



**San Diego County Regional Airport Authority**  
**FY 2015 Adopted Budget & FY 2016 Approved Conceptual Budget**

**Finance & Asset Management**  
**Financial Management**

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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June 5, 2014

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Dear Board Members:

Submitted herein is the San Diego County Regional Airport Authority's (SDCRAA, or Authority) adopted operating and capital budget for Fiscal Year (FY) 2015 and an approved conceptual budget for FY 2016. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Airport Authority Board and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget 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 2015 Conceptual Budget as part of the FY 2014-2015 budget process. This year the FY 2015 Conceptual Budget was revised, and subsequently adopted, as the FY 2015 Budget. The FY 2016 Conceptual Budget was also approved. Next year, the FY 2016 Conceptual Budget will be revised to reflect any changes in goals and initiatives, as well as industry, economic and geopolitical events. After completion of the Authority's budget preparation and evaluation process, a revised FY 2016 Budget will be presented to the Board in June 2015 for review and formal adoption and a FY 2017 Conceptual Budget will also be presented for approval at that time.

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



- Studying, planning and implementing capital improvements to meet current and future facility requirements at SDIA, including the Rental Car Center and close-out of 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 and regulatory requirements. The budget funds, among other things, the activities, infrastructure, equipment and technology needed to support execution of the Authority's strategies, goals and initiatives in the coming fiscal year.

## Guiding Principles

The Authority's organizational strategies and sustainability values 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 sustainability values are illustrated as follows:

STRATEGIES			SUSTAINABILITY VALUES	
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		
4	Employee Strategy	Ensure the highest level of employee commitment and performance	N	Natural Resource Conservation
5	Community Strategy	Be a trusted and highly responsive regional agency	S	Social Responsibility

Figure 1 – FY 2014 & FY 2015 Authority Strategies & Sustainability Values

## Organizational Goals and Initiatives

Guided by the organizational strategies, the budget addresses near and mid-term organizational goals and initiatives, including a number of ongoing programs and studies.

In order to continue achieving the Authority's strategies, it is critical to execute these initiatives over the next two to five years.

## Organizational Initiatives

**Revenue Enhancement and Cost Containment:** It is expected that, for the foreseeable future, the Authority will be operating in a resource constrained environment. Execution of the Authority's financial strategy (to enhance the Authority's financial position) includes the critical components of enhancing revenue (especially non-airline revenue) and containing costs. In order to accomplish this, the organization must be innovative and entrepreneurial, we must implement better ways of running our business which improve efficiency and optimize revenue.

**Strategic Engagement:** In order to optimize the Authority's investment in its workforce, employees must be engaged and aligned to execute strategically important initiatives. Both employee engagement – a measure of the pride, advocacy and commitment to one's job and organization – and strategic engagement – a measure of understanding and alignment to the mission and strategies of the organization – are key indicators of employee performance and workforce retention. Currently, overall Authority employee engagement stands at 78% (compared to national average of 30%) while strategic engagement is at 81% (no national average available). As competition for highly skilled workers continues to grow, the Authority's goal, is for each of these indicators to be in the range of 78%-81% or higher in order to sustain the highest level of employee commitment and performance.

**Airport Development Plan:** The Airport Development Plan (ADP) is the next planning phase 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 includes substantial data collection, a passenger survey, new forecasts, identification of facility requirements, evaluation of alternatives and a recommended implementation plan.

**Facility and Service Enhancement:** In keeping with the Authority's commitment to a sustainable environment, positive passenger experience and operational efficiency improvements, the organization is considering a number of future projects and has several in development or under construction. A consolidated rental car center, surface parking facility, and enabling infrastructure are under construction on the north side of airport property. Projects in planning or under consideration include options for reduced energy and water consumption; airport way finding (both within and en route to SDIA); creative solutions to meet current parking demand; and examining new approaches to addressing traffic around the airport.

## Organizational Goals

During the budget process, goals were identified for each of the five strategies for FY 2015.

### Financial Goal:

Through efficiency improvements, revenue optimization and cost containment efforts:

- Maintain debt service coverage ratio of greater than 1.5 while sustaining Cost per Enplaned Passenger (CPE) below budget of \$11.37 in FY 2015.
- Exceed the FY 2015 non-airline revenue budget of \$104.5M.
- Exceed FY15 operating income vs. budget by more than \$1M.

### Customer Goal:

- By March 31, 2015, improve "overall satisfaction with San Diego International Airport," as measured by the Airports Council International Airport Service Quality (ASQ) Survey within North America to a 12 month score within .05 to .08 points above the 4/1/13 – 3/31/14 time period.\*
- Increase perceptions of trust and responsiveness of San Diego International Airport by tenant stakeholder groups.
  - A baseline survey will be conducted by June 30, 2014 to establish benchmark.
  - An action plan will be identified to affect improvement of targeted areas by September 30, 2014 and progress measured by June 30, 2015.

*\*A .05 point increase or greater is considered statistically significant.*

### Operational Goal:

- Fewer than two discrepancies are noted as a part of the annual Federal Aviation Administration Part 139 Certification Inspection.
- By June 30, 2014 develop a plan for implementation of Board direction, regarding Ground Transportation operations at San Diego International Airport. By June 30, 2015, meet or exceed all progress milestones and interim project objectives established to achieve full implementation.

### Employee Goal:

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

### Community Goal:

- Identify and improve perceptions of trust and responsiveness of San Diego International Airport by stakeholders groups (year one: noise impacted community, current and prospective contractors, Authority Advisory Committees, as well as jurisdictions affected by ALUC).
  - A baseline survey will be conducted by June 30, 2014 to establish benchmark.
  - An action plan will be identified to affect improvement of targeted areas by September 30, 2014 and progress measured by June 30, 2015.

## 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 continues to slowly recover from a severe recession. Gross Domestic Product (GDP) increased 3.4% during 2013, reflecting continued modest growth in the national economy (see Figure 2). In addition, equity markets continue to improve with the Dow Jones Industrial Average increasing 58% from its low on October 3, 2011, to June 5, 2014 (see Figure 3).

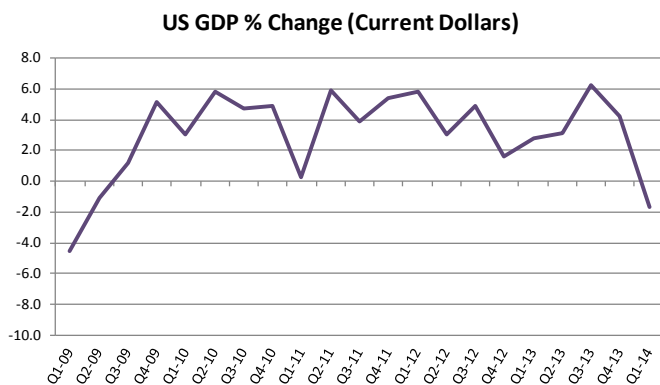


Figure 2 – GDP % Change

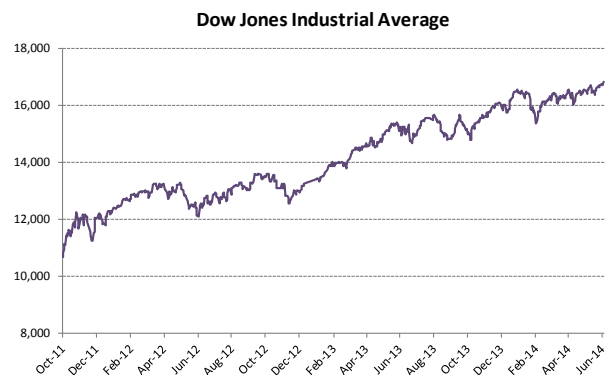
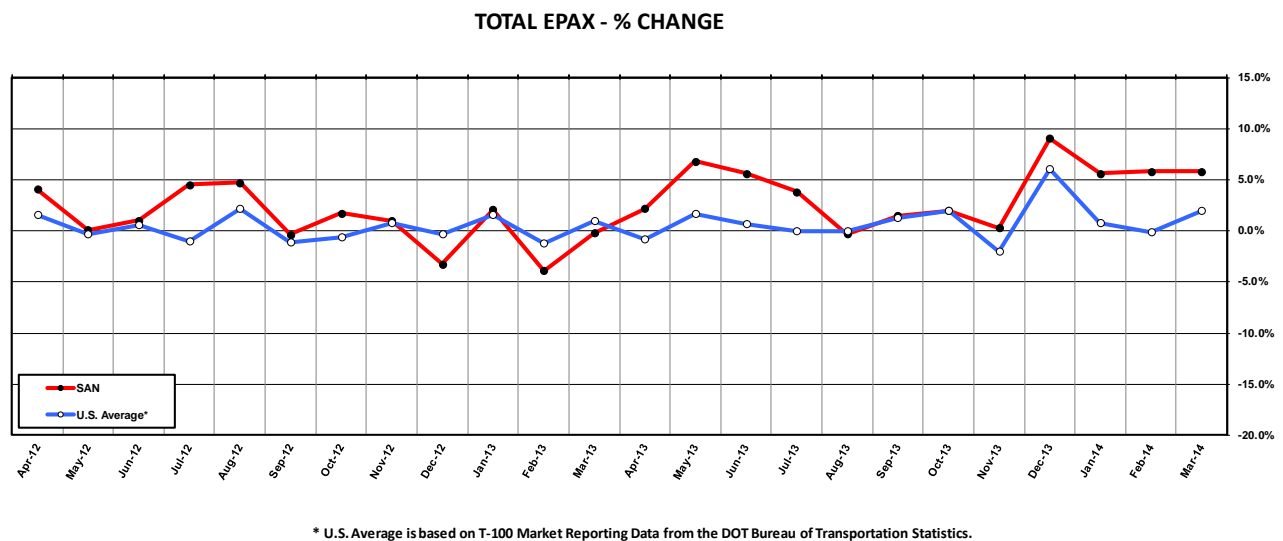


Figure 3 – Dow Jones Industrial Average

In calendar year (CY) 2013 all major US airlines recorded a profit and the domestic airline industry collectively realized a \$7.4B profit (excluding special items), up from \$3.5B in 2012. Main drivers of growth include improvement in yields due to continued consolidation (marked by the merger between American Airlines and US Airways), lower jet fuel prices in calendar year 2013, growing travel demand due to an improving US economy, and international flight growth. Mainline capacity for most airlines is projected to trend upward in 2014, with a focus on international expansion. In addition network and fleet restructuring is occurring: airlines are ceasing service to smaller and unprofitable airports and focusing on replacing aging aircraft with larger and more fuel efficient models.

SDIA traffic growth has met or exceeded national averages since April 2013 as seen in Figure 4.



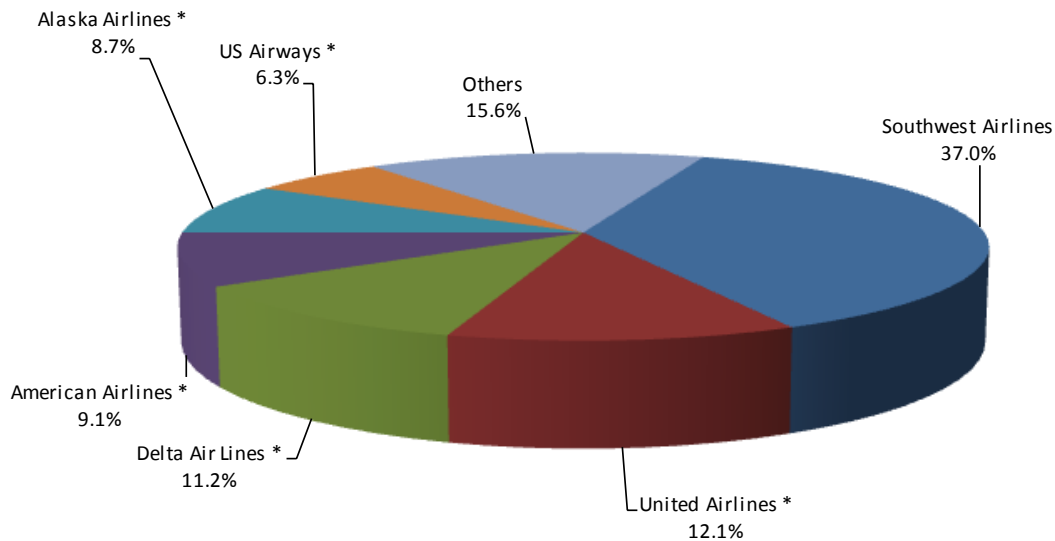
**Figure 4 – Total Enplaned Passengers – SDIA vs. US Trend**

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

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carriers. 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 2013, air service was provided by 21 passenger airlines, including regional affiliates. Southwest Airlines, the largest carrier, served 37.0% of the passengers who traveled through SDIA (see figure 5); its lead in market share is expected to continue.

In CY 2013, low-cost carriers accounted for 49.4% of seat capacity and 45.9% 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 2013



*\*Including regional affiliates.*

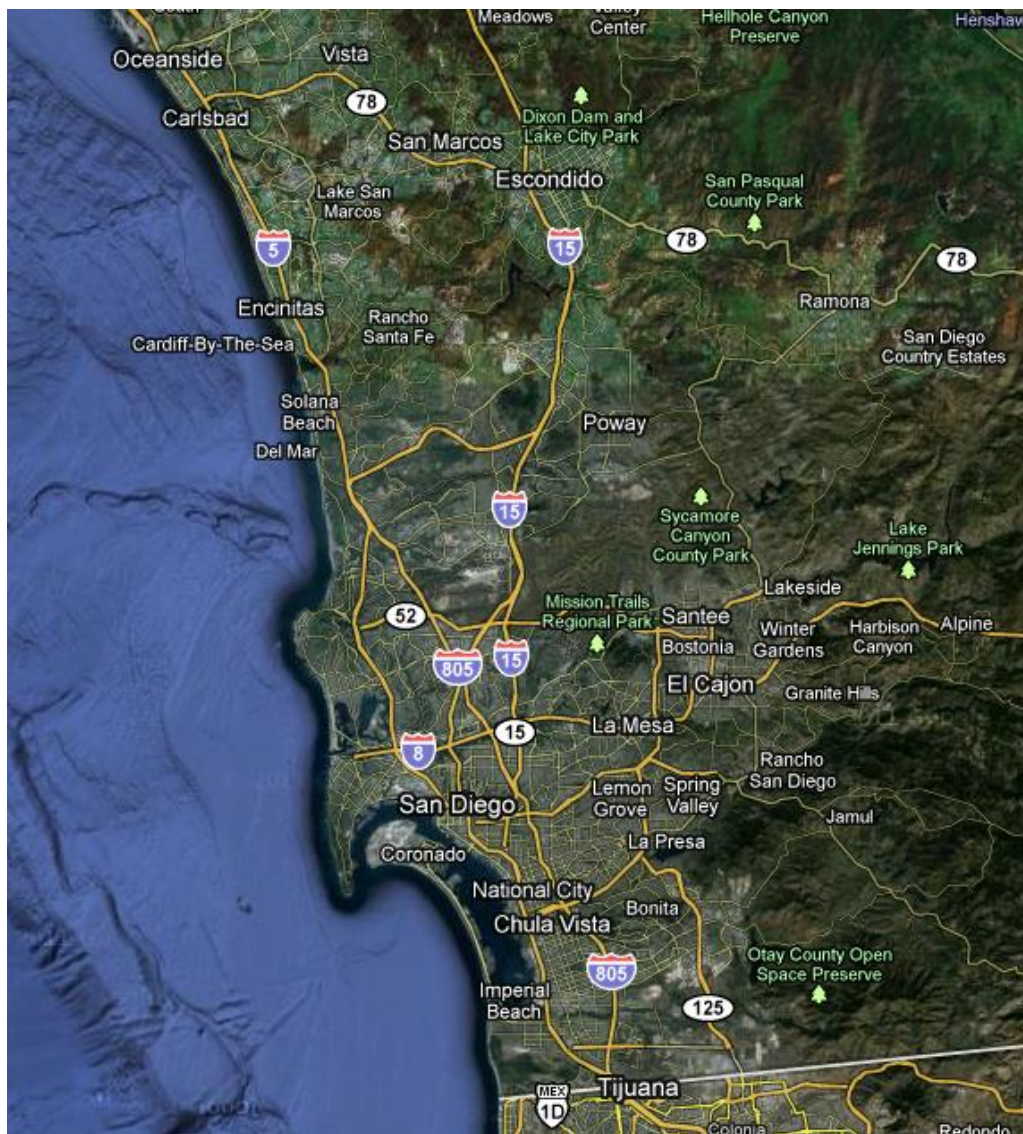
**Figure 5 – SDIA Enplaned Passengers by Carrier**

Passengers departing from SDIA can fly non-stop to 51 domestic and 8 international destinations, with one-stop connections to over 300 international destinations around the world. CY 2013 saw the first full year of service to Tokyo/Narita Airport with Japan Airlines, the addition of service to Lihue with Alaska Airlines, the restoration of service to Boise and Monterey with Alaska Airlines regional affiliate Horizon Air and service to Imperial Valley with Seaport Airlines. The Authority's Air Service Development Department continues to build upon this success and pursue expanded international and domestic opportunities.

### Air Trade Area

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 3,194,362 as of January 1, 2014. 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.



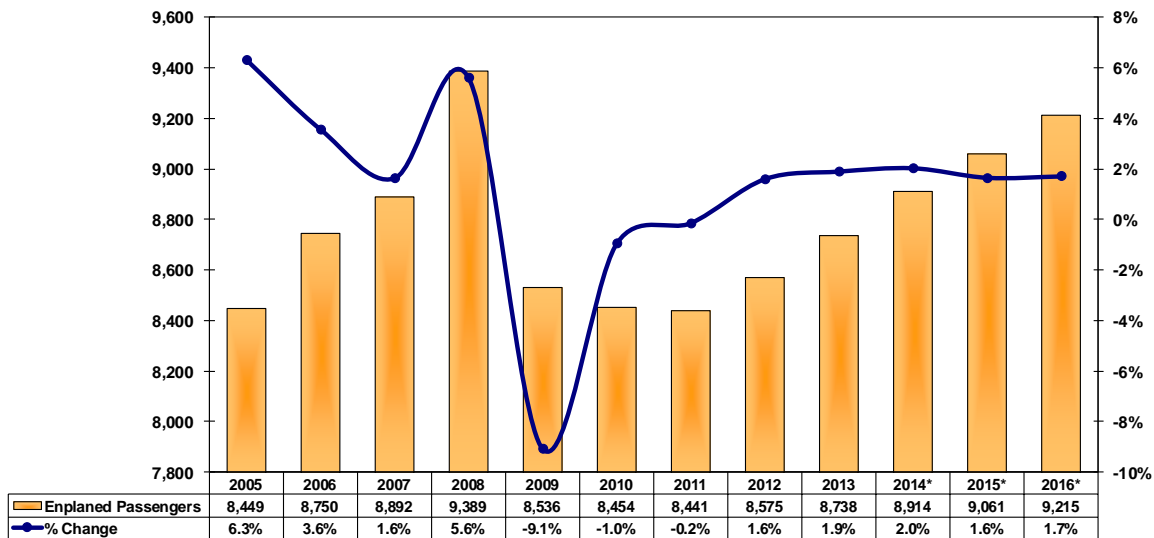


San Diego County has enjoyed a relatively stable economic climate during the past four years, with lower unemployment rates than the State of California. The US Bureau of Labor Statistics notes that the county's average unemployment rate for May 2014 was 5.8% compared to 7.1% for the state. This reflects the nature of the region's diverse economy, providing an attractive mix of leisure, business sectors and government. The county is home to more than 120 publicly traded companies.

All of these economic and industry factors together with additional air service are reflected in the FY 2015 Budget and the FY 2016 Conceptual Budget, which are predicated on modest passenger growth as shown in Figure 6. In FY 2015, enplaned passenger traffic at SDIA is projected to reach 9.06 million, which represents an increase of 3.0% from the 8.80 million enplanements used in the FY 2014 Budget and a 1.6% increase over the 8.91 million enplanements projected for FY 2014. Enplaned passengers are projected to increase by 1.7% to 9.22 million in the FY 2016 Conceptual Budget.



**Enplaned Passengers and Annual Growth by Fiscal Year**



\* Projected FY 2014 and Budgeted FY 2015 and FY 2016

**Figure 6 – Enplaned Passengers and Annual Growth**

## Passenger Satisfaction

Measuring passenger satisfaction at SDIA is critical in order to meet 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 2013, the Airport Authority received passenger satisfaction data from both Phoenix Marketing International (PMI), a top marketing and research firm recognized by the American Marketing Association, and the Airports Council International via their Airport Service Quality (ASQ) global benchmark. PMI reported a 79% satisfaction rating among passengers at SDIA, reflecting approximately 632 passengers out of 800 (79%) 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”). ASQ, also a five point scale, reported an overall average rating of 4.09 with 936 of the 1200, (78%), respondents rating the airports services as “Excellent” or “Very Good.”

## Financial Plan

The financial plan, which includes the FY 2015 Budget and the FY 2016 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, which is the Authority’s enabling legislation, and costs associated with near-term improvements at SDIA. Other major factors affecting the Authority’s financial planning include the airline operating agreement, master and subordinate bond indentures, certain provisions required in Senate Bill 10, Memorandum of Understanding with the California Attorney General, and various levels of federal funding.

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

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

## Budget Summary

The following table summarizes the forecasted revenue and expenses of the FY 2015 Budget and FY 2016 Conceptual Budget before depreciation, bond principal repayment and capital equipment outlays.

	FY 2013 Actuals	FY 2014 Budget	FY2015 Budget	Inc/(Dec) FY15 vs FY14 Budget	% Change	FY2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Revenue:</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 19,658,173	\$ 21,814,724	\$ 23,704,477	\$ 1,889,753	8.7%	\$ 24,403,943	\$ 699,466	3.0%
Aircraft Parking Fees	3,190,928	2,559,493	2,768,087	208,594	8.1%	2,830,215	62,128	2.2%
Building Rentals	41,839,619	45,869,700	49,969,936	4,100,236	8.9%	52,306,370	2,336,433	4.7%
Common Use Systems Support Charges	-	1,116,900	1,124,994	8,094	0.7%	1,145,548	20,554	1.8%
Other Aviation Revenue	1,591,266	1,592,288	1,589,711	(2,577)	-0.2%	1,592,957	3,246	0.2%
Security Surcharge	23,359,938	24,969,500	26,529,900	1,560,400	6.2%	27,632,400	1,102,500	4.2%
<b>Total Airline Revenue</b>	<b>89,639,923</b>	<b>97,922,606</b>	<b>105,687,106</b>	<b>7,764,500</b>	<b>7.9%</b>	<b>109,911,434</b>	<b>4,224,327</b>	<b>4.0%</b>
<b>Non-Airline Revenue</b>								
Terminal Rent - Non-Airline	971,790	1,024,234	1,500,586	476,352	46.5%	1,569,133	68,547	4.6%
Terminal Concessions	14,150,898	17,216,343	19,783,233	2,566,890	14.9%	19,870,544	87,311	0.4%
Rental Car License Fees	24,401,371	25,061,200	24,576,100	(485,100)	-1.9%	24,993,700	417,600	1.7%
License Fees Other	3,488,472	3,277,200	4,146,700	869,500	26.5%	4,217,100	70,400	1.7%
Parking Revenue	33,883,703	34,290,532	38,688,776	4,398,244	12.8%	39,324,542	635,766	1.6%
Ground Transportation Permits and Citations	1,866,781	2,261,247	2,906,415	645,167	28.5%	3,289,603	383,188	13.2%
Ground Rentals	8,189,723	8,193,071	11,356,903	3,163,831	38.6%	14,139,787	2,782,884	24.5%
Grant Reimbursements	189,181	223,200	292,000	68,800	30.8%	292,000	-	0.0%
Other Operating Revenue	715,970	441,900	469,744	27,844	6.3%	473,200	3,456	0.7%
<b>Total Non-Airline Revenue</b>	<b>87,857,889</b>	<b>91,988,928</b>	<b>103,720,456</b>	<b>11,731,528</b>	<b>12.8%</b>	<b>108,169,609</b>	<b>4,449,153</b>	<b>4.3%</b>
<b>Total Operating Revenue</b>	<b>177,497,812</b>	<b>189,911,534</b>	<b>209,407,563</b>	<b>19,496,029</b>	<b>10.3%</b>	<b>218,081,043</b>	<b>8,673,480</b>	<b>4.1%</b>
<b>Operating Expenses</b>								
Salaries and Benefits	38,092,464	41,903,979	51,744,164	9,840,185	23.5%	46,128,675	(5,615,489)	-10.9%
Contractual Services	29,283,526	33,265,134	34,073,655	808,522	2.4%	39,238,419	5,164,764	15.2%
Safety and Security	23,994,020	24,975,464	25,001,794	26,331	0.1%	25,794,332	792,537	3.2%
Space Rental	10,897,338	10,378,412	10,450,296	71,884	0.7%	10,424,581	(25,715)	-0.2%
Utilities	6,659,333	8,566,650	9,557,536	990,886	11.6%	10,414,599	857,064	9.0%
Maintenance	11,204,464	11,661,347	16,085,448	4,424,101	37.9%	15,369,505	(715,943)	-4.5%
Operating Equipment & Systems	468,700	456,779	558,235	101,456	22.2%	682,027	123,792	22.2%
Operating Supplies	405,863	374,352	409,508	35,156	9.4%	411,380	1,872	0.5%
Insurance	794,984	1,253,580	1,071,422	(182,158)	-14.5%	1,239,364	167,942	15.7%
Employee Development & Support	1,234,759	1,259,598	1,229,248	(30,350)	-2.4%	1,205,323	(23,925)	-1.9%
Business Development	2,444,407	2,943,753	2,685,228	(258,525)	-8.8%	2,726,335	41,107	1.5%
Equipment Rentals & Repairs	1,316,109	2,445,217	2,526,119	80,902	3.3%	2,520,528	(5,591)	-0.2%
Tenant Improvements	433	359,900	1,200,000	840,100	233.4%	1,200,000	-	0.0%
<b>Total Operating Expenses before depreciation &amp; amortization</b>	<b>126,796,400</b>	<b>139,844,164</b>	<b>156,592,653</b>	<b>16,748,489</b>	<b>12.0%</b>	<b>157,355,069</b>	<b>762,416</b>	<b>0.5%</b>
<b>Income from Operations before depreciation &amp; amortization</b>	<b>50,701,412</b>	<b>50,067,370</b>	<b>52,814,909</b>	<b>2,747,540</b>	<b>5.5%</b>	<b>60,725,974</b>	<b>7,911,065</b>	<b>15.0%</b>
<b>Nonoperating Revenue/(Expense)</b>								
Passenger Facility Charges	35,437,453	35,155,100	36,614,900	1,459,800	4.2%	37,237,200	622,300	1.7%
Customer Facility Charges	19,117,217	26,528,528	30,350,379	3,821,851	14.4%	30,866,210	515,831	1.7%
Quieter Home Program (Net) and Joint Studies	(1,644,053)	(3,107,169)	(3,151,143)	(43,974)	1.4%	(3,106,962)	44,181	-1.4%
BAB Interest Rebate	4,778,599	4,741,129	4,636,215	(104,914)	-2.2%	4,636,215	-	0.0%
Interest Income	4,140,067	5,290,220	4,707,690	(582,530)	-11.0%	5,165,382	457,692	9.7%
Interest Expense	(21,186,288)	(50,025,064)	(51,463,594)	(1,438,530)	2.9%	(59,894,244)	(8,430,650)	16.4%
Bond Amortization Costs	2,765,243	4,003,797	3,829,790	(174,007)	-4.3%	4,243,249	413,459	10.8%
Other Nonoperating Income/(Expenses)	(4,279,120)	(20,000)	(10,000)	10,000	-50.0%	(10,000)	-	0.0%
<b>Total Other Nonoperating Revenue, net</b>	<b>39,129,118</b>	<b>22,566,540</b>	<b>25,514,237</b>	<b>2,947,696</b>	<b>13.1%</b>	<b>19,137,050</b>	<b>(6,377,186)</b>	<b>-25.0%</b>
<b>Income before capital grant contributions</b>	<b>89,830,530</b>	<b>72,633,911</b>	<b>78,329,146</b>	<b>5,695,235</b>	<b>7.8%</b>	<b>79,863,024</b>	<b>1,533,878</b>	<b>2.0%</b>
Capital Grant Contributions	16,077,280	20,108,089	9,786,680	(10,321,409)	-51.3%	7,201,101	(2,585,579)	-26.4%
<b>Net Income before depreciation, principal &amp; capital outlay</b>	<b>\$ 105,907,810</b>	<b>\$ 92,742,000</b>	<b>\$ 88,115,826</b>	<b>\$ (4,626,173)</b>	<b>-5.0%</b>	<b>\$ 87,064,125</b>	<b>\$ (1,051,702)</b>	<b>-1.2%</b>

Total operating revenues for FY 2015 are budgeted at \$209.4M, an increase of \$19.5M (10.3%) over the FY 2014 Budget. This revenue reflects two sources: 1) airline revenue of \$105.7M; and 2) non-airline revenue of \$103.7M. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, common use system support charges and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2016 operating revenues are budgeted at \$218.1M, an increase of \$8.7M (4.1%), of which \$109.9M represents airline revenue and \$108.2M is from non-airline revenue.

Total FY 2015 airline revenue includes an increase of \$7.8M (7.9%), as compared to the FY 2014 Budget. This result is mostly driven by higher building rentals of \$4.1M, mainly reflecting higher operating and maintenance expenses for existing and new facilities, an increase in debt service; an increase in landing fee revenues of \$1.9M, reflecting higher net airfield expenses; and increased security surcharge costs of \$1.6M, due to increased cost of services and increase in security checkpoints rent due to a higher terminal rental rate.

Total FY 2016 airline revenue is budgeted to increase by \$4.2M (4.0%) compared to FY 2015 mainly for increased landing fees, building rental fees and security surcharge costs.

Total FY 2015 non-airline revenue projects a net increase of \$11.7M (12.8%) from the FY 2014 Budget. This is primarily driven by: 1) a \$4.4M budgeted increase in parking revenue due to a rate increase, higher enplanements, and a full year of the newly opened Terminal 2 and Economy lots; 2) an increase in ground rentals of \$3.2M primarily reflecting increased Fixed Base Operator facility rent starting in summer 2014; 3) an increase of \$2.6M in terminal concessions revenue due to higher food and beverage and retail revenue from the new concessions program; and 4) an increase of \$0.9M in license fees revenue for inflight catering services and ground handling due to new vendor contracts and services, as well as higher enplanements.

Total FY 2016 non-airline revenue is budgeted to increase by \$4.4M (4.3%) compared to FY 2015. This increase reflects several factors including: 1) an increase in ground rental revenue of \$2.8M (24.5%) primarily due to an increase of \$2.6M in rent revenue for a partial year of rent for the new Rental Car Center (RCC); 2) an increase of \$0.6M in parking revenue due to higher enplanements; 3) an increase of \$0.4M in car rental license fees due to higher enplanements; and 4) an increase of \$0.4M in ground transportation cost recovery revenue.

The divisional and departmental operating expense budgets of \$156.6M, which address the Authority's overall strategies, goals, initiatives and mandated obligations, reflect an increase of \$16.7M (12.0%) in the FY 2015 operating expense budget from the FY 2014 Budget. FY 2016 operating expenses are projected to increase by \$0.8M (0.5%) over the FY 2015 Budget.

The FY 2015 operating expense increases are driven by a variety of factors. Salaries and wages including overtime are projected to increase by \$1.2M from the FY 2014 Budget reflecting a net increase of two Full-Time Equivalent (FTE) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to increase by \$1.3M over the FY 2014 Budget reflecting higher retirement benefit costs due to an increase in the required retirement contribution and increased health benefit costs, those expenses are partially offset by lower workers' compensation insurance costs. Also adding to the increase is a non-cash, unfunded actuarial liability expense of \$7.6M. These combined factors, together with higher capitalized labor expenses, resulted in a net increase of salary and benefits of \$9.8M (23.5%) in the FY 2015 Budget over the FY 2014 Budget. In FY 2015, Contractual Services are budgeted to have a net increase of \$0.8M (2.4%) from the FY 2014 Budget primarily reflecting increased cleaning costs associated with the new terminal facilities and Concession Development Program (CDP), increase in regional aviation planning costs and the beginning of Rental Car Center busing startup costs. FY 2015 Utilities costs are projected to increase by \$1.0M (11.6%) over the FY 2014 Budget reflecting a full year of operating expenditures for the Green Build expansion, RCC construction and rate increases in FY 2015.

FY 2015 maintenance expenses are projected to increase by \$4.4M (37.9%) over the FY 2014 Budget reflecting increased costs in 12kV distribution system costs and increased maintenance costs for existing and new facilities.



These increases are partially offset by a decrease in Business Development expenses of \$0.3 (-8.8%) from the FY 2014 Budget reflecting a reduction in advertising incentives for international and domestic air services. FY 2016 operating expense increases reflect a net increase of one FTE position, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Personnel expense increases are offset by the reduction of \$7.6M for the unfunded actuarial liability. In addition, FY 2016 increases are driven by contractual services, safety and security costs and utility costs associated with the new fully operational terminal facilities. These increases are partially offset by decreases in maintenance costs.

FY 2015 non-operating revenue/(expense) is projected to increase by \$2.9M (13.1%) over the FY 2014 Budget. This change consists of increases in: 1) Customer Facility Charges (CFC) of \$3.8M, assessed on rental car transactions, due to a full year at the \$7.50 per transaction day rate, which increased from \$6.00 in January 2014; and 2) Passenger Facility Charges (PFC) of \$1.5M due to higher projected enplanements and a rise in the budgeted collection rate from 91% to 92%. These increases are offset by an increase in interest expense of \$1.4M (2.9%), and decreases in interest income of \$0.6M (-11.0%), BAB interest rebate of \$0.1M (-2.2%) and bond amortization costs of \$0.2M (-4.3%). FY 2016 non-operating revenue/(expense) is budgeted to decrease by \$6.4M (-25.0%) from the FY 2015 Budget primarily reflecting: 1) increase in interest expense of \$8.4M (16.4%); and 2) an increase in Passenger Facility Charges (PFCs) of \$0.6M (1.7%); 3) an increase in Customer Facility Charges (CFCs) of \$0.5M (1.7%) – both due to higher enplanements; 4) increase in interest income of \$0.5M (9.7%); and 5) increase in bond amortization cost of \$0.4M (10.8%).

Capital grant contributions are FAA grant awards from the federal Airport Improvement Program that provides funding for certain approved capital improvement projects. The FY 2015 capital grant contributions decreased by \$10.3M (-51.3%) primarily due to the completion of several projects including the Green Build airside component (\$3.2M), as well as a Voluntary Airport Low Emissions Program (VALE) grant for pre-conditioned air installation at several boarding gates (\$3.8M). FY 2016 capital grant contributions are budgeted to decrease by \$2.6M (-26.4%) due to completion of all FY 2014 grant funded projects.

## Projected Fund Balance

The Authority's fund balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2015 cash and investments will decrease by \$245,620,664 to \$573,632,071 versus the FY 2014 Projected of \$819,252,735. This decrease of (-29.98%) from the FY 2014 Projected is mostly due to usage of bond proceeds and increase in capital and operating expenses. FY 2016 cash and investments are projected mainly to decrease by \$69,844,736 (-12.18%) to \$503,787,335, mainly reflecting an increase in operating expenses. 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 overnight aircraft 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 \$865M, subsequently reduced to \$820M, the proposed facility improvements under the Green Build Program include:

- 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 2015 and FY 2019 at an estimated cost of approximately \$846.8M. Together, the Green Build Program and CIP comprise the Authority’s Capital Program.

Anticipated funding sources for the projects in the Capital Program include Airport Improvement Program (AIP) and Transportation Security Administration (TSA) grants, PFCs, CFCs (including CFC backed special facility bonds), airport cash, airport revenue bonds and short-term borrowing using commercial paper. The amounts below exclude estimated revenue bond finance costs of approximately \$172.6M.

### Source of Funds

Airport Revenue Bonds	\$	773,343,310
Customer Facility Charges		118,504,669
Federal Grants		142,765,209
Passenger Facility Charges		188,465,521
Authority Funds		199,113,101
Special Facility Bonds		244,577,760
<b>Total Sources of Funds</b>	<b>\$</b>	<b>1,666,769,570</b>

### Use of Funds

Green Build Program	\$	820,000,000
CIP 2015-2019		846,769,570
<b>Total Use of Funds</b>	<b>\$</b>	<b>1,666,769,570</b>

Capital expenditures include any expenditure over \$5,000 with a useful life of at least one year. Projected FY 2015 Capital Program expenditures total \$336,566,986. Further discussion of these expenditures along with detailed descriptions can be found in the section titled **Capital Program**.

## Airline Operating Agreement

The current five-year airline operating agreement will expire on June 30, 2018. The operating agreement establishes how the signatory airlines will be assessed annual rates and charges for their use of the Airport. The Authority currently recovers substantially all of its airfield costs through the landing fees and other aviation charges assessed to the airlines. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The FY 2015 landing rate is \$2.10. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely. The aircraft parking fee is projected to recover approximately 10.4% of airfield costs in FY 2015 and in FY 2016.

Terminal rental revenues reflect the airline use and lease agreement's methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2015 terminal rental rate of \$130.44 per square foot reflects the fully loaded cost to the airlines. In addition, the FY 2015 budget includes a Common Use System Support Charge relating to a common use terminal equipment system allowing the airlines to operate out of any gate or ticket counter in Terminal 2. The following table sets forth historical and projected landing fees, aircraft parking rate per position, terminal rental rates and costs per enplaned passenger for FY 2013 through FY 2016:

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2016 Conceptual Budget
Landing Fee <sup>1</sup>	\$ 1.83	\$ 1.98	\$ 2.10	\$ 2.11
Aircraft Parking per Position <sup>2</sup>	\$ 62,262	\$ 48,293	\$ 52,228	\$ 53,400
Terminal Rental Rate <sup>3</sup>	\$ 129.79	\$ 120.12	\$ 130.44	\$ 136.69
Airline Cost / Enplaned Passenger	\$ 10.16	\$ 10.85	\$ 11.37	\$ 11.61

<sup>1</sup>Landing Fees are per 1000 lbs. maximum gross landed weight.

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

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

**Figure 7 – Airline Fees and Charges**

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

## Outstanding Debt

As of July 1, 2014 the Authority's outstanding long-term debt will consist of \$569,870,000 of subordinate airport revenue bonds (Series 2010 Bonds), \$379,585,000 of senior airport revenue bonds (Series 2013 Bonds) and \$305,285,000 of senior special facility revenue bonds. The Authority does not have a legal debt limit. The master bond indenture requires the Authority to establish certain reserves and to maintain net revenues (after the payment of operation and maintenance expenses) equal to at least 1.25x annual senior lien debt service and subordinate net revenues at 1.10x annual subordinate lien debt service. The Board approved Debt Policy calls for minimum senior lien debt service coverage of 1.75x and aggregate debt service coverage (senior and subordinate) of 1.50x.

Further discussion of the Authority's debt can be found in the **Debt Service** section of this document. Debt service coverage (generally consisting of operating revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in Figure 8. For FY 2015, debt service coverage on aggregate debt is projected to be 1.98x and 2.08x for FY 2016.

The Authority's outstanding short-term debt will consist of \$18,928,000 of Series B (AMT) commercial paper and \$25,955,000 of Series C commercial paper as of July 1, 2014. The authorized commercial paper program provides for borrowings up to \$250,000,000 and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 Bonds. 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.

In preparation for the expiring commercial paper program, the Authority initiated a Request for Proposal (RFP) process to procure a replacement short-term debt program. The Authority received a strong response to its RFP and negotiated and finalized a credit agreement with US Bank. The credit agreement is for a revolving line of credit for up to \$125M for a three-year term. The intended uses of the revolving line of credit will be to refinance the \$44.9M of outstanding commercial paper notes and have the remaining amount unutilized but available for interim funding of future capital projects.

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 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2016 Conceptual Budget
Aggregate Debt Service Coverage (x)	3.77	1.92	1.98	2.08
Senior Lien Debt Service Coverage (x)	30.83	5.21	5.69	6.36
Subordinate Lien Debt Service Coverage (x)	4.16	2.45	2.51	2.60

**Figure 8 – Debt Service Coverage**

## Budget Process

The Authority operates on a July 1<sup>st</sup> through June 30<sup>th</sup> 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 strategies, goals and initiatives. 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 strategies, goals and initiatives. The Authority Board is briefed continually to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed Operating and Capital Program Budgets are held with the Board.

In January, the Budget staff reviews financial results of the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies, goals and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment) and capital projects are proposed and reviewed. The Business & Financial Management, Talent, Culture & Capability, Accounting, Information & Technology Services, Risk, Facilities Management and Facilities 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 and Asset Management 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
<b>October – January</b>	<p>Review, update and formulate Authority strategies, goals and initiatives.</p> <p>Strategic Budget Workshops held with the Board as appropriate.</p> <p>Cross-functional meetings to balance divisional operating requirements with strategies, goals and initiatives.</p>
<b>February – March</b>	<p>Departments draft objectives, consistent with overall Authority strategies, goals and initiatives.</p> <p>Divisions update operating and capital budget plans and needs.</p> <p>Finance and Asset Management reviews prior year's conceptual budget and prepares initial version of recast revenue budget and subsequent year's conceptual revenue budget.</p> <p>Departments develop and submit budget.</p> <p>Financial Management staff consolidates results and evaluates major variances between the approved conceptual budget and the preliminary recast budget proposal.</p> <p>Budget meetings with divisions and CFO to review and discuss staffing and expense requests.</p> <p>Proposed staffing levels and proposed expenditures are reviewed and changes are made to requests in formulating the budget.</p>
<b>March – April</b>	<p>Budget meetings with President/CEO to review and discuss staffing and expense requests.</p> <p>Analysis prepared showing the major variance from the last adopted budget and approved conceptual budget to the preliminary recast budget proposal.</p>
<b>April – May</b>	<p>Final draft recast budget and subsequent year's conceptual budget is reviewed with CEO.</p> <p>Meet with airlines to present operating and capital budgets and resulting proposed airline rates and charges.</p> <p>Proposed operational and capital program budgets are distributed to Authority Board for review and direction.</p> <p>Budget workshop held with the Authority Board to review proposed budgets and provide input and guidance.</p>
<b>June</b>	<p>Formal budget document is submitted to Authority Board for adoption.</p> <p>Formal budget is adopted and subsequent year conceptual budget is approved by the Authority Board.</p>

**Figure 9 – SDCRAA Budget Calendar**

## Conclusion

Every effort has been made to ensure that the FY 2015 Budget and the FY 2016 Conceptual Budget both reflect the Authority's strategies, goals and initiatives as supported and directed by the Board, while meeting all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its mission of providing air transportation for the San Diego region and supports the continued operation of SDIA while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



Thella F. Bowens  
President/Chief Executive Officer



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

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

The Authority received its ninth 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, 2013. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist State and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

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

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



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# **AIRPORT AUTHORITY OVERVIEW**

## Board of Directors

**Robert H. Gleason, Chairman\***

**Paul Robinson, Vice Chair\***

**Councilman David Alvarez**

**Bruce R. Boland**

**Supervisor Greg Cox**

**Mayor Jim Desmond**

**Lloyd B. Hubbs**

**Mayor Mary Sessom**

**Tom Smisek\***

### **Ex-Officio Members**

**Laurie Berman**

**Colonel John Farnam**

**Eraina Ortega**

*\*Executive Committee.*

## Executive Management Team\*

### **Thella F. Bowens**

President / Chief Executive Officer

### **Breton K. Lobner**

General Counsel

### **Mark Burchyett**

Chief Auditor

### **Scott M. Brickner**

Vice President / Treasurer

*Finance & Asset Management Division*

### **Angela Shafer-Payne**

Vice President

*Operations Division*

### **Jeffrey Woodson**

Vice President

*Development Division*

*\*As of June 5, 2014.*



## Director Staff\*

### **Murray Bauer**

Director  
*Facilities Management*

### **Rick Belliotti**

Director  
*Information & Technology Services*

### **David Boenitz**

Director  
*Ground Transportation*

### **Hampton Brown**

Director  
*Air Services Development*

### **Bob Bolton**

Director  
*Airport Design and Construction (ADC)*

### **George Condon**

Director  
*Airside Operations, Public Safety & Security*

### **Kurt Gering**

Director  
*Talent, Culture & Capability*

### **Iraj Ghaemi**

Director  
*Facilities Development*

### **Amy Gonzalez**

Senior Director  
*General Counsel*

### **Heidi Halsey**

Director  
*Business Development*

### **Matt Harris**

Senior Director  
*Assets & Alliances*

### **Kathy Kiefer**

Senior Director  
*Finance & Asset Management*

### **Mike Kulis**

Director  
*Inter-Governmental Relations*

### **Jeffrey Lindeman**

Senior Director  
*Talent & Engagement*

### **Diana Lucero**

Director  
*Vision, Voice & Engagement*

### **Paul Manasjan**

Director  
*Environmental Affairs*

### **Tony Russell**

Director / Authority Clerk  
*Corporate & Information Governance*

### **Michael Sears**

Director  
*Business & Financial Management*

### **Jana Vargas**

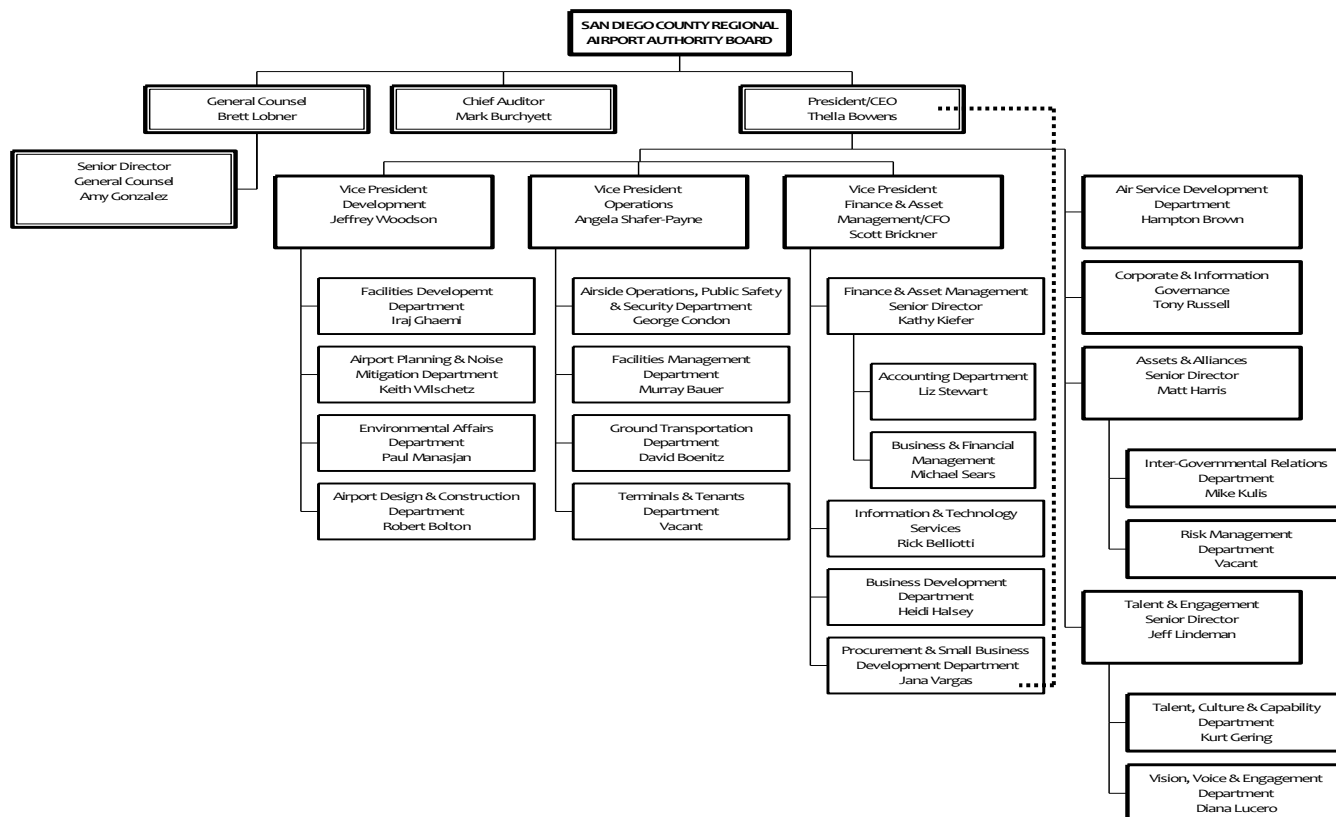
Director  
*Procurement & Small Business Development*

### **Keith Wilschetz**

Director  
*Airport Planning & Noise Mitigation*

\*As of June 5, 2014.

## SDCRAA Organizational Structure\*



\*As of June 5, 2014.

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

## Organizational Strategies, Goals and Initiatives

During FY 2014, 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 annual budget process.

STRATEGIES			SUSTAINABILITY VALUES	
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		
4	Employee Strategy	Ensure the highest level of employee commitment and performance	S	Social Responsibility
5	Community Strategy	Be a trusted and highly responsive regional agency		

Figure 10 – Authority Strategies & Sustainability Values

## Organizational Initiatives

**Revenue Enhancement and Cost Containment:** It is expected that, for the foreseeable future, the Authority will be operating in a resource constrained environment. Execution of the Authority's financial strategy (to enhance the Authority's financial position) includes the critical components of enhancing revenue (especially non-airline revenue) and containing costs. In order to accomplish this, the organization must be innovative and implement new and better ways of running our business which improve efficiency and optimize revenue.

**Strategic Engagement:** In order to optimize the Authority's investment in its workforce, employees must be engaged and aligned to execute the most strategically important initiatives. Both employee engagement – a measure of the pride, advocacy and commitment to one's job and organization – and strategic engagement – a measure of understanding and alignment to the mission and strategies of the organization – are key indicators of performance and workforce retention. Currently, overall Authority employee engagement stands at 78% (compared to national average of 30%) while strategic engagement is at 81% (no national average available). As competition for highly skilled workers continues to grow, the Authority's goal is for each to be in the range of 78%-81% or higher in order to sustain the highest level of employee commitment and performance.

**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.

**Facility and Service Enhancement:** In keeping with the Authority's commitment to a sustainable environment, positive passenger experience and operational efficiency improvements, the organization is considering a number of future projects and has several in development or under construction. A consolidated rental car center, surface parking facility, and enabling infrastructure are under construction on the north side of

airport property. Projects in planning or under consideration include options for reduced energy and water consumption; airport way finding (both within and en route to SDIA); creative solutions to meet current parking demand; and examining new approaches to addressing traffic impacts caused by the airport.

## Organizational Goals

During the budget process, goals were identified for each of the five strategies for FY 2015.

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

Through efficiency improvements, revenue optimization and cost containment efforts:

- Maintain debt service coverage ratio of greater than 1.5x while sustaining Cost per Enplaned Passenger (CPE) below budget of \$11.37 in FY 2015.
- Exceed the FY 2015 non-airline revenue budget of \$104.5M.
- Exceed FY 2015 operating income vs. budget by more than \$1M.

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

- By March 31, 2015, improve “overall satisfaction with San Diego International Airport,” as measured by the Airports Council International Airport Service Quality (ASQ) Survey within North America to a 12 month score within .05 to .08 points above the 4/1/13-3/31/14 time period.
- Increase perceptions of trust and responsiveness of San Diego International Airport by tenant stakeholder groups.
  - Conduct a baseline survey by June 30, 2014 to establish benchmark.
  - Identify an action plan to affect improvement of targeted areas by September 30, 2014 and progress measured by June 30, 2015.

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

- Fewer than two discrepancies are noted as a part of the annual Federal Aviation Administration Part 139 Certification Inspection.
- Develop a Ground Transportation operations plan for implementation by Board direction. By June 30, 2015, meet or exceed all progress milestones and interim project objectives established to achieve full implementation.

### 4. Employee Strategy: Ensure the highest level of employee commitment and performance

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

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

- Identify and improve perceptions of trust and responsiveness of San Diego International Airport by stakeholders groups (year one: noise impacted community, current and prospective contractors, Authority Advisory Committees, as well as jurisdictions affected by ALUC).
  - A baseline survey will be conducted by June 30, 2014 to establish benchmark.
  - An action plan will be identified to affect improvement of targeted areas by September 30, 2014 and progress measured by June 30, 2015.

## 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 respected role model and known benchmark 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.

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 will 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 & GUIDELINES**



## Overview of Financial Policies and Guidelines

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

The Authority's budget process actively incorporates various financial policies and guidelines articulated by the Board and Executive Staff. The budget process and final outcome is performance-based and focused on strategies, initiatives and key operating & 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](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 sources of funds equal or exceed expenditures and other uses of funds. A balanced budget is an integral part of maintaining the Authority's financial position. Strategies employed to attain this balance include cost reductions, personnel and service efficiencies, developing and diversifying non-airline revenues and increasing fees to match program expenses.

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

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

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

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

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants.
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost.
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority.

- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described in the policy.
- Provide the required secondary market disclosure to the rating agencies, institutional and retail investors via appropriate repositories.
- Comply with all Federal and State laws and regulations, as well as bond indenture, tax compliance and reimbursement agreement covenants.
- Protect the assets and funds entrusted to the Authority.

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

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

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

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

The adopted policy provides for the following:

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

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

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

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

(in Thousands)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Projected
Unrestricted & Undesignated Cash & Available Funds	\$ 68,242	\$ 105,997	\$ 106,366	\$ 113,519	\$ 147,781	\$ 177,014
Unrestricted & Designated for Specific Capital Projects & Other Commitments	6,151	20,896	8,149	9,063	9,566	16,062
O&M and R&R Reserves	47,303	45,708	45,098	47,829	52,007	54,943
<b>Total Unrestricted &amp; Available Funds per Board Policy</b>	<b>\$ 121,696</b>	<b>\$ 172,600</b>	<b>\$ 159,613</b>	<b>\$ 170,411</b>	<b>\$ 209,354</b>	<b>\$ 248,019</b>
<b>Operating Expenses</b>	<b>\$ 115,278</b>	<b>\$ 117,288</b>	<b>\$ 117,841</b>	<b>\$ 119,169</b>	<b>\$ 126,796</b>	<b>\$ 139,533</b>
<b>Days Cash on Hand</b>	<b>385</b>	<b>537</b>	<b>494</b>	<b>522</b>	<b>603</b>	<b>649</b>

**Figure 11 – FY 2009 to FY 2014 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. Board policy stipulates that the Finance Committee shall meet at least quarterly each year; however, the practice has been monthly reviews of the Authority's financial performance by both the Finance Committee and the full Board.

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

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

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

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# OVERVIEW OF PROJECTED FUND BALANCE



## Overview

The Authority's fund balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2015 cash and investments will decrease by \$245,620,664 to \$573,632,071 versus the FY 2014 Projected of \$819,252,735. This decrease of (-29.98%) from the FY 2014 Projected is mostly due to usage of bond proceeds and increase in capital and operating expenses. FY 2016 cash and investments are projected mainly to decrease by \$69,844,736 (-12.18%) to \$503,787,335, mainly reflecting increase in operating expenses.

	FY 2013 Actuals	FY 2014 Budget	FY 2014 Projected	FY 2015 Budget	FY 2016 Conceptual Budget
<b>Beginning Fund Balance:</b>	<b>\$ 453,777,694</b>	<b>\$ 655,178,362</b>	<b>\$ 672,667,610</b>	<b>\$ 819,252,735</b>	<b>\$ 573,632,071</b>
<b>Source of Funds</b>					
<b>Operating Revenue:</b>					
Landing Fees	19,321,649	21,814,724	20,769,563	23,704,477	24,403,943
Aircraft Parking Fees	3,136,303	2,559,493	2,511,229	2,768,087	2,830,215
Building Rentals	40,706,208	45,237,643	49,149,846	49,231,951	51,568,385
Common Use System Support Charges	-	1,116,900	1,091,179	1,124,994	1,145,548
Other Aviation Revenue	417,167	1,592,288	737,985	737,985	737,985
Federal Inspection Service (FIS) Use	22,960,044	632,057	25,874,098	26,529,900	27,632,400
Security Surcharge	1,564,025	24,969,500	1,586,473	1,589,711	1,592,957
Parking/Ground Transportation	35,138,479	36,551,780	38,600,053	41,595,191	42,614,145
Terminal Concessions	41,321,054	45,554,743	47,131,559	48,506,033	49,081,344
Ground Rentals	8,049,525	8,193,071	8,390,754	11,356,903	14,139,787
Grant Reimbursements	185,943	223,200	365,200	292,000	292,000
Terminal Rent - Non-Airlines	955,154	1,024,234	1,151,311	1,500,586	1,569,133
Other Operating Revenue	703,714	441,900	1,131,395	469,744	473,200
<b>Total Operating Revenue</b>	<b>174,459,266</b>	<b>189,911,534</b>	<b>198,490,647</b>	<b>209,407,563</b>	<b>218,081,043</b>
<b>Non-Operating Revenue &amp; Other Financing:</b>					
Federal Grants received (excluding Quieter Home Program)	16,093,276	20,108,089	6,695,938	9,786,680	7,201,101
Passenger Facility Charges Receipts	34,304,024	35,155,100	36,301,300	36,614,900	37,237,200
Customer Facility Charges Receipts	17,905,417	26,528,528	26,967,997	30,350,379	30,866,210
Bond Proceeds	432,780,022	-	-	-	-
Special Facility Bonds Proceeds	-	308,462,000	303,579,821	-	-
Commercial Paper Defeasance of Series 2005 Bonds	35,412,000	-	-	-	-
Principal Payments received on Notes Receivable	1,580,698	1,446,896	1,446,896	1,446,896	1,528,512
Interest Received from Notes Receivable & Investments	5,122,307	5,290,220	5,316,366	5,698,479	5,622,315
Passenger Facility Charges (PFC) transfer to debt service fund	20,776,039	27,859,162	27,859,162	30,224,211	29,822,000
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	-	-	-	7,783,026
Other Funding Sources	940,583	-	-	-	-
BAB Interest Rebate	4,778,599	4,741,129	4,662,429	4,636,215	4,636,215
<b>Total Non-Operating Revenue</b>	<b>569,692,965</b>	<b>429,591,124</b>	<b>412,829,908</b>	<b>118,757,760</b>	<b>124,696,579</b>
<b>Total Revenues</b>	<b>744,152,231</b>	<b>619,502,658</b>	<b>611,320,555</b>	<b>328,165,323</b>	<b>342,777,621</b>
<b>Use of Funds</b>					
<b>Operating Expenses:</b>					
Payments to Suppliers & Employees	(118,182,591)	(139,844,164)	(139,687,138)	(148,868,402)	(152,925,912)
<b>Total Operating Expenses</b>	<b>(118,182,591)</b>	<b>(139,844,164)</b>	<b>(139,687,138)</b>	<b>(148,868,402)</b>	<b>(152,925,912)</b>
<b>Non-Operating Expenses:</b>					
Capital Expenditures	(33,530,030)	(34,523,760)	(9,513,567)	(20,617,993)	(27,147,795)
Capital Expenditures Financed from Bond Proceeds	(235,017,504)	(179,225,530)	(171,766,689)	(82,734,487)	(326,510)
Capital Expenditures Financed from Special Facility Bonds	-	(56,749,148)	(20,065,201)	(158,219,462)	(66,293,096)
Quieter Home Program, net and Joint Studies	(1,620,812)	(3,106,921)	(3,106,962)	(3,151,143)	(3,106,962)
Customer Facility Charges (CFC) Expenditures	(7,882,156)	(45,501,819)	(28,176,463)	(40,150,994)	(30,668,376)
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	-	-	-	(7,783,026)
Passenger Facility Charges (PFC) Expenditures (excl QHP)	(20,116,461)	(18,409,659)	(7,366,072)	(17,293,926)	(15,185,210)
Passenger Facility Charges (PFC) transfer to debt service fund	(25,356,442)	(27,859,162)	(27,859,162)	(30,224,211)	(29,822,000)
Principal on Bonds and Commercial Paper paid	(6,172,000)	(11,850,000)	(11,870,000)	(14,824,000)	(15,109,000)
Interest and Debt Fees Paid (excl PFC funding)	(25,792,476)	(37,129,438)	(36,710,531)	(42,040,871)	(41,957,515)
Capitalized Interest Debt Service Payment	(10,785,780)	(7,631,774)	(7,631,774)	(536,243)	(204,005)
Capitalized Interest Special Facility Bonds Payment	-	(10,000,000)	-	(14,162,382)	(16,341,210)
Other Miscellaneous Payments	-	(1,093,569)	(69,971)	(49,971)	(59,987)
Authority loan for RCC busing	-	-	-	-	(4,779,854)
2005 Bonds defeasance	(40,806,063)	-	-	-	-
RDC Installment Purchase Agreement	-	-	(911,900)	(911,900)	(911,900)
<b>Total Non-Operating Expenses</b>	<b>(407,079,723)</b>	<b>(433,080,779)</b>	<b>(325,048,293)</b>	<b>(424,917,584)</b>	<b>(259,696,445)</b>
<b>Total Expenses</b>	<b>(525,262,314)</b>	<b>(572,924,943)</b>	<b>(464,735,430)</b>	<b>(573,785,986)</b>	<b>(412,622,358)</b>
<b>Excess (Deficit) of Source over Use of Funds</b>	<b>218,889,916</b>	<b>46,577,715</b>	<b>146,585,125</b>	<b>(245,620,663)</b>	<b>(69,844,736)</b>
<b>Ending Fund Balance</b>	<b>\$ 672,667,610</b>	<b>\$ 701,756,076</b>	<b>\$ 819,252,735</b>	<b>\$ 573,632,071</b>	<b>\$ 503,787,335</b>
<b>Unrestricted Cash and Investments</b>					
Unrestricted Cash and Investments	\$ 157,347,190	\$ 165,066,941	\$ 193,434,739	\$ 224,301,595	\$ 245,548,691
Total Bonds Reserves	397,918,275	454,377,908	506,232,582	252,945,064	170,151,493
Total Other Restricted Funds	117,402,145	82,311,227	119,585,413	96,385,412	88,087,151
<b>Ending Fund Balance</b>	<b>\$ 672,667,610</b>	<b>\$ 701,756,076</b>	<b>\$ 819,252,735</b>	<b>\$ 573,632,071</b>	<b>\$ 503,787,335</b>

# FINANCIAL PROJECTIONS

## Financial Projections

Based on the actual results experienced by the Authority during FY 2013 and the budget for FY 2014, FY 2015 and FY 2016, the following table shows projections for FY 2017.

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

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	FY 2016 Conceptual Budget	FY 2017 Projected
<b>Total Airline Revenue</b>	\$ 89,639,923	\$ 97,922,606	\$ 105,687,106	\$ 109,911,434	\$ 115,364,775
<b>Total Non-Airline Revenue</b>	87,857,889	91,988,928	103,720,456	108,169,609	115,614,689
<b>Total Operating Revenue</b>	177,497,812	189,911,534	209,407,563	218,081,043	230,979,464
<b>Total Operating Expenses before Depreciation &amp; Amortization</b>	126,796,400	139,844,164	156,592,654	157,355,069	163,943,949
<b>Income from Operations before Depreciation &amp; Amortization</b>	50,701,412	50,067,370	52,814,909	60,725,974	67,035,515
<b>Operating Income (Loss)</b>	50,701,412	50,067,370	52,814,909	60,725,974	67,035,515
<b>Nonoperating Revenue/(Expense)</b>					
Passenger Facility Charges	35,437,453	35,155,100	36,614,900	37,237,200	37,871,700
Customer Facility Charges	19,117,217	26,528,528	30,350,379	30,866,210	34,531,300
Quieter Home Program (Net) and Joint Studies	(1,644,053)	(3,107,169)	(3,151,143)	(3,106,962)	(3,112,962)
BAB Interest Rebate	4,778,599	4,741,129	4,636,215	4,636,215	4,741,129
Interest Income	4,140,067	5,290,220	4,707,690	5,165,382	6,040,055
Interest Expense	(21,186,288)	(50,025,064)	(51,463,594)	(59,894,244)	(67,799,142)
Bond Amortization Costs	2,765,243	4,003,797	3,829,790	4,243,249	4,243,249
Other Nonoperating Income/(Expenses)	(4,279,120)	(20,000)	(10,000)	(10,000)	(10,000)
<b>Total Other Nonoperating Revenue, Net</b>	39,129,118	22,566,540	25,514,237	19,137,050	16,505,329
<b>Income before Capital Grant Contributions</b>	89,830,530	72,633,911	78,329,146	79,863,024	83,540,844
Capital Grant Contributions	16,077,280	20,108,089	9,786,680	7,201,101	9,511,594
<b>Net Income before Depreciation, Principal &amp; Capital Outlay</b>	\$ 105,907,810	\$ 92,742,000	\$ 88,115,826	\$ 87,064,125	\$ 93,052,438

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	FY 2016 Conceptual Budget	FY 2017 Projected
Landing Fee Rate	\$1.83	\$1.98	\$2.10	\$2.11	\$2.18
Terminal Rental Rate	\$129.79	\$120.12	\$130.44	\$136.69	\$144.71
Cost Per Enplanement	\$10.16	\$10.85	\$11.37	\$11.61	\$11.99
Debt Service Coverage	3.77	1.92	1.98	2.08	2.35
Enplanements	8,737,617	8,800,000	9,061,000	9,215,000	9,372,000
% Increase in Enplanements	1.9% <sup>(1)</sup>	0.7%	3.0%	1.7%	1.7%

<sup>(1)</sup> Comparison to FY 2012 actuals.

Figure 12 – FY 2013 to FY 2017 Financial Projections

# BUDGET OVERVIEW: REVENUE

## FY 2015 Revenue Budget – FY 2016 Conceptual Revenue Budget

	FY 2013 Actuals	FY 2014 Budget	FY2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Revenue:</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 19,658,173	\$ 21,814,724	\$ 23,704,477	\$ 1,889,753	8.7%	\$ 24,403,943	\$ 699,466	3.0%
Aircraft Parking Fees	3,190,928	2,559,493	2,768,087	208,594	8.1%	2,830,215	62,128	2.2%
Building Rentals	41,839,619	45,869,700	49,969,936	4,100,236	8.9%	52,306,370	2,336,433	4.7%
Common Use System Support Charges	-	1,116,900	1,124,994	8,094	0.7%	1,145,548	20,554	1.8%
Other Aviation Revenue	1,591,266	1,592,288	1,589,711	(2,577)	-0.2%	1,592,957	3,246	0.2%
Security Surcharge	23,359,938	24,969,500	26,529,900	1,560,400	6.2%	27,632,400	1,102,500	4.2%
<b>Total Airline Revenue</b>	<b>89,639,923</b>	<b>97,922,606</b>	<b>105,687,106</b>	<b>7,764,500</b>	<b>7.9%</b>	<b>109,911,434</b>	<b>4,224,327</b>	<b>4.0%</b>
<b>Non-Airline Revenue</b>								
Terminal rent non-Airline	971,790	1,024,234	1,500,586	476,352	46.5%	1,569,133	68,547	4.6%
Terminal concessions	14,150,898	17,216,343	19,783,233	2,566,890	14.9%	19,870,544	87,311	0.4%
Rental Car License Fees	24,401,371	25,061,200	24,576,100	(485,100)	-1.9%	24,993,700	417,600	1.7%
License Fees Other	3,488,472	3,277,200	4,146,700	869,500	26.5%	4,217,100	70,400	1.7%
Parking Revenue	33,883,703	34,290,532	38,688,776	4,398,244	12.8%	39,324,542	635,766	1.6%
Ground Transportation Permits and Citations	1,866,781	2,261,247	2,906,415	645,167	28.5%	3,289,603	383,188	13.2%
Ground Rentals	8,189,723	8,193,071	11,356,903	3,163,831	38.6%	14,139,787	2,782,884	24.5%
Grant Reimbursements	189,181	223,200	292,000	68,800	30.8%	292,000	-	0.0%
Other Operating Revenue *	715,970	441,900	469,744	27,844	6.3%	473,200	3,456	0.7%
<b>Total Non-Airline Revenue</b>	<b>87,857,889</b>	<b>91,988,928</b>	<b>103,720,456</b>	<b>11,731,528</b>	<b>12.8%</b>	<b>108,169,609</b>	<b>4,449,153</b>	<b>4.3%</b>
<b>Total Operating Revenue</b>	<b>177,497,812</b>	<b>189,911,534</b>	<b>209,407,563</b>	<b>19,496,029</b>	<b>10.3%</b>	<b>218,081,043</b>	<b>8,673,480</b>	<b>4.1%</b>
<b>Interest Income</b>	<b>4,140,067</b>	<b>5,290,220</b>	<b>4,707,690</b>	<b>(582,530)</b>	<b>-11.0%</b>	<b>5,165,382</b>	<b>457,692</b>	<b>9.7%</b>
<b>Non-Operating Revenue</b>								
Passenger facility charges	35,437,453	35,155,100	36,614,900	1,459,800	4.2%	37,237,200	622,300	1.7%
Customer facility charges (Rental Car Center)	19,117,217	26,528,528	30,350,379	3,821,851	14.4%	30,866,210	515,831	1.7%
Quieter Home Program	13,241,658	12,069,400	11,804,573	(264,827)	-2.2%	11,627,849	(176,724)	-1.5%
BAB Interest Rebate	4,778,599	4,741,129	4,636,215	(104,914)	-2.2%	4,636,215	-	0.0%
Capital grant contributions	16,077,280	20,108,089	9,786,680	(10,321,409)	-51.3%	7,201,101	(2,585,579)	-26.4%
<b>Total Non-Operating Revenue</b>	<b>84,420,210</b>	<b>98,602,246</b>	<b>93,192,747</b>	<b>(5,409,500)</b>	<b>-5.5%</b>	<b>91,568,575</b>	<b>(1,624,172)</b>	<b>-1.7%</b>
<b>Total Revenue</b>	<b>\$ 266,058,089</b>	<b>\$ 293,804,000</b>	<b>\$ 307,308,000</b>	<b>\$ 13,504,000</b>	<b>4.6%</b>	<b>\$ 314,815,000</b>	<b>\$ 7,507,000</b>	<b>2.4%</b>

## FY 2015 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2015 Budget
Airline Revenue	\$ 105,687,106
Parking and Ground Transportation	41,595,191
Passenger Facility Charges	36,614,900
Customer Facility Charges	30,350,379
Rental Car License Fees and License Fees Other	28,722,800
QHP & CIP Grants	21,591,253
Terminal Concessions	19,783,233
Ground Rentals	11,356,903
Interest Income	4,707,690
BAB Interest Rebate	4,636,215
Non-Airline Revenue - Other	2,262,330
<b>Total Revenue <sup>(1)</sup></b>	<b><u>\$ 307,308,000</u></b>

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

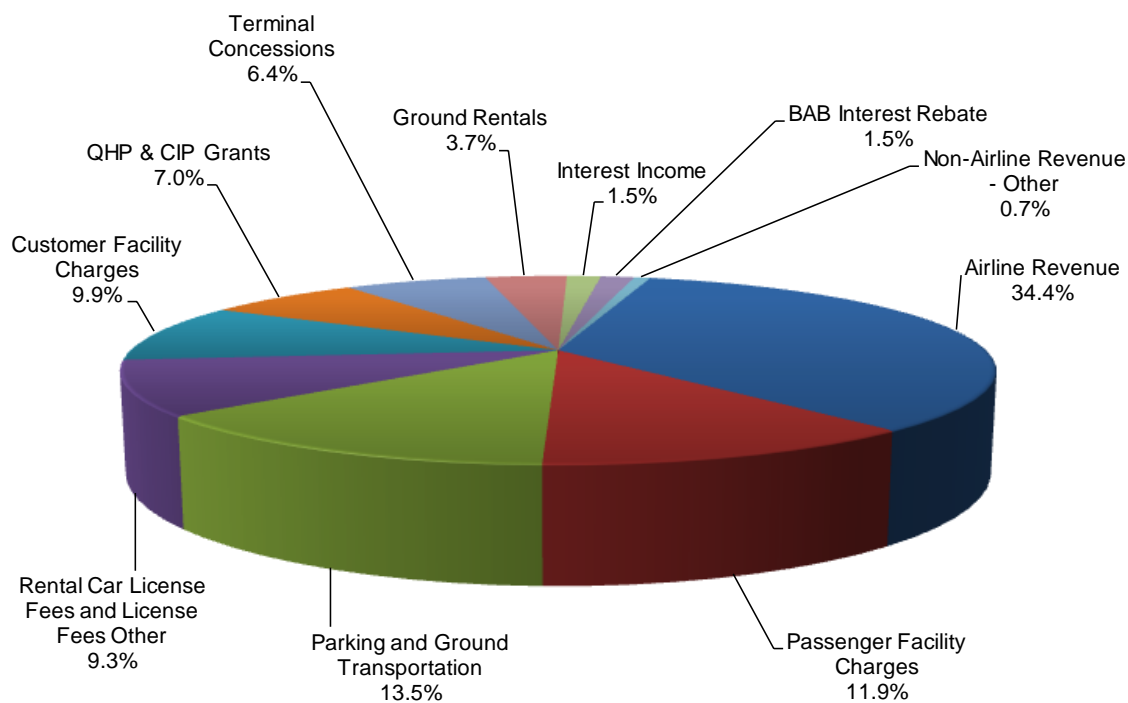


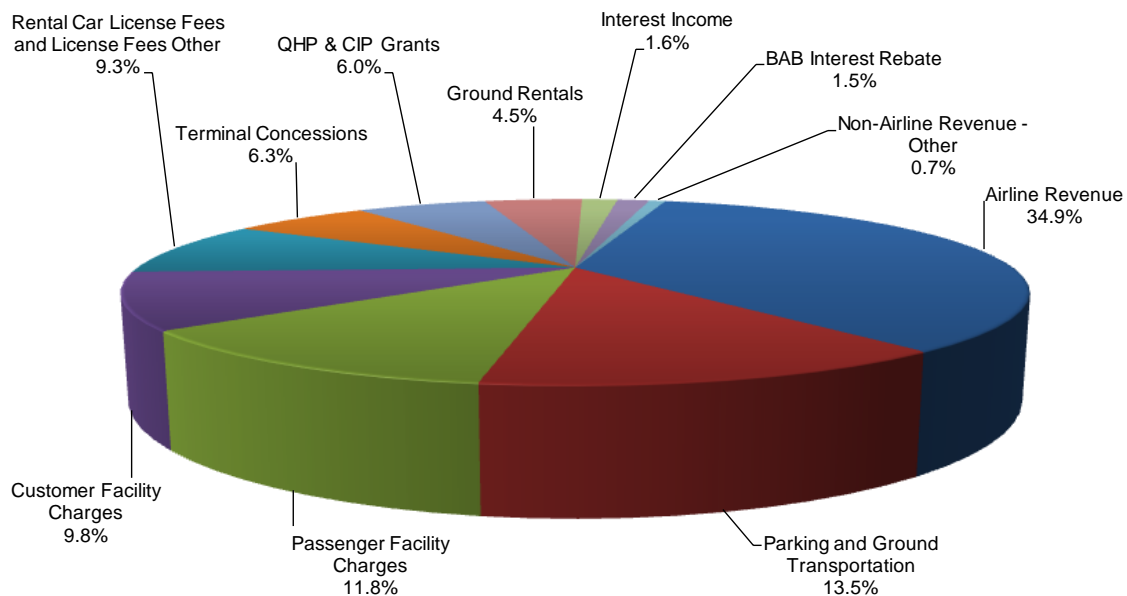
Figure 13 – FY 2015 Revenue Budget by Source



## FY 2016 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2016 Budget
Airline Revenue	\$ 109,911,434
Parking and Ground Transportation	42,614,145
Passenger Facility Charges	37,237,200
Customer Facility Charges	30,866,210
Rental Car License Fees and License Fees Other	29,210,800
Terminal Concessions	19,870,544
QHP & CIP Grants	18,828,950
Ground Rentals	14,139,787
Interest Income	5,165,382
BAB Interest Rebate	4,636,215
Non-Airline Revenue - Other	2,334,333
<b>Total Revenue <sup>(1)</sup></b>	<b><u>\$ 314,815,000</u></b>

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



**Figure 14 – FY 2016 Revenue Budget by Source**

## Overview

Operating and Non-Operating Revenues for FY 2015 are projected to be \$307,308,000, an increase of \$13,504,000 (4.6%) above the FY 2014 Budget. FY 2016 Operating and Non-Operating Revenues are budgeted to increase by \$7,507,000 (2.4%) over the FY 2015 Budget.

## Airline Operating Revenue

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

### Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the airport. The fee is set to recover 89.6% in both FY 2015 and FY 2016 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 2015, landing fee revenues are projected to increase to \$23,704,477, which is \$1,889,753 (8.7%) over the FY 2014 Budget, primarily due to higher net airfield expenses and increased debt service. Estimated landed weight for FY 2015 is projected to increase to 11,365,731 (1,000 pound units), a 2.2% increase from 11,126,321 (1,000 pound units) in the FY 2014 Budget. The combination of higher landed weight and increased costs results in the FY 2015 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$2.10, a 5.9% increase over the FY 2014 Budget landing fee of \$1.98.

In FY 2016, landing fee revenues are projected to increase by \$699,466 (3.0%) to \$24,403,943 over the FY 2015 Budget. The increase reflects increased debt service and amortization charges for new airfield projects. The FY 2016 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to increase to \$2.11, 0.5%, an increase over the FY 2015 budgeted landing fee of \$2.1 mainly reflecting a combination of increased net airfield costs and a 1.7% increase in projected landed weight to 11,558,902 (1,000 pound units) from 11,365,731 (1,000 pound units).

### Aircraft Parking Fees

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

In FY 2015, aircraft parking fees are projected to generate revenues of \$2,768,087, a \$208,594 (8.1 %) increase over the FY 2014 Budget. This increase primarily reflects an increase in net airfield costs.

In FY 2016, aircraft parking fees are projected to increase by \$62,128 (2.2%) over the FY 2015 Budget.

### Building Rentals

FY 2015 Building Rental revenues reflect the new proposed airline use and lease agreement methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2015 Budget projection of \$49,969,936 is an increase of \$4,100,236 (8.9%) over the FY 2014 Budget. The FY 2015 terminal rental rate of \$130.44 per square foot, versus \$120.12 per square foot in the FY 2014 Budget, mainly reflects higher operating and maintenance expenses for new and existing facilities, and an increase in debt service. The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Authority.

In FY 2016, Building Rentals revenue is projected to increase by \$2,336,433 (4.7%) over the FY 2015 Budget due to higher operating and maintenance expenses for existing and new facilities, an increase in debt service and increase in amortization charges for new terminal projects. The FY 2015 terminal rental rate is projected to increase to \$136.69 per square foot.

### Common Use System Support Charges

Common Use System Support Charges include all O&M expenses attributable or allocable to the Common Use System Support cost center and will be paid for by the airlines located in CUPPS-equipped terminals.

FY 2015 Common Use System Support Charges are projected to be \$1,124,994, an increase of \$8,094 (0.7%) over FY 2014 Budget.

In FY 2016 the charges are projected to increase by 20,554 (1.8%) over FY 2015 Budget.

### Other Aviation Revenue

Fuel Franchise Fees/Capital Recovery includes fees on fuel delivered to aircraft by the fixed base operator (FBO) and to non-participating airlines by the airline fuel consortium. In addition, this category includes a fuel farm improvement rent, which represents roughly 90% of this revenue category. It is based on a straight-line amortization schedule that will not change in FY 2015 or FY 2016. The remainder of the revenue is generated from airline fuel sales, which are projected to be relatively flat.

### Security Surcharge

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

The budget for FY 2015 is \$26,529,900, an increase of \$1,560,400 (6.2%) over the FY 2014 Budget. The increase over the FY 2014 Budget reflects increased cost of services and increase in security checkpoints rent due to higher terminal rate.

In FY 2016, Security Surcharge revenue is projected to increase by \$1,102,500 (4.2%) to \$27,632,400 reflecting the increase in cost of services and increase in security checkpoints rent due to higher terminal rate.

### Non-Airline Operating Revenue

Non-Airline Operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events and historic revenue patterns taking into consideration the projected FY 2015 enplaned passenger traffic. The FY 2015 Budget assumes 9.06 million enplaned passengers, which represents a 3.0% increase from the 8.80 million enplanements used in the FY 2014 Budget and a 1.6% increase over the 8.91 million FY 2014 year end projected enplanements. FY 2016 enplanements are projected to grow to 9.22 million, a 1.7% increase over the FY 2015 Budget enplanements.

### Terminal Rent Non-Airline

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

The budget for FY 2015 is \$1,500,586, representing an increase of \$476,352 (46.5%) over the FY 2014 Budget due to renewed leases with a higher rental rate. The FY 2016 Budget is projected to increase by a nominal \$68,547 (4.6%) over the FY 2015 Budget.

### Terminal Concessions

Terminal Concession revenue is generated from food/beverage and retail (including Duty Free) concessions operated under exclusive agreements with concessionaires. In FY 2013, the Authority implemented the Concession Development Program (CDP), which is helping transform the retail and food/beverage services offered at San Diego International Airport, ultimately providing a world-class shopping and dining experience for the millions of passengers who use the airport each year.

When complete, the CDP will expand from approximately 60,000 square feet to approximately 84,000 square feet of food service and retail space. At full build-out in calendar year 2014, the number of concession locations will have increased from 55 stores to 85.

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

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

The FY 2015 Budget for Terminal Concessions is \$19,783,233, an increase of \$2,566,890 (14.9%) over the FY 2014 Budget. This is due to higher food & beverage and retail revenue from the new concessions program driven by increased passenger traffic and stronger gross sales per passenger.

FY 2016 revenues are budgeted at \$19,870,544, an increase of \$87,311 (0.4%) over the FY 2015 Budget. This reflects an increase in food/beverage and retail revenue due primarily to increased passenger traffic.

### **Rental Car License Fee**

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport. The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross sales. In FY 2015, rental car license fees are projected at \$24,576,100, a decrease of \$485,100 (-1.9%) under the FY 2014 Budget reflecting weaker gross sales per passenger due to increased market share and pricing pressure from low cost rental car providers.

FY 2016 revenues are projected at \$24,993,700, an increase of \$417,600 (1.7%) due to higher enplanements.

### **License Fees – Other**

License Fees – Other revenue is derived from in-flight catering services and ground handling operators. Estimated in-flight catering and ground handling revenue is based on a percentage of the companies' gross sales per their agreements with the Authority. FY 2015 revenues are budgeted at \$4,146,700, an increase of \$869,500 (26.5%) from the FY 2014 Budget due to higher enplanements and some additional ground handling services.

In FY 2016, license fees revenues are projected to increase by a nominal \$70,400 (1.7%) to \$4,217,100 due to higher enplanements.

### **Parking**

Parking revenue is generated from the 6,291 spaces located on airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway. The FY 2015 revenue is budgeted at \$38,688,776, a projected increase of \$4,398,244 (12.8%) from the FY 2014 Budget reflecting an increase in parking rates, higher enplanements and a full year of revenue from re-opened T-2 lot after Green Build completion, and the new Economy Lot after relocation.

The FY 2016 budget is \$39,324,542, a projected increase of \$635,766 (1.6%), primarily reflecting growth in transactions due to increased enplanements.

### **Ground Transportation Permits & Citations**

Ground Transportation Permits revenue includes the taxi and hotel shuttle driver and vehicle permits issued to commercial drivers and their vehicles allowing them to conduct business at the airport. Citation revenue is generated from parking citations issued by the Airport Traffic Officers (ATOs) on the airport terminal roadways. FY 2015 revenue projections of \$2,906,415, an increase of \$645,167 (28.5%) over the FY 2014 Budget, mostly reflect the vehicle conversion incentive program changes. In FY 2016, these revenues are budgeted at \$3,289,603, an increase of \$383,188 (13.2%) mostly reflecting the revenue from further implementation of vehicle conversion incentive program.

## 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 2015 revenue is budgeted at \$10,719,787, an increase of \$3,270,865 (43.9%) over the FY 2014 Budget due to rent for the new Fixed Base Operator facility starting in summer 2014. In FY 2016, revenues are budgeted at \$13,761,246, an increase of \$3,041,460 (28.4%), due mainly to an increase of \$2.6M in rent for a partial year of the new Rental Car Center, which opens in FY2016, along with other increases.

Ground Rental Percentage revenue includes percentage revenues received from rental car vehicle storage, occasional trailer storage and revenue from the airport owned off-site salt plant. FY 2015 Budgeted revenues are \$637,116, a decrease of \$107,034 (-14.4%) from the FY 2014 Budget due to lower rental car vehicle storage. FY 2016 Budgeted revenues decrease further to \$378,541, a decrease of \$258,575 (-40.6%) due to the opening of the rental car center, which includes storage space for rental car vehicles in the lease.

## Grant Reimbursements (Operating)

Grant Reimbursement revenue is received by the Authority pursuant to an agreement with TSA to offset the cost of providing Law Enforcement Officers (LEO) at various TSA checkpoints and throughout the airport. The FY 2015 Budgeted grant reimbursement revenue is \$292,000, an increase of \$68,800 (30.8%) from the FY 2014 Budget due to the new agreement terms. Grant reimbursements for FY 2016 are flat to the FY 2015 Budget.

## Other Operating Revenues

Other Operating revenues primarily include revenues to process employee fingerprints for new tenants, and any associated contractors or vendors who conduct business at the airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific category and are usually a one-time occurrence. In FY 2015, these revenues are budgeted to increase by \$27,844 (6.3%) from the FY 2014 Budget. FY 2016 revenues are budgeted to increase by a nominal \$3,456 (0.7%).

## Interest Income

Interest Income revenue is derived from interest earned by the Authority on discretionary funds and reserves established under the master trust indenture. This revenue also includes interest earned on notes paid by the Port District to the Authority. In FY 2015 interest income is budgeted at \$4,707,690, a projected decrease of \$582,530 (-11.0%) from the FY 2014 Budget due lower interest rates and a decrease in the bonds proceeds balance. In FY 2016, these revenues are projected at \$5,165,382, an increase of \$457,692 (9.7%) over the FY 2015 Budget reflecting a projected increase in interest rates.

## Non-Operating Revenue

### Passenger Facility Charges

Passenger Facility Charges (PFCs) Revenue is comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of \$0.11 for the airline processing fee) paid by each ticketed passenger that boards an airplane at the Airport. The FY 2015 budget is based on the projected number of enplaned passengers for FY 2015 at an estimated collection rate of 92%. Certain types of passengers, including military, are excluded from paying the PFC. In FY 2015, PFC revenues are budgeted at \$36,614,900, an increase of \$1,459,800 (4.2%) from the FY 2014 Budget due to higher enplanements and an increase in the budgeted collection rate. In FY 2016, PFC revenues are projected at \$37,237,200, an increase of \$622,300 (1.7%) over the FY 2015 Budget reflecting increases in enplaned passengers.

### Customer Facility Charges

Customer Facility Charges (CFCs) Revenue is collected by the car rental concessionaires and remitted to the Authority according to State law to support the consolidated Rental Car Center development project. In January 2014, in accordance with State statute, the collection methodology changed from \$6.00 per rental car

transaction to \$7.50 per rental day (up to a maximum of five days). For FY 2015, CFC revenues are projected at \$30,350,379, an increase of \$3,821,851 (14.4%) over the FY 2014 Budget due to a full year of CFC revenue at the \$7.50 rate. In FY 2016, CFC revenues are budgeted at \$30,866,210, an increase of \$515,831 (1.7%) over the FY 2015 Budget due to higher enplanements.

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

BAB Interest Rebate Revenue of \$4,636,215 represents a direct federal subsidy of 33.2% of the interest paid on the Series 2010C revenue bonds. In FY 2015, the estimated revenue is projected to decrease by \$104,914 (-2.2%) from the FY 2014 Budget due to carry forward of 2014 impact of the federal government's sequestration measures. These revenues are projected to remain flat in the FY 2016 Budget.

### **Grant Reimbursements (Sound Attenuation & Capital)**

The Quieter Home Program (QHP) is a residential sound insulation program for eligible single and multi-family dwellings located within the FAA-accepted San Diego International Airport 65-decibel Community Noise Equivalent Level (CNEL) contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.0% for FY 2015. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that the FY 2015 and FY 2016 QHP revenue will be \$11,804,573 and \$11,627,849, respectively.

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital projects. The FY 2015 capital grant contributions decrease of \$10,321,409 (-51.3%) is primarily due to the completion of several projects including the Green Build airside component, as well as the Voluntary Airport Low Emissions Program (VALE) grant for pre-conditioned air installation at several boarding gates (\$3.8M). FY 2016 capital grant contributions are budgeted to decrease by \$2,585,579 (-26.4%) due to completion of all in progress FY2014 grant funded projects.

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# **BUDGET OVERVIEW: EXPENSES**



## FY 2015 Expense Budget – FY 2016 Conceptual Expense Budget

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Conceptual Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15	% Change
<b>Operating Expenses:</b>									
<b>Personnel Expenses</b>									
Salaries and Wages	\$ 28,435,266	\$ 31,169,886	\$ 33,004,041	\$ 32,375,837	\$ 1,205,951	3.9%	\$ 33,688,450	\$ 1,312,613	4.1%
Premium Overtime	1,063,025	867,400	865,700	841,000	(26,400)	-3.0%	841,000	-	0.0%
Employee Benefits	14,103,945	16,319,513	17,701,713	17,646,940	1,327,427	8.1%	18,649,795	1,002,855	5.7%
<i>Less: Capitalized Labor</i>	<i>(4,786,022)</i>	<i>(5,749,016)</i>	<i>(6,180,522)</i>	<i>(6,055,685)</i>	<i>(306,669)</i>	<i>5.3%</i>	<i>(6,362,450)</i>	<i>(306,765)</i>	<i>5.1%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>(723,749)</i>	<i>(703,804)</i>	<i>(732,944)</i>	<i>(663,928)</i>	<i>39,876</i>	<i>-5.7%</i>	<i>(688,119)</i>	<i>(24,191)</i>	<i>3.6%</i>
Subtotal Personnel Expenses	38,092,464	41,903,979	44,657,988	44,144,164	2,240,186	5.3%	46,128,675	1,984,511	4.5%
SDCERS Unfunded Actuarial Liability (GASB change)	-	-	-	7,600,000	7,600,000	0.0%	-	(7,600,000)	-100.0%
<b>Total Personnel Expenses</b>	<b>38,092,464</b>	<b>41,903,979</b>	<b>44,657,988</b>	<b>51,744,164</b>	<b>9,840,186</b>	<b>23.5%</b>	<b>46,128,675</b>	<b>(5,615,489)</b>	<b>-10.9%</b>
<b>Non-Personnel Expenses</b>									
Contractual Services	29,283,526	33,265,134	34,052,611	34,073,655	808,521	2.4%	39,238,419	5,164,764	15.2%
Safety and Security	23,994,020	24,975,464	27,111,790	25,001,794	26,331	0.1%	25,794,332	792,537	3.2%
Space Rental	10,897,338	10,378,412	10,324,952	10,450,296	71,884	0.7%	10,424,581	(25,715)	-0.2%
Utilities	6,659,333	8,566,650	8,943,750	9,557,536	990,886	11.6%	10,414,599	857,064	9.0%
Maintenance	11,204,464	11,661,347	12,017,693	16,085,448	4,424,101	37.9%	15,369,505	(715,943)	-4.5%
Operating Equipment & Systems	468,700	456,779	500,468	558,235	101,456	22.2%	682,027	123,792	22.2%
Operating Supplies	405,863	374,352	431,444	409,508	35,156	9.4%	411,380	1,872	0.5%
Insurance	794,984	1,253,580	1,546,084	1,071,422	(182,158)	-14.5%	1,239,364	167,942	15.7%
Employee Programs	1,234,759	1,259,598	1,425,213	1,229,248	(30,350)	-2.4%	1,205,323	(23,925)	-1.9%
Business Development	2,444,407	2,943,753	2,860,045	2,685,228	(258,525)	-8.8%	2,726,335	41,107	1.5%
Equipment Rentals & Repairs	1,316,109	2,445,217	2,569,571	2,526,119	80,902	3.3%	2,520,528	(5,591)	-0.2%
Tenant Improvements	433	359,900	-	1,200,000	840,100	233.4%	1,200,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>88,703,936</b>	<b>97,940,186</b>	<b>101,783,621</b>	<b>104,848,489</b>	<b>6,908,303</b>	<b>7.1%</b>	<b>111,226,393</b>	<b>6,377,904</b>	<b>6.1%</b>
<b>Total Operating Expenses</b>	<b>126,796,400</b>	<b>139,844,165</b>	<b>146,441,608</b>	<b>156,592,653</b>	<b>16,748,489</b>	<b>12.0%</b>	<b>157,355,069</b>	<b>762,416</b>	<b>0.5%</b>
<b>Non-Operating Expenses:</b>									
Joint Studies/Sound Attenuation	14,885,711	15,176,621	15,176,621	14,955,716	(220,905)	-1.5%	14,734,811	(220,905)	-1.5%
Debt Service	23,836,045	58,027,215	64,640,771	64,658,631	6,631,416	11.4%	73,037,120	8,378,490	13.0%
Legal Settlements Expense	267	20,000	-	10,000	(10,000)	-50.0%	10,000	-	0.0%
Other Non-Operating Expense	46,856	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>38,768,879</b>	<b>73,223,836</b>	<b>79,817,392</b>	<b>79,624,347</b>	<b>6,400,511</b>	<b>8.7%</b>	<b>87,781,931</b>	<b>8,157,585</b>	<b>10.2%</b>
<b>Total Expenses</b>	<b>165,565,279</b>	<b>213,068,000</b>	<b>226,259,000</b>	<b>236,217,000</b>	<b>23,149,000</b>	<b>10.9%</b>	<b>245,137,000</b>	<b>8,920,000</b>	<b>3.8%</b>
<b>Equipment Outlay</b>	<b>1,157,996</b>	<b>10,000</b>	<b>170,000</b>	<b>147,000</b>	<b>137,000</b>	<b>1370.0%</b>	<b>284,000</b>	<b>137,000</b>	<b>93.2%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 166,723,275</b>	<b>\$ 213,078,000</b>	<b>\$ 226,429,000</b>	<b>\$ 236,364,000</b>	<b>\$ 23,286,000</b>	<b>10.9%</b>	<b>\$ 245,421,000</b>	<b>\$ 9,057,000</b>	<b>3.8%</b>

## Major Drivers of FY 2015 Budget

	<b>Total Inc/(Dec) FY2015 Budget vs. FY2014 Budget</b>
<b>FY 2014 Budget</b>	<b>\$ 213,078,000</b>
<b>Personnel:</b>	
SDCERS Unfunded Actuarial Liability (GASB change)	7,600,000
Retirement and other benefits	1,055,184
Contracted wage increases and pay-for-performance	872,098
Full year of FY2014 new hires and vacancy savings (salaries and burden)	670,274
Employer taxes	96,409
5 new, 1 funded and 4 eliminated position (salaries and burden)	(186,987)
Capitalized labor / QHP - labor, burden, labor overhead	(266,792)
<b>Total Increase / (Decrease) in Salaries and Benefits, Net</b>	<b>9,840,186</b>
<b>Non-Personnel:</b>	
<b>Terminal and Landside (Operations &amp; Maintenance):</b>	
Green Build:	
Annual maintenance contract costs	1,102,998
Airport custodial contract costs	395,306
Utilities (gas & electric and telephone services) costs	275,380
Public outreach, marketing, promotional activities and materials costs	(579,300)
Baggage Handling System (BHS) costs	(1,349,104)
Other (net)	(69,915)
<b>Total Increase / (Decrease) Due to Green Build</b>	<b>(224,634)</b>
Concession Development Program:	
Airport custodial contract costs	158,731
Marketing fees	124,200
Construction maintenance remediation costs	(210,887)
Other (net)	75,688
<b>Total Increase / (Decrease) Due to Concession Development Program</b>	<b>147,732</b>
Northside Development:	
Public outreach, marketing, promotional activities and materials costs	305,000
Rental Car Center (RCC) Busing	244,800
Annual maintenance contract costs	92,000
<b>Total Increase / (Decrease) Due to Northside Development</b>	<b>641,800</b>
Other Terminal and Landside:	
Annual maintenance contract costs, major maintenance and supplies costs	4,764,094
Utilities (gas, electric, water and telephone services) costs	715,505
Other terminal and landside costs (custodial contract, tenant improvement and space rental)	333,240
Computer licenses & agreements and operating equipment costs	181,497
Ground transportation costs	(302,080)
<b>Total Increase / (Decrease) Due to Other Terminal and Landside</b>	<b>5,692,256</b>
<b>Total Increase / (Decrease) in Terminal and Landside (Operations &amp; Maintenance)</b>	<b>\$ 6,257,154</b>

## Major Drivers of FY 2015 Budget (Cont.)

	<b>Total Inc/(Dec) FY2015 Budget vs. FY2014 Budget</b>
<b>Safety and Security:</b>	
Law enforcement costs - Harbor Police and contract security services	\$ 473,633
Maintenance of access control system costs and credentialing asset management software	300,000
Aircraft Rescue Fire Fighting (ARFF) and Emergency Medical Services (EMS)	(447,302)
<b>Total Increase / (Decrease) in Safety and Security</b>	<b>326,331</b>
<b>Regional Aviation Planning Programs:</b>	
Update Rural / USMC Airport Land Use Compatibility Plans (ALUCPs) and preparing Naval Air Station North Island (NASNI) ALUCP	1,180,000
SDIA Airport Land Use Compatibility Plans (ALUCPs) completed	(500,000)
<b>Total Increase / (Decrease) in Regional Aviation Planning Programs</b>	<b>680,000</b>
<b>Environmental Regulatory Requirements:</b>	
Stormwater Management Program, Industrial Hygiene/Indoor Air Quality, USDA wildlife assessment costs, and refuse & hazardous waste disposal costs	250,000
<b>Total Increase / (Decrease) in Environmental Regulatory Requirements</b>	<b>250,000</b>
<b>Other Operating Expenses:</b>	
Insurance	(140,190)
Domestic & international air service marketing costs	(275,000)
Other (net)	(189,992)
<b>Total Increase / (Decrease) in Other Operating Expenses</b>	<b>(605,182)</b>
<b>Total Increase / (Decrease) in Non-Personnel Operating Expenses, Net</b>	<b>6,908,303</b>
<b>Total Increase / (Decrease) in Operating Expenses</b>	<b>16,748,489</b>
<b>Debt Service:</b>	
Debt service costs	6,631,416
<b>Other Non-Operating Expenses:</b>	
Decrease in Quieter Home Program	(220,905)
Other (net)	(10,000)
<b>Total Increase / (Decrease) in Non-Operating Expenses</b>	<b>6,400,511</b>
Equipment outlay costs	137,000
<b>Total Increase / (Decrease)</b>	<b>23,286,000</b>
<b>FY15 Proposed Budget</b>	<b>\$ 236,364,000</b>

## Major Drivers of FY 2016 Budget

	Total Inc/(Dec) FY2016 Conceptual Budget vs. FY2015 Budget
<b>FY 2015 Budget</b>	<b>\$ 236,364,000</b>
<b>Personnel:</b>	
Contracted wage increases and pay-for-performance	1,019,614
Retirement and other benefits	920,266
Full year of FY2015 new hires and vacancy savings (salaries and burden)	287,959
Employer taxes	87,629
Capitalized labor / QHP - labor, burden, labor overhead	(330,956)
SDCERS Unfunded Actuarial Liability (GASB change)	(7,600,000)
<b>Total Increase / (Decrease) in Salaries and Benefits, Net</b>	<b>(5,615,489)</b>
<b>Non Personnel:</b>	
<b>Terminal and Landside (Operations &amp; Maintenance):</b>	
Northside Development:	
Rental Car Center (RCC) Busing	4,441,911
Annual maintenance contract costs, insurance costs	146,069
Other (net)	65,000
<b>Total Increase / (Decrease) Due to Northside Development</b>	<b>4,652,980</b>
Other Terminal and Landside:	
Utilities (gas, electric, water and telephone services) costs	757,064
Shuttles and parking operation costs	350,998
Other terminal and landside costs (custodial contract and space rental costs)	193,739
Annual maintenance contract costs, supplies and major maintenance costs	(1,087,393)
<b>Total Increase / (Decrease) Due to Other Terminal and Landside</b>	<b>214,409</b>
<b>Total Increase / (Decrease) in Terminal and Landside (Operations and Maintenance)</b>	<b>4,867,388</b>
<b>Safety and Security:</b>	
Law enforcement costs - Harbor Police and contract security services	617,717
Maintenance of access control system	307,450
Aircraft Rescue Fire Fighting (ARFF) and Emergency Medical Services (EMS)	174,820
<b>Total Increase / (Decrease) in Safety and Security</b>	<b>1,099,987</b>
<b>Regional Aviation Planning Programs:</b>	
Update Rural / USMC Airport Land Use Compatibility Plans (ALUCPs), continue development of Naval Air Station North Island (NASNI) ALUCP and miscellaneous airport planning projects costs	120,000
<b>Other Operating Expenses:</b>	
Outside professional services	145,755
Other (net)	144,773
<b>Total Increase / (Decrease) in Other Operating Expenses</b>	<b>290,529</b>
<b>Total Increase / (Decrease) in Non-Personnel Operating Expenses, Net</b>	<b>6,377,904</b>
<b>Total Increase / (Decrease) in Operating Expenses</b>	<b>\$ 762,416</b>

## Major Drivers of FY 2016 Budget (Cont.)

	<b>Total Inc/(Dec) FY2016 Conceptual Budget vs. FY2015 Budget</b>
Debt Service:	
Debt service costs	\$ 8,378,490
Other Non-Operating Expenses:	
Quieter Home Program	(220,905)
<b>Total Increase / (Decrease) in Non-Operating Expenses</b>	<b>8,157,585</b>
Equipment Outlay:	
Equipment outlay costs	137,000
<b>Total Increase / (Decrease)</b>	<b>9,057,000</b>
<b>FY16 Proposed Conceptual Budget</b>	<b>\$ 245,421,000</b>

## Overview

In FY 2015, SDCRAA total expenses, including debt service and equipment outlay, are projected to increase to \$236,364,000 from \$213,078,000 in the FY 2014 Budget. This represents an increase of \$23,286,000 (10.9%). The FY 2016 Conceptual Budget contemplates total expenses increasing to \$245,421,000, representing an increase of \$9,057,000 (3.8%).

## Operating Expenses

### Personnel Expenses

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

In FY 2015, salaries and wages including overtime are projected to increase by \$1,179,551 over the FY 2014 Budget reflecting a net increase of two Full-Time Equivalent (FTE) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to increase by \$1,327,427 from the FY 2014 Budget due to an increase in the required retirement contribution, lower workers' compensation insurance costs and increased health benefit costs. Also adding to the budget increase is a one-time non-cash, unfunded actuarial liability expense of \$7,600,000. These combined factors, together with higher capitalized labor expenses, resulted in a net increase of \$9,840,186 (23.5%) in the FY 2015 Budget over the FY 2014 Budget.

In FY 2016, salaries and wages including overtime are projected to increase by \$1,312,613 reflecting a net increase of one FTE position, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by \$1,002,855 (5.7%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with higher capitalized labor expenses, and the reduction of \$7,600,000 for the one time unfunded actuarial liability are projected to result in a net decrease of \$5,615,489 (-10.9%) in FY 2016.

## Non-Personnel Expenses

### Contractual Services

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

In FY 2015, Contractual Services are budgeted to have a net increase of \$808,521 (2.4%) over the FY 2014 Budget primarily reflecting increased cleaning costs associated with the new terminal facilities and CDP, increase in regional aviation planning costs and the beginning of Rental Car Center (RCC) busing startup costs.

In FY 2016, Contractual Services are budgeted to increase by \$5,164,764 (15.2%) from the FY 2015 Budget mainly reflecting an increase in Rental Car Center (RCC) busing and increased costs for parking and shuttles operations.

### Safety and Security

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

In FY 2015, Safety and Security costs are projected to increase by \$26,331 (0.1%) over the FY 2014 Budget. The increase primarily reflects an increase in Harbor Police costs and an increase in contract security services costs, partially offset by a decrease in the City of San Diego Aircraft Rescue Fire Fighting (ARFF) costs.

FY 2016 Safety and Security costs are projected to increase by \$792,537 (3.2%) over the FY 2015 Budget. The majority of this increase reflects contractual increases for Harbor Police and contract security service, ARFF and Emergency Medical Services (EMS).

### **Space Rental**

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

FY 2015 Space Rental costs are projected to increase by \$71,884 (0.7%) compared to FY 2014 Budget reflecting an increase in the rate for taxi/shuttle hold lot.

FY 2016 Space Rental costs are projected to decrease by \$25,715 (-0.2%) compared to the FY 2015 Budget reflecting termination of an FBO expansion area lease from The San Diego Unified Port District.

### **Utilities**

Utility expenses include gas, electric, water and telephone costs.

FY 2015 Utilities costs are projected to increase by \$990,886 (11.6%) from the FY 2014 Budget reflecting full year for Green Build expansion, RCC construction underway and a rate increase in FY 2015.

FY 2016 Utilities costs are budgeted to increase by \$857,064 (9.0%) over the FY 2015 Budget mainly reflecting anticipated rate increases.

### **Maintenance**

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

FY 2015 Maintenance expenses are projected to increase by \$4,424,101 (37.9%) from the FY 2014 Budget reflecting increased operating and maintenance costs in 12kV micro-grid system costs and increased maintenance costs for new and existing facilities.

FY 2016 Maintenance expenses are projected to decrease by \$715,943 (-4.5%) reflecting termination of one time maintenance costs completed in FY 2015.

### **Operating Equipment and Systems**

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

FY 2015 Operating Equipment and Systems expenses are projected to increase by \$101,456 (22.2%) over the 2014 Budget and FY 2016 Operating Equipment & Systems expenses are projected to increase by an additional \$123,792 (22.2%) over the FY 2015 Budget reflecting an increase in airside and terminal equipment costs.

### **Operating Supplies**

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

FY 2015 Operating Supplies expenses are projected to increase by \$35,156 (9.4%) over the FY 2014 Budget primarily due to an increase in safety equipment and operating supplies.

FY 2016 Operating Supplies expenses are projected to remain nearly flat to the FY 2015 Budget.

### **Insurance**

FY 2015 Insurance expenses are projected to decrease by \$182,158 (-14.5%) over the FY 2014 Budget reflecting lower insurance premiums.

FY 2016 Insurance expenses are projected to increase by \$167,942 (15.7%) over the FY 2015 Budget reflecting the addition of the Rental Car Center (RCC) facility and increased insurance premiums.

## Employee Programs

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

FY 2015 Employee Programs expenses are projected to decrease by \$30,350 (-2.4%) over the FY 2014 Budget due to decrease in seminars and training costs.

FY 2016 Employee Programs expenses are projected to decrease by \$23,925 (-1.9%) over the FY 2015 Budget.

## Business Development

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

FY 2015 Business Development expenses are projected to decrease by \$258,125 (-8.8%) over the FY 2014 Budget reflecting reduction of international and domestic air services marketing costs.

FY 2016 Business Development expenses are budgeted to increase by \$41,407 (1.5%) over the FY 2015 Budget mainly reflecting an increase in promotional materials.

## Equipment Rentals and Repairs

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

FY 2015 Equipment Rental and Repairs expenses are projected to increase by \$80,902 (3.3%) over the FY 2014 Budget mainly reflecting increases in maintenance of noise mitigation equipment costs.

FY 2016 Equipment Rental and Repairs expenses are projected to decrease by \$5,591 (-0.2%) over the FY 2015 budget.

## Tenant Improvements

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

FY 2015 Tenant Improvement expenses are projected to increase by \$840,100 (233.4%) over the FY 2014 Budget reflecting tenant improvement costs that were moved from contractual services category starting FY2015.

FY 2016 Tenant Improvement expenses are projected to remain flat to the FY 2015 Budget.

## Non-Operating Expenses

### Joint-Studies/Sound Attenuation

The associated cost of airport facilities studies and the Quieter Home Program are expected to decrease by \$220,905 each year from the FY 2014 Budget for both FY 2015 and FY 2016, due to reductions in the grant money availability.

### Debt Service

Debt Service expenditures 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 revenue bonds.

FY 2015 Debt Service costs are projected to increase by \$6,631,416 (11.4%) over the FY Budget 2014 primarily due to an increase in interest expense and principal payments on revenue bonds.

In FY 2015 Debt Service costs are projected to increase by \$8,378,490 (13.0%) mostly due to debt service costs for the 2014 Special Facility bonds.



## Equipment Outlay

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

In FY 2015, these requests are projected to increase by \$137,000 (1370.0%) over the FY 2014 Budget reflecting some purchases of technical equipment for Facility Development department.

In FY 2016, Equipment Outlay costs are budgeted to increase by \$137,000 (93.2%) over the FY 2015 Budget primarily reflecting replacement vehicles for the Facilities Management department.

## FY 2015 Expense Budget by Division

Divisions	FY 2015 Budget
Operations	\$ 94,793,984
Debt Service	64,658,631
Finance and Asset Management	34,162,512
Development	25,104,841
Executive	17,644,032
<b>Total <sup>(1)</sup></b>	<b><u>\$ 236,364,000</u></b>

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

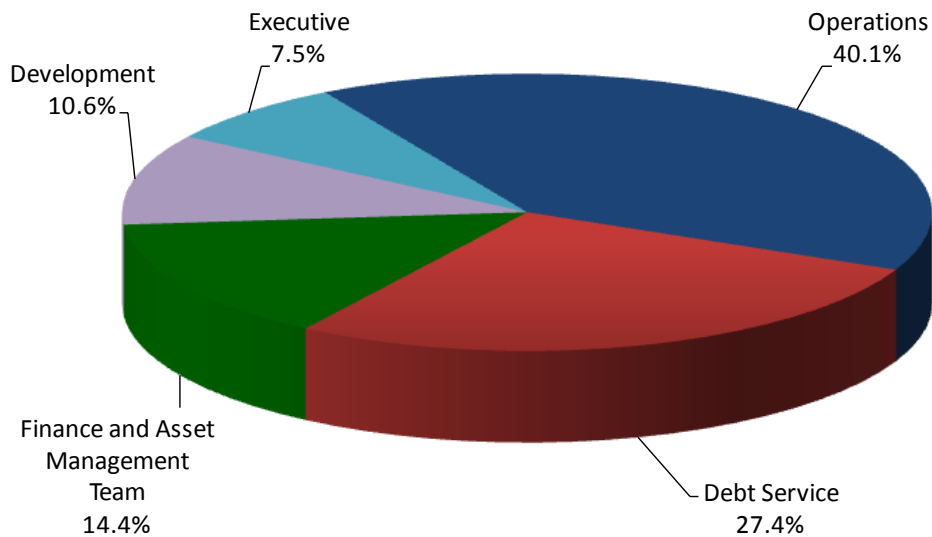


Figure 15 – FY 2015 Expense Budget by Division

## FY 2016 Expense Budget by Division

Divisions	FY 2016 Conceptual Budget
Operations	\$ 101,918,323
Debt Service	73,037,120
Finance and Asset Management	27,134,413
Development	25,045,096
Executive	18,286,048
<b>Total <sup>(1)</sup></b>	<b><u>\$ 245,421,000</u></b>

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

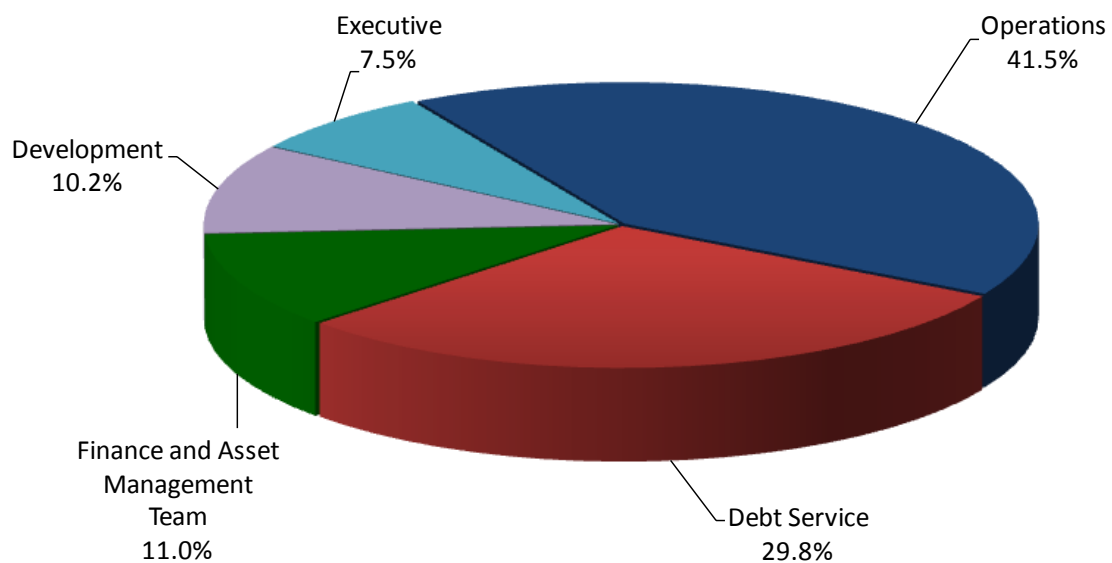


Figure 16 – FY 2016 Expense Budget by Division

## FY 2015 Expense Budget by Category

Category	FY 2015 Budget
Debt Service	\$ 64,658,631
Personnel Costs	51,744,164
Contractual Services	34,073,655
Safety & Security	25,001,794
Sound Attenuation Program/Legal/Misc	14,965,716
Maintenance	16,085,448
Space Rental	10,450,296
Utilities	9,557,536
Business Development	2,685,228
Equipment Rentals & Repairs	2,526,119
Employee Programs	1,229,248
Tenant Improvements	1,200,000
Insurance	1,071,422
Operating Equipment & Systems/Equipment Outlay	705,235
Operating Supplies	409,508
<b>Total <sup>(1)</sup></b>	<b>\$ 236,364,000</b>

(1) Total may differ due to rounding.

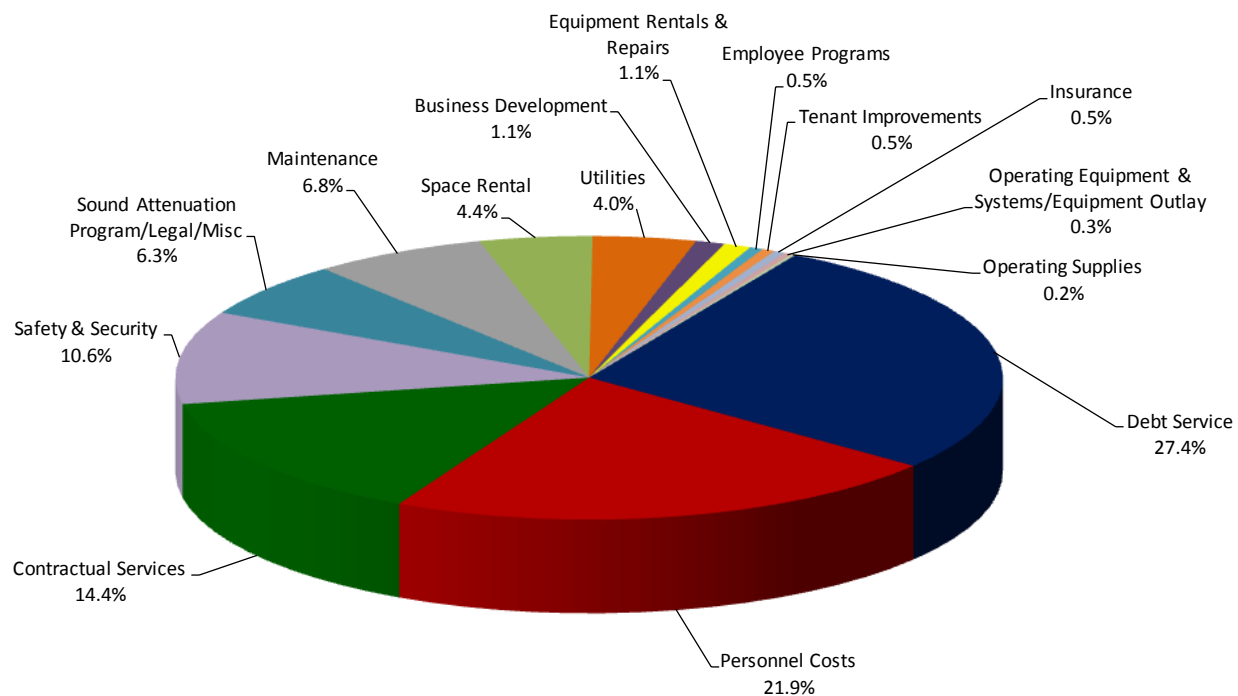


Figure 17 – FY 2015 Expense Budget by Category

## FY 2016 Expense Budget by Category

Category	FY 2016 Conceptual Budget
Debt Service	\$ 73,037,120
Personnel Costs	46,128,675
Contractual Services	39,238,419
Safety & Security	25,794,332
Sound Attenuation Program/Legal/Misc	14,744,811
Maintenance	15,369,505
Space Rental	10,424,581
Utilities	10,414,599
Business Development	2,726,335
Equipment Rentals & Repairs	2,520,528
Employee Programs	1,205,323
Tenant Improvements	1,200,000
Insurance	1,239,364
Operating Equipment & Systems/Equipment Outlay	966,027
Operating Supplies	411,380
<b>Total <sup>(1)</sup></b>	<b>\$ 245,421,000</b>

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

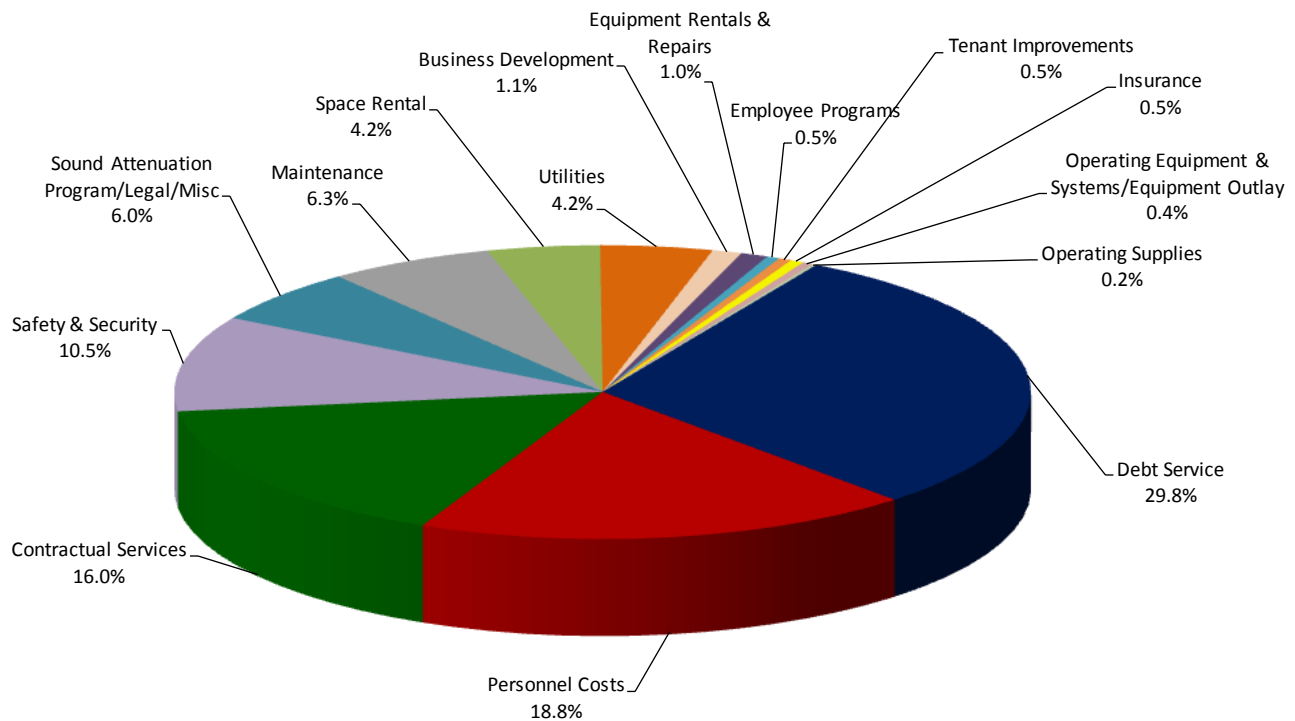


Figure 18 – FY 2016 Expense Budget by Category

## Division Personnel Summary

	FY 2013 Budget Authorized & Funded Positions	FY 2014 Budget Authorized & Funded Positions	Proposed FY 2015 Budget Transfer Positions	Proposed FY 2015 Budget New/ (Eliminated) Positions	Proposed FY 2015 Budget Funded/ (Unfunded) Positions*	Proposed FY 2015 Budget Authorized & Funded Positions	Conceptual FY 2016 Budget New/ (Eliminated) Positions	Conceptual FY 2016 Budget Authorized & Funded Positions
<b>Executive</b>								
Executive Office	4	4	-	-	-	4	-	4
Corporate and Information Governance	8	8	-	-	-	8	-	8
Air Service Development	2	2	-	-	-	2	-	2
Talent Culture & Capability	18	18	(1)	-	-	17	-	17
Vision, Voice & Engagement	14	14	1	(1)	-	14	-	14
Inter-Governmental Relations	4	4	(1)	-	-	3	-	3
Risk Management	6	6	(1)	-	-	5	-	5
General Counsel	6	6	-	-	-	6	-	6
Chief Auditor	7	8	-	-	-	8	-	8
<b>Total Executive</b>	<b>69</b>	<b>70</b>	<b>(2)</b>	<b>(1)</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>67</b>
<b>Operations</b>								
Terminals & Tenants	55	14	-	-	-	14	1	15
Aviation Security/Public Safety	11	11	-	-	-	11	-	11
Airside Operations	16	16	-	-	1	17	-	17
Ground Transportation	6	60	-	-	-	60	-	60
Facilities Management	77	83	(2)	2	-	83	-	83
<b>Total Operations</b>	<b>165</b>	<b>184</b>	<b>(2)</b>	<b>2</b>	<b>1</b>	<b>185</b>	<b>1</b>	<b>186</b>
<b>Finance and Asset Management</b>								
Business and Financial Management	34	26	(1)	-	-	25	-	25
Accounting	13	13	(1)	-	-	12	-	12
Information and Technology Services	23	24	3	-	-	27	-	27
Procurement and Small Business Development	18	17	(1)	(1)	-	15	-	15
Business Development	-	1	-	-	-	1	-	1
<b>Total Finance and Asset Management</b>	<b>88</b>	<b>81</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>80</b>
<b>Development</b>								
Facilities Development	30	36	-	3	-	39	-	39
Airport Design & Construction	9	14	1	-	-	15	-	15
Airport Planning and Noise Mitigation	21	21	1	(2)	-	20	-	20
Environmental Affairs	6	7	2	-	-	9	-	9
<b>Total Development</b>	<b>66</b>	<b>78</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>
<b>TOTAL</b>	<b>388</b>	<b>413</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>415</b>	<b>1</b>	<b>416</b>
Authorized and Unfunded Positions	11	6		(1)	(1)	4		4
<b>Total Authorized Positions</b>	<b>399</b>	<b>419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>419</b>	<b>1</b>	<b>420</b>

\*Authorized positions that were previously unfunded and are now funded in the approved budget/Authorized positions that were previously funded and are now unfunded in the approved budget.

### Definitions

**Authorized positions:** Positions that are approved and authorized by the Board.

**Funded positions:** Authorized positions that are funded in the budget.

**Unfunded positions:** Authorized positions that are not funded in the budget

**New positions:** Positions that are authorized and funded for the first time in the approved budget.

## FY 2015 Personnel Budget by Division

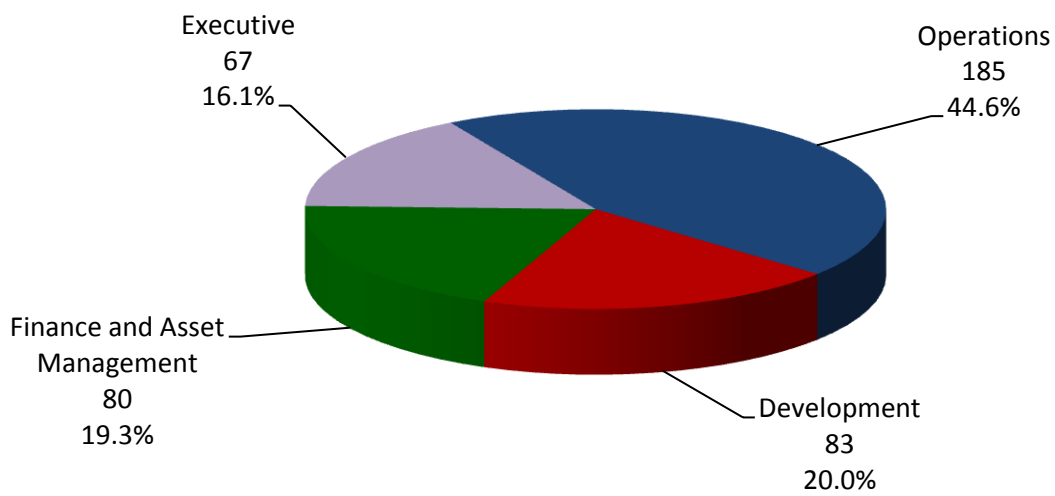


Figure 19 – FY 2015 Personnel Budget by Division

## FY 2016 Personnel Budget by Division

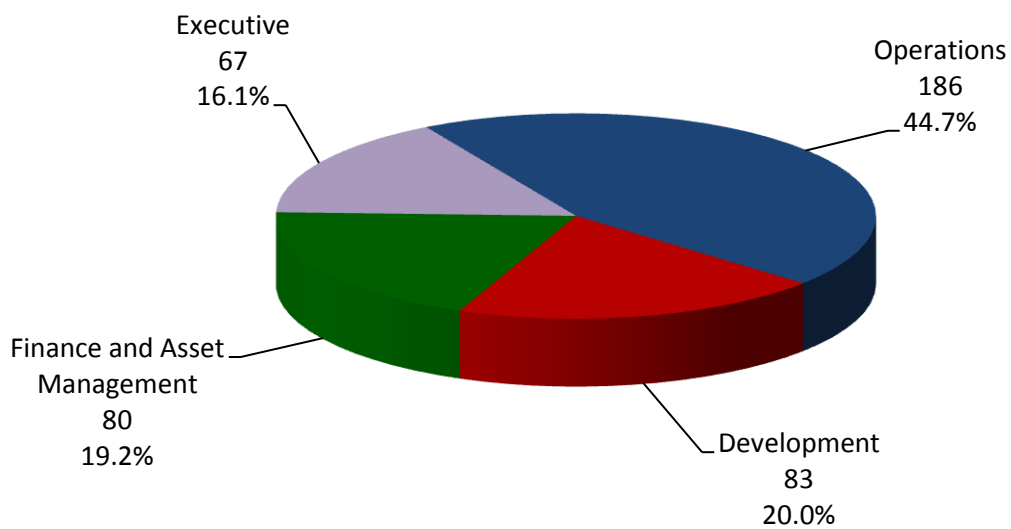


Figure 20 – FY 2016 Personnel Budget by Division

## Personnel Changes FY 2015 Budget vs. FY 2014 Budget

<b>Operations</b>	
Facilities Development	One position added for Quality Assurance / Quality Control Manager
	One position added for Cost Analyst
	One position added for Capital Project Assistant
Airport Planning	Eliminated one funded position, Vice President Development
QHP & Airport Noise Mitigation	Eliminated one funded position, Director, Airport Noise Mitigation
<b>Executive</b>	
Vision Voice & Engagement	Eliminated one funded position, Administrative Assistant II
<b>Finance and Asset Management</b>	
Small Business Development	Eliminated one funded position, Director
<b>Operations</b>	
Facilities Management	Two positions added for Maintenance Worker I
Airside	One Airside Operations Assistant position transferred from unfunded to funded

**Figure 21 – Personnel Changes FY 2015 Budget vs. FY 2014 Budget**

## Personnel Changes FY 2016 Conceptual Budget vs. FY 2015 Budget

<b>Operations</b>	
Terminal Operations & Tenant Relations	One position added for Staff Assistant

**Figure 22 – Personnel Changes FY 2016 Conceptual Budget vs. FY 2015 Budget**



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# EXECUTIVE DIVISION

## Executive Division

### Overview

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

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

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

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

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

The **Executive Office** 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 and development of San Diego International Airport.

Other responsibilities include:

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

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

The **General Counsel Office** provides professional legal advice and representation to the Authority's Board, executive staff and the various divisions and departments of the Authority. The General Counsel Office is responsible for the following:

- Represents the Authority in all litigation and legal matters.
- Assists in the preparation and review of Authority leases, contracts and legal documents.
- Assists in the preparation and review of all ordinances and resolutions.
- Selects and manages all outside legal counsel.
- Advises with the objective to limit liability and exposure to claims and lawsuits.
- Assists in the preparation of Authority bonds and other instruments.

The **Air Service Development Department** develops and implements strategies aimed at enhancing air service to San Diego International Airport. The Department also:

- Compiles and maintains the official airport passenger, operations and cargo statistics.
- Develops the annual air service strategic plan to target air service growth opportunities for San Diego International Airport.
- Develops relationships between incumbent and potential new airlines at San Diego International Airport.
- Presents business cases for specific route opportunities at San Diego International Airport.
- Manages San Diego International Airport's air service incentive policies.
- Consults with regional stakeholders on air service opportunities.

The **Corporate and Information Governance Department** ensures compliance with State & local laws and Authority codes and policies pertaining to the administration of public Board & Committee meetings, legislative actions and other Board related activities; financial disclosure; public access to public records; and the creation, maintenance and retention of Authority records and information. These laws and policies include, but are not limited to, the Brown Act, Political Reform Act, the Public Records Act and the approved Records and Information Management Program. The department is also responsible for managing the following activities and programs:

- Public Board and Committee meetings.
- Conflict of interest filings.
- Public records request process.
- Acceptance of claims and lawsuits filed against the Authority.
- Authority's lobbyist program.
- Conflict of interest filings and other filings required by the Political Reform Act.
- Mail and reception operations.
- Authority's Records and Information Management Program.

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

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

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

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

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

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

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

The **Talent, Culture & Capability Department** provides services and programs that allow the organization's workforce to optimize its contributions and assure the ongoing identification and development of the needed skills and practices required to sustain future success.

**Key Responsibilities:**

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

In addition, the department is also responsible for organizational, development initiatives related to workforce planning, process optimization and strategic engagement measures.

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

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

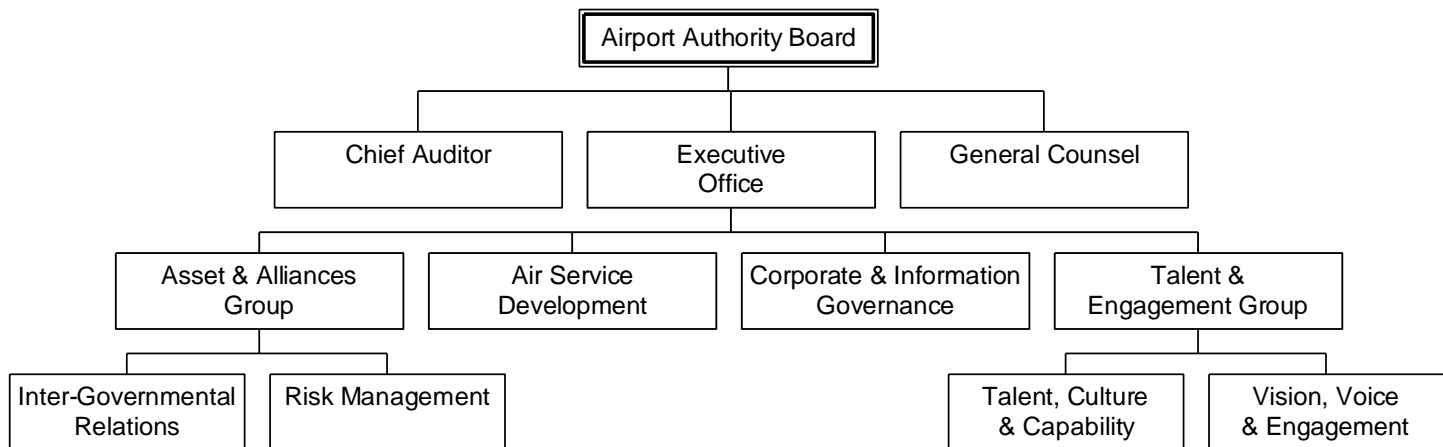
The Vision, Voice & Engagement Team also manages the airport art program, which presents artwork and programming that engages travelers in innovative, memorable and considerate experiences. Through the exhibition and production of art from individual artists and work from cultural institutions, the program contributes to the airport's vision by promoting regional prosperity and cultural tourism. The art program has three main components: Temporary and Rotating Exhibits, Performing Art and Public Art.

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

#### Key Responsibilities:

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

## Executive Division Organizational Structure



## Division Personnel Summary

	FY 2013 Budget Authorized & Funded Positions	FY 2014 Budget Authorized & Funded Positions	Proposed FY 2015 Budget Transfer Positions	FY 2015 Budget New/ (Eliminated) Positions	FY 2015 Budget Funded/ (Unfunded) Positions	FY 2015 Budget Authorized & Funded Positions	FY 2016 Budget New/ (Eliminated) Positions	FY 2016 Budget Authorized & Funded Positions
<b>Executive</b>								
Executive Office	4	4	-	-	-	4	-	4
Corporate and Information Governance	8	8	-	-	-	8	-	8
Air Service Development	2	2	-	-	-	2	-	2
Talent Culture & Capability	18	18	(1)	-	-	17	-	17
Vision, Voice & Engagement	14	14	1	(1)	-	14	-	14
Inter-Governmental Relations	4	4	(1)	-	-	3	-	3
Risk Management	6	6	(1)	-	-	5	-	5
General Counsel	6	6	-	-	-	6	-	6
Chief Auditor	7	8	-	-	-	8	-	8
<b>Total</b>	<b>69</b>	<b>70</b>	<b>(2)</b>	<b>(1)</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>67</b>
Authorized and Unfunded Positions	2	2	-	-	-	1	-	1
<b>Total Authorized Positions</b>	<b>71</b>	<b>72</b>	<b>(2)</b>	<b>(1)</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>68</b>

**Executive Division**  
**FY 2015 – FY 2016 Budget Expense Summary**

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,142,859	\$ 6,476,244	\$ 6,583,151	\$ 106,907	1.7%	\$ 6,756,624	\$ 173,472	2.6%
Premium Overtime	11,517	-	-	-	0.0%	-	-	0.0%
Employee Benefits	2,895,160	3,118,559	3,229,159	110,600	3.5%	3,381,920	152,761	4.7%
Subtotal	9,049,536	9,594,803	9,812,310	217,507	2.3%	10,138,543	326,233	3.3%
Less: Capitalized Labor	-	(74,193)	(69,479)	4,714	-6.4%	(45,514)	23,965	-34.5%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>9,049,536</b>	<b>9,520,611</b>	<b>9,742,831</b>	<b>222,220</b>	<b>2.3%</b>	<b>10,093,030</b>	<b>350,199</b>	<b>3.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,554,179	4,435,970	4,108,937	(327,033)	-7.4%	4,106,137	(2,800)	-0.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	183	2,400	18,150	15,750	656.2%	3,150	(15,000)	-82.6%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	15,806	17,850	33,650	15,800	88.5%	78,400	44,750	133.0%
Operating Supplies	27,040	52,575	40,475	(12,100)	-23.0%	38,975	(1,500)	-3.7%
Insurance	794,984	1,253,580	1,071,422	(182,158)	-14.5%	1,239,364	167,942	15.7%
Employee Programs	540,913	641,765	554,515	(87,250)	-13.6%	539,265	(15,250)	-2.8%
Business Development	1,888,264	2,337,795	1,962,302	(375,493)	-16.1%	2,081,252	118,950	6.1%
Equipment Rentals & Repairs	35,743	67,700	80,550	12,850	19.0%	75,275	(5,275)	-6.5%
<b>Total Non-Personnel Expenses</b>	<b>6,857,111</b>	<b>8,810,835</b>	<b>7,871,201</b>	<b>(939,634)</b>	<b>-10.7%</b>	<b>8,163,018</b>	<b>291,817</b>	<b>3.7%</b>
<b>Total Operating Expenses</b>	<b>15,906,648</b>	<b>18,331,445</b>	<b>17,614,032</b>	<b>(717,413)</b>	<b>-3.9%</b>	<b>18,256,048</b>	<b>642,016</b>	<b>3.6%</b>
<b>Non-Operating Expenses:</b>								
Legal Settlements Expense	267	20,000	10,000	(10,000)	-50.0%	10,000	-	0.0%
Other Non-Operating Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>267</b>	<b>20,000</b>	<b>10,000</b>	<b>(10,000)</b>	<b>-50.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,906,915</b>	<b>18,351,445</b>	<b>17,624,032</b>	<b>(727,413)</b>	<b>-4.0%</b>	<b>18,266,048</b>	<b>642,016</b>	<b>3.6%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>0.0%</b>	<b>20,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 15,906,915</b>	<b>\$ 18,351,445</b>	<b>\$ 17,644,032</b>	<b>\$ (707,413)</b>	<b>-3.9%</b>	<b>\$ 18,286,048</b>	<b>\$ 642,016</b>	<b>3.6%</b>



**Executive Division**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 18,351,445</b>	<b>\$ 17,644,032</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	326,822	173,472
Veterans Fellowship Program (salaries, benefits & employer taxes)	200,523	-
Burden (benefits & employer taxes) for current staff	158,606	152,761
Changes in capitalized labor	4,714	23,965
1 Position eliminated (salaries, benefits & employer taxes)	(90,403)	-
2 Positions transferred to Environmental (salaries, benefits & employer taxes)	(378,041)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>222,220</b>	<b>350,199</b>
Marketing, promotional activities and materials	(160,200)	123,000
Insurance	(182,158)	167,942
Outside professional services	(271,458)	6,500
Domestic and international air service marketing cost	(275,000)	-
Other, net	(40,818)	(5,625)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(929,634)</b>	<b>291,817</b>
<b>Total Increase / (Decrease)</b>	<b>(707,413)</b>	<b>642,016</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 17,644,032</b>	<b>\$ 18,286,048</b>

## Executive Division

### FY 2015 Expense Budget by Department

Departments	FY 2015 Budget
Vision, Voice & Engagement	\$ 3,968,448
Talent Culture & Capability	3,450,489
General Counsel	2,583,157
Risk Management	2,034,349
Air Service Development	1,258,852
Chief Auditor	1,184,008
Executive Offices	1,096,942
Corporate & Information Governance	1,002,157
Intergovernmental Relations	878,330
Board Services	187,300
<b>Total <sup>(1)</sup></b>	<b>\$ 17,644,032</b>

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

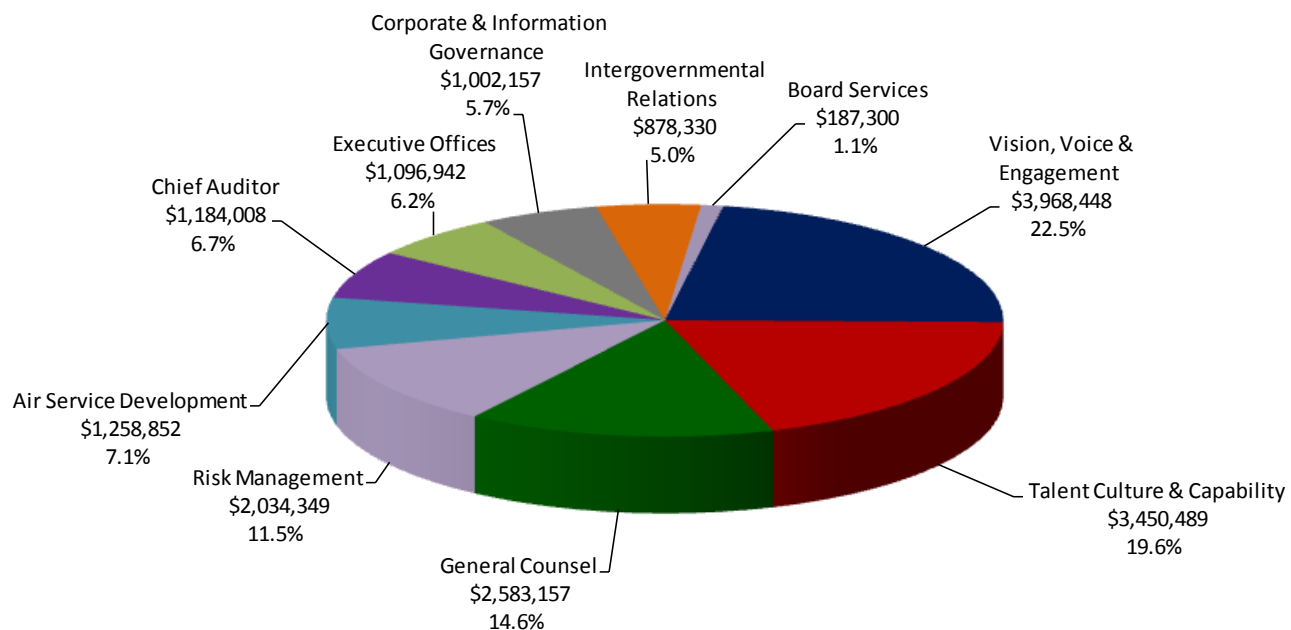


Figure 23 – FY 2015 Expense Budget by Department

## Executive Division

### FY 2016 Expense Budget by Department

Departments	FY 2016 Conceptual Budget
Vision, Voice & Engagement	\$ 4,121,831
Talent Culture & Capability	3,489,045
General Counsel	2,626,197
Risk Management	2,278,648
Air Service Development	1,259,004
Chief Auditor	1,224,802
Executive Offices	1,135,944
Corporate & Information Governance	1,036,971
Intergovernmental Relations	925,605
Board Services	188,000
<b>Total <sup>(1)</sup></b>	<b>\$ 18,286,048</b>

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

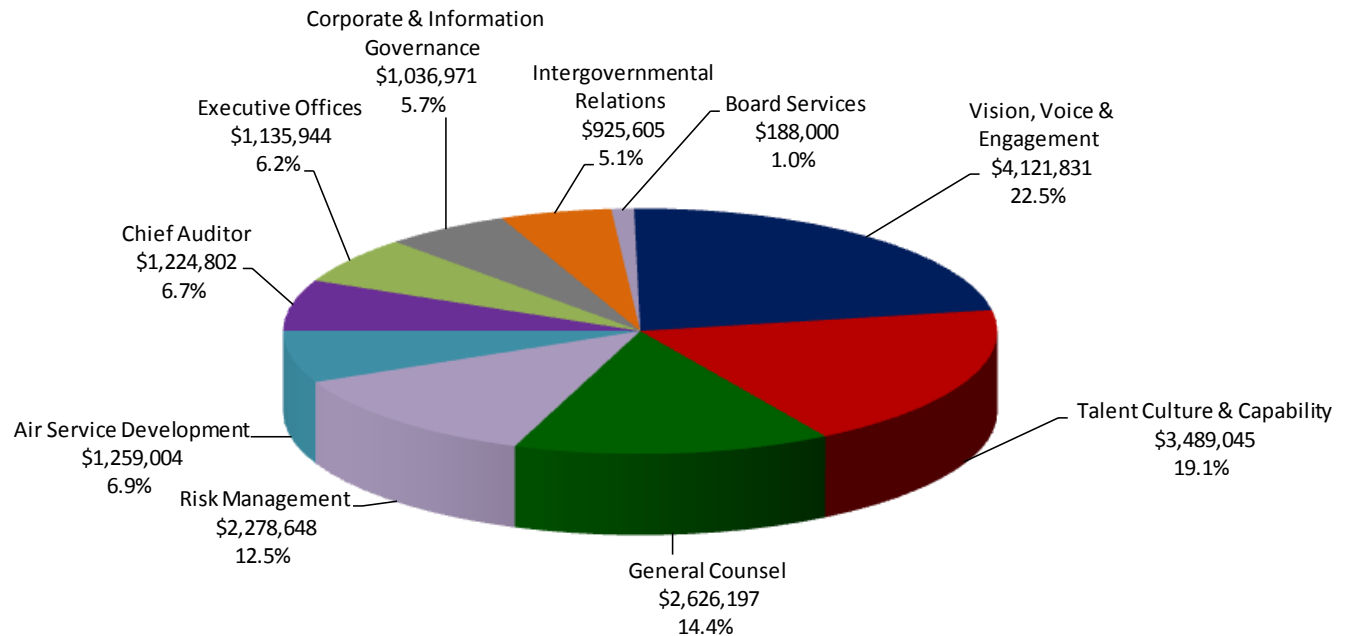


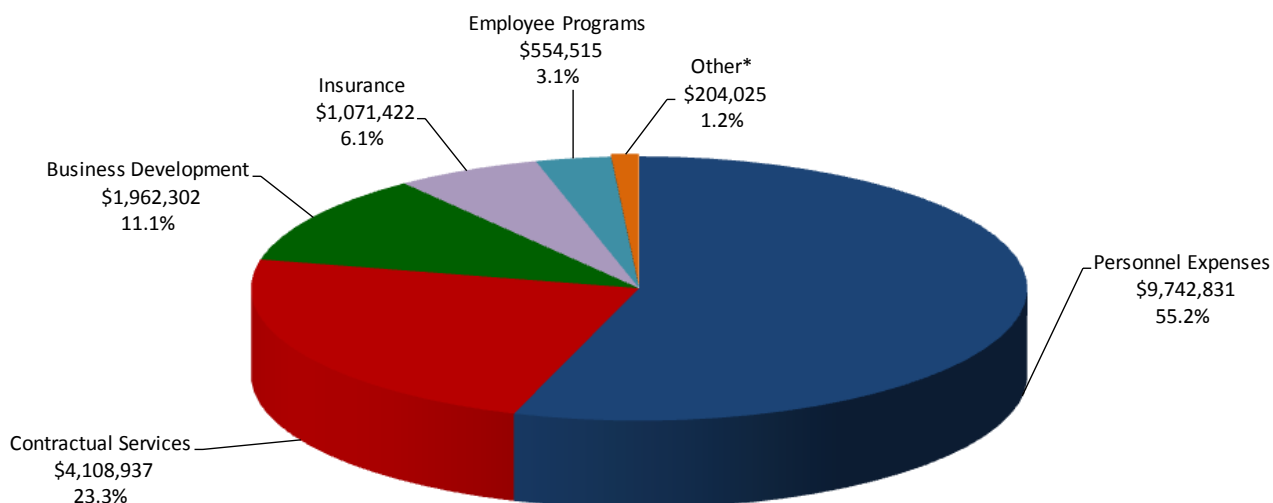
Figure 24 – FY 2016 Expense Budget by Department

## Executive Division

### FY 2015 Expense Budget by Category

Category	FY 2015 Budget
Personnel Expenses	\$ 9,742,831
Contractual Services	4,108,937
Business Development	1,962,302
Insurance	1,071,422
Employee Programs	554,515
Other*	204,025
<b>Total <sup>(1)</sup></b>	<b>\$ 17,644,032</b>

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



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

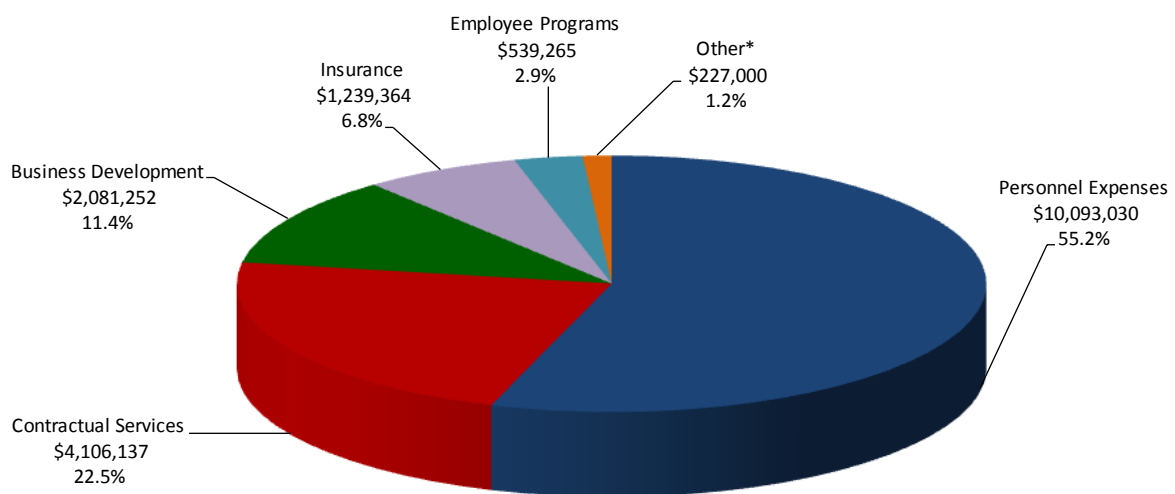
**Figure 25 – FY 2015 Expense Budget by Category**

## Executive Division

### FY 2016 Expense Budget by Category

Category	FY 2016 Conceptual Budget
Personnel Expenses	\$ 10,093,030
Contractual Services	4,106,137
Business Development	2,081,252
Insurance	1,239,364
Employee Programs	539,265
Other*	227,000
<b>Total <sup>(1)</sup></b>	<b>\$ 18,286,048</b>

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



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

**Figure 26 – FY 2016 Expense Budget by Category**

**Authority Board**  
**FY 2015 – FY 2016 Organizational Structure**

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

## Authority Board

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 83,212	\$ 84,868	-	\$ (84,868)	-100.0%	-	-	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	46,529	47,120	-	(47,120)	-100.0%	-	-	0.0%
Subtotal	129,741	131,988	-	(131,988)	-100.0%	-	-	0.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>129,741</b>	<b>131,988</b>	<b>-</b>	<b>(131,988)</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	113,771	125,500	125,800	300	0.2%	126,500	700	0.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	269	500	250	(250)	-50.0%	250	-	0.0%
Operating Supplies	1,188	2,675	-	(2,675)	-100.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	3,871	17,300	17,300	-	0.0%	17,300	-	0.0%
Business Development	24,734	43,900	43,950	50	0.1%	43,950	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>143,833</b>	<b>189,875</b>	<b>187,300</b>	<b>(2,575)</b>	<b>-1.4%</b>	<b>188,000</b>	<b>700</b>	<b>0.4%</b>
<b>Total Operating Expenses</b>	<b>273,574</b>	<b>321,863</b>	<b>187,300</b>	<b>(134,563)</b>	<b>-41.8%</b>	<b>188,000</b>	<b>700</b>	<b>0.4%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>273,574</b>	<b>321,863</b>	<b>187,300</b>	<b>(134,563)</b>	<b>-41.8%</b>	<b>188,000</b>	<b>700</b>	<b>0.4%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 273,574</b>	<b>\$ 321,863</b>	<b>\$ 187,300</b>	<b>\$ (134,563)</b>	<b>-41.8%</b>	<b>\$ 188,000</b>	<b>\$ 700</b>	<b>0.4%</b>

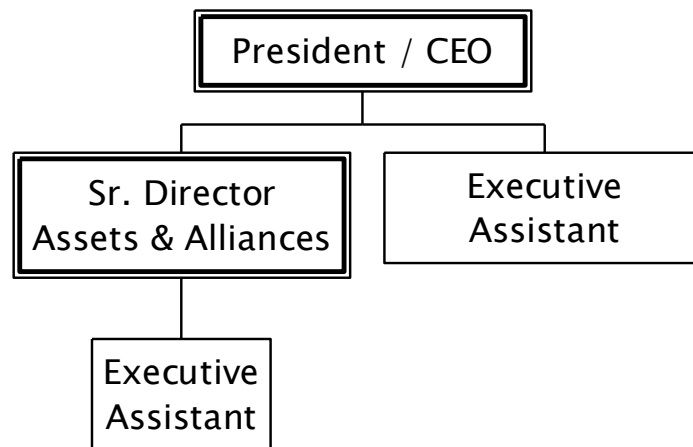
## Authority Board

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 321,863</b>	<b>\$ 187,300</b>
<b>Personnel costs</b>		
1 Position transferred to Corporate and Information Governance (salaries, benefits, & employer taxes)	(131,988)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(131,988)</b>	<b>-</b>
Other, net	(2,575)	700
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(2,575)</b>	<b>700</b>
<b>Total Increase / (Decrease)</b>	<b>(134,563)</b>	<b>700</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 187,300</b>	<b>\$ 188,000</b>



**Executive Office**  
**FY 2015 – FY 2016 Organizational Structure**



*No personnel changes planned for FY 2016.*

## Executive Office

### FY 2015 – FY 2016 Budget Expense Summary

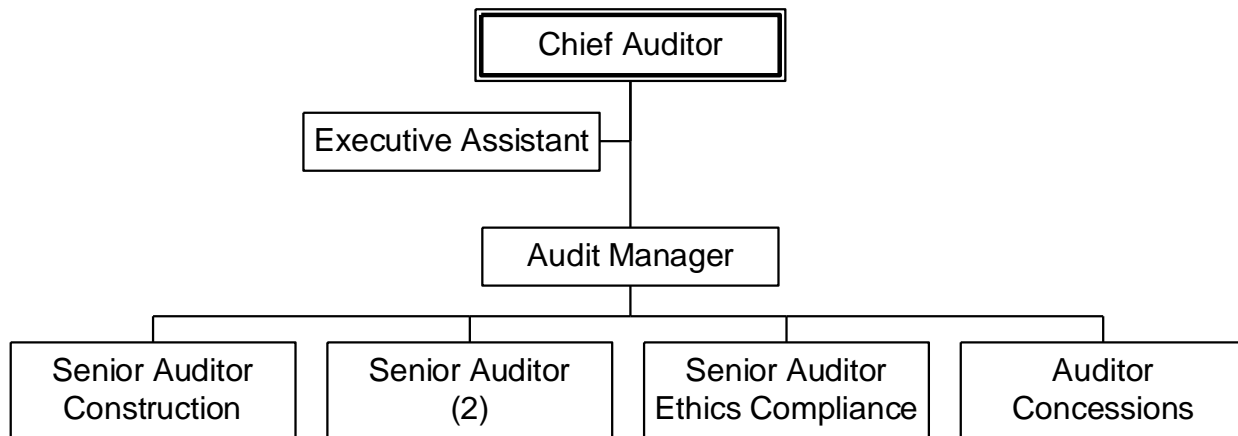
	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 548,308	\$ 543,800	\$ 575,031	\$ 31,232	5.7%	\$ 592,634	\$ 17,603	3.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	239,651	226,335	278,643	52,309	23.1%	295,043	16,400	5.9%
Subtotal	787,960	770,135	853,675	83,540	10.8%	887,677	34,003	4.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>787,960</b>	<b>770,135</b>	<b>853,675</b>	<b>83,540</b>	<b>10.8%</b>	<b>887,677</b>	<b>34,003</b>	<b>4.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	7,274	24,000	20,000	(4,000)	-16.7%	20,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	72	250	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	423	500	-	(500)	-100.0%	-	-	0.0%
Operating Supplies	3,743	3,000	2,500	(500)	-16.7%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	23,462	24,200	24,000	(200)	-0.8%	24,000	-	0.0%
Business Development	214,991	184,700	196,767	12,067	6.5%	201,767	5,000	2.5%
Equipment Rentals & Repairs	-	500	-	(500)	-100.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>249,965</b>	<b>237,150</b>	<b>243,267</b>	<b>6,117</b>	<b>2.6%</b>	<b>248,267</b>	<b>5,000</b>	<b>2.1%</b>
<b>Total Operating Expenses</b>	<b>1,037,925</b>	<b>1,007,285</b>	<b>1,096,942</b>	<b>89,657</b>	<b>8.9%</b>	<b>1,135,944</b>	<b>39,003</b>	<b>3.6%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,037,925</b>	<b>1,007,285</b>	<b>1,096,942</b>	<b>89,657</b>	<b>8.9%</b>	<b>1,135,944</b>	<b>39,003</b>	<b>3.6%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,037,925</b>	<b>\$ 1,007,285</b>	<b>\$ 1,096,942</b>	<b>\$ 89,657</b>	<b>8.9%</b>	<b>\$ 1,135,944</b>	<b>\$ 39,003</b>	<b>3.6%</b>

## Executive Office

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 1,007,285</b>	<b>\$ 1,096,942</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	52,309	16,400
Salary adjustments and pay for performance	31,232	17,603
<b>Total Increase / (Decrease) in personnel costs</b>	<b>83,540</b>	<b>34,003</b>
 Memberships and dues	16,767	5,000
Promotional activities and materials	(5,500)	-
Other, net	(5,150)	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>6,117</b>	<b>5,000</b>
<b>Total Increase / (Decrease)</b>	<b>89,657</b>	<b>39,003</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 1,096,942</b>	<b>\$ 1,135,944</b>

**Chief Auditor**  
**FY 2015 – FY 2016 Organizational Structure**



*No personnel changes planned for FY 2016.*

**Chief Auditor**  
**FY 2015 – FY 2016 Budget Expense Summary**

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 662,815	\$ 698,675	\$ 780,617	\$ 81,942	11.7%	\$ 804,259	\$ 23,642	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	298,078	317,962	362,816	44,854	14.1%	378,743	15,927	4.4%
Subtotal	960,893	1,016,637	1,143,433	126,796	12.5%	1,183,002	39,569	3.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>960,893</b>	<b>1,016,637</b>	<b>1,143,433</b>	<b>126,796</b>	<b>12.5%</b>	<b>1,183,002</b>	<b>39,569</b>	<b>3.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,661	17,350	375	(16,975)	-97.8%	375	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	500	500	-	0.0%	500	-	0.0%
Operating Supplies	1,361	2,500	2,600	100	4.0%	2,600	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,630	26,400	28,150	1,750	6.6%	28,900	750	2.7%
Business Development	4,170	3,525	4,000	475	13.5%	4,250	250	6.3%
Equipment Rentals & Repairs	4,194	4,500	4,700	200	4.4%	4,925	225	4.8%
<b>Total Non-Personnel Expenses</b>	<b>28,017</b>	<b>55,025</b>	<b>40,575</b>	<b>(14,450)</b>	<b>-26.3%</b>	<b>41,800</b>	<b>1,225</b>	<b>3.0%</b>
<b>Total Operating Expenses</b>	<b>988,910</b>	<b>1,071,662</b>	<b>1,184,008</b>	<b>112,346</b>	<b>10.5%</b>	<b>1,224,802</b>	<b>40,794</b>	<b>3.4%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>988,910</b>	<b>1,071,662</b>	<b>1,184,008</b>	<b>112,346</b>	<b>10.5%</b>	<b>1,224,802</b>	<b>40,794</b>	<b>3.4%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 988,910</b>	<b>\$ 1,071,662</b>	<b>\$ 1,184,008</b>	<b>\$ 112,346</b>	<b>10.5%</b>	<b>\$ 1,224,802</b>	<b>\$ 40,794</b>	<b>3.4%</b>

## Chief Auditor

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 1,071,662</b>	<b>\$ 1,184,008</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	81,942	23,642
Burden (benefits & employer taxes) for current staff	44,854	15,927
<b>Total Increase / (Decrease) in personnel costs</b>	<b>126,796</b>	<b>39,569</b>
Quality assessment review	(17,000)	-
Other, net	2,550	1,225
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(14,450)</b>	<b>1,225</b>
<b>Total Increase / (Decrease)</b>	<b>112,346</b>	<b>40,794</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 1,184,008</b>	<b>\$ 1,224,802</b>

## Chief Auditor Departmental Goals

### FY 2014 Progress Report

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

**Progress:** The department utilization goal is 80%. During the last reporting period, Audit had a utilization rate of 86%.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** During the most recent reporting period the department had identified \$489,096 of additional revenue/cost savings during the fiscal year 2014.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** To date, 64% of the recommendations provided to departments in fiscal year 2014 have been implemented. The goal for implementation is 90% by the end of the fiscal year. The department appears to be on track to achieve this goal.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** Currently 78% of the audits conducted during the fiscal year 2014 have been completed within the budgeted time. The department goal is 80%.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

5. Conduct audit engagements in a manner that meets the expectation of the customers. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1.0 to 5.0, with 1.0 being very dissatisfied and 5.0 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 4.43.

**Sustainability Goal:** Operational Excellence.

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

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

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** All staff members are on track to achieve required continued professional education levels of training and to meet target for them during the annual performance reviews.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.



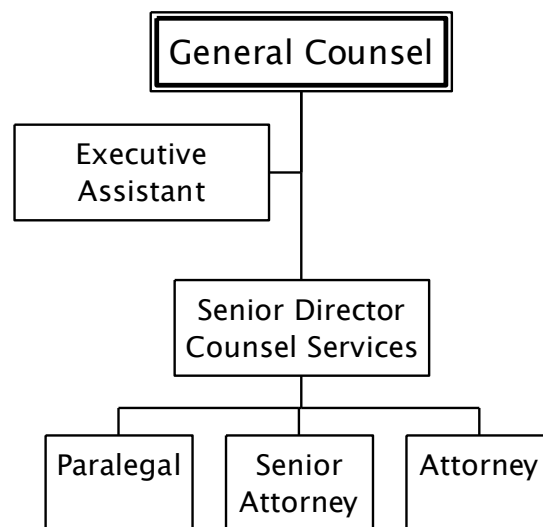
## Chief Auditor Departmental Goals

### FY 2015 – FY 2016 Goals

1. **Effectively utilize Audit personnel's time performing audits to achieve an audit utilization rate equal to the cumulative percentage for all audit staff.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.
2. **Confirm revenues obtained from business partners and costs paid to contractors comply with the terms of agreements.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.
3. **Provide workable audit recommendations that help improve the Authority's operations within a 90% implementation rate.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.
4. **Perform audit work in an efficient manner. 80% of all audits completed within budget time as established within the annual plan approved by the Board.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.
5. **Conduct audit engagements in a manner that meets the expectation of the customers. Achieve an internal customer satisfaction ratio of 4.0 on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction.
6. **Conduct audits that focus on the key risk areas of the Authority and its business partners.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.
7. **Provide tools and training for staff to ensure adequacy and effectiveness audits.**  
**Sustainability Goal:** Operational Excellence.  
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## General Counsel

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## General Counsel

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 828,352	\$ 841,575	\$ 906,812	\$ 65,237	7.8%	\$ 931,800	\$ 24,988	2.8%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	317,324	362,930	391,746	28,816	7.9%	409,797	18,052	4.6%
Subtotal	1,145,676	1,204,505	1,298,557	94,053	7.8%	1,341,597	43,040	3.3%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,145,676</b>	<b>1,204,505</b>	<b>1,298,557</b>	<b>94,053</b>	<b>7.8%</b>	<b>1,341,597</b>	<b>43,040</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	518,884	1,231,000	1,201,000	(30,000)	-2.4%	1,201,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	55	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	309	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	1,312	4,000	4,000	-	0.0%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	60,062	57,200	60,400	3,200	5.6%	60,400	-	0.0%
Business Development	3,468	7,400	6,850	(550)	-7.4%	6,850	-	0.0%
Equipment Rentals & Repairs	75	1,100	1,100	-	0.0%	1,100	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>584,165</b>	<b>1,301,950</b>	<b>1,274,600</b>	<b>(27,350)</b>	<b>-2.1%</b>	<b>1,274,600</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>1,729,841</b>	<b>2,506,455</b>	<b>2,573,157</b>	<b>66,703</b>	<b>2.7%</b>	<b>2,616,197</b>	<b>43,040</b>	<b>1.7%</b>
<b>Total Non-Operating Expenses</b>	<b>267</b>	<b>20,000</b>	<b>10,000</b>	<b>(10,000)</b>	<b>-50.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,730,108</b>	<b>2,526,455</b>	<b>2,583,157</b>	<b>56,703</b>	<b>2.2%</b>	<b>2,626,197</b>	<b>43,040</b>	<b>1.7%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,730,108</b>	<b>\$ 2,526,455</b>	<b>\$ 2,583,157</b>	<b>\$ 56,703</b>	<b>2.2%</b>	<b>\$ 2,626,197</b>	<b>\$ 43,040</b>	<b>1.7%</b>

## General Counsel

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 2,526,455</b>	<b>\$ 2,583,157</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	65,237	24,988
Burden (benefits & employer taxes) for current staff	28,816	18,052
<b>Total Increase / (Decrease) in personnel costs</b>	<b>94,053</b>	<b>43,040</b>
Legal settlements expense	(10,000)	-
Outside legal services costs	(30,000)	-
Other, net	2,650	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(37,350)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>56,703</b>	<b>43,040</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 2,583,157</b>	<b>\$ 2,626,197</b>

## General Counsel Departmental Goals

### FY 2014 Progress Report

1. **Reduce and contain outside legal counsel costs by 2% by using in-house legal staff whenever feasible and through close reviews of legal counsel invoices.**

**Progress:** Cost savings are more than 2%.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** On target.

**Sustainability Goal:** Operational Excellence.

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

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

**Progress:** Educational activities have taken place with the Procurement Division and FDD.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Progress:** On target.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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.**

**Progress:** On target.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## General Counsel Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Sustainability Goal:** Operational Excellence.

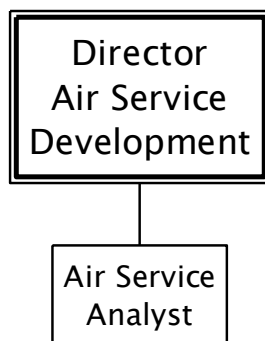
**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## Air Service Development FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Air Service Development

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 177,192	\$ 178,106	\$ 180,809	\$ 2,703	1.5%	\$ 186,234	\$ 5,424	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	85,587	91,812	99,793	7,981	8.7%	104,521	4,728	4.7%
Subtotal	262,778	269,918	280,602	10,684	4.0%	290,754	10,152	3.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>262,778</b>	<b>269,918</b>	<b>280,602</b>	<b>10,684</b>	<b>4.0%</b>	<b>290,754</b>	<b>10,152</b>	<b>3.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	223,642	294,000	292,000	(2,000)	-0.7%	282,000	(10,000)	-3.4%
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	2,419	-	-	-	0.0%	-	-	0.0%
Operating Supplies	184	1,200	1,200	-	0.0%	1,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	30,620	29,950	29,450	(500)	-1.7%	29,450	-	0.0%
Business Development	394,207	920,500	655,600	(264,900)	-28.8%	655,600	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>651,072</b>	<b>1,245,650</b>	<b>978,250</b>	<b>(267,400)</b>	<b>-21.5%</b>	<b>968,250</b>	<b>(10,000)</b>	<b>-1.0%</b>
<b>Total Operating Expenses</b>	<b>913,850</b>	<b>1,515,568</b>	<b>1,258,852</b>	<b>(256,716)</b>	<b>-16.9%</b>	<b>1,259,004</b>	<b>152</b>	<b>0.0%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>913,850</b>	<b>1,515,568</b>	<b>1,258,852</b>	<b>(256,716)</b>	<b>-16.9%</b>	<b>1,259,004</b>	<b>152</b>	<b>0.0%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 913,850</b>	<b>\$ 1,515,568</b>	<b>\$ 1,258,852</b>	<b>\$ (256,716)</b>	<b>-16.9%</b>	<b>\$ 1,259,004</b>	<b>\$ 152</b>	<b>0.0%</b>



**Air Service Development**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 1,515,568</b>	<b>\$ 1,258,852</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	7,981	4,728
Salary adjustments and pay for performance	2,703	5,424
<b>Total Increase / (Decrease) in personnel costs</b>	<b>10,684</b>	<b>10,152</b>
Domestic and international air service marketing cost	(275,000)	-
Other, net	7,600	(10,000)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(267,400)</b>	<b>(10,000)</b>
<b>Total Increase / (Decrease)</b>	<b>(256,716)</b>	<b>152</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 1,258,852</b>	<b>\$ 1,259,004</b>

## Air Service Development Departmental Goals

### FY 2014 Progress Report

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

**Progress:** Although seat departure growth has remained flat domestically, two new domestic destinations will be added in FY 2014 including Boise and New Orleans.

**Sustainability Goal:** Economic Viability, Social Responsibility.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Community Strategy: Be a trusted and highly responsive regional agency.

2. Increase San Diego International seat departures during years where the national average seat departures grow.

**Progress:** Seat departure growth has been flat, however, San Diego International has seen seat growth of approximately 2-4%.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

3. Retain Air Service to London.

**Progress:** London service continues.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

4. Retain Air Service to Tokyo.

**Progress:** Tokyo service continues.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

5. Link San Diego to Manila with direct air service within two years of Philippine restoration to FAA IASA Category 1 status and by the first year of Philippine-U.S. seat departure increases contributed by Philippine air carriers.

**Progress:** The Philippines remains in Category 2 status, we continue to monitor the situation and maintain airline contacts.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: 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., Vancouver, Montreal, Edmonton and Winnipeg) reaches at least fifty passengers per day each way (PDEW) via connecting flights.

**Progress:** Progress continues to re-introduce Vancouver service.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: 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.

**Progress:** No other Mexican city to which SAN is not linked has 50 PDEW. Progress continues on other strategic opportunities with growing Mexican air carriers.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## Air Service Development Departmental Goals

### FY 2015 – FY 2016 Goals

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

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

2. Retain Air Service to London.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

3. Retain Air Service to Tokyo.

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

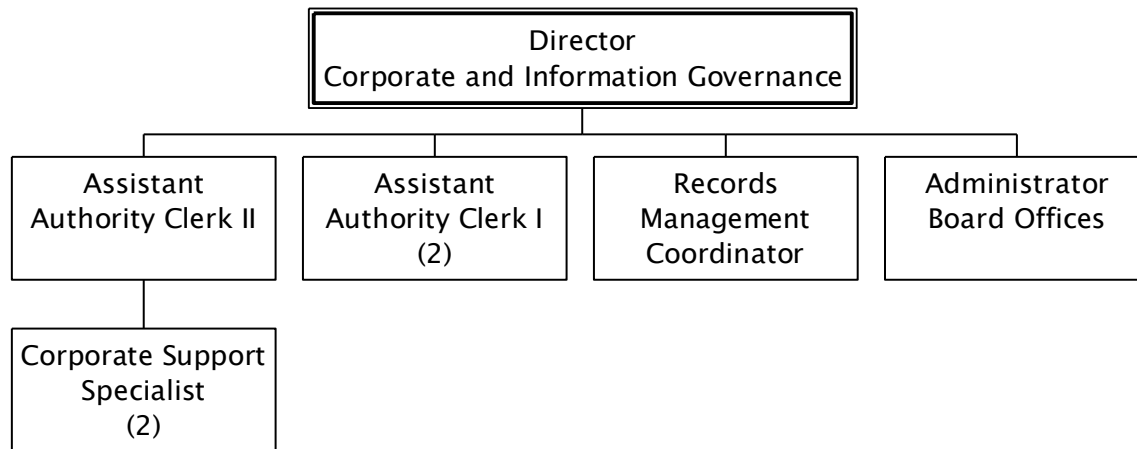
**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

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

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

## Corporate and Information Governance FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Corporate & Information Governance

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$453,926	\$473,886	\$ 565,184	\$ 91,298	19.3%	\$ 582,139	\$ 16,956	3.0%
Premium Overtime	826	-	-	-	0.0%	-	-	0.0%
Employee Benefits	231,290	260,157	341,618	81,461	31.3%	358,477	16,859	4.9%
Subtotal	686,041	734,042	906,802	172,759	23.5%	940,616	33,814	3.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>686,041</b>	<b>734,042</b>	<b>906,802</b>	<b>172,759</b>	<b>23.5%</b>	<b>940,616</b>	<b>33,814</b>	<b>3.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	17,275	39,400	34,400	(5,000)	-12.7%	34,400	-	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	597	-	500	500	0.0%	500	-	0.0%
Operating Supplies	3,595	5,000	6,675	1,675	33.5%	6,675	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	11,550	14,230	15,230	1,000	7.0%	16,230	1,000	6.6%
Business Development	17,049	26,600	11,750	(14,850)	-55.8%	11,750	-	0.0%
Equipment Rentals & Repairs	19,111	28,000	26,800	(1,200)	-4.3%	26,800	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>69,177</b>	<b>113,230</b>	<b>95,355</b>	<b>(17,875)</b>	<b>-15.8%</b>	<b>96,355</b>	<b>1,000</b>	<b>1.0%</b>
<b>Total Operating Expenses</b>	<b>755,218</b>	<b>847,272</b>	<b>1,002,157</b>	<b>154,884</b>	<b>18.3%</b>	<b>1,036,971</b>	<b>34,814</b>	<b>3.5%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>755,218</b>	<b>847,272</b>	<b>1,002,157</b>	<b>154,884</b>	<b>18.3%</b>	<b>1,036,971</b>	<b>34,814</b>	<b>3.5%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$755,218</b>	<b>\$847,272</b>	<b>\$1,002,157</b>	<b>\$ 154,884</b>	<b>18.3%</b>	<b>\$ 1,036,971</b>	<b>\$ 34,814</b>	<b>3.5%</b>

**Corporate & Information Governance**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 847,272</b>	<b>\$ 1,002,157</b>
<b>Personnel costs</b>		
1 Position transferred from Authority Board (salaries, benefits, & employer taxes)	131,988	-
Burden (benefits & employer taxes) for current staff	34,341	16,859
Salary adjustments and pay for performance	6,430	16,956
<b>Total Increase / (Decrease) in personnel costs</b>	<b>172,759</b>	<b>33,814</b>
Other, net	(17,875)	1,000
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(17,875)</b>	<b>1,000</b>
<b>Total Increase / (Decrease)</b>	<b>154,884</b>	<b>34,814</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 1,002,157</b>	<b>\$ 1,036,971</b>

## Corporate & Information Governance

### Departmental Goals

#### FY 2014 Progress Report

**1. Increase the Department's Customer Satisfaction Score by 2 percentage points for Fiscal Year 2014.**

**Progress:** Conducted a baseline survey of customer satisfaction which resulted in 92 percent satisfactory.

**Sustainability Goal:** Operations Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

**2. Enhance access to records and information through the implementation of an Enterprise Content Management System (ECMS) by June 30, 2014.**

**Progress:** Vender has been selected. Finalizing contract and design and implementation set to start by March 2014. Estimated completion date for implementation is May 2015.

**Sustainability Goal:** Operational Excellence.

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

**3. Ensure that official postings and the distribution of regular and special Board and Committee meeting notices and information are completed 100% of the time in accordance with Authority Policies and the Brown Act.**

**Progress:** Goal has been achieved.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.



## Corporate & Information Governance Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence.

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

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

**Sustainability Goal:** Operational Excellence.

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

3. Increase the Departments Employee Engagement Score by 5 percentage points on the 2015 Employee Opinion Survey.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Employee Strategy: Ensure the highest level of employee commitment and performance.

## Assets & Alliances Group

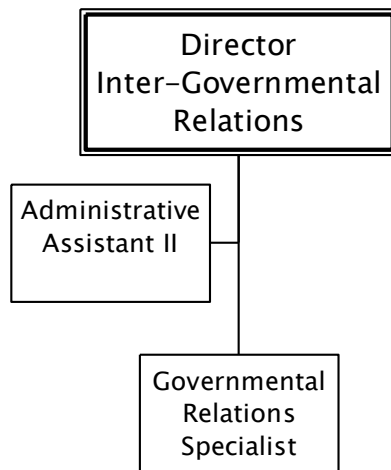
### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 872,263	\$ 1,005,221	\$ 738,422	(266,799)	-26.5%	\$ 765,255	\$ 26,833	3.6%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	397,411	472,371	355,510	(116,861)	-24.7%	375,059	19,549	5.5%
Subtotal	1,269,675	1,477,592	1,093,932	(383,660)	-26.0%	1,140,314	46,382	4.2%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,269,675</b>	<b>1,477,592</b>	<b>1,093,932</b>	<b>(383,660)</b>	<b>-26.0%</b>	<b>1,140,314</b>	<b>46,382</b>	<b>4.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	390,041	584,250	563,000	(21,250)	-3.6%	597,000	34,000	6.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	449	450	3,500	3,050	677.8%	48,250	44,750	1278.6%
Operating Supplies	3,475	7,200	7,000	(200)	-2.8%	7,000	-	0.0%
Insurance	794,984	1,253,580	1,071,422	(182,158)	-14.5%	1,239,364	167,942	15.7%
Employee Programs	38,039	60,750	35,400	(25,350)	-41.7%	35,700	300	0.8%
Business Development	94,847	148,410	137,825	(10,585)	-7.1%	136,025	(1,800)	-1.3%
Equipment Rentals & Repairs	-	350	450	100	28.6%	450	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,321,836</b>	<b>2,055,140</b>	<b>1,818,747</b>	<b>(236,393)</b>	<b>-11.5%</b>	<b>2,063,939</b>	<b>245,192</b>	<b>13.5%</b>
<b>Total Operating Expenses</b>	<b>2,591,510</b>	<b>3,532,732</b>	<b>2,912,679</b>	<b>(620,053)</b>	<b>-17.6%</b>	<b>3,204,253</b>	<b>291,574</b>	<b>10.0%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,591,510</b>	<b>3,532,732</b>	<b>2,912,679</b>	<b>(620,053)</b>	<b>-17.6%</b>	<b>3,204,253</b>	<b>291,574</b>	<b>10.0%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,591,510</b>	<b>\$ 3,532,732</b>	<b>\$ 2,912,679</b>	<b>\$ (620,053)</b>	<b>-17.6%</b>	<b>\$ 3,204,253</b>	<b>\$ 291,574</b>	<b>10.0%</b>

**Assets & Alliances Group**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 3,532,732</b>	<b>\$ 2,912,679</b>
<b>Personnel costs</b>		
1 Position transferred from Talent, Culture & Capability (salaries, benefits & employer taxes)	101,606	-
Salary adjustments and pay-for-performance	19,702	26,833
Burden (benefits & employer taxes) for current staff	(8,834)	19,549
1 Position transferred to Vision, Voice & Engagement (salaries, benefits & employer taxes)	(118,093)	-
2 Positions transferred to Environmental (salaries, benefits & employer taxes)	(378,041)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(383,660)</b>	<b>46,382</b>
Outside professional services	(23,850)	34,000
Insurance	(182,158)	167,942
Other, net	(30,385)	43,250
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(236,393)</b>	<b>245,192</b>
<b>Total Increase / (Decrease)</b>	<b>(620,053)</b>	<b>291,574</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 2,912,679</b>	<b>\$ 3,204,253</b>

## Inter-Governmental Relations FY 2015 – FY 2016 Organizational Structure



*No personal changes planned for FY 2016.*

## Inter-Governmental Relations

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 353,362	\$ 363,429	\$ 265,921	\$ (97,508)	-26.8%	\$ 273,827	\$ 7,906	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	168,500	176,069	141,659	(34,409)	-19.5%	149,028	7,369	5.2%
Subtotal	521,862	539,498	407,580	(131,918)	-24.5%	422,855	15,274	3.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>521,862</b>	<b>539,498</b>	<b>407,580</b>	<b>(131,918)</b>	<b>-24.5%</b>	<b>422,855</b>	<b>15,274</b>	<b>3.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	283,205	300,000	328,150	28,150	9.4%	362,150	34,000	10.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	449	200	1,000	800	400.0%	1,000	-	0.0%
Operating Supplies	1,656	2,200	2,500	300	13.6%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	13,944	21,500	13,900	(7,600)	-35.3%	13,900	-	0.0%
Business Development	91,691	135,030	124,600	(10,430)	-7.7%	122,600	(2,000)	-1.6%
Equipment Rentals & Repairs	-	350	450	100	28.6%	450	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>390,946</b>	<b>459,430</b>	<b>470,750</b>	<b>11,320</b>	<b>2.5%</b>	<b>502,750</b>	<b>32,000</b>	<b>6.8%</b>
<b>Total Operating Expenses</b>	<b>912,808</b>	<b>998,928</b>	<b>878,330</b>	<b>(120,598)</b>	<b>-12.1%</b>	<b>925,605</b>	<b>47,274</b>	<b>5.4%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>912,808</b>	<b>998,928</b>	<b>878,330</b>	<b>(120,598)</b>	<b>-12.1%</b>	<b>925,605</b>	<b>47,274</b>	<b>5.4%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 912,808</b>	<b>\$ 998,928</b>	<b>\$ 878,330</b>	<b>\$ (120,598)</b>	<b>-12.1%</b>	<b>\$ 925,605</b>	<b>\$ 47,274</b>	<b>5.4%</b>

## Inter-Governmental Relations

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 998,928</b>	<b>\$ 878,330</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	(5,946)	7,369
Salary adjustments and pay-for-performance	(7,879)	7,906
1 Position transferred to Vision, Voice & Engagement (salaries, benefits & employer taxes)	(118,093)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(131,918)</b>	<b>15,274</b>
Outside professional services	28,150	34,000
Other, net	(16,830)	(2,000)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>11,320</b>	<b>32,000</b>
<b>Total Increase / (Decrease)</b>	<b>(120,598)</b>	<b>47,274</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 878,330</b>	<b>\$ 925,605</b>

## Inter-Governmental Relations

### Departmental Goals

#### FY 2014 Progress Report

1. **Execute an advocacy plan in partnership with state and national airport associations to obtain passage of legislation in 2013, appropriating the total authorized funding level of \$3.35 billion for the Airport Improvement Program for the federal fiscal year 2014.**

**Progress:** On January 17, 2014, the President signed into law H.R. 3547, the Fiscal Year 2014 Omnibus Appropriations Bill, funding the Airport Improvement Program at the fully authorized level of \$3.35 billion.

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

**Authority Strategy:** Financial Strategy: Enhance the Financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

2. **Develop and implement an advocacy strategy to secure \$12 million in annual federal funding for the Airport Authority's Quieter Home Program in federal fiscal years 2013 and 2014.**

**Progress:** Working with Airport Noise Mitigation staff and the Authority's federal legislative consultants, we developed and implemented a strategy that resulted in the Authority receiving \$11.4 million in Fiscal Year 2013 for the Quieter Home Program (QHP). We continue to coordinate and work towards obtaining the highest possible funding for QHP in Fiscal Year 2014.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

3. **During the 2013-14 State Legislative sessions, assist in obtaining passage of Assembly Bill 359, legislation sponsored by the California Airports Council that would eliminate the need for airports to fund and prepare an independent audit to collect customer facility charges.**

**Progress:** On October 14, 2013, the Governor signed into law Assembly Bill 359.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operations Strategy: Operate our airport in a safe, secure environmentally sound, effective and efficient manner.

4. **Increase positive advocacy for key fiscal year 2014 SDIA initiatives and funding requests by 10% over the level of support obtained in fiscal year 2013.**

**Progress:** IGR staff continues to work with Facilities Development, Environmental Affairs and Business Planning staff to identify grant and funding opportunities to support the Airport Authority's projects and initiatives.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure environmentally sound, effective and efficient manner.

## Inter-Governmental Relations

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Economic Viability, Operational Excellence.

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

2. **Coordinate with the Air Service Development Department to obtain support from elected officials and other community leaders to assist in securing new air service that Air Service Development is working to obtain in Fiscal Year 2015.**

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

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

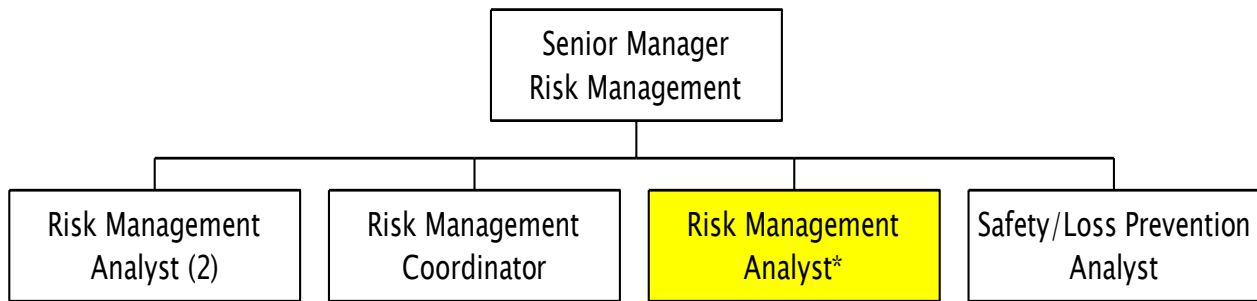
**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.



## Risk Management

### FY 2015 – FY 2016 Organizational Structure



*\*Unfunded positions shown in yellow.*

*No personnel changes for FY 2016.*

## Risk Management

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 518,901	\$ 641,792	\$ 472,501	\$ (169,291)	-26.4%	\$ 491,428	\$ 18,927	4.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	228,911	296,302	213,851	(82,451)	-27.8%	226,031	12,180	5.7%
Subtotal	747,812	938,094	686,352	(251,742)	-26.8%	717,459	31,107	4.5%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>747,812</b>	<b>938,094</b>	<b>686,352</b>	<b>(251,742)</b>	<b>-26.8%</b>	<b>717,459</b>	<b>31,107</b>	<b>4.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	106,836	284,250	234,850	(49,400)	-17.4%	234,850	-	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	-	250	2,500	2,250	900.0%	47,250	44,750	1790.0%
Operating Supplies	1,819	5,000	4,500	(500)	-10.0%	4,500	-	0.0%
Insurance	794,984	1,253,580	1,071,422	(182,158)	-14.5%	1,239,364	167,942	15.7%
Employee Programs	24,095	39,250	21,500	(17,750)	-45.2%	21,800	300	1.4%
Business Development	3,156	13,380	13,225	(155)	-1.2%	13,425	200	1.5%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>930,890</b>	<b>1,595,710</b>	<b>1,347,997</b>	<b>(247,713)</b>	<b>-15.5%</b>	<b>1,561,189</b>	<b>213,192</b>	<b>15.8%</b>
<b>Total Operating Expenses</b>	<b>1,678,702</b>	<b>2,533,804</b>	<b>2,034,349</b>	<b>(499,455)</b>	<b>-19.7%</b>	<b>2,278,648</b>	<b>244,299</b>	<b>12.0%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,678,702</b>	<b>2,533,804</b>	<b>2,034,349</b>	<b>(499,455)</b>	<b>-19.7%</b>	<b>2,278,648</b>	<b>244,299</b>	<b>12.0%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,678,702</b>	<b>\$ 2,533,804</b>	<b>\$ 2,034,349</b>	<b>\$ (499,455)</b>	<b>-19.7%</b>	<b>\$ 2,278,648</b>	<b>\$ 244,299</b>	<b>12.0%</b>

## Risk Management

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 2,533,804</b>	<b>\$ 2,034,349</b>
<b>Personnel costs</b>		
1 Position transferred from Talent, Culture & Capability (salaries, benefits & employer taxes)	101,606	-
Salary adjustments and pay-for-performance	27,581	18,927
Burden (benefits & employer taxes) for current staff	(2,888)	12,180
2 Positions transferred to Environmental (salaries, benefits & employer taxes)	(378,041)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(251,742)</b>	<b>31,107</b>
Outside professional services	(52,000)	-
Insurance	(182,158)	167,942
Other, net	(13,555)	45,250
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(247,713)</b>	<b>213,192</b>
<b>Total Increase / (Decrease)</b>	<b>(499,455)</b>	<b>244,299</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 2,034,349</b>	<b>\$ 2,278,648</b>

## Risk Management Departmental Goals

### FY 2014 Progress Report

1. Conduct a revenue stream risk assessment to develop contingency plans and enhance executive and senior staff decision making, to be completed by May 31, 2014.

**Progress:** Risk assessments have been performed on the essential services of departments participating in the Business Continuity Plan and revenue streams impacted by the performance or non-performance of those essential services have been identified.

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: 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 the Business Planning function. 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 2014.

**Progress:** Project leads and stakeholders have been educated in the use of a project risk assessment tool and the risk assessment process has been embedded in the approval process of the Capital Improvement Committee.

**Sustainability Goal:** Economic Viability, Operational Excellence.

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

## Risk Management Departmental Goals

### FY 2015 – FY 2016 GOALS

1. In support of the Authority's initiative to sustain the Cost per Enplaned Passenger (CPE) below budget in FY 2015, in the first quarter of FY 2015, Risk Management will develop a baseline for the Total Cost of Risk per enplaned passenger for FY 2015 and then subsequently develop and begin to implement an action plan to improve the Total Cost of Risk per enplaned passenger for FY 2016. The Total Cost of Risk is comprised of the costs associated with the Authority's Operational insurance program, supporting contracted services, costs of claims and Administrative costs for the Risk Management Department measured against Key Performance Indicators (KPI) such as Annual Revenue or Annual Enplanements.

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

2. Support and build upon the risk assessment pilot program initiated in FY 2014 wherein risk assessments were completed as part of the analysis by the Capital Improvement Program (CIP) Prioritization Team for three of the proposed CIP projects. Risk Management will allocate sufficient resources in FY 2015 to perform risk assessments for the CIP Prioritization Team on all proposed projects identified by the Team as requiring a risk assessment. A risk analysis will be performed and a report issued within three business days of conducting the risk assessment with the project sponsor and identified stakeholders. The risk assessment report will be provided to the CIP Prioritization Team and the project sponsor.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

## Talent & Engagement Group

### FY 2015 – FY 2016 Budget Expense Summary

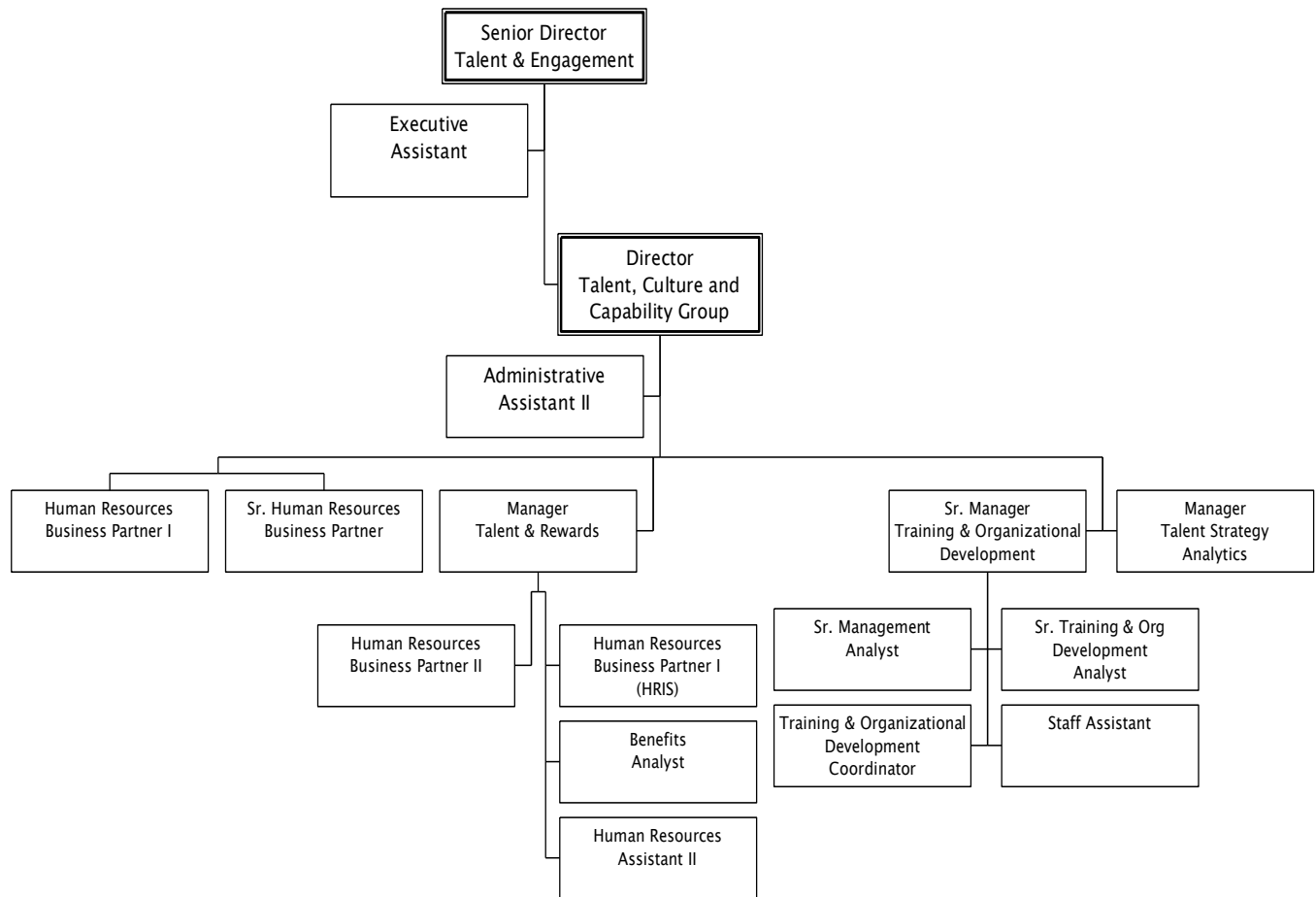
	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,516,791	\$ 2,650,114	\$ 2,836,276	\$ 186,162	7.0%	\$ 2,894,303	\$ 58,027	2.0%
Premium Overtime	10,692	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,279,290	1,339,872	1,399,033	59,160	4.4%	1,460,279	61,247	4.4%
Subtotal	3,806,773	3,989,986	4,235,309	245,323	6.1%	4,354,582	119,273	2.8%
Less: Capitalized Labor	-	(74,193)	(69,479)	4,714	-6.4%	(45,514)	23,965	-34.5%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,806,773</b>	<b>3,915,793</b>	<b>4,165,830</b>	<b>250,036</b>	<b>6.4%</b>	<b>4,309,069</b>	<b>143,239</b>	<b>3.4%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	2,281,630	2,120,470	1,872,362	(248,108)	-11.7%	1,844,862	(27,500)	-1.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	57	1,500	17,500	16,000	1066.6%	2,500	(15,000)	-85.7%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	11,340	14,900	27,900	13,000	87.2%	27,900	-	0.0%
Operating Supplies	12,181	27,000	16,500	(10,500)	-38.9%	15,000	(1,500)	-9.1%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	356,677	411,735	344,585	(67,150)	-16.3%	327,285	(17,300)	-5.0%
Business Development	1,134,798	1,002,760	905,560	(97,200)	-9.7%	1,021,060	115,500	12.8%
Equipment Rentals & Repairs	12,362	33,250	47,500	14,250	42.9%	42,000	(5,500)	-11.6%
<b>Total Non-Personnel Expenses</b>	<b>3,809,046</b>	<b>3,612,815</b>	<b>3,233,107</b>	<b>(379,708)</b>	<b>-10.5%</b>	<b>3,281,807</b>	<b>48,700</b>	<b>1.5%</b>
<b>Total Operating Expenses</b>	<b>7,615,819</b>	<b>7,528,609</b>	<b>7,398,937</b>	<b>(129,672)</b>	<b>-1.7%</b>	<b>7,590,876</b>	<b>191,939</b>	<b>2.6%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>7,615,819</b>	<b>7,528,609</b>	<b>7,398,937</b>	<b>(129,672)</b>	<b>-1.7%</b>	<b>7,590,876</b>	<b>191,939</b>	<b>2.6%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>0.0%</b>	<b>20,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 7,615,819</b>	<b>\$ 7,528,609</b>	<b>\$ 7,418,937</b>	<b>\$ (109,672)</b>	<b>-1.5%</b>	<b>\$ 7,610,876</b>	<b>\$ 191,939</b>	<b>2.6%</b>

**Talent & Engagement Group**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 7,528,609</b>	<b>\$ 7,418,937</b>
<b>Personnel costs</b>		
Veterans Fellowship Program (salaries, benefits & employer taxes)	200,523	-
Salary adjustments and pay-for-performance	119,576	58,027
1 Position transferred from Inter-Governmental (salaries, benefits & employer taxes)	118,093	-
Changes in capitalized labor	4,714	23,965
Burden (benefits & employer taxes) for current staff	(860)	61,247
1 Position eliminated (salaries, benefits & employer taxes)	(90,403)	-
1 Position transferred to Risk Management (salaries, benefits & employer taxes)	(101,606)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>250,036</b>	<b>143,239</b>
Memberships & dues	50,910	(7,500)
Computer licenses & agreements	28,250	(10,500)
Awards - services	(75,375)	-
Advertising, marketing, promotional activities and materials	(154,700)	123,000
Outside professional services	(247,608)	(27,500)
Other, net	38,815	(28,800)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(359,708)</b>	<b>48,700</b>
<b>Total Increase / (Decrease)</b>	<b>(109,672)</b>	<b>191,939</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 7,418,937</b>	<b>\$ 7,610,876</b>

## Talent, Culture & Capability

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*



## Talent, Culture & Capability

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,502,352	\$ 1,531,723	\$ 1,677,255	\$ 145,532	9.5%	\$ 1,722,339	\$ 45,083	2.7%
Premium Overtime	102	-	-	-	0.0%	-	-	0.0%
Employee Benefits	748,000	771,404	802,462	31,058	4.0%	839,934	37,472	4.7%
Subtotal	2,250,455	2,303,127	2,479,717	176,590	7.7%	2,562,273	82,556	3.3%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,250,455</b>	<b>2,303,127</b>	<b>2,479,717</b>	<b>176,590</b>	<b>7.7%</b>	<b>2,562,273</b>	<b>82,556</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	645,529	598,220	518,862	(79,358)	-13.3%	511,362	(7,500)	-1.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	45	1,000	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	283	3,400	3,400	-	0.0%	3,400	-	0.0%
Operating Supplies	7,596	10,300	7,800	(2,500)	-24.3%	7,800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	301,654	346,250	280,225	(66,025)	-19.1%	261,725	(18,500)	-6.6%
Business Development	44,622	50,090	99,985	49,895	99.6%	92,485	(7,500)	-7.5%
Equipment Rentals & Repairs	10,410	12,250	40,500	28,250	230.6%	30,000	(10,500)	-25.9%
<b>Total Non-Personnel Expenses</b>	<b>1,010,138</b>	<b>1,021,510</b>	<b>950,772</b>	<b>(70,738)</b>	<b>-6.9%</b>	<b>906,772</b>	<b>(44,000)</b>	<b>-4.6%</b>
<b>Total Operating Expenses</b>	<b>3,260,593</b>	<b>3,324,637</b>	<b>3,430,489</b>	<b>105,852</b>	<b>3.2%</b>	<b>3,469,045</b>	<b>38,556</b>	<b>1.1%</b>
<b>Total Non-Operating Expenses</b>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Expenses</b>	<b>3,260,593</b>	<b>3,324,637</b>	<b>3,430,489</b>	<b>105,852</b>	<b>3.2%</b>	<b>3,469,045</b>	<b>38,556</b>	<b>1.1%</b>
<b>Equipment Outlay</b>	-	-	20,000	20,000	0.0%	20,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 3,260,593</b>	<b>\$ 3,324,637</b>	<b>\$ 3,450,489</b>	<b>\$ 125,852</b>	<b>3.8%</b>	<b>\$ 3,489,045</b>	<b>\$ 38,556</b>	<b>1.1%</b>

## Talent, Culture & Capability

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 3,324,637</b>	<b>\$ 3,450,489</b>
<b>Personnel costs</b>		
Veterans Fellowship Program (salaries, benefits & employer taxes)	200,523	-
Salary adjustments and pay for performance	108,530	45,083
Burden (benefits & employer taxes) for current staff	(30,857)	37,472
1 Position transferred to Risk Management (salaries, benefits & employer taxes)	(101,606)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>176,590</b>	<b>82,556</b>
Memberships and dues	50,910	(7,500)
Computer licenses & agreements	28,250	(10,500)
Awards - services	(75,375)	-
Outside professional services	(81,358)	(7,500)
Other, net	26,835	(18,500)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(50,738)</b>	<b>(44,000)</b>
<b>Total Increase / (Decrease)</b>	<b>125,852</b>	<b>38,556</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 3,450,489</b>	<b>\$ 3,489,045</b>

## Talent, Culture & Capability Departmental Goals

### FY 2014 Progress Report

1. **Develop and execute a comprehensive talent strategy leveraging technology to increase employee performance and commitment and close any identified talent gaps in FY 2014.**

**Progress:** Workforce planning efforts are progressing to yield action plans that effectively identify gaps and plan for closing those gaps. To assure talent readiness, automated reporting has been implemented for benefits reports. These initiatives will position our talent to deliver increased performance.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure and environmentally sound, effective and efficient manner. Employee Strategy: Ensure the highest level of employee commitment and performance.

2. **Develop and implement a multi-platform engagement strategy to leverage the return on investment of safety and wellness programs and minimize and/or mitigate the increasing cost of employee health and safety programs in FY 2014.**

**Progress:** Employee benefits task force effectively provided recommendations that have been implemented to achieve cost savings compared to budgeted expense for benefits and safety.

**Sustainability Goal:** Economic Viability, Social Responsibility.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Employee Strategy: Ensure the highest level of employee commitment and performance.

3. **Enhance and expand the Authority's Performance Measurement System to provide more timely, relevant, useful and accurate data for departmental and organizational decision-making.**

Success will be measured by:

- Implementing improved data collection and software upgrades for the specified key performance indicators aligned with the strategies.
- Deploying a more robust and comprehensive set of Senior Staff actions to keep the organization constantly and consistently focused on those key performance indicators.

**Progress:** Introduced organizational cascading goal setting process to better define and optimize goals and performance measures.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. **Establish an Authority Process Optimization Strategy (POS) to compliment the Authority's Employee and Talent Strategy. This strategy would seek to ensure that the Authority's work activities align and support the immediate and long-range workforce effectiveness and efficiency plans.**

Success will be measured by:

- Examining critical work tasks, associated processes and process performance issues.
- Assessing, recommending, facilitating and measuring key process outcomes.
- Applying performance audit/assessment tools and techniques to optimize process effectiveness, efficiency and flexibility.

**Progress:** Workforce planning efforts are progressing to yield action plans that effectively identify gaps and plan for closing those gaps. Process optimization action items are identified and on track.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

**5. Continue implementation of the strategic training plan to include follow-up activities to measure and ensure training effectiveness.**

**Progress:** Leading At All Levels (a leadership development program) is underway with the 4<sup>th</sup> cohort beginning the program.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

**6. Manage follow up activities to the 2013 Employee Opinion Survey (EOS) and administer a 2014 Pulse Survey by March 2014 to support sustainment of the 2013 organizational engagement index.**

**Progress:** An EOS team is formed and operating to propose improvements to our performance management system (finding from 2013 EOS). Plans are underway to launch the 2014 pulse survey in March 2014.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

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

**Progress:** Input has been obtained from managers as to desired content and a draft handbook has been handed off to our assistant webmaster to post on our intranet.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

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

**Progress:** This was completed in July 2013.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

## Talent, Culture & Capability

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Employee Strategy: Ensure the highest level of employee commitment and performance.

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Economic Viability, Social Responsibility.

**Authority Strategy:** Financial Strategy Enhance the financial position of the Authority. Employee Strategy: Ensure the highest level of employee commitment and performance.

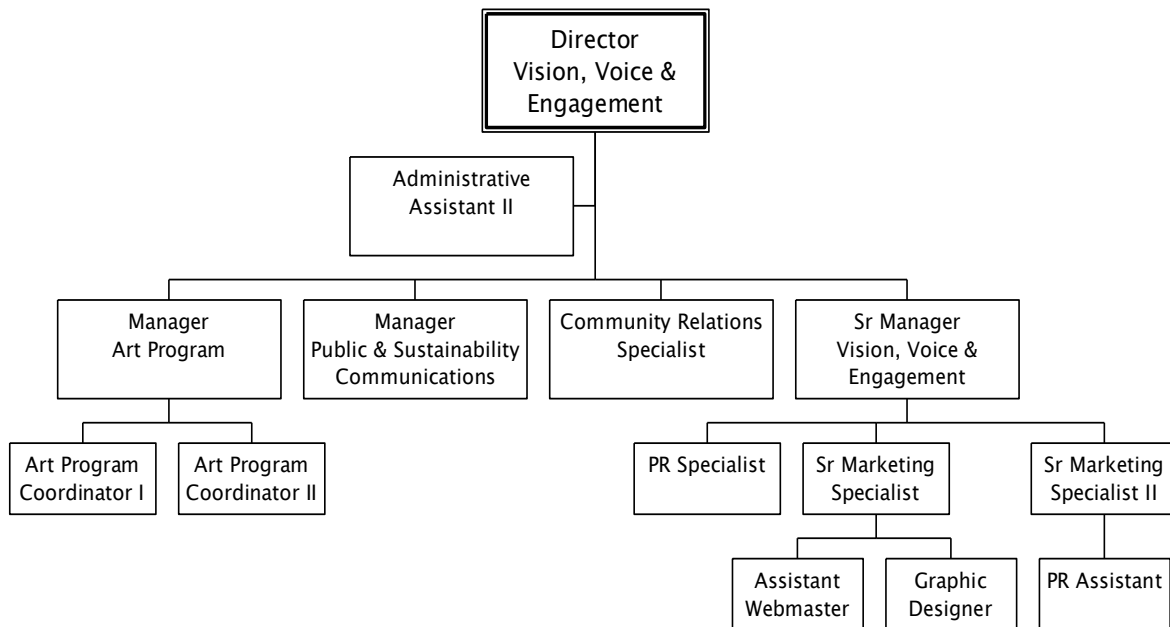
4. Sustain employee engagement and strategic engagement at 80% and 81% respectively by enhancing onboarding effectiveness, leveraging technology to sustain performance and delivering targeted leadership and management development opportunities.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

## Vision, Voice & Engagement

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Vision, Voice & Engagement

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,014,439	\$ 1,118,390	\$ 1,159,021	\$ 40,630	3.6%	\$ 1,171,964	\$ 12,943	1.1%
Premium Overtime	10,590	-	-	-	0.0%	-	-	0.0%
Employee Benefits	531,290	568,468	596,571	28,102	4.9%	620,345	23,774	4.0%
Subtotal	1,556,318	1,686,859	1,755,592	68,733	4.1%	1,792,309	36,718	2.1%
<i>Less: Capitalized Labor</i>	-	(74,193)	(69,479)	4,714	-6.4%	(45,514)	23,965	-34.5%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,556,318</b>	<b>1,612,666</b>	<b>1,686,113</b>	<b>73,447</b>	<b>4.6%</b>	<b>1,746,796</b>	<b>60,683</b>	<b>3.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,636,102	1,522,250	1,353,500	(168,750)	-11.1%	1,333,500	(20,000)	-1.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	12	500	17,500	17,000	3400.0%	2,500	(15,000)	-85.7%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	11,057	11,500	24,500	13,000	113.0%	24,500	-	0.0%
Operating Supplies	4,585	16,700	8,700	(8,000)	-47.9%	7,200	(1,500)	-17.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	55,023	65,485	64,360	(1,125)	-1.7%	65,560	1,200	1.9%
Business Development	1,090,176	952,670	805,575	(147,095)	-15.4%	928,575	123,000	15.3%
Equipment Rentals & Repairs	1,953	21,000	7,000	(14,000)	-66.7%	12,000	5,000	71.4%
<b>Total Non-Personnel Expenses</b>	<b>2,798,908</b>	<b>2,591,305</b>	<b>2,282,335</b>	<b>(308,970)</b>	<b>-11.9%</b>	<b>2,375,035</b>	<b>92,700</b>	<b>4.1%</b>
<b>Total Operating Expenses</b>	<b>4,355,226</b>	<b>4,203,971</b>	<b>3,968,448</b>	<b>(235,523)</b>	<b>-5.6%</b>	<b>4,121,831</b>	<b>153,383</b>	<b>3.9%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>4,355,226</b>	<b>4,203,971</b>	<b>3,968,448</b>	<b>(235,523)</b>	<b>-5.6%</b>	<b>4,121,831</b>	<b>153,383</b>	<b>3.9%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 4,355,226</b>	<b>\$ 4,203,971</b>	<b>\$ 3,968,448</b>	<b>\$ (235,523)</b>	<b>-5.6%</b>	<b>\$ 4,121,831</b>	<b>\$ 153,383</b>	<b>3.9%</b>

**Vision, Voice & Engagement**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 4,203,971</b>	<b>\$ 3,968,448</b>
<b>Personnel costs</b>		
1 Position transferred from Inter-Governmental (salaries, benefits & employer taxes)	118,093	-
Burden (benefits & employer taxes) for current staff	29,997	23,774
Salary adjustments and pay for performance	11,046	12,943
Changes in capitalized labor	4,714	23,965
1 Position eliminated (salaries, benefits & employer taxes)	(90,403)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>73,447</b>	<b>60,683</b>
Marketing, promotional activities and materials	(154,700)	123,000
Outside professional services	(166,250)	(20,000)
Other, net	11,980	(10,300)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(308,970)</b>	<b>92,700</b>
<b>Total Increase / (Decrease)</b>	<b>(235,523)</b>	<b>153,383</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 3,968,448</b>	<b>\$ 4,121,831</b>



## Vision, Voice & Engagement Departmental Goals

### FY 2014 Progress Report

1. By June 30, 2014, ensure that the negative media coverage category of the Authority's Community Strategy media audit performance measurement is no greater than 10%. To proactively work with the media to garner positive coverage on San Diego International Airport, the Authority and various Authority initiatives.

**Progress:** Vision, Voice and Engagement is on target to reach a Consistently Exceeds Standards rating on this goal.

Measurement: On Target – 10% rating.

Consistently Exceeds Standards – 9% or lower rating.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

2. By June 30, 2014, plan and execute an art symposium to generate a cross-disciplinary discussion on how art, culture, aesthetics and creative design affect the livelihood and perception of communities, including the airport.

**Progress:** The art symposium has been planned and executed and this goal is on target to reach a Consistently Exceeds Standards rating.

Measurement: On Target – Execute symposium.

Consistently Exceeds Standards – Establish baseline rating of art symposium effectiveness via an on-line survey of participants.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

3. By June 30, 2014, provide digital content for monitors in Airport Loop buses promoting SAN's food and retail concessions, including an incentive program designed in conjunction with Aviation & Commercial Business Development.

**Progress:** Vision, Voice and Engagement has produced the digital content for the monitors on the Airport Loop buses and is on target to meet this goal.

Measurement: On Target – Provide digital content.

Consistently Exceeds Standards – Establish baseline number of customers using the incentive program.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

## Vision, Voice & Engagement

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategies:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

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# DEVELOPMENT DIVISION

## Development Division

### Overview

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

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

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

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

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

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

The various programs administered by Environmental Affairs are as follows:

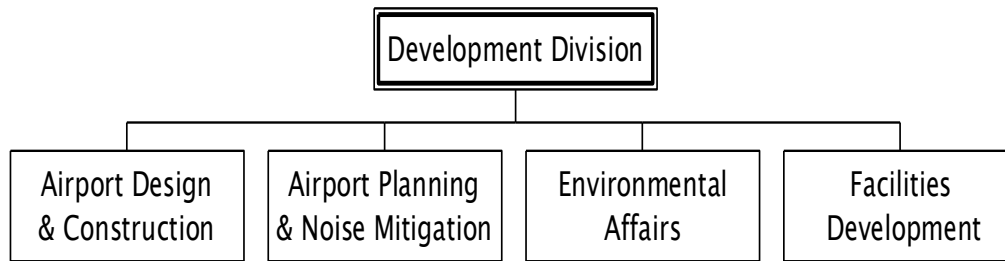
- Storm Water Management.
- Hazardous Materials and Waste Management.
- Air Quality Management.
- Site Assessment and Remediation.
- Waste Reduction and Recycling.
- Industrial Hygiene.
- Wildlife Preservation.
- Airport Sustainability.

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

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

## Development Division

### FY 2015 – FY 2016 Organizational Structure



### Division Personnel Summary

	FY 2013 Budget Authorized & Funded Positions	FY 2014 Budget Authorized & Funded Positions	Proposed FY 2015 Budget Transfer Positions	FY 2015 Budget New/ (Eliminated) Positions	FY 2015 Budget Funded/ (Unfunded) Positions	FY 2015 Budget Authorized & Funded Positions	FY 2016 Budget New/ (Eliminated) Positions	FY 2016 Budget Authorized & Funded Positions
<b>Development</b>								
Facilities Development	30	36	-	3	-	39	-	39
Airport Design & Construction	9	14	1	-	-	15	-	15
Airport Planning and Noise Mitigation	21	21	1	(2)	-	20	-	20
Environmental Affairs	6	7	2	-	-	9	-	9
<b>Total</b>	<b>66</b>	<b>78</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>
Authorized and Unfunded Positions	6	1	-	-	-	1	-	1
<b>Total Authorized Positions</b>	<b>72</b>	<b>79</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>84</b>

**Development Division**  
**FY 2015 – FY 2016 Budget Expense Summary**

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 5,230,503	\$ 6,380,110	\$ 6,797,309	\$ 417,199	6.5%	\$ 7,148,419	\$ 351,110	5.2%
Premium Overtime	43,433	-	20,000	20,000	0.0%	20,000	-	0.0%
Employee Benefits	2,438,096	3,118,822	3,522,602	403,780	12.9%	3,758,923	236,321	6.7%
Subtotal	7,712,032	9,498,932	10,339,911	840,979	8.9%	10,927,342	587,431	5.7%
Less: Capitalized Labor	(4,309,983)	(5,072,107)	(5,886,206)	(814,099)	16.1%	(6,216,937)	(330,730)	5.6%
Less: QHP - Labor/Burden/Labor Overhead	(723,749)	(703,804)	(663,928)	39,876	-5.7%	(688,119)	(24,191)	3.6%
<b>Total Personnel Expenses</b>	<b>2,678,301</b>	<b>3,723,021</b>	<b>3,789,777</b>	<b>66,756</b>	<b>1.8%</b>	<b>4,022,286</b>	<b>232,510</b>	<b>6.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,862,276	3,894,700	3,737,089	(157,611)	-4.0%	3,925,180	188,091	5.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	715	1,500	1,600	100	6.7%	1,600	-	0.0%
Maintenance	576,316	610,000	838,690	228,690	37.5%	710,000	(128,690)	-15.3%
Operating Equipment & Systems	14,729	7,729	2,838	(4,891)	-63.3%	2,858	20	0.7%
Operating Supplies	33,883	26,927	15,303	(11,624)	-43.2%	15,341	38	0.2%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	386,251	222,073	264,098	42,025	18.9%	264,133	35	0.0%
Business Development	100,500	155,848	162,034	6,186	4.0%	162,109	75	0.0%
Equipment Rentals & Repairs	323,186	231,151	257,696	26,545	11.5%	196,778	(60,918)	-23.6%
Tenant Improvements	-	-	1,000,000	1,000,000		1,000,000	-	
<b>Total Non-Personnel Expenses</b>	<b>5,297,856</b>	<b>5,149,928</b>	<b>6,279,348</b>	<b>1,129,420</b>	<b>21.9%</b>	<b>6,277,999</b>	<b>(1,349)</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>7,976,157</b>	<b>8,872,948</b>	<b>10,069,125</b>	<b>1,196,176</b>	<b>13.5%</b>	<b>10,300,285</b>	<b>231,161</b>	<b>2.3%</b>
<b>Total Non-Operating Expenses</b>	<b>14,928,359</b>	<b>15,176,621</b>	<b>14,955,716</b>	<b>(220,905)</b>	<b>-1.5%</b>	<b>14,734,811</b>	<b>(220,905)</b>	<b>-1.5%</b>
<b>Total Expenses</b>	<b>22,904,516</b>	<b>24,049,569</b>	<b>25,024,841</b>	<b>975,271</b>	<b>4.1%</b>	<b>25,035,096</b>	<b>10,256</b>	<b>0.0%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>10,000</b>	<b>80,000</b>	<b>70,000</b>	<b>700.0%</b>	<b>10,000</b>	<b>(70,000)</b>	<b>-87.5%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 22,904,516</b>	<b>\$ 24,059,569</b>	<b>\$ 25,104,841</b>	<b>\$ 1,045,271</b>	<b>4.3%</b>	<b>\$ 25,045,096</b>	<b>\$ (59,744)</b>	<b>-0.2%</b>



**Development Division**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 24,059,569</b>	<b>\$ 25,104,841</b>
<b>Personnel costs</b>		
2 positions transferred from Risk Management (salaries, benefits, & employer taxes)	381,543	-
3 new positions (salaries, benefits, & employer taxes)	322,254	-
Burden (benefits & employer taxes) for current staff	317,530	236,321
Salary adjustments and pay for performance	243,734	351,110
2 position eliminated (salaries, benefitis, & employer taxes)	(424,082)	-
Capitalized labor	(774,223)	(354,922)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>66,756</b>	<b>232,510</b>
 SDIA, North Island, Rural, and USMC Airport Land Use Compatibility Plans (ALUCPs) and miscellaneous airport planning project costs	 680,000	 70,000
Tenant improvement	300,000	-
Major maintenance	178,690	(178,690)
Stormwater, water and air quality, and hazardous waste cleanup costs	129,850	67,000
Equipment outlay	70,000	(70,000)
Quieter Home Program	(220,905)	(220,905)
Other, net	(159,120)	40,341
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>978,515</b>	<b>(292,254)</b>
 <b>Total Increase / (Decrease)</b>	 <b>1,045,271</b>	 <b>(59,744)</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	 <b>\$ 25,104,841</b>	 <b>\$ 25,045,096</b>

## Development Division

### FY 2015 Expense Budget by Department

Department	FY 2015 Budget
Airport Planning & Noise Mitigation	\$ 18,629,622
Environmental Affairs	3,749,414
Facilities Development	2,680,552
Airport Design & Construction	45,253
<b>Total <sup>(1)</sup></b>	<b>\$ 25,104,841</b>

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

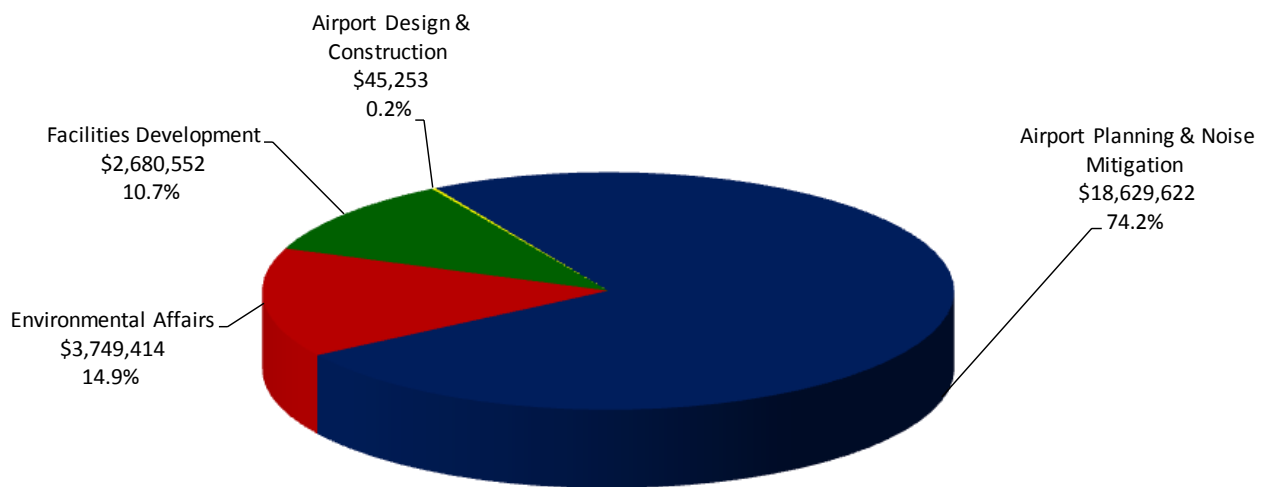


Figure 27 – FY 2015 Expense Budget by Department

## Development Division

### FY 2016 Expense Budget by Department

Department	FY 2016 Conceptual Budget
Airport Planning & Noise Mitigation	\$ 18,713,956
Environmental Affairs	3,915,842
Facilities Development	2,370,045
Airport Design & Construction	45,253
<b>Total <sup>(1)</sup></b>	<b>\$ 25,045,096</b>

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

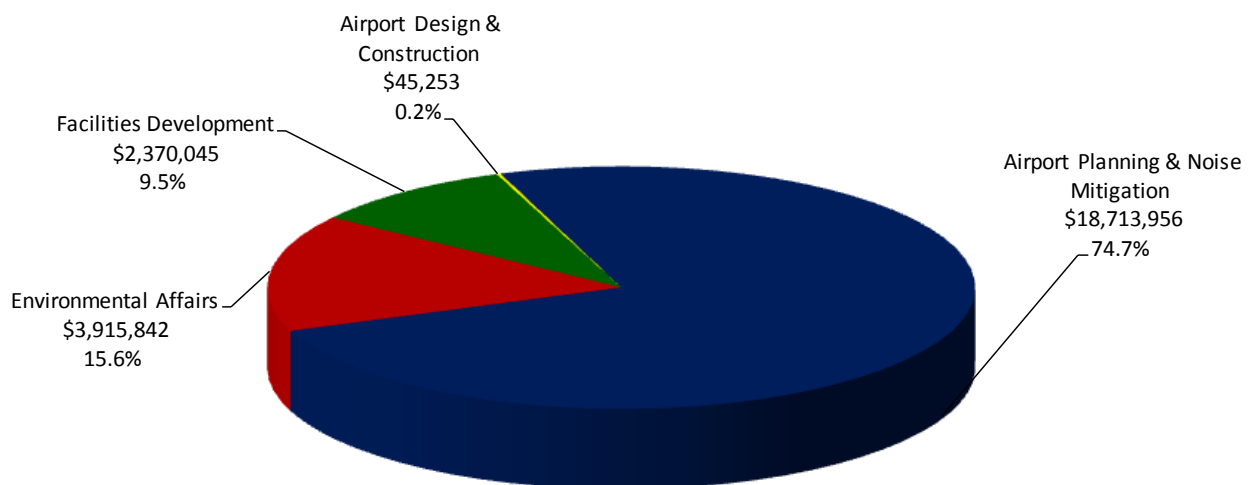
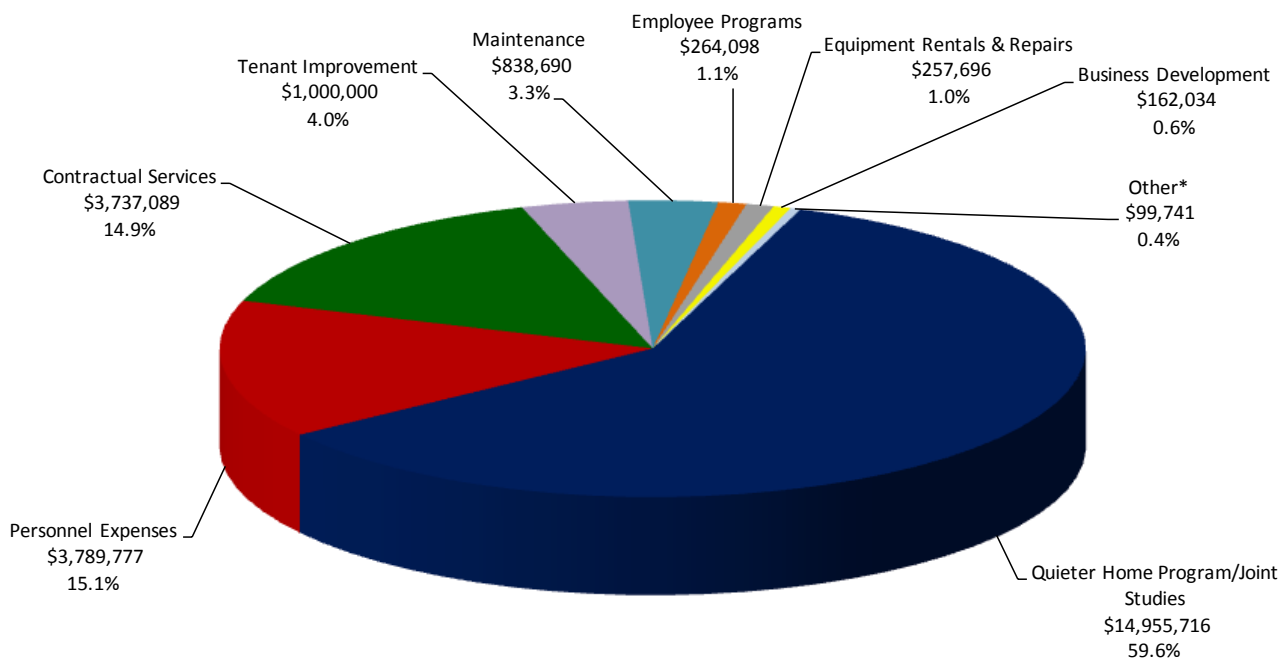


Figure 28 – FY 2016 Expense Budget by Department

## Development Division FY 2015 Expense Budget by Category

Category	FY 2015 Budget
Quieter Home Program/Joint Studies	\$ 14,955,716
Personnel Expenses	3,789,777
Contractual Services	3,737,089
Tenant Improvement	1,000,000
Maintenance	838,690
Employee Programs	264,098
Equipment Rentals & Repairs	257,696
Business Development	162,034
Other*	99,741
<b>Total <sup>(1)</sup></b>	<b>\$ 25,104,841</b>

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



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

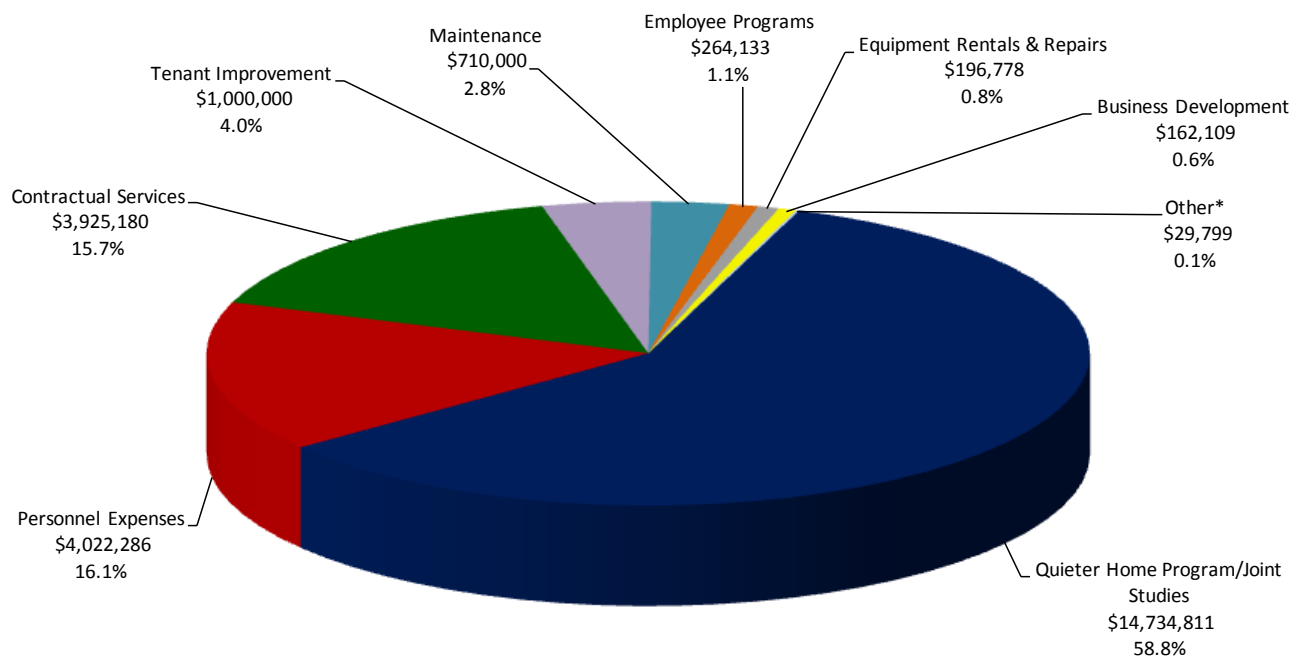
Figure 29 – FY 2015 Expense Budget by Category

## Development Division

### FY 2016 Expense Budget by Category

Category	FY 2016 Conceptual Budget
Quieter Home Program/Joint Studies	\$ 14,734,811
Personnel Expenses	4,022,286
Contractual Services	3,925,180
Tenant Improvement	1,000,000
Maintenance	710,000
Employee Programs	264,133
Equipment Rentals & Repairs	196,778
Business Development	162,109
Other*	29,799
<b>Total <sup>(1)</sup></b>	<b>\$ 25,045,096</b>

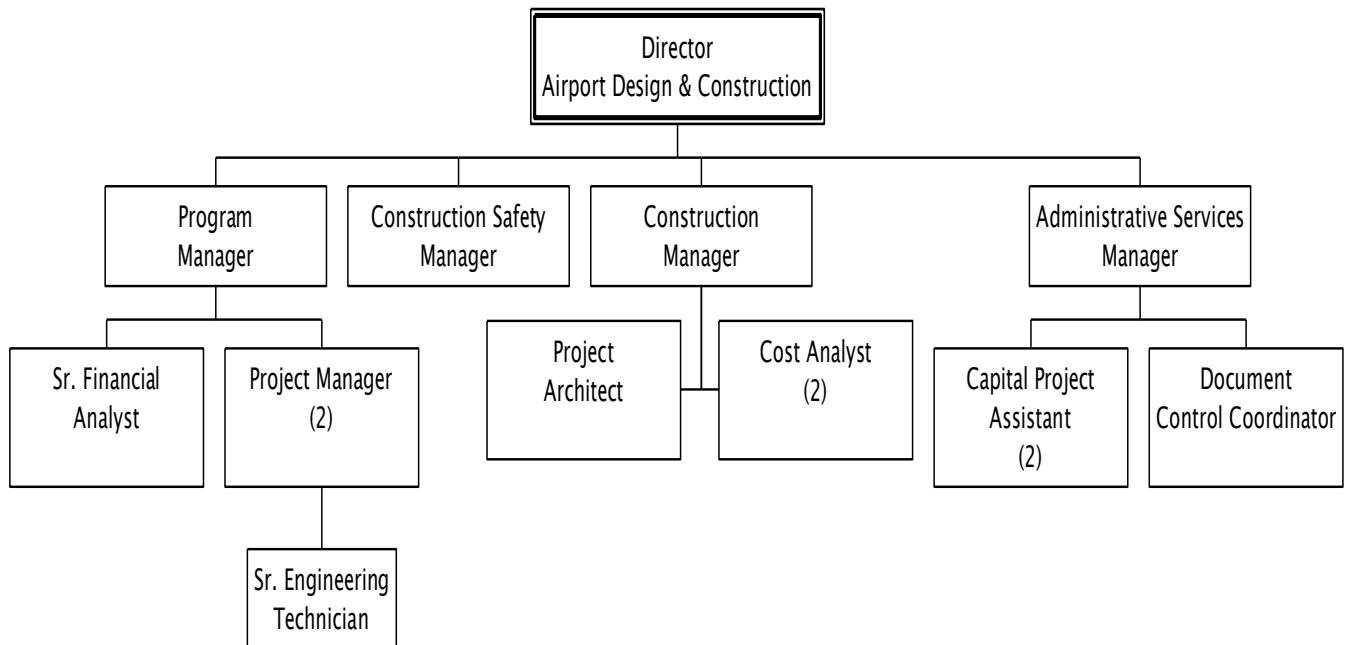
<sup>(1)</sup>Total may differ due to rounding.



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

Figure 30 – FY 2016 Expense Budget by Category

## Airport Design & Construction FY 2015 - FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Airport Design & Construction

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 852,186	\$ 1,314,016	\$ 1,310,815	\$ (3,201)	-0.2%	\$ 1,422,539	\$ 111,724	8.5%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	367,049	581,718	674,942	93,224	16.0%	737,981	63,039	9.3%
Subtotal	1,219,236	1,895,734	1,985,757	90,023	4.7%	2,160,520	174,763	8.8%
<i>Less: Capitalized Labor</i>	<i>(1,220,391)</i>	<i>(1,895,734)</i>	<i>(1,985,757)</i>	<i>(90,023)</i>	<i>4.7%</i>	<i>(2,160,520)</i>	<i>(174,763)</i>	<i>8.8%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.0%</i>	<i>-</i>	<i>-</i>	<i>0.0%</i>
<b>Total Personnel Expenses</b>	<b>(1,155)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	15,008	-	-	-	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	828	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	204,874	22,795	26,736	3,941	17.3%	26,736	-	0.0%
Business Development	14,213	18,517	18,517	-	0.0%	18,517	-	0.0%
Equipment Rentals & Repairs	497	500	-	(500)	-100.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>235,420</b>	<b>41,812</b>	<b>45,253</b>	<b>3,441</b>	<b>8.2%</b>	<b>45,253</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>234,265</b>	<b>41,812</b>	<b>45,253.00</b>	<b>3,441</b>	<b>8.2%</b>	<b>45,253.00</b>	<b>-</b>	<b>0.0%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>234,265</b>	<b>41,812</b>	<b>45,253</b>	<b>3,441</b>	<b>8.2%</b>	<b>45,253</b>	<b>-</b>	<b>0.0%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 234,265</b>	<b>\$ 41,812</b>	<b>\$ 45,253</b>	<b>\$ 3,441</b>	<b>8.2%</b>	<b>\$ 45,253</b>	<b>\$ -</b>	<b>0.0%</b>

**Airport Design & Construction**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 41,812</b>	<b>\$ 45,253</b>
<b>Personnel costs</b>		
1 position transferred from Airport Planning (salaries, benefits, & employer taxes)	109,474	-
Burden (benefits & employer taxes) for current staff	58,662	63,039
Salary adjustments and pay for performance	(78,113)	111,724
Capitalized labor	(90,023)	(174,763)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>0</b>	<b>(0)</b>
Other, net	3,441	0
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>3,441</b>	<b>0</b>
<b>Total Increase / (Decrease)</b>	<b>3,441</b>	<b>(0)</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 45,253</b>	<b>\$ 45,253</b>



## Airport Design & Construction Departmental Goals

### FY 2014 Progress Report

1. Partner with Concessions Development Program (CDP) to continue temporary concessions program through second quarter of FY 2014, maintaining the temporary concession revenue during Green Build construction (Terminal 2 West), as measured by total sales per EPAX.

**Progress:** Revenue has met budget projection.

**Sustainability Goal:** Economic Viability.

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

2. Throughout FY 2013-FY 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. ADC 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 50% below the total Program Reserve Fund.
  - Maintain a lean, cost effective staff that will result in a \$4.0 million staff budget end-of-program savings.

**Progress:**

- 12% over target.
- Tracking at 97% of target goal.

**Sustainability Goal:** Economic Viability.

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

3. Throughout FY 2013- FY 2014 forecast a final completion date for the Green Build program within or better than the “Guaranteed Maximum Price (GMP) Baseline” schedule. This will be measured by providing a quarterly forecast at completion report that demonstrates the Green Build program is trending “on-schedule” for the “GMP Baseline” to open all areas of the new T2W Expansion program to the traveling public by August 2013. ADC 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.

**Progress:** Goal achieved by opening expansion program to traveling public by August 2013.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

4. Throughout FY 2014, break ground on Rental Car Center (RCC) by November 2013, negotiate RCC Guaranteed Maximum Price contract and complete 100% of the design and construction documents by February 2014.

**Progress:** Broke ground one month early (October 2013) and negotiated RCC GMP three months earlier (December 2013), however, the design and construction documents are now on schedule to be 100% completed by April 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

5. Ensure Robust Communications for ADC (internal/external) and enhance the community's (public, professional and tenants) understanding of the program. Success will be 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 ADC "All-Hands" Meeting with staff.
- Activation planning and engagement for ADC staff.
- Develop staff to help publically present Green Build updates.

**Progress:** All listed activities accomplished as scheduled.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

6. Enhance stakeholders' satisfaction with the Terminal Development Program (TDP) by continuing to engage the stakeholders during the design, construction and activation of the Green Build. Support activities include:

- Carry on with the weekly Green Build Activation Team meetings.
- Provide quarterly updates to the Board via Capital Improvement Program Oversight Committee (CIPOC).
- Provide budget and schedule updates to the Executive Steering Committee (ESC).

**Progress:** All stakeholder activities associated with TDP have been concluded.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

## Airport Design & Construction

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

Measures of success:

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

**Sustainability Goal:** Economic Vitality, Operational Excellence, Social Responsibility.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

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

Measures of success:

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

**Sustainability Goal:** Economic Vitality.

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

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

**Sustainability Goal:** Economic Vitality, Social Responsibility.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Economic Vitality, Social Responsibility.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Community Strategy: Be a trusted and highly responsive regional agency.

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

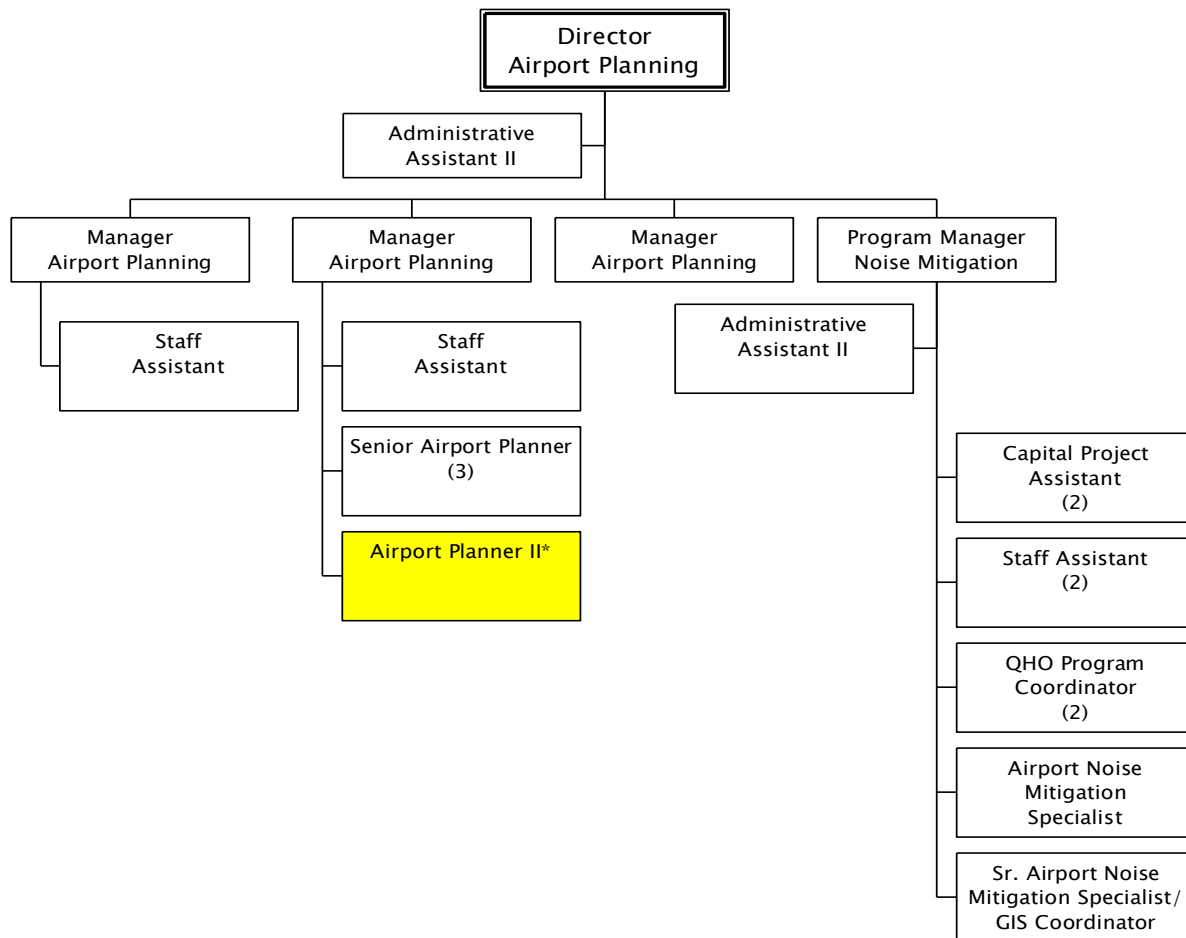
Measures of success:

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

## Airport Planning & Noise Mitigation FY 2015 – FY 2016 Organizational Structure



*\*Unfunded positions shown in yellow.*

*No personnel changes planned for FY 2016.*

## Airport Planning & Noise Mitigation

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,631,348	\$ 1,874,843	\$ 1,471,711	\$ (403,132)	-21.5%	\$ 1,591,194	\$ 119,483	8.1%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	757,348	939,830	793,619	(146,211)	-15.6%	858,491	64,873	8.2%
Subtotal	2,388,697	2,814,673	2,265,330	(549,343)	-19.5%	2,449,686	184,356	8.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	(690,234)	(703,804)	(663,928)	39,876	-5.7%	(688,119)	(24,191)	3.6%
<b>Total Personnel Expenses</b>	<b>1,698,463</b>	<b>2,110,868</b>	<b>1,601,402</b>	<b>(509,467)</b>	<b>-24.1%</b>	<b>1,761,566</b>	<b>160,165</b>	<b>10.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,915,444	1,267,000	1,915,500	648,500	51.2%	2,035,500	120,000	6.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	602	500	500	-	0.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,434	1,000	-	(1,000)	-100.0%	-	-	0.0%
Operating Supplies	12,548	14,600	5,500	(9,100)	-62.3%	5,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	51,947	66,286	61,100	(5,186)	-7.8%	61,100	-	0.0%
Business Development	34,394	75,154	67,904	(7,250)	-9.6%	67,979	75	0.1%
Equipment Rentals & Repairs	221,436	172,142	222,000	49,858	29.0%	247,000	25,000	11.3%
<b>Total Non-Personnel Expenses</b>	<b>2,238,804</b>	<b>1,596,682</b>	<b>2,272,504</b>	<b>675,822</b>	<b>42.3%</b>	<b>2,417,579</b>	<b>145,075</b>	<b>6.4%</b>
<b>Total Operating Expenses</b>	<b>3,937,267</b>	<b>3,707,551</b>	<b>3,873,906</b>	<b>166,355</b>	<b>4.5%</b>	<b>4,179,145</b>	<b>305,240</b>	<b>7.9%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	14,830,457	14,976,621	14,755,716	(220,905)	-1.5%	14,534,811	(220,905)	-1.5%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	42,648	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>14,873,105</b>	<b>14,976,621</b>	<b>14,755,716</b>	<b>(220,905)</b>	<b>-1.5%</b>	<b>14,534,811</b>	<b>(220,905)</b>	<b>-1.5%</b>
<b>Total Expenses</b>	<b>18,810,372</b>	<b>18,684,172</b>	<b>18,629,622</b>	<b>(54,550)</b>	<b>-0.3%</b>	<b>18,713,956</b>	<b>84,335</b>	<b>0.5%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$18,810,372</b>	<b>\$ 18,684,172</b>	<b>\$ 18,629,622</b>	<b>\$ (54,550)</b>	<b>-0.3%</b>	<b>\$ 18,713,956</b>	<b>\$ 84,335</b>	<b>0.5%</b>

## Airport Planning & Noise Mitigation

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 18,684,172</b>	<b>\$ 18,629,622</b>
<b>Personnel costs</b>		
Capitalized labor	39,876	(24,191)
Burden (benefits & employer taxes) for current staff	2,623	64,873
Salary adjustments and pay for performance	(18,410)	119,483
1 position transferred to Airport Design and Construction salaries, benefits, & employer taxes)	(109,474)	-
2 position eliminated (salaries, benefits, & employer taxes)	(424,082)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(509,467)</b>	<b>160,165</b>
 SDIA, North Island, Rural, and USMC Airport Land Use Compatibility Plans (ALUCPs) and miscellaneous airport planning project costs	680,000	70,000
Quieter Home Program	(220,905)	(220,905)
Other, net	(4,178)	75,075
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>454,917</b>	<b>(75,830)</b>
 <b>Total Increase / (Decrease)</b>	<b>(54,550)</b>	<b>84,335</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 18,629,622</b>	<b>\$ 18,713,956</b>

## Airport Planning & Noise Mitigation

### Departmental Goals

#### FY 2014 Progress Report

1. **The Airport Development Plan (ADP) will define future airport facilities through the year 2035. By May 31, 2014, all alternatives will be presented to the Airport Authority Board for consideration of a possible preferred alternative and the environmental analyses will have begun.**

**Progress:** ADP alternatives are expected to be presented to the Board in May 2014 and environmental analysis to begin at that time.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. **The final 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, 2014.**

**Progress:** The SDIA ALUCP was completed and adopted by Board on April 3, 2014.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

3. **Maintain the Quieter Home Program (residential sound insulation) acceleration and spending level. Success equals at least the same number of parcels attenuated as in FY 2013.**

**Progress:** On track to the same or better spending level in FY 2014 as in FY 2013.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

4. **Conduct upgrade of the twelve remaining Remote Noise Monitoring Terminal (RMT) poles. Success equals project completion by June 30, 2014.**

**Progress:** Remaining Noise Monitoring Terminal poles expected to be replaced by June 30, 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

5. **Execute 100% of Department projects on time and with no addition to the overall budget. Success equals project completion on time and on budget.**

**Progress:** All projects have been completed on time and on budget.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.



6. Have no significant audit findings for any project or contract. Success equals spotless internal and external audits.

**Progress:** No significant audit findings have been found for any project.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

## Airport Planning & Noise Mitigation

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

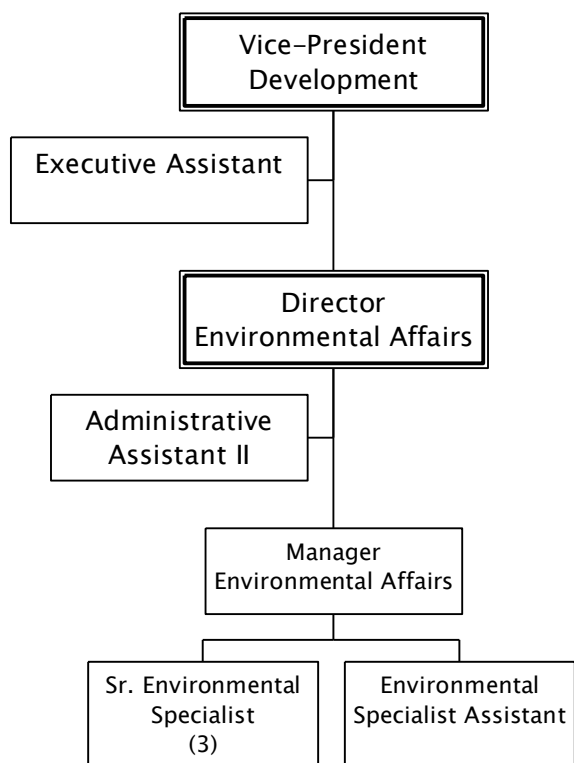
3. Maintain the Quieter Home Program (residential sound insulation) levels of acceleration and spending so that at least the same amount of funding and a similar number of homes are attenuated in FY 2015 as in FY 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Community Strategy: Be a trusted and highly responsive regional agency.

## Environmental Affairs

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Environmental Affairs

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 535,203	\$ 629,084	\$ 890,892	\$ 261,808	41.6%	\$ 917,439	\$ 26,547	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	238,761	321,355	453,847	132,492	41.2%	476,728	22,882	5.0%
Subtotal	773,964	950,439	1,344,739	394,301	41.5%	1,394,167	49,428	3.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>773,964</b>	<b>950,439</b>	<b>1,344,739</b>	<b>394,301</b>	<b>41.5%</b>	<b>1,394,167</b>	<b>49,428</b>	<b>3.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	854,499	1,516,000	1,616,450	100,450	6.6%	1,683,450	67,000	4.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	101	1,000	1,000	-	0.0%	1,000	-	0.0%
Maintenance	527,240	500,000	550,000	50,000	10.0%	600,000	50,000	9.1%
Operating Equipment & Systems	11	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	3,169	4,000	6,100	2,100	52.5%	6,100	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	124,634	125,600	172,850	47,250	37.6%	172,850	-	0.0%
Business Development	38,100	38,900	55,275	16,375	42.1%	55,275	-	0.0%
Equipment Rentals & Repairs	-	2,000	2,000	-	0.0%	2,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,547,754</b>	<b>2,188,500</b>	<b>2,404,675</b>	<b>216,175</b>	<b>9.9%</b>	<b>2,521,675</b>	<b>117,000</b>	<b>4.9%</b>
<b>Total Operating Expenses</b>	<b>2,321,718</b>	<b>3,138,939</b>	<b>3,749,414</b>	<b>610,476</b>	<b>19.4%</b>	<b>3,915,842</b>	<b>166,428</b>	<b>4.4%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,321,718</b>	<b>3,138,939</b>	<b>3,749,414</b>	<b>610,476</b>	<b>19.4%</b>	<b>3,915,842</b>	<b>166,428</b>	<b>4.4%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,321,718</b>	<b>\$ 3,138,939</b>	<b>\$ 3,749,414</b>	<b>\$ 610,476</b>	<b>19.4%</b>	<b>\$ 3,915,842</b>	<b>\$ 166,428</b>	<b>4.4%</b>

## Environmental Affairs

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 3,138,939</b>	<b>\$ 3,749,414</b>
<b>Personnel costs</b>		
2 positions transferred from Risk Management (salaries, benefits, & employer taxes)	381,543	-
Burden (benefits & employer taxes) for current staff	21,762	22,882
Salary adjustments and pay for performance	(9,005)	26,547
<b>Total Increase / (Decrease) in personnel costs</b>	<b>394,301</b>	<b>49,428</b>
 Stormwater, water and air quality, and hazardous waste cleanup costs	129,850	67,000
Refuse and hazardous materials disposal	50,000	50,000
Other, net	36,325	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>216,175</b>	<b>117,000</b>
 <b>Total Increase / (Decrease)</b>	<b>610,476</b>	<b>166,428</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 3,749,414</b>	<b>\$ 3,915,842</b>

## Environmental Affairs Departmental Goals

### FY 2014 Progress Report

1. **Develop a strategic plan to convert all airside Ground Service Equipment (GSE) and airside service vehicles to electric or alternative clean fuels. The plan is to be ready for implementation by December 31, 2013.**

**Progress:** Project put on hold to allow for Airline partners' input to the planning process.

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

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

2. **Revise and update our Environmental Management System (EMS) Plan and implement a new plan by June 31, 2014.**

**Progress:** Goal has been revised such that the EMS Plan will be updated to incorporate Global Reporting Initiative (GRI) Environmental Performance Indicators by December 31, 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

3. **Perform a water use assessment study for the airport, which evaluates current water usage and identifies opportunities for rainwater capture and reuse for non-potable applications, with results published by June 31, 2014.**

**Progress:** Water use assessment study was completed and the data gathered will be incorporated in CIP #104133 Strategic Stormwater Master Plan for entire Airport site.

**Sustainability Goal:** Operational Excellence, Natural Resource Conservation.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## Environmental Affairs

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

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

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

2. **Develop a site-wide strategic CIP Stormwater Drainage Master Plan by June 30, 2015.**

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

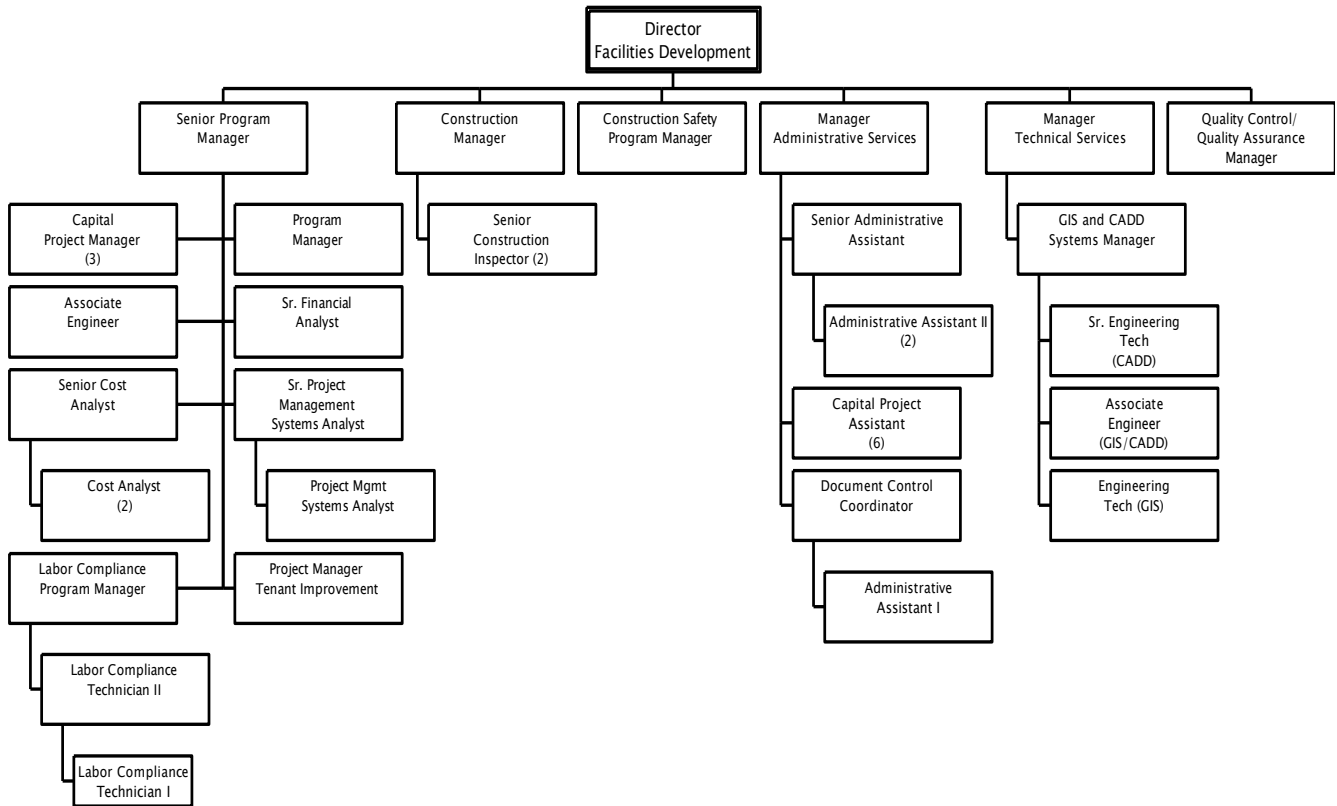
**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

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

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

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

## Facilities Development FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*



## Facilities Development

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,211,766	\$ 2,562,167	\$ 3,123,890	\$ 561,723	21.9%	\$ 3,217,246	\$ 93,357	3.0%
Premium Overtime	43,433	-	20,000	20,000	0.0%	20,000	-	0.0%
Employee Benefits	1,074,937	1,275,920	1,600,196	324,276	25.4%	1,685,723	85,528	5.3%
Subtotal	3,330,136	3,838,087	4,744,085	905,998	23.6%	4,922,970	178,884	3.8%
<i>Less: Capitalized Labor</i>	<i>(3,089,592)</i>	<i>(3,176,373)</i>	<i>(3,900,449)</i>	<i>(724,076)</i>	<i>22.8%</i>	<i>(4,056,417)</i>	<i>(155,968)</i>	<i>4.0%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>(33,515)</i>	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>207,029</b>	<b>661,714</b>	<b>843,636</b>	<b>181,922</b>	<b>27.5%</b>	<b>866,553</b>	<b>22,917</b>	<b>2.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,077,326	1,111,700	205,139	(906,561)	-81.5%	206,230	1,091	0.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	12	-	100	100	0.0%	100	-	0.0%
Maintenance	49,075	110,000	288,690	178,690	162.4%	110,000	(178,690)	-61.9%
Operating Equipment & Systems	12,285	5,729	1,838	(3,891)	-67.9%	1,858	20	1.1%
Operating Supplies	17,338	8,327	3,703	(4,624)	-55.5%	3,741	38	1.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	4,796	7,392	3,412	(3,980)	-53.8%	3,447	35	1.0%
Business Development	13,793	23,277	20,338	(2,939)	-12.6%	20,338	-	0.0%
Equipment Rentals & Repairs	101,253	56,509	33,696	(22,813)	-40.4%	(52,222)	(85,918)	-255.0%
Tenant Improvements	-	-	1,000,000	1,000,000	0.0%	1,000,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,275,878</b>	<b>1,322,933</b>	<b>1,556,916</b>	<b>233,983</b>	<b>17.7%</b>	<b>1,293,492</b>	<b>(263,424)</b>	<b>-16.9%</b>
<b>Total Operating Expenses</b>	<b>1,482,907</b>	<b>1,984,647</b>	<b>2,400,552</b>	<b>415,905</b>	<b>21.0%</b>	<b>2,160,045</b>	<b>(240,507)</b>	<b>-10.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	55,254	200,000	200,000	-	0.0%	200,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>55,254</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>0.0%</b>	<b>200,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,538,161</b>	<b>2,184,647</b>	<b>2,600,552</b>	<b>415,905</b>	<b>19.0%</b>	<b>2,360,045</b>	<b>(240,507)</b>	<b>-9.2%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>10,000</b>	<b>80,000</b>	<b>70,000</b>	<b>700.0%</b>	<b>10,000</b>	<b>(70,000)</b>	<b>-87.5%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,538,161</b>	<b>\$ 2,194,647</b>	<b>\$ 2,680,552</b>	<b>\$ 485,905</b>	<b>22.1%</b>	<b>\$ 2,370,045</b>	<b>\$ (310,507)</b>	<b>-11.6%</b>

**Facilities Development**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	<b>Inc/(Dec) FY15 vs FY14</b>	<b>Inc/(Dec) FY16 Conceptual vs FY15</b>
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 2,194,647</b>	<b>\$ 2,680,552</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	349,261	93,357
3 new positions (salaries, benefits, & employer taxes)	322,254	-
Burden (benefits & employer taxes) for current staff	234,484	85,528
Capitalized labor	(724,076)	(155,968)
<b>Total Increase / (Decrease) in personnel costs</b>	<b>181,922</b>	<b>22,917</b>
 Tenant improvement	 300,000	 -
Major maintenance	178,690	(178,690)
Equipment outlay	70,000	(70,000)
Other, net	(244,707)	(84,734)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>303,983</b>	<b>(333,424)</b>
 <b>Total Increase / (Decrease)</b>	 <b>485,905</b>	 <b>(310,507)</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	 <b>\$ 2,680,552</b>	 <b>\$ 2,370,045</b>

## Facilities Development Departmental Goals

### FY 2014 Progress Report

1. **Execute and deliver 100% of the Capital Improvement Program (CIP) projects that are scheduled to be completed by June 30, 2014 on time and within budget.**

**Progress:** FDD has executed and delivered 100% of the Capital Improvement Program (CIP) projects on time and within budget.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

2. **Have zero audit findings for 90% of Capital Improvement Program (CIP) projects and have 10% or less of CIP projects with no significant audit findings by June 30, 2014.**

**Progress:** FDD had zero audit findings.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

3. **By June 30, 2014, successfully implement pilot E-Project Management System to improve process efficiency within the department and increase collaboration between project teams, consultants and contractors. The new system will have the capability to upload project documentation electronically that will decrease process time, cost of postage and courier services and reduce paper usage.**

**Progress:** The Authority is currently in the process of awarding a contract. Until the contract is awarded, FDD is unable to implement a pilot E-Project Management System.

**Sustainability Goal:** Economic Viability, Natural Resource Conservation.

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

## Facilities Development Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment & performance.

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

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

4. By June 30, 2015, upgrade the Authority's internal GIS system to categorize the property space information that identifies airline spaces, public spaces and unleased areas in order to meet the needs of various Authority departments. This will maximize revenue enhancement, assist with planning for future airport facilities and improve information for bond rating agencies.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

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# **FINANCE & ASSET MANAGEMENT DIVISION**

## Finance & Asset Management Division

### Overview

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

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

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

The **Business & Financial Management Department** is responsible for the effective utilization and management of Authority resources. Primary functions include calculating rates, fees and charges, developing and administering the Operating and Capital Budgets and serving as the landlord of San Diego International Airport and other Authority controlled property and facilities.

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

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

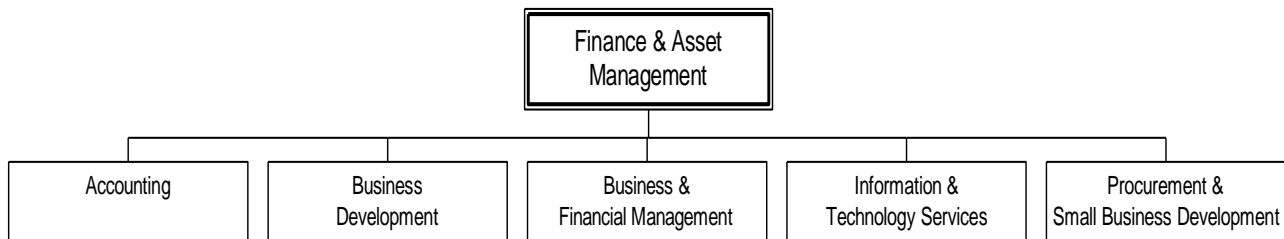
The **Business Development Department** identifies, reviews & prioritizes new business opportunities for the Authority. The focus is on opportunities that will drive incremental revenue and/or reduce costs and those that enhance the overall passenger experience.

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

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



## Finance & Asset Management Division Organizational Structure



## Division Personnel Summary

	FY 2013 Budget Authorized & Funded Positions	FY 2014 Budget Authorized & Funded Positions	Proposed FY 2015 Budget Transfer Positions	FY 2015 Budget New/ (Eliminated) Positions	FY 2015 Budget Funded/ (Unfunded) Positions	FY 2015 Budget Authorized & Funded Positions	FY 2016 Budget New/ (Eliminated) Positions	FY 2016 Budget Authorized & Funded Positions
<b>Finance and Asset Management</b>								
Business and Financial Management	34	26	(1)	-	-	25	-	25
Accounting	13	13	(1)	-	-	12	-	12
Information and Technology Services	23	24	3	-	-	27	-	27
Procurement and Small Business Development	18	17	(1)	(1)	-	15	-	15
Business Development	-	1	-	-	-	1	-	1
<b>Total</b>	<b>88</b>	<b>81</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>80</b>
Authorized and Unfunded Positions	1	1	-	-	-	1	-	1
<b>Total Authorized Positions</b>	<b>89</b>	<b>82</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>81</b>

## Finance & Asset Management Division

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,704,744	\$ 6,570,226	\$ 6,788,358	\$ 218,132	3.3%	\$ 7,011,203	\$ 222,845	3.3%
Premium Overtime	183,617	202,400	150,000	(52,400)	-25.9%	150,000	-	0.0%
Employee Benefits	3,079,310	3,200,011	3,631,018	431,008	13.5%	3,815,043	184,024	5.1%
<i>Less: Capitalized Labor</i>	<i>(104,509)</i>	<i>(102,717)</i>	-	102,717	-100.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
Subtotal Personnel Expenses	9,967,670	9,972,637	10,569,376	596,740	6.0%	10,976,246	406,869	3.8%
SDCERS Unfunded Actuarial Liability (GASB change)	-	-	7,600,000	7,600,000	0.0%	-	(7,600,000)	-100.0%
<b>Total Personnel Expenses *</b>	<b>9,863,161</b>	<b>9,869,920</b>	<b>18,169,376</b>	<b>8,299,456</b>	<b>84.1%</b>	<b>10,976,246</b>	<b>(7,193,131)</b>	<b>-39.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	2,495,953	1,976,000	2,056,420	80,420	4.1%	2,130,384	73,964	3.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,897,338	10,377,212	10,449,096	71,884	0.7%	10,423,381	(25,715)	-0.2%
Utilities	350,291	487,000	466,000	(21,000)	-4.3%	466,000	-	0.0%
Maintenance	18,140	18,593	19,650	1,057	5.7%	19,650	-	0.0%
Operating Equipment & Systems	342,022	313,200	340,547	27,347	8.7%	394,269	53,721	15.8%
Operating Supplies	46,181	56,900	91,580	34,680	60.9%	92,914	1,334	1.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	158,522	186,625	177,725	(8,900)	-4.8%	179,565	1,840	1.0%
Business Development	368,332	138,600	148,975	10,375	7.5%	149,279	304	0.2%
Equipment Rentals & Repairs	872,785	2,050,466	2,043,143	(7,323)	-0.4%	2,102,725	59,582	2.9%
Tenant Improvements	433	359,900	200,000	(159,900)	-44.4%	200,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>15,549,997</b>	<b>15,964,496</b>	<b>15,993,136</b>	<b>28,639</b>	<b>0.2%</b>	<b>16,158,167</b>	<b>165,031</b>	<b>1.0%</b>
<b>Total Operating Expenses</b>	<b>25,413,157</b>	<b>25,834,417</b>	<b>34,162,512</b>	<b>8,328,096</b>	<b>32.2%</b>	<b>27,134,413</b>	<b>(7,028,099)</b>	<b>-20.6%</b>
<b>Non-Operating Expenses:</b>								
Other Non-Operating Expense	4,208	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>4,208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>25,417,365</b>	<b>25,834,417</b>	<b>34,162,512</b>	<b>8,328,096</b>	<b>32.2%</b>	<b>27,134,413</b>	<b>(7,028,099)</b>	<b>-20.6%</b>
<b>Equipment Outlay</b>	<b>324,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 25,742,332</b>	<b>\$ 25,834,417</b>	<b>\$ 34,162,512</b>	<b>\$ 8,328,096</b>	<b>32.2%</b>	<b>\$ 27,134,413</b>	<b>\$ (7,028,099)</b>	<b>-20.6%</b>

## Finance & Asset Management Division

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

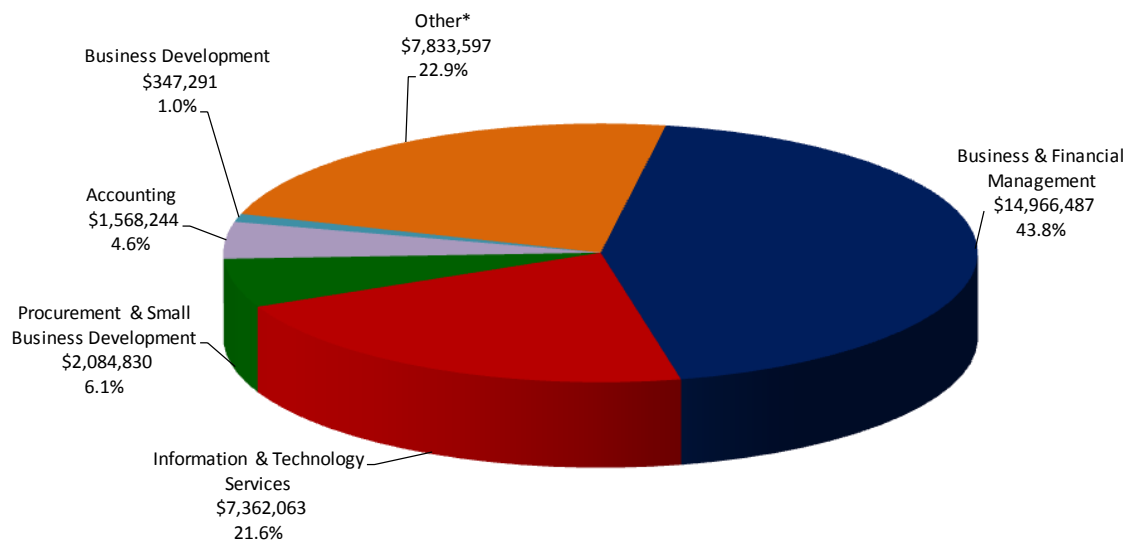
	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 25,834,417</b>	<b>\$ 34,162,512</b>
<b>Personnel costs</b>		
SDCERS Unfunded Actuarial Liability (GASB change)	7,600,000	(7,600,000)
Burden (benefits & employer taxes) for current staff	618,248	177,834
Salary adjustments and pay-for-performance	162,688	229,035
Changes in capitalized labor costs	102,717	-
1 Position eliminated (salaries, benefits & employer taxes)	(184,197)	-
<b>Total Increase / (Decrease) in personnel costs*</b>	<b>8,299,456</b>	<b>(7,193,131)</b>
 Space rental	 71,884	 (25,715)
Outside professional services	62,070	83,096
Operating equipment, systems and supplies	53,847	53,721
Equipment rentals and repairs	15,601	59,582
Tenant improvements	(159,900)	-
Other, net	(14,862)	(5,654)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>28,639</b>	<b>165,031</b>
 <b>Total Increase / (Decrease)</b>	 <b>8,328,096</b>	 <b>(7,028,099)</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	 <b>\$ 34,162,512</b>	 <b>\$ 27,134,413</b>

*\*Personnel costs include vacancy saving.*

## Finance & Asset Management Division FY 2015 Expense Budget by Department

Department	FY 2015 Budget
Business & Financial Management	\$ 14,966,487
Information & Technology Services	7,362,063
Procurement & Small Business Development	2,084,830
Accounting	1,568,244
Business Development	347,291
Other*	7,833,597
<b>Total <sup>(1)</sup></b>	<b>\$ 34,162,512</b>

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



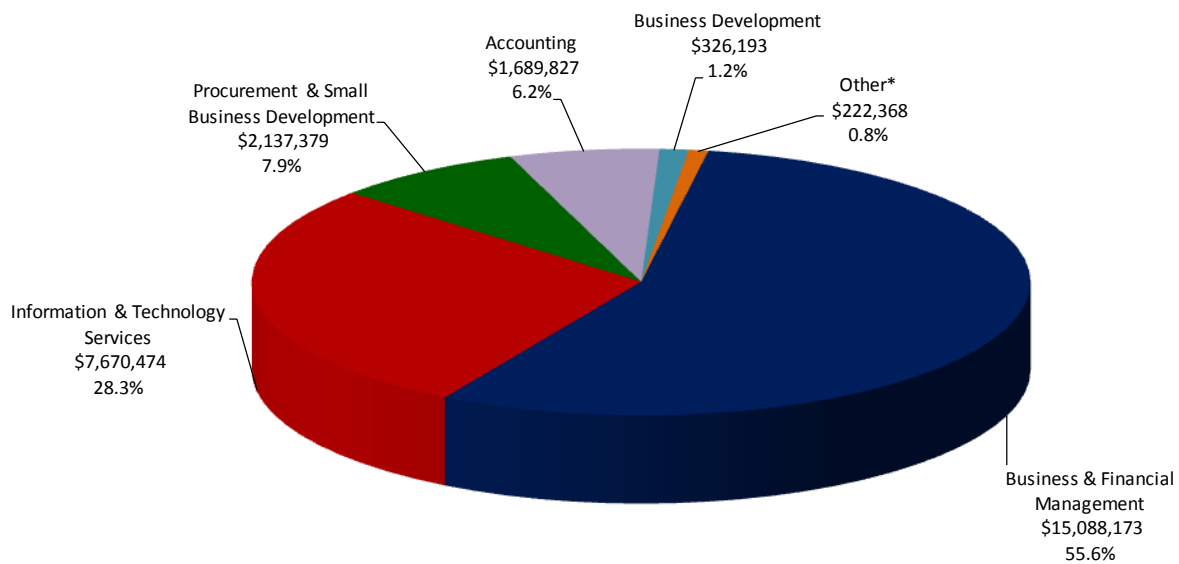
\*Other includes tenant improvements, maintenance and operating supplies.

**Figure 31 – FY 2015 Expense Budget by Department**

## Finance & Asset Management Division FY 2016 Expense Budget by Department

Department	FY 2016 Conceptual Budget
Business & Financial Management	\$ 15,088,173
Information & Technology Services	7,670,474
Procurement & Small Business Development	2,137,379
Accounting	1,689,827
Business Development	326,193
Other*	222,368
<b>Total <sup>(1)</sup></b>	<b>\$ 27,134,413</b>

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



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

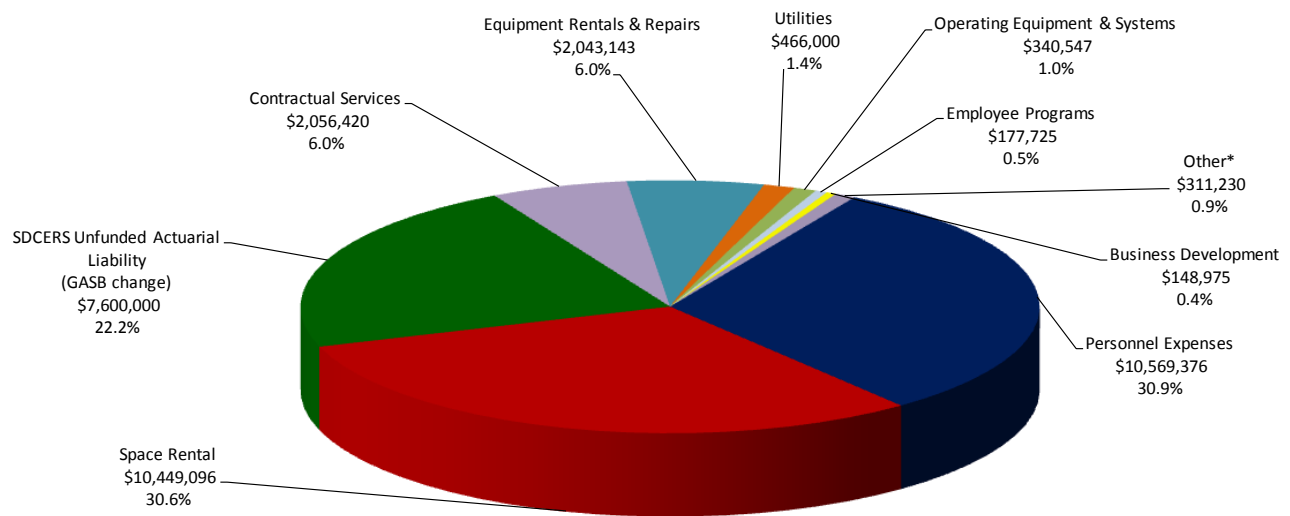
**Figure 32 – FY 2016 Expense Budget by Department**

## Finance & Asset Management Division

### FY 2015 Expense Budget by Category

Category	FY 2015 Budget
Personnel Expenses	\$ 10,569,376
Space Rental	10,449,096
SDCERS Unfunded Actuarial Liability (GASB change)	7,600,000
Contractual Services	2,056,420
Equipment Rentals & Repairs	2,043,143
Utilities	466,000
Operating Equipment & Systems	340,547
Employee Programs	177,725
Business Development	148,975
Other*	311,230
<b>Total <sup>(1)</sup></b>	<b>\$ 34,162,512</b>

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



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

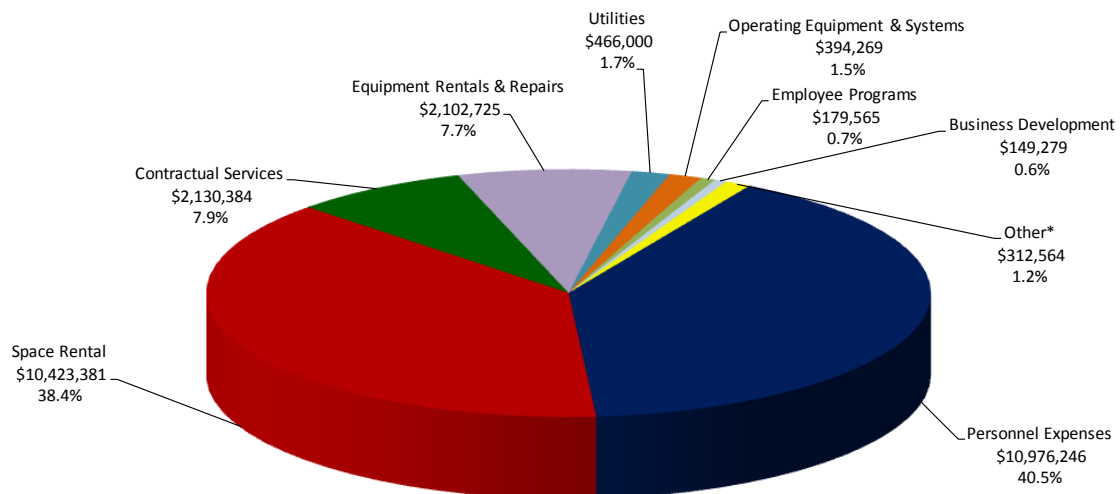
Figure 33 – FY 2015 Expense Budget by Category

## Finance & Asset Management Division

### FY 2016 Expense Budget by Category

Category	FY 2016 Conceptual Budget
Personnel Expenses	\$ 10,976,246
Space Rental	10,423,381
Contractual Services	2,130,384
Equipment Rentals & Repairs	2,102,725
Utilities	466,000
Operating Equipment & Systems	394,269
Employee Programs	179,565
Business Development	149,279
Other*	312,564
<b>Total <sup>(1)</sup></b>	<b>\$ 27,134,413</b>

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

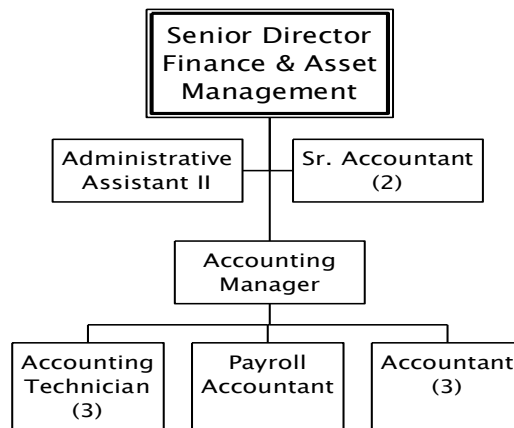


\*Other includes tenant improvements, maintenance and operating supplies.

**Figure 34 – FY 2016 Expense Budget by Category**

## Accounting

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*



## Accounting

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 859,428	\$ 900,379	\$ 838,454	\$ (61,925)	-6.9%	\$ 863,608	\$ 25,154	3.0%
Premium Overtime	3,174	-	-	-	0.0%	-	-	0.0%
Employee Benefits	469,762	512,767	501,390	(11,377)	-2.2%	525,819	24,429	4.9%
Subtotal	1,332,365	1,413,146	1,339,844	(73,302)	-5.2%	1,389,427	49,582	3.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,332,365</b>	<b>1,413,146</b>	<b>1,339,844</b>	<b>(73,302)</b>	<b>-5.2%</b>	<b>1,389,427</b>	<b>49,582</b>	<b>3.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	249,905	201,500	175,500	(26,000)	-12.9%	246,500	71,000	40.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,437	2,000	2,000	-	0.0%	2,000	-	0.0%
Operating Supplies	9,143	11,500	13,500	2,000	17.4%	13,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	5,793	10,800	8,300	(2,500)	-23.1%	9,300	1,000	12.0%
Business Development	8,964	29,100	29,100	-	0.0%	29,100	-	0.0%
Equipment Rentals & Repairs	283	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>277,525</b>	<b>254,900</b>	<b>228,400</b>	<b>(26,500)</b>	<b>-10.4%</b>	<b>300,400</b>	<b>72,000</b>	<b>31.5%</b>
<b>Total Operating Expenses</b>	<b>1,609,890</b>	<b>1,668,047</b>	<b>1,568,244</b>	<b>(99,802)</b>	<b>-6.0%</b>	<b>1,689,827</b>	<b>121,582</b>	<b>7.8%</b>
<b>Total Non-Operating Expenses</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,609,891</b>	<b>1,668,047</b>	<b>1,568,244</b>	<b>(99,802)</b>	<b>-6.0%</b>	<b>1,689,827</b>	<b>121,582</b>	<b>7.8%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,609,891</b>	<b>\$ 1,668,047</b>	<b>\$ 1,568,244</b>	<b>\$ (99,802)</b>	<b>-6.0%</b>	<b>\$ 1,689,827</b>	<b>\$ 121,582</b>	<b>7.8%</b>

## Accounting

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14 Budget	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 1,668,047</b>	<b>\$ 1,568,244</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	110,330	25,154
Burden (benefits & employer taxes) for current staff	(51,315)	24,429
1 Position transferred to Information Technology (salaries, benefits & employer taxes)	(132,317)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(73,302)</b>	<b>49,582</b>
Outside professional services	(26,000)	71,000
Other, net	(500)	1,000
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(26,500)</b>	<b>72,000</b>
<b>Total Increase / (Decrease)</b>	<b>(99,802)</b>	<b>121,582</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 1,568,244</b>	<b>\$ 1,689,827</b>

## FY 2014 Progress Report

1. Continue to work with the departments responsible for Concession Development Program (CDP), Green Build and Rental Car Center (RCC) to ensure accurate financial statement reporting for FY 2013-FY 2014. The measurement of success will be zero audit findings.

**Progress:** Completed with zero audit findings.

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

2. Present the FY 2013 Comprehensive Annual Financial Report (CAFR) on the website using interactive technology. The purpose is to provide information to the public in a more interesting and engaging fashion. Success target is 10 hits per quarter starting in January, 2014.

**Progress:** Completed and currently have over 10 hits posted in January.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

3. Collaborate with RCC program stakeholders to ensure accurate accounting treatment for all aspects of the project and assist in oversight of funding source compliance and controls. To achieve these objectives, accounting will develop reporting tools and processes to assist in monitoring progress and will provide timely communication to stakeholders. The measurement of success will be no more than one internal audit finding related to accounting oversight.

**Progress:** In progress, Internal Audit is beginning the audit on the Host tenant.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

4. Work as a primary team member in the first phase of implementing the ECMS. Success will be meeting the primary milestones.

**Progress:** In progress, the software has been selected.

**Sustainability Goal:** Operational Excellence.

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

## Accounting Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Social responsibility.

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

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

**Sustainability Goal:** Social responsibility.

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

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

**Sustainability Goal:** Economic viability, Operational Excellence.

**Authority Strategy:** Ensure the highest level of employee commitment and performance.

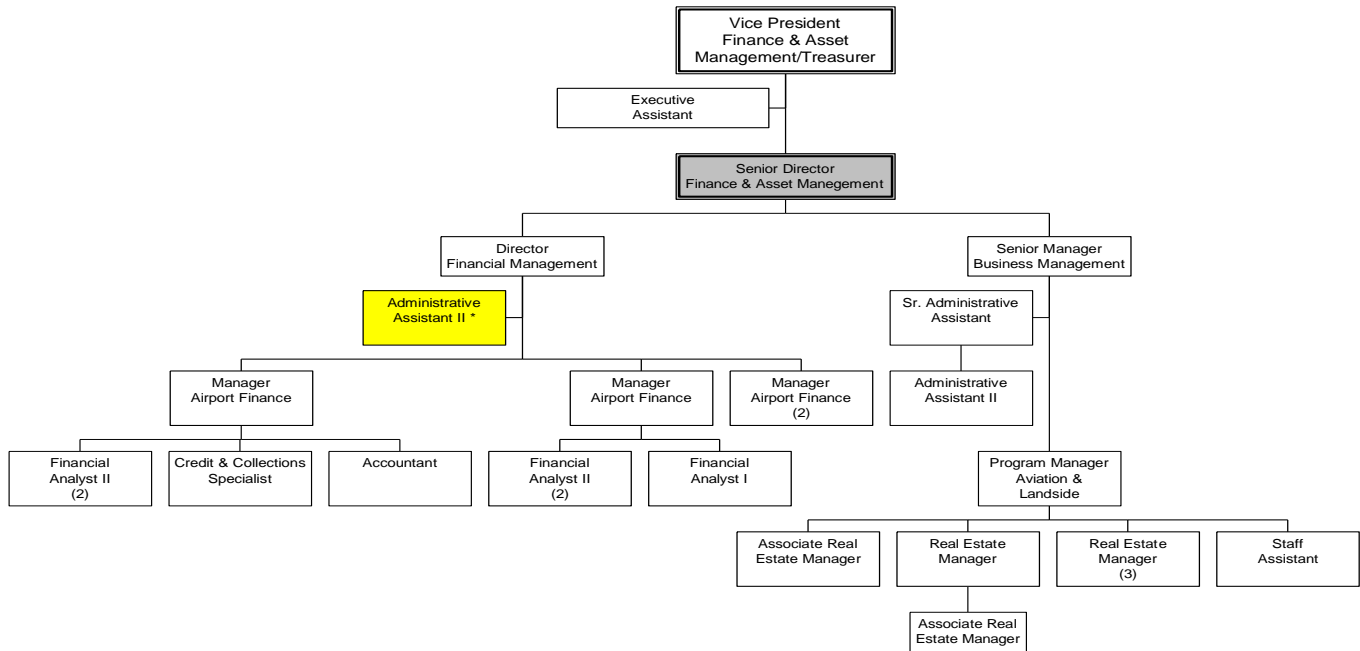
4. **Identify and implement potential areas of revenue enhancement and cost savings (beyond budget) through all divisions. Accounting can accurately and consistently record expenses for correct cost recovery. Accounting can also work more closely with Finance and Business & Financial Management to identify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

**Sustainability Goal:** Economic viability.

**Authority Strategy:** Enhance the financial position of the Airport Authority.

## Business & Financial Management

### FY 2015 – FY 2015 Organizational Structure



*\*Unfunded positions shown in yellow.*

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

*No personnel changes planned for FY 2016.*

## Business & Financial Management

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,679,749	\$ 2,460,124	\$ 2,440,979	\$ (19,145)	-0.8%	\$ 2,520,208	\$ 79,229	3.2%
Premium Overtime	1,542	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,201,768	1,097,632	1,210,962	113,330	10.3%	1,270,291	59,329	4.9%
Subtotal	3,883,060	3,557,756	3,651,940	94,185	2.6%	3,790,499	138,558	3.8%
Less: Capitalized Labor	(104,509)	(102,717)	-	102,717	-100.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,778,550</b>	<b>3,455,039</b>	<b>3,651,940</b>	<b>196,902</b>	<b>5.7%</b>	3,790,499	<b>138,558</b>	<b>3.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,555,779	531,350	494,920	(36,430)	-6.9%	502,884	7,964	1.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,897,338	10,377,212	10,449,096	71,884	0.7%	10,423,381	(25,715)	-0.2%
Utilities	3,888	2,900	2,900	-	0.0%	2,900	-	0.0%
Maintenance	18,140	18,593	19,650	1,057	5.7%	19,650	-	0.0%
Operating Equipment & Systems	5,858	3,500	7,000	3,500	100.0%	7,000	-	0.0%
Operating Supplies	14,740	12,000	12,180	180	1.5%	12,514	334	2.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	58,320	64,075	63,575	(500)	-0.8%	63,815	240	0.4%
Business Development	58,211	38,150	43,650	5,500	14.4%	43,954	304	0.7%
Equipment Rentals & Repairs	46,665	22,000	21,576	(424)	-1.9%	21,576	-	0.0%
Tenant Improvements	433	359,900	200,000	(159,900)	-44.4%	200,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>12,659,371</b>	<b>11,429,680</b>	<b>11,314,547</b>	<b>(115,134)</b>	<b>-1.0%</b>	11,297,674	<b>(16,873)</b>	<b>-0.1%</b>
<b>Total Operating Expenses</b>	<b>16,437,921</b>	<b>14,884,719</b>	<b>14,966,487</b>	<b>81,768</b>	<b>0.5%</b>	<b>15,088,173</b>	<b>121,686</b>	<b>0.8%</b>
Other Non-Operating Expense	4,207	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>4,207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>16,442,129</b>	<b>14,884,719</b>	<b>14,966,487</b>	<b>81,768</b>	<b>0.5%</b>	15,088,173	<b>121,686</b>	<b>0.8%</b>
<b>Equipment Outlay</b>	<b>72,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 16,514,460</b>	<b>\$ 14,884,719</b>	<b>\$ 14,966,487</b>	<b>\$ 81,768</b>	<b>0.5%</b>	<b>\$ 15,088,173</b>	<b>\$ 121,686</b>	<b>0.8%</b>

## Business & Financial Management

### Major Drivers of FY 2015 Proposed Budget – FY 2016 Proposed Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 14,884,719</b>	<b>\$ 14,966,487</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	109,894	79,229
Changes in capitalized labor costs	102,717	-
Burden (benefits & employer taxes) for current staff	84,677	59,329
1 Position transferred to Information & Technology Services (salaries, benefits & employer taxes)	(100,387)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>196,902</b>	<b>138,558</b>
 Space rental	 71,884	 (25,715)
Outside professional services	(41,930)	7,096
Tenant improvements	(159,900)	-
Other, net	14,813	1,746
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(115,134)</b>	<b>(16,873)</b>
 <b>Total Increase / (Decrease)</b>	 <b>81,768</b>	 <b>121,686</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	 <b>\$ 14,966,487</b>	 <b>\$ 15,088,173</b>

## Business & Financial Management Departmental Goals

### FY 2014 Progress Report

1. By May 15, 2014, successfully execute the preparation and issuance of Customer Facility Charge (CFC) Revenue Bonds in an amount sufficient to complete necessary funding for the Rental Car Center (RCC). The goal also includes issuance of CFC Bonds at an interest rate and financing structure that allows successful execution of the RCC project and the Authority Plan of Finance.

**Progress:** Customer Facility Charge Revenue Bonds were issued on February 19, 2014 to complete bond funding of the Rental Car Center. Interest rates achieved were below levels anticipated by the plan of finance.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

2. Engage the Authority workforce planning team to perform a departmental workforce planning assessment and provide recommendations. Begin execution of the plan and implement all accepted FY 2014 recommendations by May 15, 2014.

**Progress:** The department has been reorganized and an additional 14 positions added. The department is undertaking an Organizational Design Analysis facilitated by the Talent, Culture and Capability department to determine the optimal short-term and long-term structure, capabilities and work processes. Initial implementation decisions are expected prior to the end of FY 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Employee Strategy: Ensure the highest level of employee commitment and performance.

3. Provide enhanced financial analysis and decision support for the Capital Program by coordinating stakeholders and project concepts, performing business case financial analyses, identifying potential funding sources and developing the plan of finance in conjunction with the annual budget process. This goal also includes providing real-time financial metrics to the Capital Improvement Committee as project additions or changes are evaluated.

**Progress:** A substantial increase in the level of information provided for Capital Program decision support was achieved through early stakeholder engagement combined with analyses provided by staff subject matter experts. The increased collaboration and additional involvement of various departments has resulted in a more seamless integration with the operating budget development. As a result of the involvement of various parties earlier into the process several areas of improvement were identified. Coordination of a revised capital project development schedule for implementation in FY 2015 is currently underway. This will create the ability to present financial metrics to the Capital Improvement Committee which shows the impact of project additions and changes. Current reporting structure has improved but data shown is still static and not encompassing of future operating budget impacts as a result of capital program actions.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.



4. Engage authority-wide department heads in at least a quarterly budget variance analysis and the resulting impact on organizational objectives by producing managerial reports and conducting discussions with respective directors by May 15, 2014. The goal is to establish an open line of communication between the departments and budget analysts during the fiscal year, resulting in improvements to the forecasting and budget processes and becoming a business partner for Authority departments.

**Progress:** The department is engaging department heads monthly in budget variance analysis and reporting discussions. Increased communication between the department and authority directors and managers has resulted in improved forecasting inputs and trust between all parties.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Employee Strategy: Ensure the highest level of employee commitment and performance.

5. By November 30, 2013, enhance revenue bond tax and covenant compliance by creating and utilizing written procedures, checklists and an annual timetable.

**Progress:** The department has developed a bond tax and covenant compliance checklist. Completion of written procedures and implementation of an annual timetable is now anticipated to be May 15, 2014.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Employee Strategy: Ensure the highest level of employee commitment and performance.

## Business & Financial Management Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

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

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Employee Strategy: Ensure the highest level of employee commitment and performance.

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

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

**Authority Strategy:** Financial: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operational Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

**Business Development**  
**FY 2015 – FY 2016 Organizational Structure**

Director Business Development
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*No personnel changes planned for FY 2016.*

## Business Development

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	-	\$ 129,775	\$ 98,706	\$ (31,069)	-23.9%	\$ 101,487	\$ 2,781	2.8%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	-	38,395	29,385	(9,010)	-23.5%	30,506	1,121	3.8%
Subtotal	-	168,170	128,091	(40,079)	-23.8%	131,993	3,902	3.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	-	<b>168,170</b>	<b>128,091</b>	<b>(40,079)</b>	<b>-23.8%</b>	<b>131,993</b>	<b>3,902</b>	<b>3.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	-	-	200,000	200,000	0.0%	175,000	(25,000)	-12.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	-	-	1,500	1,500	0.0%	1,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	-	-	9,200	9,200	0.0%	9,200	-	0.0%
Business Development	-	-	8,500	8,500	0.0%	8,500	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	-	-	<b>219,200</b>	<b>219,200</b>	<b>0.0%</b>	<b>194,200</b>	<b>(25,000)</b>	<b>-11.4%</b>
<b>Total Operating Expenses</b>	-	<b>168,170</b>	<b>347,291</b>	<b>179,121</b>	<b>106.5%</b>	<b>326,193</b>	<b>(21,098)</b>	<b>-6.1%</b>
<b>Total Non-Operating Expenses</b>	-	-	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<b>Total Expenses</b>	-	<b>168,170</b>	<b>347,291</b>	<b>179,121</b>	<b>106.5%</b>	<b>326,193</b>	<b>(21,098)</b>	<b>-6.1%</b>
<b>Equipment Outlay</b>	-	-	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ -</b>	<b>\$ 168,170</b>	<b>\$ 347,291</b>	<b>\$ 179,121</b>	<b>106.5%</b>	<b>\$ 326,193</b>	<b>\$ (21,098)</b>	<b>-6.1%</b>

## Business Development

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14 Budget	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 168,170</b>	<b>\$ 347,291</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	(9,010)	1,121
Salary adjustments and pay-for-performance	(31,069)	2,781
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(40,079)</b>	<b>3,902</b>
Outside professional services	200,000	(25,000)
Other, net	19,200	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>219,200</b>	<b>(25,000)</b>
<b>Total Increase / (Decrease)</b>	<b>179,121</b>	<b>(21,098)</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 347,291</b>	<b>\$ 326,193</b>

## Business Development Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

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

**Sustainability Goal:** Operational Excellence, Economic Viability.

**Authority Strategy:** Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Financial Strategy: Enhance the financial position of the Authority.

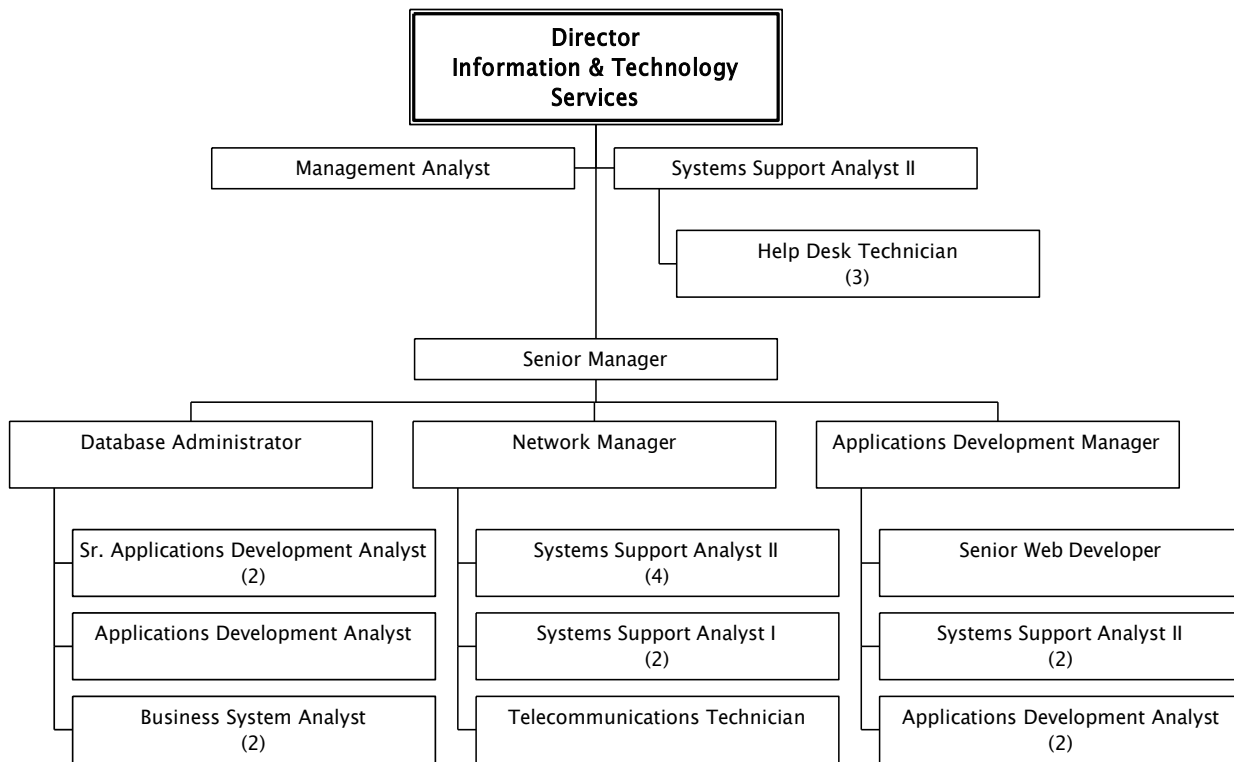
3. Identify and prioritize the most beneficial automation opportunities, including analysis of the financial implications & operations benefits.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## Information & Technology Services

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Information & Technology Services

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,721,744	\$ 1,971,628	\$ 2,183,299	\$ 211,671	10.7%	\$ 2,273,968	\$ 90,670	4.2%
Premium Overtime	178,900	202,000	150,000	(52,000)	-25.7%	150,000	-	0.0%
Employee Benefits	862,902	1,041,145	1,233,850	192,705	18.5%	1,308,288	74,438	6.0%
Subtotal	2,763,546	3,214,772	3,567,148	352,376	11.0%	3,732,256	165,107	4.6%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,763,546</b>	<b>3,214,772</b>	<b>3,567,148</b>	<b>352,376</b>	<b>11.0%</b>	<b>3,732,256</b>	<b>165,107</b>	<b>4.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	397,286	975,000	905,000	(70,000)	-7.2%	935,000	30,000	3.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	346,402	484,000	463,000	(21,000)	-4.3%	463,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	327,543	307,700	331,547	23,847	7.8%	385,269	53,721	16.2%
OH Contra (Equip and sys)- FY08	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	327,543	307,700	331,547	23,847	7.8%	385,269	53,721	16.2%
Operating Supplies	13,930	23,300	53,800	30,500	130.9%	53,800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	66,294	71,400	62,400	(9,000)	-12.6%	62,400	-	0.0%
Business Development	4,014	8,100	8,100	-	0.0%	8,100	-	0.0%
Equipment Rentals & Repairs	770,304	1,980,466	1,971,067	(9,399)	-0.5%	2,030,649	59,582	3.0%
<b>Total Non-Personnel Expenses</b>	<b>1,925,772</b>	<b>3,849,966</b>	<b>3,794,914</b>	<b>(55,052)</b>	<b>-1.4%</b>	<b>3,938,218</b>	<b>143,304</b>	<b>3.8%</b>
<b>Total Operating Expenses</b>	<b>4,689,318</b>	<b>7,064,738</b>	<b>7,362,063</b>	<b>297,325</b>	<b>4.2%</b>	<b>7,670,474</b>	<b>308,411</b>	<b>4.2%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>4,689,318</b>	<b>7,064,738</b>	<b>7,362,063</b>	<b>297,325</b>	<b>4.2%</b>	<b>7,670,474</b>	<b>308,411</b>	<b>4.2%</b>
<b>Equipment Outlay</b>	<b>252,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 4,941,953</b>	<b>\$ 7,064,738</b>	<b>\$ 7,362,063</b>	<b>\$ 297,325</b>	<b>4.2%</b>	<b>\$ 7,670,474</b>	<b>\$ 308,411</b>	<b>4.2%</b>



## Information & Technology Services

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14 Budget	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 7,064,738</b>	<b>\$ 7,362,063</b>
<b>Personnel costs</b>		
3 Positions transferred to Information Technology (salaries, benefits & employer taxes)	342,652	-
Burden (benefits & employer taxes) for current staff	87,040	74,438
Salary adjustments and pay-for-performance	(77,315)	90,670
<b>Total Increase / (Decrease) in personnel costs</b>	<b>352,376</b>	<b>165,107</b>
Operating equipment, systems and supplies	53,847	53,721
Equipment rentals and repairs	15,601	59,582
Outside professional services	(70,000)	30,000
Other, net	(54,500)	-
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(55,052)</b>	<b>143,304</b>
<b>Total Increase / (Decrease)</b>	<b>297,325</b>	<b>308,411</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 7,362,063</b>	<b>\$ 7,670,474</b>

## Information & Technology Services

### Departmental Goals

#### FY 2014 Progress Report

1. **Work with the Rental Car Center (RCC) team to ensure successful opening of the RCC facility in FY 2016, with all necessary Authority technology systems operating properly, while continuing to support the successful opening of the Green Build facility in August 2014.**
  - Ensure that RCC technology plans allow the RCC to be fully integrated into the Authority network, to deliver Authority telecommunications services to the RCC by June 2014.
  - Continue integration of the existing Authority network with the Green Build network, so that Authority personnel are managing 100% of the merged network by June 2014.

**Progress:**

- RCC Technology Plan: IT personnel are working with the RCC development team and have identified network requirements for the RCC, to support Authority systems within the RCC and to provide a secondary Main Point of Entry (MPOE) for the whole north side development. Design efforts are still on-going.
- Integrate Green Build and existing Authority network: IT personnel have taken full responsibility for 100% day-to-day operation of the merged networks and are now operating it as one network. This task is complete.

**Sustainability Goal:** Operational Excellence.

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

2. **Support the implementation of the Telecommunications Concessionaire contract in conjunction with the Business and Financial Management department by August 2013.**

**Progress:** This is complete. IT has assisted Business and Financial Management in selecting the appropriate business model and in acquiring Internet services in support of this contract. The contract has been awarded and is in operation.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

3. **Implement the Enterprise Content Management system, in conjunction with the Corporate & Information Governance Department, by October 2013.**

**Progress:** IT has participated with Corporate & Information Governance in the issuing of an RFP, and its' selection of a product and implementation vendor. Tasks still to be completed are vendor negotiation, contract award and implementation. Implementation is now scheduled to be complete by May 2015.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

## Information & Technology Services

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence.

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

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

**Sustainability Goal:** Operational Excellence.

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

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

**Sustainability Goal:** Economic Viability.

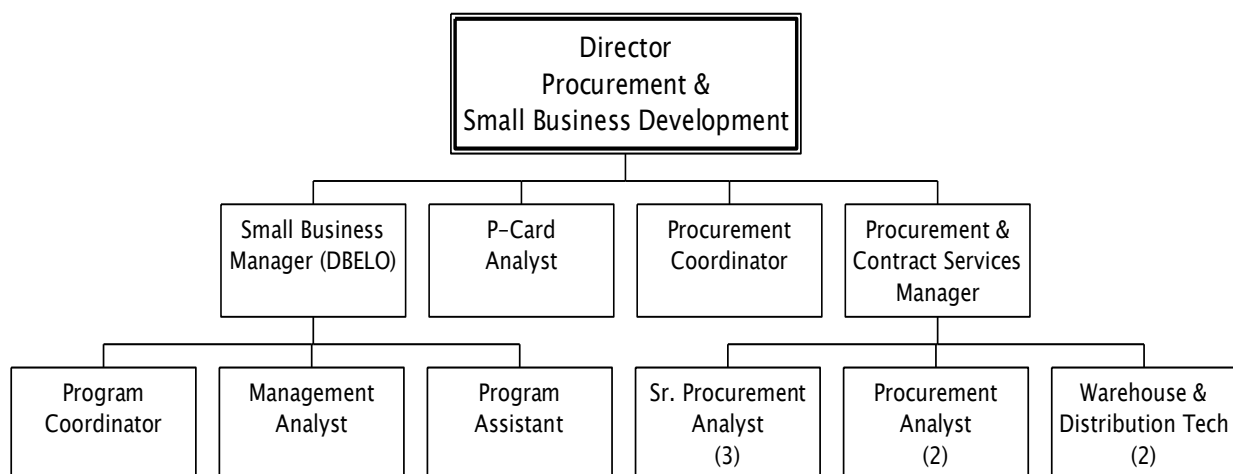
**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

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

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Employee Strategy: Ensure the highest level of employee commitment and performance.

## Procurement & Small Business Development FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Procurement & Small Business Development

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,083,822	\$ 1,193,670	\$ 1,040,049	\$ (153,621)	-12.9%	\$ 1,071,251	\$ 31,201	3.0%
Premium Overtime	-	400	-	(400)	-100.0%	-	-	0.0%
Employee Benefits	544,878	664,638	608,706	(55,933)	-8.4%	638,453	29,747	4.9%
Subtotal	1,628,700	1,858,709	1,648,755	(209,954)	-11.3%	1,709,704	60,949	3.7%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,628,700</b>	<b>1,858,709</b>	<b>1,648,755</b>	<b>(209,954)</b>	<b>-11.3%</b>	<b>1,709,704</b>	<b>60,949</b>	<b>3.7%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	292,983	268,150	281,000	12,850	4.8%	271,000	(10,000)	-3.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	100	100	-	0.0%	100	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	5,184	-	-	-	0.0%	-	-	0.0%
Operating Supplies	8,369	10,100	10,600	500	5.0%	11,600	1,000	9.4%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	28,116	40,350	34,250	(6,100)	-15.1%	34,850	600	1.8%
Business Development	297,143	63,250	59,625	(3,625)	-5.7%	59,625	-	0.0%
Equipment Rentals & Repairs	55,533	48,000	50,500	2,500	5.2%	50,500	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>687,328</b>	<b>429,950</b>	<b>436,075</b>	<b>6,125</b>	<b>1.4%</b>	<b>427,675</b>	<b>(8,400)</b>	<b>-1.9%</b>
<b>Total Operating Expenses</b>	<b>2,316,028</b>	<b>2,288,659</b>	<b>2,084,830</b>	<b>(203,829)</b>	<b>-8.9%</b>	<b>2,137,379</b>	<b>52,549</b>	<b>2.5%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,316,028</b>	<b>2,288,659</b>	<b>2,084,830</b>	<b>(203,829)</b>	<b>-8.9%</b>	<b>2,137,379</b>	<b>52,549</b>	<b>2.5%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,316,028</b>	<b>\$ 2,288,659</b>	<b>\$ 2,084,830</b>	<b>\$ (203,829)</b>	<b>-8.9%</b>	<b>\$ 2,137,379</b>	<b>\$ 52,549</b>	<b>2.5%</b>

## Procurement & Small Business Development

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc / (Dec) FY15 vs FY14 Budget	Inc / (Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 2,288,659</b>	<b>\$ 2,084,830</b>
<b>Personnel costs</b>		
Salary adjustments and pay-for-performance	50,848	31,201
Burden (benefits & employer taxes) for current staff	33,343	29,747
1 Position transferred to Information Technology (salaries, benefits & employer taxes)	(109,948)	-
1 Position eliminated Small Business Director (salaries, benefits & employer taxes)	(184,197)	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>(209,954)</b>	<b>60,949</b>
Other, net	6,125	(8,400)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>6,125</b>	<b>(8,400)</b>
<b>Total Increase / (Decrease)</b>	<b>(203,829)</b>	<b>52,549</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 2,084,830</b>	<b>\$ 2,137,379</b>

## Procurement & Small Business Development Departmental Goals

### FY 2014 Progress Report

#### 1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 2014.

**Progress:** The Procurement Department continues to achieve cost savings through increased competition and negotiations. Contract negotiations also results in value added services and operational efficiencies for the Authority. A savings of 13% has been achieved through increased competition and a savings of over 15% has been achieved through contract negotiations.

**Sustainability Goal:** Economic Viability.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority.

#### 2. Improve customer service to the business community through transparency, increased contract opportunities outreach. Success equals:

- Develop project-specific outreach plans for 90% of the open, competitive solicitations issued through procurement in FY 2014.
- Document small and local business participation achieved in FY 2014 through an open, competitive solicitation process.
- Conduct one vendor training workshop and participate in two vendor outreach events in FY 2014.

**Progress:** Project specific outreach plans were developed for 99% of the open, competitive solicitations issued through the procurement department. 100% of the solicitations documented small and local business participation. Outreach plans include preferences under policies 5.12 and 5.14 as applicable

During the first 2 quarters of FY 2014 546 new vendors registered in the Authority's Vendor Database as a result of outreach by Procurement and Small Business Departments. 1,666 vendors have actively participated in a solicitation by downloading the opportunity; 26% are certified SBEs, 46% are self-declared LBEs, 7.7% are DBE certified and 1.9% are DVB certified.

Procurement actively participated in the California Veterans Business Alliance Annual Conference and matchmaking event and continues to participate and support business community meetings sponsored by the Authority and various business organizations throughout San Diego County. On January 14, 2014 the Authority was one of two special districts to serve on a statewide panel providing formal vendor training on "How to do business with Government Agencies". On April 23, 2014 Procurement will conduct a vendor training for small businesses on "How to successfully compete on SDCRAA Projects".

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

#### 3. Promote a sustainable procurement process. Success equals:

- Increase the number of solicitations accepting electronic submission above 50% in FY 2014, which results in reducing the Authority's carbon footprint in addition to saving the business community time and money.
- Update Procurement's sustainability statement and resource guide in FY 2014.

**Progress:** During the first half of FY 2014, the Procurement team successfully increased the number of solicitations accepting electronic bid submissions to 70%. Procurement's Sustainability Statement and Resource Guide is updated and posted on the Authority's intranet.

**Sustainability Goal:** Operational Excellence, Natural Resource Conservation.

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

**4. Continue to develop staff and promote best practices in Procurement. Success equals:**

- **Receive the Achievement of Excellence in Procurement Award for FY 2014 by obtaining a high score based on standardized criteria designed to measure innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.**

**Progress:** The Procurement Department is on track for meeting the best practices and standards to submit for the Achievement of Excellence in Procurement Award for FY 2014. Procurement staff continues to receive training and instruction specifically related to trends and best practices in Procurement and Contract Services.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

**5. Continue active implementation of remedies to address bonding issues and foster relationships with prime contractors, two barriers to small business participation in SDCRAA contracts, by June 30, 2014.**

**Progress:** The SBD team continues to foster relationships with prime contractors that have been awarded Authority contracts to maximize subcontracting opportunities for small businesses. The Bonding and Contract Financing Assistance Program is fully implemented.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

**6. Continue to enhance local awareness of Authority contracting opportunities by hosting at least twelve opportunity awareness events and education programs targeting small businesses in order to maximize efforts by June 30, 2014.**

**Progress:** Small Business Development is on target to exceed twelve events.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

**7. Enhance communications with key stakeholders by reaching out to the small business community using conventional and social media tools to inform on major projects, workshops and other business enhancement opportunities.**

**Progress:** Small Business Development partners with Marketing & Public Relations, Turner Construction and the Public Agency Consortium to inform key stakeholders of major projects, workshops and events.

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.



## Procurement & Small Business Development Departmental Goals

### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Economic Viability.

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

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

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

**Sustainability Goal:** Social Responsibility.

**Authority Strategy:** Community Strategy: Be a trusted and highly responsive regional agency.

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

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

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

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Customer Strategy: To achieve the highest level of internal and external customer satisfaction.

# OPERATIONS DIVISION

## Operations Division

### Overview

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

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

The **Aviation Security & Public Safety Department** implements all required FAA and TSA security programs and security equipment improvements. The Department also:

- Manages the Service Level Agreement with Harbor Police.
- Coordinates with all Homeland Security and state agencies for passenger inspection services.
- Develops, administers and implements the Airport Security Program (ASP), Airport Emergency Plan (AEP).
- Ensures high level of emergency/crisis preparedness through coordination with local, State and Federal agencies.

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

The **Ground Transportation Department** is responsible for operations from the terminal curb and roadways to the parking lots. There are two on-airport and four off-airport parking lots that require shuttle bus services. Additionally, the three terminals at 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:

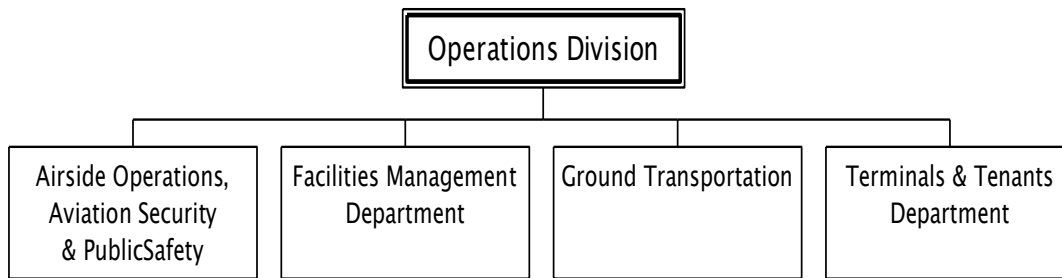
- Manages Transportation Islands at Terminal 1 and Terminal 2 for travelers.
- Issues permits for all ground transportation service provider vehicles.
- Permits and completes security checks for taxicab and shuttle drivers.
- Manages airport parking card program for external and internal stakeholders.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

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

## Operations Division

### FY 2015 – FY 2016 Organizational Structure



### Division Personnel Summary

	FY 2013 Budget Authorized & Funded Positions	FY 2014 Budget Authorized & Funded Positions	FY 2015 Budget Transfer Positions	FY 2015 Budget New/ (Eliminated) Positions	FY 2015 Budget Funded/ (Unfunded) Positions	FY 2015 Budget Authorized & Funded Positions	FY 2016 Budget New/ (Eliminated) Positions	FY 2016 Budget Authorized & Funded Positions
<b>Operations</b>								
Terminals & Tenants	55	14	-	-	-	14	1	15
Aviation Security/Public Safety	11	11	-	-	-	11	-	11
Airside Operations	16	16	-	-	1	17	-	17
Ground Transportation	6	60	-	-	-	60	-	60
Facilities Management	77	83	(2)	2	-	83	-	83
<b>Total</b>	<b>165</b>	<b>184</b>	<b>(2)</b>	<b>2</b>	<b>1</b>	<b>185</b>	<b>1</b>	<b>186</b>
Authorized and Unfunded Positions	2	2	-	-	-	1	-	1
<b>Total Authorized Positions</b>	<b>167</b>	<b>186</b>	<b>(2)</b>	<b>2</b>	<b>1</b>	<b>186</b>	<b>1</b>	<b>187</b>

## Operations Division

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 10,357,160	\$ 11,743,306	\$ 12,207,019	\$ 463,713	3.9%	\$ 12,772,204	\$ 565,185	4.6%
Premium Overtime	824,458	665,000	671,000	6,000	0.9%	671,000	-	0.0%
Employee Benefits	5,691,378	6,882,121	7,264,160	382,039	5.6%	7,693,910	429,749	5.9%
Subtotal	16,872,996	19,290,427	20,142,180	851,753	4.4%	21,137,113	994,934	4.9%
Less: Capitalized Labor	(371,529)	(500,000)	(100,000)	400,000	-80.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>16,501,466</b>	<b>18,790,427</b>	<b>20,042,180</b>	<b>1,251,753</b>	<b>6.7%</b>	<b>21,037,113</b>	<b>994,934</b>	<b>5.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	19,371,119	22,958,464	24,171,209	1,212,745	5.3%	29,076,718	4,905,509	20.3%
Safety and Security	23,994,020	24,975,464	25,001,794	26,331	0.1%	25,794,332	792,537	3.2%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	6,308,144	8,075,750	9,071,786	996,036	12.3%	9,943,849	872,064	9.6%
Maintenance	10,610,009	11,032,754	15,227,108	4,194,354	38.0%	14,639,855	(587,253)	-3.9%
Operating Equipment & Systems	96,142	118,000	181,200	63,200	53.6%	206,500	25,300	14.0%
Operating Supplies	298,759	237,950	262,150	24,200	10.2%	264,150	2,000	0.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	149,073	209,135	232,910	23,775	11.4%	222,360	(10,550)	-4.5%
Business Development	87,311	311,510	411,917	100,407	32.2%	333,695	(78,222)	-19.0%
Equipment Rentals & Repairs	84,395	95,900	144,730	48,830	50.9%	145,750	1,020	0.7%
<b>Total Non-Personnel Expenses</b>	<b>60,998,972</b>	<b>68,014,927</b>	<b>74,704,804</b>	<b>6,689,877</b>	<b>9.8%</b>	<b>80,627,209</b>	<b>5,922,405</b>	<b>7.9%</b>
<b>Total Operating Expenses</b>	<b>77,500,438</b>	<b>86,805,354</b>	<b>94,746,984</b>	<b>7,941,630</b>	<b>9.1%</b>	<b>101,664,323</b>	<b>6,917,339</b>	<b>7.3%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>77,500,438</b>	<b>86,805,354</b>	<b>94,746,984</b>	<b>7,941,630</b>	<b>9.1%</b>	<b>101,664,323</b>	<b>6,917,339</b>	<b>7.3%</b>
<b>Equipment Outlay</b>	<b>833,030</b>	<b>-</b>	<b>47,000</b>	<b>47,000</b>	<b>0.0%</b>	<b>254,000</b>	<b>207,000</b>	<b>440.4%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 78,333,468</b>	<b>\$ 86,805,354</b>	<b>\$ 94,793,984</b>	<b>\$ 7,988,630</b>	<b>9.2%</b>	<b>\$ 101,918,323</b>	<b>\$ 7,124,339</b>	<b>7.5%</b>

Operations Division  
Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 86,805,354</b>	<b>\$ 94,793,984</b>
<b>Personnel costs</b>		
Salary adjustments,contracted wage increases and pay for performance	348,786	517,623
Burden (benefits & employer taxes) for current staff	313,525	405,086
Change in capitalized labor	400,000	-
2 New Limited Maintenance Worker I positions (salaries, benefits & employer taxes)	124,275	-
1 Unfrozen position of Aiport Operations Assistant (salaries, benefits & employer taxes)	65,167	-
1 New Staff Assistant position (salaries, benefits & employer taxes)	-	72,225
<b>Total Increase / (Decrease) in personnel costs</b>	<b>1,251,753</b>	<b>994,934</b>
Airfield pavement and striping	1,543,000	(861,000)
12KV maintenance	1,413,000	70,000
Utilities	996,036	872,064
Special maintenance	951,063	(427,673)
Other annual repair and service contracts	751,447	208,616
Airport custodial contract	675,294	219,454
HVAC system maintenance	531,348	78,354
Access Control System maintenance	100,000	307,450
Law enforcement costs - Harbor Police Department	328,632	517,717
Outside Consulting services	275,500	33,000
Rental Car Center(RCC) busing	244,800	4,441,911
Major maintenance	200,000	-
Credentialing Asset Management	200,000	-
Hood vent cleaning for concessioners	200,000	-
Parking and shuttles operations	(151,155)	350,998
Aircraft Rescue Fire Fight (ARFF) contract costs	(475,445)	145,590
Baggage Handling System (BHS)	(1,349,104)	-
Other, net	302,462	172,923
<b>Total Increase/ (Decrease) in non-personnel costs</b>	<b>6,736,877</b>	<b>6,129,405</b>
<b>Total Increase/ (Decrease)</b>	<b>7,988,630</b>	<b>7,124,339</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 94,793,984</b>	<b>\$ 101,918,323</b>

## Operations Division

### FY 2015 Expense Budget by Department

Department	FY 2015 Budget
Facilities Management	\$ 32,554,536
Aviation Security/Public Safety	23,666,041
Ground Transportation	19,034,712
Terminals & Tenants	11,335,715
Airside Operations	8,202,980
<b>Total <sup>(1)</sup></b>	<b>\$ 94,793,984</b>

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

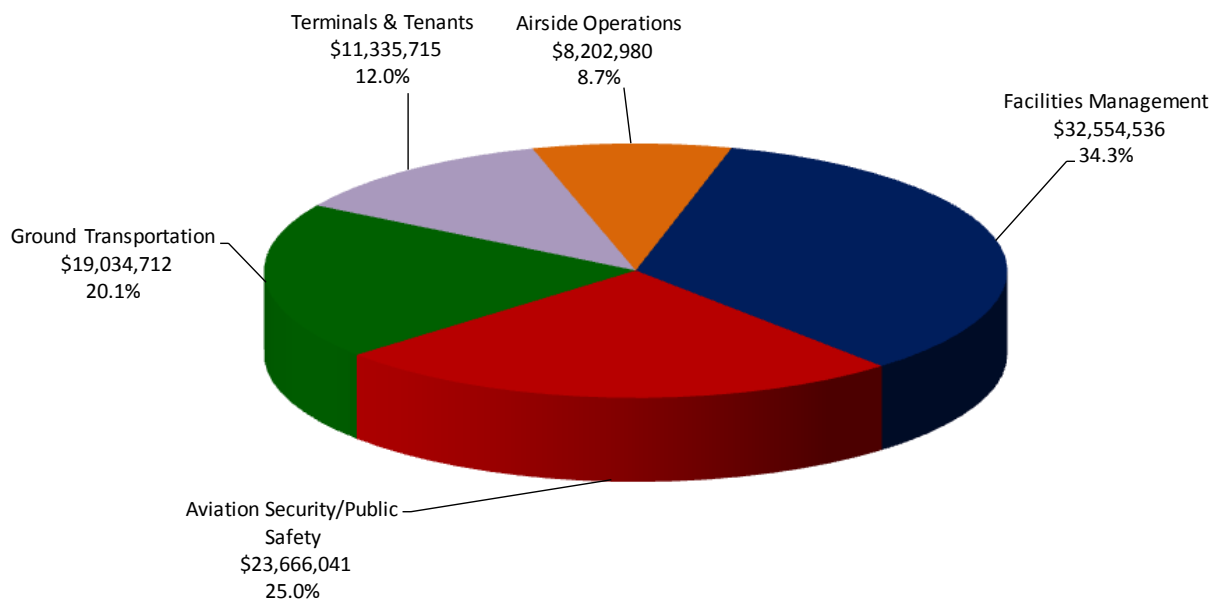


Figure 35 – FY 2015 Expense Budget by Department



## Operations Division

### FY 2016 Expense Budget by Department

Department	FY 2016 Conceptual Budget
Facilities Management	\$ 33,058,074
Aviation Security/Public Safety	24,769,226
Ground Transportation	24,059,145
Terminals & Tenants	11,687,033
Airside Operations	8,344,844
<b>Total <sup>(1)</sup></b>	<b>\$ 101,918,323</b>

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

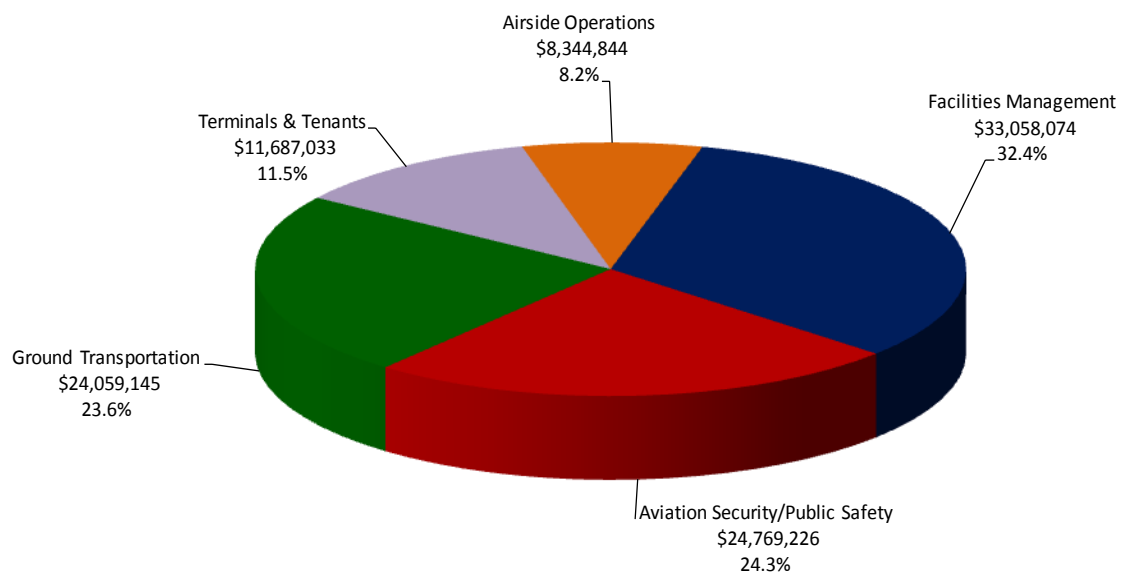


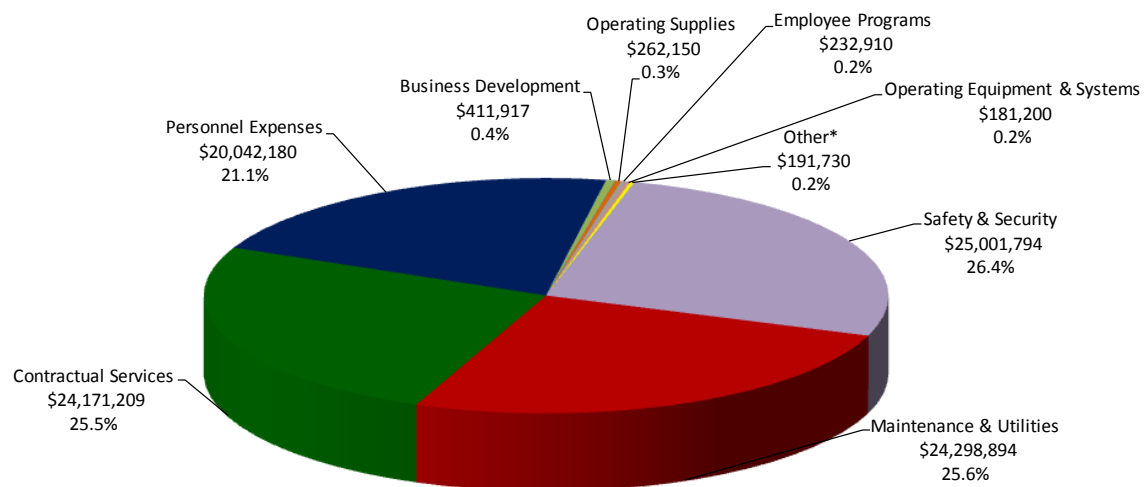
Figure 36 – FY 2016 Expense Budget by Department

## Operations Division

### FY 2015 Expense Budget by Category

Category	FY 2015 Budget
Safety & Security	\$ 25,001,794
Maintenance & Utilities	24,298,894
Contractual Services	24,171,209
Personnel Expenses	20,042,180
Business Development	411,917
Operating Supplies	262,150
Employee Programs	232,910
Operating Equipment & Systems	181,200
Other*	191,730
<b>Total <sup>(1)</sup></b>	<b>\$ 94,793,984</b>

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



\*Other includes equipment rentals & repairs and equipment outlays.

Figure 37 – FY 2015 Expense Budget by Category

## Operations Division

### FY 2016 Expense Budget by Category

Category	FY 2016 Conceptual Budget
Contractual Services	\$ 29,076,718
Safety & Security	25,794,332
Maintenance & Utilities	24,583,705
Personnel Expenses	21,037,113
Business Development	333,695
Operating Supplies	264,150
Equipment Outlay	254,000
Employee Programs	222,360
Operating Equipment & Systems	206,500
Equipment Rentals & Repairs	145,750
<b>Total <sup>(1)</sup></b>	<b>\$ 101,918,323</b>

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

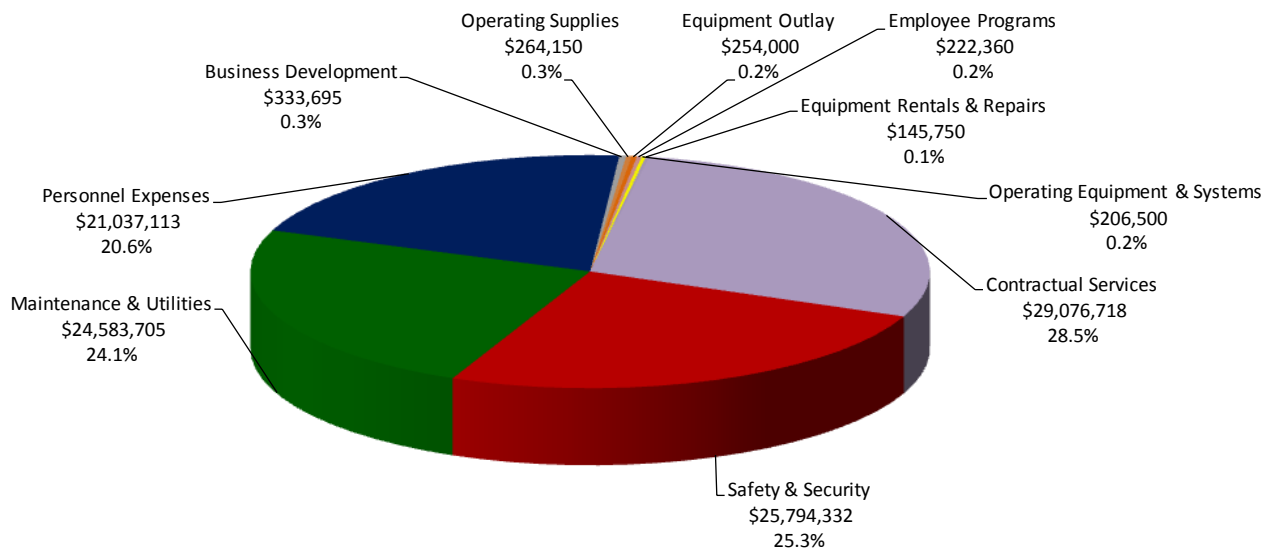
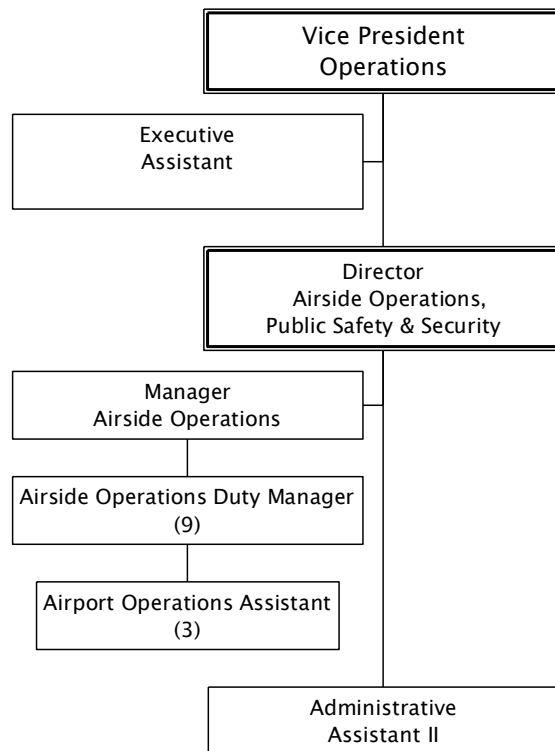


Figure 38 – FY 2016 Expense Budget by Category

## Airside Operations FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Airside Operations

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,420,804	\$ 1,371,359	\$ 1,435,190	\$ 63,832	4.7%	\$ 1,478,246	\$ 43,056	3.0%
Premium Overtime	11,820	15,000	15,000	-	0.0%	15,000	-	0.0%
Employee Benefits	721,086	744,931	794,737	49,807	6.7%	821,708	26,971	3.4%
Subtotal	2,153,710	2,131,289	2,244,928	113,638	5.3%	2,314,954	70,027	3.1%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,153,710</b>	<b>2,131,289</b>	<b>2,244,928</b>	<b>113,638</b>	<b>5.3%</b>	<b>2,314,954</b>	<b>70,027</b>	<b>3.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	171,128	780,000	890,000	110,000	14.1%	815,000	(75,000)	-8.4%
Safety and Security	4,276,882	5,328,475	4,853,030	(475,445)	-8.9%	4,998,620	145,590	3.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	47,216	11,200	31,200	20,000	178.6%	31,500	300	1.0%
Operating Supplies	48,005	7,800	11,600	3,800	48.7%	11,600	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	26,547	36,725	52,650	15,925	43.4%	47,400	(5,250)	-10.0%
Business Development	8,875	10,100	21,842	11,742	116.3%	23,720	1,878	8.6%
Equipment Rentals & Repairs	18,843	53,700	97,730	44,030	82.0%	102,050	4,320	4.4%
<b>Total Non-Personnel Expenses</b>	<b>4,597,501</b>	<b>6,228,000</b>	<b>5,958,052</b>	<b>(269,948)</b>	<b>-4.3%</b>	<b>6,029,890</b>	<b>71,838</b>	<b>1.2%</b>
<b>Total Operating Expenses</b>	<b>6,751,212</b>	<b>8,359,289</b>	<b>8,202,980</b>	<b>(156,310)</b>	<b>-1.9%</b>	<b>8,344,844</b>	<b>141,865</b>	<b>1.7%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>6,751,212</b>	<b>8,359,289</b>	<b>8,202,980</b>	<b>(156,310)</b>	<b>-1.9%</b>	<b>8,344,844</b>	<b>141,865</b>	<b>1.7%</b>
<b>Equipment Outlay</b>	<b>45,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 6,796,975</b>	<b>\$ 8,359,289</b>	<b>\$ 8,202,980</b>	<b>\$ (156,310)</b>	<b>-1.9%</b>	<b>\$ 8,344,844</b>	<b>\$ 141,865</b>	<b>1.7%</b>

## Airside Operations

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 8,359,289</b>	<b>\$ 8,202,980</b>
<b>Personnel costs</b>		
1 Unfrozen position of Aiport Operations Assistant (salaries, benefits & employer taxes)	65,167	-
Burden (benefits & employer taxes) for current staff	27,633	26,971
Salary adjustments and pay for performance	20,838	43,056
<b>Total Increase / (Decrease) in personnel costs</b>	<b>113,638</b>	<b>70,027</b>
USDA Wildlife Assessment	100,000	(100,000)
Aircraft Rescue Fire Fight (ARFF) contract costs	(475,445)	145,590
Other, net	105,497	26,248
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(269,948)</b>	<b>71,838</b>
<b>Total Increase / (Decrease)</b>	<b>(156,310)</b>	<b>141,865</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 8,202,980</b>	<b>\$ 8,344,844</b>

## FY 2014 Progress Report

1. Ensure that SDIA is in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of no more than one discrepancy. Completion date is August 31, 2013.

**Progress:** The annual inspection was completed on August 30, 2013 with no discrepancies noted by the FAA Certification Inspector.

**Sustainability Goal:** Operational Excellence and Social Responsibility.

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

2. Sponsor airfield capital improvement projects to enhance safety and efficiency. Projects include the airfield service road repaving and relocation, installation of a blast fence at the southwest corner of the commuter terminal ramp and the Runway 09/ILS displaced threshold project. Sponsorship will include participation in project planning and design, as well as operational and safety oversight during construction. Planning, design and construction will take place throughout FY 2014 and continue into FY 2015.

**Progress:** The VSR re-paving project was completed and the Rwy 9 displaced threshold planning project is moving forward. Funding considerations may slide this project to FY 2016, however the SRM and 100% design have been completed. CIP money has been set aside in support of the blast fence to be installed on the SE corner of the commuter terminal ramp.

**Sustainability Goal:** Operational Excellence.

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

3. Update the Airport Certification Manual to ensure that the content is current and in compliance with FAR Part 139 requirements. The updated manual will be submitted to the FAA Office of Airport Safety for review and approval. Success will be measured by FAA approval. Completion date is September 31, 2013.

**Progress:** The ACM updates were submitted prior to the annual certification inspections and returned approved by the FAA.

**Sustainability Goal:** Operational Excellence.

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

4. Work with Planning and Facilities Development to develop design improvements and aircraft gate restrictions in order to relocate the vehicle service road along the terminals further south in order to increase the taxiway object free area clearances. This will provide greater separation between the vehicle service road and Taxiway Bravo between Twy B6 and B10. Completion date is September 31, 2013.

**Progress:** This project has slid due to the operational delay in relocating HA from G22 to G51. This is slated to occur at the end of April 2014, at which time the VSR can be relocated.

**Sustainability Goal:** Operational Excellence.

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



## Airside Operations

### Departmental Goals

#### FY 2015 – FY 2016 Goals

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

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate in airport in a safe, secure, environmentally sound, effective and efficient manner.

2. 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 no more than one noted discrepancy. Completion date is August 29, 2014.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate in airport in a safe, secure, environmentally sound, effective and efficient manner.

3. Work with internal and external stakeholders to safely facilitate numerous airfield construction projects while minimizing negative impacts to our tenants and ATC operations. These projects include the FBO taxiway installation and tie-in to Taxiway Charlie, terminal link roadway Triturator/GSE wash facility construction. Completion of these projects is expected by December 2014.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate in airport in a safe, secure, environmentally sound, effective and efficient manner.

## Aviation Security & Public Safety FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

*Position in grey resides in the Airside Operations Department and is shown for structural purposes.*

## Aviation Security & Public Safety

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 788,911	\$ 788,042	\$ 808,056	\$ 20,015	2.5%	\$ 832,298	\$ 24,242	3.0%
Premium Overtime	59,861	40,000	40,000	-	0.0%	40,000	-	0.0%
Employee Benefits	419,084	450,019	459,170	9,152	2.0%	481,316	22,146	4.8%
Subtotal	1,267,856	1,278,060	1,307,227	29,166	2.3%	1,353,614	46,388	3.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,267,856</b>	<b>1,278,060</b>	<b>1,307,227</b>	<b>29,166</b>	<b>2.3%</b>	<b>1,353,614</b>	<b>46,388</b>	<b>3.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	431,017	444,000	689,500	245,500	55.3%	698,700	9,200	1.3%
Safety and Security	19,717,138	19,646,989	20,148,764	501,776	2.6%	20,795,712	646,947	3.2%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	995,380	1,142,550	1,242,550	100,000	8.8%	1,550,000	307,450	24.7%
Operating Equipment & Systems	13,690	32,200	44,200	12,000	37.3%	84,200	40,000	90.5%
Operating Supplies	132,390	106,200	121,200	15,000	14.1%	121,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	13,407	23,150	23,350	200	0.9%	23,550	200	0.9%
Business Development	10,579	11,250	41,250	30,000	266.7%	11,250	(30,000)	-72.7%
Equipment Rentals & Repairs	20,958	27,000	27,000	-	0.0%	27,000	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>21,334,560</b>	<b>21,433,339</b>	<b>22,337,814</b>	<b>904,476</b>	<b>4.2%</b>	<b>23,311,612</b>	<b>973,797</b>	<b>4.4%</b>
<b>Total Operating Expenses</b>	<b>22,602,416</b>	<b>22,711,399</b>	<b>23,645,041</b>	<b>933,642</b>	<b>4.1%</b>	<b>24,665,226</b>	<b>1,020,185</b>	<b>4.3%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>22,602,416</b>	<b>22,711,399</b>	<b>23,645,041</b>	<b>933,642</b>	<b>4.1%</b>	<b>24,665,226</b>	<b>1,020,185</b>	<b>4.3%</b>
<b>Equipment Outlay</b>	<b>601,227</b>	<b>-</b>	<b>21,000</b>	<b>21,000</b>	<b>0.0%</b>	<b>104,000</b>	<b>83,000</b>	<b>395.2%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 23,203,644</b>	<b>\$ 22,711,399</b>	<b>\$ 23,666,041</b>	<b>\$ 954,642</b>	<b>4.2%</b>	<b>\$ 24,769,226</b>	<b>\$ 1,103,185</b>	<b>4.7%</b>

**Aviation Security & Public Safety**  
**Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget**

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 22,711,399</b>	<b>\$ 23,666,041</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	20,015	24,242
Burden (benefits & employer taxes) for current staff	9,152	22,146
<b>Total Increase / (Decrease) in personnel costs</b>	<b>29,166</b>	<b>46,388</b>
 Law enforcement costs - Harbor Police Department	328,632	517,717
Credentialing Asset Management	200,000	-
Security guard services	145,000	100,000
Access Control System maintenance	100,000	307,450
Other, net	151,844	131,630
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>925,476</b>	<b>1,056,797</b>
 <b>Total Increase / (Decrease)</b>	<b>954,642</b>	<b>1,103,185</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 23,666,041</b>	<b>\$ 24,769,226</b>

## Aviation Security & Public Safety Departmental Goals

### FY 2014 Progress Report

1. Ensure that SDIA continues to comply with all applicable federal, state and local regulations to achieve excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification. This will be done by planning and conducting a Tabletop Exercise in compliance with FAR Part 139.325(g)(4) by second quarter FY 2014 (November 2013); and conducting a full-scale mass-casualty field exercise in compliance with FAR Part 139.325(h) by second quarter FY 2015 (November 2014).

**Progress:** Aviation Security & Public Safety conducted a Tabletop Exercise in compliance with FAR 139 on October 30, 2013. AVSEC & PS is currently planning for the full-scale mass-casualty field exercise that will take place in October 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

2. Maintain a cache of emergency supplies with the intention of ensuring that the Authority can sustain itself during the critical initial days of a region-wide emergency, during FY 2014 and FY 2015, by providing water and heated meals for 1,200 people for three days.

**Progress:** AVSEC & PS purchased a cache of emergency supplies for SAN during FY 2013 and FY2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

3. Ensure that AVSEC/PS, in cooperation with its contract providers, delivers mandated security services in a fiscally responsible manner. Continue to work with contract providers to maintain sustainable staffing levels by investigating and utilizing operational enhancements such as alternative forms of transportation (i.e., Segway's, electric carts, etc.). Provide an EOY report documenting all cost-savings measures gained by modifying procedures, staffing plans and technology.

**Progress:** On-going: AVSEC/PS continues to work with Harbor Police and HSS Security to investigate alternative transportation means to increase efficiencies. HPD has tested and evaluated 2 alternative forms (i.e., Segway and T3); and HSS is in the process of procuring a hybrid vehicle for supervisor transportation to remote posts. Based on ongoing evaluations, HPD has agreed to remain static at present staffing levels until these forms of alternative transportation have been fully vetted and procured.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the Financial position of the Authority. Operations Strategy: Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner.

4. 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. Document opportunities provided to staff and development training completed by staff.

**Progress:** On-going: AVSEC/PS continues to offer security/safety training to all Authority and airport staff on a monthly basis. Such training includes CPR, First Aid and Incident Support (IST) Training. Additionally, AVSEC/PS has conducted no-less-than five (5) job shadowing sessions with Authority staff that totaled over 40 hours of awareness training. IST training totaled over 24 hours of training for 30+ Authority employees.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Employee Strategy: Ensure the highest level of employee commitment and performance.

## Aviation Security & Public Safety Departmental Goals

### FY 2015 – FY 2016 Goals

1. Ensure that SDIA continues to comply with all applicable federal, state and local regulations to achieve excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification. This will be done by planning and conducting a full-scale mass-casualty field exercise in compliance with FAR Part 139.325(h) by second quarter FY 2015 (November 2014) and a Tabletop Exercise in compliance with FAR Part 139.325(g)(4) by second quarter FY 2016 (November 2015).

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

2. Ensure that SDIA remains at the forefront of implementing operational efficiencies that benefit both the Authority and its stakeholders by implementing computer-based training for security and driver training required by TSA and FAA regulations by third quarter FY 2015 (March 2015).

**Sustainability Goal:** Operational Excellence.

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

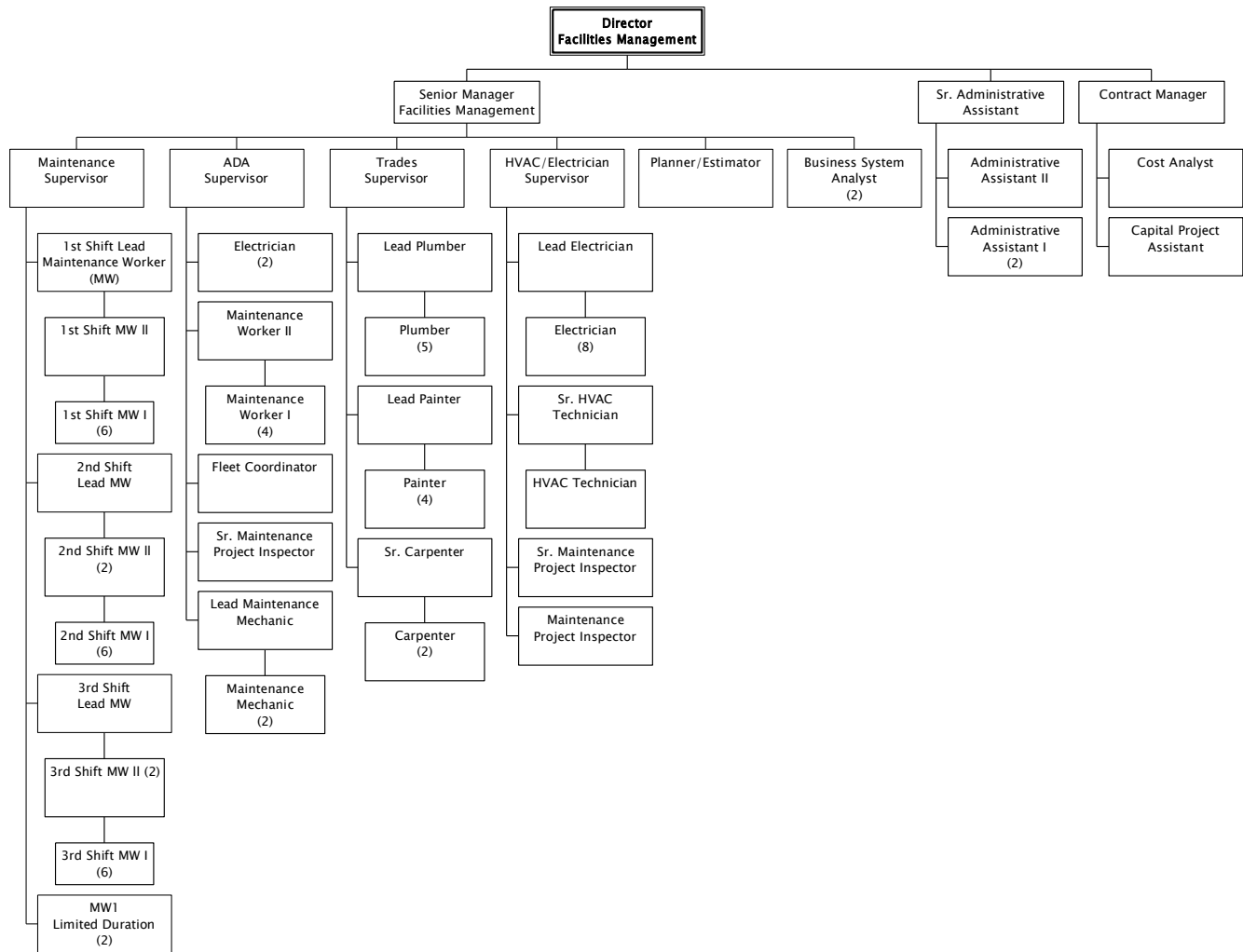
3. Restructure the Aviation Security & Public Safety (AVSEC & PS) Department roles and responsibilities and relocate the Access Control Office (ACO). Implement role and responsibilities changes recommended by the Business Planning and Workforce Planning Departments. The ACO staff has outgrown their current office space. A new location for the office will be identified and a relocation plan will be established and implemented.

**Sustainability Goal:** Operational Excellence.

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

## Facilities Management

### FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*



## Facilities Management

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 4,891,695	\$ 5,268,921	\$ 5,545,282	\$ 276,361	5.2%	\$ 5,775,113	\$ 229,831	4.1%
Premium Overtime	483,049	450,000	450,000	-	0.0%	450,000	-	0.0%
Employee Benefits	2,681,272	3,120,340	3,290,326	169,985	5.4%	3,479,471	189,146	5.7%
Subtotal	8,056,015	8,839,261	9,285,608	446,347	5.0%	9,704,584	418,977	4.5%
<i>Less: Capitalized Labor</i>	<i>(157,376)</i>	<i>(500,000)</i>	<i>(100,000)</i>	<i>400,000</i>	<i>-80.0%</i>	<i>(100,000)</i>	-	<i>0.0%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	<i>0.0%</i>	-	-	<i>0.0%</i>
<b>Total Personnel Expenses</b>	<b>7,898,639</b>	<b>8,339,261</b>	<b>9,185,608</b>	<b>846,347</b>	<b>10.1%</b>	<b>9,604,584</b>	<b>418,977</b>	<b>4.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,479,886	42,000	111,000	69,000	164.3%	111,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	6,305,801	8,075,000	9,070,636	995,636	12.3%	9,942,699	872,064	9.6%
Maintenance	9,614,629	9,890,204	13,984,558	4,094,354	41.4%	13,089,855	(894,703)	-6.4%
Operating Equipment & Systems	3,870	15,000	30,000	15,000	100.0%	15,000	(15,000)	-50.0%
Operating Supplies	53,640	65,350	57,850	(7,500)	-11.5%	59,850	2,000	3.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	24,356	69,610	71,910	2,300	3.3%	71,410	(500)	-0.7%
Business Development	8,500	4,100	4,675	575	14.0%	4,675	-	0.0%
Equipment Rentals & Repairs	8,100	12,000	12,300	300	2.5%	9,000	(3,300)	-26.8%
<b>Total Non-Personnel Expenses</b>	<b>17,498,782</b>	<b>18,173,264</b>	<b>23,342,929</b>	<b>5,169,665</b>	<b>28.4%</b>	<b>23,303,490</b>	<b>(39,439)</b>	<b>-0.2%</b>
<b>Total Operating Expenses</b>	<b>25,397,422</b>	<b>26,512,525</b>	<b>32,528,536</b>	<b>6,016,011</b>	<b>22.7%</b>	<b>32,908,074</b>	<b>379,538</b>	<b>1.2%</b>
<b>Total Non-Operating Expenses</b>	-	-	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<b>Total Expenses</b>	<b>25,397,422</b>	<b>26,512,525</b>	<b>32,528,536</b>	<b>6,016,011</b>	<b>22.7%</b>	<b>32,908,074</b>	<b>379,538</b>	<b>1.2%</b>
<b>Equipment Outlay</b>	<b>159,538</b>	-	<b>26,000</b>	<b>26,000</b>	<b>0.0%</b>	<b>150,000</b>	<b>124,000</b>	<b>476.9%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 25,556,960</b>	<b>\$ 26,512,525</b>	<b>\$ 32,554,536</b>	<b>\$ 6,042,011</b>	<b>22.8%</b>	<b>\$ 33,058,074</b>	<b>\$ 503,538</b>	<b>1.5%</b>

## Facilities Management

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 26,512,525</b>	<b>\$ 32,554,536</b>
<b>Personnel costs</b>		
Change in capitalized labor	400,000	-
Salary adjustments,contracted wage increases and pay for performance	196,427	229,831
Burden (benefits & employer taxes) for current staff	125,645	189,146
2 New Limited Maintenance Worker I positions (salaries, benefits & employer taxes)	124,275	-
<b>Total Increase / (Decrease) in personnel costs</b>	<b>846,347</b>	<b>418,977</b>
 Airfield pavement and striping	1,543,000	(861,000)
12KV maintenance	1,413,000	70,000
Utilities	995,636	872,064
Special maintenance	951,063	(427,673)
Other annual repair and service contracts	751,447	208,616
HVAC system maintenance	531,348	78,354
Major maintenance	200,000	-
Baggage Handling System (BHS)	(1,349,104)	-
Other, net	159,275	144,200
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>5,195,665</b>	<b>84,561</b>
 <b>Total Increase / (Decrease)</b>	<b>6,042,011</b>	<b>503,538</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 32,554,536</b>	<b>\$ 33,058,074</b>

## Facilities Management Departmental Goals

### FY 2014 Progress Report

1. By June 2014, develop and implement procedures for maintenance service agreements and on-call maintenance construction agreements to ensure consistent and uniform contract administration.

**Progress:** There are three sections of completion:

- Section 1 to be completed by Feb 26<sup>th</sup>.
- Section 2 to be completed by Feb 18<sup>th</sup>.
- Section 3 TBD.

The team has a very good plan, well organized and on-target to complete by June or sooner.

**Sustainability Goal:** Operational Excellence.

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

2. Develop and administer training to department contract owners on contract administration procedures for service and on-call maintenance construction agreements by June 2014.

**Progress:** Team members are nearing completion of their stated goal with plans to roll out sooner than their April OT date.

**Sustainability Goal:** Operational Excellence.

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

## Facilities Management Departmental Goals

### FY 2015 – FY 2016 Goals

1. Develop and administer familiarization department meetings (internal/external) of Facilities Management policies and procedures.

Progress would be identified in two phases –

Develop/write a familiarization plan for internal and external staff by December 31<sup>st</sup>, 2014.

Conduct meetings with each Authority and air carrier departments by May 30<sup>th</sup>, 2014.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

2. Develop a customer service survey measurement tool that identifies the strengths and weaknesses of the Facility Management department.

The survey will be administered in two phases –

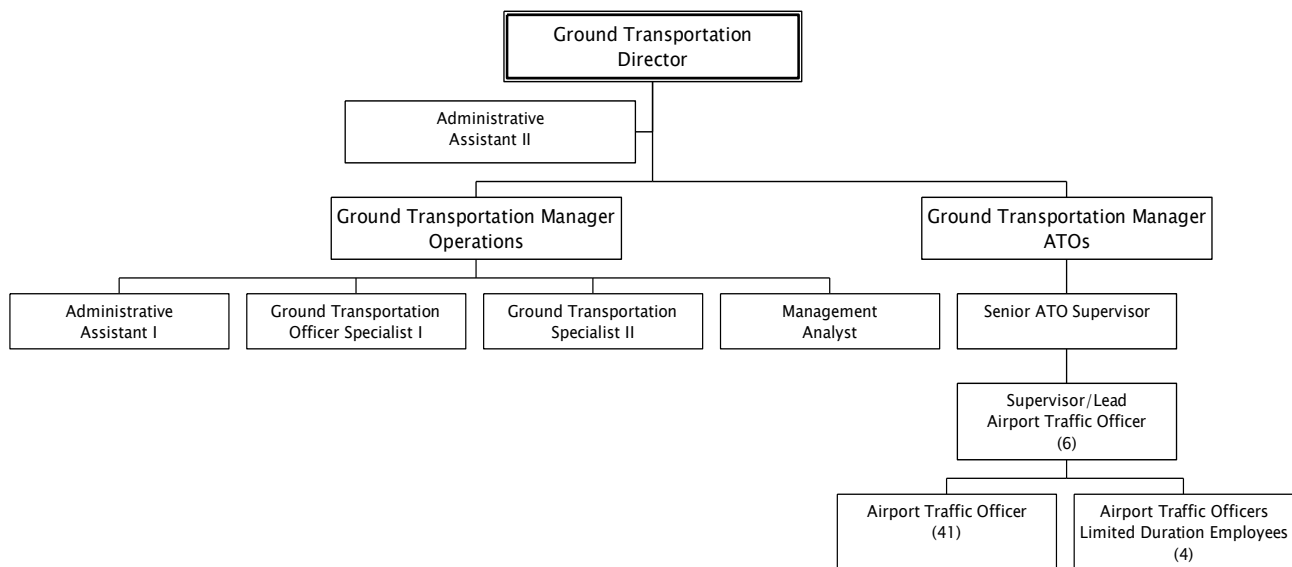
Develop questions that better identifies areas to focus on. Administer survey with results setting the bar in which to start from.

Six months administer the second survey with results compared to where the bar was set. A 20% improvement in satisfaction.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

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

## Ground Transportation FY 2015 – FY 2016 Organizational Structure



*No personnel changes planned for FY 2016.*

## Ground Transportation

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 270,062	\$ 3,295,311	\$ 3,313,620	\$ 18,309	0.6%	\$ 3,500,969	\$ 187,349	5.7%
Premium Overtime	43,961	158,000	166,000	8,000	5.1%	166,000	-	0.0%
Employee Benefits	142,760	2,046,776	2,115,387	68,611	3.4%	2,252,136	136,749	6.5%
Subtotal	456,783	5,500,087	5,595,007	94,920	1.7%	5,919,106	324,098	5.8%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>456,783</b>	<b>5,500,087</b>	<b>5,595,007</b>	<b>94,920</b>	<b>1.7%</b>	<b>5,919,106</b>	<b>324,098</b>	<b>5.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	12,412,166	13,291,435	13,307,155	15,720	0.1%	18,007,489	4,700,334	35.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	1,000	-	0.0%	1,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	209	1,900	3,100	1,200	63.2%	3,100	-	0.0%
Operating Supplies	18,878	50,300	54,300	4,000	8.0%	54,300	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	4,207	57,750	54,650	(3,100)	-5.4%	54,650	-	0.0%
Business Development	4,903	50,800	18,000	(32,800)	-64.6%	18,000	-	0.0%
Equipment Rentals & Repairs	280	-	1,500	1,500	0.0%	1,500	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>12,440,643</b>	<b>13,452,185</b>	<b>13,439,705</b>	<b>(12,480)</b>	<b>-0.1%</b>	<b>18,140,039</b>	<b>4,700,334</b>	<b>35.0%</b>
<b>Total Operating Expenses</b>	<b>12,897,426</b>	<b>18,952,273</b>	<b>19,034,712</b>	<b>82,440</b>	<b>0.4%</b>	<b>24,059,145</b>	<b>5,024,433</b>	<b>26.4%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>12,897,426</b>	<b>18,952,273</b>	<b>19,034,712</b>	<b>82,440</b>	<b>0.4%</b>	<b>24,059,145</b>	<b>5,024,433</b>	<b>26.4%</b>
<b>Equipment Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 12,897,426</b>	<b>\$ 18,952,273</b>	<b>\$ 19,034,712</b>	<b>\$ 82,440</b>	<b>0.4%</b>	<b>\$ 24,059,145</b>	<b>\$ 5,024,433</b>	<b>26.4%</b>

## Ground Transportation

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 18,952,273</b>	<b>\$ 19,034,712</b>
<b>Personnel costs</b>		
Burden (benefits & employer taxes) for current staff	68,611	136,749
Salary adjustments,contracted wage increases and pay for performance	26,309	187,349
<b>Total Increase / (Decrease) in personnel costs</b>	<b>94,920</b>	<b>324,098</b>
 Rental Car Center(RCC) busing	244,800	4,441,911
Parking and shuttles operations	(151,155)	350,998
Other, net	(106,125)	(92,575)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>(12,480)</b>	<b>4,700,334</b>
 <b>Total Increase / (Decrease)</b>	<b>82,440</b>	<b>5,024,433</b>
 <b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 19,034,712</b>	<b>\$ 24,059,145</b>

## Ground Transportation Departmental Goals

### FY 2014 Progress Report

1. Conduct quarterly 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.

**Progress:** Monthly meetings conducted with taxi and vehicle for hire association leadership with specific agendas and action items. Ongoing discussions regarding operational improvements at the airport.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. Complete the implementation of the Ground Transportation Strategic Workforce Plan by January 1, 2014. This implementation includes updated organizational charts, all available positions filled, updated job descriptions and finalized roles and responsibilities.

**Progress: Complete.** ATO headcount at approved levels; all organizational charts updated with job descriptions and finalized roles and responsibilities.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

3. Manage the Ace Parking Management Inc. contracts for parking and shuttle services to ensure actual expenses do not exceed budgeted amounts.

**Progress: Ongoing.** Expenses have been less than budgeted amounts.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Implement updates to Ground Transportation systems by May 1, 2014. The system updates include installation of software upgrades for Gatekeeper System Inc. for the Automatic Vehicle Identification (AVI) system and Commercial Vehicle Management system, Airport-wide upgrades of hardware for the AVI system, installation of the automated trip fee collection system for Airport permitted taxicab vehicles and drivers and installation of the automated taxicab dispatch system.

**Progress:** New technology improvements will be complete before October 31, 2014.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.



## Ground Transportation Departmental Goals

### FY 2015 – FY 2016 Goals

1. Integrate and implement the planned ground transportation technologies e.g., taxicab trip coupon and dispatch system, commercial vehicle automated vehicle identification (AVI) system and commercial vehicle and driver management software to improve and enhance the Airport's commercial vehicle transportation management and operations.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

2. Extend the current Taxicab Memorandum of Agreement (MOA) to October 31, 2014 and include specific performance measures and data collection methods for customer satisfaction, taxi cab availability, passenger wait times, vehicle appearance and driver professionalism; recommend a strategy and plan for the Taxicab MOA agreement after October 31, 2014.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

3. Devise a workable business plan/operational model/plan for the Airport Vehicle for Hire (VFH) commercial vehicle operators; implement recommendations and actions based on Board (May 2014) Meeting.

**Sustainability Goal:** Economic Viability, Operational Excellence.

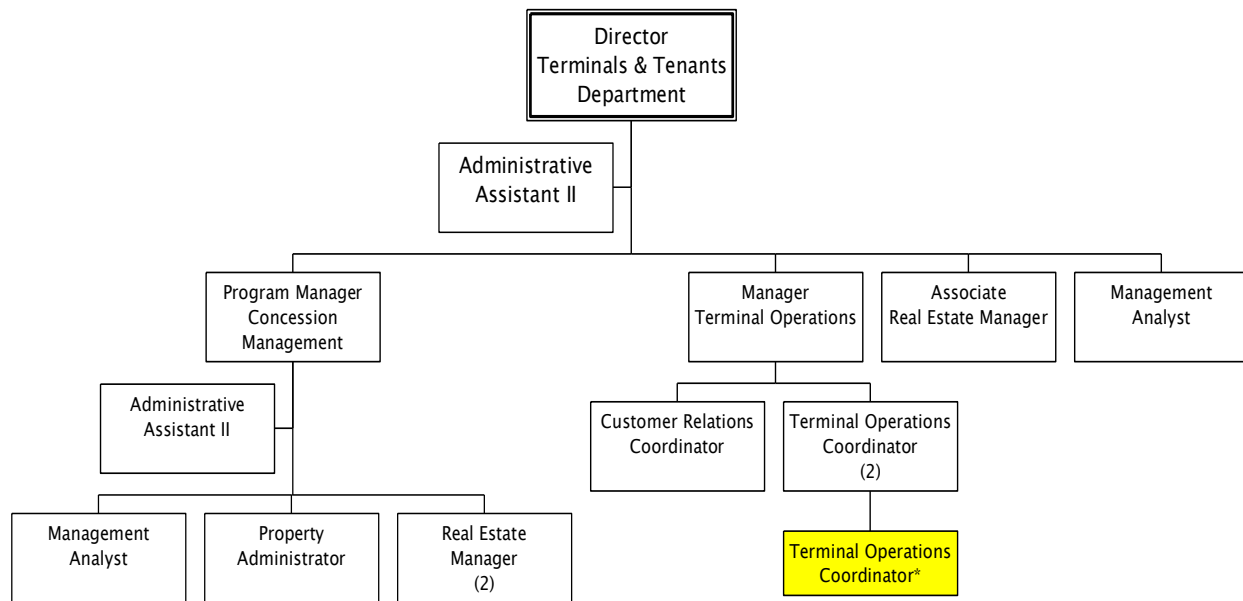
**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

4. Manage the Rental Car Center (RCC) Bus Procurement and Operation contract implementation plan to achieve the June 2015 bus delivery and storage facility start-up.

**Sustainability Goal:** Economic Viability, Operational Excellence.

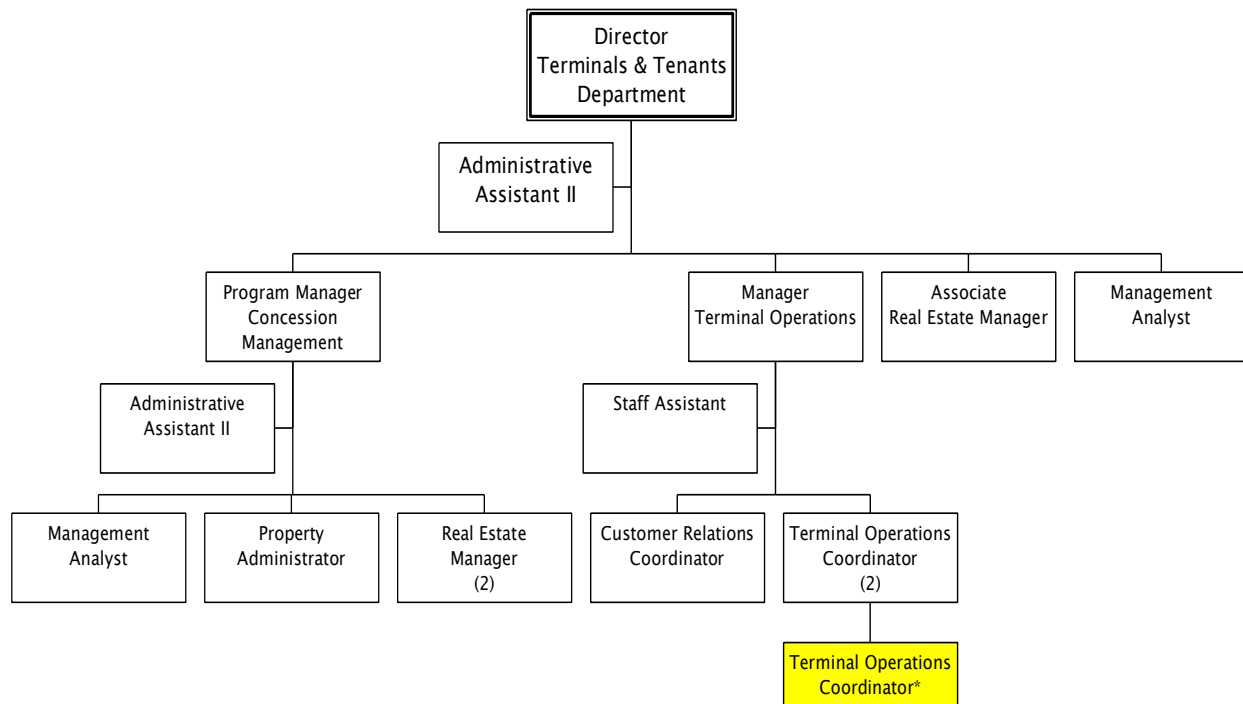
**Authority Strategy:** Financial Strategy: Enhance the financial position of the Airport Authority. Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

## Terminals & Tenants FY 2015 Organizational Structure



*\*Unfunded positions shown in yellow.*

## Terminals & Tenants FY 2016 Organizational Structure



*\*Unfunded positions shown in yellow.*

## Terminals & Tenants

### FY 2015 – FY 2016 Budget Expense Summary

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,985,689	\$ 1,019,673	\$ 1,104,870	\$ 85,197	8.4%	\$ 1,185,578	\$ 80,707	7.3%
Premium Overtime	225,766	2,000	-	(2,000)	-100.0%	-	-	0.0%
Employee Benefits	1,727,176	520,055	604,540	84,485	16.2%	659,277	54,737	9.1%
Subtotal	4,938,631	1,541,729	1,709,410	167,682	10.9%	1,844,855	135,444	7.9%
<i>Less: Capitalized Labor</i>	(214,153)	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>4,724,478</b>	<b>1,541,729</b>	<b>1,709,410</b>	<b>167,682</b>	<b>10.9%</b>	<b>1,844,855</b>	<b>135,444</b>	<b>7.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	4,876,922	8,401,029	9,173,554	772,525	9.2%	9,444,529	270,975	3.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2,339	750	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	31,158	57,700	72,700	15,000	26.0%	72,700	-	0.0%
Operating Supplies	45,845	8,300	17,200	8,900	107.2%	17,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	80,555	21,900	30,350	8,450	38.6%	25,350	(5,000)	-16.5%
Business Development	54,453	235,260	326,150	90,890	38.6%	276,050	(50,100)	-15.4%
Equipment Rentals & Repairs	36,214	3,200	6,200	3,000	93.8%	6,200	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>5,127,485</b>	<b>8,728,139</b>	<b>9,626,304</b>	<b>898,165</b>	<b>10.3%</b>	<b>9,842,179</b>	<b>215,875</b>	<b>2.2%</b>
<b>Total Operating Expenses</b>	<b>9,851,963</b>	<b>10,269,868</b>	<b>11,335,715</b>	<b>1,065,847</b>	<b>10.4%</b>	<b>11,687,033</b>	<b>351,319</b>	<b>3.1%</b>
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>9,851,963</b>	<b>10,269,868</b>	<b>11,335,715</b>	<b>1,065,847</b>	<b>10.4%</b>	<b>11,687,033</b>	<b>351,319</b>	<b>3.1%</b>
<b>Equipment Outlay</b>	<b>26,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 9,878,463</b>	<b>\$ 10,269,868</b>	<b>\$ 11,335,715</b>	<b>\$ 1,065,847</b>	<b>10.4%</b>	<b>\$ 11,687,033</b>	<b>\$ 351,319</b>	<b>3.1%</b>

## Terminals & Tenants

### Major Drivers of FY 2015 Budget & FY 2016 Conceptual Budget

	Inc/(Dec) FY15 vs FY14	Inc/(Dec) FY16 Conceptual vs FY15
<b>FY 2014 Budget / FY 2015 Budget</b>	<b>\$ 10,269,868</b>	<b>\$ 11,335,715</b>
<b>Personnel costs</b>		
Salary adjustments and pay for performance	85,197	33,146
Burden (benefits & employer taxes) for current staff	82,485	30,074
1 New Staff Assistant position (salaries, benefits & employer taxes)	-	72,225
<b>Total Increase / (Decrease) in personnel costs</b>	<b>167,682</b>	<b>135,444</b>
Airport custodial contract	675,294	219,454
Hood vent cleaning for concessioners	200,000	-
Other, net	22,871	(3,580)
<b>Total Increase / (Decrease) in non-personnel costs</b>	<b>898,165</b>	<b>215,875</b>
<b>Total Increase / (Decrease)</b>	<b>1,065,847</b>	<b>351,319</b>
<b>FY 2015 Budget / FY 2016 Conceptual Budget</b>	<b>\$ 11,335,715</b>	<b>\$ 11,687,033</b>

## Terminals & Tenants

### Departmental Goals

#### FY 2014 Progress Report

1. **Establish stricter oversight of our recycling by coordinating efforts with our waste management partner, tenants, AvCom concession program and Flagship janitorial management. Oversight of the recycling program will ensure tenant compliance, with an expected 30% increase in overall recycling efforts. Success will be measured using monthly waste management statistics that are included with the monthly billing.**

**Progress:** Along with diverting approximately 1,200 tons of C&D waste from local landfills, the Authority also recovered approximately 915 tons of commingled recyclables, 47 tons of wood pallets and other wood waste, 27 tons of food waste and approximately 4 tons of green waste in 2013. The 915 tons of commingled recyclables is approximately 41% of the total amount of waste that the Authority diverted from local landfills.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

2. **Partner with the air carrier Station Managers, contract vendors, janitorial and TSA to maintain efficient and safe passenger flow throughout the terminals. Success will be measured through daily interaction, i.e., managing by walking around (MBWA), Airport Ambassador meetings, monthly LAMC meetings and passenger comments received through various media connections and comment letters.**

**Progress:** The terminal operations department interacted on a daily basis with Airline Managers, TSA, Volunteer Airport Ambassadors, Flagship Janitorial and other tenants. The department also hosted monthly baggage handling system (BHS), Airport Ambassador and LAMC meetings as well as weekly Flagship meetings. The Airport Service Quality (ASQ) survey, the world's largest airport passenger satisfaction benchmark, ranks SAN 7 out of 28 airports worldwide in the 15-25 million size category. Phoenix Marketing International (PMI) reported that in the fourth quarter of 2013, 84% of respondents rated SAN high in overall satisfaction.

**Sustainability Goal:** Operational Excellence, Social Responsibility.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner. Employee Strategy: Ensure the highest level of employee commitment and performance.

3. **Implement the Concession Development Program (CDP), which includes the tenant improvement build-outs of 87 stores to revitalize all food, beverage and retail concessions in all terminal facilities at SDIA by Q1 CY 2014.**

**Progress:** As of April 2014, the CDP is approximately 80% complete with the buildout of 70 stores. Unforeseen logistical challenges have delayed some stores. Program completion is now targeted for 4<sup>th</sup> Quarter CY 2014.

**Sustainability Goal:** Economic Viability, Operational Excellence.

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Customer Strategy: Achieve the highest level of internal and external customer satisfaction.

## Terminals & Tenants

### Departmental Goals

#### FY 2015 – FY 2016 Goals

1. Centralize facility inspection programs under the Terminal Operations Department. Assume inspection oversight of airfield, terminals, concessions, tenant leaseholds, pest control, preventative maintenance, security, ramp walks, construction, storm water, prohibited items inventory, public safety, airport facilities, equipment and systems. Receives findings from all inspectors and manage centralized repository of inspection data. Coordinate all inspections. Act as single point of contact for inspections for airport tenants. Introduce LAMC briefing module by December 2014.

**Sustainability Goal:** Operational Excellence.

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

2. Ensure regulatory compliance with city, state and federal ordinances on waste diversion and recycling. Work with new concession tenants on commercial food waste recycling system. Meet monthly with janitorial service providers, restaurateurs, recycling hauler and SDCRAA staff to review and reinforce BMPs. Reduce waste disposal costs and increase airport wide waste diversion by 10% by June, 30 2015.

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

**Authority Strategy:** Financial Strategy: Enhance the financial position of the Authority. Operational Strategy: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Community Strategy: Be a trusted and highly responsive regional agency.

3. Quarterly property inspections of all tenancies in the airport.

**Sustainability Goal:** Operational Excellence.

**Authority Strategy:** Operations Strategy: Operate our airport in a safe, secure, environmentally sound, effective and efficient manner.

# DEBT SERVICE



## Debt Service

### Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on payments of principal, interest, fees for the revenue bonds and the commercial paper program/revolving line of credit. Debt service expenses (net of capitalized interest) are projected at \$64,658,631 for the FY 2015 Budget and \$73,037,120 for the FY 2016 Conceptual Budget.

### Allowed Purposes and Types of Debt

The Authority does not have taxing power and therefore issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the airport system. The Authority may also issue special facility obligations to finance capital projects. Such obligations must be secured by a defined revenue stream derived from or relating to discrete facilities.

### Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority does not have a legal debt limit, but is constrained by its bond indenture requirement for debt service coverage, which requires that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% (1.25x) of annual senior lien bond debt service and that subordinate net revenues shall exceed 110% (1.10x) of subordinate lien debt service. This acts as a cap on the annual debt service, not a cap on the amount of outstanding debt, and is a common provision in airport bond resolutions. A debt service coverage table is shown on page 247.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% (1.75x) for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150% (1.50x).

## Outstanding Debt

### Series 2010 Bonds – Subordinate Airport Revenue Bonds

On October 5, 2010, the Authority issued \$572,565,000 in Subordinate Airport Revenue Bonds. The bond proceeds are being used primarily for construction of The Green Build as well as projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$313,150,000; Series B (non-AMT) \$44,055,000; and Series C (Build America Bonds) \$215,360,000.

The purpose of Build America Bonds (BABs) was to reduce the cost of borrowing for State and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Authority issued Direct Payment BABs which provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority. The federal subsidy has been reduced by 7.2% due to sequestration. The subsidy is not included in "Net revenues," rather it is used to pay debt service.

The Series 2010 Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00% to 6.63% (prior to BAB subsidy) maturing in fiscal years 2015 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2010 Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Authority's airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

## Series 2013 Bonds – Senior Airport Revenue Bonds

On January 30, 2013, the Authority issued \$379,585,000 in Senior Airport Revenue Bonds. The bond proceeds are being used to finance a portion of the construction of the Green Build and certain projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$107,285,000; and Series B (AMT) \$272,300,000.

The Series 2013 Bonds were structured as serial and term bonds that bear interest rates ranging from 3.0% to 5.0% maturing in fiscal years 2016-2044.

The Series 2013 Bonds are payable solely from and secured by a pledge of “Net Revenues.” Net Revenues are generally defined as all revenues and other cash receipts of the Authority’s airport operations less amounts required to pay operations and maintenance expenses of the Airport. Pledged “Net Revenues” do not include cash received from PFCs, CFCs or Federal grants.

## Series 2014 Bonds – Senior Special Facilities Revenue Bonds

On February 19, 2014, the Authority issued \$305,285,000 in Senior Special Facilities Revenue Bonds. The Bond Proceeds will be used to primarily to finance the construction of the Rental Car Center and certain associated projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$29,390,000; and Series B (AMT) \$275,895,000.

The Series 2014 Bonds were structured as serial and term bonds that bear interest rates ranging from 2.537% to 5.594% maturing in fiscal years 2019-2045.

The Series 2014 Bonds are payable solely from and secured by a pledge of the “Trust Estate” which includes Customer Facility Charges (CFCs) and bond funding supplemental consideration, payable by the rental car companies in the event that CFCs are insufficient to meet the Bond funding obligations.

## Debt Rating

The following table outlines the credit ratings for the Authority’s outstanding bond issues.

Rating Agency	Standard & Poors	Moody’s	Fitch
Series 2013 (Senior)	A+	A1	A+
Series 2010 (Subordinate)	A	A2	A
Series 2014 (Special Facility)	A-	A3	n/a

# Commercial Paper Series A, B and C

The Authority’s outstanding short-term debt will consist of \$18,928,000 of Series B (AMT) commercial paper and \$25,955,000 of Series C commercial paper as of July 1, 2014. The authorized commercial paper program provides for borrowings up to \$250,000,000 and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 Bonds. 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 110% (1.10x) debt service on subordinate obligations, including the commercial paper notes, for that year.

The Authority’s intent to replace the commercial paper program with a \$125,000,000 revolving line of credit, issued by US Bank, will be used to refund the outstanding Series B and Series C commercial paper balances.

Commercial Paper Series A and B Rating	Standard & Poors	Moody’s
	A-1	P-1

## Debt Service Coverage

The following table shows debt service coverage on the aggregate senior and subordinate lien debt.

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	FY 2016 Conceptual Budget
Airport Revenues	\$ 181,051,929	\$ 194,511,102	\$ 213,444,883	\$ 222,573,325
Operations & Maintenance Expenses	(126,662,546)	(139,821,261)	(148,629,402)	(152,549,912)
<b>Net Revenue available for Senior &amp; Subordinate Lien Debt Service</b>	54,389,383	54,689,841	64,815,481	70,023,413
Senior Bond Debt Service	2,478,489	16,645,434	20,064,575	20,504,600
PFCs used to pay Debt Service	(714,077)	(6,151,675)	(8,669,966)	(9,490,326)
<b>Senior Bond Debt Service, Net of PFCs</b>	\$ 1,764,412	\$ 10,493,759	\$ 11,394,609	\$ 11,014,274
<b>Senior Bonds Debt Service Coverage (x)</b>	30.83	5.21	5.69	6.36
<b>Subordinate Net Revenues</b>	\$ 52,624,971	\$ 44,196,082	\$ 53,420,871	\$ 59,009,138
Subordinate Lien Bonds	31,973,215	37,490,498	40,149,398	40,151,798
Commercial Paper	5,519,872	6,971,218	7,330,665	7,507,371
PFCs used to pay Debt Service	(20,061,962)	(21,707,487)	(21,554,245)	(20,331,674)
BAB Subsidy	(4,778,599)	(4,741,129)	(4,636,215)	(4,636,215)
<b>Subordinate Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 12,652,526	\$ 18,013,100	\$ 21,289,603	\$ 22,691,280
<b>Subordinate Debt Service Coverage (x)</b>	4.16	2.45	2.51	2.60
Aggregate (Senior and Subordinate Lien) Debt Service	\$ 39,971,576	\$ 61,107,150	\$ 67,544,639	\$ 68,163,769
PFCs used to pay Debt Service	(20,776,039)	(27,859,162)	(30,224,211)	(29,822,000)
BAB Subsidy	(4,778,599)	(4,741,129)	(4,636,215)	(4,636,215)
<b>Total Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 14,416,938	\$ 28,506,859	\$ 32,684,213	\$ 33,705,554
<b>Total Debt Service Coverage (x)</b>	3.77	1.92	1.98	2.08

The following table shows debt service coverage on the CFC bond debt\*.

	FY 2016 Conceptual Budget
CFC Collections	\$ 30,866,210
Interest Earnings	397,561
<b>Total Amounts Available</b>	<b>\$ 31,263,771</b>
Rolling Coverage Fund Balance	2,451,182
<b>Total Amounts Available, plus Rolling Coverage Fund Balance</b>	<b>\$ 33,714,953</b>
<b>Aggregate Annual Debt Service</b>	<b>\$ 8,170,605</b>
<b>Coverage excluding Rolling Coverage Fund</b>	<b>3.83</b>
<b>Coverage including Rolling Coverage Fund</b>	<b>4.13</b>

*\*Outstanding debt service starting FY 2016.*

## Outstanding Debt Service\*

Aggregate Senior and Subordinate Debt					CFC Debt
Year Ended July 1	Commercial Paper/Revolving Line of Credit Principal, Interest and Fees	2013 Senior Bonds Principal and Interest	2010 Subordinate Bonds Principal and Interest	Total	2014 CFC Bonds
2015**	\$ 7,330,665	\$ 20,064,575	\$ 40,149,398	\$ 67,544,639	\$ -
2016**	7,507,371	20,504,600	40,151,798	68,163,769	8,170,605
2017	7,750,861	20,504,950	40,146,248	68,402,060	16,341,210
2018	7,759,976	20,503,750	40,149,748	68,413,475	21,921,210
2019	7,771,851	20,494,150	40,145,848	68,411,850	21,919,646
2020	2,261,721	26,006,350	40,143,798	68,411,870	21,918,789
2021	2,264,196	26,000,100	40,150,548	68,414,845	21,917,940
2022	2,265,971	25,994,350	40,151,423	68,411,745	21,920,783
2023	1,449,464	26,003,100	40,144,111	67,596,675	21,917,242
2024	1,444,714	25,999,600	40,148,486	67,592,800	21,919,123
2025	1,449,339	25,998,350	40,149,486	67,597,175	21,920,025
2026	1,448,089	26,003,100	40,147,486	67,598,675	21,918,832
2027	1,446,089	26,002,350	40,143,236	67,591,675	21,919,423
2028	1,448,339	25,996,000	40,151,736	67,596,075	21,920,401
2029	1,444,714	25,989,850	40,151,736	67,586,300	21,920,366
2030	1,450,339	26,002,750	40,145,486	67,598,575	21,917,921
2031	-	16,667,500	50,928,986	67,596,486	21,921,667
2032	-	16,979,000	50,619,205	67,598,205	21,919,646
2033	-	17,239,750	50,356,695	67,596,445	21,920,459
2034	-	17,606,000	49,994,740	67,600,740	21,917,149
2035	-	18,016,250	49,581,574	67,597,824	21,918,038
2036	-	18,551,750	49,045,358	67,597,108	21,920,887
2037	-	19,104,500	48,493,038	67,597,538	21,918,459
2038	-	19,691,500	47,909,880	67,601,380	21,918,797
2039	-	20,293,750	47,306,652	67,600,402	21,919,383
2040	-	20,923,000	46,678,384	67,601,384	21,917,699
2041	-	67,600,250	-	67,600,250	21,921,229
2042	-	67,600,250	-	67,600,250	21,921,896
2043	-	67,597,500	-	67,597,500	21,921,902
2044	-	-	-	-	21,918,750
<b>Total</b>	<b>\$ 56,493,704</b>	<b>\$ 775,938,925</b>	<b>\$ 1,133,285,085</b>	<b>\$ 1,965,717,714</b>	<b>\$ 616,339,477</b>

\*Net of capitalized interest.

\*\*FY 2015 – 2016 Budgeted.

## Debt Service by Source

	FY 2013 Actuals	FY 2014 Budget	FY 2015 Budget	Inc/(Dec) FY15 Budget vs FY14 Budget	% Change	FY 2016 Conceptual Budget	Inc/(Dec) FY16 Conceptual vs FY15 Budget	% Change
<b>Debt Service</b>								
Principal on Commercial Paper	\$ 805,000	\$ 6,065,000	\$ 6,159,000	\$ 94,000	1.5%	\$ 6,109,000	\$ (50,000)	-0.8%
Principal on Revenue Bonds	4,610,000	5,785,000	10,695,000	4,910,000	84.9%	11,090,000	395,000	3.7%
Interest Expense - Capitalized Leases	427,139	877,298	877,298	0	0.0%	877,298	-	0.0%
Interest on Revenue Bonds and Commercial Paper	20,476,188	48,988,040	49,967,809	979,769	2.0%	50,147,267	179,458	0.4%
Interest on Special Facility Bonds			-	-	0.0%	8,170,605	8,170,605	0.0%
Fees	282,886	315,674	789,314	473,639	150.0%	886,200	96,886	12.3%
Amortization of Bond Premium and Cost of Issuance	(1,487,765)	(4,003,797)	(3,829,790)	174,007	-4.3%	(4,243,249)	(413,459)	10.8%
<b>Total Debt Service</b>	<b>\$ 23,836,045</b>	<b>\$ 58,027,215</b>	<b>\$ 64,658,631</b>	<b>\$ 6,631,416</b>	<b>11.4%</b>	<b>\$ 73,037,120</b>	<b>\$ 8,378,490</b>	<b>13.0%</b>

# CAPITAL PROGRAM



## Capital Program Overview

The capital program at SDIA consists of the Capital Improvement Program (CIP) and the 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's Airport Improvement Program (AIP), Transportation Security Agency grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), airport operating revenues, airport revenue bonds, special facility bonds and short-term borrowing using commercial paper/revolving line of credit. The capital program includes funding for the Green Build to expand Terminal 2 with 10 additional passenger gates, a dual-level roadway at Terminal 2 and additional overnight aircraft parking areas. The Green Build is substantially complete and closeout tasks are currently underway. The total budget for the Green Build is \$820 million.

### Program Summary

FY 2014 – 2018 Capital Improvement Program	\$ 415,629,089
FY 2014 – 2018 Project Closeouts & Modifications	(23,681,243)
FY 2014 – 2018 Project Adjustments	(10,054,460)
FY 2014 – 2018 Capital Improvement Program Balance	381,893,386
 FY 2015 Projects & Adjustments	 148,752,080
Rental Car Center	316,124,104
<b>Total FY 2015 – 2019 CIP Budget</b>	<b>846,769,570</b>
 The Green Build	 820,000,000
<b>Total Capital Program</b>	<b>\$ 1,666,769,570</b>

## Sources & Uses of Funds by Fiscal Year

### Sources of Funds

	Pre FY2015	FY2015	FY2016	FY2017	FY2018	FY2019	Total
<b>The Green Build</b>							
Airport Revenue Bonds	\$ 612,178,557	\$ 28,103,234	\$ -	\$ -	\$ -	\$ -	\$ 640,281,792
Passenger Facility Charges	117,303,503	-	-	-	-	-	117,303,503
Federal Grants	60,884,742	55,878	-	-	-	-	60,940,620
Airport Funds	915,676	558,410	-	-	-	-	1,474,086
<b>TOTAL</b>	<b>\$ 791,282,478</b>	<b>\$ 28,717,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 820,000,000</b>
<b>Capital Improvement Program</b>	<b>Pre FY2015</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Total</b>
Customer Facility Charges *	\$ 40,104,421	\$ 47,731,871	\$ 30,668,376	\$ -	\$ -	\$ -	\$ 118,504,669
Airport Revenue Bonds	114,791,503	17,943,505	326,510	-	-	-	133,061,518
Federal Grants	12,292,304	10,022,103	7,290,310	8,026,594	19,140,902	25,052,376	81,824,589
Passenger Facility Charges	17,746,796	17,293,926	15,185,210	6,584,512	4,610,062	9,741,511	71,162,018
Airport Funds	12,282,225	60,004,875	110,444,631	11,842,928	790,434	2,273,924	197,639,017
Special Facility Bonds	47,219,183	154,853,183	42,505,394	-	-	-	244,577,760
<b>TOTAL</b>	<b>\$ 244,436,431</b>	<b>\$307,849,463</b>	<b>\$206,420,432</b>	<b>\$ 26,454,034</b>	<b>\$ 24,541,399</b>	<b>\$ 37,067,811</b>	<b>\$ 846,769,569</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$1,035,718,908</b>	<b>\$336,566,986</b>	<b>\$206,420,432</b>	<b>\$ 26,454,034</b>	<b>\$ 24,541,399</b>	<b>\$ 37,067,811</b>	<b>\$1,666,769,570</b>
<b>Use of Funds</b>							
<b>The Green Build</b>	<b>Pre FY2015</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Total</b>
Airside	\$ 65,817,536	\$ 1,890,649	\$ -	\$ -	\$ -	\$ -	\$ 67,708,185
Landside	250,115,814	6,156,233	-	-	-	-	256,272,047
Terminal	475,349,128	20,670,640	-	-	-	-	496,019,768
<b>TOTAL</b>	<b>\$ 791,282,478</b>	<b>\$ 28,717,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 820,000,000</b>
<b>Capital Improvement Program</b>	<b>Pre FY2015</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Total</b>
Landside and Ancillary	\$ 133,607,295	\$256,177,822	\$162,642,863	\$ 5,679,049	\$ -	\$ -	\$ 558,107,030
Airside	18,777,939	13,713,456	17,418,735	14,800,958	23,957,030	36,981,837	125,649,956
Terminal	88,568,131	25,911,846	22,198,237	5,974,026	584,369	85,974	143,322,583
Administrative	3,483,065	12,046,338	4,160,596	-	-	-	19,690,000
<b>TOTAL</b>	<b>\$ 244,436,431</b>	<b>\$307,849,463</b>	<b>\$206,420,432</b>	<b>\$ 26,454,034</b>	<b>\$ 24,541,399</b>	<b>\$ 37,067,811</b>	<b>\$ 846,769,569</b>
<b>TOTAL USE OF FUNDS</b>	<b>\$1,035,718,908</b>	<b>\$336,566,986</b>	<b>\$206,420,432</b>	<b>\$ 26,454,034</b>	<b>\$ 24,541,399</b>	<b>\$ 37,067,811</b>	<b>\$1,666,769,570</b>

\*Includes proceeds from CFC backed special facility bonds and pay-as-you-go usage.

## Capital Improvement Committee

The Capital Improvement Committee (CIC) is composed of the Airport Authority's three Vice Presidents and President/CEO who oversee 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 incorporate a dynamic process. The annual development of the capital program begins with departments submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to a capital program working group comprised of staff representatives from various Authority departments.

After the request is submitted to the working group, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Taking into account the Authority's Sustainability Policy, a complete review is performed with a focus on developing a business case that includes total costs of ownership, project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the working group forwards evaluations of the proposed projects to a review group comprised of key department Directors. The review group then forwards recommendations to the CIC. The CIC may direct the project sponsors to define the project deliverables and report on estimated costs. Project budgets, schedules, issues and proposed funding sources are then 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, project teams request the CIC to release funding and begin the project as planned and approved.

During each fiscal year, budget schedule and scope changes to on-going projects are reviewed and approved by the CIC. The CIC may also review new project requests throughout the year to accommodate the ever-changing airport environment and regulatory requirements.

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 Capital Improvement Program Oversight 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 for eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP program. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system and to meet the projected needs of the public. The program not only provides funding for development projects, but also airport planning and noise compatibility programs. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP program includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boardings and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP program typically provides funding up to 75% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. However, the Authority expends funds for eligible capital projects and is then reimbursed with grant proceeds. Projected expenditures to be reimbursed by AIP grants is \$10.1 million in FY 2015 and \$7.3 million in FY 2016.

### Passenger Facility Charge

Passenger Facility Charges (PFCs) were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFC is that the PFC is a fee charged 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 FAA approved the third passenger facility application on May 20, 2003 that established authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. The FAA approved an eighth application in November 2010 for a total collection authority of approximately \$1.1 billion in support of the Terminal Development Program. A ninth application for \$31.3 million was approved in July 2012. The majority of this application will provide funding for the Quieter Home Program as well as the completed Rehabilitate Taxiway "C" project.

### 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. As allowed per State legislation, the CFC collection methodology changed in January 2012 from a charge of \$10.00 per rental car transaction to \$6.00 per rental day. Starting January 2014, the rate increased from \$6.00 to \$7.50 per rental day. CFCs will support the funding for the construction of a consolidated car rental facility. Projected pay-as-you-go usage of CFCs for enabling projects is \$47.7 million in FY 2015 and \$30.7 million in FY 2016.

## **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 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:* This project includes the required environmental remediation of the contaminated areas on the former Naval Training Center (NTC), which is approximately 51 acres of land transferred to the Port District from the Navy for Airport use.

##### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,460,571						\$ 1,460,571

##### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		1,044,761		415,810		\$ 1,460,571

#### 104087 – Runway 9 Displaced Threshold Relocation

*Description:* This project relocates the Runway 9 displaced threshold by 300 feet east and includes pavement striping, marking, relocation, color change of existing threshold, touchdown and approach lighting systems.

##### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,464,664	1,382,523	2,659,733				\$ 5,506,919

##### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,464,603			2,042,316		\$ 5,506,919

#### 104110 – Rehabilitate Runway/Taxiway Storm Water/Airfield Drainage System

*Description:* This project will improve and strengthen drainage pipes located on the airfield beneath the runway and taxiways.

##### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
7,500,000						\$ 7,500,000

##### Funding Source

AIP	PFC	Revenue Bonds/CP	CFC	Airport Funds	Other	Total
6,044,250		1,321,986		133,764		\$ 7,500,000

**104128 – Construct FBO Taxiway and FBO 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
4,730,483	672,367					<b>\$ 5,402,850</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,732,850	570,000		1,100,000		<b>\$ 5,402,850</b>

**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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	95,000	1,783,200	5,378,300	7,986,570	23,981,000	<b>\$ 39,224,070</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
29,418,053	9,806,017					<b>\$ 39,224,070</b>

**104149 – SDIA Airport Development Plan (Airside Allocation)**

*Description:* This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,800,348	1,449,652	1,040,061				<b>\$ 3,250,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,250,000					<b>\$ 3,250,000</b>

**104164 – Remote Noise Monitor Pole Replacement**

*Description:* This project will replace twelve remote noise monitoring poles in the community which have been in place since the 1970s and 1980s, in order to meet State Dept. of Transportation requirements, as well as address liability and safety issues.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
159,756	388,399	174,386				<b>\$ 722,541</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	476,800			245,741		<b>\$ 722,541</b>

**104177 – Rehabilitate Cross Taxiway B8 & Terminal Aprons**

*Description:* This 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
369,398	723,235	7,426,917				<b>\$ 8,519,550</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
6,389,663	2,129,887					<b>\$ 8,519,550</b>

**104176 - Construct North Side Bypass**

*Description:* This project will replace the existing pavement on the northeastern end of Runway 9-27 to support Group 5 aircraft loading and relieve aircraft traffic on Taxiway C.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,292,720	8,532,280	175,000				<b>\$ 10,000,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
4,378,000	5,622,000					<b>\$ 10,000,000</b>



### Rehabilitate Cross Taxiways (B4-B7 & C3-C6) & Commuter Terminal Apron

*Description:* This 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
			1,398,590	8,032,961	2,857,889	<b>\$ 12,289,440</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
9,217,080	3,072,360					<b>\$ 12,289,440</b>

### Rehabilitate Runway 9-27 Wing Pavement

*Description:* This project provides for rehabilitation of the airfield asphalt pavement on the Runway 9/27 wing sections which includes milling and replacing the top three inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
		130,000	2,558,569	7,601,430	2,010,001	<b>\$ 12,300,000</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
9,225,000	2,306,250			768,750		<b>\$ 12,300,000</b>

### Rehabilitate Runway 9-27 Keel Pavement

*Description:* This project provides for rehabilitation of the airfield asphalt pavement on Runway 9/27 keel section which includes milling and replacing the top three inches of the approximately 9,400 feet x 75 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
				130,000	7,170,000	<b>\$ 7,300,000</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
5,475,000	1,368,750			456,250		<b>\$ 7,300,000</b>

### Cargo Taxiways

*Description:* This project will provide two taxiways connecting Taxiway Charlie with the planned North Side cargo facility. This will include demolition of existing pavement, excavation and disposition of soil, compaction and a base layer.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
		4,772,500	4,772,500			\$ 9,545,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	9,545,000					\$ 9,545,000

### Construct Apron Blast Fence at Commuter Terminal

*Description:* This project will provide a blast fence along the east side of the Commuter Terminal apron to direct jet blast away from Winship Lane and adjacent parking facilities.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
		297,000	693,000			\$ 990,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
742,500				247,500		\$ 990,000

### Construct FAA Waterline

*Description:* This project will replace the existing corroded waterline to the Air Traffic Control Tower with a 2" PVC waterline, along with a booster pump and two water meters. This will provide potable water to the FAA Control Tower.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	470,000					\$ 470,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				470,000		\$ 470,000

## Reconstruct Aprons (Cargo & Terminal 1)

*Description* This 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
				206,065	962,950	<b>\$ 1,169,015</b>

### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,169,015		<b>\$ 1,169,015</b>

## 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
3,837,154	147,155					<b>\$ 3,984,309</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		3,984,309				<b>\$ 3,984,309</b>

### 104118 – Interior North Side Road and Utilities

*Description:* This project provides the necessary utility infrastructure to support the implementation of the North Side development plan including sewer, water, natural gas, electrical, telecommunications and storm drains.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
14,014,959	3,800,000					<b>\$ 17,814,959</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		15,496,697		2,318,262		<b>\$ 17,814,959</b>

### 104118E – North Side Utility – Storm Drain Trunk

*Description:* This project provides a 32 cfs stormwater pump station, approximately 8,600 feet of stormwater force main and outfall from the pump station heading westerly to the existing boat channel and approximately 1,700 feet of gravity stormwater trunk line, upgrading of the pump station along the interior road/utility corridor to drain the North Side development.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
2,294,024	8,734,970	2,985,593				<b>\$ 14,014,587</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
7,825,881		6,188,706				<b>\$ 14,014,587</b>

**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 Marine Corps Recruiting Depot access roadway south of the Pacific Highway Off-Ramp including access to the Central Receiving and Distribution Center.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
5,966,800						\$ 5,966,800

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		5,966,800				\$ 5,966,800

**104134 – Terminal Link Road**

*Description:* This project provides a two-way dedicated perimeter road that connects the airport terminals to the RCC.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
2,512,342	10,876,462	2,880,606				\$ 16,269,410

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		10,769,410		5,500,000		\$ 16,269,410

**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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
10,257,023	15,400,269					\$ 25,657,292

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		20,746,441		4,910,851		\$ 25,657,292

**104146 – Pacific Highway Economy Lot**

*Description:* This project consists of creating approximately 1,967 additional spaces located at the southeasterly 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 RCC and FBO sites on the North Side.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
11,376,070	534,930					<b>\$ 11,911,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		11,911,000				<b>\$ 11,911,000</b>

**104151 – Rental Car Center (RCC) Development**

*Description:* This project consists of developing a rental car facility on the North Side site. It will provide on-airport rental car parking stalls for those companies that want to operate on-airport and an opportunity for passenger bus transfers for companies that elect to conduct their operations off-airport.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
78,461,039	167,292,623	70,370,442				<b>\$ 316,124,104</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		219,719,432	96,404,669			<b>\$ 316,124,104</b>

**104133 – Comprehensive Strategic Master Drainage Plan**

*Description:* This project provides for installation of Storm Water Treatment Best Management Practices (BMPs) in existing parking lots, airport internal roadways and lawn areas, including wire mesh screen at curb inlets and curb inlet filters, and replacement of existing lawn areas with artificial turf.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
227,403	835,197					<b>\$ 1,062,600</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		<b>1,062,600</b>				<b>\$ 1,062,600</b>

**104159 – FBO Demolition and Site Remediation**

*Description:* This project will demolish the existing FBO facility and associated ramp areas, including underground storage tanks, and provide environmental remediation of the site for future development of North Side projects.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,039,922	710,078					<b>\$ 1,750,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		1,750,000				<b>\$ 1,750,000</b>

**104166 – Upgrade Ground Transportation Systems**

*Description:* This project will upgrade the ground transportation systems to include a taxicab trip fee payment system, automatic vehicle identification (AVI) reader replacement and an automated taxi and shuttle dispatch system. Planning costs for this project were incurred previously and funded by the FY 2013 CIP.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
640,662	2,686,807					<b>\$ 3,327,469</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				3,327,469		<b>\$ 3,327,469</b>

**104168 – A, B, C Wayfinding Signage and Directories**

*Description:* This project will fund off-airport roadway wayfinding/signage analysis. The analysis will determine the secondary approach paths for motorists destined for the North Side RCC and determine the status and effectiveness of current SAN vehicular wayfinding/signage. Planning costs for this project were incurred previously and funded by the FY 2013 CIP.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
467,792	4,522,208					<b>\$ 4,990,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				4,990,000		<b>\$ 4,990,000</b>

**104171 – Acquire RCC Buses**

*Description:* This project will purchase or provide for a capital lease for CNG buses to provide passengers transportation between the RCC on the North Side and all terminals.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
719,123	15,380,877					<b>\$ 16,100,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
			16,100,000			<b>\$ 16,100,000</b>

**104173 – North Side Landscaping**

*Description:* This project will provide improvements along Pacific Highway from Washington Street to the Wind Tunnel Fence. This will include trees and landscaping, sidewalk, rehabilitation of the street and relocation of dry and wet utilities to accommodate the sidewalk improvements.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
363,052	1,635,102	501,846				<b>\$ 2,500,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		1,275,000		1,225,000		<b>\$ 2,500,000</b>

**104174 – Relocate Cell Phone Lot**

*Description:* This project will relocate the cell phone lot on the South Side.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
541,788	658,212					<b>\$ 1,200,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,200,000		<b>\$ 1,200,000</b>



**104175 –Restaurant Development at RCC**

*Description:* This project will develop a shell space for a food and beverage tenant improvement in the RCC. This will include foundations, floor and roof structures, exterior cladding, stairs/vertical transportation and on-site utilities.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
652,389	3,145,234	3,126,377				<b>\$ 6,924,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				6,924,000		<b>\$ 6,924,000</b>

**104181 – Construct RCC Bus Parking Facility**

*Description:* This project will provide a facility for parking and fueling of the RCC buses including: a maintenance building with office space, fueling stations for two buses, a dual bay wash rack and parking for 25 CNG buses, 2 Zero Emission Vehicle (ZEV) buses and employees.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
235,754	4,620,000	144,246				<b>\$ 5,000,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
			5,000,000			<b>\$ 5,000,000</b>

**Cargo Development Oversight**

*Description:* This project will provide project management oversight for a cargo building tenant improvement on the North Side.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
		1,282,761	267,739			<b>\$ 1,550,500</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,550,000		<b>\$ 1,550,500</b>

### New – Construct Taxi Hold Lot

*Description:* This project relocates the taxi hold lot from the Harbor Island location to the former TDY location to reduce taxi transit time to terminal and improve patron serviceability.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	572,200	5,077,800	100,000			\$ 5,750,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				5,750,000		\$ 5,750,000

### New – Employee Parking Lot 6 Expansion

*Description:* This project will provide an additional 650 parking spaces to more effectively cover current and future Airport employee parking needs and recapture paid parking spaces in Terminals 1 and 2.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,861,282	4,428,718				\$ 6,290,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				6,290,000		\$ 6,290,000

### New – RCC Small Marketshare Build-outs

*Description:* This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	601,880	3,398,120				\$ 4,000,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				4,000,000		\$ 4,000,000

### New – Construct Parking Plaza

*Description:* This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	9,969,246	66,799,444	5,311,310			\$ 82,080,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				82,080,000		\$ 82,080,000

## Terminal Projects

### 104056 – Expand Terminal 2 East 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 SF, relocate the 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
52,424,710	108,658					\$ 52,533,368

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	7,675,500	44,857,868				\$ 52,533,368

### 104122/A – Refurbish Concessions 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 the Commuter Terminal, 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
17,600,744						\$ 17,600,744

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		17,600,744				\$ 17,600,744

### 104152 – Concession Development Program Support

*Description:* This project includes 3<sup>rd</sup> party program management, architectural review and construction inspection support for SDIA's Concession Development Program.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
3,707,843	101,157					\$ 3,809,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		3,809,000				\$ 3,809,000

**104149 – SDIA Airport Development Plan (Terminal Allocation)**

*Description:* This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
1,800,348	1,4491,652					<b>\$ 3,250,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,250,000					<b>\$ 3,250,000</b>

**104163 – Pre-Conditioned Air Installation – Terminal 1 West & Terminal 2 East**

*Description:* This project will install pre-conditioned air at 18 gate locations – seven in Terminal 1 and eleven in Terminal 2 East. This will allow aircraft parked at the gates to connect to ground power sources and reduce aircraft engine use and air emissions, thereby meeting our commitments to the AG.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
3,796,748	103,252					<b>\$ 3,900,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
3,109,162				790,838		<b>\$ 3,900,000</b>

**104178 – Replace Passenger Boarding Bridges in Terminal 1**

*Description:* This project will replace three passenger loading bridges and bridge foundations at gates 3, 5 and 16 in Terminal 1.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
183,518	2,936,482					<b>\$ 3,120,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,120,000					<b>\$ 3,120,000</b>

**104179 – Reconfigure Security Checkpoint 2 and Refurbish Terminal 1 Rotundas/Baggage Claim**

*Description:* This project will enhance the T1 baggage claim area by raising the ceiling, replacing light fixtures, carpeting, signage and fascia and repositioning FIDS and artwork. The T2E ceiling upgrade will replace the ceiling at the security checkpoint and ticket counter to match the rest of T2E.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
752,208	6,447,792					<b>\$ 7,200,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		6,300,000		900,000		<b>\$ 7,200,000</b>

**104180 – Terminal Flight Information Display System (FIDS) Update**

*Description:* This project will replace the current 32” FIDS monitors with 67 new 46” monitors, including surrounds, steel frames, free-standing steel towers and controller.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
607,176	2,414,804					<b>\$ 3,022,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	3,022,000					<b>\$ 3,022,000</b>

**104182 – T2E Common Use Passenger Processing System (CUPPS) Expansion**

*Description:* This project will install seven CUPPS in T2E; replacing existing ticket counters with CUPPS stations.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
455,367	3,444,633	100,000				<b>\$ 4,000,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				4,000,000		<b>\$ 4,000,000</b>

**104041 – Public Art Allowance**

*Description:* The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with the appropriate CIP Project.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
81,081	468,592	468,592	488,862	584,369	85,974	<b>\$ 2,177,471</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				2,177,471		<b>\$ 2,177,471</b>

**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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
265,812	34,188					<b>\$ 300,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				300,000		<b>\$ 300,000</b>

**104158 – T1 Food Court – Public Art**

*Description:* This project will provide an opportunity for an artistic design and enhancement to be applied to a structural wall within the T1 Food Court.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
155,000						<b>\$ 155,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				155,000		<b>\$ 155,000</b>

**104169 – Terminal 1 Art Wall – Public Art**

*Description:* This project will remove and relocate sandcast sculpture from T1 Food Court and move to a new location including structural changes to the supporting wall.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
23,778	26,222					<b>\$ 50,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		50,000				<b>\$ 50,000</b>

**104167 – CT Exterior East-Facing Wall – Public Art**

*Description:* This project will fabricate and install a billboard-type metal structural truss/support system on the east-facing wall of the Commuter Terminal to house a replicated vinyl mural that will be created.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
285,990	39,010					<b>\$ 325,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		325,000				<b>\$ 325,000</b>

**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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
6,427,789	2,136,105	2,136,105				<b>\$ 10,700,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		1,011,956		9,688,044		<b>\$ 10,700,000</b>

**New – FIS Passenger Processing Improvements**

*Description:* This project provides for passport clearance kiosks for processing international passengers, provide automated signs to improve quality/visibility to passengers and remove the existing west wall on upper level to create a new automated processing lane.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,345,000	115,000				<b>\$ 1,460,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,460,000		<b>\$ 1,460,000</b>

### New – Modernize Siemens APPOGEE Building Automation Control System

*Description:* This project provides for the upgrade of the existing 15 year-old building automation system software that controls and monitors all HVAC systems and electrical usage. This will be crucial to controlling future energy consumption.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,000,000					\$ 1,000,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,000,000		\$ 1,000,000

### New – Replace and Refurbish Passenger Boarding Bridges

*Description:* This project provides for a three-year plan to replace and/or refurbish existing passenger boarding bridges based on an updated assessment.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	2,496,585	15,318,251	5,485,164			\$ 23,300,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
	9,320,000			13,980,000		\$ 23,300,000

### New – Replace Terminal Seating in Terminal 1 and Terminal 2

*Description:* This project provides for the replacement of approximately 2,266 seats in Terminal 1 and Terminal 2 in order to provide electrical connectivity to passengers and for ease of replacing worn or damaged seats.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,359,712	4,060,288				\$ 5,420,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				5,420,000		\$ 5,420,000



## Administrative 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
2,858,065	670,967	3,670,967				\$ 7,200,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
		4,877,566		5,322,434		\$ 7,200,000

### 104161A/B – Electronic Content Management (ECM) and E-Project Management System

*Description:* The ECM project will provide the Authority with an integrated document/image, records and e-mail management solution as well as a workflow solution, if needed. The E-Project Mgmt. System will select and pilot a web-based single software solution (owner focused) that meets all of SDCRAA's project management and collaboration requirements.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
625,000	1,075,000	300,000				\$ 2,000,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				2,000,000		\$ 2,000,000

### 104069 – 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 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	5,000,000					\$ 5,000,000

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
			1,000,000	4,000,000		\$ 5,000,000

**New – Develop Administrative Space**

*Description:* This project will accommodate the Authority's existing space needs with anticipation of the ultimate build-out of spaces when the Airport Development Plan is implemented.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	2,233,469	66,531				<b>\$ 2,300,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				2,300,000		<b>\$ 2,300,000</b>

**New – Construct Hazardous Waste Storage Facility**

*Description:* This project will purchase and install a pre-fab storage unit to consolidate, store and manage hazardous waste being processed for disposal per Federal, State and local laws and regulations. This waste storage will reduce risk and the liability of potential safety and environmental hazards.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	640,000					<b>\$ 640,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				640,000		<b>\$ 640,000</b>

**New – Solid Waste Disposal and Recycling Facility**

*Description:* This project will enclose the waste disposal and recycling facility within a steel-framed structure to contain trash and pollutants and ensure storm water regulatory compliance.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,016,902	33,098				<b>\$ 1,050,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,050,000		<b>\$ 1,050,000</b>

**New – Liberty Station Facility – Roof Replacement and Improvements**

*Description:* This project will provide for replacement of the facility roof and stucco in order to improve the facility and provide for safe working conditions.

**Project Cash Flow**

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,410,000	90,000				<b>\$ 1,500,000</b>

**Funding Source**

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,500,000		<b>\$1,500,000</b>

## Ancillary Projects

### New – Pavement Rehabilitation – Air Freight Building

*Description:* This project provides for the necessary replacement of pavement per contractual lease obligations to maintain the property and to avoid potential safety impacts of injuries due to poor conditions.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	1,559,734	40,266				<b>\$ 1,600,000</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				1,600,000		<b>\$ 1,600,000</b>

### New – Air Freight Buildings Roof Replacement – Stillwater/Air Lane Rd.

*Description:* This project provides for the replacement of the roofs on the air freight buildings on Stillwater Road and Air Lane Road.

#### Project Cash Flow

Prior Years	FY 2015	FY 2016	FY 2017	FY2018	FY2019	Total
	633,357	1,606,643				<b>\$ 2,240,000</b>

#### Funding Source

AIP	PFC	Revenue Bonds	CFC	Airport Funds	Other	Total
				2,240,000		<b>\$ 2,240,000</b>

## Capital Program Impact to Operating Budget

### Capital Improvement Program Budget Impact

The following tables indicate the incremental effect on the operating budget in various fiscal years resulting from the proposed Capital Improvement Program. Amounts for FY 2015 and FY 2016 are reflected in the FY 2015 Budget and FY 2016 Conceptual Budget. Future year amounts will be included in future budgets, as appropriate.

#### Operating Revenue Impact:

Project No.	Project Description	Revenue Category	FY15	FY16	FY17
104152	<b>Concession Development Program</b> Increase in gross sales and cost recovery from concessionaires for operating and maintenance expenses	Terminal Concessions	\$4,351,692	\$4,405,377	\$4,782,142
104175	<b>Restaurant Development at RCC</b>		TBD*	TBD*	TBD*

*\*The Authority is conducting a cost/benefit analysis to determine anticipated operating budget impacts which will be included in future budget books.*

## Operating Expense Impact\*

<b>Terminal</b>					
<b>Project No.</b>	<b>Project Description</b>	<b>Expense Category</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
104056	Expand T2E Facilities	Maintenance	\$120,000	\$85,000	\$87,550
		Insurance	19,320	4,942	5,090
104122	Refurbish Concessions Support Infrastructure	Maintenance	110,000	65,000	66,950
104152	Concession Development Program Support	Maintenance	484,113	420,694	433,315
		Contractual Services	868,203	937,713	965,845
		Promotional Materials	227,000	227,600	234,428
New	FIS Passenger Processing Improvements	Maintenance	-	-	15,000
New	Modernize Siemens APOGEE System	Maintenance	-	3,358	3,358
New	Replace Terminal Seating	Utilities	-	-	25,607
New	Replace / Refurbish Passenger Boarding Bridges	Maintenance	-	-	30,479
<b>Sub Total:</b>			<b>\$524,482</b>	<b>\$256,067</b>	<b>\$334,732</b>
<b>Landside</b>					
104118	Interior North Side Road and Utilities	Maintenance	\$10,000	\$10,000	\$10,000
104126	South Side Site Protection	Maintenance	4,500	6,000	6,180
104134	Terminal Link Road	Maintenance	47,500	47,500	47,500
104136	Airport Electrical Distribution System	Maintenance	31,365	41,245	42,482
104151	Rental Car Center (RCC) Development	Insurance	-	137,940	142,078
		Maintenance	25,000	20,000	20,600

104159	FBO Demolition And Site Remediation	Space Rental	(53,460)	-	-
104166	Upgrade Ground Transportation Systems	Maintenance	10,000	10,000	10,000
104168	Wayfinding Signage and Directories	Equipment and Systems	-	38,358	38,358
104182	T2E Common Use Passenger Processing System (CUPPS) Expansion	Equipment and Systems	-	30,480	30,480
104171	Acquire RCC Buses	Contractual Services	155,000	2,691,207	-
			-		
104181	Bus Parking/Fueling Facility	Utilities	-	10,000	-
New	Construct Taxi Hold Lot	Utilities Maintenance	-	-	3,000
					20,300
New	Employee Parking Lot 6 Expansion	Maintenance			16,258
<b>Sub Total:</b>			<b>\$229,095</b>	<b>\$3,042,730</b>	<b>\$387,236</b>
<b>Airside</b>					
104163	Pre-Conditioned Air Installation – Terminal 1 West & Terminal 2 East	Utilities	\$52,593	\$56,800	\$58,504
<b>Sub Total:</b>			<b>\$52,593</b>	<b>\$56,800</b>	<b>\$58,504</b>
<b>Administrative</b>					
104161A/B	Electronic Content Management (ECM) and E-Project Management System	Equipment and Systems	-	119,284	119,284
New	Solid Waste Disposal and Recycling Facility	Maintenance		2,328	2,328
<b>Sub Total:</b>			<b>\$ -</b>	<b>\$121,612</b>	<b>\$121,612</b>
<b>Grand Total:</b>			<b>\$806,170</b>	<b>\$3,477,209</b>	<b>\$902,084</b>

\*Negatives reflect decrease in expenses from prior year levels, primarily due to completion of the one-time purchases/events.

## 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:

### Operating Revenue Impact:

Location	Revenue Category	FY15	FY16	FY17
Airside	Landing fees	\$31,753	\$32,753	\$33,735
	<b>Sub Total:</b>	<b>\$31,753</b>	<b>\$32,753</b>	<b>\$33,735</b>
Common Use System Support Charges	Common Use System Support Charges	-	33,507	34,512
	<b>Sub Total:</b>	<b>\$ -</b>	<b>\$33,507</b>	<b>\$34,512</b>
Terminal	Security Surcharge	\$109,551	-	-
	Building Rentals	567,031	199,627	205,615
	<b>Sub Total:</b>	<b>\$676,582</b>	<b>\$199,627</b>	<b>\$205,615</b>
	<b>Grand Total:</b>	<b>\$708,335</b>	<b>\$265,887</b>	<b>\$273,682</b>

### Operating Expense Impact:

Location	Expense Category	FY15	FY16	FY17
Airside	Contractual Services	\$20,000	\$24,000	\$24,720
	Equipment & Systems	(15,900)	153	157
	Insurance	158	180	185
	Maintenance	25,000	5,850	6,025
	Utilities	2,495	2,570	2,647
	<b>Sub Total:</b>	<b>\$31,753</b>	<b>\$32,753</b>	<b>\$33,734</b>
Landside	Insurance	\$1,476	\$1,687	\$1,737
	Maintenance	(28,000)	900	927
	Personnel	42,223	20,674	21,294
	Utilities	5,668	5,838	6,013
	<b>Sub Total:</b>	<b>\$21,367</b>	<b>\$29,099</b>	<b>\$29,971</b>

<b>Location</b>	<b>Expense Category</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
<b>Common Use System Support Charges</b>	Common Use System Support Charges	-	33,507	34,512
	<b>Sub Total:</b>	<b>\$ -</b>	<b>\$33,507</b>	<b>\$34,512</b>
<b>Terminal</b>	Contractual Services	\$1,134,817	\$90,401	\$93,113
	Insurance	21,718	24,846	25,591
	Maintenance	(246,104)	57,750	59,482
	Equipment & Systems	(11,755)	7,192	7,407
	Personnel	317,120	32,226	33,192
	Promotional Activities	(425,000)	-	-
	Utilities	43,932	47,950	49,388
	<b>Sub Total:</b>	<b>\$834,728</b>	<b>\$260,365</b>	<b>\$268,173</b>
	<b>Grand Total:</b>	<b>\$887,848</b>	<b>\$355,724</b>	<b>\$366,390</b>



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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.

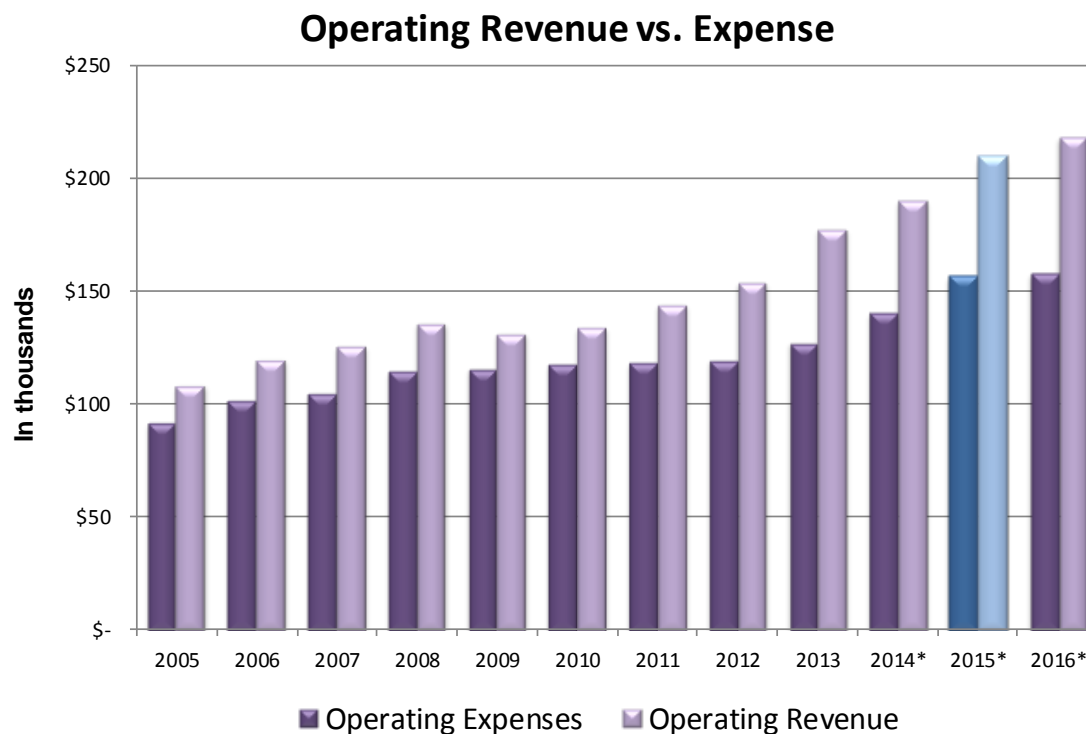
## Operating Ratio

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, 2005 to 2016**

Fiscal Year	Operating Expenses \$ <sup>(1)</sup>	Operating Revenue \$ <sup>(1)</sup>	Operating Ratio	% Change
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	119,169	153,550	0.78	-5.2%
2013	126,796	177,498	0.71	-8.0%
2014*	139,844	189,912	0.74	3.1%
2015*	156,593	209,408	0.75	1.6%
2016*	157,355	218,081	0.72	-3.5%

<sup>(1)</sup>In thousands.



\* Budgeted FY 2014, FY 2015, FY 2016.

**Figure 39 – Operating Ratio**

Source: San Diego County Regional Airport Authority.

## Operating Revenue per Enplanement

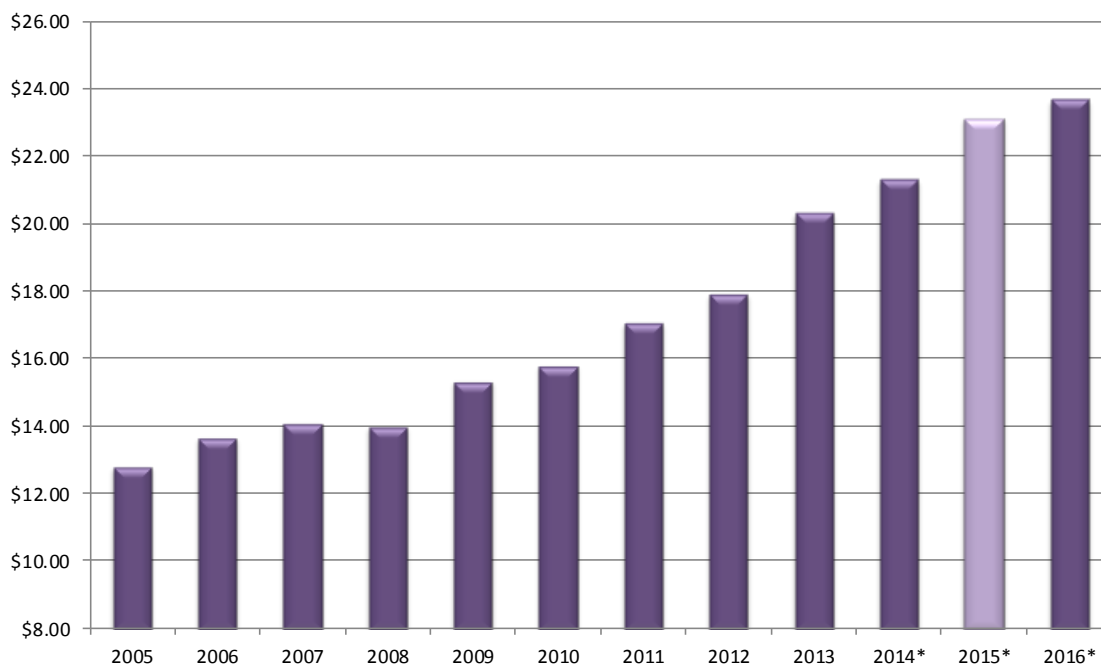
This is a measure of operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	Operating Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Revenue per Enplanement \$	% Change
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	153,550	8,575	17.91	5.0%
2013	177,498	8,738	20.31	13.5%
2014*	189,912	8,914	21.30	4.9%
2015*	209,408	9,061	23.11	8.5%
2016*	218,081	9,215	23.67	2.4%

<sup>(1)</sup>In thousands.

### Operating Revenue per Enplaned Passenger



\*Budgeted FY 2014, FY 2015, FY 2016.

Figure 40 – Operating Revenue per Enplaned Passenger

Source: San Diego County Regional Airport Authority.

## Non-Airline Revenue per Enplanement

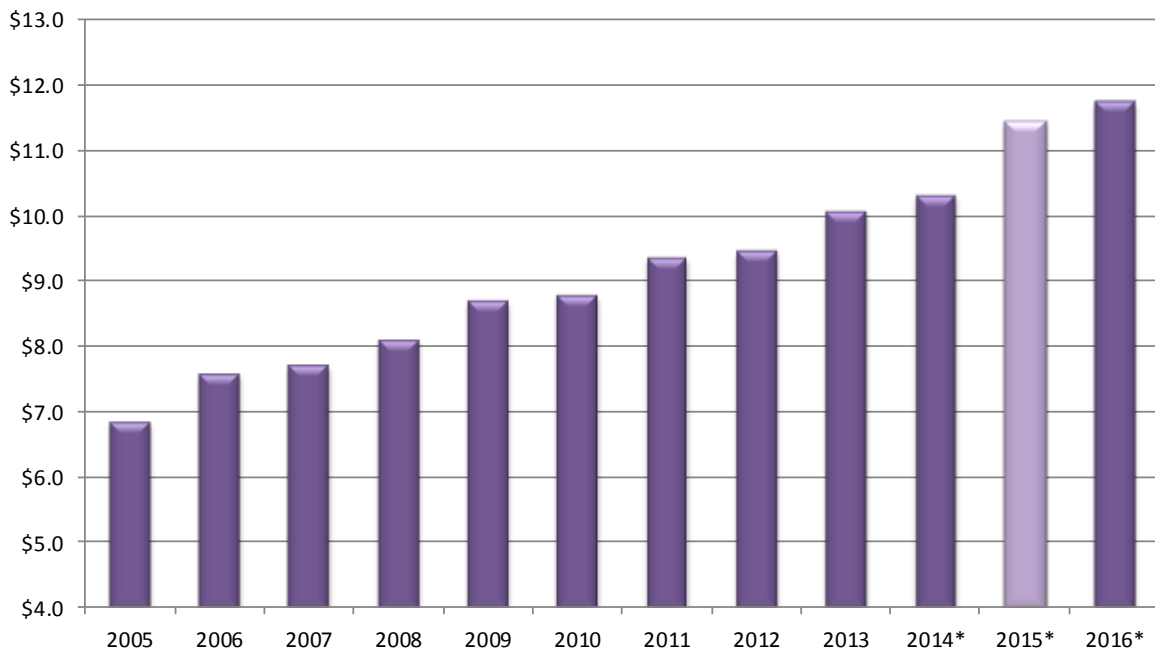
This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, rental car and ground rental revenues divided by enplanement.

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	Non-Airline Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Non-Airline Revenue per Enplanement \$	% Change
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	81,120	8,575	9.46	1.0%
2013	87,858	8,738	10.06	6.3%
2014*	91,989	8,914	10.32	2.6%
2015*	103,720	9,061	11.45	10.9%
2016*	108,170	9,215	11.74	2.5%

<sup>(1)</sup>In thousands.

## Non-Airline Revenue per Enplaned Passenger



\* Budgeted FY 2014, FY 2015, FY 2016.

Figure 41 – Non-Airline Revenue per Enplanement

Source: San Diego County Regional Airport Authority.

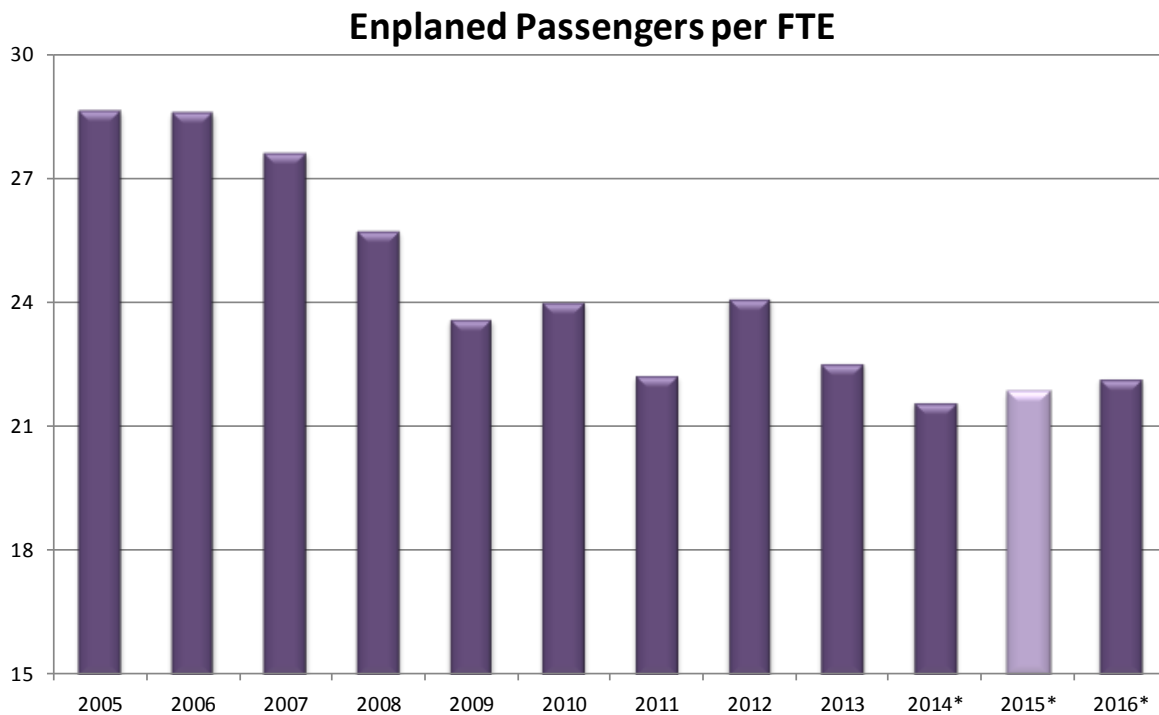
## Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the airport's staffing productivity level.

**Fiscal Years ended June 30, 2005 to 2016**

Fiscal Year	Enplaned Passengers per FTEs	FTEs	Enplaned Passengers (1)
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	24	356	8,575
2013	23	388	8,738
2014*	22	413	8,914
2015*	22	415	9,061
2016*	22	416	9,215

<sup>(1)</sup>In thousands.



\* Budgeted FY 2014, FY 2015, FY 2016.

**Figure 42 – Enplaned Passengers per FTE**

Source: San Diego County Regional Airport Authority.

## Operating Expenses per Enplanement

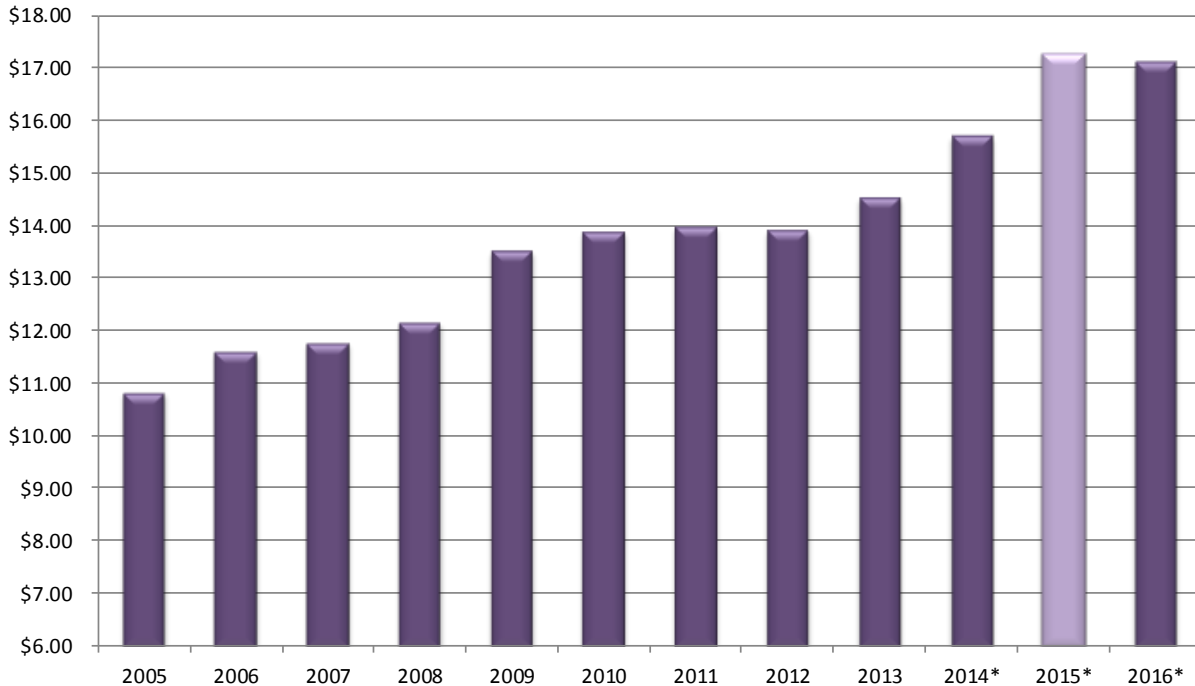
This divides operating expenses by enplanement and measures the Authority's relative operating efficiency.

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	Operating Expenses \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Expenses per Enplanement \$	% Change
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	119,169	8,575	13.90	-0.5%
2013	126,796	8,738	14.51	4.4%
2014*	139,844	8,914	15.69	8.1%
2015*	156,593	9,061	17.28	10.2%
2016*	157,355	9,215	17.08	-1.2%

<sup>(1)</sup>In thousands.

### Operating Expenses per Enplaned Passenger



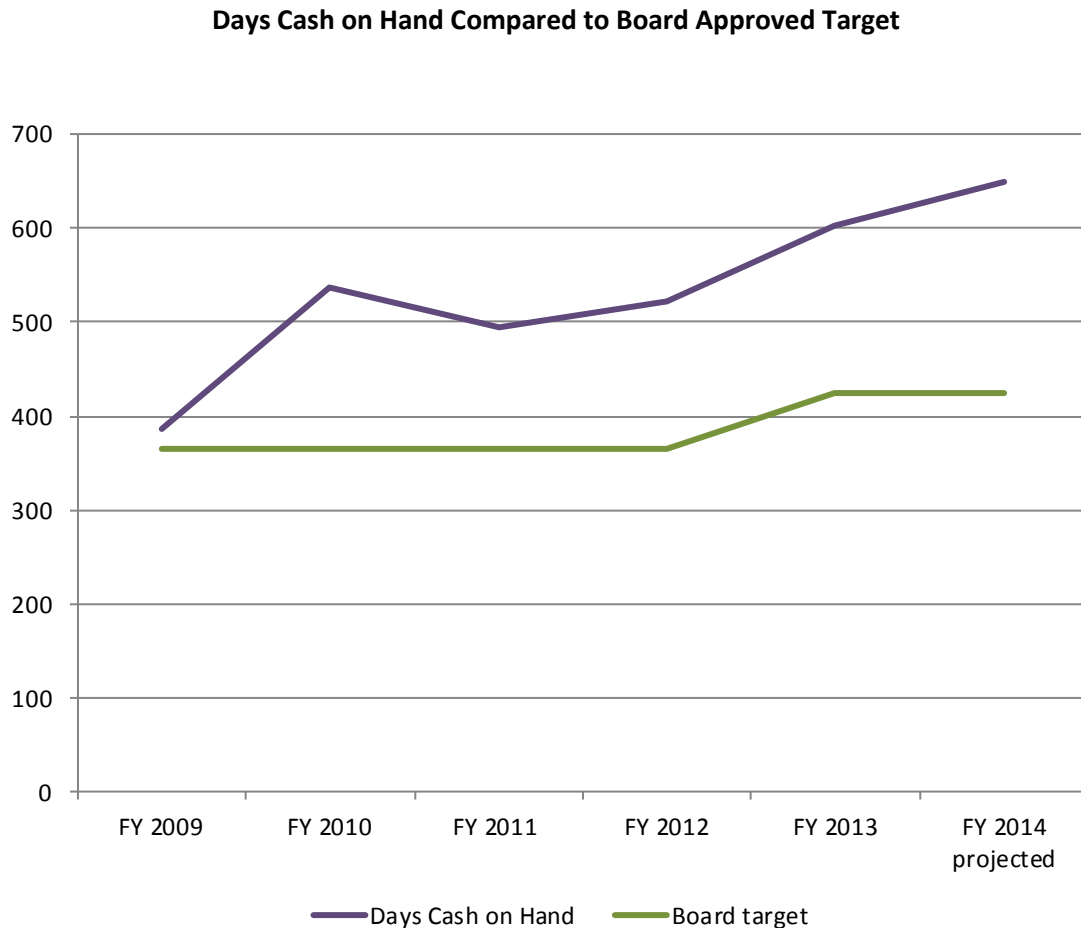
\* Budgeted FY 2014, FY 2015, FY 2016.

**Figure 43 – Operating Expenses per Enplanement**

Source: San Diego County Regional Airport Authority.

## Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.



**Figure 44 – Days Cash on Hand**

*Source: San Diego County Regional Airport Authority.*



## Airline Cost per Enplaned Passenger

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	Enplaned Passengers	Cost per Enplaned Passenger
2005	8,449	\$5.94
2006	8,750	\$5.98
2007	8,892	\$6.31
2008	9,389	\$6.26
2009	8,536	\$6.36
2010	8,454	\$6.73
2011	8,441	\$7.54
2012	8,575	\$8.33
2013	8,738	\$10.16
2014*	8,914	\$11.17
2015*	9,061	\$11.37
2016*	9,215	\$11.61

<sup>(1)</sup> In thousands.

## Airline Cost per Enplaned Passenger



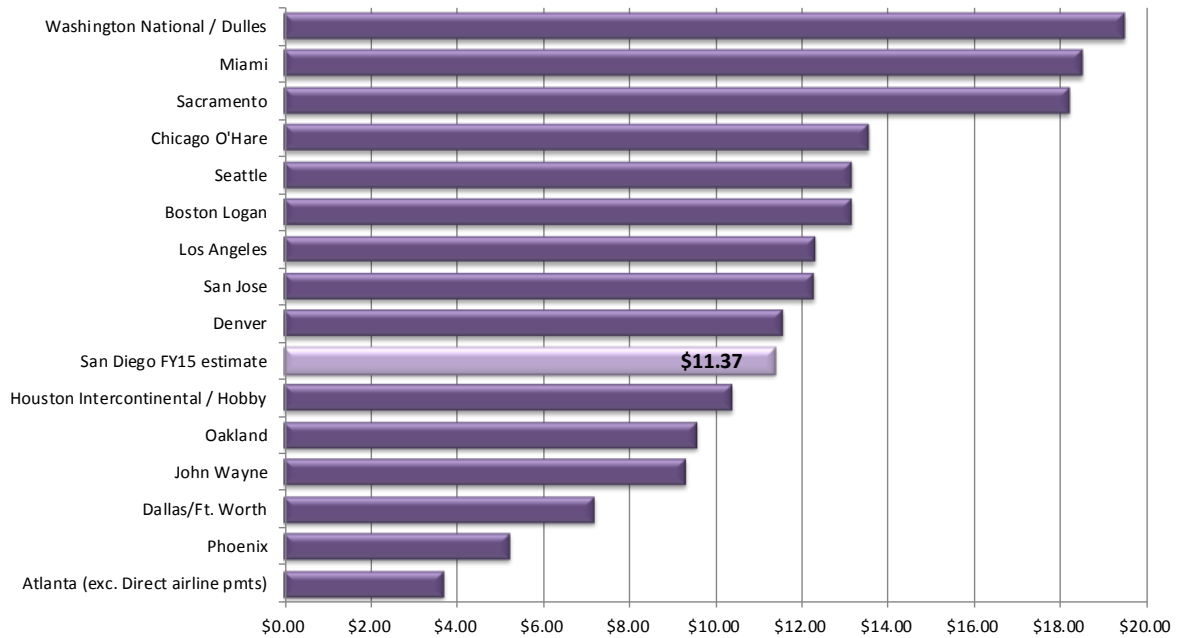
\*Projected FY 2014 and Budgeted FY 2015, 2016.

Figure 45 – Airline Cost per Enplaned Passenger

Source: San Diego County Regional Airport Authority.

## Airline Cost per Enplaned Passenger by Airport

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SDIA compares to other large airports.



**Median (\$12.29) for the above selected Moody's rated airports**  
**Source: Moody's Investor Service, MFRA Database, as of April, 2014**

**Figure 46 – 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.

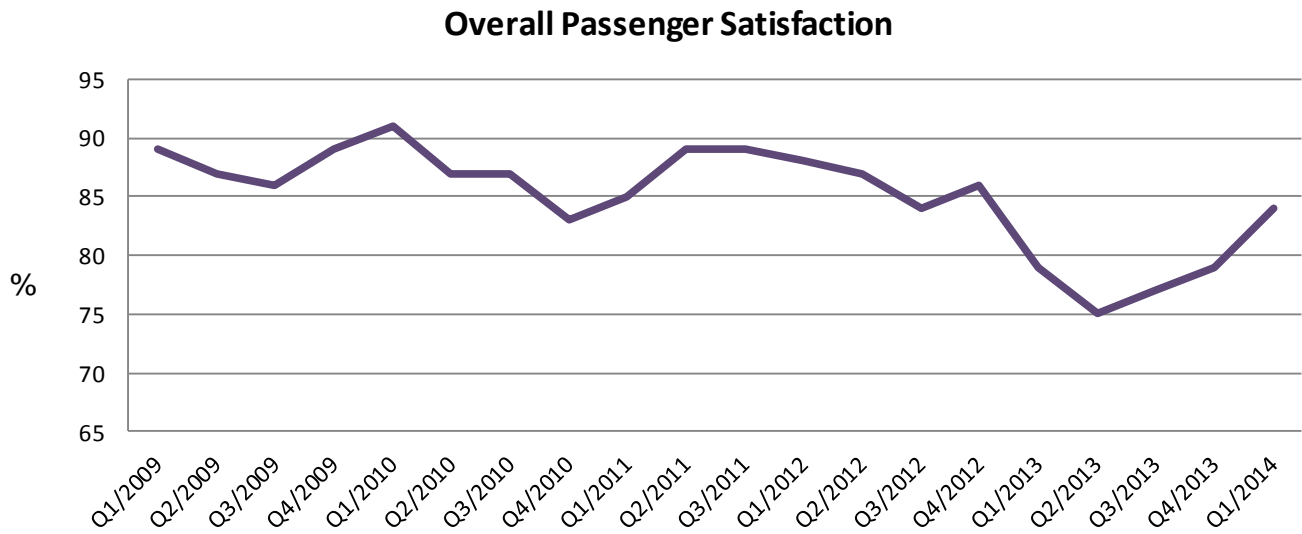


Figure 47 – Passenger Satisfaction Rating

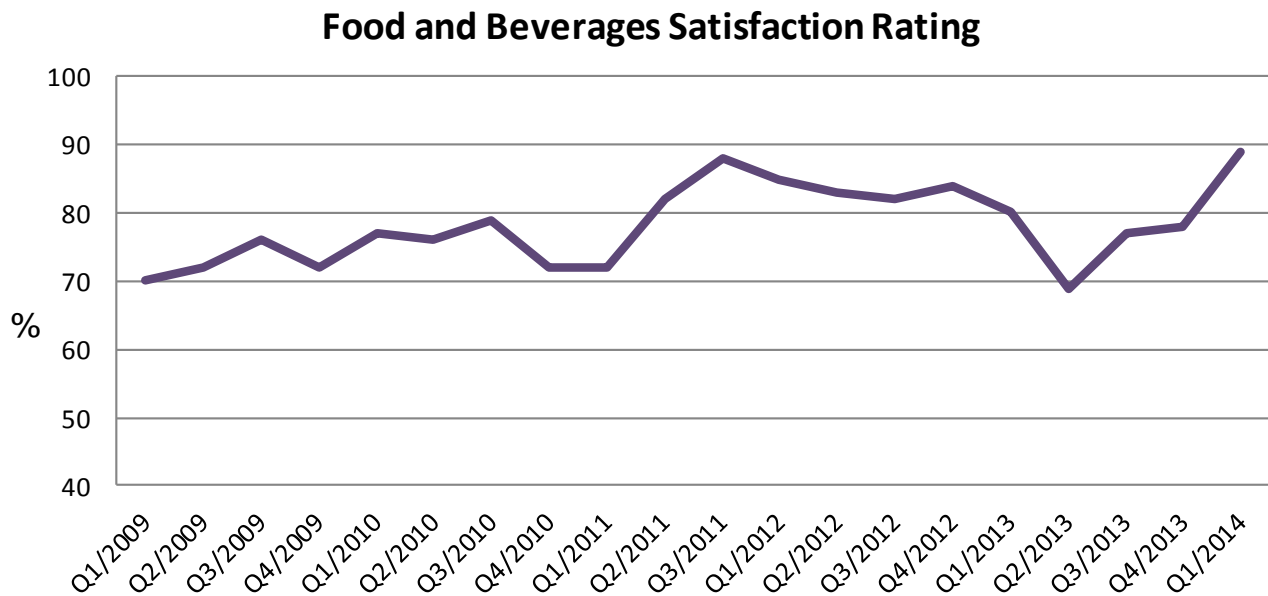


Figure 48 – Food and Beverage Satisfaction Rating

Passenger Satisfaction Rating (cont.)

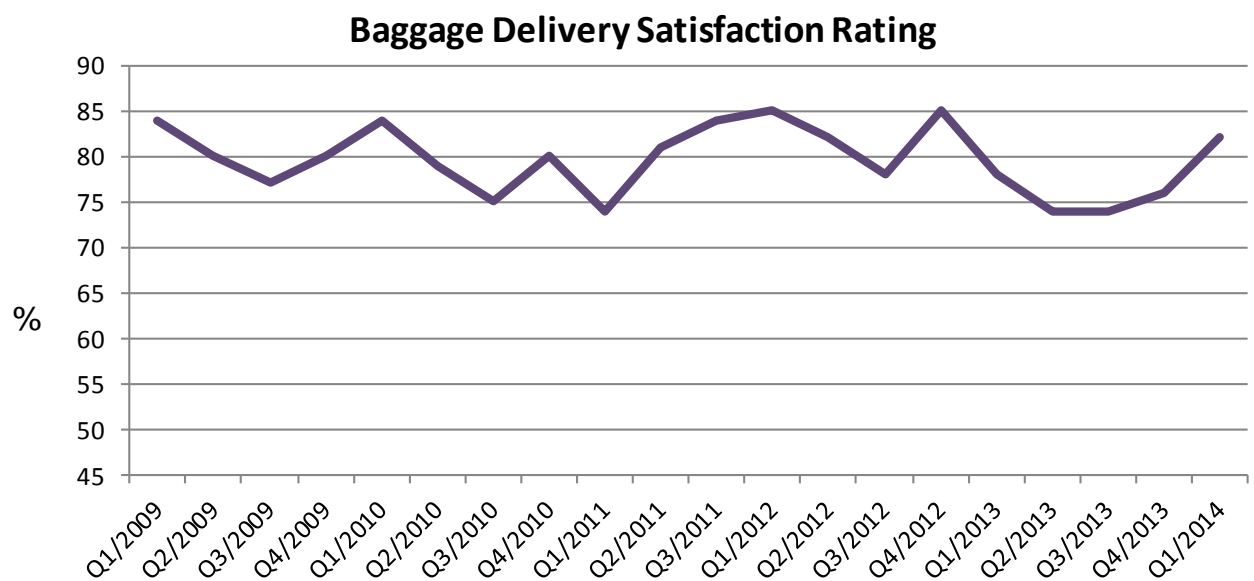


Figure 49 – Baggage Delivery Satisfaction Rating

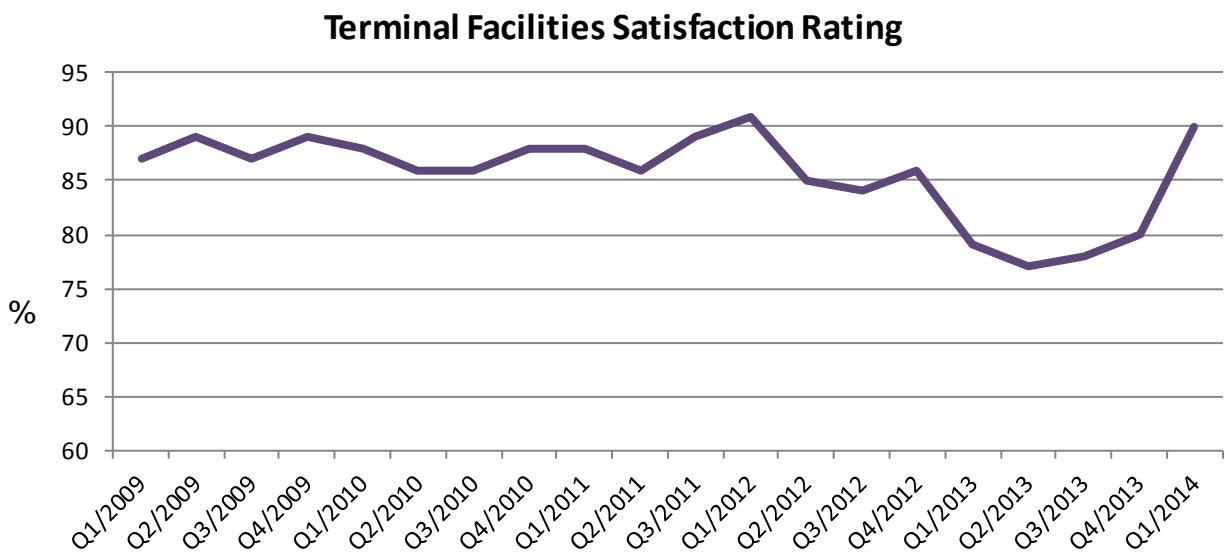


Figure 50 – Terminal Facilities Satisfaction Rating

## Passenger Satisfaction Rating (cont.)

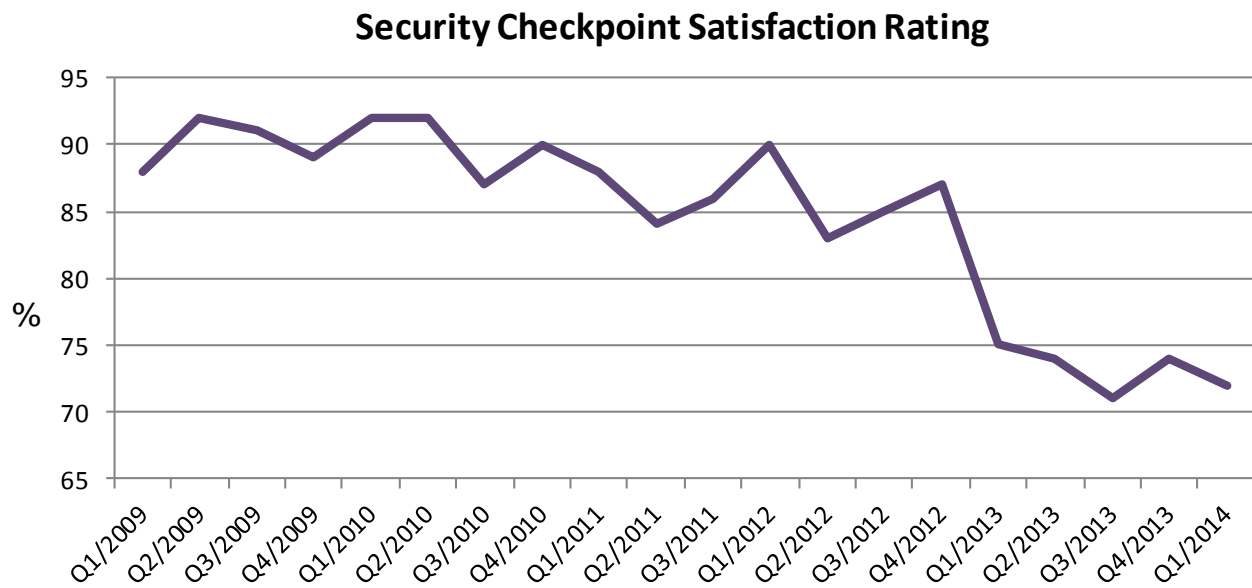


Figure 51 – Security Checkpoint Satisfaction Rating



Figure 52 – Retail Satisfaction Rating

# SUPPLEMENTAL DATA

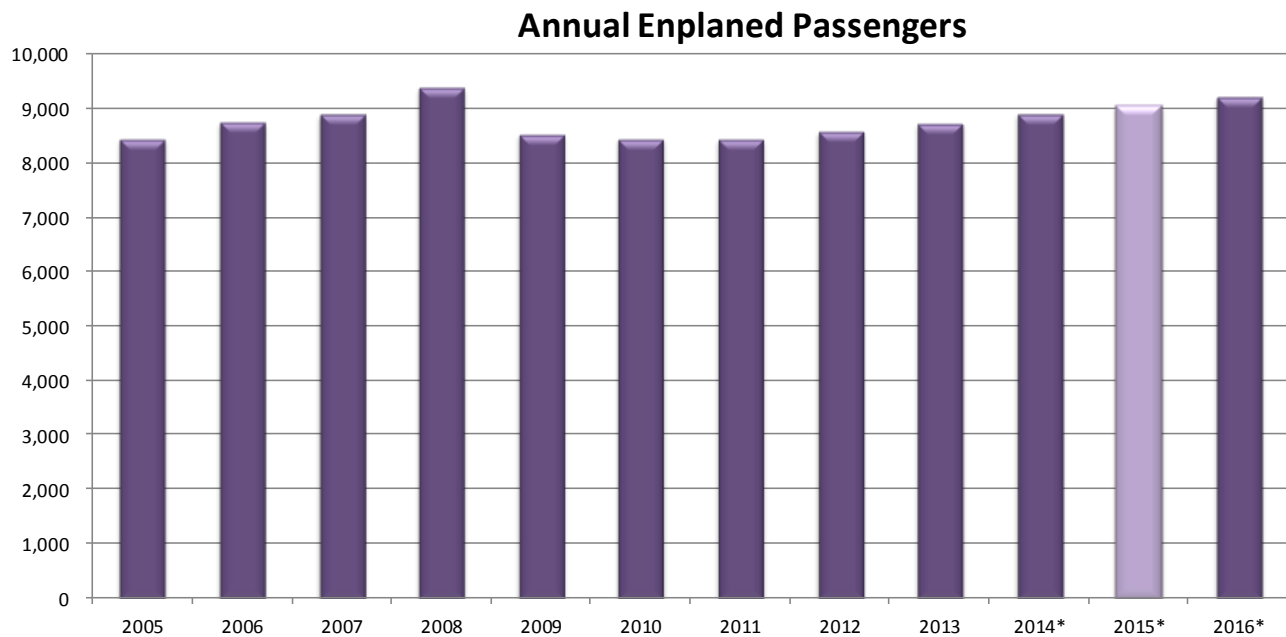
## Supplemental Data

### Annual Enplaned Passengers

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	Enplaned Passengers	% Change
2005	8,449	6.3%
2006	8,750	3.6%
2007	8,892	1.6%
2008	9,389	5.6%
2009	8,536	-9.1%
2010	8,454	-1.0%
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014*	8,914	2.0%
2015*	9,061	1.6%
2016*	9,215	1.7%

<sup>(1)</sup>In thousands.



**Figure 53 – Annual Enplaned Passengers**

*\*Projected FY 2014 and Budgeted FY 2015, FY 2016.*

*Source: San Diego County Regional Airport Authority.*

In FY 2015, enplaned passenger traffic at SDIA is projected to reach 9.06 million, which represents an increase of 3.0% from the 8.80 million enplanements used in the FY 2014 Budget and a 1.65% increase over the 8.91 million enplanements projected for FY 2014. Enplaned passengers are projected to increase by 1.7% to 9.22 million in the FY 2016 Conceptual Budget.

## Airline Market Share FY 2005 – FY 2013

Air Carrier	2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share	Enplane- ments	Share
Aeromexico	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%	—	0.0%	—	0.0%
Air Canada	—	0.0%	—	0.0%	55,398	0.6%	55,031	0.6%	27,255	0.3%	46,959	0.6%	58,539	0.7%	56,470	0.7%	45,058	0.5%
AirTran Airways	—	0.0%	—	0.0%	7,983	0.1%	97,937	1.0%	66,475	0.8%	37,530	0.4%	17,978	0.2%	—	0.0%	—	0.0%
Alaska Airlines	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%	579,457	6.8%	673,731	7.7%
Aloha Airlines	29,051	0.3%	41,882	0.5%	38,418	0.4%	33,620	0.4%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
America West	466,615	5.5%	451,904	5.2%	374,072	4.2%	78,298	0.8%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
American Airlines	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%	664,466	7.7%	650,826	7.4%
British Airways	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	6,912	0.1%	81,437	0.9%	81,534	0.9%
Continental Airlines	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%	—	0.0%	—	0.0%
Delta Airlines	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%	935,777	10.9%	904,734	10.4%
Frontier Airlines	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%	198,708	2.3%	184,020	2.1%
Hawaiian Airlines	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%	86,211	1.0%	94,283	1.1%
Japan Airlines	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	18,249	0.2%
JetBlue Airlines	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%	147,051	1.7%	152,571	1.7%
Midwest Airlines	—	0.0%	18,688	0.2%	34,551	0.4%	42,763	0.5%	8,380	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Northwest Airlines	319,790	3.8%	292,393	3.3%	286,952	3.2%	295,724	3.1%	272,684	3.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Southwest Airlines	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%	3,252,290	37.9%	3,253,225	37.2%
Sun Country Airlines	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%	15,889	0.2%	23,836	0.3%
Spirit	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	77,873	0.9%	164,189	1.9%
United Airlines	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%	1,266,007	14.8%	1,175,869	13.5%
US Airways	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%	535,906	6.2%	560,738	6.4%
Virgin America	—	0.0%	—	0.0%	—	0.0%	57,292	0.6%	155,649	1.8%	151,110	1.8%	133,377	1.6%	166,326	1.9%	168,297	1.9%
Volaris	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	45,589	0.5%	30,885	0.4%
Other	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%	43,634	0.5%	43,212	0.5%
<b>Total Air Carrier</b>	<b>7,852,982</b>	<b>92.9%</b>	<b>8,142,456</b>	<b>93.1%</b>	<b>8,339,558</b>	<b>93.8%</b>	<b>8,754,541</b>	<b>93.2%</b>	<b>8,056,527</b>	<b>94.4%</b>	<b>7,956,178</b>	<b>94.1%</b>	<b>8,006,625</b>	<b>94.9%</b>	<b>8,153,091</b>	<b>95.1%</b>	<b>8,225,453</b>	<b>94.1%</b>
<b>Commuter</b>																		
American Eagle	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%	140,574	1.6%	82,377	0.9%
Express Jet Airlines	—	0.0%	—	0.0%	17,603	0.2%	202,429	2.2%	36,034	7.5%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Horizon	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5,900	0.1%	77,392	0.9%
Mesa Airlines	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%	12,766	0.1%	206	0.0%
Seaport Airlines	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	196	0.0%
SkyWest Airlines	193,272	2.3%	202,812	2.3%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	—	0.0%
SkyWest - (American Eagle - LAX)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	62,061	0.7%
Skywest- Delta Connection	—	0.0%	—	0.0%	55,646	0.6%	36,610	0.4%	66,783	0.8%	93,380	1.1%	92,818	1.1%	94,644	1.1%	101,456	1.2%
Skywest- United Express	—	0.0%	—	0.0%	161,956	1.8%	140,502	1.5%	136,760	1.6%	178,386	2.1%	179,547	2.1%	162,620	1.9%	177,889	2.0%
Skywest- US Airways	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	5,880	0.1%	10,783	0.1%
<b>Total Commuter</b>	<b>596,125</b>	<b>7.1%</b>	<b>607,278</b>	<b>6.9%</b>	<b>552,511</b>	<b>6.2%</b>	<b>634,786</b>	<b>6.8%</b>	<b>479,247</b>	<b>5.6%</b>	<b>497,708</b>	<b>5.9%</b>	<b>434,495</b>	<b>5.1%</b>	<b>422,384</b>	<b>4.9%</b>	<b>512,164</b>	<b>5.9%</b>
<b>Total Enplanements</b>	<b>8,449,107</b>	<b>100.0%</b>	<b>8,749,734</b>	<b>100%</b>	<b>8,892,069</b>	<b>100%</b>	<b>9,389,327</b>	<b>100%</b>	<b>8,535,774</b>	<b>100%</b>	<b>8,453,886</b>	<b>100%</b>	<b>8,441,120</b>	<b>100%</b>	<b>8,575,475</b>	<b>100%</b>	<b>8,737,617</b>	<b>100%</b>

\* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table starting FY 2012.

**Figure 54 – Airline Market Share**

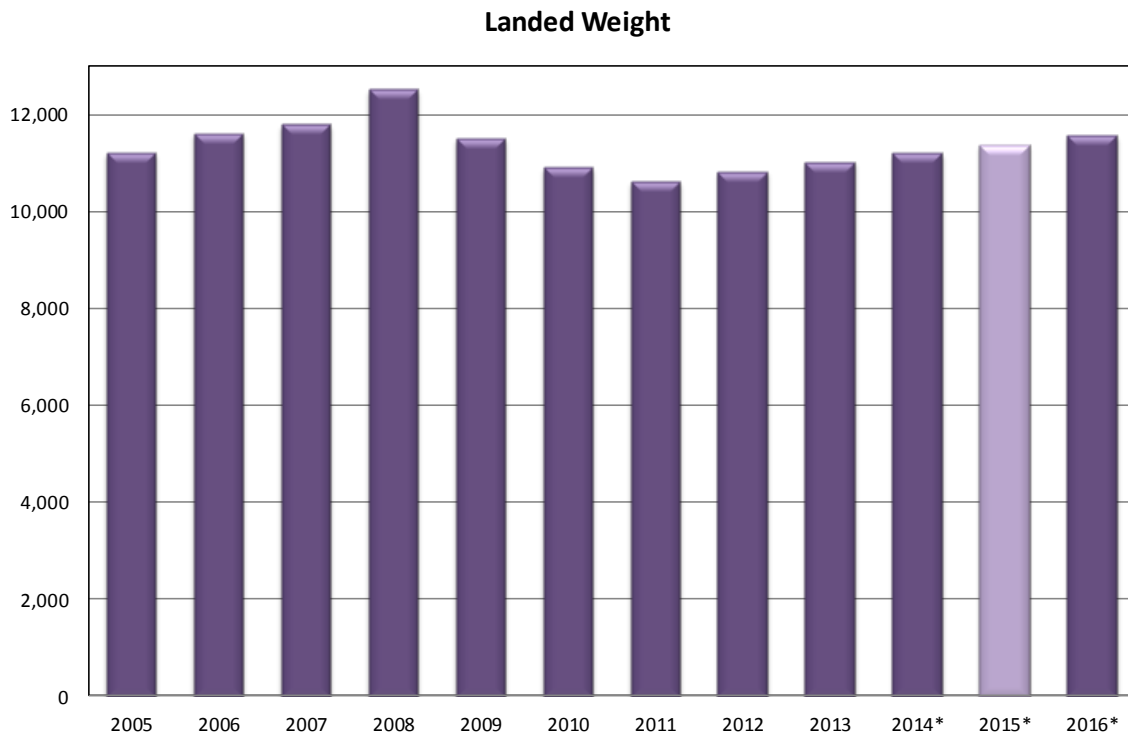
The more diverse an airport's airline market share, the less susceptible it is to the effects of an airline's financial position or changing service levels. Seven carriers accounted for approximately 87% of the enplaned passengers. Information presented reflects those years that the Authority was in operation.



## Aircraft Landed Weight

Fiscal Years ended June 30, 2005 to 2016

Fiscal Year	(Million lbs)	% Change
2005	11,200	4.2%
2006	11,605	3.6%
2007	11,774	1.5%
2008	12,501	6.2%
2009	11,497	-8.0%
2010	10,893	-5.3%
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014*	11,185	1.5%
2015*	11,366	1.6%
2016*	11,559	1.7%



\*Projected FY 2014 and Budgeted FY 2015, FY 2016.

**Figure 55 – Aircraft Landed Weight**

Source: San Diego County Regional Airport Authority.

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 2015, landed weight is estimated to increase by 1.6% over FY 2014 year end projections.

## Aircraft Landed Weight (cont.)

Airline	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total	2013	% of Total
1 Southwest Airlines	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%	3,953,536	36.5%	3,907,554	35.5%
2 United Airlines *	1,732,536	15.5%	1,767,394	15.2%	1,803,693	15.3%	1,761,692	14.1%	1,670,479	14.5%	1,662,541	15.3%	1,583,372	14.9%	1,502,203	13.9%	1,387,854	12.6%
3 Delta Airlines	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%	1,047,068	9.7%	1,023,608	9.3%
4 Alaska Airlines	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%	648,359	6.0%	750,000	6.8%
5 American Airlines	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%	701,126	6.5%	685,836	6.2%
6 US Airways	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%	643,014	5.9%	653,915	5.9%
7 Federal Express	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%	452,453	4.2%	451,797	4.1%
8 Skywest Airlines	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%	306,789	2.8%	428,595	3.9%
9 Virgin America	-	0.0%	-	0.0%	-	0.0%	3,122	0.0%	221,333	1.9%	205,348	1.9%	173,686	1.6%	208,253	1.9%	235,934	2.1%
10 Spirit Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	98,931	0.9%	208,200	1.9%
11 Frontier Airlines	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%	208,936	1.9%	196,614	1.8%
12 JetBlue Airlines	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%	166,232	1.5%	168,080	1.5%
13 British Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	13,800	0.1%	167,440	1.5%	163,760	1.5%
14 Hawaiian Airlines	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%	118,088	1.1%	140,637	1.3%
15 United Parcel	-	0.0%	-	0.0%	-	0.0%	-	0.0%	127,900	1.1%	118,874	1.1%	120,158	1.1%	120,454	1.1%	118,180	1.1%
<b>Subtotal</b>	<b>9,240,007</b>	<b>82.5%</b>	<b>9,607,495</b>	<b>82.8%</b>	<b>9,952,639</b>	<b>84.5%</b>	<b>10,691,329</b>	<b>85.5%</b>	<b>10,512,096</b>	<b>91.4%</b>	<b>10,136,906</b>	<b>93.1%</b>	<b>10,136,528</b>	<b>95.6%</b>	<b>10,342,881</b>	<b>95.6%</b>	<b>10,520,566</b>	<b>95.5%</b>
All Others	1,960,197	17.5%	1,997,378	17.2%	1,821,318	15.5%	1,810,162	14.5%	984,661	8.6%	755,961	6.9%	469,632	4.4%	477,021	4.4%	493,703	4.5%
<b>TOTAL</b>	<b>11,200,204</b>	<b>100.0%</b>	<b>11,604,873</b>	<b>100.0%</b>	<b>11,773,957</b>	<b>100.0%</b>	<b>12,501,491</b>	<b>100.0%</b>	<b>11,496,758</b>	<b>100.0%</b>	<b>10,892,867</b>	<b>100.0%</b>	<b>10,606,160</b>	<b>100.0%</b>	<b>10,819,902</b>	<b>100.0%</b>	<b>11,015,716</b>	<b>100.0%</b>
<b>Annual % Change</b>	<b>4.2%</b>		<b>3.6%</b>		<b>1.5%</b>		<b>6.2%</b>		<b>-8.0%</b>		<b>-5.3%</b>		<b>-2.6%</b>		<b>2.0%</b>		<b>1.8%</b>	

\* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.  
Source: San Diego County Regional Airport Authority.

**Figure 56 – Top 15 Ranked by Aircraft Landed Weight**

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual.

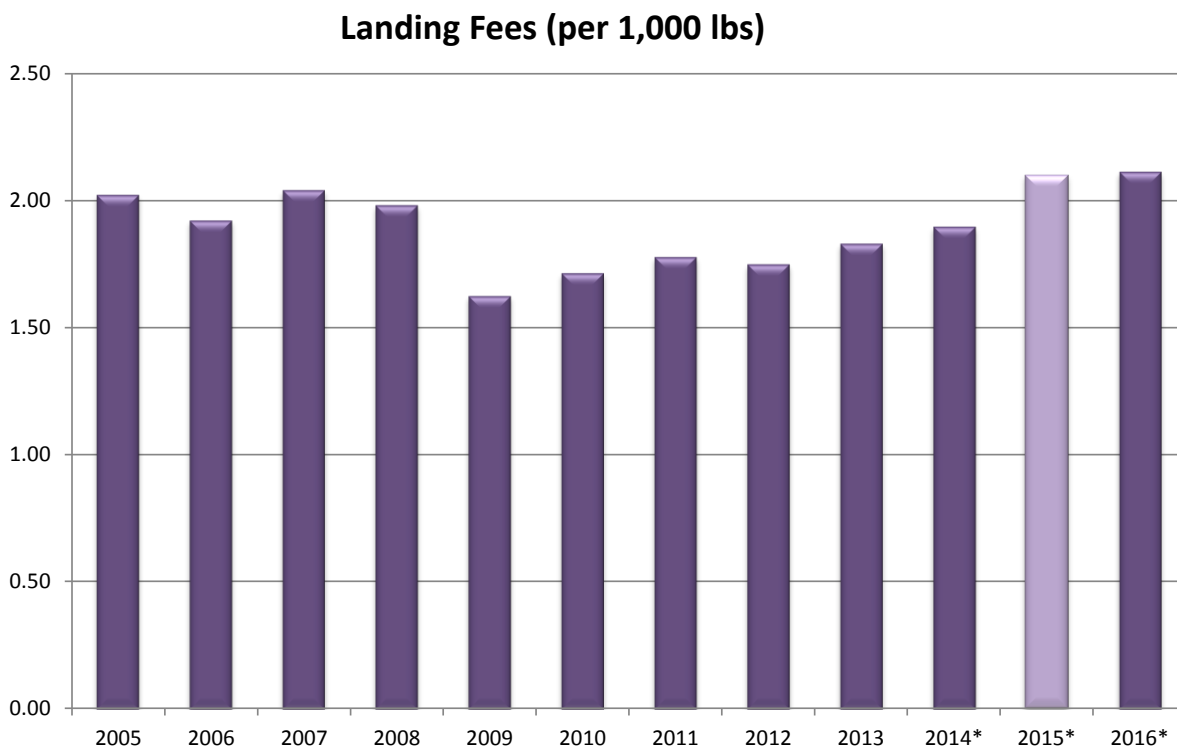
Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SDIA.

Information presented reflects those years that the Authority was in operation.

## Landing Fees

Fiscal Years Ended June 30, 2005 to 2016

Fiscal Year	Landing Fees Per	
	1,000 lbs. \$	% Change
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	1.75	-1.6%
2013	1.83	4.7%
2014*	1.90	3.6%
2015*	2.10	10.8%
2016*	2.11	0.5%



\*Projected FY 2014 and Budgeted FY 2015, FY2016.

**Figure 57 – Landing Fees**

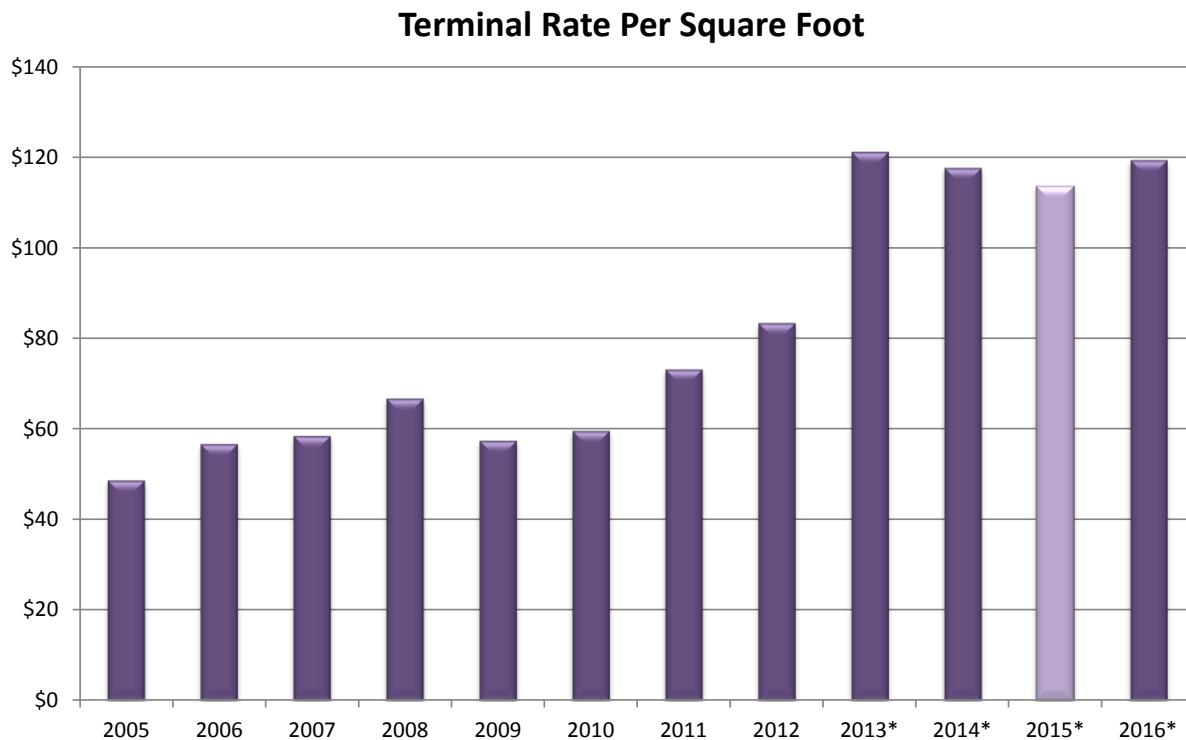
Source: San Diego County Regional Airport Authority.

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, 2005 to 2016

Fiscal Year	Terminal Rates Per	
	Square Foot ** \$	% Change
2005	48.62	-12.8%
2006	56.62	16.5%
2007	58.39	3.1%
2008	66.67	14.2%
2009	57.38	-13.9%
2010	59.53	3.7%
2011	73.09	22.8%
2012	83.31	14.0%
2013*	121.16	45.4%
2014*	117.57	-3.0%
2015*	113.60	-3.4%
2016*	119.27	5.0%



\*Projected FY 2014 and Budgeted FY 2015, FY2016.

\*\*Net of janitorial credit.

**Figure 58 – Terminal Rates**

Source: San Diego County Regional Airport Authority.

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 Taxi	Total	General Aviation	Military	Total
2005	148,975	51,377	200,352	17,069	1,094	218,515
2006	154,092	54,156	208,248	17,383	1,121	226,752
2007	157,198	50,068	207,266	17,195	983	225,444
2008	167,753	55,373	223,126	16,123	1,040	240,289
2009	155,766	39,122	194,888	12,721	1,174	208,783
2010	149,718	32,100	181,818	11,674	1,017	194,509
2011	146,215	28,273	174,488	10,938	755	186,181
2012	149,104	26,398	175,502	12,120	658	188,280
2013	154,781	23,370	178,151	9,586	567	188,304

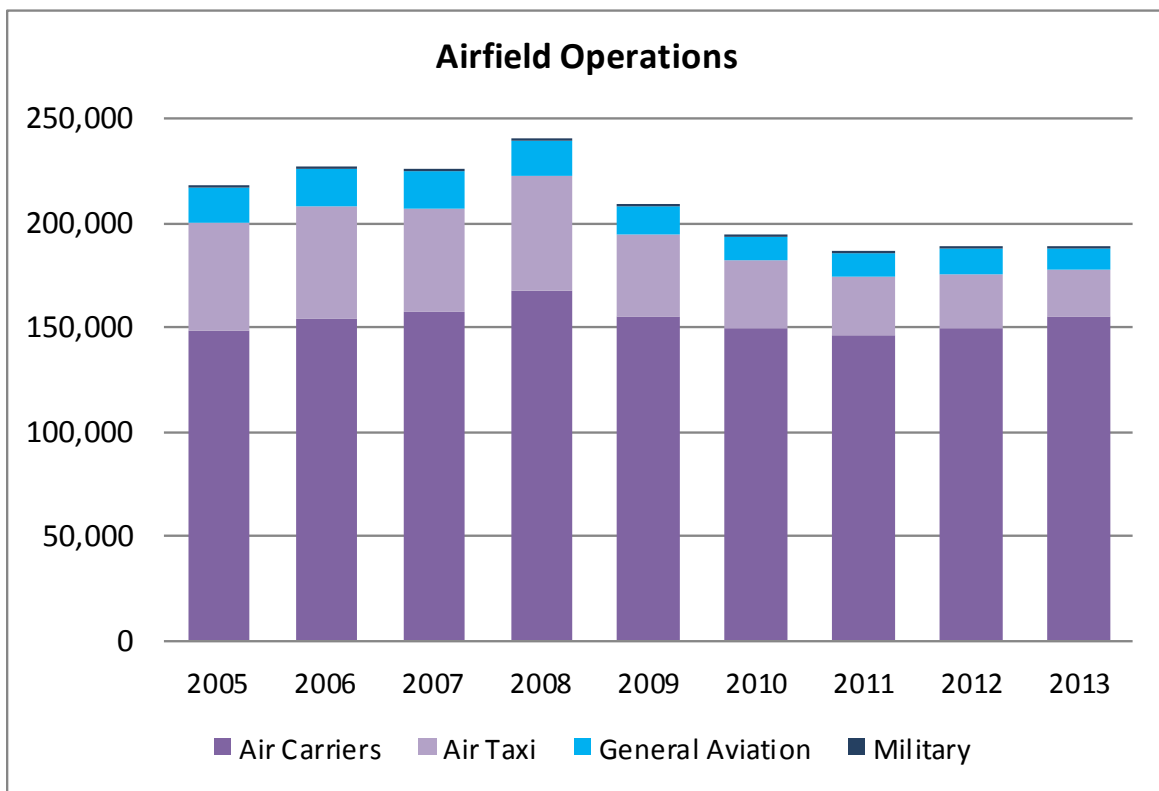


Figure 59 – Airfield Operations

Source: San Diego County Regional Airport Authority.

Aircraft operations are the takeoffs and landings at SDIA. They represent the level of demand for air service by the airlines operating at SDIA.

## Authority Largest Sources of Revenues

Tenant	2005	2006	2007	2008	2009	2010	2011	2012	2013	% of Total Operating Revenue
Southwest Airlines	\$ 12,767,378	\$ 13,464,404	\$ 15,624,767	\$ 16,920,722	\$ 17,658,629	\$ 19,428,103	\$ 21,306,108	\$ 23,357,007	\$ 27,598,908	15.5%
United Airlines	5,877,927	5,717,234	6,623,373	6,522,426	6,344,127	7,905,284	9,280,812	10,931,601	15,817,886	8.9%
Delta Airlines	5,010,848	4,876,095	5,347,415	5,168,634	4,647,333	6,663,671	8,003,895	8,911,886	10,898,540	6.1%
American Airlines	8,472,274	10,191,557	8,303,616	7,750,147	5,543,732	7,693,564	7,611,443	8,197,015	9,765,412	5.5%
Host International	8,038,435	9,147,356	9,808,385	10,875,857	9,883,713	9,907,860	10,360,436	10,793,503	6,960,141	3.9%
Enterprise Rent-A-Car	1,084,031	2,888,849	2,007,684	2,530,192	2,501,720	2,517,682	4,431,129	7,290,392	6,934,784	3.9%
Alaska Airlines	2,400,679	2,464,162	2,843,993	2,800,385	2,754,173	2,951,554	3,482,098	4,265,739	6,167,257	3.5%
Hertz Rent-A-Car	5,316,755	5,979,512	6,728,751	6,860,949	5,816,230	5,861,737	5,635,151	5,795,690	5,961,730	3.4%
US Airways	672,643	571,874	1,714,362	4,048,246	3,478,789	3,756,383	3,899,253	4,388,522	5,408,046	3.0%
Avis Budget Rent-A-Car Group	4,966,532	6,002,357	4,465,182	6,193,565	5,505,770	3,378,607	3,842,594	4,507,266	4,697,455	2.6%

Figure 60 – Authority Largest Sources of Revenues

Source: San Diego County Regional Airport Authority.

## Population & Economic Metrics

### San Diego County (CY 2005-2014)

Calendar Year	Estimated Population <sup>(1)</sup>	% Change	Per Capita			
			Calendar Year	Personal Income <sup>(2)</sup> \$	% Change	Labor Force <sup>(2)</sup>
2005	3,038,074	0.9%	2005	40,383	4.8%	1,505,892
2006	3,065,077	0.9%	2006	42,801	5.6%	1,520,474
2007	3,100,132	1.1%	2007	45,911	6.8%	1,542,445
2008	3,131,552	1.0%	2008	46,649	1.6%	1,548,700
2009	3,173,407	1.3%	2009	42,325	-10.2%	1,554,100
2010	3,091,579	-2.6%	2010	43,104	1.8%	1,558,200
2011	3,118,876	0.9%	2011	46,767	8.5%	1,574,000
2012	3,128,734	0.3%	2012	48,265	3.2%	1,584,300
2013	3,150,178	0.7%	2013	N/A	N/A	1,602,500
2014	3,194,362	1.4%	2014	N/A	N/A	1,586,900

**Figure 61 – Population Metrics**

**Sources:**

<sup>(1)</sup> California Department of Finance, *E-1 Population Estimates for Cities, Counties and the State, January 1<sup>st</sup> of the calendar years shown.*

<sup>(2)</sup> U.S. Department of Commerce, Bureau of Economic Analysis, *Regional Economic Accounts, Local Area Personal Income.*

## Households & Income

### San Diego County

<b>Households</b>	<b>2000</b>	<b>2010</b>	<b>2000-2010 Change</b>
Number of Households	450,691	518,063	13.0%
Median Household Income	47,360	44,772	-5.8%

<b>Income Distribution</b>	<b>2000</b>	<b>2010</b>	<b>2000-2010 Change</b>
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 62 – Household and Income**

*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

<b>FY 2014</b>	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Unemployment Rate</b>
July	1,601,700	1,473,600	128,100	8.0%
August	1,592,000	1,469,900	122,100	7.7%
September	1,586,700	1,470,700	116,000	7.3%
October	1,581,200	1,464,700	116,500	7.4%
November	1,585,600	1,475,100	110,600	7.0%
December	1,578,600	1,476,200	102,300	6.5%
January	1,586,900	1,475,100	111,800	7.0%
February	1,594,000	1,482,600	111,500	7.0%
March	1,607,800	1,496,500	111,300	6.9%
April	1,583,300	1,487,300	95,900	6.1%
May	1,587,600	1,495,000	92,600	5.8%
June	1,590,800	1,494,200	96,500	6.1%

**Figure 63 – Labor Force, Employment, Unemployment Rate**

*Source: State of California Employment Development Department, Labor Market Information Division, June 2014 Benchmark (not seasonally adjusted).*

## Principal Employers

### San Diego County

Employer	2013			2004		
	Employees	Rank	Percentage Total of County Employment	Employees	Rank	Percentage Total of County Employment
U.S. Federal Government <sup>[1]</sup>	45,500	1	3.51%	40,700	1	2.80%
State of California	42,900	2	3.31%	38,800	2	2.65%
University of California, San Diego	27,391	3	2.11%	23,225	4	1.47%
Sharp Health Care	15,231	4	1.17%	12,945	6	1.19%
County of San Diego	15,050	5	1.16%	16,810	5	0.84%
San Diego Unified School District	14,603	6	1.13%	26,701	3	1.67%
Scripps Health	14,097	7	1.09%	10,517	9	0.72%
Qualcomm Inc.	11,400	8	0.88%	-	-	-
City of San Diego	10,057	9	0.77%	12,398	7	0.87%
Kaiser Foundation	7,731	10	0.60%	-	-	-
US Postal Service	-	-	-	11,611	8	0.85%
San Diego State University	-	-	-	6,512	10	0.48%
	203,960		15.71%	200,219		14.60%

Figure 64 – Principal Employers

**Total Industry Employment in San Diego County (June 2013) 1,297,900**

Source: Employers - San Diego Daily Transcript: 2004 & 2013 Book of Lists, Labor Market Information Division June 2013 - March 2012 Benchmark.

<sup>[1]</sup>U.S. Federal Govt. employment does not include Dept. of Defense employees.

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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 (AIP)** – 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.

**CUPPS** – Common use passenger processing system. CUPPS is a common use terminal equipment system which allows airlines to operate from any ticket counter and gate if needed. It includes common use self-service kiosk for passenger check in.

**CUSS** – Common use systems support. CUSS is a shared service kiosk system allowing for convenient passenger check-in that can be used by multiple airlines.

**DCOH** – Days cash on hand.

**DEBT SERVICE** – Principal and interest payments on bonds.

**DEBT SERVICE COVERAGE** – An amount equal to 125% of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

**DISCRETIONARY GRANTS** – See “Federal Grants.”

**DISTRICT** – The San Diego Unified Port District.

**E1** – See Airport Resource Planning.

**EMPLOYEE ANNUAL TUNE UP** – Annual training session for employees covering policies and procedures.

**ENPLANED PASSENGER** – Any revenue passenger boarding at the Airport, including any passenger that previously disembarked from another aircraft (i.e., connecting passenger).

**ENTERPRISE FUND** – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

**ENVIRONMENTAL IMPACT REVIEW (EIR)** – The review and analysis of the environmental impacts that might potentially arise from changes in facility design or use. Those issues typically addressed in an Environmental Impact Report, Negative Declaration, or similar document, are handled by the Airport Planning Department.

**ENVIRONMENTAL IMPACT STATEMENT (EIS)** – The EIS is an impact document prepared pursuant to the National Environmental Policy Act (NEPA) that documents the potential environmental impact of an airport infrastructure expansion or modification.

**FEDERAL AVIATION ADMINISTRATION (FAA)** – The FAA is part of the Department of Transportation and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system and administers federal grants for development of public-use airports.

**FEDERAL GRANTS** – The FAA’s Airport Improvement Program provides both entitlement and discretionary grants for eligible airport projects. Entitlement funds are determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a Letter of Intent is subject to receipt of Congressional appropriations for grants to airports and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in approved LOI from FAA are used by the Authority as the estimate of federal discretionary grants to be received.

**FISCAL YEAR** – The annual period beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

**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.”

**NET REVENUE** – Net revenue is generally defined as operating revenue less operating expenses.

**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.

**RCC** – Rental Car Center.

**RDC** – Receiving and Distribution Center is a central warehouse for the delivery and distribution of goods at the airport. All supplies for the concessions within the airport as well as airport authority supplies will flow through this center.

**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.