Population [1]	% Change	Per Capita Personal Income [2]	% Change	Labor Force [2]
2000	2,813,833	1.5%	32,789	8.5%	1,376,008
2001	2,865,208	1.8%	33,801	3.0%	1,409,726
2002	2,922,758	2.0%	34,612	2.3%	1,450,497
2003	2,975,082	1.8%	35,676	3.0%	1,468,198
2004	3,011,770	1.2%	38,452	7.2%	1,490,781
2005	3,038,074	0.9%	40,383	4.8%	1,505,892
2006	3,065,077	0.9%	42,801	5.6%	1,520,474
2007	3,100,132	1.1%	45,911	6.8%	1,542,445
2008	3,131,552	1.0%	46,649	1.6%	1,548,700
2009	3,173,407	1.3%	42,325	-10.2%	1,554,100
2010	3,091,579	-2.6%	43,104	1.8%	1,558,200
2011	3,118,876	0.9%	N/A	N/A	1,551,000
2012	3,143,429	0.8%	N/A	N/A	1,600,200

Figure 72 – Population Metrics

Sources:

(1) California Department of Finance, E-1 Population Estimates for Cities, Counties and the State, January 1st of the calendar years shown

(2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income

Households & Income

Households	2000	2010	2000-2010 Change
Number of Households	450,691	518,063	13.0%
Median Household Income	47,360	44,772	-5.8%

Income Distribution	2000	2010	2000-2010 Change
Less than $15,000	12.5%	14.0%	10.7%
$15,000 - 29,999	18.0%	19.0%	5.3%
$30,000 - 44,999	17.3%	18.0%	3.9%
$45,000 - 59,999	13.9%	14.0%	0.7%
$60,000 - 74,999	11.0%	11.0%	0.0%
$75,000 - 99,999	11.5%	11.0%	-4.5%
$100,000 - 124,000	6.6%	6.0%	-10.0%
$125,000 - 149,999	3.3%	3.0%	-10.0%
$150,000 - 199,999	2.9%	2.0%	-45.0%
$200,000 or more	3.0%	3.0%	0.0%

Figure 73 – Household and Incomes

Source: San Diego Association of Governments, 2010 (Income in real 1999 dollars, adjusted for inflation).
Note: Percentages may not add to 100% due to rounding.

Labor Force, Employment, Unemployment Rate

San Diego County

FY 2012	Labor Force	Employment	Unemployment	Unemployment Rate
July	1,589,800	1,422,200	167,600	10.50%
August	1,589,300	1,426,300	163,000	10.30%
September	1,583,700	1,425,100	157,500	9.90%
October	1,591,500	1,436,100	155,400	9.80%
November	1,592,000	1,443,100	149,000	9.40%
December	1,595,000	1,450,700	144,200	9.00%
January	1,586,600	1,438,500	148,100	9.30%
February	1,588,300	1,439,200	149,100	9.40%
March	1,594,600	1,442,000	152,600	9.60%
April	1,582,200	1,444,000	138,200	8.70%
May	1,585,300	1,445,800	139,600	8.80%
June	1,600,200	1,452,400	147,800	9.20%

Figure 74 – Labor Force, Employment, Unemployment Rate

Notes: 1) Data may not add due to rounding. The unemployment rate is calculated using unrounded data.
2) Labor force data for all geographic areas for 1990 to 2008 now reflect the March 2008 annual revision (or benchmark) and Census 2000 population controls at the state level.

Source: State of California Employment Development Department, Labor Market Information Division, June 2012 Benchmark (not seasonally adjusted)

Principal Employers

	2011			2000		
Employer	Employees [1]	Rank	Percentage Total of County Employment [2]	Employees [3]	Rank	Percentage Total of County Employment [4]
U.S. Federal Government	44,000	1	3.50%	43,000	1	3.27%
State of California	42,300	2	3.37%	35,600	2	2.71%
UC San Diego	26,823	3	2.13%	20,653	3	1.57%
County of San Diego	15,391	4	1.23%	16,555	4	1.26%
Sharp HealthCare	14,832	5	1.18%	8,003	7	0.61%
San Diego Unified School District	14,485	6	1.15%	12,784	5	0.97%
Scripps Health	13,823	7	1.10%	-	-	0.00%
Qualcomm Inc.	11,847	8	0.94%	7,000	9	0.53%
City of San Diego	10,470	9	0.83%	11,500	6	0.88%
Kaiser Permanente	7,404	10	0.59%	6,600	10	0.50%
US Postal Service	-	-	-	7,124	8	0.54%
Total	201,375		16.03%	168,819		12.85%

Sources:

[1] *San Diego Business Journal*

[2] *California Labor Market Info*
Percentage is calculated by dividing employees by total employment of 1,256,400 for August 2011

[3] *San Diego Regional Chamber of Commerce*

[4] *California Labor Market Info*
Percentage is calculated by dividing employees by total employment of 1,313,900 for August 2000

Figure 75 – Principal Employers

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Glossary

AAAE – American Association of Airport Executives.

ACCRUAL BASIS OF ACCOUNTING – Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

ACI-NA – The Airports Council International–North America represents 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.

AIRCRAFT OPERATION – The landing or takeoff of an aircraft.

AIRLINE COST PER ENPLANEMENT – The total annual cost of fees and charges paid by the airlines divided by the total enplanements.

AIRPORT – Refers to the San Diego International Airport.

AIRPORT IMPROVEMENT PROGRAM – A Federal Aviation Administration program periodically authorized by Congress which distributes the proceeds of the federal tax on airline tickets to airports through grants for eligible construction projects and land acquisition. See "Federal Grants."

AIRPORT LAND USE COMMISSION – The Airport Land Use Commission (ALUC) is an agency required by state law to exist in counties served by a commercial and/or a general aviation airport. The purpose of the ALUC is to protect public health, safety, and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority serves as the Airport Land Use Commission for airports in San Diego County.

AIRPORT MASTER PLAN – An airport master plan represents the approved actions to be accomplished for phased development of the airport. Master plans address the airfield, terminal, landside access improvements, modernization and expansion of existing airports, and establish the premise for site selection and planning for a new airport.

AIRPORT NOISE COMPATIBILITY PROGRAM – The mission of the Airport Noise Compatibility Program is to reduce the aircraft noise impact on the community through mitigation programs while monitoring compliance with local, state and federal regulations, thus maintaining an environmentally viable airport.

AIRPORT RESOURCE PLANNING (ARP) – A comprehensive information technology system with specific applications in the areas of human resources, accounting, procurement, real estate management, and customer relationship management.

ARFF – Aircraft Rescue and Fire Fighting

THE AUTHORITY – Refers to the San Diego County Regional Airport Authority.

AVIATION ACTIVITY FORECAST – A forecast of aviation activities that is used in airport facilities planning and in evaluating environmental and fiscal impacts on the airport. These forecasts typically contain projections of passenger demand, airline flights, and other activity segments that are likely to grow in the future and seek to measure when an existing facility will not be able to accommodate the projected growth.

BUDGET – A financial plan for a specified period of time (fiscal year) that matches planned expenses and revenues with planned services.

BUDGET CALENDAR – The schedule of key dates or milestones that the Authority follows in the preparation, adoption, and administration of the annual budget.

BOND COVENANT – An agreement with bond holders, which defines, among other things, the priority of payment of debt service in the use of revenues.

CAPITAL IMPROVEMENT PROGRAM – A rolling, near-term five-year program that provides for critical needed improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety improvement, and enhanced revenue potential.

CAPITALIZED LABOR – Personnel salaries, taxes, and benefits expenses that are associated with capital projects.

COMMERCIAL PAPER – Commercial Paper (CP) is a short-term promissory note issued for periods up to 270 days, with maturities commonly at 30, 60, and 90 days. The Authority currently has commercial paper programs with two series, one Alternative Minimum Tax (AMT) and one non-AMT.

COMMUTER AIRLINE – An airline that operates aircraft with a maximum of 60 seats and with an operating frequency of at least five scheduled round trips per week between two or more points. See also "Major Airline," "National Airline," and "Regional Airline."

CONCESSIONAIRE – A person or company having a lease, contract, or operating permit arrangement with the Authority, entitling them to do business on the airport.

CONNECTING PASSENGER – A passenger who transfers from one flight to another en route to a final destination

COST CENTER – An area of the Airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

CUSTOMER FACILITY CHARGE (CFC) – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

DEBT SERVICE – Principal and interest payments on bonds.

DEBT SERVICE COVERAGE – An amount equal to 125 percent of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

DISCRETIONARY GRANTS – See "Federal Grants."

DISTRICT – The San Diego Unified Port District.

E1 – See Airport Resource Planning.

EMPLOYEE ANNUAL TUNE UP – Annual training session for employees covering policies and procedures.

ENPLANED PASSENGER – Any revenue passenger boarding at the Airport, including any passenger that previously disembarked from another aircraft (i.e., connecting passenger).

ENTERPRISE FUND – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

ENVIRONMENTAL IMPACT REVIEW (EIR) – The review and analysis of the environmental impacts that might potentially arise from changes in facility design or use. Those issues typically addressed in an Environmental Impact Report, Negative Declaration, or similar document, are handled by the Airport Planning Department.

ENVIRONMENTAL IMPACT STATEMENT (EIS) – The EIS is an impact document prepared pursuant to the National Environmental Policy Act (NEPA) that documents the potential environmental impact of an airport infrastructure expansion or modification.

FEDERAL AVIATION ADMINISTRATION (FAA) – The FAA is part of the Department of Transportation and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system, and administers federal grants for development of public-use airports.

FEDERAL GRANTS – The FAA's Airport Improvement Program provides both entitlement and discretionary grants for eligible airport projects. Entitlement funds are determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a Letter of Intent is subject to receipt of Congressional appropriations for grants to airports and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in approved LOI from FAA are used by the Authority as the estimate of federal discretionary grants to be received.

FISCAL YEAR – The annual period beginning July 1st and ending June 30th.

FIXED BASE OPERATORS (FBOs) – Those commercial businesses at the Airport authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

FUND BALANCE – The Authority's fund balance is generally defined as the difference between its assets and liabilities.

GAAP – General Accepted Accounting Principles are uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB – Governmental Accounting Standards Board, the body responsible for establishing GAAP for governmental entities.

GENERAL AVIATION (GA) – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

GSE – Ground Service Equipment.

LANDED WEIGHT – Refers to maximum gross certificated landed weight in one thousand pound units, as stated in the airlines' flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport.

LANDING FEES – Revenues from passenger and cargo carriers for commercial aircraft landings at the airport.

LEGACY CARRIERS – Refers to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. US legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska, and Hawaiian airlines.

MAJOR AIRLINE – US designation for an air carrier with annual operating revenue of more than one billion dollars, such as American, Northwest, and United Airlines. Also called "major carrier."

MAJOR MAINTENANCE PROGRAM – Includes projects that are defined as major repairs to existing buildings or structures and do not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized and are expensed in the operating budget.

NATIONAL AIRLINE – US term for an air carrier with annual operating revenue between $100 million and one billion. Also called "national carrier."

PASSENGERS DAILY EACH WAY (PDEW) – A common measure of Origin–Destination market demand used in the airline industry. Also referred to as "*Passenger trips per day each way*."

PASSENGER FACILITY CHARGE (PFC) – A $4.50 charge (net $4.39 to Airport) attached to each ticketed passenger that boards an airplane at the Airport. Certain types of passengers, including military, are excluded from the Passenger Facility Charge.

QUIETER HOME PROGRAM (QHP) – See Residential Sound Attenuation Program.

RASP – Regional Aviation Strategic Plan. Required by the San Diego Regional Airport Authority Reform Act (SB10). The RASP will guide the regions efforts to improve all transportation services for San Diego County by identifying ways to increase the system capacities of all twelve civil airports, Tijuana Rodriguez International Airport, and selected bordering counties. The RASP will also consider air/rail alignments between facilities and other centers of population in the Southern California region.

REGIONAL AIRLINE – US term for an air carrier with 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.

SDCRAA – San Diego County Regional Airport Authority

SDIA – San Diego International Airport

SERVICE LEVEL AGREEMENT – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

TDP – Terminal Development Program includes a variety of terminal and airfield improvements essential to accommodating the growing passengers' demands at SDIA.

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