

12.0 FISCAL ANALYSIS COMPONENT

12.1 INTRODUCTION

The San Diego County Regional Airport Authority Act, the Authority's enabling legislation, frames the financial parameters of the Authority. As a financially self-sufficient agency, the Airport Authority does not rely on taxpayer dollars or any city or County funds to operate. As of June 2007, the Authority held total assets of over \$572 million. The Municipal Permit requires that the Authority shall secure the resources necessary to meet the requirements of Order No. R9-2007-0001. The Authority will annually conduct and report the results of a fiscal analysis of its urban runoff management programs in their entirety (including jurisdictional, watershed, and regional activities).

12.2 FISCAL ANALYSIS METHODS

The fiscal analysis identifies the various categories of expenditures attributable to the urban runoff management programs and outlines the program budget for the current year, including a description of the source(s) of the funds that are proposed for use.

12.2.1 AUTHORITY BUDGET PROCESS

The Authority operates on a July 1 through June 30 fiscal year. The budget process begins in November with senior management updating, reviewing and formulating the Authority's long-term goals and strategies. At the same time, division managers and staff develop programs, plans and objectives for the next fiscal year. In January, the Financial Planning and Budget staff review the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's goals and objectives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment), and capital projects are proposed and reviewed. The Financial Planning, Human Resources, Purchasing and Facility Development departments analyze the requests and determine the cost impact where appropriate. Meetings are held with each division to review their budget requests. To ensure that the budget is adequately funded and to maintain the Authority's strong financial condition, the Finance Division prepares a revenue budget that incorporates budget expenditure requests into the rate-setting formula to determine projected rates, fees and charges to the airlines and other tenants. Budget workshops are held with the Board to review the budget and receive further direction. The Board adopts the budget as a whole. It may be amended as required, pending Board approval, at any time during the year.

The Authority has four sources of revenue: (1) airline revenue; (2) non-airline revenue; (3) non-operating revenues; and (4) investment earnings. Airline revenue is primarily from landing fees, terminal rents, and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, and ground rents.

Non-operating revenue is primarily passenger facility charges (PFCs) and federal grant receipts collected to fund capital improvement projects.

The Divisional and Departmental budgets, addressing the Authority's overall goals, objectives and mandated obligations, contribute to an expense budget. The expense budget is comprised of costs for salaries, wages, benefits, operating equipment and systems, safety and security, maintenance, utilities, contractual services, business development costs (including advertising and promotional activities), various property lease payments, debt service, and capital improvements. The Capital Improvement Program is a rolling 3 to 5 year program that provides for critical improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety and capacity, terminal building improvements, electrical upgrades, and environmental pollution prevention/remediation needs. Funding sources for the projects include Airport Improvement Program (AIP) grants, PFCs, airport operating revenues, airport revenue bonds, and short-term borrowing using commercial paper.

12.2.2 BUDGET FOR STORMWATER MANAGEMENT PROGRAMS

Currently, the Authority's fiscal analysis of the stormwater management program examines previously adopted budgets and expenditures against program needs to develop adequate budgets for future years. The methodology incorporates costs for program administration, planning, monitoring, necessary infrastructure and other capital improvements. The fiscal analysis includes an assessment of personnel time and expenditures related to implementation of the SWMP and a description of funding sources and any legal restrictions on the use of the funds.

Environmental Affairs summarizes the expenditures required each year to execute the programs outlined in the SMWP. The bulk of expenditures related to the implementation of the SWMP pass through the Environmental Affairs Department and the Facilities Maintenance Department. The Environmental Affairs Department is responsible for administrative functions within the Stormwater Management Program, including budget management and planning. The Environmental Affairs Department staff carries out the administrative activities for the program, including: 1) budgetary management and planning; 2) enforcement and inspection; 3) monitoring and reporting; 4) coordination and involvement with the Municipal Permit Copermittees and agencies; 5) assistance to other groups outside the department; 6) internal and external training, workshops, and public events; and 7) helping to secure the materials and equipment necessary to perform required tasks. The Facilities Maintenance Department is generally responsible for the operation and maintenance (O&M) aspects of the program, including: 1) inspection and maintenance of the storm drain system; 2) maintenance of facilities and grounds; 3) securing the materials, equipment, and vehicles necessary to perform required tasks; and 4) supporting the management of the Authority's wastes.

The various expenditures attributable to the urban runoff management programs include:

- Personnel Expenses:

- Environmental Affairs Department,
- Facilities Maintenance Department;
- Non-Personnel Expenses:
 - NPDES Permit Fees,
 - Professional Services:
 - o Legal,
 - o Consulting;
 - Routine Maintenance,
 - Ramp Cleaning/Runway Rubber Removal,
 - Landscape Maintenance,
 - Storm drain system/BMP Cleaning/Maintenance,
 - Parking Lot and Street Sweeping,
 - Hazardous Waste Disposal,
 - Equipment Purchases,
 - Education, Training, and Public Outreach;
- Capital Improvement Program Expenses, to the extent they exist.

12.3 UPDATE TO FISCAL ANALYSIS METHODS

Each year, the Authority shall conduct an annual fiscal analysis of the stormwater management program, as outlined above, in the Annual Report. No later than January 31, 2010, the Authority will conduct the annual fiscal analysis using methods yet to be collectively developed by the Municipal Permit Copermittees, but outlined in the "Standardized Method and Format for Annually Conducting and Reporting Fiscal Analyses (Fiscal Analysis Method)." The Fiscal Analysis Method, which was collectively developed by the Copermittees as a report format, was submitted to the RWQCB on July 20, 2007, in accordance with Sections J.6 and M.6 of the Municipal Permit. The standard will describe the general content and organizational principles to be incorporated into the Authority's annual fiscal analysis. The standardized fiscal analysis method will present expenditures in four general categories: jurisdictional, regional shared, watershed shared, and total program expenditures. The method will present minimum standards for tracking and reporting

expenditures related to these four categories in accordance with Municipal Permit requirements, including the establishment of specific metrics to be used to report urban management program expenditures in their entirety. The Fiscal Analysis Method noted that standards will not be developed for identifying and/or reporting the sources of funds proposed for use in meeting necessary expenditures, since this issue is unique to each jurisdiction.

12.4 FISCAL ANALYSIS COMPONENT PROGRAM REVIEW AND MODIFICATION

The Authority has reserved this section to identify and document future changes to the Fiscal Analysis Component of the SWMP. Section 14.0 of this SWMP details the program modifications made to the *SWMP January 2005-Revision* to bring this document into compliance with the renewed Municipal Permit.